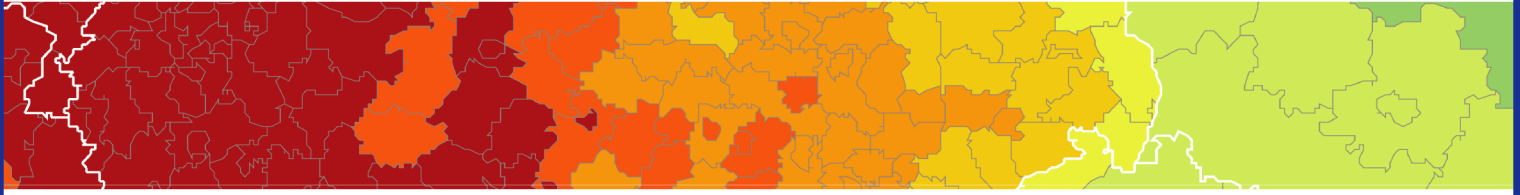


Inspire policy making by territorial evidence



ESPON TIA Tool Upgrade

TIA necessity check Handbook

Version 31/01/2020

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1 Territorial impact assessment in the legislative process

The Commission recognized the importance of analysing the territorial dimension of impacts within the Better Regulation Toolbox Tool #33, stating that many policy measures address specific territorial areas or have specific consequences concentrated in certain territories.. It differentiates between two relevant cases for an impact assessment:

- If a problem to be addressed by a policy is unevenly distributed, the impacts are likely to be unevenly distributed
- If a policy acts unevenly, the impacts are likely to be unevenly distributed even if the problem is not.

While in some cases, territorially unevenly distributed impacts are a necessary consequence of the design of a policy (i.e. a policy targeting only urban areas will not aim to achieve evenly distributed impacts across all regions), in other cases this indicates the need for a policy response in order to adjust the impact patterns. This is especially important in the case of policy options available, which might lead to a different distribution of impacts. The Commission recognizes the need for such considerations at an early stage, in order to being able to properly design policy options.

In order to check whether a policy initiative proposed by the European Commission is likely to cause significant territorially differentiated impacts a methodology has been developed to guide our decision whether a Territorial Impact Analysis (TIA) is necessary or not. The relevance and the necessity of analysing possible territorial impacts of a given policy initiative has to be done by the *Commission* ideally at an early stage. This leads to three relevant points at which an assessment could be placed:

- By the *Commission*: In the inception impact assessment phase
- By *stakeholders*: in the first public consultation phase
- By the *Commission*: in the impact assessment phase

For the inception impact assessment phase, the screening of likely impacts can be broader, as any findings can be deepened at a later stage. The general guiding questions however will follow the same structure as for a detailed territorial impact assessment, thus making use of the same decision support structure as presented by section 2.

In the public consultation phase, the relevant stakeholders can apply a TIA methodology on their own, independent from the Commission. The screening for impacts still can follow the same guiding questions, however it ultimately is up to the stakeholder to decide on that.

In the impact assessment phase, depending on the initiative in question, screening of likely impacts can require either a broad overview or a detailed assessment. This nevertheless has consequences for the choice of TIA method further on, but the likelihood of territorially differentiated impacts emerging can be assessed following the same principles. As above, the decision support structure as presented by section 2 can be applied.

2 Territorial impact assessment decision support

As stated in Better Regulation Toolbox Tool #9, an impact assessment should only be conducted if it is useful, i.e. if significant impacts are to be expected, which might create the need for a policy response e.g. in the form of an adaption of the policy or the selection of a certain option. In the context of a territorial impact assessment this means, that a pre-screening of a given initiative by the Commission has to be conducted, if an initiative is likely to create a territorially differentiated impact. If that is the case, the need for a territorial impact assessment is established and thus useful as defined by the Better Regulation Toolbox.

