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to: Mr Uwe CORSEPIUS, Secretary-General of the Council of the European  
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**COMMISSION STAFF WORKING DOCUMENT**

**Assessing territorial impacts: Operational guidance on how to assess regional and local impacts within the Commission Impact Assessment System**

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## COMMISSION STAFF WORKING DOCUMENT

### Assessing territorial impacts: Operational guidance on how to assess regional and local impacts within the Commission Impact Assessment System

#### 1. INTRODUCTION

This document explains what it means to assess territorial impacts, why it can be useful, when to use and how to do it.

The Impact Assessment guidelines<sup>1</sup> contain many references to the territorial dimension. For example, the guidelines ask the following questions (*emphasis added*):

- Will it have a specific impact on *certain regions*?
- Is there a single Member State, region or sector which is disproportionately affected (so-called 'outlier' impact)?
- Does it affect *equal access* to services and goods?
- Does it affect *access* to placement services or to services of general economic interest?
- Does the option affect *specific localities* more than others?
- Does the option have the effect of bringing *new areas of land* ('greenfields') into use for the first time?
- Does it affect land designated as *sensitive* for ecological reasons?
- Does it lead to a change in land use (for example, the divide between *rural and urban*, or change in type of agriculture)?

This document provides operational and methodological guidance on how to answer these questions. This guidance only complements the Impact Assessment guidelines<sup>1</sup> and does not create additional reporting requirements. It is a tool that can be helpful to enhance policy coherence of policy proposals.

The objective of assessing territorial impacts is essentially to do an impact assessment with a territorial focus. It is not limited to a specific policy domain. As a result, the assessment of social impacts<sup>2</sup> and competitiveness proofing<sup>3</sup> are entirely compatible with an assessment of territorial impacts.

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<sup>1</sup> SEC(2009) 92 [http://ec.europa.eu/governance/impact/commission\\_guidelines/docs/iag\\_2009\\_en.pdf](http://ec.europa.eu/governance/impact/commission_guidelines/docs/iag_2009_en.pdf)

<sup>2</sup> Guidance for assessing Social Impacts within the Commission Impact Assessment system <http://ec.europa.eu/social/main.jsp?catId=760&langId=en>

<sup>3</sup> Operational guidance for assessing impacts on sectoral competitiveness within the commission impact assessment system SEC(2012) 91 [http://ec.europa.eu/enterprise/policies/smart-regulation/impact-assessment/competitiveness-proofing/index\\_en.htm](http://ec.europa.eu/enterprise/policies/smart-regulation/impact-assessment/competitiveness-proofing/index_en.htm)

This type of assessment has become more realistic due to the substantial increase in regional, local and spatial data. This increase in data has many sources, including the use of register data, the use of geographical information systems and satellite imagery. The growing awareness of and the interest in the territorial dimension has also helped to boost the production of more sub-national indicators. In addition, the European Commission, with the help of the OECD, has established a wide range of harmonised regional and local typologies, which can be an extremely useful tool for this type of work.

The guidance provided here responds to a request from the Member States, expressed in the debate<sup>4</sup> following the 2008 Green Paper on Territorial Cohesion<sup>5</sup> and under the Polish EU Presidency in 2011 as part of the Territorial Agenda process<sup>6</sup>.

Several good examples of Commission impact assessments with a strong territorial dimension can be found on the Impact Assessment website<sup>7</sup>. In particular, the assessments of the Common Agricultural Policy for 2014-2020 and of the White Paper: Roadmap to a Single European Transport Area include detailed assessments of territorial impacts.

## 2. WHAT DOES ASSESSING TERRITORIAL IMPACTS MEAN?

Assessing territorial impacts helps to identify whether a policy option risks having a *large asymmetric territorial impact*, also known as an 'outlier' impact.

Territorial means primarily using a more *spatial* approach to analysing the impacts. It refers to a number of different spatial angles:

- Administrative or political levels such as: macro-regional, national, regional or local level
- Types of regions or areas such as: border regions, rural areas, coastal areas ...
- Functional areas such as: river basins, labour market areas, service areas ...

Asymmetric means that there is highly unbalanced spatial distribution of the costs and benefits. This is important as a large asymmetric impact may reduce support for the policy and can create problems and delays during the implementation.

## 3. WHY ASSESS *TERRITORIAL* IMPACTS?

Commission policies can benefit from assessing territorial impacts. Before deciding on a particular policy, assessing territorial impacts could show in a quantitative or qualitative manner which areas or regions may face the highest costs or benefits. If these costs are distributed in a highly asymmetric manner, the policy could be adjusted to reduce the costs of the policy on the most affected regions. If the policy itself cannot be adjusted, mitigation measures including the creation of another instrument to reduce the burden on these regions or areas should be investigated.

