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### **EDORA**

(European Development Opportunities  
for Rural Areas)

### **Working Paper 28:**

## **Implications for Cohesion Policy in Rural Europe**

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## Introduction

The EDORA project focuses on the opportunities of different types of rural regions. This concluding working paper on the implications for policy to promote competitiveness and cohesion in Rural Europe draws on all the previous work packages of the project. Moreover it provides an account of existing approaches to cohesion policy, and the recent reform discussions, and takes these as the starting point for an analysis of their particular relevance to rural areas. Following the project outline and discussion this can be seen as highlighting the meta narratives of rural change (Working Paper 10) and Future Perspectives for rural regions (Working Paper 26). It will be a main task of this Working Paper to use the evidence developed in the previous parts of the project and to draw together and underscore the policy conclusions. In this regard the following questions will be important to be addressed in the analysis of policy implications:

- What are the implications of changes (thematic analysis, Working Papers 1-9) for different rural regions (typology of regions, Working Paper 24)? How do they relate to main challenges and opportunities?
- What policy options have been discussed for the main fields of activity for rural regions?
- How can networks and cooperation (urban-rural relationships, respectively trans-regional cooperation, evolving rural-global links; Working Paper 10 and 27) be seized as development opportunities?
- How can institutional resistance, experienced as inertia to policy changes, be overcome?
- How can the current priorities and application processes be adjusted to reflect increasingly the (diversified) 'rural' opportunities?
- How can the European policy framework be adapted to the specific types of 'rural' regions, and reflect the need for rural-urban and, in general, inter-regional territorial cooperation, including in particular the various administration levels and actors?
- How can the different policy implications take account of scenarios of the future?
- How would these varied answers refer to Macro, Meso and Micro regions?

Based on various European studies on rural development conceptualization and policy analysis, and the thematic review of the EDORA project, the analysis of policy implications is set in a framework that addresses challenges and opportunities for different types of rural regions with reference to the various meta-narratives explored in the analytical part of the project. It also takes account of the main theoretical concepts of a comprehensive rural development paradigm, and addresses a range of "generic" policies. According to diverse contents and intervention types these could affect different levels of policy implementation and apply primarily to, or require differentiation between, Micro, Meso and Macro regions. It follows from the recognition of "connexity" as an overarching driver of regional development, and the application of the networks approach, that the various conceptual issues and policy dimensions tend to be inter-linked to a great extent.

The evidence provided by the analysis of main drivers of rural change and the framework for rural differentiation underlines the project's main objective: to investigate the scope for enhancing development opportunities in different types of rural areas. This task cannot be allocated to a specific geographical level as its sole responsibility, but has to be addressed at the various territorial levels and in coordination between the associated administrations. The presentation of a number of selected exemplar regions intended to portray the scope of regional patterns and development pathways,

(Working Papers 11-22) highlights micro-scale processes. At a higher level, the typology framework established through the EDORA Cube (Working Paper 24), the meta-narratives (Working Paper 10) and its extension through contrasting scenarios in the future perspectives work (Working Paper 26) raises our understanding of different perspectives of development in non-urban environments. This paper will also make use of the analysis of the potential for territorial cooperation (see the separate Working Paper 27) that is considered to provide a crucial element for territorial cohesion policies in non-urban regions.

Thus the previous work packages have addressed a number of important policy issues and implications for territorial cohesion policies. The following structure of the Working Paper takes account of the different aspects of these analyses. Following these analyses, different aspects and dimensions of a wide set of policies with significant territorial impacts have been highlighted in the summary sections of those working papers. This working paper has the task to begin a discussion of those elements that are most useful in the elaboration of policies for Territorial Cohesion in a non-urban context.

It starts with the objectives of Territorial Cohesion policy and an overview of the evolution of the EU policy framework, before focusing on the widening scope for “rural” policy and including recent shifts in policy discourse towards re-strengthening solidarity arguments. In the second section it addresses rural change developments and the major theoretical foundations to draw on rural amenities. This leads to the conception of general considerations for criteria for cohesion policies for non-urban regions (in the third section) which are oriented towards a place-based approach. General aspects for territorial cohesion policies in non-urban regions are presented that extend to a full coverage of all types of “territorial capital”. The main thrust for policies on territorial cohesion aims not just at enhancing “hard” and “soft” capital sources, but includes a comprehensive coverage of all types of “territorial capital”. It focuses on the innovatory elements of addressing the wide array of different kinds of “assets” available / shaped within non-urban environments and explores main policy considerations with a view to making best use of opportunities that are specific to rural regions.

## **1. Policy Objectives for Territorial Cohesion**

### **1.1 EC policy framework for Territorial Cohesion**

Policy implications are discussed by decision-makers and stakeholders at different levels in the context of a policy rationale for rural differentiation, drivers of change and emerging opportunities. The rising interest for the territorial dimension, expressed in this debate, might be due to the implications of global processes for local configurations of power and the search of local actors for shaping place-specific opportunities. In particular, they reflect the Community’s fundamental aims of achieving economic competitiveness, sustainable development and coherence of the European continent. The three policy agendas providing the respective context are the Lisbon Agenda, the Gothenburg Agenda and the inclusion of ‘Territorial Cohesion’ in the Treaty of Lisbon (art 3). With the recent intensification of the discussion the authority of the Lisbon Agenda declined and the focus shifted towards a renewed assessment of a territorialised Social Agenda, emphasizing a development policy which aims at both efficiency *and* social inclusion (Jouen 2009). Fabrizio Barca who prepared, commissioned by the EC Commission, a thorough analysis and proposal for a reformed cohesion policy put it in the following words, “ a policy aimed at giving places the opportunity to make use of their potential (efficiency) and all people the opportunity to be socially included independently of where they live (social inclusion)”. This involves an optimistic message about the part of endogenous development and the opportunities for (different types of) rural areas in the future cohesion policy.

Integrating territorial cohesion in the objectives of the Treaty underpins increasing relevance of the concept in European policy-making and academic spheres over recent years. The ‘Territorial Agenda of the European Union’ (EU 2007), a high ranking political document, provided the background to

inclusion of the concept that had evolved from discussions taking place in the early 1990s, and promulgated by the ESDP in 1999. The Hungarian Presidency is working towards a revision of the territorial Agenda in the first half of 2011 (Salamin 2010) that should reflect the recent changes of the policy context. This might bear important implications for governance in rural regions (see e.g. Box 1 below on rural regions and Europe 2020 Strategy).

Emphasising territorial cooperation and the need to address territorial trends remains central to ESPON activities. The Green Paper on Territorial Cohesion (EC 2008) continues this process and argues that the territorial diversity of the EU is a vital asset that can contribute to the sustainable development of the EU as whole. To turn this diversity into strength, new themes of policy action, new sets of relationships binding EU territories at different levels and new forms of cooperation, coordination and partnerships have to be sought. The concept sets out the following aspects as main issues to the debate (Hübner 2009):

*“Viewing cohesion from a territorial angle calls attention to themes such as sustainable development and access to services. It also underlines that many issues do not respect administrative boundaries and may require a coordinated response from several regions or countries, while others need to be addressed at a local or neighbourhood level.”*

*“An integrated place-based approach pursued by cohesion policy is ideally suited to respond to complex and strongly embedded issues, such as regional development, but in order to maximise synergies better coordination with sectoral policies is necessary. Territorial cohesion also stresses the added value of partnership with a strong local dimension, which ensures that policies are designed and implemented with local knowledge.”*

### **Policy objectives for territorial cohesion**

In terms of defining the policy concept, following Ahner (2010) a common general understanding emerges from the debate which is based on the original definition of territorial cohesion in the 3<sup>rd</sup> cohesion report:

*“Territorial cohesion is about*

- *ensuring harmonious, sustainable and polycentric development.*
- *enabling citizens and enterprises*
  - *To make the most of the inherent features of different territories in a sustainable way*
  - *To benefit from and contribute to European integration and the functioning of the Single Market wherever they happen to live or operate.*

*Territorial cohesion is facilitated through an integrated approach including:*

- *Coordinating the territorial dimension and impacts of sectoral policies at each level from local to European.*
- *Vertical coordination between levels in a multilevel governance scheme.*
- *Cooperation between territories to allow functional approaches.”*

As a general reference, the objective of territorial cohesion can be understood as constituting a policy framework which provides measures to achieve a more balanced development by reducing regional disparities, avoiding territorial imbalances and by making sectoral policies, which have a spatial impact, and regional policy more coherent. The sub heading ‘Turning territorial diversity into strength’ chosen for the Green Paper (EC 2008) is perceptive in identifying the diversity of the European Union while recognising its position as a focal point for territorial cohesion.

**Figure 1:** Policy documents influencing the debate of territorial cohesion

<b>Policy documents</b>	<b>Main aspects</b>	<b>TC relevance</b>
ESDP (1999)	Integrated spatial approach; focusing on polycentricity, linkages and sustainability	Build a theoretical framework for spatial planning in the European context
Lisbon Strategy (2007)	Achieving a competitive European space: growth and employment	TC a politically accepted objective of the EU
EU, Territorial State and Perspective (2007)	Elaborate the evidence base	Policies to develop 'territorial capital'
EU, Territorial Agenda (2007)	Territorial governance	Issues to be tackled, reflecting territorial diversity and priorities
EC, Green Paper on Territorial Cohesion (10/2008)	Turning territorial diversity into strength	TC in debate and practice
Contributions to Green Paper discussion	388 contributions to TC discussion	Harmonious development for different territories (impacts, governance, functional approaches, and cooperation)
Barca report (04/2009)	A place-based approach	Coordinated, reinvigorated public action at all levels
Commissioner D. Hübner, reflection paper (04/2009)	Reflection on issues integrated in debate	Sustainable development, accessibility and institutions in a place-based approach
CoR, White Paper (06/2009)	Multilevel governance	Encouraging participation and reinforcing effectiveness
EC, 6 <sup>th</sup> Progress Report (06/2009)	Regional dimension of creativity and innovation	The state of the debate on TC: improving understanding
EC, background paper, Kiruna meeting (12/2009)	Make use of the territorial potential	Territorial cooperation, coordination and analysis
Commissioner P. Samecki, orientation paper (12/2009)	Focus on EU2020 strategy	Future priorities of TC
Spanish Presidency, cohesion policy objectives (01/2010)	Cohesion policy a top EU agenda	Integration to EU 2020 strategy
2 <sup>nd</sup> TCUM seminar (03/2010)	Scales of policy intervention	Functional regions and territorial cooperation
COM, Strategic Report (03/2010)	Overview of implementation of cohesion policy 2007-2013, from national strategic reports	Progress in TC implementation
EC, Europe 2020 (including consultation)	New economic strategy in Europe (with 1,400 contributions)	EU headline targets; lack of social and environmental priorities
EC, Paper on budget review (09/2010)	Link to future definition of cohesion policy	
EC, 5 <sup>th</sup> Cohesion report (12/2010)	Future of cohesion policy	
Hungarian Presidency, revised Territorial Agenda (1 <sup>st</sup> half 2011)	Reflect changing policy context	Raise understanding and implementation of TC activities
EC, legal proposal for cohesion policy post 2013 (1 <sup>st</sup> half 2011)	Feeding into consultation process	

