

**FUNCTIONAL REGIONS, URBAN-RURAL RELATIONS
AND POST-2013 COHESION POLICY
FINAL REPORT**

João Ferrão [Coordination]

João Mourato | Luís Balula | Olívia Bina

July 2012

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English translation of the original report

“Regiões Funcionais, Relações Urbano-Rurais e Política de Coesão Pós-2013”

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0. INTRODUCTION

On 27 September 2011 a contract was signed between the Conselho Económico e Social¹ (CES) and the Institute of Social Sciences, University of Lisbon (ICS-UL) establishing the preparation of a study on 'Functional Regions, Urban-Rural Relations and Post-2013 Cohesion Policy'. This study aims to substantiate CES position paper on 'Competitividade das Cidades, Coesão Social e Ordenamento do Território' ['Competitiveness of Cities, Social Cohesion and Spatial Planning'].

This position paper has three key objectives:

- . "To identify the fundamental orientations of a strategic and operational nature on future actions to be co-financed by Structural Funds in the topics under analysis;
- . To promote reflection and debate at CES, and subsequently within the Portuguese society;
- . To encourage the creation of public policy instruments in four fundamental and complementary dimensions: economic, social, spatial planning and urban governance dimensions".

In order to prepare this position paper three technical studies were commissioned, and the present study corresponds to one of them. According to the approved terms of reference, this study should address the following topics:

- . "Comparative analysis of concepts, information systems and indicators, good practices and policy instruments recently developed in this domain by the Member States of the European Union and possibly in other OECD countries;
- . Current situation of the debate on functional regions, urban-rural relations and regional governance in the context of the preparation for the new post-2013 cohesion policy;
- . Identification of concepts and criteria of delimitation and characterisation of functional regions; its implementation in mainland Portugal using the 2011 Census information, and presentation of a typology of urban-rural relations;
- . Proposal of policy instruments within the perspective of territorial regional development and governance to be made operational in the context of urban, regional, rural and cooperation policies under the new cohesion policy."

This is the final report of the study and is designed to meet both the generic objectives of the own-initiative opinion and the specific objectives (topics) enshrined in the aforementioned terms of reference.

¹ T.N.: The Conselho Económico e Social [Economic and Social Council] is a constitutional body with two types of competencies: one of consultation and the other of concertation in the field of economic and social policy (Constitution of the Portuguese Republic, Article 92). The matters addressed by the CES result from a consultation by the Government and other organs of sovereignty or the exercise of the Council's own right of initiative.

Two Progress Reports preceded the Final Report.

The first Progress Report (December 2011) is organised into two parts. The first part describes the evolution of the debate, held during 2010 and 2011, on the new round of EU policies for the period 2014-2020, emphasising the role given to 'functional regions' and the importance given to urban-rural and rural-urban relations in this context (topic 2 of the terms of reference). The second part presents a systematisation based on the documentary analysis of concepts, indicators, good practices and policy instruments related to the topics under analysis (topics 1 and 3).

The second Progress Report (April 2012) corresponds essentially to a synthesis of the responses of a group of international experts to the questionnaire (see Annex 3) prepared by the ICS team with a double objective: to collect information on recent initiatives based on the concept of 'functional region' and to critically analyse the conditions for proper use of this concept in the context of the next EU programming cycle 2014-2020 (topics 1, 2 and 3 of the terms of reference).

This Final Report incorporates the contents of the Progress Reports, but in an integrated way. In order to simplify its reading and browsing, the document comprises a centrepiece of synthesis and proposals, and various annexes. The centrepiece contains two sections.

The first section is organised in 13 questions and seeks to provide an overview of the key questions of the study: what are 'functional regions'?; what is their relation with political and territorial development strategies?; under what conditions should and can they be used with advantage over other types of solution?; what new opportunities are created in the next EU programming cycle 2014-2020?.

The second section proposes interventions based on 'functional regions' that could be developed in the new post-2013 context. To this end, this section presents four characterisation summaries with interventions based on urban and supra municipal 'functional regions'.

The centrepiece is complemented by several annexes, which may be autonomously read:

- . Annex 1. Concepts and indicators regarding 'functional regions';
- . Annex 2. Functional regions and the relations between urban and rural areas in the context of the preparation of Community policies for the period 2014-2020: an overview of the debate of the last two years (2010-2011);
- . Annex 3. Survey of the initiatives based on the concept of 'functional region'.

Regarding the set of tasks originally planned, it was not possible to complete the delimitation of functional regions in mainland Portugal from the data of the 2011 Census, since this information will only be provided by INE² during the last quarter of 2012.

² N.T.: The Instituto Nacional de Estatística [National Statistics Institute] (INE) is the Portuguese body responsible for the production and dissemination of official statistics.

1. 'Functional Regions': from concepts to intervention proposals

1.1 An overview

This section aims to present a synthetic overview on 'functional regions' – what are they?; what are they meant for?; in what conditions may they be used in the context of political and territorial development strategies? – following the generic objectives of the own-initiative opinion CES will prepare and the specific objectives (topics) defined for this study.

The following contents are organised sequentially in the form of questions and answers, seeking to ensure easy reading and to allow a straightforward reading of the conclusions that could be drawn from the documental analysis (with emphasis on the texts produced by EU institutions and the OECD), and from the contributions of the international experts consulted. These various aspects were presented to some extent in the Progress Reports. They are here organised differently and presented in a more concise way.

Question 1 | What are 'functional regions'?

Political-administrative territories do not always constitute a territorial reference framework suitable for the development of diagnoses and for the design and implementation of public policies. The administrative boundaries overlook – and therefore artificially break up – ecological, socio-economic and cultural realities with geographies that intersect and surpass those territories.

This non-coincidence may have direct and indirect costs, high for example in terms of the inefficiency of institutional organisation and logistics solutions, in terms of the use of resources or in terms of the production of services. The recognition of the problematic nature of this non-coincidence has become more acute with the increased mobility of people, goods and capital, responsible for the intensification of the interaction and interdependence between different political-administrative territories, and with the greater awareness of academics, technicians and decision-makers, of the systemic nature of many natural and human phenomena.

In this context, it is necessary to consider territories with their physical, administrative and political features, in a way that makes it possible to overcome the identified inefficiencies, through the use of concepts that enable the development of economically, socially and environmentally sustainable solutions.

The adoption of concepts that seek to understand geographies that cross political-administrative boundaries is therefore justifiable. These geographies have a morphological nature (contiguous spaces with identical morphological features), and especially a functional nature (spaces integrated through relationships, flows and systems, either natural or human, physical or immaterial), and their broader designation is 'functional region'.

The concept of 'functional region' is polymorphic, i.e. it can have multiple meanings. And its analysis may adopt an urban focus (urban-rural relations), a rural focus (rural-urban relations) or a transverse one (e.g. a holistic view of the various biophysical systems that cross urban and rural areas). A comprehensive and balanced approach of a 'functional region' should encompass these various perspectives. In either case, a 'functional region' is always defined by relevant

interactions and by an effective or potential structure, which is well defined and hierarchical, although not always readily distinguishable.

In terms of public policy, the concept of ‘functional region’ implies four key ideas: a territorial basis relevant for integrating sectoral policies; an integrated development strategy; cooperation between different actors; and specific governance systems.

The European Union and the OECD have been recognising more and more the importance of ‘functional regions’ either from an analytic perspective (formulation of prospective scenarios and diagnoses) or an intervention perspective (development strategies, public policies). Table 1 illustrates some of the most widely used definitions of “functional region”. A more complete listing of concepts of “functional region” as well as a set of indicators susceptible of being used in the delimitation and characterisation of “functional regions” can be found in Annex 1.

Table 1. Examples of different definitions of ‘functional region’

Concept	Definition
Travel-To-Work Area (TTWA) ³	Area that corresponds to the employment basin of a major city or conurbation defined by travel-to-work commute. In the particular case of the United Kingdom, the delimitation of these areas corresponds to the aggregation of municipalities in which: i) at least 75% of the economic active residents work in the area and; ii) at least 75% of the people working in the area also live in the area.
Functional Urban Area (FUA) ⁴	According to ESPON, FUAs correspond to an urban area with a centre of at least 15.000 inhabitants and a total population of at least 50.000 inhabitants. FUAs are defined by their influence area in terms of TTWAs, calculated at the municipal level.
Functional Region ⁵	The OECD defines the functional region as a territorial unit that results from the organisation of the social and economic relationships in space and not by the conventional political-administrative or historical-geographical criteria. A functional region is usually defined by labour market related criteria and TTWAs.

³ G. C. A. L. (2010) , *Functional Economic Market Areas: An economic note*. Communities and Local Government, London.

⁴ ESPON (2011) , *The Functional Urban Areas Database – ESPON 2013 Database*.

⁵ OCDE (2011) , *Assessing and Monitoring Rural-Urban Linkages in Functional Regions: A methodological framework*. OCDE, Paris.

Question 2 | What concept of ‘functional region’ does this study adopt?

Given the purpose of this study, the concepts of ‘functional region’ adopted share two common criteria:

- i) *Urban scale spaces*, i.e. defined by the intensity of flows polarised by urban centres.
- ii) *Sub-regional scale spaces*, i.e. clearly supra-municipal ones.

The joint consideration of these two criteria enables the inclusion of various realities: territories of a metropolitan nature, urban and sub-regional systems and arches, territories polarised by medium-sized cities. All these types of urban-based ‘functional region’ are sub-regional in scale, however some may occur intra-NUT II while others may involve municipalities from different NUT II. For example, the urban arch of the coast of the Algarve illustrates the first case while the metropolitan areas (in a functional perspective) of both Lisbon and Porto illustrate the second one.

Throughout the study, two concepts of ‘functional region’ will be used: *Functional urban regions* (FUR) that are characterised by the intensity of the inter-urban relationships and that include metropolitan territories and sub-regional urban systems or arches; and *Functional urban-rural regions* (FURR) that are defined by the real or desirable intensity of the relationships between one or more medium-sized cities and their surrounding smaller centres and rural areas.

This differentiation seeks to distinguish two types of ‘functional regions’, both urban-based and of a sub-regional scale but, as we will later address, with different functions within the territorial development policies and strategies. More than a strictly conceptual distinction, it is an operative differentiation regarding the strategic objectives pursued in each case.

In practice, it is possible to consider one or more *functional urban-rural regions* within the same *functional urban region*. This option depends on the objectives pursued, the proposed territorial development strategies and the programming tools used. The two types of ‘functional region’ are complementary and should reinforce each other. If they co-exist in the same geographical territory, the absence of a coherent relationship between them will trigger complex and conflicting situations with inevitably negative effects.

The use of ‘functional regions’ is justified in cases where the territories relevant for a purpose of making a diagnosis, of defining territorial development strategies, or of planning and implementing integrated interventions do not coincide with administrative boundaries. In these situations, it may be beneficial to identify specific areas of cooperation, in order to involve the various entities relevant to the formulation and implementation of territorial development strategies and in order to integrate the strategically relevant territories, avoiding the costs of geographically fragmented visions.

Nowadays there is a widespread recognition of the potential importance of the definition of ‘functional regions’ in connection with potentialities or problems in *ad hoc* geographies that do not coincide with political-administrative territories. However, the national policy instruments are still not sufficiently tailored to that need. Nonetheless, the new EU programming cycle 2014-2020 creates favourable conditions for the incorporation of the concept of ‘functional region’ in territorial development instruments. It is therefore important to clarify the situations and conditions in which public policy can gain efficiency and effectiveness through the use of the concept of ‘functional region’.

Question 3 | In which situations can the concept of ‘functional region’ be used?

Using the concept of ‘functional region’ in the context of territorial development policies or strategies can be accomplished in three different situations:

i) ‘Functional regions’ already formally recognised as ‘project regions’

In several countries ‘functional regions’ are already defined, in various forms, for the purpose of designing, programming and managing territorial development strategies. In these cases, the primary goal is to optimise the implementation of new interventions or to improve, in those that previously exist, the relationship between the ‘functional’ logic (objectives, cooperation forms, areas, tools, etc.) and the effectiveness and efficiency of the actions developed within that framework.

ii) Areas that are characterised by intense functional relations but without common planning and management instruments

This is the situation in areas where there is a strong interaction and interdependence based on flows of people, goods, information, knowledge and other – metropolitan areas, sub-regional urban systems, etc. – but where the density of existing functional relations does not formally or informally translate in any kind of common planning and management strategy or instrument. In these cases, the use of the concept of ‘functional region’ will be able to replace fragmented geographical and institutional interventions by the coordinated and integrated management of these spaces and the externalities that characterise them.

iii) Areas that are not characterised by intense functional relations but whose development requires new forms of territorial cooperation

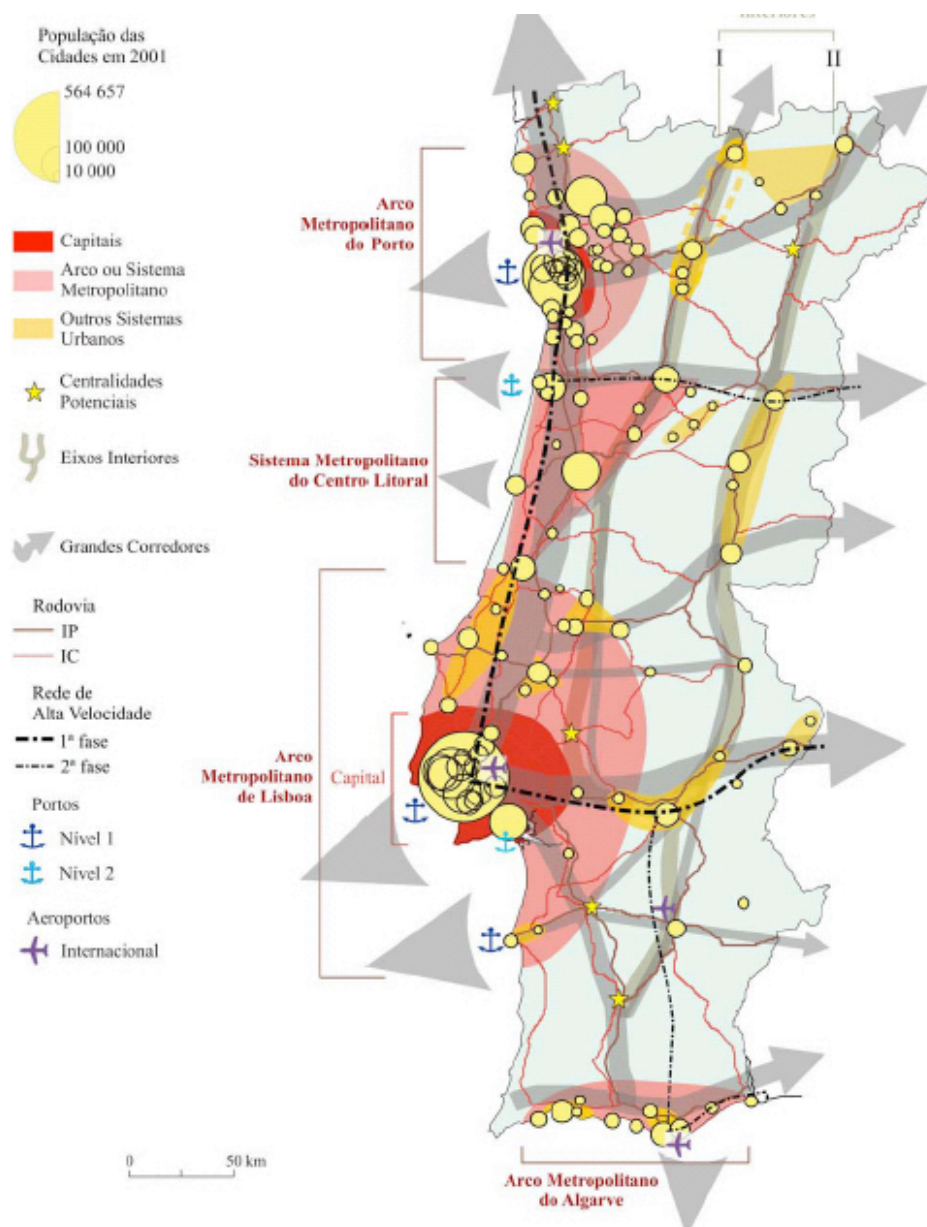
This is especially the case of medium-sized cities or smaller urban axes and the small urban centres and rural areas that are under their direct influence. In these situations, the aim is to stimulate the future consolidation of ‘functional regions’ based on the development of active complementarities and greater integration between urban areas, rural areas, transitional spaces and mixed spaces. In the context of coherent and inclusive territorial development policies, the adoption of ‘functional regions’ in order to qualify and strengthen the relations between urban and rural areas through new forms of cooperation and through the creation of synergies is justified by many reasons: better management of the effects of urban polarisation on the surrounding areas, greater coordination between urban and rural actors, better integration of different types of networks and infrastructures that connect urban and rural areas, consideration of problems and priorities of rural areas by urban policy-makers, and creation of economies of scale, which favour joint initiatives for growth, employment and social cohesion.

