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for Rural Areas)

### Working Paper 27

## Establishing the Potential for Territorial Cooperation

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## 1. INTRODUCTION

This working paper relates to the concept of territorial cooperation, and the potential for establishing it with respect to various policy goals across a diverse rural Europe. More specifically in the context of EDORA, the concept is considered as a potential way of enhancing regional cohesion and competitiveness by strengthening the links between urban and rural regions and between rural regions. The paper combines a review of the academic and policy literature, together with an empirical assessment of selective material assembled during the earlier phases of the project. As part of this it builds on the Rural-Urban Interactions thematic paper (WP3), elements of which are referred to in constructing a conceptual framework for territorial cooperation. The discussion of territorial cooperation in this paper necessarily moves beyond a focus around rural-urban interactions *per se* due to complexities surrounding territorial boundaries and governance structures. The shift also represents the non-proximate nature of much territorial cooperation, and consideration of territorial cooperation as a policy tool.

The working paper has three main objectives, around which the material presented in the paper is structured:

- Building on Working Paper 3, to review the concept of territorial cooperation in order to classify it into meaningful categories for policy analyses;
- To undertake an analysis of the material contained in the Exemplar Regions reports, together with a review of the literature on business and food networks, in order to provide the basis for deriving policy implications;
- To consider the implications of this for establishing the potential for territorial cooperation across rural Europe.

Throughout the paper, attention will be paid to the various processes operating across rural and urban Europe, underlying development opportunities and the scope which might exist for working with these processes for the benefit of rural regions. Suggestions for strengthening the links within and between regions via territorial cooperation will be considered, which in turn will feed into the wider implications discussed in Working Paper 28 for promoting the EU 2020 objectives through various elements of cohesion policy.

Before moving on to conceptualise territorial cooperation, the paper begins with a brief overview of how the term is currently used in EU policy.

### 1.1. Existing forms of territorial cooperation

One of the key ingredients in territorial cohesion policy, frequently referred to in recent policy documents such as the 2008 Green Paper (CEC, 2008), is “territorial cooperation”. Through its territorial cooperation objective, cohesion policy encourages regions and cities to work together to learn from each other through joint programmes, projects and networks. As Engl (2009) describes, territorial cooperation is a diverse phenomenon characterised by a multitude of different forms and structures with regard to its implementation. These are dependent on both the needs of local and regional entities, and the capacities and competencies of their actors. Perhaps because of this reliance on geographical and human contexts, territorial cooperation is a somewhat vague and ill-defined term which appears to include both existing “informal” interactions between different areas (urban-rural, or rural-rural) and “formal” interactions “artificially” stimulated by policy.

Three main forms of territorial cooperation are commonly referred to by the European Commission: crossborder cooperation, interregional cooperation and transnational cooperation. In the period 2007-13 the European territorial cooperation objective (formerly

the INTERREG Community Initiative) covers three types of programmes across 52 crossborder and 13 transnational programmes. In addition, INTERREG, URBACT and ESPON provide a framework for exchanging experience between regional and local bodies in different countries under the interregional cooperation programme. Engl (2009) provides a useful overview of all three forms of cooperation.

*Crossborder cooperation* describes the collaboration between two or more adjacent local or regional entities in different but neighbouring states. As such it can adopt short-term projects (like single projects for a specific purpose) or permanent long-term structures covering various thematic issues. Crossborder programmes cover areas of the economy, infrastructure and culture. Working methods include elaboration of crossborder development strategies, exchange of information and coordination of initiatives in certain policy areas and participation of local and regional institutions in various programmes and projects.

*Interregional cooperation* refers to collaboration between non-adjacent local and regional authorities, its main purpose being to foster exchange of information and experience to represent common interests. Possible forms are community or town twinning, bilateral regional partnerships or multilateral regional networks and fields of collaboration including regional development, research and innovation, environmental protection and cultural activities.

*Transnational cooperation* is linked to a specific geographic area and involves local, regional and national authorities. Transnational forms of collaboration are multilateral and deal with spatial planning, aimed at an integrated and jointly planned spatial development of an area, such as the Baltic Sea Region programme.

Beyond the overarching aims of promoting the sharing of good practice and lessons learned between policy professionals and other stakeholders through, for example, the creation of formal networking arrangements, conferences, working groups and various forms of development tools, the precise definition and scope of territorial cooperation remains ambiguous. In practice one has to cope with hybrid and overlapping structures which are often hard to classify or assign to one of the three subcategories. This increasing heterogeneity produces two necessities: First, the various forms of territorial cooperation need to be classified along analytical categories, and second, an assessment has to be made as to whether or not recent developments – especially at a local community level – might provide for more homogeneity (Engl, 2009).

## **2. CONCEPTUAL AND THEORETICAL APPROACHES**

To address the ambiguity surrounding territorial cooperation across Europe, it is necessary to first conceptualise the term in an attempt to develop it into meaningful categories. This also contributes to the formulation of some meaningful policy recommendations which hinge around the differentiation of rural areas.

This conceptualisation is set out in three stages. The critique begins with a discussion around rural-urban cooperation and its origins in spatial planning. The inevitable shortcomings of maintaining a rural-urban focus are described, particularly when considering the scope for fostering cooperation across a range of territorial scales, both proximate and relational. In response to this observation the second section considers the scope for conceptualising territorial cooperation through the lens of Camagni's 'territorial capital'. It concludes that whilst the framework is useful, it is too rigid to reflect the holistic nature of territorial cooperation and fails to sufficiently reflect the impact of power relations which can mean that not all forms of territorial cooperation are positive. In turn, the third section draws on the Carnegie Commission's Community Capitals Framework (CCF) to discuss power and politics and how they might impinge on territorial cooperation. With the CCF also falling short

of providing an all-encompassing framework the remainder of the section goes on to explain how an inductive approach was subsequently taken to identify three meaningful categorisations of territorial cooperation for use later in the paper.

## **2.1. From rural-urban to territorial cooperation**

Rural-urban interactions are at the heart of the overarching concept of spatial planning, which is undertaken with the aim to “create a more rational territorial organisation of land uses and linkages between them” (ESPON, 2005:1). The European Spatial Development Perspective (ESDP) (CSD, 1999) has been instrumental in drawing attention to urban-rural relationships and urban-rural partnerships at the European, national, regional and local levels. This interest derives from the recognition that the vitality of Europe’s rural areas is under threat; in many cases as a result of depopulation and agricultural decline. Urban areas, on the other hand, face different problems such as congestion, pollution and urban sprawl.

The European Spatial Development Perspective (ESDP) also sees a shift towards a polycentric system as central to achieving balanced competitiveness and the creation of several dynamic zones of global economic integration. The rationale for such a policy is to help avoid further concentration in core areas of the EU and more fully utilize the potential of all regions, thus enhancing the competitiveness of the EU in a global context (EC, 1999). The polycentricity concept challenges the core-periphery (or monocentric) model whereby a prosperous, economically dynamic core zone contrasts with an underdeveloped, geographically remote periphery (Shucksmith et al, 2005). The move towards polycentricity not only chimes well with aims of spatial planning, and European policy more broadly, but also because other functional changes in the activity patterns and spatial mobility of rural and urban producers and consumers have served to undermine the monocentric model.

The model is one of a balanced settlement structure whereby urban centres at several levels or scales are the driving forces for regions, implying a hierarchical interrelation of functional structures between the difference levels (Schindegger and Tatzberger (2002). In turn, polycentric development is based on the principle of functional economic and political relations and networks (Antikainen et al 2003) between urban areas at different scales. If the opportunities and potential of the countryside are seen as an integral part of regional development, the structure of intra-regional flows and relations is then of increasing relevance (Shucksmith et al, 2005). However, whilst the physical and functional boundaries of urban and rural areas are becoming ever more blurred, the interdependencies are simultaneously becoming more complex and dynamic, containing structural and functional flows of people, capital goods, information, technology and lifestyles (CURS, 2004).

Rural-urban cooperation is also pertinent to the polycentric planning model. Parkinson (2004) acknowledges that there is recognition in several European city regions of the economic advantages of critical mass and efforts to increase rural-urban collaboration, including increased competitiveness and capacity to provide fiscal relief for revitalisation of central cities. In this respect, the extent to which such relief can benefit surrounding rural regions is highly dependent on the nature and extent of rural-urban collaboration. Similarly, rural-urban collaboration is required to overcome competition between neighbouring local authorities and fragmentation of sub-regional governance which can prevent city regions from functioning effectively. This is also relevant to the wider polycentric planning model, which requires the forging of new connections by overcoming historical barriers such as those caused by national boundaries and local rivalries and developing joint working and active cooperation. Indeed, underpinning polycentric development is the notion that settlements work together in a partnership to help sustain and grow businesses, services and facilities and that administrative boundaries no longer act as a barrier. In turn this requires new forms of governance that link communities of place and interest to form coherent networks with area-wide goals.

However, achieving rural-urban cooperation is far from straightforward. Constraints may be felt in the form of: political and cultural differences on both sides which hinder development; exclusion in decision making processes due to a lack of strategic appreciation at the local level; distrust and competition between rural and urban interests which prove divisive to rural projects; the dilution of rural interests due to urban influence; disagreements about the nature of the cooperative effort; inequalities in resources; reluctance of agencies to engage in multijurisdictional processes; hierarchical decision-making; uncooperative or uninterested government agencies; distrust among stakeholders; and ambiguous authority structures.

Thus, in terms of facilitating territorial policies a focus on rural-urban cooperation can be regarded as too restrictive, and too challenging, a picture which is further complicated when all forms of governance are considered. Partnerships can be seen as an outcome of the continuing changes in the governance of rural areas. The increasing complexity of both governance structures and boundaries requires collaboration between a wide range of actors; along with the new modes of policy the boundaries between public and private sectors become blurred and dissolved. Governance can be regarded as a manifold phenomenon, which comprises a complex set of power relations and differing aims from the promotion of regional competitiveness to the improvement of democracy. Territorial governance not only forms an alternative to sector based policymaking, but also advances endogenous development by building local capacity of people to adapt to external changes.

Within the EU, rural development is generally performed as a multilevel process between various actors in all regional and administrative levels. Depending on circumstances in different environments, the endogenous processes are on the one hand attached to localities, and on the other hand steered from higher administration levels. This recognition that development is rarely truly 'bottom-up' has led many to suggest a focus on "neo-endogenous rural development", emphasising not only horizontal relations between the local actors but also vertical relations through which the 'top-down' meets the 'bottom-up' – i.e. how multi-level governance might support and empower local mobilisation of rural communities. There are two dimensions to multilevel governance. First, vertical governance deals with the collaboration, coordination and decision-making processes between local, sub-regional, regional, national and international actors. This requires a mixture of top-down and bottom-up approaches in order to address local level needs and demands. Second, horizontal governance deals with intersecting sectoral approaches and also with different types of actors. Horizontal governance is linked to the openness and the direction of the dialogue among institutions, administrative cultures and routines and the variety of actors. Both dimensions imply that an appropriate conceptualisation of territorial cooperation is unlikely to be found through the lens of rural-urban relationships *per se*.

