

# EDORA

## European Development Opportunities for Rural Areas

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Part A and Part B



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## The Authors

Section	Author	Affiliation
1	Andrew Copus	UHI Millennium Institute, Inverness, UK
2	Andrew Copus, and Joan Noguera	UHI Millennium Institute, Inverness, UK University of Valencia, Valencia, Spain
3	Hilary Talbot	Newcastle University, Newcastle, UK
4	David Meredith	TEAGASC, Dublin, Ireland
5	Thomas Dax, and Paul Courtney	BABF, Vienna, Austria University of Gloucester, Cheltenham, UK
6	Andrew Copus	UHI Millennium Institute, Inverness, UK
7	Andrew Copus	UHI Millennium Institute, Inverness, UK

General editor; Andrew Copus

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## LIST OF ABBREVIATIONS

A-D	Accumulating-Depleting
CC	Consumption Countryside
CWE	Central-West Europe (BE, DE, FR, IE, LU, NL, AT, UK)
D-P	Dijkstra-Poelman (Enhanced urban-rural typology of NUTS 3 regions)
GDP	Gross Domestic Product
IA	Intermediate Accessible
IR	Intermediate Remote
ISEZ	Intermediate Socio-Economic Zone
NACE	Statistical classification of economic activities in the European Community (Nomenclature statistique des activités économiques dans la Communauté européenne).
NMS12	The twelve New Member States of Central and Eastern Europe
NRE	New Rural Economy
MED	Mediterranean Europe (GR, ES, PT, IT, CY, MT)
MS	Member State
PPS	Purchasing Power Standard
PR	Predominantly Rural
PRA	Predominantly Rural Accessible
PRR	Predominantly Rural Remote
PU	Predominantly Urban
WP	Working Paper (see Annex 1)

## Standard Abbreviations for Country Names:

AT	Austria	LI	Liechtenstein
BE	Belgium	LT	Lithuania
BG	Bulgaria	LU	Luxemburg
CH	Switzerland	LV	Latvia
CY	Cyprus	MT	Malta
CZ	Czech Republic	NO	Norway
DE	Germany	NL	Netherlands
DK	Denmark	PL	Poland
EE	Estonia	PT	Portugal
ES	Spain	RO	Romania
FI	Finland	SE	Sweden
FR	France	SI	Slovenia
GR	Greece	SK	Slovakia
HU	Hungary	TR	Turkey
IE	Ireland	UK	United Kingdom
IT	Italy		



# A: EXECUTIVE SUMMARY

## 1. Introduction:

The over-arching aim of the EDORA project is a better understanding of the development opportunities and challenges facing rural areas in Europe, to support targeted policy development, relating (inter alia) to job creation and social change. In particular, insights should support the practical implementation of spatial development principles which have evolved out of the Fifth Cohesion Report, and the Territorial Cohesion Green Paper. Three key issues are;

- the need to better understand patterns of differentiation, between different kinds of rural area,
- the nature of the different opportunities for development which each of them faces, and,
- the way in which such opportunities depend upon, and may be strengthened by, interaction between rural and urban areas.

Addressing these issues requires a research approach which fully reflects recent conceptual advances, and constructs hypotheses derived from contemporary interpretations of the process of rural change in the full range of European rural environments. At the same time it requires a comprehensive utilisation of available data sources, so that robust and empirically valid findings can form a firm foundation for policy recommendations.

The broad structure of the project is presented in Figure 1 (p2). In order to avoid picking up the conventional rural development bias towards land-based industries, - which is difficult to avoid both because of the balance of scientific literature, and associated data availability, - a deliberate strategy of deduction, rather than induction, has been strictly adhered to.

The first phase of the project was therefore a review of the conceptual literature, advised by the project specification's guidance towards activities outside agriculture and forestry. This took the form of nine thematic reviews, each of which generated a separate working paper (Annex 1). These thematic reviews revealed a large number of "story lines" of rural change, including both well-known ones, such as urbanisation and counter-urbanisation, demographic ageing, structural shifts in the economy away from primary activities towards secondary and tertiary ones, the increasing difficulties associated with provision of services to rural consumers, and a number of less well-known ones. The findings of the nine thematic reviews were subsequently synthesised into three principal "meta-narratives" of rural change. These were defined as (i) an Agri-centric narrative, (ii) an Urban-Rural narrative, and (iii) a narrative of Global Competition. At a more generalised level an overarching theme of increasing "Connexity" was shown to be very much in evidence, across all nine themes. In order to explore these findings within specific regional contexts the conceptual phase of the project was completed by exploring recent changes in twelve carefully selected "Exemplar Regions".

Having established a balanced conceptual framework, the second phase of the project concentrated upon furnishing an empirical evidence base. Fundamental to this phase was the creation of a regional database, containing both raw data from secondary sources, and derived indicators. Another core activity was the development of an "analysis framework" composed of three discrete regional typologies, distinguishing groups of regions in terms of their rurality/accessibility, their economic structure, and their socio-economic performance. These three dimensions form a helpful standard basis for cross-tabulation, and are collectively referred to as the "EDORA cube". This analysis framework was subsequently used to structure statistical profiles for 31 countries within the ESPON space. The empirical phase of the project was completed by a qualitative Expert Foresight exercise. This built upon both the conceptual phase and the preceding empirical analysis, but considering the likely impacts of key exogenous drivers (climate change and trends in economic governance) which, over the next two decades, are anticipated to superimpose radical shifts upon the ongoing incremental change established in the meta-narratives.

The final phase of the project (which is still ongoing at the time this report is compiled) explores the policy implications of the findings (both conceptual and empirical). These findings relate to Cohesion policy generally, and more specifically to the third research question posed by the specification, i.e. the potential to design policy which strengthens the economy and society of rural areas through various forms of urban-rural interaction.

In responding to the project specification's emphasis upon development opportunities for different kinds of rural areas the EDORA approach has sought to balance due regard for regional specificities against the need for appropriate generalisations to replace outdated stereotypes. It has also highlighted the fact that local potential is often defined by regional capacities and "soft factors" which determine the ability to respond to increasingly ubiquitous opportunities. The focus in this report is therefore often upon the determinants of that regional capacity to respond, rather than upon establishing a list of specific activities which show promise for growth in rural areas<sup>1</sup>. The latter would inevitably be partial, and would risk becoming rapidly out of date.

## **2. The Thematic Literature Review and Synthesis.**

Activity 2.11 comprised reviews of the recent conceptual and empirical literature relating to nine separate aspects of rural change (see Section 2.2 for the full list). The key findings may be conveniently summarised as follows:

### *i. Economic Processes:*

An important "story line" in this context is structural change, the process of diversification away from the traditional focus upon primary or land-based industries, towards a New Rural Economy (NRE) in which secondary and tertiary activities are the main drivers. The NRE has developed more fully in accessible rural areas, and is closely associated with the demographic process of "counter-urbanisation", and with centrifugal dispersion of economic activity, from cities and towns, into the countryside.

A second "story line", which has affected both accessible and more remote rural areas, concerns the commodification of countryside and environmental public goods, and the rise of "multifunctionality" both within traditional activities such as farming and forestry, and newer activities, especially recreation and tourism. This complex and incremental structural shift is captured by the term "Consumption Countryside".

A third characteristic vector of rural change relates specifically to farming, where there is an increasing polarisation between large-scale, highly mechanised, commercial, "Para Productivist" development paths on the one hand, and small-scale, often part-time, multifunctional "Peri-Productivist" strategies on the other. In some regions of the NMS12 semi-subsistence agriculture presents a rather specific and "narrower" variant of the second option.

These three components of rural economic change interact with each other and with different regional contexts, to produce an almost infinite variety of outcomes. Regional context varies not only in terms of "hard" aspects, such as physical environment, resources, settlement pattern, accessibility and infrastructure, but also "soft" factors, such as human and social capital, business networks, "institutional thickness", and governance. This "development milieu" is both extremely influential and much more difficult to quantify, assess, or to reinforce by means of policy intervention.

### *ii. Social Processes*

The key social process in contemporary rural change is migration. However it represents not a single "story line", but three: (a) the "rural exodus" which (selectively) drains human capital out of remote rural areas, in favour of urban and accessible rural locations; (b) the flow of economic migrants from the poorer regions of the NMS12 towards both rural and urban regions of the EU15; and (c) "counter-urbanisation" movements from cities and towns into accessible rural areas. The social and economic impacts of the first of these upon the origin regions are predominantly negative. The other two kinds of flow result in a complex balance of positive and negative effects upon rural regions.

These three migration story lines are intimately connected to the issue of demographic ageing which in turn interacts strongly with aspects of economic development, exacerbating "depletion" effects in some regions and strengthening capacity for diversification and innovation in others.

A third very important issue which should be mentioned under the heading of "Social Processes" relates to the provision of Services of General Interest (SGI). The shift away from a "welfare state" ethos towards

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<sup>1</sup> More information on specific economic activities which currently offer opportunities for rural areas is provided in the Thematic Working Papers, especially WP2 (Employment) WP3 (Business Development) and WP5 (Cultural Heritage).

neo-liberal and “New Public Management” approaches has interacted with the effects of migration, demographic ageing, and “regional enlargement” to highlight a number of critical policy questions in recent years. The circularity of causal links between the provision of CGI and other social and economic processes of rural change renders the former a prominent driver in processes of “cumulative causation”, whether “vicious” or “virtuous”.

Structural change in the rural economy is associated with changes in the character and configuration of rural social capital which are linked in complex ways to rural governance. This renewal of social capital has many and varied impacts upon the capacity of rural areas to respond to new opportunities for development.

### *iii. Policy Processes*

In the policy arena the focus of the review is understandably less upon “story lines” of change than upon different kinds of regional contexts. However, some of the key processes of change are; “regional enlargement”, the “hollowing out” of the Welfare State, the increasing importance of the Third Sector, “multi-level governance” models, partnership approaches, and the use of fixed-term projects as a vehicle for implementation. This nexus of changes in governance, loosely linked to what the OECD has described as the “New Rural Paradigm”, are leading to the emergence of what may be termed the “Project State”. The balance between benefits and perverse impacts varies, but two things are clear: that comparative analysis is extremely difficult due to differences in institutional heritage; and that institutional capacity is very difficult to construct through exogenous policy interventions.

### *iv. Environmental Processes*

The thematic reviews of Activity 2.11 have not specifically focused upon the wide-ranging and important topic of environmental change, but have included a number of socio-economic implications.

More specifically, one of the thematic reviews (WP8) considered the narrower issue of climate change and its rural development impacts. This points to a broad N-S divide in Europe in terms of the likely impact of climate change on rural economic activities, and on agriculture in particular. In the northern Member States the main negative impact of increased variability, is anticipated to be offset by higher average temperatures which will effectively broaden the farming system options for most rural areas. In the South and East rising temperatures and reductions in precipitation will effectively narrow the options for agriculture, and increase the risk of environmental degradation, with knock-on effects in terms of tourism and leisure activities. In the latter the institutional capacity to deliver mitigation or adaptation strategies is also generally less developed.

At present climate change research tells us more about likely direct environmental impacts, rather than the complex indirect socio-economic consequences. It also tends to have a rather large-scale focus - the likely regional or local impacts are not well understood as yet.

In very broad terms, it is probably safe to assume that climate change impacts will be more substantial in regions where agriculture and other primary activities are still relatively important, and in those regions where “Consumption Countryside” activities are strongly developed. Regions where the structural shift towards a diversified NRE has proceeded further are likely to be less seriously affected. Indeed judicious diversification would be one means to reduce the anticipated impact of climate change.

### *v. Urban-Rural Relations*

This theme is touched upon in a wide variety of contexts and there is a wealth of relevant material, both conceptual and empirical. At the same time, however that material is very disparate and the task of drawing it together into a coherent “narrative” which could form the basis for perspectives of the future or a policy approach are exceptionally challenging, because:

- Urban areas and rural hinterlands overlap and interlink in a complex system of economic and social interactions, (commuting, service provision patterns, leisure and recreation linkages etc).
- Many rural areas have as many links to distant regions across Europe or the rest of the world as they do to adjacent urban areas. Indeed one of the key conclusions from the business networks literature is that such linkages are the key to the successful development of NRE activities.

- Administrative boundaries have variable relationships to urban and rural areas, creating complex issues in terms of policy design, and often providing no separate institutional advocacy relating to rural needs and potential.
- Urban and rural areas, and their associated governance structures, are more likely to see themselves as competing for scarce resources than co-operating for the benefit of rural areas.

*vi. Meta-Narratives and Regional Contexts.*

Woven through the nine thematic reviews is the “leitmotif” of *Connexity*; the increasing interconnectedness of all aspects of rural economic and social activity, which means that “relational reach” and “organisational space” are increasingly important as determinants of regional performance and cohesion, at the expense of the traditional role of Euclidean distance.

Within this overarching theme three “meta-narratives” of contemporary rural change serve as heuristic devices, assisting understanding of the complexity and variety of individual development paths. These are:

The *Agri-Centric* meta-narrative, which draws together various “post-modernisation” or “post-productivist” concepts and strategies, such as “multifunctionality”, “commodification”, or “ecological modernisation”, which all stress the fact that agriculture and farming communities are increasingly concerned with a broader range of objectives than maximising output of food and fibre. Again, the notion of para- and peri-productivism are fundamental to this meta-narrative.

The *Urban-Rural* meta-narrative draws together various story lines relating to migration, rural-urban relationships, access to SGI, agglomeration (or its absence), and highlights the cumulative causation process which drives the differentiation of, and disparities between, accessible and remote/sparsely populated rural regions.

The meta-narrative of *Global Competition* emphasises implications of increasing connexity and global trade liberalisation, in terms of the spatial segmentation of labour markets and the associated structural change of European rural areas. This points to strategies which depend upon the “knowledge economy”, the role of the creative class, an emphasis upon quality, place marketing, niche markets and so on.

The overarching theme of increasing connexity, and the three meta-narratives, are largely “exogenous”; common vectors of change, which act upon all rural regions within the ESPON space. As such they are often part of an interactive web of socio-economic changes and trends which are global in scope and impact and are not easy to change by policy intervention. The observed increase in regional diversity across rural Europe can therefore best be explained by differences in the local environment upon which these forces of change operate. They are also the key to appropriate forms of intervention for cohesion policy.

Important aspects of local environments include “hard” factors, such as raw material resources, landscape, physical infrastructure and buildings, and “soft” aspects, such as the skills and capacities of the local workforce, its entrepreneurial culture and innovativeness, characteristics of business networks, the quality of local institutions and governance, and so on. The role of these different “assets” has been recognised within a practical development policy context, leading to the promotion of “asset based” local development approaches. This has been associated, in a variety of policy contexts, with a conceptual framework based upon 7 forms of capital (financial, built, social, human, natural, cultural, and political). More recently Camagni (2008) has provided a deeper theoretical perspective by exploring the concept of “territorial capital”.

### **3. Macro-Scale Patterns of Rural Differentiation.**

The meta-narratives are a form of generalisation about common “ensembles” of processes of change. They are neither exhaustive or inclusive of all the ways in which individual regions experience change. Neither is it possible to associate one meta-narrative with one particular type of region. All three, (and others which we have not described) may be at work, to some extent, in any individual region.

The Territorial Cohesion principle of “turning diversity into strength” seems to point towards an ideographical approach, but generalisations are nevertheless extremely useful, and it is important that some of the outdated stereotypes (stylised fallacies) about rural areas which seem to lie behind

conventional rural development policy are updated or superseded. This is the rationale for the EDORA regional typologies.

#### *The EDORA Cube*

A single typology cannot easily encompass the salient aspects of differentiation of rural regions. The EDORA analytical framework (the “EDORA cube”) therefore comprises three typologies, which if not technically orthogonal to each other are certainly distinct dimensions of variation which are best considered separately. These are:

(i) *Rurality/accessibility*. This typology relates to the Urban-Rural meta-narrative, and was developed from the OECD typology by Lewis Dijkstra and Hugo Poelman at DG Regio. Four types of (non-urban) regions were distinguished, Intermediate Accessible, Intermediate Remote, Predominantly Rural Accessible, and Predominantly Rural Remote.

(ii) *Economic Restructuring*. This typology relates to both the Agri-Centric and Global Competition meta-narratives, and was developed from 13 indicators, using a multi-criteria, disaggregative approach. Again four types of non-urban regions were distinguished: Agrarian, Consumption Countryside, Diversified (with strong secondary sector) and Diversified (with strong market services sector).

(iii) *Performance*. This typology places regions on a continuum between “accumulation” and “depletion”, and derives its rationale mainly from the urban-rural meta-narrative. It is based upon a synthetic index of performance, incorporating 5 indicators. The four types of region (accumulating, above average, below average, depleting) are defined by the mean and standard deviation of the index.

The ability of the Structural typology to differentiate between groups of non-urban regions, in terms of their socio-economic performance, was assessed through statistical analysis. In general terms the results showed that the structural typology enhances our ability to distinguish between non-urban regions in terms of their performance. A similar analysis was employed to explore the possibility of combining the first two typologies into a single classification. The results suggested that a higher level of discrimination may be achieved by retaining two separate typologies.

An analysis of the typology maps, together with cross-tabulation analysis, provided a useful “triangulation of European rural regions. The principal findings were:

- Regions in which the primary sector plays a major role in the local economy are mainly concentrated in an arc stretching around the eastern and southern edges of the EU27.
- The rest of the European space is characterised by a patchwork of three types of rural area, Consumption Countryside, Diversified (Secondary) and Diversified (Private Services). Of these the last seems to be to some extent associated with the most accessible areas.
- Broadly speaking there is a tendency for the Agrarian regions to be relatively low performers, showing many of the characteristics of the process of socio-economic “Depletion”. The Diversified (Secondary) regions also tend to be relatively poor performers, perhaps because they are dependent upon declining manufacturing industries.
- The Consumption Countryside regions and the Diversified (Private Services) group are both high performers, and likely to continue to “accumulate” in the immediate future.