Three short examples can illustrate the potential regional differentiation of impacts.

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<sup>4</sup> COM (2009)295 [http://ec.europa.eu/regional\\_policy/sources/docoffic/official/reports/interim6\\_en.htm](http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/interim6_en.htm)

<sup>5</sup> COM (2008)616 final [http://ec.europa.eu/regional\\_policy/archive/consultation/terco/index\\_en.htm](http://ec.europa.eu/regional_policy/archive/consultation/terco/index_en.htm)

<sup>6</sup> <http://www.eu-territorial-agenda.eu/PresidencyConclusions/Forms/AllDocs.aspx>

<sup>7</sup> [http://ec.europa.eu/governance/impact/ia\\_carried\\_out/cia\\_2012\\_en.htm](http://ec.europa.eu/governance/impact/ia_carried_out/cia_2012_en.htm)

- (1) Reducing the concentrations of an airborne pollutant in cities to uniform level within a single deadline may be more difficult to achieve in some cities than others. Concerns about such difficulties may lead to pressure to allow higher concentrations. Assessing territorial impacts could identify such risks and ensure that the policy grants cities with very high concentrations a longer time frame to reach the necessary quality threshold.
- (2) State aid policy also differentiates its approach according to the level of development of a region and to the size of the market. For example, different possibilities to award state aid apply to areas with an abnormally low standard of living, to outermost regions, to regions with low population density.
- (3) Growing global trade integrations tends to benefit the EU, but some regions specialised in a sector vulnerable to further trade integration/globalisation may face a high number of redundancies. The European Globalisation Adjustment Fund (EGF) was set up, in part, to address such negative asymmetric impacts. The EGF provides one-off, time-limited individual support geared to helping workers who have suffered redundancy as a result of globalisation<sup>8</sup>. A Member State can apply for funding when at least 500 redundancies were caused by globalisation within four months. If the redundancies primarily occur in SMEs, specific sectors or *regions*, the time frame is extended to 9 months.

Taking into account potential asymmetric impacts can increase the effectiveness and the efficiency of the policy. It can increase political support for a policy, boost the benefits while addressing excessive spatial concentrations of the costs.

#### **4. WHEN SHOULD AN ASSESSMENT OF TERRITORIAL IMPACTS BE CONSIDERED?**

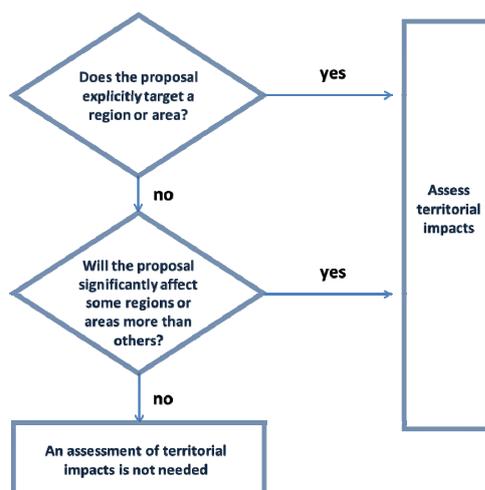
There are two types of policies for which an assessment of territorial impacts should be considered. The first type explicitly targets or differentiates by specific (type of) regions or areas. This type is easy to identify. The second type addresses issues that are not evenly distributed across the Union. This type is more difficult to identify (see Figure 1).

If the issue (or industry) is spread evenly across the Union and the policy is applied in an identical manner to the entire Union, it is unlikely that some regions or areas will be *significantly* more affected than others. In these cases, there is no need for a territorial dimension in the impact assessment. In many cases, a territorial impact assessment will not be needed.

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<sup>8</sup> The scope of the EGF was broadened from 1 May 2009 to 30 December 2011 to provide support to workers made redundant as a direct result of the global financial and economic crisis.

**Figure 1 Decision tree for assessing territorial impacts**



#### 4.1. Policies that explicitly focus on specific territories

These policies can be easily identified as the proposal mentions the type of territory. Some policies only apply to one type of area, for example urban or rural areas. Other policies cover a broad issue but differentiate by type of area, for example cohesion policy or state aid policy.

The territories mentioned in the policy can be in one out of four situations. They can be defined by the Commission or by the Member States. The territories can be already defined or still to be defined (see table 1).

**Table 1 - Identification of territories**

	Territories are to be identified by	
Territories ...	Member State	European Commission
... have been identified.	1	3
... will be identified.	2	4

Examples of all four situations can be easily found.