In the context of the present study, the second situation identified corresponds to what we have previously referred to as *functional urban regions* while the third corresponds to *functional urban-rural regions*.

In either situation, inter-urban and urban-rural cooperation is a principle that can profitably be included in various policies, in particular cohesion policy.

In the case of Portugal, and in the absence of territorial development instruments based on supra municipal / sub-regional 'functional regions', the last two situations are the ones that must be examined and assessed. For example, the territorial model enshrined in the National Spatial Planning Policy Programme (PNPOT), defines metropolitan arcs and systems and urban systems perceived as 'functional regions' (Figure 1).

Figure 1. PNPOT – Territorial Model (PNPOT, 2006)



The adoption of 'functional regions' as a territorial development instrument should always result from a diagnosis of tendencies and prospective scenarios, so that the policy decision may be based on robust and credible information.

Based on the diagnosis, which includes the weighing of potential opportunities and obstacles, it is then possible to decide about the relevance of establishing ‘functional regions’ as a stimulus for the creation of new areas of cooperation in the context of an integrated territorial development. The use of ‘functional regions’ in territorial development policies and strategies must always arise from an evaluation that takes into account the characteristics of the reality they concern, the goals pursued and the conditions for achieving the expected results.

Question 4 | What is the importance given to “functional regions” in the next EU programming cycle 2014-2020?

The Lisbon Treaty (1 December 2009) enshrines territorial cohesion alongside economic and social cohesion. The Green Paper on Territorial Cohesion (2008) discusses the meaning and implications of the adoption of the principle of territorial cohesion in the formulation of a new generation of policies. The Barca Report (2009) advocates the advantages of territorial based interventions (place-based approach). They all contributed to a new emphasis on territorial issues within the conception and execution of public policies. The documents which govern the preparation of the programming period 2014-2020 reflect, in part, that impetus, spurred mainly by the incorporation of the territorial approach as an explicit component of this new cycle and by the more general concern to provide greater capacity for coordinating and integrating funds and actions.

The reference documents proposed by the European Commission and currently under consideration by the European Council and the European Parliament – EUROPE 2020. A strategy for smart, sustainable and inclusive growth⁶; the proposed budget for the period, A Budget for Europe 2020⁷, which is part of the legislative package design on future EU policies; and the proposed elements for a Common Strategic Framework 2014-2020 – all enshrine guidelines, tools and procedures that directly or indirectly promote the use of “functional regions” in the context of various policies (see Annex 2).

Table 2 summarises the most relevant content to understanding the context against which the use of “functional regions” can gain a new impetus from 2014 onwards. Table 2 specifies some of the dimensions contemplated in those documents, and in particular the proposal for a regulation on common rules for the management of the five funds that integrate the draft legislative package outlined above.

⁶ COM(2010) 2020 final, 3.3.2010.

⁷ COM(2011) 500 final, 29.6.2011.

Table 2. ‘Functional regions’ and territorial development according with the Commission’s proposals for the EU programming cycle 2014-2020

Dimensions		Contents
Policy guidelines		<ul style="list-style-type: none"> . Strengthening the urban dimension into policies . Greater articulation and coordination between Cohesion Policy, the Common Agricultural Policy and other policies with high spatial sensitivity or with relevant territorial impacts . Territorialization of sectoral policies
<i>Ad hoc</i> geographies of analysis and intervention		<ul style="list-style-type: none"> . Importance of functional regions: region-cities, metropolitan areas, polycentric urban agglomerations . Importance of rural-urban relations as a factor of inclusive and sustainable integrated territorial development
Strategic perspective of territorial development		<ul style="list-style-type: none"> . Importance of the integrated and territorial development perspective (integrated territorial development) . Importance of the integrated, multi-sectoral and multi- fund “local” development strategies (sub-regional level) adjusted to different territorial contexts (including functional regions)
Integrated territorial development strategies		<ul style="list-style-type: none"> . Integrated actions for sustainable urban development (through ITI) . Local development strategies . Territorial Pacts (regarding employment, education and social inclusion, for example).
Instruments for the implementation of integrated territorial development strategies	Integrated territorial development approaches	<ul style="list-style-type: none"> . Integrated Territorial Investments (ITI): top-down or bottom-up interventions, involving different priorities of one or more Operational Programmes (does not apply to EAFRD); may include one or more CLLD. . Community-led Local Development (CLLD): bottom-up development initiatives promoted by Local Action Groups involving public and private actors of local communities; may be funded by one or several funds, operational programs and priorities; may integrate, or not an ITI.
	Development of integrated operations	<ul style="list-style-type: none"> . Integrated Operations: interventions involving one or more of the Common Strategic Framework funds and even funds from other EU instruments (Horizon 2020, for example). . Joint Action Plans: groups of projects that compete for the same specific objectives, developed under the responsibility of a designated beneficiary. A Joint Action Plan can be part of one or more operational programs (ERDF and ESF)
Territorial governance		<ul style="list-style-type: none"> . Territorial-based cooperation, coordination and partnerships . Flexible and multilevel forms of governance
Spatial planning		<ul style="list-style-type: none"> . Consideration of functional regions and of the relations between urban and rural areas in planning instruments
Knowledge in favour of territorial development		<ul style="list-style-type: none"> . Enhancing the exchange of good practices regarding strategies and cooperation actions in the context of functional regions and/or between urban and rural areas.
Training of territorial development actors		<ul style="list-style-type: none"> . Institutional capacity building in order to promote cooperation practices and forms of territorial governance appropriate to the various territorial contexts (diversity of potentialities and needs).

Question 5 | Is Portugal obliged to consider integrated approaches to territorial development that are based on the concept of “functional region” in the next EU programming cycle 2014 - 2020?

The way integrated territorial development approaches are referred to for the period 2014-2020 is a novelty compared to previous EU programming cycles, because such interventions have been developed within the framework of EU initiatives (Urban, Leader, Territorial Pacts for employment and, in a less direct manner, Equal) and not within the contracts established between the Commission and the Member States (CSF, NSRF). Such interventions have been, therefore, directly inserted in different instruments of the EU cohesion policy and not in national policies, although several countries have chosen to develop similar operations.

The Partnership Contracts (or Agreements) for 2014-2020 (the equivalent of the NSRF complemented with the rural development component) must, among other aspects, include integrated territorial development approaches (Article 14 b)). However, despite being part of the document submitted to the Commission, the chapter regarding Partnership Contracts is not subject to approval by the Commission. Although this solution arises from the need to simplify procedures, it may in practice turn out to give a statute of mere guidance to the solutions listed in the chapter on integrated territorial development approaches. This hypothesis is all the more possible as the Community-led Local Development (CLLD) instrument is mandatory for Member States in what concerns the EAFRD but optional in what concerns the ERDF and the ESF.

Moreover, in the Commission's proposals one can only find indications as to the minimum amounts for each Member State for this type of intervention: 5% for rural development plans implemented through CLLD/EAFRD and 5% for integrated actions for sustainable urban development implemented through ITI.

Therefore, the importance given to integrated territorial development actions in the proposals submitted by the Commission to the European Council and the European Parliament apparently contrasts with the fact that the section about ITI of the chapter on Partnership Agreements does not have to be mandatorily approved by the Commission. And it also contrasts with the fact that they only establish minimum amounts for this type of intervention.

The appreciation of ‘functional regions’ as relevant territories for integrated territorial development interventions can thus oscillate between a mere possibility or an eligibility criterion for certain operations. Each Member State will be allowed to choose. In one case as in the other, the proposed Partnership Agreement that Portugal will submit to the Commission should be clear as to the existence – and respective budgets – of operations developed for ‘functional regions’ using the Community-led Local Development (CLLD) and the Integrated Territorial Investment (ITI) instruments.

Each Member State will also set the selection criteria for local development strategies and Local Action Groups regarding CLLD, as well as the methodologies concerning ITI. Portugal will therefore have a decisive role regarding the solutions to adopt in the context of the integrated, sectoral and multi-fund territorial development strategies for the period 2014-2020.

Regardless of the changes that the European Council and the European Parliament are likely to introduce in the proposals presented by the Commission, the Partnership Agreement is particularly demanding and complex in terms of policy coordination mechanisms. The conditions of implementation of integrated territorial development approaches, where the concept of 'functional region' may be relevant, should therefore be very clear.

Question 6 | What are the main obstacles and risks associated with the implementation of the concept of 'functional region' in the context of territorial development strategies?

Even when considered strategically relevant, the use of the concept of 'functional region' in the context of territorial development strategies faces difficulties recognised by the evaluation of experiences developed in other countries.

First, the lack of adequate information for defining, characterising and monitoring 'functional regions' is a well-known problem. But most of the obstacles and risks that may compromise the successful use of the term 'functional region' relate to the various political, institutional and cultural aspects arising from the use of *ad hoc* geographies of intervention, i.e. territories of cooperation and decision with no institutional outline.

Although democratically elected bodies do not directly control them, the initiatives based on 'functional regions' raise, from the start, issues of legitimacy and political accountability.

Moreover, and because they do not coincide with predetermined boundaries, the fact that they involve controversial delimitations may create conflicts, especially if the articulation of these territories defined as 'functional regions' with political-administrative territories is not properly clarified.

The territorial based cooperation developed in this context and with these goals can also face significant cultural differences regarding the various participating entities or historical situations of competition and rivalry, especially between neighbouring municipalities. Both will hinder the establishment of trust relations. From this point of view, the recognition of the importance of larger cities and the influence they have is particularly critical, since the existence of asymmetrical power relations tends to create tensions with smaller and/or rural municipalities. Inversely, the absence of leadership may induce the hijacking of the process by local interests.

Finally, this type of intervention requires complex models of governance, which have high transaction costs, especially regarding time.

The difficulties and obstacles here highlighted explain, at least in part, the difficulty that many national and local governments have in recognising the potential of *ad hoc* geographies of intervention and analysis as a factor in the effectiveness and efficiency of public policies. This observation leads to three conclusions:

- i) The definition of *ad hoc* cooperation and intervention territories must result from processes of voluntary association and not from hierarchical and coercive decisions;
- ii) The option for voluntary cooperation processes based on *ad hoc* territories must derive from a pre-defined strategy and consider costs and benefits, both individual (participating entities) and collective (beneficiaries of the transaction);

- iii) The option for cooperation processes such as these needs to have clear rules that frame them, particularly regarding the legal and financial levels, and external monitoring mechanisms developed at the national or, in some cases, at the EU scale.

Question 7 | Should ‘functional regions’ result solely from bottom-up processes?

The construction of forms of cooperation based on ‘functional regions’ relies mostly on voluntary bottom-up processes, associating mainly local authorities or those present in the ‘region’: municipalities, companies and business associations, universities, non-governmental organisations and civil society groups. However, it is important that EU and national organisations (and in some countries, regional ones) propel this kind of initiatives, creating the necessary framework, establishing appropriate incentives and ensuring mobilisation, consensus building and dissemination of innovative ideas. These are essential conditions for local actors to recognise the importance of perspectives such as these and to adopt them.

Voluntary associations are clearly dominant, but they co-exist in some countries with forms of mandatory associations for municipalities, such as in some city-regions of the Netherlands.

Regarding the types of voluntary association, it is possible to identify three types:

- i) The competent national or regional authorities define ‘functional regions’ and the corresponding strategies, restricting the eligible actors to the development of action programs and projects that fit those strategies;
- ii) The competent national or regional authorities define ‘functional regions’ and the key strategic guidelines, leaving it to the eligible actors to define strategies, action programs and projects;
- iii) The competent national or regional authorities define the key strategic guidelines and the evaluation criteria, leaving it to the eligible actors to associate in the way they deem most appropriate within a ‘functional region’, to develop a detailed strategy and action programme.

In any of these cases, the proposed intervention (action programme and projects) is always of the responsibility of the partners who voluntarily accept to cooperate in a joint territorial development intervention. The difference lies in the density of the framework produced by national or regional authorities and in the nature of the participation.

Question 8 | To what public policy areas is it possible to apply the concept of ‘functional region’?

Obviously it is not possible to develop a universal and comprehensive list of implementation fields for the concept of ‘functional region’ in the context of territorial development strategies or policies. The polysemic nature of the term ‘functional region’ (see Annex 1) highlights the existence of potential implementation fields that are quite distinct. Still, it is possible to draw some guidelines from recently produced policy documents on this matter and from the analysis of ‘functional regions’ initiatives developed in several countries.

The fields that are most cited in policy documents and also more present in interventions previously or currently developed are: economic development and production systems; regional labour market, mobility and transport; spatial planning and land use management; environment

and landscape; social support systems and access to services of general interest (education, health, culture) and housing; energy, natural resources and climate change. However, all initiatives seek to develop approaches that cut across multiple sectors.

Rather than to present a hypothetically exhaustive list of the implementation possibilities for the concept of 'functional region' in the context of territorial development strategies and policies, it is more important to note that these areas correspond to a world in transformation. Thus, it is possible to distinguish:

i) *Consolidated structuring fields*

Understandably, some fields appear not only on a recurring basis, but even more as having a fundamental structuring role: labour markets (TTWAs), transport flows, housing markets, infrastructure (water, waste) and spatial planning, for example, constitute the core of many of the interventions.

ii) *Emerging structuring fields*

Aspects related to energy, climate change, green infrastructures, biodiversity and ecosystemic services tend to gain increasing weight, not so much as autonomous fields but rather as complements to the previous ones.

iii) *Specific combinations of fields according to the nature of the 'functional region'*

The combinations of fields tend to vary according to the nature of 'functional region'. In functional urban regions (FUR) the issues associated, for example, with objectives of competitiveness, innovation and internationalisation have a very relevant and federating role. But in functional urban-rural regions (FURR) the social and ecological dimensions and the exploitation of resources in rural areas are relatively more central.

iv) *Specific combinations of fields according to the dominant forms of cooperation*

The combinations of fields also vary according to the dominant forms of cooperation (voluntary or mandatory). In the case of mandatory cooperation modalities (e.g. based on administrative units), the variety of implementation fields is conditioned by the specific skills likely to be delegated to the new entity by the entities involved (in this case, municipalities).

The universe of fields must still be viewed dynamically, for two complementary reasons. On one hand, the inclusion of specific fields depends on financial and political factors, and therefore it is not always possible to consider them in the initial stage of a given operation. On the other hand, there are areas that may only be contemplated in a more mature stage of the intervention, because they are more innovative or because they are a consequence of the results achieved in the meantime.

Finally, one should note that the identification of the right type of action domains for each 'functional region' depends, of course, of the specificities, potentialities and limitations of that particular territory. But it also presupposes its prior integration in broader – current or future – policies. There is consequently a double fit to secure when setting the range of intervention fields in one given 'functional region': with both the territorial development strategy formulated for the 'region' and the national or regional policies in which the various fields are integrated.

Question 9 | How to delimitate 'functional regions'?

The concept of 'functional region' in the Barca Report (2009) is a broad contextual starting point for this purpose: areas that, in the context of development policy can be defined as a territory characterised by a set of common conditions, which can enhance a specific type of development. On the other hand, it is consensual that the delimitation of 'functional regions' should ensure a balance between criteria that are different in nature and complement each other: qualitative and quantitative; functional and institutional; social, economic and ecological. This balance is in fact particularly relevant in multi-objective functional regions, and in these cases it may be justified to define subspaces associated with particular goals.

However, from previous observations one cannot assume that there is a fixed and universal set of reference indicators for the delimitation of 'functional regions'.

The appropriate criteria for making such delimitation depends, firstly, on the desired objective, and consequently on the nature of the 'functional region' in question.

