Espon 3.3 project, named “Territorial Dimension of Lisbon-Gothenburg Process”, is an Espon cross-thematic project and its purpose is to obtain the measure to be competitiveness in sustainability into the territorial dimension of national and regional levels, for orienting the future distribution of the Structural Funds. We know Competitiveness (by Lisbon strategy) as a complex concept. It’s even more complex if we engage it with sustainable development (Gothenburg). So, for the Espon Program it means thinking both at the global scale (the scale of common principles and policies) and the local scale (the scale of particular programs and projects), looking at real territorial differences (single areas in different regions).

The Contextualisation of 3.3 project is:

- The Revision of Structural Funds after 2006 to have full coherence with dictates of Lisbon (2000).
- An European Union which points to catch up, within 2010, “an economy based on the more competitive and dynamics economy”, full employment, equipping itself of a method “of open coordination”.
- The economic and social increase which becomes a support for a sustainable policy of cohesion towards integration of the environmental dimension (Council of Göteborg, 2001)

Some European reports are at the base of these reflections:

- The Kok Final Report: “Facing the Challenge. The Lisbon Strategy for growth and employment” (November 2004);
- The study “Adaptation of Cohesion Policy to the Enlarged Europe and the Lisbon and Gothenburg Objectives” by the European Parliament's Committee on regional development (provisional version, January, 2005);
- The Communication from Mr. Almunia (2005) to the Commission “Sustainable Development Indicators to monitor the implementation of the EU Sustainable Development Strategy”.
The conceptual organisation of the Espon 3.3 project is focused on providing some tools and indications towards the policy solutions to some major issues that EU is asked to answer in a short time. Particularly, it is focused on how to reach a cooperative solution for the territorial use of the Structural Funds on the base of the distinctive structural characteristics that make a territorial area a subject in a global market in order to the provisional re-vision of Lisbon/Gothenburg Agenda in 2005 and its indicators.

To have Competitiveness in sustainable development, the ESPON 3.3 project studies the economics competitiveness as a system, as well as the territory and the environment, to calculate the carrying capacity of the economic/territorial/environmental systems at national (spatial systems) and regional scale (large areas) to be “competitive in sustainability”.

In the 3.3 project, this concept is to be distinguished from that of “sustainable competitiveness”, commonly intended only in economic terms; identifying the territorial differences will mean providing the European regions and states with both cooperative possibilities on the basis of common carrying capacities and different chances to access the competitiveness arena (Structural Funds).

The research integrates the traditional ideas/indicators of competitiveness and sustainability, defining a territorial competitiveness in sustainability

Competitiveness in sustainability is able:

- to sustain the market competition through those endogenous factors that differentiate the EU territorial whole/systems (mix of social, environmental, economics indicators influencing the regional ranking within the enlarged Europe and in the international context);
- to face market competition with scenarios capable of guaranteeing environmental, social, cultural and economic sustainability;
- to have some management faculties (components) capable guaranteeing territorial competitiveness: awareness of its innovative capacity, organisation in networks, capacity to integrate the different sectors and levels of activities, to cooperate in and with other territories, to involve different public and private subjects and institutions, to have both a global, coherent vision respecting the use of local resources, to organise international, European, national, regional policies in a subsidiary vision.

This concept is to be distinguished from that of “sustainable competitiveness” which is commonly intended only in economic terms:

i) sharing at UE level a new and common proposal
ii) looking for new measuring and interpretative models
iii) being better linked to the territorial reality and its organisation and management
iv) developing common programs and territorial plans
v) supporting transnational co-operation

The approach adopted to date appears to concentrate on polycentric development.

