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Inspire Policy Making with Territorial Evidence

Territorial Impact Assessment

Report on the establishment of the

European Labour Authority

Based on a workshop carried out
using the ESPON TIA tool

in cooperation with the



19 July 2018

This territorial impact assessment report is the outcome of an expert workshop held by the European Committee of the Regions and ESPON EGTC in Brussels on 4 July 2018.

The ESPON TIA Tool is designed to support the quantitative assessment of potential territorial impacts according to the Better Regulation guidelines. It is an interactive web application that can be used to support policy makers and practitioners with identifying, ex-ante, potential territorial impacts of new EU Legislation, Policies and Directives (LPDs).

This report documents the outcomes of the territorial impact assessment expert workshop regarding the establishment of the European Labour Authority. It is for information purposes only. This report and the maps represent the views and experience of the participants of the workshop. It is intended only to help decision-making and does not necessarily reflect the opinion of the members of the ESPON 2020 Monitoring Committee or the European Committee of the Regions.

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Abbreviations

CoR	European Committee of the Regions
EP	European Parliament
ESPON	European Observation Network for Territorial Development and Cohesion
GDP	Gross domestic product
LRA	Local and Regional Authority
MS	Member State(s)
NUTS	Nomenclature des unités territoriales statistiques Common classification of territorial units for statistical purposes
PPS	Purchasing power standard
ÖIR	Österreichisches Institut für Raumplanung/ÖIR GmbH
TIA	Territorial Impact Assessment

1 Introduction

1.1 European Labour Authority

The **European Pillar of Social Rights**, jointly proclaimed by the European Parliament, the Council and the Commission at the Social Summit in Gothenburg on 17 November 2017, drives the EU's social agenda at all levels and aims to help the EU move towards upward social convergence in our single market. The Pillar is about delivering new and more effective rights for citizens to ensure equal opportunities and access to the labour market, fair working conditions and social protection and inclusion. The free movement of workers and the freedom to provide services are fundamental pillars of our Union and strongly supported by EU citizens. Over the last decade, **the number of mobile citizens**, people living and/or working in another Member State, **has almost doubled to reach 17 million in 2017**.

With this in mind, **a European Labour Authority (ELA) was announced in September 2017** (following consultations and an impact assessment) to ensure that EU rules on labour mobility are enforced in a fair, simple and effective way. A legislative proposal was presented on 13 March 2018¹. **The Authority should be up and running in 2019 and reach its full operational capacity by 2023**. It will be established as a new decentralised EU agency and in order to facilitate the establishment of the Authority the Commission is also setting up an advisory group composed of key stakeholders to look into the practical aspects of the future functioning of the Authority.

The objectives of the Authority are:

- 1 - to ensure that citizens and business receive information on opportunities for jobs, apprenticeships, mobility schemes, recruitments and training, as well as guidance on rights and obligations to live, work and/or operate in another Member State of the EU.
- 2 - to support cooperation between national authorities in cross-border situations, by helping them ensure that the EU rules that protect and regulate mobility are easily and effectively followed.

¹ *Proposal for a Regulation establishing a European Labour Authority*, COM(2018) 131 final. <http://ec.europa.eu/social/BlobServlet?docId=19157&langId=en>.

3 - to provide mediation and facilitate solutions in the event of cross-border disputes, such as a company restructuring involving several Member States. With this in mind, the European Committee of the Regions will issue an opinion to be adopted at the plenary session of 9-10 October 2018. **This workshop aims to assist the appointed rapporteur**, Doris Kampus, member of the European Committee of the Regions and of the regional government of Styria (Austria), by providing input from local and regional administrations and labour and social affairs public institutions, complementing the stakeholder consultation that took place in late June.

1.2 The approach of the ESPON TIA quick check

The concept of territorial impact assessment (TIA) aims to show the regional differentiation of the impact of EU policies. The ESPON TIA Tool² is an interactive web application that can be used to support policy makers and practitioners in identifying, ex-ante, potential territorial impacts of new EU Legislation, Policies and Directives (LPDs). The 'ESPON TIA quick check' approach combines a workshop setting for identifying systemic relations between a policy and its territorial consequences with a set of indicators describing the sensitivity of European regions. It helps to steer an expert discussion about the potential territorial effects of the EU policy proposal by checking all relevant indicators in a workshop setting. The outcomes of the guided expert discussion are judgements about the potential territorial impact of the EU policy considering different fields (economy, society, environment, governance) for a range of indicators. These results are fed into the ESPON TIA Quick Check web tool.

The web tool translates the combination of the expert judgements on exposure with the different sensitivity of regions into maps showing the potential territorial impact of EU policy on NUTS3 level. These maps serve as a starting point for the further discussion of the different impacts of a concrete EU policy on different regions. The experts participating in the workshop therefore provide an important input into this quick check on potential territorial effects of EU policy proposals.

The European Labour Authority workshop was held in Brussels on 4 July 2018 and brought together ten expert representations of local and regional authorities in Brussels and of labour and social affairs' administrations.

² https://www.espon.eu/main/Menu_ToolsandMaps/TIA/.

Two moderators from the ÖIR, provided by ESPON, prepared and guided the workshop and handled the ESPON TIA tool.

Figure 1 - Workshop Discussion



Source: Territorial impact assessment expert workshop, Brussels, 4 July 2018

2 The ESPON TIA Quick Check workshop – identifying potential effects on the territory

2.1 Identifying the potential territorial effects considering economy, society, environment and governance aspects – drafting a conceptual model

In the first part of the TIA workshop the participating experts discussed the potential effects of the Authority.

This discussion revealed potential territorial impacts of the Authority based on economic, society and governance related indicators. The participants identified potential linkages between the Authority and the effect on territories, including interdependencies and feed-back loops between different effects (see figure below).

Figure 2 - Systemic picture identifying effects of the Authority developed in the TIA workshop



Source: Territorial impact assessment expert workshop, Brussels, 4 July 2018

The following issues were discussed by the experts at the workshop session:

Economy

- Economic performance
- Restructuring of some sectors
- Labour mobility
- Reduction of underground economy

Society

- Access to welfare
- Migration
- Housing
- Work conditions

Governance

- Increase of data for decision-making on social and economic topics
- Efficiency of public administrations
- More efficient collection of taxes and social security

Environment

- Debate among the experts concluded that there would be no relevant environmental impacts. This is consonant with the Inception Impact Assessment on the European Labour Authority³, drafted by DG Employment, Social Affairs and Inclusion.

2.2 Identifying the types of region affected

The ESPON TIA tool provides several regional typologies⁴ for analysis, taking into consideration the types of territories mentioned in Article 174 of the Lisbon Treaty: urban/metropolitan regions; rural regions; sparsely populated regions; regions in industrial transition; cross-border regions; mountainous regions; islands and coastal

³ http://ec.europa.eu/info/law/better-regulation/initiative/135972/attachment/090166e5b6c19729_en.

⁴ https://www.espon.eu/main/Menu_ToolsandMaps/ESPONTypologies/index.html.

regions. The experts agreed that in general all regions would be affected by the Authority.

2.3 Picturing the potential territorial effects through indicators

In order to assess the potential effects pictured in the conceptual model suitable indicators need to be selected related to the parameters that the experts discussed in the fields of economy, society and governance. The availability of data for all NUTS 3 regions is posing certain limitations on the indicators that can be used. From the available indicators that the ESPON TIA Quick Check web tool offers the experts chose the following to describe the effects identified.