A crucial question in rural development is how its implementation may foster and maintain diversified interrelations. Healey (2004) points out that spatial planning seeks both to promote collaborative action and mobilisation of local actors and also to articulate this with legitimate external influences. To further explore this we turn to the paradigm of territorial capital and examine whether Camagni's work holds the key to unlocking a meaningful categorisation of territorial cooperation.

## **2.2. Lessons from territorial capital**

Camagni's (2008) discussions on territorial capital, in particular his 'innovative cross', is potentially useful in this respect. This concept classifies all potential sources of territorial capital in a three-by-three matrix, building upon the two dimensions of rivalry and materiality (Figure 1). The most interesting aspect is that it seeks to integrate hard and soft elements and puts the capacity "to convert potential relationality into effective relationality and linkages among economic agents" into the centre of the regional policy schemes, labelling the

intermediate classes of the matrix the ‘innovative cross’ (Camagni 2008, 37). This provides a detailed reference for addressing the inter-relatedness of places, as characterized by the EDORA project’s overarching theme of “connexity”. The elements amenable for territorial cooperation are core to this structure and are to be found in the bottom right hand quadrant of the matrix, encompassing in particular cooperation networks, relational capital and social capital. Camagni’s description of these three elements is given below.

**Figure 1: The innovative cross of territorial capital**

<b>Rivalry</b>	<b>High rivalry</b> (private goods)	c) Private fixed capital and toll goods	i) Relational private services	f) Human capital
	(club goods) (impure public goods)	b) Intermediate, mixed-rivalry tangible goods	h) Cooperation networks	e) Relational capital
	<b>Low rivalry</b> (public goods)	a) Public goods and resources	g) Agglomeration economies, connectivity and receptivity	d) Social capital
		<b>Tangible goods</b> (hard)	<b>Mixed goods</b> (hard + soft)	<b>Intangible goods</b> (soft)
		<b>M a t e r i a l i t y</b>		

Source: Camagni 2008

*Cooperation networks:* Encompassing strategic alliances in R&D and knowledge; public-private partnerships in services and schemes; and governance of land and cultural resources. This category of territorial capital lies at the centre of Camagni’s ‘innovative cross’, integrating tangible and intangible assets and concerning public/private and private/private cooperation networks. This form of territorial capital is very much about the knowledge economy, where the diffusion of knowledge in the private sector is facilitated by public support. Camagni’s focus with regard to cooperation networks is also largely urban, although it is recognised that this form of territorial capital also manifests itself in new forms of governance in spatial planning and landuse, a field characterised by both market and policy failures.

*Social capital:* Encompassing institutions; behavioural models, values; trust, reputation, and associationism. Social capital can be defined as the set of norms and values which governs interactions between people, the institutions into which they are incorporated, the relational networks established among various social actors, and the overall cohesion of society. While it should be possible for social capital to be accumulated through investment in time and effort by individuals and organisations, it is also created and accumulated through slow historical processes, and can therefore be seen as a bi-product of the existing fabric of social relationships.

Camagni distinguishes between two dimensions of social capital within which cooperation is identified: the dichotomy between elements involving single individuals (micro) from those of the system (macro), and that between observable elements such as networks, norms and social structures (formal) and abstract elements such as values, attitudes and codes of behaviour (informal). Within this structure, cooperation (encompassing covenants, strategic

alliances and contracts) is seen as the conduit of micro and informal dimensions of social capital, and to be facilitated by trust, reputation and participation.

*Relational capital:* Encompassing cooperation capability; collective actions capability; and collective competencies. While social capital arguably exists wherever a society exists, Camagni interprets relational capital as being the set of bilateral/multilateral linkages that local actors have developed, both inside and outside the local territory and facilitated in so doing by an atmosphere of easy interaction, trust, shared behavioural models and values. Thus, relational capital is equated to the concept of local milieu; a set of proximity relations which integrate systems of actors and which generates a localised dynamic process of collective learning (Camagni, 1991). Geographic proximity is associated with socio-cultural proximity – the presence of shared models of behaviour, mutual trust, common language & representations and common moral and cognitive codes.

The above begins to piece together a framework around which a rational categorisation of territorial cooperation can be formulated; it also moves beyond the three forms of capital by describing the processes by which they are implemented. There are nevertheless some important caveats, most notably that Camagni's innovative cross is centred around economic development. As such, cultural and political assets do not feature as strongly in the framework. The shortcomings of this with respect to territorial cooperation is that, due to the necessarily holistic nature of rural development, one needs to distinguish between networks *of* development and *for* development, and take into account the inevitable role of cultural factors in shaping such networks. In simple terms, some forms of cooperation will arise as a bi-products of development initiatives or even development situations where a critical mass of assets or capitals have begun to foster informal networks, collaboration or knowledge exchange, before any formal recognition of positive development has occurred. In turn, all forms of cooperation will inevitably be influenced by a locality's context; the place-making, identity and cultural heritage which shape the way that the economy and society functions. To a degree the strength of this cultural influence may be related to the proximity to urban centres, or the extent to which in and out-migration have impacted on a place, but essentially it is a contextual factor that all attempts at generic and transferable policies must recognise.

Thus, while Camagni's innovative cross enables us to consider carefully where the processes of territorial cooperation fit within the development framework, and how the attributes of territorial cooperation may be deconstructed to assist in this understanding, Camagni's categories prove too narrowly focussed on economic factors for use within a holistic development context. Another reason why Camagni's model is limited in its applicability to rural development is its failure to take sufficient account of power and politics as an asset, and how the conceptualisation of territorial cooperation as territorial capital reinforces the widespread assumption that cooperation necessarily is beneficial.

### **2.3. Taking account of power and politics**

Carnegie's asset based approach to community development deals with a more holistic approach to development and is therefore worth consideration in this context. Like Camagni's innovative cross, Carnegie's Community Capitals Framework (CCF) also distinguishes between 'human or intangible' and 'material or tangible' factors (Carnegie Commission, 2007). The seven capitals<sup>1</sup> include two that are of particular interest to this discussion: social capital which is defined as making up the interactions among groups and individuals such as networks, norms and trust that facilitate cooperation for mutual support; and political capital which as well as providing a community's ability to influence the use and distribution of resources, provides the scope to change power structures, the ability to inspire policy and the collective organisation that can hold political representatives to account.

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<sup>1</sup> Social, political, cultural, human, natural, financial and built capital.

In practice viewing political capital as an asset itself requires a degree of caution as any social (and relational) capital or cooperation that is developed through political capital can itself be divisive and result in power struggles, inequality and social exclusions. This is particularly apposite in discussing territorial cooperation between rural and urban areas, with the latter more likely to dominate and be better represented in regional government. Further, the state can be considered an asset in its own right, which again is pertinent to discussions of territorial cooperation. Crucially, the state can play an important role in changing the emphasis from endogenous development, which is focused solely on territorial capital/assets, to neo-endogenous development by having strong extra-local linkages, and access to many necessary resources - again important to understanding territorial cooperation. Thus, while Carnegie's CCF provides an interesting perspective and gives expression to a more holistic view of community development, it too fails to provide an all encompassing framework for categorising territorial cooperation in a rural development context.

It is more practical in this case to consider forms of territorial cooperation that bear stronger relevance to rural development and which help bridge the social, economic, cultural and political factors that are bound up with it. In order to move towards a more developed conceptualisation of territorial capital that might have application in a European rural development context, the next section provides details of three empirical studies of territorial cooperation in a rural setting.

The first of these uses an inductive approach to analyse the material compiled in the EDORA Exemplar Regions reports. This involved reviewing the reports (See WPs 11-22) for discourses of territorial cooperation, even though in the majority of cases territorial cooperation as a topic was not explicitly discussed. These examples were then sorted according to the characteristics of the types of cooperation observed and subsequently refined through an iterative process as a more detailed qualitative analysis of the Exemplar Region reports was undertaken.

The resulting categorisations from this inductive process were labelled: Cooperative ventures, Functional cooperation and Socio-economic connections. In all three cases, the framework captures elements of rural-rural, rural-urban and rural-global cooperation, although as the following descriptive accounts reveal, this is not always a straightforward distinction to make.

Sections 3.2 and 3.3 report on business networks and food networks respectively. These take the form of a selective review of relevant academic and policy literature.

### **3. EMPIRICAL EVIDENCE / ANALYSES**

#### **3.1. Examples of territorial cooperation drawn from the Exemplar Regions**

The inductive approach to, first, categorizing, and second, critiquing the various forms of territorial cooperation within these categories, revealed the Exemplar Region reports to be a valuable source of material in relation to the potential of NUTS 3 rural regions to harness and utilize territorial cooperation in a rural development context. Nevertheless, this is a complex and relatively unexplored field of research, in which terminology, means for systematic analysis, and interpretation, are still emerging.

The work described here is therefore exploratory in nature and is designed to serve as a contribution to the policy debate in the context of the EDORA project. It examines the range of ways in which cooperation was reportedly aiding, hindering, or just being part of the development trajectory of the Exemplar Regions in order to gain an understanding of the potential for territorial cooperation across rural Europe.

This section is organised according to the categories of cooperation that were revealed through the inductive exercise. Implicit within this categorisation is the range of scales at which cooperation takes place – from the household/family level to world-wide - how linkages can be formal or informal, one-way or two-way, and how a range of actors make the connections (people, organisations, goods, places). Also implicit are challenges to the assumption that territorial cooperation is always beneficial.

### ***Cooperative ventures***

This category covers situations where individuals, or people representing organisations, come together for a common purpose. This terminology is suggestive of inclusivity and voluntarism at the local, (NUTS3) level, and there were many examples that bore this out, but there were also a number where this was not the case.

#### *Cooperative ventures with a rural focus (Rural-Rural)*

Some of the examples of cooperative ventures had a rural focus. The territorial scale was small: some were very local, some covered a rural NUTS3 region, or reached over the NUTS3 borders to include neighbouring rural areas. Some appeared to have a more a distinct, identifiable, organisational form than others.

