ESPON.2.2.2

Pre-accession Aid Impact

First Interim Report

Submitted by IRS, Lead Partner for ESPON 2.2.2

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1 Introduction

The following chapters of this report represent the first interim report of ESPON project 2.2.2 dealing with pre-accession aid impacts. This project has commenced in late February 2003, when the transnational project group started to work on the first work package, dealing with the conceptual framework of the project. Main activities during this first project phase contained the development of methodological approaches of territorial policy impact analysis, the identification of indicators as well as the search for appropriate data sources.

Also in the course of the first project meeting, which was held with the participation of all partners of this project in March 2003, these issues were in the centre of discussion. Based on these discussions this interim report has been written and the next working steps, especially concerning work packages 2 and 3, have been agreed upon. During this meeting, the role of (slightly) different understandings of spatial terms became quite obvious. In order to find out where main differences are to be detected between the partners’ understandings, all partners agreed to provide their understandings of definitions of the following four terms: territory, space, region and territorial policy impact. The respective definitions already available are to be found in Annex I.

Furthermore, this project meeting allowed project 2.2.2 to relate its own approaches to the ESPON network, especially to ESPON project 2.2.1. During the discussions it became clear, where possible differences in methodological issues are most likely. This refers most of all to the inclusion of national regional policies, which is very much due to data availability and relevance of EU policies in the candidate countries.

This report is structured correspondingly to the main tasks of work package 1 and to the discussion during the project meeting. Chapter 2 starts with some background information on regional policies. In order to provide a common understanding for the necessity of regional policies, general theoretical approaches are discussed shortly before the relevance of pre-accession aid and national regional policies in the candidate countries are discussed in relation to the tasks of this project. The following chapter 3 contains the methodological discussion and their relation to other ESPON projects. Special emphasis is put on the elements of territorial policy impact analysis. In the course of discussions in this project, it became quite clear that policy impact analysis would have to be related to regional potentials. Based on these findings a model is developed which connects regional policy outputs, potentials, bottlenecks and the results and impacts of policies to each other.

On the basis of this model, chapter 4 develops respectively structured indicators. This is followed by an overview over data sources and their availability in chapter 5. However, this chapter is organised according to the relevance of the different kind of data for this project and their difficulty to gather these data. Therefore, most emphasis is put on the data collection of policy input and output.

These contents are also in agreement with the issues mentioned in the terms of reference and the addendum to be covered in the first interim report.

This report is a team effort of all involved project partners under the lead of the IRS. Also those partners which have not been in charge for delivering parts of this report have actively commented and enriched our common debate.
2 Background for Regional Policies

2.1 Rationale for EU Interventions with Regard to EU Enlargement

The European Union's policies strongly aim at the integration of the member and accession countries. In order to achieve this general aim, integration policies seek to create markets, i.e. goods, capital and labour markets. Although most EU common policies do not point towards spatial objectives, they have territorial effects. Generally speaking, these policies lead to European markets with regions of different welfare levels, hence, some regions are comparatively strong while others are rather weak with respect to income, competitiveness and social indicators and the like. The measures of EU common policies have different spatial effects, therefore they are differentiated between income support measures, regionalised structural measures, horizontal structural measures and sector policies (European Commission 1999).

On a theoretical basis, there are arguments saying integration contributes to convergence while others state the opposite effect, i.e. integration supports divergence between regions. According to neoclassical and Heckscher-Ohlin-Samuelson models integration encourages convergence, since the returns to production factors tend to converge when markets are opened up. As these models are based on a number of assumptions, including properly functioning markets, the outcome of integration may differ whenever these assumptions do not hold. Models, which lead to growing divergence, when markets are integrated, are based on the assumption that initial imbalances cause investments to concentrate in regions, which are in a technological lead while labour tends to shift to areas where career potentials are relatively high. Therefore, investments and labour movements tend to aggravate initial divergences. These two approaches are complemented by the new growth theory, which does not predict the outcome of integration beforehand. Instead, developments towards convergence vs. divergence depend on a high number of factors (see e.g. Molle 2001).

Taking this theoretical picture of different possible outcomes of integration policies setting up internal markets as well as the integration experiences of the EU 15, it is most likely, that disparities are intensified in the course of EU enlargement, for the whole enlarged EU but also within the range of candidate countries and possibly within these countries. The threat of increasing divergence appears to be particularly high, basically as of two reasons.

- Due to low financial means, the governments in most candidate countries conduct little redistributive measures. This does not only hold for sector and income disparities but also for regional disparities.

- Markets in the accession countries only have been developing since 1989, and possibly are still developing. Therefore, the assumption of perfectly functioning markets certainly does not hold in these countries.

As of these conditions in the candidate countries, EU policies aiming at increasing convergence (cohesion), specialisation and integration are of even stronger relevance for an enlarged EU rather than the present EU 15.
2.2 Pre-accession Aid, EU Structural Funds and National Regional Policies

The EU provides financial assistance to the candidate countries in order to help them to carry out the required reforms. Since 1989, when first instruments for the preparation of the candidate countries' EU accession were implemented, several adjustments of these instruments and programmes have been accomplished and further need to be carried out. However, in order to show the relevance of EU policies aiming at regional objectives in the candidate countries, at the end of this chapter, the relation between pre-accession aid and national regional policies is shortly reviewed, especially with regard to the amounts spent.

History of Phare

Phare was established in 1989 and represented the main EU financial aid for Poland and Hungary assisting their efforts for restructuring these economies. During the first years it was mainly humanitarian aid. First re-orientation of Phare took place in 1991. Since then, Phare aid has slightly changed towards the technical assistance and know-how transfer. However at this time there were no programmes targeted at regional development.

The second (important from the perspective of this assignment) reorganisation of Phare took place in the mid-90ties. Firstly, EU aid was reoriented on investment. It was delivered in the framework of sectoral and also regional programme (PHARE-STRUDER, PHARE-CBC, PHARE-RAPID). Secondly, the toolbox and procedures changed. The new, introduced programmes operated on the basis of instruments taken from the Structural Funds. Thus, they introduced issues of multi-annual programming and monitoring and to the lesser extend evaluation.

The third most important reorganisation of Phare took place in 1998 as the result of opening the negotiations on the membership of the Central and Eastern European countries in the EU. Phare was transformed into the main tool for facilitating the preparation of these countries' membership in the EU (so-called New Phare Orientation).

Instruments of Present Pre-accession Aid

With regard to the Central and Eastern European candidate countries pre-accession aid measures are distinguished according to three programmes, which are PHARE, ISPA and SAPARD. Therefore, the analysis of ESPON project 2.2.2 concentrates on these three programmes.

These programmes are supplemented by a pilot programme on border regions. This is further complemented by specific pre-accession strategies for the Mediterranean islands of Cyprus and Malta, which also aim at the preparation of these islands for EU accession, promoting the development of these economies and their competitiveness, strengthening administrative capacities for enforcing Community legislation etc.¹

¹ As of the diversity of assistance in these two countries see the Delegation of the European Commission to Malta respectively to Cyprus for more detailed information.
Table 1-1: Overview over pre-accession instruments

<table>
<thead>
<tr>
<th>Areas of action</th>
<th>General objectives</th>
<th>Annual budget* in mill. Euro</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PHARE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutional building measures</td>
<td>Economic and social cohesion</td>
<td>1560</td>
</tr>
<tr>
<td>- National Programmes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Key priority sectors within PHARE</td>
<td>Economic and social cohesion</td>
<td>~ 80 % of total PHARE budget</td>
</tr>
<tr>
<td>- Multi-Beneficiary Programmes**</td>
<td>Cases where multi-country approach needed for consistency and cost-effective delivery mechanisms across all partner countries</td>
<td>Economic and social cohesion</td>
</tr>
<tr>
<td>- Cross-border Co-operation Programmes</td>
<td>Assistance for specific problems in border regions</td>
<td>~ 11 % of total PHARE budget in past years</td>
</tr>
<tr>
<td>SAPARD</td>
<td>Agricultural and rural development support</td>
<td>520</td>
</tr>
<tr>
<td>ISPA</td>
<td>Environment and transport investment support</td>
<td>1040</td>
</tr>
</tbody>
</table>

* for the years 2000 to 2006 in terms of 1999 prices

** multi-country programmes have mostly merged with the horizontal programmes and only exist further to a very limited extent

Table 1-1 gives an overview over presently existing instruments of pre-accession aid, their areas of action, objectives and their budget. The highest amount of money is still spent in the Phare programme as the oldest of these programmes. Apart of the national programmes, the cross-border co-operation programmes of Phare are of increasing relevance, while multi-country, horizontal and multi-beneficiary programmes are of decreasing relevance.

Table 1-2 clearly shows, that Poland has by far the highest share of EU pre-accession support in all three types of programmes. Second is Romania and third in fund allocation is Bulgaria. All other Central and Eastern European candidate countries receive between 1 and 8 % of either of the programmes budget. Furthermore, the islands of Malta and Cyprus receive a budget of 38 respectively 57 mill. Euro for a five-year period (2000-2004), which amounts on an annual basis to clearly less than 1 % of the yearly Phare budget. Hence, pre-accession aid of these countries is much lower than in Central and Eastern Europe.
Table 1-2: Share of pre-accession aid instruments allocated according to country

<table>
<thead>
<tr>
<th>Country</th>
<th>PHARE*</th>
<th>SAPARD**</th>
<th>ISPA**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td>11.5</td>
<td>10.0</td>
<td>8 – 12</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>6.4</td>
<td>4.2</td>
<td>5.5 – 8</td>
</tr>
<tr>
<td>Estonia</td>
<td>1.8</td>
<td>2.3</td>
<td>2 – 3.5</td>
</tr>
<tr>
<td>Hungary</td>
<td>8.2</td>
<td>7.3</td>
<td>7 – 10</td>
</tr>
<tr>
<td>Latvia</td>
<td>2.6</td>
<td>4.2</td>
<td>3.5 – 5.5</td>
</tr>
<tr>
<td>Lithuania</td>
<td>5.1</td>
<td>5.7</td>
<td>4 – 6</td>
</tr>
<tr>
<td>Poland</td>
<td>34.0</td>
<td>32.4</td>
<td>30 – 37</td>
</tr>
<tr>
<td>Romania</td>
<td>22.5</td>
<td>29.0</td>
<td>20 – 26</td>
</tr>
<tr>
<td>Slovakia</td>
<td>5.7</td>
<td>3.5</td>
<td>3.5 – 5.5</td>
</tr>
<tr>
<td>Slovenia</td>
<td>2.1</td>
<td>1.2</td>
<td>1 – 2</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

* share of planned Phare allocation for 2001  
** share of annual Sapard and ISPA allocation  
Source: calculations based on DG Enlargement

Due to the low investment volume in most candidate countries, it might be difficult to measure the impact of the respective EU policies in terms of quantitative indicators. Restrictions to such a quantification depend very much on the volume of comparative national policies. Therefore, national policies and EU pre-accession aid has to be compared in terms of their objectives, activities and amounts spent, in order to attempt to identify the different effects on regional developments.