Moreover, the delimitation of 'functional regions' cannot be seen as a merely technical exercise. The availability of key partners, especially local authorities, to achieve the pursued objectives is as important a factor as the analytical criteria.

Still further, it is not imperative for the 'functional regions' to have rigid boundaries. A relatively fluid definition may introduce the necessary flexibility to respond both to complex negotiation processes, which are therefore susceptible to be lengthy, and to adjustments that may prove necessary due to changes in the external environment or due to results of monitoring and evaluation exercises regarding the actions undertaken in the meantime.

Finally, the issue of delimitation of 'functional regions' arises differently depending on whether they concern areas admittedly characterised by strong relations of interaction and interdependence (e.g. functional urban regions, according to the designation adopted in this study) or they concern territories to which the stimulation of more intense functional relations is considered strategically relevant (e.g. functional urban-rural regions where the development dynamics of medium-sized centres have become detached of the surrounding areas).

The criteria for the definition of a 'functional region' should therefore not only be chosen on the basis of predefined objectives and strategies and of the degree of pre-acceptance by the key actors for its implementation, but they should also be seen in a dynamic and flexible way.

Last, but not least, it is worth recalling that the 'functional region' crosses administrative boundaries and therefore creates its own borders. This process sometimes originates new imbalances with regard to the territorial development dynamics, which can ultimately justify the revision of initially adopted boundaries, obviously without questioning the global relevance of the specific 'functional region'.

Therefore, there is a complex relation between, on the one hand, technically relevant analytical criteria and, on the other, political and institutional aspects related to the dynamics of evolution of the interventions. This relation requires careful monitoring in order to prevent that an excessive prevalence of the political and institutional aspects undermines the role of 'functional regions' as a development policy instrument.

Question 10 | What is the connection between the delimitation of ‘functional regions’ and administrative boundaries?

It is widely recognised that it is necessary to assure a consistent relation between interventions based on ‘functional regions’ and those based on political-administrative territorial units. However, this consistency may be safeguarded in different ways, so the relationship between functional and administrative boundaries may, in theory, assume three different configurations:

i) *Coincidence*

This is the solution advocated by those who believe that it is difficult to promote *ad hoc* geographies of cooperation and intervention in the absence of a clear regulatory framework; for these authors, sharing some generic principles and a spatial strategic vision is not always enough to ensure the desired consistency between the different types of intervention.

ii) *Complementarity*

According to this view, interventions based on ‘functional regions’ should consistently complement the plans, strategies and programs of the levels immediately below (municipal) and above (regional or national) them. They should do so by aligning goals, criteria and indicators, in order to stimulate an effective synergy between various scales of intervention and simultaneously, prevent any duplication of efforts.

iii) *Absence of any connection*

According to this last view, an explicit link between interventions based on ‘functional regions’ and operations that coincide with political-administrative units are not mandatory, as long as it is guaranteed that there is no overlapping in terms of objectives and as long as there are no adverse effects provoked to each other.

It can therefore be deduced that there is no articulation between the delimitation of ‘functional regions’ and political-administrative boundaries that is widely recognised as excellent. This diversity of positions coexists, however, with the widespread concern of ensuring coherence between interventions within different geographies, in order to maximise the expected impacts and to minimise the costs of overlapping and unwanted side effects.

An evaluation of interventions based on the definition of ‘functional regions’ developed in different countries seems to advise a delimitation process organised in two steps: 1) the functional delimitation based on criteria appropriate to the targeted objectives, 2) the adjustment to the nearest administrative unit’s borders that encapsulates all the “functional region” defined in stage 1. It is thereby tried to maintain the relevant – from the point of view of the intervention – functional territory as the main reference, but ensuring its coincidence with formalizes spaces of democratic decision-making (groups of municipalities whose configurations generally do not coincide with NUT 3).

Question 11 | What is the connection between ‘functional regions’ and spatial planning instruments?

A functional approach, such as those based on ‘functional regions’, requires strong coordination capacity without using binding plans or autonomous resources. Its operationalisation therefore depends of the existence of supra-municipal strategic planning strategies or instruments (sub-regional, regional or national) that frame integrated interventions focusing on ‘functional regions’ and that rely on effective coordination mechanisms between different policies and different levels of government. In other words, these strategies or strategic plans should not only define the territorial development objectives proposed for the specific ‘functional region’, but also the respective governance system, explaining how responsibilities and institutional and operational competences are distributed in relation to their various aspects.

In some countries, and for certain fields (sub-regional labour markets in Denmark, for example), the municipalities involved in the same ‘functional region’ can develop a common land use plan, which is binding. But the nature of ‘functional regions’ makes them more suitable for a performing planning model than for a compliance planning model, i.e. a binding one.

In Portugal, the National Spatial Planning Policy Programme (PNPOT) and the Spatial Planning Regional Plans (PROT) define guidelines, particularly with regard to the territorial model, which should be taken into account in the definition of ‘functional regions’ for the purposes of integrated territorial development interventions. The use of ‘functional regions’ implies, in turn, the development of specific guidelines that complement the more general framework enshrined in those documents.

Therefore, the use of ‘functional regions’ within integrated territorial development strategies does not presuppose the elaboration of autonomous and binding planning instruments. But it may mature and, in some cases, become justified compared to national and regional spatial plans.

Question 12 | What is the connection between ‘functional regions’ and systems of governance?

The effective operationalisation of ‘functional regions’ as a territorial development instrument implies the existence of efficient forms of governance based on four complementary components:

- i) *Horizontal cooperation* involving reciprocal and multi-sectoral interdependencies between urban centres and between the latter and rural areas within the same ‘functional region’;
- ii) *Vertical cooperation* around the constitution of thematic networks with a component of greater proximity and another component of insertion in global strategic networks;
- iii) *Multi-level vertical articulation*, involving centres of political decision that operate at different geographical scales (local, regional, national, European Union);
- iv) *Participation* of entities with different cultural traditions and political cultures and sometimes also with quite a distinct political will.

The dimension of horizontal cooperation, which is crucial for any initiative based on the concept of 'functional region', is perhaps the most difficult, because it faces problems of competition, especially between different municipalities, and lack of coordination, particularly between sectoral entities. However, previous experiences suggest that inter-municipal cooperation is easier, particularly when it occurs within formal coordination fora, appropriate public programs or integrated regional strategies. In the case of relations between urban and rural areas, the fundamental assumption of horizontal cooperation processes is that there are reciprocal benefits for entities and populations of both territories and therefore economic and social benefits for the 'region' as a whole. Public transport strategies, procurement strategies, territorial marketing or integrated management of ecological networks, energy strategies, food supply strategies or local businesses are examples of forms of horizontal cooperation that may benefit from a more qualified relation between urban and rural areas.

The dimension of vertical cooperation, based on better organisation among the actors of the 'functional region', aims to ensure connections to entities and networks that are external to the 'region'. The development of clusters, the access to information, knowledge and services, which are strategic to local businesses, including the collaboration with national and transnational thematic networks, are areas that can benefit from vertical cooperation. These forms of cooperation should ensure a proper relation between the specificities of the 'region' and broader – national or global – contexts.

Both in the case of vertical and of horizontal cooperation, objectives and means must be properly identified and the various entities involved in the process must be fully aware of their meaning, significance and implications (costs and benefits).

The multi-level vertical articulation is dependent on the clarity and effective implementation of the division of competences and tasks defined for the various levels of decision-making, ranging from the EU to the local scale. Although there is a remarkable diversity of political-institutional settings among different EU Member States, this component seems to be, among the four identified, generally the least problematic.

Finally, the issue of participation (cultural traditions, political culture and political will) is transverse to the three previous dimensions. The attitudes and behaviours – both individual and institutional – change slowly, but the existence of incentives for entering partnerships (integration awards, funding benefits, etc.) and the introduction of penalties for those who do not comply seem to trigger change in this area.

Altogether, cooperation, coordination and participation in the context of 'functional regions' involve new forms of territorial governance that are democratic, transparent and open, able to connect communities of place and communities of interests through coherent networks that are strengthened by shared goals for the future of a particular territory.

Question 13 | What are the essential governance pre-requisites for successful "functional regions"?

There is no single universal answer to this question. But the multiple experiences of functional based approaches in various countries – in this case, integrated interventions in specially designated territories – allow us to emphasise a core of common requirements:

i) A medium / long term strategy with clear and focused objectives

The choice of such interventions should derive from rigorous diagnoses and scenario building exercises and should be integrated in medium- or long-term strategies at the regional or national level. This means that these interventions cannot correspond to decisions with no strategic framework and should not be designed solely on the basis of contexts of opportunity (availability of financial support, for example) that we wish to benefit from.

Moreover, initiatives based on the concept of ‘functional region’ should focus exclusively on aspects that have justified the demarcation of a specific area of intervention and that are characterised by not being easily solved or promoted by a single entity or through multiple individual actions. The initiative should be able to add value to the results that may be achieved by developed individually interventions of either sectoral or territorial entities (municipalities, for example).

Clear and focused objectives that have quantified targets will, in turn, allow a more rigorous assessment of costs and benefits by all partners involved in the partnership and in its governance system. This aspect is important to prevent the creation of unrealistic expectations that will later inevitably lead to discouragement, to disbelief and demobilisation, with negative effects on the realisation of the intervention.

ii) Political will and collaborative culture

Complex forms of cooperation and high transaction costs (especially in terms of time) cannot be imposed. They must be desired, i.e. they have to be voluntarily constructed on the basis of political will, mutual trust and willingness to work in a partnership. These characteristics should define the central actors who should in fact be not very numerous.

A governance system accepted by all partners is a strategic factor for the success of the operation. It is therefore essential to assess in advance the local presence of values such as the willingness of local authorities to share power with other bodies, the experience of working in partnership, the existence of strong but collaborative leadership or the existence of sources of competition, rivalry or conflict between municipalities or between the latter and other actors.

iii) Competent partners

The thorough knowledge of local contexts is essential from the outset, so that there is sufficient interaction between the allocation of areas of intervention in terms of human, social, environmental, economic and financial capital (diagnosis) and the strategies to be developed. But it is also crucial to assess their resilience (risks, opportunities and needs) and ability to adapt and change based on the characteristics of potential partners (public, private and civil society), to establish networks among themselves and with the outskirts of the ‘region’ and even its tendency for innovation and entrepreneurship. The existence of a core of competent partners, regarding knowledge and decision making capacity, is the basis of any partnership.

iv) *Strong, flexible and inclusive partnerships*

The existence of strong and flexible partnerships throughout its duration presupposes several conditions that complement and reinforce each other. We will list six of these conditions that are recurrently identified in evaluation studies on such partnerships.

First, to clarify the distribution of responsibilities and competences between the different actors involved, which is particularly critical regarding forms of cooperation that are, as in these cases, demanding from the point of view of the mechanisms of horizontal and vertical coordination.

Second, to ensure the inclusive nature of the partnership throughout its duration, i.e. during planning, implementation, monitoring and evaluation, in order to increase the sense of belonging and of co-responsibility of all partners, which is an important factor to minimise management conflicts within the partnership.

Third, to protect the quality of conflict management procedures, consensus building and partnership formation – which does not always happen – when there is a cohesive and stable core group of partners.

Fourth, to define and adopt clear rules that allow flexible management of the status and responsibilities of each partner over time without, however, jeopardising the global stability of the partnership and of the intervention.

Fifth, to ensure appropriate institutional relations by, for example, not developing imposition mechanisms from the national or regional levels, not underestimate the role of lower administrative levels or not creating new intermediate structures.

Finally, and more pragmatically, to ensure the correct technical assistance to partners and to create, from the start, a management / secretariat structure that will develop tasks that cannot and must not be secured by individual partners.

v) *Time*

It is essential to assure the time required to develop partnerships, strategies and plans and to obtain the desired results. For all these processes, *time* is critical.

To create formal hierarchical structures may increase the chances of success of a given intervention in the short run, but the informal structures are more efficient in situations where smaller entities (municipalities and NGOs comparing to companies, for example) feel threatened by the asymmetry of the power relations between the different partners involved.

In these cases, the efficiency of the intervention presupposes an environment characterised by trust and interactive learning processes, which take time to consolidate, rather than by mechanisms of hierarchical authority.

The use of ‘functional regions’ is therefore not compatible with short cycles of programming and evaluation. It requires gradualism, flexibility and constant monitoring of processes and results, so that the introduction of any adjustments to the goals and objectives originally set can, whenever necessary, occur without disruption.

In short, any system of governance of ‘functional regions’ requires, in order to be successful: a reference strategy, political agreements concerning its main objectives, an environment of trust

and collaboration, competent partners and strong partnerships, efficient forms of coordination and time to discuss, learn, implement, evaluate and adjust.

1.2 Examples of urban-based and sub-regional level territorial development interventions based on ‘functional regions’

The analysis of similar examples developed in other countries (see Annex III), the framework provided by the Commission's proposals for the next 2014-2020 programming period (see Annex II) and the set of observations summarised in the previous subsection allow us to present, as an example, four integrated and multi-sectoral territorial development strategies focused, respectively, in the following goals:

- . Promoting sustainable mobility
- . Promoting innovation and internationalisation
- . Valuing ecological urban-rural networks
- . Promoting socio-territorial cohesion

Table 3 crosses these various goals with the two types of ‘functional region’ considered in this study: functional urban regions (FUR) and functional urban-rural regions (FURR). For each of the situations resulting from the crossing of both aspects Table 3 identifies the more appropriate governance and implementation mechanisms for the 2014-2020 period. A synthetic comparison of these mechanisms is made in Table 4.

Table 3. Key mechanisms of implementation of integrated and multi-sectoral regional development strategies by goal and ‘functional region’

Types of ‘functional region’	Goal			
	Promoting sustainable mobility	Promoting innovation and internationalisation	Valuing ecological urban-rural networks	Promoting socio- territorial cohesion
Functional Urban Region (FUR)	Integrated Territorial Investment (ITI)	Integrated Territorial Investment (ITI)	Integrated Territorial Investment (ITI)	-
Functional Urban- rural Region (FURR)	-	-	Integrated Territorial Investment (ITI) or Community-led Local Development (CLLD)	Integrated Territorial Investment (ITI) or Community-led Local Development (CLLD)

Table 3 induces four comments:

- i) Due to their nature, the first three goal only apply to the functional urban regions (FUR) and should preferably be implemented through the *Integrated Territorial Investment* (ITI) mechanism;
- ii) The goal of “Valuing ecological urban-rural networks” is justified in both types of ‘functional region’;
- iii) The goal of “promoting social and territorial cohesion” is justified only in ‘urban-rural functional regions’;
- iv) In the case of urban-rural functional regions, the last two goal can be implemented through separate instruments; the choice of ITI or DPCL depends on the characteristics of the area of intervention, the type of territorial development strategy and specific objectives, because the central actors and the range of eligible actions will be different depending on the choice of instrument (see Table 4).

Table 4. Comparison of two instruments for the implementation of multi-sectoral and integrated territorial development strategies: Integrated Territorial Investment (ITI) and Community-led Local Development (CLLD).

Integrated Territorial Investment (ITI) (Funds: ESF, ERDF, Cohesion Fund)	Community-led Local Development (CLLD). (Funds: the 5 CSF funds)
Multi-sectoral and integrated territorial development approach based on a territorial strategy	
Strategy prepared by the region / city (without formal involvement of local communities)	Spatial strategy elaborated by local communities (bottom-up): can not be imposed if there is no initiative at the local level
The strategy can be implemented by the Management Authority or another entity. The delegation of some tasks is required in accordance with Article 7 of the ERDF.	The strategy is implemented by Local Action Groups, ensuring a balanced representation of the various entities involved. It is mandatory to delegate certain tasks in Local Action Groups (namely, the selection of projects).
It involves a combination of funds from different priority axis (or Operational Programmes)	In the case of ERDF and ESF, the DPCL should be implemented within the same investment priority axis
All kinds of investments	Projects defined by local communities, particularly small-scale
Lack of a specific methodology	Methodology defined in Regulations

Source: Peter Berkowitz, Head of Unit DG REGIO C.1, SAWP Meeting, 3 July 2012.

It should be noted, though, that the two types of instruments of implementation of integrated and multi-sectoral regional development listed in Table 4 are not the only ones possible. The Commission presents three other alternative solutions to the Integrated Territorial Investments: specific Operational Programmes, integrated operations and “multi-investment” priority axis. With regard to the *Community-led Local Development* instrument the possibility of articulating it with, for example, territorial pacts for employment, education and social inclusion should be considered.

