



Towards a set of indicators for Territorial Cohesion

Territorial cohesion is now enshrined in the Lisbon Treaty. The Fifth EU Cohesion Report includes territorial cohesion in its title. The recent announcement on Cohesion Funds 2014-20 commits 11bnEuros for territorial co-operation. You might imagine therefore that everyone knows what territorial cohesion is and how to measure progress towards it. However, things are not that simple, as an ESPON workshop in Brussels on 20 October, 2011 demonstrated.

ESPON's INTERCO project is seeking to develop a set of comparable and reliable indicators and indices that can be used to measure territorial cohesion, complex territorial development, structural issues, territorial challenges and opportunities as well as territorial effects at different geographical levels and types of regions. To assist in this challenging endeavour, the project team, led by Hy Dao from l'Université de Genève, ran this interactive expert workshop.

A few indicators to cover multiple dimensions

Hy Dao succinctly explained the team's dilemma: how to cover the multiple dimensions of territorial cohesion in a few indicators, preferably ones that are readily understandable. "Usability is a key word", he said. He also stressed the need for the indicators to be about outcomes and not inputs such as measures of expenditure. Furthermore, any indicator chosen needs to be available for the whole 31-country ESPON space at sub-national level, and should be updated regularly. Indicators need to be sensitive to policy interventions

Hy Dao noted that territorial cohesion was essentially a political concern. The briefing notes for the workshop had observed that "a precise definition of territorial cohesion is impossible". To navigate round this conundrum the INTERCO team had developed their work around five facets of territorial cohesion, so as to encompass different interpretations. Thus the chosen indicators will tell the story of territorial cohesion, highlighting desired directions of change, for example.

The five facets that were then explored in small groups were:

- Smart growth in a competitive and polycentric Europe;
- Inclusive, balanced development and fair access to services;
- Local development conditions and geographical specificities;
- Environmental dimension and sustainable development;
- Governance, coordination of policies and territorial impacts.



Indicators for smart growth in a competitive and polycentric Europe

This way of looking at territorial cohesion has strong links to the *EU 2020* strategy of “smart, sustainable and inclusive growth”. The rationale is that Europe’s strong centres need to deliver growth while acting as engines for development of their hinterlands. These inter-connected hubs – also known as Major European Growth Areas (MEGAs) - are depicted as a mutually reinforcing polycentric network that spreads the benefits of growth across the whole of Europe.

The project team recommended that the best indicators for this dimension could be:

- GDP per capita, at NUTS 3 level;
- Population 25-64 with tertiary level education, at NUTS 2: a measure of a highly qualified labour force;
- The employment rate of people aged 20-64 at NUTS 2;
- Accessibility to grocery stores and schools, which is available as raster data from the Database of Urbanisation at NUTS 0.

Other possibilities were expenditures on R & D (NUTS 2); population potential within 50kms (raster data to NUTS 3); labour productivity in industry and services (NUTS 2) and accessibility to passenger flights (NUTS3).

A notable feature of the discussion was the rejection of any measure of polycentric development. This was on two grounds. Firstly, it was felt that policy makers had struggled to grasp what polycentric development is about, and why and how it should be pursued. In addition, there was a feeling that the basic pattern of urban development and its associated activities is largely an inheritance from the past that changes only slowly in response to policy interventions. A similar caveat applies to the use of population potential as an indicator.

Other ideas came forward, that would seem to be more direct measures of *EU 2020* priorities. One is that from next year it is expected that data on business start-ups will be available at NUTS 3 level through Eurostat. There is a similar situation for data on high-growth firms.

Inclusive balanced development and fair access to services

The rationale behind this theme is that extreme economic imbalances between places have detrimental impacts. Here the recommended indicators from the INTERCO team were:

- Unemployment rates (total and by gender), at NUTS 3 and NUTS 2;
- Life expectancy at birth, NUTS 2;
- Disposable household income , NUTS 2;
- Personal state of health;
- People at risk of poverty and social exclusion;
- Population living in workless households.

The last three of these welfare measures are all available from the database of urbanisation, though only for NUTS 0. Other possibilities identified by the research team were net migration rates, early school leavers or the old age dependency ratio. Population potential and population density were also floated as possibilities.

There was substantial support for including a gender dimension in measures of unemployment. This is a theme being explored by the ESPON project known as “SEMIGRA” (Selective migration and unbalanced sex ratio in rural regions”). Data on personal state of health is collected through sampling and questionnaires, just as it is also possible using the same methods to get people’s views about whether their access to goods and services is acceptable.

One issue is that some of these indicators are more a measure of the context than of the success of actions seeking to enhance territorial cohesion. ‘People at risk of poverty and social exclusion’ is obviously an important measure, but may not be directly changed by territorial interventions alone.

Despite the association of sparsely populated regions with territorial cohesion in the Lisbon Treaty and its reiteration in the recent review of post-2013 Cohesion Funds, there was a view that population density is a poor measure for purposes of the INTERCO project. One issue is that density is strongly influenced by the size of a NUTS 3 area, which can vary widely between countries. In addition, it is not self-evident that increasing density is necessarily a desirable outcome to be sought. For example, areas may be attractive by virtue of being remote and sparsely populated. Thus, again, density might best be seen as a context indicator.