Table 1-3: Criteria for budget allocation of Phare, Sapard and ISPA in candidate countries

<table>
<thead>
<tr>
<th>Criteria</th>
<th>PHARE</th>
<th>SAPARD</th>
<th>ISPA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>✅</td>
<td></td>
<td>☑</td>
</tr>
<tr>
<td>Per capita GDP</td>
<td>☑</td>
<td></td>
<td>☑</td>
</tr>
<tr>
<td>Land surface area</td>
<td></td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>Agricultural population</td>
<td></td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>Total agricultural GDP</td>
<td></td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>Specific situation of rural areas</td>
<td></td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>Past performance, absorption capacity, progress in implementing Accession Partnerships</td>
<td>☑</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

However, as Table 1-2 points out, allocation according to country differs only little between the three programmes, although the criteria for budget allocation differ partly substantially, as is shown in Table 1-3. Only for Phare and ISPA criteria are overlapping, while the Sapard budget is allocated according to completely separate set of criteria.
Moving to the Structural Funds

As the EU accession of most of the candidate countries is soon to be achieved, these countries need to become familiar with the organisation of the Structural Funds, while for other countries pre-accession aid will be relevant for some more years. This need refers not only to technical and administrative issues but also to the objectives of the Structural Funds. A first move towards Structural Funds is depicted in the change of objectives of Phare. Until 1999 Phare aimed at the preparation of implementation structures needed after accession in the candidate countries, whereas now Phare aims at a development of economic and social cohesion, which is also the main focus of the Structural Funds.

The general objective of economic and social cohesion is particularly critical in the context of EU enlargement as disparities between the candidate countries and EU 15 are substantial, where per capita GDP ranges between one and three quarters of EU average in the Central European accession countries. Therefore, Phare has to become more differentiated between the candidate countries, in order to take into account their specific features and country sizes. However, because of the low income levels in these countries as compared to EU average, especially objective 1 approaches of the Structural Funds are necessary and relevant for all these countries, which are incorporated in the present Phare programme since 2001. Simultaneously, for the Phare CBC programme the adjustments require amendments towards Interreg.

Furthermore, also organisational features of Phare need to be adjusted, in order to achieve the transition to the Structural Funds. This refers mainly to a shift from annual to multi-annual programmes, the familiarisation of the candidate countries with the responsibilities of the Structural Funds by means of extended decentralisation and the movement from the identification of discrete projects towards a programmatic approach.

National Development Plans

Closely linked to the development of a strategy for economic and social cohesion in the Phare programme in its shift to the Structural Funds for most of the candidate countries, is the preparation of a National Development Plan in each of the respective countries which points out the country's strategy, priorities and programmes for achieving economic and social cohesion on its territory. Such a plan is needed, as for the achievement of the overall aim of economic and social cohesion a coherent and integrated strategy for the whole country is necessary, pointing towards increasing competitiveness when simultaneously addressing decreasing internal disparities. Apart of additional information, these National Development Plans have basically three elements

- an analysis of the present situation of the candidate country, pointing out critical disparities between the country's regions and between the country and the EU;
- a definition of the highest development priorities to be tackled, with regard to economic and social cohesion;
- and a financial plan for co-financed measures (Phare, ISPA and Sapard) by EU and the country's government. (European Commission 2002: 9-10)

To give an overview on the relevance of the National Development Plans for EU policies in the respective countries, in the following, the National Development Plans for Poland and Hungary are referred to with regard to their elements respectively the role of regional objectives in these plans.

National Development Plan of Poland

The National Development Plan is coherent with the basic assumptions of the European Community policies. In particular, it contains specific references to the following policies:
Common Agricultural Policy – The objectives set forth within the National Development Plan in front of agriculture and rural areas are complementary towards the objectives of Common Agricultural Policy, set forth in art. 33 of the Treaty establishing the European Community.

Common Fisheries Policy – within a framework of the National Development Plan a Sectoral Operational Programme „Fisheries and fish processing” has been prepared. This programme is compliant with the objectives of Common Fisheries Policy which assumes acquiring a permanent balance between fishing effort and renewable fish resources, and the improvement of fish market organisation.

Employment policy – within a framework of the National Development Plan the issue of employment is being intensely emphasized in the Sectoral Operational Programme „Human Resources Development” and in the Integrated Operational Programme of Regional Development. Within the field of employment the National Development Plan provides measures within four pillars of European Employment Strategy.

Environmental protection – the National Development Plan provides, that its implementation shall be conducted in compliance with art. 1 of the Council Regulation No. 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds, which states that when implementing the objectives the Community shall contribute to „the protection and improvement of the environment”. Within the most important objectives the following are indicated: preservation, protection and improvement of environment, contributing to the protection of human health, and ensuring rational usage of natural resources.

Information society – the Plan of Information Society Development in Poland is of horizontal nature and its implementation shall be taken into consideration in all sectoral and regional programmes in a form of application of favourable criteria of project selecting, and even usage of higher co-financing indicators from structural funds.

Spatial development – the National Development Plan takes into consideration the statements of the European Spatial Development Perspective (ESDP).

Competition policy – a separate act of 27 July 2002 on the conditions for admissibility and supervising of state aid for entrepreneurs provides the compliance of the Polish rules with the requirements of Community legislation. After the Polish accession to the European Union this act will be amended by the regulations of the articles 87 – 89 of the Treaty Establishing the European Community.

Equal treatment for men and women – the National Development Plan states that “all measures within the range of the National Development Plan (from programming stage to the implementation stage), shall be conducted with taking into consideration and respecting the principles of equal treatment of men and women”.

National Development Plan of Hungary

The National Development Plan in Hungary and - within its framework – the Operational Programme for Regional Development – are in the final phase of preparation. But before evaluating its spatial impacts and its relevance with respect to EU policies, three circumstances are to be mentioned:

The first one is that negotiations with the European Commission led to the agreement that the Hungarian National Development Plan would comprise 5 Operational Programmes, four of which would be of sectoral orientation (Economic Competitiveness, Employment and Social Policy, Infrastructure, Environment) and one for Regional Development (ROP). It meant that major development programmes are included into the Sectoral Operational Programmes and the Regional Programme – in order to avoid overlapping – had to be formulated on the “principle of the residuals”, it means that those objectives and measures were to be included into the ROP which were not included into the Sectoral Programmes.
This tendency was reinforced by the traditional dominance of sectoral approach, planning and control in the former centrally planned economies.

• The second circumstance, determining the structure of ROP was the fact that one single ROP was to be prepared for all 7 NUTS2 regions of Hungary. Consequently, the starting point was not the analysis and assessment of the situation of the individual regions, but the development activities left out of ROPs and – what is also important – to be implemented in a more decentralised way and within more decentralised delivery structures. Consequently, the priorities and measures of the Regional Operational Programme are in some way also of sectoral character. No specific reference is made to any of the regions, not even their names appear in the description of priorities and measures.

• The third one is that sectoral programmes were prepared separately from the regional programme and they took hardly into account the regional impact of the planned measures. On the other hand, in order to avoid “duplication” or “repetition” of measures to be financed, sectors and activities, included in the sectoral programmes are not treated in the regional programme. Consequently, beyond the declaration in each operational programme that they are coordinated and in conformity with each other, the regional impact of sectoral policies are not analysed neither in the sectoral operative programmes, nor in the single regional operative programme.

The original idea of Structural Funds programming was the regional approach. ROPs were to be prepared – in the first place – for the regions and only some “cross-regional” problems which could not be dealt with in the scope of regional programmes, were reserved for sectoral programmes. Now, the situation in the Accession Countries – and not only in Hungary – has been reversed. Major problems are dealt with in the framework of sectoral programmes and what is left, will be the subject of the single ROP. This circumstance, obviously, has an impact on the comprehensiveness and internal consistency of regional programmes. As of these developments, it is to be feared that the situation is similar in the other candidate countries.

EU and national regional policies

The volume of EU pre-accession funds is significant, but compared to the amount, which would be needed to exert a substantial and quantifiable impact upon the spatial structure of the candidate countries, it is still relatively small. It is especially true for the nineties, for the period between 1990 and 1998. In the following, this is demonstrated by means of some figures.

The amount of Phare support, offered to all Central- and Southeast European countries in the period of 1990 to 1998 amounted to nearly 9 billion euro. Out of this sum 750-800 million euro (8-9 percent of the total sum) were used for regional development programmes. Even within this sum, a significant share was used for institutional support, studies and training programmes. Hungary’s share out of this total was 772 million euro and 59 million euro (7-6 %) was the share of regional development programmes.

Hungary has a Regional Development Fund and other budgetary funds used for supporting projects, which serve – in some way - regional development. The amount of these funds amounted in the same period to 1150 billion HUF, which equals 5 billion euro, hundred times more than the sum of Phare regional development programmes. Obviously, national regional development programmes had a much larger impact upon the spatial structure of the economy, which can be analysed much better and one can help us to achieve much clearer and unambiguous conclusions.

The interrelationship between national and Phare resources, used for regional development support is, however, much more complex than this. Namely, the objectives, the regulation and procedures of national regional development funds were formulated and designed in order to satisfy the requirements of EU Structural Funds area designation and regulations almost in every accession country. Phare and other pre-accession instruments have – beyond their
mere amount – a much more significant impact as a model for the management and regulation of national resources. An example for this relationship is demonstrated by the Hungarian so-called “mirror” (or “shadow”) regional programmes. In 1997-98 the European Commission initiated – in agreement with national governments – the starting of regional development programmes for selected pilot regions, serving the preparation for the management of Structural Funds in the future. In Hungary, three regions had been selected for this purpose. The Hungarian government, however, wanted to extend this preparation process to all regions, so they financed the same preparatory activities, with the same objectives, rules and procedures, in the other 5 regions not financed by Phare. This way, Phare had a “multiplying” effect upon the practice of national regional development policies and funds, which might have been more significant than the impact in the narrower – and quantifiable – sense.

This particular situation has to be taken into account in the methodology of our project. Alone for quantitative reasons the research methodology of ESPON 2.2.2 cannot follow thoroughly that of ESPON 2.2.1. To cite only one example: Spain alone received 42 billion euro (at 1994 prices) with a yearly average of 7 billion out of the structural instruments. Spain’s average appropriation in one single year was nearly as much as of that of 10 accession countries in 10 years together. In some present member “cohesion” countries annual Structural Funds support amounted to 3-4 percent of GDP and 12-15 percent of total investments. Annual pre-accession funds in the candidate countries amounted to 0,2 percent of GDP and 0,6 percent of total investments. The two impacts cannot exclusively be measured with the same methods and indicators (even disregarding data collection difficulties).