The summaries that follow seek to illustrate the four types of intervention based on the concept of ‘functional region’ according to the priorities, objectives and conditions set for the next EU programming cycle 2014-2020.

Example 1: Promotion of sustainable mobility

Objective	. Promotion of sustainable and territorially integrated systems of mobility and urban development
Alignment with Europe 2020 priorities	. Sustainable growth
Alignment with the thematic objectives of the Common Strategic Framework	. Transportation (thematic goal 7) . Low carbon economy (4) . Employment (8) . Environment (6) . SMEs (3) . Institutional capacity building (11)
Type of instrument	. Integrated strategy for urban development and transport infrastructures that are sustainable at a metropolitan or inter-urban scale
Specific objectives	. To combat dispersed urban growth and territorial fragmentation, through a joint strategy for public transport, for the location of housing, commerce and services and for urban regeneration . To improve regional mobility, through a regional network of public transport that is consistent and has high quality, including multimodal interfaces connected to the railway . To improve local accessibility by increasing urban density and multi-functionality around public transport nodes, particularly railway stations . To decrease the consumption of energy based on fossil fuels . To mitigate climate change through the reduction of individual transport and greenhouse gas emissions . To protect the landscape, natural resources and air quality by reducing the environmental impacts of mobility and urban growth
Type of 'functional region'	. Functional urban regions / FUR (sub-regional or interregional areas of a metropolitan or poli-urban nature)
Implicit definition of 'functional region'	. Metropolitan region or sub-regional polycentric urban system
Delimitation criteria	. Labour basin: (i) defined by TTWAs, (ii) structured by public transport interfaces . Common economic geography
Areas of intervention	. Transportation (multimodality) . Energy efficiency . Urban planning and land use (rehabilitation / densification) . Housing / urbanisation (location) . Employment (mobility) . Climate change (mitigation) . Landscape (protection) . Real estate investment (in urban rehabilitation operations)
Implementation tools	. Integrated Territorial Investment (ITI)
Responsible Institution	Platform of municipalities, transport operators and entities overseen by ministries with responsibilities for transport, environment, spatial planning and regional development

Governance system	<ul style="list-style-type: none"> . An independent body is responsible for the managing the strategy; it acts as an intermediary between the private and public partners involved; it is not a decision-making body (there is no transfer of powers from local or central government authorities) . Co-management in the form of territorial contracts or territorial cooperation contracts
Financing system	<ul style="list-style-type: none"> . ERDF + ESF + Cohesion Fund + private and public investment . Partnerships between private and public actors and financial institutions . Establish a FUR Investment Fund . Add innovative instruments, e.g. revolving funds (mechanisms that ensure the reinvestment of capital gains generated by the initial funding)
Examples of initiatives	<p><u>Denmark:</u></p> <ul style="list-style-type: none"> . Sjællandsprojektet - Projecto de Estrutura para a Região de Zealand (2010-2030) http://www.naturstyrelsen.dk/Planlaegning/Projekter/Sjaellandsprojektet/ . Østjyllandsprojektet - Projeto East Jutland (2010-...) http://www.naturstyrelsen.dk/Planlaegning/Landsplanlaegning/Samarbejde.htm <p><u>The Netherlands:</u></p> <ul style="list-style-type: none"> . StedenbaanPlus - Programa 'Cidades em Linha' (2010-2020) http://www.stedenbaanplus.nl/ http://connectedcities.eu/showcases/stedenbaan.html http://www.stedenbaanplus.nl/sites/www.stedenbaanplus.nl/files/page/downloads/stedenbaanplus_tod_in_the_south_wing_of_the_randstad.pdf

Evaluation

Strengths:	<ul style="list-style-type: none"> . Promoting territorial cohesion through spatial planning integrated with the planning of transport systems (one of the objectives of the Common Transport Policy) . Associating spatial planning issues and transport issues to the energy-climate package . Integrating strategies that are geographically and sectorally fragmented in a common regional vision
Weaknesses:	<ul style="list-style-type: none"> . The management strategy is complex and, given the involvement of multiple partners, the decision-making process can become time consuming . The management structure has no binding power to force partners to adopt the proposals or to correct the behaviour of free riders municipalities . The current economic and financial crisis has a great impact on the real estate and on heavy investment in infrastructure

Comments

- . The strategy is influenced by the concept of Transit Oriented Development (TOD) in which train, bus, tram and metro stations are the nodes of a regional transportation system that will allow fast and comfortable door-to-door travel throughout the region
- . In terms of public transport, the strategy should identify and develop a coherent and interconnected network of national and urban trains, subways, buses and trams
- . In terms of regional development, the strategy should pursue agreements with partners on the reorganisation and densification of construction around existing and potential railway stations; it should also pursue agreements for the development and bicycle parks and Park-and-Ride facilities close to these public transport nodes
- . The previous two domains should be associated to a more general vision of building a competitive low carbon economy in terms of mobility and urban regeneration

Example 2: Promoting innovation and internationalisation

Objective	. Promoting territorially integrated dynamics of innovation, competitiveness and internationalisation
Alignment with Europe 2020 priorities	. Intelligent growth
Alignment with the thematic objectives of the Common Strategic Framework	. Research and technology (thematic goal 1) . Information and communication technologies (2) . SMEs (3) . Employment (8) . Education, skills, lifelong learning (10) . Low carbon economy (4) . Institutional capacity building (11)
Type of instrument	. Territorial based strategy
Specific objectives	. To stimulate economic development of complex geographic agglomerations with high added value economies . Managing and planning functionally integrated territories seeking smart growth . To generate positive externalities and to increase the competitiveness of the FUR . To adopt a common strategic vision and to foster collaboration among actors for smart growth by strengthening knowledge and innovation capacity, competitiveness and internationalisation of the FUR
Type of 'functional region'	. Functional urban regions / FUR (sub-regional or interregional areas of a metropolitan or poli-urban nature)
Implicit definition of 'functional region'	. City-region . Polycentric sub-regional urban systems . Territorial context appropriate to operationalise smart specialisation strategies and to explore synergies between businesses and coordinated entrepreneurship initiatives at the sub-regional or inter-regional levels without linkage to the NUTS 2
Delimitation criteria	. Clustering of companies, sectors and institutions relevant to the economic development . Labour market / commuting . Economic interdependencies (work, services, economic relations) . Networks of relations of knowledge and innovation . Adjustment to the territorial strategies of smart growth
Areas of intervention	. Entrepreneurship (start-ups, creation of knowledge-intensive companies and in emerging areas - creativity, low carbon, renewable energy, innovative services) . Research & Innovation (infrastructure and equipment, training of new

	<p>skills, innovation in energy efficiency and renewable energies, dissemination and adoption of new technologies in enterprises, technology transfer, cooperation between companies and research and education institutions)</p> <p>. Clusters and poles (support for mature clusters, support for emerging clusters - culture and creativity, energy, health, TICE..., partnerships between business, government and R & I)</p> <p>. Integration into international value chains</p> <p>. Training and mobility in the labour market (new skills for new jobs)</p> <p>. Information technologies (infrastructure of Next Generation Access (NGA) that are open, affordable, viable and sustainable, large-scale adoption of ICT-based innovations)</p> <p>. Internationalisation infrastructure (ports, airports, highways...)</p>
Implementation tools	. Integrated Territorial Investment (ITI)
Responsible Institution	. Platform between business associations, businesses, R & I institutions and FUR municipalities, with possible participation of entities of the Ministry of Economy and Employment and the Ministry of Education and Science
Governance system	<p>. An independent body is responsible for the managing the strategy; it acts as an intermediary between the private and public partners involved; it is not a decision-making body (there is no transfer of powers from local or central government authorities)</p> <p>. Co-management in the form of territorial contracts or territorial cooperation contracts</p>
Financing system	<p>. ERDF + ESF + Cohesion Fund + private and public investment</p> <p>. Partnerships between private and public actors and financial institutions</p> <p>. Establish a FUR Investment Fund</p>
Examples of initiatives	<p><u>United Kingdom:</u></p> <p>. Local Enterprise Partnerships : 39 LEP http://www.bis.gov.uk/policies/economic-development/leps/</p> <p><u>Finland:</u></p> <p>. Regional Centre Programme http://www.intermin.fi/intermin/hankkeet/aky/home.nsf/pages/indexeng</p> <p><u>The Netherlands:</u></p> <p>. Structure Vision for Infrastructure and Territory: 6 urban networks: Randstad Holland, Brabantstad, Southern Limburg, Twente, Arnhem-Nijmegen, Groningen-Assen http://www.government.nl/issues/spatial-planning/roles-and-responsibilities-of-central-government</p>

Evaluation

Strengths:	<ul style="list-style-type: none"> . Conjugating economic and functional dynamics of clustering and implementation of policies for competitiveness, innovation and internationalisation . Definition of development strategies that are not limited to pre-defined spatial divisions such as the NUTS 2 . Decentralisation of competences for economic development in favour of actors and institutions in the area of intervention . Efficiency gains through the integrated management, in the same territory, of the dynamics of innovation and internationalisation
Weaknesses:	<ul style="list-style-type: none"> . Difficulty in the delimitation of the areas of intervention based on objective criteria (quantitative thresholds) . Difficulty in the constitution of FUR in geographical clusters with weak institutional capacity or high level of conflict between staff and leaders of the area of intervention . Possibly long period of learning how to manage the ITI innovative initiative

Comments

- . The delimitation of the RUF cannot rely on purely technical criteria. The adoption of the place-based approach to economic development is materialised through the articulation of policy options adjusted to coherent functional geographical units and necessarily to political institutions (municipalities) and associations (businesses' associations) of the FUR
- . The intervention in internationalisation infrastructures should be combined with a component of intervention in those infrastructure that are associated with sustainable mobility
- . It will be necessary to study ways of managing and implementing Structural Funds in FUR both within less developed regions (greater financial resources) and within more developed regions (lower budget), so as not to violate criteria of the European Cohesion Policy and simultaneously not to compromise the integrated development strategy, competitiveness, innovation and internationalisation of the FUR

Example 3: Valuing urban-rural ecological networks

Objective	. Planning, management and enhancement of ecological networks seeking the articulation between urban-rural cohesion and sustainable development
Alignment with Europe 2020 priorities	. Sustainable growth
Alignment with the thematic objectives of the Common Strategic Framework	. Environment (thematic goal 6) . Climate change (5) . SMEs, agriculture (3) . Low carbon economy (4) . Capacity building (11)
Type of instrument	. Strategic plan / territorial based strategy
Specific objectives	. To develop territorial development strategies in which ecological differentiation and ecological quality contribute to increase the attractiveness of the area of intervention as a place to live and work, as well as for recreation and tourism . To ensure territorial multifunctionality as a strategy to achieve the following goals: <ul style="list-style-type: none"> - Vast biodiversity and habitats - Maintenance of fundamental ecological processes - Soil conservation and combating desertification - Adaptation and mitigation of climate change impacts - Risk management - Increasing the quality of air and water - Construction and/or conservation of protected landscapes - Increasing the recreational areas - Creating or strengthening cultural identity - Improvement of welfare and public health - Valuing property - Reducing public costs in environmental hazards such as floods, water treatment, erosion, landslides, etc. . To integrate sectoral policies that relate the above goals with other territorial based policies (sustainable urban development, rural development, spatial planning, etc.).
Type of 'functional region'	. Functional Urban Regions / FUR (metropolitan or poli-urban sub- or inter-regional territories) . Functional Urban-Rural Regions / FURR (sub-regional territories polarised by medium-sized cities)
Implicit definition of 'functional region'	. Network of areas that compose a regional or sub-regional green infrastructure with the following features:

	<ul style="list-style-type: none"> i) Spaces that include key natural resources and ensure the maintenance, functionality and sustainability of biophysical systems (cycles of water, carbon, nitrogen) ii) The provision of ecological services and functions, such as: supply (water, food), production (agriculture, livestock, forestry, etc.), regulation (climate, air quality), cultural (recreation, education), science (production and dissemination of knowledge) and support (photosynthesis, soil formation, habitats) iii) Territorial continuity and connectivity (green corridors), both in rural and urban context, countering and preventing the effects of fragmentation and artificialisation of ecological systems iv) Integrated management
Delimitation criteria	<ul style="list-style-type: none"> . Variable, depending on the specific territorial characteristics and the territorial development strategy adopted: <ul style="list-style-type: none"> i) Predominance of water resources (irrigation, public supply, recreation, etc.): watershed boundaries ii) Predominance of soil resources (soil conservation for agriculture or forestry): land bank iii) Overlay of several factors: ecological unit / landscape unit that ensures the balanced functioning of ecological systems and processes in question
Areas of intervention	<ul style="list-style-type: none"> . Energy efficiency, climate change, low carbon initiatives and agricultural production and forestry . Food production (foodshed or foodsystems) . Public and recreational spaces . Tourism and landscape quality
Implementation tools	<ul style="list-style-type: none"> . Integrated Territorial Investment (ITI) or . Community-led Local Development (CLLD).
Responsible Institution	<ul style="list-style-type: none"> . In the case of the implementation mechanism being a ITI: Platform between: local authorities (LA), LA associations, business associations, . In the case of the implementation mechanism being a CLLD: Total or partial delegation in Local Action Groups, resulting from strong partnerships with ability to make commitments, share responsibilities and manage complex dynamics of participation and coordination
Governance system	<ul style="list-style-type: none"> . In the case of the implementation mechanism being a ITI: <ul style="list-style-type: none"> i) An independent body is responsible for the managing the strategy; it acts as an intermediary between the private and public partners involved; it is not a decision-making body (there is no transfer of powers from local or central government authorities) ii) Co-management in the form of territorial contracts or territorial cooperation contracts . In the case of the implementation mechanism being a CLLD: <ul style="list-style-type: none"> i) Local development strategies managed by Local Action Groups in accordance with the rules laid down in the regulations ii) First, experimental and demonstrative initiatives should be developed, discussed and assessed, subsequently evolving into initiatives focusing on larger geographic areas and with more

	partners
Financing system	<p>. In the case of the implementation mechanism being a ITI:</p> <ul style="list-style-type: none"> i) ERDF + ESF + Cohesion Fund + private and public investment ii) Partnerships between private and public actors and financial institutions iii) Establish a FUR Investment Fund <p>. In the case of the implementation mechanism being a CLLD:</p> <ul style="list-style-type: none"> i) All funds of the Common Strategic Framework ii) Public and private investments <p>. In both cases, it is important to consider possibilities for coordination, especially between the EAFRD and ESF and the Operational Programmes (OPs), included in the Rural Development Plan (RDP 2014-2020)</p>
Examples of initiatives	<p>. Integrated development strategies, based on a landscape approach in Spain at a regional level: http://www.recep-enelc.net/allegati/Recep-Enelc_Working%20Landscapes%201.pdf</p> <p>. Strategy for the Danube Region (various countries) ftp://ftp.cordis.europa.eu/pub/news/research-eu/docs/focus11_en.pdf</p> <p>. Project Europe (5 countries) that brings together environmental hazards, climate change and capacity building: http://www.factsproject.eu/pilotprojects/Pages/default.aspx Portuguese partner – Baixo Vouga http://www.factsproject.eu/pilotprojects/baixovougalagunar/Pages/default.aspx</p> <p>. European project (VALUE) that results from a European partnership (9 partners) in order to demonstrate the economic value of green infrastructures in cities and regions http://www.value-landscapes.eu/ Project summary: http://ec.europa.eu/environment/integration/research/newsalert/pdf/270na4.pdf</p> <p>. Projects funded by the EU Regional Policy (DGREGIO 2007-2013) on the implementation of green infrastructures http://ec.europa.eu/environment/nature/ecosystems/docs/10_MF_GI_191110.pdf</p>

Evaluation

Strengths:	<p>. Portugal has a suitable size for logics of urban-rural complementarity, particularly in the coastal-inland axis, both at a regional or sub-regional scale</p> <p>. The role of mid-size and territorial cohesion may be strengthened cities by consolidating polycentric development strategies and further enhancing urban-rural integration – ecological</p>
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	<p>networks should be perceived as multifunctional structures with multiple benefits.</p> <ul style="list-style-type: none"> . The ecological component of territorial development is recognised in several policy instruments for the next financial programming period, especially in key areas such as climate change and energy efficiency . There are several flagship projects and good practices in Europe that demonstrate the economic importance of adequate investment in green infrastructures
Weaknesses:	<ul style="list-style-type: none"> . Generalised inability or disinterest in the pursuit of a strategic vision rather than a short-term view in terms of spatial planning and development . Perception of the ecological component as a component that hinders development . Lack of institutional capacity and experience to work in effective partnership, hampered by urban/rural and environment/agriculture/economics divides