- The Air Quality Directive 2008/50<sup>9</sup> is an example of situation 1. Member States had identified the zones and agglomerations where air quality should be monitored following the adoption of an air quality directive in 1996. This new directive followed the same approach, thus the territories were already identified by the Member States.
- Areas facing natural constraints in the Common Agriculture Policy will be delimited by Member States based on EU common criteria after the adoption of the post-2013 EAFRD regulation. This is an example of situation 2.

<sup>9</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:152:0001:0044:EN:PDF>

- The Baltic Sea region strategy adopted in 2009<sup>10</sup> specified the geographical coverage in relation to the issues to be coordinated. This is an example of situation 3.
- The draft Cohesion Policy regulation explained the methodology to be used to determine regional eligibility, but the final regional eligibility was not yet known. This is an example of situation 4.

These four situations are ideal types and some situations are a hybrid. For example, in some policies the Commission may determine the territories in a dialogue with a Member State, in others the Member State identifies the territories but based on criteria established by the Commission.

How can an impact assessment deal with the different situations? If the territories have been identified, they can obviously be used in the impact assessment. If the territories are still to be determined, the impact assessment can use territories which are likely to be similar to the final territories. In the case of Cohesion Policy, the regional eligibility criteria were applied to the most recent data available, knowing that the final criteria would be applied to updated indicators. In other words, the most recent data was used as a proxy for the final data.

A wide range of harmonised regional and local typologies are also available to use in impact assessment. These can also be used as a proxy when the final selection of regions or areas is still to be determined. For example, a policy targeting issues in cities could use the harmonised definition of cities. A policy addressing cross border health problems could use the border region definition. For a full list of European harmonised regional and local typologies see Annex 1 and 2.

#### **4.2. Policies that have an asymmetric territorial impact**

These policies are less straight forward to identify. Such policies typically deal with issues that are concentrated in space. It is impossible to provide an exhaustive list of issues here, but many policy issues have consequences that mainly impact on particular regions.

In some situation, the issue itself may not be concentrated, but the actors involved in the policy response might be. For example, during the preparation of the policy on the marketing and use of explosives precursors, it became apparent that although the marketing and use of these products occurred throughout the union, the producers of these products were geographically clustered.

In some cases, the risk of asymmetric territorial impact is obvious. In other cases, only experts familiar with the issue can assess the risk of such asymmetric impacts and whether this merits an assessment of territorial impacts.

Some policies will be relevant everywhere, but more so in some regions or areas than in others. For example, the reduction of poverty and social exclusion is a Europe 2020 objective, but it is particular relevant in areas with high levels of poverty or exclusion.

A short number of checks can help to assess the potential of an asymmetric territorial impact:

- Is the problem or driver to be addressed concentrated in some (types of) areas or regions?

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<sup>10</sup> COM (2009)0248 [http://ec.europa.eu/regional\\_policy/cooperate/baltic/index\\_en.cfm](http://ec.europa.eu/regional_policy/cooperate/baltic/index_en.cfm)

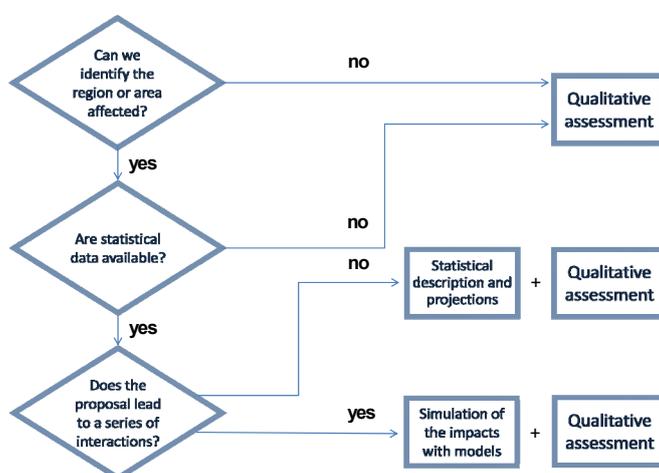
- Are the actors involved in the policy response concentrated in some areas or regions?
- Ask stakeholders whether they think the problem or the actors are spatially concentrated (see below).

## 5. HOW TO ASSESS TERRITORIAL IMPACTS?

This chapter explains the different methods which can be used to assess territorial impacts. It covers qualitative and quantitative methods, specific tools developed to support impact assessments and the consultation process.

Including an overall qualitative assessment of territorial impacts is recommended for all methods (see Figure 2). If the affected regions and areas can be identified and appropriate regional or local data is available, then a quantitative method is also recommended.