It has to be noted, however, that starting from 1999-2000 the situation has changed substantially. The sum of pre-accession funds increased significantly and it has been targeted to regional development objectives. Unfortunately, the time is too short and too recent for analysing its spatial impacts in the present period.

Nevertheless, there are important areas, where the impact of pre-accession funds can be identified quite clearly and unambiguously. One of them is cross-border co-operation, where the intermediating and initiating role of the EU was at least as important as the resources devoted to this purpose. Without EU intervention, the results in respect to international border crossing-points, border bridges, roads and railway lines, other common facilities necessary for cross-border co-operation and trans-national networking certainly could not have been achieved.

Three conclusions can be drawn from the facts listed above for the research methodology and approach:

- The first one is that the inputs, outputs and impacts of national and EU regional policies should be analysed by taking into account their special interrelationship. A substantial part of EU impact can be identified in the design, objective formulation and regulation of national regional policies, so that the impacts of national policies – both the positive and negative ones – can be imputed to EU activities.

- The second one is that a much larger attention has to be paid to “soft” impacts, which are not exactly quantifiable, but sometimes more important than quantifiable output and impact indicators.

- Thirdly, special attention should be paid to those specific fields and sectors, where the impact of EU intervention is especially marked and distinct. There are such fields (like cross-border programmes, minority programmes, etc.). Case studies should be focussed on such specific areas.
3 Methodological Approaches

The territorial impact assessment of pre-accession aid consists of eight logical steps of analysis, which will be carried out in the course of the respective work packages. Work package 1 and 2 deal with the outline of the methodology and elaborating hypotheses for the assessment (conceptual framework). Work packages 3 and 4 will analyse policy inputs and outputs of EU and national policies. Work packages 5, 6 and 7 will conduct ex-post and ex-ante assessments of the policies and will pay special attention to Interreg programmes. In work package 8 final recommendations will be developed.

Graphical Presentation of the Project’s Components

Figure 2-1: Structure of ESPON project 2.2.2
3.1 Experiences concerning Territorial Impact Assessment (TIA)

The concept of Territorial Impact Assessment (TIA) has been brought into the European debate as part of the process of co-operation regarding the European Spatial Development Perspective (ESDP). It was also particularly emphasised in the ESDP Action Programme agreed upon at the Tampere Meeting in 1999. To date, however, TIA has neither been defined nor carried out at European level. As a first step, the method for the assessment can be set up on the base of the experience of Structural Funds evaluation and the considerations by the UK delegation of the Committee on Spatial Development (CSD) concerning the scope of TIA as a valuable tool for assessing the impact of development programmes and policies against spatial policy objectives and prospects. At this stage, the methodological approach would base on the extensive experience of the European Policy Research Centre (EPRC) participating in the transnational project group. Some elements for the evaluation techniques used in the EU (see DG Regio Working Papers 3&7, MEANS Collection), will lead to a more precise specification of TIA. These elements can help to develop an appropriate method of assessing the measurement of policy achievements against selected criteria of territorial social, economic, environmental and institutional developments. Some elements from the EU guidance should be included in modified form, namely:

- The assessment of the relevance of the Community Policy objectives for the actual needs in each candidate country referring to certain spatial planning objectives (relevance);
- The comparison of the actual results of the Policy with what was planned relating to the spatial planning goals (effectiveness);
- The appraisal of the Policy impact on the fulfilment of target group needs (utility);
- The consideration of long-term and side effects (sustainability).

3.2 Methodology of Ex-post and Ex-ante Analysis and Assessment

Territorial impact assessment in project 2.2.2 will consist of two chronological steps, which are

- firstly, the assessment of the territorial policy impact of the pre-accession aid and the PHARE programme (ex-post assessment) and
- secondly, the assessment of the spatial impacts of the future application of pre-accession aid and Community policies (Structural Funds and Cohesion Policies, Ten, CAP, ENERGY and R&D) (ex-ante assessment, assessment of scenarios).

Ex-post assessment will give answers to the question whether the social and economic geography in the candidate countries has changed dramatically in result of EU and national policies during the last decade, or remained in principle unchanged. As territorial change is likely to proceed with more dynamically in the candidate countries, producing new patterns of disparities and new types of regional problems, regional impacts of future EU interventions, however, will be of great importance, too. We are considering, that the still ongoing transition process in the candidate countries occurs in a wide corridor of development options, and therefore, more space will exist for alternative development policies than it is the case in the EU 15. Against this background ex-ante appraisal shall critically assess the proposed aims, priorities and expected results of structural policy with regard to the social, economic and territorial consequences of the policy principles and measures undertaken in the future. In particular, it shall provide a better understanding of policy measures with regard to different types of regional structure in the candidate countries. It may be able to give information whether and to what extent regional and sector intervention will particularly affect regions which are on the edge of social, economic and sometimes environmental decline (old industrialised regions, peripheral rural regions). Thus, ex-ante evaluation will indicate whether
the policy priorities and measurements are appropriate in stimulating territorial balance and will provide recommendations on amendments and realignments to these policy structures.

3.3 Methodological Access

Assessing the impacts of the EU enlargement on the territory of the EU and the other regions is an extremely complex and hazardous task. There is a great degree of uncertainty on a number of important factors that will directly determine these impacts, while indirect effects, which could be as important as direct ones, are even more difficult to estimate. The impacts of the enlargement will very much depend on the economic performance of the EU and those of the candidate countries, but also of other regions and external effects. Moreover, these impacts will as well depend on the future form of the EU policies, in particular the Common Agricultural Policy and Structural Funds. The different strands of EU policy interventions including the various instruments of pre-accession aid – as described in chapter 1 – are implicitly demonstrating the challenges to assess the spatial impacts in reality. In the case of structural policies we are able to define input indicators, for instance in terms of financial transfers. However, results and impacts of these interventions are hardly to separate from other factors influencing the behaviour of economic actors. In particular, such factors are the market-forces, which are ought to be strengthened in favour of the common market and the economic and monetary Union. Given the complexity of assessing the impact of enlargement, we need a coherent framework that can take all fundamental direct and indirect sectoral and regional feedbacks into account. For this task we will stress on different descriptive and causal analytical tools to measure EU Policies' territorial impact:

- Descriptive methodology: By means of the descriptive methodology it can be proved whether the policies are compatible with the spatial objectives of ESPD as well as with the respective regional potentials and challenges. It can be judged in how far regional problems and potentials are points of reference for policy interventions and to which extent the spatial objectives of this region are answered in an appropriate way.

- Interpretative methodology: The interpretative approach is based on the description of territorial policy impacts. It should allow the isolation of individual impacts on spatial development and to detect the causal links between input and impact variables.

- Case studies: Regional studies in selected regions which are extremely different from the average are intended to use for deepening insight into the mechanism of causal interrelationships between special EU programmes and spatial development.

Descriptive methodology

Keeping in mind the complexity of factors influencing spatial development, we start with a descriptive methodology, which puts emphasise on the correlation between regional cohesion/competition indicators and the policy input. Comparing the economic results and substantiating different regional degrees of economic performance in relation to EU policies, we will be able to draw first conclusions on the territorial effects of EU policies. Furthermore, we will be able to use these results for differentiating groups of regions, i.e. developing a typology of regions, with a high homogeneity in terms of the indicators. Variations among them and their inter-temporal changes will show the differentiation in terms of regional economic performance and policy input. We suggest measuring the time changes of impact indicators in comparison to the geography of EU policy, especially structural spending. For summarising the descriptive results a thematic SWOT analysis may be an appropriate instrument.
Clustering of territorial typologies

Based on the descriptive methodology and indicators for the quantitative measurement of spatial impacts, it will be relatively easy to define groups of regions with a high homogeneity with respect to the territorial effects of EU policies, i.e. with similar expected socio-economic and environmental responses to a specific policy mix. Cluster analysis will be a suitable instrument to form groups of regions, which show a similar behaviour in terms of economic performance and policy measures adopted. In this context, special attention will be paid to multidimensional concepts of generating similar types of regions. Apart from identifying groups of regions by means of cluster analysis using quantitative indicators, we intend to complete this typology with qualitative indicators, which will be matched with the quantitative analysis. This way, the description of spatial implications of the EU policy mix can contain a broader variety of indicators and will be able to give deeper insights in differing regional situations and developments.

Interpretative Methodology

For the interpretation of the descriptive results, we suggest to analyse the relevance of causal relations taking into consideration various other factors by using cross sectional statistical modelling techniques such as structural equation models (SEM) – if data allow for it. SEM seems to be suited dealing with latent rather than manifest variables used to measure the behaviour of these variables. Policy variables are belonging to this type of variables because we can observe their behaviour only imperfectly through their effects on manifest variables like socio-economic outcomes. As the overall aim of the project is to give policy recommendations regarding territorial policy, it will be advantageous to stretch the analysed interrelationships to the future as well. For this purpose continuing the observed time series to the future and developing probable socio-economic developments by the utilisation of SEM and scenario techniques will represent the ex-ante an analysis.

Case Studies

The previous methodological elements will be able to give a first description and causal explanations for different regional outcomes of both EU and national policy with regard to regional development and territorial balance. They will be able to identify, where similar pre-accession measures lead to different results, i.e. spatial cohesion or possibly increasing divergence. Furthermore, these analyses show, how EU structural programmes may contribute to a balanced and polycentric development of an enlarged EU in the future.

In addition to this general analysis it will be beneficial to conduct very precise case studies on a few selected regions, in order to get deeper insights into the mechanisms affecting territorial development. This methodological step will be similar to the intended case studies by project 2.2.1. However, project 2.2.1 lays its main focus on the EU 15, whereas our focus lays on regional "cold" and "hot" spots in the candidate countries. We will pay special attention to the most disadvantaged and most prosperous regions in the candidate countries – peripheral rural regions, old industrialised regions, border regions and the metropolitan growth poles. Detailed case studies of these regional types will make it possible to single out specific causes for different developments and the specific role of selected EU programmes in this context (thematic scope). The specific case study areas will be selected in order to reflect for instance differing degrees of periphery, differing population dynamics, differing dependence on agriculture and/or industrial dynamics of regional economies.

This part of the project will test explicitly the extent to which EU policies serve to promote or hinder territorial development at the regional level. Detailed regional case studies will also allow to identify contrary effects in relation to policy interventions. Negative outcomes may pull off effects for promoting a better accessibility of a rural region. Direct investments may offer new jobs within the region, however they may not stimulate endogenous growth, but
external income-flows to the region. Finally, transport policy as well as R&D policy may be beneficial for the main agglomerations excluding peripheral regions from the general economic development. Thus, we can find out possible side effects of structural intervention, which do not always influence territorial balance in positive ways. Within this context, we will be able to analyse the different national and EU funds, as ISPA, SAPARD, PHARE during the pre-accession phase and Structural Funds, CAP etc. after accession, and their effects on regional development.

