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

Abstract: The new public intervention policy, including the development policy, requires a serious reform, as well as structural and institutional adjustment to the new conditions. 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 ongoing European debate mixes up the concepts of spatial cohesion and territorial cohesion and treats them as synonyms. This results in many misunderstandings. The author discusses the definition of territorial cohesion and asks the question: to what extent **"territorial cohesion" can be perceived as universal objective or even paradigm of contemporary development policy?** The author analyses also the concept of integrated planning, delimitation dilemmas of functional areas in territorial cohesion policy and functional areas (territories) as the subject of regional policies. It needs to be noted that **the approach focused on functional areas offers a greater probability of more effective use 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 a 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 activities (functions) and petrification of physical development. This is a structural barrier of the increasingly more globalised contemporary

economy, which is demonstrated by the growing market failure and governmental failure. In consequence, it leads to increased negative effects of development, including in the form of interregional polarisation, social exclusion, growing public debt, *etc.* Therefore, the new public intervention policy, including the 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 intensify and grounds for political corruption will be consolidated (forcing through regulations allowing to avoid social costs by ignoring the social internalisation of effects). This is encouraged by too slow changes in the local (territorial) systems of social values, destabilisation of the system of values by the business cycles and other disruptions of social, environmental, *etc.* nature.

With 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 the multi-level decision-making system (for policy and management purposes). Such organisational system should aim at optimising development opportunities and reducing the social costs related to development management by highly politicised administrative structures of territorial government. This policy should use integrated planning as its instrument.

Integrated planning should be understood as planning covering social, economic and spatial issues, where spatial planning acts as the verifier and co-ordinator of numerous elements in the area of spatial effects (it is *de facto* an instrument of co-ordination of the territorial dimension and the impact of functions (activities)). Development plans must be jointly elaborated within the multilevel and multisectoral governance system. Legal regulations are necessary as they allow 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 an opportunity to create a new policy and planning model. Various attempts at interpreting and defining territorial cohesion lead to a conclusion that it should be treated as an important effort to find the new vision of Europe's development, namely "a territorially coherent Europe". We adopt a broad definition of cohesion proposed 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 this way becomes an universal objective (means), or even a specific paradigm of contemporary development policy.** Territories covered by such policy are treated as categories that change over time and whose size is determined by means of an agreed planning and political decision.

A territory is a geographical area whose borders are designated by activities (interests) of human beings in the social, economic or political sphere. In practice, a territory is delimited by the group of the dominant functions. In the case of political functions, the territory is usually designated by the administrative function. In a modern, functional territorial approach to development policy, the focus is put on the relationship between economic functions and reduction of barriers arising from administrative divisions. Functional areas co-decide about sustainable sources of competitive advantages for economic actors. The importance of these advantages increases with the pressure of global competition. Significantly better conditions for using the sources of competitive advantages can be created in functional areas and in particular by promoting integrated inter-communal projects.

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. We propose to understand spatial cohesion in reference to the definition of the ECTP as the state of spatial development (areal, linear, 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 achieve territorial cohesion in Europe. Thus it is not identical with the territorial cohesion and the territorial dimensions of development policies.**

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

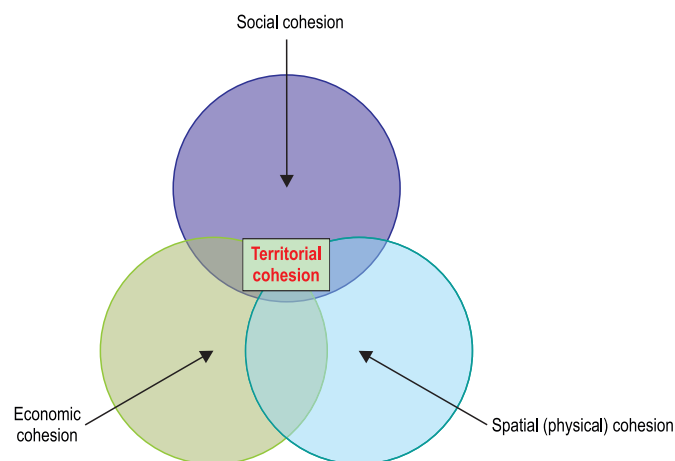


Figure 1. Territorial cohesion concept

Source: Own elaboration.