Working hypotheses and main aims of the research project are:
integrated the literature review presented in the FIR and SIR, some following scientific and innovative hypothesis are applied to the ESPON 3.3 project:

- 1) In order to obtain the Lisbon-Gothenburg objectives, it is necessary to work within a systemic vision (Von Bertalanffy General Theory, 1969), pursuing its application into economic-territorial analysis and planning choices (Prezioso, 2003);
- 2) At the same time, both economy, territory and environment will be considered as a system. So such systems can be considered typical and representative characters of a region (according to the most recent international geographical literature) and in this vision they can be studied in order to provide a territorial vision of the application of the Lisbon-Gothenburg strategy;
- 3) The carrying capacity of the economic/territorial/environmental systems is the basis for regions (large areas) and states (spatial systems) to be “competitive in sustainability” (see DEFINITIONS into SIR).
- 4) The Strategic Environmental Assessment (SEA, Dir. CE/2001/42) is the logical common standard procedure to evaluate the territorial carrying capacity in a modern and comprehensive vision (the start-up to be competitive in sustainability);
- 5) The GIS is the best instrument to manage the complexity of the knowledge in a territorial system and the single processes that drive them and their carrying capacity (to be competitive within the sustainability threshold)

The methodological approach is based on a qualitative-quantitative conceptual theory and used the results of other ESPON projects, too, to calculate the territorial capability, i.e. the capacity of the territory to produce value and to own competitiveness/rank in sustainability at different levels.

- The new point of view on territorial competitiveness in sustainability is based on a revision of the Porter’s Diamond and its integration with new structural indicators (determinants) able to put objectively in comparison European Member States and their regions
- This 3.3 project reconsiders the indicators’ relationship in the vision of the Sustainable Territorial Management Approach – STeMA.
- It implies continuous confrontation and updating to increase the levels of awareness and participation to the development choices.
- It defines the “playground” for every determinant, to calculate the state and the risk of compromising the system/determinant with respect to the Structural Funds plan.

The methodological approach is based on a qualitative-quantitative conceptual theory and used the results of other ESPON projects to calculate the territorial capability. The new point of view on territorial competitiveness in sustainability is based on a revision of the Porter’s Diamond and its integration/overwrite with Lisbon/Gothenburg Agenda (2005) on the base of Proposals of the European Commission COM(2004) 495 (ERDF) ; COM(2004) 494 (Cohesion Fund) and Almunia’s indicators:

- Innovation & Research (ICT, R&D, Innovation, Human capital, Age)
- Global/local interaction (ICT, R&D, Innovation, SMEs, Human capital, Employment, Transport)
• **Quality** (SMEs, Human capital, Employment, Climate, Public health, Natural resources, Poverty, Transport, Age)
• **Use of resources and funds** (ICT, Innovation, Employment, Human capital, Age, Climate, Public health, Natural resources, Poverty)

The 3.3 project reconsiders the indicators’ relationship in the vision of the *Sustainable Territorial Management Approach* – STeMA.

It defines the “playground” for every determinant and contribute to determine the *status quo* and *vulnerability judgments*, to calculate the state and the risk of compromising the system/determinant with respect to the Structural Funds plan.

The data base of the project is linked with other ESPON projects and use made of other ESPON results, typologies, methodologies, i.e. the territorialization of the results (U/R typologies + MEGA + Fua).

In the First phase of the study, the 3.3 TPG decided to make two complementary mapping activities to perform a comparison:
• **The first** based on the short-list of indicators (12 of the 14 “Spring Report” indicators)
• **The second** related to the new methodology only for the determinant “Innovation & Research”

The maps included in the SIR concern the determinant “Innovation and Research”.

Data refer to the year 2001, with few exceptions, scattered across nations/indicators, ranging at most +/- 2 years.

As a general rule, the classification of the data values in 4 ranks for the successive combinations and processing, has been performed taking into account the average and the standard deviation of the distribution of indicators’ values across the nations.

At the moment, the number and the “recipe” of indicators’ combination is being changed towards the possibility of NUTS2 mapping; the above approach to territorial ranking will therefore become more statistically significant.

**In the first case** (by “Spring Report” indicators) the indicators are grouped into three blocks: (1) environmental indicators, (2) social indicators and (3) economic indicators. TPG are discussing about it. Consequently, the results are only indicative in a very sketchy way and should not form the basis for any far-reaching conclusions.

The first project results show the result of the Determinant “Innovation & Research” according to the II method described in the SIR and its revision and the typology level to arrive at it.

The approach to combining heterogeneous indicators has been a mix of matrix ranking and weighted performance analysis, using a single ranking method, based on a “hierarchical” matrix class reduction.