We suggest selecting regions of most disadvantageous and most prosperous status for singling out the specific causes of different developments – peripheral rural regions, old manufacturing regions, border regions, metropolitan growth poles. Furthermore, as of the complexity of regional developments, the case studies will have to put emphasis on selected thematic issues. These should be chosen according to the kind of region under surveillance and on the basis of the objective of the case studies.

- Typology of regions – Because of different kinds of problems different types of region face, the case studies should focus on the respective main areas of political intervention or major potentials / bottlenecks. Certainly, focus should differ between e.g. old industrial regions, where the industrial heritage might represent a bottleneck and metropolitan growth poles, where it might be necessary to activate potentials.

- Objectives of case studies – Case studies are planned to be conducted for the research in two work packages, namely WP 5 and 7. While WP 5 is concerned about the foundation of the descriptive and interpretative analysis, providing for causal relationships, focus of WP 7 lies on cross-border co-operation and trans-national networking. Therefore, in the latter WP, policies aiming at the establishment of such co-operation and networks should be in the centre of attention of the case studies, possibly with even further differentiation according to the kind of border region examined (e.g. border regions between present EU and candidate countries or between different candidate countries).

3.4 Elements of Territorial Policy Impact Analysis and Assessment

One of the main starting questions of territorial impact assessment is, whether the conceptions of EU policies are compatible with the global territorial objectives and in this context answer the challenges and potentials of the respective regions. The analysis has keep the following elements in mind:

Policy objectives and their territorial break down

The conceptual framework for analyses of territorial impact assessment has to get clear ideas about territorial policy objectives. One precondition against uncontrolled expansion of our research field is the precise definition of territorial objectives. A second precondition concerning the assessment of territorial effects of EU policies are precise indicators and their quantification relying on these objectives. In the terms of reference and in our tender three global territorial objectives, which should be achieved by EU Policies, are mentioned:

- **Spatial cohesion (equity):** This objective says, that inequalities between social groups and regions should be reduced by setting minimum standards of public goods provided or by transfer payments from richer to poorer regions etc.

- **Balanced Spatial competition (efficiency):** This objective says, that policy measures should help towards an efficient spatial allocation of resources by taking away bottlenecks and barriers to development (Molle 2001). It also says, that policies should take into consideration not only the core regions. For a balanced spatial competition smaller towns and remote regions should benefit from policy measures improving their competitiveness too.
• **Spatial integration**: European integration means in spatial terms, improving the linkages between peripheral and central regions by traffic networks and telecommunication infrastructure, by transnational institutional co-operation or networking of firms.

• A fourth objective may be the wise management of natural and cultural heritage.

As can be seen, these three (four) objectives are focussing on different aspects of balanced territorial development, which are logically interconnected and complementing each other. Territorial equity can only be stabilised, if the economic development gap between core and periphery will become closer and balanced economic growth may be a precondition for managing natural and cultural heritage successfully. These objectives will be suitable for discussing the territorial effects of policies against clear normative orientations. However, the question arises, how to translate these global interconnected objectives in operable, quantifiable objectives of territorial development, and how to generate indicators and receive appropriate data. Particularly, making objectives operable we have to keep in mind that policy indicators and data have to be identical with the respective indicators and data of territorial policy impact.

To give an idea of the procedure for developing these specific quantifiable indicators, which are able to measure the policy impacts in relation to the objectives, we translated each of the three global objectives to more specific terms. Spatial cohesion for instance might be clearly defined by “decentralised allocation of public goods reducing regional disparities” and more concrete by “provision of smaller towns with services of public interest”. Balanced spatial competition might be more clearly defined by “territorial division of labour” and “by comparative/absolute advantage of regions” and can be more specified by “smaller towns within peripheral regions as specialised economic growth poles”. Spatial integration leads to “transnational networks” and “specific transnational flows”.

**Spatial cohesion** ➔ decentralised allocation of public goods reducing social disparities between regions ➔ Provision of smaller towns in peripheral regions with services of public interest

**Balanced spatial competition** ➔ territorial division of labour ➔ comparative and absolute advantages of smaller towns and city regions ➔ smaller towns within peripheral regions developing into specialised economic growth poles

**Spatial integration** ➔ infrastructure of transnational networks of exchange ➔ interregional/transnational flows of capital, commodities, movement of persons, governance networks, common projects

**Assessment Framework (Policy Inputs, Outputs, Results and Impacts)**

Following the suggestions of several methodological working papers of the EU Commission (especially working paper 3 and 7), the logical framework of territorial impact assessment has to bear in mind the following levels and indicators underpinning the objectives and the degree of catching them.

The **inputs and actions**. They translate global objectives and territorial strategies into policy actions and measures.

The **outputs, corresponding to operational objectives of the actions**. They translate the inputs into practice like new services of public interest within peripheral located towns, research and personal training etc.

The **results, corresponding to specific objectives**. That is short term, direct effects of the policy inputs and better supply of public services to the peripheral region or more employment. The results do generally speaking strengthen the regional potentials or eliminate regional bottlenecks (for explanation see further down).
The *impacts, corresponding to global objectives*. Impacts are long-term spatial effects achieved by policy inputs belonging to the past (ex-post) or expected impacts (ex-ante) like better performance of a region in comparison to other regions.

In the following table 2-1 we try to assemble the presented elements of assessment to a model of operation. The example of the global objective “balanced spatial competition” might illustrate the operation. In the left column you find the objectives, the global objective of “balanced spatial competition” and its levels of operationalisation. The rows describe the process of translation to measurement of objectives and policy effects. The second column contains the territorial effects of policy inputs on each level of objectives. In the third column the effects are illustrated for “balanced spatial competition”. Indicators are defined and the last column contains quantifications of these indicators.

Table 2-1: Assessment Framework of territorial policy impacts

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Effects of policy</th>
<th>Territorial Indicators</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balanced spatial competition</td>
<td>Impacts</td>
<td>Economic core-periphery gradient will be reduced</td>
<td>Economic growth measured by GPD, employment growth in relation to EU average</td>
</tr>
<tr>
<td>Specific:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>smaller towns within peripheral regions as</td>
<td>Results</td>
<td>Economic strengthening small/medium towns by new SMEs</td>
<td>Additional economic and job growth, private investment within small/medium towns and their influenced territory</td>
</tr>
<tr>
<td>specialised economic growth poles</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assisting SMEs in small/medium sized towns</td>
<td>Outputs</td>
<td>Financial support received by SMEs in small/medium towns</td>
<td>Number of SMEs and jobs are supported in small/medium towns</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Inputs</td>
<td>Financial resources supporting economic development in small/medium towns</td>
<td>Amount of € dedicated for economic development of small/ medium towns</td>
</tr>
</tbody>
</table>
As can be seen, the standard framework of indicative methodology launched by the EU Commission seems to be quite suitable for TIA too. However, within ESPON and from the point of view of ESPON 2.2.2 TIA has to consider broader social and economic impacts than EU project and programme evaluation.

- It addresses different geographical scales (regional, national, transnational, interregional), that means, regional impacts will not only be assessed with reference to the regional surplus but also within a wider territorial context affecting the indirect territorial impacts on the national territory or on European macro-regions.
- It has to integrate the core EU and national policy strands, affecting the territory of regions, into the territorial assessment (Phare, Sapard, ISPA, national actions). Regional development results of spatial effects driven by private actors and all policy strategies and actions within the regional space. TIA has to address the impacts of each factor separately as well as the interplay between them (see interpretative methodology).
- Finally it has to evaluate the interplay between the different territorial strategies referring to the global spatial objectives, that means side effects of each policy strategy on neighbouring strategies and objectives have to be assessed.

**Regional Situation – Potentials and Bottlenecks**

The general conception behind TIA is driven by the theoretically grounded insight, that regions benefiting from EU funds are struggling with specific regional bottlenecks, which will not be resolved by market forces in an appropriate way within a justifiable time. It further assumes, that while some regions are lagging behind other regions are possessing development potentials and growth potentials, which may not be mobilised by market forces in a sufficient way too. This approach considers, that there are restrictions to use regional potentials and to reduce bottlenecks, which could impede the ability of a region to participate in processes of innovation and structural change. Thus, TIA in ESPON 2.2.2 is twofold:

- On the one hand it is analysing and assessing the policy results and impacts in relation to global territorial objectives, to the EU target setting.
- On the other hand it is simultaneously analysing and assessing policy results and impacts in relation to its ability solving regional challenges/problems and mobilising regional potentials for development.

The question arises, whether EU policies do affect and change the specific regional situation ahead of political intervention (baseline) in an appropriate way.

**Potentials**

The differences in economic development and the social disparities between the regions even within each type of region (e.g. rural region or old industrialised region) are extremely distinctive in the candidate countries. EU policies, which aim at reducing regional disparities and promoting regional growth have as well to consider how to handle this remarkable diversity of regional situations. Potential analysis might be an appropriate access for understanding the regional diversity as well as for focussing on alternate policy options. The conception assumes, that for instance even in peripheral regions adequate potentials are exist. However, they might be under- or misused or they will be used too late. Under this assumption, regional potentials are opportunities policy should refer to. Otherwise policies might face sub-optimal results of interventions. That is the reason why analysing the potentials has been a key element of TIA, too. Potentials are, economically speaking, defined as factors, which are needed in specific composition for different economic exploitations. Relating to the regional level, potentials are generally influencing regional economic
productivity, regional capacity of innovation and in the long term regional growth. Potentials can be principally arranged in the following four groups:

- Potentials of supply (human capital, capital, infrastructure, innovation)
- Potentials of demand (size of and integration in markets)
- Environmental potentials (landscape, land use allowances, property rights)
- Institutional regional potentials of processing information, planning and decision-making, of mobilising economic potentials by regional policy and regional firms (institutional capacity, relational capital etc).

For rural regions potentials may be characterised by criteria like environmental qualities, spatial proximity to core regions, housing market etc. Urban regions may offer potentials for developing the knowledge economy like highly qualified human capital, service and public research infrastructure, large and diversified labour markets etc. Regional self-governance may be a distinctive potential, too. If there are potentials in a respective region, which are not used in an appropriate way, policy measures can attempt to mobilise these potential factors. In other words, the aim of policy measures is, in this case, to stimulate economic appliance of existing regional potentials.

Describing the regional situation by potentials is not to be misunderstood as static concept. Rather, these potentials are changing their role as they are exploited and as exogenous conditions change, which happens to occur in the candidate countries in the course of EU enlargement.