Picturing potential territorial impacts considering economy related Indicators

- Economic performance (GDP/capita)
- Employment in construction
- Employment in manufacturing

Picturing potential territorial impacts considering societal indicators

- Unemployment rate

Picturing potential territorial impacts considering governance related indicators

- Quality and accountability of government services
- Impartiality of government services
- Quality of law enforcement

2.4 Judging the intensity of the potential effects

The workshop participants were asked to estimate the potential effects the Authority would have. They judged the potential effect on the territorial welfare using the following range of scores:

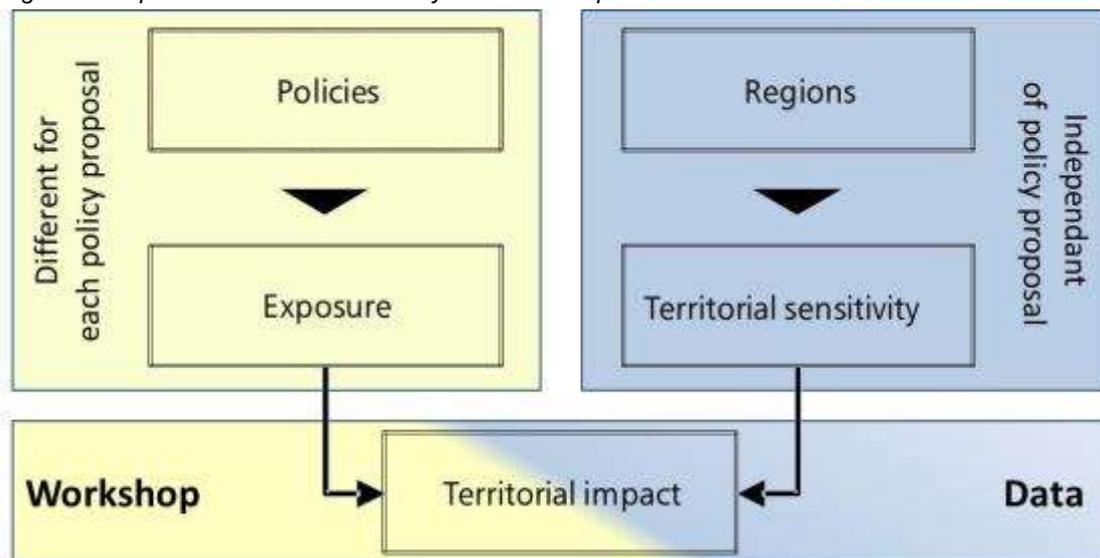
- ++ strong advantageous effect on territorial welfare (strong increase)
- + weak advantageous effect on territorial welfare (increase)
- o no effect/unknown effect/effect cannot be specified

- - weak disadvantageous effect on territorial welfare (decrease)
- -- strong disadvantageous effect on territorial welfare (strong decrease)

2.5 Calculating the potential ‘regional impact’ – Combining the expert judgement with the regional sensitivity

The ESPON TIA Quick Check combines the expert judgement on the potential effect of the Authority (**exposure**) with indicators picturing the sensitivity of regions, resulting in maps showing a territorially differentiated impact. This approach is based on the **vulnerability concept** developed by the Intergovernmental Panel on Climate Change (IPCC). This means that the effects deriving from a particular policy measure (exposure) are combined with the characteristics of a region (**territorial sensitivity**) to produce potential territorial impacts (see following figure).

Figure 3 - Exposure x territorial sensitivity = territorial impact



Source: ÖIR, 2015.

- ‘Territorial Sensitivity’ describes the baseline situation of the region according to its ability to cope with external effects. It is a characteristic of a region that can be described by different indicators independently of the topic analysed.
- ‘Exposure’ describes the intensity of the potential effect caused by the Authority on a specific indicator. Exposure illustrates the experts’ judgement, i.e. the main findings of the expert discussion at the TIA workshop.

2.6 Mapping the potential territorial impact

The result of the territorial impact assessment is presented in maps. The maps displayed below show potential territorial impacts based on a combination of the expert judgement on exposure with the territorial sensitivity of a region, described by an indicator on NUTS3 level. Whereas the expert judgement is a qualitative judgement (i.e. strong advantageous effect on territorial welfare/weak advantageous effect/no effect/weak disadvantageous effect/strong disadvantageous effect), the sensitivity is a quantitative indicator. (The detailed description is provided in the appendix.)

3 Results of the TIA quick check: Potential territorial impact considering economic aspects

3.1 Summary of the expert debate

The experts broadly agreed that the establishment of the European Labour Authority presented an opportunity to increase labour mobility across the European Union. Such an increase should be concomitant with an improved economic performance and be dependent on the concentration of certain economic sectors. This is especially true for regions where labour intensive economic sectors, such as manufacturing, construction or agriculture, have a significant weight in the local and regional economy and/or for regions where there is a strong flow of border workers. On the other hand, it was noted that economic re-structuring could take place as a result of a decrease in illegally cheap labour. Regional labour markets in richer European countries could be stabilised as the external supply of labour at a lower cost will still occur, but will be done on a more level playing field. The Authority's work to reduce infractions in the labour market would lead to a smaller 'black market' and a reduction in illegal working conditions.

Also discussed was a balancing of differences between prices in different regions, providing more clarity in terms of rules governing how different regions offset these differences. However, the proposal does explicitly exclude legislation regarding legal differences between countries.

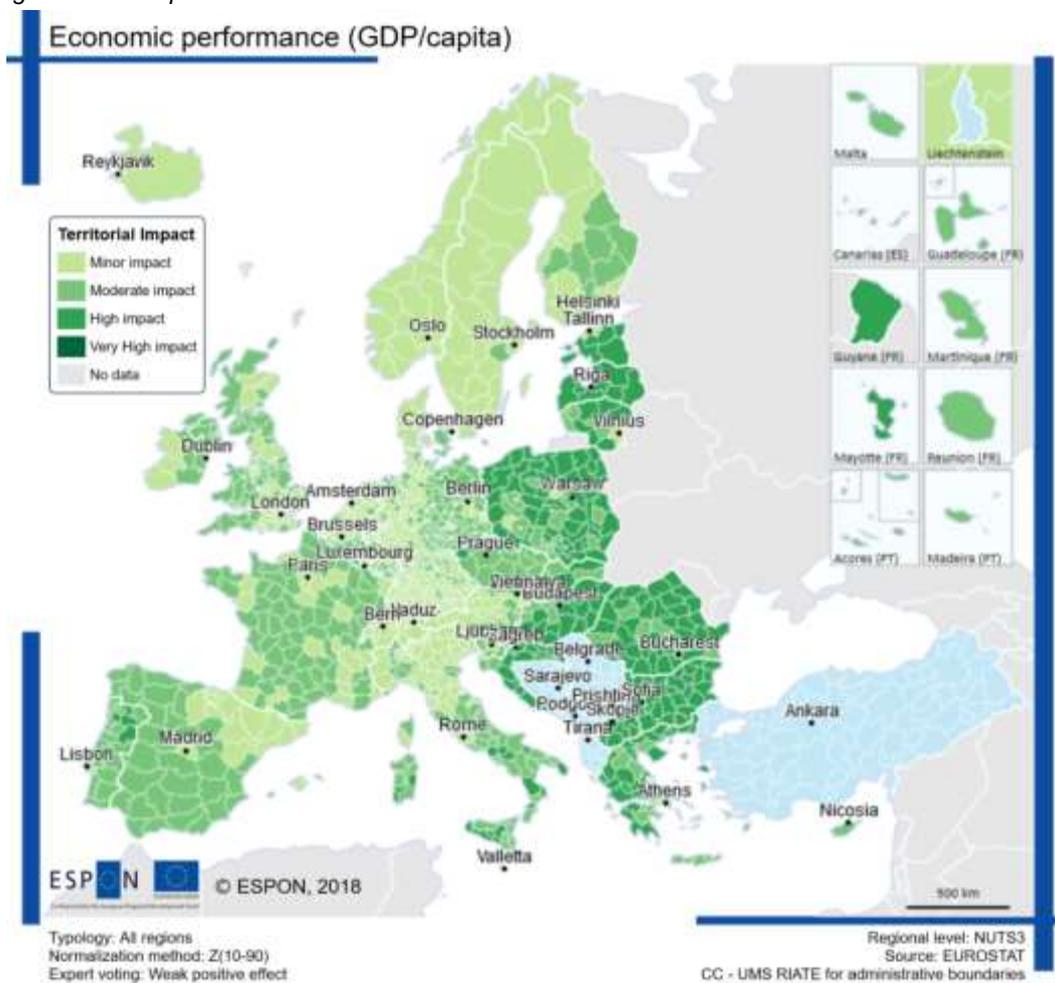
3.2 The potential territorial impact on economic performance