**Figure 2: What method to use?**



The qualitative approach relies on a description of the spatial distribution of four items:

1. the main problem or driver,
2. the capacity to respond to the problem / implement the policy
3. the actors involved in the policy response
4. the potential impact, which is a combination of the former issues.

The text should explain the logic linking the problem/driver, the adaptive capacity, the actors and the potential impact.

The example of the impact assessment of the 2009 White Paper: Adapting to climate change may help to highlight these steps. This impact assessment discussed the spatial distribution of climate change (item 1). It identified the Southern Europe and the Mediterranean Basin, mountain areas, in particular the Alps, coastal zones, densely populated floodplains and the Arctic region as the most vulnerable to climate change.

For the capacity to respond (item 2) it cover both ecosystems and human systems. The adaptive capacity of the ecosystems depends on their diversity and health. For human systems, it depends on a wide range of issues including economic wealth, technology and infrastructure, information, knowledge and skills, institutions, equity and social capital.

The document also discussed the actors (item 3), including those at the local and regional level, involved in setting up adaptation strategies. It highlighted the possible lack of funding, information, knowledge and expertise for some of these actors/areas as bottlenecks.

Therefore, the potential territorial impact (item 4) of adapting to climate change depends on the spatial distribution of vulnerability, adaptive capacity and the actors in policy implementation. The assessment highlighted that the climate change will have different spatial effects and strong variability and stressed that EU funds, including Cohesion Policy, could help to address these concentrated spatial impacts.

If the spatial distribution of an issue cannot be measured directly, it can sometimes be derived from case studies or the scientific literature. In some cases, another measure with a similar spatial distribution can be used as a proxy indicator. For example, opening up trade in textile sector may mean that regions with an uncompetitive textile industry will see high redundancies in that sector. If no data is available on the regional competitiveness of the textile industry, regional employment growth in that sector may help to assess which regions could be more vulnerable.

### **5.1. Statistical description**

A description of the issue at stake can be quite helpful. For example, for a policy to improve the labour market integration of people born outside the EU, a map with this target population as a share of total regional population would show which regions are concerned by this and which not at all. The impact assessment of an air quality directive could be supported by a mapping which (urban) areas are exposed to high levels of air pollution.

Sources of sub-national data have increased substantially over the last decade. This has been achieved through a variety of techniques, including using register-based data, creating multi-year averages and remote sensing. As a result, more issues can be measured and described at the sub-national level. A list with sources of sub-national data is included in the Annex (3)

### **5.2. Projection**

If the data allows, a projection would show to what extent this issue is likely to grow in the future. In other words, an assessment should be done of how the situation would develop if relevant policies were left unchanged (so called baseline scenario). For the example above of labour market integration, a projection showing the share of people born outside the EU and their children as a share of the regional population in 2020 and 2030 together with a projection on how this share would change if a policy option was implemented, would be a useful input into the impact assessment.

Other projections with a sub-national component including demographic, economic and land use projections can help to show the likely evolution of the issue at stake. Although these do not show the impact of the different policy alternatives, they can still show how the context of the policy is likely to change.

European wide territorial projections are available from multiple sources.

- Eurostat publishes regional population projections<sup>11</sup>.
- The Directorate-General for Employment, Social Affairs and Inclusion has a new instrument that can make regional population, education, employment and unemployment rate projections.<sup>12</sup>
- The RHOMOLO<sup>13</sup> economic model can add a regional component to the QUEST's model long term projections (see Annex 5.3).
- The LUMP model can make land use projections using population and economic projections (see Annex 5.1).
- The CAPRI<sup>14</sup> model makes ex-ante analyses of the CAP and policies affecting the agricultural sector (see Annex 5.4)
- The European Environmental Agency publishes spatial environmental and climate change past trends and projections.
- ESPON has published several regional population projections as part of the DEMIFER project. ([www.espon.eu](http://www.espon.eu))

### 5.3. Modelling interactions

A model can support an impact assessment, especially if the policy addresses a problem driver that is strongly linked to other issues. For example, trade policy can have an impact on the agricultural sector or new transport infrastructure can influence economic growth and land use changes.

The Joint Research Centre has developed six models with a sub-national component. A fiche describing each model can be found in Annex 5.1-6.

For more information on the models, please check: <http://intranet.jrc.es/cfapp/models/> (not accessible from outside the Commission).

