

TERRITORIAL DIMENSION OF INTEGRATED DEVELOPMENT POLICY – EXPECTATIONS AND CHALLENGES TOWARDS PLANNING AND INSTITUTIONAL SYSTEMS

Tadeusz Markowski¹

Abstract

Contemporary development faces a fundamental problem: a mismatch between the institutional system and the planning practice in the context of increasing contradictions between the dynamics of functions and petrification of spatial development. Therefore the new public intervention policy, covering development policy requires a serious reform, as well as structural and institutional adjustment to the new conditions.

At times of the global need to maintain the competitive capacity of territorial units, and the need to protect the environment, it is necessary to create new forms of multi-level decision-making system (for policy and management purposes). Such organisational system should aim at optimisation of development opportunities and reduction of social costs related to development management by highly politicised administrative structure of territorial government. This policy should use such an instrument as integrated planning and functional approach to the territories.

The ongoing debate on the cohesion policy and the nature of territorial cohesion in particular, provides such an opportunity of creating a new policy and planning model. However, the European debate mixes up the concepts of spatial cohesion and territorial cohesion and treats them as synonyms. This results in many misunderstandings.

A broad definition of cohesion put forward by the European Council of Spatial Planners (Conseil Européen des Urbanistes) states that „territorial coherent Europe can be achieved by **„The connectivity of and among Economic, Social and Physical Systems, which enhances their overall Effectiveness for Innovative Sustainable Development”**”. Author discuss definition territorial cohesion and put the question to what extend **„Territorial cohesion” be perceived as universal objective or even paradigm of contemporary development policy?**

Adopting such a concept of territorial cohesion means that it becomes a synthetic (macro) objective for the development policy; an objective which is reached through ensuring **social cohesion, economic cohesion and spatial cohesion which are coupled with integrated, horizontal cohesion policies; social, economic and spatial ones.**

¹ University of Lodz, Dep. of City and Regional Management, Lodz, Poland – tamarko@uni.lodz.pl

The author consider also concept of integrated planning, delimitation dilemmas of functional areas in territorial cohesion policy and functional areas (territories) as subjects of regional policies. It needs to be noted that **the approach concerned with functional areas brings about a greater probability of more effective usage of support funds with regards to achieving the objectives of pro-development policy**. What is more, this approach is also in line with the new theories on development, such as: a networking economy, an economy of flows and highly flexible, increasing role of territorial factors in competition of companies- (territorialization of the economy), etc.

The paper is concluded with the set of recommendations and directions of activities addressed to public institutions involved and responsible for planning system.

Key words: territorial cohesion, integrative planning, functional areas.

Introduction

Contemporary development faces a fundamental problem: a mismatch between the institutional system and the planning practice in the context of increasing contradictions between the dynamics of functions and petrification of spatial development. This is a structural barrier of the contemporary increasingly more globalised economy, which is expressed in the growing market failure and governmental failure. And in consequence it leads to increasing negative effects of development, including in the form of interregional polarisation, social exclusion, growing public debt, etc. Therefore the new public intervention policy, covering development policy requires a serious reform, as well as structural and institutional adjustment to the new conditions.

The international development policy must adopt – as its overriding strategy – a constant drive towards price internalisation of externalities or, in other words, reducing market failure, since otherwise international capital flows will enhance and grounds for political corruption will consolidate (forcing regulation that enable to avoid the social costs by failure to respect the social internalisation of effects). This is encouraged by too slow changes in the local (territorial) systems of social values, loosening of the system of values by the business cycles and other disruptions of social, environmental, etc. character.

At times of the global need to maintain the competitive capacity of territorial units, and the need to protect the environment, it is necessary to create new forms of multi-level decision-making system (for policy and management purposes). Such organisational system should aim at optimisation of development opportunities and reduction of social costs related to development management by highly politicised administrative structure of territorial government. This policy should use such an instrument as integrated planning.