The experts concluded that the Authority could have a positive effect on economic growth. One expert voted for strongly positive and four for weakly positive. However, four experts did not see a relevant effect.

The indicator showing the sensitivity of a region according to the economic performance is measured by the GDP in PPS per capita. Regions with lower GDP in PPS per capita are expected to benefit more from the Authority. Sensitivity is thus inversely proportional to the level of GDP per capita.

The following map shows the Authority’s potential territorial impact based on economic performance. It combines the expert judgement of a weak positive effect with the given sensitivity of regions. 17% of the regions would expect a highly positive impact, 40% a moderately positive impact and 44% a minor positive impact. Most of the regions with the highest positive effects are located in areas which are economically less advanced, such as in the east of Europe (Romania, Bulgaria, Poland, the Baltic states and Hungary), as well as in Croatia and parts of Italy and Portugal. For these regions a catching up effect is expected.

Map 1 - Result of the expert judgement: Economic performance affected by the Authority – expert judgement: weak positive effect



Source: Territorial impact assessment expert workshop, Brussels, 4 July 2018

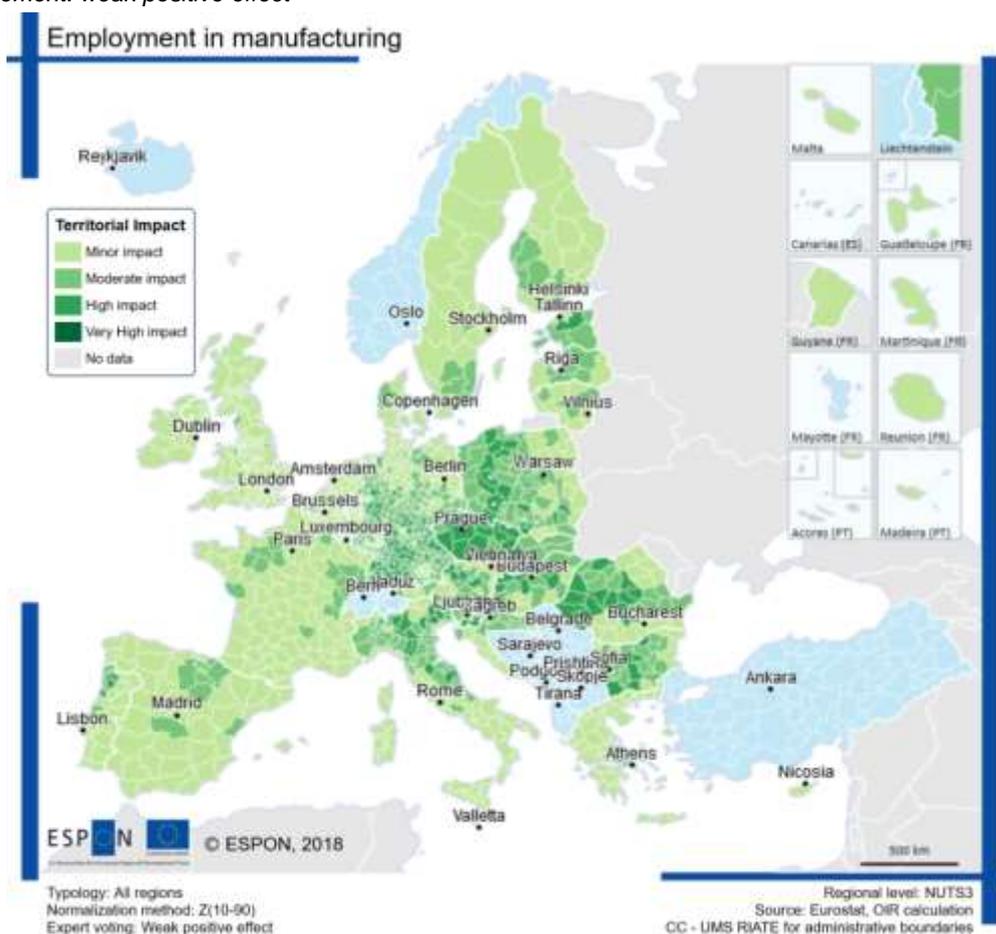
3.3 The potential territorial impact on employment in manufacturing

The experts agreed that the Authority would produce positive effects in all regions with a high share of people employed in manufacturing. One expert voted for strongly positive and eight for weakly positive.

The indicator picturing the sensitivity of a region according to employment in manufacturing is depicted by the share of people employed in NACE Rev 2. Section C on total employment. Regions with a higher share of employment in manufacturing are expected to be influenced more by changes to the sector resulting from the Authority. Sensitivity is thus directly proportional to the share of employment in this sector.

The following map shows the Authority's potential territorial impact based on employment in manufacturing. It combines the expert judgement of a weak positive effect with the given sensitivity of regions. 14% of the regions would expect a highly positive impact. These regions can be found, for example, in most of the countries in eastern Europe (e.g. Estonia, Bulgaria and Romania) and in central Europe (Germany, Czech Republic and Austria), as well as in the northern part of Italy and Portugal. However, most of the regions (61%) would only gain a minor positive impact.

Map 2 - Result of the expert judgement: Employment in manufacturing affected by the Authority – expert judgement: weak positive effect



Source: Territorial impact assessment expert workshop, Brussels, 4 July 2018

3.4 The potential territorial impact on employment in construction

The experts concluded that the Authority would also cause positive effects in all regions with a high share of people employed in construction. Three experts judged the effect strongly positive and five as weakly positive. One expert did not see a relevant effect.