The setting of such a pre-screening within the legislative process however means, that certain limitations regarding time and extent of such an exercise apply. The screening has to be doable by the lead DG directly, without the need for extensive involvement of external experts, conducting interviews etc. The process is designed in such a way, that it creates a first picture of an initiatives effects, based on easily obtainable information and the DGs judgement. In the development of the process, input from both the Better Regulation Guidelines as well as the Better Regulation Toolbox has been taken into account, notably from:

- Tool #8: What steps should I follow for an IA?
- Tool #9: When is an IA necessary?
- Tool #14: How to analyse problems
- Tool #19: Identification/Screening of impacts
- Tool #22: The “SME test”
- Tool #33: Territorial impacts

The basis of every impact assessment is the analysis of the initiative in question and to establish the “intervention logic”, i.e. the logic chain linking the policy and its objectives through its actions (inputs and subsequent outputs) to the results, which allows for a subsequent check if the needs as identified have been addressed properly. In the decision process, this creates the need for four distinguished steps with sub-steps or sub-questions to answer:

- Analysis of the initiative:
 - Is the underlying problem the initiative responds to unevenly distributed? How and why? How is it targeted by the initiative?
 - Does the initiative act unevenly? How and why?
- Reconstruction of the intervention logic:
 - What are the likely economic effects?
 - What are the likely environmental effects?
 - What are the likely social effects?
 - What are the likely governance effects?
- Identification of territorial significance
 - Which impacts can be considered as being significant
- Establishment of territorial patterns
 - Which kinds of regions are likely to be affected by which effects?
 - What is the reason for this likelihood of differentiated effects?
- TIA need assessment (if differentiated impact is likely)
 - Is the territorially differentiated impact intentional/by design?
 - Is there a need for policy action?

2.1 Analysis of the initiative

The first step is to analyse the initiative (including all presented options) to set the baseline for further assessment. The goal of this analysis is to distinguish between four possible cases:

- The initiative responds to an uneven problem but acts evenly on the territories (1st case)
- The initiative responds to an even problem but acts unevenly on the territories (2nd case)
- The initiative responds to an uneven problem and acts unevenly on the territories (3rd case)
- The initiative responds to an even problem and acts evenly on the territories (4th case)

Initiative \ Problem	acts <i>even</i> on territories	acts <i>uneven</i> on territories
<i>Is uneven</i> distributed	1 st case	3 rd case
<i>Is even</i> distributed	4 th case	2 nd case

Source: ÖIR

Depending on whether the initiative responds to an unevenly distributed problem (1st case) or acts unevenly (2nd case) or both (3rd case) a differing set of guiding questions is to be regarded in the ensuing steps. In a first step, the needs to be targeted as identified by the initiative in question have to be screened. This will create an idea about a “baseline scenario” against which the actions of the initiative can be assessed. In a second step, the objectives of the initiative and the subsequent actions taken have to be identified.

1. Needs	
Problem	What is identified as a problem to be addressed? What is the status quo and why and how is it supposed to change? What is the extent of the problem? How is the problem defined and marked out by the initiative?
Dimension	What is the EU dimension of the problem?
Drivers	What are the drivers identified? Who are the stakeholders/groups/institutions causing the problem or mainly affected by the problem?
Conclusion	<i>Are the main affected groups unevenly distributed among the EU?</i> <i>Does the problem addressed show a territorial differentiation in itself? (i.e. an initiative concerned with regulation of port facilities will primarily affect regions with ports or connected to ports, e.g. through trade)</i> <i>Are drivers identified unevenly distributed among the EU?</i>

Source: ÖIR, Better Regulation Toolbox

If the answer to any of the questions in the last group (“Conclusion”) is “Yes”, the problem addressed by the initiative can be considered unevenly distributed (= 1st case). Nonetheless, the second question of the initiatives actions has to be addressed, as a combination of 1st case and 2nd case can occur.

2. Initiative	
Objectives & Actions	What are the objectives set by the initiative? What actions does the initiative propose?
Territorial development	How would the territories develop without the initiative? Does the initiative directly address territorial issues (e.g. is funding earmarked for specific types of regions)?
Target groups	What are the target groups of the initiatives actions?
Conclusion	<i>Does the initiative treat different (types of) territories differently in the definition of objectives and measures directly?</i> <i>Would different territories develop unevenly in the absence of the initiative?</i>

Source: ÖIR, Better Regulation Toolbox

If the answer to any of the questions in the last group (“Conclusion”) is “Yes”, the acts taken by the initiative can be considered unevenly distributed (= 2nd case).