Integrated planning should be understood as planning covering social, economic and spatial issues, under which spatial planning acts as the verifier and coordinator of many elements in the area of effects referred to space (it is *de facto* the instrument of territorial dimension coordination and the impact of functions (activities)). Development plans have to be jointly elaborated under the multilevel and multisectoral governance system. Legal regulations are necessary as they make it possible to establish real competences to solve conflicts between territorial administration jurisdictions and governmental administration sectors.

The ongoing debate on the cohesion policy and the nature of territorial cohesion in particular, provides such an opportunity of creating a new policy and planning model. Various broadly-conceived attempts at interpreting and defining territorial cohesion bring to a conclusion that it should be, actually, treated as an important effort to find the new vision for Europe's development: "A territorially coherent Europe". We adopt a broad definition of cohesion put forward by the European Council of Spatial Planners - Conseil Européen des Urbanistes (ECTP-CEU), which states that territorially coherent Europe can be achieved by "The connectivity of and among Economic, Social and Physical Systems, which enhances their overall Effectiveness for Innovative Sustainable Development" (Vogelij, 2010, p. 1) **Hence "territorial cohesion" understood in that manner becomes an universal objective (means), or even a specific paradigm of contemporary development policy.** Territories under such policy are treated as categories that change over time and whose size is determined as a result of an agreed planning and political decision.

However, the ongoing European debate mixes up the concepts of spatial cohesion and territorial cohesion and treats them as synonyms. This results in many misunderstandings. It is our proposal to understand spatial cohesion - in reference to the definition of ECTP - as the state of spatial development (spatial, network and point structures), which enables the establishment of highly efficient connections of economic, social and spatial systems beyond administrative divisions. **Hence spatial cohesion is a means to the achievement of territorial cohesion in Europe. Thus it is not identical with the territorial cohesion and the territorial dimensions of the development policies.**

When adopting such a concept of territorial cohesion we treat it as a synthetic (macro) objective for the development policy; an objective which is reached through ensuring **social, economic and spatial cohesion which are coupled with three integrated, horizontal (cohesion) policies: social, economic and spatial.**

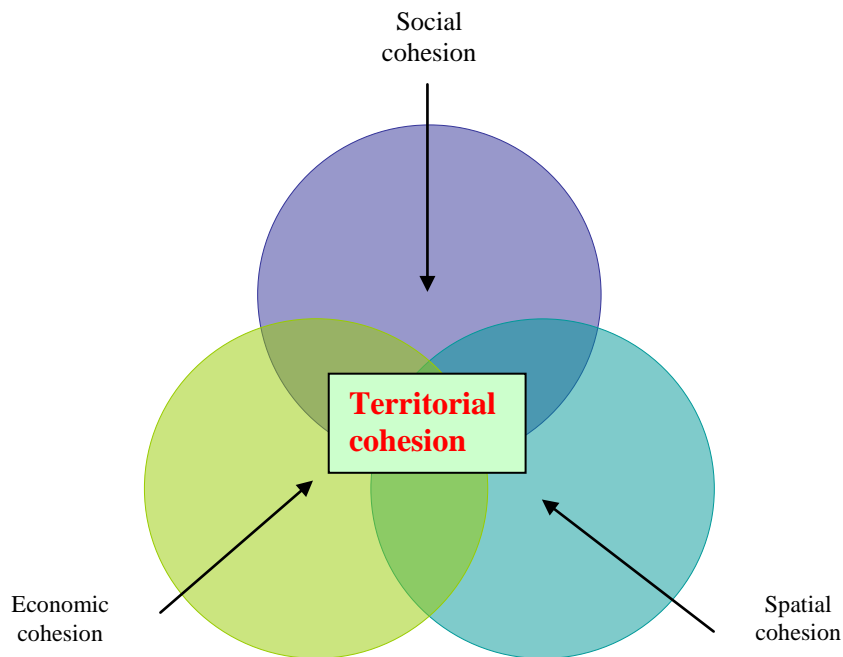


Figure 1. Territorial cohesion concept

The cohesion policy (understood as the new integrated development policy) should be conducted on and within the framework of the specified functional areas. This makes it possible to better ensure efficiency of functioning and development of social, economic and physical systems (built and natural environment). Emphasising the role of connectivity factors as well as the quality of spatial systems in the new cohesion policy means that the role of spatial planning methods will increase in importance. After all, spatial planning in its very essence was (and is) oriented towards integrating relationships between the system of functions and the forms of spatial development.