Local development conditions and geographical specificities

As a member of the INTERCO team noted, “Territorial cohesion is about place-based policy making, paying particular attention to local development conditions – going below the regional level.” The recommended indicators were:

- GDP per capita;
- Population aged 25-64 with tertiary level education;
- Accessibility to grocery stores / schools.

However, none of these really seems to capture the idea of endogenous development that capitalises on place assets. The “long list” of other possible indicators tabled by the team again included population density and population potential, old age dependency and net migration rates. In addition there is a measure of new firms, but it is only available at NUTS 0.

In discussion, net migration was seen as a potentially contentious measure politically in today’s Europe. A case was made that an indicator of net migration is most helpful when showing steep in- or out-migration, since in either situation there are likely to be territorial development challenges. However, in other circumstances net migration does not say much about territorial cohesion.

There was also a view that a measure of age dependency is more a warning of a possible future problem than a present problem. After all, as somebody observed, you can’t have a territorial policy that forces the elderly to move to another region. Similarly, affluent retirees may be boosting the local economy.

The issue of regions with geographical specificities (e.g. mountainous regions, islands, coastal areas, border regions etc.) is the nearest we have to an official definition of territorial cohesion (c.f. the earlier comment on sparsely populated regions). It is being researched in another ESPON project, GEOSPECS, where there is some overlap of researchers with those involved in INTERCO.

Environment and Sustainable Development

This was the fourth interpretation of territorial cohesion to be considered, pointing the way to a greener and more resource-efficient Europe. The proposed indicators were:

- Mortality / economic risk from multiple hazards (which could be derived from seamless GIS data);
- Air pollution (PM10/ozone), available at NUTS 0;
- Raster data on environmental and natural assets and challenges;
- Soil sealing per capita (NUTS 3).

Others that the team had considered were water resources and access to clean water (NUTS 2); energy intensity (NUTS 0); and urban waste water treatment capacity (NUTS 2); along with renewable energy resources or production (NUTS 0) and greenhouse gas emissions in CO2 equivalents (NUTS 0).

Of course, data only available at the NUTS 0 is not really helpful if we are looking at any scale below that of the EU as a whole. In contrast there is data available from the European Environment Agency on natural and environmental assets down to the local LAU 2 scale. However, some argued that to use this data as well as the soil sealing data from the CORINE database simply produces mirror images of the same map: soil sealing means that natural and environmental assets have been built over. There are also issues around the negative environmental impacts of some agricultural practices. On renewable energy there were questions as to whether an indicator should focus on the production or the consumption side.

Governance, co-ordination of policies and territorial impacts

Finally, there was the theme of territorial cohesion as a form of dialogue with “non-believers”. In this view, to quote the paper presented to the workshop, “Territorial cohesion is about the need to maintain dialogue with other sectors to strengthen the territorial dimension in various policy fields. Key concerns are the better use of synergies between different policies (vertical and horizontal coordination) as well as the actual costs of non-coordination.”

The suggested indicators were:

- An indicator of regional governance that would measure its overall quality, at NUTS 2; and
- A measure of trust in the legal system, (NUTS 0).

Other possibilities were a measure of the number and budgets for territorial co-operation agreements (though this tells little or nothing about co-ordination or impacts), and a NUTS 0 measure of public debt, which though topical found little enthusiasm.

There is an EU “Quality of Governance Index” compiled at the University of Gothenburg (see www.qug.pol.gu.se/) that was seen as a useful measure.

Towards a set of key indicators

At the end of the intensive group work a panel pulled together the key messages. Sütő Attila from Hungary stressed the links to the EU Territorial Agenda 2020. Sverker Lindblad, the ESPON

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Monitoring Committee member from Sweden, suggested that any indicator chosen really needed to be available down to NUTS 3 level at least. He was happy to have a set of context indicators like population potential, and argued that territorial cohesion needed to be focused on the idea of functional regions. Silvia Jost from Switzerland agreed, and emphasised the value of being able to use indicators to make local comparisons.

Lewis Dijkstra from DG Regio also recognised the importance of functional geography, but added that too often the boundaries drawn for NUTS 3 regions can distort the data. He stressed the need to look for measures of output – e.g. high-growth firms rather than R and D expenditure.

Peter Mehlbye, the head of the ESPON Co-ordination Unit, pointed to the need to focus on territorial cohesion as defined at European level. Some indicators being proposed through the brainstorming exercise were arguably too local, in his view. “Territorial cohesion is an EU concept”, he said, and advised that potential indicators should be filtered with this in mind. He stressed the value of seeing indicators in combinations, to show connections and comparisons. However, Sverker Lindblad still saw value in using the concept at national and regional level. Similarly, Erik Gløersen from the INTERCO team opined that focusing on the EU level does not necessarily mean working only at NUTS 2 or higher levels. He said that more local data can add to EU level understanding.

In the end there seemed to be a consensus around a few points:

- The indicators are a crucial part of the process of communicating the idea(s) of territorial cohesion;
- They should set priorities and directions of change;
- They need to relate to policy objectives, especially those in *Europe 2020*;
- Context indicators can be useful in staking out the overall territorial structure;
- There could be maybe 5 territorial cohesion targets with 10-15 top level indicators