Source: Faludi 2009, Ahner 2010

The consultation on the Green Paper on Territorial Cohesion, started in late 2008, was the initial reference and base to much of the subsequent policy debate on shaping territorial cohesion policy. Figure 1 provides a condensed overview on some of the major relevant contributions to that discourse, which is currently at a decisive stage. The notion to “make use of the territorial potential” of all regions and to aim at a place-based approach has been deepened in a series of conferences of different European institutions and through respective reports. The most intensive discussions probably took place in preparing and drawing lessons from the Barca report (2009). Its core thrust of proposals and consequences for a more targeted policy approach will be discussed in more detail in section 3.1.

### **Box 1: Rural regions and Europe 2020 Strategy**

With the proposal of strategic targets to be achieved by 2020 the Commission proposes to address priorities of action in the different policy fields. Europe 2020 puts forward three mutually reinforcing priorities:

- \* Smart growth: developing an economy based on knowledge and innovation.
- \* Sustainable growth: promoting a more resource efficient, greener and more competitive economy.
- \* Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion.

Territorial cohesion is hence addressed as a key concept in the inclusion strategy of the EC. This will exercise considerable implications on rural areas which could be highlighted by spatial differentiation of the EU headline targets for the strategy:

- 75% of the Population aged 20-64 should be employed.
- 3% of the EU's GDP should be invested in R&D.
- Climate/energy targets (“20/20/20” aim) should be met (including an increase to 30% of emissions reduction)
- The share of early school leavers should be under 10% and at least 40% of the younger generation should have a tertiary degree.
- 20 million less people should be at risk of poverty.

All of these indicators reveal a particular spatial distribution and parts of rural regions experience long-lasting development gaps that are fundamental to the need for regional policies. The proposed flagship initiatives put forward main activities relating to these aspects and underpin the need for a place-based approach for applying these policy priorities. The seven flagship initiatives include:

- “Innovation Union”,*
- “Youth on the Move”,*
- “A digital agenda for Europe”,*
- “Resource efficient Europe”,*
- “An industrial policy for the globalisation era”,*
- “An agenda for new skills and jobs”, and*
- “European platform against poverty”.*

It seems crucial that the territorial dimension is included in the national response to this approach. This would reflect the spirit of the Territorial Cohesion discussion and search for a strategy to make use of the specific regional assets in all types of regions. Particularly for the non-urban areas this approach is important. It also reflect a more general concept for a new approach to regional policy that is summarized by the OECD (2009b) as “moving from subsidising business and employment in poorer regions to promoting growth in all types of regions”. In particular an enhanced understanding of the complex inter-relationships and the need for differentiated policy application calls for a thorough conceptualization of the multi-level governance going well beyond traditional distinctions between top-down and bottom-up approaches. As such the EC strategic proposals can be seen as an incentive to reinforce targeting of territorial cohesion considerations.

During the Spanish presidency in the first half of 2010 a specific focus was put on Cohesion policy as a top EU agenda. In an exercise involving a large selection of experts and stakeholders across Europe an “urban-rural narrative” has been developed and the acceptance of new perspectives tested through a questionnaire. Its contribution highlights the need for a thorough investigation of urban-rural relationships and spatial trends in conceptualizing the new pattern of spatial relations, becoming visible through increased flows and implying analysis beyond core and periphery paradigms (Spanish Presidency 2010). Another important dimension in the discussion is the again increased consideration on sustainability issues as exemplified by the Renewed EU Sustainable Development Strategy (2006). Though it does not include any section specifically dedicated to territorial issues there are several territorial indications and it presents cross-cutting challenges of significant spatial impacts. In particular it links to the Lisbon Agenda and Social Inclusion aspects as well as natural resources and provides an interesting input to current considerations on territorial cohesion implementation. All this discussion is meant as input to the process started with the Europe 2020 Strategy (EC 2010). Within that strategy the EU goals to be achieved by 2020 are presented through headline targets for main economic, societal and environmental dimensions which would have to be translated into national targets and trajectories. The flagship initiatives proposed by the Commission (see box) underpin the spatial dimension of these priorities and demand an integration of these activities into the debate for an update of the Territorial Agenda. In addition to the presentation of the EU budget review (September 2010), the 5<sup>th</sup> Cohesion report (planned for December 2010) and the legal proposal for the Cohesion policy post 2013 (planned for the first half of 2011), the Hungarian Presidency has set as one of the priorities to engage in this update of the Territorial Agenda (Salamin et al. 2010). The preparation and discussion will undoubtedly raise the concern for territorial cohesion aspects and include the analysis of the role of rural regions in cohesion policies.

## **1.2 A widening scope for rural policy**

Rural development has emerged as a significant policy field since the early 1990s and has attracted increasing attention within spatial development policies. It has been mainly developed within CAP as a sectoral policy extending its scope of action gradually towards non-agricultural activities. The process for a broader rural policy started simultaneously about two decades ago when the EU’s Cohesion Policy became a significant source of funding for rural development and integration of sectoral policies was a key target. This process was most clearly expressed in the late 20<sup>th</sup> Century with considerable changes in thinking about rural development, shifting it from a narrowly defined agricultural production policy to a broader range of issues and increasing linkages and coordination activities with other policies impacting on rural regions. However with CAP reform and particularly through Agenda 2000 the installation of the Rural Development Regulation as the Second Pillar of CAP brought about a separate policy strand, labeled as *the* rural policy that is again integrated into CAP. Nevertheless a number of stakeholders and non-agricultural actors (at all levels) have continued to raise the understanding for the relevance and implications of a wide range of policies for “rural” issues. This shift in policy thinking was best described in the international debate by the introduction of the term of the “New Rural Paradigm” by OECD (2006) addressing the underlying conceptual changes. Though its focus has diversified from an exclusively agricultural production policy to a more broadly based rural policy, actual implementation within the EU is still linked closely to agricultural institutions and actors. The recent changes thus refer more to the policy concept than to its delivery, resulting in a situation where most of the measures still derive from the Common Agricultural Policy, but with other policy domains, particularly Regional Fund and Environmental Policy, taking an increasing interest in rural development. As the EDORA typology illustrates (See WP 24), EU rural policy has to address a wide diversity of economic, social and demographic conditions apparent in different Member states, and in different areas within Member States. Comparative studies on policy implementation observe a “mismatch” between the policy rhetoric and rural policy shifts, indicating a high dependence on policy traditions and institutional challenges (Copus and Dax 2010).

## ***Rural challenges and policy response***

The changes and continuing challenges for reform are driven by a number of factors that have been taken into account in the thematic analysis (WP1-9), the Synthesis Report (WP10) and the exemplar regions reports (WP11-22). Moreover the typology work (WP24) and country profiles (WP25) highlight the diversity of non-urban regions. This detailed analysis underpins the diversified expectations and future perspectives (WP26) and in turn reflects the increased awareness of territorial aspects influencing non-urban regions evident in a variety of policy dossiers (see section 1.2). The 'rural challenges' have been addressed by placing special emphasis on enhancing the role of the local level and on increasing the focus for 'integrated approaches'. An analysis of the main underlying policy concepts calls for activities beyond the current framework. For example, in addition to farm structures development, more attention will have to be paid to location aspects of rural activities, social challenges and environmental and landscape issues. The key aspects for understanding rural change have been conceptualized at the beginning of the project and have been investigated through thematic reviews (WP1-9), highlighting the extent to which each of them contributes to the clarification of our understanding of on-going changes of regional development processes and particularly effects on activities and performance of rural areas. A wide array of the expectations for a more coordinated policy approach is integrated in the concept of regional governance which can be considered central to territorial cohesion implementation.

The following table provides a structured overview on the various themes particularly relevant for non-urban policies and cohesion strategies (Figure 2). It is arranged along the 'meta-narratives' which have been analysed in the earlier stages of the project (WP 10, Lee et al. 2009). These three alternative accounts of change, labeled as 'meta-narratives', are quite common perspectives that are esteemed more or less relevant according to regional contexts and our focus of attention on development issues. As each of these perspectives emphasizes different aspects as core explanations of the changes affecting rural areas, and the inter-relations of areas, they also lead to slightly different conclusions about how to promote rural growth. From a conceptual viewpoint they are not mutually exclusive, and therefore the debate about policy implications can draw relevant conclusions from all of them. With the overarching context of 'connexity' as a backdrop to these meta-narratives it becomes clear that the linkage between the narratives, and conclusions for policy implications based on these, is of core relevance, and policy concepts have to reflect the whole picture of development opportunities and policy response available. The table highlights also the analytical focus and the evidence provided through the EDORA project, in analyzing core driving forces for rural change through the thematic reports and allocated in the table to main challenges of rural regions (WP1-Wp9) and in presenting regional examples that reveal the great diversity and need for multi-sectoral activities in all regions (abbreviations indicating the main policies addressed by the 12 exemplar regions reports).