2. Integrated planning

The traditional spatial planning (physical planning in particular) was concerned with locating the functions and buildings in space. The more advanced planning methods put more emphasis on externalities caused by construction activities as well as by

technological spillover effects caused by the users of properties. Today spatial planning is oriented more towards the shaping of the natural environment as well as the anthropogenic environment in the context of sustainable development. This means an entirely different approach to planning in the entire system of development policy.

In the British concept of development planning, spatial planning is a synonym of integrated planning. This follows from the fact that in the traditions of the British local-level planning there was no such a concept until Great Britain accessed the European Union. Planning pertained to land use - Land use planning, or buildings - Physical planning. Under the influence of the continental Europe - using the English language to describe the planning system - the term "Spatial planning" in Great Britain was recognised as well corresponding to the new approach of planning for development².

Regardless of the final popularisation of the term applied in Europe - we refer to the integrated development planning combining in the planning process the phenomenon and socio-economic relations with the forms of spatial land development and showing the mutual relationships and dependencies determining the drafts of planning decisions and political forms of intervention. The territorial dimension of development policy means that we consider the functioning of the systems under their spatial ranges (both the factors determining their development and negative externalities) and we coordinate the sectoral policies by referring them to the functional and spatial layout, in other words, to places where it is possible to better coordinate them in spatial and thematic aspects, i.e. under a system of functional (planning) areas defined for the period of the intervention.

3. Delimitation dilemmas of functional areas in territorial cohesion policy

The functional and territorial approach can result in the greatest doubts and concerns. The more if the issues of functional connections under the territorial system are not adequately stressed. The discussions on the so-called territorial based policy highlight – and correctly so, at least in theory – that the territorial development policy must put an emphasis on endogenic factors that exist within the territorial system and that the territorial capital is the essence of contemporary development. However, the dynamic and changeable character of functional areas is not sufficiently emphasised. What is more, the delimitation of territorial units for the support policy is concerned most with solving specific problems (thematic issues). Thus two approaches can be identified in these debates:

1. An approach concerned with problems on given territories (delimited in accordance with administrative units and statistical nomenclatures), and

² Given the significance of the English language for the European Union it seems to be worthwhile to agree this term between Member States. To what extent the term development policy should be used and to what extent the term spatial development policy, and whether this do not give raise to interpretative misunderstanding. Whether this should be the new spatial planning or integrated spatial planning or integrated development planning?

2. An approach concerned with functional areas

It needs to be emphasized that these two approaches are not mutually exclusive. However, it needs to be noted that the approach concerned with **functional areas brings about a greater probability of more effective usage of support funds with regard to achieving the objectives of pro-development policy.** It is also in line with the new theories on development, such as: a networking economy, an economy of flows and highly flexible and increasingly important role of territorial factors in competing, etc.

Hence in fact territorialisation in the concepts of the new EU policy was simplified and presented in a rather trite manner, which may be scientifically attractive, but it remains very traditional in practice; it assumes that the administrative units which apply for support will identify and define their development potentials themselves, while public support will anyhow be concentrated on *a priori* defined problems (thematic concentration). If it turns out that under other sectoral policies, other types of intervention will take place regarding other issues, than the essence of territorial approach would cover coordination of sectoral support on the level of a territorial (de facto administrative) unit. However, the practice shows that this has not been possible so far, and that the traditional reluctance to cooperation or even mock cooperation aimed at gaining funds will not change a lot in the way that the regional policy is implemented, and conditionality principle does not help much, either.