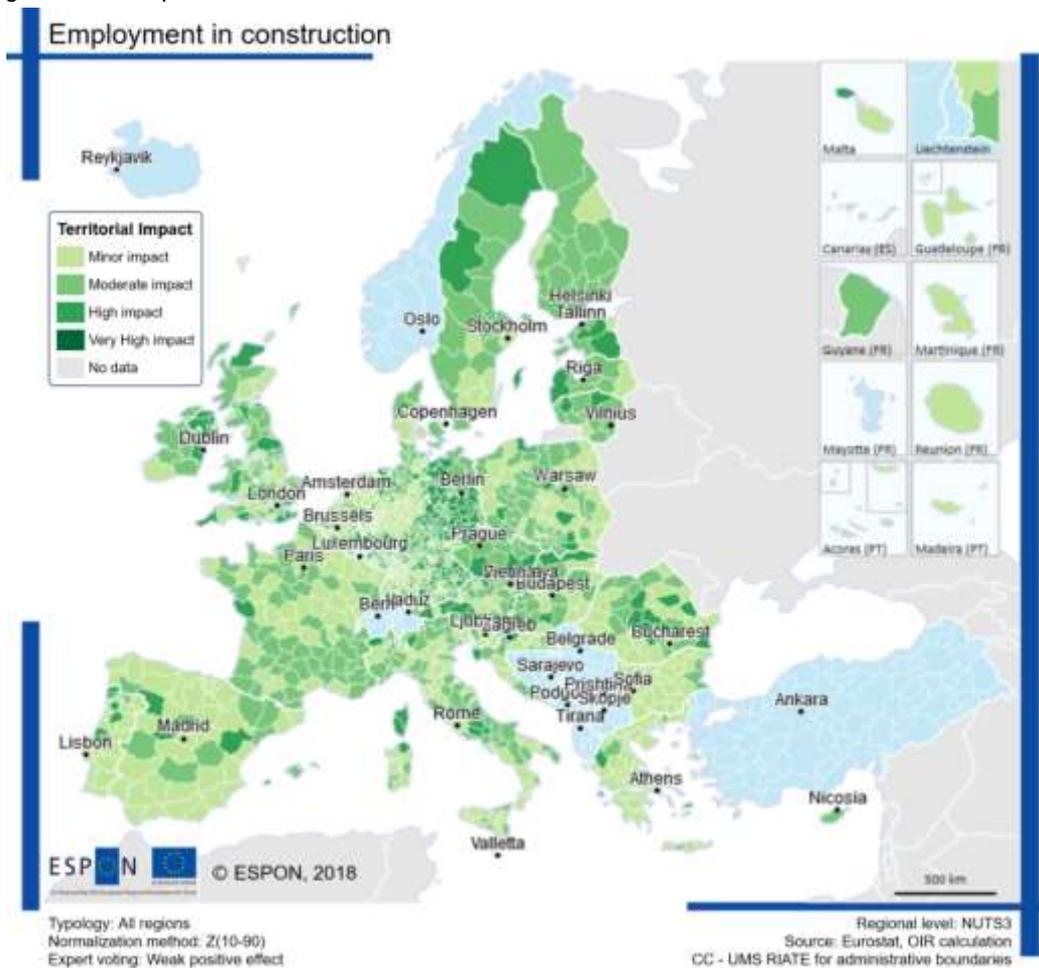
The indicator picturing the sensitivity of a region according to employment in construction is depicted by the share of people employed in NACE Rev 2. Section F on total employment. As with the previous indicator, regions with a higher share of employment in manufacturing are expected to be influenced more by changes to this

sector resulting from the Authority. Sensitivity is thus directly proportional to the share of employment in this sector.

The following maps show the Authority's potential territorial impact based on employment in construction. The first map combines the expert judgement of a strong positive effect with the given sensitivity of regions. The majority of the regions would either gain a very high positive (50%) or high positive (35%) impact. The other regions would experience a minor positive impact. The degrees of impact are distributed quite equally throughout Europe's regions.

The second map shows the impact according to the expert judgement of a weakly positive effect. 15% of the regions would face a highly positive and 36% a moderately positive impact. The other half of the regions would only gain a minor positive impact.

Map 3 - Result of the expert judgement: Employment in construction affected by the Authority – expert judgement: weak positive effect



Source: Territorial impact assessment expert workshop, Brussels, 4 July 2018

4 Results of the TIA quick check: Potential territorial impact based on societal aspects

4.1 Summary of the expert debate

A natural consequence of a potential increase in labour mobility would be demographic losses for regions more affected by unemployment. Similarly, we could expect the unemployment rate in those same regions to decrease. Here, the effects are mixed, both negative and positive, and proper monitoring of these would be helpful in drafting European policies aimed at reinforcing cohesion and avoiding a brain drain from more fragile regions.

Although there was discussion about the potential economic effects of the establishment of the European Labour Authority, the experts were primarily concerned with its aim (and very probably its consequences) of improving – rather than increasing – labour mobility. In this sense, we can expect indirect effects such as more harmonised working conditions for workers around Europe – but that is not the aim, nor would it be a failure if the Authority produced no such result.

On the other hand, what is a crucial goal is to improve information, especially to mobile workers in sectors where their bargaining power is lower. Particular attention must be given to how to get information to affected workers.

Other issues raised by the experts, but which were not evaluated due to lack of statistical data, were the potential effects on the housing market. This is because a mass of fluctuating workers needing temporary accommodation might exert pressure on the housing market of host regions.

The social integration of workers was also approached. Some experts noted that increased segregation of communities might be experienced as a result of greater migratory movements and due to rapid changes in the labour market. Nevertheless, it was also noted that the European Labour Authority would contribute to social harmony at regional level, since it would combat undercutting and social dumping.

Finally, it was noted that cross-European social ties could follow the movement of labour (for example, with villages in Romania having strong links to certain areas of Germany due to the migration, both permanent and seasonal, of workers to that country).

4.2 The potential territorial impact on the unemployment rate

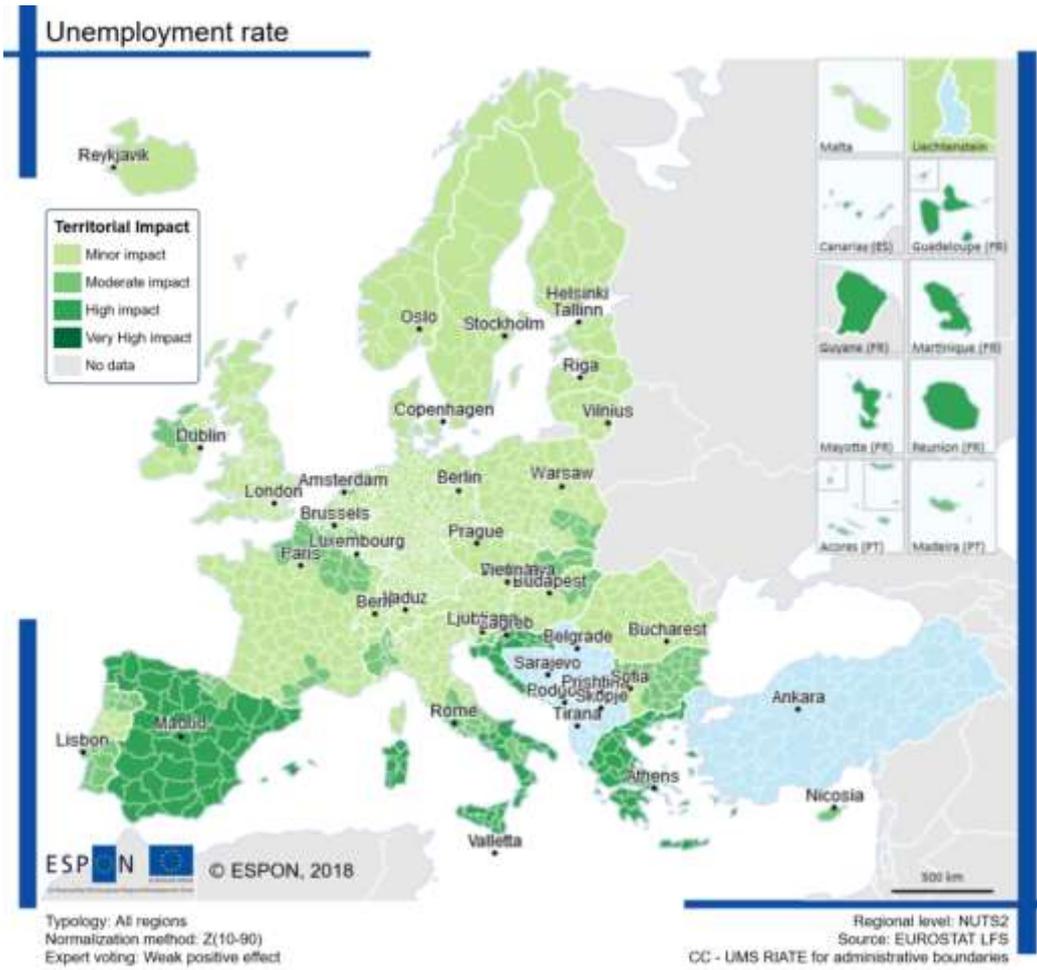
It is expected that regions with a higher unemployment rate would benefit from the Authority due to easier access to the labour market. Three experts voted for strongly positive and three for weakly positive. Three experts did not consider this indicator as relevant.