**Figure 2:** Policy approaches, rural opportunities and policy response

Meta Narrative	Challenges <sup>1)</sup>	Opportunities	Concepts/ Rationales	Policy Domain	Specific regional examples <sup>2) 3)</sup>
agri-centric meta-narrative	<ul style="list-style-type: none"> <li>Improve agricultural competitiveness (WP9)</li> <li>Secure provision of positive external effects</li> <li>Integrate environment and territorial effects in sector (agr., land use) activities</li> </ul>	Diversification Quality products Public goods provision	<b>Multifunctionality</b> Farm restructuring	Agriculture Rural Development policy Competitiveness Education and training Land use, e.g forestry	Agr: T, SS, LR, CZ, OS, NY RD: MS Comp: JK, Z Edu: CZ For : JK, Z, SS, CZ, NY
urban-rural meta-narrative	<ul style="list-style-type: none"> <li>Cope with development difficulties due to location (remoteness) and low population density (WP6)</li> <li>Link remote areas to centres (WP4)</li> <li>Overcome development gaps</li> <li>Address functional division between different types of areas (environment, economy, culture)</li> </ul>	Functional specificities Rural amenities Quality of Life aspects Information technology	Regional governance <b>Endogenous growth</b> Neo-endogenous development ISEZ/local economy approaches	Infrastructure Telecommunication Spatial Planning Public services Transport Mobility Regional economy	Inf: CZ Plan: N, LR, OS Pub: Z, T, SS Transp: SK, N, OS Reg: MS, N
meta-narrative of economic competitiveness and global capital	<ul style="list-style-type: none"> <li>Achieve innovation and regional growth (WP3)</li> <li>Adapt to demographic changes (WP1)</li> <li>Improve employment perspectives and income distribution (social exclusion) (WP2)</li> <li>Take account of global cultural changes (WP5)</li> <li>Cope with global (climate) change (WP8)</li> </ul>	Human and social capital development Networks Clusters Consumption countryside Global cultures	<b>Globalization</b> Networks Post-productivism Ecological modernization <b>Sustainable development</b>	Demography (migration) Social inclusion and gender empowerment Equality Employment Tourism Heritage Energy Environment	Dem: T, MS, LR, CZ Soc: O, Z, T, MS, LR Equ: CZ, NY Tour: JK, Z, T, SK, MS, N, OS, NY Energ: CZ Env: SK, MS, OS
overarching context of connexity	<ul style="list-style-type: none"> <li>Understand institutional change as main driver (WP7)</li> <li>Provide appropriate coordination mechanisms (between sectors, levels and perspectives)</li> <li>Relate regional strategies to the different dimensions of connexity (economic, social, cultural and political)</li> </ul>	Cooperation Network structures Relational space	“holistic” and integrated approaches <b>Systemic</b> concepts	Regional policy Territorial Cohesion policy	Int: O, Z, MS, LR

<sup>1)</sup> Thematic **Working Paper reports key**: Rural demography (WP1), Rural employment (WP2), Rural business development (WP3), Rural-Urban relationships, (WP4), Cultural heritage (WP5), Access to services of general interest (WP6), Institutional capacity (WP7) Climate change (WP8), Farm structural change (WP9).

<sup>2)</sup> **Exemplar Regions key:** NY: North Yorkshire, England (Intermediate, service sector, accumulating); N: Neumarkt, Germany (Predominantly rural, diversified, accumulating); OS: Ostrolecko-siedlecki, Poland (Predominantly rural, agriculture, depleting); MS: Mansfeld-Sudharz, Germany (Intermediate rural, diversified, depleting); O: Osrednjeslovenska, Slovenia (Intermediate rural, accessible; accumulating); Z: Zasavska, Slovenia (Intermediate accessible, diversified, below average performance); CZ: Chelmsko-Zamojski, Poland (Predominantly rural, diversified, depleting); SK: Skye, Scotland (Predominantly rural, remote, consumption countryside, above average); JK: Jonkoping, Sweden (Predominantly rural, close to city, consumption countryside, above average); SS: South Savo (Predominantly rural, remote, diversified, below average); T: Teruel, Spain (Predominantly rural, remote, diversifying, accumulating); LR: La Rioja, Spain (Intermediate rural, accessible; accumulating). **Key for policy fields** addressed: Agr: Agriculture, RD: Rural Development, Comp: Competitiveness, Edu: Education and training, For: Forestry, Inf: Infrastructure, Plan: Spatial planning, Pub: Public services, Transp: Transport, Reg: Regional economy, Dem: Demography, Soc: Social inclusion and gender empowerment, Equ: Equality, Tour: Tourism, Energ: Energy, Env: Environment, Int: Integrated approaches.

The EDORA thematic analysis was particularly focused on addressing rural changes and revealing evidence for different “types” of rural regions. Taking stock of the “state of the art” of rural development research<sup>1</sup> the following nine themes were selected as indicative areas of main driving forces:

- Rural demography
- Rural employment
- Rural business development
- Rural-Urban relationships
- Cultural heritage
- Access to services of general interest
- Institutional capacity
- Climate change
- Farm structural change

The economic, social, environmental and policy processes analysed in this work have been synthesized into a coherent structure of three “meta-narratives”, and also to support evidence for the overarching theme of “connexity”. As Lee et al. (2009) argue we have been alerted

*“to the increasingly interconnected world in which we live, and this provides an overarching context for the changes affecting rural areas of Europe. For example, Castells (1996) introduced the concept of ‘Network Society’, while Healey (2004) argues that mid-twentieth century ‘Euclidean’ concepts of planning have been challenged by a relational conception of spatial planning which understands place as a social construct, continually co-produced and contested; views connections between territories in terms of ‘relational reach’ rather than proximity; sees development as multiple, non-linear, continually emergent trajectories; and recognizes the changed context of a network society and multi-scalar governance. In this context ... Mulgan (1997) ... defines connexity as connectedness and interdependence, and his central theme is the increasing tension which arises between freedom and interdependence in this networked world. A crucial feature is that the interrelatedness of places is no longer to be considered only in ‘Euclidean’ terms of physical distance, but rather in terms of their relational interdependence often across considerable distances.”*

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<sup>1</sup> The thematic analysis was focused on the main driving forces. In addition to the assessment available from that part of the project, a wide range of “rural research” studies contain findings on other aspects. These are particularly FP7 projects (e.g. DORA, IMPACT, RESTRIM; TERESA and TOP-MARD; and CARERA, ETUDE, FARO, RuDI and RUFUS) as well as other comparative studies on rural development implementation (like NORD I and II) and studies within the ESPON programme 2006 (ESPO 2.1.3 on territorial impact of CAP, ESPON 1.2.2 on urban-rural interrelations and ESPON 3.2 on scenarios) and the current ESPON programme (FOCI, DEMIFER and TeDi).

Similarly the exemplar regions reports (WP11-22) address a multitude of policy aspects with varying focus and in different detail. Some of the common findings on policy implications are:

- Basic requirements on skills have to be improved by the increase of education attainment of workers, oriented at future needs of the labour markets.
- Agricultural land is re-conceptualised in the framework of multi-functionality as of high environmental and cultural value. This new perspective would be addressed through taking increasingly account of the 'public good' character of land use management and the potential for continued diversification of activities.
- Landscape development and proper management of natural environment remains a crucial task for securing assets of rural spaces.
- Stimulating empowerment of rural communities is key to success of a comprehensive territorial-based regional policy
- In spite of the changes of physical relationships in territorial development, accessibility and transport policy remain key areas for shaping non-urban quality of life and development opportunities.
- Public programmes have to be promoted that integrate innovative action for entrepreneurship, social capital, networks, strategic planning and local development
- Besides the complexity of development activities, these are full of contradictions and conflicts, reflecting the notion of the 'contested countryside'.
- Differentiation within the non-urban regions is highly expressed through differences in opportunities and productivity (e.g. mountain areas, islands and peripheral contexts vs. easily accessible non-urban areas).
- Marginalization threats and dependence on public support must not be overlooked in any reform debate
- Regional policy is seen as a holistic task to include the various dimensions of territorial development
- Many impacts and regulations from outwith the regional boundaries impact on non-urban regions (both positively and negatively) and call for the inclusion of all the higher tiers of governance (global, EU, national) as a significant driver for changes at the regional and local level as well.

## **2. Towards a more comprehensive assessment of rural opportunities**

While it is widely acknowledged that a global economy emerged (or extended) in the second half of the twentieth century, it is important to differentiate its territorial impact. Taking account of fundamental divergences between regions, in terms of level of integration, competitiveness and economic growth we can experience a significantly uneven regional performance across Europe. This is a long-term driving element in the targeting of territorial cohesion approaches of the European Union. Rural and peripheral contexts have been equated for a long time with considerable development problems suffering from persisting weaknesses of integration. With recent technological changes the potential to link them more closely to the global networks of value making and wealth has altered the perception and provided opportunities for making increased use of local potential. At the heart of this changed logic is the recognition that networking and connectivity is crucial to overcome any segmentation and

barriers of development, which of course is particularly relevant to non-urban regions (Dax et al. 2010). The recent policy shifts with regard to the meaning of territorial cohesion (addressed above) has provided changed priorities in perceiving rural areas not primarily as “dependent” regions, but through focusing on its diversity and specific features as regions with particular opportunities. As many studies and the empirical analysis of this ESPON project underscore this potential is often not visible at first sight and has to be nurtured through targeted (policy) action. This section aims at presenting the emerging discourse of different narratives of rural change, its influence on how rural opportunities are perceived, and the need to focus on rural amenities in order to make a more comprehensive use of the different kinds of assets based in rural regions.

## **2.1 Drawing on narratives of rural change**

A fundamental challenge in fostering sustainable rural communities, in economic, social and environmental terms, is to manage the tension between continuity and change (Arnason et al. 2009). As Lee et al. (2010) point out in their summary on the thematic papers and exemplar regions analysed within the EDORA project, a number of changes are influenced by specific perspectives on territorial opportunities, which are translated through the application of sectoral policy programmes and the expressed need for coordination of policies. For example many rural communities seek to attract in-migrants and return migrants (who bring new ideas, start businesses, and maintain the viability of services) but fear an attendant displacement of local people and practices, especially those fundamental to cultural and environmental sustainability. The neo-liberal tendency toward deregulation has depleted the state’s ability to manage these tensions in the interests of sustainability, so heightening such difficulties. It is apparent that the state, and its partners in multi-level governance, require stronger powers and a fuller set of policy ‘tools’ with which to seek to manage these tensions.

