

NEW PARADIGM IN ACTION

on successful partnerships

New paradigm in action – on successful partnerships



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Editorial introduction

We present to you a volume which gathers the outcomes of a discussion which took place during the Polish Presidency conference *Effective Instruments Supporting Territorial Development* (EIC2011), organized by the Ministry of Regional Development in Warsaw, on 25th-26th October 2011.

The conference was a great opportunity to gather leading experts in the field of regional development and representatives of the European Commission, in order to exchange views and opinions on the possibilities to improve the development instruments of the Cohesion Policy in the new programming period.

It's obvious that the importance of local development has increased notably in the past few years and so did the awareness of all major stakeholders of regional policy. This tendency can be seen in proposals for the new regulatory framework for the Cohesion Policy announced at the beginning of October 2011. Available for only few days when the conference took place it couldn't yet dominate the discussion, although some initial references to draft regulations were made. Even if they were not the *leitmotiv* of the EIC2011 they fueled the discussion which took place during the next Presidencies, also within the Polish Presidency in the Visegrad Group¹. From this discussion a special role of urban rural linkages emerges and together with that an issue of a successful partnership, as a prerequisite of success.

As highlighted in conference key messages "successful urban-rural partnership requires both time and cultivation (maintenance) and there are several conditions which need to be met such as: mutual trust, common strategy and vision, motivated actors, shared problems (mutual benefits), good joint projects, experience in co-operation"². All these elements can be found in papers presented by our experts.

In the first article Andrew Copus presents a theoretical rationale for strengthening urban-rural linkages, which until now was not on the agenda of the EU policy discourse. In his paper he develops a classification of types of urban-rural interaction, based on OECD analysis, which provides an excellent starting point for further considerations.

Professor Michael Dower presents his views on how rural development should be understood when talking about the new paradigm. He offers some key principles for rural development, under-

¹ A separate event on instruments supporting territorial development has been organized in Krakow in October 2012, see: <http://www.eic2012.nf.pl/>.

² See end of this publication.

lining the necessity of its linkage with regional and urban development which are backed up by case studies.

In his paper Rupert Kawka gives arguments that rural-urban partnerships can be a conducive tool for spatial development in all types of settings. He identifies a set of success factors for the urban-rural partnerships. He puts an emphasize on the issue of the involvement of all the stakeholders and their contribution to the partnerships with its potentials.

Dr Richard Wakeford in his paper about rural development proves how strong are the interdependencies between the urban and the rural worlds in contrary to alleged self-sustainability of cities and that “there is more that links cities and rural areas than divides them”. He also identifies the challenges facing rural areas and seeks the answer to the question of how to turn them into positive development gains. All that is enriched with the outcomes of recent OECD works.

Sabrina Lucatelli and Pietro De Matteis also analyze interdependencies of rural and urban areas, emphasizing the role of partnership in shaping urban-rural linkages, followed by interesting examples of partnership initiatives. They also put emphasize on existing policy obstacles and seek urban-rural partnership as a pro effective and pro efficient measure within the next financial perspective.

One can find more on critical aspects of local partnerships in Simona Pascariu’s paper, presenting Romanian experiences in this field. Simona identifies the driving forces behind establishing local partnerships, highlighting factors which could decide about the partnership’s success or a failure. She also presents a step by step analysis of how partnerships evolve.

A sound analysis of past experiences in local development, together with determining challenges for the future, is provided by Urszula Budzich-Szukala, who gives a practical overview of LEADER implementation in Poland and several other Member States. This paper gives us also some theoretical considerations on how “local development” is perceived and what are its main principles. It all brings us to conclusions on how territorial approach and in this respect local development should be implemented in the future.

An undeniable asset of this publication are various case studies from different Member States which I hope Readers will find useful and inspiring.

At this point we would like to express our sincere appreciation to all the Authors, who have prepared their contributions. Thanks to their input we can complete the robust discussion which has already started during our conference in Warsaw, when we still knew very little about the future institutional set-up for Cohesion Policy. For those who were present, but also those who could not attend, we attach to this publication the “key messages” from the conference of 2011. We are convinced that now, more than a year after, coming back to the Polish Presidency’s output might be even more inspiring.

ANDREW COPUS

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Urban-rural relationships in the new century: clarifying and updating the intervention logic

Abstract

This paper seeks to clarify the rationale for policy which aims to stimulate growth by strengthening urban-rural linkages. It argues that since growth pole theory failed to deliver in the 1980s there has been a tendency for spatial planning and regional development policy documents to rely upon a range of concepts, such as ‘city regions’ and ‘urban-rural partnerships’ without fully articulating the underpinning ‘intervention logic’. Cities are described as ‘the engines of growth’, and rural spill-over benefits, driven by the increasing interconnectedness of functional areas, are assumed to follow. However a poorly developed, or implicit, rationale conveys a risk that implementation of policy to support urban-rural linkages will tacitly draw on anachronistic stereotypes, rather than acknowledging the twenty-first century realities of a globalised rural economy and society.

This paper proposes a way in which this ‘theory deficit’ may be addressed. It is first argued that rural-urban relationships can take so many different forms that it is necessary to disaggregate the intervention logic into a number of ‘segments’ or ‘layers’, each of which addresses a different ‘market failure’ or inefficiency, and each of which enhances urban-rural synergies in a specific way.

Secondly it is very important to acknowledge the fact that today’s rural economies and societies are becoming less geographically constrained in their linkages: Interaction with nearby cities in many cases accounts for a declining proportion of total ‘network traffic’. This change affects some forms of interaction more than others. It is therefore argued that urban-rural policy interventions should be designed to operate within three distinct spatial contexts. In addition to conventional city-hinterland interventions, ‘generic’ (non-contiguous) urban-rural policies, and programmes which foster ‘trans-local globalisation’ among rural businesses, should be considered.

The paper draws upon the findings of the ESPON ‘EDORA’² project and Framework 7 project ‘DERREG’³.

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² European Development Opportunities for Rural Areas ESPON project 2013/1/2.

³ Developing Europe’s Rural Regions in an Era of Globalisation. FP7-SSH-2007-1, grant agreement 225204.

Introduction

The title of the conference session within which this paper originated was “Urban-rural linkages. Mechanisms supporting diffusion of growth to all types of territories.”⁴ The guidelines for discussants invited them to consider a number of questions, including: “...how to integrate urban and rural areas and spread development impulses beyond growth poles (cities, small and medium sized towns); how to ensure effective access to public services.” The overall title of the first day of the conference was “Urban areas as the Engines of Growth”.

The “Issues Paper” circulated in advance of the event is very helpful in ‘fleshing out’ the ideas which underlie these questions:

“Many functional rural areas are not sufficiently integrated into regional and national development processes. This results from both the historically conditioned economic structure of these areas, which is visible among different European countries. In general, rural areas have lower ability to provide adequate income and employment for their inhabitants. Better job opportunities are usually located in urban centers. These problems are intensified by the lack of adequate public policy and appropriate legal and organisational solutions. Rural areas provide goods and other natural resources (food and environment), which are essential for the urban development. Rural areas should become an attractive place for work, residence, leisure and agricultural or nonagricultural activities, while keeping unique natural, scenic and cultural values for the future generations. But they need to be more interlinked with urban areas. In this context, structural funds could greatly contribute by development of urban-rural linkages. They should promote the integration of functional urban area with its surrounding centre through legal and organisational activities in terms of achieving consistency and optimisation of public services. This concept of delivering public services should be reflected in the integrated strategies for functional urban areas. The scope of public services will differ depending on the needs and specificity of the functions of the functional urban area (e.g. clustering, utilities, educational and administrative services and investments, e.g. in the field of organising public space and development of transport infrastructure). Improving the access to public services within functional area, allowing to integrate urban and rural areas, should contribute to:

- *Entrepreneurship development;*
- *Improvement of human and social capital;*
- *Improvement of social services;*
- *Improvement of communication links with urban areas;*
- *Increasing the residential and economic attractiveness of rural areas.*

(Ministry of Regional Development 2011 p7).

This picture of urban-rural relationships certainly has the ‘ring’ of common sense about it, and it is in tune with many recent regional policy and spatial planning documents (e.g. METREX 2011, Scottish Government 2011). The implied appeal to the Growth Pole concept as a theoretical underpinning will perhaps prompt doubts among regional scientists and economic geographers. However this has been discussed at length elsewhere (Copus 2012 forthcoming), and it is the purpose of this

⁴ <http://www.mrr.gov.pl/konferencje/eic2011/eng/Strony/Programme25102011.aspx>.

paper to attempt to make a positive contribution to the construction of a policy rationale which could justify interventions designed to strengthen and validate urban-rural relationships. A recent review of the literature, carried out for the EPSON EDORA project concluded that this was very much needed:

“While spatial planning and Polycentricity provide a useful context for rural urban interactions, the lack of a strong theoretical groundingprovides an important challenge for the development of an appropriate conceptual framework ...” Courtney et al 2009 p205.

Any relationship, of course, involves two parties, each deriving benefits, and each contributing in some way. In the following discussion the focus will be upon the role of *rural* areas, and the potential impact of rural-urban linkages, ‘cooperation’ and policy, upon *rural* economies and societies. It is important to make clear that the order of the words (*urban-rural*) is not intended to have any significance, in terms of dominance, or the balance of costs and benefits.

The structure of the paper is as follows: First the complexity of the urban-rural relationships, and their changing characteristics are considered. This leads to a consideration of positive and negative (rural) impacts, and associated policy issues. The next step is to consider how these issues are commonly addressed by policy, and how approaches need to evolve (especially in terms of their spatial context) in response to the changing world of the twenty-first century. The need to develop appropriate interventions reflecting this evolving rationale, within the structures proposed by the draft legislation for EU Cohesion and Rural Development policy, currently under negotiation, is emphasised.

Deconstructing Urban-Rural Relationships

As will already be apparent the subject of urban-rural relationships is a complex and wide ranging one. It is also undergoing quite rapid change. If it is to become the basis for effective Cohesion Policy interventions, promoting balanced territorial development, and supporting ‘smart, sustainable and inclusive growth’, then greater clarity is surely required, especially in terms of the ‘intervention logic’. In other words it is important to establish a clear, unambiguous and specific understanding of the issues addressed, the processes by which interventions may be anticipated to deliver positive impacts, and the way in which the policy achievements may be measured. In order to achieve this it is necessary to split this composite concept into a number of thematic components. Of course this is by no means a new idea; the literature provides a number of examples of attempts to ‘deconstruct’ the concept by producing a functional typology of relationships.

What the literature tells us...

One of the earliest, and most frequently quoted, typologies is to be found in the final report of the SPESP project (forerunner of ESPON). Here eight kinds of relationship were distinguished:

1. Home-work (commuting) relationships.
2. Central place relationships.
3. Relationships between metropolitan areas and urban centres in rural and intermediate areas.

4. Relationships between rural and urban enterprises.
 5. Rural areas as consumption areas for urban dwellers.
 6. Rural areas as open spaces for urban areas.
 7. Rural areas as carriers for urban infrastructure.
 8. Rural areas as suppliers of natural resources for urban areas. (Nordregio 2002, Section 2.4)
- Zonnevelt and Stead (2007 p441) remark that "Urban and rural areas are interdependent and economically, politically, socially and physically connected through a variety of issues including housing, employment, education, transport, tourism and resource use." They go on to quote Preston (1975) who identified five categories of urban-rural interaction:

1. The movement of people;
2. The movement of goods;
3. The movement of capital;
4. Social transactions.
5. Administrative and service provision.

Bengs et al (2006) proposed a simpler, more generic classification of linkages, distinguishing structural and functional relationships. Ullied et al (2006) p15 explain these as follows:

1. Structural urban-rural relationships are of a physical nature, ruled by land and resources availability, often being concurrential (*sic*) between urban and rural (competition for water, energy and land availability).
2. Functional urban-rural relations are connected to the processes of socio-economic diversification and the interconnectedness of different functions located in urban and rural areas (tourism, real estate).

More recently the OECD (Piacentini and Trapasso 2010) proposed the following typology:

1. Demographic linkages.
2. Economic transactions and innovation activity.
3. Delivery of public services.
4. Exchanges in amenities and environmental goods.
5. Multi-level governance interactions.

This last typology seems quite comprehensive but has the advantage of simplicity and clarity, and will form the starting point for the thematic policy approach formulated within this paper. Some elaboration is necessary, since although the five broad categories are distinctive, they cannot be considered homogeneous, in terms of the 'drivers' of interaction, their impact upon territorial cohesion or rural welfare (positive or negative), or the tendency of recent trends, and hence the intervention logic of any associated policy measures.

The fifth type, 'multi-level-governance interactions' is arguably more concerned with policy process than with the functional rural-urban relationships which policy is designed to enhance or ameliorate. As such it will not be included as a type of interaction; it will instead be implicit in the subsequent discussion of forms of intervention.

Elaborating the OECD Typology.

The table overleaf represents an attempt to illustrate the complexity of urban-rural relationships, in particular the variation within the first four broad ‘types’ proposed by the OECD. It is intended to be representative, rather than comprehensive. Undoubtedly further sub-types could be specified, and further research could be justified. However, within the context of this paper a table which may be accommodated within a single page seems appropriate in terms of ensuring the clarity of the argument being advanced.

Demographic linkages.

Two sub-types are proposed: (a) Urbanisation, and (b) Commuting and counter-urbanisation. Of these, the first is increasingly restricted to the New Member States (NMS), the sparsely populated regions of the North, and some parts of the Mediterranean Member States (MS), whilst the second is associated with more developed regions in the Centre and West of the EU (Johansson and Kupiszewski, 2009). Urbanisation is also distinctive in that its impacts on rural areas are predominantly negative, whilst commuting and counter-urbanisation have rather mixed effects.

Economic Transactions and Innovative Activity.

This type can be divided into three strands. The first comprises the ‘traditional’ Central Place (CP) relationships between rural households and the providers of goods and (private) services in villages, towns and nearby cities. As is well known, the key trend here is the decline of centres in the lower tiers of the Central Place hierarchy, due to increasing consumer mobility and reduced travel costs. For commuters, daily and weekly shopping is often carried out close to the workplace, or online, rather than near the home, further disrupting the CP pattern. The impacts upon rural areas are potentially socially divisive; additional choice for car owning commuter households with broadband access, fewer choices and increased travel costs for others.

Table 1: Types and sub-types of urban-rural Interaction, based on the OECD classification

Type of Interaction	Sub-type	Key recent trends	Rural Impact	
			(+)	(-)
1. Demographic Linkages	(a) Urbanisation (rural-urban migration).	Still a live issue in extreme N of Europe, some NMS and Mediterranean regions.		Depopulation, demographic ageing and gender imbalance.
	(b) Commuting and Counter-urbanisation	Longer distance commuting. Commuting mixed with home working. Counter urbanisation the dominant trend in Central and W Europe	Commuters revitalise rural communities. Potential revitalisation of accessible rural communities and economies.	Rising rural house prices, decline of rural retailing and services
2. Economic transactions and innovation activity	(a) 'Central place' consumer relationships.	Commuting disrupts CP hierarchy. Increased mobility extends 'range'. Rise of internet shopping.	New purchasing opportunities, especially for car owning households with broadband access.	Decline of traditional local retailing, also loosening of CP relationships with adjacent towns.
	(b) Exchanges of goods and (private) services between rural SMEs and nearby cities	Polarisation between (mainstream) globalisation, translocal networks, increasing food miles and (minority) relocalisation, short supply chain etc. response. Rise in service sector. Development of hub-based logistics.	Relocalisation, short supply chains, niche, quality etc can increase value added for rural producers. Rise in service sector reduces transport cost disadvantage.	Globalisation, translocal networking etc degrades links with local cities - value added is not retained in rural areas. Logistics hubs rarely rural.
	(c) Diffusion of knowledge and innovation between countryside and nearby cities	Improvements in broadband and other communications.	Access to information via the internet.	Rural areas lack R and D capacity. Inferior access to global sources of information (broadband, transport etc.).

Type of Interaction	Sub-type	Key recent trends	Rural Impact	
			(+)	(-)
3. Delivery of public services	(a) Delivery of urban-based SGI to rural households and businesses. Also access of rural areas to urban SGI access points	Drive for efficiency and cost effectiveness (associated with privatisation) – but also rise of innovative delivery solutions.	New ICT delivery methods can reduce need for face to face delivery.	Need to achieve economies of scale means centralisation in urban hubs.
	(b) Public transport availability in rural areas.	Drive for efficiency and cost effectiveness (associated with privatisation). General reduction in public transport availability outside urban areas.	Car-owning households and individuals have more flexibility, more employment, retailing and leisure options.	Car-less households and individuals experience low quality of life and exclusion from opportunities.
4. Exchanges in amenities and environmental goods	(a) Access to countryside for leisure and recreational use by urban residents.	Increasing car ownership – increasing short break tourism. Reduction in ‘within hinterland’ tourism and leisure – main vacation abroad.	Rural economy and labour market benefits from expenditure of urban visitors. Motivates preservation of rural culture and environment.	Degradation of environmental assets if visitor numbers are high.
	(b) Rural areas as sources of water supplies, carbon capture, waste treatment.	Increased interest in carbon capture. Increasing volume of waste together with stricter rules about disposal.	Some rural employment gains from management. Investment in forestry may enhance rural environment.	Environmental risks and losses.
	(c) Rural areas as sources of renewable energy.	Much interest, substantial long term potential, but short term risks due to market fluctuation.	Potential access to cheap energy by rural businesses. Grid improvements. Potential income opportunities for rural land owners. Some local employment opportunities.	Land use conflicts, potential environmental risks. External ownership means few benefits retained locally. Negative impact on tourism and leisure industries.

The second sub-type relates to exchanges of goods and (private) services between businesses in the countryside and in adjacent urban areas, and the third to the diffusion of knowledge and innovation among urban and rural businesses. In both of these the key change in recent years is the loosening of ties between rural areas and *adjacent* urban areas. Whilst it is undoubtedly still true that resource-based rural industries (pre-eminently agriculture) interact with urban markets and input sources, the latter are no longer necessarily adjacent. The involvement of supermarkets in the food supply chain, for example, tends to result in the 'bypassing' of local market towns. Farmers in many MS commonly buy inputs from national suppliers, there is no longer any necessity for the involvement of retailers or wholesalers in their local market town. Modern logistics systems operate via a small number of regional hubs, again undermining the role of smaller towns in rural regions. Rural SMEs often have 'translocal' business networks (Hedberg and Carmo 2011, Dubois et al 2011), connecting suppliers and customers, whether urban or rural, at a distance. The increasing importance of light manufacturing or service sector activities in the rural economy, with their smaller transport costs, has made longer distance networking more affordable.

There has, of course been a reaction to these globalising or 'glocalising' tendencies (Swyngedouw 2004). These include attempts to retain more of the value added in the local (rural) economy through 'short supply chains', various 'relocalisation' initiatives, an emphasis upon quality, niche markets, and regional appellations (Courtney *et al* 2010, pp1081-1088, Marsden 2009).

Sources of knowledge and innovation are increasingly accessible via non-local networks (especially the internet). Nevertheless opportunities for face-to-face interaction and faster broadband probably still give cities an advantage in terms of spillovers from universities or research centres.

Delivery of Public Services

This is a very heterogeneous type of interaction, which for the sake of clarity, we divide into only two sub-types. The first relates to the services, which usually originate in urban areas, but which are either delivered to rural residents, or made available in urban access points (to which rural users must come). Examples of the former are postal services and power/water utility networks, and of the latter hospitals, or higher education. There are various intermediate examples, such as primary schools, or General Practitioners, which tend to be provided in smaller rural settlements. The second sub-type is public transport, which has a very important impact upon rural development and social inclusion.

For both of these the key trend is the drive for efficiency and cost effectiveness currently associated with the need for 'austerity' but which has its origins in changing policy paradigms (away from the Welfare State and towards privatisation), 'regional enlargement', and opportunities presented by technological change. In the case of both service delivery and public transport the rural impacts of current trends are mixed and potentially divisive. The necessity to achieve savings will inevitably lead to more centralised provision of services through urban 'hubs', and the reduction in public transport services in the more remote areas will diminish the quality of life and inclusion for car-less families. On the positive side new technologies (especially applications of ICT) have some potential to improve the experience of rural users, and increasing car ownership is associated with more flexible access to services, more employment opportunities, and more leisure options.

Exchanges in Amenities and Environmental Goods

This type may be divided into three sub-types; the first relating to the use of the countryside by urban residents for leisure and recreation purposes, the second focusing on rural areas as a source of resources, such as water, a carbon sink, or a place for waste disposal, and the third acknowledging the importance of rural areas as a source of renewable energy.

One of the most important trends affecting the first sub-type is the popularity of short break tourism, associated with car ownership. However it would be wrong to assume that this necessarily builds linkages between cities and their immediate rural hinterland. Even weekend breaks often involve travelling past many (more familiar) ‘intervening opportunities’ in rural areas. The rural impacts of such leisure and tourism activities are mostly positive; principally increased job opportunities and economic activities. Under more intensive use degradation of environmental assets may take place.

The second sub-type occurs in the context of the increased interest in dealing with the negative externalities of urban life. Rural areas may welcome the additional employment associated with waste disposal, water supplies or planting of forestry for carbon capture, although there are obviously environmental risks and losses to be considered.

Finally the development of renewable energy in rural areas may bring some short-term construction employment to rural areas, though these are often not really available to local people. Medium term income streams are generally available to local landowners, or communities, which may also benefit from cheaper energy and grid improvements. On the negative side external ownership may reduce the scale of local benefit retention, and there is often fear of effects on tourism and leisure industries.

Urban-rural relationships with ubiquitous rather than contiguous impacts.

The above overview, although very brief, has already brought forward a recurrent theme when considering urban-rural relationships in twenty-first century Europe. Many of the relationships which are commonly proposed as a basis for urban-rural partnership policies are less and less likely to involve contiguous “hinterlands”. Instead they may connect “generic” rural and urban areas which are not necessarily adjacent to each other; or they may be more completely ‘footloose’, not requiring any distinction between urban and rural. For example farmers and other rural businesses generally engage in transactions with urban customers or suppliers, but not necessarily local ones. Rural recreation and tourism by urban people is by no means restricted to the immediate vicinity of the home city. Planting trees for carbon capture cannot be directly linked to emissions from the neighbouring urban areas, and most rural renewable energy is distributed via a national grid. The eleven sub-types of urban-rural relationships described above each has a different potential in terms of “contiguous” or “ubiquitous” benefits. This is a characteristic which should be carefully considered in the specification of urban-rural partnership policy measures, and one to which we shall return, below.

Towards an Intervention Logic...

The term ‘intervention logic’ will be familiar to those who have been involved with CAP Pillar 2 programmes or evaluation. It is used here simply to describe the rationale for a policy measure, a chain of reasoning connecting a policy objective, a specific ‘requirement’ for intervention (such as some kind of market failure or social inequity), and an elaborated policy measure, via a rationale which explains how the intervention addresses the ‘need’.

An intervention logic for urban-rural cooperation may be arrived at in two ways, the first using reasoning on the basis of our understanding of observed urban-rural relationships, the second by inference from the policy discourse. The first takes the types of interaction listed in Table 1 as a starting point, and attempts to summarise the characteristics which could form a justification for intervention. The second considers what may be deduced from the goals and approaches which have been stated or implied in policy documents relating to urban-rural cooperation in recent years.

The ‘clean sheet’ conceptual approach.

It seems that there could be two ways in which an intervention logic may be derived from Table 1; (i) by drawing together negative impacts commonly associated with a type of interaction, or (ii) by showing that positive impacts commonly associated with a type of relationship are likely to enhance some aspect of the rural economy, society or environment. This process is attempted in Table 2, where the key issues and drivers associated with each type of interaction are tabulated. The final column provides a selection of examples of interventions which could be linked to each type of interaction.

Clearly this cannot be either a fully objective, or comprehensive, process. The selection of the principal policy issue for each type of interaction is inevitably arbitrary to a degree. No attempt can be made here to compare the eleven interaction sub-types in terms of their relative effectiveness or ‘leverage’ in relation to the issues listed.

It is clear from Table 2 that most of the sub-types of urban-rural interaction are driven by a recurrent set of “meta-narratives” (Lee et al 2010) or “megatrends” of change. These include structural change in the economy, advances in transport and communication leading to improved accessibility or ‘connexity’ (Mulgan 1998), the increasing importance of economies of scale and agglomeration, changes in public service and welfare state paradigms, especially privatisation, ‘commodification of the countryside through the valuation of countryside and public goods, and climate change (amelioration and adaptation).

The suggested examples of interventions in the final column are intended to be illustrative only, it is not possible to provide comprehensive, or even representative coverage. Furthermore in the real world urban-rural cooperation initiatives are likely to address multiple objectives, which are hard to disentangle. Nevertheless Table 2 is illustrative of the kind of careful/systematic consideration and clarity of purpose which should accompany the design of policy for urban-rural cooperation, and the subsequent monitoring and evaluation of outcomes.

Table 2: Policy issues by Type of Interaction

Type of Interaction	Sub-type	Principal Policy Issue to be addressed	Main Drivers	Examples of appropriate U-R cooperation interventions...
1. Demographic Linkages	(a) Urbanisation.	Regional disparities (depletion of marginal areas).	Structural change/agglomeration	Relocation of public sector employment in rural areas.
	(b) Commuting and Counter-urbanisation.	Regional disparities (congestion of peri-urban areas?).	Improved accessibility/agglomeration	Investments in or better coordination of suburban transport.
	(a) 'Central place' consumer relationships.	Degradation of private services in smaller centres. Reduced consumer choice and lower quality of life for households unable to access larger centres.	Improved accessibility, Globalisation, Agglomeration.	Support for community/social enterprises to run private services in rural areas.
2. Economic transactions and innovation activity	(b) U-R exchanges of goods and services.	Leakage of value added, employment etc. from rural areas.	Structural change, Globalisation	"Matchmaking" service to build links between urban and rural SMEs
	(c) U-R Diffusion of knowledge and innovation.	Lower competitiveness for rural areas.	Knowledge economy (structural change), agglomeration	Dissemination of technical and market knowledge through U-R business networks (clubs/associations).
	(a) Delivery of SGI.	Regional disparities – quality of life in peripheral or sparsely populated areas.	Agglomeration, Privatisation	Innovative service delivery options in rural areas (community based, using IT etc)
3. Delivery of public services	(b) Public transport.	Regional disparities – quality of life in peripheral or sparsely populated areas.	Increased car ownership, Privatisation, Economies of scale.	Strategic planning of public transport to ensure better U-R linkages.
	(a) Leisure and recreation.	Need for diversification of the rural economy.	Commodification of the countryside – Countryside Public Goods. Economic restructuring.	Marketing of rural leisure and recreation in urban centres.
4. Exchanges in amenities and environmental goods	(b) Resources and waste disposal.	Sustainable waste disposal, sustainable use of resources (e.g. water supply)	Land use conflicts, Environmental Public Goods.	Strategic cooperation between urban utility providers and rural land holders/planning authorities.
	(c) Renewable energy.	Sustainable energy production, climate change amelioration and adaptation.	Land use conflicts, Climate Change.	

Stated or implied objectives from the policy literature.

The current phase of interest in urban-rural relationships and cooperation began with the SPESP research programme, and the publication of the European Spatial Development Perspective (ESDP) in 1999. The subsequent literature (up to 2010) has been reviewed elsewhere (Copus 2012 forthcoming). The key points emerging from this review are:

- The importance attached to the concept of polycentricity, as a normative concept, emphasising the role of small and medium-sized towns as drivers of growth in rural areas.
- Rural-urban cooperation was strongly promoted as a policy goal.
- The theoretical underpinning for the above arguments was relatively weak.
- It was acknowledgement by some writers that both the rural hinterlands, and small/medium sized towns were increasingly diverse in terms of their economies, and in terms of inter-relationships, so that old central place concepts and models were no longer appropriate. Bengs et al (2006) talked of “commodified countryside”, whilst Schneiderwind et al (2006) described it as “post Fordist”.
- The implications of globalisation, and the idea that rural businesses now operated in ‘relational’ rather than geographical space were raised (Shucksmith 2008), but not taken up to any extent in the policy debate.
- An attempt to translate the concept of urban-rural cooperation into practical policy (Interreg III) met with limited success (Zonneveld and Stead 2007).

Writing in late 2010, Copus (2012 forthcoming) concluded “It is hard to escape the impression, ... that the policy debate still lacks a solid theoretical basis, and that the repetition of the mantra of the need for more cooperation masks an unfulfilled search for a clear and satisfactory rationale, and a concomitant shortage of specific ideas for practical forms of intervention.”

Since then two substantial policy documents (the Fifth Cohesion Report, and the Territorial Agenda 2020) have emerged, and the draft regulations for the 2014-2020 period, have been published. In fact the Fifth Cohesion Report says very little about urban-rural linkages or cooperation. However it does describe urban areas as “*the engines of growth and hubs for creativity and innovation.*” (EC 2010 pXXIX). It also states that “*Territorial cohesion also means addressing urban-rural linkages in terms of access to affordable and quality infrastructures and services, and problems in regions with a high concentration of socially marginalised communities.*” (Ibid.)

The Territorial Agenda 2020 document (TA2020) is rather more forthcoming. The heritage of the ESDP is very evident: “*cities are seen as motors of smart, sustainable and inclusive development and attractive places to live, work, visit and invest in. ... Urban-rural interdependence should be recognised through integrated governance and planning based on partnership.*” (Mendez 2011 p68). TA 2020 suggests (COPTA 2011 p66) that multi-sectoral approaches can “*support balanced urban-rural relationships and strengthen natural functional relationships within the territory, i.e. “catchment” or “commuting” links between places fulfilling different social and economic functions.*”

It later becomes clear that the TA2020 authors believe that the need for U-R cooperation derives from a failure of urban-hinterland relationships to keep up with developing cities, (for reasons which are not clear), but which may be compensated for by cooperation between local governance in urban and rural areas:

The recent economic crisis underlined the interdependence of regions. This applies particularly for urban-rural relations... While cities are the main motors connected directly to the European and global networks, rural areas have to be well connected to the city network. Peripheries and rural areas with a high share of vulnerable groups particularly need to have sufficient connections to centres... The intensifying relations between cities and the rural territories surrounding them call for deepening the connections and cooperation between urban and rural territories, between cities and their regions... Urban-rural interdependence should be tackled through multi-level governance including integrated planning based on a broad-based partnership... Small and medium-sized centres might have a crucial role in this field in rural areas; therefore it is important to improve the accessibility of urban centres from rural territories and so enhance people's access to job opportunities and services of general interest." Ibid p81.

Aspects of this diagnosis are echoed by the ESPON FOCI report (Lennert et al 2010), which argues that larger metropolitan areas are increasingly more closely integrated into global networks than hinterland ones. This is conspicuously the case in the former socialist states of Eastern Europe, where capital cities have experienced a rapid transformation, leaving the more rural surrounding regions behind. This process may perhaps be summed up by the term “*functional region failure*”. It could be said to be rather more straightforward than the ‘clean sheet’ conceptual analysis presented in the previous section, which points to a range of recent and ongoing trends as drivers. However, the evidence base for “functional region failure” may be regarded as rather thin⁵ – but in the policy context it has the advantage of pointing to a range of institutional interventions for which the increasingly common ‘shorthand’ term is “multi-level governance”.

Cooperation: a means or an end?

Multi-level (or ‘territorial’) governance very is much a ‘concept of the times’. It is a recurrent theme in several recent policy documents, often in association with an emphasis upon ‘place based approaches’. Thus Mendez et al (2011 p28) state that “*the place-based paradigm is strongly supportive of the multi-level governance model pioneered by EU Cohesion Policy*”. Under the heading “Reinforcing partnership” the Fifth Cohesion report (EC 2010 pXXIX) states that “*Effective implementation of Europe 2020 requires a governance system that involves the actors of change in Member States and that links the EU, national, regional and local levels of administration.*” The importance of multi-level governance is nowhere more visible than in the discussion of Local Development: “*This strategy should be developed in close partnership between the various local public and private actors, as well*

⁵ The only attempt (so far) to carry out an empirical analysis, within the FOCI project, seems to be severely hampered by reliance upon NUTS 2 data.

as different administrative levels (local authorities and territorial units of central or regional government)” (Ibid p233).

The EU 2020 document (COPTA 2011 p15) makes a very clear statement regarding the importance of cooperation between different levels of governance: *“Progress towards territorial cohesion entails a permanent and cooperative process involving the various actors and stakeholders of territorial development at political, administrative and technical levels. This process of cooperation is called territorial governance. The private sector, the scientific community, the public sector, non-governmental organisations and other players need to act together in order to make better use of crucial investments in European regions and contribute to tackling the different challenges a particular region is facing...place-based development builds on specific assets of places, and recognises the important part that local and regional authorities must play in realising optimal solutions for long-term development.”*

The emphasis upon urban-rural cooperation dates back to the ESDP in 1999 (Copus 2012 forthcoming). However translating it into practical policy interventions has proved challenging. For example Zonnevelt and Stead (2007 p451), after reviewing INTEREG III project documentation, observed that “on the whole the issue of urban–rural relationships remains rather implicit in INTERREG projects and some of the operational programmes.” There have also been a number of nationally funded urban-rural cooperation projects, perhaps the largest of which being the German MORO programme (Kawka 2011, METREX 2011). The concept of ‘functional region failure’ seems to be a common motivation, and this points to the risk that cooperation, and enhancing multi-level governance, could become an end, rather than a means. It would be dangerous, of course, if evidence of effective cooperation came to be perceived as an indicator of success, since this could have the result of distancing the intervention from the issues described in Table 1.

Spatial Patterns

A number of authors suggest that urban-rural relationships, and the nature of cooperation varies according to geographical context. For example Schneiderwind et al (2006) emphasise the diversity of small and medium sized towns in Europe. Any concept of a “standard” or “normal” town is, they infer, unrealistic. Towns are very diverse in their structure and function, and hence their relationships with their hinterlands are equally variable, undermining the longstanding assumptions of Central Place theory. Many small or medium sized towns are losing some of their central place functions to larger metropolises. Suburbanisation and the rise of out-of-town shopping centres is adding new complexities to the pattern.

Piacenti and Trapasso (2010) use a functional/spatial category matrix to organise their discussion. The three spatial categories are:

- (a) metropolitan regions;
- (b) networks of small and medium-sized cities; and
- (c) sparsely populated areas with market towns.

They explain the differences between the three types of areas as follows:

“Each of these regions is home to different kinds of urban-rural linkages. In the first pattern, the urban region supports the rural surroundings and provides them with services and economic opportunities. In this context rural areas mainly have the role of servicing the urban region. In the second pattern, cities are still producing the bulk of services. However, the economy is spatially diffused. Rural areas act as semi-autonomous growth poles but depend on urban centres for specialised services or for accessing larger markets. Finally, in the third pattern, the urban areas do not play the role of engines of growth. The regional economy depends on resources and activities located in rural areas (often primary activities). Small towns act as market points and sources of labour or un-specialised services.” (Ibid p2)

Settlement patterns are not the only aspect of geographic context which should be considered however; governance structures, capacities and traditions are also important. Implicit within the whole notion of urban-rural cooperation is an underlying assumption of the existence of local governance entities (e.g. municipalities), some of which are urban and some rural, which have an active interest in, and capacity/legitimate powers/spending power, for local economic and social development. However these building blocks for cooperation are not really evident in some MS, both in the NMS12 and in the EU15, due to the level of centralisation and weakness of local government. For example Brookes et al (2011 p5) describe centralisation in the England as follows: *“Local government has a limited range of powers,.... Over the period since 1945 power and authority have moved upwards within the English political system,.... Across a whole swathe of issues with a strong local dimension, including health, education, housing, planning, and regeneration, post-war governments of whatever political hue wholly or partly took responsibility away from local government. Appointed bodies (“quangos”) proliferated and they, schools, non-governmental agencies and private companies have all come to have a part in the delivery of public services.... There has been an increase in oversight and regulation. Local domestic taxation has been capped. In sum, local government powers and responsibilities have been pushed both upwards to central government, and sideways and downwards to other local bodies. There has been less emphasis on local government having a unique local role.”* Such a governance environment does not preclude urban-rural cooperation, but it certainly makes it more complex in practice.

The authors of TA2020 detect an East-West difference in attitudes towards urban-rural cooperation; *“a basic difference exists in urban-rural relations between Western and Eastern countries. This is due to the special characteristics of the latter group, such as its less developed “culture” and tradition of cooperation and partnership between localities...”* (COPTA 2011 p51.)

One may also point to North-South differences: In the Nordic countries, local democracy and municipal competence are strong, but the long-established (top-down) principles of fiscal equalisation and “territorial equivalence” (Bryden 2008) have, until recently “looked after” many aspects of rural-urban inequality, removing (at least to some extent) the motivation for cooperation.

Finally, in addition to these broad macro-regional differences across the EU landscape, it is important to note the increasingly “non-contiguous” nature of urban-rural relationships. Rural economies still require contact with urban businesses, markets and institutions, but not necessarily *adjacent* ones.

Beyond Contiguity, Agglomeration and Polycentricity.

The main implication of the declining importance of contiguity in rural-urban relationships is interdependence between 'generic' rural and urban environments, in which spatial proximity is not so important. Similarly, in the field of business development the central role of the process of agglomeration, whereby external economies of scale gave an advantage to clustering of enterprises within cities and towns, has been becoming less dominant. For some years now business network experts have been drawing attention to the fact that changes in communications, information technology, and business practice mean that the configuration of business networks are less and less constrained by physical distance.