“Place based policy” requires that many classification and delimitation criteria are applied which rather leads to another artificial division (masked with the air of scientific requirements) into groups of similar units (often dispersed in space). The politicians then assign these groups of units with the right to apply for funds in line with the so-called principle of thematic concentration, using objective (or rather mechanical) criteria. The other approach can be based on spatial and functional relationships of the socio-economic activities of man and, therefore it relies on networking criteria, where a functional area delimited according to a set(s) of leading functions (or even according to one highly specialised function) acts as an object of intervention.

The territorial system in this respect is treated as a set of interrelated functional and spatial characteristics, in which the so-called built environment preconditions the development of the functions (their efficient and competitive functioning against other entities). For example, this can be a group of gminas having a leading touristic function. This can be an area, in which there are metropolitan functions or an area, in which spatial effect of a metropolis are visible, etc.

Identification of the delimitation criterion(a) of the functional area, at the same time, implies identification of the strategic direction of intervention. This does not, however, mean that in such a functional area it is not possible to set an intervention in other spatial functions and features in line with other thematic and sectoral policies. Nonetheless, this territorial and functional approach simultaneously points

to the fact that in such an area we have to make interventions and plan development **in an integrated manner.**

Functional areas are dynamic in both time and space. Their range depends on the changeability of functions, lifecycle of products, fluctuations of the outlet and supply markets, variations as regards the number of companies, spillover externalities caused by economic activities, etc. The range of functional areas depends also on the physical features of the geographical environment, the need to sustain life, biodiversity, air purification and meeting the need of people to have contact with the natural environment, etc.

The planning practice uses planning areas which are, de facto, political areas. Their boundaries are based on conventions valid only as long as the plans are valid. Delimitation of an area requires delimitation of the intervention area. The typology of functional areas may adopt various objectives and criteria, such as: cognitive, legal, spatial externalities, multiplier (territorial) effects of development, social and political objectives, etc.

The functional and territorial approach enables greater effectiveness and efficiency of development management and is integrated into the territorial dimension of the EU cohesion policy. At the same time, it is in line with the integrated development planning, under which - in the current conditions and according to the generally accepted rule of sustainable development - the role of organising and coordinating the development factors in territorial systems gains special importance. Adopting the functional approach means that it is necessary to seek for new methods of management (and regulation), allowing true discounting of theoretical opportunities for reaching development objectives in the territorial dimension. The country's territorial organisation, local ambitions, political interests, the existing system of competences and forms of financing of the local activity are often contradictory to the functional areas (territorial) approach to cohesion.

Delimitation and policy of functional areas belongs to one of the most important forms of implementation and conduct of development policy and spatial policy accompanying it. The functional approach covers economic, social and natural areas, etc. threat going beyond the administrative borders - from the local to the national level considering the border areas.

4. Regions vs. functional areas (territories) as subjects of policies

Problems with a functional approach appear whenever questions concerning the subjects responsible for policy implementation in functional areas which go beyond the administrative borders of the country's territorial division are raised. Are we protecting anything? If so, which functions? Are we developing anything? Are we repairing anything? What are the levels of competences (of organisations) required for solving the problems of a given planning area? Will some of the contemporarily identified areas require creation of special organisational and institutional structures

in order to attain the objectives which were set for them? It needs to be remembered that in the history of several countries, including the former socialist countries, there was a time of too many special administrative divisions, which often disturbed the operation of the local administration. The memory of the negative effects of operations of the government special administration system can constitute an ideological barrier to introduction of the management structures, despite the fact that economic and system conditions have changed significantly. This concerns, for instance, the management of metropolitan areas. Yet another issue, is the matter of natural systems, separated as the planning areas. How can we interfere in such areas? In case of natural systems, people decide on their delimitation and carrying out such type of activity that will be compliant with or stopped given the expected functions of the natural system. Thus it is necessary to create an organisational and institutional system, which will ensure protection of functions assigned by the planner to the natural system. Therefore by introducing such an area, not only the law must be established but also mechanisms of its control and enforcement. If areas of risk are delimited, it is also necessary to undertake a number of actions in such an area, e.g. prohibitive and prescriptive actions, regulations within the scope of risk insurance, forms of awarded support, etc.,