The wide range of thematic project analysis (Working Papers 1-9) and the exemplar regions reports (Working Papers 10-22) underpin the need for deliberative processes and collective action, as well as the mobilisation of actors (especially the least powerful) to develop strategic agendas in a context of diffused power relations. Usually rural areas are understood in a context of “globalisation (that) is, in essence, about power – about the lack of power of rural regions to control their own futures, and about the increasing subjection of rural regions to networks and processes of power that are produced, reproduced and executed on a global scale” (Woods 2005, 33). However, as Woods recognizes and many recent studies on rural development underscore, people and policy-makers in rural areas are not entirely passive in the face of global forces, with many opportunities to resist and negotiate these forces, with the aim to remain competitive in a globalised world (Lee et al. 2010, 21). Rural action therefore presents a huge challenge of cultural change for social actors in rural development. It is set in a dialectic between continuity and change, and will be a process of negotiation (or at least a contested political task) between maintaining traditional values of society, economy and environment and fostering and embracing new approaches to them.

The changes involved are crucial in the process of conceiving opportunities in non-urban regions. Beyond the social dimension of the changes it is even more complex to address their spatial implications. Though the tensions generated by the divergent options are felt by local actors and decision-makers, general approaches for regional development tend to focus on traditional perceptions of the regional identity. On-going cultural changes that are quite important for the population and epitomized in youth culture are hardly taken up “positive” incentives to development considerations. However, realizing (global) societal developments would require taking account of such new phenomena and their relevance for rural regions. A more explicit approach to take account of the changes in the power relations and cultural aspects would mean also implications for including additional social actors in rural development, develop further local institutions, and address relational resources and mobilising capabilities as key priorities for development activities.

Besides the social and cultural changes, the narratives point to the vulnerability or the resilience of rural areas to 'shocks'. These include, for example, the disruptions associated with the collapse of the Soviet hegemony and the post-Soviet transition leading to the loss of full employment, with many other rural areas in Western Europe also being affected by the closure of major employers, the loss of key services, and the effects of economic recession. In terms of spatial differentiation, the importance of the post-Soviet transition may be highlighted in terms of the distinctive pathways experienced by rural areas in Eastern Europe and the ways in which these still constrain options and strategies today. Several of the exemplar regions, for example, had been subject to significant 'shocks' in the recent past, including the collapse of mining, or of communism. But not all shocks have negative consequences – some have eventually induced positive development trajectories, as they have incited to adaptive strategies actions aimed at the recovery of regional economy.

### ***The People and Places 'left behind'***

The presentation of leading narratives has sometimes underestimated the social aspects of regional development. It seems therefore imperative to recall the internal differentiation and social developments and movements within the regions. Too often policies focused on issues of efficiency and respective policy documents have underplayed the position of the people left behind in these processes. This is experienced especially in some rural places where a spiral of decline has to be noted, but even without such depressing prospects there are many rural places where people are 'trapped'. This term describes both the lack of opportunity that some people face, and their lack of mobility in these areas. These two aspects, that is poverty *of* rural places and poverty *in* rural places (Lee et al. 2010) have to be addressed attentively in any deliberation on non-urban regional strategies. While the aspect of individual poverty or social exclusion aspects would be seen as primarily the responsibility of horizontal ESF interventions, the recent policy discussion suggests taking it increasingly into account in territorial cohesion policy considerations. At least taking account of the spatial implications of the sector policy would enable a more comprehensive impact assessment and allow a better targeting of solidarity aspects as presented as specific focus in the policy discussion (Barca 2009, Ahner 2009). In addition the social dimension and its changes (e.g. ageing of population, migration effects and shifts in the nature of employment structures, public services provision) might have a significant effect on the use of local potential and should not be underestimated.

### ***The specific relevance of natural capital***

Another aspect which is core to the development opportunities in rural regions is the role of natural capital in regional development plans. As the patterns of natural resources are a key differentiating indicator between rural and urban areas they are often also addressed as the main features and drivers of rural policy. Though this view cannot hold true with the evidence on rural regions' changes over recent decades, the influence of natural capital on general land use and interrelations with other economic and social activities in these regions is commonly accepted. The concept of sustainable development was elaborated as a tool to take account of the additional dimensions related to resource use in a more holistic approach. As the Council of the European Union in its review of the EU Sustainable Development Strategy (2006) argues, quite a number of unsustainable trends still persist and new challenges are arising. This assessment provided the incentive for the review. It sees its main challenge to gradually change the current unsustainable consumption and production patterns and the non-integrated approach to policy-making. Both targets have significant territorial implications and hence relate, in consequence to the wide approach of sustainable development, to almost all sector policies. The focus here should be to highlight the specific relevance of environmental performance, the synergies seen with the Lisbon Strategy and the specific challenges associated with the management of natural resources. The proposed actions can be realized as a revival of the sustainable development approach and underpins considerations on a more balanced territorial policy. One exemplary international document highlighting the specific concern for assets related to the

combination of natural resources within regions is the European Landscape Convention that entered into force in 2004. It highlights particularly the asset base, a systemic approach of interpreting landscape development and the need for cooperative action to achieve quality objectives (Council of Europe 2008). Another recent document on the territorial dimension of environmental sustainability has been prepared by the European Environment Agency (2010). It emphasizes the importance to incorporate the environmental dimension as a viewpoint for developing and assessing policies and programmes of territorial cohesion. Relevant examples are the adaptation to climate change and the need for cross-cutting analysis, covering areas from flood risk management to agriculture and to biodiversity protection.

One deficiency in the discourse seems to be that, in general, policy makers define sustainable development using economic criteria for decision making, indicating that there are no agreed and reliable ways to include the valuation of environmental or natural capital (Gren and Isaacs 2009). While the natural assets are more and more addressed as a key resource which is of concern to all the population of a nation, they just take a secondary role in the narratives on rural change. In response to current developments, growth and innovation strategies are understood in a much broader definition. In working towards a sustainable growth path the OECD has intensified the concern to tackle environmental degradation and climate change from an economic perspective. In its Green Growth strategy it envisages two clear opportunities that can be harnessed: innovation and green growth. There is a specific regional and local dimension of green growth that includes consideration how to foster green innovation and support creation of green jobs in cities as well as in the context of rural development. In particular, the development of renewable energy in rural areas and local initiatives to tackle climate change are explored (OECD 2010). As these new developments and natural resources in general may have particular value for society as a whole, the increased focus on amenities has provided an impetus for rural initiatives and enlarged the scope of rural policy for many regions. It should not be neglected that many non-urban contexts refer to these natural resources as a main component of their development potential.

## **2.2 Rural challenges and opportunities**

Rural areas of Europe are experiencing major changes which pose challenges for EU territorial cohesion. These have been summarised in WP10 of the EDORA project in terms of the economic, social, political and environmental processes which lead to spatial differentiation (Lee et al. 2010, pp.2-15). These processes are complex and manifold, and researchers offer competing explanations for these trends. In reviewing these explanations it has been found helpful to characterise these in terms of three meta-narratives, namely an agri-centric meta-narrative, an urban-rural meta-narrative, and a meta-narrative of economic competitiveness and global capital. Each of these can be interpreted as linked to a common and overarching context for change which is the increasingly interconnected and interdependent world in which we live. While these inter-relations can be assessed as the foundation (for cultural development and economic growth) of modern society, it should not neglect the tensions this brings to population in the various parts of the world. This period of historical transition we live in has been termed the 'Network Society' already more than a decade ago (Castells 1996). Presently "*the urgency for such a new approach to understanding the kind of economy, culture, and society in which we live is heightened by the crisis and conflicts that have characterized the first decade of the twenty-first century*" (Castells 2010, p. XVII). Global financial crisis and the transformation of employment, of communication, and on space and time in the human experience have impacted on everybody's life and underscore the theoretical observations. The important issue for our considerations is that all these elements entail significant spatial implications, which have to be analysed for their different effects for the various types of regions and specific contexts.

Two inter-related issues emerged as key to understanding the changes affecting rural areas in Europe, and the emerging spatial differentiation. These are, first and foremost, the nature of the

*interaction between places*, and, second, the ‘assets’ on which people can draw in ‘shaping’ the future of their place. The importance of the interactions between places is apparent in the processes of economic restructuring, migration, commuting, access to services and the other drivers of change reviewed.

From the analysis in the EDORA project it was concluded that two types of interaction were *both* important in understanding the differential performance of rural places in Europe. The first, the interaction *between rural and urban places* causes spatial differentiation around settlement hierarchies and accessibility/remoteness from centres of population, with distance from urban centres presenting the defining asset/handicap. The second, which is often overlooked in the analysis of rural regions, but nevertheless is of equal and growing importance, is the interaction *between the local and the global*, or at least between localities and places elsewhere. This implies that spatial differentiation is primarily shaped by the locality’s relational interactions and its other relevant assets, the institutional capacity, education levels, entrepreneurial spirit, social networks, identity and ability for collective mobilisation as well as its natural and cultural heritage. Most academic research on business networks and regional growth points to the importance of global linkages rather than linkages to the local town. While urban- rural linkages are still relevant for commuting, service provision, “local foods” and day-trip leisure activities, these activities cannot provide a sufficient basis for most rural economies. Rural economies based on these activities risk being too “passive”, following rather than leading. This understanding obviously affects the structure and nature of opportunities recognized within an area, and the views on the policy options.

A great part of these opportunities are linked to the rich variety of amenities that is available in rural areas. The term of “rural amenities” has been coined by OECD over the 1990s referring to “ a wide range of natural and man-made features of rural areas, including wilderness, cultivated landscapes, historical monuments, and even cultural traditions” (OECD 1999, 7). In addition basic characteristics of amenities include aspects of utility, consumption (within or outside the area), and a strong association with specific territorial attributes. It was analysed that significant potential of many natural and cultural resources remains untapped and that any attempt for harnessing such amenities involves striking a balance between use and conservation.

The development of a typology of rural regions within the EDORA project posed a considerable challenge. The risk to add another, sophisticated, methodologically-refined spatial delimitation between ‘urban’ and ‘rural’ areas had to be avoided. The task to map or measure interactions in relational space and the often intangible assets identified by numerous researchers as central to these processes led to the creation of the EDORA cube. As this provides rather an analytical framework in the form of three-inter-related typologies, it is supposed to turn the attention of policy makers to the interplay of the three dimensions reflected through them. As these are (i) rurality/ accessibility, (ii) degree of economic restructuring, and (iii) socio-economic performance (accumulation or depletion) several of the main features of rural areas are addressed in one of its facets. From the conceptual viewpoint developed through the analysis of this project further investigations on the aspects of interactions (of people and places) are required. Such empirical evidence would both contribute to substantiate the relevance of the overarching narrative of “connexity” and provide areas for policy action addressing these complex relationships.