At first the argument was that business networks which were less spatially constrained could act as a substitute for agglomeration in rural or sparsely populated areas. Thus Johansson and Quigley (2004 p164-5, p175) argue that *"...networks among economic actors dispersed over space may act as a substitute for agglomerations of actors at a single point, providing some or all of the utility gains and productivity increases derived from agglomeration....When co-location is infeasible, networks may substitute for agglomeration. This possibility of substitution means that small regions may survive and prosper – to the extent that networks can substitute for geographically proximate linkages, for local diversity in production and consumption, and for spillouts of knowledge in dense regions."*

As the end of the above quotation hints, business networks are believed to play a vital role in the transmission of information, which in turn promotes innovation. The effectiveness of a region's business network depends both upon its local network "density", degree of "embeddedness", together with the associated human and social capital, and upon its connections to more distant sources of specialist information. These two capabilities are sometimes referred to as "bonding" and "bridging" respectively. In essence, bridging capability channels information into the local network, bonding distributes it among local firms and entrepreneurs, facilitating collective learning. Thus Johansson et al (2002 p310) in their analysis of a furniture cluster in Sweden concluded: "The combination of dense local networks, building an absorptive capacity for external influences through any member business, and globally significant firms, provides competitive strength to all individual firms as well as to the (business) community as a whole". Nijkamp expresses the same idea as follows: "Locality and globality are two sides of the same medal in an open network" (2003 p396). Bathelt et al 2004 coined the memorable phrase "local buzz and global pipeline" to describe regions in which high levels of local interaction combine with effective channels which bring in exogenous knowledge which supports local innovation. Huggins and Johnston (2009) make the same point.

A more extreme view is that new forms of communication and transport are abrogating the role played by physical distance over patterns of economic and social interaction, and thus, indirectly, the forces of agglomeration which ultimately account for urban and rural settlement patterns. Increasing freedom from locational constraints allows less tangible aspects, such as common interests and trust to determine the pattern of relationships. In the words of Tallman et al (2004): *"As the construct of closeness changes in the postindustrial economy, and as firms begin to relate to other firms that are close relationally—through networks of alliances—or virtually—through intensive informa-*

tion exchange—the relevant concept of space may move away from physical geography...” Similarly Huggins and Johnston (2009 p252) speculate that “...the constraints of distance on knowledge flow may be fading...”. Torre and Rallet (2005) affirm the rising importance of “organisational proximity” rather than geographical “localisation”, an allowing economic actors to be “ubiquitous”, or “both here and there” (ibid p53). The forces of agglomeration, they argue, are today driven by shared “support resources”, social embeddedness, or access to transportation hubs, rather than by business interaction with other local firms.

This view of the economic landscape is rather different from that which underlies the recent policy discourse on rural-urban interaction and cooperation. However it is important not to begin thinking in terms of two separate “worlds”; a hard physical set of interactions in “Euclidean” space, and a parallel reality of “organisational proximity”. Of course in the real world there is only one set of interactions, which are being perceived, and described, in different ways. Patterns of interaction have undergone a change of degree (evolution), rather than kind; geography is still matters.

As was evident from the discussion of Table 2, some kinds of interaction continue to be intrinsically dependent upon spatial proximity, whilst for others location, physical proximity or contiguity are becoming less important. Asheim et al (2009) have, for example, argued that the necessity for proximity is determined by the type of knowledge (tacit, synthetic, symbolic etc) involved in the interaction. This kind of analysis could provide a rationale for a “spatial sorting” of activities, some of which will continue to be associated with major economic centres, others with smaller cities and towns, and others which are truly “footloose”.

Alternatively the same activities (such as business networking) may behave differently in different spatial contexts. For example, using evidence from rapidly internationalised SMEs in New Zealand, Davenport, (2007) suggests that in ‘sparse’ environments, where the benefits of spatial proximity are not available, dynamic, innovative firms rely instead upon networks structured around ‘organisational proximity’. This idea of dependence upon organisational proximity networks, enforced by paucity of local opportunities for interaction, is also explored through a Danish case study by Drejer and Vinding (2007). In addition, there will inevitably be some variation between countries and regions because the shift towards “organised proximity” and the weakening of agglomeration forces is to some extent dependent upon both the quality and accessibility of IT infrastructure, and the capacity of the local human capital to exploit new opportunities.

To sum up, it appears that the European (urban and rural) economic landscape is currently in a state of transition, between a twentieth century reality in which physical distance and agglomeration was a key driver; to a twenty-first century one in which ‘organised proximity’ will play an increasing role in relation to some (not all) kinds of activity, provided that certain (infrastructural and human capital) preconditions are met. Faced with this kind of complexity it seems difficult to conceive of ‘functional regions’ or ‘city regions’ as bounded spaces within which to implement urban-rural cooperation policies. The next section will attempt to draw out these implications in greater detail.

Some Policy Implications

It is not sustainable for urban-rural cooperation to be valued as an end in itself, rather than as a means of addressing EU cohesion policy goals or achieving EU2020 targets. Indeed, the above discussion has suggested that it would be helpful if the rationale for urban-rural cooperation policy was more explicit and better reflected current trends and patterns of interaction. Appeals to out-dated stereotypes of urban-rural relationships, or vague implicit concepts of “functional region failure” do not constitute a robust conceptual basis for developing urban-rural cooperation policy.

Both ‘deconstruction’ of the concept of urban-rural relationships, and consideration of the changing nature of proximity, point to a degree of complexity and ongoing change which are incompatible with simplistic definitions of functional or city regions. Three distinct ‘modes’ of intervention may be envisaged. The first is a version of conventional urban-rural cooperation, based on ‘functional regions’, whilst the second and third are hybrid types which acknowledge the decreasing importance of contiguity and physical proximity.

- (i) **Thematic City Region measures.** Recognition of the complexity and transitory nature of current patterns and structures points to a thematic approach to rural-urban cooperation, in which objectives, intervention logic, the intervention geography, and implementation activities are clearly and explicitly specified in relation to an aspect (or aspects) of interaction between the countryside and urban areas. Such thematic intervention should be focused on forms of interaction for which proximity or contiguity remains important. A good example would be intervention to improve rural access to services (both private and public). This would include both services offered only in urban areas, for which better access by rural users would imply transport improvements, and those which are delivered direct to rural households, implying cost-effective dispersed (or ‘virtual’) delivery. Whilst acknowledging the advantages of *integrated* programmes, some flexibility in terms of the geography of different sub-programmes would seem advisable.
- (ii) **Cooperation between Generic Urban and Rural categories.** This form of intervention would support interaction between generic urban and rural categories of space, without constraining them to link contiguous areas. An example would be a (national or international) initiative to connect urban consumers to rural leisure and tourism providers.
- (iii) **Fostering Organised Proximity in Rural Areas.** This approach would seek to build ‘translocal globalisation’ through interventions designed to nurture and extend the scope of *organised* proximity interactions by rural businesses. An example would be the ‘match-making’ type of business network brokering (Copus et al 2011).

Table 3: Modes of Intervention by Type of Interaction and Policy Issue

Type of Interaction	Sub-type	Principal Policy Issue to be addressed	Examples of appropriate U-R cooperation interventions...	Modes of intervention		
				(i) Thematic U-R Coop	(ii) Generic U-R Coop	(iii) Fostering Organised Proximity
1. Demographic Linkages	(a) Urbanisation.	Regional disparities (depletion of marginal areas).	Relocation of public sector employment in rural areas.	✓		
	(b) Commuting and Counter-urbanisation.	Regional disparities (congestion of peri-urban areas?).	Investments in or better coordination of suburban transport.	✓		
2. Economic transactions and innovation activity	(a) 'Central place' consumer relationships.	Degradation of private services in smaller centres...	Support for community/social enterprises to run private services in rural areas.	✓	✓	?
	(b) U-R exchanges of goods and services.	Leakage of value added, employment etc. from rural areas.	"Matchmaking" service to build links between urban and rural SMEs	?	✓	✓
	(c) U-R Diffusion of knowledge and innovation.	Lower competitiveness...	Dissemination of technical and market knowledge through U-R business networks.		✓	✓
3. Delivery of public services	(a) Delivery of SGI.	Regional disparities – quality of life...	Innovative service delivery options in rural areas (community based, using IT etc)	✓	✓	?
	(b) Public transport.	Regional disparities – quality of life...	Strategic planning of public transport to ensure better U-R linkages.	✓		
4. Exchanges in amenities and environmental goods	(a) Leisure and recreation.	Need for diversification of the rural economy.	Marketing of rural leisure and recreation in urban centres.		✓	?
	(b) Resources and waste disposal.	Sustainable waste disposal, sustainable use of resources...	Strategic cooperation between urban utility providers and rural land holders/planning authorities.	✓	✓	
	(c) Renewable energy.	Sustainable energy production, climate change amelioration and adaptation.			✓	?

Table 3 suggests how the three modes of intervention relate to the types of interaction discussed earlier. Again (as in the case of the previous two tables), it is important to stress that the examples provided are intended to be illustrative, rather than comprehensive.

Mode 1 (thematic U-R cooperation), seems appropriate for six out of the ten interaction sub-types. The four types of interaction for which this mode of intervention seems less appropriate are 2b, 2c, 4a and 4c. The case of 2b (transaction networking for rural businesses) is not clear-cut, since in certain land-based production sectors there may be some scope for 'relocalisation' strategies based on quality and local appellation, whilst other sectors might arguably be better served by a Mode 3 intervention to foster translocal business linkages. With regard to 2c, (the diffusion of knowledge and innovation to rural businesses), the potential gains are likely to be greater without constraining linkages within contiguous areas, rural firms will be better served by helping them to gain access to the appropriate sources of information, wherever they may be located. The advantages of non-contiguity in the case of type 4a has already been noted above, whilst for 4c (renewable energy) the explanation lies in the existence of national/international energy grids, and the fact that energy prices reflect proximity to generation rather poorly.

Mode 2, cooperation between generic rural and urban categories of areas without requiring contiguity seems to be the form of intervention most generally applicable. It serves many of the interaction sub-types for which Mode 1 is also appropriate. However, it is probably not the most effective approach in the case of 1b (investment in and coordination of suburban transport to alleviate counter-urbanisation issues) or 3b (addressing rural public transport issues), both of which probably require interventions tailored to specific catchment areas or hinterlands.

Mode 3 (fostering organised proximity) is generally less appropriate for types of interaction which necessitate (or imply) physical movement of people (i.e. Type 1), or material (as in sub-type 4b). At the other extreme sub-types 2b and 2c, (transaction and information networks for rural businesses) organised proximity is increasingly important in the context of a globalised economic environment. Furthermore there would appear to be some potential for virtual interaction taking the place of physical flows of people and goods in several other interaction sub-types (2a, 3a, 4a, 4c).

Conclusions

The central thesis of this paper has been that urban-rural relationships are complex and quickly changing phenomena, which should only be addressed by policy after a clear understanding of their many and varied facets has provided a firm foundation for evidence-based intervention logic(s). This evidence base and rationale have not, thus far, been forthcoming within the European policy discourse, and there is a risk that calls to strengthen urban-rural cooperation as a means of achieving cohesion and competitiveness goals may be undermined by assumptions about stereotypical patterns of relationships, which are no longer valid, or are now applicable only in certain geographical contexts. There is also a danger that urban-rural cooperation may become an 'end' in itself, rather than a means of achieving policy objectives. The conceptual fog' is particularly thick in relation to the impacts of urban-rural relationships upon *rural* areas, and this has been the particular focus of the forgoing discussion.

At the beginning of the paper a four-fold classification of types of urban-rural interaction (with ten subtypes) is developed, based on a recent OECD analysis. This typology becomes the starting point for the ‘deconstruction’ of the concept of urban-rural relationships and cooperation, beginning with the key recent trends, and their impact upon rural areas, and then considering the consequent policy issues, and appropriate forms of intervention. Having followed through the various ‘strands’ of intervention logic associated with each of the ten sub-types of urban-rural interaction we find that there are arguments for a rather wide range of policy approaches, which should be ‘tailored’ to local or regional requirements. However three broad ‘modes’ of intervention are distinguished. Each of these have important antecedents in terms of different geographic contexts and the way in which urban-rural relationships are evolving.

The first of these, ‘thematic urban-rural cooperation’ is probably most similar to a conventional (contiguous) city-hinterland policy concept, but with the proviso that individual spatial characteristics of different functional interactions (themes) should be respected, and not forced to compromise within integrated programmes. The second ‘mode’ is termed ‘generic’ urban-rural cooperation. This is intended to acknowledge the declining importance of contiguity in urban-rural relationships, concentrating more upon facilitating cooperation between rural and urban spaces, without requiring contiguity. The third ‘mode’ goes a step further, and seeks to foster ‘translocal globalisation’ of rural businesses, by nurturing ‘organised proximity’ for which contiguity and proximity are irrelevant.

The legislative architecture of the current proposals for Cohesion and Rural Development policies for the 2014-20 period does not provide an obvious ‘niche’ for interventions to support urban-rural relationships. However the first mode (‘thematic urban-rural cooperation’) seems most appropriate within the context of the multi-fund local development option, whilst the second and third modes (‘generic’ and ‘organised proximity’) could be developed within either a national or a regional programme.

It is to be hoped that the above exercise of ‘thinking through the logic’ of urban-rural cooperation from the rural perspective can, in the coming months and years, help to inform a policy design process which can avoid the trap of confusing means with ends, and therefore deliver real and appropriate benefits for rural Europe.

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Rural development in the New Paradigm

Summary

I take the ‘new paradigm’ to be a European Union which offers its citizens good quality of life, and which aims to be fully sustainable, in order to meet its full responsibility to the globe and its living creatures, and to future human generations. In that context, I believe that Rural Development :

- is vital, in order to contribute to growth and prosperity within Europe and to achieve territorial cohesion
- must be focused on the specific character and needs of different rural areas
- is not simply an adjunct of agriculture, but must be much wider in social, economic and environmental scope
- must be effectively linked, on equal terms, with regional and urban development : it will not be achieved merely as a by-product of regional development or by ‘diffusion’ from urban development
- should be delivered through partnership between all relevant interests, and should fall within a broader framework of rural policy.

Introduction

I take the ‘new paradigm’ to be a European Union which, in the next programme period 2014 to 2020, must simultaneously address three great challenges – recovering from the financial and economic crisis currently facing the continent; shifts in the global balance of economic and political power; and its collective responsibility to be truly sustainable by honouring Europe’s responsibility to the globe and its living creatures, and to future human generations.

The response of the EU to these great challenges is centred on the EU2020 goal of smart, inclusive and sustainable growth.

I write this paper from the standpoint of ARC 2020 (the Agricultural and Rural Convention), which is an alliance of 180 European, national or regional NGOs representing between them over 2 million people. We are driven by a profound concern about looming changes in the global context within

which Europe must operate in coming decades. These changes include the shifts in the global balance of economic and political power, but also rapid population growth, growing pressure on the world's resources, continuing climate change, massive threats to ecosystems and widespread human misery. These great concerns overshadow, and will have longer term than, the current severe but shorter-term financial and economic crisis.

In the face of these great issues, ARC believes that the European Union -- while continuing to protect and serve the needs of its own citizens and to resolve the current crisis -- must take its full responsibility to the globe and its living creatures, and to future generations. This implies that European policy must indeed move into a new paradigm, driven by the ambition to be fully sustainable. In interpreting the EU 2020 goal of growth which is smart, inclusive and sustainable, we therefore place a major emphasis on the third of these adjectives. Growth and development must indeed be smart and inclusive, but in order to be sustainable. Turning the phrase round, a drive toward sustainability will in itself contribute toward smart and inclusive growth : in this paper, I offer examples of this.

From that standpoint, ARC -- in its campaigning related to the future Common Agricultural Policy -- has called for :

- a paradigm shift in agriculture and food systems from the present unsustainable, resource-intensive model to sustainable farming everywhere and a diversified pattern of regional and local production and processing of food
- a social, economic and environmental renaissance of rural areas, linked effectively to place-based territorial development and with a particular focus on the great outlying regions which have been losing population and which need stronger and more diversified economies in order to thrive. (ARC, 2010)

This aspiration underlies the points that I offer in this paper related to rural development.

Territorial development.

The context of this paper is the series of conferences and other events organised by the Polish presidency in the second half of 2011 on the broad subject of Cohesion Policy. The series included a specific focus on territorial cohesion, which was brought by the Lisbon Treaty into the framework of EU policies alongside the goals of economic and social cohesion. A significant contribution to the debate on that theme was made by the conference on "Effective instruments supporting territorial development", held in Warsaw 24-25 October 2011. At that event, I was a member of the panel which focused on rural development.

A territorial focus to policy immediately calls attention to rural areas, which cover more than 80% of the territory of the EU and contain 18% of the Union population if one uses the OECD definition of rural areas, or 27% according to the definitions of rural areas used by the member states in their Rural Development Programmes (ENRD, 2010). However they may be defined in such broad terms, rural areas vary widely within Europe in their character and their potential need for territorial development. The Fifth Cohesion report, for example, draws a broad distinction between six categories of region -- metropolitan regions; larger urban zones; border regions; mountain regions; island regions; and sparsely populated regions (European Commission, 2010). In a more detailed analysis, Philip

McCann used factors related to the three EU 2020 adjectives – smart, inclusive, sustainable – to assess the place-based characteristics of regions : from this, he offered a spectrum of 24 types of region, each with a distinct combination of these factors leading to a *prima facie* indication of the types of development challenge which it may face (McCann, 2011).

The degree of need for a specifically rural focus within territorial development varies according to the location of a region within these or other typologies. To put it simply, in a stretch of countryside which lies within the immediate aura of a major town, the development issues may be best resolved within the policies for that town. Further away from the city, but still within commuting distance, the influence of the city – e.g. its employment level, major services, or transport system – will have a major impact on the well-being of the rural areas. Its effects may not always be benign : for example, the housing market in many villages within two hours' commuting distance of London is so distorted towards well-paid city workers that local people cannot find affordable housing. In more remote regions, or those in which urban economies are weak, the rural areas may be forced to develop their own dynamic.

I shall argue that this diversity of geographic and economic circumstances implies that Cohesion policy cannot be based on the assumption that all rural areas will fall within city-based functional areas. I believe that a Cohesion policy focused only on cities will damage not only the interests of very many rural communities but also the long-term well-being of all EU citizens. Rural development must have a strong place among the effective instruments supporting territorial development. Below, I offer five key principles for rural development, illustrated by case studies.

Rural development is vitally important

The European Union needs continuing energetic and effective work in rural development, for two main reasons - the contribution which rural areas can make to Europe's long-term prosperity; and the need to address gross social and economic disparities.

Contribution to Europe's prosperity

If Europe is to thrive in an increasingly competitive world, it must use all of the human and material resources with which this continent is blessed. Rural areas have, for long generations, provided most of the food, fibre, timber, firewood, water and minerals upon which an increasingly urbanised Europe depends. They have provided also the skills with which these resources are gathered, processed and transported. There is now growing worldwide pressure on resources of all kinds : this implies that Europe must safeguard, and use in modern and sustainable ways, the resources found within its borders. Rural regions are well-placed to pursue that great aim, by continuing the traditional economic activities, adapting them as needed to modern uses, and pursuing innovation in fields such as energy, processing of food and timber, and high-tech enterprise. I offer below an example of such adaptation and innovation.

Case study : Coed Cymru (Welsh woodlands). *In many parts of Europe, small woodlands within the ownership of farmers are neglected and bring no added value to the farmers or in the wider rural economy. In 1985, a group of government agencies and farming organisations in Wales came together to launch the initiative Coed Cymru, with the aim to heighten awareness of native woodlands, particularly among woodland owners, community groups and hardwood users, and to promote sustainable management of these woodlands for environmental, social and economic gain. A small central team, supported by advisors in each county, offers free and impartial advice and training to woodland owners; promotes sustainable management of woodlands and cooperation between owners, contractors and timber users; and undertakes research and development related to hardwood timber products and markets. The outcome of this work has been to secure the sustainable management of over 31,000 hectares of woodland, bringing significant environmental as well as economic benefits; to provide significant secondary income to many hundreds of farmers; and to create a network of small timber-harvesting contractors and about 100 rural saw-mills. Thus a small industrial sector has effectively been re-created, yielding the equivalent of at least 400 jobs in rural Wales. (Sambeteanu and Dower, 2011)*

The countryside can offer high quality of life, and the good clean environment for new economic activity : in my own country, England, rural areas contain more new high-tech SMEs than are based in the cities. Research findings by Philip McCann and his colleagues, described at the Warsaw Conference on “Effective Instruments Supporting Territorial Development” in October 2011, show that in the EU 15 countries the rural and intermediate regions already outperform urban regions in terms of economic growth. The EU 12 countries are not yet in that position, but it is clear that their rural regions too have the potential to generate growth of the same kind. In short, ‘engines of growth’ can be found in rural regions as readily as they can be found in dynamic cities; and rural areas can make a handsome contribution to meeting the EU 2020 goals. But the achievement of such growth depends upon a positive climate of support and investment by the EU and governments.

Disparities

Within the EU, there are continuing grave disparities, between and within regions, in terms of economic viability, average personal incomes, employment levels and standards of social provision and infrastructure. The Fifth Cohesion Report notes that :

“Chapter 1 (of the Report) provides an extensive overview of the situation and trends in EU regions from an economic, social and environmental perspective. All three perspectives reveal striking regional disparities, from differences in productivity, to infant mortality rates and vulnerability to climate change. Many of these disparities have shrunk over the past decade, some quite quickly, but overall there remains a wide gap between the less developed and the highly developed EU regions. Although some of these regional disparities will never (completely) disappear, many of them are

inefficient, unfair and unsustainable. To achieve real progress towards the goals of smart, green and inclusive growth, these regional disparities have to be reduced.”

These disparities, which severely diminish the standard of living and quality of life for millions of European citizens, are found in both urban and rural areas. They must be addressed at EU and national level over the coming decade, in order to honour the EU commitment to social, economic and territorial cohesion. Rural areas should have a strong share of that effort, because they are home to one quarter of Europe's population; because the continuation of poverty and deprivation in rural areas will provoke continued migration into cities, thus weakening the social and economic structure of the countryside and exacerbating the pressures of poverty in the towns; and because there must be active populations in the rural areas to harvest the resources which Europe will need in the years ahead.

I briefly explore three types of rural area where effective action through rural development is needed in order to address disparities. First the **disadvantaged regions**, by which I mean those areas – mainly in the outlying parts of the Union – whose economic and social structures are constrained by factors such as positive population, high latitudes, altitude, steep slopes, poor soil, distance from urban centres, poor communications etc. The needs of such areas for special support has been well recognized by their designation as Less Favoured Areas (LFA). Such special support must continue into the next programme period. These areas need an integrated approach – including such measures as direct compensation for the constraints upon farming imposed by natural conditions; support for diversification of economic activities; means to sustain social services and communication with the wider world – tailor-made to suit the specific character of each area. I offer an example below, drawn from the analysis by ENRD Thematic group 1 (ENRD, 2010).

Case study. Valle d'Aosta region. *Almost all the territory of the Valle d'Aosta region in northern Italy is Mountain LFA, defined by reference to altitude, physical disadvantage (steep slopes, poor soil quality), low agricultural productivity, extensive farming, and a strong diffusion of multi-activity models (with many part-time farmers). The region's Rural Development Programme outlines a vision for mountain areas of integrated and multi-functional rural development, based on protection or revitalisation of the environment. Equal priority is given to maintaining farming activities as a fundamental presence of human beings in the mountain areas, and as a tool against their abandonment; improving overall conditions for farms, especially in areas with steepest slopes; preserving mountain pastures; improving access and use of linked structures and land; proper management of forests, and improving their multi-functional role¹; and decreasing, through preventive action, the risk of natural hazards.*

¹ Valle d'Aosta is home to Europe's most remarkable and long-lasting system of adding value to forest products. For more than 1000 years, its craftsmen have produced all manner of useful and beautiful objects made out of wood – from furniture and ladders to sacred and profane art, tableware, delicate carved flowers and love tokens. At the end of January each year, a great fair – the Foire d'Ours – is held in the historic Roman town of Aosta, with the stalls of craftsmen lining both sides of the ancient street. The continuity of this great tradition is secured through training schools in each side valley, where apprentices gain their skills in working wood. (Personal contact).

The measures to be applied include the basic compensation for disadvantage, plus support for modernisation of agricultural holdings, economic exploitation of forestry, increase in the added value of farm and forestry products, cooperation for the development of new products or processes, infrastructures linked to the development of farm and forestry, agri-environment payments, restoration of forestry potential and preventive interventions, diversification into tourism and other non-agricultural activities, basic services for the rural economy and population, and conservation and upgrading of the rural heritage.

Many of these measures are delivered through the LEADER group. The funding comes not only from the EAFRD, but also from the Regional and Social Funds. 37.6 % of the RDP budget (€44.7 million) is devoted to Measure 211, payments to farmers in mountain areas, which also attracts a further €31.5 million of regional funds. Measure 214, agri-environment payments, attracts 24% of RDP funds (€28.7 million), together with a further €20.2 million of regional funds. The other measures named above, taken together attract 23.4% of the RDP budget. Thus the total planned spending on the Mountain Areas over the RDP period is €98.3 Million. (Extract from ENRD, 2010)

Second, **small farming communities**. A special challenge to social, economic and territorial cohesion is posed by those rural communities, in many parts of the EU, which are comprised largely of small farms. About 10 million of the 14 million farms in the EU are under 5 hectares in size. Of this total, two-thirds are operating at subsistence level, most of the other third on a semi-subsistence basis. These communities, found in Romania, Bulgaria, Poland, Italy and some other countries, are home to large populations. They manage significant areas of land, for example 63% of useable farm land in Romania, which need to be kept in good heart for the sake of Europe's long-term food security. Their farming practices have created, and still sustain, landscapes and ecosystem of unrivalled richness, key parts of the European heritage. The farms offer a sole or primary source of livelihood to the farm families. They contribute to food supplies and to local and national economies : some of this contribution falls within the informal economy, but informal food supplies can sustain not only the farm families but also their neighbours and their extended families, including those who have moved to the cities.

Measures in the current EAFRD have proved inadequate to address the needs of these communities for support to their farming practice, to the diversification of their local economies and the strengthening of their social infrastructure. As a result, the population is ageing; and young people are moving away, which will cause a bitter cycle of social decline and the growing risk of land abandonment and consequent grave loss of biodiversity and of food production. The new programme period must include an effective package of measures – beyond those already proposed in the draft Regulation for the future EAFRD – to ensure that these communities do not enter deep cycles of social decline and land abandonment. Support should focus on action to improve the economy of farms; to add value to farm products; to pay farmers to protect the ecosystems and landscapes that depend upon traditional farming practices; to promote diversified sources of income, such as tourism or other service provi-

sions; and to sustain and strengthen the social infrastructure. Such an integrated approach can achieve a 'win-win-win' of social stability, economic viability and environmental quality.

Case study : integrated local development of a small-farming community in Romania.

Târnava Mare is a community of small-scale farmers in the uplands of Eastern Transylvania, with about 20,000 rural residents. The future sustainability of this community, and the high-nature-value environment that they have created, are now threatened by the area's small fragmented field structure which cannot easily be mechanised. Younger generations continue to leave the villages for a better life elsewhere. In 2005 a locally-based NGO called ADEPT launched a local development programme, aiming to regenerate the area and conserve the natural resource base. It raised funds from international charities and Romanian companies to run this programme, and secured the support of the Ministry of Agriculture. Its activities include bringing over 200 small farmers together to secure government support for an agri-environment scheme for which they were not individually eligible; support for small-scale processing of food and other farm products; organising a regular weekly farmers' market in Bucharest for local products from Târnava Mare; training courses for local people in food hygiene and in agro-tourism; and creation of a Local Action Group, using the Leader model, which can attract funds for other action. (ENRD 2009)

Third, **support for the rural poor and vulnerable**. Of the 45 million people in the EU who live below the poverty line, about a quarter may live in rural areas. They vary in location and circumstance, but they include concentrations of poverty and exclusion among certain minorities, including many Roma people, particularly in the new member states. Many current programmes of rural and regional development appear to be ill-suited to addressing the needs of the rural poor and vulnerable, despite the promise in the Lisbon Strategy of a 'decisive impact on the eradication of poverty'. In choosing 2010 as the European Year for Combating Poverty and Social Exclusion, the European Council gave priority to the production of National Programmes to "place social inclusion at the heart of national policy agendas" and to "promoting multi-dimensional integrated strategies to prevent and reduce poverty ... mainstreamed across all relevant policy areas". The Commission set an EU target of lifting at least 20 million people out of poverty.

Rural development programmes should reflect and build upon this commitment by the EU and Member States to tackle concentrations of poverty and social exclusion. New and imaginative approaches are needed, focused upon building the collective confidence of each community to the point where it can take initiative to better the lives of its members and (where it wishes) to seek and absorb the help of outside agencies. This new approach demands openness in the national and local authorities, flexibility in future EU measures for rural and regional development, and integration between different sectors and funding sources. The UNDP's Cserehát initiative in Hungary (see below) offers a significant model, which has been adapted by the Hungarian government into its national programme to eliminate area-based poverty in 33 most disadvantaged rural micro-regions.

Case study. Tackling rural poverty in Cserehát, Hungary. *The region of Cserehát, with a population of 100,000, lies in north-east Hungary. It is economically depressed, with unemployment as high as 50 per cent in some areas. Many people belong to minority groups, particularly the Roma, who are caught in a debilitating cycle of poverty, exclusion and discrimination. But the region has potential to ensure good livelihood to people who live there. The challenge is to give people the knowledge and know-how to gain such a livelihood. In 2004, the Government of Hungary and the United Nations Development Programme launched the Cserehát Programme, with funding of \$2.8 million. The Programme took a pioneering approach, focused on integrated development and the mobilisation of social capital within a concentrated area. The leaders realised that progress depends upon the active involvement of the local community in its own development.*

Thus the Programme focused on expanding people's knowledge and skills. This was done by a series of processes, including community coaching and a global-grant scheme to mobilise and empower poor people and endogenous resources at the local level; mapping local partners and ideas in line with partnership building; mentorship provided to vulnerable groups such as Roma on their road from self-help to social enterprise and job creation; a social resource center as a local focal point for organising complex projects; a seed-grant scheme to generate locally-owned development, which enabled local groups to successfully absorb over \$5 million of public funds from EU and other sources; and participation of vulnerable groups in preparing an action plan approved by the local communities and by the national authorities.

The programme was successful in enabling local communities to take charge of their own development. Outside "animators" were able to withdraw slowly from the process, because the local people became capable. Over 100 small portraits were realised, and over 40 larger projects were generated. The integrated development approach pioneered at Cserehát has been adopted within the national LHH programme set up by the government for elimination of area-based poverty in Hungary. This programme applies the approach to the other poor areas in the country, and provides technical assistance and \$ 40 million from EU and national funds to scale up the development process in Cserehát through implementation of the approved seven-year local development action plan. (Extract from Adetef 2010, plus personal contact)

Rural development must focus on the specific character and needs of rural areas.

Rural areas in Europe vary greatly in their geographic and physical character, the resources that they offer, and the communities and economies which have evolved within them. This diversity is the glory of Europe – from the Arctic lands where reindeer graze, the forests and lakes of sparsely populated Scandinavia, the plains and mountains of eastern Europe, Alpine hills and mountains, Mediterranean coasts and islands, the Iberian hinterland, the green pasturelands of Ireland, to the

densely settled countryside and peri-urban communities of Western Europe. This geographic variety is reflected in a rich diversity of people, languages, cultures, fixed and movable heritage, skills, products and economies. This diversity underpins the massive and diversified contribution that rural areas now make – and can make further in future – to the economic prosperity of Europe.

The EU may be seen as a single or common market, a continental economy. But it is also a rich complex of many hundreds of local and sub-regional economies. None of these is wholly self-contained, and all can draw upon and contribute to the multi-national trade. But each local market has its own “home base” and local trade; can do much to sustain the long-term standard of living of local people; and can contribute to the growing public demand for local services and products. This may be illustrated by the rising interest, in many EU countries, in local food systems, as shown by the report on “Local Food Systems in Europe”, published by the FAAN group (Karner ed. 2010) – see the case study below.

Case study. Pays du Centre Ouest Bretagne. *The western part of Brittany, in France, has a very low density of population, low average income and an aging population. Agriculture represents 30% of the local economy, with mainly large farms producing pigs, dairy products, eggs and beef. However, there is a growing number of small farms who focus much of their sales within the region. 130 farms sell food at the farm; there are 16 open markets, including 3 farmers’ markets; 7 farmers offer “box schemes” to supply vegetables on a regular basis to consumers; there are 2 cooperative farm shops, and several retailers who get much of the food they sell from local suppliers. In the last 10 years, the total number of farmers in the region has halved, but the number of producers in direct sales has been maintained, so they now represent a high proportion of farms. During the three years 2008-10, 20 organic market gardeners settled in the region. The growth of local food systems has been encouraged by the Pays, which is a grouping of local authorities and also has the status of a LEADER group. For example, Bro An Are, a cooperative farm shop, received a grant to buy equipment for a frozen food system. (Extract from Karner ed. 2010)*

The distinct culture of each area can enrich local life; can attract visitors from elsewhere, thus strengthening the local economy through tourism; and, crucially, can be expressed in a strong sense of cultural identity and pride, which is the most crucial ingredient in the ability of a community to take initiative in its own local development. This link between identity and the ability to take communal action was well expressed 20 years ago in the influential “Strategy for Rural Europe”, published by the European Council for the Village and Small Town ECOVAST, 1991):

“A major factor in the well-being of rural communities, and in the sustaining of the services, is the vitality they have in the sustaining in social and cultural terms. This vitality is reflected in traditional customs and festivals, and in minority languages and cultures, which have high importance to the people and which also contribute to the cultural richness of Europe. It may be reflected also in the confidence with which rural communities tackle the own problems, cooperate with each other in their social organisation, and adapt their collective systems to modern needs.”

Throughout Europe, action is being taken by local authorities, voluntary organizations and LEADER groups to add value to the heritage in support of modern life. An example is given below.

***Case study. Heritage trails in Slovenia.** In 1990, following its independence, Slovenia launched a national programme of rural development and village renovation (CRPOV), which supported many projects, including the creation of Wine Trails to encourage people to visit vineyards. In 1996, the region of Doljenska-bela Krajina in south-eastern Slovenia was chosen for a pilot project in the creation of a Heritage Trail, using EU money through the Tourism directorate in Brussels. The project team defined the Heritage Trail as “a regional network of natural and cultural heritage sites, which is created within a well-defined product identity, in order to support an interesting and varied tourist visit of up to one week”. The team studied a range of heritage sites; identified those sites that might attract visitors; and worked closely with the landowners and local people to decide whether the sites had the capacity to receive visitors. About 150 sites were identified, and 28 were selected for inclusion in a publicised Heritage Trail. In order to create the Trail, a regional partnership was created, with 32 public, private and voluntary organisations which signed an agreement to work together in improving the 28 sites and marketing the Trail. A local company was retained to handle the marketing. Training programmes were organised for farmers and householders who wished to offer accommodation or other services to visitors. It was not easy to identify and appeal to the niche markets which appreciate heritage trails, but a significant level of trade has been achieved. The regional partnership continues its work, and has evolved into a LEADER group with wider activity in the region. (Extract from Euracademy 2007)*

These examples serve to emphasize the wide diversity of rural areas in Europe, and the rich resource which this diversity offers for the process of local development. Rural development is a public activity which cannot be standardised. It must reflect, understand and build upon the character and strength of each rural sub-region. This is the crucial concept which underlies the LEADER approach, with its focus upon local partnerships and local development strategies, as described later in this paper.

Rural development is not simply an adjunct of agriculture: it is much wider in social, economic and environmental scope.

Until the 1980s, the EU had two main streams of policy related to rural areas – the CAP and the Structural Funds. The CAP provided support to farmers, assuming that agriculture was the main sector in the rural economy, and that the prosperity of farmers would sustain the whole rural community. The Structural Funds were focused mainly on investment in cities, industries and infrastructure, assuming that rural areas would benefit from such investment through a process of “trickle-down” or “diffusion”.

By the early 1980s, it was realised that these assumptions were wrong. The modernisation of agriculture was leading to rapid fall in the farm labour force, and to grave environmental damage. The upstream and downstream benefits which farming previously brought to the rural economy were withering, as local blacksmiths and corn mills were replaced by distant farm machinery and food processing companies. Urban and industrial development, far from producing “trickle-down” benefits in rural areas, was often bleeding the rural areas of labour and provoking depopulation. As an example, drawn from outside the EU, the large-scale tourism development in Pula and Porec on the Istrian coast of Croatia drained the workforce from the historic hill towns and villages of that peninsula, weakening the social structure in that hinterland.

Recognising that the needs of rural areas should be more directly addressed, the Commission launched pilot projects in Integrated Rural Development; and gave a rural dimension to the Integrated Mediterranean Programme. Wider action was then foreshadowed in the Council of Europe’s Countryside Campaign on 1986-7, and the European Commission’s report “The Future of Rural Society” of 1988. These recognized that change was needed in the agricultural and regional programmes, in order to reduce their adverse effects on rural areas; and that a third stream of public action, namely rural development, was needed alongside them. The Commission’s report set out the following principles for future policy :

“The Community already has wide scope for action, under its policies and programmes, to use legislation or funding to support rural development. It therefore makes sense to review the present arrangements, and to adapt and amplify them with a view to achieving a strengthened and mutually consistent body of measures. This is the strategy recommended by the Commission here : it requires not only direct and carefully targeted rural development measures, but also more general attention and even, to some extent, actual course corrections in all the policies or action programmes which have a (real or potential) impact on the future of rural society. However, the diversification of the rural economies, on the basis of their indigenous potential, means that action as regards rural development must be based and devised on actual local circumstances. The basic strategies must therefore, in each case, be tailored to the particular economic and social circumstances of the relevant regions.”
(European Commission, 1988)

An early outcome was a change in the geographic pattern of the Structural Funds, to include (through Objective 5b and elements of Objective 2) a greater focus on rural areas. This was followed, in 1991, by the launch of LEADER as a Community Initiative. These valuable steps did not amount to a full-blown Rural Development Programme. When Franz Fischler became EU Commissioner for Agriculture, bringing with him the active experience of rural development in Austria, he determined to address this issue. He convened the Cork Conference of 1996, and gained the support of this great gathering of rural interests for increased funding of rural development. Points 1 and 2 of the Cork Declaration make plain the scale of the perceived challenge :

“Sustainable rural development must be put at the top of the agenda of the European Union, and become the fundamental principle which underpins all rural policy in the immediate future and after enlargement. This aims at reversing rural out-migration, combating poverty, stimulating employment and equality of opportunity, and responding to growing requests for more quality, health, safety, personal development and leisure, and improving rural well-being. The need to preserve and improve

the quality of the rural environment must be integrated into all Community policies that relate to rural development. There must be a fairer balance of public spending, infrastructure investments and educational, health and communications services between rural and urban areas. A growing share of available resources should be used for promoting rural development and securing environmental objectives.