The cohesion policy (understood as the new integrated development policy) should be conducted with respect to and within the designated functional areas. It allows 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 be more important. After all, spatial planning in its very essence was (and is) oriented at integrating relationships between the system of functions and the forms of spatial development.

1. Integrated planning

The traditional spatial planning (physical planning in particular) involved mainly the location of functions, buildings and other physical structures in space. The more advanced planning methods put more emphasis on externalities caused by construction activities and by technological spillover effects caused by the property users.

Spatial planning is currently oriented more at shaping the natural environment and the built environment in the context of sustainable development. This implies 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 here was no such a concept in the traditional local-level planning in the United Kingdom before its accession to the European Union. Planning pertained to land use land use planning or physical planning. Under the influence of the continental Europe, and using the English language to describe the planning system, the term “spatial planning” was recognised in the UK with regard to the new approach of planning for development¹.

Regardless of the popularity of the term applied in Europe, we refer to the integrated development planning which, within the framework of the planning process, combines socio-economic phenomena and relations with the forms of land development and demonstrates the mutual relationships and relations determining the draft planning decisions and political forms of intervention. The territorial dimension of development policy means that we analyse the functioning of the systems within their spatial scope (both the factors determining their development and negative externalities) and we co-ordinate the sectoral policies by referring them to the functional and spatial system, in other words, to the system facilitating better spatial and thematic co-ordination, *i.e.* within the framework of a system of functional (planning) areas defined for the period of the intervention.

¹ Given the significance of the English language for the European Union it seems worthwhile to agree this term between Member States. To what extent the term ‘development policy’ and the term ‘spatial development policy’ should be used and whether this do not give rise to misunderstandings in interpretation. Should it be the new spatial planning or integrated spatial planning or integrated development planning?

2. Functional areas delimitation dilemmas of in territorial cohesion policy

The adoption of the functional and territorial approach can give rise to numerous doubts and concerns. The more so if the issues regarding functional connections within the territorial system are not adequately stressed. The discussions on the so-called territory-based (place-based) policy emphasize – and quite rightly, at least in theory – that the territorial development policy must put an emphasis on endogenous 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 purposes of development policy involves mainly the solving of specific problems (thematic issues). Two approaches can be identified in these debates:

- 1) an approach focusing on problems on given territories (delimited according to administrative units and statistical nomenclatures), and
- 2) an approach focusing on functional areas.

It needs to be emphasized that these two approaches are not mutually exclusive. However, it must be noted that the approach focusing on **functional areas results in a greater probability of more effective use of support funds to achieve the objectives of pro-development policy**. It is also in line with the new theories of development, such as a networking economy, an economy of flows and a 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 applying for support will identify and define their development potentials themselves, while public support will be concentrated on *a priori* defined problems (thematic concentration). If other types of intervention focused on other issues take place under other sectoral policies, then the essence of territorial approach would be the coordination of sectoral support at 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 co-operate or sham co-operation to obtain funds will not significantly change the way in which the regional policy is implemented, and conditionality principle does not help much, either.

“Place-based policy” requires the application of numerous classification and delimitation criteria which leads rather 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 between the socio-economic activities and, therefore, relies on networking criteria, where a functional area delimited according to a set (or sets) 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 functions (their efficient and competitive functioning with regard to other entities). For example, it can be a group of municipalities (*gminas*) with a leading touristic function. It can also be an area having metropolitan functions or an area where spatial effects of a metropolis are visible, *etc.*

Identification of the delimitation criterion(a) of the functional area implies also the identification of the strategic direction of intervention. This does not mean, however, that it is impossible to carry out intervention in other spatial functions and features in such a functional area, in line with other thematic and sectoral policies. Nonetheless, at the same time this territorial and functional approach points to the fact that in such an area interventions must be carried out and the development must be planned **in an integrated manner**.

Functional areas are dynamic in both time and space. Their scope is determined by the changeability of functions, lifecycle of products, fluctuations of the sale and supply markets, changing number of companies, externalities spillover caused by economic activities, *etc.* The scope of functional areas depends also on physical features of the natural environment, the need to sustain life, biodiversity, air and water quality and meeting the need of people to have contact with nature, *etc.*

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

The functional and territorial approach facilitates 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 principle of sustainable development the organisation and co-ordination of the development factors in territorial systems are of special importance. Adopting the functional approach implies the necessity to seek for new methods of management (and regulation), enabling the use of theoretical opportunities for accomplishing 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 activities are often contradictory to the functional and territorial approach to cohesion.

