

Bringing territoriality into Interreg

The territorial dimension of Interreg programmes and projects

Fiche #5: Functional areas as living labs for territoriality

Linking Interreg programmes and functional areas

Each programming period seems to have its key words and mantra. For 2014-2020 it was thematic concentration and result orientation. For 2021-2027 it is territoriality and functional areas. What are these functional areas all about and how are they linked to Interreg programmes (and projects)?

Territory and Functional Areas

When going through the legal texts for the 2021-2027 period, you will quickly notice that concepts of “territorial”, “place-based” and “integrated” approaches appear in both strategic and operational provisions of the regulations: in some places - explicitly, in others - in-between the lines. You will also spot multiple references to “functional areas”, and different tools like “integrated territorial investments”, “community-led local development”, “integrated territorial and thematic plans”, etc.

What is a “functional area”? What is behind “integrated development”?

*A functional area is a bounded space or geographical area formed by a set of **linkages**, **interactions** and **interdependencies**, which are defined by a certain function (e.g., education, health, employment, leisure activities).*

Functional relations define the boundaries of a functional area. This could include:

- **Linkages** (e.g., in the sense of transport links, rivers, cultural ties and heritage, mountain ranges as linking natural element albeit being a barrier from the perspective of interactions)
- **Interdependencies** (e.g., in economic supply functions of all kinds or in industrial production areas or between science hubs with institutions specialised in specific research and innovation strands or in river systems and river basins depending on the river, confluences, geomorphology and ground water systems)
- **Interactions** (e.g., commuter flows between cities and hinterland, trade flows, cross-border institution-building, supply chains)

The exact delimitation of a functional area depends on the significance or density of the linkages and/or interdependencies and/or interactions. This applies to cross-border as well as transnational areas. For transnational cooperation with not necessarily adjacent cooperation areas, functionalities can be found especially from joint characteristics, joint challenges and development potentials.

The perspective on functional areas is a way to look at territories! The concept of functional areas supports a comprehensive view on territories, their specificities and the interrelationships between different policy fields. It aims at new approaches to governance since there are many policy fields where approaches confined to administrative boundaries are neither supportive nor effective or efficient for policy development.

The use of functional areas is not a must but a new perspective potentially contributing to more effective programming and implementation!

Link between programme strategy and functional areas

The programming process starts with the diagnosis of the programme area, a certain territory, and identification of the existing linkages, interactions and interdependencies within it and beyond. In this process but also later during programme implementation, a programme can identify certain areas, known as **functional areas**, which perform certain functions (e.g., main education centers, employment areas, social activities, health care).

In the best case functional areas could act as “strategic catalyst” in programming and implementation. Functional areas can be defined or subject of projects in all Policy and Specific Objectives (SO) including the Interreg-specific Objectives (ISO).

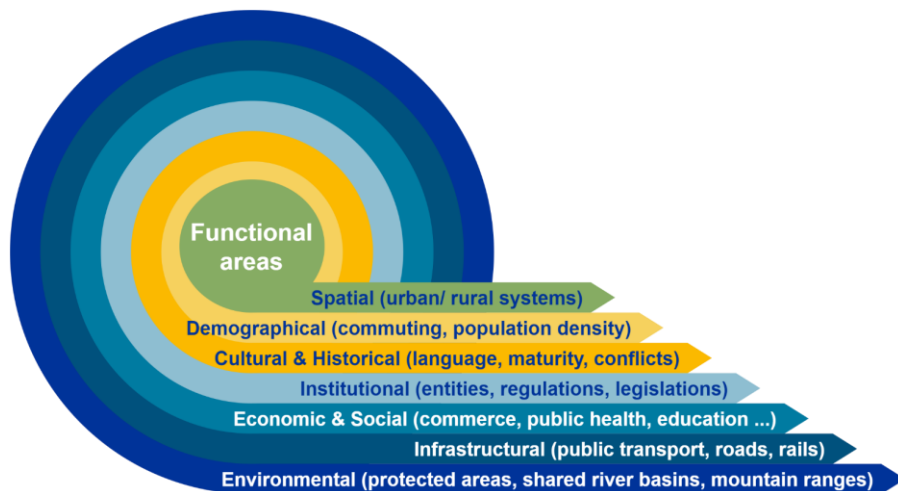
- Functional areas for each Policy Objective (PO) might look differently:
 - ✓ for PO 1 it might be a cross-border regional innovation system encompassing a number of universities and RDTI facilities and economic clusters highlighting smart specialisation, synergies and complementarities.
 - ✓ for PO 2 it might be a cross-border or transnational river system and its manifold functions as nature reserve, waterway, source of hydro-electric power and the need to contain flood risks.
 - ✓ for PO 4 it could be a cross-border Functional Urban Area and its specific challenges and obstacles linked to a cross-border labour market.
- Functional areas such as a cross-border Functional Urban Area (FUA) might be a key element to shape programme-specific approaches in several POs. Policies of relevance for the FUA might range from RDTI clusters (PO 1), adaptation to climate change or circular economy (PO 2), development of green urban transport (PO 3), active labour market policy for marginalised groups (PO 4) to integrated development approaches such as smart city development under PO 5.
- Governance is a key aspect for all types of functional areas. Work for functional areas usually means to work across administrative borders and to join forces across sectoral silos. The Interreg-specific Objective “better cooperation governance” (ISO 1) is open to this type of projects.