“Rural development policy must be multi-disciplinary in concept, and multi-sectoral in application, with a clear territorial dimension. It must apply to all rural areas in the Union, respecting the concentration principle through the differentiation of co-financing for those areas which are more in need. It must be based on an integrated approach, encompassing within the same legal and policy framework: agricultural adjustment and development, economic diversification - notably small and medium scale industries and rural services - the management of natural resources, the enhancement of environmental functions, and the promotion of culture, tourism and recreation.” (European Conference on Rural Development, 1996).

When Franz Fischler took this proposal for increased funding to his fellow Commissioners, they pointed out that he already had a major share of the EU budget within the CAP, and asked him to fund rural development within that share. The outcome is that a rural development programme has evolved within the CAP, formalised in the current programming period as the European Agricultural Fund for Rural Development (EAFRD), forming ‘Pillar 2’ of the CAP. Until now, the EAFRD has received about 10% of the CAP budget. However, the bulk of the 10% has been committed to further support for agriculture, with a focus on farm modernisation, agri-environment measures etc; and only limited sums have been committed to wider aspects of rural development, such as diversification of the rural economy and strengthening of social facilities and infrastructure. The Commission’s proposals for the period 2014 to 2020 maintain this pattern of EAFRD as Pillar 2 of the CAP, with a continued substantial bias towards agriculture among the ‘priorities’ within Pillar 2.

I do not dispute the logic of a strong link between agriculture and rural development. Farmers manage much of the land in rural areas; and that land can be the platform for varied economic activity, for example the use of redundant farm buildings for factories or offices. Moreover, the food, fibre and woodland products from farmland or forests can provide the raw material for other economic activity. But in social and economic terms, the importance of agriculture has been falling : in many rural areas, it now supports only a small share of the labour force and the local economy. Other sectors – crafts, manufacturing, processing, tourism and other service industries – have grown in importance. The prosperity of rural communities now depends heavily upon a more diversified economy. This was dramatically shown when, in 2001 in England, large areas of countryside had to be closed to public access during the foot-and-mouth epidemic, with devastating impact on the tourism industry (Dower et al. 2002).

Moreover, farmers themselves can benefit from diversified economic activity. This may take the form of diversifying products on the farm; adding value to farm products, through such means as processing and direct sales; undertaking environmental work in the locality; provision of farm-based tourism; or other activities , either on or off the farm. The case study below provides an example.

Case study. Horse riding on a Polish farm. Marcin Lewandowski has a farm, producing vegetables and grain, within the area of Nadwislanski Park Krajobrazowy nature reserve, close to the Bory Tucholskie forest. This provides a perfect countryside location for horse riding. In 1993, he was given a horse by his father : this prompted him to diversify his farm business by breeding Wielkopolska horses. In 1998 he gained a certificate which allowed him to provide horse-riding services. He then opened a horse-riding centre, which offers recreational horse riding for the general public, including beginners, and special services for handicapped people. The business involved some modernisation of the farm buildings, which he financed. He now owns 10 horses and equipment such as carts and sledges. He employs two persons full-time around the year, and several more during the summer. The services are advertised in the local press, internet and horse-riding publications. He cooperates closely with the local authorities. In the future, he would like to be able to provide accommodation for horse-riding tourists on his premises, and to broaden the range of his services. (Extract from Euracademy, 2005)

So, there is a strong case for pursuing a wide and integrated approach to rural development, linked to agriculture but fully embracing all sectors of the rural economy, the maintenance and strengthening of social services and facilities, and the improvement of infrastructure such as roads, public transport, electricity, water and gas supplies, and widespread access to broadband networks.

Rural development must be effectively linked with regional and urban development

I described earlier the realisation in the 1980s that rural areas were not benefitting from regional development, indeed were in some cases being directly disadvantaged by that process, for example by the bleeding away of their labour force; and that fact that many rural regions are proving to be ‘engines of growth’. We must not again, in the 2010s, adopt the assumptions – disproved in the 1980s – that major urban or industrial development will always bring benefit to rural areas, or that “diffusion” from the urban development is the main way to regenerate the countryside. Rural development is needed, in its own right, alongside urban and regional development and on equal terms with them.

However, this is not a plea for *apartheid* in public policy. Effective links between rural, regional and urban development are of crucial and growing importance, for three main reasons :

- First, the geographic scale of social and economic activity. Some elements of development can be tackled at sub-regional level or to meet specific local needs, for example a new swimming-pool or covered marketplace. Others must be addressed at regional level, for example a major reservoir or a motorway, and may be best funded through the structural funds.
- Second, operational linkage. Across many sectors of activity, the vitality of daily life depends upon effective links between rural areas and nearby towns. For example, rural clinics call upon specialist

help from city hospitals; city markets may depend upon supplies from farmers in the region; town dwellers may seek recreation in the countryside.

- Third, exchange of ideas and experience. Local development can be a very productive process, but also a demanding one, calling on energy, skills and techniques. Many of the issues involved - such as building partnerships, involving communities, raising funds and managing projects - apply equally in urban and in rural areas, and those who are involved can gain much by exchanging ideas and experience.

The merits of linkage and complementarity between rural, regional and urban development efforts are recognised during the present programming period. All rural development programmes, prepared by EU Member States or regions, include statements of how the measures under those programmes will be complemented by measures under the Regional, Social and Fisheries Funds. One can find many practical examples of the use of Regional funds and Rural funds within the same rural sub-region. It has been calculated that in the current programme period 2007-2013, €70 billion of Cohesion funds will flow into rural areas alongside €87 billion from CAP Pillar 2, the Agricultural Fund for Rural Development (IEEP, 2010). The introduction of the Fisheries Fund, with its Axis 4 provisions for the creation of Fisheries Local Action Groups parallel to the Leader groups under Axis 4 of EAFRD, has provided new opportunities for complementarity and cooperation between these two funds : indeed, in Denmark and some other counties, there are some Local Action Groups which use both Funds (ENRD, 2010).

Nevertheless, looking around Europe, one can see a general pattern of clear division between the operational programmes operated (on the one hand) by Ministries of Regional Development and (on the other hand) by Ministries of Agriculture and Rural Development. Some Ministries of Regional Development appear to operate on the principle that cities are the only “engines for growth”; that the major developmental effort should therefore be focused wholly upon the towns; and that the rural areas will benefit from that effort by the process of “diffusion”. I believe that these points have all been disproved, and the time has come to give equal attention to local development in urban and rural areas, each within a regional context and on the basis that “engines for growth “can be found and should be nurtured everywhere.

In my view, the fragmentation of developmental effort between many separate funds, managed by separate Ministries and without really effective links between them, has been very damaging to the social, economic and environmental well-being of many rural areas. That is why ARC has warmly welcomed the Commission’s proposal that, in the new programming period, there should be :

- a Common Strategic Framework at EU level between the Regional, Cohesion, Social, Fisheries and Rural funds
- at national level, a Partnership Contract between the EU and each Member State, showing how the government proposes to apply all those funds
- a clear link between the Partnership Contract and the national or regional programmes for use of each Fund
- a single EU Regulation for the processes of delivery, harmonised between all those Funds and including ground rules for community-led local development, which will build on the experience of the Leader programme

- provision in that Regulation for the creation of multi-purpose local development agencies, with the capacity to cut across the urban/rural boundary and to call down resources from many different Funds.

Urban-rural linkages.

A key dimension of future development policies must be a greater degree of practical linkage between urban and rural areas, urban and rural interests. I mentioned is the beginning of this section that, across many sectors of activity, the vitality of daily life depends upon effective links between rural areas and nearby towns. For example, rural clinics call upon specialist help from city hospitals; city markets may depend upon supplies from farmers in the region; town dwellers may seek recreation in the countryside. The importance of such links should be fully reflected in development policies. This will demand effective cooperation between leaders in towns and in rural areas. Such cooperation is normal, and readily achieved, within sub-regions which have smaller towns as their focus. It is not so easy in the context of larger towns and cities, where urban interests and urban thinking may be dominant, and particularly where a strong administrative boundary is drawn tightly around the city. In such context, the role of regional development strategies may have crucial importance, in ensuring that territorial development policies give equal weight and appropriate attention to both the urban and the rural areas. The case study below provides an example of how mutual benefit to both urban and rural interests may come from a regional initiative.

Case study. Amsterdam food strategy. *The food strategy for Amsterdam and its surrounding region was launched in 2006, by cooperation between the Amsterdam city council, the Noord-Holland region, the Ministry of Agriculture and Food Quality and the National Landscape team. The aim of the strategy is to support healthy food and diet, to strengthen sustainable food trends within the region, and to achieve new urban-rural relations. The approach was to combine, connect and scale up the current initiatives in the field of sustainable and healthy food. Public campaigns were organized to promote healthy diet, eating habits and exercise. Healthy food, and guidance on diets, were offered in primary and secondary schools, care and nursing centres and day-care farms. Public procurement of catering contracts was changed to include a high proportion of food from the region, with particular focus on organic food. Cooperation in the regional food chain was promoted, in order to reduce food miles and strengthen local markets. Visits by school classes to farms were promoted, and farm shops were publicized along the recreational route network. Food production within the city was encouraged through allotment gardens, school garden plots and inclusion of urban agriculture in zoning plans. Vocational training institutes cooperate with food-related SMEs, supporting food communities and social food networks. Food education is part of the green educational programme at teacher training institutes. (Extract from Metrex 2010)*

Small towns have a crucial role in securing the social, cultural and economic vitality of many rural regions. Very often, they contain the main communal services of all kinds - larger shops, post offices, cultural centres, secular schools, local authority offices etc. They may provide the main connecting point between the sub-regional community and national and international systems of all kinds : one might say that they are the outermost knuckle of the hand which stretches out from the metropolitan regions. Over the last century, this vital role of small towns has, in many regions, been gravely weakened by the centralisation of many services into the cities and the amalgamation of local authorities. Now, there is a growing and widespread concern to revive the small towns, to protect and find new life for their remarkable heritage and to strengthen their economies. In some countries, government agencies or regional councils have focused on small towns, providing advice, finance and other support and encouraging networking and exchange of good practice between towns. However, there has been no significant effort, at European level, to link these different efforts and to gain the benefit of exchange of ideas and good practice between those agencies and organisations that wish to support the strengthening of small towns throughout Europe. In an effort to fill that gap, ECOVAST (the European Council for the Village and Small Town) has launched the project ASSET - Action to Strengthen Small European Towns – see www.ecovast.org.

Rural development should be delivered through partnership between all relevant sectors.

The proposed Common Strategic Framework, which I describe above, implies a new – and potentially highly beneficial – regime of cooperation between major funds at EU level and (I very much hope) between Ministries at national and regional level. But change at those levels is not alone enough to ensure the effectiveness of developmental efforts at sub-regional and local level.

As emphasised earlier, rural development -- and, indeed, urban development -- must be focused on the specific character and needs of each area. That character, and those needs, are understood by local people, local organisations and local authorities far better than they can be understood by national officials. Moreover, governments and public authorities cannot, acting alone, make local development happen. Action very often lies in the hands of others – enterprises, associations and individual property owners. Their willingness to act, their energy and their resources are crucial to the shaping, achieving and sustaining of the changes at the heart of rural development.

Recognition of this crucial reality was the inspiration for the remarkable decision, taken in Brussels in 1991, to launch the LEADER Community initiative. This has evolved through four programme periods, and is now an integral part of the rural development scene throughout Europe. Its principles have been applied also within the field of fisheries. It has attracted interest in many countries outside Europe, notably in Latin America. However, in many member states, the creative benefit from the Leader approach has been severely restricted by the limits which governments place upon the thematic and geographic scope of operation of local action groups (LAGs), and upon access by those groups to funds outside the EAFRD or (where relevant) the Fisheries Fund. Many LAGs are confined to the use only of funds through Axis 3 of the EAFRD, are unable to operate within the urban areas which adjoin their rural territory, and cannot seek funding through regional or social funds. There are

examples of sub-regional partnerships, such as the *Pays* groups of local authorities in parts of France or the regional development agencies in Ireland, which are able to act across the urban/rural boundary and to call down a variety of funds : but these are exceptions within the current regime.

Looking ahead to the period starting in 2014, ARC therefore welcomes the Commission's proposal to extend the LEADER approach into the application of Regional, Cohesion, Social and Fisheries Funds, and to enable LEADER Groups or other sub-regional partnerships to call down funds, where appropriate, from more than one EU Fund. We note the content of the draft supporting Regulation (COM(2011) 615) which lays down common provisions for all these funds, including Chapter II on Community-led local development. We strongly support the implied intention to widen the scope and the funding of local partnerships and local development strategies. However, we are troubled by the very limited references to multi-funded local development in the Regulations for the Regional, Cohesion and Social Funds. There is a serious risk of discontinuity in local development efforts, between the present period of Local Action Groups and Fisheries LAGs and the potential future regime of multi-funded local development agencies, operating across the urban-rural boundary where appropriate. We hope that the Commission will clarify the means by which the transition from the present single-Fund regimes for local development to the future multi-funded regimes can be smoothly managed; and that the European Parliament and Member States will endorse the principles of strategic links between Funds and of multi-funded local development.

LEADER groups are the best-known "family" of rural partnerships, but there are many other types of partnership which can bring benefits in terms of rural development. Malcolm Moseley and his colleagues in the EU-funded PRIDE research project described, in their public report, the variety and the work of partnerships, and offered conclusions and recommendations on how partnerships can be successfully created, nurtured and run (Moseley ed. 2002). They include groups of local authorities, such as the *Pays* in France or micro-regions in Hungary or Slovakia, who come together to take initiative on those issues which cover a wider area than an individual commune, such as water supplies or tourism promotion. Then there are partnerships in the private sector, designed for example to strengthen the hand of primary producers in supply chains or to secure the benefits of "vertical integration" without merging into a single major company. I give an example below.

Case study. Regional Initiative Almenland. *The Almenland region unites 12 municipalities in the Austrian province of Styria, around the largest alpine pasture in central Europe. The regional economy is largely dependent on agriculture, forestry and tourism. The farms are mostly small, on average about 10 hectares. 60% of farmers are part-time. 20 years ago, the region was struggling with out-migration of workers, low financial power, continuous decrease in tourism, encroachment of scrub and forest onto alpine pastures, and remote geographical location. The municipalities had no joint development strategy. To face these challenges, the Regional Initiative Almenland was founded in 1995 under the LEADER II programme. The local action group, starting with several municipalities, has grown to include all 12, plus agricultural and tourism organisations. The initiative*

embraced some earlier activity by farmers, such as some direct sales and a farmers' market. Out of this emerged two partnership organizations. ALMO is a cooperative of farmers and businesses in the region producing and marketing beef from alpine oxen as a high-quality product. Starting with 45 farmers in 1988, this has constantly grown and today includes 550 farmers, 2 small butchers and a large processor and distributor of meat delicacies. Almenland Bauenspezialitäten is an association of about 40 direct-selling farms in the region. It was founded in 1997 with support from the LEADER programme. Several sub groups focus on specific products, such as honey or herbs. The association's main aim is to support direct-selling farms via joint strategies for advertisement, a joint brand for the products and cooperation with local gastronomy and tourism enterprises. (Extract from Karner ed. 2010)

Another major category of partnerships, and one which has growing importance in rural development, is the 'third' or civil sector. As recorded by Vanessa Halhead in her report on "The Rural Movements of Europe", (Halhead, 2005), the emergence of civil-society movements as significant actors in the roles scene began in the 1970s in Finland, Sweden and Denmark. The spontaneous creation in those countries of village-level action groups was provoked by the decline of agriculture is a major employer, decline in the rural economy and services, rural depopulation, increasing centralisation in national policies, amalgamation of municipalities, and the remoteness and isolation of many rural communities. This isolation, together with hard winters and poor communication, encourages individual and communal self-help in places like northern Finland and Sweden. The local action groups came together first at county level, and then federated at national level in order to help each other and to seek an influence on national policy. From this emerged the Danish Village Association 1976, the Finnish National Organisation for Village Action 1981 and the Swedish Popular Movements Council for Rural Development 1989. In turn, these inspired the creation in 1992 of Kodukant, the Estonian Village Movement, and in 1998 of the Hungarian Rural Parliament.

Also in 1998, the European Parliament commissioned the University of Kassel to report on the state of civil society in both Central and Eastern European countries which were then candidates for membership of the European Union. Their report revealed that some other countries (in addition to Estonia in Hungary) contained the "seeds" of a civil society structure, but that the flowering of such a structure would be much assisted by active exchanges between those countries which already had active rural movements and those approaching accession. This provoked the Swedish and Estonian organisations to host a traveling workshop for people from many countries; and this in turn led to the setting up in 1999 of PREPARE – Pre-accession Partnership for Rural Europe. This partnership between the Swedish, Estonian and Hungarian movements, plus two European NGOs Forum Synergies and ECOVAST, secured funds from the C.S.Mott Foundation to mount an active programme to support the strengthening of civil society in the accession countries and exchange of experience among the emerging family of rural movements. Since 1999, PREPARE has supported the creation of active rural movements in Slovakia, Poland, Lithuania, the Czech Republic, Slovenia, Latvia, Croatia and Serbia : it is currently pursuing similar initiatives in Bosnia, Macedonia and Turkey. As described in

Vanessa Halhead's report, these movements differ somewhat in structure from country to country : but their common purpose is to give a voice to the rural people and to act as a civil-society partner for public authorities in the pursuit of rural development programmes.

Wider rural policy. The main focus of this paper has been on the formal processes of rural, or regional, development as defined for purposes of the CAP or the Structural Funds. I end this paper by referring to wider rural policy. The vitality of rural areas, economies and communities depends upon action in many fields – health, education, public transport, water supply, electricity, social services and others. Public policies in these sectors have a powerful influence upon rural well-being. For example, the decision to close a district hospital or a branch railway may do more damage to the vitality of a rural community than can be put right by five years of formal “rural development” : the opening of a secondary school may provide a crucial boost. Recognition of this led the government in Finland to draw a crucial distinction between “narrow” rural development (namely the action that is co-funded by the EAFRD) and “broad” rural development, which embraces all those areas of public policy which – for good or ill – may affect the well-being of rural areas. With this concept in mind, they have developed a rural policy which embraces, but goes much wider than, the “narrow” processes on which this paper has been the concentrated. The following description is summarised from the website of the Finnish Ministry of Agriculture.

Finland's rural policy aims to ensure that the Finnish countryside continues to thrive by keeping jobs and services close to people, by enhancing infrastructures including transport and telecommunications connections, and by ensuring that rural residents have housing to meet their needs and wishes. The rural policy is place-based, and purposefully shaped to benefit rural communities and livelihoods in all of Finland's regions. It is carried out in all sectors of society (public, private and civil society) and at all levels from the village or municipal level to the regional, national and international levels.

The national Rural Policy Committee plays a central role. This government-appointed committee includes representatives from rural and development institutes and key actors from regional and local organisations, as well as experts appointed from within the administrative authorities. The Committee works to harmonise the broad and narrow dimensions of Finland's rural policy. It sets up specific thematic working groups to address issues where long-term collaboration is needed : themes include rural living, food, tourism, entrepreneurship, Local Action Groups, culture, sparsely populated rural areas, civil society, use of natural products, and the Swedish-speaking countryside. The Committee also allocates funding for national rural research and development projects from the budget of the Ministry of Agriculture and Forestry to examine key issues related to rural policy. The Committee's work is overseen by a Ministerial Group on Rural Policy brought together by the minister responsible for rural policy. A Parliamentary Rural Network, made up of elected members of parliament, also meets to discuss current issues related to rural policy.

The Rural Policy Committee prepares the National Rural Policy Programme. Actions within the programmes are largely implemented by government ministries and agencies and the municipal authorities, as well as certain associations and educational institutes. The current programme for the years 2009–2013, entitled “Countryside for Vigorous Finland”, is the fifth such Rural Policy Programme.

Into this context comes the “narrow” field of rural development. Finland’s Rural Development Strategy for 2007–2013 outlines the policies applied in developing Finland’s rural regions. Rural development programmes provide a variety of tools that can be used to promote rural development. This work involves farmers, rural enterprises, rural residents and their organisations – including about 4,000 village-level action groups – as well as Leader Local Action Groups (LAGs). There are 55 LAGs in inland Finland and one in the Åland Islands. In addition to funding from the EAFRD, LAGs can obtain funds from Finnish regional development programmes or EU Structural Funds programmes. (www.mmm.fi)

Conclusion

I end by summarising the key messages from my paper. Rural development must have a strong place among the effective instruments supporting territorial development. It is vitally important, because of the contribution which rural areas can make to Europe’s long-term prosperity, and the need to address gross social and economic disparities. It must be focused upon the specific character and needs over each rural area. It must embrace a wide scope of social, economic and environmental action. It must be effectively linked to regional and urban development. It must be based on partnership between the public, private and civil sectors, and within each of those sectors. It should fall within a broader framework of rural policy. If these requirements are met, the rural regions of Europe may indeed be able to make the full contribution to achieving the EU 2020 goals of smart, inclusive and sustainable growth.

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RUPERT KAWKA

Rural-urban partnerships and rural development

Introduction

Throughout the last 15 years, rural-urban partnerships have gained increasing awareness for contributing to regional and local development. An important starting point was the European Spatial Development Perspective (ESDP) and the Study Program on European Spatial Planning, although this was not the only trigger at that time in Europe. E.g. in France in the same year, the conference on “*équilibre et solidarité urbain-rural*” was organized (Ministère de l’Aménagement du Territoire et de l’Environnement 1999). Also in Great Britain, the topic became more famous in 1999 (cf. Caffyn and Dahlstroem 2005, p. 286). It seems that in the end of the 1990s, the right time had come to promote this topic, but one more decade more was necessary until rural-urban partnerships have received the present attention. Despite this process with many more facets, the question remains whether the concept is already widely accepted. A recent sample survey (BBSR and DV 2012) gives an insight: The EU has promoted further research programs, e.g. ESPON 1.1.2, PLUREL and PURPLE through the 6th Framework Program for Research and Technological Development, there are some INTERREG initiatives e.g. in the Baltic and the North Sea, also some national initiatives, like MORO in Germany, COCO in Finland and the terminated program The Northern Way in the UK. But the idea is hardly visible in Operational Programs. The exceptions, but not the mainstream dominate.

Also some researches cautiously judge the idea: E.g. Bengs and Zonneveld (2003, p. 279) state: “Their contradictory character and vagueness undoubtedly help to secure widespread political acceptance and support.” Thus, it could be suspected that rural-urban partnerships are a spongy idea with a good name indicating positive effects for all partners, i.e. a catch-all formula to achieve a compromise. Or Copus (2011, p. 1) regards evidence for significant benefits for rural areas deriving from rural-urban partnerships as scant, Köller (2011, p. 15) judges the German approach for supraregional partnerships as only partly successful.

But it would be unfair to impute these authors that they do not regard the topic as important. It rather indicates that some open questions exist. Therefore, the article wants to give arguments that rural-urban partnerships can be a conducive tool for spatial development in all types of settings, i.e. metropolitan areas, areas coined by small and medium sized towns and sparsely populated areas (cf. OECD 2010). And urban, suburban as well as rural areas can benefit, even though the perspec-

tive here is rather from a rural point of view. But, like in any partnership, the co-operation has to be beneficial for all partners, i.e. not only for the rural stakeholders, also for urban ones, otherwise the concept will cease to exist in the long run and will lack sustainability when the surplus value does not become visible. And every place has to contribute to this partnership with its potentials. Free raiders cannot remain to be a partner.

The article is mainly based on a study of the Federal Institute for Research on Building, Urban Affairs and Spatial Development and the German Association for Housing, Urban and Spatial Development for DG Regio (BBSR and DV 2012). The grant and support of the European Commission is gratefully acknowledged. Furthermore, thanks go to Christian Huttenloher and Jonas Scholze from the German Association for the intensive discussions during the preparation of the study.

A marriage between an elephant and a mosquito?

The above quoted critical voices have to be taken for serious, and indeed the question arises whether a partnership between very different – not unequal – municipalities are realistic. Looking at data provided by the Eurostats data base (and own calculation), the GDP per employee in predominantly urban areas is about 135 % of the productivity of predominantly rural ones. Not the economic power itself is relevant in this respect, but the indicator represents several issues, e.g. a different economic structure with different means and goals as well as different administrative capacities, different bargaining powers and different potentials to carry out these partnerships and the projects within. This leads to an asymmetric relation between urban and rural areas, and the later analysed INTERREG-project HINTERLAND in the Baltic Sea Region, give hints that these speculations are indeed found in reality.

Furthermore, the relation between urban and rural areas is not free of prejudice. Examples are that towns take away the resources of rural areas for their own development or that rural areas live at the expenses of towns. Mentioning these two examples does not mean that they are regarded as right or wrong, but the mere existence of prejudices can hamper even the reflection about starting a co-operation. But a closer look on the individual contributions to the Fifth Cohesion Report (cf. http://ec.europa.eu/regional_policy/consultation/5cr/answers_en.cfm) show that this is the exemption. Even the contrary view is dominant, many contributors see the linkages between urban and rural areas as a potential for future economic growth (European Commission 2011, p. 34): 108 contributions out of 352 responses, i.e. 31 %, hold this opinion. Furthermore, also policy documents regard them as a prominent topic for regional policy. “A key challenge is to ensure that mutual benefits arise from rural-urban linkages. [...] A number of the strategies and actions relevant to rural development seek to exploit rural-urban linkages sensibly, to the mutual benefit of the people, communities and businesses involved” (Scottish Executive 2007, p. 23).

But the question exists why municipalities should care about the welfare and – economically spoken – utility of other communities. In some European states, even a solid legal basis for such a co-operation is not given, in some others, e.g. in Eastern Europe, there is hardly and tradition due to a lacking tradition. E.g. the OECD (2001, p. 146) states about Hungary: “During the socialist era village-town relationships were forced to be highly subordinated, so local village authorities often refused

to co-operate with towns. Villages usually establish micro-regional development associations with no participation from bigger towns. This serious lack of rural-urban partnership further hinders efficient planning and development at the local, micro-regional level.”

Furthermore, elected local politicians and the administration have the duty to care for the benefit of the own municipality and voters and tax payers can expect this from their representatives. A lack of altruism is therefore not surprising. But the justification for this kind of co-operation is to maximise the utility of the partnership so that a higher amount of welfare can be achieved by the individual partners as if every one tries to maximize its benefit individually. Thus, maximising the welfare of the partnership is a vehicle to improve the situation of the own place. This requires that all places within the partnership contribute with their potentials and can benefit. Free riders and a lacking flow of benefit back to the places will prevent the idea of sustainability.

But not all projects have to be beneficial for the own municipality, the reciprocal giving and taking within the framework of many projects in a partnership either at the same time or organized in an inter-temporal balance is an important aspect, too. This implies that the concept is very much project and action based, and it also has to be long lasting, i.e. sustainable. Furthermore, a certain form of governance is necessary, because decisions about projects have to be taken by a board of representatives. Also the projects have to be embedded in a bigger strategy about development ideas for the functional area. This implies a higher administrative burden and a further engagement, because rural-urban partnerships cannot be done by the way. Therefore, an additional output is necessary compared to an individual optimization to compensate this effort.

The influence of space

A functional area, which is the framework for a rural-urban partnerships, is a spatial entity, thus, distance has an influence. Space and distance are two very real categories, as they are an experience in daily life, but in this respect, a certain degree of abstraction is necessary:

- *the urban and the rural* does not exist – rather *several* “urbans” and *several* “rurals” – e.g. according to their economic strength, touristic attractiveness, peripherality or centrality, demographic situation etc.,
- the large scale geographical frame and the national framework, e.g. Scandinavia compared to the Netherlands, have an influence on the arrangement of the partnerships,
- the perspective of the inhabitants of a region may differ from a statistically based definition of urban and rural. Urban lifestyles and rural habitats, rural living and urban working places, rural sentimentality and urban aversion and vice versa can be mentioned as examples for perceptions about urban and rural (cf. Davoudi and Stead 2002, pp. 270-273). Thus, urban and rural areas are no categories only defined by physical features, like building density or high agricultural land use etc. Mental elements are relevant, too, and have to be taken into account by policy action: “Since people consider town and countryside as real, these categories are symbolically reproduced in their action” (Asbeek Brusse and Wissnik 2003, p. 295).

What is the optimal or maximal spatial extent of a partnership? What is the degree of peripherality that rural places can still become partners of cities? How far do the linkages go so that manageable

projects can be erected thereupon? The answer cannot be given in kilometres. A reasonable spatial extent ends where the linkages stop, where the administrative burden is so high that the additional benefit will not justify the input, or where the establishment of linkages or the removal of bottle necks demands too high efforts.

A model of a functional area is given in fig. 1, and making it more realistic, the linkages to the small and medium sized towns and a further differentiation between a more central and a more peripheral hinterland could be included.

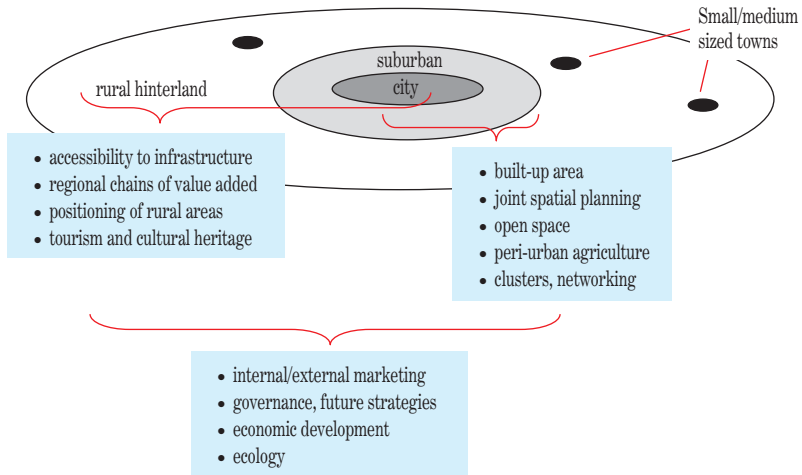


Fig. 1: Topics and distance

But despite these abstractions, fig. 1 gives two ideas about rural-urban partnerships:

- Firstly, different distances between the urban core and the suburban and rural areas lead to different priorities concerning the topics of co-operation. E.g. in more central parts, the management of urban sprawl and open space has a bigger importance. Furthermore in parts with similar branches, the formation of clusters and networks is of higher priority. More peripheral parts expect from a rural-urban partnership a better accessibility to urban infrastructure or an improved use of their landscape and cultural assets for recreation and tourism.
- Secondly, many topics are relevant for the whole functional area, e.g. marketing, the question of governance, ecological topics, funds etc.

Thus, there is a “project area” and a “strategic area”. The first one contains all places within a partnership which have an interest in a certain project and can contribute to this. E.g. a co-operation between firms of a certain branch makes only sense for such places where these firms exist. As a partnership handles several projects in parallel, a variable geometry or soft spaces will arise, as the projects cover always different partners. The strategic space comprises the whole partnership or functional area. All places have to find their needs and goals within the overall strategy, thus, the projects are embedded in this vision.

But is this strategic framework necessary – or is it merely additional work? Many projects could be managed within sectoral partnerships and without a strategy, and the history of inter-municipal co-operation gives many examples for such an approach, e.g. joint waste water treatment, regional public transport associations or marketing associations for tourism. The strategy makes sure that the projects are interlinked and synergies between them can be exploited. This is a surplus value compared to the situation when several projects exist side by side without taking the interdependencies into account and a new quality of co-operation arises. In this stage of co-operation, not only win-win projects can be launched, also those with inherent conflicts become operational, because a compensatory element exists within the partnership via the implementation of further projects. The situation resembles to a puzzle: All parts result in the whole picture, some pairs of pieces have a higher benefit for rural, some others for urban areas, and some equally for both. And the core is the strategy which has to take physical and virtual accessibility strongly into account (cf. fig. 2).

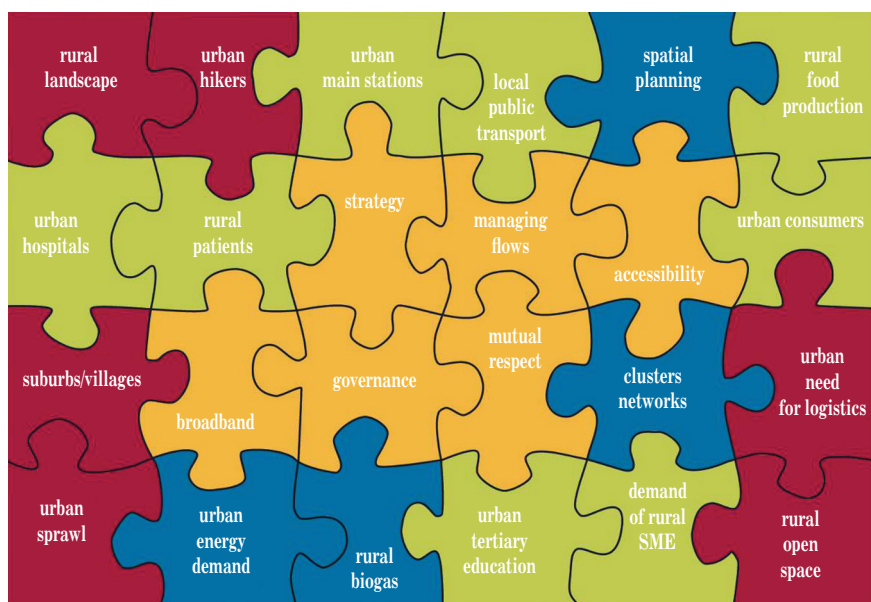


Fig. 2: Rural-urban partnerships as a puzzle

Besides this spatial perspective, there is also a chronological one. Generally, it is important to distinguish between linkages and a partnership. The linkages exist – even without managing them, somehow quasi-naturally. Examples are migration, commuting, communication, consumer linkages, the classical central place relationships like hospitals and their area served, administrative relationships etc. Based on the linkages, sectoral partnerships come into being. E.g. a regional public transport association tries to manage commuter flows between rural and urban areas and an initiative for local products wants may contribute inter alia to a new awareness to the flows of foodstuff between

rural and urban areas. The step towards an integrated partnership, as described above, will generate further topics, e.g. joint spatial planning and joint regional development, agenda setting, the search for an appropriate organizational model or the creation of a regional fund.

Is this really realistic – where is the empirical evidence?

The idea sounds good, but where is the empirical evidence – or at least hints – that this approach works? Can statistical proofs, like an increased GDP or a lower unemployment rate, show the effectiveness of rural-urban partnerships? Most likely not, even if enough quantitative knowledge about the flows between statistical units existed. Thus, qualitative information is important for assessing the effects.

A successful example is the German MORO “Supraregional Partnerships” (cf. Kawka 2008). It had the aim of expanding regional co-operation to its maximum, i.e. to include urban and rural, central and peripheral as well as economically strong and weak areas. The assignment was formulated by the German Standing Conference of Ministers responsible for Spatial Planning, and the process started with a call for interest by the Federal Ministry for Transport, Building and Urban Development to all German areas. Some sixty applications with specific ideas was the outcome. Twelve were selected to present their plans in depth. Finally, seven were chosen and subsidized, each with about 80,000 Euro for the duration of three years. The costs of this MORO were about 670,000 Euro for the federal level, the demonstration regions themselves contributed some 730,000 Euro, too. The whole process was managed and scientifically accompanied by the Federal Institute for Research on Building, Urban Affairs and Spatial Development within the Federal Office for Building and Regional Planning with the support of the project management of Raum & Energie. Latter consulted the demonstration regions with its expertise, too. Yearly, two workshops were organized bringing all demonstration regions together; four publications showed interim results, and one brochure about the project was brought on its way. Furthermore, two major conferences presented the results to the interested public. The regions were obliged to present a status report of their activities once a year.

This initiative was a good investment. All stakeholders learned a lot about this kind of co-operation. The action based approach was the right way for the regional actors to learn co-operation. Even if the search for the appropriate governance structure had no priority, there was the aim of establishing one based on the experience of the concrete projects. The involvement of different actors from politics, administration, economy, academia and civil society was challenging for the demonstration regions, because they all had different aims and approaches, but it seemed to be the right way in establishing rural-urban partnerships. And, like in any partnership, the communication as well as interaction on the same eye-level and with mutual respect in a real bottom-up process took partly some time, but were success factors in the end. Furthermore, the importance of a concrete initial strategy with shared goals was important.

The concrete results of these forty projects in the regions were manifold. Just to mention four examples: The Siemens canteen in Nuremberg buys now annually buys regionally produced food for 4 million Euro and thus contributes to strengthening the rural economy. The metropolitan region of central Germany adjusted its governance structure and enlarged itself spatially. The metropolitan

region of Hamburg gave especially its rural parts a voice to articulate their expectations, fears and demands. The metropolitan region of Stuttgart created a joint development plan instead of formerly five independent ones.