Example

The proposed “Work life balance for parents and carers directive” aims at providing a legislative backing for fathers taking a leave of absence from work to care for their children. Some member states already have implemented this method in their legal system, while others have not. Thus both the drivers as well as the affected groups are unevenly distributed among the EU. The directive however does not single out (types of) regions or member states, but applies to the same extent everywhere. It is thus a reaction to an unevenly distributed problem with even acting on the territories → 1st case

If either one or both cases show a likely territorial differentiation in the impacts of the initiative (1st, 2nd or 3rd case), the actual reconstruction of the intervention logic can be done in the next step, following the corresponding guidance questions to the case. If no territorial differentiation of impacts is likely (4th case), no territorial impact assessment is advised at this point.

2.2 Reconstruction of the intervention logic

For the purpose of this working step, a simplified “logic chain” following a set of guidance questions set out below can be drawn up. While the complete chain from needs to impacts has to be kept in mind, at this stage mainly the resulting impacts are of concern. Following the structure of impact assessments in the legislative process in general, the likely impacts should be structured along the four dimensions “Economy”, “Environment”, “Society” and “Governance”. For each of the four dimensions two types of guiding questions are provided, one for the 1st case described above and one for the 2nd case described above. For the 3rd case, both sets of questions have to be regarded. For each dimension, a subset of categories is provided to be checked for impacts being likely. At this stage, any possible relevant impact should be noted, without considering its significance yet.

Dimensions and categories

Economy

- GDP and Economic growth
- Sectoral status and growth
- SMEs
- Innovation and Research
- Technological development/Digital economy
- Trade and investment
- Competition
- Energy independence
- Economic cohesion
- Accessibility
- Infrastructure

Guiding questions – examples	
1 st case	2 nd case
Does the market share of SMEs within a region play a role in the initiatives impacts?	Does the initiative apply differentiated actions based on growth rates or economic performance?

Source: ÖIR

Example

The “regulation on CO₂ emission standards for passenger vehicles” is a 1st case initiative. It will show economic impacts strongly connected to the automotive sector in particular, thus affecting regions with a higher share of the automotive sector in employment or GVA stronger than other regions.

Society

- Working conditions
- Income distribution
- Social inclusion
- Health & Safety
- Social protection
- Education and Skills
- Security
- Cultural heritage
- Demography

Guiding questions – examples	
1 st case	2 nd case
Does the share of high-skilled inhabitants influence the initiatives impacts?	Does the initiative apply differentiated actions based on demographic attributes?

Source: ÖIR

Example

The “work life balance directive” is a 1st case initiative. It will show societal impacts connected to the gender income balance, as its effects are related to the share of women or men contributing to the household income. It will thus affect regions with a higher imbalance of gender income more strongly than those regions with comparably balanced income distribution.

Environment

- Air quality/water quality/soil quality
- Biodiversity
- Climate
- Waste
- Environmental protection
- Natural Hazards

Guiding questions – examples	
1 st case	2 nd case
Does the waste produced per capita in a region influence the impacts of the initiative?	Does the initiative specifically target regions with high risk in relation to natural hazards?

Source: ÖIR

Example

The “regulation on CO₂ emission standards for passenger vehicles” is a 1st case initiative. It will show environmental impacts connected to the share of cars per capita in a given region respectively the distance driven by car per capita. It will thus affect regions with higher distances driven stronger than those with lower distances driven..

Governance

- Crime & Security
- Good administration
- Administrative burden
- Fundamental rights

Guiding questions – examples	
1 st case	2 nd case
Does the prevalence of crime within a region have an influence on the initiatives impacts?	Does the initiative directly target specific marginalized groups?

Source: ÖIR

Example

The “regulation on a mechanism to resolve legal and administrative obstacles in a cross border context” is a 2nd case initiative. Mechanisms to resolve such obstacles have been applied already by certain border regions, however only with significant effort and only based on bilateral negotiations. The impact of the regulation thus will be stronger in those regions, which have not yet implemented national solutions, and will be able to work with the EU-framework in a less problematic environment.