Problems (bottlenecks)

In strong direct relationship to concepts of regional potentials, concepts of bottlenecks (lack of potentials) have to be discussed. Regional bottlenecks are limiting factors for regional economic development, if one potential cannot be replaced by another existing regional potential. The lack of one specific potential may restrict regional economic growth, though there are eventually plenty of other potentials. Under these conditions regions not only have to bear deficits of potentials; they also have difficulties in exploiting their existing potentials. Regional policy strategies may focus on bottlenecks, aiming at increasing the supply of lacking potentials or at reducing the demand by strengthening the productivity of exploiting them. For the analysis of bottlenecks in the candidate countries we further have to keep in mind regional challenges of characteristic quality:

- Many regional problems are deeply rooted in the pre-socialist area (underdeveloped and overcrowded rural regions). These regions are traditionally backward and often characterised by a deficient infrastructure, a meagre endowment with business services and a lack of skilled labour.

- Increasingly regional problems are resulting from structural changes, which are set in motion by integration of the European and world economy (regions of declining socialist industrial complexes). Many of these regions played a leading role during the socialistic period. They often have a highly specialised manpower whose skills are no longer of any use. This type of region is marked by inadequate infrastructure and by lack of private entrepreneurship.

The lack of potentials (bottlenecks) refers to the same category of factor-groups as defined for existing regional potentials. That means policy strategies will fail answering to the regional challenges and fail global policy objectives too, if the bottlenecks related to the specific types of regions are not point of reference. Its main task in this case is to eliminate regional bottlenecks. However, in reality both policy strategies, stimulating potential use and eliminating bottlenecks of potentials are often interrelated and frequently have to be applied simultaneously.
In this course, SWOT analysis might be helpful for developing a rough evaluation of existing potentials and bottlenecks in order to get a structured overview over the respective regions. Furthermore, this kind of analysis can be beneficial for the development of a typology of regions and their clustering.

### 3.5 Model of Potential Orientated Policy

#### The Model

Territorial impact analysis and assessment should be able to separate types of regions successfully adopting policy programmes as well as regions, where territory policy is failing to answer regional challenges and is failing to mobilise regional potentials. Using factors describing bottlenecks, potentials and policy inputs we will be able to outline an uncomplicated model with regard to the interrelations between these three influences, namely

- potentials describing the situation before intervention as well as trends observed,
- bottlenecks describing lacks of potentials,
- policy inputs and outputs referring to the strategy of intervention,

and their effects on the outcome of territorial impacts, referring to the realisation of policy objectives as well as widening regional bottlenecks and mobilising regional potentials for development.

Between the three essential impact factors and the outcome strong causal interrelations are to be suspected. They allow for ex-post and ex-ante analyses and assessment of territorial policy impacts as described in chapter 3.2. Ex-post analysis and assessment in this context will give answers on the territorial effects this interplay has happened to have in the past. It clarifies to which extend policy inputs driven by policy objectives have affected regional bottlenecks and potentials. Against this background, ex-ante assessment will be able to focus on optimal adaptation of policy strategies taking into account the specific problems and potentials of each regional type and discuss policy alternatives.

![Figure 2-2: Model of Interrelations Between Factors Influencing Territorial Impacts](image-url)
Specifying Regional Typology

The model is mainly applicable for interpretative purposes. All factors including the socio-economic regional dimensions are focussing on questions concerning territorial policies. This way, we are able to integrate all aspects of regional development under the umbrella of one simple model analysing and assessing the causal links of territorial policy impact. It also can be used for descriptive purposes, however.

Firstly, the factors of the model and indicators derived from it allow the development of a more clearly regional typology, keeping in mind the territory with its regions as a whole, in contrast to the thematic focus of other ESPON projects in strand 2. Regional socio-economic typology of our project deals with factors and indicators applicable to all regions, urban regions as well as rural regions, whereas thematic approaches may operate with specific dimensions and indicators limited to the respective subject of analysis (e.g. urban regions, transport policy). In our model, appropriate policy orientated factors are applicable to develop a socio-economic typology of all regions. In a second step this typology needs to be widened to the factor of policy intervention.

Secondly, using indicators describing potentials, regional bottlenecks and policy inputs we will be able to conduct the tool of cluster analysis mentioned above and to differentiate between regional types in a more sophisticated way. Whereas typologies of territorial development conducted under ESPON strand 1 may analyse the territorial economic and social trends, our project will supplement these typologies by a typology of socio-economic development, which is more directly related to a regional policy related typology. As described above, regional potentials and bottlenecks are explicitly elements of policy strategies. They do not only point out which regions should be favoured by EU policies (i.e. regions with high unemployment rate or low GPD) but also which starting points policies should take as points of reference for intervention (i.e. latent regional potential or lagging potential). The respective fields of intervention are then identical with potentials respectively bottlenecks.

This approach to a typology of regions, organised according to their potential, follows the working of Wettmann and Ciciotti (1981). Translating this approach to the candidate countries and in particular to the transformation countries, in a first attempt, one might produce the following typology of regions, which has to be specified by a set of appropriate indicators of potentials and which might be further differentiated in following steps.

Table 2-2: Typology of Regions in Central and Eastern Europe

<table>
<thead>
<tr>
<th>Post-socialistic development</th>
<th>Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position in the former socialist economy</td>
<td>Good</td>
</tr>
<tr>
<td>Positive</td>
<td>Big urban agglomerations (positive continuity)</td>
</tr>
<tr>
<td></td>
<td>Old industrial regions (negative discontinuity)</td>
</tr>
</tbody>
</table>

Source: based on Gorzelak (1998)

According to the authors, different policy prescriptions should be applied to the sets of regions such as the stimulation of small and medium enterprises, the creation of a modern institutional infrastructure or the enhancement and augmentation of human capital. By
confronting the regional policies with the respective regional situation, which are described by potentials and development problems we will be able to discuss in which direction policy has to be adjusted.

Specifying Interpretative Analysis

Using this model, we will be able to discuss the causal links between socio-economic potentials, bottlenecks, policy inputs and impacts within a strong logical framework. Based on this model we further will be able to select appropriate variables and measure the probability and direction of the potentials', bottlenecks' and policy inputs' influences, the significance of relations between them and the entire impact.

The results of the regional typology may further be helpful to select appropriate regional cases regarding potentials and bottlenecks of each type of region. Selected regions should distinctly represent each regional type found, in order to get deeper insight in the regional (innovation) potentials as being bottleneck factors for the regional development process. Detailed studies can then examine both, the potentials regions can supply during their development process and the processes of co-ordinating these factors towards productive restructuring and modernisation of the respective regions.
4 Development of Indicators for Pre-Accession Aid’s Impact Analysis

This chapter lists indicators for measuring (1) regional potentials and bottlenecks as starting point, (2) direct effects of EU policies on these regional conditions and (3) impacts of the latter effects on socio-economic factors describing social cohesion, balanced territorial competition and spatial integration. Based on above methodology ESPON project 2.2.2 has to deal with these three types of indicators (see chapter 3).

- **Indicators of regional potentials and bottlenecks:** Policy interventions are aimed at immediately mobilising potentials and reducing bottlenecks of a region. To examine how successful policies are stimulating regional development, we have to compare these policies within each intervention field with the provision of regional potentials. What we want to know is, do these policies affect the regional development in an appropriate way? i.e. are the regional bottlenecks and the regional potentials points of reference for the policy inputs and outputs, or do they fail to react on the regional situation? Therefore, regional resources, described by the potentials, have to be carefully analysed. Our intention is to confront the regional policies with the respective regional situation and then to discuss in which direction policy would have to be adjusted.

- **Indicators of policy input and output affecting regional potentials and bottlenecks:** In the centre of attention of this project are those indicators which describe policy inputs and outputs of the relevant policy intervention fields. We will focus on specific policy inputs and immediate fields of intervention of the respective programmes influencing regional potentials and their interplay.

- **Indicators of socio-economic development related to policy objectives:** There are strong causal relations between the availability of regional potentials and regional socio-economic performance (regional productivity, competitiveness, development of regional income etc.). Thus, indicators describing policy effects on potentials and indicators describing regional performance are complementing each other. Regions with a high standard of potentials are assumed to be more productive and to generate higher growth rates than regions with lack of factors stimulating economic development. Policy impacts on performance more generally need to be analysed by macro indicators with respect to territorial objectives like territorial cohesion, balanced economic competition and spatial integration (see chapter 3.4).

Though the candidate countries’ experience with potential orientated policies is limited and therefore ex-post analysis is also of limited meaning, a strong logically listing of indicators will notwithstanding be of great help, especially for pinpointing regional challenges and ex-ante analysis of regional policies. In the following list we present a first set of respective indicators.

### 4.1 Indicators of Regional Potentials and Bottlenecks

Regional economics explain the regional ability to generate relatively high factor income and factor employment levels as well as the “ability to produce goods and services that meet the international markets while citizens earn a standard of living that is both rising …” (Preparity 2001) by specific regional advantages or potentials. The following list of indicators can describe some of them (see also Krugman 1993). It is a first preliminary list, which might be
supplemented by additional indicators or reduced during the next steps of the project, especially in the course of WP 3.

The degree of specialisation between sectors or within a sector usually cannot be taken directly from statistical sources. Therefore, for their measurement specialisation and localisation coefficients shall be utilised in order to point out respective regional potential differences. In this context, the specialisation coefficient points out in how far specific economic sectors are concentrated more than average within one region. Correspondingly, the localisation coefficient describes the difference in specialisation of one region to the average region.

**Supply and Demand Potentials**

*Labour Market Potential*

- Number of regional labour force
- Regional labour force in terms of education levels
- Regional labour force in terms of professional structure

*Capital Supply*

- Regional capital stock (stock in € per capita)
- Foreign capital stock in the region (stock in € per capita)

*Potential of Innovation*

- Academic centres (students/1,000 inhabitants)
- Scientific and technological capacities (employees/1,000 inhabitants)
- Knowledge transfer institutions (employees/1,000 inhabitants)

*Regional Market Potential*

- Inhabitants of the region, home market (number weighted by distance to centre)
- Income (GPD per head weighted by distance to the centre)

**Location Potentials/Conditions**

*Geographic Position*

- Comparative accessibility of European agglomerations
- Density of Communication infrastructure (km/10,000 sq km)
- Density of roads (km/10,000 sq km)
- Density of railroads (km/10,000 sq km)
- Physical situation (coast, mountain, plains)

*Urbanisation and Localisation Advantages/Disadvantages*

- Density of population (inhabitants/sq km)
Density of employment (employees/sq km)
Degree of specialisation (sect. employees/total; agriculture, industry, services)
Degree of specialisation within a sector

*Environmental Quality*

Air pollution
Quality of water
Quality of soil
Sewage treatment
Natural reserve areas

**Institutional Potentials/Conditions**

Regional self-organisation (number of local voluntary associations)
Territorial-administrative structure (polity: degree of administrative decentralisation)
Regulatory rules of transactions (degree of responsibility of each territorial entity)
Relational capital (1) (vertical and horizontal integration: political co-operations and local/regional partnerships)
Relational capital (2) (Public-private partnerships, joint development schemes integrating politicians/administration, stock-holder, stake-holder, partners)
Participation of citizens

### 4.2 Indicators of Policy Input and Output

Indicators of policy input and output depend on EU and national policies. As EU policy interventions in the candidate countries only meet a relatively small proportion of the financial needs, they are complemented by national and international co-financing operations. Thus, EU policy interventions have a catalyst function and their regional effects might be much more extensive than can be assumed at first sight. They are driven by the global policy objectives set by the EU and mainly orientated on diverse fields of action referring to regional potentials and bottlenecks. Therefore, indicators of potentials/bottlenecks (see 3.4) will play an important role in analysing the policy outputs. Thus, table 3-1 gives an overview which areas of potentials respectively bottlenecks are tackled by either of the pre-accession aid measures.