Another example revealing more the problems of rural-urban partnerships is the project HINTERLAND-Vorderland links in the Baltic Sea Region, financed by INTERREG III B. It lasted from 2006 to 2007, and several areas participated in Central Denmark and the Danish region of Skive, Havelland-Flaeming (Germany), Tezew as well as Warmia and Mazury with Biskupiec (Poland), Jurbaraks, Pasvalys and Šiauliai (Lithuania) as well as Pskov and Larelia in Russia. All these regions are characterized by a remoteness from urban centres, mainly between 30 km to 100 km, and a population decline. One of the work packages of the HINTERLAND-project was to identify linkages between the hinterland and the vorderland, i.e. to look for either sectoral partnerships or starting points for rural-urban partnerships. This was seen as one solution to improve the situation in the hinterland.

Therefore, projects were initiated, dealing e.g. with the use of endogenous potentials like agriculture, forestry, mineral resources and the management of the cultural landscape. Other examples were the marketing of the hinterland's good in the vorderland, an information system for visitors, folklore festivals, mutual visits of pupils, car stickers or t-shirts with slogans.

The project had an interesting approach, because the participation of the local population was important. This helped to raise attention for local problems among the inhabitants but also to raise the motivation of the people to be actively engaged for their region – motivation instead of resignation. Furthermore, the attention for problems and potentials in the hinterlands was raised in the vorderland e.g. in universities which accompanied the project. It became obvious that a close co-operation between hinterland and vorderland is the basis for any improvements of the situation. Therefore, many meetings were initiated and networks created. Furthermore, capacity building in administration and civil society to handle such projects was on the agenda.

The project is well documented in the internet (cf. www.hinterland-info.net). Looking at the short remarks about the different meetings in the regions, a lopsided picture comes up. On the one hand, many meetings seem to be successful ways to bring partners from the hinterland and the vorderland together and to discuss topics for co-operation. On the other hand, it is possible to find remarks like “communities financing is not suitable for implementation of good ideas. Sometimes, Vorderlands thieve ideas from Hinterlands”, “Vorderlands solve their problems for account of Hinterlands like equipment of dumping in Hinterlands”, “Vorderlands are not interested in Hinterlands as a potential for market development”, “Competition not cooperation is typical for Hinterland-Vorderland links”, “Local actors are pessimistic according to participation in any activity”, “Local actors, people, municipalities are expecting and instant result”. Furthermore, a limited and slow flow of information and a lack of IT capacities as well as computer literacy, the long distance between the two spatial categories and different expectations are mentioned.

In other words: The vorderland and the hinterland, did not seem to act on the same eye-level, furthermore, there was no consensus about the goals and the ways how to reach them. The project seemed to have had very motivated actors in the hinterland, but they need counterparts in the urban areas, too, but apparently it is difficult for rural actors to get their attention. Then, the period of merely 24 months is far too short to create a sustainable process.

Success factors

The two examples, MORO and HINTERLAND, can help to answer the question about success factors (cf. fig. 3) which have a positive influence on the performance of a rural-urban partnership, i.e. the making of an overall strategy or road map, the selection of relevant projects and the underlying governance form – even though no cook book approaches exist, because much depends on the local setting. Therefore, successful projects in one area can be a failure in another; anyhow the success factors exist independent of this.



Fig. 3: Success factors for rural-urban partnerships

These success factors can be starting points for different policies in a framework of multi-level.

- **Linkages:** They are the basis for partnerships between the different spatial types. They can be either still managed within the framework of sectoral policies, like e.g. regional public transport associations manage the flows of people within a region. This also implies that the idea of establishing rural-urban partnerships is only an adequate approach in regions with such linkages.
- **Shared problems:** In addition to the linkages, also the joint solution of shared problems can be a basis for rural-urban partnerships. Thus, not only the aiming of win-win situations has to be in the foreground, also the management of conflicts and their management can be a goal of these partnerships. Anyhow, if there is merely one problem to be solved, the question whether a sectoral partnership is equally or even more efficient has to be asked.
- **Feeling of being a functional unit:** There is a need that the actors of one region share a similar identity, i.e. that they belong together and form a functional unit. Establishing rural-urban partnerships without this idea will be difficult.
- **Strategy/shared goals:** Right at the beginning, all stakeholders have to agree on a strategy and the goals of the partnership. There is a necessity of defining concrete goals and concrete projects. E.g. aiming only at the improvement of the quality of life or the development of the

economy is too general and makes the transformation into action and an establishment of a road map difficult.

- **Certain form of governance:** Governance is a necessary element of a rural-urban partnership, because elected and non-elected members come together to decide on regional development. Anyhow, there are several forms of good governance, and it has to be appropriate to the regional setting. Furthermore, the creation of a governance model can be also part of the work within rural-urban partnerships.
- **Experience/tradition in co-operation:** Rural-urban partnerships are large scale partnerships involving different regions and actors which may have never worked together before. But if these actors have an experience in regional co-operation within different contexts, then this is a promoting factor. Furthermore, the general tradition for co-operation is important, which is historically less developed e.g. in East European countries. To start there with a complex co-operation project like a rural-urban partnership could lead into a failure.
- **Time:** Time has a high importance – in the beginning of rural-urban partnerships and also of projects within such a partnership to create trust among the different actors, i.e. to raise and maintain the social capital within a region. Furthermore, a broader discussion about the steps in bringing the topic into action is necessary. Anyhow, there also is a so called collaboration fatigue. Pointing at the fact that too long discussions can be exhausting and counterproductive. But time is relevant in a different context, too: Rural-urban partnerships cannot be established by the way. On the contrary, they need constant maintenance until they are mainstreamed in a region and can be regarded as sustainable. And even then, there is a need for caring about the co-operation. Thus, a long time horizon is necessary, and too high expectations for quick results will end in disappointment.
- **Small steps:** Small steps can be important stones in a big mosaic. These are not necessarily milestones, but there is a good feeling within a partnership if a small step leads into the right decision. This is especially important in co-operations without a shared experience in working together.
- **Many concrete projects:** Projects are important, because they lead to results which improve the local situation and which strengthen the feeling of togetherness of the actors. Furthermore, a variety of projects has two advantages. On the one hand, more projects lead to the involvement of more actors and more regions within the idea of a variable geometry. On the other hand, failures of single projects can be compensated.
- **Good framework:** It is important that the national level and the EU level are involved in rural-urban partnerships, although they are bottom-up processes. But the framework from a higher spatial level can provide a legal framework or funds.
- **Different actors:** Rural-urban partnerships bring together actors from different regional and sectoral backgrounds. Not only urban and rural stakeholders work together, also people from politics, administration, economy, academia and civil society co-operate. This is fruitful for the process, but makes it more complicated, as the different groups have different goals, approaches, languages and time horizons. Whereas a politician thinks in the time of his electoral period, a business man is used to take much faster decisions and a planning authority works in longer periods. These ideas have to be combined and respected.

- **Motivated actors:** Perhaps the most important factor – and the one being least influenced by political action – is the existence of motivated actors who regard the establishment of the idea of rural-urban partnerships especially in the initial phase as their task. This means winning people for the partnership, bringing them together on the same eye level and promoting the general idea as well as concrete projects.

Some benefits for rural development

Rural areas have to bring in their potentials into the process, because rural-urban partnerships are no tool to redistribute the existing growth potentials, but to connect them so that a surplus value is the outcome. It is also no hidden metropolitan program, because the metropolitan areas and large towns have documented their positions, cf. Kelling (2011) for METREX and EUROCITIES (2011). And rural areas are more than open space and food producers, the “differentiated countryside” or “post-productivist countryside (Lowe et al. 1993, p. 206 and 220) with their various land uses, potentials, development paths, plans and regulations lead to different linkages towards towns and different goals as well as strategies.

Rural-urban partnerships can contribute to rural development, e.g. the paper on the common agricultural policy towards 2020 demands “the balanced territorial development of rural areas throughout the EU by empowering people in local areas, building capacity and improving local conditions and links between rural and urban areas” (European Commission 2010, p. 10). Also the Polish Ministry of Regional Development (2011, p. 6) holds this opinion: “It is about creating conditions for supporting the diffusion and absorption by strengthening linkages of major urban areas with sub-regional and local centers and rural areas (e.g. by improving transport accessibility, strengthening investments in sub-regional centers, developing potential of rural

The potentials of rural areas can contribute to rural-urban partnerships, and a strong structure of small and medium sized enterprises can be found in many rural areas. Nevertheless, the elephant-mosquito problem cannot be neglected in several rural areas. E.g. ECORYS (2010) mentions some disadvantages of rural areas: A lower educational level (p. 59), a lower per capita income and, thus, difficulties in attracting and keeping highly skilled employees (p. 40), a vulnerability concerning economic and political changes due to a narrow sectoral structure, furthermore often a poor communication infrastructure (p. 27), problems in creating innovation and clusters (p. 47), higher unemployment rates (p. 68) and “a common challenge – their capacity to create high quality, sustainable jobs is falling behind urban areas” (p. 41). Furthermore, rural areas lack, by definition, major towns. Hence, the often urban based amenities, like high ranking infrastructure – e.g. universities, specialized hospitals, airports, high speed trains – or often out of a fast reach. The same applies to employments and shopping facilities for goods beyond daily consumption.

Thus, a good accessibility to small and medium sized towns and also to bigger ones often farther away is of special significance and one of the foundations for rural-urban partnerships – bringing also an improved accessibility to rural assets for the urban population. Then, the above mentioned identical, similar, and complementary potentials located in cities can be better used for rural needs and rural resources. This usage depends quite often on the individual efforts to overcome this spatial problem,

e.g. by commuting, but also the municipalities can devote attention to this problem and try to get these amenities “closer” to their rural partners – by an improved physical and virtual accessibility, by strengthening local chains of value added or by e-learning and e-health, to name a few aspects.

This can have a double effect: Firstly, the local co-operation can lead to improved economic performance and a higher quality of life for the whole functional area and to the partners within. Secondly, the partnerships can contribute to an increased welfare of a much higher spatial level, not only by additional taxes, but also by creating employment, reducing poverty, bringing up innovation, strengthening the educational level of the citizens, fighting against climate change and using energy in a sustainable and more efficient way – or in short, by contributing to the strategy Europe 2020. The underlying hypothesis in this respect is that underused potentials exist in the municipalities, here with a special focus on rural areas. This can happen

- through better integration to the global economy via an improved access to tertiary, secondary and primary nodal points of global nets,
- looking on the urban offers for rural needs and facilitating their use, e.g. social infrastructure,
- incorporating rural potentials, e.g. small and medium sized enterprises, in strategies often coined by urban actors,
- focussing on classical rural offers and bringing them to an increased awareness.

Merging potentials of different places can help to reach the goals of the strategy Europe 2020. Especially the potential contribution of rural parts can be more efficient when their connection to nodal points of the worldwide networks and, thus, to the global economy is strengthened. This refers to the agricultural sector, too, as it is not entirely local or regional, but has also a strong global focus. Rural-urban partnerships can therefore have a double effect – for the local situation and the EU-wide strategy. Some possible contributions are:

- **Employment:** Clusters, networks and regional chains of value added combine the potentials of many stakeholders and can contribute to a higher level of employment. Furthermore, external marketing in a globalized world – for attracting investment and for placing regional products on the market – is beneficial. Also good physical and virtual accessibility and the improvement of infrastructures are location factors for economic development. Regional planning and shared visions play a major role in this respect.
- **R&D/innovation:** A better co-operation between research institutions and business units or networks between universities as well as other vertical and horizontal clusters within a functional area can promote R&D-activities.
- **Climate change/energy:** Cities are the main emitters of greenhouse gases and are places with a high potential for improved energy efficiency. Rural areas have high capabilities for offering renewable energies. These two complementary factors can be well integrated and managed within rural-urban partnerships.
- **Education:** A good accessibility to educational institutions also via new methods of long distance learning and e-learning is an important aspect for peripheral rural regions and can be promoted with the framework of rural-urban partnerships.

- **Poverty/social exclusion:** Rural and urban poverty can have different reasons, but sometimes they can be seen in one process, e.g. with respect to rural-urban migration. Accessibility of educational facilities and work places are important in this respect.

The EU and rural-urban partnerships

As mentioned in the beginning, the EU has mentioned rural-urban partnerships and their importance for spatial development within several highly relevant documents, e.g. the European Spatial Development Perspective, the Territorial Agenda and the Territorial Agenda 2020 to name just three (see Ulied, Biosca, Rodrigo 2010, BBSR and DV 2012). And especially the Polish Presidency in the second half of 2011 has contributed to this topic.

A closer look reveals that the last funding period 2007 to 2013 was somehow too early to bring this idea into action. Thus not surprising, there is a lack – not a complete absence – of rural-urban partnerships in the Operational Programs, although exceptions like in Styria or Rhône-Alpes exist. Furthermore, some functional areas have used European funds to build rural-urban partnerships, like Le Pays du Mans in France using mainly Leader funds, Graz and surrounding in Austria with ERDF-money, the Prignitz in Germany with ESF-support or the already mentioned HINTERLAND-project within the INTERREG framework. The use of the EAFRD is somehow limited, as the at least bigger urban centres are excluded from the funding. Nevertheless, exemptions also exist in this respect via LEADER initiatives: E.g. the European Network for Rural Development (2010, p. 85) gives cases from Andalusia and Ireland, where Local Action Groups can work also beyond boundaries of rural areas and also when necessary in cities. Furthermore, the report mentions Local Action Groups in Languedoc-Roussillon und Sardinia with the possibility to act in urban areas, too. The network concludes: “These examples may not mean that EAFRD money flows into the urban areas, but it does mean that the needs of the urban and rural needs can be brought into a single strategy and tackled by a combination of EAFRD funds and other resources. The key point to be drawn from this is that an EU level typology of rural areas, and an EU-level demarcation between funds, should not prevent or discourage states and regions from a territorial approach to development at sub-regional level, cutting across the rural-urban divide where this is useful” (ibid. p. 85).

The proposed regulations for the new funding period post 2013 give the regions and functional areas some new instruments at hand, i.e. the community led local development and the integrated territorial investments. These ideas have to find its place in the usage, but – like with any new tool – it is open whether these ideas can be used in the areas in the intended way. It depends much on the creativity of the local actors and the framework of the OP regions and the member states. Therefore, pilot projects throughout the EU to collect more knowledge about the processes in the functional areas and the necessary financial support could be a good way to promote this concept. But money is not everything, also the dissemination of good practice or technical help how to organize such a process is a necessary accompanying action.

Conclusions

Despite some criticism pointing at open questions – which exists maybe only due to a lacking examples or a good communication of best practice – rural-urban partnerships are an additional tool for regional policy. The idea does not replace the necessity for a rural and an urban development policy. But the linkages between the different places with their identical, similar and complementary potentials are regarded as a chance to increase the economic performance and the quality of life.

Rural-urban partnerships are a topic mainly for the local level, because it is an action or project oriented approach. Thus, the local actors are in the responsibility to devote attention to the topics which are most important for them. The success factors have shown, too, that most of them are found on the local level. In addition, only those engaged on the local level know about their potential, problems and linkages. Anyhow, a good framework and political – including financial support – is necessary for the local actors to bring the idea into reality.

There is still a way to go that rural-urban partnerships become mainstream in regional development policy – on all spatial levels, but the evolution of this concept throughout the last 15 years has shown that the topic needs time to be put into action, but the process will go on.

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Shaping Rural Futures – Sustainable Development For Region-Wide Benefit

Introduction to rural future shaping

This is a paper about rural development - in the wider context of reforming the European Union's Regional Development and Common Agricultural Policies. Starting from the need to be clear about the desired outcomes in designing development programmes and financial support, it shows why relying on investments in metropolitan areas to deliver a "trickle down" effect won't generally deliver what some rural areas need. Looking at the longer term, the natural resource agenda promises a better outlook for rural areas with land that can be used to meet increasing urban demands for rural product. If rural businesses invest to create added value locally, the greater employment base will make easier to organise public services efficiently in rural areas that will otherwise become largely the domain of the elderly. So, rural areas need more than farmer-based development, delivered in place-based tailored ways. Drawing on the latest OECD research¹ suggests that rural regions need to address the particular challenges of:

- infrastructure (access to urban markets, high speed broadband services and mobile phone coverage);
- human capital linked with labour market measures (so that younger people can thrive without moving to cities);
- innovation (universities are rarely rurally based, so the links to rurally based businesses can be more difficult);
- business capacity (because many smaller businesses, including lifestyle businesses where people may not always see profit as the main goal) and
- public services and attraction of working families and pensioned retirees to contribute to community strength (because services otherwise become unaffordable as population reduces)

¹ OECD *Promoting Growth in All Regions: Lessons from across the OECD* (2102).

Alongside that, governments need to start to address now how regulation, tax and subsidy regimes will need to be adjusted to encourage the sustainable intensification in land use that will be needed in the more crowded, more climate challenged world of the 2030s and beyond.

What the paper covers

The paper first explores the concept of development – especially rural development – and the need to establish clear outcomes for development investment. Significant funding is directed to the farm sector in rural areas under the Common Agricultural Policy. Therefore, European Union investment in regional development has generally been focused on urban areas.

The separate approaches of the two big European Union spending programmes – CAP and Regional Funds – have not helped overall strategies for rural development, especially when implemented through different government agencies at the national and regional levels. It is true that some rural areas in the hinterland of cities can benefit from functional metropolitan area investments. However, it is difficult for a city region perspective to serve smaller communities well where a distinctly rural approach to development is needed.

The OECD is working on better definitions of metropolitan areas, which will help clarify where city-based and rural approaches respectively may be best applied. There is also important work under way in the OECD/EC Rurban project exploring the links –both peripheral and remote- between cities and rural areas. Goods and services flow in both directions between town and country. This suggests that partnerships in broader regions linking urban and rural areas, near and far, may help to deliver better outcomes in all parts.

In any case, rural areas are crucial to sustainable development in the EU – as the Lisbon Treaty² requires. While some writers refer to a “triumph of the cities”³, natural resource based rural systems deliver many of the essentials of life for city residents and businesses. So, cities are not entirely self sustainable and need to question how robust those rural essentials of life supplies will be? Despite rural challenges, such as ageing populations and locational remoteness, there are also promising future opportunities. These include the silver economy potential, green energy products of the third industrial revolution and the scope to deliver more products from a finite land resource to a rapidly growing world. With an expanding population, green energy and carbon sequestration, quality food and clean water will all be in greater demand. Only sustainable intensification of land use can deliver these wisely in the way future generations will demand.

What does this mean for the design of rural development policies? There is a crucial need to look not only at development programmes, but also at the underlying regulatory and financial incentives. These include both tax regimes and payments in return for public welfare benefits. Fortunately, there are new techniques emerging that can inform better policies and allow natural resource exploitation decisions to reflect environmental economics. Meanwhile, there are some more immediate opportuni-

² European Commission *Consolidated version of the Treaty of the Functioning of the European Union (Treaty of Lisbon)* (2010).

³ Edward Glaeser *Triumph of the City: How Urban Spaces Make us Human* Macmillan (2011).

ties to shape the two major sources of funds for rural development - a development that will address not only rural disadvantage today, but tomorrow's opportunity to deliver the long term urban need for rural services at a time of rapid global change.

The concept of development: a starting point

Summer 2012 sees world leaders coming together in Brazil (at the Rio+20 conference) to renew their political commitment to sustainable development. In this and other contexts, the word 'development' is widely used, without too much consideration of its precise goals and elements:

In the context of the Rio Earth Summit, the main focus will be on developing poorer nations and enabling them to make significant progress towards the Millennium Development Goals.

In the European Union, "harmonious, balanced, efficient, sustainable territorial development"⁴ is the path to territorial cohesion.

At national levels, and during a period of financial uncertainty across much of Europe, development is seen as the way to generate economic growth – often measured in terms of GDP – to help put national economies onto a firmer footing.

At a local level, for many people the word 'development' means new construction in the cities or in the shape of suburban sprawl; a concept that is not always welcomed by inhabitants.

All these different development priorities are linked. In the UK, controversy has been promoted by the scale of the Government's continuing substantial assistance to developing countries at a time when budgets for domestic economic development have been cut. There is also concern about the scale of contributions to the European Union, which funds very large territorial development programmes through both the Regional Policy and Agriculture Directorates General. Meanwhile, there is a belief that the pace of development in the emerging world economies is underpinned by unfair competition resulting from poorer production standards, lower working conditions and negative environmental impacts, making investment in Europe a more difficult choice.

As used in international fora, development policies may involve physical investments in the shape of infrastructure, but generally only as an incidental manifestation of improved public services such as law and order, education, training, basic research, water supply and waste disposal, business support, transport and healthcare. Often the focus is on development in urban areas, but investments are frequently as important to rural businesses and people as they are in cities.

Rural development is another theme with a practical manifestation that varies very much from nation to nation. In developing countries, rural development is about raising people from abject poverty and poor health. Improving access to clean water is a crucial element in this goal. Increasing local incomes often originates from improving roads, enabling agricultural products to access urban and export markets with reduced waste in transport and storage. Basic education helps to equip young people and presents opportunities such as the potential to work in urban areas and send back remittances to assist their rural families. In the wealthier nations of Europe, rural development funding takes a very different shape. It is partly designed to address challenges in delivering services to

⁴ EC *Territorial Agenda of the European Union 2020* (2011) www.eu2011.hu/files/bveu/documents/TA2020.pdf.

rural communities and partly taking the shape of grant aid to incentivise farmers to improve their businesses and provide environmental goods. However, there are real questions about rural futures when cities are seen by so many as the engines of growth. In rural areas, gains in agricultural efficiency have reduced employment. In spite of this, new business growth has not always absorbed the under-qualified, surplus labour. Likewise, as younger people move to the cities for the wider opportunities available, the ageing rural populations can seem to be more of a liability for public and private service providers.

Development policy needs goals

In short, development is a complex concept. Yet any policymaker faced with the challenge of designing development programmes - whether at the local, regional, national or international level - should always demand a rationale and design for programmes, sufficient to justify the investment of funds raised from taxpayers.

The rationale of the Rio+20 Conference is to secure renewed political commitment for sustainable development, having assessed progress to date and having highlighted the remaining gaps in the implementation of the outcomes of previous major sustainable development summits. Substantive discussions will focus on two themes: a green economy that can serve sustainable development and poverty eradication; and the institutional framework for sustainable development. It remains to be seen whether the outcome will include a commitment to new or expanded programmes - in terms of international work for poorer nations, and whether this resolve will be achieved using developed nations' domestic programmes which better integrate economic growth with natural resource protection. Furthermore, do the Millennium Development Goals represent an ultimate success point, beyond which wealthier nations will still invest in global development programmes? Likewise, will the politicians be united and clear about the outcomes they are signing up to?

The need for specified outcomes is as relevant in regional cohesion policy as in Europe. The policy rationale has been the subject of a great deal of debate over the last few years, stimulated in particular by former Commissioner Hubner and her appointment as a special adviser to Fabrizio Barca (a senior Italian official - now a Minister in the Italian Government - who previously served as Chair of the OECD's Territorial Development Policy Committee). Barca's report⁵ starts with the broad rationale for investment that without resource transfers to address disparities and backwardness in some regions of Europe, large differences in regional incomes and quality of life would threaten the European Union politically. The importance of such risks was evidenced recently by the separate decision of European Union members to provide significant financial support to Greece - with a rather higher resource transfer involved than its receipts from any regional policy.

The Barca Report makes clear, however, that it is not enough simply to transfer resources to the regions in need. Within such regions, the resources need to be applied in a place-based approach - a concept emerging from work debated in several conferences of the OECD's Rural Working Party

⁵ Barca F. (2009) *An Agenda for a Reformed Cohesion Policy. A Place-based Approach to Meeting European Union Challenges and Expectations.*

and written up in ‘The New Rural Paradigm – Policies and Governance’⁶. This approach means growing and using *local* human, social and institutional capacities to the full, place-by-place, to achieve the full potential of the region as a whole. Likewise, the approach must ensure that incentives made available from outside are applied by *local* people and *local* government, drawing on *local* knowledge and *local* preferences and exploiting *local* assets.

Regional development policy within the EU has long been seen as more urban than rural focused. This probably reflects the urban challenges and scale of industrial transition, especially in the newer Member States. It probably also reflects an expectation that the sectorial approach of the Common Agricultural Policy would itself target the need for rural diversification as farm jobs were lost through more intensive and labour-efficient operations. Michael Dower’s paper “Rural Development in the New Paradigm” in this volume refers to the emerging recognition of this need to move beyond agriculture in the Cork Declaration of 1996⁷ – when all the buzz was around the need for a “living countryside” with diverse economic activities sustaining diverse rural communities. Dower also notes the widespread support for investment to help deliver this desired outcome, and the conclusion, in Brussels, that funds needed to be found from within the Common Agricultural Policy pot, because no new source of money was available. While rural development has emerged as a key element of CAP funding (although more in some member states than others), the bulk of this investment has still been directed through farmers – perhaps not entirely surprising given the influence of farmer’s organisations on producer-based agriculture Ministers in many EU nations.

The Mid Term Evaluation of the Scotland Rural Development Programme⁸ provides a useful illustration of how spending is focused on farmers, while other rural development investors seemed not to engage with the scheme. The scale of overall financial support for agriculture in the more remote rural areas of Scotland is very high (as are the challenges of farming there). For example, in the Highlands and Islands Region the total of CAP support alone (going mostly to farmers and smallholders) was of the same magnitude as Highlands and Islands Enterprise had available for all other sectors. A new Scottish approach was initiated in 2007, designed to be a significant advance on previous programmes. It brought with it a new focus on outcomes, and pulled the wider range of EC initiated measures together into fewer delivery schemes. Moving the decision-making out to local offices was a deliberate attempt to start with broad goals of rural development expressed in a more place-based way, with local agencies coming together to shape the pattern of investment to local needs. Nevertheless, the evaluation observed that the mechanisms deployed had not done enough to promote the outcomes approach to applicants; those receiving funds were most often farmers coming forward with their own demands, despite the options open to other investors. Meanwhile, on the environmental side, the Less Favoured Areas Scheme, which gave top up support to 13,000 beneficiaries, was criticised for its passive approach

⁶ OECD *The New Rural Paradigm – Policies and Governance* (2006).

⁷ EC *Towards an integrated rural development policy: The Cork declaration* (1996) http://ec.europa.eu/agriculture/rur/leader2/dossier_p/en/dossier/cork.pdf.

⁸ The Scottish Government Mid Term Evaluation of Scotland Rural Development Programme (2011) www.scotland.gov.uk/Publications/2011/03/21113609/0.

and underperformance in environmental terms. This suggested a failure to deliver the full economic potential of well-managed landscapes.

Another reason why investment through farmers and smallholders may appear to be given undue priority is the different nature of the CAP itself. The core purpose of the farming funds across Europe remains the support of high cost, small scale farming - sometimes called the “European Model of Agriculture”. Much of this European investment continues to flow as annual payments to farmers, a flow which it would be hard to curtail without impacting on their income. On the other hand, regional development funds are much more likely to take the shape of one-off investments, designed to provide the opportunity for greater market returns, rather than as a source of continuing support for struggling businesses, however important their products.

There have been attempts by some European member states to shift the emphasis of CAP towards investments that increase market returns to farmers, thus reducing the dependence on annual support payments. The rising price of food might have made the current reform period the right time to move in that direction, but the opportunity has not so far been grasped in the latest proposals for the CAP Programme to 2020. So long as the bulk of the CAP is paid to farmers as an existence service and not as an investment to transform the rural business sector, it must be regarded as a weak element in the service of those looking to deliver the sort of countryside envisaged by the Cork Declaration.

Joined-up goals for rural development?

The EU continues to recognise the need for investment in rural areas to address disparities and backwardness, and to provide rural people with an equality of opportunity when compared with their urban counterparts. Its Territorial Agenda, published last year (referenced above), set out the distinctive needs of rural places in a place-based regional development policy.

It is worth repeating the text here:

“The development of the wide variety of rural areas should take account of their unique characteristics. Rural, peripheral and sparsely populated territories may need to enhance their accessibility, foster entrepreneurship and build strong local capacities. Some rural areas tend to be vulnerable territories rich in cultural and natural values. We support the safeguarding and sustainable utilisation of this territorial capital, the ecological functions and services it provides. Special attention may need to be paid to underdeveloped peripheral rural and sparsely populated areas where disadvantaged social groups often suffer from segregation. Territories facing severe depopulation should have long-term solutions to maintain their economic activity by enhancing job creation, attractive living conditions and public services for inhabitants and businesses. In rural areas where agriculture and forestry are still important forms of land use, modernisation of the primary sector through resource-efficient investments in new and alternative sectors and preservation of high quality arable land and ecological functions are essential.”

Whilst stating that both rural development and territorial development policies and funding streams were key instruments for encouraging the balanced territorial development of the European Union, the Territorial Agenda did not establish the respective responsibilities of each. It is also worth noting that the current Environment Commissioner has affirmed the importance of moving towards

a “circular economy” in which resources are reused and waste is minimised. In this context, the textual references to sustainable use of land can be seen to be important in addressing other European Union priorities.

Which rural areas need dedicated rural development support?

What is “rural” has long been a debated issue in academic circles. Many people believe that they live in rural areas, by virtue of their homes being set in farmed fields with protected greenspace views – whether by green belts policy in England or the Green Heart approach in the Netherlands. These areas sometimes demand special policies – as explored in recent work in England, led by Birmingham City University as part of the Rural Environment and Land Use programme⁹ – but often do not require rural development policies.

These rurally regarded areas provide good accessibility to services of general economic interest. With land use planning regulations designed to prevent urban sprawl, these areas may be characterised by a compact settlement structure, thus preserving the rural hinterland for agriculture and other land uses. Partly because of the mindset of the people who live in these periurban areas, they enjoy a high level of environmental protection and quality in regions where urban and greener uses of land intermingle.

People who live in these areas may find it more difficult to access services centred in the nearby urban areas. However, land which becomes available for development is usually snapped up, and it would be hard to see these areas as undeveloped, lacking opportunities or suffering disadvantage to the extent of warranting European Union support. These are, however, the sort of areas where a trickle-down approach of city-based regional development investment can bring significant benefits. How land is used in these areas can be critical to the overall development goals of the urban area – especially in resisting urban sprawl. Devised as a response to the waste of resource that urban sprawl represents, the German REFINA (Research for the Reduction of Land Consumption and for Sustainable Land Management)¹⁰ programme focused on the potential for more efficient use of urban land, so that the natural resource of undeveloped land was not used in a profligate way, but remained available for beneficial use not involving built development.

So, if the urban fringe, however green in appearance, is to be regarded as a part of the core metropolitan area, how far does one need to travel to reach true rurality? The world-famous planning academic, Sir Peter Hall, wrote about the spreading impact of London over the nineteenth and twentieth centuries – as transport technology and infrastructure investment enabled ever more distant people to be a part of London’s economy. If a strong influence can be seen 80 miles from London now, and some influence further out, how much more widespread will London’s development impact, with ever more capacity in IT networks and 4G phone coverage?

⁹ see Birmingham City University - www.bcu.ac.uk/research/-centres-of-excellence/centre-for-environment-and-society/projects/reli.

¹⁰ see Deutsches Institut für Urbanistic gGmbH www.refina-info.de/en/.

In England, if a line is drawn around a 30 minute travel time from cities of over 100,000 population, very little of the country falls outside reasonable urban accessibility. Therefore, English rural policy recognises far more of the nation as being rural and in need of distinctive rural development policies than would be the case in many other nations. The nature of rural challenges in England is therefore very different from that of more remote rural areas – such as in Poland, or outside the EU in Kansas or Russia.

The benefits of defining functional urban/metropolitan boundaries

So, what *is* rural? With more clarity, it would be easier to compare practice across national boundaries. This is one reason why the OECD's Working Party on Territorial Indicators is generating a new way of measuring metropolitan areas. The need arises due to the increase in interest since the World Bank report a couple of years ago about making statistically robust comparisons of cities across countries. Fundamentally, the question is "what is 'urban'?", and what is the real area of a city's labour market, which the OECD sees as the best way of differentiating its functional area from that of other cities, or from the surrounding hinterland. This hinterland might be regarded as the start of rural.

Regional policy objectives, such as increased social cohesion, critically depend on how cities grow and interact among themselves and with their urban/rural hinterland. Once a metropolitan area is clearly defined, it should be a lot easier to consider the efficient use of resources (land, energy, skilled labour, technology etc) within that area. A consequence of applying such a consistent methodology across all OECD countries is that enables a better comparison and analysis of problems and policies in rural areas: rural areas will encompass all regions not embraced by the city centre and its urban/rural hinterland.

The finalisation of the new datasets will depend, critically, on the co-operation of national statistical offices and Eurostat. Importantly, the crucial improvement is the capability of breaking away from administrative areas, which are a hopeless means of comparing places. Even so, it is the political units of those administrative areas which inevitably need to determine the investment priorities, and very few of the local government units will be sufficiently extensive to do this without working with neighbouring authorities. In shaping regional development programmes, however, how does a suitable area emerge in which a distinctive place-based approach can be devised and yet be capable of application across a combined urban and rural area?

The conclusion of many writers is that separate programme priorities are needed for application in areas of principally rural character, where the main service centres are small towns or a network of such places. There is a risk that the distinctive development investment needs of these areas slip through the gap between regional development investment programmes and rural development grants forming part of a Common Agricultural Policy that tends to focus disproportionately on farmers

Even so, there is more that links cities and rural areas than divides them

In many countries, people are very conscious about whether they live in a city or a rural area and see each as having clear characteristics. In reality, there is a spectrum of differently balanced urban

and rural characteristics. More than two thirds of the European population lives in urban areas. As well as playing crucial roles as engines of economic development - due to the ease of connectivity, creativity and innovation - cities also serve as centres of services for their surrounding areas. Even people in the most remote rural areas need to draw on the services provided in urban areas from time to time.

Consequently, cities can be seen as the major source of economic growth in most nations. Measurement systems may slightly distort understanding. For example, in the traditional OECD measurement system of GDP per head, the rural resident who travels to work in the city and purchases supplies there before returning home makes the rural commuting zone appear to be less successful in GDP per head terms, and the urban area more successful than the reality. It is also the case that rural products are often scored as of low value, when value is added in urban processing.

In fact, there is a great deal that links cities and rural areas – goods, financial and other services, mobile labour and linking infrastructure. Rural goods are crucial in the service of urban areas (see below) and the products of urban areas are often sold in urban areas to rural purchasers. Rural residents often depend on public goods and services which are more economical when provided centrally in the metropolitan area, whilst rural areas also provide public good for urban residents (for example cultural and natural resource based leisure opportunities and the speciality retail offer that small towns often provide). Financial services are increasingly centred in larger cities where there is an improved linking infrastructure of roads, railways, energy grids, broadband and telecommunications.

Neither city nor rural areas on their own are capable of delivering the quality of life most people aspire to. As a result, investments in city regions may well improve the services that rural people enjoy or depend on. Meanwhile, people and businesses in cities will continue to rely on the public and private goods that are generally sourced from rural areas, and may be further encouraged through investment there.

Some agencies have focused on the economic growth of cities without considering the two-way relationship between cities and rural areas beyond the immediate hinterland. Yet without the flows between cities and rural areas, neither place would be able to function well in the longer term. Policy needs to consider the flows between urban and rural areas, as well as the future of these areas in the eyes of local governments that rarely embrace both areas in any significant way.

Cities can often have a strong consumption-based relationship with areas well beyond their boundaries; this points to the need to set aside historic administrative boundaries which do not fit the current functional reality. New forms of flexible governance are needed to deliver the overall physical, social, economic, cultural and environmental realities required. In particular, many nations are focusing land use planning on river catchments for its building blocks.

OECD evidence illustrates a range of partnership forms, embracing both urban needs. These include:

Regional strategic platforms covering large regions and grouping powerful actors including mayors, regional government and business leaders, often shaping regional strategies and priorities and allocating resources for economic development.

Regional skills alliances engaging public and private stakeholders to address systemic and structural problems related to local labour markets.

Labour market councils formed from regional authorities and representatives of community-based organisations, businesses, trade unions and public service representatives – increasingly promoting social inclusion, entrepreneurship and innovation.

Co-ordinating bodies such as municipal associations and area-based partnerships promoting collaboration and co-operation between different levels of government.

Municipal mergers such as that created by the merger of four municipalities and the county council in Herefordshire, England with the Chief Executive of the new council also heading up the National Health Service locally, to encourage joined up services over the Hereford city-region.

Municipal co-operation to achieve economies of scale, effective use of professionally skilled staff and greater efficiency in delivery of services.

According to the OECD, this partnership approach delivers significant benefits. Partnerships can stimulate the use of additional measures, because more partners bring greater opportunities to understand how resources can be deployed creatively. Collaborations can also help target measures more closely on locally identified priorities, and bring a series of separate measures together to focus on areas of significant multiple deprivation. The OECD's Rural Development Policy Division is currently studying (in its "Rurban¹¹" project) the role of partnerships in managing rural-urban linkages.

These forms of partnership do not automatically result in the interests of rural areas being properly reflected. It is easy for cities, to neglect the different investment needs of rural development in relatively invisible areas distant from the cities. This argues for devices such as rural proofing, or explicit rural mainstreaming in policy if the interests of all parts of society across the whole region are to be met.

Looking at development needs over wide areas covering both metropolitan and rural regions, whether through partnerships or not, can however also disadvantage rural communities where relatively small investments may be needed but spread over a wide area. It is this crucial gap that has been bridged by successive LEADER programmes mandated under the rural development measures of the Common Agricultural Policy. Being driven by bottom-up community partnerships, LEADER provides relatively modest funds to address rural priorities – a small proportion of the total spent on rural development in Europe, which is in turn a small proportion of the Common Agricultural Policy as a whole. Its success has led not only to a confirmation in the Commission's Working Document¹² that LEADER will continue to be a compulsory element in each rural development programme, but to a wider application of community-led local development. Member states will need to define their approach to such development across all the Common Strategic Framework Funds namely:

The European Regional Development Fund

The European Social Fund

The Cohesion Fund

The European Agricultural Fund for Rural Development, and

The European Maritime and Fisheries Fund

¹¹ OECD *Rurban (Rural-Urban) Partnerships* (2012) www.oecd.org/document/15/0,3746,en_2649_37429_49433039_1_1_1_1,00.html.