These are very simple, broad-brush generalisations, which, of course, cannot “do justice” to the wealth of local variation in rural areas across the ESPON space, or to the infinite number of possible combinations of drivers, opportunities and constraints. Nevertheless within the context of the debate about the future of European (cohesion) policy for rural areas, it would seem that the four Structural Types may be more useful as stereotypes than the prevalent, but outdated association of rural exclusively with Agrarian rural economies, or even with the Consumption Countryside. The rather different needs and potentials associated with Diversified rural economies (whether strong in secondary activities or private services) would seem to deserve far more attention in the context of the policy debate than they have heretofore received.

### *The Country Profiles Reports*

The goal of the Country Profiles is to produce “pen-pictures” of rural areas, at national and “meta region” (groups of countries) levels, based on the three typologies, together with other socio-economic indicators, and enriched with the “local knowledge” of partners. This is important, since national and regional boundaries are important “filters”, or structuring elements, through which the policy community may more easily relate to the new picture of rural Europe presented by the EDORA cube.

This work is reported in a working paper (WP25 Annex 1), and in a set of 31 individual country reports (Annex 2). The Draft Final Report presents a brief description of the methodology, followed by some examples of the findings, highlighting the capacity of this analysis to convey a clearer view of the socio-economic characteristics of European “non-urban” regions at the beginning of the twenty-first century. These illustrate both the individuality of MS and the existence of macro-scale (meta-regional) patterns. It is difficult to convey a sense of the size and richness of the Country Profiles resource within the few pages available, and interested readers are encouraged to consult the above-mentioned documents.

#### **4. Micro-Scale Processes at a Regional/Local Level**

Holistic analyses of twelve “Exemplar Regions” were carried out in order to deepen our understanding of the processes of rural change in different contexts, and thus to enrich narratives of differential change. The exemplar regions reports elaborate upon, and sometimes challenge, the typology and the meta-narratives developed in the conceptual stage of the project.

Analyses were carried out within seven MS i.e.: UK (North Yorkshire; Skye), Spain (La Rioja; Teruel), Germany (Mansfeld-Sudharz; Neumarkt), Slovenia (Osrednjeslovenska; Zasavska) and Poland (Chemsko-Zamojski; Ostrolecko-Siedlecki), one for Sweden (Jonkoping), and one for Finland (South Savo). The regions were carefully chosen to represent a variety of rural contexts.

The twelve regions provided a good coverage of the Structural and Performance types. However it is important to acknowledge that where more than one region shared the same type, the differences were as prominent as the similarities, reminding us that although generalisations are helpful, indeed indispensable, we should never lose sight of the fact that each region is unique. Some of the regions were also very clearly heterogeneous combinations of sub-areas representing different types.

In some regions one dimension of the EDORA cube was dominant. This was the case in two regions where “depletion” was the most obvious characteristic, and in another where proximity to a city was of overwhelming importance. Accessibility to an urban area did not always lead to benefits.

The overarching theme of connectivity runs throughout most of the Exemplar Region reports, emphasising in particular the importance of relational space that transcends distance but also how local relations and connections persist. There is evidence that the importance of Euclidean space is still recognised in terms of issues relating to improvements in physical (transport) infrastructure. Several of the Exemplar Regions are adjacent to international borders, which leads to very specific issues of connectivity.

The agri-centric narrative is evident in a number of the regions describe. It becomes clear that progress towards peri- or para-productivist models is not universal, and that “stagnation” or “abandonment” are risks. We are also reminded that a strong agrarian focus is not a universal “starting point” – some regions have never had a strong agricultural sector.

There was much evidence to support the urban-rural narrative, and the associated patterns of migration, although in some regions the role of smaller towns (rather than cities) was highlighted.

The narrative of Global Competition is very clearly illustrated by the development of viticulture in one of the Spanish regions. In the NMS12 regions the impact of globalisation has been heightened and compressed in time, by accession.

Regional analysis highlights the crucial importance, in all types of regions and in relation to all of the meta-narratives, of social capital, institutional capacity and styles/structures of governance. This suggests that these themes should receive careful consideration in the Future Perspectives and Policy Implications sections which follow.

A final, and very important, observation, is the way in which the exemplar region reports highlight the variability in the rate and trajectory of change, from very gradual continuing depletion or accumulation, to “recent turnaround”. It is common that specific events can trigger relatively sudden reversals.

## **5. Future Perspectives**

The fifth section of the report develops a framework, using foresight techniques, for considering the future opportunities and constraints which are likely to confront rural areas of different kinds during the next two decades. This framework builds upon the work of the earlier phases of the project; viewing the meta-narratives of recent and contemporary change as predominantly incremental processes driven by endogenous factors, into which, during the next decades new, “exogenous shocks” will impose themselves, causing more rapid and radical change. Of the range of potential “shocks” which may reasonably be anticipated, it has been assumed that the most likely and the most influential in a rural context is Climate Change. The most important aspect of climate change, about which there is not yet consensus, is the rapidity with which its impacts will be manifested. A second “exogenous” shock is the recent Credit Crunch and ongoing Recession. This seems likely to influence the nature of the economic governance approach underlying the policy measures which are developed to meet the challenges of climate change. The options range from “laissez faire” approaches on the one hand, to stronger regulation and collective interventions on the other. The latter might seem more likely in the aftermath of the current experiences with the financial markets.

The EDORA Future Perspectives analysis adopts a simplified, qualitative, “foresight” approach, which is appropriate given the limited resources available, the breadth of the issues to be considered, and the fact that in this arena quantified data is rather scarce. This leads to a systematic procedure for scenario development, followed by an expert assessment of the likely implications for the four Structural types of non-urban regions.

The two “exogenous” variables introduced above structure the analysis in the form of two axes defining the range of possible outcomes. The first axis stretches between gradual climate change at one extreme, to rapid change at the other. The second (economic governance) axis ranges from “neo-liberal” to “strongly regulated”. Clearly the two axes are not entirely independent of each other, laissez faire approaches are more likely if change is gradual, whilst severe and rapid climate change is likely to spur MS and international agencies into more “top-down” responses. The two axes define four quadrants which can then form the basis of four narrative scenarios of change over the coming two decades. However, before these scenarios can be “fleshed out” it is necessary to assemble some basic information on contextual issues, including demographic trends, energy security, food security, and the likely continuation of ongoing economic and social trends.

The next step is the elaboration of four qualitative and narrative scenarios, reflecting the four possible combinations of the two exogenous factors, climate change and style of economic governance:

### *Scenario 1: Gradual climate change + Deregulated Market Economy*

In many ways this is close to a “business as usual” scenario. With the exception of a shift of agriculture towards the para-productivist model, and a substantial growth in new forms of energy production, the current processes of change, described in Section 2 of the report would continue. This would probably be associated with a continued increase in regional differentiation.

### *Scenario 2: Gradual climate change + Highly Regulated Economy*

In the second scenario the impact of the credit crunch leads to a more cautious and regulated form of economic governance in which a shortage of capital inhibits both the private and public sector responses to the gradually emerging climate change effects. Limited mitigation means that even gradual climate change has significant impacts upon economic activity and quality of life in rural Europe, resulting in intensified out-migration from agrarian and sparsely populated regions. Energy costs rise but the development of renewables is modest, leading to an increasing dependence on nuclear power. Increasing freight costs provide a degree of import protection, and slow the decline of manufacturing in Europe. Reduced consumer spending and shortage of capital inhibits the expansion of the tertiary sector.

### *Scenario 3: Rapid Climate Change + Deregulated Market Economy*

Rapid and disruptive climate change attaches a premium to land as a basic resource underpinning both adaptation and mitigation measures. Food prices rise, renewable energy production and bio-technology industries expand rapidly. Agricultural production intensifies and increasingly adopts bio-technology. There is a concentration of control of the (rural) means of production in corporate hands. The tertiary sector is buoyed up by an expansion of financial services, and private investments in research and development, although the benefits are largely restricted to accessible rural areas.

### *Scenario 4: Rapid Climate Change + Highly Regulated Economy*

The rapid onset of climate change results in a coordinated consensus-based public policy response. There is rapid public investment in new forms of nuclear power and careful regulation of the use of rural land, to ensure food supplies. There are strong and selective migration flows from South, East and Central Europe into the North and West, and towards major cities. Public transport systems, using low/zero emissions technologies lead to compact urban growth. Fossil fuel use is reserved for food production, whilst cropping is also regulated to reduce the production of GHGs. The primary and secondary sectors are reinvigorated by the public policy response focused upon sustainability. The shift in favour of the tertiary sector slows or is reversed.

The expert assessment of the implications of the above scenarios for the four Structural types of rural region utilised both the project's Expert Group, and the members of the TPG. Responses to the assessment clearly established that S1 (*Gradual climate change + Deregulated Market Economy*) is thought the most likely scenario to emerge in the coming years. Identification of a preferred scenario proved less conclusive. Whilst there was some degree of consensus that S2 (*Gradual climate change + Highly Regulated Economy*) would result in the greatest benefits to rural regions, this was not the majority view. More detailed analysis of the evaluations established that S2 was preferred as it could give rise to greater levels of territorial cohesion within the EU.

## **6. Options for Policy to Promote Competitiveness and Cohesion in Rural Europe.**

The penultimate section of this report attempts to draw some initial conclusions about policy implications. These must be considered preliminary, since at the time of writing there are several months to go before the scheduled completion of this task. It is perhaps helpful to stress the fact that these policy implications do not derive from "lesson's learned" from present or past interventions, but are logical extensions of the conceptual and empirical analysis of the first four sections of this report, and the more detailed information in the associated the working papers (Annex 1).

Having said that it is important to keep sight of the overall framework for Cohesion Policy, and its broad objectives, which derives from the Lisbon Agenda (economic competitiveness), the Gothenburg Agenda (environment), and the inclusion of Territorial Cohesion in the treaty of Lisbon (art. 3). The latter represents the culmination of a process begun under the ESDP, continued through the "Territorial Agenda" and more fully explored in the Territorial Cohesion Green Paper. In essence it involves pursuing balanced regional development through enabling all regions to develop to their full potential. In this sense it is facilitated by "turning diversity into strength".

One of the key ingredients in territorial cohesion policy, frequently referred to in recent policy documents, is "territorial co-operation". This is an ill-defined term which seems to include both existing "informal" interactions between different areas (urban-rural, or rural-rural) and "formal" interactions "artificially" stimulated by policy.

### *Implications of the Findings of the Conceptual and Empirical Phases of EDORA*

The conceptual review (especially the three meta-narratives) and the empirical analysis (particularly the Exemplar Regions reports) have shown that most, if not all rural regions in Europe are exposed to the same broad range of drivers of change. Differentiation of response is primarily a consequence of variations in a range of local capacities and potentials. Some of these are conventional, tangible resources, land, physical resources, access to markets, built capital, transport infrastructure and so on. Others are "soft", (intangible, less amenable to quantification). The latter are often particularly evident in rural areas and associated with newer development opportunities, such as provision of "rural amenities".



Often it is particularly “soft” factors, such as human and social capital, or institutional capacity which are instrumental in facilitating a rural area’s response to drivers of change.

An appreciation of the importance of these less tangible regional assets has led some to argue that the key to local development is the presence of seven forms of “Community Capital” (rather than the traditional three). This concept has been further developed by Camagni, who has proposed a 3x3 matrix of types of “territorial capital”, based on the two axes of rivalry and materiality. Three of Camagni’s nine forms of community capital; - Co-operation Networks, Relational Capital, and Social Capital - are considered particularly important for territorial co-operation.

#### *Territorial Co-operation.*

The Exemplar Region reports have proved a valuable source of evidence of a variety of forms of territorial co-operation, of a variety of formal and informal types. This is a highly complex and relatively new field of research, in which terminology, means for systematic analysis, and interpretation, are still emerging. The constraints to, and opportunities presented by, territorial co-operation are as yet poorly understood. More detailed findings will be presented in the Final Report.

#### *Some Reflections on the current EU Policy Framework relating to Territorial Cohesion and Rural Areas*

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 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, foremost among which is the tendency of each of the above policies to operate within their own discrete “world” with very little interaction with others. The recent implementation of national strategies for spatial development, and rural development, perhaps provide helpful models in this respect.

Other key issues which need to be addressed in order to deliver effective rural policy to support territorial cohesion include:

- The need to design truly territorial policy (current rural development policy is strongly sectoral).
- Impact assessment that is sensitive both to regional context and the need for policy coherence, so that local innovation can be recognised and disseminated as good practice.
- Territorial cohesion policy should seek to act as a “counterweight” to trends which result in concentration or agglomeration.
- National policy traditions, and path dependency must not be ignored.

In Section 6.3.3 Dax presents the following “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, co-operation (in various dimensions and with various meanings) and an increased attention for social and cultural development aspects are of special priority.
- Some of these imply a long-term vision of territorial development. 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”. 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).

The way forward towards realising the above principles in terms of established practical policy involves, first of all, a progressive narrowing of the gap between the rural development discourse and policy implementation. This can only be carried out incrementally, at a pace which accommodates the prevalent inertia towards policy changes. Secondly it involves negotiating a mature relationship between Rural Development Policy and Regional Policy, in order to overcome the segmentation of administration and to adopt territorial analytical frameworks.

### **7. Continuing Research in EDORA**

During 2010 research effort will concentrate upon Activity 2.25 (Future Perspectives) and upon Activities 2.31 and 2.32, (policy options). It is suggested that beyond EDORA it would be valuable to carry out more in-depth analysis of the consequences of climate change and the recession in rural areas of Europe. It would also be valuable to develop more detailed understanding of the concepts of “territorial capital”, “network society, and “connexity” and how they can be measured/assessed. Other fruitful research areas more closely related to policy would be multi-level governance, and spatial impact assessment.

### **8. Overall Conclusions**

The EDORA project has rejected the sectoral approach to rural development, in favour of a truly territorial approach, which is carefully grounded in a state-of-the-art review of academic and conceptual literature. This conceptual framework is structured around a set of “meta-narratives” of rural socio-economic change, which show the relationships between many individual “story lines”. This leads to an innovative empirical framework (the EDORA cube) based upon three regional typologies, which provides fresh “territorial” perspectives upon the geography of economic structure and socio-economic performance across “non-urban” ESPON space.

An important finding of the conceptual review is the importance of local context, resources or assets, in determining the capacity to respond positively to ubiquitous meta-narratives of change. This variable “local capacity” appears to be the principal determinant of differentiation between regions. This concept is subsequently mobilised in a policy context in the form of “asset-based development” and the theory of “territorial capital”. The potential benefit of incorporating these ideas more fully within Cohesion policy is one of the key practical implications of the theoretical findings of the EDORA project.

The EDORA Future Perspectives analysis has suggested that the incremental processes of change represented by the meta-narratives are likely, over the next two decades, to be subject to exogenous “shocks” from the many direct and indirect impacts of climate change. The effects upon, and opportunities available to, rural Europe will depend to a large extent upon the rapidity with which climate change impacts are felt, and the model of economic governance which emerges to structure the response. Foresight techniques have provided a set of alternative scenarios for rural areas in Europe. It is intended that these will be a valuable starting point for a discourse on how climate change impacts, and opportunities, might be accommodated in future Cohesion policy.

## B: REPORT

### 1 Introduction

The EDORA project belongs to the first strand of the ESPON 2013 programme: “Applied research on territorial development, competitiveness and cohesion: Evidence on European territorial trends, perspectives and policy impacts”. As such it is intended to “create information and evidence on territorial challenges and opportunities for success for the development of regions.” It requires a cross-thematic and applied approach.

The over-arching aim of the project is to develop a better understanding of the development opportunities and challenges facing diverse types of rural areas in Europe. The underlying demand for such knowledge is to support targeted policy development, relating (inter alia) to job creation and social change. In particular, insights should support the practical implementation - across a range of policy fields – of spatial development principles which have evolved out of perspectives presented in the Fifth Cohesion Report, and elaborated in the recent Territorial Cohesion Green Paper. In particular the project should support the further integration of the Lisbon and Gothenberg agendas into the post-2013 Common Agricultural Policy (CAP).

Three key issues are fundamental to the project specification;

- the need to better understand patterns of differentiation, between different kinds of rural area,
- the nature of the different opportunities for development which each of them faces, and,
- the way in which such opportunities depend upon, and may be strengthened by, interaction between rural and urban areas.

Addressing these issues requires a research approach which fully reflects recent conceptual advances, and constructs hypotheses derived from contemporary interpretations of the process of rural change in the full range of European rural environments. At the same time it requires a comprehensive utilisation of available data sources, so that robust and empirically valid findings can form a firm foundation for policy recommendations.

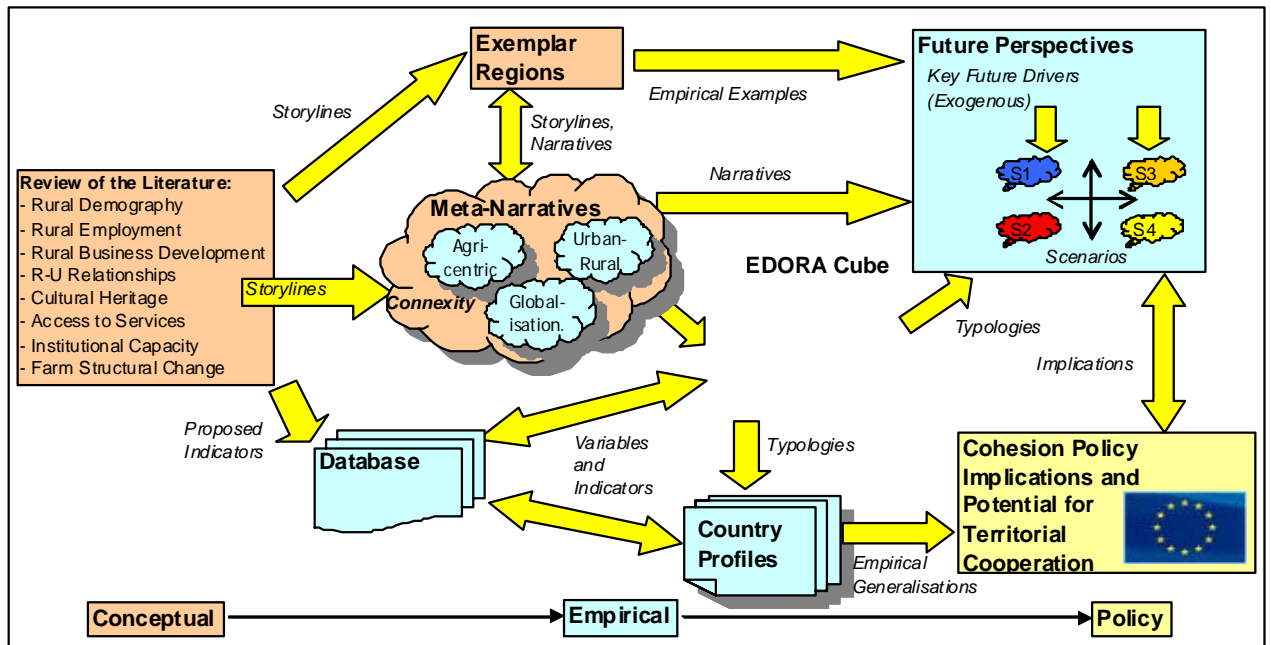


Figure 1::The Structure of the EDORA Project

The structure of the EDORA project (Figure 1) is reflected in the report which follows. The first section begins with a summary of the findings of the thematic literature review which formed the substance of Activity 2.11. A synthesis follows, which presents the overarching concept of “connexity”, and three meta-narratives, relating to agricultural change, rural-urban processes, and the role of globalisation. The second chapter has an empirical perspective, featuring three regional typologies, and a set of country profiles. This is followed by an account of more detailed empirical analysis, within twelve “exemplar regions”. Building upon the previous sections, Chapter 5 presents policy implications, both specifically in terms of the potential for Territorial Co-operation, and more generally in relation to Cohesion Policy. Chapter 5 presents future perspectives for Rural Europe, through a set of possible scenarios of change over the next two decades. The report concludes with a look ahead to research during the next months, suggestions for future research, and some general reflections on what has been achieved so far.