In Sweden, there are some 4,500 community-led local action groups engaged in rural development. They are federated across the country as the Village Action Movement; a similar network of local community organisations is apparent in Finland. In Chemsko-Zamojski (Poland), a number of farming unions and associations have sprung up, and eight agri-tourism associations have been formed which cover a significant part of the region. New producer groups have also formed. Two large cooperatives in Ostrolecko-Siedlecki (Poland) dominate the dairy market with farmers as the shareholders/members. On Skye (UK), there are examples of tenant farmers co-operating to buy out the private landowner and setting themselves up as community organisations that own, manage and work the land. It is also usual for the small-holding 'crofters' on Skye to jointly manage their common grazings. In Ostrolecko-Siedlecki the inhabitants of Kurpie have formed a number of local and regional associations, in order to promote their local culture and traditions; similar associations have developed in Osrednjeslovenska (Slovenia). Jonkoping region (Sweden) is known for the 'Spirit of Gnosjo': an ethos of cooperation between business owner-managers, and between employers and employees that leads to profitable private businesses. At a very local scale, the North Yorkshire (UK) report stresses how the farms are still generally owned by families or family partnerships who have passed it from generation to generation.

The examples so far have had a strong air of communitarianism – of local people voluntarily co-operating for their mutual betterment. It would be disingenuous to suppose that the state had no involvement in any of these cases, but there are a further set of cases where rural cooperative ventures clearly include state involvement, sometimes as partners of the 'local' cooperation and sometimes as more directional actors. In particular, it is now commonplace for hybrid organisations that involve local people, state organisations and perhaps businesses to work in partnership at the local/regional level to promote rural development. An example is how several municipalities in the Zasavska region (Slovenia) joined with others in an adjacent region to form the 'Paths of Heritage' project, involving local people, representatives of local institutions and professionals. Another is how the Neumarkt county (Germany) director brought together as the REGINA project "municipalities, civil society organisations and the local business community to jointly discuss visions of the future of Neumarkt county and then implement projects accordingly".

Many of the Exemplar Region reports referred to the LEADER programme and the activities of the local action groups at the scale of the NUTS3 region or lower. These are a specific

form of hybrid organisation at the local/regional level: they must adhere to EU organisational parameters in order to receive EU funding for locally agreed activities that fall within parameters set by Brussels. Some reports stressed the benefits of the LEADER approach. For example: “During the last two decades public programs have promoted entrepreneurship, social capital, networks, strategic planning and local development in new and effective ways (LEADER, PRODER, etc)” (Teruel region, Spain); and that in Neumarkt it has been successful in encouraging participation in local decision-making. Some also draw attention to short-comings. In Mansfeld-Sudharz (Germany) the partnership for LEADER II was said to be characterised by cooperation within the public sector, and had to be widened in later LEADER programmes. Research subjects in North Yorkshire reported that ‘participative planning’ and hybrid partnerships (including LEADER) were in evidence but questioned the extent to which the community voice is heard in such forums.

Some report authors commented on the wider benefits of local decision-making, such as in restoring and reaffirming self-esteem and cultural worth (Skye) and how it fostered technological innovation (Neumarkt). However, it should not be deduced from the discussion so far that people and organisations within rural localities and regions are always cooperative. The Neumarkt report stressed the many conflicts between groups over such activities as preserving or transforming its traditional culture. The Skye report referred to incomers as a source of both hope and suspicion.

#### *Cooperating with more urban areas (Rural-urban)*

This discussion of rural-urban cooperation draws attention to the different settlement patterns in the 12 rural regions. One (Osrednjeslovenska) includes the capital city within its territory; some refer to significant urban areas being included (e.g., Chemsko-Zamojski); others are characterised by a network of towns (e.g., the 28 market towns in North Yorkshire). Some have a very weak urban presence within the region: Teruel is said to lack a “true urban network able to structure and functionally organise the territory” and Ostrolecko-Siedlecki to display “very low internal cohesion. Delimitation of its boundaries appears to be highly incidental and performed solely for statistical purposes”. In the Exemplar Region reports, ‘cooperation’ with urban areas emphasises the situations where the rural regional boundaries have been crossed rather than situations within a region where more passive rural/urban connections exist.

Much of the urban-rural cooperation discussed in the Exemplar Regions reports had a public sector emphasis, such as in Jonkoping, where “administrative connections and municipal amalgamations have reinforced direct formal connections between rural and urban areas”, in Osrednjeslovenska’s programme of Coexistence between Town and Countryside which “aims to create new opportunities for economic development and new employment prospects at the fringe of the town, to enrich the town and its supplies and to link the town with the neighbouring areas in the region”, and in Neumarkt where “integrating the county more firmly into the Nuremberg metropolitan area has been another cornerstone of the current county director”. In the last case the recognition of increasing rural-urban interdependencies led to a joint ‘marketing’ venture. In the Jonkoping, Osrednjeslovenska and Neumarkt reports such collaborations are seen in a positive light; the North Yorkshire report, however, stresses the powerlessness of the rural areas in such governance structures where rural resourcing is “determined by a distant, urban-dominated decision making forum”.

#### **Functional networks**

The Exemplar Region reports are full of references to flows, in particular of goods and people, but also of less tangible entities such as ideas and investments. Particularly prominent are the flows in and out of the regions. Some regions are predominantly primary producers or involved in manufacturing and their reports tend to discuss the shipment of goods in and out of the region. Some of the narratives are of long term global trade (e.g., La

Rioja, Spain); in some, national or interregional flows dominate (e.g., South Savo, Finland); in contrast, in Chemsko-Zamojski agriculture is still the main employer, but the semi-subsistence nature of much of this activity limits the extent of flow of these goods.

People flow in and out of all the regions. A common narrative is of how young people are leaving the rural areas, either for work or for education (e.g., South Savo, Zasavska). Sometimes this involves a move up the settlement hierarchy to major cities in the home country, but for some regions, such as Chemsko-Zamojski, migrating to other countries for better incomes is now common. Sometimes the outflow of population is dramatic: Mansfeld-Sudharz, for example has had an annual outflow of between 8% and 11% for 2000 – 2009. Some rural regions now also experience enough counterurbanisation flows of population to mean that their overall population trends are on an upward trajectory. Osrednjeslovenska and North Yorkshire are both examples of rural regions in this situation. Frequently, however, the outflows are of young people, and the inflows are of older age groups. At present, this is not the case in Teruel which is experiencing an in-migration of relatively young people from Latin America, Africa and Eastern Europe. However, this report goes on to discuss the transient nature of such in-migrants and how once they have accumulated enough income they may well move out of the rural region. This raises an interesting question about young people more generally: when they leave rural regions for educational or employment betterment is this a permanent or temporary move? Conversely, one could also consider whether older migrants to rural areas give rise to greater territorial cooperation.

Some people flow in and out of the rural region on a daily basis for work. Commuting to cities and more urban areas is the most common direction of flow reported in a number of regional reports (e.g., Zasavska, La Rioja, Osrednjeslovenska). However, there are some reports of noteworthy counter-flows into rural towns (e.g. North Yorkshire) or to large service centres located out of town (e.g., Osrednjeslovenska). In most cases these patterns of daily activity are reported as if driven by the employment market, but the Jonkoping report implies a more explicitly planned approach: the county administration sees facilitating “living in one place and working or shopping in another ... as crucial for the future development” and intends to build a vital regional centre, using the surround rural hinterlands as attractive residential areas.

The development of cultural and place-based tourism is regularly outlined in the regional reports. In some regions this is about attracting city dwellers from proximate regions for rural ‘getaways’. For city dwellers, Neumarkt’s rural attractions can be accessed within an hours’ travel, and much of the tourism development is based around very short trips – sometimes just an evening with dinner away from the city – and weekend breaks. Teruel has recently developed its outdoor tourism potential and attracts many Spanish city dwellers for its mountain activities.

The remote region of South Savo tends to cater for longer holidays: it has 40,000 summer cottages used as second homes by many owners. In this region there is often a doubling of population in the summer months. Some regions are developing a specific form of cultural tourism which might attract tourists from all over the world: for example, Mansfeld-Sudharz promotes its association with Luther. Some are able to draw in tourists from around the world on the basis of links to the ‘old country’. The ‘highland clearances’ in Skye’s history saw forced emigration for many of its workers, and it is able to draw on this bond, together with the natural beauty of the island to attract tourists.

Ideas and knowledge also flow between regions and flows from outside the rural area are presented in some reports as important to development. The Mansfeld-Sudharz report stressed the support they were given by external organisations such as national economic advisers and federal and state policy-makers to help them reverse their depletion. Universities also have a role to play: in Neumarkt two University outposts reinforce the institutional ties to Nuremberg and Erding where their main campuses are located. In

Osrednjeslovenska, the University of Ljubljana is within the rural region and linked into the regional plan: an incubator has been set up which offers assistance in the form of knowledge and skills to new enterprises, and links them with a broader domestic and international environment. Some regions also stress the importance of flows of knowledge and ideas from the rural region to urban regions or to other rural regions. In Osrednjeslovenska, traditional rural practices, products and services are demonstrated to urban dwellers in annual city events. The Neumarkt region is seen as a source of ideas and knowledge: it has won numerous awards for its development programmes and in 2009 was chosen as a national model region for promoting and testing climate change adaptation strategies.

All the Exemplar Regions reports discuss factors which enabled or constrained the flows of goods and people in, out and around their regions. These fell into two categories: geographic features and infrastructure development. Many discussed the position of their region in relation to major cities as distances, but relatively short distances did not always equate to ease of flows. For Chemsko-Zamojski the Ukraine was close, but the Schengen area border constrained the flow of goods and services; in Ostrolecko-Siedlecki internal rail connections were poor, making it far easier to travel to Warsaw (outside the region) than between the two cities (Ostrolecko and Siedlecki) within the region. In recognition of such constraining factors, some regional reports stressed travel times rather than just distances.

Some reports emphasised their rail networks. Some of the routes had long histories – for example, since the C19th La Rioja region had exported wine to France via a line that linked Logrono with the port of Bilbao, and Neumarkt region had used canals and railway lines to transport its goods to the Danube and the Main rivers. In the case of Neumarkt, a new Danube-Main canal was completed in 1992 which connects the city of Neumarkt to national and international freight centres, and allows tourist excursion boats into the region. In 2006 a new high speed rail line was opened between Nuremburg and Munich; although there are no stations within Neumarkt region, a dedicated connecting train conveys people to and from this main line, which has significantly reduced commuting times to major cities, and allows city-dwellers to visit the region for evenings as well as for overnight breaks.

Roads in some regions were reported to be in bad condition, leaving them poorly connected (e.g., Zasavska, Skye). In South Savo the roads could not be maintained because of the partial abandonment of some sparsely populated areas. There were many regions where the proximity of an existing, or new, major road or motorway enabled flows of goods or services (e.g., Teruel, Neumarkt, Mansfeld-Sudharz), and others where an improved road infrastructure was thought to be important for the development of the rural region (e.g., Jonkoping, Zasavska). In some cases, infrastructures specific to their geographies have made/will make a significant difference to the flows: a bridge to the mainland (Skye) and the construction of new and modernised border crossings (Chemsko-Zamojski). The constraints on the flow of less tangible goods via telecommunications are stressed in some reports: for example, in Skye mobile phone coverage is said to be ‘uneven at best’ and broadband access limited.