¹² European Commission Staff Working Document "Elements of a Common Strategic Framework 2014 to 2020" – 14 March 2012.

The European Commission also plans to encourage Integrated Territorial Investments as an instrument for bringing together the delivery of operational programmes in particular territories and areas. Here, again, is the evidence of Fabrizio Barca's drive for place-based rather than sectorial investment. The Commission envisages the delegation of implementation of different priority elements to a single body or local authority to ensure joined-up delivery and the possibility of bringing the community-led operation into the same management scheme. The Commission's Working Document refers to the possibility of inter-municipal cooperation in specific territories (the sort of theme currently being explored by the OECD's Rurban project and also tested in the German Government's MORO project¹³) and to integrated strategy for *urban* development. The latter reference to urban development once again poses the question of how wide-scale development programmes meeting rurally specific goals will gain adequate priority?

Rural areas are crucial to the sustainable development of the European Union

It would be helpful if rural mainstreaming or rural proofing became more explicit in the European institutions. A European Union document "Cities of Tomorrow - Challenges, visions, ways forward"¹⁴ reports the conclusions of an exercise investigating the views of stakeholders. It suggests that cities will play a key role in Europe's place based territorial development – and thus far no-one has questioned that suggestion.

The report goes on to say that the cities' approach should be based on balanced, economic growth and territorial organisation of activities, with a polycentric urban structure. What it does not demonstrate, specifically, is how the territorial development needs must be adapted to meet the needs of the outermost of the polycentric circles.

Some of these needs can be delivered through businesses that do not depend on an urban location. Recent publications such as Harvard Economics Professor Edward Glaeser's book "The Triumph of the City"¹⁵ explain how cities provide more readily for the incubation and development of innovative ideas and production that generates economic growth. However, some successful businesses are also based in rural areas, perhaps for historic reasons, or as a result of the personal commitment of the owners.: Rural Gloucestershire in England, for example, hosts two big hi-tech businesses (Renishaw and Dyson) earning large returns from exports and creating innovation outside the city "hothouse". The further development of fast broadband and other communications links will, if anything, make it easier for businesses to succeed without the need for physical urban networking and the innovation that generates. Subsequently, past trends are not always a reliable predictor of future progress.

On the other hand, cities themselves cannot function without other products of rural areas – in particular, products that draw on the natural land resources and therefore cannot easily be produced in urban areas. These products include food, water, biofuels, protection from flooding, timber and biomass, biodiversity and cultural landscapes. Some of these products are private goods, whilst others

¹³ See "Urban-Rural Relationships in Metropolitan Areas of Influence" published by Metrex (2011).

¹⁴ EC *Cities of Tomorrow – Challenges, visions, ways forward* (October 2011).

¹⁵ see reference above.

are purchased as public goods from landowners and tenants either as a result of conditional payments under the Common Agricultural Policy or in return for specific grants.

European patterns of development face significant challenges

In different nations to different extents, demographic change is an increasing challenge to rural areas. In cities, the make-up of the population is changing as a result of international migration, within the European Union or from outside it, driven by harsher conditions in poorer nations or the attraction of economic opportunity. Europe is already one of the most urbanised continents in the world with almost two thirds of its population living in urban areas. As the “Cities of Tomorrow” report says, Europe’s cities play a crucial role as engines of the economy, as places of connectivity, creativity and innovation, and as centres for services. The vision of future cities for this growing population, it suggests, is as follows:

- A place of advanced social progress with a high degree of social cohesion

- A platform for democracy, cultural dialogue and diversity

- A place of green, ecological or environmental regeneration

- A place of attraction and an engine of economic growth

The publication reports a consensus among stakeholders engaged in its production. Their view of the key principles was that future urban *and territorial* development should:

- Be based on balanced economic growth and territorial organisation of activities, with a polycentric urban structure

- Build on strong metropolitan regions and other urban areas that can provide good accessibility to services of general economic interest

- Be characterised by a compact settlement structure with limited urban sprawl

- Enjoy a high level of environmental protection and quality in and around cities

The “Cities of Tomorrow” report explained how the European model of sustainable urban development was under threat, but that there were opportunities to turn these threats into positive challenges. It concluded by suggesting that new forms of governance were essential to respond to these urban challenges.

Whilst the document claimed to embrace territorial as well as urban development, it fell short of addressing the particular challenges and opportunities that rural areas face, and which European territorial development needs to embrace. European development policies need to address the range of different challenges and changing nature of both urban and rural communities – not least because of the growing urban-rural linkages. A failure to address the territorial challenges in rural areas will affect both rural and rural areas and so a comprehensive approach to development policy is essential. What is more, in the long term, the natural resource-based products of rural areas are likely to become relatively more important in economic terms – this may lead future commentators to observe not that the cities have triumphed, as Glaeser reports the current picture, but that the cities and rural areas have reached a very satisfactory mutually balanced equilibrium.

What are the challenges facing rural areas?

Without attempting to be comprehensive, there are clearly a series of challenges facing rural areas – with some paralleling those in urban areas and others more distinct:

Demographic change: In rural areas, population numbers may conceal an ageing population, with younger people moving to the cities for higher education, a more lively culture or more highly rewarded employment opportunities. It is crucial to look in detail at the way people are moving. In Scotland's Western Isles, for example, population numbers currently do not show a great decline. However, the overall figures hide significant increases in older people moving to the area to enjoy the distinct environment and other aspects of remote life, and also the fact that many younger households are moving away with their children who could, instead, form the bedrock of future sustainable communities.

Relative economic strength: OECD data report mixed figures for the economic strength of rural regions, with some growing rapidly with the arrival of newcomers bringing pension income and injecting investment funds, and others losing population and failing to capitalise on natural assets such as landscapes, tourism potential and cultural values. This is not helped by the loss of the potential younger, better-educated workforce and entrepreneurs to the cities.

Traditional rural industries continue to shed labour: compared with most other business sectors, farming and forestry have continued to be characterised by very small business units. Investments have tended to reduce labour, whilst maintaining the basic business operation and supplying commodities to urban areas for processing.

Growing income and service disparities: lack of public and community transport can lead to social inequalities, as it becomes much harder for poorer rural residents to access increasingly centralised health and education services, and to benefit from the lower prices available in supermarkets.

Social polarisation: as fewer people work locally, and more have to travel for employment opportunities, some areas face increasing challenges. Especially in attractive areas, commuting incomers and holiday home purchasers can drive the price of housing up.

Infrastructure: rural areas tend to benefit from investment in broadband later than urban areas, and there are more mobile telephone blackspots.

Opportunities to turn these challenges into positive development gains

The OECD's analysis of rural development potential in a number of regional and national case studies led to the publication of "The New Rural Paradigm"¹⁶. This report identified the need for a new approach focusing on the relative strengths of rural areas and capitalising on place based assets and the exploitation of underused assets. The conclusions flowed from experience in a number of member states where rural areas had benefited from investments in tourism based on cultural and natural assets, in specialist manufacturing (sometimes originating in rural raw materials such as food and timber), and in ICT where the attractive landscape had, itself, brought successful entrepreneurs running businesses that did not depend on physical proximity to urban businesses.

¹⁶ OECD *The New Rural Paradigm – Policies and Governance* (2006).

The New Rural Paradigm report also made recommendations about governance. It made clear that designing and implementing rural development policy required a pooling of knowledge held by a wide variety of public and private actors. Traditional hierarchical and sectoral structures were inadequate. Rural development needed an integrated policy approach – with central governments challenges to overcome sectoral approaches, with different Ministries sponsoring different elements of the rural policy agenda. Some kind of cross-government “rural proofing” was the minimum required. At the local level, there was also a need to integrate sectoral approaches, but this could be easier if local government was more empowered to apply resources coming from different government silos, and flex those to meet local needs that they were better placed to judge. This approach might be termed a “localist” approach. The crucial recommended need for engagement was between the national, regional and local bodies responsible – what the report called a vertical linkage.

In addressing the problems of persistent sectoral challenges, it recommended both central and local co-ordination. It suggested legislation and incentives to encourage the partners to work together, and called for restoration of powers to local levels where local government seemed weak and therefore less effective than its true potential. There was also a case, in some regions, for small local governments to be required or incentivised to work together in a cluster approach (as has happened, for example, in the Hesselberg Region of Franconia – reference below). The report also recommended the development of clearer indicators that could be used to demonstrate that local governments were delivering investments to transform the local economy, rather than using funds as subsistence payments. Both “soft” and “hard” outcome indicators were needed.

More recently, the OECD has been reviewing the impact of investment in renewable energy of all types, drawing on rural resources and with a view to recommending approaches that will have a significant benefit for rural communities. The findings are due to be published in the summer of 2012. Looking forward, writers such as Jeremy Rifkin have predicted a “third industrial revolution” based on a combination of internet communications and local energy networks fuelled by hydrogen generated locally through wind, water or solar power. Rural areas already host the majority of renewable energy generation and will be well placed to benefit from this direction of development. Rural renewable energy and energy efficiency innovation features strongly in the work of the Hesselberg Region¹⁷ LEADER project in Franconia, Germany – where over 20 small towns working together have invested in demonstrations of many forms of green energy potential to demonstrate to consumers and educational groups.

The distinctive products of rural areas need to be seen as increasingly as much a part of the global economy as the products of cities. Food is the most significant of these. Food production and processing need to be at the heart of development investments designed to deliver a robust rural society as well as providing a crucial provisioning service to urban areas. Flows of food and biofuel can be seen as one of the strongest manifestations of rural urban linkage. The average age of farmers remains high, however; and the sector is dominated by many small operations, especially as agricultural workers have been shed in the pursuance of efficiency, a concept which also stands in the way of rapid adoption of innovation and growth. The bulk of public investment into farming - via the Common Agricultural

¹⁷ It is worth exploring the material at <http://english.region-hesselberg.de/cda/showpage.php?SiteID=2>.

Policy – has not been shaped in ways that have encouraged transformational development. The issue was summed up neatly in a recent address by Sir John Marsh, CBE, one of agriculture's outstanding economists for the past thirty years, at the Royal Agricultural Society of England:

“In practice we have the CAP; almost entirely a policy, that has become the property of its clients. The economic benefit of the single market, which is the core achievement of the EU, is to allow competition to work. Since the initial member countries had different and generally highly protective agricultural policies the process of creating a single market needed to be phased in, if crises were to be avoided. A CAP is still needed if non-market public goods are to be authentically taken into account as markets become open to competition.

“The initial policy resulted in a distribution of benefits between consumers and producers and among member countries that has become entrenched so that change was resisted even when the evidence that a new approach was needed was overwhelming. Throughout the life of the CAP economic growth, technological advance and the opening of world markets demanded sustained structural change if agriculture was to play its full part within the economy of the Union. In fact the policy has continued to support high cost, small scale farming under the label of the ‘European Model of Agriculture’. The inability of the CAP to serve the common interest in Europe and to facilitate more internal and external competitiveness has been costly to the rest of the economy but has not removed poverty among farmers and farm workers in substantial areas of Europe.

“There is little sign of new thinking in the latest proposals for 2014–20. The proposal to cap benefits to larger producers is yet another way of impeding the adaptation of more competitive systems. The whole business of attaching conditionality to single farm payments reeks of the costly dirigisme that keeps bureaucrats employed at considerable cost to the rest of us. The policy betrays the capacity of pressure groups that have no actual responsibility for running a farm, to influence the terms on which EU farmers operate in a negative manner.¹⁸”

On the positive side, there are plenty of examples of governments investing now to develop the farming industry of the future. The Scottish Government, for example, has said that attracting and assisting new entrants to agriculture is a key component in ensuring that Scottish agriculture continues to be a dynamic and competitive industry. It has commissioned the development of a ‘broader range of opportunities’ and the ‘creation of new opportunities for the next generation of farmers’. The Scottish Agricultural College, with its unique service bringing together further and higher education, research and consultancy, will help deliver the skills required to ensure that new entrants have the capability and confidence to develop and build successful businesses. Part of the goal is to enable entrants to farming to grasp opportunities resulting from related initiatives run by other sector stakeholders.

Farming should not be regarded as a single purpose industry operating in isolation, but as one of the biggest building blocks in a rural economy set to deliver services to global markets. Rural development programmes should continue to be built in the place-based way recommended in the OECD’s “New Rural Paradigm” and investments should be made that anticipate global futures rather than simply tackle past shortcomings projected forward.

¹⁸ Professor Sir John Marsh *Know More Or Eat Less* (2012) www.rase.org.uk/events/conferences/presidents-seminar/Know-More-Or-Eat-Less.pdf.

Promoting Growth in All Regions

Before pursuing what the longer term future requires by way of rural development strategies, it is worth reflecting on the latest findings from some detailed OECD research, to be published in 2012. This looks back at territorial development policies generally, over a 12 year period, and looks at the factors that have generated economic growth. It provides fresh insights based on a combination of statistical analysis and 23 case studies of specific regions. It finds that:

Less developed regions make a vital contribution to national growth; on average such regions accounted for 43% of aggregate OECD growth between 1995 and 2007;

Predominantly rural regions have, on average, enjoyed faster growth than intermediate of predominantly urban areas, showing that growth is perfectly possible without concentration of population or economic activity;

Broader-based growth has also brought benefits of equity, resiliency and fiscal health;

Human capital development seems to have been the most critical factor; especially when focused on the proportion of people with very low skills; training the low-skilled seems to do more for growth than policies aimed at expanding higher education;

The more successful development measures were not individual policy interventions, but policy packages put together in a place-based investment programme;

The key to bringing poorer regions towards national average income levels has been the adoption of strategies embracing related domains in a co-ordinated way.

The economic success of predominantly rural areas have may come as a surprise to some urban enthusiasts. So may the fact that more densely populated regions do not necessarily grow faster. But there are rural regions that have performed badly, suggesting that not all have identified or addressed the challenges with success. In this there is no apparent variation resulting from urban proximity: variation in growth performance can be seen in both remote areas and city hinterlands.

Looking forward therefore, according to the OECD, governments should:

Deliberately adopt a “horizontal” approach to regional development focused on better co-ordination of sectoral policies and the mobilisation of local assets and resources rather than reliance on external support;

Work through sound institutions for policy-making and governance;

Invest in infrastructure that delivers both internal and external connectivity; and last, but not least

Establish relatively strong human capital endowments

The report also reminds governments that, while many of the key growth drivers are endogenous to regions, not all of them are. Skill in adapting to changes in the external environment can be a great asset too. And other analyses are suggesting that rural areas will face significant opportunities in the longer term future.

The long term future

Most analyses of global futures indicates that the demand for natural resource based goods that only rural areas can provide is set to increase – and while there is evidence of unused capacity in some parts of the world, there is every reason to suggest that global demands will offer rural regions of Europe new opportunities for development.

This year's Rio+20 conference on the global environment will refresh sustainable development principles, creating a global approach to help all nations to grow out of poverty while protecting the global environment- in particular, forests and biodiversity, and reducing greenhouse gas emissions. Rural development will be a crucial element of that approach. Whether in pursuance of global goals or not, making better use of the versatile natural capital resource that fertile land represents will help rural growth and thus regional and national economies.

Demand for ecosystems services from land is increasing with global wealth and population. There is growth potential in food, water (for people and businesses), energy (from biofuels), forest products (construction timber, biofuel and carbon sequestered), minerals, biodiversity, and scenic attractions that can be a basis for the tourism and leisure industry. As the amount of versatile land is more or less fixed, responding to these demands will require “sustainable intensification”. The concept of sustainable intensification comes from a report by the Royal Society in the UK, in respect of the need to secure more food from more or less the same amount of land, globally: but for the purpose of this paper, it is assumed to cover more biodiversity or biofuel per hectare in the same way.

Sustainable intensification of fertile land

Much of the world is mountainous, or uninhabitable by virtue of desert or tundra conditions. The pressure to make best use of the land is therefore focused on the more or less finite areas of more fertile land, where water is available and agriculture can thrive. This is where most of the crops (and grazing animals destined for the food chain) can be found. It is this land that is coming under greater and greater pressure as the world population grows in both number and wealth, while at the same time the productivity of much of that land may be threatened by climate change.

Focussing on food production, the main drivers for more effective use of land come from:

- the demand for food: 35% more by 2030 and 70% more by 2050.
- growing meat consumption, as rapidly developing nations choose to spend their wealth differently. Meat sourced from feedlots requires a great deal more land under cereals, per calorie produced, than if humans ate the cereals themselves.
- the need to compensate for big yield drops anticipated for China, Africa and India as a result of climate change.

The global response to potential food shortages will include:

- greater production through improved farming methods and use of underproductive land (eg Brazil, Africa).
 - greater crop productivity (eg following genome science, precision farming).
- But the sustainable development agenda also demands further changes in agriculture to:
- become less greenhouse gas intensive as part of an overall global strategy to curb carbon emissions.
 - pollute groundwater less (more precise delivery of fertiliser will make production more challenging to maintain).
 - cycle nutrients more efficiently (...to reduce dependence on phosphates, potash and energy).
 - find ways of using water more efficiently as aquifers drop and new city dwellers demand more water.
 - be more biodiversity friendly.
 - meet higher standards to prevent zoonoses and disease.

Food production and storage also needs to be sufficient to overcome short term market volatility. Recent events (fuel price hike, natural disasters etc) suggest increased incidence of:

- food trade barriers, with some nations preventing exports at times of shortage (meaning that other nations may need to cultivate more marginal land than is generally economically justified – e.g. Scottish uplands).
- interruptions in the supply of energy and other elements of modern food production.

It doesn't matter where the analysis commences. The world's finite amount of versatile, fertile land faces a lot of increasing demands to use it for:

- agriculture for food
- urbanisation and infrastructure (eg 450 million people to move to expanding Chinese cities in next 15 years, with high rise development being succeeded by suburban villas around many cities).
- biofuels and non-food crops to reduce dependence on fossil fuels
- forest conservation (for biodiversity) and tree planting (to meet climate change mitigation targets).
- other renewable energy
- water and flood management (leading also to a loss of cultivatable land as cities take more of the water for people demanding washing machines and showers as part of their better standard of life.)
- biodiversity and cultural landscape enjoyment
- more land lost to coastal retreat, hydroelectric schemes and set aside for flood management

Rural development investments and governance arrangements generally will need to be designed in a joined-up, coordinated way if these demands are to be reconciled in the public interest

The delivery capacity of land is determined partly by natural factors of geography, geology and climate. Progress in science and technology can help land users to achieve more production, and predict the limits if that production is to be available to future generations. The education, mindset and financial position of owners, tenants and smallholders also have a strong bearing on production. However, national and local governments also significantly influence the scale and nature of the private and public goods produced from land by imposing legal rights, regulations, taxes and subsidies. Governments also decide how much undeveloped land can be taken for buildings, minerals and infrastructure and thus removed from the stock of natural capital.

New research and policy concepts are increasingly relevant to rural development strategies

The extent to which land users can capitalise on sustainable intensification therefore depends significantly on national and local governments. Since most versatile land can deliver multifunctional benefits, governments need to help to ensure that land use decisions – whether by public authorities, businesses or individuals – deliver natural resource based sustainable intensification. Regional development programmes for rural areas need to be designed in a way that does not simply deliver more investment, but also looks at other national and local mechanisms that determine how businesses and land managers respond to opportunities.

To encourage sustainable economic growth that meets global demands, governments need to share and implement best practice in public policy tools – including financial instruments and regulation – to deliver the best outcome in private and public goods. In both rural and urban areas, better tools will deliver more effective use of the land resource, measured by a combination of private goods and public welfare.

More efficient economic instruments may result from our increasing capability of putting values on biodiversity and other non-market goods. Alongside the need for a more deliberate approach to sustainable intensification, there is also a need to draw on the emerging work of TEEB (The Economics of Ecosystems and Biodiversity)¹⁹. TEEB study is a major international initiative, drawing attention to the global economic benefits of biodiversity in order to highlight the growing costs of biodiversity loss and ecosystem degradation, and to draw together expertise from the fields of science, economics and policy to enable practical actions moving forward. At the heart of its methodology, inspired by Lord Stern's report on climate change²⁰, is the valuation of the natural environment and establishing strategies that do not destroy, in the short term, what future generations will value and need in the long term.

Published in June 2011, The UK National Ecosystem Assessment (UK NEA)²¹ was the first analysis of the UK's natural environment in terms of the benefits it provides to society and continuing economic prosperity. Taking account of the economic, health and social benefits nature provides, it is

¹⁹ see www.TEEBweb.org.

²⁰ UK Government *Stern Review on the Economics of Climate Change* (2006).

²¹ UK Government *UK National Ecosystem Assessment* (June 2011) <http://uknea.unep-wcmc.org/>.

the first of its kind at a fully national scale. This economical approach to natural resource management could help the design of future rural development measures, not least because it can potentially bring a capital value element to assessments that currently pay too much regard to GDP per head as a success measure. No business judges its performance on the cash account alone, which is crudely what GDP defines; it is also important to look at the value of the assets on the balance sheet. A “natural capital asset check” methodology should lead to a capability of looking at how much environmental capital has been used in order to deliver our GDP, and beyond that, its broader potential is to measure the impact of our consumption on ecosystems elsewhere so that we can measure externalities.

In Scotland’s rural areas – as in many other upland areas of Europe – the landscape is a significant factor in the tourism economy. But how much woodland and what area of sheep and cattle grazing makes up the best balance for the economy? This comprises tourism, local food production on open landscapes, timber production and carbon sequestered. The UK NEA started to put some relative values on different land uses showing the overall higher value of forest, compared with rough grazing. Government policy was to extend landscape cover from 17% to 25%. However, the incentives available did not encourage land managers to plant trees whereas the same government was encouraging extension of forestry by paying farmers large sums under CAP and LFASS to prevent afforestation.

There is real potential to deliver more rational, joined-up policies for rural development, but as Sir John Marsh said in his recent lecture to RASE:

“...conceptually policy intervention seems to be the right way to cope with market failure but in practice, if effective action is not taken by all countries, policy failure may exacerbate problems rather than relieve them”

New forms of governance are essential to respond to the new rural opportunities...

There is a parallel here with the conclusions of the “Cities of Tomorrow” report.

It recommended that cities adopt a *holistic model of sustainable urban development*:

Dealing with challenges in an integrated, holistic way.

Matching place- and people-based approaches.

Combining formal government structures that correspond to the scale at which the challenges exist; developing governance systems capable of building shared visions reconciling competing objectives and conflicting development models.

Cooperating to ensure coherent spatial development and an efficient use of resources.

All these aspects should feature in the governance of sustainable rural development.

The report also made clear that cities should work across sectors and not let “mono-sectoral” visions set the agenda of what urban life should be like. This is especially good advice for rural development strategies, where for too long agriculture has been taken out and treated as a separate entity with its own dedicated support systems.

The report also encouraged new governance roles, based on citizen empowerment and stakeholder participation. The development and broadening of the LEADER concept should encourage that in rural as well as urban areas.

Furthermore, it encouraged the use of foresight as an especially relevant tool for managing transitions. The implications of global economic growth for rural areas able to exploit natural capital sustainably will pose major challenges to rural areas. Effective use of land for sustainable development will require governments to look not only at their proposed development programmes, but also at the regulations and financial systems they are responsible for. Above all, land managers will respond to the signals that governments send in this way, so long as it is clear that these are signals that will remain consistent for a good period.

What might this mean for those designing future European development programmes?

This paper has set out a rather wider picture than the immediate issues being addressed in the redesign of the European Union's Regional and Rural Development Policy instruments. But there are some conclusions that are of particular relevance to that process:

- ***European Union programmes should focus on outcomes.*** In cohesion policy, it should not matter whether the beneficiaries are urban, suburban or rurally based. The rules should be as simple as possible, and each clearly capable of being easily explained to potential applicants by reference to the goals of the policy. A clear outcomes basis could help clarify the position where main programmes could seem to overlap, such as between the regional development funds and rural development incentives under the Common Agricultural Policy.
- ***concentrating on functional boundaries appropriate for different sectoral economies is preferable to limiting approaches to city limits or administrative regional boundaries.*** People are moving more between rural and urban areas, for work and play; economic value chains often add value in different locations; slavishly following GDP data sources and administrative boundaries could result in poor prioritisation and inefficient use of funds.
- ***the new focus on urban areas is welcome, but territorial development also needs to address rural needs directly; it is not enough to rely on benefits trickling down to suburban and rural areas.*** In urban areas, convenient networks and easy communication help to make human interaction easier and could result in better knowledge exchange and innovation leading to GDP growth. But rural areas have shown that they are equally capable of hosting highly successful and innovative global businesses, which might equally have operated in cities. Networks of smaller towns have in the past outpaced some cities in delivering sustainable economic growth and, in particular, new communications technologies are bringing benefits to rural areas. OECD research has shown that strong interdependencies between rural and urban areas could generate positive externalities and improve the competitiveness of functional regions.
- ***the new cohesion policy regulation should make specific reference to the appropriate role of rural enterprise, to the extent not covered by the CAP.*** A place based approach is appropriate, but a fair few of the functional areas for cohesion investment might well be rooted in a rural industry cluster, or in encouraging the best use of the finite land resource. CAP itself should be shaped in ways that encourage the transition to more modern, more productive operations on land,

while still respecting and rewarding the other public benefits land delivers such as biodiversity and landscape – which is increasingly capable of valuation.

- ***in assessing the case for investment under the new cohesion policy, nations should draw on properly based ecosystems services valuations²² and be ready to invest in essentials of life services.*** Rural areas have a near monopoly over the provisioning services that urban dwellers depend on, which represents a significant source of economic potential. These “essentials of life” ecosystems products and services include quality food, clean water, waste water treatment, flood protection, renewable energy, carbon sequestration through forestry, biodiversity and landscape management for recreation. Investments under the cohesion policy of the period to 2020 will need to show returns in the decade to 2030. Reports published by the UN Food and Agriculture Organisation and others, suggest that increased global demands for these goods, and shortages of supply, will increase the relative potential of rural products.
- ***a crucial role in territorial development policy will be to help ensure that the versatile land resource in the EU can be used as effectively as possible.*** The market alone will not deliver the most appropriate mix of land uses in the longer term as ecosystems products and services become more important. Investments under cohesion policy will need to be made in ways that limit urban sprawl and encourage provisioning services. These will also require national and sub-national governments to address the appropriate combination of regulation, tax and support payments.
- ***future proofing cohesion policy also means finding ways to encourage greener growth:*** the OECD has prepared a clear strategy which all EU members should draw on.
- ***LEADER groups should have a role in the design of the main grant scenes:*** the new arrangements for a joined up local communities fund, based on LEADER is welcome, but it is crucial for top down and bottom up initiatives to complement each other, so that local communities are engaged in the wider context and work more collaboratively.

Beyond these medium term recommendations, there is a need to develop a strategic analysis of rural futures in the European Union, in the increasingly challenging global demands being made on rural land and water supplies. One crucial area, where the OECD may be able to help, is to assess which governance arrangements (regulation, tax and subsidy) can best deliver all that people want to extract from land, now and in the future, most effectively. This is the sustainable use of land that will underpin our rural futures, if we get in right, and lead to increased conflict and migration if we do not.

²² see above.

SABRINA LUCATELLI, PIETRO DE MATTEIS¹

Rural Urban Partnership for sustainable development

Introduction

Rural and Urban territories face common and interlinked challenges. Rural areas provide crucial services for urban citizens such as clean air and water, energy, landscapes. Urban centres, including both large ones as well as networks of small and medium sized cities, provide daily services for rural citizens, including specialised hospitals, universities, high technologies and infrastructures. At the same time, rural areas own the land, which is a scarce resource in many European urban areas, and urban areas host high level human capital and young workers - the lack of which is problematic in several lagging rural areas in the EU.

From the need to limit the negative effects of urban sprawl on many peri-urban and rural areas, to the importance of better organising service provision in rural areas, **urban and rural citizens and institutions need to cooperate**: this is why the European Parliament asked the European Commission (Directorate General for Regional Policy) to work on a Preparatory Action on “*Partnership for sustainable urban-rural development*”². The European Parliament asked the Commission to highlight the main linkages and common functions existing between urban and rural areas and to consider the best possible solutions in terms of governance and policies. The European Parliament was particularly concerned by a European policy context based on the separation (if not contraposition) between Regional policy (dealing mainly with cities, territories and infrastructures) and Rural development policy (dealing primarily with agriculture and rural areas). The aim of the Preparatory Action, therefore, is to analyse territorial partnership practices for towns/cities and rural areas and to promote the benefits of territorial multilevel governance partnerships. In more detail, a new theoretical framework to assess possible economic and social gains from enhanced rural-urban synergies in several European

¹ Part of this paper is based on the results of the European Commission’s preparatory action “RURBAN – Partnership for sustainable urban-rural development”. The opinions expressed in this paper are those of the authors only and do not represent the European Commission’s official position.

² The legal basis of the Preparatory Action can be found in the following articles: article 49 of Financial regulation and art.32 of its implementing rules.

countries will be developed, with the final objective of drawing policy lessons on **the potential role of urban-rural partnership in improving regional competitiveness and regional governance**.

Urban integrated development, rural areas' territorial development and the organisation of basic services in more remote rural areas are important elements of the EU's Territorial Cohesion objective which aims to achieve a balanced territorial development throughout the European Union. With the Green Paper on Territorial Cohesion "Turning Territorial diversity into strength" the European Commission recognised the polycentric nature of the European Union as well as the setting-up of rural-urban partnerships within cohesion policy as important tools for the provision of services and to solve connectivity and concentration problems. In this respect, the 5th Cohesion Report underlines how territorial cohesion reinforces the importance of access to services of general economic interest; the environmental dimension of sustainable development; and the importance of functional geographies and of proper territorial analysis.

Even if a significant gap still exists between rural and urban areas, European rural areas proved to be heterogeneous, but also dynamic and, at least before the starting of the financial crisis, showed a remarkable trend towards increasing convergence with urban and intermediate areas thanks to higher growth rates in regions with lower initial GDP per capita (5th Cohesion Report; Bill Thomson, OECD 2010)³.

Public services and sustainable development have been recognised as the crucial functions to be considered in this action, highlighting the importance of public services upgrading in order to support regional growth (Barca 2009). Public services accessibility and quality are crucial for territorial cohesion.

The Preparatory Action deals with both EU regional and rural development policies as well as other existing national and regional policy tools when relevant from a governance perspective. The focus is on the **possible role for Cohesion policy** and on existing cases of integration and synergies between the use of EDRF and EAFRD funds.

Section 1 – An Issue Based Approach

Urban problems are sometimes located in rural areas and vice versa. However, also solutions for urban problems can be found in rural areas, and vice versa, too. The decision of a city to locate a waste management facility to its fringes can have negative impacts on the quality of locally based agriculture. Vice-versa the lack of a proper management of rivers and soils can cause floods affecting the urban areas. Indeed, a proper management of these interdependences can contribute to solve problems, increase the economic performance and even improve the quality of life of residents in both rural and urban areas.

Urbanisation is a process that does not merely affect urban areas, but it has direct and indirect effects on peri-urban and rural areas. As the process of urbanisation of European space is constantly increasing, and considering that it does not reflect the existing administrative boundaries, it is impor-

³ OECD, 2010, The Refinement of the OECD Regional Typology and Its Potential for Enhancing Research into Rural Development Working Party on Territorial Policy in Rural Areas.

tant to address those governance gaps that may determine the creation of market failures. To do so is even more important given the fact that it is extremely difficult to make amend for developments such as urban sprawls, as these can irreversibly change existing land use patterns.

Urban–rural interaction constitute complex spatial dynamics, which can occur in a wide array of differentiated settlements patterns. They are not unilateral and they do not involve simply metropolitan regions. Many different kinds of linkages can be identified between urban/peri-urban/rural regions: demographic linkages; economic transactions activities and multi-directional delivery of services (including environmental services). The nature of rural-urban linkages and the ways in which they are managed is strongly linked to the **physical distance between rural and urban areas** within a given functional area. In this respect, the economies of peri-urban areas, for instance, are deeply linked to the urban poles and can easier benefit from growth shifting from urban areas (Gáková, Dijkstra 2010). Intermediate rural areas, instead, can be quite dynamic areas undergoing a diversification process and investing on the creation of different types of networks. Remote rural areas, instead, often experience out-migration pressure and need to build up economic linkages that overcome physical barriers through, for instance, the use of new technologies.

When considering functional regions, linkages between urban and rural areas relate first of all to **commuting flows** which indeed are very much dependent on the actual distance between the points where the demand and supply of work are located. Many rural citizens live in rural areas, and commute daily to other labour markets - mainly urban - that can be found in their proximity. Conversely, rural areas are attractive for households as they can offer a place to live (at lower cost) and other leisure activities.

When commuting is not an option, **migration** and population redistribution may be the result interactions between rural and urban areas, which may determine processes densification and urban concentration. Urban development, in fact, is the most rapid type of land use change in Europe and is expected to continue at a rate of 0.5 – 0.7% per year (Pluriel 2011). This puts particular pressure on peri-urban and rural areas which are subject to land use change due to processes such as urban sprawl, which bring about environmental problems such as soil sealing, landscape fragmentation, loss of biodiversity and consumption of agricultural land. At the same time, with an increased urban development also some societal-related challenges may arise, including social segregation, accessibility and mobility issues, and, more generally, problems related to the access to services and the reduced quality of life due to increased traffic congestion. The process of urbanisation often coincides with a process of depopulation, as many rural areas - especially those located in new Member States or in less accessible EU regions - are losing population. At the same time, it is also true that more dynamic rural areas are attracting new urban population determining a decongestion process.

Apart from commuting and population-related linkages there are also several **economically relevant linkages** between rural and urban areas. These include range from the exchanges of food products (e.g. production and commercialisation) to shared tourism strategies, from the production of renewable energies in rural areas to networking and clustering of small and medium-sized enterprises. Many of these activities results in **land competition**, generating new demands for a better land management. Without partnership and governance solutions, uncontrolled urban development has been

often growing rapidly, generating increasing pressures on many peri-urban and rural areas, often leading to the merging of many rural settlements into urban sprawl.

Common services management is another important field of cooperation between urban and rural areas. From transportation to waste and water management, inter-municipal cooperation is becoming crucial to improve the organisation of services in different EU territories. The financial crisis, and the following constraints on public expenditure in many local authorities, has further emphasised the importance of organising services at territorial level to contain the costs without reducing the amount and the quality of services. This is particularly true in remote rural areas. Key questions remain for instance, how to keep secondary schools in EU mountain areas or how to provide accurate health services in lagging rural areas⁴.

The OECD pinpoints three main spatial linkages between rural and urban areas. These are metropolitan regions; network of small and medium sized cities and sparsely populated areas with market towns. Clearly, problems and actions within rural-urban partnerships differ according to the distance factors and the spatial typology concerned (OECD 2011).

Metropolitan agglomerations typically cover a number of local government units and have evolved following three main models. The first model is the mono-centric metropolis, with a single dominant core and an extended hinterland distributed along annular rings. The second model is the multi-core metropolitan region, characterised by a centre and a number of smaller cores (or cities) well connected to each other. The third model is the polycentric agglomeration of medium-large cities (OECD 2011). Studying rural-urban linkages within large metropolitan areas requires reflection on the way a given city grows, on land competition and on urban sprawl.

This should be done with a bi-directional manner. If it is true that peri-urban-rural areas suffer from urban pressures, it should also be acknowledged that they provide land at comparatively lower cost. In addition, they benefit from proximity to urban areas, which provide market and cultural opportunities as well as services. This is arguably one of the reasons that make peri-urban areas highly innovative. According to a study carried out by Pluriel, 25% of peri-urban regions are classified as “highly innovative” in the service and IT sector (Pluriel 2011).

The second spatial category refers to **networks of medium-sized cities** that are functionally linked in a non-hierarchical relationship. The development potential of these networks has been associated with their greater accessibility with respect to metropolitan cores, their capacity to provide skilled labour and their cultural dynamism. In these urban networks, the distinction between urban and rural regions is less clear. The countryside is usually densely populated, it plays a “junction role” and could lead to agglomeration of firms. Medium-sized cities act as gateway to larger markets and produce services for rural inhabitants. The crucial question is whether this polycentric system of medium-sized cities **allows for economies of scale and scope** similar to their mono-centric counterparts but

⁴ OECD Rural Policy Reviews: Strategies to improve rural services delivery, Paris 2010; Lucatelli S., Peta E.A. “Remoteness and accessibility: a territorial analysis of the basic services supply in Calabria rural areas”, in *Materiali UVAL* n. 21, year 2011.

possibly with lower congestion costs (OECD 2010 and 2011)⁵. Indeed there is room for strengthening the network of medium-size cities in order to allow some sort specialisation of each city member of the network to deal with specific functions. These may include, for instance, the strengthening of one university pole, one waste management facility and one comprehensive medical centre for the whole network of medium-size cities.

It is worth mentioning that, despite the importance of economic agglomeration for economic growth, data show that the pace of growth has slowed in many large metropolitan regions in OECD countries, while predominantly rural regions grew at a faster rate than predominantly urban regions in the past 15 years, narrowing the gap between urban and rural areas in some countries (OECD 2011)⁶. In addition, new technologies and new governance solutions can further facilitate the creation of network and service sharing among networks of medium-size cities, allowing to reach the critical mass needed to provide services at costs comparable to urban areas, but without incurring in the dis-economies linked to agglomeration (e.g. congestion, pollution, social exclusion, increased costs of housing). More attention to the territories could improve the provision of services, as shown in the case of health centres in Umbria region in Italy and in the case of inter-municipal cooperation tradition in Finland⁷.