Comments

- . The quality of the landscape is a valuable territorial capital, it is an increasingly important factor for the attraction and retention of innovative firms and skilled residents and is an invaluable resource for the development of tourism. A cluttered landscape generates high costs to society in the form of lost economic opportunities, environmental risks and threats to public health
- . The understanding of ecosystems and landscape, as well as of how they will respond to climate change and other pressures (urban, industrial pollution, etc.), is essential for the development of adaptation strategies and sustainable management of natural resources of any territory

Example 4: Promoting social and territorial cohesion

Objective	. Promoting territorial, social and economic relations between medium-sized cities and rural and peripheral contexts in order to achieve greater socio-territorial cohesion and inclusive integrated development.
Alignment with Europe 2020 priorities	. Inclusive growth . Intelligent growth
Alignment with the thematic objectives of the Common Strategic Framework	. Employment (thematic goal 8) . Social inclusion (9) . SMEs, agriculture (3) . Information and communication technologies (2) . Education, skills and lifelong learning (10) . Capacity building (11)
Type of instrument	. Territorial development strategy . Territorial pact
Specific objectives	<p>. To promote employment through the creation and interaction of local services, seeking professional insertion and personalised counselling for vulnerable populations (unemployed, precarious workers, those risking poverty)</p> <p>. To locally flag and monitor the most vulnerable situations in terms of risk of poverty, child labor and isolation of the elderly</p> <p>. To boost services and densify local networks of home, family and community support.</p> <p>. To promote services that support and advice businesses, seeking economic and social innovation, organisational effectiveness of the SMEs and creating start-up companies</p> <p>. To monitor local needs for employment and the differentiated and targeted offer of vocational training actions (unemployed, workers, managers and entrepreneurs)</p> <p>. To create institutional networks between local businesses and schools (universities, secondary schools, etc.), seeking a better articulation between vocational training, research, technological development and innovation</p> <p>To attract urbanites to rural areas in order to reverse the regressive tendencies that affect low density areas, and implement policies that ensure the necessary conditions of spatial mobility and connectivity between populations and territories</p> <p>. To create sub-regional foodsheds/systems capable of generating synergies between: (i) supply (cooperation of local farmers and promotion of urban markets for the sale and promotion of produce), (ii) demand (creation and promotion of local and/or regional consumers' associations/cooperatives), and (iii) the articulation between the practices and the organized consumers' groups and the activities conducted by producers and other operators in food and supply chains</p> <p>. To create urban-rural platforms for promoting tourism and selling local (cultural, heritage and environmental) resources</p>
Type of 'functional region'	. Functional Urban-Rural Regions / FURR (sub-regional territories polarised by medium-sized cities)

Implicit definition of 'functional region'	. (Networks) of medium-sized cities and surrounding rural areas
Delimitation criteria	. Territories of social and territorial cohesion polarized by one or more medium-sized cities
Areas of intervention	. Social inclusion, employment and labour mobility, professional integration . Spatial and residential mobility . Innovation and competitiveness of SMEs . Lifelong learning and reinforcing professional skills . Strengthening the institutional capacity and efficiency and sharing services and resources . Use of ICT in various areas of intervention as effective platforms for the relation/mediation and for the promotion of new skills
Implementation tools	. Community-led Local Development (CLLD). or . Integrated Territorial Investment (ITI)
Responsible Institution	. In the case of the implementation mechanism being a CLLD: Total or partial delegation in Local Action Groups: local authorities, job centres, business associations, trade unions, local development associations, co-ops, other associations . In the case of the implementation mechanism being an ITI: Platform between the type of entities referred to above, but led by local or sub-regional public entities
Governance system	. In the case of the implementation mechanism being a CLLD: i) Local development strategies managed by Local Action Groups in accordance with the rules laid down in the regulations ii) First, experimental and demonstrative initiatives should be developed, discussed and assessed, subsequently evolving into initiatives focusing on larger geographic areas and with more partners . In the case of deployment mechanism being an ITI: i) An independent body is responsible for the managing the strategy; it acts as an intermediary between the private and public partners involved; it is not a decision-making body (there is no transfer of powers from local or central government authorities) ii) Co-management in the form of territorial contracts or territorial cooperation contracts
Financing system	. In the case of the implementation mechanism being a CLLD: i) All funds of the Common Strategic Framework ii) Public and private investments . In the case of deployment mechanism being an ITI: i) ERDF + ESF + Cohesion Fund + private and public investment ii) Partnerships between private and public actors and financial institutions iii) Establish a FUR Investment Fund
Examples of initiatives	Some examples of partnerships and regional or national networks: . Entrepreneurs for Social Inclusion

<http://www.epis.pt>

. Local-regional foodsheds/systems
<http://foodshed.net/>
<http://www.prove.com.pt>

. Rural areas re-settlement initiatives
<http://www.installation-campagne.fr>
<http://www.novospovoadores.pt/>

. Platforms for the promotion of cultural heritage
<http://www.linhasdetorresvedras.com/>
<http://www.rotadacortica.pt/>

. Public and/or private partnerships that support local initiatives for economic and business development
<http://www.westofenglandlep.co.uk/>
<http://www.leedscityregion.gov.uk/>
<http://www.push.gov.uk/>

. Smart cities, social and community innovation
http://www.ponrec.it/bandi/smartcities_communities_socialinnovation/

. Home support
http://www.cm-amadora.pt/PageGen.aspx?WMCM_PaginaId=39842&WMCM_RootMenuId=27526&WMCM_MenuId=39850

. Sustainability and green communities
<http://www.greencommunities.it/green-communities-progetto.html>

Evaluation

Strengths:	<ul style="list-style-type: none"> . Increasing networks and partnerships which mobilize and coordinate various actors, from the public, private and 3rd sectors, and both urban and rural . Investing in local services in order to more effectively monitor and respond to problems arising from vulnerable social situations and to needs of business initiatives and of promotion of employment
Weaknesses:	<ul style="list-style-type: none"> . Absence of a culture of cooperation between entities, both in urban and rural contexts . Difficulty in defining a consolidated management/administration structure responsible for the projects and actions developed in a logic of medium- and long-term continuity . Difficulty in generating platforms for joint action and understanding among agencies/public services and civil society

Comments

. The complementarity of skills and capabilities between, on the one hand, public institutions/agencies and their respective services and public buildings and on the other, entities from the private and/or 3rd sector, should be a guiding principle for networks and partnerships promoted by Community-led Local Development (CLLD). The sharing of responsibilities should result from a process of institutionalisation of roles, functions and responsibilities assumed from the various initiatives that will be developed.

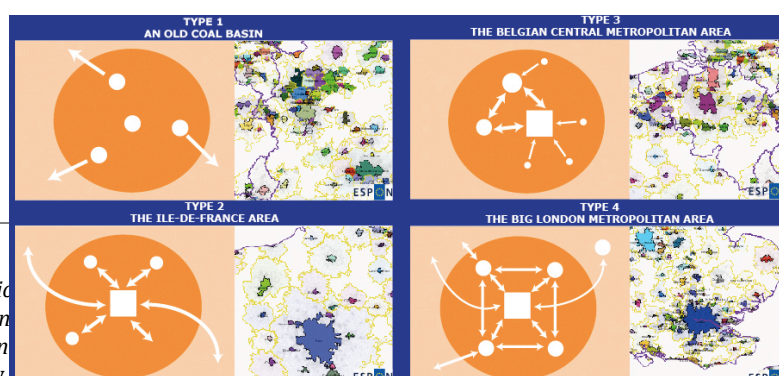
. In cases deemed appropriate, the CLLD may be framed within a Territorial Integrated Investment (ITI), insofar as it represents a more localised scale of intervention based on the provision of proximity services. For example, a CLLD that focus on promoting employment and/or supporting the jobless should articulate with the ITI to encompass the identified labour pool.

Annex I

Functional Regions | Key Concepts and Indicators

“Functional Regions”: Key concepts, delimitation and characterisation criteria

Concept	Nature	Description
Travel-To-Work Area (TTWA) ⁸	Functional	Area that corresponds to the employment basin of a major city or conurbation defined by travel-to-work commute. In the particular case of the United Kingdom, the delimitation of these areas corresponds to the aggregation of municipalities in which: i) at least 75% of the economic active residents work in the area and; ii) at least 75% of the people working in the area also live in the area.
Morphological Urban Area (MUA) ⁹	Morphological	According to ESPON, MUAs correspond to urban/municipal territories with at least 650hab/km2. MUAs are the densely populated urban centres of FUAs, which in turn are the employment basins defined by TTWAs around MUAs.
Functional Urban Area (FUA) ¹⁰	Functional	FUAs correspond to an urban area with a centre of at least 15.000 inhabitants and a total population of at least 50.000 inhabitants. FUAs are defined by their influence area in terms of TTWAs, calculated at the LAU2 level. A FUA includes one or more MUAs, as well as the surrounding areas in which at least 10% of the population works within the limits of the MUA. There are cross-border FUAs, although existing data is still scarce (e.g. ESPON Metroborde project). FUAs are largely the debugging of their predecessors FURAs (Functional Urban Regions and Areas).
Larger Urban Zone (LUZ) ¹¹	Political-administrative	According to Urban Audit, LUZs are based on FUAs and represent an attempt by EUROSTAT to harmonise the definition criteria for a metropolitan area at the EU level. LUZs encompass FUAs with at least 500.000 inhabitants fitted to the respective administrative boundaries.
Poli-Functional Urban Area (Poli-FUA) ¹²	Functional	<p>Poli-FUAs are groups of neighbouring FUAs. To identify a Poli-FUA one of the following conditions must be met:</p> <ul style="list-style-type: none"> • Metropolis (> 500.000 hab.) with its urban centres located less than 60km apart and adjacent employment basins; • 2 two cities of a large dimension (> 250.000 hab.) with their urban centres located less than 30km apart and adjacent employment basins; • 1 metropolis and 1 city of large or medium dimension (> 100.000 hab.) with their urban centres located less than 30km apart and adjacent employment basins; • Metropolis (> 500.000 hab.) with its urban centres located less than 60km apart, separated only by the employment basin of a FUA, which is adjacent to both



⁸ G. C. A. L. (2010), *Functional Economic*

⁹ ESPON (2007b), *Project 1.4.3 Study on*

¹⁰ ESPON (2011), *The Functional Urban*

¹¹ *The Larger Urban Zone*: <http://www.>

Figure 2. 4 Types of FUA: ex-industrial area of Ostrava (CZ), Ile-de-France (FR), Central Metropolitan Region (B) and large metropolitan area of London (UK)

Metropolitan European Growth Area (MEGA) ¹³	Functional	Building on the FUA concept, MEGAs cross the morphological criteria of population density with functional criteria highlighting the location of supra-national functions (transport, economic activity, control functions, territorial management and governance, etc.) MEGAs are metropolitan FUAs that individually or collectively (based on polycentric clusters) have adequate population size, economic potential and strategic location (gateways, logistic hubs, etc.) to become economic growth areas at the European scale.
Functional Economic Market Area (FEMA) ¹⁴	Functional	In the United Kingdom, the FEMAs match the spatial level at which the relevant economic markets operate. Although there are methodological concerns about their outline FEMAs are defined by the different economic relationships that exist between the city and the region, such as TTWAs, housing markets, local business networks, geographic patterns of acquisition of goods and services by the population, the coverage area of a hospital, etc.
City-Region ¹⁵	Functional	It concerns the city and its hinterland – defined by its labour market, transport networks, TTWAs – and assumes the existence of some form of supra-local government. Concept more widespread in the United Kingdom.
Functional Region ¹⁶	Functional	The OECD defines the functional region as a territorial unit that results from the organisation of the social and economic relationships in space and not by the conventional political-administrative or historical-geographical criteria. A functional region is usually defined by labour market related criteria and TTWAs.

¹³ ESPON (2007), *Project 1.4.3 Study on Urban Functions, Final Report*.

¹⁴ G. C. A. L. (2010), *Functional Economic Market Areas: An economic note*. Communities and Local Government, London.

¹⁵ NLGN (2005), *Seeing the Light? Next Steps for City Regions*. New Local Government Network, London.

¹⁶ OCDE (2011), *Assessing and Monitoring Rural-Urban Linkages in Functional Regions: A methodological framework*. OCDE, Paris.

“Functional Regions”: examples of indicators for its definition and characterisation

There is not a consensual framework of territorial indicators on functional regions. A collection of information on this issue allows the organisation of a table where we identify the most relevant indicators and, for each one of them, its scale of implementation, information source and objective. These indicators were grouped into six clusters (Table 4), according to the four main thematic lines of discussion on urban-rural relations in the context of functional urban regions - mobility, housing and infrastructure (A); provision of public services and economic activities (B); environment and ecosystems (C), and governance (D) - to which we add population dynamics (E) and dynamics of land use (F).

Table 5. Examples of indicators for the definition and characterisation of ‘functional regions’ by domain

Group	Indicator	Scale	Source	Objective
A	Accessibility to airport	NUTS-3	Raster (SIG)	Connectivity of the region
	Construction of new buildings / housing units	Municipal	INE	Residential demand (by proxy)
	Population living more than 45 minutes away by road from an urban centre with more than 50.000 inhabitants	Municipal	SIG, spatial analysis	Population living in remote areas (by proxy)
	Duration of commuting (min.)	Freguesia	INE	Level of interaction (by proxy)
	Proportion of the resident population working or studying in another city	Freguesia	INE	Level of interaction (by proxy)
	Proportion of the population living within a certain distance of a public transport station	Freguesia	Raster (SIG)	Degree of accessibility (by proxy)
	Proportion of road traffic volume per vehicle type	National / Regional	EC-Eurostat (2010)	Functional characterisation of road traffic volume
B	Average distance to a higher education institution	Municipal	SIG, spatial analysis	Access to collective higher education facilities (by proxy)
	Access to drinking water and solid waste treatment systems	Municipal	SIG, spatial analysis	Access to basic sanitation equipment (by proxy)
	Proportion of population aged 6 to 13 living at a maximum 2km distance of a primary or secondary school	Municipal	SIG, spatial analysis	Access to collective education facilities (by proxy)
	Proportion of population living within 15 min. or at a maximum distance of 5 km from a hospital	Municipal	SIG, spatial analysis	Access to collective health facilities (by proxy)
	Accessibility to a shopping centre	Municipal	SIG, spatial analysis	Demand for services (by proxy)
	Index of employment polarization	Freguesia	INE	Level of interaction (by proxy)

	Acquisition of goods and services	Municipal	Questionnaire	Services provision (by proxy)
	Population potential within a radius of 50 km	Municipal	SIG, spatial analysis	Demand for services (by proxy)
	Average income according to gender and location of the workplace	Distrito	MTSS/GEP	Inter-FUA disparities
	Average income and location of the workplace	Distrito	MTSS/GEP	Inter-FUA disparities
C	Landscape fragmentation	Regional	EEA	FUA's dynamics of ecological sustainability (by proxy)
	Landscape transformation	Regional	EEA	FUA's dynamics of ecological sustainability (by proxy)
	Open space preservation: percentage of land reserved for green spaces and recreational areas	Regional	SIG, spatial analysis	FUA's dynamics of ecological sustainability (by proxy)
D	Number of local authorities per 1000 inhabitants	Municipal	INE	FUA's level of institutional density (by proxy) Administrative fragmentation (by proxy)
	Territorial cooperation projects	NUTS-3	INTERREG, QREN	Level of territorial cooperation (by proxy)
	R & D cooperation projects	NUTS-3	QREN, UE	Level of R&D cooperation (by proxy)
E	Population density	Municipal	INE	Density of population and demand for services (by proxy)
	Rate of migration growth	Municipal	INE	Attractiveness of the region (by proxy)
F	Artificial areas (urban and other uses)	NUTS-3	GIS, (fuzzy analysis) Corine Land Cover based	Urban pressure (by proxy)
	Agricultural and agroforestry areas	NUTS-3	GIS, (fuzzy analysis) Corine Land Cover based	Urban pressure (by proxy)
	Area of the FUA	Km2	Eurogeographics (SIG)	
	Area of the MUA	Km2	Eurogeographics (SIG)	

Annex II

Functional regions and the relations between urban and rural areas in the context of the preparation of Community policies for the period 2014-2020

Functional regions and the relations between urban and rural areas in the context of the preparation of Community policies for the period 2014-2020: overview of the debate of the past two years (2010-2011)

Based on documents produced in the last two years (2010 and 2011) in the context of the preparation for the new cycle of EU policies for the period 2014-2020, an overview of the developments regarding the clarification of the role that could in the future be attributed to *functional regions* and to relations between urban and rural areas (urban-rural relations or, symmetrically, rural-urban relations) during the next EU programming cycle.