Annex 1 is a compilation of the 26 working papers produced by EDORA so far. This constitutes the “Scientific Report” required to accompany the Draft Final Report by the project specification.

## **2 Contemporary Rural Change in Europe: Key Elements and Meta-Narratives**

This section summarises the findings of the conceptual phase of the project, including reviews of 9 themes of rural change under Activity 2.11 and the subsequent synthesis of Activity 2.12.

### **2.1 Introduction: The EDORA Conceptual Framework.**

As will be evident from the Introduction, the EDORA project has an extremely wide remit; covering all aspects of rural change (both in the recent past and immediate future), and the full range of (non-urban) regional environments. At the same time the requirement is to go beyond description and explanation, with the formulation of recommendations for appropriate policy. However, from the outset, it is important to make clear that it is not our intention simply to identify a set of economic activities which currently appear to have potential for growth in rural areas. Such an approach to “development opportunities” would run a risk of being selective, partial and ephemeral. Rather we interpret our task as identifying more enduring and more widely applicable generic issues, which can lead to more systemic approaches. This implies a need for a conceptual framework which is both inclusive and robust, and which can provide a solid and consistent rationale for a variety of forms of intervention.

#### **2.1.1 Balancing Specificity and Generalisation.**

The widespread recognition of the increasing diversity of rural areas in Europe, combined with the popularity of neo-endogenous development approaches which build upon local specificities, means that it is very important that EDORA incorporates an idiographic respect for unique contexts. This should not, however, imply any antipathy towards generalisation. Some generalisation, both in relation to processes of change, and in respect to rural environments, is essential. However it is perhaps important to stress the fact that the generalisations about processes of change proposed later in this chapter, and the generalisations about geographical contexts presented in Chapter 2, should not be considered as comprehensive. It would be foolish to affirm that they are the only possible interpretations of such complex phenomena. However it is hoped that they are, at least, soundly based upon up-to-date evidence, and that they may therefore help to dislodge certain outdated (but nonetheless influential) stereotypes, from a position of influence over policy design which is no longer justified.

### **2.1.2 “Story lines” and “Meta-Narratives”**

A “narrative” approach seems appropriate where the requirement is to organise a large volume of information about elements of change which are interlinked in complex ways across both rural space and time. Where so much of the information is intrinsically qualitative, narratives are more practicable than quantitative analysis/modelling of indicator data.

The thematic accounts of recent socio-economic trends provided in the nine working papers of Activity 2.11 (Annex 1) may be termed “story lines” in that they are focused on specific aspects (demography, business development, employment etc). At a more synthetic level these “story lines” may be woven into various “meta-narratives” which are not constrained by disciplinary or research topic boundaries, but integrate processes across the spectrum.

It is tempting to view these “meta-narratives” as the “drivers” of rural change. Nevertheless, its important to keep in mind the extreme complexity of the development process, and the partial nature of our understanding of it, which means that it is risky (perhaps simplistic) to speak in terms of linear cause and effect relationships. It is safer to consider the “meta-narratives” primarily as “heuristic devices” – a helpful way of organising an otherwise bewildering array of information. Its also worth emphasising that they are not mutually exclusive, the same “story lines” may be tied into more than one meta-narrative. Neither are the meta-narratives synonymous with the development paths of individual rural areas. Most localities show evidence of several meta-narratives concurrently.

## **2.2 Aspects of Rural Change: A Thematic Overview.**

Activity 2.11 featured “state of the art” reviews of nine themes:

- (a): Rural demography
- (b): Rural employment
- (c): Rural business development
- (d): Rural-Urban relationships
- (e): Cultural heritage
- (f): Access to services of general interest
- (g): Institutional capacity
- (h): Climate change
- (i): Farm structural change

The associated Working Papers are reproduced in Annex 1 (WP1-9). Space will not allow us to summarise each of these here. Instead (as in the Synthesis Report – WP10) key aspects will be organised in five sections, relating to Economic, Social, Policy and Environmental aspects, and Urban-Rural Relationships. Although it is impossible to do justice to the range of information or the complexity of the ideas presented in the nine working papers, it is hoped that this will provide a more easily digestible overview.

Within each of these thematic contexts it becomes evident that the Working Paper discussions reflect two broad aspects:

- The first is the “story lines” themselves, socio-economic changes which can be observed across a wide range of geographical contexts.
- The second relates to those contexts themselves, and the way in which they mediate the process of change, perhaps facilitating it, or perhaps slowing it down, or choking it off.

### **2.2.1 Economic Processes**

An important “story line” of rural change is concerned with the sectoral structure of economic activity. This is commonly measured in terms of employment, and (where regional accounts are estimated) gross domestic product (GDP). It is a truism of economic development theory (Freshwater 2000 p2) to state that development involves a shift in balance away from primary activities, towards secondary (manufacturing) and tertiary (service) activities. In the rural development literature this change is often referred to as

“diversification”, and the outcome is sometimes termed the New Rural Economy (NRE). Although (in comparison to the less developed world) Europe could be said to have already completed the transition many decades ago, there are many subtle differences between different parts of the ESPON space, and “fine-tuning” adjustments (between, for example, secondary and tertiary activities, low technology and high technology/information intensive activities), continue.

Where the NRE is most firmly established (generally in the more accessible parts of Europe), both primary and secondary activities have been superseded by market service activities as the dominant way to earn a living. In this context, of course, the concept of a “rural economy” is complicated by a multiplicity of linkages between the countryside and adjacent urban areas, including substantial commuting flows. Nevertheless there is plenty of evidence that accessible rural areas are very competitive as environments for entrepreneurship, and that counter-urbanisation (see below) has an employment element as well as a demographic component.

Another common economic narrative concerns the role and function of the land, landscape and natural environment as a basis for economic activity in rural areas. The traditional role of land and the farming sector as a producer of food and fibre has been vulnerable to overseas competition (where costs are lower) for more than a century. For much of the post-war period the pressure for change was resisted through various forms of Neo-mercantilist agricultural policies. In the current century trade liberalisation has forced the industry to consider product differentiation, (quality, regional appellations, organic production, short supply chain arrangements etc) and “niche marketing” as strategies to sustain incomes from production. Alongside these solutions are more radical approaches based upon attempts to “commodify” public goods which have always been associated with the countryside, but which have not hitherto contributed much to rural incomes. This is part of the basic rationale for agri-environment policy, and the concept of “Multifunctionality”. The latter also encompasses the rise of leisure and tourism activities in association with farming. However, a substantial proportion of rural tourism and recreation activity has little to do with farm pluriactivity, draws on wider “culture and heritage” assets, and is evidence of a broader process of economic diversification. The term “Consumption Countryside” has been used to describe rural areas where such activities have begun to play a significant role in the local economy.

Within the agricultural sector there is a specific “story line” relating to structural change. In many parts of Europe there is an increasing polarisation of the industry, between large-scale, highly mechanised, commercial producers on the one hand, and small-scale, often part-time businesses on the other. The latter tend to follow a “multifunctionality” strategy. The semi-subsistence farms characteristic of certain New Member States (NMS) have scale characteristics in common with the second group, but not (to the same extent) the multifunctionality.

Another complex of economic activities increasingly associated with rural areas, and often held up as development opportunities, are the various recreation and tourism activities based upon natural and cultural assets. The latter, as WP 5 (MacLeod *et al* 2009) shows very clearly, are very elusive in terms of precise definition and measurement. There is also no consensus as to whether they are public, common or club goods. As a consequence it is extremely difficult to conceptualise the process of “valorising”, or “mobilising” these assets, as part of a rural development strategy.

What is clear, however, is that there is rising demand for leisure and tourism products which facilitate experiences of “authentic” rural landscapes, culture and activities. Simultaneously, in accessible areas, the “supply” of the landscape and cultural assets necessary for such activities is under constant pressure from counter-urbanisation, the “standardisation” associated with globalisation, and the continued “modernisation” of agriculture and other traditional rural industries. In addition the continued exodus from remoter rural areas depletes both the cultural assets themselves (decline of local dialects, loss of traditional skills, abandonment of traditional land uses) and the human capacity required to “mobilise” them.

WP 2 (Cernic and Copus 2009) sheds some light on the current employment situation relating to tourism, leisure, natural heritage and culture-based activities. Precise quantification is at present not possible, due (at least in part) to the structure of the NACE classification. However it is generally asserted that

employment in these activities is experiencing a strong positive trend. At the same time, however the evidence of beneficial impacts upon rural economies is rather meagre, and the potential for harm associated with “the wrong kind of tourism” is a recurrent theme. Employment in tourism and leisure tends to have secondary segment characteristics (low wages, part-time, seasonal, insecure), and the jobs provided are often taken by in-migrants rather than locals. In order to avoid the negative aspects, experts recommend “soft” and “integrated” styles of tourism development. Often this will take the form of farm household pluriactivity.

There are a number of ways in which local or regional rural environments may affect the rate and extent to which the above economic processes of change take place. These include “hard” aspects of the physical environment and resources, which to some extent influence participation in “consumption countryside” leisure and tourism, and also the choice between Para- and Peri-Productivist agriculture. Accessibility to major markets, both via conventional transport infrastructure and Information and Communication Technology (ICT) networks is another important factor, especially in relation to the NRE.

Less well-known, but no less influential, constraints relate to human capital characteristics. Some have argued that rural labour markets are “segmented”, with a “lower segment” trapped in traditional rural occupations with inferior conditions and prevented by an invisible barrier from participating in the benefits of employment in the NRE. Others acknowledge that even if no such barriers exist there are substantial needs for re-skilling and upgrading of rural human capital.

The capacity of a rural area to participate in NRE activities is further constrained (or facilitated) by a range of other “soft” factors; including the strength and configuration of business networks, social capital, and “institutional thickness”. Business networks include both those defined by repeated market transactions, and those based upon less formal exchanges of information or social contacts - Storper’s (1995) “untraded interdependencies”. They are important as a channel for information (both technical and market intelligence), which is crucial to innovation (in its broadest sense). It has also been argued that business networks provide rural entrepreneurs a transaction-cost-saving surrogate for agglomeration economies. They may also compensate for the absence of (internal) economies of scale among rural micro-businesses. There is now more or less general acceptance that those business networks which best support rural innovation and entrepreneurship are characterised by a balance between local “embeddedness” and global reach. Having the former without the latter tends to result in a “lock-in” effect which smothers innovation and growth.

Moreira, Psaltopoulos and Skuras, in WP 3 (Business Development), provide helpful reviews of recent literature not only relating to business networks, but also to the related concepts of “Innovative Milieu” and Clusters. As they point out, these ideas have been developed and widely used in the context of regional development, but their potential in a rural context and in relation to the rise of the NRE, remains largely unexplored. There is a degree of overlap between these ideas and those of social capital and institutional thickness. They will be discussed below, in the social and political processes sections respectively.

The “story line” describing changing access to services of general interest (SGI) has important economic consequences, although it is presented below, in the Social Processes section.

### **2.2.2 Social Processes**

The most important driver of social change in rural areas is migration. In this case there are several “story lines”:

- In the more remote and sparsely populated parts of Europe (especially in the Nordic Countries, and in the Mediterranean countries) the “rural exodus” continues. Since this migration is usually selective according to age, sex, and education level, it has a long-term effect upon both the age, gender and skills composition of the local workforce. Here the demographic ageing process is accelerated, and the human capital resources of the population may become gradually depleted.
- In the NMS which lag behind the EU15 in terms of wage levels and employment opportunities there have been, as is well known, large-scale international migration flows. Both origin and destination regions may be rural. These movements are also selective in their impact, resulting in similar, (though often more extreme) impacts upon the residual population. However migrant remittances have had a positive impact upon the regions affected. Migration is also often

temporary, so that ties with the home region are not severed. The recent recession has to some extent affected the volume of this migration.

- In most rural regions, especially the more accessible ones, the dominant direction of migration flow is out of the urban areas and into the countryside. Many of the migrants retain an employment link with a town or city, and daily commuting is an important feature of modern rural life in such areas. In some cases this has a more balanced impact upon rural age structures, although where retirement migration is substantial the effect is obviously perverse. Counter-urbanisation may have both positive and negative impacts upon rural communities and their social cohesion. It also has the tendency to weaken traditional local cultures, which are often crucial to the localities' ability to develop viable tourism and recreation activities based upon heritage and culture.

Closely associated with changing patterns of mobility and migration (and with business growth or decline) is the issue of provision of, and access to, services of general interest (SGI). The association is bi-directional, changing SGI provision is both an effect, and a cause, of wider socio-economic processes of change. Where SGI require expensive physical infrastructure (roads, pipelines, buildings etc) or complex administrative structures, the response will be lagged. Nevertheless the relationships between SGI and population change, and business demography, are key drivers in the "cumulative causation" processes which are sometimes referred to as "vicious" or "virtuous" circles.

There are also important connections between SGI and political narratives. The change of terminology, from "Public Services" to SGI reflects the ascendancy of a free-market, competition rationale, regulated by principles of supply and demand. This has often been manifest in privatisation, or the introduction, to public sector providers, of the principles of "New Public Management". There seems to be, however, an increasing realisation of the limitations of neo-liberal approaches in relation to those rural communities which are unlikely ever to justify economically viable service provision. This has been reflected in assertions that governing principles should be based upon equity and human rights considerations. In aggregate this translates to the concept of "territorial equivalence". Another consequence is the increasing role of the Third Sector (voluntary organisations, co-operatives, social enterprises, and charities) in the delivery of SGI.

Within a context of ongoing rationalisation and privatisation (associated with "regional enlargement", and the decline of the welfare state, see below) the issue of service provision in remote and sparsely populated areas has thus become extremely problematic. Often the need to cut expenditures has coincided with increasing demands, due to an ageing population. Retirement migration also tends to place exceptionally heavy demands for health and care services on recipient areas. The provision of acceptable levels of public and private services in order to sustain adequate quality of life is one of the key policy challenges for rural areas, and one which has resulted in a plethora of endogenous experiments in approach and delivery.

Another aspect of the regional "milieu" which has received considerable research attention in recent years is social capital. The character and configuration of social capital varies considerably from place to place, and is far from static. Whilst the role and influence of traditional rural structures (including the Church, extended family and associations relating to farming) are weakening, the changing social composition of the rural population, and the demands of new forms of rural governance (see below) are leading to new configurations. This process of renewal is itself a source of increasing differentiation between rural areas. The outcome has impacts on many different aspects of rural change and performance, including (through business networks, clusters and innovative milieu) levels of entrepreneurship and innovation, and the effectiveness of local governance.

### **2.2.3 Policy Processes**

It is hardly surprising that the Institutional Capacity working paper (Kahila, Nemes and High 2009, WP 7, Annex 1) says more about characteristics of different kinds of geographical context, rather than "story lines" of change. However the following may be identified as the most important components of change in the rural governance arena:



- Regional enlargement – the tendency to enlarge local government areas by amalgamation, in order to reap assumed economies of scale, and in order that administrative areas more closely reflect “functional areas” in the context of increased daily mobility patterns.
- A “hollowing out” of the Welfare State (in Member States where it was formerly very influential, especially the Nordic countries) and the increasing application of neo-liberal models to service provision.
- In this context the increasing importance of the Third Sector.
- An increasing degree of devolution of power from central government to regional and local administrations, and the widespread recognition of the multi-level governance model.
- The increasing popularity of “partnership approaches” to rural development policy implementation, drawing in a range of organisational forms outside the conventional government realm.
- An increasing reliance upon fixed term “projects”, for which beneficiaries (areas or organisations) bid in competition, as a means of policy delivery.

Four observations follow:

Firstly, what is immediately apparent in any discussion of rural governance and institutional capacity is the very limited scope for generalisation between Member States or even between regions. The uniqueness of each regional context, and its institutional heritage, is very evident.

Secondly, the consensus seems to be that institutional capacity is closely linked to local social capital, i.e it is essentially endogenous, and can rarely be “constructed” or enhanced by exogenous policy interventions alone.

Thirdly the advent of the “New Rural Paradigm”, (NRP) which stresses partnership, programming and local participation has had many positive effects of rural policy governance, such as:

- Facilitating neo-endogenous (“bottom up”) approaches to policy design and implementation.
- Nurturing local/regional capacity for policy management and implementation.
- Encouraging participation from a wider range of agencies, including the Third Sector.
- Strengthening social capital and “Institutional Thickness”.