This approach takes on the Modified Porter’s Diamond and the new determinants and the connection of the determinants to the territorial typologies to have a territorialisation of
Lisbon/Gothenburg strategy, i.e. the **territorial capability to be competitiveness in sustainability** at regional and national level.

At the moment we have processed only the national level and we are working about the GIS network and data availability.

In order to respond to the above mentioned objectives, both assessing the territorial dimension of the Lisbon/Gothenburg Strategies and identifying the extent to which the policy framework defined in the ESDP has been integrated, choosing the sample region should obey to a series of relevant criteria, as the following:

i) to secure the ‘representability’ and geographic diversity of the EU, by opting for case studies as they possess different competitiveness profiles and distinct patterns of social cohesion and sustainability;

ii) to take into consideration a variety of spaces, keeping in mind:
   a. the population structure and its incidence in areas with urban and rural characteristics (via typologies referring to the Functional Urban Areas and to urban-rural relationships);
   b. the relationships between urban and rural areas via the typology referring to urban-rural relationships);
   c. the cities’ growth dynamics (via the typology referring to the Functional Urban Areas/MEGAs);
   d. the accessibility/connectivity, introducing a dimension of territorial integration that deals with spatial integration capacity (via the PIAs typology);

iii) to secure that it represents regions with different potentials and handicaps, reflecting the diversity of the enlarged EU. Thus, we consider the classification of regions by type of issues and structure of EU funding by their identification in Objective 1 and Objective 2 regions;

iv) to secure a multi-level approach, implying that sample regions will be able to correspond to NUTS3 or groupings of two or more NUTS3 (which may comprise a NUT2). In choosing these multi-level cases, we shall seek to understand what type of relationship exists between the various NUTS3 and whether they contribute towards an **increase in integration/cohesion** among the various sub-regions (NUT3).

About the project **Policy Recommendations**, at the moment it has been made a comparison among the issues concerning the several ESPON projects in order to point out any disparity connected with the competitiveness within the framework of sustainable development (Creation of a new objective ‘regional competitiveness and employment; - Territorial cooperation programmes based on the Lisbon and Gothenburg priorities).

The first results suggest:

Policy recommendations have generally been organised according to level of governance (European, national, regional, alternatively referred to as macro, meso and micro). In some others it has been considered more appropriate to provide recommendations according to geographical region:

- To substitute the open method of coordination (OMC) introduced by the Lisbon Strategy because it had not proved satisfactory (i.e. OMC can be useful in reforming
regulations or defining shared policy objectives, but it is not suited to the management of the Structural Funds or to the conduct of common policies)

- More interinstitutional integration by planning and project co-operation to stop the more accentuated competitive tensions at regional level (i.e. more coordinated policies on fiscal matters)

- To straight real policies of internal cohesion within the Member States

- there is a need for greater synergy with national policy, in particular as regards sectoral policies with a major impact on regions

- the obligation of making combined use of the three Structural Funds in order to finance the regional development programmes, integration enabled the yoke of sectoral policies to be broken. It became a classic approach for resolving social problems, problems of unemployment, the struggle against social exclusion, and for leading to operations involving urban renewal, rural development or treatment of industrial wasteland.

- Network cooperation is particularly embodied in the Community Initiative Programmes (CIPs), such as INTERREG, EQUAL, URBAN and LEADER. In order to stimulate innovation, the Union encourages regions or towns faced with similar problems to exchange experiences and to use their diversity and their complementarity in order to make progress

- .It provides them with methodological support in the shape of technical assistance. Recourse to “calls for projects” rather than to administered management of measures also gives more dynamism to local projects that are opened up to competition

- To make increased use of private funding

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Summary – The paper aims to introduce some remarkable results about the transnational ESPON research project called «Territorial dimension of the Lisbon/Gothenburg Strategy» obtained by the STEMA Approach and to suggest how the new Structural Funds can sustain the EU national/regional territorial capability to be competitive in sustainability. By an innovative methodological approach and the use of appropriate indicators, the concept of territorial capability identifies the territorial endogenous differences to have new cooperative possibilities of development into the competitiveness arena, modifying and implementing some traditional economic backgrounds issued from Porter and Krugman studies.
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