The following text is organised into five sections:

- . Section 1: Key reference documents of the new EU policy cycle proposed by the European Commission, in particular the Europe 2020 strategy, the project of the funding package, which includes a proposal for a framework regulation with common rules for the management of the five EU funds and the Common Strategic Framework for 2014 - 2020;
- . Section 2: The Cohesion Policy as EU territorial development policy, referring to the conclusions of the Informal Council of Ministers responsible for EU Cohesion Policy (regional policy) and territorial and urban development, held on 24-25 November 2011 in Poznan (Poland);
- . Section 3: Relation between rural development policy and the Cohesion Policy;
- . Section 4: Relation between the European urban agenda and the Cohesion Policy;
- . Section 5: Final summary in the form of a chart mapping the relations between the various documents that are most relevant to the topic in question.

1. Key reference documents: from Europe 2020 to the more recent proposals presented by the Commission to the European Council and Parliament

The process of preparation of the new cycle of EU policies for the period 2014-2020 has four main reference documents proposed by the European Commission: i) the document *EUROPE 2020. A strategy for smart, sustainable and inclusive growth*¹⁷, ii) a proposed budget for the period, designated *A Budget for Europe 2020*¹⁸ (which will not be analysed in this context), iii) a draft legislative package on future policies, and iv) the proposed elements for a Common Strategic Framework for the five funds¹⁹.

In the Europe 2020 strategy three priorities are established:

- i) Smart growth: to develop an economy based on knowledge and innovation;
- ii) Sustainable growth: to promote a greener, more competitive and more efficient (use of resources) energy;
- iii) Inclusive growth: to foster an economy with high levels of employment that ensures social and territorial cohesion.

¹⁷ COM(2010) 2020 final, 3.3.2010.

¹⁸ COM(2011) 500 final, 29.6.2011.

¹⁹ SWD(2012) 61 final, 14.3.2012.

In order to achieve these priorities, the Commission proposes five major goals, linking them to the definition of quantified targets. The Commission also proposes for each Member State to translate the Europe 2020 into national objectives and trajectories. This strategy contains several references to territorial cohesion and rural development components, but the priorities, major goals and initiatives presented as emblematic are formulated in a generic way, not a territorialised one. There are no explicit references to the two key elements of this study: functional regions and urban-rural relations.

The project of a legislative package includes a proposed framework regulation²⁰ with common rules for the management of the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund, the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime Affairs and Fisheries Fund (EMFF). This Regulation aims to ensure a more coordinated and coherent use of the five EU funds.

The project presented by the Commission is aligned with the goals and objectives of *Europe 2020* and it requires the establishment of a Common Strategic Framework at the level of the European Union and Partnership Contracts between the Commission and each Member State.

The Common Strategic Framework aims to materialise the common thematic goals and targets of smart, sustainable and inclusive growth that are enshrined in the *Europe 2020 Strategy* into actions that may be supported by different EU funds, ensuring the integrated use of these funds in achieving common goals (Article 10 of the draft Regulation). The five EU funds are, in this new context, now referred to as the CSF funds.

The Partnership Contracts between the Commission and each Member State identify the commitments established between partners at the national and regional levels and the Commission seeking to achieve the objectives of *Europe 2020* (Art. 13). In practical terms, and with reference to the current situation, the Partnership Agreements (PA) cover the NSRF domains and even the rural development component. The PA should, among other conditions, contemplate *integrated territorial development approaches* (Art. 14, b).

In the context of our study, it is particularly important to stress the following points, which are present in the Regulation proposed by the Commission:

i) New intervention geographies

The inclusion of the new objective of territorial cohesion, in line with the Lisbon Treaty and complementing the objectives of economic and social cohesion, involves giving greater importance to the cities, the functional geographies and the sub-regional level (p. 17);

ii) Territorial based diagnoses

The content of the Common Strategic Framework should identify the key territorial challenges for urban, rural, coastal areas and fisheries, as well as for areas with particular territorial characteristics referred to in Articles 174 and 379 of the Treaty (northernmost regions with very low population density and island, mountains and cross-border regions) (Art. 11); the identification of territorial challenges must be accompanied, whenever appropriate, by a list of cities participating in the urban development platform referred to in Article 7 of the ERDF Regulation (Art. 14);

iii) Integrated local development strategies

²⁰ COM(2011) 615 final, 6.10.2011, later replaced by COM(2011) 615 final/2, 14.3.2012.

In order to better mobilise the potential of each site²¹ and to facilitate the implementation of multi-dimensional and cross-sectoral interventions, the Commission proposes that the Member States make use of initiatives focused on subregional territories and promoted by local communities (*community-led initiatives*). The Commission proposes that Member States should promote the implementation of integrated local development strategies and the establishment of local action groups that represent the interests of communities²² (Art. 28, 29 and 30);

iv) Integrated Territorial Investment (ITI)

When territorial or urban development strategies require integrated approaches because they include instruments of more than one priority axis, of the same or of different operational programmes, the community funds-based actions should be developed as integrated territorial investments (Art. 99).

Finally, the proposed elements for a Common Strategic Framework for the five thematic funds identifies eleven goals and specifies for each one of them (Part II) key goals and targets, general principles of complementarity and procedures for implementation and coordination between the various funds and between these and other EU policies and instruments. This document highlights once again the importance of territorial based integrated interventions in order to ensure coordination and synergies in the implementation of actions. It also identifies the territorial challenges faced by the objectives of smart, sustainable and inclusive growth enshrined in the *Europe 2020 Strategy*.

²¹ Although there is not always an explicit reference in this sense, the concept of “local” in the documents that we have analysed has a broad scope and can be applied to any sub-regional geographic scale, between the strictly “local” and the regional. A paper with questions and answers about territorial development prepared by the Commission (DG G 1 Regional Policy Team) and disclosed on the 14 December 2011, it is referred that: *What is the definition of “local”: “there is no definition of local in the legislative proposals, this will depend on the institutional set-up of the Member State. The important thing about the local development approach proposed is that it be community-led. Therefore the local area should have sufficient critical mass to implement a viable local development strategy and, at the same time, be sufficiently small to allow for local interaction. A delegated act will set out criteria for the definition of the area and the population covered by the strategy (Art. 29 (6) CPR).”*

²² A commission paper (DG G 1 Regional Policy Team) previously identified states that the area of intervention of a Local Action Group “does not have to correspond to, and can cut across, administrative boundaries but how this will be organised is up to the Member States”, which on the one hand, allows to establish a direct link with the two essential dimensions of this study –functional regions and relations between urban and rural areas – and on the other hand, suggests the need to discuss operationalisation of this possibility in Portugal.

2. Cohesion Policy and EU territorial development policy

The EU Polish Presidency of the European Union (second semester of 2011) has been particularly active in issues related to the territorial dimension of public policies. It promoted an important intergovernmental debate about the role of a territorial integrated development perspective within the future Cohesion Policy.

Having as generic references the *Europe 2020 Strategy* and the legislative package regarding the five Common Strategic Framework funds proposed by the European Commission on 6 October 2011, and as specific references on the territorial dimension the *Barca Report*²³ and the *Territorial Agenda 2020*²⁴, the Polish Presidency has raised an important debate about how to strengthen the Cohesion Policy as a EU territorial development policy, alongside other policies (rural development policy, for example). The Conclusions of the Informal Council of Ministers responsible for EU Cohesion Policy regional policy) and for territorial and urban development, held on 24-25 November 2011 in Poznan (Poland), reflect this effort.

In the first part of the Conclusions of the Poznan Informal Council of Ministers identifies the key policy messages for the future Cohesion Policy, reaffirming, namely: i) the need to adopt integrated and territorial perspectives in the formulation and implementation of policies and ii) the importance of strengthening the urban dimension in future policies.

In this first part, the Conclusions identify the aspects that are generally consensual but for which it is recognised that there still is a need for additional clarification and further discussion. Among these, the following are particularly relevant to our study:

- . *Cohesion Policy as territorial development policy*: how to formulate and execute an integrated Cohesion Policy that incorporates a territorial perspective?
- . *Territorial dimension of sectoral policies*: how to ensure, in the perspective of territorial development and with regard to the various sectoral policies:
 - i) Increased spatial awareness in order to respond to the existing territorial diversity;
 - ii) Better consideration of territorial impacts of these policies;
 - iii) Better coordination between these policies within the framework of territorial development strategies?
- . *Instruments of territorial development*: what territorial development instruments, including support for urban interventions are likely to promote the desired integrated and territorial development?
- . *Urban-rural relations and functional areas*: in what situations is it justified to strengthen urban-rural relations and the use of functional urban areas (city-regions, metropolitan areas) in light of Cohesion Policy and territorial development policy?

²³ Barca, F. (2009), *An Agenda for a Reformed Cohesion Policy. A Place-based Approach to Meeting European Union Challenges and Expectations*, independent report prepared at the request of Danuta Hübner, Commissioner for Regional Policy, April 2009.

²⁴ Adopted on 19 May 2011 by the EU Ministers responsible for spatial planning under the Hungarian EU Presidency.

The second part of the Conclusions focuses exclusively on the territorial dimension of EU policies, addressing, specifying and complementing some of the previous questions. In the context of our study, the following should be stressed:

- i) How to integrate the territorial dimension in EU, national, regional and local policies?
- ii) How to translate the goals and guidelines of the Territorial Agenda 2020 in light of the various Community policies?
- iii) How to facilitate the territorial coordination of policies, instruments and actions?
- iv) How to improve the analysis and monitoring of territorial dynamics, of territorial impacts and of the evolution of relations between different areas (e.g. between urban and rural areas or within functional areas)?
- v) Which strategic guidelines can be established in the Common Strategic Framework so that the achievement of the *Europe 2020* objectives does effectively take into account the priorities and challenges of the *Territorial Agenda 2020*?
- vi) How to ensure that the territorial dimension of the Cohesion Policy is explicitly considered in addition to aspects that are already covered in the EU funds regulation, i.e. the local development strategies promoted by the communities (*community-led local development*) and integrated territorial investment (ITI)?
- vii) How to develop forms of partnership and governance that are appropriate to an integrated and territorial development perspective?

3. Rural development policy and Cohesion Policy

The Commission Communication on *the CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future*²⁵ identifies “regional balance”, alongside food safety, and environment and climate change, as one of the challenges that the new common agricultural policy will have to face. The Commission recognises that a growing number of rural areas increasingly depends on factors that are extraneous to agriculture due to the diversification of its socio-economic structure. It nonetheless recalls that, in these areas, the agricultural sector continues to account for a significant portion of the added value and the employment, as well as generating other economic activities such as food processing industry, tourism and trade. The challenge of “regional balance” is connected to the vitality of rural areas but also to the territorial diversity of agriculture in the European Union.

The three challenges identified in the document arise the same number of objectives. The challenge of “regional balance” justifies the definition of the objective of “balanced regional development”. This objective unfolds into three dimensions (p. 8):

- i) To support rural employment and to maintain the social fabric of rural areas;
- ii) To improve the rural economy and to promote diversification in order to enable local actors to explore their potential and optimise the use of other local resources;

²⁵ COM(2010) 672/5 final, 18.11.2010.

This Commission Communication ends with the presentation of 3 non mutually exclusive options regarding the main guidelines for the process of preparation of the new CAP: a first option (adjustment scenario), centred on the equitable distribution of direct payments between the Member States; a second option (integration scenario), more in line with the objectives of the *Europe 2020 Strategy* - smart, sustainable and inclusive growth; and finally, a third option (reorientation scenario), which gives great importance to environmental goals and combating climate change.

In the summary of the impact assessment regarding the Common Agricultural Policy towards 2020 sent by the European Commission to the Council of the European Union²⁶ becomes explicitly clear the emphasis on the second option, the integration one, considered to be the one that maximises the EU added value and the one that best ensures the fair balance of the new CAP with the objectives of the *Europe 2020 Strategy* (p. 11).

Moreover this document emphasises the need for the CAP to respond to various economic, environmental, climatic and territorial challenges identified in this domain, through better integrating its objectives and those of other EU policies, and through adjusting its measures in view of those goals (p. 3). The document recognises that even the option of integration implies a significant change in rural development policy (p.10).

The final political guidelines, will obviously have implications in terms of the importance, scope and content of the “rural development” component. However, regardless of the decision eventually taken, the fact that the Commission proposes the need to improve relations between rural and urban areas as a factor for the balanced territorial development of rural areas is significant, because it encompasses rural areas, seeking their development, the implementation of a dimension, which was traditionally limited to spatial planning policies and to the Cohesion Policy. Talbot and Courtney²⁷ even suggest that the strengthening and qualification of urban-rural (and rural-urban) relations may become an explicit measure of the EU rural development policy.

Given the budget freeze of CAP’s pillar II in the next financial programming period, the situation seems clear: the maintenance of the rural development policy in the strict framework of the CAP pillar II – even in the context of the possibility of transfers between the two pillars – will penalise their ambition. By opposition, a more solid rural development policy will inevitably have to be based on the articulation of different policies and funds.

The rural development policies in the European Union have been heavily dependent on the Common Agricultural Policy, especially and directly on the second pillar. However, a better alignment of objectives and instruments of the CAP with the *Europe 2020 Strategy*, a closer relationship between the rural development policy and the Cohesion Policy and, finally, the new opportunities presented by the proposed Regulation on the five funds of the Strategic Framework presented by the Commission²⁸ – enabling the existence of policy instruments funded by various funds or multi-fund programs (in the case of the Structural Funds and the

²⁶ SEC(2011) 1154, 18.10.2011.

²⁷ H. Talbot e P. Courtney (s/ data), *Improved Urban-Rural Linkages as an EU Rural Development Policy Measure*, date of Access: 4 December 2011:

<http://www.regional-studies-assoc.ac.uk/events/2011/april-newcastle/papers/Talbot.pdf>

²⁸ COM(2011) 615 final, 6.10.2011.

Cohesion Fund) – create conditions that favour the emergence of a new rural development and cohesion policy. However, the realisation of this possibility implies (Dax et al, 2011²⁹):

- i) A lower dependence, compared with the situation prevailing today, of the rural development policy in relation to CAP;
- ii) An understanding of rural policy as a key element of the territorialisation of different territorial development instruments in rural areas;
- iii) The adoption of an integrated and territorial perspective, which may overcome the rural-urban dichotomy, allowing to strengthen the articulation and coordination between rural development policy, regional policy and other policies or instruments with relevant incidence in rural areas;
- iv) The development of strategies, partnerships and forms of territorial governance capable of adequately responding to the needs and capabilities of different territorial contexts in light of the understanding of rural policy and integrated and territorial perspective as they were referred to in the two preceding paragraphs;
- v) The integration of objectives of rural development by the regional policy.

The fundamentals of a post-2013 rural cohesion policy, having as strategic references the document *Europe 2020* and the *Green Paper on Territorial Cohesion*³⁰, have indeed been formally submitted by the Directorate-General for Regional Policy³¹. Recognising that it is necessary to ensure better coordination between the various factors of development of rural areas (economic diversification, accessibility and interest basics services, improving human capital, etc.), they suggest a future effective articulation between the CAP Pillar II and the Cohesion Policy.

The Preparatory Action “RURBAN - Partnership for sustainable urban-rural development”³² has precisely the objective of helping to identify ways to strengthen bridges between future rural development policies and regional policies through:

- i) The transformation of rural-urban relations in integrated territorial development factors;
- ii) The identification of good practices of territorial partnership in order to improve the forms of cooperation between various actors and to develop and implement joint initiatives involving rural and urban areas in a perspective of integrated territorial development.