Delimitation and policy of functional areas belong to the most important forms of implementing and pursuing the development policy and the accompanying spatial policy. The functional approach covers the economic, social, environmental and other threats going beyond the administrative borders from the local to the national level considering the border areas.

3. Regions vs. functional areas (territories) as the subject of policy

Problems with the functional approach appear whenever the questions are asked about the entities responsible for policy implementation in the functional areas which go beyond the administrative borders of the country's territorial division. Are we protecting something? If so, which functions? Are we developing something? Are we repairing something? What are the levels of competence (of organisations) required to solve the problems of a given planning area? Will some of the currently identified areas require the creation of special organisational and institutional structures in order to attain their objectives? It must be remembered that in the history of several countries, including the former socialist countries, there was a time when too many special administrative divisions were in place which often distorted the functioning of the local administration. The experience of the negative effects of the functioning of the government special administration system can constitute an ideological barrier to the introduction of management structures, despite the fact that economic and system conditions have changed significantly. This concerns, for instance, the management of metropolitan areas. Yet another problem is the issue of natural systems, designated as the planning areas. What type of intervention can take place in such areas? In the case of natural systems, people decide on their delimitation and the type of conducted activity that will be compliant with the expected functions of the natural system or abandoned. It is thus necessary to create an organisational and institutional system which will ensure protection of functions assigned to the natural system by the planner. Therefore, the introduction of such an area implies not only the enactment of law but also the creation of the mechanisms of its control and enforcement. If the risk areas are delimited, it is also necessary to specify a number of actions in such areas, which include *e.g.* prohibitive and prescriptive measures, regulations within the scope of risk insurance, forms of awarded support, *etc.*

Efficient implementation of planning arrangements stemming from the functional approach requires finding objective and technically feasible criteria of geographic delimitation and analysing the dynamic changes of social and economic relationships in terms of space and time. Therefore, important features of the managerial approach to functional planning include identification of the sources of conflict and methods of achieving compromise; legal, institutional (including political), economic and financial barriers existing in both delimitation of functional areas and the subse-

quent implementation of the arrangements and objectives of social policy (and general development policy) in the entire planning system.

We should attempt to achieve the greatest possible consistency between borders of the functional regions, the borders of administrative territorial divisions and the territorial units defined for statistical purposes. Delimitation of a functional area, the borders of which exceed administrative borders, has to be preceded by an analysis of the existing administrative structures in terms of their co-governance capacity in the functional area. Furthermore, the necessary instruments encouraging the adoption of multi-governance methods (such as economic, legal and organisational incentives) must be highlighted. Otherwise the idea of functional planning will remain defunct.

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

4. 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 implies that the delimitation must be followed by different forms of direct and indirect actions targeted at functions in the area delimited in the plan. The plan indicates strategic areas (zones), whose borders and specificity are further specified in other programmes and decisions at the national, inter-regional (inter-voivodeship) and inter-municipal (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 reasoning can be applied to the EU level. The Europe development strategy should identify the areas which are directly in the area of interest of the European Parliament and the European Commission. The identification of these areas in practice must imply that they are (or will be) related to a specific system of regulations and financial instruments. For example, should flood areas be identified, then the minister responsible for construction should introduce appropriate building standards for these areas, *i.e.* a requirement to build on higher foundations, prohibition of building basements, the need to use special foundations technologies, *etc.* The identification of mountainous areas or, for example, areas at risk of landslide, will mean that the voivodeship and gmina plans will need to specify their borders more precisely and the minister will issue regulations which will impose limits on *e.g.* the weight of constructed buildings. It is thus imperative for the planning practice to clearly differentiate delimitation of areas (and various methods of delimitation) for cognitive and analytical purposes (studies for the plan) from the final delimitation for political purposes (approval of the draft plans).

It must be noted that in practice the functional dimension of spatial policy is ensured by zoning and delimiting areas also in other ways than planning, *i.e.* by means of legislation approved by the parliament or regulations issued by ministers or voivodes. In the case of the EU, such methods may include strategic regulations or directives. In such cases planning processes need to recognise these areas and treat them like any other legal or regulatory factors. However, it must be emphasized that planning which integrates complex aspects of the planned future should also critically assess the areas delimited in non-planning proceedings and specify the required changes in the plan's provisions².