However (fourthly) it also appears to have had several perverse impacts:

- Implementation has placed new demands on organisations at the local level which are often most difficult to meet in exactly those localities which would most benefit from support.
- In the words of (Kahila *et al* 2009 op cit p9) the NRP “has not put an end to central bureaucratic and political control... while the delivery of much rural policy has shifted outside direct state control, there has been a compensating increase in managerialist institutions of control, such as formal targets, contracts and indicators of performance”.
- The increasing range of organisational types participating in delivery and management of rural policy has implications for “the mechanistic notions of policymaking and governance that underpin modernist, managerial styles of decision-making...” (Ibid p10).
- Where the national political traditions have resulted in weaknesses in institutional capacity at the local level (as in some NMS) the introduction of NRP approaches may (worst scenario) lead to the emergence of new social elites (the “project class”). Thus partnership approaches do not necessarily lead to more inclusive policy – instead they may simply replicate the patterns of marginalisation which exists in the local rural society.
- If non-elected organisations and actors assume increasing importance in partnerships legitimacy cannot be derived from a democratic mandate.

Kahila *et al* have termed this nexus of issues “the Project State”.

## 2.2.4 Environmental Processes

The thematic reviews of Activity 2.11 have not specifically focused upon the wide-ranging and important topic of environmental change, but have included a number of socio-economic implications. For example

(section 2.2.1) the role of environmental quality and landscape heritage is crucial to the increasing role played by recreation, tourism and conservation activities in the rural economy.

More specifically, one of the thematic reviews considered the narrower issue of climate change and its rural development impacts. Langlais and Tepecik Dis 2009 (WP 8 Annex 1) point out that in very broad terms there is a N-S divide in Europe in terms of the likely impact of climate change on rural economic activities, and on agriculture in particular. In the northern Member States the main negative impact of increased variability, (and increased probability of extreme events, such as storms and flooding) are anticipated to be offset by higher average temperatures which will effectively broaden the farming system options for most rural areas. In the South and East rising temperatures and reductions in precipitation will effectively narrow the options for agriculture, and increase the risk of environmental degradation by drought, bush fires, and soil erosion, with knock-on effects in terms of tourism and leisure activities. In the latter the institutional capacity to deliver mitigation or adaptation strategies is also generally less developed.

At present climate change research tells us more about likely direct environmental impacts, rather than the complex indirect socio-economic consequences. It also tends to have a rather large-scale focus - the likely regional or local impacts are not well understood as yet. In terms of translating technical/scientific knowledge into practical regional or rural policy, there are a number of difficulties:

- The emphasis tends to be mainly upon mitigation, whereas the potential for adaptation is often neglected.
- The complex interaction between global policies and local responses is difficult to accommodate.
- Similarly there are many potential conflicts between mitigation and adaptation strategies in different policy fields.
- At a local level and for short-term planning the inevitable lag/disconnect between mitigation activities and expected benefits is sometimes difficult to reconcile with more immediate policy priorities.

In very broad terms, it is probably safe to assume that climate change impacts will be more substantial in regions where agriculture and other primary activities are still relatively important, and in those regions where "Consumption Countryside" activities are strongly developed. Regions where the structural shift towards a diversified NRE has proceeded further are likely to be less seriously affected. Indeed judicious diversification would be one means to reduce the anticipated impact of climate change.

### **2.2.5 Urban-Rural Relationships**

Courtney *et al* (WP4 Annex 1) have provided a comprehensive review of the literature relating to Rural-Urban (R-U) Interactions. What becomes clear is that this theme is touched upon in a wide variety of contexts (most of which are the subject of other WPs), and that there is a wealth of relevant material, both conceptual and empirical. At the same time, however that material is very disparate and the task of drawing it together into a coherent "narrative" which could form the basis for perspectives of the future or a policy approach are exceptionally challenging.

The difficulty is increased by a number of issues relating to the characteristics of rural and urban areas, and the relationships between them:

1. Urban areas and rural hinterlands are not two discrete spaces, they overlap and interlink in a complex system of economic and social interactions, (commuting, service provision patterns, leisure and recreation linkages etc).
2. In the current, increasingly globalised, context, many rural areas have as many links to distant regions across Europe or the rest of the world as they do to adjacent urban areas. Indeed one of the key conclusions from the business networks literature is that such linkages are the key to the successful development of NRE activities.
3. Administrative boundaries have variable relationships to urban and rural areas, creating complex issues in terms of policy design, and often providing no separate institutional advocacy relating to rural needs and potential. Where regions contain both an urban core and outlying rural areas the needs of the former will generally have far more political weight than those of the latter.

4. In the current policy context (exacerbated by the “project state”) urban and rural areas, or more specifically their associated governance structures, are more likely to see themselves as competing for scarce resources than co-operating for the benefit of rural areas.

## **2.3 “Seeing the wood for the trees”: Structured Coherence in the Process of Rural Change**

In the following section three “meta-narratives” of rural change which place the “story lines” of rural change into a coherent structure, will be presented. In preparation for these it will be helpful to introduce an all-pervasive “leitmotif” which runs through all three of the met-narratives which follow. These ideas are more fully described in WP 10 (Lee, Shucksmith and Talbot, 2009 – Annex 1)

### **2.3.1 “Connexity” as an overarching theme.**

Lee, Shucksmith and Talbot (2009 op cit) describe connexity as follows:

*“Many writers have alerted us 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 ‘Euclidian’ 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 recognises the changed context of a network society and multi-scalar governance. Held (1995) has drawn attention to a “stretching and deepening of social relations”, while Scholte has warned of the “annihilation of place by telemediated space.” (Amin 2002). It is in this context that Mulgan (1997) proposes the concept of ‘connexity’. He 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 inter-relatedness of places is no longer to be considered only in ‘Euclidian’ terms of physical distance, but rather in terms of their relational interdependence often across considerable distances.”*

This theme is a recurrent one in both the literature reviewed in the preceding sections, and in the empirical descriptions of the Exemplar Regions, (Section 4). It is applied to a very wide range of phenomena and processes of change. By comparison the three “meta-narratives” below are more focused and specific.

### **2.3.2 Three Important “Meta-Narratives” of Rural Change.**

#### **A. The Agri-Centric Meta-Narrative:**

The agri-centric narrative draws together a number of ideas which have featured in the literature over the past two decades, challenging the post-war “modernisation” rationale for sectoral rural development policy. These are described in greater detail both in WP 9 (Copus Weingarten and Noguera 2009, Annex 1) and in WP10 (Lee, Shucksmith and Talbot 2010, Annex 1).

The term “post-productivism” is a useful “umbrella” which incorporates a number of overlapping concepts, including “multifunctionality”, the “consumption countryside”, “commodification”, and “ecological modernisation”. All of these in different ways, reflect the fact that agriculture, and farming communities are increasingly concerned with a broader range of objectives than simply maximising production of food and fibre. Even where large scale commercial “agri-business” enterprises persist, the technology-driven “race to the bottom” is moderated by EU and national regulation of environmental, food safety and animal welfare externalities.

Crowley, Walsh and Meredith (2008) provide a helpfully nuanced view and terminology of post-productivism, incorporating the widespread notion of structural duality/polarisation. The two components of this duality are termed “para-productivist” and “peri-productivist”. The former are said to “remain on the technological treadmill and increase output to maintain competitiveness, but do so in ways that reduce its negative externalities” (p14). These para-productivist farms are usually larger, more heavily capitalised, not pluriactive, and located in the more fertile regions. Peri-productivist farms “are still engaged in food

production, but are not on the technological treadmill. As such they may be conceptualised as persisting on the margins of productivism, where farmers engage more with the broader economy” (p14) Peri-productivist farms are smaller, more marginal, pluriactive, exploit their “multifunctionality”, and are often heavily dependant upon policy support.

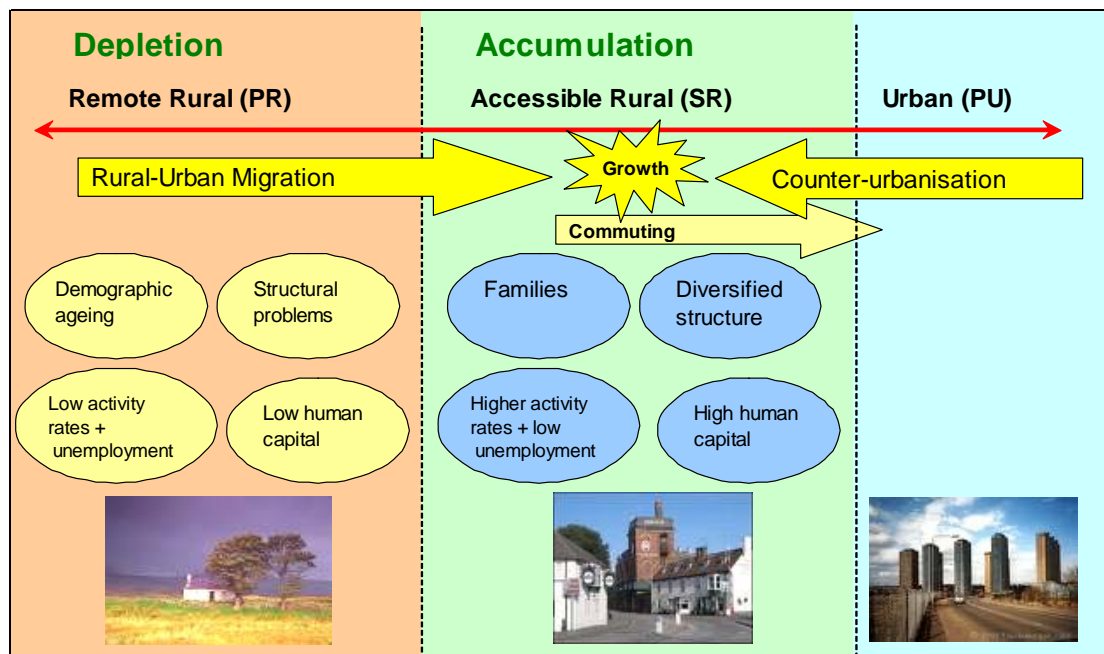
**B. The Urban-Rural Meta-Narrative:**

The Urban-Rural narrative has, if anything a longer pedigree than the Agri-Centric one. It underpins the various policy supports for remote and sparsely populated areas which are a long established component of both Rural Development and Cohesion policy. The “story lines” encompassed by this meta-narrative are mainly featured in WP 1 (Demography), 4 (Rural-Urban Relationships) and 6 (Access to Services of General Interest), although they may also be said to underlie some of the discussions in WP2 (Employment).

Urbanisation, counter-urbanisation and commuting are key drivers of the Urban-Rural meta-narrative. As a result of these flows, many accessible rural areas experience “accumulation” of resources and development assets, and acquire an economic structure increasingly similar to that of nearby urban regions. By contrast other rural regions, especially in the more remote parts of the EU are still being “depleted” of population and economic activity through cumulative, self-perpetuating, cycles of decline.

The Urban-Rural meta-narrative also draws on the concept of peripherality; which “incorporates two main causal elements; distance from sources of goods and services, and an absence of agglomerative economies. Associated with these are ‘contingent’ disadvantages, such as the high cost of service provision, low rates of entrepreneurship, and a range of associated problems, such as slow adjustment of sectoral structure, poor local infrastructure, and so on” (Copus 2001). Peripherality is thus viewed as a “...consequence of the location of a region in relation to all other regions, and their economic size/importance. Quite simply, a region which is close to centres of economic activity will have a range of advantages over one which is located further away, and *vice versa*.”

This narrative has been summarised by Copus *et al* (2007), as shown in Figure 2.



**Figure 2: Zones of Accumulation and Depletion.**

### C. The Meta-Narrative of Global Competition

At first sight this Meta-Narrative might be assumed to be of more recent origin than the preceding two. However, on closer inspection it is evident that globalisation has its roots in international competition of previous centuries, and has become a conspicuous issue more recently due to its acceleration, and extension of its geographical reach.

This meta-narrative draws on the concept of the competitiveness of countries and regions developed by Porter (1996,1998). These have been very influential in the context of neo-liberal world trade agreements, not least in terms of the EU Lisbon Objectives. It also reflects the sociological concepts of “late modernity” (Giddens 1990) and “risk society” (Beck 1992).

The “connexity” theme is clearly an important element of this narrative, in exposing all regions, even the most remote, to the forces of global competition. Thus Lee *et al* (2009 op cit) describe *“the move towards flexible specialisation and a global division of tasks across huge distances. A core of workers is highly paid, while others (often in other countries) are made ‘flexible’ through low wages, insecure contracts, and casualisation. The key orientation is towards flexibility and the production of tailored, specialised products using ‘just-in-time’ production systems. For any given locality in late modernity (rural or urban), future prosperity may be profoundly affected by the manner in which global capital seeks to exploit local resources such as land and labour, unless local capital itself is able to underpin development. Rural areas characterised by low wages, a compliant, non-unionised workforce, and lower levels of regulation, may be particularly prone to exploitation by international capital, leading to increased dependency and peripherality.”* This meta-narrative thus incorporates the “story line” of segmented labour markets (WP2, Copus and Cernic 2009, Annex 1)

Another important feature of this meta-narrative which is evident in the preceding paragraph is a concept of spatial division of labour (Massey 1984), between rural areas in Europe and competing low-cost regions (both rural and urban) in emerging developing countries. The relative decline of agriculture and manufacturing, together with the rise of market services are part of a long-term structural evolution which historical geographers such as Richard Peet (1969, 1971, 1972), and economic historians such as Immanuel Wallerstein (1974) tell us began at least one hundred and fifty years ago, with the emergence of the “Modern World System”.

According to this meta-narrative a rural area’s success will be a function of its ability to participate in the more profitable elements of globalised economic activities, and to avoid the “exploitation” associated with “flexible”, secondary segment employment. This clearly connects with the literature on “knowledge economies”, the “creative class” (Florida 2002), and to the New Rural Economy (section 2.2.1). In an EU context the rural areas of the New Member States may be perceived as particularly vulnerable in this respect for reasons associated with their recent political and institutional history. More widely, the comparatively small size of most rural-based enterprises, and their lack of agglomerated “critical mass”, renders many sparsely populated regions relatively weak in the face of global competition. A common compensation strategy is based upon the idea that “local, rather than global, capital, may underpin successful local economies, seeking to develop products which depend upon a local identity for their market niche, so ‘selling the local to the global’ (Lee *et al*, 2010 - WP10 Annex 1).

#### 2.3.3 The Role of Regional Contextual Characteristics in helping to Determine Development Outcomes.

In the preceding sections the overarching theme of increasing connexity, and the three meta-narratives, have been shown to be largely “exogenous” common vectors of change, which act upon all rural regions within the ESPON space. As such they are often part of an interactive web of socio-economic changes and trends which are global in scope and impact and are not easy to change by policy intervention. The observed increase in regional diversity across rural Europe can therefore best be explained by differences in the local environment upon which these forces of change operate. They are also the key to appropriate forms of intervention for cohesion policy.

Some of the most important aspects of local environments have already been mentioned in Section 2.2. They include “hard” factors, such as raw material resources, landscape, physical infrastructure and buildings, and “soft” aspects, such as the skills and capacities of the local workforce, its entrepreneurial culture and innovativeness, characteristics of business networks, the quality of local institutions and governance, and so on. The role of these different “assets” has been recognised within a practical development policy context, leading to the promotion of “asset based” local development approaches. This has been associated, in a variety of policy contexts, with a conceptual framework based upon 7 forms of capital (financial, built, social, human, natural, cultural, and political). More recently Camagni (2008) has provided a deeper theoretical perspective by exploring the concept of “territorial capital”. These ideas seem to provide a rationale for a policy response to the processes of change described in this first section of our report. They will be further explained and explored as a starting point for the discussion of policy implications in Section **Error! Reference source not found.**

### **3 Macro-scale Patterns of Rural Differentiation.**

In this section the key findings of Activity 2.22 (Typologies) and 2.23 (Country Profiles) will be summarised. More detailed information is available in the Scientific Report Annex, sections 24 and 25.

#### **3.1 Background: The Role and Importance of Geographical Generalisations.**

The EDORA Typology, (or typologies) play a pivotal role in the project, reflecting the findings of the early conceptual phase and structuring the subsequent analysis of future perspectives and policy implications. In Chapter 1 we attempted to paint a more accurate picture of contemporary rural socio-economic patterns and trends. This reveals an almost infinite variety of local situations and trends, produced by a bewildering range of drivers of change, mediated by local opportunities and constraints. These drivers combine in various ways, and in order to gain some understanding of these, three “meta-narratives” were presented. These are, of course, a form of generalisation about common “ensembles” of processes of change. They are not exhaustive or inclusive of all the ways in which individual regions experience change. Neither is it possible to associate one meta-narrative with one particular type of region. All three, (and others which we have not described) may be at work, to some extent, in any individual region. The meta narratives thus play the role of “heuristic devices” to help us explore the processes of change through an ideographic approach. This is necessary and appropriate in the context of the increasing recognition that development policy needs to build upon specific local potential, assets and capacities. Nevertheless, without shifting from the policy principle of “turning diversity into strength”, it is still both possible and helpful to recognise some “macro-scale” and more or less systematic geographical patterns across Europe. This is the focus of the current chapter.

The rural development policy literature is populated by stereotypes, some being more or less representative and accurate and others being anachronistic “stylised fallacies” (Hodge, 2004). Whilst recent policy design and implementation has attempted to incorporate a degree of flexibility to meet local circumstances (menu-based approaches, neo-endogenous approaches and so on), generalisations still have a very important role to play in policy design and targeting. It is extremely important such generalisations are accurately representative of contemporary rural Europe. The EDORA typologies are an important element of a process of refreshing the (geographical) stereotypes which underlie policy design and implementation.