Efficient implementation of planning arrangements following from the functional approach requires seeking for objective and technically feasible criteria of geographic delimitation and consideration of dynamic changes of social and economic relationships over space and time. Therefore an important feature of the managerial approach to functional planning covers: identification of the sources of conflict and methods of achieving compromises; legal, institutional (including political), economic and financial barriers existing both in delimitation of functional areas, as well as determining later implementation of the provided arrangements and objectives of social policy (and general development policy) in the entire planning system.

We should strive for attaining the greatest possible consistency between borders of the functional regions, the borders of administrative territorial divisions and the territorial units defined for statistical purposes. Delimiting a functional area, the borders of which exceed administrative borders, has to be preceded by an analysis of existing administrative structures in terms of their co-governance capacity in the functional area. Furthermore, the necessary instruments which motivate to adopt multi-governance methods (such as economic, legal and organisational impulses) need to be highlighted. Otherwise the idea of functional planning will remain dead.

Providing support for creation of co-governance systems (idea of public governance with professional agencies acting as operators and trustees, etc.) should become the essence of implementation of policies based on functional areas rather than creating special administrative structures, which would be outside of the control of local democratic and civic local government structures.

5. Functional areas in integrated planning

Delimitation of functional areas in plans is a sign of public authorities' policy, whether we want it or not. This assumption consequently means that, the delimitation thereof, must be followed by different forms of direct and indirect impact oriented at functions under the area delimited in the plan. The plan points to strategic areas (zones), whose borders and specificity are made more precise in further programmes and decisions on the national, inter-regional (inter-voivodeship) and inter-gmina levels.

National plans cover only such areas which, due to important national interests, are of significance for state policies. By analogy, the same is applicable to the EU level. The European development strategy should highlight the areas which are directly in the field of interest of the European Parliament and the European Commission. Identification of these areas in practice has to imply that they are (or will be) related to a specific system of regulations and financial instruments. For example, should floodlands be identified, then the minister responsible for construction should, by way of his action, introduce appropriate building standards for these areas, i.e. a requirement to construct higher foundations, provision prohibiting the construction of basements, the need of using appropriate foundation technologies, etc. Identifying mountainous areas or, for example, areas threatened with landslide, will mean that voivodeship and gmina plans will need to specify their borders more precisely and the minister will introduce regulations which will, for example, put limits on the weight on constructed buildings. It is thus imperative for the planning practice to clearly differentiate delimitation of areas (and various methods applied for this task) for cognitive and analytical reasons (studies to plan) from the final delimitation which serves political objectives (approval of the drafts of plans).

It needs to be noted that in practice, the functional dimension of spatial policy is ensured by zoning and delimiting areas also in modes other than the planning mode, i.e. by legislation approved by the parliament or regulations issued by ministers or voivodes. In case of the EU, such modes may include strategy provisions or directives. In such circumstances planning processes need to recognise these areas and treat them like any other legal or regulatory condition. However, it needs to be highlighted that planning which integrates complex aspects of planned future should also critically assess areas delimited in non-planning modes and indicate, in the plan's provisions, required changes in that respect³.

When adopting that spatial planning serves e.g. strengthening the protection of natural systems and/or development of different functions under complex socio-economic systems operating in space, it is necessary to consider that the planning areas - regardless of the adopted delimitation criteria (these are changeable and

³ Given the fact that zoning through statutory mode is often not implemented in Poland, the situation leads to collisions in the system of planning provisions and later results in social and political conflicts and degeneration of the planning system.

historic), are always oriented at functions⁴. Functional planning areas are therefore arbitrary areas and acts of political choice. The accuracy of choice depends on the state of knowledge, cognitive methods of the manner of their delimitation. Hence it needs to be assumed that the functional planning areas should be connected with the function of the system objective or sub-system objective and not only the morphological features. The morphology of the area is an important but only auxiliary criterion. This can raise doubts of spatial planners that aim, primarily, at shaping the manner of development and physical features of a space, and not at caring for the system organisation and efficiency of its function.