If we assume that spatial planning *i.a.* strengthens the protection of natural systems and/or development of different functions in the complex socio-economic systems operating in the spatial dimension, it is necessary to recognise that the planning areas, regardless of the adopted delimitation criteria (that are changeable and historic), are always oriented at functions³. Functional planning areas are therefore arbitrary areas and acts of political choice. The accuracy of choice depends on the knowledge, cognitive methods and the manner of their delimitation. Hence the assumption is 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 whose aim is mainly to shape the development methods and physical features of space, and not to organise the system and ensure the efficiency of its functions.

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 first case planning instruments and other methods of delimiting the area of intervention are applied in order to achieve the best possible territorial and thematic (problem) concentration of the means of intervention. In the latter case, intervention consists in introducing the planning regulations which are binding for political entities and various users of the territory in the functional area covering several administrative units.

² Given the fact that zoning by means of statutory acts is not very popular in Poland, this situation leads to collisions in the system of planning provisions and later results in social and political conflicts and degeneration of the planning system.

³ It is necessary to ask oneself a quite straightforward question: how do we actually understand functions within the framework of planning? Starting with the verb 'to function', *i.e.* 'act', it needs to be stressed that it pertains to action for a given purpose. Each function (activity) is assigned with objectives of activity, *e.g.* production, logistic services, 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. Within the natural systems it is also possible to separate planning areas: chain systems, hub systems, *etc.*

In the first case, delimitation of functional areas as an object of intervention in its conceptual assumptions is similar to the mechanism of intervention in special economic zones. Not all functional areas will require special strategic spatial plans. In many cases specialist instruments of development policy can be expected to enforce integration of local spatial development plans (urban-planning). In such cases a principle of conditionality of financial support may be applied to encourage joint preparation of plans. This may, above all, apply to border areas where regulatory (procedural and implementation) systems differ in terms of spatial planning. The documents supporting the management process will then be drawn up according to a different formal and legal procedure.

It remains to be decided whether the new type of integrated development planning introduced into the EU development policy will require individual Member States to harmonise their systems of 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 transactions, *etc.*, in order to exclude the possibility of competition between territories by means of creating political benefits.

Integrated planning combines at least several overlapping dimensions [Vigar 2009, p. 1572]:

- interpenetration of and relations between strategies and policies (integration of strategic documents and actions – policy framing),
- connecting policy and action, as well as co-operation between actors and actions.

Integrated planning requires the strategy development processes to be co-ordinated in order to avoid conflicts. It also requires the extension of the scope of issues and context of the problems covered during document preparation (formulating objectives and actions). 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.* avoid the fragmentation of institutional systems and establishing a partnership for achieving joint objectives. Of course, the process of integration 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. Therefore, integrated planning requires changes of numerous 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 subsequently the implementation practice, should include the identification of two basic types of areas: 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 cause additional complications in creating the functional planning model. An integrated plan covers also areas of different level of specification and changeability (blurring) of

borders, which is not accepted in the traditional spatial planning. Therefore, integrated planning will include both areas with clearly defined borders, with its administrative and legal effects, and also areas with blurred (approximate and arbitrary) borders. In the first case, they will include 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 the location within the area is of secondary importance. This does not, however, mean that restrictive borders for policy purposes cannot be delimited.

A new challenge for the integrated development planning, including in particular for the spatial planning, is the delimitation of hub and networking regions, which are characterised by discontinuity, insufficient determination and blurred borders. Such an approach is contrary to the traditional understanding of spatial development. This, however, does not release us from searching for new methodological approaches.

The delimitation of a planning area should contribute to:

- concentration of actions of thematic (sectoral) policies, or
- introduction of new rules (regulations) for used areas, or
- confirmation of the existing regulations concerning the area by way of statutory legal acts.

Cognitive delimitation of the areas with different functions in the planning process through the so-called system of covers 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 its functions and
- **regulation and intervention in functions in a given area** and indirectly in the area and its 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 monofunctional areas (in which one function de facto predominates over others) and multi-functional areas (areas of vast contradictions of functions and likely occurrence of conflict situations). This division allows to demonstrate the scale of the problem related to legal tools of the planning instrument. Multi-functional areas require a very complex approach and integrated inter-sectoral co-operation. For example, metropolitan areas require an integrated approach to planning, system, financial, environmental, infrastructural and other issues.