In the context of Interreg, which is about territorial cooperation and development, functional areas should stretch across borders or countries and should not be located only within one country. It is also possible that a functional area goes beyond the programme area, which is no problem for project generation and implementation since eligibility of funding is no longer connected to the location. In transnational programmes approaches such as policy-learning and shared capacity-building or the development of new governance models for functional areas across several countries might be interesting themes for truly territorial projects.

Finally, since the concept of functional areas is a versatile approach, it is possible that there is more than one functional area within a single programme (area). Having identified functional areas within the programme area during the programming process, an Interreg programme should include them in its Interreg Programme (IP).

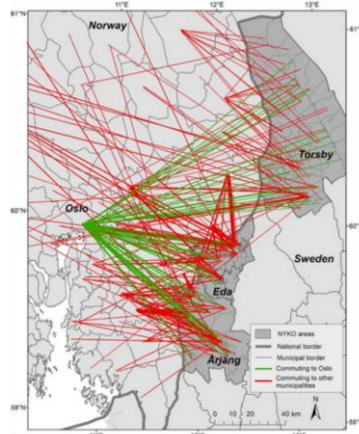
The notion of functional areas is not connected to regulatory obligations, i.e., strictly from the regulations' perspective, programmes are not obliged to provide support to functional areas. However, if a programme looks at its territory objectively, wants to implement the programme effectively and in the most efficient way and with the highest impact, then functional areas are a "must" in the programme area. It is about objectively understanding the territory, identifying common needs and assets, and providing support along those needs and assets.

There are many dimensions to the functional areas:



How could a functional area look like? How to identify a functional area in my programme?

There are plenty of [resources](#) available with examples of functional areas. Below you will find a couple of examples of functional areas.



Commuting in a Swedish (Swedish Värmland County: Torsby, Eda and Arjänd) - Norwegian context

- A long history of flows of people, goods and services; similarity of languages, societal structures, cultural values.
- Institutional cooperation - a border service that handles questions from citizens and companies about mobility across the border (Grensetjänsten).
- Reasons for commuting:
 - employment (mainly from Sweden to Norway);
 - tourism and leisure activities, shopping (Norway to Sweden).



Galicia - Northern Portugal

- High social, economic and cultural interrelations between both regions; "sea-related economies".
- Similar language, weather, culture, landscape, natural environment, gastronomy; both are peripheral areas.
- Institutional cooperation - an EGTC Galicia - Norte Portugal.
- Reasons for commuting:
 - commercial and trade;
 - leisure and tourism.



Helsinki - Tallinn cross-border region

- Spatial, cultural, historical and linguistic proximity.
- Strong economic bonds; dynamic ICT, start-up environment; technologically sophisticated public services; "entrepreneurial knowledge region".
- Institutional cooperation - twin cities since 1991, Helsinki-Tallinn EUREGIO.
- Reasons for commuting:
 - employment (from Tallinn to Helsinki mainly);
 - leisure and tourism, culture.

Sources: (Example 1) [Link](#) (Example 2) [Link](#) (Example 3): [Link](#)

How to link a functional area and your programme?

An obvious challenge is to put that into practice sitting in front of the map of your programme area. What could be meaningful approaches to functional areas in my programme?

The following table presents a tentative overview on Policy Objectives, criteria for the delimitation of functional areas and possible strategy elements, which could be fostered in cooperation projects and hence by your programme.