An integrated planning system includes two types of planning decisions: identification of a functional area as an object of concentrated intervention, as well as obligations to prepare indicative and regulatory plans for identified functional areas. In the former case planning instruments and other methods for delimitation of an area for intervention are applied in order to achieve the best possible concentration of means of intervention devoted to certain areas or themes (problems). In the latter case, intervention means implementation of the plan's provisions which are binding for political entities and different users of space in a functional area covering several administrative units.

In the former case, delimitation of functional areas as an object of intervention comes close in its concept assumptions to the mechanism of intervention in special economic zones. Not all functional areas will require special strategic spatial plans. Since, in many cases it is to be expected that specialised instruments of development policy will enforce integration of local spatial development plans (urban-planning). In such cases a principle of conditionality of financial support may be used in order to stimulate joint preparation of plans. This may, above all, apply to border areas and, where regulatory systems (procedural and implementation) in terms of spatial planning differ. In this case the documents supporting the management process will be prepared according to a different formal and legal mode.

It remains to be considered whether the new type of integrated development planning introduced into the EU development policy will require individual Member States to harmonise their systems of creating local spatial development planning, including the procedures for issuing building permits in the EU, ordering the implementation system of the area related to spatial development, real estate marketing, etc., in order to exclude the possibility of competition between territories by means of creating political benefits.

⁴ It is necessary to ask oneself a quite straightforward question: how do we actually understand functions under planning? Starting with the systematics of the word to function, i.e. act, it needs to be stressed that it pertains to action for a given purpose. Each function (activity) is assigned objectives of action, e.g. production, logistic servicing, education, etc. The Functions (activities) create defined relationships between each other. Thus they create functional systems and sub-systems. A natural system also has a function of an objective, which can consist, for instance, in sustaining life or capacity to recreate life processes. Under the natural systems it is also possible to separate planning area: chain systems, hub systems, etc.

Integrated planning combines, at least, several overlapping dimensions (Vigar, 2009, p.1572):

- Interpenetration of and relation between strategies and policies (integration of strategic documents and actions- policy framing),
- Connecting policy and actions, as well as cooperation between actors and actions.

Integrated planning requires the strategy development processes to be coordinated in order to avoid conflicts. It also requires that the scope of issues and context of the problems covered during document preparation (formulating objectives and actions) is broadened. The process of integration includes also an equally important process of learning and developing new knowledge which is beneficial to all users. This often allows to overcome institutional failures, i.e. avoiding the fragmentation of institutional systems and established a partnership for achieving joint objectives. Of course, how the integration takes place depends on local cultural conditions, legal systems, tasks and formal competences, the planning system and all other elements which form e.g. the spatial economy system. Thus integrated planning requires a change of many legal, institutional and cultural conditions, and overcoming stereotypes of both decision-makers as well as stakeholders.

The typology and delimitation of functional planning areas for the purpose of methodological practice, and later on the implementation practice, two basic types of areas should be identified: 1) areas based on natural and physiographic features and relationships, and 2) areas based on the socio-economic features and relationships. The attempts at integrating spatial and socio-economic planning give rise to additional complications in the establishment of a functional planning model. The integrated plan covers also areas of different level of precision and changeability (blurring) of borders, which is not tolerated by the traditional spatial planning. Therefore integrated planning will include both areas with clearly defined borders - having administrative and legal effects, and also areas with blurred (approximate and arbitrary) borders. In the former case, these will be areas, where each activity within the boundaries of the zone (area) has to be subordinated to the legal regulations binding therein. In the latter case, the intervention is connected to a function, and location in a area is of secondary importance. This does not, however, mean that restrictive borders for policy purposes cannot be delimited for them.