### ***Future options for rural regions***

Following from the analysis of rural change and the elaboration of narratives to describe the processes affecting rural regions the EDORA project has explored in a short foresight exercise the range for future options of rural regions. Due to limited resources it was not possible to engage in the complete range of activities commonly associated with a conventional foresight, and particularly not with the required extensive participatory elements. Nevertheless the emphasis on scenario building allows to sketch alternative descriptions of possible futures for rural regions in the EU. The future perspectives

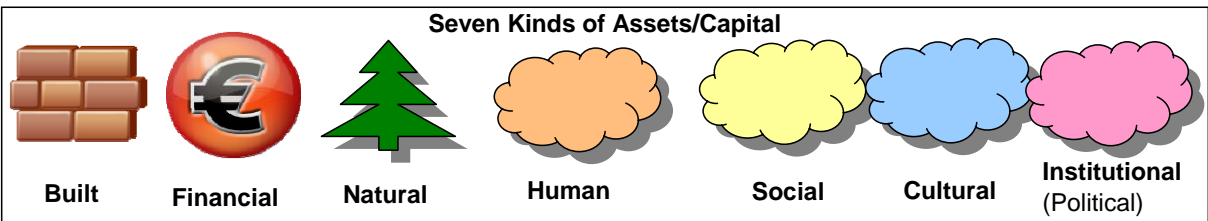
developed (Meredith 2010) are tools that assist reflection on the implications of contemporary and known issues within a medium to longer-term perspective. Following the analysis of macro- and micro-scale patterns of rural differentiation in the project work, they present an outline for options of different types of rural regions, mirrored against a range of scenarios.

The objective is to consider how future development may reconfigure the territorial capital associated with the different types of rural regions identified in the EDORA typology and, hence, their socio-economic development. This aim has been pursued through the identification of two high level “drivers” of change that have been selected through the project analysis. These two general aspects have been used as axes for future change and parameters for the development of four scenarios.

Climate change and the model of economic governance are therefore selected as the key “exogenous” drivers of rural change over the next two decades. Climate change represents a (global) driver that is substantially different from any other influencing factor, with fundamental importance to rural regions. The question is whether it will be gradual or rapid. Although there is some scope in decision-making, the answer to this question will have a significant impact on which model of governance emerges in the years to come. The variety of approaches for European society stretches out from a “free market” system, the continuation of a system not unlike the present with the market playing a pivotal role or an adoption of elements of an “interventionist model”, which calls for a stronger role of governments to manage future economic and social developments. In terms of policy implications, the range of uncertainty raises some concern for addressing adaptation strategies and the pace of changes to account for. However, due to the significant societal changes related to technological developments and the rapid social, economic and cultural development in a number of countries, i.e. China, Brazil, Russia, and India, global production and consumption would alter in all scenarios – which will impact severely on all types of rural regions. These developments are giving rise to greater competition for natural, human and capital resources. While this might include risks for (specific types of ) rural regions in the European Union, it might also raise awareness for rural amenities and lead to more comprehensive programmes to tap the full potential of rural regions.

**2.3 Making use of rural assets**

The project’s analyses synthesises the major drivers of rural change by presenting evidence on both specificity and generalisation. It seems particularly important to address the complementary features of economic, social, environmental and institutional processes, and to attach to any generalisation argument a caveat highlighting the persisting diversity of rural areas. In a theoretical framework the various elements for a comprehensive view on territorial development opportunities have been addressed by more and more sophisticated concepts. For example, “endogenous growth” action had provided a contrast to previously prevailing exogenous support (Stöhr 1985). With an increasing recognition of the importance of inherent assets to both leading and lagging regions, the concept of rural amenities has subsequently altered the state of mind within these regions drastically (OECD 1999). In order to explore the local potential more systematically, different types of ‘Community Capitals’ have been elaborated to understand how resources and expertise can be allied with local assets to build economic and social success (Carnegie UK Trust 2009). The application of these ‘soft’ approaches are considered central to reversing the downward trends in low performing (rural) regions (Emery and Flora 2006).





The asset-based approach has enlarged the scope of activities for rural action. It was elaborated first in a local development context, especially in the developing world and not so much as part of EU rural development. Building on the fundamental capital resources of physical, financial and natural capital, the social dimension, cultural context and political relevance for local development has been shown increasingly as core elements of local and regional development. These various contributions have contributed to see regional development influenced increasingly by qualitative aspects and led to a more systemic understanding of local development action. Each of these assets/capitals have a specific role and they are not mutually replicable (or just to a limited extent). In particular the active role of policy in providing the foundations for shaping and nurturing the development opportunities at the local scale are of core priority. This includes the relevance of public investment at higher levels that are highly influential on the infrastructure and basic environment for development activities.

The set of (seven) capitals used in these asset based approaches to rural community development have been taken up by an extended version of basic capitals in the development process by Camagni (2008) by providing a theoretical taxonomy of 'territorial capital'. The concept classifies all potential sources of territorial capital in a three-by-three matrix, building upon the two dimensions of rivalry and materiality (Figure 3). 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). Most of these activities have so far not been applied generally in regional policy and potential of regional action thus remained unused. The activities debated in these intermediate cases of activities are seen as innovation as they require new sets of rules and forms of governance which are increasingly based on cooperation and aim at enhancing private/public synergy.

Recently findings from the 7<sup>th</sup> Framework Programme project, titled "Intangible Assets and Regional Economic Growth" (IAREG) analysed various aspects of territorial capital and focused on the assessment of the intangible assets for regional performance. The authors found that intangible assets play a crucial role in determining regional performances and "all countries considered show a clear tendency to increase the share of intangibles over tangibles, confirming the growing role of knowledge capital in the competitive behaviour of the firms" (Suriñach et al. 2010, 33). They also underline that the local economic environment should be carefully taken into account when designing and implementing economic policy as the regional features strongly influence firms localisation choices and hence economic performance of regions.

Though this classification of territorial capitals is a clearly structured theoretical taxonomy that is characterized by a two-dimensional structure, there are significant overlaps between the categories and difficulties in allocating policy action to a specific "type" of territorial capital. It thus seems relevant to alert decision makers on the different capital dimensions and raise understanding of "relational" activities, but not a suitable template for developing policy proposals. Paying particular attention to activities that go beyond the 'traditional' ones also links to the need to translate abstract potentials into actual assets. This provides a detailed reference for addressing the inter-relatedness of places, as characterized by the overarching theme of "connexity". The elements amenable for territorial cooperation are core to this structure and are discussed in more detail in Working Paper 27 on territorial cooperation (Courtney 2010). The EDORA analysis, in many respects, refers to the activities addressed within the innovative cross, i.e. the linking activities of territorial capital enhancement. This presentation of the inter-linkages of capital resources as the innovative elements can be seen as an option to map the various types and aspects of capitals available/required in development processes. Taking this concept as an analytical tool for analysing e.g. case studies like the exemplar regions in this project reveals the difficulty to attach the various elements and action to the specific boxes of this schematic presentation. Very often the examples cover several parts of the matrix and relate to a wide set of "capitals". This underpins the relevance and characteristics of local capital for various development aspects. As such it might seem more appropriate to refer to the more action oriented notion of "asset", being transferred into amenities of the regions. The two concepts thus focus our

concern on paying attention to the various components of capital resources and the requirement to combine the different capital sets to achieve development momentum. The different orientations of the two concepts could inspire practical concerns on establishing policy programmes and actual measures within the rural regions, e.g. focus on medium- and long-term effects of capacity building in rural regions and linkages of local actors and population to other other cultures would require a thorough investigation of delivery mechanisms, spin-off effects and effectiveness.

**Figure 3:** 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)	b) Intermediate, mixed-rivalry tangible goods	h) Cooperation networks	e) Relational capital
	(impure public goods)			
	<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

In terms of drawing conclusions on policy impacts it seems important that the degree of regional disparities has not been significantly diminished over the last few decades. Though regional policy in Europe has been strengthened, and the Structural Funds and the Cohesion Fund have been oriented towards the regions and countries with weaker economic performances, the territorial effects remain mixed. While centres in these areas have gained many incentives and could in theory reduce the gap between their GDP per capita and the European average, differences in economic performances for less accessible parts of Europe (for example the new MS and Mediterranean countries) and within the countries persist. This calls for on-going activities and renewed strategies of regional policy towards non-urban regions.

Evidence from the previous work in the EDORA project suggests that there is an opportunity to address policy action in non-urban contexts that develops specific assets which are core to regional development. The exemplar regions , as well as the thematic reports highlighted numerous aspects for activities pointing in this direction. The policy implications from these reports have been summarized in the following list with the aim to reveal the contribution to building place-based assets. They were grouped into “basic” assets, infrastructure, social and cultural elements, territorial cooperation activities and (regional) governance issues. The differentiation into the asset domains is thought as illustration of exemplary aspects to which policy intervention could apply. It seems particularly important to develop the scope of assets recognized at the regional level. This includes activities to

ensure the efficient provision of public services for the local population. As these set of assets is considered fundamental to any further regional development it is termed here as a group of “basic” assets that requires priority in policy considerations. As cooperation is another form of action that tends to have a specific place in developing local actions and in linking to exogenous actors this aspect is analysed in more detail through a specific work package (Courtney et al. 2010).