A joint planning approach to the development of significant new transport and telecommunications infrastructures which crosses regional boundaries is clearly needed. The account in the Neumarkt report of ensuring that the new high speed rail link connects with the region via a local link line stresses the importance of such cross-region planning. The La Rioja and Osrednjeslovenska reports emphasise the wider planning implications of the flows created by commuting and counter-urbanisation: that development in rural areas needs to be regulated if their attraction as residential areas is to be conserved.

### ***Socio-economic connections***

Some of the examples of connexity given in the regional reports are less dynamic than the descriptions above of cooperative ventures and flows. There are descriptions of regions as

historic 'transit zones' and 'crossroads' which influence current developments, such as La Rioja where people (and goods) not only passed through, but settled and brought a wide range of geographic/cultural influences, and Chemsko-Zamojski which had a long history as a place where "different cultures, religions and traditions" coincided. In some cases the links with the past leaves regions with degraded environments: Zasavska and Mansfeld-Sudharz are examples of this.

A number of Exemplar Region reports discuss the role of small towns and urban areas within the rural region as hubs of activity. These are hubs for employment, but also places where services are located (e.g., Chemsko-Zamojski, Jonkoping, Osrednjeslovenska). The Jonkoping and Osrednjeslovenska reports discuss this as a planned development: in Jonkoping where a regional centre is being built which will provide such a hub, but with the rural hinterland providing an attractive rural area; and in Osrednjeslovenska where polycentric regional development encouraged urban-rural relations. Some examples of general linkages and interdependencies are very local, such as the importance of civic organisations (e.g., Chemsko-Zamojski, Jonkoping) and a 'strong sense of community' (e.g., North Yorkshire, Skye). The Ostrolecko-Siedlecki report describes the broad network of socio-economic connections within the region: how there is a renewed interest in locality and in taking advantage of traditions and local culture; this in turn makes it an attractive area for 'cultural' tourists, which leads to more cultural and art activity and the development of small craft businesses, catering and agro-tourism.

#### ***Other forms of connection: Governmental restructuring and external impacts***

Some of the reports discuss the recent restructuring of government and the effects of this on rural development in their region. For some, the formal drawing of boundaries has caused problems: in Chemsko-Zamojski the border with the Ukraine has become less porous since Poland entered the Schengen area, and the boundaries of Ostrolecko-Siedlecki are said to be 'highly incidental' with the region having very low internal cohesion. In South Savo the process of regionalisation has reduced the powers of the (smaller) municipalities; in more urban areas some of these are amalgamating, and the authors claim that "there is a clear necessity to proceed with amalgamations ... in rural areas".

Another restructuring process currently underway that is affecting rural development in some of the Exemplar Regions is the formalisation of 'city-regions' (North Yorkshire) and 'functional regions' (Jonkoping). These are restructurings that bring together proximate urban and rural regions in recognition of the interdependencies between urban and rural regions. In both North Yorkshire and Jonkoping this restructuring has been accompanied by 'rural' policies being subsumed into all the policies of the higher level regional tier through a process of 'mainstreaming'. In the Jonkoping report the benefits of strengthening the linkages are stressed; by contrast the North Yorkshire report describes "a fear from some that city-regions will amalgamate with the more affluent accessible parts of North Yorkshire, leaving a residue of remote and impoverished rural parts without effective formal links into the wider region".

The report on Skye is the most vocal about the complexity of government and governance structures, describing how "development projects on Skye and Lochalsh are difficult to fully catalogue as they are sponsored by a bewildering array of organisations" and how, although the public sector has been important to the development of Skye, "of concern is the fractured nature of these efforts".

Some of the interconnectedness experienced in the regions was perceived as an external force that impacted upon the region. This could have a positive, negative or neutral effect. The UNESCO World Heritage Site designations for Martin Luther's birthplace and burial site were highly beneficial to Mansfeld-Sudharz's burgeoning tourism industry, as was the external advice and support on regeneration provided to the region by the federal Trust organisation. The North Yorkshire case study describes how little discretion the NUTS3

region has over its development, with much influence emanating from WTO, EU, national and regional (NUTS1) governance tiers.

Funding programmes from the EU, such as LEADER, were described in a positive light. There were a number of statements emphasising the positive impact of EU accession. In Ostrołęcko-Siedlecki the dairy industry had increased dramatically since EU accession enhanced the selling price, and in Chemsko-Zamojski region foreign investment had intensified since Poland's accession to the EU. La Rioja region noted a significant increase in the production and sale of wine in foreign and new markets following accession and successive GATT rounds. The North Yorkshire region report expressed concern about the impact on the remoter areas if CAP support to farmers were to be reduced from 2013 as their spend was very important to the local economy. However, as outlined above, not all aspects of EU membership were so positive, with some regional restructuring and boundary issues concerned with EU accession causing difficulties.

Some reports discussed their vulnerability to globally derived external impacts, such as the financial crisis (Chemsko-Zamojski) and the oil crisis (North Yorkshire). Some expressed concerns about (negative) impacts from relationships with adjacent urban areas: in North Yorkshire this was about being marginalised in the decision-making processes; there were concerns about the effects of unchecked suburbanisation processes on the rural areas (Osrednjeslovenska, La Rioja); and problems were raised about counter-urbanisation in terms of the affordability of housing (North Yorkshire, Skye).

**In summary**, there are two observations about the nature of the relationships described in section 3.1, and the extent to which they fit with the conceptual constructs presented earlier. First, the difficulties of engaging in co-operative action given the unequal division of power between rural (positioned as powerless) and urban (powerful) areas is prominent in the analysis, although a degree of caution is required about accepting this characterisation. Contextual factors will always play their role. Second, the vast majority of cooperation evident in the Exemplar Regions appears to be local (i.e. within the region). While this is not surprising, it does raise questions regarding the conceptual validity of territorial cooperation to regions, particularly those that are not located along international borders. Further reflections on the analysis are provided in section 3.4.

### **3.2. Business networks as territorial cooperation**

This section considers some further networks with relevance to rural development that could usefully be viewed in the context of territorial cooperation. There are a number of thematic networks documented in the literature which commonly operate around the delivery or production of a wide variety of public and private goods, including for example those relating to water, environment, climate change, leisure, agricultural produce and forestry<sup>2</sup>. Here we consider one of the most prolific thematic networks that is often discussed in a rural development context: business (knowledge economy) networks.

Since the end of the 20<sup>th</sup> century we have witnessed the emergence of an increasingly uneven geography of innovation and production at firm level, both within and between nations. As this geography of firm innovative activity continues to evolve, there are strong tendencies for winners to keep winning, and losers to keep losing, exacerbating already established disparities in local economic opportunity (Gertler, 2005). Asheim and Isaksen (2003) point to the role of historical trajectories in the innovation process and underline that learning processes concerning all economic actors of a locality are now highly localized and, by no means, placeless. Weak learning capacities, and a 'lock-in' to local strong ties with low

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<sup>2</sup> As an example, a climate change network might bring together expertise, experience and perspectives from researchers, policy makers and other stakeholders in the area of climate change. Such a network may, for example, provide a forum for research on climate change issues and act as a means for furthering dialogue between countries as they undertake efforts to address climate change.

innovation production systems may lead firms to innovation inertia. This threat has been recognized and pointed out by several researchers as arising from various theoretical backgrounds including an entrepreneurial lock-in (Staber, 2005), structural embedding (Nooteboom, 2006), institutional 'thinness' (Isaksen, 2003) and others. While it is still unclear why the region should be so central in improving innovativeness and productivity growth (Gertler, 2003, p. 132), mainstream economists view innovation as a major factor of local and regional economic development and growth (Howells, 2005). Economists argue that the incentive to innovate determines the rate of technological progress which in turn determines the economy's long-run growth rate (Romer, 1990; Grossman and Helpman, 1991; Howitt and Aghion, 2005).

Business networks touch upon all three elements of Camagni's core structure of territorial capital discussed in section 2.2 namely cooperation networks, relational capital and social capital. Business networks are the most important economic element of territorial cooperation because they connect local economic actors to each other and also link the local with the non-local. In a rural-rural and a rural-urban framework business networks are important factors bonding local actors and bridging rural localities to other rural or urban localities. Malecki and Poehling (1999) provide strong evidence that market links to customers, suppliers and other firms are the most versatile sources of information and find that entrepreneurs who have always lived in the locality consulted at least one of the other entrepreneurs on more than one occasion while being suspicious of outsiders. The implication is that territorial cooperation – in so far as it can be termed territorial rather than enterprise cooperation – will reflect the structure of business supply chains. This level of bonding embeddedness may be a barrier to information acquisition (Malecki and Poehling, 1999), it may create functional and cognitive lock-ins (Hassink, 2005) or it may have an inverted U-shape on innovative performance (Uzzi's 1997 model portrayed by Boschma, 2005).

Business growth and innovation is highly dependent on learning and knowledge exchange between regionally based agents and resources in contemporary knowledge-based economies. Learning is now considered a social process producing optimum results in a situation of spatial proximity with frequent interaction between agents (Rutten and Boekema, 2007, p.4). Knowledge and information is exchanged more efficiently in richer and thicker networks that produce, utilize and distribute tacit knowledge. Thus, there is a set of features that links business growth and innovation to a specific locality or geographic area and supports them through enhanced learning capacities. Differences in regional business growth may be sought in factors related to all three core territorial elements. One of these important factors is related to a firm's interaction with its local and non-local knowledge environments. While the interaction itself is the direct subject matter of cooperation networks which lies at the heart of Camagni's 'innovative cross', its quality is highly dependent upon relational and social capital. The smooth and efficient operation of business networks depends on factors that respectively bridge/bond entrepreneurs and their firms with the non-local/local environment.

These factors are closely related to social capital which includes behavioural models, values, trust, reputation, associationism and reciprocity, as well as relational capital in the form of collective action or collective competencies. An important bonding factor is the content of a firm's or region's historical baggage or what might be called production culture or embeddedness. Lagendijk and Oinas (2005) underline the need to understand the role of the non-local to the development of social capital. The non-local is a domain where local firms may tap into different technical and institutional resources for economic interaction and local economic growth and development. Innovation systems at the regional level require a degree of openness between the knowledge exploration and the knowledge exploitation sub-systems. Quite often, the whole or parts of the knowledge exploration and exploitation systems do not co-locate and the local-sticky resources need to stay linked in by tapping into the non-local. As a result, there is a second set of features linking business growth and

innovation to the non-local. Thus, contrary to the consensus that regional learning economies facilitate innovation and growth it is argued that the absence of bridging factors leads to lock-ins and holds back growth by combining innovation and the knowledge economy.