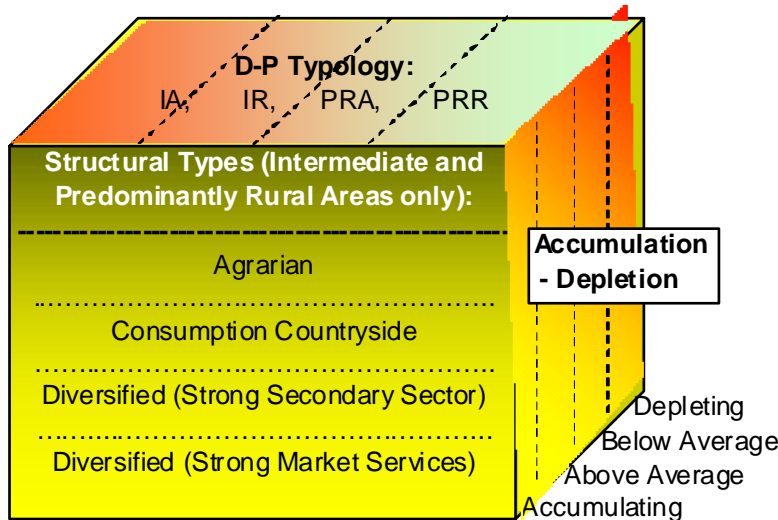
The second half of this chapter illustrates the value and potential of the EDORA typologies by presenting key facts (structured according to the typologies) for each of the 27 MS and for Norway and Switzerland, and for a limited number of “supra-national” macro regions. Although much of the data necessarily predates the current recession, a comprehensive and up to date overview is extremely valuable as a starting point from which to consider likely Future Perspectives, and the foundation principals for appropriate policy.

### 3.2 An Analysis Framework Rather than a Single Typology

Instead of a single typology the EDORA researchers propose an “analysis framework” in the form of three typologies reflecting three important dimensions of differentiation among non-urban regions. These are:

- Rurality/accessibility.
- Degree of economic restructuring.
- Socio-economic performance (accumulation or depletion).

These three dimensions have been represented diagrammatically as “the EDORA cube”.



**Figure 3: The EDORA Cube – a 3 dimensional framework for analysis**

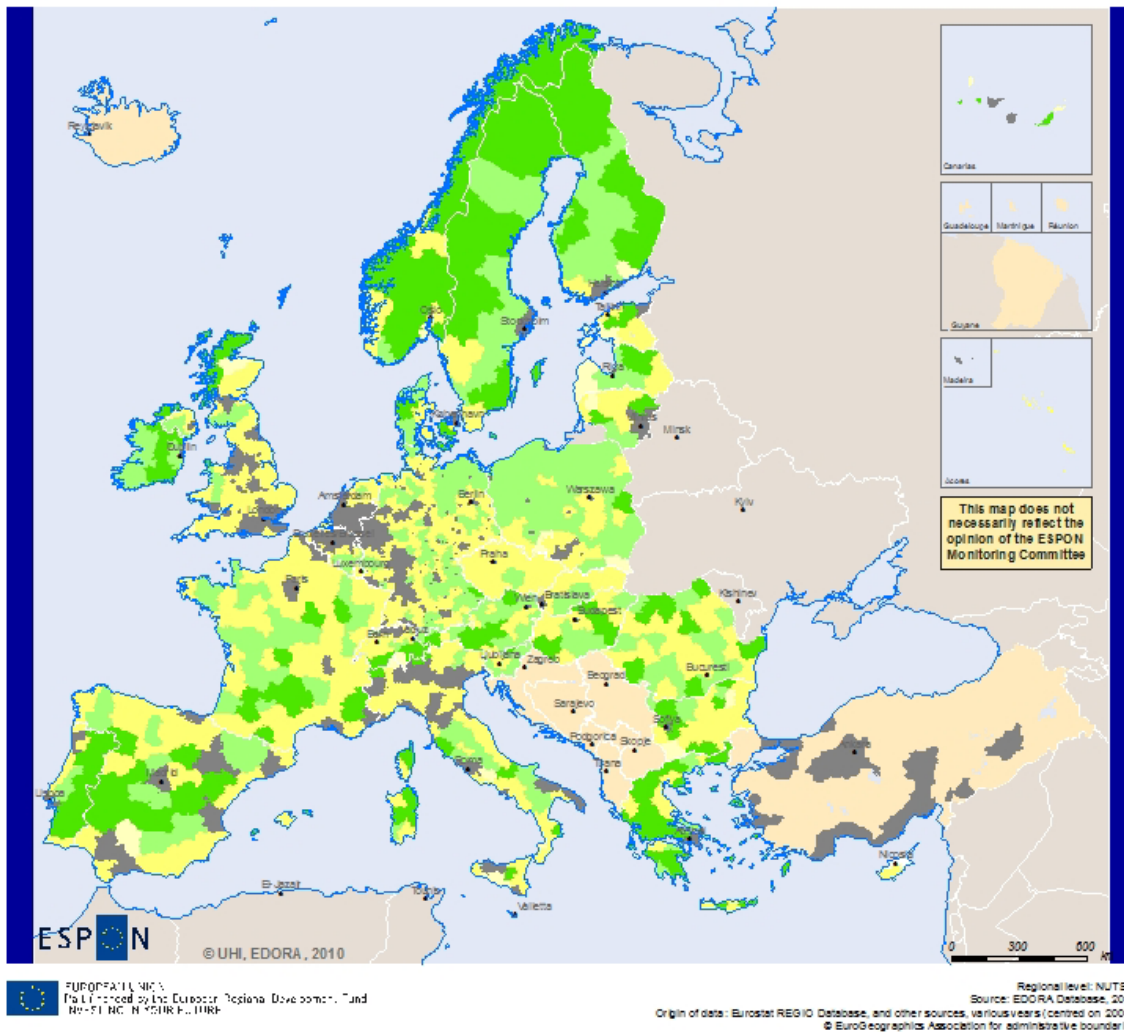
Note: IA = Intermediate Accessible, IR = Intermediate Remote  
PRA= Predominantly Rural Accessible PRR = Predominantly Rural Remote

#### 3.2.1 Conceptual Background and Coverage

The EDORA typologies are implemented at NUTS 3, and (in terms of the OECD classification) cover all Intermediate and Predominantly Rural regions. This accommodates the inclusion of the Dijkstra-Poelman (D-P) modified OECD typology, as required by the technical specification of EDORA. It also reflects the theoretical arguments for not separating rural areas from the adjacent small and medium-sized towns with which they interact within local and regional economic networks. The EDORA typologies thus cover the areas of Europe which broadly equate to Gade’s (1991, 1992) concept of an Intermediate Socio-Economic Region (ISEZ) and Saraceno’s (1994) “Local Economy”.

The first typology (the D-P classification according to rurality and accessibility) covers the EU27 plus Norway and Switzerland. The Structural and Performance typologies cover the EU27, and use a simplified procedures to ensure inclusion of NO, CH and TR.

The first (D-P) typology relates (in broad terms), to the first (urban-rural) meta-narrative presented in Chapter 1.



## Urban-Rural Types (NUTS 3 Regions)

- No Data
- Predominantly Urban
- Intermediate Close to a City
- Intermediate Remote
- Predominantly Rural Close to a City
- Predominantly Remote

### Map 1: The Dijkstra-Poelman Urban-Rural Typology

The Structural typology derives its rationale in part from the second and third meta-narratives described in Chapter 1; i.e. those which speak of the transformations affecting the agrarian economy and society, and of the increasing impact of global economic forces. It draws on the discourse regarding territorial and sectoral policy, and the shift from productivism towards new functions highlighting the importance of countryside public goods and the concept of “consumption countryside”. In a historical perspective, the long-term evolution of economic structures in non-urban areas (away from primary and secondary activities and towards the expansion of market services) can be seen as the most recent phase of a long



process of global/spatial division of labour. The four types of non-urban region which are proposed reflect the constraints imposed by the availability of NUTS 3 data. They are:

- a. Agrarian Economies
- b. Consumption Countryside
- c. Diversified (with important Secondary Sector)
- d. Diversified (with important Market Services Sector).

The third (Performance) typology derives mainly from the urban-rural meta-narrative, and places regions on a continuum between “depletion” and “accumulation” of various kinds of capital (human, financial, fixed, and so on). Although initially specified as a continuous variable, it is also presented in four categories.

### **3.2.2 The Data Used and Classification Method.**

The methodology used for the Dijkstra Poelman typology is fully described in a DG Regio working paper (Dijkstra and Poelman 2008), and this information need not be repeated here.

The Structural and Performance typologies have been developed using a deductive disaggregative approach, which offers greater transparency in the definition of types, reduces the risk of “agrarian bias” due to data availability, and allows types to be predefined according to theoretical or policy requirements.

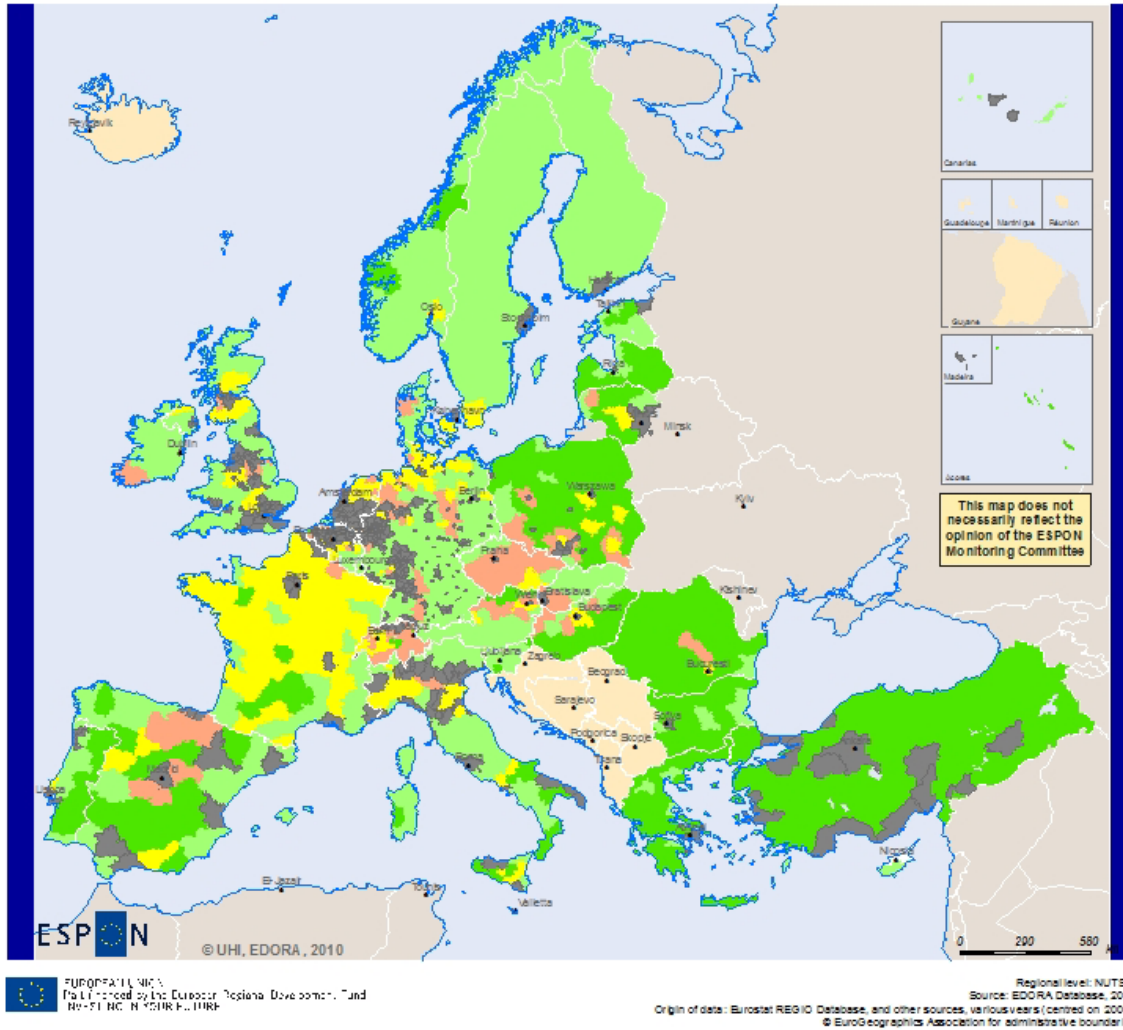
The first step in both the Structural and Performance Typologies was to explore the regional patterns associated with potentially useful variables and indicators. As part of this process indicators in which there were substantial missing data problems, or which produced maps which seemed to be unduly affected by harmonisation issues were discarded.

The outcome of this procedure was the selection of 27 raw data variables (predominantly from the Eurostat REGIO database) which were combined in various way to generate 17 ratio indicators. Those indicators which relate to a single point in time were extracted for the most recent year (in each member state) for which data was available. In most cases the great majority of regions had data for the same year, most commonly 2006, but ranging from 2005 to 2008. A small number of change variables was also incorporated, these related to the period 1995-2006. The number of missing data cells was minimised in various ways, (substituting data from another year, use of NUTS 2 averages, and so on). All the indicators were converted to normalised (Z) scores, using the non-urban (NUTS 3) mean and standard deviation. All the raw data variables and the derived ratio indicators are available in the EDORA Core Database.

The first 13 indicators were used to define the four Structural types, using a simple multi-criteria procedure based upon the Z scores. Thus:

- a. Agrarian regions were defined as those in which all three indicators of the relative importance of agriculture (% employment in the primary sector, % of GVA from primary sector, and AWU as a percentage of total employment) exceeded the EU27 non-urban region mean.
- b. Consumption Countryside regions were defined by 8 indicators, in three groups, relating to tourism capacity and intensity, access to natural areas, and “peri-productivist” (i.e small scale and diversified) agriculture.
- c. The remaining regions were deemed to be “diversified” and were separated into two groups on the basis of the ratio of the GVA derived from Secondary activities to that from market services.

The remaining five indicators, (net migration, GDP per capita, average annual change in GDP, average annual change in total employment, and unemployment rate) were used to generate a synthetic regional performance indicator. This was achieved by simply calculating the unweighted mean of the Z scores. The synthetic indicator may be used either as a continuous variable, or converted to four ranges; “depleting”, “below average performance”, “above average performance”, and “accumulating”. The criteria were simply defined by the mean, and 0.5 standard deviations above/below the mean.



## Structural Types (Intermediate and Predominantly Rural NUTS 3 Regions)

- No Data
- PU Regions
- Agrarian
- Consumption Countryside
- Diversified (Strong Secondary Sector)
- Diversified (Strong Private Services Sector)

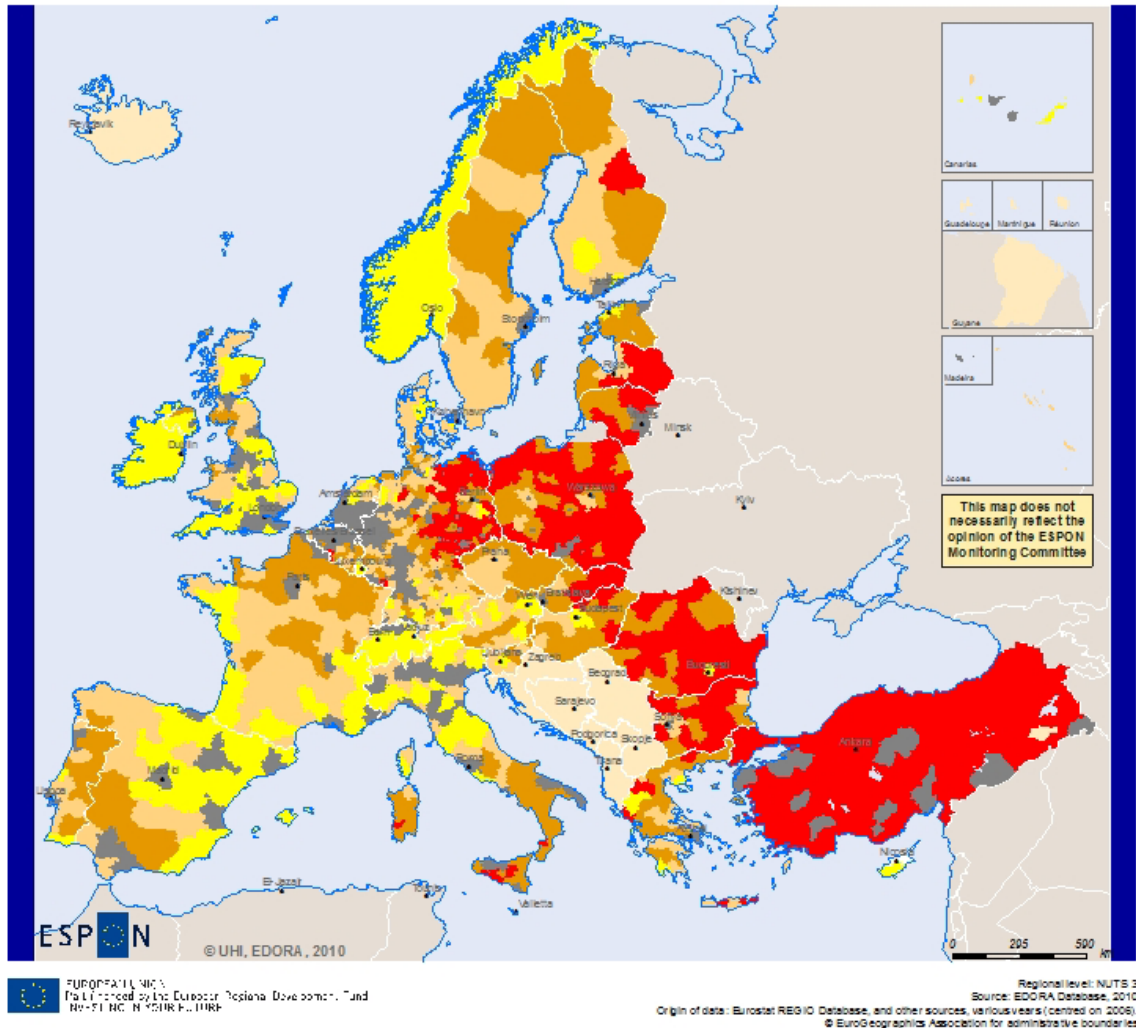
Note: A simplified classification procedure was necessary in CH and TR, due to missing data. However it is anticipated that acquisition of a wider range of indicators would not materially change the outcome.