**Figure 4: Policy Implications from EDORA analysis**

<b>Asset Domain</b>	<b>Objectives</b>	<b>Opportunities</b>	<b>Constraints</b>	<b>Forms of Intervention</b>
Develop “basic” assets	<ul style="list-style-type: none"> <li>- Nurture local assets and raise awareness</li> <li>- Ensure efficient public services</li> </ul>	Sector adjustment, labour market, improved education levels, open space; open space and high environmental performance	Lack of critical mass, innovation and access; Sparsely populated and peripheral locations	enhance local and regional products, focus on quality schemes; diversification activities; address whole set of rural assets
“Infrastructure” development	<ul style="list-style-type: none"> <li>- Improve accessibility</li> <li>- Adapt new transport and communication technologies to rural needs</li> <li>- Address underestimated natural capital</li> </ul>	highly developed transport systems, virtual connectivity; recreational values	Gap to provision level in centres; in relation high costs per unit; Limited awareness of “soft” infrastructure	Targeted mobility projects to enhance public access; ICT coverage in rural areas; economic use of natural capital (environmental assets)
Social and cultural assets	<ul style="list-style-type: none"> <li>- Empowerment and local involvement</li> <li>- Make use of cultural heritage</li> <li>- Enhance social capital</li> <li>- Demographic change and new social groups (migration)</li> <li>- Reduce social exclusion / deprivation</li> </ul>	Social and cultural changes globalisation of local population new incentives by incomers; full integration of all stakeholders and social groups	Traditional views and high reliance on region specific pathways; closed relationships and overreliance on “bonding” social capital; marginalisation experienced as overwhelming threats to many (peripheral) regions reduction of social welfare policies	Integrate culture programmes in local action (e.g. Leader); intensify local participation Projects highlighting role of immigration; exchange programmes; social services provision Targeting specific groups (young, women, handicapped etc.)
Territorial cooperation	<ul style="list-style-type: none"> <li>- Strengthen urban-rural linkages</li> <li>- Increased flows and networks</li> </ul>	Counterurbanisation localisation agenda, in-migration, (alternative) food networks, externalities	Lack of networking and inclusion, outflow of people, limited numbers and size of partners, poor infrastructures, conflicts, “border” constraints, complexity of governance, inertia and lock-in.	Village action groups, joint marketing ventures, strategic planning, service hubs and polycentric development, regionally coordinated projects (e.g. Leader), trans-territorial cooperation.
Governance	<ul style="list-style-type: none"> <li>- Integrate sectors and different “territories”</li> <li>- Provide for vertical/horizontal coordination</li> <li>- Enhance private-public service development</li> </ul>	high demand on integrative solutions; increased understanding on connectivity; Dependence on new actors and relationships	Complex set of arrangements, often beyond capacity; vague concept and high reliance on policy forces; long-term aspects of institutional development	Regional for a and vision processes, integrating a multitude of stakeholders; scenario development and future perspectives; comprehensive, territorial-oriented management; Programmes accounting for contrasting parts of region

This overview relates the policy action fields selected to relevant opportunities, constraints and exemplary forms of intervention recognized in a region. In terms of policies, it was noted in the

analysis of the exemplar regions that whichever type of interaction between places is seen as more important in explaining rural change will suggest a different focus for state intervention. Thus, if rural areas' spatial differentiation were explained primarily in terms of proximity to cities, governments might be expected to prioritise investment in transport infrastructure and physical accessibility to bring more rural areas within urban zones of influence, encouraging a greater reach of commuting into urban labour markets. Other approaches would concentrate rural places' strategies on their own endogenous potentialities in interacting with places near and far, drawing on their social, cultural and institutional assets. In many examples the high number of local actors and the need for linking to non-local actors has been highlighted as a common feature of current policy approach and local practice (for a detailed discussion of business and food networks see Courtney et al. 2010). At higher levels governments might instead engage in a much broader range of interventions, building institutional capacity and framing social capital development; investing in education, training and digital inclusion; and fostering local entrepreneurial spirit. Furthermore, the thematic reports address most of the "capital" dimensions, and in many cases the issues are relevant for several of the place-specific assets. Nevertheless the thematic analysis underpins the need for targeted action on soft forms of territorial capital that are, however, much more demanding on governance and private actors. These aspects related with cooperation activities have been explored in detail in WP 27 and provide an important background to readjusting relevant policies.

From the synthesis paper (Lee et al. 2010) it was concluded that both types of intervention are vital, but that the second, i.e. a focus on "soft" measures and relational aspects of policy support, has been relatively neglected in many rural areas. The experience of the Leader Community Initiative and other local action programmes would provide interesting examples of empowerment and pooling local and regional resources towards enhancing the "soft" development measures, and in particular relational capital. The high profile attained by these initiatives, despite the comparably little funding, denotes the decisive role of the applied measures for the local actors. It illustrates that there is a breadth of the range of interventions required in many rural areas which represents a challenge for the coordination and integration of policies among the plethora of agencies engaged, not only horizontally within the area but vertically through multi-level governance.

Institutional development has been acknowledged as a core dimension for policy reform, but, as the relevance in the discussion on making use of place-based assets reveals, is a highly demanding long-term process. Rural development activities are situated in a traditional legacy and link to "historical pathways" that dispose of context specific features and a high resistance to institutional changes. Pilot action schemes, like the Leader programme or other local action programmes had an initial impact on the local institutions and stakeholder involvement, but had to realize their limits as soon as they were raised to mainstream programmes.

In all the debate and experiences developed so far on capacity building and empowerment activities in rural regions it has to be emphasized that significant tensions emerge for rural action. These are due to the implications of external forces where European and global economic, social and cultural changes bear considerable significance for rural regions. In searching for local responses to these global processes it seems decisive to make sure that power, autonomy and control relations are kept at the local level to ensure that local people benefit. The so-called "bottom-up" approach highlighted as a flagship approach to local programmes, like the Leader programme, is a starting point in this regard. It seems important to examine the diversity of local political responses with the aim of addressing social integration in this process (Halfacree et al. 2002). In a rural context this means that local actors are specifically linked to a bundle of their resources and assets, and any development strategy needs to pay attention that they retain ownership of "their" assets in the process of using them for development.

Finally, reflecting on how these insights and the typology of rural development opportunities might be translated in policy formulation and into a multi-level governance system, leads to issues well beyond the current programme structures and implementation. Some of the elements have been raised at

various occasions in the policy debate (see above, sub-chapter 1.2), mainly being influenced by sectoral policy and stakeholders views. The difficulty of addressing the whole set of regional assets or the wide range of 'territorial capital' poses also considerable legal and administrative challenges. One possibility would be for the Commission to seek to develop a menu of policy measures which would allow governance stakeholders at all levels to address the particular problems of their own (non-urban) area, as implied by the subsidiarity principle and embodied in the former Community Initiatives, like the Leader programme. With the recent experience of mainstreaming of the Community Initiatives a similar process was initiated, but the consequences from the considerable administrative changes on the contents and process of Leader action are not yet fully identified. It seems that the high aspirations were not realized, but on the contrary the autonomy of local action groups has weakened in many contexts. This has also made reliance on endogenous potential much more difficult. Unfortunately, it seems that all in all institutional development has not progressed at the same pace (as programme targets) and opportunities might be missed in the current period (Strahl et al. 2010). The insights from EDORA, and the typology, could be elaborated to ensure that such a menu of policy measures was sufficiently comprehensive to meet the challenges identified for the range of 'ideal types' of Europe's diverse rural regions. Such a tool could then be used by DG Agriculture in refining the RDR for the period post-2013, by DG Regio in similarly refining cohesion policy instruments, and by local and regional stakeholders in considering the options appropriate to their own area strategies.

### **3. Towards a place-based cohesion policy (recommendations)**

#### **3.1 Targeted policy approach**

At the spatial scale the policy goal of rural development is twofold: to ensure development of rural spatial units and make sure that disparities are bridged. However, the recent debate largely extends this perspective and includes two more activity driven goals: One that focuses on mobilizing underutilized resources in various types of regions and releasing potential of (rural) regions, and the other to conceive Cohesion Policy as a core process contributing to strengthening solidarity in the integration of European spaces (Ahner 2009). The policy context originally was set by the *Lisbon Strategy*, but recently superseded by the rise of discussion on the Europe 2020 Strategy. The Lisbon agenda's aim is to make the EU "the most dynamic and competitive knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion, and respect for the environment". The First Action Programme for the implementation of the territorial Agenda of the EU mentions a number of key policies, based on their relevance in terms of territorial impact. The most important are those with the largest budgets, i.e. Cohesion Policy and the EU Rural Development Policy, but Transport Policy and Sustainable Development Strategy are also relevant policies. Moreover, the Integrated Maritime Policy, the Environmental Action Programme, the Research and Innovation Policy and Neighbourhood Policy, have a significant territorial impact. Although not mentioned in the Territorial Agenda Pillar 1 of CAP, Cultural Policy and Employment and Social Affairs Policy should also not be neglected given their spatial implications. The on-going policy discourse is intensively seeking to address the challenges of cohesion policy. Set in terms of multi-level governance, the framework focuses on learning processes in European spatial planning, although no agreed overall picture can be expected as a tangible outcome (Faludi 2009). Currently it is struggling with issues of harmonizing the divergent perspectives (EC 2008) on territorial cohesion and finding the future definition and appropriate scales of policy intervention (Ahner 2010).

Policy *analysis* relating to current rural development practice is often as segmented as policy *application*. It is mainly limited to CAP Pillar 2 as the "tight" Rural Development Policy and Structural Funds action in non-urban regions. As the implementation of various policy aspects is split to the different "sectors" a comparative overview can only be achieved by drawing on various studies. So far the focus has been on "Rural Development Programmes" implementation as the realization within the CAP framework. These account for about 24% of CAP expenditure or about 10% of the overall EU-

budget for the period 2007-2013. However, Structural funds spending on rural regions attains about the same level as the ex-post evaluation of Cohesion policy programmes 2000-2006 for EFRD programmes specifies, at least for the five Member States analysed as case studies (metis 2009). If these programme levels seem restricted one has to take account that main Territorial cohesion policies assume the bulk of the EU Budget: With Structural Funds - SF (about 369 billion €), Common Agricultural Policy - CAP (367 billion €), the Research Framework Programme – FP (54 billion €) and the Competitiveness and Innovation Framework Programme - CIP (almost 4 billion €), the relevant policy fields address more than 90% of the total EU budget.

Policies for rural areas have been largely equated with a focus on rural development concepts and priorities emanating from the application of RDPs as the Second Pillar of CAP. The main debate therefore was on increasing the policy relevance within CAP and all coordination activities with other policies were seen as additional action. The priorities addressed within the RDP are: Increasing the competitiveness of the agricultural and forest sector (axis 1), enhancing the environment and countryside through support for land management (axis 2) and improving the quality of life in rural areas and promoting diversification of economic activities through measures targeting the farm sector and other rural actors (axis 3). In addition the implementation of local development strategies through Local Action groups is now continued within the RDPs (Leader mainstreaming) as a horizontal task. Though this framework extends beyond the farming sectors, the actual application of the programme in the Member States is almost entirely limited to agricultural actors. Their relevance for the MS is quite diverse and hence the specific context and impact on rural regions has to be assessed case by case.