Business growth in a knowledge economy framework is affected by the entrepreneurs' ability to become a node of the area's social and institutional networks. Social capital is an important factor of regional development (Callois and Aubert, 2007; Iyer *et al.*, 2005) and of innovation (Hauser *et al.*, 2007; Tura and Harmaakorpi, 2005). Social capital is defined as the non-formalized networks that are created, maintained and used by the networks' nodes/actors in order to distribute norms, values, preferences and other social attributes and characteristics, but which also emerge as a result of actors sharing some of these attributes (Westlund, 2006, p. 8; Westlund and Bolton, 2003). Callois and Aubert (2007) summarize the ways in which social capital affects regional performance and, by extending the same arguments, innovative activity and business performance. Social capital facilitates transmission of information (about new technology, potential demand, matching partners, etc.), decreases transaction costs by the prevailing trust and loyalty and facilitates collective action. On the other hand, high levels of social capital may discourage economic agents from seeking new opportunities, drive individuals to have low incentives and presents a considerable range of exclusion effects. Burt's (2001) sociometric analysis has pointed out that strong local ties may be effective in a static world but may work in the opposite direction in a dynamic environment.

Putnam (2000) introduced the distinction between bonding social capital, involving strong ties, and bridging social capital involving loose ties spanning over different social worlds. Bridging capital is important as it includes, among others, the territorially external links of a firm. Bathelt *et al.* (2004) make a distinction between the learning processes taking place among actors embedded in a community by just being there and the knowledge attained by building channels of communication to selected providers located outside the local milieu. They go on to argue that the co-existence of high levels of locally embedded knowledge and many bridging pipelines provide firms with access to outward looking clusters with a string of particular advantages not available to others. Moreover, bonding or bridging factors may address different needs of the interactive non-linear knowledge processes (Kline and Rosenberg, 1986). Bonding factors may connect firms to tacit knowledge essential for the development design stages while bridging factors may provide the indispensable feedback, paths and loops that connect back directly from perceived market needs and users to potentials for improvement of product and service performance in the next round of design.

The major bridging factors may be found in activities or situations connecting the entrepreneurs and their firms with the non-local environment creating channels for the flow of information and knowledge. The entrepreneur's embeddedness with the local economic and social environment is an important feature influencing the creation of certain networks (Benneworth, 2004) which, in turn, may support innovative activity (Boschma, 2005) or lead to lock-ins (Hassink, 2005). In fact, accessing innovative customers or markets is ranked the highest most unmet need of European companies. Lund (2004) presents evidence from Danish firms showing that the overwhelming majority of firms developing new products have close contacts with customers and suppliers (80-90%) whereas only 25-33% have close links with consultants and institutions. One factor that has the potential to bridge/bond the firm with its nonlocal/local environment respectively is the trade networks developed with suppliers, customers/clients, financial and technical partners and employees.

Relatively recent research works have attempted to create a typology of firms based on their regional trade linkages with suppliers and customers or consumers (Romero and Santos, 2007; Skuras *et al.*, 2005). Romero and Santos (2007) analyzed a sample of Spanish firms in the region of Andalusia. For firms in the manufacturing industries with strong forward linkages, they found that the 'extrovert' firms, i.e., those firms dependant on external sales markets and suppliers, were dominated by high tech SMEs, while the 'exporting' firms, i.e.,

those firms dependant on external sales markets and local suppliers, were dominated by micro high tech firms. Skuras *et al.* (2005) in a similar analysis of businesses located in four countries of Southern Europe found that the firms which maintained completely disembedded trade networks i.e., networks with external suppliers and markets, attained the highest business growth rates and had the highest accumulated human capital. Thus, it is expected that rural firms accessing trade networks that connect them with firms outside the local community in other rural locations or in urban locations will be more innovative due to higher information flows and more active due to a wider range of entrepreneurial opportunities.

Many rural regions with close proximity to urban areas have undergone an industrial restructuring involving either the closure of old manufacturing plants or a way out of primary industries. Industrial restructuring, or more generally, industry dynamics, is a major unobserved factor supporting or inhibiting business growth and innovative activity in a knowledge economy. Benneworth (2004) argues that firm dynamics, plant closure and entry, or “negative events and factors”, have positive outcomes. In many rural areas, the closure of larger plants supported the creation of smaller, entrepreneurial and more innovative SMEs. However, it has also been argued that political lock-ins in old industrial areas may form a thick institutional tissue together with the firms and workers in a “self-sustaining coalition” (Grabher, 1993; Hassink and Shin, 2005) which opposes learning initiatives to restructure the regional economy (Hassink, 2005). In this case cooperation networks work in the opposite direction and growth is inhibited.

### **3.3. Food networks as territorial cooperation**

The discourse of food networks, characterised by the growth in alternative food networks and their associated short food supply chains is usefully viewed in the context of territorial cooperation, whereby cooperative ventures by producers and processors contribute to endogenous development but also help shape wider socio-economic connections and functional networks within and between regions.

A focus on food networks is pertinent given the continuing crisis associated with the conventional agri-food system and the growing vibrancy of the new rural development/agri-food paradigm (See Van der Ploeg et al 2000). Food networks also grow more important in an energy-constrained world, the implications of which are discussed in WP 26 (Future Perspectives). While not explicitly discussed as a form of territorial cooperation in the literature, the nature and dynamics of food networks do have resonance with it in that they in effect take the form of cooperative ventures between food producers and other actors in the food chain. Further, the governance and management of food chains are closely akin to the types of socio-economic connection discussed above in section 3.1, and the physical distribution and purchase of food is itself a functional network around which stakeholders from rural and urban areas often come together.

The discourse around food networks hinges around the growth in local food networks which have been encouraged by the Rural Development Regulation (1257/99). Under this second pillar of the CAP, the aim has been to broaden rural policy away from a narrow focus on agriculture towards a more integrated and territorial approach (Lowe et al, 2002). Thus, food networks have for some time now been a central feature of attempts to move towards integrated policies with a territorial, as opposed to sectoral, view.

Sage (2003) notes that territorially based production systems may offer new opportunities for capturing and retaining economic value in rural areas and there is a growing appreciation of the socially embedded character of food networks. Social embeddedness, which conveys principles of connectivity, reciprocity and trust, also works to mediate self-interest -by developing a concern for the common good, and not just profit maximisation (Ilbery and Kneafsey, 1999). Indeed, in addition to economic objectives, social, cultural and environmental dimensions are also seen as important in moves to encourage economic

diversification, agri-environmental schemes and the local processing and marketing of agricultural products.

The emergence of alternative food networks and the short food supply chains with which they are commonly associated not only allow producers to short-circuit long, complex and industrial food supply chains (Marsden et al 2000) but also have potential for challenging conventional production, retail and consumption patterns, and embracing wider discourses of local environmental awareness and direct contact between producers and consumers (Holloway and Kneafsey, 2000). Thus, the discourse of food networks provides a broad foundation for considering wider issues of integrated rural development. In this context, Whatmore et al (2003) argue that alternative food networks redistribute value through the food chain, reconvene trust between producers and consumers and articulate new forms of political association and market governance.

A consequence of the modernisation and mechanisation of agro-food systems has been the lengthening and globalisation of food supply chains, which in turn has resulted in an increasing disconnection between farming and food and thus between farmers and consumers. In response there has in recent years been a turn towards more sustainable farming methods, the creation of local and shorter food supply chains and the formation of reflexive consumerism where the interest is in the quality and traceability of the food (Ilbery and Maye, 2005).

This agenda is of relevance to rural development in considerably broader terms. Local food supply chains assume a more sustainable option in themselves, as a means of: extending biodiversity from farm to plate; saving energy; reducing food miles; providing social care; improving civic responsibility; and retaining economic value in the local economy. (Ilbery and Maye, 2005).

In their assessment of whether locally and regionally-based food networks have the capacity to contribute to a more sustainable rural development, Marsden and Smith (2005) purport that value capture and the producer end of food supply chains has at least three potential dimensions. First, local producers and their networks attempt to capture more of the economic value of their products. Second, in order to activate this, innovations in the mechanisms for distributing value among producers and processors at the local level are required. This involves new types of entrepreneurial activity based upon distinct types of networks and activities. And third, these two types of value capture can lead to potentially new synergies forged between agricultural practices and various multi-functional activities including agri-tourism, engagement in off-farm income activities and environmental schemes and projects.

In turn, further multi-functional forms of value-capture can be generated, demanding new local network formation and new forms of ecological entrepreneurship, where actors are committed to preserving cultural, ecological and environmental integrity and yet find new pragmatic ways to create employment and other economic benefits in the local community. These 'socio-technical niches' can be seen as collective attempts to resist the dominance of globalisation and modernisation processes; thus Marsden and Smith advocate a set of inter-relationships between network building, the exploitation of production and marketing synergies based on local foods and the new spatial development of socio-technical niches.

Within this, local is seen as a form of social contingency where a sense of shared ownership and community resources and the responsibility for its viability and preservation can inspire trust and commitment, effectively lowering transactions costs and facilitating the process of economic interaction.

The food chain dimension has also become a key element enabling us to understand better new patterns of rural development (Marsden et al 2000) and potentially a significant building

block for future policies designed to influence these. As Renting et al (2003) explain, alternative food networks are newly emerging networks of producers, consumers and other actors that embody alternatives to the more standardised industrial mode of food supply. Short food supply chains have developed substantially throughout Europe and in some countries have become key elements of rural development.

Although shortening food supply chains can engender new market relationships which are built around new forms of association and institutional support, Ilbery et al (2004) outline some constraints to developing short food networks, particularly in lagging rural regions:

- The small number and size of alternative producers operating.
- Restrictive and constraining bureaucracy on forms of alternative production.
- Expanding activities on a small farm or cottage style business to continue adding value –as economies of scope – may prove too risky, financially or otherwise.
- Equally, the development of new technologies and tighter supermarket specifications could further increase production costs.
- Lagging regions often suffer from a shortfall of intermediaries (e.g. abattoirs, transporters, wholesalers) that are able and willing to conform to alternative forms of production. Producers still need to contact key external actors in order to create economies of synergy (particularly apt in the context of territorial cooperation).
- Physical infrastructure (roads, railways) may limit network developments in lagging locales.

New alliances need to be made between producers and outside experts from the state and other institutional departments (Marsden et al 2002), although this view needs to be qualified as there may not be one definitive answer or model in lagging regions. Indeed, it is useful to move from a discussion of local food networks to one of food networks in a regional, national and international context, and with it to the relevance of both spatially proximate and spatially extended networks.