The indicator showing the sensitivity of a region according to unemployment rate is calculated by dividing the number of unemployed people by the number of the economically active population. Regions experiencing higher levels of unemployment are likely to benefit more from a reduction in unemployment and are more harmed by an increase. Sensitivity is thus directly proportional to the unemployment rate.

The following maps show the Authority's potential territorial impact based on unemployment rate.

The map shows the Authority's potential impact on quality and accountability of government services based on a weak positive effect. 12% of the regions could gain a highly positive impact. These regions can be found in Spain, in the southern half of Italy, and in Sardinia, Croatia and Greece. 9% of the regions would experience a moderately positive and the majority of 79% a minor positive impact.

Map 4 - Result of the expert judgement: Unemployment rate affected by the Authority – expert judgement: weak positive effect



Source: Territorial impact assessment expert workshop, Brussels, 4 July 2018

5 Results of the TIA quick check: Potential territorial impact based on governance aspects

5.1 Summary of the expert debate

According to the experts, one very clear gain from the establishment of the European Labour Authority would be more efficient cooperation between Member State administrations, which would improve throughout the Union. Labour inspectorates would take better account of the specificities of mobile work and tax and social security authorities would also benefit from this.

In terms of welfare, disparities in access for cross-border workers will be reduced, as a gradual resolving of legal and procedural uncertainty can be expected – on a case-by-case basis, but with multiplying effects as the accumulated knowledge trickles down through the labour market.

On taxation and social contributions, benefits will be felt by regions both sending or receiving labour. In a situation of legal uncertainty it will often be the case that no contributions are paid, or are paid at a much lower rate than should be the case. Consequently, experts agreed that regions hosting many mobile workers, but also those supplying them, might well see their tax and social security contributions go up. The reduction in situations where there is a legal vacuum will foster fair competition, and in some sectors there could be further developments. For example, a categorised database of legislation could be agreed upon that could equalise the working conditions and standards in some sectors across Europe (though the different decision-making processes and forms of social consultation across countries might pose barriers).

Finally, the experts were of the opinion that workers and companies alike will have better information about job opportunities and available workers across the Union. Similarly, public administrations will be able to gather a wealth of new statistical data that will have, in the medium and long run, a positive impact on political decision-making.

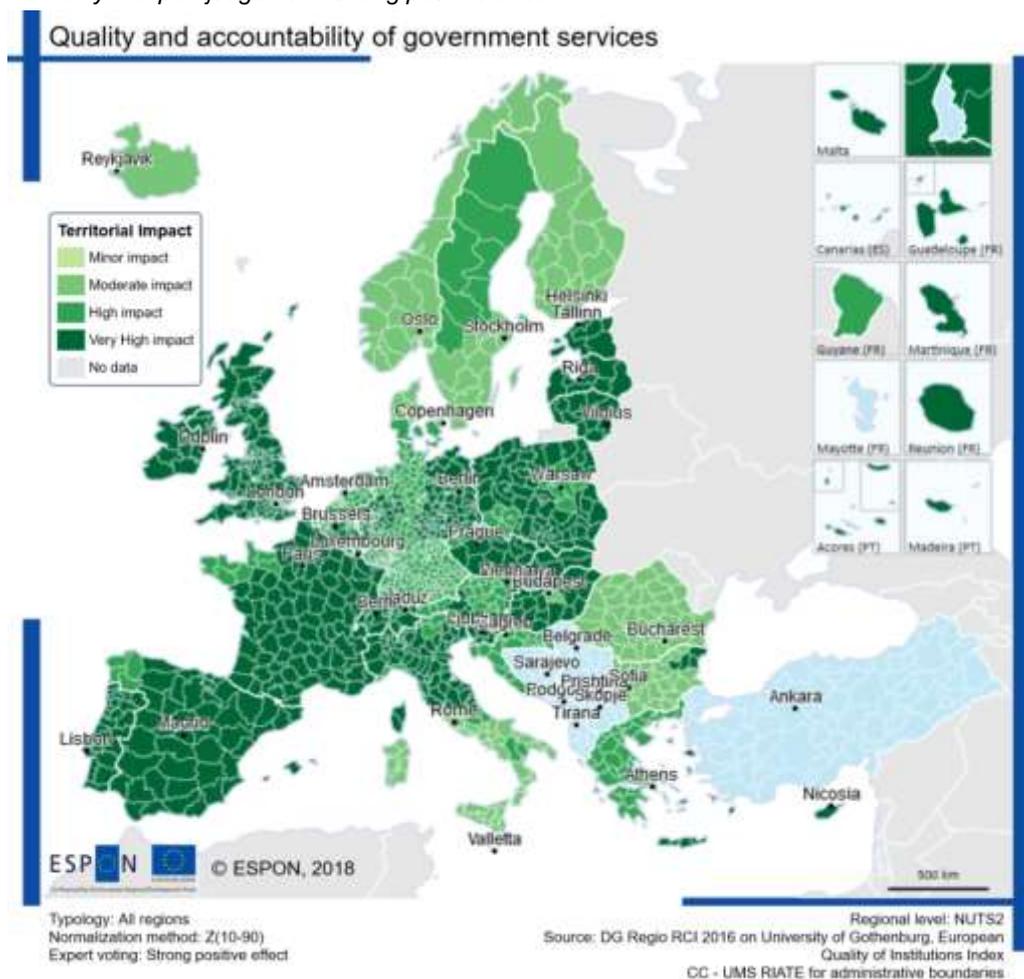
5.2 The potential territorial impact on the quality and accountability of government services

The experts concluded that the Authority could have a positive effect on the quality and accountability of government services. Four experts judged the effect strongly positive and four weakly positive. One expert did not consider this indicator as relevant.

This indicator is computed on the basis of the results of a survey and the national estimates from the World Bank Governance Indicators. People were asked to rate the quality of the government services of health care, education and law enforcement in their area. Regions showing a lower quality and accountability of government services may benefit more from the Authority. Sensitivity is thus inversely proportional to this indicator.

The following maps show the Authority's potential territorial impact based on the quality and accountability of government services. The first map shows that the majority would expect either a very highly positive (53%) or highly positive (34%) impact. 13% of the regions are expected to experience a moderately positive impact.