Yet all of the policy action addressed in the territorial cohesion debate would in fact be relevant. A place-based approach needs to address the considerable difficulties, faced by researchers and evaluators, of coordinating and cooperating across different sectoral “worlds”, with separate sets of actors and stakeholders, and different development views (Copus and Dax 2010, p.66). This perspective is one of the core arguments of Fabrizio Barca, director-general of the Italian Finance Ministry in the synthesis on policy options for regional policy. In the so-called Barca Report, published by the Commission in April 2009, he argued "Cohesion policy, conceived as a place-based development policy, is the only modern way for the EU to perform its development task," adding then that "a development policy for all places of the Union is indispensable for the Union's very existence. Those who limit EU interventions to 'poor' member states wrongly assume that cohesion policy is a mechanism for financial redistribution" (Barca 2009).

However, Barca specified that regional policy requires a change of direction especially with regard to assessing the results obtained through specific indicators. He called for the role of the European Commission to be strengthened and a negotiation process that increases the scope for discussing goals through the simultaneous debate on resources, governance and goals for the next funding period.

The European framework for the current programme period has provided some possibilities to take care of the country-specific situations and needs. The national strategies for spatial development and rural development require the geographical divergences to be addressed and the main spatial strategies for each country to be set out. A realization of functional area zoning and an increase of territorial cooperation puts a stronger emphasis on the local level (micro-regions). But in other cases functional areas require cooperation on a macro-regional scale (e.g. Baltic Sea area, Danube basin).

### **3.2 Addressing the complexity of territorial development**

Rural development policy delivery still is primarily focused on agriculture and hardly takes sufficient account of broad (territorial) rural development. The policy framework and activities “address only a

subset of the wide array of issues relevant to the development of rural regions and the well-being of their inhabitants” (OECD 2006, p.56). As more disaggregated analysis reveals, rural areas are extremely diverse and rural policy making thus requires context-specific strategies. The EDORA project provides information on the different types and elaborates on issues surrounding typologies and policy trajectories.

Cohesion policy therefore requires specific attention to governance strategies that increase impact assessment of a range of policies and focus on policy coherence. Since local and regional contexts run the danger of becoming submerged in large-scale decisions, it is particularly important to address the characteristics of specific geographical areas and the needs of different types of rural areas. Innovation at the local level thus has to focus on governance issues to achieve policy integration and increase effectiveness of rural policies.

Cohesion aspects with regard to the challenges of sustainable development are particularly relevant for different “types” of rural regions and have an increasing relevance as a counterweight to concentration trends. They include a comprehensive assessment of the continuing processes of EU economic and social integration, globalisation and economic restructuring; the development of information and transport technologies, taking account of the specific needs of peripheral areas; the reflection of the changing political geography of Europe (enlargement, regionalism); and the trends in socio-demographic structures of EU population and environmental degradation threats (energy supply, climate change implications).

Policy implications will have to focus on the interrelations of regions and highlight the need to value the opportunities of different rural regions. The aspiration to raise understanding of the nexus between different sectoral policies, contributing to either integrative concepts or increased policy coherence, is as important for non-urban as for other regions. Given the high complexity of network structures in a multi-level governance system, it cannot be expected to act on standard development strategies for all regions. Within a focus on non-urban development some general principles will be highlighted so as to take full advantage of the differential opportunities in these areas, which has hitherto often been overlooked.

### **3.3 Principles for non-urban policy orientation**

Territorial cohesion is understood as a concept that may vary according to contexts and cultures. Nevertheless, given its complexity and the need for a targeted approach, a number of guiding principles and main elements can be summarized that are particularly relevant for the situation in non-urban environments. Many of these recommendations have been addressed at various stages of the project. Moreover, a host of recent policy targeted research (e.g. Bryden and Hart 2004, Talbot et al. 2009, Copus and Dax 2010) has addressed various elements of the policy arena, primarily on rural development policy implementation, which can also serve as a backdrop to the discussion of the following elements for non-urban policy orientation.

#### *General conditions*

There is a significant didactic role in analyzing rural development processes and in raising understanding of rural challenges and opportunities. All too often a sectoral bias still dominates which makes a comprehensive assessment of these challenges almost impossible. Further activities to achieve meaningful statistics for territorial comparison (beyond agriculture) are crucial to enhance benchmarking and “success” measurement.

National and regional contexts determine policy implementation to a high degree. This path dependency has to be taken into account in policy reforms, and policy traditions and “good practice” should be used for nurturing creativity and innovative action in the future.

### *Cohesion policy principles*

- Territorial cohesion addresses a series of “generic” policies that should be analysed for their territorial impact (in realistic terms) and coherence and cohesion aspects.
- The full range of territorial capital can be considered relevant. A strategic choice of core elements is extremely important in a non-urban context. Empowerment of local actors, cooperation (in various dimensions and with various meanings) and an increased attention for social and cultural development aspects are of special priority.
- Particularly the social and cultural activities imply a long-term vision of territorial development. Similarly, behavioural aspects, which are widely related to culture-specific reflections on addressing societal challenges, have strong implications on future action. Climate change, for example, underlines the need for taking into account a long-time frame and necessitates a fundamental change in policy considerations.
- Understanding rural environmental and recreational public goods is decisive for the specific territorial opportunities in these areas, linking it to other sector activities, particularly tourism.
- Selected policy strands would constitute a mix of policy interventions to act at macro, meso and micro level. At the macro level the selection of explicit Territorial Cohesion policies, policy changes and general issues of technology and energy development would be the prime elements. Policy implementation at the meso level would focus on the place-based strategy, networks, interventions implementation, subsidiarity and governance issues, and the regional response to crisis. The most important will be that all efforts are taken to mobilize territorial potentials at lower levels and to conceive local actors as the main stakeholders.
- The diversity of rural areas suggests that policy processes cannot be executed through standardised action but have to be framed in terms of a targeted and tailored support mechanism.
- This implies new governance settings that have been designed in the terms of the “place-based paradigm” (Barca 2009). The main issues to be addressed in this approach are selecting priorities, the important role of networks and public interventions, subsidiarity and effective governance and realising the relevance of each of the various spatial levels (macro to micro).
- Policy interventions should support a “neo-endogenous” process to develop combinations of “measures” for each region, based upon the systematic macro-scale variation across Europe, as described through the framework of the EDORA typologies. As the specific constellation of local and regional assets (both tangible and intangible) vary in a more unsystematic way across Europe, these would have to be assessed through local or regional audits. Framing the discussion of different development perspectives in the various meta-narratives as described within EDORA might enhance involvement and contribute to a wider set of aspects and increased linkages of rural action.

The proposed regional audits suggest a process to take full account of development assets and explore required and most effective activities for each region. These considerations ought to be supported by general guidelines that translate the framework of regional typologies and meta-narratives into a set of relevant intervention priorities (see Figure 5). In particular it is necessary that adequate methods to take account and assess the level and development of soft measures provision in the regions are elaborated. The interventions proposed have to take account of the wide range of



local assets (see Figure 4, above) and hence underscore the need to tie concrete strategy development as closely as possible to the actors' level. However, there is also a need for a more appropriate balance in EU rural policy as illustrated by the matrix of Figure 5. Of course, this is a tentative presentation of policy interventions and priorities might differ between stakeholders, regional representatives and cultural contexts. Moreover, the overall assessment of the whether the implications are dominated by (external) challenges, fairly balanced or characterized by their specific opportunities is influenced by the policy interventions and might undergo significant alterations over time.

**Figure 5: Linking Meta Narratives, Intervention Priorities and the Typologies**

Type/ Meta-Narrative	Agri-Centric	Urban-Rural	Globalisation (Restructuring)
IA	<ul style="list-style-type: none"> <li>○ Agri-environmental measures.</li> <li>○ (Re)training of former farm workers.</li> </ul>	<ul style="list-style-type: none"> <li>○ Land use planning.</li> <li>○ Environmental policy.</li> <li>○ Housing policy for "traditional" rural low income groups.</li> </ul>	<ul style="list-style-type: none"> <li>○ Support for "traditional" rural population which is left behind by the NRE (education and training, community development).</li> </ul>
IR			
PRA			
PRR	<ul style="list-style-type: none"> <li>○ Farm structures policy</li> <li>○ Local and quality products marketing</li> <li>○ LFA support?</li> <li>○ Training</li> <li>○ Diversification schemes</li> </ul>	<ul style="list-style-type: none"> <li>○ <b>Broadband provision.</b></li> <li>○ <b>Human capital development (entrepreneurship, IT)</b></li> <li>○ <b>Business network support for SMEs</b></li> <li>○ <b>Support for diversification.</b></li> </ul>	<ul style="list-style-type: none"> <li>○ <b>Broadband provision.</b></li> <li>○ <b>Human capital development (entrepreneurship, IT)</b></li> <li>○ <b>Business network support for SMEs</b></li> <li>○ <b>Support for diversification.</b></li> </ul>
Agrarian	<ul style="list-style-type: none"> <li>○ <b>Farm structures policy</b></li> <li>○ <b>Local and quality products marketing</b></li> <li>○ <b>Training</b></li> <li>○ <b>Diversification schemes</b></li> </ul>	<ul style="list-style-type: none"> <li>○ Local and quality products marketing.</li> <li>○ Human capital development (entrepreneurship, IT)</li> </ul>	<ul style="list-style-type: none"> <li>○ Support for diversification</li> <li>○ Human capital development (entrepreneurship, skills for new activities).</li> <li>○ Inward investment of NRE activities.</li> </ul>
Consumption Countryside	<ul style="list-style-type: none"> <li>○ Diversification schemes</li> <li>○ Training (hospitality services etc)</li> <li>○ Local and quality products marketing</li> <li>○ LFA support?</li> </ul>	<ul style="list-style-type: none"> <li>○ Diversification schemes</li> <li>○ Training (hospitality services etc)</li> <li>○ Local and quality products marketing</li> </ul>	<ul style="list-style-type: none"> <li>○ Diversification schemes</li> <li>○ Training (hospitality services etc)</li> <li>○ Local and quality products marketing.</li> </ul>
Diversified (Secondary)	<ul style="list-style-type: none"> <li>○ Agri-environmental measures.</li> <li>○ (Re)training of former farm workers.</li> </ul>	<ul style="list-style-type: none"> <li>○ Agri-environmental measures.</li> <li>○ (Re)training of former farm workers.</li> <li>○ Housing policy for "traditional" rural low income groups.</li> </ul>	<ul style="list-style-type: none"> <li>○ <b>Diversification schemes.</b></li> <li>○ <b>Human capital development (entrepreneurship, IT)</b></li> </ul>
Diversified (Market Services)			<ul style="list-style-type: none"> <li>○ <b>Measures to preserve local cultures, strengthen communities etc</b></li> </ul>

Source: Copus 2010

This complex policy framework requires a realistic assessment of the potential and pace of policy reform. Given the prevalent inertia towards policy changes, it is crucial to suggest incremental steps. In particular the gap between public "rural development" discourse and policy implementation has to

be addressed by increasing the links between research and policy and fostering impact assessment. This discussion has to extend beyond the “traditional” rural policy dimensions to make explicit reference to emerging rural opportunities.