Sparingly populated areas with market towns are the third spatial typology identified by the OECD. Functional regions that can be classified deeply rural are characterised by a significant share of land that is used for activities such as agriculture, tourism and craft. In this third spatial category, urbanisation pressures are much lower than in peri-urban areas, and the core of rural-urban linkages is represented by interactions between small towns and the surrounding countryside. In this case, it is the presence of a particular economic activity in a specific rural region that supports the existence of the small towns (OECD 2011). In this respect, the “Market Towns Renaissance” report underlines the importance of policies recognising the collective economic value of small towns in terms of workforce and support industries not least because, together with their rural hinterlands, small towns play a significant part in the national economy⁸. In the UK, for instance, it is reported that county areas provide 15 million jobs and that smaller towns and rural areas accounted for 42% of recent employment growth in 2003 (CSS, CEDOS 2007)⁹. As it was the case for the networks of medium-sized cities, also for sparsely populated areas the attainment of a critical mass remains key and often quite difficult. A study carried out by the South England Development Agency, in fact, shows that the towns with the best functions are those that have a population above 10,000 inhabitants¹⁰. Even if the size to achieve the critical mass varies depending on the specific regional characteristics, many analysis

⁵ This is linked to the planning and cooperation capacity of the concerned medium sized cities. Urban sprawl and lack of coordination can actually take place even in this spatial category, especially in densely populated countries.

⁶ OECD 2011, *Regions at a Glance 2011*.

⁷ See Lucatelli S., Savastano S and Coccia M, *Health and Social Services in Rural Umbria*, *Materiali UVAL* Issue 12, 2006.

⁸ Action for Market Towns, 2012, “A Market Town Renaissance: The Next Ten Years Supporting Self-reliance in Communities”.

⁹ CSS and CEDOS, April 2007. *Making the Most of Our Economic Potential: Looking Beyond Our Core Cities*.

¹⁰ South England Development Agency, 2010. “Small Rural Towns in the South East: A typology & their value to the local economy”.

showed how services, innovation and inter-municipal coordination is becoming crucial for sparsely populated areas¹¹.

Section 2 – Rural and urban “Project based collaborations” in Europe

It is therefore clear that the relationship between urban, peri-urban and rural areas is very complex and requires **specific governance tools** to share the costs and the benefits fairly among the different stakeholders. Particular at a time of economic crisis, when resources are scarcer and the social fabric is weaker, it is of key importance to ensure that the resources are used in the most rational and efficient way, avoiding beggar-thy-neighbour policies, duplications of costs, and ensuring a balanced and coordinated territorial development. In this view, rural-urban partnerships are generally considered as conducive to economic growth and increased efficiency.

Due to the lack of institutionalised governance tools at the different functional levels, the role of partnerships is increasingly important. In light of their flexibility partnerships provide major opportunities to the territories concerned to come together and draw win-win solution to face their challenges in a holistic and integrated manner. This is particularly the case in those areas where a clear gap exists between the administrative boundaries of the cities and the underlying functional dimensions of the urban/peri-urban/rural space. In this respect, **partnerships can contribute to bridge the governance gaps between functional and administrative areas which often determine the creation of market failures**. By doing so, partnership can also significantly **contribute to increasing territorial cohesion**, a key EU objective.

As underlined in the OECD paper “Partnerships and rural-urban relationship”, in Europe there are already several examples of governance arrangements which facilitate partnership creation. According to the territorial specificities, these partnerships take place in the above mentioned spatial classification (i.e. metropolitan **regions, networks of small and medium-sized cities or in sparsely populated regions**) and may focus on different functional dimensions, highlighting demographic linkages, economic transactions, innovation activities, delivery of public services, the exchanges in amenities and environmental goods, and multi-level governance interactions.

Cases of existing inter-municipal collaboration for better services provision

Joint efforts by municipalities to provide better services are increasingly common throughout Europe. In Czech Republic voluntary groupings of municipalities joined their forces to solve problems that require common solutions, hence reducing municipal fragmentation by sharing the provision of services through local agencies. Similarly, functional subregions in Finland are organised through joint municipal boards set up by the municipalities to facilitate the collaboration in areas such as education, social services or health care.

¹¹ EDORA, European Development Opportunities for Rural Areas, The ESPON 2013 Programme; Lucatelli S. and Peta E.A. Rural Areas and Accessibility: Territorial Analysis of Public Services in Calabria Materiali UVAL Issue 21, 2010.

Voluntary municipal mergers are also encouraged in various countries order to ensure more effective provisions of services at a lower cost for the citizens. Poland has introduced voluntary mechanisms for inter-municipal collaborations involving about 60% of the country's municipalities, while in France voluntary linking of communities is used to allow major investments and to run large-scale facilities. Inter-communal linkages include communities of communes, agglomeration communities and urban communities. At the heart of these partnerships is the "projet d'agglomération" which is designed by local authorities and outline the overall objective of the cooperation. A shared vision is also key in the partnership developed on the basis of functional linkages in Germany where the national programme "Regionen Aktiv" brings together private and public stakeholders sharing a common vision. Through a global grant scheme, micro-projects addressing goals of the participating areas are developed.

Contracts of cooperation are another tool developed to enhance territorial cooperation. In France some examples are the single purpose inter-communal associations, the "contrat de ville" - enhancing the collaboration between metropolitan regions and the central government - and the "Pays" which help deepening inter-communal linkages. Bilateral and multilateral cooperation fora have also been established in Spain to deal with the transfer of financial resources and with the coordination of decision making on shared policy areas. Cooperation between central, regional and local governments or with private partners is also possible through the "convenio de colaboración".

Source: OECD paper 2012

The set-up of rural-urban partnerships is a long process which requires a significant confidence building effort. Overall the definition of a territorial partnership could be seen as composed of three main phases: a) the identification of the problem based on the existing territorial linkages; b) a consultation phase with all the relevant stakeholders; c) a project phase and d) a governance phase during which the initiatives shall be managed and become sustainable in the long term. The study carried out by the BBR & DV for the European Commission has highlighted some success factors for the development of a rural-urban partnerships (BBR & DV 2012).

More in detail, the basis for a rural-urban partnership is clearly the link (or the linkages) between the urban and rural areas, the acknowledgment of the existence of shared problems, the existence of expected mutual benefits and the actual willingness to cooperate to solve the shared problem. For instance, if the link is the transport network between urban/peri-urban/rural areas, the shared problem could be the management of the network and the joint financing of its renovation.

In successful urban/peri-urban/rural partnership, the awareness of the existence of these linkages and of shared problems contributes to the creation of a feeling of belonging to the same functional unit, which, in turn, facilitates the definition of a common strategy and shared goals. In our hypothetical case, the need to renovate the network of transport infrastructures is the common need, while the improvement of mobility could be the shared goal.

Once shared goals and a common strategy are identified it is easier to define a form of governance which fits with all the involved stakeholders: a focus on results and the **development of concrete projects also facilitate the success of the partnership** by keeping the actors motivated (which is indeed the key factor for success).

Among the successful examples of partnerships, MORO “Supraregional Partnerships” deserve to be mentioned. As outlined in the BBR & DV study, this project aimed at expanding regional and local co-operation beyond urban and rural areas, including central and peripheral areas both economically weak and strong. The process was managed by the Federal Institute for Research on Building, Urban Affairs and Spatial Development which carried out workshops and conferences for participating regions as well as interim and final reports. In practical terms, the project resulted in strengthening the partnerships among local actors, leading to an increased use of locally produced food for local canteens (hence reinforcing the rural economy), to the enlargement of the governance structure of the metropolitan region of central Germany and, respectively, to the inclusion of rural voices and to the preparation of a joint development plan in the metropolitan regions of Hamburg and Stuttgart.

Another interesting partnership initiative between rural and urban areas was developed in the French Pays du Mans, an area of 270,000 inhabitants with 48 municipalities (BBR & DV 2012). The integrated urban development strategy aimed at the improvement of the transport infrastructure, the promotion of tourism and economic development and the handling of environmental issues. Amongst the projects there is one devoted to peri-urban agriculture, strengthening the link between inhabitants and the consumption of local products. Another focused on improving sustainable mobility by strengthening public transport (e.g. a single ticket within the whole Pays du Mans, cycle paths and pedestrian ways). To achieve these results “councils for development” bringing together various stakeholders (including civil society) came together and contributed to the formulation and implementation of the future local strategy

In Italy, “Integrated Territorial Projects (ITP)” have been in place since 2000-2006 as an operational tool for regional operational programmes and try to adjust interventions to the specific territorial dimensions and characteristics. Thereby, the notion of “integrated” refers to a spatial – self determined – connotation that helps inter-municipal cooperation and that allows territories to operate as a functional area. These operational tools consist of a broad range of coherent and complementary projects under the umbrella of one development strategy with a specific focus, the so called “*idea forza*” (e.g. water and waste management, natural and cultural heritage, renewable energies, entrepreneurship, human resources, research and innovation). Furthermore, different local actors have been involved in the definition of the strategic idea and in bringing the projects into action, even though the strategy and the projects were negotiated and agreed with the regional authorities managing the operational programmes (Bianchi, Casavola 2008). ITPs have also been used as a possible tool to better integrate regional and rural development policies (Lucatelli, Finuola 2010).

Section 3 – Policy Implications

As noted above, Rural-Urban partnerships already exist in more or less formalised ways in Europe: on the one hand there are cases such as MORO in Germany, with the explicit aim of fostering rural-urban partnership. On the other hand there are cases such as the Integrated Territorial Projects in Italy which improve inter-municipal cooperation through common local development objective, strategies and projects, without an explicit objective to formalise rural-urban partnerships (see section 2). Some interesting Leader projects (such as Le Mann in France, Andalusia in Spain and different LAGs in Ireland) are already operating with a strong territorial approach and the idea of creating growth and social benefits through a better management of rural-urban linkages¹².

With the exception of MORO, which was conceived as a national policy tool, a number of existing rural-urban partnerships have already been developed within the framework of regional and rural development policy, using the existing policy guidelines and regulations. A strong capacity of territorial analysis, a good multi-level governance and existing mechanisms allowing local authorities and actors to participate at the programme life cycle are important pre-requisites.

Depending on institutional organisation¹³, Member States and Regions have a key role to play to facilitate rural-urban partnership to take place:

- (a) ensuring that these governance solution are part of a wider country/region development strategy;
- (b) facilitating mutual cooperation between different (and often) unbalanced partners;
- (c) helping functional areas self-determination strategies, within existing or new programming structures;
- (d) establishing conditionalities/premiums facilitating inter-municipalities cooperation to take place;
- (e) facilitating the most possible efficient use of national and EU funded resources.

At present, a number of policy obstacles exist, which do not facilitate Rural-Urban partnerships to take place in many EU regions and territories. **Administrative borders** still dominate the design and the implementation of many nationally and EU funded policies. Starting from existing administrative organisation of many EU countries and regions, cooperation between rural and urban areas could be fostered **through higher level incentives** and coordination mechanisms.

Inter-municipal cooperation can be quite difficult in any of the OECD spatial categories. Within metropolitan regions, small and rural peri-urban fringes can fear collaboration with stronger urban municipalities (under the threat of an eventual absorption). Networking between middle-sized cities end/or small municipalities can prove difficult especially in areas with strong development problems, weak administrative structures and lack of a cooperation tradition.

Rural-urban partnerships can take place spontaneously at local level, but they often need **an accreditation from higher administrative levels** (either from EU, the Member States or the

¹² There are many other example of Rurban projects in Europe, for a more detailed list of cases see “Partnership for sustainable rural-urban development: existing evidences” Federal Institute for Research on Building, Urban Affairs and Spatial development and DV, German Housing association.

¹³ There are countries in the EU which are strongly decentralised, with regions and Local Authorities already managing programmes or part of programmes, and other countries which are instead strongly centralised, and where delegation of powers at lower level are still very weak.

Regions) **to local administrations**. These may include municipalities, cities, groups of cities and/or intermediate bodies (e.g. Provinces, Counties). In addition, the involvement of other local actors, such as the private sector, associations, NGOs, research centres and universities are needed and shall be foreseen through ad hoc mechanisms.

Traditionally, rural development policy is perceived as a rather sectoral policy while regional policy is perceived as the EU policy in favour of urban, employment and infrastructures. Despite the fact that many studies underline the importance of regional policy for rural areas and the need to improve the coordination between rural development and regional policy, integration between the two policies remain difficult in many EU countries¹⁴.

In the rural development package for the period 2000-2006 the Directorate General for Regional Policy ex-post evaluation showed that the ERDF supported a wide range of interventions, fostering the diversification of activities and improving the socio-economic context. A higher share of expenditure was invested in transport infrastructures or in the linkages between the major towns in rural areas, thus strengthening the accessibility of the regions¹⁵. This evaluation also underlined the importance to improve the coordination at programming areas' level and between different funds. In addition it was noted that the European Commission should facilitate the definition of "common strategies" and coordination mechanisms.

For what it concerns the 2007-2013 programming period, both the Community Strategic Guidelines on Cohesion and the Community strategic Guidelines for Rural Development stressed the need for the two policies spheres to be more coherent. The guidelines underline that "the Member States should ensure coherence and synergy between actions to be financed by various funds (ERDF, ESF and EAFRD) on a given territory and in a given field of activity". What can be learnt from the current period is that in most cases, ensuring complementarity took the form of establishing co-ordination mechanisms and demarcation lines. Only in some cases a more strategic vision for the co-ordination of EU funds has been chosen by MS. The definition of a global strategic approach is the crucial element to improve the funds' coordination. Nevertheless coordination should be pursued at the Management Authorities' level (strategies' coordination at EU and National level is not sufficient), and this proved to be a very difficult in the current mono-fund situation.

Extensive OECD experience in analysing the use of partnerships in policy implementation shows that the latter can improve governance by strengthening policy co-ordination and adapt to local conditions, leading to "**a better utilisation and targeting of programmes**" (OECD 2011). In this view, rural-urban partnerships could facilitate integration between different EU funds (ERDF, ESF, EAFRD, EFF and Cohesion Funds) and the participation of local actors and authorities in the implementation of EU funded programmes.

¹⁴ Telecommunication infrastructures and environmental infrastructures (water treatment and provision, as well as sewerage treatment) have also been significantly supported. Various studies have estimated the share of Structural Funds dedicated to support rural areas at the level of about 25% (DG Regio Analysis on expenditures categories; DG Regio 2000-2006 ex post evaluation, rural development package).

¹⁵ Ex post evaluation of the ERDF in objectives 1 and 2 (2000-2006): Work package 9, Rural development.

For the next programming period, a single Common Strategic Framework and a single Partnership Contract at country level will help facilitating regional and rural development coordination at national and regional level. Considering the dramatic effects of the financial crisis on Member Countries' financial resources, rural-urban partnerships will become increasingly important to guarantee territorial cohesion by making funding more efficient and effective.

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SIMONA MONICA PASCARIU

Effective local partnerships: strategy, roles and challenges. (A perspective based on the Romanian experience)¹

Abstract

The public private partnerships' involvement and participation are still in their early stages of development in most countries and yet, this "formula" bringing together local communities and private sector representatives together with local authorities and decision makers become more and more important in both forging the European Union urban and spatial policy and in its actual implementation. This paper aims to highlight a series of critical aspects of local partnerships' life and impact using a model of development and exemplifications from practice, especially encountered in the last decade in Romania during its efforts to reform and reconnect to the European spatial policies and approaches.

Introduction

A broader participation in the decision making process regarding the future of Europe regions and cities is stated in a number of documents that marked, during almost the last three decades, the history of the European Union (EU) urban and spatial policies. Public participation and strategic partnerships were approached taking into consideration their complexity and ambiguity, due to the large diversity of governance evolution and administrative systems across the continent. Instead, concepts such as accessibility, integration, inclusiveness, openness and democratisation were associated and interlinked with the diverse socio-economic and environmental contexts.

The Community initiatives URBAN I (targeting innovative way of addressing area-based urban challenges) and URBAN II (focusing on the economic and social regeneration of cities and urban neigh-

¹ This paper represents a practitioner's perspective on local partnerships, based on 15 years of involvement in various participatory and strategic territorial initiatives, projects and programs in Romania, Europe and other regions as technical assistance expert, project manager, mediator or process facilitator.

Key words: partnership, community-led local development, urban planning, capacity building, coordination, follow-up, learning process.

bourhoods in crisis, with a view promoting sustainable urban development) highlighted the importance of participation, of civic involvement, of area-based rooted projects, as well as of the necessity for identification, establishment and implementation of new and tailor-made mechanisms, involving public-private partnerships equally interested in solving their problems and developing their cities.

The partnership approach was encouraged by more than two decades of experiments of various reforms in the public sector promoted by the New Public Management (NPM)², focusing on strategies and institutional factors or different administrative traditions, which, despite the uneven impacts, perceptions or outcomes, opened the door from the inside to external partnerships and cooperation.

At the same time, urban and regional planning process requires a deep understanding of the local needs and effective participation of the communities instead of consultation, often a highly overrated approach.

In this context, the involvement of the local communities and public private partnerships commitment become natural extensions of the institutional chain comprising the EU and the Member States (MS), the national governments and regional /local administrations, in defining strategies promoting sustainable development despite considerable variations across Europe. More, in order to be relevant, this chain should act as a functional mechanism.

The EU proposal on the support post 2013 represents a great step forward to making the Local Development a key feature of the future programmes (as presented in the text box bellow). In this perspective, the community-led development /local partnerships will be able to define bottom-up, integrated local development strategies that can be simultaneously supported by ERDF, ESF and EAFRD³, making the local public-private partnerships a key actor in the process of sustainable development of territory and superior conditions for citizens' life.

Textbox 1. Local Development support post 2013 (<http://www.ec.europa.eu/info/regio>)

For the EU Programming Period 2014-2020, Part Two of General Regulation of the EU Structural and Rural Development funds were proposed new common provisions, among which:

Article 28: Community-Led Local Development

- *Focus on specific sub-regional territories;*
- *Community-led, by local action groups formed of representatives of public and private local socio-economic interests partners;*
- *Integrated and multi-sectoral area based local development strategies;*
- *Considering local needs and endogenous potential, include networking and cooperation (where relevant);*

² A broad and very complex term used to describe the wave of public sector reforms throughout the world since the 1980s, according to which market orientation in the public sector will lead to greater cost-efficiency for governments, without having negative side effects on other objectives and considerations.

³ ERDF (European Regional Development Fund), ESF (European Structural Funds), EFRD (European Agricultural Fund for Rural Development).

- *Consistence and coordination between the Community Structural Funds (CSF), aiming “one area-one community-one strategy”*
Article 29: Local development strategies
- *Area and population covered by the strategy;*
- *Analysis of development needs and potential of the area (SWOT);*
- *Community involvement in the strategy development;*
- *Management, monitoring and evaluation arrangements;*
- *Action plan and financial plan of the strategy with planned allocation.*
Article 30: Local action groups
- *Tasks and functioning of the Local Action Groups;*
- *Administrative and financial responsibilities, procedures, projects selection decisions, conflict of interests;*
- *Monitoring and evaluation systems;*
Article 31: Support from the CSF for local development
- *Costs of preparatory support;*
- *Implementation of operations under the local development strategy.*

The conditions, contexts, stages of development, etc. differ from region to region within EU Member States borders. Also, the needs of these regions /cities /communities are often diverse, what could be the source of problems and barriers of territorial development. Sometimes individual interests are incompatible with the interests of the territory as a unit. The challenge of local governments and partnerships is to overtake these difficulties and to solve them through the finding of consensus. The main challenge is to create a sound partnership at the local level turning into a relevant actor, representing the entire community and acting for the benefit of all, stimulating participation by territorial development and by contribution to solving problems of public life.

2. Paper objective and method

This paper objective is to propose for debate critical aspects regarding the life and impact of public-private partnerships involved in local development in the horizon of EU Programming Period 2014-2020, without having the ambition of identifying and analysing all the key elements.

Considering the similarity between the terms “team” and “partnership”⁴ and of their development and dynamic processes, the paper uses for the identification and stressing of some critical aspects in the partnerships life the Jensen Tuckman’s “Stages of Group Development” (Tuckman J., 1965 and 1977).

⁴ There are numerous definitions for both “team” and “partnership”; for this paper were selected the ones included in the FPDL Manual “Development of the organisational capacity for external relationships of social enterprises”, 2011, www.fpd.ro.

- Team definition: “A team is any group of people organized to work together interdependently and cooperatively to meet their needs by accomplishing a purpose and goals”
- Partnership definition: “Partnership means a formal agreement between two or more parties that have agreed to work together in the pursuit of common goals”

Both are broad definitions that do not illustrate the informal relationships among the team’s people or the partnership’s actors.

The 4+1 stages of group development as illustrated in the Figure 1 below are: Forming, Storming, Norming and Performing (as identified in 1965), to which Tuckman added in 1977 another one, Adjourning and Transformation (Next Steps). This applies to all partnerships no matter how dedicated and committed are the partners forming the group or how clear the tasks are, especially in the case of the local territorial partnerships, where organisation, culture, approach and methods are different and sometimes even conflicting.



Figure 1 Tuckman's Stages of Group/Team Development

(adaptation after „Charting the Progression of AmeriCorps Members and Group Development”)

The team /partnership development is a (long) time consuming, sinuous process and without clear boundaries between stages. It is not possible to pre-define or mathematically allocate a time to complete any of these sequences, despite the necessity of the operations. The consequences of not understanding “where we are” lead to fractures and even to the team /partnership termination, impacting on long term perspectives for the territory well-functioning.

The development process itself can be compared to climbing a ladder instead of taking the elevator, meaning that no partnership can avoid any of these stages in order to fulfil its goals! The effectiveness and the performance impact are assets gained in time by the partnership itself during the development process and once the partnership reaches the vision, objectives and outcomes, the best alternative is to transform and define next steps ... becoming a new, highly performing and effective partnership!

3. Working case and examples

The spatial planning in Romania aims to bridge the gap between European Union (EU) urban spatial policies and real planning needs at national/local level, being a key issue and an increasing challenge in Europe in the last 20 years. The passage towards integrated planning is not a smooth and obvious road. Actual territorial and urban needs, EU principles and regulations regarding the definition of structural funds, urban projects and political interest in the use of EU funds are disruptive and, in some cases, pushing the process into deadlocks. Moreover, in Romania the EU approach on integrated development plans, on the steps of URBAN initiative, have been initially well received on the local level but, consecutively, there have been strong attempts and serious initiatives to shift from an area based and integrated approach to more infrastructure related schemes.

The two year PHARE Project “*Strengthening Capacity and Partnership Building to improve the Roma condition and Perception*”⁵ (part of the Multi Annual PHARE Programme 2004-2006) and its implementing authority, the Romanian Government General Secretariat, aimed at promoting the social inclusion of Roma minority by strengthening the capacity and readiness of public institutions at the national, regional, county and municipality level to work together with Roma representatives for solving specific problems faced by Roma communities.

The ERDF-Regional Operational Programme (ROP) 2007-2013 for Romania included provision for integrated urban development projects under *Priority axis 1: Support of sustainable development of Growth Poles*, linear descendant of URBAN I and URBAN II EU Initiatives.

For this PHARE Project (hereafter called Roma Partnership Project), Priority Axis 1 of the ROP represented an opportunity to engage with a number of local authorities in such a way as to ensure that the needs of Roma people are considered in the preparation of integrated urban development plans to be supported under the ROP

The Roma Partnership Project comprised the following components:

- Component 1. Institutional Building: Strengthening of the institutional capacity of the public sector and Roma civil society at all levels;
- Component 2. Research: Assessment of the marginalized individuals and communities and creation of an effective methodology aiming to overcome specific problems related to legal documents (i.e. civil status, housing property);
- Component 3. Information and Awareness Campaigns targeting both the majority of the population and the Roma communities.

A cross-cutting issue of the project was to ensure that EU Structural Funds available for Romania are accessed and effectively used by the relevant actors to address the vulnerable Roma groups. Component 1, Institutional Building, comprised a wide range of technical assistance activities addressing diverse target audiences. Roma-related bodies and actors on the one hand (i.e. specialized agencies like the National Agency for Roma, councillors and experts on Roma issues, etc.) and authorities, bodies and high ranking civil servants / officials with responsibilities over fields which are essential for the social inclusion of the Roma on the other.

⁵ PHARE Project RO 2004/016-772.01.01.01, duration from November 2006 to April 2008.

A number of seven cities were selected for providing technical assistance for the urban regeneration activity, considering criteria such as technical and co-financing capacity for the identified projects, existence of development strategies and local studies/plans, grounds for partnerships, relevant experience in previous Roma-targeted projects, etc. However, the intention of the local authorities to prepare a proposal in an area of the city where a sizable Roma population lives and the declared willingness to address the situation of the Roma were the key factors considered for their selection.

The following seven cities, illustrated in the Table 1 and Figure 2, were selected:

Table 1. Population of the cities selected for technical assistance for urban regeneration
(PHARE Project “Strengthening Capacity and Partnership Building to improve the Roma condition and Perception”)

Municipality	Total Population*	Roma Population**
Alba Iulia	66 537	1 500 (1,5% of the total)
Baia Mare	141 235	3 250 (2,3% of the total)
Craiova	297 291	71 300 (25% of the total)
Iasi	317 812	4 900 (1,5% of the total)
Oradea	206.527	30 000 (14,54% of the total)
Ploiesti	234 707	5 900 (2,52% of the total)
Botosani	126000	2 500 (1,98% of total)

* Population at 01.01.2004, according to the Statistic Yearbook

** Population as to the 2002 Census. However, estimations point to much higher numbers. For example, for Ploiesti the estimation is about 17 000 Roma, whereas in Oradea is about 45 000 against the official numbers



Figure 2 Localisation of the seven cities selected for technical assistance for urban regeneration
(PHARE Project “Strengthening Capacity and Partnership Building to improve the Roma condition and Perception”)

The Roma Partnership Project ended in 2008. In 2012, 4 years later, not all of the seven partnerships initiated under its umbrella still exist, despite largely influencing at their time the local development strategies were followed by projects receiving support from the EU programs and funds. Most of the involved Roma NGOs and community representatives are still active and in contact with the local administrations, but the impact is less visible in most of the seven municipalities, and the focus on the Roma minority melted in the “general economic crisis” environment and the external facilitation support does not exist any more, or in very reduced “amounts”, according to some express programmes requirements. The paper also refers to other examples that include local partnerships as key actors /local stakeholders.

4. Partnerships development

4.1. Partnerships forming

“The team act as individuals and there is a lack of clarity about the team’s purpose and individual roles.” (Tuckman, 1965)

A local partnership birth may be in direct relation to a specific situation. Most of the times it is generate by a combination of trigger events, such as needs (i.e. lack of accessibility, unemployment, migration, poverty, social exclusion and segregation, the need to fund services like health and education, etc.), crises (i.e. natural disasters, social unrest, breaking of functional infrastructures or opportunities (i.e. funding-investments, belonging to particular geographical areas, strategic position, memberships in different organisations, as well as exploring new opportunities and solutions). Other reasons may be an efficient use of public resources or obtaining benefits through private sector management approach.

The partnership brings together actors from various sectors of society, having different institutional and organisational culture backgrounds, different relationships within the territory, different interests, experiences and expectations, different institutional approaches and relations /involvement in the governance and decision making processes. In order to understand how these actors are “functioning” from the perspective of their own approach, operation and relations regarding the urban environment, they can be clustered into three institutional interrelated categories (Tsenkova, 2004) as shown in Figure 3 below. All partnerships should include actors from each of the three categories.

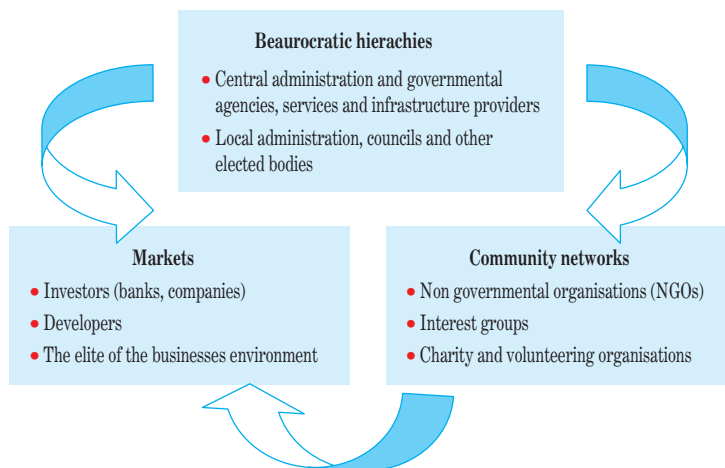


Figure 3 Institutional clusters of the urban actors (adaptation after Tsenkova, 2004)

But what makes local actors “a must” for a certain partnership in order to make it effective? First of all a major unifying and recognised /expressed interest, the partners’ representativeness and complementarity (skills, resources) in covering all critical aspects necessities in solving the problems, overcoming the crisis or benefiting from the opportunity, as well as the balanced territorial representation. Equally important is the local actors’ commitment and willingness in active involvement and participation to a long term participatory processes. Partners’ selection must respect the EU programme criteria, such as LEADER or EFF Axis 4, to which is added the national regulations and previous experiences and relationships within the community.

During the partnership forming phase a special attention should be given to the following:

- Managing excitement, expectations /anticipation, anxiety and optimism of the selected partners, and
- Overcoming critical obstacles such as: different organisational culture(s), competition among the partners, conflict between the different missions or goals, confusion, uncertainties, mistrust, control, capacity and costs.

In practice, the stage of forming a partnership represents a big challenge. There are situations when the actors, considering the opportunity, are eager to join the new formed group without allocating attention to the critical aspects, without applying adequate criteria and without having a deep understanding of the local environment. This kind of aggregating a new partnership can generate insurmountable problems later on.

The forming stage means building new bridges or consolidating the existing ones using the relations already established in previous experiences and bringing “new blood” where appropriate. For instance, the “Local Agenda 21” project was the melting pot for most of the participatory projects and initiatives developed and implemented later on, either for up-dating the older strategies or for prepar-

ing other EU initiatives involving local partnerships such as LEADER (with the Local Action Groups, LAG) and EFF Axis 4 (with the Fisheries Action Groups, FLAG).

Aggregating a partnership also means treating as equal all partners and not just incorporating certain actors just for the sake of having represented the entire spectre. Mapping and analysing the potential stakeholders and their interests and relationships are compulsory.

The Roma Partnership Project approach was to involve vulnerable groups, minorities or other similar actors not as “the problem”, but “part of the solution”, making those groups the key actors of their cities partnerships. The main instruments within the technical assistance activity in forming the local partnerships included visits in the intervention areas with each potential partner and afterward with all actors, as well as discussions, working meetings, trainings, as illustrated in the following table.

Table 2. Activities and objectives during the forming stage of partnerships

(PHARE Project “Strengthening Capacity and Partnership Building to improve the Roma condition and Perception”)

Key activities	Objectives
Start up by forming the local partnerships	Building understanding of key elements of integrated strategies urban regeneration based on EU best practices Defining of the intervention area in each of the seven involved cities Consolidation of local teams for developing proposals, ensuring participation of Roma representatives and other vulnerable local groups Clarification and agreement on the next steps and on the main activities, roles and responsibilities for all actors involved

4.2. Partnerships storming

“Conflict arises as people begin to establish their place in the team.” (Tuckman, 1965)

The partnership, once formally agreed and aggregated, has to enter the storming stage in which different ideas compete for consideration. The team addresses issues such as what problems they are really supposed to solve, how will they function independently and together and what leadership model will they accept (Tuckman, 1965). It is the time of confrontation, exchanging of different perspectives and approaches, ideas on “what to do”, “how to do it” and “by whom”.

Another key aspect of this stage is to establish as early as possible a suitable framework, including the communication channels, frequency, etc. Also, it is very useful to formally record the ground principles of the partnerships, as well as the working methods.

It is the time to “steam out” and express not only positions, but interests as well, that’s why there are partnerships that never leave this stage. If not properly done and clarified and the group passes to the next stages, the whole work is compromised. For other partnerships it is easier but no partnership can afford to shortcut the storming stage. The maturity of some partners or the support of a facilitator usually determines when the partners move out this stage. Storming can be contentious, unpleasant and even painful and needs external facilitation, mentoring, negotiation, compromise, determination and consensus building. This phase is of great help and importance for the next stages if it succeeds in building tolerance and clarification of differences. If not, it can become destructive to the partnership, lowering motivation and getting the situation out of control.

Some partnerships never pass this stage. Recently, two potential partnerships in fisheries areas on Danube established in the preparatory phase of EFF Axis 4 “Sustainable Development of the Fisheries Areas” in Romania failed in developing their integrated strategies and formalising their partnerships as FLAG due to not taking into consideration the storming stage of groups.

A major decision affecting the partnership during this stage is the partnership approach itself. The partners should decide if their approach is corporative, melting their individual interests in a single, major one or representing each individual as an entity within the partnership. But, there are also middle ways: a Romanian FLAG chooses to represent, under the common partnership umbrella, the three relevant sectors: public, private and civil society.

The technical assistance can offer the instruments for putting on ease the partners using methods like facilitation, solving process approach, negotiation, moderate debates, etc., but the final outcome and decision rely only on the partnership members.

The Roma Partnership Project technical assistance included for this stage a series of methods, starting with identification and obtaining agreement of all partners regarding a common time table and meeting places, summarising and recording each meeting findings and conclusions or highlighting agreement and disagreement points, aiming to clarify issues at stake and promoting a sustainable territorial dialogue.

Another, more expensive method was to bring representatives of all seven cities partnerships together for two international study tours in Spain and Italy to learn from EU successful URBAN II projects involving Roma minority groups. Beside the expressed objectives of these study tours (as presented in the table), another objective was to provide a “safe ground” for participants to express and exchange ideas, to become more comfortable and to better understand themselves.

Table 3. Activities and objectives during the storming stage of partnerships

(PHARE Project “Strengthening Capacity and Partnership Building to improve the Roma condition and Perception”)

Key activities	Objectives
Study tours to learn from successful projects in other EU countries under URBAN II Program	To gain understanding of the meaning of a project partnership (how to create it, to manage it and to work in it); To comprehend the concept of “integration” in the planning process, as well as its application in real situations; To learn how to individuate and promote sustainable projects; To draw lessons from successful projects with a Roma integration dimension and to obtain commitment.

4.3. Partnerships norming

“There is a level of consensus and agreement within the team. There is clarity about individual roles. The role of the leader is important in managing this.” (Tuckman, 1965)

Getting to this third stage means that the partnership has already reached an important degree of cohesion, some of the partners may have changed their own initial ideas and agreed with the other partners to make the team work.

Some of the already agreed and shared “acquisitions” may be revisited and reviewed, such as a more consolidated vision or the decision making process.

This is the time for establishment of the partnership functioning, fixing the partnerships’ ground rules by planning, elaborating procedures, mechanisms, assuming common and individual responsibilities and by discovering the ambition to work for the success of the team.

This phase is characterized by a growing sense of “togetherness” which is a great achievement taking into consideration that the local partnerships, including “hot seats” decision makers and vulnerable group representatives, become a real and effective strategic alliance. An important role to play has the central level, in most cases a Managing Authority (MA) at central level, in providing technical support and verifying the implementation frame as proposed by the partnership.

This stage also requires the implementation of communication strategies (internal and external ones).

A partnership functioning effectively is founded on the activity of three structures as follows:

I. A governance body

This body can be administrated by the staff of an institution, of an agency or an organisation – partner or it is possible to create it as a new local entity. In the latter situation, creation of a new entity, the decision should be made according to the local context.

The new staff should be selected or appointed (or a combination of the two) based on the procedures already agreed by partners and in line with the program requirements, as it is the case for the EFF Axis 4 in implementation process of the strategies in the fisheries areas.

The Romanian MA (located within the Ministry of Agriculture and Rural Development) elaborated a Practical guide for the implementation of the integrated local strategies within the EFF Priority Axis 4. The guide comprises detailed information on the partnership approach and procedures.

It is of utmost importance that the personnel is well trained (have the necessary expertise), have the experience and authority needed.

II. Working sub-groups (established on tasks, fields, responsibilities or objectives)

After the establishment of the decision making body of the partnership, an inception working schedule with clear tasks and responsibilities on short term for each working sub-group should be tested, in order to find out how the mechanism works, what could be the potential obstacles and how could they be solved. A fine tuning might be necessary.

If well managed, this activity can produce important benefits, motivating the partners and emphasising the benefits of working in a partnership.

III. A formal agreement

This agreement could be tailored according to the partners experience or according to the programs requirements and may have the form of a memorandum of agreement, partnership agreement, contract, etc.

The external technical assistance role in the norming stage is to facilitate the work of the partners in elaborating the procedure and making the liaison, coordinating with the central bodies (i.e. the MA’s) in order to facilitate obtaining the desired outcomes.

Within the Roma Partnership Project the approach was to facilitate the work of the partnerships in elaborating the urban regeneration strategies for the seven cities and then to get the approval

through local debates with the key actors, with the participation of MA for the ROP, Priority Axis 1 representatives from the Ministry of Regional Development and Tourism.

Table 4. Activities and objectives during the norming stage of partnerships

(PHARE Project “Strengthening Capacity and Partnership Building to improve the Roma condition and Perception”)

Key activities	Objectives
Developing proposals: Second Round of Workshops and local debates	Elaboration of the drafts of the proposed plans of intervention in well-defined areas in each city, based on a package of documents and guidelines as to the ROP, Priority Axis 1
Assistance for Consolidating Proposals	To clarify unclear issues and get agreement on local priorities To finalize and increase the projects diversity To transfer the decision on the process follow-up to the cities

A possible answer to the local partnerships established in the seven cities in The Roma Partnership Project or similar attempts can be the creation of **Urban Task Units (UTU)**, as unifying and local driving force for the wide range of public sector, business and professional disciplines, law and practices that affect or are affected by the management, improvement and promoting urban environment as an essential component of cohesive, prosperous, secure and socially inclusive communities. UTU proposal included the following objectives - fields of work:

- To translate sustainable urban development principles into strategic advice for planning authorities,
- To identify causes of urban decline,
- To recommend solutions that will bring people back into our cities, and
- To establish a vision for urban regeneration based on the principles of:
 - design excellence,
 - social well-being,
 - environmental responsibility,
 - within a viable economic and legislative framework.