Research by Ilbery and Maye (2006) on Dutch food labelling schemes indicates that partnerships with a range of actors in food supply and rural development systems are required to achieve success but that sets of rules embedded in institutions and structures need to be overcome. In turn, this requires schemes to focus more on network building, management and expansion than on technical and environmental aspects. Nevertheless they also argue that institutions remain an important part of network building and management, as demonstrated in the EU's PDO/PGI quality labelling scheme, that help direct farmers to produce public goods that the market wants. Thus, the emphasis needs to be more on the networks associated with production, distribution and consumption, rather than on the quality and characteristics of the food itself.

Importantly, food supply chains are not limited to a discussion of local food networks, but encompass the range identified by Marsden et al which includes three types of short food supply chains:

- *Face-to-face* (where consumers buy direct from the producer or processor)
- *Spatially proximate* (where food is retailed at local outlets within the region by people accorded an association with the product through expertise directly to consumers immediately aware of its local nature)
- *Spatially extended* (where products are sold to consumers outside the local area or region who may have little knowledge of that area. Here the key is to use product labelling and imagery to transfer information about the production process and the area to the consumer).

As such, forms of cooperation based around food networks naturally encompass rural-rural and rural-urban elements. This framework provides a useful basis not only for assessing the

potential success of food networks in driving development through the facilitation of social capital, but should also help facilitate application of the principles to wider rural development issues and non-food networks.

Sonnino and Marsden (2006) show that the key to operationalising alternative food networks to wider rural development lies in both recognising that such networks do not work in isolation from those of more conventional agriculture, and that they should be aligned with the broader processes and politics of regionalisation. This in turn raises the need to analyse the relationship between emerging regional governance frameworks and regional food innovations. According to Jarosz (2000), the process through which local food networks bring food producers, brokers, retailers and consumers together spatially and socially in specific regions through their relations and interactions with regional agri-food networks remains to be documented.

The 'battleground' between the conventional and alternative agri-food sectors is portrayed by Table 1.

**Table 1: Rural space as competitive space and the 'battleground' between the conventional and alternative agri-food sectors.**

Type of spatial relationships	DE-LOCALIZATION Conventional agri-food		RE-LOCALIZATION Alternative agri-food
<b>Producer relations</b>	Intensive production 'lock-in'; declining farm prices and bulk input suppliers to corporate processors/retailers	<b>CHANGING COMPETITIVE SPATIAL BOUNDARIES</b>	Emphasis on 'quality'; producers finding strategies to capture value-added; new producer associations; new socio-technical spatial niches developing.
<b>Consumer relations</b>	Absence of spatial reference of product; no encouragement to understand food origin; space-less products		Variable consumer knowledge of place, production, product, and the spatial conditions of production; from face-to-face to at-a-distance purchasing.
<b>Processing and retailing</b>	Traceable but privately regulated systems of processing and retailing; not transparent; standardized vs. other than spatialized products		Local/regional processing and retailing outlets; highly variable, traceable, and transparent; spatially referenced and designed qualities.
<b>Institutional frameworks</b>	Highly bureaucratized public and private regulation; hygienic model reinforcing standardization; national CAP support (Pillar I)		Regional development and local authority facilitation in new network and infrastructure building; local and regional CAP support (Pillar II).
<b>Associational frameworks</b>	Highly technocratic—at-a distance—relationships; commercial/aspatial relationships; lack of trust or local knowledge		Relational, trust-based, local, and regionally-grounded; network rather than linearbased; competitive but sometimes collaborative.

Source: Sonnino and Marsden (2006)

As Table 1 identifies, re-localisation can act variably to recapture local power and revalorise rural space, thereby becoming a potentially powerful process in new forms of rural development. According to Sonnino and Marsden, it follows that researchers now need to

move beyond focusing on specific cases of alternative food networks to study the regional, local, economic and spatial governance of particular places in which these evolve, mutate and compete. Considering food networks in the wider remit of territorial cooperation can be seen as a first step towards this.

Sonnino and Marsden identify three preconditions for the successful development of food networks across Europe:

- i) to situate more effectively the alternative networks in the highly competitive, regulatory and spatial context associated with the conventional sector;
- ii) to assess the variable ways in which, from both a public and private governance point of view, agri-food developments and innovations are becoming a significant part in the broader processes of the social, economic and political regionalisation affecting all European economies; and
- iii) to give more weight to assessing the real rural development benefits (and potential dis-benefits) of agri-food developments, especially by paying more attention to the power relations among actors both within and among food networks and in the new types of spatialised governance and associationalism in which they operate.

Ilbery and Maye (2005) argue that it is imperative that the starting point of short food networks is the suppliers upstream of the food producers, thus as a form of territorial cooperation, food networks should naturally embrace a broader element of the rural economy, both locally and further afield. These authors also found that the key to success in food networks was the dynamism and personality of the entrepreneur, together with his/her own network of contacts, and highlight the competitive nature of the business environment and the need for supply chains to remain fluid and mobile. This implies enterprises continually dipping in and out of different supply chains, depending on environmental context, market forces and business development.

According to Ilbery and Maye (2005), the reconnection of food producers and consumers (the ultimate goal of food networks) will not happen through the development of speciality and niche market food products alone. Other aspects of the economy, notably the public procurement of local foods and cooperative/community food schemes offer much greater potential for the development of food supply systems that are more economically, socially and environmentally sustainable.

Indeed, research across six European countries (Van Der Ploeg et al 2000) estimates that up to 50% of farmers are, to varying degrees, following broader or deeper rural development strategies, with many combining these with continuing participation in conventional agricultural markets. According to Marsden and Smith (2005), new and highly uneven network developments in agri-food are diffusing and contributing to a more diverse rural landscape in Europe. Thus, there is a need to match understanding of new forms of network development and ecological entrepreneurship on the one hand with the wider social and political economy of rural and regional landscapes on the other.

Marsden and Smith suggest that more effort is now needed to understand the distinctive geographical and social components of trends in alternative food networks. Key actors in networks that develop well need to play a decisive role in enrolling and mobilising other actors into the network and in developing new interfaces between producers and consumers.

### **3.4. Reflections on territorial cooperation from the empirical analyses**

#### ***Exemplar Regions analysis***

Reflection on the discourse analysis of the material contained in the Exemplar Region reports throws up caveats to the exercise, and poses some further questions to inform the

debate beyond the EDORA project. Observations are again structured according to the three categories of territorial cooperation derived from the exercise.

### *Cooperative ventures*

This would appear to provide the most apposite term for a narrow definition of territorial cooperation applied to the NUTS3 scale although it succeeds in providing a range of ways in which 'territorial cooperation' might be understood.

First, there is the issue that territories do not cooperate, it is the people or people representing organisations who do the cooperating. This leads to the need to examine the cooperation of people both within and between territories. With respect to cooperation within rural territories, a second issue is raised: is there a scale which is so small as to render the concept of 'territorial cooperation' meaningless? Should, for example, the family farm be excluded on the basis of scale? A third issue is the degree to which the cooperation needs to be formalised: does it need an organisational status or should it include local level, organic cooperation?

Many of the examples contained in the Exemplar Regions reports comprise what might be conceived as formal cooperation in which the local state plays a significant organisational role. This in turn raises a fourth issue: does territorial cooperation imply local state involvement, and if so is this in the specific form of cross-sectoral governance? For example, LEADER groups were a commonly cited form of cross-sectoral local governance, but were, in fact, significantly influenced by an organisation external to the territory: the EU.

The material that referred to territorial cooperation between proximate urban and rural regions raises a further issue: boundaries and government at the NUTS3 scale. Some regions defined as 'rural' at the NUTS3 scale include significant cities and are governed in an integrated (rather than cooperative) urban-rural way while others need to actively 'cooperate' across local state boundaries. In addition, in some cases the NUTS3 boundaries are somewhat arbitrary and do not coincide with the scale at which decision-making about the 'region' is made. This issue is particularly important given the emphasis the Exemplar Region reports placed on the local state's role in urban-rural cooperations.

### *Functional cooperation*

This form of cooperation describes flows in and out of the rural regions and can usefully add to our understanding of how territorial cooperation crosses boundaries. The regular flows often necessitated well-developed infrastructure. For example, extra-rural links to major roads, high-speed railways and waterways may in turn imply a high degree of territorial cooperation between rural regions and partners in adjacent regions, and as such would appear to warrant inclusion in the broader definition of territorial cooperation. The flows themselves would certainly suggest a potential for territorial cooperation: people, ideas and knowledge all appear to flow in and out of the rural regions with a fluency that challenges the notion of isolated rural regions insulated from external influence by distance. People in local state organisations may well work in the urban areas but live in the rural areas, helping to make crossborder cooperations more seamless. Even though there are some people left behind amidst all the movement, they too are likely to have more extensive horizons than in the past, given the impact of tourists in some areas and the links of many people to younger family members who have left the locality. It is also worth remembering that urbanisation and counter-urbanisation movements are potentially circular and that the process of rural population change and the implications for human/social capital and links to other (urban) regions needs to be considered in this light.

### *Socio-economic connections*

This third element relates to less dynamic forms of cooperation. Some of these, like the discussion of functional networks above, are suggestive of a propensity to cooperate with other regions. Some, though, stress that urban/rural cooperation is not only with cities beyond the rural region; there exist interdependencies between territories within the rural region, and in particular between service and employment 'hubs' and their rural hinterland. This would seem to be an important, if often implicit, form of territorial cooperation. The question is also raised as to whether or not local government amalgamations and coalitions should be described as territorial cooperation. In a number of cases the external impacts are viewed as being one way; i.e. external forces that impact upon a rural region, which implies that, depending on the context, territorial cooperation is not always a two way or necessarily a positive relationship.

### ***Thematic networks review***

Examining thematic networks in terms of their application to territorial cooperation is a relatively new area and our attempt at this has thus far been based around a review of the primarily academic literature. However, some important messages arise from this review and allow us to begin to formulate some policy goals with regard to fostering business and food networks in European rural areas.

### *Business networks*

Business networks are an essential part of territorial cooperation. Business networks bond together businesses and economic actors and bridge localities. Through this they convey materials, goods, services but most importantly, information and knowledge. For local economic actors, business networks are agglomeration forces producing dynamic Marshallian and Jacobian like economies in a territorial cooperation-competition context. Dynamic Marshallian externalities are caused by the existence of firms and institutions in the same industry, and the most vivid example of such economies in the rural space are found in the food sector. The LEADER programmes, especially in their initial phases (I and II) actively promoted the networking of local businesses around a common product. Many of these initial attempts were then developed to well known clusters. Business clusters increase competitiveness because they affect the productivity and efficiency of individual businesses, stimulate innovations and support entrepreneurship. Business productivity and efficiency is enhanced by the efficient access to specialized inputs, services, employees, information, institutions, training programmes and other public goods. Clusters stimulate and enable innovations because they increase the likelihood of perceiving innovation opportunities, assist knowledge creation, facilitate experimentation and provide a strong incentive to strategic differentiation that is often the result of incremental innovations. Finally, clusters support entrepreneurship because they provide opportunities for new companies, encourage spinoffs and start-ups and the commercialization of new products from new companies.