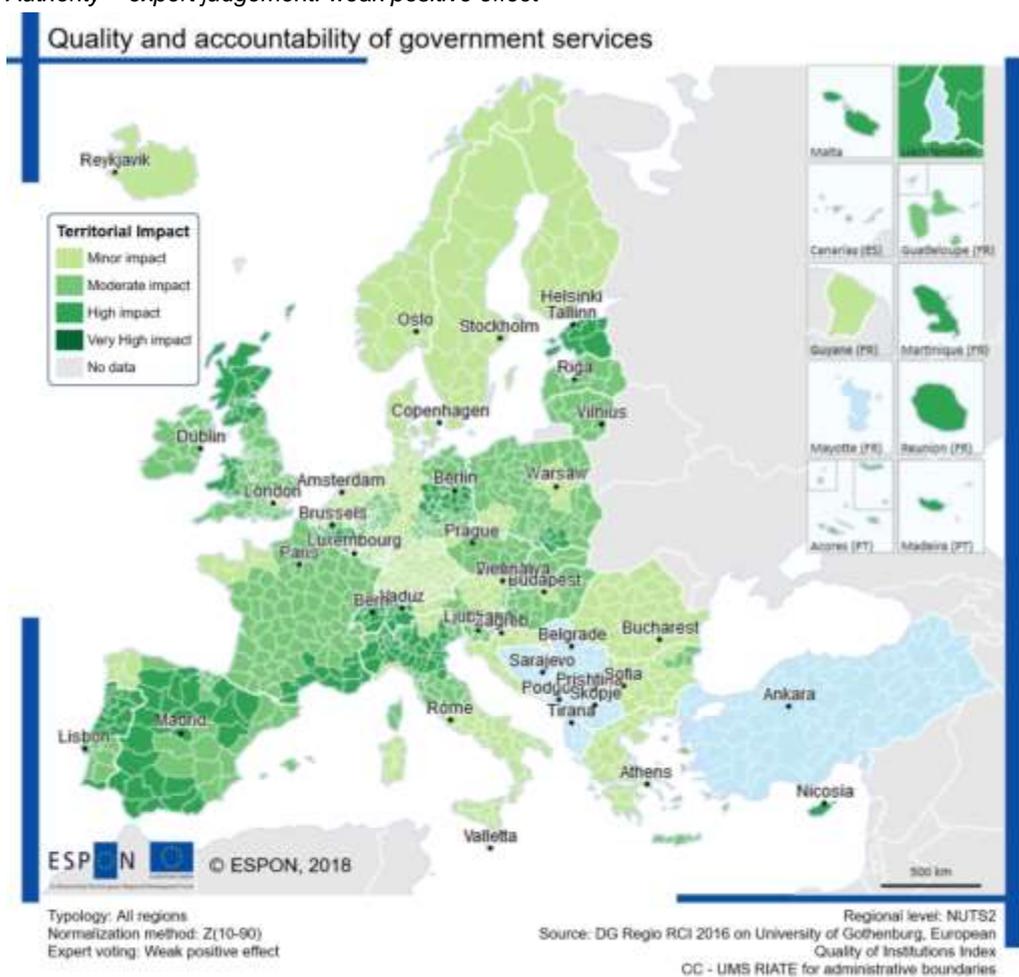
Map 5 - Result of the expert judgement: Quality and accountability of government services affected by the Authority – expert judgement: strong positive effect



Source: Territorial impact assessment expert workshop, Brussels, 4 July 2018

The second map shows the Authority’s potential impact on quality and accountability of government services, based on a weak positive effect. 16% of the regions would experience a high negative impact. These regions are located e.g. in Estonia, in the south of Poland, in the northeast of Germany, in the north of Italy, in the south of France, in Switzerland, in Belgium, in the north and west of the UK, in Spain and in Portugal. The majority would only experience either a moderately negative (36%) or minor negative (48%) impact.

Map 6 - Result of the expert judgement: Quality and accountability of government services affected by the Authority – expert judgement: weak positive effect



Source: Territorial impact assessment expert workshop, Brussels, 4 July 2018

5.3 The potential territorial impact on the impartiality of government services

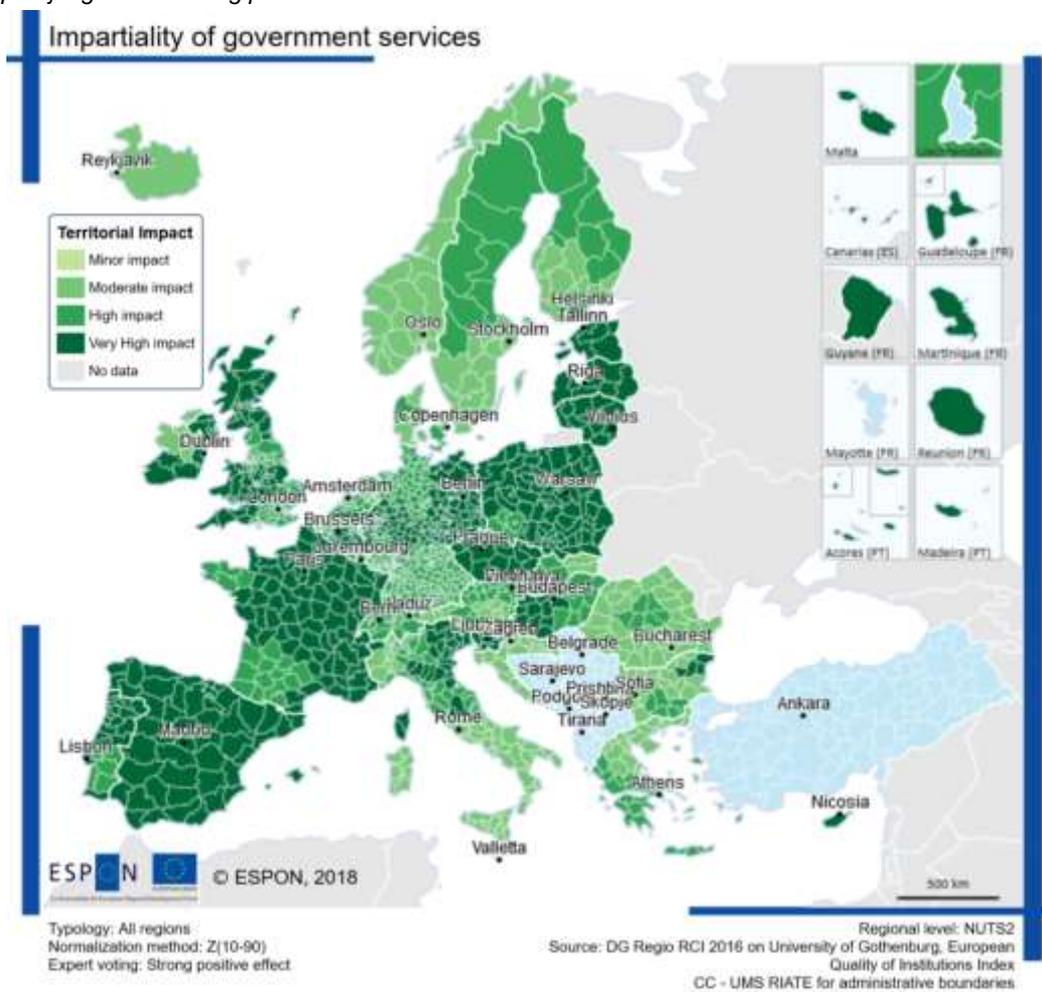
The experts assumed that the Authority might improve the impartiality of government services. Four experts voted for strongly and two for weakly positive. Three experts did not see a relevant effect.