5. Suggestions and recommendations

1. Introduction of integrated development policy and integrated planning methods in individual territorial units will, undoubtedly, encounter numerous barriers. The

most significant of them include political, mental, historical, bureaucratic, informational, legal, institutional barriers, *etc.*

2. High dynamics (in terms of both space and time) of functional areas must be recognised. This means that regardless of statistics kept in line with conventional nomenclature of statistical units, there is a need to set up a minimal statistical unit necessary for implementing effective cohesion policy at every level of intervention decision making (EU, country, administrative region, gmina). Furthermore, the scope of collected information must allow to monitor and verify functional areas delimited according to various criteria. This will provide 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 public and *quasi*-public externalities.
3. In a society where social systems of value (human and social capital) vary greatly, development policy targeted at mobilisation of social groups according to standardised methods may prove to be inefficient. Hence it is not possible to apply the same instruments in the entire EU. It is necessary to identify different systems of values in territorial systems. These systems should also be the subject of integrated cohesion policy. There can be territories having territorial systems where externalities commercialisation strategies will prevail, those where the internalisation level has to be lower, and others where the policy can be liberal or restrictive, *etc.* It implies economic differentiation of competitive conditions of functional areas and makes the cohesion policy pursued in the regions more complex (sophisticated). This means that the policy will require a high level of institutional development.
4. Ensuring effectiveness of the integrated policy requires the creation of mechanisms guaranteeing that politicians are interested in avoiding negative externalities related to development and will take them into account in their political decisions and decision-making systems. Identification and incorporation of negative externalities into the social (electoral) system of values is a prerequisite for such political decisions (it provides an opportunity for the so-called socio-political internalisation of negative externalities)⁴. Positive externalities, on the other hand, may be regarded as means of strengthening objective foundations of the functional system's competitiveness (in other words – they allow to create the so-called external sources of competitive advantage).

⁴ A social system of internalising externalities is a long process and can be implemented through education of the society and sending new demand signals, for example for environmentally friendly manufacturing processes so that the companies respect the principle of minimising their environmental footprints (a strategy of enforcing corporate social responsibility with regard to the natural environment).

5. It is also necessary to create adequate instruments, including universal instruments common for the EU, and take into account the need to create specialised and territorially oriented instruments which would not violate the EU's principles of fair competition.
6. Undoubtedly, the integrated planning methods must become more widespread, and as for planning processes it is necessary to popularise the application of similar methods for evaluating the impact of the policy and planned activities 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.

6. Objectives of the reform of the public planning system

1. It is necessary to start with a concept of integrated development planning and use it as a basis for building a rational model of intervention in line with 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 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 significance) and produces stronger connections and relationships between organisations rather than focusing on physical resources that can be used by economic activity on the markets of goods exchange. The new approach should put more emphasis on the co-ordination of resources, factors and products of the non-market area that are decisive for the quality of life, development sustainability and long-term competitiveness.
2. In the latter solution, the role of the international achievements and experience in the field of spatial planning will certainly increase. Development policy objectives (the object of intervention) cover, above all, externalities in functional areas (as a place of intervention in the case of market failure, and creating conditions for a more efficient and better internalisation of resources and creating sustainable competitive advantages for commercial businesses operating in the functional areas). The role of multi-level governance becomes increasingly important and the principle of subsidiarity must be dynamic with regard to providing support.
3. It is necessary for spatial decision-making to take into account the externalities at all levels of political decision, *i.e.* including them in spatial development and ad-

- justing development to dynamically changing functional and spatial relationships (they occur and disappear independently of the formal jurisdiction of the political entities).
4. The new approach implies a greater role of professional planning. It requires reorganisation of studies and statistics, introduction of a dynamic approach in applying the principle of subsidiarity in the organisational systems of territorial authorities, strengthening and professionalisation of administration, new instruments for organising co-operation, adequate methods of accounting for development benefits, *i.e.* eliminating conflicts, prisoner's dilemma and other social traps, more trust in the co-participants of the policy and the concentration of control on the results.
 5. The government institutions play an essential and important role in demonstrating and "forcing through" the integrated approach to planning at the regional and local level. We hope that the European Commission and the European Parliament will recognise the integrated approach and adopt it in practice, using appropriate instruments for its introduction, *i.e.* they will form the legal grounds for integrated development planning.

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