Possible actions proposed by the UTU:

- Focus on the commercial, property estate management and urban regeneration aspects of the city, as well as service delivery.
- Allow private sector contributions and seek new ways of bringing private finance into town management and development schemes.
- Develop a five-year business plan and a ten-year town strategy to fit a regional perspective and attract the support of stakeholders.
- Seek to strengthen the input into central management by matching and joining up a range of relevant programme initiatives, such as European, social, environment and transport funding resources.
- Bring forward a range of new initiatives aimed at securing city competitiveness in a European and international competition

- Work to engage commercial property investors and financial interests in town future and facilitate a more significant dialogue between the public and private sectors.
- Engage small and medium size enterprises (SMEs) in the city management strategy, as well as the larger firms and ensure that community-based initiatives play a positive role in the city management.
- Relate job creation and job linkage systems to adjacent poor neighbourhoods.
This model for town and neighbourhood improvement zones provides an opportunity to achieve some key mechanisms which will promote the urban renaissance and should be a priority.
- Company structures for city management.
- The elaboration of visions, master plans and business plans, which are underdeveloped.
- Partnership working and stakeholder coalitions between corporate members and further development of SME involvement.
- Improved development and asset management of both public and private sector property portfolios.
- New regional frameworks for city management.
- Integrated management models for cities. Better synergy is needed between city management and:
 - Economic development and urban regeneration,
 - Planning and design,
 - Estate and asset management,
 - Public and private transport,
 - Tourism,
 - Retail development.

The Roma Partnership Project and the technical assistance support, part of the capacity building component of the project, ended in April 2008 and at the same time the seven local partnerships created under the project umbrella. The work done by the seven local partnerships was used later on in the elaboration of the ROP Priority Axis 1 Urban Integrated Developed Plans in Romania by the interested local administrations expert teams or by the hired consultancy firms. Some infrastructure and social projects still remind of the Roma Partnership Project, but the Roma communities representatives were not directly involved any more.

However, the bridge was not completely demolished, as the lessons learned and best practices locally identified helped the former partners representing the local administration and Roma communities to participate in smaller initiatives together, as it is the case in Alba Iulia, Alba County, Region Centre, Macroregion one, in the NODUS (2008-2010) project⁶, “Linking Urban Renewal and Regional Spatial Planning”, part of the URBACT II initiative. Alba Iulia Municipality continues in 2012 through other European funded projects and local initiatives the partnership with the Roma communities.

⁶ <http://urbact.eu/en/projects/metropolitan-governance/nodus/partner/?partnerid=107>.

4.4. Partnerships performing

“The group has a clear strategy and shared vision. It can operate autonomously and resolve issues positively” (Tuckman, 1965)

This is the final stage (as identified by Tuckman in 1965) where increased focus on both tasks and relationships combine to provide synergy. Performance is delivered through people working effectively together. Only highly-performing teams reach this stage. The partners are able to function as a unit as they find ways to get the job done smoothly and efficiently without inappropriate conflict or the need for external supervision.

Partners have become interdependent. By this time, they are motivated and knowledgeable. The team members are now competent, autonomous and able to handle the decision-making process without supervision (Tuckman, 1965).

Except performance, Tuckman mentions as key factors the teamwork, a high degree of cohesiveness and a strong leadership as characteristics of partnership in this stage. By this time, there are already acquired clear results and the partnership is known in the area as a potential driving force. There are no debates and it is clear and highly valued the common vision. All objectives are clear as well as the allocation of tasks, responsibilities or of the resources. The partnership is performing operational and active.

During the performing stage it is necessary to ensure a continuous monitoring and evaluation activity in order to keep the performing status. Also, it is important to understand that the capacity to introduce changes represents the indicator of a powerful partnership.

However, even the highest performing teams may revert to earlier stages in certain circumstances. For example a change in leadership may cause the team to regress to storming as the new people might challenge the existing norms and dynamics of the team.

In some situations (such as local government reconfiguration, administrative or territorial changes), a new entity may takeover the partnership responsibilities in achieving the proposed objectives, in which case it is important to re-evaluate the existing and necessary resources.

In practice, some partnerships reach this stage artificially, for a limited period of time, performing grace to a very strong canvas of regulations, procedures and support/monitoring, mainly external to the partnership itself. They are not effective regarding the local development-driven aspirations, but artificially “kept alive” to implement limited strategies, projects, etc. This could be dangerous for example for the newly selected FLAG under the EFF -Romania, where the stakes are very high, all decision bodies at central level (the Managing Authority) and local level (counties and local councils) are highly interested in getting results and implementing the strategies in the fisheries areas. The absorption rate of the EU Structural Funds was at the end of October of 3,5 % and it is estimated for 2012 a rate of 6-7 %.

There are also sufficient examples in Romania of failed public-private partnerships (in fact merely local financial arrangements) involving local public authorities and private sector representatives, deprived communities, etc. as promoting marketization and partnerships with the private sector (Greve C., Ejersbo N., 2002). This is the case of Romanian “CasaRom” project that started in 2001, in Arad, Arad County and in Cluj-Napoca, Cluj County involving low cost housing built on municipality

land with external investment. Ten years after, almost all the land and assets are enforced by creditors. Also, this is the case of “the Extreme Case of the NPM – inspired Local Government of Farum in Denmark” from 2002, also regarding infrastructure contracting-out and building (a sport arena, kinder garden and elderly homes, etc.).

To this stage a portfolio of instruments, accountability, transparency and a risk management strategy should be added to a monitored equilibrium in decision making, as successful might be the immediate advantages.

4.5. Partnerships adjourning and transformation

“It views the group from a perspective beyond the purpose of the first four stages and represents the break-up of the group, when the task is completed successfully and its purpose fulfilled.” (Tuckman, 1977)

A team that lasts may transcend to a transforming new phase of achievement. Transformational Management can produce major changes in performance through synergy and is considered to be more far-reaching than Transactional Management.

The most effective interventions in this stage are those that facilitate task termination and the disengagement process. If a legal entity has been established in order to coordinate a program / project it is also necessary to set-up a process for its termination and to transfer its assets. Ideally this should be made by the partnership itself as part of the natural life cycle, including a gradual transfer of assets and responsibilities toward the adequate partners.

Some partnerships have a limited duration and it happens that the original goals become irrelevant. This could be a proper moment for the partnership needs to be restructured or to dissolve.

Despite never reaching this fifth stage (not even the fourth one!), the Roma Partnership Project has brought the Roma issue on the agenda of urban regeneration projects in Romania, which represents an approach towards ensuring equal opportunities in the framework of mainstream instruments. It is nevertheless a challenging task too, since these types of projects tend to stress the physical rehabilitation dimension over governance and social issues -as many previous examples in other EU countries have proved.

Therefore, support and monitoring were understood as needed to ensure that the good will is translated into effective action and into real outcomes for the Roma during the implementation stage of these projects, if they are finally approved for financing.

There are really few partnerships so far having reached this stage and surviving it! One very interesting example is the Dundee Partnership in Dundee Whitfield area of Scotland, United Kingdom- it started as the Dundee Project in 1981 and is continuing nowadays.

Below in the Textbox 2 is briefly presented its itinerary and development.

Textbox 2 Evolution stages of the Dundee Partnerships (<http://www.dundeepartnership.co.uk/>)***The Dundee Project 1981-1991***

The Dundee Project started in 1981, bringing together The Scottish Agency for Development, Tayside Regional Council and the Dundee District Council. Its functioning included a team of permanent staff and local authorities experts, focusing their activity on physical regeneration of the city and on raising national funds for investments.

Dundee Partnership 1991-1996

Through establishment of the Scottish Enterprise in 1991 it was initiated a new partnership, which included Scottish Enterprise Tayside and the Dundee City Council. This partnership did not have a permanent staff and worked on a hierarchical structure, having on top a steering committee and at foundation stakeholders as the community regeneration group, tourism group, enterprise and employment group, etc. The Partnership activity was guided by a vision strategy document, "New Horizons for Dundee".

Dundee Partnership 1996-2001

Local Government reorganisation in 1996 meant the removal of two thirds of its structure (Tayside Regional Council and the Dundee District Council) leaving only the Dundee City Council. The partnership was restructured to encompass a wider range of organisations, including Scottish Enterprise Tayside, Dundee City Council, the universities, Dundee College, Scottish Homes and representatives of public and voluntary sectors. The partnership work was guided by a broad new strategic document "A vision for Dundee"

Dundee Partnership 2001-2010: The Community Plan

After 2001, Dundee Partnership evolved and broadened implementing the first Community Plan. The partnership structure was reformed and extended to ensure the management and effective implementation of the strategic plan.

Dundee Partnership 2009-2012: The new Single Outcome Agreement for Dundee (SOA)

The new vision for Dundee states that it can only be delivered in partnership". It demands that each of the partners "play its part to the full, but crucially, sharing the commitment to work together to achieve the needed change in Dundee".

Could be this a successful example of the 4+1 development stages of the Tuckman model? To a certain extent probably yes, it could be, as each stage was originated in the precedent one and its focus clearly remained unchanged along more than three decades, the central reason of unifying the partnership.

Urban regeneration of the Dundee Whitfield area can be seen as a case of best practices from the perspective of the multi-level integrated planning and effective partnership. The most important lessons learned from Dundee can be summarised as follows:

- The partnership approaches raised funds /investments for the intervention area;
- Diversification of the ownership has been possible only by adopting the principles of genuine partnership, efficient and well organized public, private and voluntary organizations;

- Partnerships' formal and informal forums provided a common base to obtain benefits and mutual accepted results;
- Synergistic effects were for matters non related to housing. There were maximized benefits in areas such employment, healthcare, crime prevention, new and creative approaches. Visible results inside the community have created a high degree of acceptance of new policies for development;
- The whole process of physical transformation was achieved in a relatively short time.

5. Instead of conclusions

Urban /local partnerships have a determinant role, no matter the activities promoted, affecting economic and social development as well as the sustainability of their strategies on long term. The main reasons for partnerships establishment might be summarised as follows:

- (i) Promotion of political coordination and facilitation of a multi-sectoral approach, using the knowledge, skills and resources of different local actors;
- (ii) Coordination of the activities extending the traditional political boundaries;
- (iii) Distribution of the potential risks to the better equipped groups to manage them.

The local partnerships should not to be seen as the universal panacea in solving the urban / local problems. Their main disadvantages (especially for the public sector) are linked to losing the total control by transferring responsibilities towards the private sector and a potential risk to create new political arena less responsible concomitantly with the loss of the democratic legitimacy.

Local partnerships promoted in the last three decades became a fundamental concept in the 1990s, being validated by the collaboration among the actors – diverse units /bodies, part of the public and private environment and more and more stimulated in the integrated strategic planning. Recognition of the partnership need not meant, however, identifying safe mechanisms able to make the partnerships effective by themselves on their own a reality and not a cliché or a formality.

Although the establishment of partnerships is a defining characteristic after 2000, it is still unclear why some partnerships are successful and other fail, or what works and what does not. The practice shows that the following factors are critical for effective sustainable partnerships at the local level:

- A strong leadership (local, practical), committed and responsible;
- Providing support for the creation of a vision and consensus building among the local actors;
- Identifying the needs and priorities for the integrated and multi-level spatial planning and local development, translating the vision into achievable goals;
- Promoting an inclusive process for all local actors and getting their commitment to the identified tasks;
- Mobilising the necessary resources for implementation and monitoring processes;
- Tracking and recognising the different stages of the partnership evolution;
- Elaborating and promoting a successful communication strategy among the partners and with the external target groups, including networking.

Two other aspects outside the partnerships need also to be underlined. The first is represented by the relationship with the central national responsible body (i.e. a Managing Authority, placed in the

responsible ministry), where the focus should be twofold: respecting the procedures as agreed and building a trustful and based on cooperation relationship. The second is to resort to neutral external technical assistance support whenever the case, as key to having an unbiased perspective and compass.

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A new approach to local development in programming EU funds – experience from the past and challenges for the future

Abstract

A possible option to address problems occurring at the local level is to apply the “local development approach”¹, which means a specific methodology comprising complementary activities forming a broader strategy, local community animation and partnership between different sectors. The experience of many EU Member States shows that this understanding of local development (of which the best example is the LEADER approach) can be a driver for social and economic change in many types of areas facing structural change (including for instance rural, urban and fisheries areas).

At present a wider application of this approach is being considered in programming EU funds for the period after 2013. This preparatory work is carried out jointly by representatives of several Directorates General (DG Agri, DG Regio, DG Mare, DG Employment). At the same time, efforts are undertaken to strengthen the positive impact of this approach in the present period and to eliminate errors related to the delivery system, which occurred when this approach was introduced into the mainstream European policies.

The present study presents briefly how “local development” is understood in this context, its main principles, the most relevant experiences in the EU, problems with implementing this approach, prospects and recommendations for the future.

¹ Author’s note to the **English version**: at the time of writing the original Polish version of the article, the term “Community Led Local Development” (CLLD) was not yet in use. Therefore the term “local development approach” is used throughout in broadly the same sense as was later given to CLLD.

1. Introduction: what do we mean by “local development”

The concept of local development is gradually finding its place in the debate on how to apply public funding (including EU funding) more effectively to achieve objectives of social and economic development and to promote social inclusion. The experience of the last twenty years shows that traditional funding instruments of cohesion policies have not been fully effective. Even in fast growing regions there are areas of exclusion, where the benefits of economic growth and market integration do not reach some groups of inhabitants, in spite of the considerable public funds targeted at those areas.

The existence of those “excluded areas” means that the development potential of an individual, the capacity to find a job or improve standard of life are to a large extent determined by the place (area) where that person lives. This simple observation is the basis of the “territorial approach” – the belief that **solutions to local problems should be found also at the local level**. In this context “local level” is used to mean, on the one hand, a level at which phenomena related to socio-economic cohesion and inclusion can be directly observed, and, on the other, it is possible to ensure transparency and community control over the use of public funds. This usually means an area covering between 10.000 (in less populated countries – 5.000) and 100.000 inhabitants².

A note on terminology is perhaps needed here: many basic EU documents dealing with cohesion policy talk about “regional development” in the broad sense³. However, in the Polish literature this term “regional” has been narrowed down to mean the administrative region (voivodship) and using it here would be misleading; in some contexts the more precise term of “sub region” can be used. The same phenomenon is sometimes also described as “territorial approach”, “area-based” or “place-based” approach and several other terms, but the term “local development” is probably the one most commonly used. In the present study we will use primarily “local development approach” or “territorial approach”.

In the Polish literature and media, however, the term “local development” is often used in a rather imprecise sense, to mean any activity aimed at social and/or economic development that can be carried out at the local level. We can thus find this term used to cover both infrastructural investment undertaken by local governments (from EU funds or their own resources), as well as, for instance, educational activity focused on a specific target group, carried out by a local NGO.

However, the community of experts dealing with local development in the EU tends to use a much more precise definition: local development is used to mean a certain method aiming to increase the participation of all stakeholders (inhabitants as well as organisations and institutions of the area) in defining and addressing the social and economic development challenges and solutions of the given area. This method has turned out to be extremely effective in solving problems in a wide range of con-

² In the Leader approach from 2007 the area can cover even up to 150.000 inhabitants, but the effects of this enlargement for the area’s cohesion and maintaining local relationships are not yet fully known.

³ For instance Fabrizio Barca in „An agenda for a reformed cohesion policy” (report for the Commissioner for Regional Policy, 2009). In the report, the word “region” is used in the broad sense (i.e. the same as area or territory), as distinct from the administrative term “Region” (NUTS 2).

texts, from backward areas with high unemployment due to industry decline to depopulated peripheral rural areas.

In this sense, local development method is based on the following **key principles**⁴:

- we are talking about **territorial** (or “area-based”) development, i.e. development targeting the whole area and its inhabitants; the borders of the area may be strictly defined (e.g. parish, village, municipality, district) or not, but in any case it always refers to the “sub-regional” level;
- the development process should involve **all the local stakeholders** interested to improve the area’s situation – associations of inhabitants, informal groups, local business unions, as well as employees or politicians of local administration;
- the relations between stakeholders are based on **partnership**, where every participant can contribute and all of them take responsibility for both the costs and the benefits of joint action;
- the main objective of the partnership is to prepare a local development **strategy**, covering a variety of sectors (related to social, economic, infrastructural, environmental etc. aspects of the area), based on a joint **diagnosis** of the existing conditions and opportunities and, to a large extent, on the valorisation of **local assets**;
- the activities undertaken by the partnership are often **innovative** and cover a wide range of support addressed e.g. to small and medium-sized enterprises, social economy actors, service providers or organisations dealing with social exclusion;
- the results of these activities should be, on the one hand, **improved economic potential** of the area, new jobs and better quality of life for the inhabitants (including marginalised groups), on the other – improved **social cohesion** and strengthened **local identity**, improved relations between administration and inhabitants and strengthening local **democracy**.

These principles are very similar to the seven principles or “features” of the LEADER approach discussed below, and – just as the Leader features – they are not a theoretical construct or an abstract “ideal” to be attained, but they result from a synthesis of a wide range of studies and analytical work pointing to those elements which proved to be most effective in practice.

As can be seen from the above description, not every initiative undertaken by local actors can be considered “local development approach”; in particular, activities implemented by the local authorities without a significant role for other actors (including civil society organisations) are not included in this definition, and neither are one-off actions which do not fit into a long-term strategic orientation of the area (single isolated projects).

The differences between the territorial approach and the classical way to carry out cohesion policy can be graphically presented as follows:

⁴ Principles based on the report „Cohesion policy support for Local Development: best practice and future policy options”, summing up the work of Local Development Labs organised at the initiative of DG Regio in the period 2009-2010 (the author took part in this work). The report was prepared by experts of ADETEF, AEIDL, Notre Europe and City Consult in April 2010.

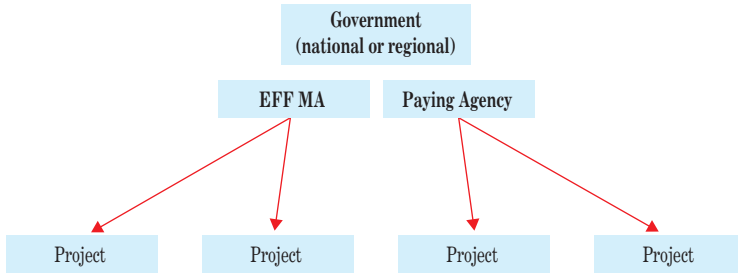


Figure 1. Traditional approach

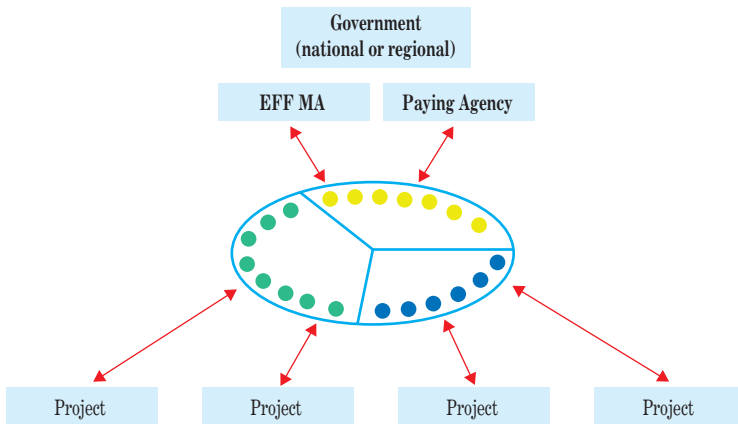


Figure 2: Local development approach:

Figure 1 presents the “classical” approach, where public funds are managed by “centralised” institutions (at national or regional level) and they can be used to finance individual “projects” submitted by the local actors. In this approach the distance between those who decide about allocating the funds and those who are aware of the local needs is considerable, and the communication between these two levels is to a large extent uni-directional. As a result, individual actions (projects) are not connected with each other and their impact on the local situation can be limited.

In Figure 2 the situation is different: at the sub regional level, there is an entity (partnership) whose role it is to ensure the participation of local actors in the development of a coherent strategy. The projects financed must be in line with the strategy and they are more likely to be connected with each other, and the decisions to provide support are taken at the local level. The communication between beneficiaries and decision-makers is easier because of their physical proximity, and it is more likely to happen in both directions, which makes it easier for the financed operations to be adapted to the local possibilities and needs.

At least this is how it should work in an ideal world – however, one should keep in mind that the graphs are by necessity simplified, and the reality in practice can be far from the presented scheme.

2. Territorial approach in practice: the experience in Poland and the EU

Local development approach in Europe is implemented since mid-1980s, although it is based on still earlier experiences (e.g. the practice of the Scandinavian countries, where local partnership and looking for joint solutions to local problems has a much longer history). Many programmes and initiatives financed by the European Union use elements of this approach, for instance Local Employment Initiatives, the URBAN initiative and its continuation by the URBACT programme, and also – to some extent – the EQUAL Community Initiative. A similar methodology is also used in cities and areas developing Local Agendas 21. However, this approach is most fully realised by the Community Initiative LEADER in rural areas (and its continuation as Leader Axis in the period 2007-2013).

2.1. The LEADER approach

The LEADER approach (from French “Liaisons Entre Actions de Developpement de l’Economie Rural” – links between actions for the development of rural economy) is a precisely defined methodology of local development in rural areas, with seven basic characteristics:

- **territorial approach** – means that support is addressed to the given area (micro-region, “little homeland”), not to individual operations (projects);
- **bottom-up approach** – means that the development directions are not imposed from the top down, but result from the needs and ideas of the local community;
- **integrated approach** – means a difference compared to sectorial thinking, where resources are divided between various sectors (agriculture, competitiveness of businesses, social aid, environment etc.); instead, the local system is seen as a system of “communicating vessels” and only activities that look at the whole (and not at parts) can be successful;
- **partnership approach** – requires that all those who are interested should be able to take part in the decision-making about the future of their “little homeland”, both in the process of consultation and in the actual formulation and implementation of the strategy;
- **innovation** – consists of targeting support specifically to new, “courageous” initiatives, which carry with them higher risk, but also potentially greater value added for the local community;
- **decentralisation of management and funding** – means that the partnership is the real “owner” of the funds for local development, it is autonomous in its decisions (they cannot be changed or corrected by regional or local authorities), and the way from the idea to funding decision is relatively short;
- **cooperation and networking** – prevent local communities from feeling “isolated”, and strengthen the process of mutual learning between partnerships.

None of the above principles is in itself innovative, and many were implemented in practice before the LEADER approach. This approach, however, is different in that it requires all these features to be in place at the same time.

In Poland the LEADER approach was experimented with even before Poland's accession to the EU, often at the initiative of local NGOs which invited local authorities and businesses to cooperate. The principles of this approach – also in relation to urban areas – are promoted for instance by the National Network of Partnership Groups⁵.

It should be stressed that the fact that there is a high number of LEADER-type partnerships throughout the country does not mean that genuine partnership, strategic thinking and cooperation in implementing projects of key importance for the whole community **have become a widely accepted standard**. A large proportion of the partnerships is still dominated by the public administration, and many of the procedures – developed at the national and regional levels – for implementing the LEADER Axis, often bureaucratic and formalised, do not favour civic initiative and integration of local communities around common goals. However, it is important to note that in many places the willingness to participate in multi-sectorial cooperation and the local development spirit appear to be stronger than bureaucracy, and in those places one can observe a genuine community mobilisation and effective use of public funding.

The experience of the Polish Rural Forum (Forum Aktywizacji Obszarów Wiejskich, FAOW), which promotes in Poland the LEADER approach, and observations from implementing this approach in Poland and other countries, make it possible to identify the following key factors of success (or failure) of this approach:

- **capacity building** in community organisation, both for the public administration and for the other local actors (NGOs, businesses and individuals), building trust and consensus between the partners. This can be promoted by a variety of training and animation activities, and the LEADER approach provides funding for this. A key role is played here by the person who can be called the “**partnership animator**”⁶.

One of the best “schools” of cooperation is the joint analysis of opportunities and needs of the area and search for consensus in decision making about funding of projects. However, it is important that all partners should approach this process in a serious and open-minded way, looking for best solutions for the area as a whole (and not e.g. agreeing to divide up the money between municipalities, in equal shares or according to the number of inhabitants, as sometimes happens);

- creating partnerships **across administrative borders**: in Poland it is mandatory that the borders of the Local Action Groups must not cut across municipalities, but even the need for several municipalities to work together (especially if they are from more than one county – “powiat” – or voivodship) makes it necessary to take into account a wider range of interests and can reduce the influence of local “connections”, whether from political parties or societal links;
- the provision of **specific, long term funding** for the implementation of the local strategy – this is a key factor distinguishing LEADER from other local partnerships, where it often happens that

⁵ www.grupypartnerskie.pl

⁶ Training programmes for partnership animators can play a very important role in promoting local development approaches; in Poland first such trainings were organised even before the EU accession by the Cooperation Fund Foundation together with the Polish Rural Forum; interesting materials and methodology were developed also by the TEPA project (Training of European Partnership Animators), carried out by the Polish Rural Forum together with partners from Slovakia, Hungary, Czech and Slovenia (www.partnershipanimators.eu).

parties agree to cooperate, but as each partner has its own budget, there is no motivation for joint action. In LEADER the budget is managed by the partnership, and the EU legislation ensures that the decision-making body of the partnership is not dominated by the public sector. This provision is often circumvented in many ways, but the very fact that such a rule exists helps to break away from the stereotype that the only body that can manage public funds for the development of an area is the local government.

With Poland's accession to the EU, as a result of the huge interest in this approach from local communities, the government allocated relatively high proportion of funding for the implementation of the LEADER Axis in the Rural Development Programme (EUR 787.500.000 or 4.6% of total RDP budget for 2007-2013). In the whole EU, the LEADER Axis receives approximately 6% of total RDP funding, but this proportion varies between countries, from 2.5% to about 10%. At present Poland has nearly 340 Local Action Groups (in the whole EU there are nearly 2200; the highest number is in Poland, the next country being Spain with 264 LAGs, followed by Germany and France), covering almost 100% of Polish rural areas.

One can fear, however, that in many places neither the local governments nor the civil society organisations were fully ready to put in place a genuine partnership, and many of the above mentioned principles may have remained on paper. A similar situation is also observed in other new Member States, for instance in the Czech Republic, where a strong influence of local governments in deciding on the funds allocation is observed, together with a relatively weak role of the civil sector. However, studies indicate that with time a broadening of the partnerships can be observed, as well as an improvement of the relationships between its members⁷, which leads to the involvement of a larger number of local actors. This process can take a very long time, which is confirmed by the experience of some "old" EU Member States, where local LEADER partnerships were initially perceived as competition for the local authorities, and only with time they came to be seen as a factor contributing to local activity and innovation (this was the case for instance in Ireland).

2.2. Other applications of the LEADER approach

Since 2007 the European Commission, in appreciation of the positive effects of the local development approach (including the LEADER approach), has offered the Member States the possibility to apply it also in areas dependent on fisheries which were affected by the restructuring of the fishery sector. This idea was based on the belief that the bottom-up approach would help fishermen to better find their place in the local community if the funds were directed to the area as a whole, and not only to the fisheries sector as before. The so-called "Axis 4" of the European Fisheries Fund was chosen by 21 Member States, and Poland is a leader both in terms of the total funds allocated for this purpose (approximately 40% of total Axis 4 budget in the EU) and in terms of the number of local partnerships

⁷ I. Kawalek, „Społeczności i organizacje jako środowisko wzmacniania kompetencji społecznych: problemy badawcze i potrzeby praktyki” (Communities and organisations as an environment to strengthen social competencies), material presented in the conference „Kompetencje społeczne i aktywizacja społeczna jako wartość dodana programu LEADER. Badania i zastosowanie w praktyce LGD” (Social competencies and community animation as the value added of the Leader programme. Research and practical application in the LAG), Poznan, 11 April 2011.

(over 40⁸, in the whole EU there will be around 240). One can assume that the Polish government took the decision to allocate such large funds for this Axis partly on the basis of the good experience with the LEADER approach and in the hope that local level cooperation between administration, NGOs and representatives of the fisheries sector will help develop meaningful solutions for fisheries areas.

The interest to implement Axis 4 of the EFF in Poland was very high, which can be partly attributed to the positive view of local communities of the LEADER approach, in spite of their complaints about bureaucracy and delays in payments. However, the short period of implementation of this approach within the EFF makes it difficult to evaluate the development decisions taken by the local partnerships and foresee their results.

In some countries Axis 4 EFF has been implemented from the very beginning of the programming period, but in others there are significant delays, which can be partly due to the difficulties of applying territorial approach by administration used primarily to sectorial intervention. Moreover, there are considerable differences between countries, both in terms of the size of budget per Fisheries Local Action Group (FLAGs) – from less than a million up to nearly twenty million EUR – and in terms of links with the fisheries sector (in some countries Axis 4 focuses primarily on projects addressed to this sector, while in others a more “integrated” approach covering different sectors prevails). Moreover, different Member States make different use of the LEADER experience – in some countries the FLAGs are set up to a large extent on the basis of existing LEADER groups (e.g. Denmark); in others, the conscious decision was made to target primarily the coastal areas which had not had previous experience with LEADER, in order to enable local communities to get acquainted with the approach (e.g. the Spanish region of Galicia).

It should also be noted that the European experience with the LEADER approach is attracting more and more attention from other parts of the world. Pilot LEADER-type activities have been implemented for some years in several Latin American countries (primarily on the basis of European examples from Spain and Portugal), and recently – i.a. with funding from the Finnish government – in Sub-Saharan Africa. According to the European LEADER Association for Rural Development (ELARD) – the European network associating Local Action Groups from most EU member states, the first results are very promising and confirm the high adaptability of the LEADER principles in a wide range of local contexts.

3. Problems with implementation and results of evaluation of local development

When discussing the local development approach in line with the methodology described above, one should keep in mind that the evaluation of its results is **extremely difficult**, due to the following factors:

- **long period of time before the changes become visible**; the early experience with Leader in the EU shows that the time needed to create an effective local partnership, the work on adapting the

⁸ At the time of writing the Polish version of the article the final number of FLAGs in Poland was not yet known, but the number of FLAGs finally established in Poland is 48, while the total expected number of FLAGs is about 300.

strategy to the area's needs and putting in place mechanisms for project funding take usually 2-3 years. In later financing periods of LEADER and similar programmes there have been attempts to speed up this natural process (e.g. by setting very short deadlines to submit strategies or to spend the money; this was often justified by the fact that significant delays were created already at the national level in the course of preparing the necessary legal frameworks); this usually means that local groups apply for funds on the basis of very general willingness of partners to cooperate in a partnership that has just been set up, and a rather vaguely formulated strategy, while further work to strengthen both the partnership and the strategy take place in parallel with the implementation of projects;

- **predominance of “soft” rather than “hard” results** – while it is perfectly possible to implement investment projects through local development approach (e.g. local infrastructure, support to businesses in job creation), nevertheless some of the key impacts of this approach are involvement and motivation of many local actors, creating a sense of ownership and developing synergies between projects, all of which are extremely difficult to measure. Listing how many metres of pavement were laid or what was the value of equipment purchased does not in itself prove the effectiveness of the local development methodology, since very similar projects can be financed just as well by the traditional methods (i.e. from a budget managed centrally);
- **difficulties to find good indicators** to verify if objectives have been reached – both at the local level within one area, and at the regional or national level, where the possibility to aggregate results obtained in different areas is in this approach extremely limited.

This does not mean that it is totally impossible to verify if the local development approach works in practice or not – there are a number of practitioners' studies and reports (as well as an increasing number of analytical research work) which confirm the positive impact of this methodology. One of the largest in scope was research carried out within the PRIDE project (Partnerships for Rural Integrated Development in Europe) by academic institutions in six EU Member States at the request of the European Commission; the research project involved surveys of LAGs and in-depth case studies and resulted in the production of a number of publications and studies which confirm beyond doubt the effectiveness of local development approaches in rural areas⁹.

The European Evaluation Network for Rural Development has recently prepared guidelines on how the impact of the LEADER approach and measures to improve quality of life in rural areas can be analysed¹⁰. The authors of this publication (which has the status of a working document) propose to use, in addition to data collected through monitoring, the participative approach to evaluation, e.g. through direct meetings (round tables) in local communities, which might enable some elements of the impact to be assessed which it would have been difficult to capture otherwise. This publication may play an important role in the ex-post evaluation of Rural Development Programmes.

⁹ Cf. e.g. the final report „Local Partnerships for Rural Development, the European experience”, edited by Malcolm J. Moseley, CABI 2003.

¹⁰ „Capturing impacts of Leader and of measures to improve quality of life in rural areas”, <http://enrd.ec.europa.eu/evaluation>.

In the period when the LEADER approach was implemented as a Community Initiative (LEADER I and LEADER II) its results were considered to be very positive¹¹. Since 2000 it was implemented as LEADER+, shaped to a greater degree by individual Member States, and after 2007 this approach was “mainstreamed”, i.e. included in the wider application of rural development measures. On the one hand this meant that such an approach could be available to a wider range of beneficiaries (“mainstreaming” meant i.a. that LEADER-type activities were in principle applicable to all types of rural areas in the EU, and Member States had an obligation to allocate a certain minimum of RDP funds to this approach¹²); on the other hand, it meant that beneficiaries had to meet the same obligations as in the other measures funded by the Common Agricultural Policy, which increased bureaucracy and restricted the flexibility of funding in comparison to the previous periods.

A few recent publications point to several **problems related to the implementation of the LEADER approach**. Among them particular attention should be paid to:

- report of the European Court of Auditors (ECA), published in 2010 on implementing the LEADER approach for rural development¹³,
- focus groups of the LEADER Sub-Committee of the Coordinating Committee of the European Network for Rural Development (ENRD).

The conclusions of these studies coincide with similar analyses carried out in Poland, including:

- mid-term evaluation of the Rural Development Programme (section on the LEADER Axis), and
- discussions within the LEADER Thematic Group of the Working Group of the National Rural Development Network.

The mid-term evaluation of the RDP in its LEADER section focuses primarily on the principles and conditions of LEADER delivery, since at the time it was carried out it was too early to assess the impact of the financed projects. The reports points to certain administrative solutions that cause problems in LEADER delivery, such as:

- lengthy procedures of formal eligibility check of projects by regional Intermediary Bodies and the Paying Agency,
- limited role of the LAG in formal analysis of projects,
- excessively elaborate process of application for beneficiaries of “small projects”,
- difficulties related to the rules for payments.

One of the results of the above difficulties, and a potential barrier to the mobilisation of social capital at the local level, can be – according to the mid-term evaluators – the dominant role of the public sector (local governments) in some LAGs (which is related to its relatively solid financial standing – as compared to the LAG itself and beneficiaries from other sectors).

The above barriers can constitute risks for the implementation of innovative and multi-sectorial activities within the LEADER Axis, and thus they are in contradiction with the LEADER principles described above in section 2.1. Apart from these barriers, which result to a large extent from

¹¹ See for instance the ex post report from Leader II evaluation published by the European Commission (http://ec.europa.eu/agriculture/eval/reports/leader2/index_en.htm).

¹² This minimum was 5% in EU-15 and 2.5% in the new Member States.

¹³ European Court of Auditors, „Implementation of the Leader approach for rural development”, 2010.

the national specificity of the LEADER Axis, the evaluators consider this Axis to have created good conditions to mobilise local communities and helped increase the capacity of the LAGs to implement local development strategies.

3.1. The report of the European Court of Auditors

The ECA report is of special importance, because the Court of Auditors, usually concerned mainly with the legal and procedural aspects of expenditure, this time focused on the question to what extent the implementation of LEADER can be said to add value to rural development. The report was based on the experience with implementing the LEADER approach in the programming period 2000-2006 as well as about the planned framework – and initial evaluation, where possible – for the period 2007-2013. The main source was a survey of 202 LAGs from 23 countries, direct analysis of documents from 27 LAGs and case studies covering 13 LAGs and 60 projects. It should be noted that examples from Poland did not play a role in formulating the conclusions on the process of project funding by LAGs, because in the period 2004-2006 Polish groups could not select projects within their strategies, and the funding of projects in the 2007-2013 period at the time of the ECA study was only just starting.

The ECA report shows that the LEADER approach has potentially a very high value added for rural development, but due to the way it is implemented (mainly as a result of national legislation), this value added in many cases is not realised¹⁴, and the implementation of the specific LEADER features is often incomplete. The main conclusions of the ECA report are as follows:

- **the LAG autonomy to set objectives of the strategy and to select projects is too often restricted**

In many cases the types of measures in the strategy, types of beneficiaries and eligible costs have been determined in a “top-down” way by the Managing Authorities; in addition, in some countries LAGs can only support projects falling within the standard measures of the national Operational Programmes, or even only from Axis 3 (diversification of economic activity and improvement of the quality of life in rural areas).

As a result of these restrictions, the local development strategies are – in ECA’s view – too strongly influenced by “top-down” decisions, and insufficiently driven by the “bottom-up” needs and initiatives. Moreover, the ECA stresses that these limitations were in many cases introduced by the Member States within national legislation after the Operational Programme has been agreed with the European Commission. There are cases when LAGs are not allowed to decide e.g. on the level of aid intensity for individual projects in line with their strategic priorities, but are obliged to follow the guidelines of the Managing Authorities.

- **lack of incentive for the LAG to undertake innovative projects**

Restrictions developed at the national level, or pressure from some partners (mainly local administration) contribute to the fact that LAGs very seldom support projects that are innovative or complex,

¹⁴ Cf. also the response of the European Commission to the ECA report: “The mid-term evaluation reports for Leader+ do not indicate that the method itself is not effective, but that factors linked to the way it is implemented influence the final success or failure of the local programme”.

involving many partners. Thus, Local Action Groups become simply an additional administrative layer and their functions simply duplicate those of regional and national administrations.

The ECA is critical, for instance, of situations where LEADER funding was allocated to finance the normal activity of the local authorities (e.g. constructing a fence around a children's playground, modernisation of sewage system or road surface), as well as to very large projects (over EUR 200.000) which could easily be eligible for funding from other EU programmes.