PO	Exemplary key elements of functional areas	Exemplary criteria for delimitation of functional areas (administrative borders as proxy)	Examples of related strategy elements (towards integrated territorial strategies)
PO 1	Regional innovation systems and their main hubs	<ul style="list-style-type: none"> Mix of statistical criteria (e.g. those employed in RDTI) and knowledge about hubs Cluster mapping 	<ul style="list-style-type: none"> RDTI infrastructure Education and skills development Enabling infrastructure (transport, ICT) Cluster development
PO 2	Cross-border / Transnational river systems	<ul style="list-style-type: none"> River(s) and main confluents Geomorphology Ground water systems 	<ul style="list-style-type: none"> Nature protection Water management Flood protection Water tourism
	Cross-border / Transnational Natura 2000 areas	<ul style="list-style-type: none"> Defined Natura 2000 areas and key visitor flows 	<ul style="list-style-type: none"> Management Visitor guidance Awareness-raising and local acceptance Nature tourism development based on sustainable transport and smart last mile approaches
	Sea basins	<ul style="list-style-type: none"> Geomorphology Defined hinterland zone (e.g. xy km) 	<ul style="list-style-type: none"> Protection of vulnerable coastal zones Maritime Protected Areas Integrated Maritime Spatial Planning Integrated coastal zone management Waste management
PO 3	TEN-T corridors	<ul style="list-style-type: none"> TEN-T corridor and main secondary feeder road / rail systems Major cities along those connections Commuter and transport flows 	<ul style="list-style-type: none"> Efficient land use Industrial development Economic development Sustainable transport strategies Tailored last mile solutions
PO 4	Functional Urban Areas (FUAs)	E.g., OECD definition based on population density and commuter flows	<ul style="list-style-type: none"> Active labour market policies Education and employment for marginalised groups
PO 5	Sea basins	<ul style="list-style-type: none"> Geomorphology Defined hinterland zone (e.g. xy km) 	Integrated multi-sectoral strategy based on: <ul style="list-style-type: none"> Nature and maritime protection Blue economy development Waste management and circular economy Coastal tourism and integrated port development Skill development for youth
	Functional Urban Area	E.g., OECD definition or a European Grouping for Territorial Cooperation (EGTC) (such as the EGTC Eurometropole Lille-Kotrijk-Tournai) or urban-rural functional area	Integrated multi-sectoral strategy for sustainable urban development based on: <ul style="list-style-type: none"> Spatial planning Transport planning Circular economy development

Link between functional areas and integrated territorial strategies

The concepts of functional areas and integrated territorial development are closely related. They invite you to look at the place first, to consider involving multiple actors from different levels and in case of Interreg to look across borders. The aim is the territorial development based on an integrated strategy. Integrated means multi-sectoral. Sectoral policies shape the development path of territories. There are obvious interrelations between sectoral policies: e.g., between workplaces and transport systems or labour market policies and the education systems.

The major challenge for integrated development is to support the development of a coordinated set of policies. A key point is to build or to strengthen horizontal (i.e., across sectors) and vertical coordination mechanisms (across tiers of government and administration) in the sense of multilevel governance.

When it comes to integrated territorial strategies, it is useful to look into the principles of the **place-based approach**. The [Barca Report](#) (2009) made the approach quite popular: the underlying key idea is that policies happen in a territory.

A place-based policy is a long-term strategy aimed at tackling persistent underutilisation of potential and reducing persistent social exclusion in specific places through external interventions and multilevel governance. It promotes the supply of integrated goods and services tailored to contexts, and it triggers institutional changes.

(Barca Report, 2009, p. VII)

Place-based development policy (cf. Barca Report, p. 5) rests on:

- *a long-term development strategy whose objective is to reduce [...] inefficiency and inequality [...] in specific places,*
- *through the production of bundles of integrated, place-tailored public goods and services designed and implemented [...] through participatory political institutions, and by establishing linkages with other places; and*
- *promoted from outside the place by a system of multilevel governance [...].*

This fiche is part of series of fiches on ‘Bringing territoriality into Interreg’

- Fiche #1: Why territoriality?
- Fiche #2: Territoriality – What is it all about?
- Fiche #3: A truly territorial project – Some examples
- Fiche #4: Interreg and the Territorial Agenda 2030
- **Fiche #5: Functional areas as living labs for territoriality**
- Fiche #6: Programme and project life cycle – Promoting territorial projects
- Fiche #7: Programme and project life cycle – Promoting territorial partnerships
- Fiche #8: Programme life cycle – Focus: Project selection

For further information please contact:

Philipp Schwartz
t: +358 40 556 4237
philipp.schwartz@interact-eu.net

Bernhard Schausberger
t: +43 664 88 32 5381
bernhard.schausberger@interact-eu.net

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