A new challenge for the integrated development planning, including in particular for the purposes of spatial planning, includes delimitation of a hub and networking region, in which there is discontinuity, insufficient determination and blurred nature of the borders. Such an approach is contrary to the traditional understanding of spatial development. This, however, does not release us from the search for new methodological approaches.

The delimitation of a planning area should serve for:

- concentration of actions of thematic (sectoral) policies,
- or, introduction of new rules (regulations) of used areas,

- or, confirmation of the existing regulations on the area by way of statutory acts.

Cognitive delimitation of areas of different functions in the planning process through the so-called system of overlies should be used to delimitate areas of critical and integrated intervention. When it will be necessary to establish special organisational structures to solve the overlapping and complex problems it seems justified to draw attention to two forms of intervention in space:

- **Regulation and intervention in an area** and indirectly in functions and
- **Regulation and intervention in functions in given area** and indirectly in area and its physical development.

For the purpose of the implementation and analytical practice of integrated planning: at the European, national or regional level, it is possible to use a division into strongly functional areas (in which de facto one function predominated over others) and multi-functional areas (areas of broad contradiction of functions and likely occurrence of conflict situations). This division makes it possible to show the scale of the problem related to legal tools of the planning instrument. Multi-functional areas require very complex approach and integrated inter-sectoral cooperation. For example, metropolitan areas require integrated approach to planning, system, financial, environmental, infrastructural and other issues.

6. Postulates and recommendations

- Introducing integrated development policy and integrated planning methods in individual territorial units will, undoubtedly, encounter numerous barriers. The most significant of these barriers include: barriers of political, mental, historical, bureaucratic, informational, legal, institutional and other nature.
- High dynamics – in terms of both space and time – of functional areas need to be recognised. This means that regardless of statistics carried out according to the conventional nomenclature of statistical units, there exists a need to set up minimal statistical units which are necessary for implementing effective cohesion policy on every level of intervention decision making (EU, state, administrative region, gmina). Furthermore, the scope of collected information needs to allow observing and verifying functional areas delimited according to varying criteria. These actions will create rational foundations for optimising intervention performed by the authorities. Therefore it is necessary to reorganise public statistics in the EU Member States and introduce an obligation to record externalities, including territorial distribution of externalities which are public and quasi-public in character.
- In a society of high differentiation of social systems of value (human and social capital) development policy targeted at mobilisation of social groups according to standardised methods may turn out to be of little efficiency. Hence it is not possible to apply the same instruments in the entire EU. It is necessary to identify differentiated systems of value in territorial systems. These systems should also be the subject of integrated cohesion policy. Hence there can be territories having territorial systems where externalities commercialisation strategies will prevail, and others - where the level of their

internalisation has to be lower, and yet others, where the policy can be liberal or ever restrictive, etc. As a consequence, it means economic differentiation of competitive conditions of functional areas and makes the cohesion policy pursued in the regions a more complex (sophisticated) issue. This implies that the policy will require a high level of institutional development.

- Ensuring effectiveness of the integrated policy requires creation of mechanisms guaranteeing that politicians become interested in avoiding negative externalities related to development and incorporate such criteria in their decision-making systems and political decisions. Identifying and incorporating negative externalities into the social (electoral) system of values is a prerequisite for such political behaviours (it provides an opportunity for the so-called socio-political internalisation of negative externalities)⁵. Positive externalities, on the other hand, may be regarded as means of strengthening objective foundations of a functional system's competitiveness (in other words – they allow for creating the so-called external sources of competitive advantage).
- It is also necessary to create adequate instruments, including universal instruments common for the EU and taking into account the need of creating specialised and territorially oriented instruments which, at the same time, would not violate the EU's principles of fair competition.
- Undoubtedly, the integrated planning methods need to become more widely spread, and as for planning processes it is necessary to popularise the application of similar methods for assessment of policy and planned activities impact in a territorial dimension (impact assessment methods and analysis of external, non-market effects) divided into positive and negative externalities. It is also required to disseminate the use of multiplier analyses of economic growth effects on account of the intervention in markets and resources - i.e. analyses based on the effects estimated by the markets.