### Map 2: The Structural Typology

#### 3.2.3 The Patterns Revealed

The geographical distribution of the four Structural types reveals (in very broad-brush terms) an degree of association with peripherality. The Agrarian regions occupy an arc “on the edge of Europe”, from Finland, south through the Baltic States, Poland, Slovakia, Romania, Bulgaria and Greece, and then through S Italy, SW France, and into the southern and western half of the Iberian peninsular. The Consumption

Countryside regions occupy most of the Nordic Member States, much of Germany, Slovenia, Austria, parts of Italy, S France, coastal Spanish and Portuguese regions, and the more rural parts of the UK and Ireland. The Diversified regions tend to be more accessible. Those in which Secondary activities are dominant are found in the Czech Republic, Hungary, Slovenia, around Madrid and in the north of Spain, in parts of Germany and the English Midlands. Diversified (market Services) regions are rather conspicuous in northern and central France, but are also scattered across N Germany, N Italy, parts of the UK, and close to national capitals in the New Member States.



### Performance (A-D) Types (Intermediate and Predominantly Rural NUTS 3 Regions)

- No Data
- PU Regions
- Depleting
- Below Average
- Above Average
- Accumulating

Note: The type allocation to TR and CH is based upon a reduced set of indicators, and should not be considered fully comparable with the typology for the EU27.

Map 3: The Performance Typology

The geographical pattern of performance scores shows a very clear concentration of Depleting regions in the eastern New Member States, the New German Lander and Turkey. Below average scores are also found in southern Italy, western Spain, Portugal, central and NE France, and the northern parts of the Nordic Member States and UK. The highest rates of “accumulation” are found along the Mediterranean coast of Spain, and north of Madrid, in Ireland (clearly a result which is unlikely to stand once more recent data is available), southern England, northern Netherlands. Above average performance is widespread among the French and German regions, Austria, N Italy, and adjacent New Member States, such as the Czech Republic and Slovenia.

The ability of the D-P and Structural types to differentiate between groups of non-urban regions, in terms of their socio-economic performance, was explored, as one means of assessing their validity as a part of the process of constructing new “stylised facts”, which can play a role in structuring the Future Perspectives and Policy Implications tasks of the second half of the EDORA research. This was carried out through a series of t-tests to assess whether the means and variances of the performance indicators associated with the various D-P and Structural types were consistent with the probability that the types were sampled from different populations. In general terms the results show that the structural typology enhances our ability to distinguish between non-urban regions in terms of their socio-economic performance.

The same t-test procedure was used to explore the potential usefulness of combining the D-P and structural typologies into a single classification. It was found that the various configurations for combining the two typologies which were assessed resulted in reduced discrimination in terms of performance indicators. This is probably due to the small number of regions in some of the combined types. It was concluded that the statistical analysis served to confirm the earlier theoretical arguments for not separating Intermediate and Predominantly Rural regions within the structural typology. However the multi-criteria methodology used to generate the typology codes for each region means that there are no particular practical barriers to presenting the structural types for the Intermediate and PR regions separately where policy considerations render this desirable.

#### **3.2.4 Using the “EDORA Cube” to “triangulate” Rural Europe.**

The analysis presented here is by no means exhaustive, and simply introduces some broad generalisations, some of which will be discussed in further detail in the Country Profiles section below, and in Chapter 5 (Future Perspectives). Three simple approaches are followed:

- Observation of the relative “weight” of the types within the D-P and Structural typologies.
- Cross tabulation of types between all three typologies.
- Comparison of the D-P and Structural typologies in terms of some basic indicators of socio-economic performance.

The D-P typology could be said to be less well balanced, in terms of the relative “weight” of the different types. It is dominated by the Intermediate Accessible group, which accounts for almost half the regions, more than a third of total area, two-thirds of population, and more than two thirds of GDP. At the other extreme is the Intermediate Remote group, which comprises only 23 regions, and only 2% of land area, population and GDP. The Predominantly Rural Accessible (PRA) and Remote (PRR) groups account for 264 and 147 regions respectively. The former contains roughly a third of total area, a quarter of the population and 22% of the GDP produced outside PU regions. PRR regions occupy 28% of total area, but have less than 10% of population, and only 8% of GDP.

The Structural Typology is rather less “skewed” in terms of the distribution of regions and total area. However, in terms of population (42%) and GDP (48%) the Diversified (Private Services) group is substantially larger than any of the other four. The Diversified (Secondary) group contains 22% of area, and 24% of both population and GDP. The Agrarian group comprises almost a quarter of the total non-urban area, and almost one-third of the agricultural area, but only 22% of population, and a mere 13% of GDP. Finally, the Consumption Countryside group occupies 22% of total area, but a much smaller share (9%) of agricultural land, of population (12%) and GDP, (15%).

Cross-tabulation of the three typologies suggests some relationships between rurality, structure and performance. The following are some of the more interesting findings:

- Common combinations of D-P and Structural classifications are: Intermediate Accessible with Diversified (Private Services), and Intermediate Accessible with Diversified (Secondary). Predominantly Rural Remote regions are commonly classified as Agrarian, and Intermediate Remote is often associated with Consumption Countryside.
- Cross-tabulation of D-P and Structural types in terms of location quotients for GDP with respect to population reveals the relatively low productivity of the Agrarian regions and the relatively high productivity of Consumption Countryside regions (regardless of rurality category). Intermediate Accessible regions in the Diversified (Private Services) group exhibit very high location quotients for GDP in respect to population.
- Almost 60% of the population of Intermediate Accessible regions was in the “above average” or “accumulating” groups of the Performance typology. In all three of the remaining D-P types the majority of the population lived in regions classified in the “below average” and “depleting” groups.
- A similar cross-tabulation of the Structural and Performance typologies shows that more than half the population of the Agrarian group lived in “depleting” regions, and only one sixth lives in regions in the two positive performance categories. At the other end of the scale the Consumption Countryside and Diversified (Private Services) groups have almost 70% and 66% of their populations in regions in the two positive performance categories. The Diversified (Secondary) group has almost 40% of its population in the above average performance group, but less than 20% in accumulating regions.

### **3.2.5 Some Initial Conclusions Derive from the Typologies:**

The typologies presented in this working paper are not intended to be “general purpose”; they have been created with two overall objectives in mind:

- To develop broad generalisations about rural Europe which might helpfully supersede the “stylised fallacies” which have all too often, in the past, influenced the design and implementation of European policies for non-urban areas.
- To provide a simple but appropriate framework for analysis for the Future Perspectives (Activity 2.26) and Policy Activities (2.31 and 2.32).

With respect to the first of these, it has been shown that:

- Regions in which the primary sector plays a major role in the local economy are mainly concentrated in an arc stretching around the eastern and southern edges of the EU27.
- The rest of the European space is characterised by a patchwork of three types of rural area, Consumption Countryside, Diversified (Secondary) and Diversified (Private Services). Of these the last seems to be to some extent associated with the most accessible areas.
- Broadly speaking there is a tendency for the Agrarian regions to be relatively low performers, showing many of the characteristics of the process of socio-economic “Depletion”. The Diversified (Secondary) regions also tend to be relatively poor performers, perhaps because they are dependent upon declining manufacturing industries.
- The Consumption Countryside regions and the Diversified (Private Services) group are both high performers, and likely to continue to “accumulate” in the immediate future.

These are very simple, broad-brush generalisations, which, of course, cannot “do justice” to the wealth of local variation in rural areas across the ESPON space, or to the infinite number of possible combinations of drivers, opportunities and constraints. Nevertheless within the context of the debate about the future of European (cohesion) policy for rural areas, it would seem that the four Structural Types may be more useful as stereotypes than the prevalent, but outdated association of rural exclusively with Agrarian rural economies, or even with the Consumption Countryside. The rather different needs and potentials associated with Diversified rural economies (whether strong in secondary activities or private services)

would seem to deserve far more attention in the context of the policy debate than they have heretofore received.

As a first step, the use of the structural typology as a framework for the Future Perspectives analysis and subsequent Policy tasks will allow the validity of these broad generalisations to be further assessed.

### **3.3 Country Profiles: Perspectives of Macro-Scale Patterns of Rural Differentiation.**

The goal of the Country Profiles is to produce “pen-pictures” of rural areas, at national and supra-national (groups of countries) levels, based on the three typologies, together with other socio-economic indicators, and enriched with the “local knowledge” of partners. This is important, since national and regional boundaries are important “filters”, or structuring elements, through which the policy community may more easily relate to the new picture of rural Europe presented by the EDORA cube.

This work is reported in WP25 (Noguera and Morcillo 2010, Annex 1), and in a set of 31<sup>2</sup> individual country reports (Annex 2). The following brief summary will first describe the methodology used, and then present a few key findings. It will be very difficult to convey a sense of the size and richness of this resource within the few pages available here, and interested readers are encouraged to consult the above-mentioned documents.

#### **3.3.1 Methodology and Profile Structure.**

The methodology and standard structure of the Country Profile Reports was designed to capture the variability of rural regions in the countries covered, and the differential behaviour, in relation to the nine EDORA themes, of various groups of regions and MS. In doing so, a combination of quantitative data analysis, and qualitative assessment by experts, has been used. The prime source for the elaboration of the Country Profiles Summary Report (WP25) has been the individual country profiles reports elaborated by each responsible partner.

Data availability has inevitably influenced the structure and content of the Country Profiles analysis. Thus five of the nine EDORA conceptual themes (Demography, Employment, Services of General Interest, Farm Structural Change and Institutional Capacity) have been developed into chapters of quantitative analysis, including:

- Comparative analysis of relevant data and indicators by country in the ESPON area with reference to the EU27 average<sup>3</sup>.
- Comparative analysis of relevant data and indicators by non-exclusive groups of countries (ie. Mediterranean, Nordic, EU 15, NMS, etc.).
- Comparative analysis of relevant data and indicators by categories in the Dijkstra-Poelman rural-urban<sup>4</sup>.
- Comparative analysis of relevant data and indicators at region level (NUT 3) for the countries covered, expressed in maps.

For other themes (ie. Rural business development, rural-urban relationships, cultural heritage and climate change) insufficient data was available for quantitative analysis, and these were subject to a qualitative approach. This sought to elicit a synthetic view of the main processes and trends in each country and for each EDORA conceptual heading. Each thematic section of national reports is structured around, a series of standard questions. In responding to these research questions, partners were encouraged to present their local knowledge in a guided and standardised form. The objective has been to identify common and specific processes that occur in different countries and different types of rural areas.

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<sup>2</sup> EU27 + NO, CH, IS and LI

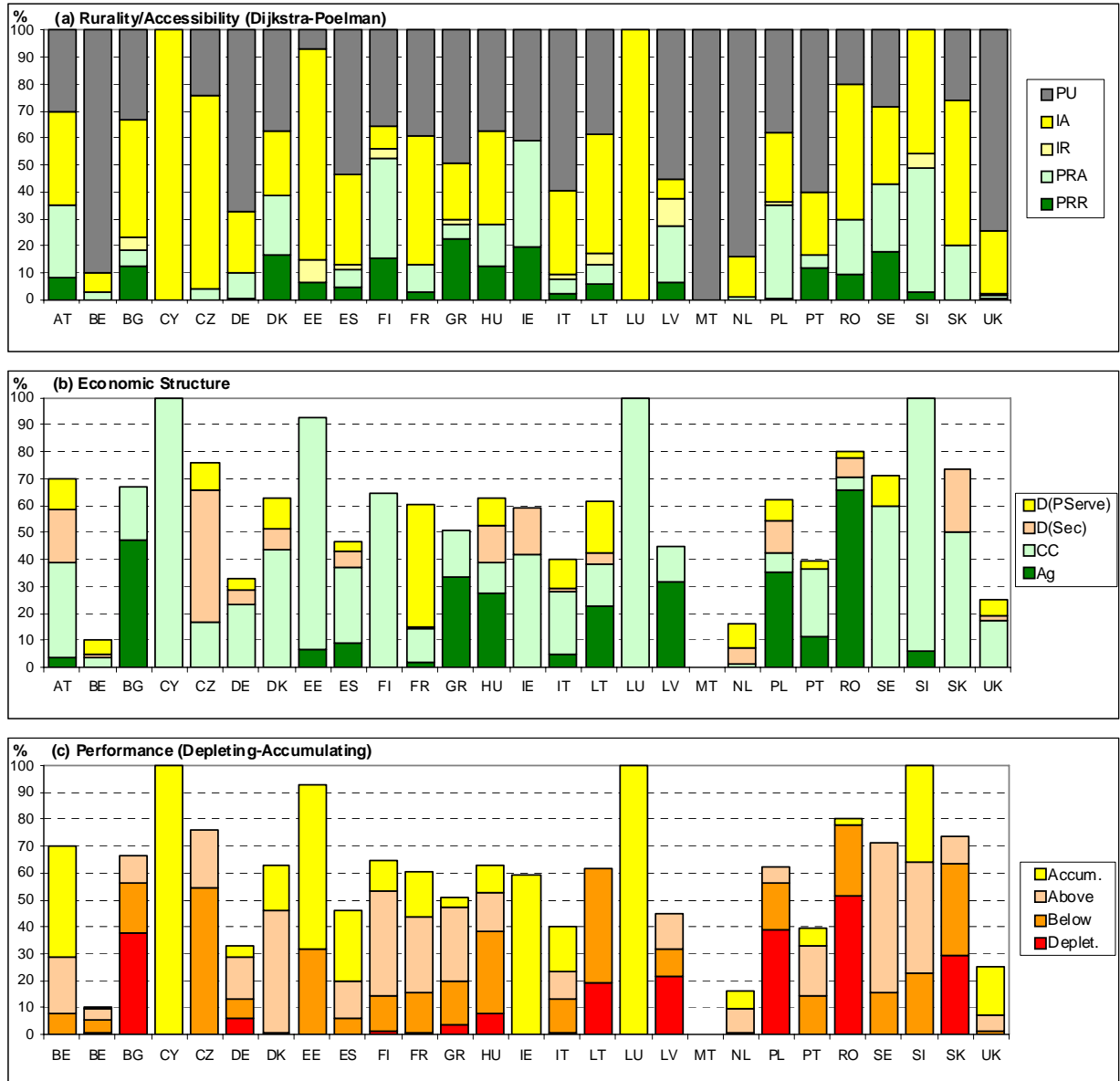
<sup>3</sup> EU27 average has been used instead of ESPON area average due to data availability problems

<sup>4</sup> Analysis by the Structural and Performance typologies is restricted to the Summary Report (WP25), due to task sequencing issues (i.e. the final versions of these typologies were not available until after the country profiles were completed).

### 3.3.2 Some Broad Patterns of Rural Differentiation

Within the confines of this brief summary it is hoped to provide a taste of the richness of WP25 and the individual Country Profile reports, by presenting a small selection of broad comparative “pictures”, first at country level, and then combining countries into a selection of “macro regions”. For more specific and detailed information readers are encouraged to consult these two sources.

#### (a) Country-level Comparisons



**Figure 4: Distribution of Regional GDP (PPS) by Typology Class and MS (EU27 only)<sup>5</sup>**

The graph above (Figure 4) provides a clear picture of differentiation between MS in terms of their non-urban regions profile, as reflected by the distribution of GDP<sup>6</sup> between the classes of the three typologies of the EDORA cube. It is very easy to see, for example, the differences between MS in terms of the

<sup>5</sup> NO, CH and TR excluded, due to GDP data constraints.

<sup>6</sup> See Appendix 3 for parallel graphs showing distribution of regions, area and population.

degree of rurality (graph a). Contrast, for example, the role of non-urban regions in CZ or RO, with that of BE or NL<sup>7</sup>.

In graphs (b) and (c) the PU regions are excluded (represented by the gaps above the top of the columns). Here again the differences between individual MS are very easy to see. For example, the importance of Agrarian regions is evident in RO, BG, GR, PL, HU, LT and LV. The importance of Consumption Countryside regions in the MS of N Europe is clear. Manufacturing is important in the non-urban regions of CZ, SK and AT, whilst FR is the prime example of an MS in which Market Services play an important role in rural areas. Their importance in LT is more difficult to explain.

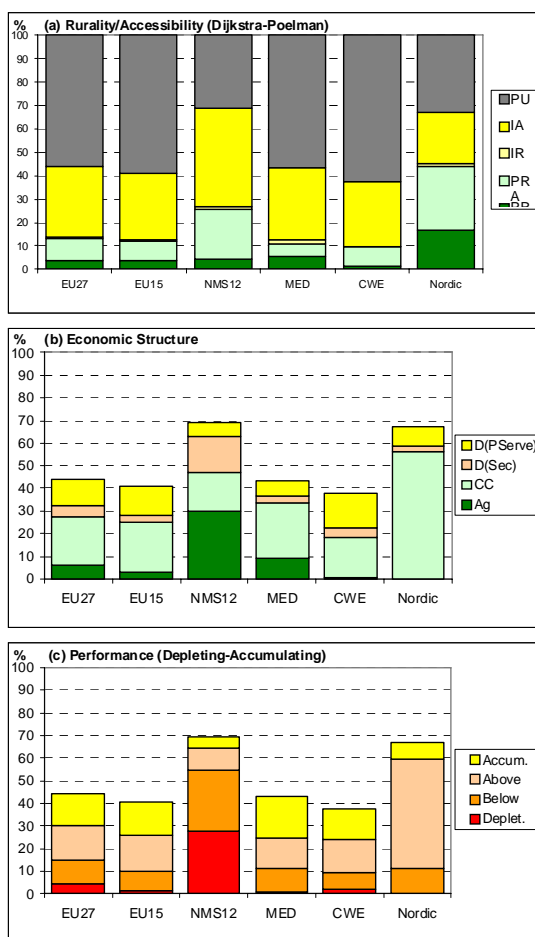
### (b) Comparisons between European “Meta-Regions”

In order to assess the importance of macro-scale geographic patterns WP25 also presents average results for several groups of EU MS. Figure 5 shows the distribution of GDP by the categories of the three typologies and according to several commonly accepted groupings of countries, (EU15, NMS12, Mediterranean MS, Central-West Europe (CWE), and the Nordic countries)<sup>8</sup>.

Of these “meta-regions” The NMS12 is derives the greatest proportion of its GDP (70%) from non-urban regions. The Nordic countries are close behind, at 67%. Both the CWE and the Mediterranean countries derive a minority (about 40%) from non-urban areas. Across all the groups of countries the Intermediate Accessible type accounts for the largest share of non-urban GDP. In the NMS12 and the Nordic countries accessible Predominantly Rural regions account for a significant share, whilst the remote PR type is only of significance in the Nordic group<sup>9</sup>.