The indicator picturing the sensitivity of a region according to the impartiality of government services is computed on the basis on the results of a survey and the national estimates from the World Bank Governance Indicators. People were asked to rate the impartiality of the government services of health care, education and law enforcement as well as of the tax authorities in their area. Regions showing a lower

impartiality of government services may benefit more from the Authority, which is expected to improve the quality of governance. Sensitivity is thus inversely proportional to this indicator.

The following map shows the Authority's potential territorial impact based on the impartiality of government services. It combines the expert judgement of a strong positive effect with the given sensitivity of regions. 43% of the regions would expect a very highly positive impact, 41% a highly positive impact and 16% a moderate positive impact.

Map 7 - Result of the expert judgement: Impartiality of government services affected by the Authority – expert judgement: strong positive effect



Source: Territorial impact assessment expert workshop, Brussels, 4 July 2018

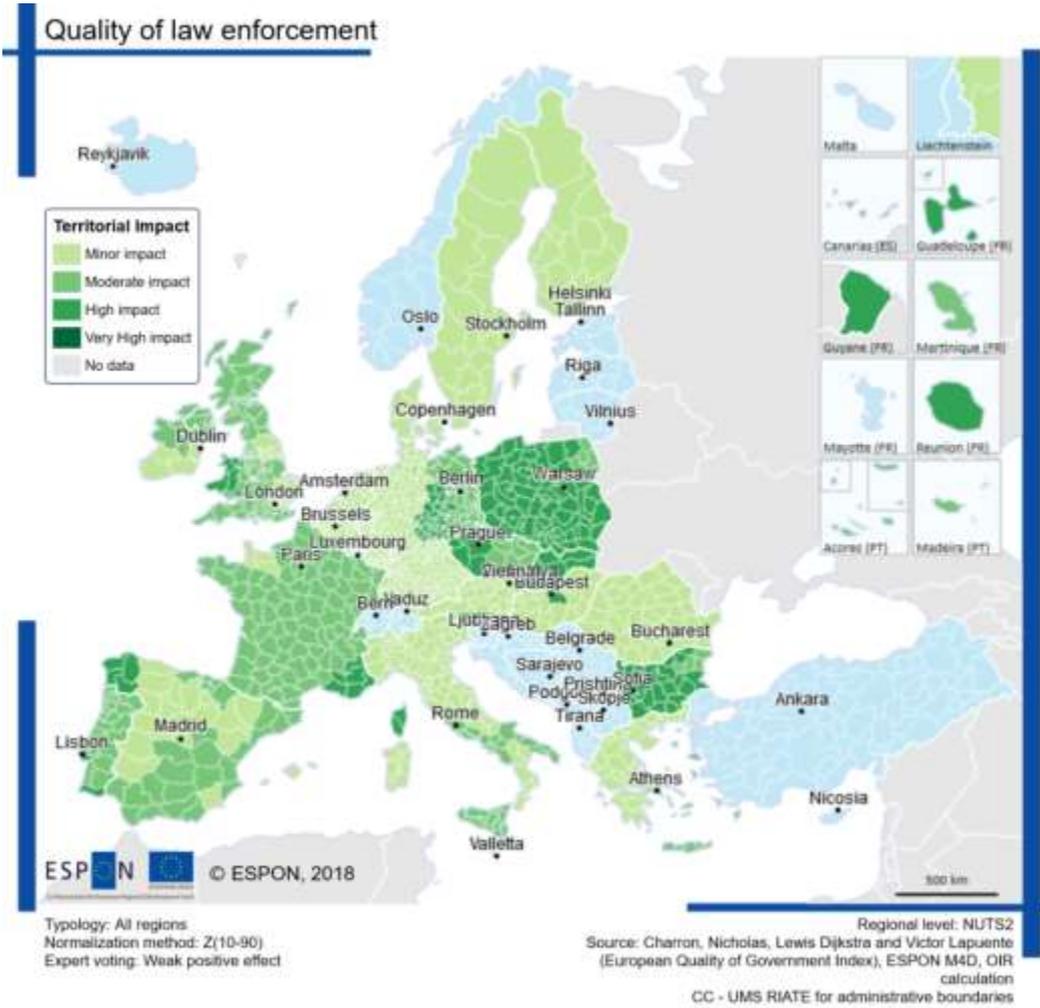
5.4 The potential territorial impact on the quality of law enforcement

The experts concluded that the Authority could have a positive effect on law enforcement. Three rated the effect as strongly positive and five as weakly positive. One expert did not see it as relevant.

The indicator picturing the sensitivity of a region according to the quality of law enforcement is computed based on the result of a survey. People were asked to rate the quality of the police force in their area on a scale of "1" (extremely poor quality) to "10" (extremely high quality). Regions showing a lower quality of law enforcement may benefit more from the Authority, which it is assumed will improve the quality of this government service. Sensitivity is thus inversely proportional to this indicator.

The following map shows the Authority's potential territorial impact based on the quality of law enforcement. It combines the expert judgement of a weak positive effect with the given sensitivity of regions. 14% of the regions are expected to face a highly positive impact and 28% and moderate positive impact. Most of the regions (58%) would gain a minor positive impact.

Map 8 - Result of the expert judgement: Quality of law enforcement affected by the Authority – expert judgement: weak positive effect



Source: Territorial impact assessment expert workshop, Brussels, 4 July 2018

6 Conclusions and policy implications

6.1 Findings based on the results of the TIA Quick check

From the expert discussion it was concluded that the main positive effects to be expected from the establishment of the European Labour Authority were at a governance level:

- for workers, social protection and knowledge of social and fiscal rights and obligations will increase;
- for companies, legal certainty will also increase. This means that companies that try to apply all legal obligations will enjoy more favourable market conditions, since social dumping will become harder;
- for public administrations and local and regional authorities there will be more sharing of information, more data will be produced on the flow of workers and fiscal and social security systems might also be expected to profit from this increased transparency.

It is unlikely that there will be significant direct or short-term economic effects. Nevertheless, as legal certainty grows and accumulated social and administrative knowledge is spread, it is not improbable that positive economic benefits might be felt through a more integrated labour market at European level, where labour supply and demand adapt to each other in a positive loop.

As the experts noted, **more than increasing the *quantity* of mobile labour** – whether this be permanent migration, seasonal work or cross-border work –, **the European Labour Authority will improve its *quality***. This is what the main target of the legislator should be and this is what should guide the Authority's work.

6.2 Findings and recommendations from the expert discussion

The recommendations from the experts can be divided into three areas:

Information and Capacity Building

- After the establishment of the Authority, national agencies and local and regional authorities (especially in those regions that have felt more strongly the effects of intra-EU migration and cross-border regions) should be targeted for special training on what the Authority is and does.
- There should be special information dedicated to social groups that might be particularly affected by labour mobility: sectors such as agriculture, manufacture or construction are certainly of interest, though other sectors (science and research or the arts and creative industries) are also especially affected by international labour mobility.
- Similarly, the European Labour Authority might be useful in promoting better and more informed international training and professional mobility for young people, with natural benefits not only for receiving regions, but also for regions sending these young people, which could then profit from their increased professional skills.
- Cross-border regions could be among the biggest winners from the establishment of the Authority, particularly those with significant flows of workers. A case-by-case analysis and cooperation between the European Labour Authority and the national and regional authorities would help to structure the specific needs of each border region.