An analysis of programme application reveals that the relationship between Rural Development Policy and Cohesion Policy is still immature and that realistic integration of policies is not yet an option. It should be the priority to overcome the segmentation of administration and provide “territorial” analytical frameworks. Playing on a dialectic between continuity and change, it, for example, might become important to focus on a model of “disintegrated rural development” (Shucksmith 2010), engaging in a continuous process of negotiation to achieve desired outcomes.

**Box 2: Urban-rural narratives and spatial trends in Europe (Spanish Presidency, 2010)**

The Spanish Presidency engaged in taking up the policy debate on spatial trends and aimed at a stronger integration of the scientific and political debate. It draws particularly on work related to rural-urban linkages and spatial dynamics in Europe and analysed the opinions of experts in this field. The following major trends on rural-urban issues and spatial dynamics have been based on interim findings of various ESPON projects, including ESPON 1.1.2 project on rural-urban relations and EDORA, and documents prepared in the course of the discussion of the EU Green Paper on Territorial Cohesion as well as international debate of territorial dynamics (e.g. within the OECD):

1. Fuzziness of rural and urban geographies
2. New geography of flows: beyond core and periphery paradigms
3. Networked relationships: “Connexity” paradigm
4. Towards place-based development strategies: promoting attractiveness
5. Economic diversification of rural areas
6. Territorial identity still matters
7. More efficient and sustainable management to reduce territorial conflicts
8. Providing universal access to basic services
9. Empowering local communities and project-based partnerships
10. Cooperation in territories with variable geometries

It is apparent that the focus of the discourse shifts from a classification typology separating urban and rural spaces towards a concept that is more oriented towards the relation between different spaces. There is a widespread acknowledgement of changes underway which are however not taken up fully in actual policies. This leaves lots of questions for the pending policy reform considerations and simultaneously indicates the need to include more appropriately the different narratives in it. The thrust of ideas so far seems to be on utilizing the preexisting assets and less on nurturing activities to increase attractiveness and shape amenities of rural (and urban) areas.

### **3.4 Enhance the scope of assets in non-urban regions**

This working paper builds on the analytical foundation for a more appropriate territorial cohesion policy, provided through the evidence developed in the EDORA project. It aims particularly at taking account of contemporary rural realities. With the typology framework of three distinct dimensions in mind (accessibility, structural aspect and performance dimension) the overlaps and linkages of these dimensions at the regional level turns out to be a crucial issue. Strict categories of rural and urban places will no longer reflect the implications of the different analytical dimensions. Policy frameworks

would have to be adjusted according to their specific hierarchy of objectives and could alter from case to case. This refers back to the notion that building typologies is not a technical task, but categorizes areas according to the relevant *policy* targets (OECD 1994). The policy implications for addressing the opportunities of a “place” are analysed against a wide set of (place-based) assets and underscore the crucial relevance of cooperation activities and linkages to be enhanced by policies of different administrative levels. This links back to the analysis of the overarching theme of increasing connectivity highlighted as general trend for non-urban regions of all types. The actual conclusions have to be specified through case by case approaches translating regional performance, structures and relationships into conclusive strategies and place-based policies.

The complex policy framework and institutional inertia towards policy changes, suggest expecting incremental adaptations of existing policies. Yet, extending the time-frame over the next 20 years underpins the need to consider long-term aspects, like climate change and the reference of the structure of the economic model towards these changes, already in current reforms. Postponing decisions might neglect some of the opportunities or imply (adverse) effects on the potential of and choices for non-urban regions.

Spatial trends across Europe indicate the increased inter-relationships between urban and rural areas. The analysis of the Spanish Presidency highlights these trends and argues that traditional distinctions between the spatial categories might lose relevance and a more integrated analysis seems more appropriate (see Box 2 above). It has been highlighted in the analysis of driving forces and specific features of rural areas that local assets that are particularly related to natural resources and land use issues might play a much more prominent role for rural parts than for urban parts of our regions. The valorization of cultural heritage, quality of landscape and environmental performance is hence a predominant dimension in developing the asset base for non-urban regions. However, this is by no means enough, and would neglect the recent changes and rising challenges of these areas: Social inclusiveness, cooperation and involvement of local actors, has become an essential economic asset that contributes to make rural places more attractive. Promoting attractiveness of the non-urban regions is therefore core to future policies. As the analysis of regions to define a “typology” shows, diversification of rural areas is a differentiating factor. Yet, rural regions still are strongly related to the task of achieving sustainable resource management systems. However, it seems important to address the full range of assets available and required for regional development. With the persisting gap between urban and rural parts in terms of access to basic services, a high rate of social exclusion and development gaps in economic indicators (see Spanish Presidency 2010), there is an on-going need for integrated policies in non-urban regions.

These approaches have to be supported and carried out through local/regional actors and hence empowering local communities is central to any effective “rural” development policy. It seems particularly difficult to manage the increasing territorial complexity and cooperation initiatives are needed at all levels. The increased relationships underpin the relevance of paying particular attention to networking activities and concepts of territorial governance, achieving effective vertical and horizontal coordination. The analysis of the potential for territorial cooperation within this project (WP27, Courtney et al. 2010) has underpinned evidence that the concept of territorial cooperation has remained ambiguous, with policy interventions lacking clarity and direction, particularly in a rural development context. Having in mind the dynamic aspects of ‘ideal’ territorial cooperation and network activities, the difficulties and constraints in the application are often overlooked. Exclusion of groups of inhabitants, lack of capacity, aspects of distance and accessibility, and complexity of governance and decision making are severe constraints in a traditional administrative context. Territorial cooperation has to be defined and operationalised in such a way as to minimize the negative factors and effects. Many efforts have been overly biased towards simply building and strengthening highly localized networks, neglecting important aspects of non-local domains of economic activity. It is particularly the balance between challenges and benefits in rural-urban partnerships and the synergy between strategic and local level governance that are required to capitalize on the opportunities of territorial cooperation. The emphasis of the strategic global links seems therefore the main neglected part in

most horizontal and vertical cooperation approaches. Territorial cooperation needs to become more central in future cohesion activities, addressing both its contextual aspect and the requirement of a strategic, balanced approach to further develop and build knowledge and capacity across regions and member states.

## Conclusions

Territorial Cohesion is a policy concept that is influenced by a host of sector policies. Its main objectives cannot be matched adequately by simply adding up the various activities of these policies, but have to be addressed in coordination and strategic priority setting processes. The focus of this working paper is the role of different types of rural regions in these policies and the current discussion of policy reform. It elaborates on a differentiated view of territorial perspectives, and on the implications for policy to promote competitiveness and cohesion in rural Europe, drawing from the previous work packages of the EDORA project. It seems particularly important to look ahead to the implications of the discussion of EU2020 priorities and its flagship policies. Most of them include strong spatial impacts and are particularly relevant for rural regions. The following key messages for implications for cohesion policy in rural Europe arise from the project analyses:

- A clear definition between rural and urban parts of a country is often looked for, but represents less and less the *socio-economic reality* of spatial allocation. Different dimensions of social, economic and environmental indicators are highlighted in the regional typology exercises (like the EDORA Cube), addressing the need for differentiation according to the underlying policy objectives. A strict separation of rural and urban regions can provide an analytical tool, but would hardly be sufficient to cope with current demand of territorial cohesion policies.
- This implies that *interaction* between places has increased substantially and is now a common characteristic to virtually all (types) of regions. The overarching narrative of “connexity” presents a general framework and indicates the need to pay increasingly attention to “relational” aspects.
- Intensification of local urban-rural cooperation alone seems not sufficient to address the core significance of actual inter-relations of regions. Even if globalization trends are commonplace, “*global*” linkages are hardly included in relevant policy approaches.
- “Rural” or non-urban regions are to be enabled to draw on the resumption of concern for solidarity in territorial cohesion discourse for lagging regions. The arising *opportunities for rural regions* have to be nurtured by addressing its specific potential.
- Policies need to remain realistic in referring to particular assets on which people can draw in shaping the future of their (rural) places. The pitfall of “stylized fallacies” about agrarian and consumption countryside have to be avoided and more realistic generalizations developed. These might include a more comprehensive understanding and utilization of “territorial capitals” and a targeted approach towards conceptualizing relevant *rural assets* as main development opportunities; the pro-active support of appropriate cooperation action as core policy activity and contribution to enhancing linkages and empowering actors; and an analytical view on geographical (local urban-rural and “global” cooperation) and non-spatial relationships.
- These policies cannot be realized by exclusive programmes for different types of regions, but would have to be conceived through *place-based strategies* that seek to enhance the particular amenities and respond to the development needs of the specific regional contexts. Again it is important to address the full range of assets and not be overly influenced by historic views on regional challenges and opportunities. A menu of policies referring to the different dimensions of social, cultural, economic and natural assets and institutional development of a region would provide a range of instruments from which priority measures would have to be selected.

These findings link to the recent discussion of territorial cohesion policies which emphasize the need to engage in a flexible place-based policy to ensure that assets are exploited. Innovation and growth can thus extend also to remote, rural regions if respective opportunities are seized. Cohesion policies should be oriented at this altered perspective and aim at focusing on the development potential in all areas.

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