Dynamic Jacob's externalities are caused by the scale or diversity of local economic activity beyond the studied industry allowing for some type of cross-fertilization (urbanization economies). The development of integrated agro-tourism services is an example of Jacobian like economies where businesses from various sectors (primary, manufacturing and services) participate in the production of an 'experience good'. Such business networks very often utilize 'common goods' such as tradition, heritage and landscape regulated by local and regional institutions. As noted earlier, besides all the ties bonding local businesses together, the forces bridging local businesses to the non-local and allowing them to tap into non-local resources are of equal importance.

The overall, and of course largely unanswered, question remains regarding the factors which allow some business networks to develop into successful growth mechanisms while others

remain stagnant. The basis for successful operation of business (cooperation) networks may perhaps be found within Camagni's other two factors, i.e., social capital and relational capital. In other words, a successful business networks masks a rich social capital and a thick institutional web able to transform opportunities into business and advance innovation and growth. Social capital and relational capital are pre-requisites to cooperation networks. Copus et al (2008) argue that while the regional rates of business innovation can easily be explained by business characteristics, the regional (trans-territorial) innovation gap is totally explained by unobservable and not easily measured factors such as social and institutional capital.

### *Food networks*

There are a number of lessons for encapsulating food networks within the territorial cooperation agenda that are apparent from the brief review undertaken here. Five are particularly notable.

First, innovative mechanisms of distributing economic value for producers and processors are required, emphasising the benefit of policies which intervene in food networks. In turn this requires new types of entrepreneurial activity supported by networks and cooperation across territories and between sectors. Second, there is scope to foster new synergies and networks between food production and various multi-functional activities including agri-tourism and environmental schemes and projects. Essentially, the principles of food networks need also to embrace non-food related activities to help drive rural development. Third, the networks associated with the production, processing, distribution and consumption of food requires greater emphasis in addition to food quality and associated characteristics. This includes a need to recognise those networks forged upstream of the farm gate as well as downstream. Fourth, the relationship between regional governance frameworks in the EU and regional food innovations needs to be assessed, with a view to fostering greater regional development and local authority facilitation in new network building and in supporting Pillar II of the CAP.

Indeed, a central message picking up on this last point is that, fifth, the forms of cooperation being developed around short food supply chains and alternative food networks should be viewed in the context of a broader integrated rural development strategy, with not only economic but social, cultural and environmental benefits also recognised. In parallel with the elements of re-localisation of food production and consumption reported here, there are further calls (See for example, Slee, 2008) for a re-localisation of work, energy production, and the use of leisure time. According to Curry (2010), the pursuit of a number of these 'non-growth' characteristics is enjoying increasing popularity amongst rural communities and local food networks are now one tranche of bottom-up initiatives which are adapting this notion of re-localisation on the ground.

This drive towards sustainable development goals that are cutting across various aspects of the rural economy and society and which are based around the networks (and connexity) of a broad cross-section of rural stakeholders from the public, private and civic sectors, has clear application for territorial cooperation across rural Europe. Some suggestions on how these forms of re-localisation might translate into territorial cooperation are presented in the following section.

## 4. THE POTENTIAL FOR TERRITORIAL COOPERATION

Drawing on the empirical assessment undertaken in the previous section, this section aims to identify some policy implications based around the potential for territorial cooperation across rural Europe.

### 4.1. Territorial cooperation as a policy goal

There are many examples in the Exemplar Region reports of loosely defined 'territorial cooperation' being beneficial, but also evidence that it is not necessarily a positive force and can be a constraint. As a policy approach, territorial cooperation has to be defined and operationalised in such a way as to minimise the negative factors and effects. This subsection discusses the constraining factors and negative outcomes described in the exemplar region reports.

The reports raised a number of ways in which true territorial cooperation might be constrained. There was the simple fact that not all people in a locality trust each other and/or want to act cooperatively. Locally, suspicion and lack of trust was particularly noted between binary groupings: such as the indigenous and incomers; declining and thriving economic sectors, examples of which were given in the Neumarkt report. Because demand for land exceeded supply in Chemsko-Zamojski, conflicts sometimes ensued. Sometimes emerging government structures were viewed with suspicion, such as in North Yorkshire where there was a fear that city-regions would divide the rural area.

Another constraint on territorial cooperation that demanded more formal organisational representation was the lack of capacity in the rural areas. The Osrednjeslovenska report describes the failure of an early regional development programme to achieve its objective of cooperation between municipalities because of the absence of coordinating organisations and the Teruel region reports how the absence of an urban network means the territory is unable to functionally organise itself. In Ostrolecko-Siedlecki the boundary changes meant that there was low internal cohesion in the region. Early LEADER programmes in Mansfeld-Sudharz failed to involve the community/community organisations; the LEADER I programme on Skye clearly anticipated some deficit in this respect and employed community animators, providing a useful example of good practice to develop this type of institutional capacity. The North Yorkshire report reminds us that even when community sector organisations have a seat at the table of local governance structures, their opinions are not necessarily taken into account.

Territorial cooperation is less easy to orchestrate over a distance in regions with poor transport and telecommunications infrastructure, and/or where topography makes travel difficult. The main difficulties appear to be within the regions, so constraining both cross-border and internal cooperation. The remoter regions, such as South Savo, report poorly maintained roads. Many regions report on major transport developments as part of their on-going rural improvements programmes.

The complexity of governance and decision making is stressed in some regional reports (e.g., Skye, North Yorkshire). This reflects the fact that decisions are variously made at a number of scales (EU, nation state, regional, local etc), by a range of local cross-sectoral 'governance' organisations with a specific development focus (tourism, for example), and how territorial 'cooperations' such as LEADER areas cross traditional administrative boundaries.

Some forms of territorial cooperation have exploited or excluded some rural people or regions. The historic Highland Clearances on Skye saw landowners forcing tenants to take on unviable crofts in order to tie them into working for the landowner to ensure an adequate

livelihood. The North Yorkshire report describes how many decisions are imposed upon the region by distant and urban decision-making forums, and how the developing territorial cooperations of city-regions might exclude the more remote parts of their region. Another example in an Exemplar Region report is of how a different higher level territorial cooperation has had a negative effect on their region, and has limited their local territorial cooperation: the EU, as a supranational territorial cooperation, has drawn a boundary around its Schengen area. For Chemsko-Zamojski the effect of this is to constrain its historic territorial cooperation with the Ukraine.

An effect of urban-rural connexity is the development of rural land close to the cities. Concerns are raised in some reports about the need for such developments to be much more closely regulated than at present in order to avoid unsightly sprawl. Counter-urbanisation in some areas is leading to high demand for rural housing stock, making it difficult for local people to afford a home.

#### **4.2. Territorial cooperation as a dynamic of society**

Business and commodity networks have been at the centre of many bottom-up policy approaches and initiatives including the LEADER programmes. However, one should note that most efforts have been overly biased towards simply building and strengthening highly localised networks and lack appropriate channels to non-local domains of economic activity. Frequently, programmes exclude non-locals, or non-residents and thus restrain local networks from appropriate bridging mechanisms that may be potentially established by “extra-overts”. Furthermore, many local business development programmes, due to their agricultural policy origin, address exclusively farmers and fail to address non-farm businesses or firms not linked to the agro-food or rural tourism industries. Business networks in rural areas substitute agglomeration sources of spillover effects as they link rural places to denser and richer urban networks and allow the operation of feedback mechanisms in innovation processes.

The presence of effective rural-urban collaboration involving the public, private and voluntary sectors has potentially great significance for rural development. However, formulating and implementing rural-urban partnerships poses as many challenges as benefits, and policy will ultimately have to be sensitive to these. The impacts of rural-urban partnerships are likely to be highly dependent on local, and ultimately *ad hoc*, contextual factors, thus as a driver of rural differentiation they are by no means straightforward as their impacts will not be felt uniformly across rural areas, however they are characterised. That said, the structures (both spatial and organisational) of governance, organisational support for rural businesses and local and strategic level planning will themselves provide a broad differentiator of rural areas, albeit one that is not easy to identify through secondary data.

To capitalise on these opportunities, synergy is therefore required between strategic (largely but not wholly urban) and very local level (largely but not wholly rural) governance to allow partnerships to be forged, perhaps facilitated in the first instance by national initiatives in a handful of member states. The potential barriers to rural-urban cooperation clearly need to be taken into account when developing any test bed for partnership initiatives such as that mentioned above. Further, it would seem crucial that the spatial structures of cooperation initiatives be selected carefully to minimise potential cultural differences and alleviate, as far as possible, the detrimental effects of competition between municipalities and the various levels of governance. This also needs to be balanced with a need to consider interactions at a regional level, between large urban and metropolitan areas and surrounding rural regions; and at a sub-regional level, between small and medium sized towns and surrounding rural locales. Thus, together with inherent differences between member states, a ‘one size fits all’ approach to fostering rural-urban cooperation is unlikely to prove successful.

Of course, there are numerous forms of informal urban-rural relationships which are more difficult to both identify and assess the impacts of. These may, for example, manifest through the membership of societies and communities of interest bridging rural and urban areas as well as through social and kinship networks. Ultimately, all forms of rural-urban collaboration have the potential to open up rural economies and societies to new forms of knowledge, ideas, innovation and entrepreneurship, which evidence suggests can help drive rural development and performance in a positive way. This presents potential difficulties for policy in that informal networks are difficult to monitor and integrate into more formal governance structures. Nevertheless, these informal, *ad hoc* forms of rural-urban cooperation may well prove central to the goals of territorial cohesion policy, particularly with respect to allowing citizens 'to make the most of the inherent features of their territories'.

### **4.3. Policy implications synthesis**

A synthesis of the key points arising from the Exemplar Regions analysis and review of the thematic networks is given in Appendix A. This is organised according to the categories of territorial cooperation derived from the inductive process. Implications from the reviews of food and business networks are treated separately. In each case the potential for territorial cooperation across rural Europe is addressed through consideration of objectives, opportunities, constraints, and drawing on some examples of good practice that are currently evident from the EDORA Exemplar Regions and wider literature.