In the following, the EU related orientations are stressed, while the objectives of the national regional policies are not further mentioned. Generally, as these national instruments should support the EU measures, they are to aim at similar objectives which would then result in similar indicators as for the EU pre-accession aid instruments. Nevertheless, since the data on the national policies is not gathered yet, it can not be evaluated so far, whether below indicators sufficiently fit the national regional policies as well or in how far indicators will have to be adjusted for these policies.
Table 3-1: Activities of Phare, Sapard and ISPA Related to Potentials/Bottlenecks

<table>
<thead>
<tr>
<th></th>
<th>PHARE</th>
<th>SAPARD</th>
<th>ISPA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour market</td>
<td>☑</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital supply</td>
<td>☑</td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>Potential of innovation</td>
<td>☑</td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>Regional market potential</td>
<td>☑</td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>Geographic position</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
</tr>
<tr>
<td>Urbanisation and localisation</td>
<td></td>
<td></td>
<td>☑</td>
</tr>
<tr>
<td>advantages/disadvantages</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental quality</td>
<td></td>
<td>☑</td>
<td>☑</td>
</tr>
<tr>
<td>Institutional Potential</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
</tr>
</tbody>
</table>

PHARE

Apart from assisting institution building and alignment with EU norms and standards (see further down for regulatory infrastructure) the Phare programme addresses investments with regard to economic and social cohesion within the framework of National Development Plans. The National Development Plans identify key development priorities, which should be addressed in this project. Phare refers directly to the regional potentials and bottlenecks. For measuring these effects of policy intervention in relation to the regional situation before, indicators of potentials and bottlenecks (see 3.4) will be used. This will happen for the following fields of intervention:

Human Capital: raising skills and educational levels, raising managerial capacity etc.

Capital Supply: Direct investment in physical capital, the environment supporting technology, economical energy technologies, financial engineering

Geographic Position: Improving business related infrastructure, making business sites available

SAPARD

This programme aims to implement the acquis communautaire in agriculture and rural development and to solve specific problems related to developing a sustainable agricultural sector and rural regions. The effects of this programme will also be analysed by using the indicators of potentials and bottlenecks. The project will concentrate on some fields of interventions, which particularly effect territorial restructuring.

Capital supply: Direct investment in farms

Geographic Position: improving rural infrastructure (communication, energy, streets etc.)

Environmental Quality: redevelopment of villages, water resource management, land improvement and parcelling

ISPA

ISPA is supposed to bring the environmental infrastructure and transport networks of the candidate countries up to EU standards, taking into consideration relevant EU directives. Like
the other programmes, ISPA acts as a catalyst for additional financing and activities. This instrument is oriented on complementary areas of intervention as compared to Phare and Sapard. The priorities of ISPA are integral part of the National Development Plans dealing with the environment and transport infrastructure. They put main emphasis on spatially located challenges like transport bottlenecks or environmental black spots. ISPA focusses on the following potentials/bottlenecks:

**Geographic Position:** improving accessibility of European agglomerations

**Environmental Quality:** improving water supply and wastewater treatment, reducing air pollution

**Institution Building (All Programmes)**

As already mentioned (see chapter 2.2), the main impact of pre-accession instruments of the EU – especially during the first period until 1998 – can be identified by “soft” processes which can not be quantified by means of traditional macroeconomic indicators.

Projects during the first period served mainly the support of the “transition” process, the building of *institutional potentials* of the market economy and of a democratic state and society. These projects – supported by Phare, Sapard and ISPA – exerted their influence through the “learning process”. People got acquainted with the program, project preparation and application procedures, with regulations helping to avoid fraud and misuse. They have learned, how the EU is “working”. This knowledge can be – and partially has been – transferred to the sectors and areas, not directly supported by pre-accession instruments.

To a large extent, the regionalisation process in the accession countries is due to the influence of “actual” and “virtual” EU influence. Without this influence regionalisation and territorial-administrative reforms could not have taken place in these countries.

How to measure these soft processes? Though not with traditional statistical indexes, there are still ways and methods to “quantify” them, though quantification does not always reflect the most important effect of these processes:

- Number of local voluntary associations;
- Number of associations of local (village) governments;
- Spread of public procurement procedures in conformity with the acqui;
- Share and number of project applications of acceptable quality;
- Number and quality of support delivery institutions;
- Territorial-administrative reforms and their results.

### 4.3 Indicators of Policy Impacts

These indicators do not refer to the immediate effects and beneficiaries (regional potentials). Rather, they are measuring the long-term effects on reaching the three territorial objectives. Indicators will mainly be socio-economic macro-indicators, which are defined in most ESPON projects of strand 1 and particularly of strand 2. The indicators have to be *time series indicators* as to get information about the respective socio-economic development. Using the technique of “*locational Gini coefficients*” we might be able to describe the territorial unequal allocation of socio-economic activities and the changes of inequality in time. That not only goes for the geographic allocation of economic activities but also for social challenges and the degree of spatial integration.
**Process of Balanced Economic Development**

Productivity (GPD/employee)
Gross domestic product (GPD/capita)
Gross domestic product per sector (agriculture, industry, services)

**Process of Social Cohesion**

Unemployment rate
Personal Income per capita/household

**Process of Spatial Integration**

Geographic structure of foreign trade (imports/inhabitant; imports/trade volumes)
Geographic structure of foreign trade (exports/inhabitant, exports/trade volumes)
Geographic structure of foreign direct investment in the region (flow of investments/inhabitant)
Geographic structure of foreign direct investment out of the region (flow of investments/inhabitant)
Transregional and transnational transport flows (commodities in tonnes)
Transnational air-traffic (passengers/year from respective airport)
5 Data Sources and Availability

Based on above methodology and the related indicators, ESPON project 2.2.2 has very specific data needs. As the policy analysis is in the centre of attention of this project, policy input and output data of the relevant policy areas need to be collected. However, in order to evaluate these policies, it is necessary to relate policy data to regional potentials, bottlenecks and socio-economic developments.

5.1 Availability of Policy Input and Output Data

Policy data for the candidate countries is not available at ESPON or EU level so far; therefore this data has to be collected from different national sources, depending on the administrative structures and responsibilities in either of these countries. The following table provides an overview over the availability of policy data in the candidate countries plus Norway and Switzerland.

Table 4-1 is further supplemented by complementing comments on data availability in the respective countries according to countries. Such additional information is needed to point out the differences of spatially relevant policies between the countries under investigation. As of the different data availability and the different approaches to regional policy, it is very likely necessary to adjust the methodological approach depending country by country.

In addition, so far not all aspects of policy data sources are clarified for all respective countries yet. The remaining open spaces are to be clarified in the course of the next couple of weeks.
Table 4-1: Policy data availability on NUTS III level according to kind of data and country

<table>
<thead>
<tr>
<th>Country</th>
<th>EU pre-accession aid</th>
<th>National regional policies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Policy input data</td>
<td>Policy output data</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bulgaria</td>
<td>existing, but possibly difficult to collect for NUTS III level</td>
<td>existing, but possibly difficult to collect for NUTS III level</td>
</tr>
<tr>
<td>Cyprus</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Czech Republic</td>
<td>available, at least NUTS II level</td>
<td>?️</td>
</tr>
<tr>
<td>Estonia</td>
<td>available, but not on regional levels, only project level</td>
<td>available for Phare and ISPA, but not on regional levels, only project level</td>
</tr>
<tr>
<td>Hungary</td>
<td>available</td>
<td>available</td>
</tr>
<tr>
<td>Latvia</td>
<td>available, but on regional level only very limited</td>
<td>only very limited available, not on regional level</td>
</tr>
<tr>
<td>Lithuania</td>
<td>available, but on project level</td>
<td>not available</td>
</tr>
<tr>
<td>Malta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Norway</td>
<td>only partly relevant, but available</td>
<td>only partly relevant, but available</td>
</tr>
<tr>
<td>Poland</td>
<td>available, though regional level has changed</td>
<td>available, though regional level has changed</td>
</tr>
<tr>
<td>Romania</td>
<td>existing, but possibly difficult to collect for NUTS III level</td>
<td>existing, but possibly difficult to collect for NUTS III level</td>
</tr>
<tr>
<td>Slovakia</td>
<td>?️</td>
<td>?️</td>
</tr>
<tr>
<td>Slovenia</td>
<td>available</td>
<td>availability still to be clarified</td>
</tr>
<tr>
<td>Switzerland</td>
<td>only partly relevant, but available</td>
<td>only partly relevant, but available</td>
</tr>
</tbody>
</table>
**Bulgaria**

Data on EU policies seem to be most difficult to collect in Bulgaria. Possible sources are the Bulgarian Phare co-ordination unit as well as the Management of EU Funds Directorate in the Ministry of Finance. Contacts to these units are established. However, it still has to be examined which EU policy input and output data are available and to which extent they can be gathered on NUTS III level.

Due to tight financial resources, in Bulgaria, national regional policies comprise mostly tax allowances rather than expenditure programmes. However, information on Bulgarian national regional policies could be gathered at the General Directorate Regional Policy at the Ministry for Regional and Urban Development. As of this design of regional policy without national funds being spent, most likely, no policy output data would be available.

**Cyprus**

Establishment of contacts in the search of data sources is under way.

**Czech Republic**

The Czech Republic has 14 self-governing regions and 8 cohesion regions, which were established in 2000/2001. The 14 self-governing regions correspond to the NUTS III statistical level. The 8 cohesion regions correspond to the NUTS II level and were specifically established to comply with EU analytical and statistical criteria.

Annual statistical data for NUTS II regions is readily available from EUROSTAT. Statistics on NUTS III regions are likely to be less useful given recent territorial reforms.

The Czech Republic has a long experience of EU pre-accession aid. Phare, ISPA and Sapard programming documents are available from the relevant responsible authorities, Ministry for Regional Development, Ministry for Agriculture and the EU delegation in Prague. These documents outline policy priorities and financial allocations.

Availability of expenditure data at the regional level may vary due to the before mentioned territorial reforms and changes in the administration of PHARE programmes.

Ex-post evaluations have been carried out. However, further work needs to be carried out to assess the availability of these documents. Data on future policy priorities and proposed expenditure is available from the National Development Plan – submitted to the European Commission Feb 2003.