The second (economic structure) graph illustrates very clearly the importance of Consumption Countryside regions in the Nordic countries, the Agrarian type in the NMS12, and the Diversified (Market Services) type in the CWE countries. The Diversified (Secondary) type is shown to be of greatest importance in the NMS12.

The third (performance) graph shows that the majority of NMS12 non-urban GDP is generated by regions exhibiting below average performance or “depletion”. All the other groups of countries show a more positive picture, with the Mediterranean group in the lead in this respect.



**Figure 5: Distribution of Regional GDP (PPS) by Typology Class and Macro Region**

Some *words of caution* are apposite at this point:

Although the above graphs are “winsome” in their clarity, it is important to keep in mind the fact that the use of NUTS 3 region data means that they incorporate multiple sources of distortion, derived from the internal heterogeneity of many NUTS 3 regions, differences in the way in which regional boundaries are drawn in different MS, and many aspects of the Modifiable Areal Unit Problem (MAUP). It is partly for this reason that the individual Country Profile reports have been made available, as a valuable source of more nuanced and expert interpretation.

<sup>7</sup> MT, CY and LU are not good example, since they are comprised of a single NUTS 3 region.

<sup>8</sup> For definitions of these groups see WP25.

<sup>9</sup> The PRR Group are for obvious reasons more prominent in graphs of share of regions and area (see Appendix 2)



## 4 Micro-scale Processes at a Regional/Local Level.

The main purpose of the holistic analyses of exemplar regions is to deepen our understanding of the processes of rural change in different contexts, so that we can enrich our narratives of differential change. Each exemplar region is described in detail in a working paper (WP 11–22, Annex 1). This section of the final report provides a summary paragraph for each of the exemplar regions which serve to emphasise the differences between the processes of change in each. Within this variety, it also identifies some patterns in common between groups of regions.

Six EDORA partners were tasked with writing two exemplar region reports each (Newcastle University, University of Valencia, Nordregio, University of Ljubljana, Dortmund University of Technology, and the Polish Academy of Science. This provided 12 Exemplar Region reports, two per country, for the UK (North Yorkshire; Skye), Spain (La Rioja; Teruel), Germany (Mansfeld-Sudharz; Neumarkt), Slovenia (Osrednjeslovenska; Zasavska) and Poland (Chemsko-Zamojski; Ostrolecko-Siedlecki), one for Sweden (Jonkoping), and one for Finland (South Savo). The regions were chosen to provide a range of rural 'types': each regional summary begins with a statement linking it to the typology developed in EDORA.

This section reflects on how the exemplar regions reports elaborate upon, or sometimes challenge, the meta-narratives and the typologies developed in the conceptual stage of the EDORA project. It also briefly discusses the different rates of change underway in the regions.

### 4.1 The Sample of Regions in relation to the Typology

At least one of the 12 regions reflected each of the structural types in the EDORA typology and each of the Accumulating – Depleting types. All Dijkstra-Poelman types were covered except one: there was no example of an intermediate remote region, but these are unusual within Europe. In most cases, comparisons between regions within a single type emphasised differences, but there were ways in which groupings of exemplar region reports provided rich commentaries on the typology.

#### 4.1.1 Regions in which a single aspect of the typology dominated

In two cases (see Box 1, Mansfeld-Sudharz, and Box 2, Chelmsko-Zamojski) their performance type, as depleting regions, is key to understanding the region. Their structural type (diversified (strong market services) in both cases) is in the context of depletion and the challenge of restructuring. In Osrednjeslovenska region (Box 3) the Dijkstra-Poelman categorisation as 'close to city' dominates the narrative of change. Here the development of the capital city, Ljubljana, accounts for much of the rapid development of the region, and for its categorisation as 'accumulating' in the typology.

##### **Box 1: Mansfeld-Suedharz, Germany (Working Paper 13)**

*Intermediate, close to city; Diversified (strong market services); Depleting*

Mansfeld-Suedharz is classified as 'close to city' because of the proximity of major cities outside its boundaries. However, the distance to these cities mean that urban-rural linkages are not strong, and the weakness of linkages to the west is exacerbated by Mansfeld-Suedharz's past as part of East Germany. The economy of the region was highly dependent on large scale mining enterprises, but since the end of the communist era most of this industry has collapsed. The region currently has unemployment rates above 20% despite a 20% population loss 1989 to 2005, and its redevelopment is a major challenge. The current strategy is to develop its tourism potential based on walking in the Harz mountains and its association with Luther, and to improve its road infrastructure to link it to the cities of Halle, Erfurt and Gottingen.

**Box 2: Chelmsko-Zamojski, Poland (Working Paper 11)**

*Predominantly Rural, close to city; Diversified (strong market services); Depleting*

Chelmsko-Zamojski is situated on the eastern border of Poland, and of the EU, making it a peripheral region. It includes two major urban centres – Chelm and Zamosc - providing the ‘close to a city’ categorisation, but in fact these centres exert only a limited influence over the economic development of the region. Instead, the polycentric nature of the region is important, with numerous small towns providing service, market and administration functions, and the continuing dominance of semi-subsistence agriculture (55% of the region’s population is employed (or under-employed) in agriculture). Cross-border co-operation and trade with Ukraine has become more difficult since accession to the EU. The region is deprived, and is depopulating through out-migration, particularly of the 20-40 age groups, and through natural decline exacerbated by the relatively low number of women. Strategic programmes and foreign investment are beginning to have an impact: there is some development of larger, more commercial farms, and the attractiveness of the landscape and cultural heritage have been identified as the basis for tourism development, although matching supply and demand is difficult.

**Box 3: Osrednjeslovenska, Slovenia (Working Paper 15)**

*Intermediate, close to city; Consumption countryside; Accumulating*

Osrednjeslovenska region includes the capital city, Ljubljana. It is the economically most developed region in Slovenia, and scores above EU average on many socio-economic indicators (in contrast to Slovenia as a whole). Osrednjeslovenska acts as a magnet within Slovenia, attracting capital, employees, students and tourists. 75% of its GVA is from services; industry accounts for almost all the rest, with agriculture accounting for less than 1% of employment. Small businesses abound, mainly in Ljubljana. This case study reads as a success story, sometimes perhaps at the expense of other Slovenian regions, but there are structural imbalances within the region’s development. Many of the indicators of accumulation are a reflection of the development of the city of Ljubljana and are in stark contrast to some remoter parts of the region, and although Osrednjeslovenska is highly successful at producing graduates, many of the job vacancies are for lower-skilled staff and there is graduate unemployment.

**4.1.2 The ‘Close to City’ category**

The example of Osrednjeslovenska region leads neatly to the way in which the exemplar region reports elaborate on the ‘close to city’ categorisation. Here development of the capital city within the region benefits a wider hinterland of Osrednjeslovenska. In other cases, cities outside the region are influential in the development of the rural region, such as in North Yorkshire (Box 4), Neumarkt (Box 5) and Jonkoping (Box 6). All three have positive development trajectories and commuting and local tourism feature strongly in their narratives. Farmers and farming practices are reframed as stewards of the countryside and as public goods. Counter-urbanisation is another feature of being accessible for North Yorkshire and Neumarkt (the two intermediate regions of these three). However, being close to a city is not always advantageous: both Mansfeld-Sudharz region and Chelmsko-Zamoski region (Boxes 1 and 2) are identified as ‘close to city’ but the reports suggest that this accessibility has little influence on the development of the rural regions.

**Box 4: North Yorkshire, UK (Working Paper 21)**

*Intermediate, close to city; Diversified (strong market services); Accumulating*

North Yorkshire incorporates two towns of more than 50,000 population, but more important for accessibility is its closeness and connections to a number of significant cities. This accessibility, however, is not uniform, and the more upland areas and coastal parts of the region are poorly connected and suffer from poor services and limited economic opportunities, even though North Yorkshire as a whole is relatively affluent. The two upland areas are designated for their environmental and landscape quality, and traditional farming practices contribute to the conservation of these areas and the attraction of visitors and tourists. Aspects of counter-urbanisation are important for the accessible parts of the region: particularly out-commuting, and in-migration from the cities. In the accessible areas agricultural employment is not significant, but in the uplands it can be very important. Tourism is an important employer across the region; the public sector and services also employ many staff.

**Box 5: Neumarkt, Germany (Working Paper 14)**

*Predominantly rural, close to city; Diversified (strong market services); Accumulating*

Neumarkt is located within a triangle of three major cities located outwith the region's borders, and most of the inhabitants of the region can reach one of the cities within 45 minutes. The north of the region is more densely populated and is based around the construction materials industry; the south is more sparsely populated and the productive value of the land is of less importance than the 'charming rural character' that it has helped to create. Marrying this with easy access to adjacent cities has produced three clear development trends: counter-urbanisation, commuting and local tourism. People from the cities are moving to Neumarkt; with the reduction in traditional rural employment, people from Neumarkt are commuting into the cities for work; and the region is the destination for day and short visits from city dwellers. Those traditionally involved in land-based sectors are becoming important as stewards of the rural landscape. Governing the region's development is challenging because of its hybridity: there are many contradictions and conflicts of interest to accommodate.

**Box 6: Jonkoping, Sweden (Working Paper 17)**

*Predominantly rural, close to city; Consumption Countryside; Above average performance*

Jonkoping County in Sweden, classified as Predominantly Rural, is situated within a triangle formed by three major cities. It is this proximity to major cities that means that the region is classified as 'accessible', although for those living in the centre of the region this is not the case, and the comparatively deprived nature of the lives of these people is emphasised. Regional government is attempting to address the processes of rural depopulation and the centralisation of services by developing a hierarchy of service centres at different scales. There is also a policy emphasis on linking the rural areas more effectively to the urban areas, enabling commuting and flexible work/life patterns for rural residents, but also more easy access to the countryside for urban dwellers. The economy is now mixed, with many small, entrepreneurial businesses; the primary sector industries only employ 4% of the region's population. The open countryside is valued as a 'public good': for access, recreation and conservation.

**4.1.3 Regions with Dual narratives**

Most of the exemplar regions reports described more than one development trajectory occurring within their region. For example, the Neumarkt report (Box 5) explained that the north of the region is more densely populated and is based around the production of construction materials while the south is more sparsely populated and has an attractive landscape, and the La Rioja report (Box 11) described the accessible lowland and densely populated area in the north and the mountainous area in the south with a sparse and depleting population.

In some cases the authors were concerned to draw the readers' attention to how the overall categorisation of the region through the typology did not reflect major differences between areas. This

was particularly the case where the categorisation showed the region to be accessible and on a positive trajectory. The North Yorkshire (Box 4) report and the Jonkoping report (Box 6) both stressed that there are people living in less accessible parts of their 'accessible' and positively performing regions who are comparatively deprived. The Osrednjeslovenska report (Box 3) author also wanted readers to understand that although the development of the capital city within the region has produced many benefits for its immediate rural hinterland, this is in stark contrast to the development in remoter parts of the region.

## **4.2 The Meta-Narratives**

The urban-rural narrative has already been mentioned in section 3.1 above; the exemplar region reports also provide interesting accounts of the agri-centric narrative, the globalisation/capitalist penetration narrative, and of the overarching theme of connexity, which are discussed in this section.

### **4.2.1 Connexity**

The connexity of the exemplar regions has already been discussed in terms of the proximity (in Euclidian space) of cities (section 3.1), and in their wider relationships with 'global' capital and capitalist systems (section 3.2.1). The globalisation/capitalist penetration narrative was referred to as relationships of trade, but also as changing relationships with the systems of capitalism (for post-socialist countries).

The exemplar region reports also emphasised the importance of other relationships and interconnections at many scales and in a variety of ways. Many reported the continuing role of physical infrastructure in development. For example, the importance of the new road to Teruel (Box 12), the 'perfect connections' to national and international markets for Jonkoping (Box 6), how new motorways are changing the accessibility of Mansfeld-Sudharz (Box 1) and how a new canal, built in 1992, connects Neumarkt (Box 5) to national and international freight centres.

The Chelmsko-Zamojski report described a different sort of local business connectivity example: how farms were amalgamating. The Mansfeld-Sudharz case study (Box 1) talked about linking the tourism sites that were under development in the region. In Jonkoping (Box 6), effective interaction between political institutions, the public sector, research and industry is leading to a creative environment for businesses and communities.

For some regions their connectedness is complicated by border issues. The situation is most acute in Chelmsko-Zamojski (Box 2) which has a border with the Ukraine. Joining the EU Schengen area has made Poland's border with the Ukraine less porous, and the potential for the rural region to develop trade and cross-border services has been reduced. The former border between east and west Germany still means that Mansfeld-Sudharz (Box 1) has weak relationships across its west-facing border. In South Savo (Box 9) the old municipalities borders within the new region cause a lack of co-operation on rural developments.

### **4.2.2 The Agri-centric Meta-Narrative**

Some reports emphasised the decreasing importance of agriculture in terms of employment for the overall development trajectory of their region (e.g., North Yorkshire (Box 4) and Osrednjeslovenska (Box 3)). In the case of Ostrolecko-Siedlecki (Box 8) dairying was intensifying and the increase in productive farming was stressed. In La Rioja region (Box 9) it was the complete supply chain – from grape growing to the bottles of wine – that was important. The reframing of farmers and farming as stewards of the 'public good' of the countryside in close to the city regions has already been discussed with respect to North Yorkshire (Box 4), Jonkoping (Box 6) and Neumarkt (Box 5). On the Isle of Skye (Box 7), a predominantly rural region, the cultural identity associated with the 'crofting' smallholdings, the collective ownership of land and the beauty of the landscape have been significant resources in developing tourism and attracting incomers.

**Box 7: Skye and Lochalsh, UK (Working Paper 22)**

*Predominantly rural, remote; Consumption countryside; Above average performance*

The Skye and Lochalsh region includes a number of islands. The main island, Skye, is now connected to the mainland by a bridge. Since the 19<sup>th</sup> Century, Skye and Lochalsh suffered massive population decline, but has managed to reverse this trend since the 1960s, although numbers are still much lower than in 1851. The trend also masks the outflow of young people from the region, and the in-migration of the 45-64 age group. The region is renowned for its cultural identity, associated mainly with the 'crofting' smallholdings, the collective ownership of land, and the use (and revitalisation) of the Gaelic language. This, together with the landscape beauty produces the 'magic of Skye' which has helped attract tourists and in-comers to the region, and new employment opportunities have been developed around cultural heritage tourism, IT, horticulture, and alternative energy. The region's renaissance is often lauded as a success story of rural development - attributed to positive state intervention, renewed confidence, and the cultural and natural heritage – even though much of the economic activity is low paid, seasonal, and reliant on multiple job-holding.

Some regional reports challenge aspects of the agri-centric narrative. The first challenge is that the various narratives under this heading are all positive and dynamic. The 'development' reality is that some former agricultural areas have simply been abandoned, as was the case in Teruel (Box 8). The more positive side of this region's narrative is that the building of a major road has now brought the potential to develop outdoor tourism, with formerly abandoned land being used for ski resorts and the like. In Chelmsko-Zamojski (Box 2) the narrative of the region is agri-centric, but this is not a narrative of change: the agriculture sector continues to be the main employer, but the farms are not particularly productive, providing mainly semi-subsistence and self-provisioning livelihoods.

**Box 8: Teruel, Spain (Working Paper 20)**

*Predominantly rural, remote; Diversified (strong secondary sector); Depleting*

Teruel is made remote from a significant city by its topography – mountain ranges and poor roads helped to make this, effectively, a land-locked island. Teruel has a long history of population depletion, and of more general decline. However, this has been reversed in the 21<sup>st</sup> century due to reduced out-migration and the immigration of young people from Latin America, Africa, and, in particular, Romania. However it is not yet clear whether these people are permanent or transitory immigrants. In the regional capital, the administration and service sectors are the most important employers; elsewhere employment is predominantly in primary industries (mainly agriculture and mining). A significant recent development for the region has been the building of a new road which connects it to distant cities which has enabled tourism development. The city dwellers are demanding outdoor recreation (particularly ski-ing) and can now access Teruel, and the territory had abandoned low quality agricultural land that can now be utilised for recreational purposes. There has been much local planning and input into the tourism development.

The second challenge to the agri-centric narrative is the assumption that agriculture has been an important part of the development of all rural areas in Europe. In the South Savo (Box 11) region, 25% of the area is lakes, and 85% of the land area is covered by forest. A number of regions report that their traditional economy was based on mining and heavy industry activity (e.g., Zasavska (Box 12) and Mansfeld-Sudharz (Box 1), suggesting that discussion of post-industrial or para-industrial developments might be more applicable to them than discussions of post-agricultural or para-agricultural developments.

#### 4.2.3 The Urban-Rural Meta-Narrative

Towns, rather than cities, are important hubs in some of the regions. In Chelmsko- Zamojski (Box 2) a network of small, evenly spaced, towns has developed as local centres for services, trade and administration. Another example are the 28 market towns in North Yorkshire (Box 4) to which many people (including city dwellers) commute for work. The Jonkoping report (Box 6) explained how regional government is aiming to develop a series of service centres within the rural region so that people will not have to go out of the region for the services that have become centralised into the adjacent cities.

In terms of the urban-rural narrative, commuting to the cities, counter-urbanisation and the provision of rural tourism for city dwellers were frequently described in the exemplar region reports. The migration of people was an important theme. Some regions had become depleted because of out-migration, particularly of young people and women, such as South Savo (Box 11) and Chemsko-Zamojski (Box 2). In some cases recent in-migration of young people somewhat redressed this balance (e.g., Teruel (Box 8), but in others, such as on Skye (Box 7) and North Yorkshire (Box 4) while young people tended to move out, it was older people who generally moved in. Visitors to many rural regions were often from nearby cities, but some attracted a much more international clientele, such as Skye (Box 7).

#### 4.2.4 The Global Competition Meta-Narrative

The globalisation narrative is most explicit in the report on La Rioja (Box 9). Here there was a long history of significant trading in wine not only with adjacent urban areas, but also with France. More recently there have been significant increases in the production and sale of wine to new overseas markets, brought about mainly by accession to the EU, international trade liberalisation via GATT and the injection of international capital into wine agribusinesses. The significance of accession to the EU to the development trajectory of the region is also mentioned in a number of other regional reports (Chelmsko-Zamosjski (Box 2); Ostrolecko-Siedlecki (Box 10); South Savo (Box 11)).