The proposal for a Regulation on support for rural development by the EAFRD presented by the Commission in October 2011³³ outlines the *local development strategies* with an important instrument and explains that its implementation outside the LEADER framework in conjunction

²⁹ T. Dax et al, *The evolution of EU Rural Policy: linkages of Cohesion Policy and Rural Development Policy*, Regional Studies Association Annual International Conference, Sunday 17th - Wednesday 20th April 2011, Newcastle upon Tyne, UK. date of Access: 4 December 2011:<http://www.regional-studies-assoc.ac.uk/events/2011/april-newcastle/papers/Dax.pdf>

³⁰ COM(2008) 616 final, 6.10.2008.

³¹ See, for example, the presentation made by Wladyslaw Piskorz, from the Unit Urban Development - Territorial Cohesion in the COTER Seminar, Warsaw on 20 October 2011:

http://www.google.pt/#sclient=psy-ab&hl=ptPT&source=hp&q=Rural+Cohesion+Policy+after+2013:+European+Commission+view+Piskorz&pbx=1&oq=Rural+Cohesion+Policy+after+2013:+European+Commission+view+Piskorz&aq=f&aql=&gs_sm=s&gs_upl=56291120691115078181611010101203185811.4.11710&bav=on.2,or.r_gc.r_pw.,cf.osb&fp=a488dab613465e86&biw=1024&bih=571

³² Commission Decision C(2011)962, 21.02.2011.

³³ COM(2011) 627 final/2, 19.10.2011.

with the Cohesion Policy instruments may involve public and private actors from rural and urban areas around partnerships and strategies focused on a single sector or on specific development goals (p. 19). This possibility obviously opens new opportunities for cooperation and intervention.

The document also stresses that local development strategies should focus on areas with a size that ensures the achievement of results that effectively contribute to achieving the EU priorities in terms of rural development and innovation (p. 20). This reference seems to validate those advocating for a rural development policy based on flexible intervention geographies that are appropriate to the set objectives and the desired results. Although the proposed Regulation does not explicitly state it, that observation suggests the advantage of *extending the use of the concept of “functional region” to rural areas or rural-urban relations, not restricting it to urban or urban-rural relations*.

4. European urban agenda and Cohesion Policy

The Polish Presidency also proved very dynamic regarding the debate and clarification of the urban dimension within the Cohesion Policy after 2013. Although the EU does not hold formal competences in the field of urban policy, cities have been a part of the EU policy agenda for quite some time. During the Spanish Presidency another decisive step was taken: the approval of the *Toledo Declaration*³⁴. In addition to recognising the work done in this area during the previous Presidencies, the ministers responsible for urban development agreed to adopt in the future a joint work program, generally designated as “European Urban Agenda”. They also stressed the importance of cities to achieve the goals of the Europe 2020 strategy and of the future Cohesion Policy.

The preparation of the new EU programming cycle appears thus as an opportunity to give greater centrality to urban issues in the context of EU policies, especially since it is indicated that at least 5% of ERDF resources will be allocated for integrated actions for sustainable urban development, with the decisive involvement of local stakeholders in their management (urban ITI).

The document produced on these issues³⁵ at the start of the Polish Presidency clearly characterised the present context as an opportunity: the goal is not to formulate a EU urban policy, but rather to create – at the Community level (strategic guidelines and terms of financing) – conditions that favour the development of urban interventions and programs by the Member States, the regions or the cities themselves. The consideration of urban priorities in the post-2013 strategies and policies gains thus an increased significance when compared to previous EU programming cycles.

The document adopts a broad definition of “urban”, including realities as diverse as the neighbourhood or the functional urban areas whose limits do not necessarily coincide with the political-administrative boundaries. While acknowledging the existence of relevant practical

³⁴ Adopted on 22 June 2010 by the EU Ministers responsible for urban development, within the framework of the Spanish Presidency.

³⁵ Minister of Regional Development, *Urban Dimension of Cohesion Policy post 2013*. Background Report, Warsaw, July 2011.

problems, particularly regarding the institutional architecture (lack of legal and institutional framework at this level), the document suggests that, from the point of view of urban interventions, the generic concept of FUR (functional urban region) outlined in various ESPON studies³⁶ is more pertinent than cities considered individually.

Published at the beginning of the Polish Presidency, this document infers into the urban dimension of the post-2013 Cohesion Policy, associating it with intra-urban spaces, with the consolidated or administrative city and also with wider territories, internally diverse but functionally integrated in a large city or adding various small and medium-sized cities that are geographically close to each other and organised as a network.

The notion of *territorial integration* is thus explicitly introduced in the design and implementation of a new generation of EU policies. It essentially regards territories composed by different subsets, which are contiguous and economically, socially and biophysically interdependent but that do not coincide with administrative territories. This focus is not new (let us recall, for example, previous interventions under INTERREG), but it now gains greater centrality in the context of territorial development policies.

In another document prepared by the Polish Presidency on the territorial dimension of Europe 2020 and the Cohesion Policy³⁷, functional regions are considered as one of five “territorial keys”³⁸ to ensure a match between the priorities of the Europe 2020 Strategy and the Territorial Agenda 2020. The proposed functional regions include both urban and rural areas and are considered particularly crucial for small and medium-sized cities.

This document associates ‘functional regions’ to 5 key themes:

- i) Extension of local employment markets
- ii) Obtaining critical mass through territorial cooperation
- iii) The accessibility to growth poles and secondary regional centres
- iv) The public transport connections to regional centres
- v) Compact Cities (Sustainable Cities)

In policy terms, the “territorial key” of functional regions is presented as having a particular connection with:

- i) Urban Policy
- ii) Transport Policy
- iii) National / Regional / Local Development Policies
- iv) Education Policy
- v) Health Policy

³⁶ ESPON: originally designated *European Spatial Planning Observatory Network*, it was renamed *European Observation Network, Territorial Development and Cohesion* in 2008 but it kept the same acronym (<http://www.espon.eu/main/>).

³⁷ Minister of Regional Development, *How to Strengthen the Territorial Dimension of ‘Europe 2020’ and the EU Cohesion Policy*. Background Report, Warsaw, September 2011.

³⁸ The other 4 “territorial keys” are: accessibility, services of general economic interest, territorial assets and urban networking.

- vi) R & D Policy
- vii) Industrial Policy
- viii) Environmental Policy
- ix) Cohesion Policy

Curiously, this list of policies does not include any reference to rural development policy.

Finally, the Polish Presidency has prepared a document that integrates the previous contributions and moves towards the support for instruments for territorial development within the Cohesion Policy, divided into two areas: the urban dimension and the local development³⁹. The document presents and discusses 14 policy options, organised under three “windows of opportunity”:

- i) To integrate territorial based EU policies with the various aspects of socio-economic or geographical functional regions;
- ii) To strengthen the instruments for the development of urban areas;
- iii) To promote the local development dimension within the Cohesion Policy.

It is significant that the first two policy options integrated in the first ‘window of opportunity’ focus on functional regions and urban-rural relations, correctly viewed as interdependent.

For both options the key issues are the same: to develop common and integrated strategies adjusted to the specificities of the different functional regions; to develop appropriate cooperation and coordination procedures; to design and implement integrated programs associated with specific problems; to ensure greater consistency and optimisation regarding the provision of public services; to improve the coordination between the Cohesion Policy and the Common Agricultural Policy.

In the particular case of the strengthening of urban-rural relations, the following goals are identified:

- i) Developing business capacity
- ii) Enhancing human and social capital
- iii) Improving social services
- iv) Improving communications with urban areas
- v) Increasing the ability of rural areas to attract residential and economic functions

Several of the remaining policy options complement the first two, namely those that refer to the need to introduce financial instruments to support integrated development strategies (option 3) and resorting to analysis based on functional areas (cf. ESPON) (option 4).

The European Parliament also adopted a Resolution on the European Urban Agenda and the Future Cohesion Policy⁴⁰ in which it is explicitly argued, among other aspects, the need for linkages between urban and rural areas, in order to maximise the inclusive development expressed in Europe 2020 (paragraph 7 of the Resolution), the exchange of good practices on

³⁹ Ministry of Regional Development, *Effective Instruments Supporting Territorial Development. Strengthening Urban Dimension and Local Development within Cohesion Policy*, Issue Paper, October 2011.

⁴⁰ P7_TA-PROV(2011)0284, 23 June 2011.

urban-rural strategies and the inclusion of urban-rural dimensions in planning documents (paragraph 14), the essential role of cities in the establishment of functional geographic units (paragraph 22) and the optimisation of synergies between EU funds in order to strengthen the links between urban, rural and peri-urban areas (paragraph 24).

In parallel, the European Commission (Directorate General for Regional Policy) promoted an intense debate about the future role of cities in the European Union, particularly in the context of Europe 2020. The document *Cities of Tomorrow* (2011), which presents a new urban agenda for the European Union, supports the existence of a European model of urban development, examines the main threats and challenges to this model and puts governance issues at the centre of the responses to the identified challenges.

This document adopts a broad definition of “city”, encompassing from morphological urban areas (the administrative city) to functional urban areas (socioeconomic agglomerations), in both cases considered in their own territorial contexts. The limitation of the physical expansion of cities (urban sprawl) through greater control of changes in land use, the gain of higher levels of environmental safety and quality of urban ecosystems and areas adjacent to cities (nature, landscape, forest, water resources, agriculture, etc.), the more sustainable use of natural resources and energy, and generally the establishment of a stronger and qualified relationship between cities and their surrounding areas are considered essential aspects of the European urban development model.

According to the perspective adopted by this document, the internal development of cities is inseparable from the territorial development of the areas in which they are functionally integrated. The document thus establishes a clear relation between the urban development model desired for the future of the European Union cities, the sustainable development of territories and territorial systems in which cities – both morphological and functional – are integrated and the territorial cohesion of the EU. Planning, flexible management and governance, and multilevel urban spaces that commonly do not coincide with administrative boundaries, become, therefore, a prerequisite not only for the sustainable development of cities and their surrounding territories but also for a more balanced and cohesive European space.

5. An overview

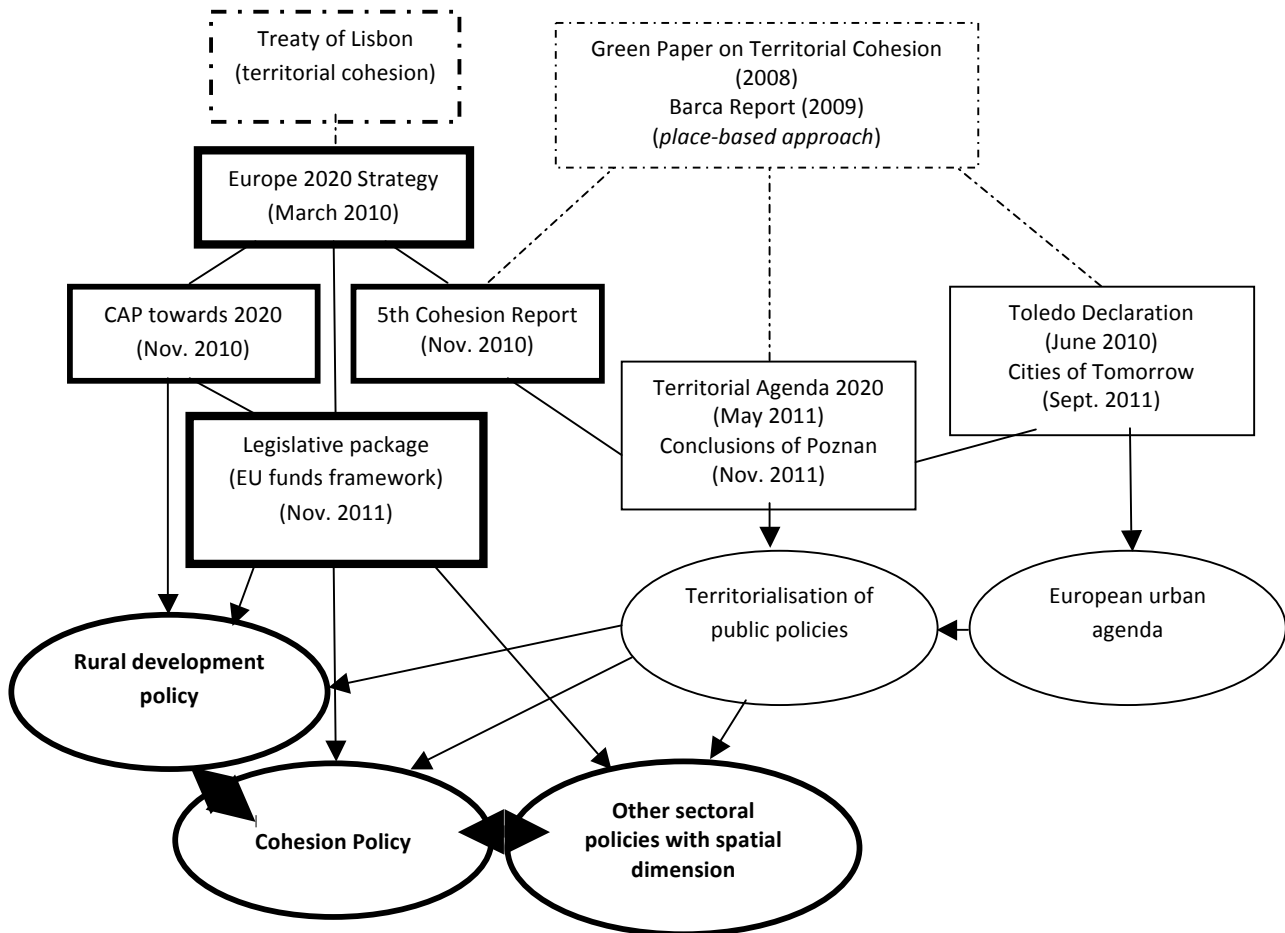
The observations and guidelines summarised in the previous sections have very different degrees of accuracy, stability and political binding. But when viewed in perspective, i.e. whether we consider them in the context of the recent history of the various areas of Community action in question (Cohesion Policy, CAP / Rural development policy, European urban agenda) or we compare the not always convergent proposals and lines of debate, which are triggered by different EU or Member States institutional headquarters, we can identify, infer or intuit other options and spaces of opportunity that should be approached through the perspectives of functional regions and of relations between urban and rural areas.

This final section consists of an overview of the main reference documents and of the most significant relations of influence between them (Figure 2).

This overview enables us to emphasise two main aspects:

- i) The distinction between documents and policies with different binding nature, creating an opposition between EU decisions and policies (Cohesion Policy, Common Agricultural Policy) and domains that are not within the competence of the European Union (spatial planning, cities);
- ii) The importance, in order to better articulate and coordinate between these two streams, of the new objective of territorial cohesion enshrined in the Lisbon Treaty, the efforts of increasing territorialisation of public policies and, to a more operational level, of the explicit contribution of the Territorial Agenda 2020 for achieving the objects and goals of the Europe 2020 Strategy.

Figure 4. Recent developments in issues of urban-rural relations and functional regions within the framework of EU policies: reference documents 2010-11



Annex III

Summary of Initiatives based on the concept of ‘functional region’

Initiatives based on the concept of ‘functional region’

The following summary based on the concept of ‘functional region’ results from a questionnaire sent to international experts with consultancy practice with national governments and EU and other international bodies. The purpose of the questionnaire was to gather and compare diverse and robust information not only on recent policies, strategies, plans and programs, but also about future prospects and ongoing negotiation processes.

The questionnaire is structured in 2 different parts.

Part 1 refers to initiatives undertaken during the current programming period, i.e. 2007-2013. It includes only two questions, which request the indication of experiences (strategies, programs, plans, etc.) based on ‘functional regions’ that have been successful or that, conversely, have failed or have not yet been implemented. The answers to these questions allowed us to prepare reference sheets based on specific cases from the countries of origin of the respondents.

Part 2 relates to the next programming period, i.e. 2014-2020. It is divided into two sections (2.1 and 2.2). Section 2.1 includes 12 questions that seek to assess respondents’ opinions about the prospects for this period with regard to the various components fundamental to interventions based on the concept of ‘functional region’:

- i) Importance of the concept (Q1) and criteria (Q2) and indicators (Q3) for its operation;
- ii) Relation with the concept of inclusive and integrated development strategies (Q4), preferential policy domains (Q5), EU policy for rural development (Q6), potential promoters and beneficiaries (target groups) (Q7) and integrated interventions concurrent with political-administrative territories (Q8);
- iii) Conditions for implementation of interventions based on ‘functional regions’ from the standpoint of financial instruments (Q9), governance mechanisms (Q10) and planning tools (Q11);
- iv) Key lessons learned from previous initiatives based on the concept of ‘functional region’ for the next programming period (Q12).