An interesting overview of regional models used in (national) impact assessments is included in the 2010 report 'Review of Methodologies applied for the assessment of employment and social impacts'<sup>15</sup>,

### 5.4. Tools to support the quantitative assessment of territorial impacts

The methods described above can generate a large amount of information about the different policy options and their impact on regions and areas. Two tools have been developed to help summarise this information into an overall impact: ESPON ARTS and QUICKScan.

The ESPON ARTS instrument assesses policy impacts using a vulnerability approach. This approach uses three elements: exposure, sensitivity, and impact (see Annex 4.1):

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<sup>11</sup> Eurostat regularly publishes regional population forecasts. Contact: Eurostat, Demography Unit.

<sup>12</sup> [http://www.migrantempl.eu/DOC%20Peschner\\_F.pdf](http://www.migrantempl.eu/DOC%20Peschner_F.pdf) Contact: DG Employment, Social Affairs and Inclusion, A1 - Employment Analysis

<sup>13</sup> This is a regional economic model that can simulate the impact of a number of policies.

<sup>14</sup> CAPRI is an economic model designed specifically to assess regional impacts of the common agricultural policy and trade policies.

<sup>15</sup> <http://ec.europa.eu/social/main.jsp?catId=760&langId=en>

- 'exposure' identifies the regions which are exposed to a policy option, for example urban areas;
- 'sensitivity' assesses how strong the impact of a policy option could be based on quantitative information or expert judgement; for example number of days with low air quality.
- 'territorial impact' is the combined result of exposure and sensitivity.

This excel-based instrument allows to get a quick impression of the overall impact based on exposure and sensitivity. Different combinations of exposure and sensitivity can easily be tested. In addition, the tool allows multiple territorial impacts to be aggregated.

QUICKScan, developed by the EEA and Alterra, is a toolbox similar to ESPON ARTS but uses a geographical information system (GIS) approach. The tool can use GIS layers such as land use, climate or population distribution. The tool is designed to facilitate impact assessments and policy making. It allows the users to combine quantitative information with expert judgement. The estimated impacts can be easily mapped and different options can be compared and tested. (see Annex 4.2).

For a more thorough investigation, a spatial sensitivity analysis can show to what extent the estimated impacts are the result of the underlying data or the assumptions made in the calculations. The Econometric and Applied Statistics Unit in the Joint Research Centre can carry out such analysis.

## **5.5. Consultations can help to reveal asymmetric impacts**

The stakeholder consultation process foreseen in the impact assessment can be used to collect data and information about the issue to be addressed and the impact of the policy option from outside the European Commission. Stakeholders may have access to more information and thus be in a good position to judge the risk of an asymmetric impact.

Therefore, the consultation could include a question to check whether the public or the stakeholders expect the policy to have an asymmetric impact. For example:

*Do you expect that this policy will have a disproportionately large impact on certain areas, regions or Member States? If yes, please indicate which ones and why.*

*According to your knowledge and information, is this problem concentrated in certain areas, regions or Member States?*

Under the 'Protocol on Cooperation between the Commission and the Committee Regions' (2012) the 'Commission services may ask for support from the Committee in preparing its assessment'.<sup>16</sup> This may be particularly useful if the consultation investigates asymmetric impacts on regions or local authorities.

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<sup>16</sup> See point 23 in the protocol: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2012:102:0006:0010:EN:PDF>

## 6. CONCLUSION

This document aims to facilitate the inclusion of a territorial dimension in Commission impact assessments of policies that:

- (a) explicitly target some (type of) region or area or
- (b) have a high risk of affecting some (type of) regions or areas more than others, i.e. risk having a highly asymmetric territorial impact.

Assessing the territorial impact of a policy can improve the effectiveness and efficiency of the policy. If the territorial impact is highly asymmetric, the policy can be adjusted to reduce this imbalance. Examples of five different types of response to potential asymmetric territorial impacts are provided in this document:

- (1) Adjust the policy for the entire Union or some of its parts
- (2) Grant more time to implement a policy in some parts of the union
- (3) Exempt some parts of the union from the policy
- (4) Use existing policies, including Cohesion Policy, to address asymmetric territorial impacts
- (5) Create a new instrument to address asymmetric territorial impacts if/when they arise

Policies which explicitly target some regions or areas should base their impact assessment on these regions or areas (if they have already been identified). If the regions or areas have not been yet been identified, the impact assessment can rely on a) a proxy for the final regions or areas or b) a harmonised definition of a specific type of area.

Assessment of territorial impacts can be carried using both qualitative and quantitative methods based on the intervention logic. The spatial distribution of the problem combined with the regional sensitivity to the policy response can show the territorial impact. For policies that lead to significant amount of interaction between different domains, a modelling approach is recommended.