Following the guidance questions, it can be established in which fields impacts are likely to occur and what impacts that are. It is advised to note both the fields and the justification relevant for each of the four dimensions, as in the next step, likely territorial patterns are to be identified which profit from solid justifications. Furthermore, the translation of the textual or tabular records into a systemic picture is advised as it can aid in the visualisation of logic chains.

2.3 Identification of Territorial significance

While the previous step explicitly aims at producing an overview of any possible impact without considering the significance, in the next stage, only significant impacts should be noted. This means an impact should be considered further on only if there is a clear and direct relation between the initiative and the resulting impact on the region. As per the Better Regulation Toolbox Tool #19, judgement on whether an impact is significant or not should rely on the following key factors:

- Relevance within the intervention logic – all parameters that directly contribute to the achievement of an objective
- Absolute magnitude considered in different territories
- Relative size for specific stakeholders – e.g. SMEs, specific industries...
- Importance for Commission horizontal objectives and policies

While additionally, no impact relevant to the political decision making should be left out, regardless of the abovementioned factors.

The list or picture of possible impacts established in step 2 can thus be reduced to significant impacts only along the criteria above.

Example

The “work life balance directive” is identified to show economic impacts connected to the GDP of a region, as the share of men taking parental leave will increase with the directive in force. The GDP effect however is neither a direct objective of the directive nor relevant in absolute magnitude or relative size. It therefore cannot be considered as a significant impact.

2.4 Establishment of territorial patterns

Following the list of likely significant impacts established, consideration has to be given to which territorial patterns that will probably lead to. In the next step, this will enable the person conducting the check to compare the intentions of territorial differentiated influence behind the initiative with the expected territorial differentiation based on the TIA process.

Based on the identified likely impacts and the justifications given, the following questions have to be addressed for each effect:

- Which kinds of regions are likely to be affected by which effects?
 - Based on the descriptions in step 2, identify the types of regions which fit them.
 - Try to summarize the types of regions by geographical location.
- What is the reason for this differentiated territorial effects?
 - Which properties of the types of regions lead to the distribution of impacts expected?
 - Try to summarize the types of regions by shared properties.

Example

The “port waste reception facilities directive” is clearly likely to impact coastal regions as well as regions with port facilities much stronger than other regions. The directive concerns only the facilities at ports (regardless of size or location), thus affecting regions located at or near the sea.

The result will be a broad picture of distribution of likely impacts for each effect. Subsequently, it can be investigated if the distribution is similar across effects, or if there are significant variations by thematic dimension.

2.5 TIA need assessment

The final step of the decision support consists of a comparison between the intentions and acts of the initiative and the actual expected impact distribution. Based on the analysis of the initiative in Step 1, and the following questions can be addressed:

- Which types of regions does the initiative target?
 - In the 1st case: is the implicit targeting of regions based on their properties part of the design of the initiative and thus intentional?
 - In the 2nd case: is the explicit targeting of regions based on their properties part of the design of the initiative and thus intentional?
- Which types of regions are likely to be actually affected by the initiative
 - Are likely territorial impact patterns evenly distributed among the impact dimensions?
- Do the targeted types of regions match with the actual likely to be affected regions?
 - If yes: are there spill-over effects or other types of regions affected, which are not targeted by the initiative? Which and why?
 - If no: Where are the differences and why?

Based on such a comparison, an initiative can be assigned to one of three possible outcomes.

Targeted regions match with likely affected regions

The likely territorial pattern across all significant impacts to be expected are as designed by the initiative. No significant variation in impact distribution is likely, and no regions not targeted by the initiative are affected.

⇒ No territorial impact assessment is advised

Targeted regions match partly with likely affected regions

The likely territorial impact patterns across significant impacts are only partly as designed by the initiative. Either there are variations in impact patterns in some thematic dimension, or there are general variations in impact patterns across all dimensions. The expected impact distribution varies significantly from the initiatives design. Either regions not targeted by the initiative are likely to be affected, or regions targeted are likely no to be affected.