Section 2.2 focuses on the preparation and negotiation underway and aims to identify the positions of the governments of the countries of origin of the respondents in relation to the possibility of incorporating territorial development initiatives based on ‘functional regions’ in their future Partnership Agreements with the European Commission.

Presented below are:

- i) the list of international experts consulted;
- ii) the questionnaire sent;
- iii) the summary of the strengths and weaknesses of the identified initiatives;

Table 5. Panel of international experts consulted

Bas Waterhout

Assistant professor, Department of Urban Studies, Onderzoeksinstituut Technische Universiteit Delft, OTB-TU Delft, Holanda.

Expert in European spatial planning. Consultant for the Dutch National Spatial Planning Agency on European spatial planning issues. Currently involved in the ESPON 1.1.1 and 1.1.2 projects (polycentric development and urban-rural relationships in Europe respectively).

Bue Nielsen

Senior advisor, Ministry of Environment and Energy, Forest and Nature Agency, Spatial Planning Department, Denmark.

Direct participant in the work developed in the context of the Danish Presidency (2012).

Elio Manti

Senior Coordinator, Directorate-General for Sustainable Development, Climate and Energy, Ministry of Environment, Land and Sea, Italy.

Joaquín Farinós-Dasi

Professor at Department of Geography, University of Valencia, Spain.

Expert in European spatial planning. Advisor of the Spanish Government. Currently involved in the ESPON 2.1.2 project (Governance of territorial and urban policies) and TERCO project (European territorial cooperation as a factor of growth, jobs and quality of life).

Mark Tewdwr-Jones

Professor of Spatial planning and governance at the Bartlett School of Planning, University College London, United Kingdom.

Consultant on spatial planning at the European Commission level. He has previously advised ministers in the UK Government, the Welsh Assembly and Scottish Executive. Consultant of various Regional Development Agencies, the London Assembly and the Countryside Agency.

Paul Courtney

Reader in Rural economy and society at the Countryside and Community Research Unit, University of Gloucestershire, United Kingdom.

Involved in the EDORA project. Expert on social and spatial aspects of the rural economy and territorial cooperation.

Thiemo Eser

Advisor, Ministry for Sustainable Development and Infrastructure, Luxemburg.

Responsible for European Affairs and the ESPON 2013 Managing Authority.

Umberto Janin Rivolin

Professor at Interuniversity Department of Regional and Urban Studies and Planning, Politecnico de Torino, Italy.

Consultant of the Government of Italy and the European Commission. Expert on European regional and territorial development.

Questionnaire sent to the panel of international experts

‘Functional Regions, Urban-Rural Relationships and Post-2013 EU Cohesion Policy’

European Experts Survey

Context: Study commissioned by the Portuguese Economic and Social Council.

Objectives of the Study:

- (i) To analyse the opportunities created by the inclusion of references to ‘functional regions’ in EU documents and proposed regulations for the EU financial framework for 2014-2020;
- (ii) To identify tangible ways to make the best of those opportunities in the framework of the Partnership Contract to be established between the European Commission and Portugal for the 2014-2020 period.

Objectives of the Survey:

- (i) To identify recent examples (2007-2013) of the use of ‘functional regions’ in EU countries in order to outline a benchmarking framework;
- (ii) To collect information about how other member-states are thinking about the development of ‘functional regions’-based policy instruments for the EU financial framework for 2014-2020.

Definition of ‘functional region’

In this context, ‘functional regions’ are sub-regional spatial units, non-overlapping with political-administrative boundaries and with relevant levels of (real or potential) internal interdependency.

The definition of ‘functional regions’ may reflect: i) a urban-rural perspective (e.g. commuting patterns, etc.); ii) a rural-urban perspective (e.g. access to public goods and services by rural areas inhabitants, etc.); or iii) a transversal perspective (e.g. integrated management of ecosystems that cross both urban and rural territories; mid and small size cities polycentric development strategies, etc.).

The following textbox clarifies the use of the concept of ‘functional region’ in the context of this study.

Textbox 1. The features of ‘functional regions’

Source 1- Minister of Regional Development, *How to Strengthen the Territorial Dimension of ‘Europe 2020’ and the EU Cohesion Policy*. Background Report, Warsaw, September 2011

This document associates ‘functional regions’ to 5 key themes:

- ✓ The enlargement of local job markets
- ✓ The achievement of critical mass through territorial cooperation;
- ✓ The accessibility to growth poles and secondary regional centres;
- ✓ The public transport connections to regional centres
- ✓ The compact cities (sustainable cities)

This document considers that ‘functional regions’ may have particular links with:

- ✓ Urban Policy
- ✓ Transport Policy
- ✓ Local/Regional/National Development Policies
- ✓ Education Policy
- ✓ Health Policy
- ✓ R&D Policy
- ✓ Industrial Policy
- ✓ Environmental Policy
- ✓ Cohesion Policy
- ✓ Rural Development Policy

Source 2 - Ministry of Regional Development, *Effective Instruments Supporting Territorial Development. Strengthening Urban Dimension and Local Development within Cohesion Policy*, Issue Paper, Warsaw, October 2011

This document links the strengthening of urban-rural relationships with the following objectives:

- ✓ The development of the entrepreneurial capacity
- ✓ The enhancement of human and social capital
- ✓ The enhancement of social services
- ✓ The enhancement of linkages with urban areas
- ✓ The increase of the residential and economical attractiveness of rural areas

Source 3 - OECD (2011) - *Partnerships and Rural-Urban Relationships: An OECD Perspective*. OECD, Paris

This document defines urban-rural relationships in five dimensions:

- ✓ Exchanges of services: users of services in rural areas and public goods concentrated in urban areas, and urban users of services and public goods in rural areas;
- ✓ Exchanges of goods: rural products demanded in urban areas and urban products demanded in rural areas;
- ✓ Exchanges of financial resources;
- ✓ The infrastructure that connects these two types of areas: roads, highways, rail, airports, energy, water, and residuals networks and flows, broadband and telecommunication connections;
- ✓ Mobility: migrations (rural exodus, rural attraction) and commute to work flows.

PART 1. Recent or ongoing ‘functional regions’-based initiatives (2007-2013)

Q1. Fill in the table below taking into account the objectives of the study, the definition of 'functional region' and additional information previously listed (Textbox 1). List, one per row, **three** relevant examples of 'functional regions'-based initiatives (i.e. strategies, programmes, plans, legislation, etc.) developed in your country during the 2007-2013 period.

	Example 1	Example 2	Example 3
Name of the Policy Initiative (Start and end date)			
Instrument (Strategy, Programme, Plan...)			
Underlying concept of 'functional region'; Delimitation criteria			
Objectives			
Domains of intervention			
Entity responsible for the initiative			
Governance System			
Financing System			
Evaluation Available? (Reference, websites, etc...)			
Personal Assessment			
Strong Points			
Weak Points			

Note: All information must be factual, with the exception of the personal assessment columns.

Q2. Identify and briefly characterise examples of 'functional regions'-based initiatives that may have been prepared, debated and anticipated in the 2007-2013 period but have failed to be implemented. Outline the reasons behind such failures.

PART 2. 'Functional regions'-based initiatives for the forthcoming 2014-2020 EU financial framework

1.1. Future Perspectives

The European Commission proposals for the 5 Funds of the Common Strategic Framework as well as several other strategic documents let believe that the concept of 'functional region' will be important in the design and implementation of some instruments of EU cohesion, rural development and even specific sectoral policies in the 2014-2020 financial programming period (See Textbox 1). In your opinion and as far as your country is concerned:

Q1. How important are the new geographies of analysis and intervention based on 'functional regions' (i.e. city-regions, metropolitan areas, polycentric urban agglomerations, etc.) for performing territorial diagnoses and for the design and implementation of place-based policies in the forthcoming 2014-2020 EU financial framework?

Q2. Which is (are) the most adequate criteria to operationalise the concept of 'functional regions'? (e.g. commuter flows, ecosystems, etc?)

Q3. What are the most adequate indicators to operationalise the concept of 'functional regions'?

Q4. When can the strengthening and qualification of the urban-rural (and rural-urban) relationships act as a factor of integrated and inclusive development? In other words, what kind of synergies can/should be developed between urban and rural areas in order to promote territorial cohesion and the integrated development of a 'functional region'?

Q5. In which policy areas, and within them in which sub-domains, may the concept of 'functional region' be better put to use in the design and implementation of new policy instruments for the 2014-2020 period? (e.g. all policy areas listed in textbox 1 plus Energy and Natural Resources Policy, Climate Action Policy, etc.)

Q6. To which extent can the strengthening and qualification of urban-rural (and rural-urban) relationships become an explicit policy measure in the EU rural development policy?

Q7. Who should be the main promoters and beneficiaries (target-audiences) of 'functional regions'-based interventions (i.e. strategies, plans, programmes)?

Q8. What relationship could or should exist between 'functional regions'-based interventions and other territorial 'administrative units'-based integrated interventions?

Q9. The European Commission's proposed set of rules for future structural funds includes new financial instruments, such as: the *integrated territorial investments* (ITI), of both top-down and bottom-up nature; and the *community-led local development initiatives*, of bottom-up nature. To which extent may the concept of 'functional region' contribute towards the operationalisation of such instruments?

Q10. The use of 'functional regions' in the design and implementation of development strategies, policies and programmes requires territorial coordination, cooperation and partnerships as well as flexible and multilevel forms of territorial governance. What are the key requisites for the efficient governance of 'functional regions'-based interventions?

Q11. To which extent should 'functional regions' and the strengthening of urban-rural relationships be explicitly integrated in planning instruments so that the former can be effective? And what planning instruments are better suited for that purpose?

Q12. What are the main lessons to be learned from previous policy design and implementation in 'functional regions' that can help inform future instruments to be developed in the context of the forthcoming EU financial framework for 2014-2020?

1.2. Present Situation

Q13. In your country, is it already under way a debate about how to make the best of the concept of 'functional regions' in the design and implementation of new development initiatives for the EU financial framework for 2014-2020?

✓ If YES:

	Example 1	Example 2	Example 3
Name of the Policy Initiative (Start and end date)			
Instrument (Strategy, Programme, Plan...)			
Underlying concept of 'functional region'; Delimitation criteria			
Objectives			
Domains of intervention			
Entity responsible for the initiative			
Governance System			
Financing System			
Current Status			

✓ If NO:

Do you foresee any future use of the concept of functional region, either by public, private or associative entities, in the development and implementation of any initiatives (i.e. strategies, programmes, plans, etc.) to be developed in the context of the next EU financial framework 2014-2020?

- If YES:
 - i) In which domains of intervention?
 - ii) With what objectives?
 - iii) By what kind of actors?
- If NO: what are the main obstacles preventing its use?

Summary of the strengths and weaknesses of the identified initiatives

Strengths
<p><i>Multi-sectoral approach and integrated planning</i></p>
<ul style="list-style-type: none"> . Broad sectoral coverage . Wide range of topics covered . Promotion of integrated development actions in several cities . Integration of environmental, social and territorial dimensions . Avoids fragmented policies that address the issues separately . Strengthens synergies and consistent policies . Programmatic coherence . Integrated planning of production and distribution of renewable energy . Multi-sectoral vision and approach, which covers key sectors . Combines land use, economic, infrastructure, housing, environment and landscape matters . Combines land use and landscape policies (public space, rural and environmental services for urban areas) . Coordination of sectoral policies as the main vehicle for the definition of national policies . Thematic and geographic coverage . The primary objectives are mutually reinforcing
<p><i>Inter-municipal / inter-governmental cooperation</i></p>
<ul style="list-style-type: none"> . Cooperative decision making process . Covers a wide range of rural and urban authorities . Focus on the added value of subsidiarity . Participatory approach in promoting development . Strengthens synergies and policy coherence through joint interventions . Consolidation of horizontal relationships between municipalities around sustainable practices . Participatory management of energy infrastructure and public and social services . Exchange of experience and good practices . Establishes relationships at various levels (regional/local, urbanism/spatial planning], economic/spatial planning) . Good coordination between the local and regional levels . Establishes commitments between partners and central government
<p><i>Common vision for the future of the region / long term perspective</i></p>
<ul style="list-style-type: none"> . Common vision for the growth of cities in the region . Integrates local strategies in a common regional vision . Interest in developing a vision of the metropolitan context . Initiative with a long term perspective . Once absorbed by the relevant actors, it may prove to be a successful strategy in the long run

<i>Political commitment</i>
<ul style="list-style-type: none"> . Political will to adopt the notion of functional urban areas as a territorial model for spatial planning . Political leadership at the regional level . Political commitment of the regional government to develop sub-regional spatial plans . The project as a eye opener for politicians. The idea seems to have filled a political vacuum, focusing the debate on the issue of how to work together for the Greater Region and in which direction
<i>Strategic pragmatism</i>
<ul style="list-style-type: none"> . Pragmatic policies that translate strategic intentions into concrete actions . The strategy as a catalyst for projects for the sustainable growth of the region . Data are geographically and statistically comparable . Focus on urban regeneration and housing provision in an area in post-industrial crisis reconversion process
<i>Continuity of previous experiences</i>
<ul style="list-style-type: none"> . It builds on a long tradition of planning for a metropolitan scale (since 1953), which is only now being realized . It elates to other previous experiences in the area of Metropolitan Strategic Planning . It relates to previous planning experiences and initiatives.
Weaknesses
<i>Local resistance</i>
<ul style="list-style-type: none"> . Municipalities tend to follow strategies of a predominantly local nature . Municipalities resist boundaries imposed by a collective policy for the region . Not all municipalities respect the decisions taken at a regional level in their local territorial development plans . Success depends on factors such as the willingness to subordinate national/regional policies to a supranational strategic vision
<i>Temporal scale of the initiatives</i>
<ul style="list-style-type: none"> . The time period is too short to implement the Business Plan . Lengthy process, dependent on multiple external factors . It is too early to assess its true efficacy . There are no results that are both quick and easy
<i>Other limitations</i>
<ul style="list-style-type: none"> . It does not cover the entire metropolitan area . Only covers one region . Overly dependent on political cycles . It is a traditional planning tool . Competition between government agencies and between different agendas

Index of identified initiatives

1. Partnership for Urban South Hampshire, PUSH (2011-2013)
2. Leeds City Region Local Enterprise Partnership, LEP (2006-2016)
3. Sjællandsprojektet - Structural Project for the Region of Zealand (2010-2030)
4. Trekantområdet - Triangle Urban Region (c.1990-...)
5. Østjyllandsprojektet - Project East Jutland (2010-...)
6. Pianificazione Strategica di Area Vasta - Puglia (2007-2013)
7. Green (Sustainable) Communities (2007-2013)
8. PON Ricerca: *Smart Cities/Communities and Social Innovation* (2011-...)
9. Piani Integrati di Sviluppo Urbano - Sicilia, Campania (2007-2013)
10. Sheffield City Region Transport Strategy (2011-26)
11. West of England multi-area agreement (2010-...)
12. Pla Territorial Metropolitana de Barcelona (2010-...)
13. Plan Territorial Parcial del Área Funcional de Bilbao Metropolitano (2006, amended in 2010-...)
14. Plan de Ordenación del Territorio de la aglomeración urbana de Sevilla (2009-...)
15. Programme Directeure: *objectives V and VII of the strategic planning guidance* (2003-...) and IVL - Integratives Verkehrs-und Landesentwicklungskonzept (2004-...)
16. Metroborder - Cross-border polycentric metropolitan region in the Greater Region (2011-...)
17. AIT - Ambiti di integrazione territoriale (Areas of territorial integration) e.g. Piedmont Region (2011-...)
18. AIL - Ambienti insediativi locali (Local environments settlements) (1996-...)
19. Regional Spatial Strategies (e.g. North West of England Plan - RSS for 2021) (2010-2021)
20. Structuurvisie Infrastructuur en Ruimte (SVIR) - Structure Vision for Infrastructure and Territory (2010)
21. MIRT - Territorial Agenda North West Netherlands (2009-2030)
22. StedenbaanPlus (2010-2020)

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