– **complex and lengthy procedures of decision making and payments**

In many countries beneficiaries of projects financed from LEADER had to fill long and elaborate forms; the extension of the process of analysis was often the result of errors or incomplete applications which – in ECA's view – could indicate that the procedures are too complicated (a particularly striking example is quoted from Hungary, where an application for EUR 5400 was 126 pages long).

– **too much focus on project monitoring and too little attention paid to achieving objectives of the strategy**

The ECA noted that many local strategies are formulated in a very general way (in some cases they could apply to almost any rural area). Reporting is often limited to quantifiable information about the number of projects and their costs, while too little attention is paid to showing to what extent the implementation of the strategy helps to solve the local problems (i.e. by preventing migration of the young people or creating jobs etc.).

The ECA report also mentions cases where the full potential of LEADER cannot be realised because of the following factors:

- domination of the **public sector** in decision making of the LAG,
- insufficient attention paid to properly **documenting the way decisions are taken**, including information about the exclusion from voting of the interested stakeholders,
- potential **conflict of interest** in situations when most projects are implemented by entities represented in the decision-making body of the LAG (financing projects mainly submitted by organisations which take part in the decision-making body can be justified, according to the ECA, if the LAG membership is fully open and everyone who is interested can participate in decision-making); in this context the ECA points to the fact that representatives of the public sector on the decision-making body should also be excluded from voting for projects submitted by institutions they represent;
- the problem of the so-called “**deadweight effect**” (financing projects that would have been implemented anyway, with or without EU funding) – the ECA points out that LAGs sometimes take the decision to finance a project which is already nearly completed, which may raise issues concerning the efficiency of public funds; on the other hand, the ECA notes that such practices can be the result of a very long process of project approval and the risk that otherwise the LAG might not be able to spend a certain part of its budget.

The European Court of Auditors stresses that the **added value of the LEADER approach is created by the Local Action Groups**; the Managing Authorities should only:

- provide guidance and support to the LAGs,
- ensure that the legislation, operating rules and management systems set the minimum standards required,

- create the right incentives for the LAGs to add value, and
- avoid obstacles and disincentives.

3.2. Focus groups of the European Network for Rural Development

The recommendations of the ECA are in line with the results of work of three focus groups created at the LEADER Sub-committee of the Coordinating Committee of the ENRD¹⁵. These groups were composed by representatives of LAGs and Managing Authorities of various countries, as well as experts. The focus groups dealt with the following issues:

- implementation of the bottom-up approach of LEADER,
- innovative character,
- implementing cooperation measures.

The most comprehensive report was prepared on the implementation of the bottom-up approach. A large scale survey was carried out on how the tasks were divided between the LAGs and the programme authorities (Managing Authority, Intermediary Bodies, if any, and the Paying Agency). It turned out that there are significant differences as to the role of the LAG and level of its autonomy between Member States, and even between regions of the same MS. Some LAGs can carry out a full range of activities in support of beneficiaries, i.e. they not only select projects, but also approve them (sign contract with the beneficiary) and make payments (this model is used, for instance, in England and Wallonie); others cannot make the payments themselves (this task is done by the Paying Agency – such model is found for instance in France, Greece, some regions of Italy and Spain), while others only carry out the selection of projects, while their approval and payment is done by the MA or PA (this is the situation in Poland, as well as i.a. Sweden, Austria, Germany and Romania). The focus group report indicates cases where the local groups cannot even launch calls for projects on their own, or when they are not informed on a regular basis if the project they selected was approved for implementation at the level of regional or national administration or not. The focus group does not say clearly which model is best, but its report makes it clear that certain practices are unacceptable, e.g. duplicating the functions (when the same tasks are carried out by the LAG and then checked again by the regional or national administration) and that additional tasks delegated to the LAG must be accompanied with the necessary resources – human as well as financial.

The discussion of the results of the focus group by the LEADER Sub-Committee drew attention to the fact that this approach is based on cooperation, and therefore is not in line with “hierarchical” thinking and reducing LAG autonomy. For this reason LEADER should not be subjected to the same rules and procedures as are applied in other RDP Axes; the focus group recommends that separate rules for implementation, different guidelines and eligible types of activities (defined as broadly as possible) should be developed specifically for LEADER, and that mechanisms should be put in place to ensure in practice the possibility to support projects beyond a closed catalogue of measure, complex projects and projects involving a variety of different partners.

The results of focus group work show the differences in LEADER implementation in different Member States and confirm the results of the analysis carried out by the ECA, which shows that the

¹⁵ enrd.ec.europa.eu.

value added of the LEADER approach is determined first of all by the delivery system in place, and that, in addition to many cases of bad or doubtful practice, there are numerous examples of positive experience with the LEADER implementation¹⁶.

The second ENRD focus group was working on preserving the innovative character of the LEADER approach. While it is generally agreed that LEADER is potentially a good tool to support innovative projects, in practice rules adopted by many Member States make it difficult. The focus group stresses that one should not attempt to define innovation at national or EU level, because this will only create additional barriers for less typical projects; innovation should be in each case evaluated by the LAG in relation to the local context and the strategy.

The focus group points to the need to ensure the necessary technical support for beneficiaries of innovative projects, including facilitation of contacts with potential partners, and to the fact that such projects need very quick decision-making. It should also be kept in mind that innovative projects are more risky by nature and some of them can fail; promoting such projects in practice must be linked with a less rigorous attitude to project failure.

The focus group on cooperation between Local Action Groups was interested i.a. in how to facilitate joint activities between LAGs in the situation where different Managing Authorities have different eligibility rules, and the timing of calls for projects and approval procedures are not harmonised. It is also necessary to ensure that funding is available already at the stage of preparatory work (meetings of potential partners, travel costs etc.), and this should perhaps be envisaged already at the Operational Programme stage.

It should be noted that the European Commission has already prepared proposals to improve implementation practice in present programming period, on the basis of the ECA report and the focus groups, and it is going to make sure they are taken into account in the formulation of post-2013 regulations. The current changes are included in the new version of the Commission Guidelines for Member States on the implementation of the Leader approach, and they cover i.a.:

- a recommendation that Managing Authorities should review the current eligibility rules to check if they don't restrict the LAGs excessively in the development and implementation of innovative and multi-sectorial local development strategies;
- an explanation that the principle of demarcation should not be applied in LEADER in the same way as in other activities, in view of the integrated character of this approach;
- a clear statement that the main role in the decision-making process (“centre of gravity”) should be with the LAG, while Managing Authorities should focus on facilitating the task of the LAG at the local level;
- drawing attention to the need for LAGs to introduce internal rules to prevent the domination of the partnership by public authorities.

¹⁶ The ECA report mentions, among others: the positive role of the institutions set up by the LAG to support beneficiaries in preparing projects in Germany (where „innovation teams” were created) and in Ireland; good local contacts of a LAG in Tuscany which shared office with the local chamber of commerce; open and very wide membership in a LAG in Aragon, etc.

3.3. Preliminary conclusions from evaluation exercises and reports

On the basis of the available reports and analyses one can attempt to draw some conclusions concerning the implementation of local development approaches:

- the local development approach turns out to be **extremely flexible** and it can be applied in different conditions, both in rural and in urban areas (although most experiences until now come from rural areas), in very different administrative systems and in countries at different levels of development;
- an effective application of local development requires **appropriate legal framework**, which ensures the **necessary minimum of autonomy to the local partnership**. Any attempt to implement this approach in a “half-hearted” way or as a “mixed” system (on the one hand, the obligation to create the partnership and prepare strategy, on the other – imposing top-down, centrally established rules and restrictions, e.g. concerning eligible costs or beneficiaries) means that the partnership becomes simply another administrative layer and the value added of the territorial approach cannot be realised;
- local development works best in situations where **innovative solutions** are needed (keeping in mind that the degree of “innovation” can only be judged from the local perspective); this approach can help to ensure such key factors as: willingness of the local actors to support unconventional initiatives, courage to undertake risk, ability to react quickly and strong technical support for the potential project promoters;
- on the other hand, local development is likely to be less effective in an area that faces **radical structural change**; however, even in this case one may consider it worthwhile to apply the territorial approach as complementary to activities managed centrally, in order to ensure local involvement and to provide for accompanying protective measures for those who are most likely to be affected by the radical change (as can be the case in some fisheries areas);
- for obvious reasons this approach **would not be effective** in the case of **large infrastructural investment** going beyond the local level; it is nevertheless interesting to study the example of the city of London, where large-scale investments in preparation of the 2012 Olympic Games were used as an opportunity to undertake regeneration of many less-favoured parts of the city and involve the stakeholders in this process¹⁷.

4. Prospects for the future

At present the European Commission is preparing the draft proposals concerning the programming of the EU budget for the period 2014-2020. One of the major innovations currently under discussion is the **wider application of the local development approach** (understood in the way described above¹⁸) into several EU funds: the European Regional Development Fund, the European Agricultural

¹⁷ “Local Development Benefits from Staging Global Events: Achieving the Local Development Legacy from 2012 – A Peer Review of the Olympic and Paralympic Legacy for East London”, OECD 2011.

¹⁸ since autumn 2011 this approach is called „Community Led Local Development”, see note 1.

Fund for Rural Development, the European Maritime and Fisheries Fund, and the European Social Fund. At present (July 2011) the principles of this approach are being discussed and agreed between the four Directorates General (Regional Development, Agriculture and Rural Development, Maritime and Fisheries Affairs and Employment). The local development methodology would not, of course, be applied to the total budgets of these funds, but the possibility of a separate axis or priority for local development is not excluded, in addition to more “sectorial” objectives.

The EC officials involved in this joint work agree that the local development approach is a highly effective tool and should be used in the next period to a greater extent than at present. At the same time the Commission is undertaking efforts to reduce bureaucracy and make the funding process easier for the local actors. One of the best solutions would be to have in a given area **one local partnership** (composed of representatives of the public, social and private sector) which will develop **one integrated strategy for the area** and then could benefit from a variety of funds to implement that strategy. For certain types of activities it might be necessary to create a separate “decision-making body” (e.g. in the case of the European Maritime and Fisheries Fund decisions about projects should be taken with a significant participation of the fisheries sector etc.). However, it remains an open question how this solution should function in practice and what it would mean from the point of view of managing EU funds.

One of the tools for better coordination between funds will probably be the Common Strategic Framework, which will translate the strategic EU 2020 objectives into implementation practice. The European Commission plans to develop the principles of the CSF in early 2012, and then Member States and the Commission will conclude Partnership Agreements which will form basis of the utilisation of EU funds. In reaction to problems observed in the present programming period (which are due largely to the fact that people and institutions responsible for managing EU funds focused primarily on maximum absorption and avoiding irregularities, and paid less attention to the achievement of objectives for which the funds are used), there will be greater emphasis in the new period on results and achieving objectives.

During a conference on the future of local development in fisheries areas, organised by the European Commission with the help of the FARNET Support Unit on 12-13 April 2011, the main points agreed between the four DGs were presented; these points will form the basis of the Commission proposals concerning local development in the different funds post 2013. So far the following common points have been tentatively agreed¹⁹:

- local development will be implemented in each fund on the basis of an **integrated strategy**, using the territorial approach and local partnership;
- there will be a possibility to finance one integrated strategy by **several funds**;
- the minimum requirement will be to follow the **principles** which have proved effective under the LEADER approach, in particular at least 50% of voting power in decision-making bodies for the private and non-governmental sectors, bottom-up character and transparency of decision-making, multi-sectorial approach, cooperation and networking;

¹⁹ www.farnet.eu, conference „The future of local development in fisheries areas post 2013”, presentation of Jean-Pierre Ver-cruyssen.

- the possibility of choosing **one of the funds as the “lead fund”** for the given partnership, which would mean simplification in terms of operating costs and the costs of animating the local community (these would be borne in total by the lead fund);
- the eligibility rules of all the funds will be **harmonised** in such a way as to avoid additional complications for beneficiaries, there will also be separate rules for monitoring and evaluation and the European Commission will prepare special guidelines for Member States concerning the local development approach.

The representatives of the four Directorates General presented the initial principles concerning the financing of local development (territorial approach) in the draft regulations which were being prepared for each fund. The representative of DG Agriculture stressed the interest to continue and enlarge the Leader approach in the next period and the efforts to reduce administrative and bureaucratic barriers which appeared in many Member States in the period 2007-2013. DG Agriculture is going to prepare more detailed guidelines for Member States; there will also probably be a mandatory minimum of the rural development budget for the Leader approach. On the other hand, the representative of DG Regio pointed to the role of local development in cohesion policy as an effective tool for underdeveloped areas, and to the need to ensure that the approach will strongly focus on local communities (hence the term “community-led” was proposed for this approach) and will not be dominated by local authorities. The Directorate General for Regional Development does not envisage a mandatory minimum allocation for the territorial approach, but different incentives for Member States will be put in place to encourage them to use “global grants” for local partnerships of the LEADER type.

It should be noted that participants of the conference, in particular Fisheries Local Action Groups from all the Member States implementing Axis 4 of the EFF, expressed great satisfaction with the Commission proposals. Some of them proposed, during workshop discussions, even more radical changes, for instance the creation of a separate DG in charge with local development, or a separate fund with completely different rules and conditions than the present funds; one of the arguments was that, in the view of some participants, neither the European Commission nor Member State governments fully understand local development approach. The intention of putting forward these ideas was not that they should be implemented in reality, but to draw attention to the great potential of local development and the need to create adequate support framework at the EU level so that this potential could be realised.

5. Conclusions

The following conclusions can be drawn from the above considerations:

- (1) The territorial (or local development) approach in the sense used in the present article is a widely recognised efficient tool to achieve objectives of the cohesion policy in a variety of different contexts and it is to be expected that its role in the EU funds post 2013 will continue to **grow**.
- (2) Taking point (1) into account it is important to remember that one of the key considerations of the future period will be to ensure **cooperation between different funding sources** allocated for local development. This will mean the need for closer cooperation between sectorial ministries

responsible for the different funds (in Poland, for instance, the Ministry for Regional Development, Ministry for Agriculture and Rural Development and probably also the Ministry for Labour and Social Policy), not only at the level of preparing operational programmes, but also during their implementation and evaluation. Various mechanisms will have to be put in place in order to ensure genuine, not apparent, cooperation and joint search for solutions of problems which will certainly emerge.

- (3) More attention than up to now should be paid to the fact that the **added value of the territorial approach can only be realised if all the principles are put in place jointly** (including the decentralised funding, i.e. the possibility for the local partnership to decide who should be supported, for what activity and in what way). This means that the approach needs a **different administrative framework** from those of centrally managed funds; the design of such a framework must make sure that local actors will have the possibility to implement those actions which are most suitable to local conditions and needs.
- (4) The recent evaluations of LEADER implementation show clearly that the impact of this approach depends to a large extent on the **delivery mechanisms**, i.e. rules and procedures **used by individual Member States**; hence the success of this approach requires greater cooperation between Managing Authorities of different Member States, dissemination of good practices at different management level and raising awareness of all the stakeholders.
- (5) In particular there is a need to review the **demarcation principle**, which in the case of local development cannot be applied in the same way as in the traditional approaches – it is in the very nature of local development that it can finance activities that are not greatly different from projects financed through the centralised approach; the difference consists of the way decisions are made and the way projects are connected.
- (6) A very important factor of local development is **capacity building at all implementation levels**: local communities, sub-regional partnership, as well as at the regional, national and EU level, where the understanding of the local development principles and conditions for its success is by no means universal. A wide range of training activities is needed; networking and mutual learning should be facilitated, both between Member States and within them.
- (7) It is of key importance to ensure a proper evaluation of the LEADER approach and its “value added”. In view of the difficulties in evaluation mentioned above in section 3, it would be useful to develop a **specific evaluation methodology of LEADER-type activities**, taking into account the time it takes before results can be observed, based to a larger extent than now on qualitative methods and participatory research approaches (involving the local community).
- (8) It should be kept in mind that the way from a general approval of the local development principles to its effective implementation is **long and requires considerable effort** of many entities. It is impossible at this stage to formulate all the assumptions and work out all the details of how the future funds will operate, as their final shape is not yet known. However, it is worthwhile already to begin building a knowledge base among those who will in the future develop the legal framework of this approach, as well as work on preparing the ground with local actors.

Annex

Examples of using local development approach in different contexts

Job creation and building civil society in an under-developed region of former state farms – Association for the Development of Debrzno Town and Municipality

(based on the publication "Questions about the future of Polish rural areas", Polish Rural Forum 2010)

In the end of the 1990s Debrzno, a small municipality of under 10 000 inhabitants in the Pomorskie voivodship, on the border with Wielkopolska and Kujawsko-Pomorskie regions, faced a very difficult situation. The local state farm was dismantled, which caused a loss of over 1500 jobs. The military zone, which used to be the second largest employer in the area, was also liquidated. As a result, in 1998 the rate of unemployment reached 37%. An additional challenge was the fact that Debrzno is situated far from the main communication routes and a long distance away from any large city.

The Municipal Council decided that they must undertake activities to reduce unemployment, stimulate economic development and improve the quality of life. The Council drafted a development strategy for the municipality, covering economy, education, environment, social issues and culture. A meeting of over 70 representatives of different institutions and professions was organised to discuss the future of the area. The participants included farmers, bank managers, owners of local businesses, councillors, teachers, the priest and the unemployed. These people had never previously met, exchanged views or worked together. During the meeting it was agreed that the municipal authority cannot by itself manage to solve the problems of Debrzno, and therefore there is a need to create a non-governmental organisation which would help implement the development strategy and raise funds more effectively than the local government.

In this way the Association for the Development of Debrzno Town and Municipality came into being. The local authorities offered it an old building formerly used for social services of the state farm; it had been given to the municipality in compensation for unpaid debts from the Agricultural Property Agency, and this huge structure had been standing unused for four years and was nearly ruined by the time it was given to the Association.

The Association's first initiative was to create an Entrepreneurship Centre and Incubator, which would host small local companies renting the space at a low price while receiving legal advice and administrative support. The first funds were obtained from the State Labour Office, further grants were raised from the Agricultural Property Agency and the Powiat Labour Office. The Association organised training courses for construction workers in masonry, painting and plastering, laying tiles etc. The Labour Office was recruiting participants and trainers were invited from companies, training centres and labour offices. Training for different skills remains one of the main areas of the Association's activities up to now and it is the source of income used for its statutory function. Several small firms set up with loans received from the labour office were located in the incubator, for instance a bakery, hairdresser, small cafeteria.

Up to the present, the Association carried out about 200 projects. The main fields of activity were entrepreneurship and environment. One of the key initiatives was the creation of the Community Cooperation "Necklace of the North", and then the Foundation "Necklace of the North". This Foundation

is active in four regions: Pomorskie, Zachodniopomorskie, Kujawsko-Pomorskie and Wielkopolskie. Its goals include the valorisation of touristic assets for local development, environmentally-friendly tourism, involving local authorities and communities in the protection of natural, historical and cultural heritage. In order to make this happen, a broad coalition was formed of local authorities, NGOs, entrepreneurs, public benefit bodies – in total about 50 institutions and organisations.

The experience of Debrzno shows how a municipality can be changed when there is a cooperation of organisations, institutions and people, to reconcile conflicting interests and work together for the development of the “little homeland”. The effect is considered a model solution in terms of cooperation between the Association, as well as two other foundations, with the public authorities.

Organising local community around a development vision based on tourism – the Jurassic Park of Baltow and the “Flint Circle” Local Action Group

(based on materials provided by the LAG “Flint Circle”)

As a result of socio-economic changes in the area of Ostrowiec Swietokrzyski (passing from an industrial mono-culture towards new technologies and innovative actions) and studies indicating that the Ostrowiec region has the potential for tourism development, the local tourism and cultural associations decided to look for a way to cooperate and develop quality tourism products which would form a coherent package including attractions, accommodation and other services, more easily marketable jointly than separately.

The initiators decided to establish an organisational form which would bring together the previously dispersed initiatives for development of the area, carried out by different local and national government agencies, NGOs and businesses. These entities often implemented similar initiatives without knowing about one another and sometimes involved in senseless competition or duplication of each other’s ideas. In effect, those disconnected activities were very limited in scope, restricted to the local level.

The purpose of joining forces was to widen the scope and area of development activities, avoid duplication, provide institutional support and a strategic dimension. The decision was taken to create a partnership group, which – thanks to the support of the Environmental Partnership Foundation from Krakow and the Polish Rural Forum (FAOW) – was a transitory form which made it possible to prepare for the LEADER approach. This form also enhanced the fundraising potential of its members, as well as helped to create a platform for understanding and cooperation of three sectors: local government, NGOs and private businesses.

In December 2002, at the initiative of the Association for the Development of Baltow Municipality “Balt” and the Town Cultural Centre in Ostrowiec Swietokrzyski, a cooperation was established to improve the flow of information, facilitate joint promotion and development of action plans and strategies. The cooperating partners were NGOs, companies and local governments from ten municipalities in the powiats of Ostrowiec, Opatow and Lipsko. Working groups were also formed to develop further their chosen priorities: the heritage of Gombrowicz, Baltow Trail of the Turtle and the Dinosaur, Metal Industry Trail and Neighbourhood Citizens’ Councils. To ensure efficient management of the partnership group, its secretariat was set up at the Town Cultural Centre in Ostrowiec. The main focus of the cooperation was to develop a coherent vision and strategy for action, but it also dealt with such

“mundane” issues as making rooms available for group meetings, office services or the financing of stamps, envelopes, telephones etc.

One of the first ideas to bring action to the area was the creation of the first “Jurassic Park” in Poland (it was inspired by the news that researchers found some footprints of dinosaurs from the Jurassic period in the nearby mountains). The Park was opened in July 2004 and already within the first season it was visited by 80.000 tourists. In parallel, work was undertaken to improve the tourism infrastructure – bicycle routes, tourist trails, restaurants and cafes. A tourism information point was opened, touristic attractions were signposted, including gorges, numerous caves, limestone outcrops and natural springs, and work on enhancing the touristic offer was undertaken. The highlight of the area, going over to the Lipsko county and beyond the area of participating municipalities, was the “Trail of the Turtle and the Dinosaur”. This trail brings together two symbols: the dinosaurs from Baltow and the European pond turtle whose breeding sites are found in the nearby natural reserve “Borowiec”. The trail offers a wide range of attractions to tourists. Since 2005 there is also a tourist walking path called “the Baltow Loop”.

The creation of the park and tourist infrastructure was an impulse for the inhabitants to become active. Many of them started operating agritourism farms (this was also helped by a training organised by the “Balt” Association); shops, renting places for bikes, go-karts, quads etc. have been set up, as well as a small trackless train for tourists. Some of the special events that attract tourists are annual sports and cultural festivals. Exhibitions, fairs and photography workshops by well known artists are organised to develop in the local population the appetite for “higher culture”.

Cooperation was established with existing tourist trails (for instance the “Amber Road” running through Budapest, Bratislava, Krakow to Gdansk) and with the attractive nearby towns such as Sandomierz, Opatow and Kazimierz Dolny, in order to carry out joint promotion. Work is continued on civic education, especially programmes promoting cooperation between citizens and local authorities, as well as initiatives targeting the young and the elderly.

The Association’s activities resulted i.a. in an enhanced awareness of the inhabitants of the appearance of the houses and their environment, increased sense of local identity and widening the cultural offer for visitors and inhabitants. The Association has received many awards (e.g. “Way to Success”, distinction in the competition for the best civic initiative “Pro Publico Bono” and the competition “League of Powiat Initiatives”).

A coherent plan for tourist development – Heritage Trail “Dolenjska and Bela Krajina”, Slovenia

(based on material by M. Koscak, STUDIO MKA: “Heritage Trails through Dolenjska and Bela krajina in Slovenia – Tourism entrepreneurship in action and stakeholders’ relationship”)

The concept of the “Heritage Trail” is used here to mean an overall design of sustainable tourism, based on the valorisation of local assets and partnership between a variety of stakeholders. The development of the region “Dolenjska and Bela Krajina” in Slovenia started in the early 1990s with the start of the integrated programme for rural development and village renovation and the national programme for the promotion of culture and tradition of rural wine-producing areas.

The area of Dolenjska and Bela Krajina was potentially a good place to develop tourism activity because of its high natural value and tradition for local products, but the initiators of the Heritage Trail were aware of the risks related to large-scale low-cost tourism and the potential damage it could cause to the natural assets of the area, and at the same time they wanted to ensure the maximum involvement of a high number of local entities who could benefit from the programme.

The Regional Chamber of Commerce together with external consultants carried out an inventory of the potentially valuable touristic assets of the area. About 150 proposals were submitted by various stakeholders, of which 28 were finally selected to constitute the Trail. The idea was to develop a tourist product that could attract tourists to the area for up to seven days. Work on the trail contributed to the creation of a regional partnership involving 32 partners from the public, private and non-government sectors, who signed cooperation agreement to implement the Heritage Trail. At a later stage this partnership became a Local Action Group in the LEADER programme.

The promotion of the Trail took several years and the assistance of specialist consultants to ensure that it becomes a recognised product for tour operators. At present there are two ready-made packages connected with the major tourist attractions of Slovenia, which can be used by tourists interested in hiking, biking, horse riding or rowing. The route connect places of high natural and cultural value of the region with other elements of the tourist offer, such as accommodation, information points, services etc. In this way the Trail helps to created additional jobs in the area.

Starting from 2002 the number of tourists grows at a sustainable pace of 10-15% each year, and the highest number of visitors come from Italy. Approximately 600 local producers and service-providers have been certified and they draw benefits from the growing number of visitors. The implementation of the Trail contributed also to many cross-border and bilateral cooperation projects.

Renewable energy as a development lever for the whole area – the case of Pellworm, Germany

In 1990 the local community of the Friesian island of Pellworm was confronted with the plan that the agriculture, fishing, tourism and other economic activity on the island would be significantly reduced by the establishment of a national park. In response, the association Oekologisch Wirtschaften was created by the key local leaders. The aim of the association was to develop solutions which would be environmentally sustainable, and at the same time would allow for the development of energy production, agriculture and tourism. The main objective was to prevent the outflow of value added from the island and to ensure that the area's development would take into account the different interests and points of view of its inhabitants.

Thanks to a concerted action of 50 people, who contributed financially to the project (thus ensuring that the benefits of the energy project would not be transferred to external investors), 8 windmill turbines of limited size were built, grouped together in one part of the island so as not to limit its touristic potential. At a later stage the project also attracted EU funding and it was nominated the “energy project of the year” of Expo 2000. The windmills operate to this day and the island has become self-sufficient in energy production, and even sells its surpluses to the national grid. The additional municipal income from taxes from that activity is estimated to be around EUR 60.000 per year. The partnership is working on the plan for future activities, including different forms of energy production, and the open discussion on how to use the produced electricity and heat attracts a wide range of stakeholders.

The activity of the association has helped to mitigate the inevitable conflicts of interest between various actors: municipality, farmers, tour operators, environmentalists etc. Hope appears to have returned to the island, and new businesses are being created, for instance a bicycle rent which started with a few old bikes and now has about 1000 of them and employs two permanent staff members, as well as undertaking additional cultural and gastronomical activity. Before the project started, there were only three fishermen on the island; now there are nine, and there is growing interest in the profession among the younger generation.

Other examples:

There are many stories of successful activities using the local development approach. From the point of view of programming the future EU funds the following examples might be of relevance:

The Island of Bornholm – how to integrate different sources of funding

On the Danish island of Bornholm there is a local partnership which plays the role of the LEADER Local Action Group as well as the Fisheries Local Action Group using EFF funds. There is one common development strategy which contains several priorities, such as “developing local arts and crafts products”, “high quality food”, “Bornholm as a healthy island”, “Local development and community participation”. One of the priority themes is “development of fisheries and experience-based economy”.

There is a joint decision-making body responsible for the selection of projects submitted for funding, and the two funding sources benefit from the joint promotion and information activities. The LAG/FLAG helps to strengthen the local sense of identity and animates the local actors to become involved for the common objectives.

Local Action Group Oberallgäu from Bavaria – how to stimulate innovation

In Germany the LEADER approach has a strong focus on innovation and all the LAGs are trying in various ways to inspire the local actors to generate innovative projects. One of the Bavarian LAGs, Oberallgäu, has chosen an unusual method for this: in the process of preparing the local strategy, a competition was organised among inhabitants for the most innovative project. Several hundreds of projects were submitted, many of them unrealistic, but several dozens were ultimately selected for implementation. The competition helped at the same time to animate the community and to raise the profile of the LAG.

Key messages of the Polish Presidency conference “Effective Instruments Supporting Territorial Development” held in Warsaw (Poland) on 24-25 October, 2011

The aim of the conference

The objective of the conference was to exchange views and opinions between practitioners on the possibilities to introduce improvement of the development instruments of the Cohesion Policy in the new programming period. The conference paid particular attention to urban areas – as engines for innovation and growth, and their linkages with rural areas, as well as the local approach to development. A positive achievement of the conference was that urban and rural issues were discussed together, what is a good example of a territorial approach.

General observations

- Cohesion Policy should have a clearly marked urban dimension with dedicated instruments supporting urban areas. In this regard the European Commission’s proposals strengthening the urban dimension of CP are welcomed. However, some clarification concerning concrete instruments and solutions are required;
- Cities and towns grow thanks to resources and services which are being delivered mostly by rural areas. At the same time some rural areas should be also perceived as the engines of growth themselves. The concept that cities are the only sources of diffusion of growth was met with mistrust. As a consequence, the potentials of growth should be used regardless where they are localised. We have to look equally at potentials of both, urban and rural areas;
- The policy for exploiting and developing linkages and cooperation between urban and rural areas should go across administrative boundaries and sectors. Therefore, some specific reference to suburban and rural areas should be included in the Regulations;
- Segmentation of the territorial approach should be avoided as this may lead to the creation of instruments for sectoral niches (urban, rural, urban-rural linkages and “areas with particular territorial features”) which are disconnected from each other;

- The definition of urban-rural distinction was questioned as it does not sufficiently consider the specificity of the suburban areas. Functional areas require good statistical data available, instead of data for individual jurisdictions. Development of such information should be supported. It includes also better match between definition of NUTS regions and boundaries of functional areas and rethinking the mere definition of "urban" and "rural";
- Cities should build partnerships with surrounding communities/ municipalities instead of solving the problems only within their administrative jurisdictions. This requires the spirit of partnership instead of the paternalist domination of the central city over its suburbs;
- Successful urban-rural partnership requires both time and cultivation (maintenance) and there are several conditions which need to be met such as: mutual trust, common strategy and vision, motivated actors, shared problems (mutual benefits), good joint projects, experience in co-operation. Moreover it requires external incentives. The lack of clear incentives as well as insufficient co-ordination of rural and regional policies are among the main obstacles;
- Place-based policy design helps to achieve priorities of the EU 2020 more efficiently. However, there is still need for sectoral policies but they should be more territorially sensitive;
- All three dimension of growth underlined in the Europe 2020 needs to be related to territory. Smart growth requires agglomeration economies, local development milieu and networking. Sustainable growth requires space and control of urban growth. Inclusive growth requires enlargement of the functional areas (larger labour markets) and urban regeneration;
- The idea of integrating European policies should be reflected not only in the Common Strategic Framework but also at the level of operational programmes. Programmes (under Cohesion Policy and Common Agricultural Policy) should be clear about the intended outcomes so there is no doubt how a programme is intended to operate;
- The draft legislative package on future Cohesion Policy was considered lacking of multi-fund approach, as a consequence it would be most welcomed to introduce a real integrated approach enabling to combine funds from different sources (ERDF, ESF, Cohesion Fund). What is more, an integrated approach would be facilitated if the harmonisation rules for all Funds (ERDF, CF, ESF, EARDF and EFF) were delivered;
- Instruments supporting integrated territorial development are playing an increasingly important role in Cohesion Policy. Such instruments continue to evolve but some fundamental principles can be identified from previous experience. First, there is an increasingly sophisticated conceptualisation of space that goes beyond traditional rural/urban dichotomies to capture complex socio-economic processes and flows of people, jobs, businesses and other resources. Second, there is an acceptance that policy instruments must consist of 'packages' or 'bundles' of interventions that integrate a range of sectoral fields through the 'territorial lens'. Third, the governance of such complexity demands political commitment at all levels;
- At EU level, this concerns the development of regulatory frameworks and support that provides incentives for integrated approaches. At Member State level, territorial integration of development policy also requires the political commitment to work across sectoral, ministerial and departmental boundaries and play an active part in coordination sub-national actors. At regional and sub-regional levels, political commitment is needed to work across administrative borders.

Finally, investment in administrative capacity, not just at the regional level but at the micro-level is important as it is here that practical integration takes place.

Preliminary suggestions for revising the Regulations

- Draft regulations represent a turning point in the attempt to adopt an integrated, territorial and place-based approach to development policy. However, a consistent approach to supporting territorially integrated approaches needs further work in the regulations and more clear explanation;
- As regard the content of the national Partnership Contracts in order to strengthen the territorial dimension, Member States could set out their categorisation of different territories and the selection of appropriate interventions, based on a clear methodological framework;
- The Common Strategic Framework should have an explicit mandate concerning the development of territorially integrated approaches, including guidance on the use of special instruments such as community led local development;
- Regulations relating to partnership is important. The aim should be to encourage strategic discussion ('creative conflict') across sectoral and administrative boundaries in order to develop a 'place based' consensus. Again, this requires consistency in the national contracts, Monitoring Committees and broader partnership working;
- In terms of performance management, there is some tension between the use of conditionalities and the encouragement of innovative integrated approaches that can have uncertain or long-term outcomes. In this context, it is important to emphasise that qualitative indicators can be used to assess progress and impact and that instruments such as the performance reserve should be tied to specific interventions;
- The special instruments for territorial integration should be treated as integral parts of Cohesion Policy interventions rather than as isolated tools;
- The new Regulations should better promote multi-partner and multi-sector projects. So far it has been too often that particular, single-sector projects have been much easier to manage and implement;
- In order to introduce a real territorial, cross-sectoral and cross-administrative approach the Regulations regarding all Funds should be as flexible as possible and all instruments (first of all for the local actors) as simple as possible.

Ideas on specific solutions supporting territorial development within the Regulations

- Common Strategic Framework: The Regulations should not only mention the identification of “key territorial challenges” but rather provide a methodology on how to design integrated strategies dealing with them and accounting for linkages among territories (including urban-rural);
- Partnership Contracts: the logic of its preparation is that partnership takes place first of all within Member States and later on MS submits Partnership Contract to the Commission which constitutes an important change compared to the past. This means that the Partnership Contract should

be a real strategy merging various Funds and contribution of different entities and actors, and not just constitute an appendix to the agreement between EC and MS. If so, the strategy for territorial cooperation should be introduced in the Partnership Contract as well;

- Operational Programmes: Integrated approach is an horizontal feature of programmes and therefore operational programmes should not be asked to show a “contribution” to the integrated approach, but should rather show that they are “coherent with it”;
- Monitoring Committee: Given the relevance of partnership in implementing the integrated approach, the appropriate implementation of this approach should be explicitly mentioned among the fundamental functions of monitoring. And ongoing and ex post evaluations should also be geared to it. The Commission can not act in the monitoring Committee as an “advisor” but should rather act with its full power and responsibility;
- Community-led-local-development: The local development approach proved to be a sensible solution for the next programming period. Moreover, the community-led-local-development tool proposed by the EC received a strong support. However, only a small share (about 5% and no more than 10%) of Funds should be invested with the use of the tool while the remaining resources should be programmed, implemented and monitored through a mobilization of local agents. It is important to ensure the sustainability of local partnerships (established between local authorities and other actors thorough Local Action Groups) in order to make sure they will be created on time to deliver Local Development Strategy and maintain their activity over subsequent programming periods;
- Cross-border: Due to the character of the cooperation involving various countries with different institutional and legal systems the implemented procedures must be more flexible and facilitate the promotion of the cross-border cooperation. Within the framework of the European Territorial Cooperation the Programmes should maintain maximum contribution of the EU funds in the eligible expenditures in the ERDF at the level 75%, otherwise the burdens for the beneficiaries will be extremely high. Moreover, the procedures for implementation in the cooperation programmes along the EU external borders, should be based on the current rules and procedures within the ETC;
- The 5% ring-fencing in ERDF for urban integrated projects: The role of this tool should also be clarified within the Common Strategic Framework. It is up to each Operational Programme to clarify how the selection of cities is made according to criteria which are coherent with the integrated approach described in the same document. While it is up to the Common Strategic Framework to discuss possible, alternative criteria;
- Integrated territorial investments: Without further clarifications, this tool could be interpreted as the only way through which an integrated approach is implemented. It is up to the Common Strategic Framework to clarify how this tool is rather the way to implement a “strengthened” integrated approach;
- Global grant: A wider introduction of global grants and development of multi-level governance which would go beyond the consultations but include also participation in the joint decision making was supported. Even if not all kind of intervention could be implemented in the form of global grant, this instrument is a good solution, providing that certain conditions are fulfilled and imple-

mentation mechanisms introduced (e.g. institutional capacity, multi-fund intervention, separate urban priority axes or urban Operational Programmes);

- City networking: the positive role of networks such as URBACT in facilitating the exchange of experience and transfer of knowledge was acknowledged. The instrument should be further developed and better coordinated with projects and EU initiatives implemented within mainstream programmes;
- Financial engineering: Financial engineering instruments should not be seen exclusively as an alternative to traditional grants. Integrated approach to urban development will cover different areas with different needs; some can be met through investment in these instruments while others are better served by the provision of grants. Thus, integrated strategies should have the scope to incorporate a mixture of approaches. Furthermore, there is a need for more flexibility for MS and regions to choose the most appropriate system of implementing financial engineering;
- Revitalisation: Intra-regional inequalities (within functional urban areas) are often far larger than among the whole regions. This especially concerns the largest agglomerations. World-wide cities with the highest quality of life become often the most segregated at the same time, which suggests that also these areas require an attention and support in solving their problems.

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