⇒ A territorial impact assessment is advised

Targeted regions do not match with likely affected regions

The likely territorial impact patterns across significant impacts do not follow the patterns as designed by the initiative. There are variations in impact patterns in all relevant thematic dimensions. The expected impact distribution varies significantly from the initiatives design. Either regions not targeted by the initiative are likely to be affected, or regions targeted are likely no to be affected.

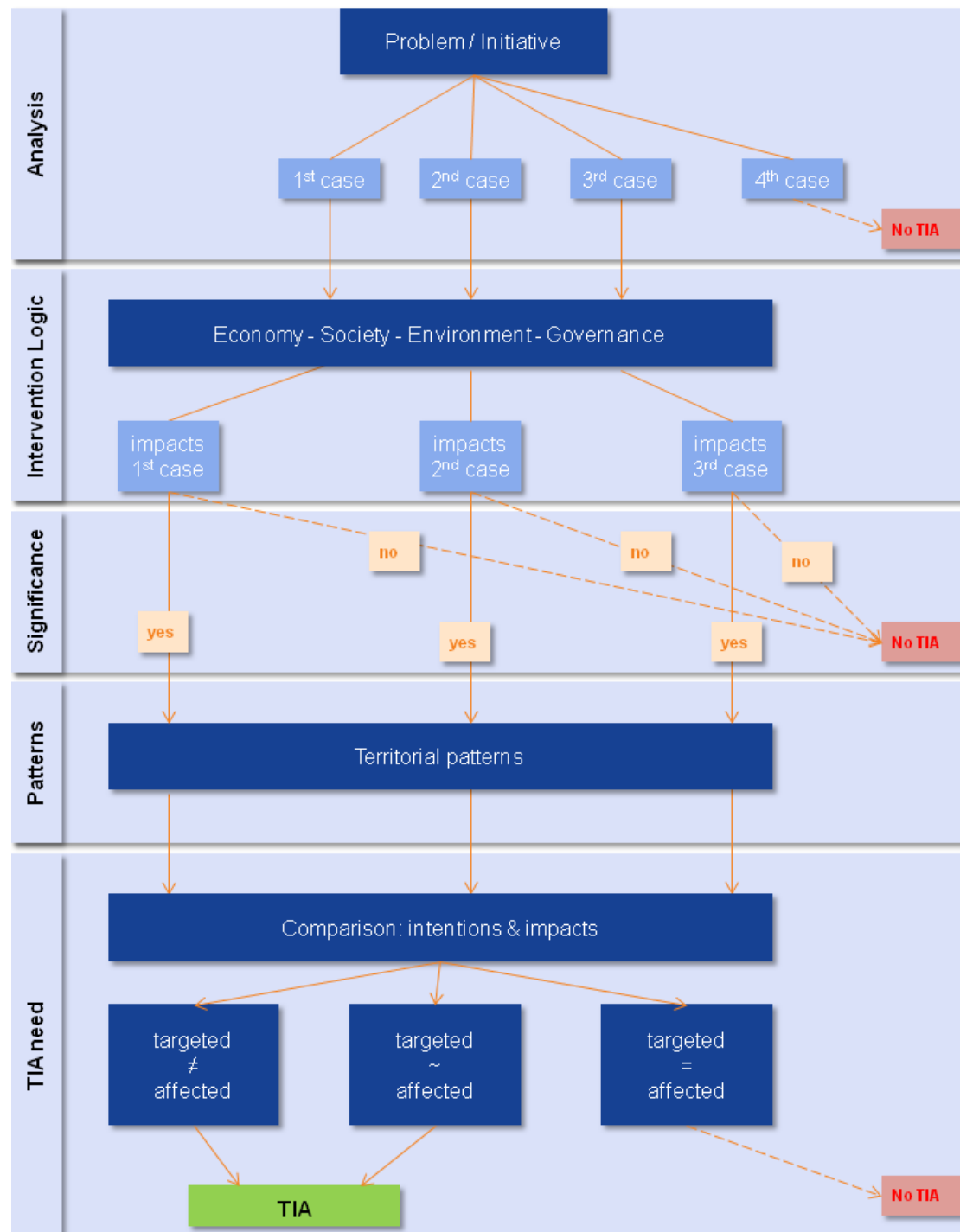
⇒ A territorial impact assessment is strongly advised

