

Between policy and practice: implementing the Circular Economy in the municipalities of Lodz Metropolitan Area as a challenge for place-based governance under EU cohesion policy conditions

Over the past decade, the circular economy (CE) has been integrated into the mainstream of European Union policies, and its implementation is increasingly regarded as a prerequisite for achieving climate, resource, and social objectives. Within the logic of cohesion policy, the circular economy has not only an environmental dimension but also a developmental one - it fosters innovation, job creation, the reduction of public service delivery costs, and the strengthening of territorial resilience. At the same time, CE implementation takes place primarily at the local level, where local government units are responsible for key municipal services, shaping residents' behaviors, and organizing cooperation with economic and social actors.

However, practical experience and the relevant literature point to a growing gap between the strategic assumptions of the circular economy and the actual capacity to implement them at the local level, particularly in spatially complex functional areas. This challenge becomes especially visible in the context of place-based governance, which assumes, among other things, the adaptation of public interventions to specific territorial conditions while simultaneously strengthening multilevel and supra-local cooperation. In practice, this entails the need to reconcile local autonomy with mechanisms of coordination and integration of actions.

The aim of the paper is to analyze the tension between policy and practice in implementing the circular economy within the functional area of the city of Łódź as a challenge for place-based governance. The core objective is to identify the "implementation gap" between ambitious strategic goals at the EU, regional, and metropolitan levels and the operational reality of local government units (LGUs). The presentation combines the results of an empirical diagnosis of the circular economy in Lodz Metropolitan Area with the strategic frameworks set by the Strategy of Integrated Territorial Investments of Lodz Metropolitan Area for 2021-2027 and the Supra-local Development Strategy of Lodz Metropolitan Area until 2030. The research questions address: (1) the degree of alignment between municipal actions and strategic objectives as well as territorial logic; (2) barriers (including institutional and financial ones) limiting the integration of activities; and (3) implementation solutions that could enhance the coherence of interventions within the functional area.

The place-based governance approach assumes that effective public policies should be designed and implemented with reference to specific territorial conditions, taking into

account local resources, actor networks, and institutional capacities. Within EU Cohesion Policy, this logic is reinforced by territorial instruments, including Integrated Territorial Investments (ITI), whose core objective is to deliver integrated projects addressing complex development challenges.

The circular economy (CE) represents a particularly demanding field of intervention, as it simultaneously encompasses technical infrastructure, legal regulations, social behaviors, secondary raw materials markets, and organizational innovations. In functional areas, CE implementation requires coordination across administrative boundaries, since actual material, logistical, and energy flows rarely coincide with formal territorial divisions. In this sense, the circular economy may be interpreted as a specific “stress test” for place-based governance, revealing both its integrative potential and its institutional limitations within multilevel governance systems.

Lodz Metropolitan Area is a functional urban area concentrated around Łódź as the core city and the capital of the voivodeship. It includes both the city itself and the surrounding urban, urban-rural, and rural municipalities that maintain strong spatial, social, and economic ties with it. This area forms a coherent settlement system in which daily population flows (related to work, education, services, or recreation) cross the administrative boundaries of individual local government units.

Lodz Metropolitan Area covers approximately 2,500 km² and has a population exceeding 1 million residents. Łódź plays a dominant role as the administrative, economic, academic, and cultural center of the region. The city constitutes the main labor market and a hub of higher-order services, while the surrounding municipalities perform residential as well as production, logistics, and recreational functions.

An important element of the metropolitan area's functioning is its transport connectivity. Its central location within the country and access to major transport routes support economic development and the spatial integration of the entire area. Cooperation among local governments within the metropolitan framework enables the coordination of activities in spatial planning, public transport, environmental protection, and the implementation of joint infrastructure projects, often co-financed by European Union funds.

A key instrument coordinating the area's development is the Integrated Territorial Investments (ITI) Strategy of Lodz Metropolitan Area (2021-2027), which enables the implementation of joint projects financed by European Union funds. Within the ITI framework, local governments cooperate, among other areas, in the development of public transport, energy efficiency, revitalization, environmental protection, and social infrastructure.

This approach is complemented by the Supra-Local Development Strategy of Lodz Metropolitan Area until 2030, a planning document defining common objectives and

directions of action for the municipalities forming the metropolitan area. This document strengthens the coordination of spatial and investment policies, fosters functional integration, and increases the effectiveness of acquiring external funding.

Thanks to these instruments, Lodz Metropolitan Area is developing in a coordinated manner, strengthening its competitiveness and territorial cohesion at the regional and national levels.

The Integrated Territorial Investments Strategy positions the circular economy (CE) as a priority within the objective of “A Greener Europe,” emphasizing support for resource efficiency and the building of territorial partnerships. The Supra-Local Development Strategy, in turn, sets out a shared vision for inter-municipal cooperation, aiming to overcome fragmentation in municipal economy activities. Although environmental objectives are clearly present in both documents, the circular economy most often appears as an intermediate element, linked to waste management, environmental education, infrastructure investments, and energy efficiency. From an implementation perspective, this creates a risk of fragmented actions, dispersed responsibility, and a lack of clear coordination mechanisms at the metropolitan level.

The empirical foundation of the paper is based on qualitative research conducted in 2025 among all member units of Lodz Metropolitan Area Association. The study applied in-depth interviews and questionnaire-based surveys covering seven thematic areas: from operational activities and waste management, through participatory budgets and public procurement, to local strategies and monitoring systems. The analysis encompassed 48 questions, which made it possible to obtain a detailed picture of the municipalities’ institutional readiness. This approach enabled a comparison of practices among units of different scale and character, as well as the identification of factors facilitating or hindering the integration of activities within the functional area.

The case of Lodz Metropolitan Area highlights the tension between ambitious EU cohesion policy goals and the practical constraints of local governance in implementing the circular economy. CE can strengthen territorial cohesion if supported by stronger institutional capacity, stable financing, and effective supra-local coordination. The LMA experience may serve as a reference for other functional areas in Central and Eastern Europe.

Territorial cohesion instruments such as ITI have strong transformative potential, but their effectiveness in advancing the circular economy is constrained by local institutional and organizational barriers. Addressing these challenges requires better planning integration, stronger institutional capital, and more decisive supra-local action to ensure a lasting and resilient green transformation.

The findings from Lodz Metropolitan Area highlight three key challenges for cohesion policy in advancing the circular economy: institutional and competence gaps, fragmented cooperation, and social-educational barriers.

A clear divide exists between strategic objectives and operational practice. In LMA municipalities, the circular economy operates mainly through dispersed sectoral actions rather than as an integrated territorial policy. Although instruments such as Integrated Territorial Investments (ITI) offer a framework for integration, their effectiveness is limited by weak coordination, lack of common standards, and insufficient monitoring systems.

The case illustrates the shift from policy design to place-based action, showing how cohesion goals are reshaped in everyday institutional practice. Bridging the implementation gap requires stronger multi-level governance, reinforced supra-local coordination, common indicators, and better alignment between ITI projects and long-term strategic objectives. Without this, the place-based approach risks deepening fragmentation instead of strengthening territorial cohesion.

Lodz Metropolitan Area case reveals a tension between ambitious EU cohesion goals and local governance constraints in implementing the circular economy. CE can strengthen territorial cohesion if supported by stronger institutional capacity, stable funding, and effective supra-local coordination, offering lessons for other functional areas in Central and Eastern Europe.

While instruments such as ITI have strong transformative potential, their impact on CE is limited by local institutional barriers. Overcoming these requires better planning integration, stronger institutional capacity, and more decisive supra-local action to achieve a resilient and lasting green transformation.