Competences

- Each Member State has its own set of political and legal competences. Whereas the European Labour Authority would have a very important role in promoting the exchange of experience of national, local and regional authorities and in capacity building, it should not jeopardise regional competences.
- In this connection, it was also mentioned that the use of the word "Authority" might raise both undue expectations and unnecessary fears, since this will be a European agency, not an institution hierarchically above the national, local and regional labour institutes and ministries.

Social and Territorial Cohesion

- If one of the medium- to long-term effects of this Authority would be to increase labour mobility, this could be good for the European economy as a whole. Nevertheless, this might also come at the expense of poorer and/or

more fragile regions of the Union. Consequently, proper monitoring of the social and labour conditions across the union and the gathering of more and better social statistics is important in order to provide evidence for good decision-making.

- A further development of the European Social Scoreboard⁵ and its enrichment, whenever possible, with social statistics detailed at regional level would provide such evidence.
- Support in the context of cohesion policy may be envisaged to both regions and cities that face an increased influx of EU migrant workers (language support, legal advice, social institutions) and regions that have faced and might face further loss of labour force in the future (adapted to support the development of local economy).

⁵ <https://composite-indicators.jrc.ec.europa.eu/social-scoreboard/>.

Appendix 1: Territorial impact assessment workshop agenda

Territorial impact assessment expert workshop

European Labour Authority

Brussels, 4 July 2018

09:00	<i>Registration</i>
09:30	Welcome and introduction Ms Doris Kampus, CoR Member, Rapporteur <i>Short introduction of the experts</i>
10:00	Introduction to the topic <ul style="list-style-type: none">• Mr Jan Cremers – CoR Expert• Rüdiger Winter – Arbeit und Leben• Bettina Wagner – Arbeit und Leben
10:45	Explanation of the ESPON Quick Scan TIA tool Presented by Erich Dallhammer, OIR GmbH
11:00	Interactive discussion moderated by Bernd Schuh, OIR GmbH <ul style="list-style-type: none">• Dealing with cause/effect chains• Defining the types of regions affected and estimating the intensity of the regional exposure
12:45	<i>Lunch break, informal discussions</i>
14:30	Interactive discussion (Discussion on the findings, results and hypothesis)
16:00	Policy recommendations
17:00	<i>End of the workshop</i>

Appendix 2:

Description of the indicators used and regional sensitivity

Following the interactive discussion among experts, the following indicators were selected and introduced into the ESPON TIA Quick Check model:

Economic performance (GDP/capita)

Definition of sensitivity	Regions with lower GDP in PPS per capita are expected to benefit more from the Authority. Sensitivity is thus inversely proportional to the level of GDP per capita.
Description	Gross domestic product (GDP) at current market prices; Purchasing Power Standard per inhabitant
Source	Eurostat
Reference year	2014
Original Indicator	NUTS3, 2013
Spatial Reference	

Employment in manufacturing

Definition of sensitivity	Regions with a higher share of employment in manufacturing are expected to be influenced more by changes concerning this sector resulting from the Authority. Sensitivity is thus directly proportional to the share of employment in this sector.
Description	Share of persons employed in NACE Rev 2. Section C on total employment
Source	Eurostat, OIR calculation
Reference year	2014
Original Indicator	NUTS3, 2013
Spatial Reference	

Employment in construction

Definition of sensitivity	Regions with a higher share of employment in construction are expected to be influenced more by changes concerning this sector resulting from the Authority. Sensitivity is thus directly proportional to the share of employment in this sector.
Description	Share of persons employed in NACE Rev 2. Section F on total employment
Source	Eurostat, OIR calculation
Reference year	2014
Original Indicator	NUTS3, 2013
Spatial Reference	

Unemployment rate

Definition of sensitivity	Regions experiencing higher levels of unemployment are likely to benefit more from a reduction in unemployment and are more harmed by increases. Sensitivity is thus directly proportional to the unemployment rate.
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Description	This indicator is calculated by dividing the number of unemployed people by the number of economically active population.
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Source	Eurostat LFS
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Reference year	2014
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Original Indicator	NUTS2, 2013
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Spatial Reference	
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Quality and accountability of government services

Definition of sensitivity	Regions showing lower quality and accountability of government services may benefit more from the Authority, which is expected to improve governance quality.
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Description	This indicator is computed based on the results of a survey and the national estimates from the World Bank Governance Indicators. People were asked to rate the quality of the government services of health care, education and law enforcement in their area.
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Source	DG Regio RCI 2016 on University of Gothenburg, European Quality of Institutions Index, The World Bank Group
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Reference year	2013
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Original Indicator	NUTS2, 2013
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Spatial Reference	
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Impartiality of government services

Definition of sensitivity	Regions showing lower impartiality of government services may benefit more from the Authority, which is expected to improve governance quality. Sensitivity is thus inversely proportional to this indicator.
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Description	This indicator is computed based on the results of a survey and the national estimates from the World Bank Governance Indicators. People were asked to rate the impartiality of the government services of health care, education and law enforcement as well as of the tax authorities in their area.
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Source	DG Regio RCI 2016 on University of Gothenburg, European Quality of Institutions Index
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Reference year	2013
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Original Indicator	NUTS2, 2013
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Spatial Reference	
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Quality of law enforcement

Definition of sensitivity	Regions showing lower quality of law enforcement may benefit more from the Authority, which it is assumed will improve the quality of this government service. Sensitivity is thus inversely proportional to this indicator.
Description	This indicator is computed based on the result of a survey. People were asked to rate the quality of police force on a scale of "1" (extremely poor quality) to "10" (extremely high quality) in their area.
Source	Charron, Nicholas, Lewis Dijkstra and Victor Lapuente (European Quality of Government Index), ESPON M4D, OIR calculation
Reference year	2013
Original Indicator	NUTS1 & 2, 2006
Spatial Reference	

Definition of additional indicators

During the TIA quick check it is possible??? to identify additional fields of exposure that are affected by the policy proposal and which are not provided by the tool as standard. Whereas the exposure caused by the policy proposal could be judged by the experts during the workshop, a valid indicator for describing the sensitivity of regions needs to be defined in advance. The TIA quick check offers the possibility of uploading new indicators. It provides a template in which the values of the indicator can be filled in for each NUTS 3 region.

For the new indicator it has to be defined, whether the exposure field needs to be evaluated as being either harmful ('cost') or favourable ('benefit') for the region's welfare. Then the tool will automatically transform the experts' rating into numbers for further calculation (= normalisation).

Normalisation of indicators

The normalisation follows a linear procedure. Normalised values range from 0.75 to 1.25. Basically, normalised sensitivity indicators represent coefficients that can increase (if greater than 1) or decrease (if lower than 1) each policy proposal's impact on a specific field.

Methodology for normalisation of regional sensitivity values

For this step the following definitions are needed:

X_{norm_i} the normalized value of the sensitivity indicator for impact field i

X_i the original value of the sensitivity indicator for impact field i

X_{min_i} the minimum original value of the sensitivity indicator for impact field i

X_{max_i} the maximum original value of the sensitivity indicator for impact field i

Then, normalization follows this formula:

$$X_{norm_i} = 0,75 + ((1,25 - 0,75) * ((X_i - X_{min_i}) / (X_{max_i} - X_{min_i})))$$

Source: ESPON TIA Quick Check Moderator's Guide and Methodological Background



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