Example

The “port services directive” targets regions with sea- or inland ports. As ports often act as major hubs for the distribution of goods, effects can spill over to neighbouring or even further regions affecting their supply chains., while the main affected regions still are those with active ports on their territory. The targeted regions thus match partly with the likely affected regions and a TIA is advised.

3 Decision process flowchart

The following flowchart visualizes the decision process and its 5 steps as described above.



Source: ÖIR

4 Questionnaire

This section represents the hardcopy of the “TIA necessity check” online version available at <https://apps.espon.eu/TiaToolv2/check>. If preferred, one can use the paper version to perform the necessity check. However, please note that the online version can provide additional practical functionalities.

4.1 Analysis of the initiative

Uneven distribution of impacts can either be a result of the problem addressed by a policy being distributed unevenly throughout Europe, or a result of the policy acting unevenly by targeting specific (types of) regions. Please identify for your policy, following the guidelines provided if one of those cases holds true and select the corresponding option below. Summarize, which types of regions (e.g. “coastal regions” or “regions with a high share of people over 65”) are targeted explicitly or implicitly through the policy in the textbox below as well.

- ☐ The initiative responds to an uneven problem but acts evenly on the territories (C1)
- ☐ The initiative responds to an even problem but acts unevenly on the territories (C2)
- ☐ The initiative responds to an uneven problem and acts unevenly on the territories (C3)
- ☐ The initiative responds to an even problem and acts evenly on the territories (C4)

Describe the regional patterns

If you have selected C4, no TIA is advised, as both the addressed problem as well as the initiatives actions do not create territorially distributed impacts.

4.2 Reconstruction of the intervention logic

The intervention logic represents the logic chain linking the needs on which a policy is based on via the policy action to the expected impacts. Following the guidance provided, please draw up those logic chains in order to identify which impacts are to be expected by the policy. In order to streamline the process and following the structure of impact assessments, this simplified intervention logic is structured along the four dimensions “Economy”, “Environment”, “Society” and “Governance”. For each dimension, check which fields are likely to be impacted (multiple fields can be selected) and note how and why. The exemplary guiding questions will give you an indication on how to judge on impacts. Please include any impacts you identify as being likely, without regarding the significance. This will be covered in the next step.

Economy

Example questions:

(C1, 3) Does the market share of SMEs within a region play a role in the initiatives impacts?

(C2, 3) Does the initiative apply differentiated actions based on growth rates or economic performance?

- | | |
|--|--|
| <input type="checkbox"/> GDP and Economic growth | <input type="checkbox"/> Competition |
| <input type="checkbox"/> Sectoral status and growth | <input type="checkbox"/> Energy independence |
| <input type="checkbox"/> SMEs | <input type="checkbox"/> Economic cohesion |
| <input type="checkbox"/> Innovation and Research | <input type="checkbox"/> Accessibility |
| <input type="checkbox"/> Technological development/Digital economy | <input type="checkbox"/> Infrastructure |
| <input type="checkbox"/> Trade and investment | <input type="checkbox"/> other |

Society

Example questions:

(C1, 3) Does the share of high-skilled inhabitants influence the initiatives impacts?

(C2, 3) Does the initiative apply differentiated actions based on demographic attributes?

- | | |
|--|---|
| <input type="checkbox"/> Working conditions | <input type="checkbox"/> Education and Skills |
| <input type="checkbox"/> Income distribution | <input type="checkbox"/> Security |
| <input type="checkbox"/> Social inclusion | <input type="checkbox"/> Cultural heritage |
| <input type="checkbox"/> Health & Safety | <input type="checkbox"/> Demography |
| <input type="checkbox"/> Social protection | <input type="checkbox"/> other |

Environment

Example questions:

(C1, 3) Does the waste produced per capita in a region influence the impacts of the initiative?