Data availability with regard to EU policy outputs as well as concerning national regional policies is still to be researched.

**Estonia**

Concerning Phare and ISPA, policy input and output data is available from the Foreign Financing Department and the Planning Unit at the Ministry of Finance. Correspondingly, Sapard input data is available at the Ministry of Agriculture. The respective output data is not available, as the analysis of the aid impact has not been carried out, yet. However, input data for either of these EU policy inputs, as well as output data on Phare and ISPA is not compiled on a regional level. Instead, the Monitoring Reports are project based.

With regard to national regional subsidies, first contacts have been established with potential data sources, namely the Regional Development Department at the Ministry of Internal Affairs.
and the Ministry of Economic Affairs. However, so far there is no information whether national policy input and output data are available on regional levels.

Hungary

Policy input and output data for EU measures are available at the Centre for Regional Studies at the Hungarian Academy of Science in Pécs as well as at the Prime Minister's Office in Budapest, where contacts have been established.

Data availability concerning national regional policies in Hungary is similarly. Input and output data are available at the Centre for Regional Studies.

Latvia

Presumably the best format of information would be information on approved regional programmes/projects of the three pre-accession instruments, Phare, ISPA and Sapard. However, unfortunately only very limited regionalised policy input data is available and it is spread in several governmental institutions. Problems concerning policy output data (jobs created etc) are especially large. This information should be provided through better supervision, but the system for coherent evaluation in Latvia is not really functioning as per project management cycle. Here the best sources would be log-frames of programmes and projects.

For Phare data is to be gathered at the Department for Foreign Assistance Co-ordination at the Ministry of Finance and the Ministry of Regional Affairs. With regard to ISPA a list of all so far 21 approved projects exists. However, though project location - ministries and municipalities - is mentioned, some of the projects cross regional borders. Therefore, regionalised data is difficult to gather. Sapard data are available at the Rural Support Service.

Data on national regional funds can be collected at the Ministry of Regional Affairs. However, it still has to be clarified in how far input and output data are available on NUTS III level.

Lithuania

Each project has a geographical location naturally, but for only one year we have followed a regional approach, allocating projects only to specifically determined territorial units. Very likely, there is no aggregated data by regions on EU policy inputs. Most likely, this needs to be calculated on the basis of each single project.

However, not many data about EU policy outputs are available since PHARE ESC and ISPA programmes have started only in 2000 and money is just contracted. It is quite easy to gather information about financed numbers of projects, but certainly not about the numbers of jobs created etc., as it is simply to early after disbursement is just starting.

According to the Nordregio Report (2000:2) “Regions of the Baltic States”, regional economic and social differences are minor in Lithuania as compared to the other two Baltic countries. The formulation and implementation of national regional development policies is still at a relative early stage, and not aiming at eliminating regional imbalances. Accordingly, one could suggest, that if dedicated regional subsidy schemes are launched in Lithuania, they probably are only of minor financial significance.

All relevant policy data in Lithuania is to be gathered at the Division for the Preparation for EU Structural Funds Management at the Ministry of Finance, where contacts have been established.
Malta

Establishment of contacts in the search of data sources is under way.

Norway

Norway has not received EU pre-accession aid but has financially contributed to several EU programmes in order to participate and apply for money, primarily Interreg IIB and Interreg IIC (which in many cases is combined with Phare and TACIS funds in candidate countries). Interreg input data for Norwegian regions is not immediately available but could be provided rather easy by the Interreg office in Rostock.

Norway has several national regional development programmes. Data on the total amount of money distributed to NUTS III regions through these is available. At the moment there is no information about the possible hindrances of disaggregating these figures into different types of regional policies.

Contacts have been established with the Ministry of Local Government and Regional Development.

Poland

In our view it is reasonable to take into consideration only those EU programmes that has been closed. These are namely:

- PHARE-STRUDER 1993-97 edition
- PHARE-RAPID
- PHARE-INRED.

These would allow us an assessment of their effects and impact (at least in a limited extend). We think that it is not feasible to assess the “territorial effects” of the on going programmes (PHARE - 2001, 2002)\(^2\) or those that have just started (SAPARD, ISPA). In this case we can only consider the possible effects.

We are still checking the possibility of PHARE-ECS assessment - how many projects have been closed and if there are any effects already.

The general information on funds is relatively easy to obtain and verify. The outputs of the programmes (number of projects, investments made, etc.) are also well documented.

There would be considerable problems when it comes to the details (group of projects, particular projects, management issues, etc.). That is the result of the number of institutional changes that took place during the last years.\(^3\) The orientation in which institution took over the documentation, who is at the moment the responsible persons would be time-consuming.

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\(^2\) In case of EU aid there is usually 2 years shift between signing of the annual aid package and its practical use. It is similar to the Structural Funds, but more vivid because of the annual perspective. This causes some confusions. For example, PHARE-1999 package was signed in December 1999, thus the project selection took place at the end of 2000 and the first contracts started usually in 2001 (thus PHARE 1999 package is used in the region in 2001).

\(^3\) For example Polish Agency for Regional Development - the main public centre for regional development and implementing authority for most of the regionally oriented PHARE components, was dissolved in 2002. Most of their responsibilities were taken over by Polish Agency for
The second problem concerns the impact of the programmes. Programmes between 1993-98 had less clear requirements concerning planning procedure, monitoring and evaluation. It is only since 1998 that the ideas and requirements of project cycle management were fully implemented (log-frame matrix with clear hierarchy of verifiable objectives, list of indicators and their sources, plans for outputs, result, impacts). On-going monitoring of these projects was limited to the audit and control of the investment.

Additionally there were changes in territorial organisation of the country and the changes in the statistical system. This makes it very difficult to obtain the context data and assess the effects of the projects.

The above listed difficulties resulted in the limitations of the ex-post evaluations report. They usually consist of the summary of information on projects products. The assessment of the projects' and programmes' impact is incidental.

At this stage we know that following programmes had ex-post evaluation (we collected the summary for the report and we identified the resources for the full evaluation report):

- PHARE-STRUDER 1993-97 edition (commissioned by Polish Agency for Regional Development)
- PHARE-STRUDER 1999-2000 edition (commissioned by Polish Agency for Enterprise Development)
- PHARE-RAPID (commissioned by Polish Agency for Regional Development)

As concern PHARE-CBC 1994-99 edition there are two on going ex-post evaluations projects for Poland-Germany and Poland-Germany-Czech Republic programmes (commissioned by Implementing Authority for PHARE-CBC, Ministry of Interior).

We have not obtained information or any report concerning the evaluation of PHARE-INRED. We are under the process of identification of agencies responsible for its management.

We are also checking the PHARE-ESC. Definitely, it is too early for any ex-post evaluation, however we are looking for the possible mid-term evaluation reports.

With regard to national regional policy data in Poland, quite extensive contacts are established. These include the Ministry of Economy, Labour and Social Policy as well as the Polish Agency for Enterprise Development. The access to the latter agency covers the materials and projects led by the former Polish Agency for Regional Development during the period from 1993 to 2002. Additionally, contacts to many institutions on NUTS II level exist, which are basically Marshall offices and regional development agencies. Further contacts on NUTS II level can be established. As of the already mentioned administrative reforms, it still has to be clarified in how far data for the whole period of time can be gathered at NUTS III or only at NUTS II level. However, as of the decentralised organisation of the regional development agencies, data should be available at some regional level.

**Romania**

The data situation is very much similar to that of Bulgaria. EU policy input and output data could be either collected at the national Phare co-ordination unit or at the Phare Programme Co-ordinator at the Ministry of Public Finance. The respective contacts are established. However, it still has to be examined which EU policy input and output data are available and to which extent they can be gathered on NUTS III level.

Also in Romania, mostly very small amounts of national funds have been allocated to national regional policies, relying instead on regional tax allowances. The respective information is to be gathered at the General Directorate for Territorial Development and Urbanism at the Enterprise Development. However the group of professionals left and with it we lost some know-how and valuable source of information from the “insiders”.
Ministry of Public Works, Transport and Housing. As of this design of regional policy with hardly any national funds being spent, most likely, no policy output data would be available.

Slovenia

First data on pre-accession aid inputs are already available on NUTS III level, they have been provided by the National Agency for Regional Development and the Government Office for European Affairs. The availability of the respective EU policy output data still has to be clarified.

Information concerning national regional policies is to be collected also at the National Agency for Regional Development. However, Slovenian funds for regional objectives are mostly allocated by the regional agencies, which exist in all of the 12 regions at NUTS III level. Contacts to these agencies can be established via the National Agency for Regional Development. As the regional agencies are closely involved in policy implementation, most likely, data are available on NUTS III level. Nevertheless, it has to be clarified in how far not only policy input but output data are available.

So far, there has been no administrative reform in Slovenia since the beginning of the transformation. Therefore, time series data should mostly be consistent, at least from this point of view.

Slovakia

So far, with regard to Slovakia, contacts are only established to the Slovakian Academy of Science. This contact should allow for an easy access to the respective policy data as far as they are existing. However, data extent and level is still to be clarified.

Switzerland

EU policies of the Structural Funds and pre-accession aid has no direct influence. Similarly to Norway, Switzerland has not received EU pre-accession aid but has financially contributed to several EU programmes in order to participate in Interreg programmes together with the partners in neighbouring countries. Total costs of the Swiss project partners were carried by Swiss funds.

With regard to national regional policies, policy input data on the different measures are available on NUTS III level (which equals the Swiss Kantone) at the State Secretariat for Economic Affairs. Despite evaluations of these national programmes, respective policy output data is not available since it has not been quantified. This is very much due to the different objectives of the various Swiss regional policy measures.

5.2 Data on Potentials, Bottlenecks and Impact Indicators

Although this project aims at the analysis of pre-accession aid impacts, a description of regional situation is necessary for identification of potentials and bottlenecks and in order to relate policies to the regional situation. However, as of above-mentioned core of ESPON project 2.2.2, data collection, especially by national sources, should concentrate on policy input and output data. Above all, since the collection of policy data is time consuming, as a number of different institutions is involved in this process, as might become clear, when looking at the different institutions mentioned in chapter 5.1.

The list of impact indicators in chapter 4.3 contains basically general macroeconomic indicators, which are available from EUROSTAT and ESPON databases for a time period from 1995 to 2000. With regard to the list of indicators describing regional potentials and
bottlenecks, not all of above-mentioned indicators might be available at the European level or within ESPON yet. However, a comparison of above indicators with the list of indicators of all other ESPON project provided in the first interim report of ESPON project 3.1 shows, that most of above mentioned indicators are also needed in other projects. So far, data requests differ mostly with regard to the potentials describing capital supply and institution building.

Concerning these remaining indicators, it will have to be clarified with ESPON project 3.1 in how far the respective data are available at EUROSTAT. In case, they are not available at all at the European level, this projects needs to search for the respective national data sources. However, this has not been done yet, as the policy analysis is centre of this project and therefore these indicators should be used from the network rather than collecting them separately. This is the more important, as nationally collected data would have to be carefully examined for their comparability.

