

## Participation in the INTERACT event 'Functional areas as living labs for territoriality'

### *Importance of functional area approaches*

- The pandemic has changed the way we live in and think about our territories: the way we work, the way we move, our consumption habits, our relationship with local communities and nature. It helped us realise how much **neighbouring territories need each other**. People need to cross borders for their everyday life as they often live elsewhere than where they work. They want to enjoy both the benefits of the urban agglomeration and the amenities of rural areas. Urban residents need space, green area to breathe freely and safely, and benefit from shorter value chains and local products. Rural residents need access to education and health care services often provided in cities.
- We also need a **territorial cooperation and better functioning urban-rural ecosystems to achieve just, green and digital transition**, and to build sustainable recovery and resilience in the post-COVID-19 world. Well-coordinated functional areas can achieve higher productivity, more efficient use of resources and ensure better access to public services.
- No surprise that the importance of **functional approaches and interjurisdictional cooperation is more and more recognised at EU and international level**. Functional area cooperation became a cornerstone of sustainable regional and urban development, and it is recognised in the UN New Urban Agenda, the OECD principles for urban and rural policy, the New Leipzig Charter, the Territorial Agenda 2030, just to name a few.
- A good policy is a policy which addresses **real needs and potentials**. Hence, the first step should be to define those needs and potentials. These may significantly differ from one territory to another. This is why we promote a territorial approach: different policies for different territories need to be tailor-made to the specific needs and potentials.
- The second is how to **define the territory** on which to design and implement policies. It cannot be defined with administrative boundaries in mind as the needs and potential can be different within a single administrative unit and needs and potentials often go beyond administrative borders. Hence, we need to use another concept: the functional area.
- A functional area is a territory that operates as a **single system that is defined by common challenges and frequent interactions and interdependencies**. In other words, there should be links and interactions between territories and people living there. The more functional linkages in an area, connections between its inhabitants, businesses or administrations and joint interests, the more cohesive the area becomes.

*Role of functional areas in cohesion policy*

- **Cohesion policy is no exception in recognising the important role of functional areas.** The functional area approach can help overcome fragmentation and inefficient actions caused by administrative boundaries, and ensure a more coordinated action between territories.
- **The territorial dimension of cohesion policy has been reinforced** for the 2021-2027 period. **A new Policy Objective 'A Europe closer to citizens'** has been introduced, which will support tailor-made investment strategies at the relevant territorial scale below the programme area, where people work, live and commute daily.
- **We encourage Member States to make use of this new policy objective and the territorial tools (ITI, CLLD, other territorial tools)** to programme and support integrated territorial and local strategies to help functional territories to address their diverse challenges, and tapping into their joint development potentials.
- **At least 8% of the European Regional Development Fund will support sustainable urban development strategies.** This support entails an integrated and place-based approach that empower local authorities to decide on the projects to implement their integrated and sustainable urban strategies.
- When supporting sustainable urban development, **Member States must pay specific attention to support the green and digital transition, and also to functional urban areas and urban-rural linkages.** It is important that urban strategies look beyond administrative borders and operate for the benefit of their wider territory.
- At the same time, the ERDF will **pay attention to disadvantaged areas and support rural and remote areas** as well to make the most of their potential and address their unique set of issues (ensuring access to public services and jobs, developing accessibility and connectivity, retaining population, link with small and medium cities etc.). Thus, functional areas can contribute to achieve the **Long-Term Vision for Rural Areas.**
- Many Member States already did a great effort in embracing functional area approaches in the previous **2014-2020 programming period**, where around **one third of the urban strategies** were set up at the scale of functional urban areas, and there are **positive examples also in the cross-border and non-urban territorial context.**

*Functional area approaches in Interreg and Interact role in strengthening the territorial dimension*

- We live at a moment in European history when strengthening cooperation across borders is more valuable than ever.
- This concept of functional areas is at the heart of cohesion policy and even more of territorial cooperation as it makes clear that **policies cannot be designed separately by each side of the border** but that they have to be done jointly on the joint territory that people share in their daily lives (across the border).

- In fact, the willingness to **work together on common issues** in an area confronted with similar needs and seeing joint opportunities may actually be a starting point to unearth unused potential, pool resources and strengthen linkages. This way a functional area can be born. From there, border regions can develop joint governance systems, establish joint integrated strategies, implement joint actions and - ultimately - have compatible administrative and legal systems.
- In a sense, Interreg programmes can thus not only support existing functional areas but also bolster development of new ones, and foster linkages in more fragile contexts.
- This is why the Commission has consistently put forward the **need to organise the programme strategy around functional areas** in the coming programming period for Interreg: through the programme's intervention logic, through the policy objective 5 and through the Interreg specific objectives on governance.
- We are grateful for the **work of Interact that helped programmes** to explore the possibilities and tools to strengthening the territorial dimension of Interreg, and glad to see **promising examples of cross-border functional areas** in many different border regions.

*Concluding points and REGIO support to the uptake of functional area approaches*

- It is key that EU funds are put at the service of high quality and forward-looking strategies and policies, and that **coherence and synergies** are developed between instruments and actions and the most relevant territorial scale.
- Delivering along with the functional area approach requires time, careful preparation and adequate administrative capacity, and we are ready to support this process.
- We will also support national ERDF programmes. **REGIO will launch a new pilot project with the World Bank** aimed at supporting authorities in national programmes in making functional areas operational and ready to plan and finance public investments across administrations in effective and efficient manner.
- The selected functional areas will receive technical support from April 2022 to April 2023 to address their key interjurisdictional development challenges, and their experience will feed into a methodological tool-kit. **Although this project is targeting functional areas within one country, the findings can be useful also for cross-border functional areas** in the EU to improve coordination, planning and implementation across jurisdictional boundaries.
- **For Interreg, we will continue working on the functional areas in the coming months** through a working group on the territorial approach under Interact and through further work on these issues with the regions.

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