7. Directions of reform of the public planning system

- It is necessary to start with a concept of integrated development planning and based on it build a rational model of intervention meeting the requirements of the economic competitiveness, sustainability and social inclusion. The above terms to some extent are combined with the traditional understanding of the regional policy objectives. It is necessary to answer the key question: should we keep the conventional regional policy model, but with emphasis on the territorial effects of sectoral policies and mobilisation of resources in territorial administration units, or should we establish a new model - an evolutionary one, which in a way covers the conventional approach, but puts more emphasis on functional areas (administrative divisions are of secondary

⁵ A social system of internalising externalities is a long-drawn process and can be implemented through education of the society and sending new demand signals, for example for environmentally friendly manufacturing processes so that companies respect the principle of minimising their environmental footprints (a strategy of enforcing corporate social responsibility with regards to the natural environment).

significance) and produces stronger connections and relationships between organisations rather than highlighting the physical resources that can be used by economic activity on the markets of goods exchange. The new approach should put more emphasis on the coordination of resources, factors and products of the non-market area co-deciding on the quality of life, development sustainability and long-term competitiveness.

- Under the latter solution, the role of the international achievements and experience in the field of spatial planning will, certainly, gain in importance. Development policy objectives (the object of the intervention) cover, above all, externalities in functional areas (as a place of intervention in market failure, and creating conditions for a more efficient and better internalisation of resources and creating sustainable competitive advantages for commercial business operating in the functional areas). The role of multi-level governance becomes more important and the principle of subsidiarity on providing support has to have dynamic nature.
- It is necessary to take into account in the spatial decision-making the externalities at all levels of political decision, i.e. considering them in spatial development and adjusting development to dynamically changing functional and spatial relationships (and these are formed and disappear independently of the formal jurisdiction of the political entities).
- The new approach implies greater role of professional planning. It requires reorganisation of studies and statistics, introduction of a dynamic approach as regards application of the principle of subsidiarity in the territorial authorities organisational systems, strengthening and professionalisation of administration, new instruments for organising cooperation, adequate ways of accounting for development benefits, i.e. eliminating conflicts, prisoner dilemma and other social traps, greater trust to the co-participants of the policy and concentration of control on the results.
- The governmental institutions play an essential and important role in outlining and “enforcing” the integrated approach to planning on the regional and local level. We hope that the European Commission and the European Parliament will recognise and adopt to the practice the integrated approach and apply adequate instruments to its introduction, i.e. they will form the legal grounds for integrated development planning.

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Annex

Minimum requirements for implementation of integrated development planning and management methods

- Knowledge and methodological skills;
- Adequate methods for planning development processes, including concept of observing critical provisions of a plan which allow for integrating development (the so-called critical points of political control and joint decisions);
- Introducing adequate economic stimulators targeted at stakeholders and decision makers into the functioning of the socio-economic system: the objective is to provide transparency and create awareness of economic, political, social and environmental costs and benefits of all decisions;
- Availability of analytical instruments for decision making in public and political institutions together with appropriate skills required for using them;
- Legislative support for integrated (multi-subject) planning;
- Adequate databases and monitoring systems;
- Instruments for implementation (real competences);
- Preparing and disseminating as well as observing the principles of integrated planning (*some examples of such principles include:*
 - *Using long-term, comprehensive analyses in the operating and decision-making system;*
 - *Adjusting spatial development to functional requirements (eliminating speculation);*
 - *Principle of conditionality, related not only to effects but also outlining conditions for cooperation and coordination of actions of administrative bodies as well as other structures operating in the functional area;*
 - *Principle of specificity – requiring that organisational structures are adjusted to the local context).*