Pulling out the salient points from this exercise, the following systematic policy implications with regard to developing the potential for territorial cooperation, can be identified:

- Cooperative ventures should seek to involve public, private and voluntary sectors and have clear goals which take account of regional and contextual differences.
- The EDORA typology could be employed to structure the set up of trans-national thematic networks, for example heritage networks in consumption countryside and diversification in agri-centric areas.
- Policy should seek to facilitate the potential for cooperation at all spatial scales and allow scope for contextual and political differences to play their part. Guidelines and pilot projects across the EDORA typology would serve as a good starting point.
- Territorial cooperation needs to become more central to the planning process at all spatial scales and where necessary extend beyond spatial to landuse planning. Pilot projects for the development of service hubs and other regional investment programmes should build in appropriate scope for public and cross-sectoral participation in the planning process.
- The transfer of advice and knowledge across spatial scales, for example from national to local administrations, should be facilitated where possible. The production of guidelines could draw on existing examples of good practice.
- Knowledge transfer across European universities and major companies should extend to both rural and urban regions, perhaps facilitated by one or two knowledge transfer hubs in each member state.
- The establishment of regional coordination units to integrate thematic networks such as food, business, energy, water etc into existing regional governance frameworks may prove beneficial.
- LEADER networks provide a good starting point to further develop and build knowledge and capacity across regions and member states. The wealth of good practice accumulated should be taken stock of, and again the EDORA typology could prove a useful way of structuring and coordinating this information.

## 5. CONCLUDING REMARKS

Despite being a crucial and central aspect to much of the EUs cohesion policy, the concept of territorial cooperation has remained ambiguous, with policy interventions lacking clarity and direction, particularly in a rural development context. Through its conceptual and empirical processes, this working paper has gone some way to shedding light on how the potential for territorial cooperation could be developed in order to facilitate rural development within and across member states. Clearly while rural-urban cooperation remains central to this, extending the remit of territorial cooperation beyond the paradigm of rural-urban interactions set out in the ESDP would make sense, particularly as power relations and other political and cultural barriers will not always readily facilitate cooperation between rural and urban administrations.

The facilitation of both horizontal and vertical cooperation across the various tiers of governance, whilst emphasising the processes of ‘bonding’ and ‘bridging’ that underpins each, may go some way to addressing this. More specifically, two broad aspects of territorial cooperation can be identified, each with logical policy options:

- “Horizontal” cooperation involving multi-sectoral, mutual interdependency between rural areas and nearby cities; and
- “Vertical” cooperation centred around thematic networks with both spatially proximate and spatially extended elements.

In the case of horizontal cooperation, the policy rationale is based on the assumption that better rural-urban integration is mutually beneficial for both kinds of territory, and therefore will result in economic and social benefits (growth) for the entire region. The challenge for ESPON is how to facilitate or “grow” more intensified rural-rural and rural-urban interactions through processes of ‘bonding’. One option to facilitate this could be to develop a deliberate, integrated regional strategy to ‘bond’ the urban and rural parts of the region more effectively together. This might, for example, incorporate public transport strategies, multi-level governance initiatives, produce marketing and public procurement strategies. In light of food concerns and energy security issues, future rural development programmes could be orientated around the facilitation of local business / food / energy networks that also incorporate urban areas. In addition, local services could be a useful area of activity around which to facilitate networks through bonding, potentially incorporating ‘services of general interest’.

With regard to vertical cooperation, there seem to be two possible policy rationales. The food networks analysis suggests a re-localisation strategy, whilst the business network literature suggests a balance between localised linkages on the one hand, and the necessity for “bridging” – “the strength of weak ties” - on the other. The logical approach to policy intervention that follows from this is one that facilitates re-localisation with strategic global links, moving beyond ‘glocalisation’ to acknowledge that maintaining both spatially proximate (rural-rural and rural-urban) and spatially extended, or relational, cooperation is a more realistic, and potentially beneficial, goal. This could form the basis of a variety of practical policy intervention options, for example local business forums to encourage the development of clusters; “matchmaking” by providing information about local companies; local public procurement policies; and trans-regional/national collaboration within themed networks. A menu-based approach, enabling regions to adopt measures that they see as relevant, could also have some merit.

The policy interventions and overarching implications suggested in this paper are designed to stimulate further debate in this area, and more immediately to feed into the suggestions for Cohesion Policy outlined in WP 28.

**Appendix A: Synthesis of policy implications for territorial Cooperation arising from the Exemplar regions and thematic network reviews**

	<b>Objectives</b>	<b>Opportunities</b>	<b>Constraints</b>	<b>Forms of intervention (Good practice)</b>
<b>Cooperative ventures</b>	<p>Promotion of entrepreneurship, social capital, networks, strategic planning and local development.</p> <p>Encourage participation in local decision-making.</p> <p>Increase local and regional autonomy to foster technological innovation and strengthen cultural identity.</p>	<p>In-migration of dynamic stakeholders giving capacity for development.</p> <p>Administrative and municipal amalgamations which reinforce formal connections between rural and urban areas.</p>	<p>Over-dominance of public sector in programmes to the exclusion of private and civic sectors.</p> <p>Lack of community voice in participative planning.</p> <p>Conflicts between different social and demographic groups over preservation of local culture (i.e. locals and incomers).</p> <p>Lack of an appropriate network of settlements to structure and functionally organise a territory.</p> <p>Incidental administrative boundaries designed for statistical purposes leading to low levels of cohesion.</p> <p>Powerlessness of rural areas in governance structures.</p> <p>Domination of resourcing by distant, urban decision making forums.</p>	<p>National networks of village action groups to facilitate and share good practice on rural development.</p> <p>Community ownership schemes for land management.</p> <p>Employer-employee associations to promote profitable private business.</p> <p>Cross regional cooperation involving civic, public and private sectors for thematic developments (i.e. heritage, tourism) etc</p> <p>Town and Countryside co-existence programmes to foster economic development new employment opportunities at town fringes and to make links to neighbouring areas in region.</p> <p>Integration of county level decision making into metropolitan area.</p> <p>Joint marketing ventures between rural and urban areas (i.e. to promote tourism and produce).</p>

<p><b>Functional networks</b></p>	<p>Development of cultural and place-based tourism through attracting urban dwellers from proximate regions for rural getaways.</p> <p>Increase flows of knowledge and ideas from rural to urban and other rural regions.</p>	<p>Counterurbanisation in some regions puts population on upward trajectory.</p>	<p>Semi-subsistence agriculture limits inter-regional flows of goods.</p> <p>Outflow of young people for employment or education leading to de-population and human capital depletion.</p> <p>Inflows of older age groups.</p> <p>Transient nature of in-migration from outside EU means that income can be lost.</p> <p>Position of a rural region in relation to major cities; shorter distances do not necessarily facilitate stronger networks – travel times often more important.</p> <p>Poor road and rail connections can hinder inter-regional flows.</p> <p>National borders can constrain flows of goods and services between and within rural and functional regions.</p>	<p>Strategic county level planning for living in one place and working and shopping in another through development of regional centres and residential developments in rural hinterlands.</p> <p>Development of outdoor tourism potential to attract urban visitors.</p> <p>International marketing of rural tourism brands based on history, culture and identity.</p> <p>Involvement of national economic advisors and federal and state policy makers in local economic development.</p> <p>Strengthening of knowledge transfer between universities and rural regions through incubators to offer assistance, knowledge and skills to new enterprises, and to link to broader domestic and international business environments.</p> <p>Demonstration of rural practices, products and services in annual city events.</p> <p>Regional investment programmes in rural-urban road and rail networks to reduce commuting times and facilitate rural tourism by urban dwellers.</p> <p>Bridges between islands and mainland and construction of new and</p>
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				<p>modernised border crossings to help facilitate flows of people and goods and services.</p> <p>Roll out of mobile and broadband networks to remoter rural areas.</p>
<p><b>Socio-economic connections</b></p>	<p>Small towns and intermediate urban areas to act as hubs of activity (in terms of employment and services etc) in rural regions.</p>	<p>Renewed interest in localisation agenda to take advantage of traditions and local culture to benefit of cultural tourism, development of small craft businesses and agro-tourism.</p> <p>EU accession can open up markets and enhance selling prices for some produce.</p> <p>Accession can lead to increased levels of foreign investment and with it increased cooperation between member states.</p>	<p>Regionalisation can reduce powers in smaller municipalities.</p> <p>City and functional regions can marginalise rural areas in terms of services and decision-making.</p> <p>Mainstreaming of rural policies can leave remoter rural areas without effective formal links to the wider region.</p> <p>Complexity of governance structures and sponsorship from too many organisations can lead to fractured nature of development projects</p> <p>Negative impacts of farmers and ancillary industries in local economies in remoter areas with reduced support through the CAP post 2013.</p> <p>Regional restructuring and boundary issues can cause</p>	<p>Polycentric development to encourage urban (and regional) service hubs serving attractive rural hinterlands. And strong rural-urban relations.</p> <p>Development projects involving a small number of public sector organisations to maintain interest and focus.</p> <p>Suburbanisation planning to involve participative planning with rural residents.</p>

			<p>difficulties following EU accession.</p> <p>Potential negative affects of unchecked suburbanisation on rural areas.</p>	
<b>Food networks</b>	<p>Fostering rural development through value adding, territorial branding</p> <p>Strengthening urban-rural linkages in terms of understanding and appreciation of food provenance (with benefits for education and health)</p> <p>Develop new synergies and networks between food production and various multi-functional activities including agri-tourism and environmental schemes and projects.</p> <p>Fostering greater regional development and local authority facilitation in new network building and in supporting Pillar II of the CAP.</p>	<p>Established discourse of alternative food networks and short supply chains from which to learn lessons</p> <p>Broadening the scope and principles of food networks to wider forms of rural activity, development and cooperation</p> <p>Extend the relocalisation agenda to other areas, drawing on food networks experience and structures</p>	<p>Small numbers and size of alternative food producers</p> <p>Restrictive and constraining bureaucracy for alternative production</p> <p>Shortfall in intermediaries (abattoirs, wholesalers etc) extensive inter-regional networks</p> <p>Physical and IT infrastructure may limit developments</p>	<p>Establish regional coordination units to integrating food network development in regional governance frameworks</p> <p>Regionally coordinated projects to facilitate mobilisation of producers and processors through existing successful key network members.</p> <p>Thematic re-localisation programmes coordinated at regional or sub-regional levels, initially to learn lessons from food network initiatives.</p>

<p><b>Business networks</b></p>	<p>Bond local businesses together</p> <p>Bridge local businesses with the non-local space</p> <p>Support clusters as a competitive growth strategy</p>	<p>More competitive businesses</p> <p>Common understanding of externalities (culture, heritage, environment, landscape) and how to manage them</p> <p>Establish channels of trans-territorial cooperation</p>	<p>Business networks as factors creating inertia and supporting lock-in</p>	<p>Programmes assisting and supporting local business networks (LEADER I, II, +)</p> <p>Programmes supporting trans-territorial cooperation</p> <p>Programmes enriching networks' nodes with educational and training opportunities, research, product development and promotion.</p>
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