5.3 Spatial Level of Analysis and Data Gathering Methodology

As already pointed out, some candidate countries have conducted administrative reforms, which have affected statistical data collection, especially on the regional level. Most affected are time series data, as the regional level of data collection has changed over time in the course of these reforms. In these cases, we will have yet to decide, in how far it is reasonable to use NUTS III level data.

The other main problem with regard to the regional level of data collection and processing concerns changing methodology of official statistical data gathering since the beginning of the transformation in many of the candidate countries. In order to adjust national statistics in these countries to EU standards, they were changed once and again which led to time series data that are not necessarily comparable any more. Also because of this reason, it seems to be most advisable to rely on EUROSTAT and other, on EU level comparable, data as much as possible.

5.4 Development of Data Classification

For compiling policy data EXCEL sheets shall be developed for each country. For further data processing an ACCESS database should be elaborated, which can then be used for transferring all data collected by this project to a Geographical Information System, namely ArcView or ArcInfo.

These tools should be developed in close co-operation with ESPON project 2.2.1, in order to achieve similar data structures as far as possible with regard to the different conditions in EU 15 and candidate countries.
6 References


Annex I - Definitions of concepts relevant to measure

2.2.2

Definitions provided by Hans Joachim Kujath (IRS)

Territory

Territory is a special component of space (see below), as it describes special political-administrative institutions and property rights with regard to political control of more or less extended parts of space: Municipalities, Regions (Federal States in Germany), National States, European Union. Territories are more or less institutionalised. For a long historical period, national states have been strongly collective territorial institutions, which constitute frames of national economies and national population as well as being sometimes causal for territorial conflicts between these states. Within the EU we are observing not only degrading national influences but also several new types of territory building, which are often of more informal character, as e.g. transborder regions (Euroregions) or the European macro regions, which are following a new logic, dividing national territories into new functional entities.

Space

Defined by mathematicians, space is an entity without fixed borders that can be extended into n directions. Based on this general definition, we can define the interplay of physical and socio-economic space with regard to Giddens (1995) as follows

• Space is constituted by physical sedimentation of human practice and by the position of actors within this physical sedimentation (Spatial structure).

• Within this spatial structure people are interacting with each other, using and acquiring the physical environment as well as rebuilding the spatial structure in this process of interaction (Social and economic space).

• Peoples’ interaction is based on informal and formal rules and institutions. These rules are reflecting social power concerning for instance property rights with regard to using the physical elements of space. They stabilise the social and economic space and in consequence the spatial structure for instance by market rules or collectively ruled spatial planning (Institutional space).

• Finally, physical space and its material substrates are of symbolic and representative relevance, making space recognisable and emotionally perceptible (Space of signs and symbols).

Spatial policy is constitutently part of these physical, social/economical, and institutional and cognitive phenomena of space and is changing or stabilising each of these elements. European structural policy e.g. is changing the processes of social interaction (e.g. polycentric and cross-border interaction), it is changing the institutional rules within the national states and between them (e.g. devolution), it is changing the physical sedimentation (e.g. rebuilding peripheral regions and border regions) and it is changing the space of signs and symbols (e.g. upgrading the periphery).
**Region**

This term can be interpreted as a selected part of space with characteristic features.

- Firstly, regions might be described as part of space, which is relatively homogenous in terms of social, ethnic, physical etc. features. Cognitive and affective pictures of a region are often reflecting regional homogeneity, giving them a more symbolic sense, positively as well as negatively (Bavarian, Northern Ireland, Southern Tyrol, Camargue, Serengeti etc.)

- Secondly, regions might be characterised by functional relations and by the intensity of these relations. Thus, we are able to find out labour market regions and their borders by the commuter distances between the centres of employment and the places of residence of the employees. Cluster of economic interactivity may describe regions as well as the spatial extension of housing markets (agglomerations). The extension of functional regions may change over time. The metropolitan regions in Western Europe have dramatically expanded through the last centuries due to economic growth, technological success of goods’ and persons’ transport and transport infrastructures integrating permanently new parts of the surrounding space into the region. In contrast, in East Germany, we can observe shrinking regions, loosing space, due to economic stagnation.

- Functional regions can be established on different scales. Small rural regions, which are often organised in the surrounding of a medium sized town, are contrasting to metropolitan regions and these regions may be part of much bigger macro-regions like “Baltic-Sea-region”, or “North-West-Metropolitan-Area”. And all these regions may be elements of global regions the “Triad” regions – Europe, North America, South-East Asia.

Like all spatial relations, regions are resulting from socio-economic interaction. They can be produced or changed by policy. Each policy has more or less regional impacts. EU regional policies e.g. are strengthening regional spaces as well as inspiring the development of new ones. As structural funds are often bounded to regional concepts actors are induced to interact for new region building.

**Territorial Policy Impact**

Policies depend on institutionalised territories, which are reflecting the collective interests of entities (region, nation state, macro region, trans-border region etc.). Therefore, spatial policy impact analysis has to be centred on territory.

Regions and regional territories do ideally coincide in spatial terms. However, in reality few territories are institutional frameworks of functional regions, and regional policies therefore often have to integrate several territorial interests by bargaining between them.
Definitions provided by Laura Polverari (EPRC)

Territory

Bounded areas (eg. the EU territory)

Space

Dimension on which policies occur and impact, in the general sense, ie. not bounded.

This distinction is clearer if we consider the two words as adjectives rather than substantives:

- **Territorial**: relating to a bounded area, as in ‘territorial effects’ or ‘territorial impacts’ or ‘territorial cohesion’
- **Spatial**: taking account of space as in ‘spatial policy’.

Under this definition, ‘spatial effects’ would be used to imply that there is a (general) spatial dimension to the consequences of something, whereas ‘territorial effects’ would be used to imply that the effects apply to specific, bounded areas (eg. regions). Similarly, ‘spatial policies’ would be used to talk about policies that have a spatial dimension (as opposed to sectoral focus) whereas ‘territorial policies’ are those that apply to specific, bounded regions.

Region

This word is often used with two different meanings, either as administrative unit (eg. the Italian regions) in which policies are developed/implemented; or, more generally, as an area with specific characteristics (eg. economic underdevelopment/restructuring). It is in the latter sense that one talks about regional policy. Both uses make sense and it is normally clear from the context which meaning is attributed to the word region or regional in a discourse.

Territorial policy impact

Impact of policies on the territory in which they operate, intended as a bounded area (eg. the European, national or regional territories), as opposed to spatial policy impact which is the impact of policies from a non-sectoral perspective.
Definitions provided by Karol Olejniczak (EUROREG)

Territory

In Poland: not used in the documents concerning regional policy; means „land governed by any state” (e.g. Polish territory)

Space

Equivocal expression, rarely used in the documents concerning regional policy; used in the field of urban sociology, e.g. „social production of space” means the process of creating and shaping human physical environment; in the documents concerning regional policy more general term of spatial management is used – it means the entirety of the man-made elements of physical environment within a certain area; master plan / land use plan/ spatial management plan

Region

In the documents concerning regional policy means the biggest territorial division unit (voivodship)
Moreover, geographic region – an area of relatively homogenous geographical features; economic region – an area of relatively homogenous economical features, e.g. coal basin; socio-cultural region – an area inhabited by the ethnical or cultural minorities.

Territorial policy – in Polish = Regional policy

Regional policy is a part of development policy. As any other policy it can be exercised only by a subject equipped with a proper power. For being effective, regional policy should be properly institutionalized and it should have proper instruments, including financial and legal ones. Regional policy has its impact on the idea of region spatial management.

Regional policy is a part of the development strategy, which in turn, define the directions of spatial management.

Interregional policy is a systematized influence on the areas separated as supralocal territorial administration units (regions). National interregional policy consists of actions undertaken by the central government and its agencies, including regional ones.

Intraregional policy is a systematized influence on the process of socio-economical development occurring within the region. Intraregional policy consists of actions undertaken by the regional authorities and their agencies.

Also spatial policy – Spatial policy consists of systematized actions of public authorities aimed at the spatial behaviour of economic subjects, not according to the existing administrative divisions. National spatial policy consists of actions undertaken by a central government and its agencies, including regional and local ones.
Definitions provided by Jesper Manniche (CRT)

Territory

A piece of earth with certain geographical, climatic, natural characteristics, belonging to and governed by a certain political or military jurisdiction (territories defined by a combination of nature and government?) - but not necessarily inhabited by a population with fully integrated economies, political institutions, cultures, settlement structures, and social living conditions (the North American “territories” with both Indians and European settlers). One could say, that in these years, the European continent experiences a process of unification and integration between its Western and Eastern territories, governed and administrated by a common set of objectives and legislation. Territories can cross the borders of regions but not vice versa (?).

Space

Normally, one does not say “a space” but only “space”. Space is an abstract, scientific, economic geography concept, referring to the significance of physical geographical dimensions for economic development. The concept is indifferent of social contextual characteristics and dynamics, related to specific places. “Space” is studied and described in terms of places/cities/settlements with a certain localisation and distance to other places, weight/mass (population, GDP, enterprises), agglomeration and gravitational forces within and between them, and inter-connected through lines of communication and transport infrastructures - traditional quantitative socio-economic indicators and methodologies (appropriate to the kinds of data that probably will be available for many of the analyses in the ESPON project).

Region

Among the three concepts, the one most directly referring to human social constructions with a less clear “natural” physical foundation - regions are defined by and results of human activities and communities. However, though “region” is often used as a very broad depiction of some part of the earth (like the South East Asian region), the concept in many ways refers to clearly defined “real” things: political-administrative units, operating between the nation state and municipality level of government. Compared to the other two concepts, space and territory, more focus on the given area’s internal/endogenous cultural and social dimensions, identity, dynamics and characteristics. The surrounding world is considered primarily as exogenous/external dynamics and influences. In the ESPON project the concept is especially appropriate for the planned case studies of specific “regional” dynamics of cross border networking and integration.

Territorial policy impact

EU tries to support a “balanced sustainable territorial development” - a socially, economically, politically and infra-structurally coherent territory. At present much attention and policy intervention is put on the integration between the Eastern candidate countries and the Western “EU land”, and EU wants to review and refine its territorial policies for the next, after-accession programme period in the light of this integration process. More knowledge is needed about the territorial developments patterns in Europe, the balance between different types of areas, and the impacts of EU’s policy interventions, for instance the pre-accession aid to the candidate countries. Have the policies had the wanted impacts? Do the different parts of the European continent actually converge into a socially, economically and infra-
structurally more coherent territory? Especially interesting in this respect, is what happens in the border-regions between East and West? The emergence of new integrated economic and social structures in these areas (new functional regions), could be examples of territorial policy impact, crossing the borders of different politically-administrative regions and nations.