(C2, 3) Does the initiative specifically target regions with high risk in relation to natural hazards?

- | | |
|---|---|
| <input type="checkbox"/> Air quality/water quality/soil quality | <input type="checkbox"/> Environmental protection |
| <input type="checkbox"/> Biodiversity | <input type="checkbox"/> Natural Hazards |
| <input type="checkbox"/> Waste | <input type="checkbox"/> other |

Governance

Example questions:

(C1, 3) Does the prevalence of crime within a region have an influence on the initiatives impacts?

(C2, 3) Does the initiative directly target specific marginalized groups?

- | | |
|--|---|
| <input type="checkbox"/> Crime & Security | <input type="checkbox"/> Fundamental rights |
| <input type="checkbox"/> Good administration | <input type="checkbox"/> other |

4.3 Identification of Territorial significance

In step 2 you have identified likely impacts regardless of their significance, however in the further process the significant impacts have to be singled out. As per the guidance provided, judgement if an impact is significant or not can be made along four key questions:

- Relevance within the intervention logic – all parameters that directly contribute to the achievement of an objective
- Absolute magnitude
- Relative size for specific stakeholders – e.g. SMEs, specific industries...
- Importance for Commission horizontal objectives and policies

For each field checked in step 2 where the impact is likely to be significant based on those considerations, please circle them or mark them in any other way.

4.4 Establishment of territorial patterns

You have indicated the likely significant impacts in the fields of Economy, Society, Environment and Government. Against this background, try to identify which regions/types of regions are likely to be actually affected by the policy

Describe the identified regional patterns

4.5 TIA need assessment

You have identified the regions/types of regions targeted explicitly or implicitly by the policy in step 1, and you have established the regions/types of regions likely to be affected based on the policy implementation with step 2 through 4. As a final step, compare the two assessments with each other and answer the following questions:

(Q1) Do the targeted types of regions match with the actual likely to be affected regions?

☐ Yes ☐ No

↳ (Q2) (If Q1 is “yes”) Are there spill-over effects or other types of regions affected, which are not targeted by the initiative?

☐ Yes ☐ No

(Q3) Are likely territorial impact patterns evenly distributed among the impact fields?

☐ Yes ☐ No

If you checked either of the following options:

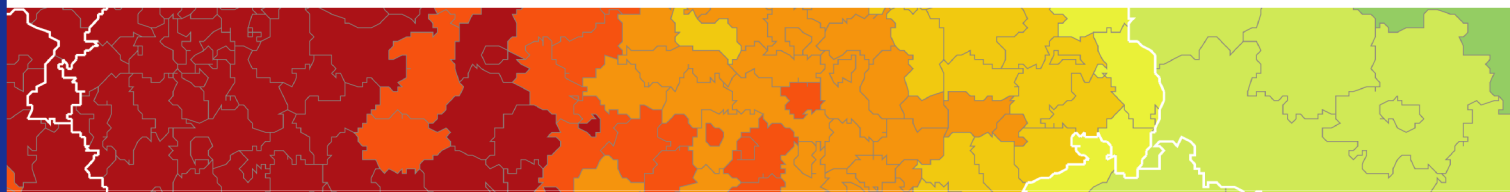
- “No” to Q1
- “Yes” to Q1 and “Yes” to Q2
- “No” to Q3

a TIA is advised. Conducting a fully fledged territorial impact assessment will provide both insights into the likely patterns of impacts across the European Union as well as help identify drivers and potential adjustment opportunities to achieve a more territorially equal impact of the policy. An option suggested by the Better Regulation Toolbox for conducting a territorial impact assessment is the ESPON TIA Tool which applies the TIA quick-check methodology. It combines quantitative data with expert judgement which are translated into maps of territorial impact distribution within a workshop setting. The results are then interpreted by the expert panel and summarized in a territorial impact assessment report. If you want to apply the ESPON TIA Tool, you can contact the ESPON EGTC for further advice.

If you checked:

- “Yes” to Q1 and “No” to Q2

A TIA is not advised.



ESPON 2020 – More information

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