##### **Box 9: La Rioja, Spain (Working Paper 19)**

*Intermediate, close to city; Diversified (strong secondary sector); Accumulating*

The authors the La Rioja report stress that the region is split into an accessible lowland and densely populated area in the north, and a southern mountainous area of low and depleting population. The lowland area is more 'representative' of an accessible rural region and is the main focus of this case study. In these areas, agriculture and industry are the most important economic activities. The main agricultural activities are viticulture and some horticulture. Wine production (from the grape crop to the bottle) has been important in the region since the mid-1800s, and much of the wine has been exported to France ever since. Significant modernisation processes have taken place during the last 20 years, and EU accession and global capital penetration have contributed to the development of a high quality product for an international market. The accessible part of the region has also experienced substantial counter-urbanisation and significant immigration (mainly from Morocco and Romania), in contrast to the depleting and ageing population of the more mountainous part.

##### **Box 10: Ostrolecko-Siedlecki, Poland (Working Paper 12)**

*Predominantly rural, close to city; Agrarian; Depleting*

Ostrolecko-Siedlecki includes two urban settlements (Ostroleka and Siedlce), although Warsaw is easier to access for many people. The areas around Ostroleka and Siedlce have experienced some recent increase in population, but the rest of the region has continued to see a decline, due to both the out-migration of young people for education and work in Warsaw and also by natural decline in the birth rate given the lack of women of reproductive age. Agriculture still employs 40–50% of the working population. The southern part of the region has good quality agricultural land where a range of arable crops are grown; the North has poorer land which is used for grazing of cattle and dairy farming. Recent changes in the structure of dairy farming across Poland have led the north of the region to become one of the most intensive dairying regions, which has brought significant economic benefits. At the same time, cultural heritage and high quality landscapes in other parts of the region have encouraged the growth of rural and agro-tourism. However, such success stories are geographically specific, and Ostrolecko-Siedlecki region overall continues to show signs of depletion.

**Box 11: South Savo, Finland (Working Paper 18)**

*Predominantly rural, remote; Diversified (strong market services); Below average performance*

South Savo is in the southeast of Finland, about 230 km from the capital, Helsinki. 25% of the region's area is lakes, and 85% of the land area is covered by forest. The region has a long history of population decline, - mainly young people, and particularly women, out-migrating for education and work - which leaves an ageing population with few services in the sparsely populated areas. The region is associated with high environmental and aesthetic quality, and is using this asset as a means of addressing their problems of peripherality (e.g., population decline, higher reliance on the primary sector, lower economic development, lower income levels and higher unemployment). The region's natural assets attract tourists and second home owners who provide some critical mass for services in the region; and its branding as an 'eco-province' has seen the development of organic agriculture and food. It is also concerned to protect its environmental assets as part of a sustainable development approach.

For a number of regions, the sudden switch to capitalist systems following the collapse of socialism was significant in their development trajectories. In Mansfeld-Sudharz (Box 1) the mining industry on which they were dependent during the socialist era could not withstand global competition, and the region experienced rapid depopulation and high unemployment. A similar narrative occurred in the Zasavska report (Box 12) which stressed not only the post-industrial decline, but also the legacy of environmentally degraded landscapes. In Ostrołęcko-Siedlecki (Box 10), the post-socialist era (and the EU accession of Poland) brought benefits to parts of the region, although overall it is still depleting. The restructuring of the dairy industry has made Ostrołęcko-Siedlecki one of most intensive dairying regions of Poland, and contributes to the significant increase in the dairy industry sales in Poland – an increase of 80% between 2000 and 2007. In the socialist era, the policy in Slovenia was to develop a polycentric structure of urban areas rather than to focus on the development of a capital city; the collapse of socialism has seen the dramatic development of Ljubljana as the capital city within the region of Osrednjeslovenska (Box 3).

**Box 12: Zasavska, Slovenia (Working Paper 16)**

*Intermediate, close to city; Diversified (strong secondary sector); Below average performance*

In Zasavska the traditional economy, based on mining and heavy industry, collapsed in the post-socialist era, creating a narrative of post-industrial decline and serious environmental degradation in the 1990s. The region is currently one of the most deprived in Slovenia with numerous social and economic problems including population decline, unemployment and poor health. The last five years have seen the economy slowly reviving. Strategic programmes to support restructuring in Zasavska have resulted in a significant growth (from a low base) in technological entrepreneurial activity and although there are massive problems of land degradation, some parts of the region have been identified for the development of tourism. Although this region has an unfavourable geography and environmental problems to contend with, there are signs that it could become a viable multifunctional rural region.

#### 4.2.5 Other Recurrent themes

Some themes were replicated in almost all the region reports, irrespective of their rural, accessibility, structural or performance types. The most significant in this respect were that the rural population is an ageing population, and the emphasis placed on the development of tourism. The ageing population in rural regions was generally closely associated with the out-migration of young people for education and work. Some reports explained how the low numbers of people of reproductive age left behind then affected the birth rate. In regions where counter-urbanisation or immigration occurred, this sometimes exacerbated rather than ameliorated the ageing nature of the population – in North Yorkshire (Box 4), for example, retirement to the countryside was popular.

The development of tourism was reported as a popular means of diversifying from traditional land-based activities, whether in accessible or remote areas. Much of this was designed for domestic, and often relatively local, day or weekend visits (in Neumarkt (Box 5) and Teruel (Box 8) for example). In some cases the attraction was not simply the high environment and landscape quality, but the cultural heritage that existed, or could be developed.

Social capital and institutional capacity are topics which do not fit neatly into a single meta-narrative (although they were extensively discussed in the thematic reviews, - see Sections 2.2.2 and 2.2.3), but which merit a specific mention here because they were recurrent themes in the Exemplar Region reports.

The importance of local people acting collectively was emphasised in a number of reports, such as the Village Action Movement in Jonkoping (Box 6) and how the co-operation between three municipalities and their civil societies led to LEADER funding and actions in Neumarkt (Box 5). There were numerous references to co-operation between businesses in the reports, two examples of which are described here. The Jonkoping report (Box 6) referred to the 'spirit of Gnosjo' – the local enterprising and network culture – and the Chelmsko-Zamojski case study (Box 2) to the new producer groups, farming unions and associations that are forming.

Governance relationships at many scales, from within very local municipalities, to the supranational levels of decision-making – the EU, GATT, for example, were shown to be important to the development of rural areas,. A number of reports stressed the importance of more participative governance relationships, such as through the LEADER approach (e.g., Teruel (Box 8) and South Savo (Box 11)). In Mansfeld-Sudharz (Box 1), LEADER initiatives were originally dominated by the public sector, but the business community and civil society are now becoming more involved. However, some region reports stressed the difficult relationships within their regions. For example, the Neumarkt report (Box 5) gave examples of the conflicts between new and old residents, and between those who wish to preserve and those who wish to transform the traditional rural culture.

Some rural regions' development has been strongly influenced by external decision-making bodies. For some the effects of the relationship have been positive, such as on Skye (Box 7) where the development success is often associated with state intervention. In other cases the impact of external decisions on the rural regions are negative, such as with the introduction of the Schengen area on Chelmsko-Zamojski (Box 2) already discussed. The North Yorkshire case study (Box 4) and the Jonkoping report (Box 6) provide detailed accounts of how the rural region's development is intimately bound up with higher level regional decision-making. In both cases the current approach is to integrate rural issues into the 'mainstream' policies of city-led 'functional regions'.

### **4.3 Rates of change**

The reports described how the regions are changing at different rates. What was apparent from the exemplar regions reports was that some regions are building on their past successes to be shown currently as 'accumulating' regions in the typology. La Rioja (Box 9) is a good example of this. Others have long histories of depletion, but have recently turned this around to show positive performance categories on the typology. Skye (Box 7) and Teruel (Box 8) are both examples of this but both report authors show some scepticism about the robustness of their regions' 'success stories'. In the Skye report the question was raised of how far Skye's development can be claimed a success when much of the economic activity is low paid, seasonal and dependent on multiple job-holding. In Teruel depletion in population terms has been reversed by the immigration of young people from Latin America, Africa and Romania, but the report authors stressed that these people could be transitory rather than permanent migrants.

The penetration of capitalist systems into the post-socialist states provided significant discontinuity from past trajectories. For some post-socialist exemplar regions this brought immediate benefits: Osrednjeslovenska (Box 3), for example, has flourished as a rural region which includes a fast-growing capital city. For others the disruption brought significant depletion (e.g., Mansfeld-Sudharz (Box 1) and Chelmsko-Zamojski (Box 2)). Some reports referred to accession to the EU as a significant event in their development trajectory (see for example South Savo (Box 11)). The notion that major events are often important in setting regions off on new trajectories is also well documented in the historic accounts provided by many reports: the draconian clearances by landlords in the nineteenth century on Skye (Box 7), and the effects of disease on French vines for the wine industry in La Rioja (Box 9), for example.



## 5 The Future for Rural Areas of Europe.

This chapter develops a framework for considering the nature of future opportunities and constraints that seem likely to reshape regional development trajectories over the next two decades. The aim is to develop future perspectives of rural regions through the use of foresight techniques. These perspectives are used to assess the implications of likely future developments for the rural regions defined in the EDORA typology. The chapter is divided into four sections. The first (5.1) provides a brief introduction to foresight practice, a systematic approach that is increasingly used in future orientated strategic planning. Section 5.2 develops four scenarios representing future perspectives of rural regions. Section 5.3 considers, through the use of expert input, the potential implications of each of the scenarios for the rural regions defined in the EDORA typology. Finally, section 0 concludes with a brief summary and highlights issues which merit further consideration. These research activities are presented in greater detail in WP 26 (Meredith 2010, Annex 1).

Section 1 of this report explored the current dynamics of rural change through a review of key social, economic and cultural drivers of change and the development of three meta-narratives. The conclusions of Section 1, combined with the findings of the typology analysis in Section 2, show that rural regions are highly diverse in terms of their socio-economic structures and their development trajectories. In the context of considering appropriate policy responses, Section 4 has introduced the notion of Territorial Capital, as a collective term for a range of immobile “soft factors” which define the opportunities or constraints which are the context of territorial rural development. Thus the EDORA conceptual framework emphasises the interrelatedness of social and economic processes, recognising the connections between processes, people and spaces. Regional and rural development is, according to this perspective, not simply a case of ameliorating the friction of distance and challenges associated with low population density, but rather a means of fostering greater levels of regional “resilience”. Resilience is, in this instance, defined as the capacity of regions to adapt to change, such that their long-term prospects are not limited. Such change includes both the progressive, incremental trends which are expressed through the meta-narratives, but also more fundamental shifts caused by future exogenous “shocks” which are not currently accommodated within the narratives of Section 2. It is the task of this section to consider what these exogenous drivers are likely to be, and how the resilience of different kinds of rural areas is likely to be affected. Of course this is a vast subject, and one which this report can only begin to address in a summary and qualitative way.

The primary exogenous driver, which it is anticipated will begin to have substantial impacts upon rural areas in Europe is Climate Change. It is increasingly evident that, over the next few decades, the resilience of all types of region throughout the EU will be especially challenged as a consequence of climate change and the policies and initiatives developed to mitigate against or adapt to these changed circumstances. This is not to suggest that these developments will have negative consequences for all types of region. It is possible that some region types may well benefit from policies and initiatives designed to overcome the challenges of climate change. This conundrum rests at the heart of the development of future perspectives of rural regions.

A second exogenous factor, which is in a sense more passive and responsive, is the nature of the economic governance approach underlying the policies which are developed to meet the challenges of climate change. The familiar concept of a continuum from a neo-liberal “laissez faire” styles, placing faith in the unseen hand of market forces, to strongly interventionist and “Green New Deal” approaches, which some have suggested will gain traction in the wake of the “credit crunch”, will be helpful in the discussion which follows.

### 5.1 Foresight and Future Perspectives Approaches.

With growing appreciation of the risks associated with uncertainty, particularly those associated with the pace and regional level impacts of climate change, policy stakeholders are increasingly looking to future orientated studies to provide a framework to guide strategic development initiatives. The area of foresight research has developed in response to this demand. Foresight initiatives are used as part of strategic business planning and, increasingly, policy development, as a means of considering the longer-term implications of contemporary trends and issues (Eaves, 2007). Foresight first became popular within the

private sector, particularly the consumer electronics industry. Increasingly, however, public sector bodies including state agencies and third sector groups use foresight initiatives to consider future needs and their policy implications (Teagasc, 2009; Williams and Shaw, 2009). This trend is largely explained with reference to the increasing recognition of the interplay between a large number of factors shaping current and future options i.e. the implications of climate change for energy and food security and the consequent impacts on global migration patterns and labour availability.

“Foresight is defined as systematic activities embracing: critical thinking concerning long-term developments; debate and effort to create wider participation in decisions; and shaping the future, especially by influencing public policy and strategic decisions.” (Grol, 2001). Conventionally, foresight exercises are used to develop perspectives of the future, attain consensus on which perspectives are likely to come to pass and to highlight critical issues that need to be considered if preferred perspectives are to be realised. Whereas, in the past, foresight initiatives placed considerable emphasis on identifying a single perspective of the future and, from this, developing an assessment of threats and opportunities, contemporary foresight exercises are broader in terms of the range of issues considered and highlight a number of possible or alternative futures. Increasingly, the objective of foresight initiatives focuses on the identification of thematic issues that will play an important role in shaping change, - such as, for example, greater connectivity, - rather than trying to predict/forecast specific future outcomes in detail.

The EU FOREN Project, amongst other objectives, sought to develop ‘a set of pragmatic guidelines on how foresight activities at the European level should be conducted so that they can make a substantial contribution to policy development’ (Grol, 2001). Within this project a review of different approaches to foresight was undertaken and four broad types identified, including, informative, instrumental, technological driven and society driven. The European Commission report on *‘Using foresight to improve the science-policy relationship’* provides a succinct definition of each approach:

- Informative foresight studies are those that focus on producing information for decision-makers and stakeholders.
- Instrumental foresight initiatives emphasise the production of specific recommendations pertaining to particular issues or policies.
- Technology driven foresights are those that emphasise the development, dissemination and uptake of new technologies.
- Finally, social foresight takes as the departure point future issues in a particular area and explore how technological and social developments may and should interact (Faroult, 2006, p.10).

The FOREN project found that combinations of social and instrumental foresights are commonly used in projects considering issues of sustainability. As the EDORA project is fundamentally concerned with balanced regional development (sustainability) and policy issues, the latter combination of approaches is considered most appropriate to this research.

### **5.1.1 Methods**

Having identified an appropriate foresight approach, attention now turns to the choice of an appropriate method of developing future perspectives. A review of different approaches by Conway (2006) and, more recently, Slaughter (2009) found that four broad methods of implementing foresight are identifiable. These include, linear, systematic, critical and integral methods. Linear methods tend to be strongly quantitative in form and require extensive data covering a sufficiently long time period to produce robust analysis. These methods, drawing heavily on econometrics, have been applied extensively in a variety of settings. Whilst originally used by the military to formulate strategy they are most commonly associated with technological approaches (Faroult, 2006, p.7). More recently they have also been successfully implemented in policy settings, (see, for example, the ESPON TipTap project). Systematic, critical and integral methods are more qualitative. They accept that technological and societal developments do not follow pre-defined pathways but are non-linear or chaotic. Socio-economic development is not considered predictable beyond a generic level. The use of narrative scenarios to sketch out the potential implications of current trends and, possible, future events is common to these methods. A systematic foresight involves a number of sequential tasks including exploration of current trends and the development of understanding of the possible implications of contemporary trends (Bhimji, 2009, p.3). When undertaken in policy development environments a third stage, applying or implementing the findings of the first two stages, is the ultimate goal. Critical and integral methods are more recent developments that view

foresight initiatives as culturally embedded processes. They are generally applied within foresight exercises involving diverse groups of stakeholders and foreground the experiences and perspectives of those leading the initiative and the stakeholders. Critical and integral methods are also useful when the foresight involves a large, interdisciplinary team as they create a space for reflexive thinking on different epistemological approaches.

In the context of developing future perspectives as part of the EDORA project a number of issues arise from the review of approaches and methods presented above. At a practical level there is the issue of time and resources. The development of future perspectives is, in this instance, a single element in a much larger project. This aspect of the EDORA project has, consequently, limited resources to engage in the complete range of activities commonly associated with a conventional foresight, particularly participatory activities. The absence of these activities, fundamental in distinguishing foresight from other futures-oriented studies, places this work outside the frame of a conventional foresight project (Keenan *et al.*, 2006. p.14). Notwithstanding this issue it is possible to undertake elements of a foresight to develop future perspectives. These include the definition of the problem, design of the framework for considering future perspectives through the use of scenarios and the engagement with an, albeit limited, group of stakeholders. This latter constraint is perhaps the most significant issue as contemporary foresights are defined by their inclusion of not just subject experts and policy makers but also other stakeholders, representing a variety of views and opinions. In order to overcome these issues it was decided to apply a foresight approach based on systematic methods. This incorporates a progressive perspective by which we refer to identifying ways of overcoming the challenges presented by contemporary issues such that the future prospects for rural regions are not constrained. Systematic methods are perhaps the most widely applied of all foresight techniques and involve, amongst other activities, systems analysis and scenario building (Slaughter, 2009 p.11). Emphasis is placed on scenario building in this instance as this forms the basis of the future perspectives. The scenarios outlined below are alternative descriptions of possible futures for rural regions in the EU. As snapshot scenarios, rather than chain scenarios, they do not consider the individual, and highly complex, processes that bring about these futures. They are not forecasts nor predictions of the future based on analysis and extrapolation from past trends, - these types of activities are more in keeping with linear foresight activities. The future perspectives are tools that assist reflection on the implications of contemporary and known issues within a medium – longer-term perspective. It is also important to note that, though policy assessment activities are incorporated into the EDORA project, they are not part of the future perspectives.

## **5.2 A Rural Future Perspectives Exercise.**

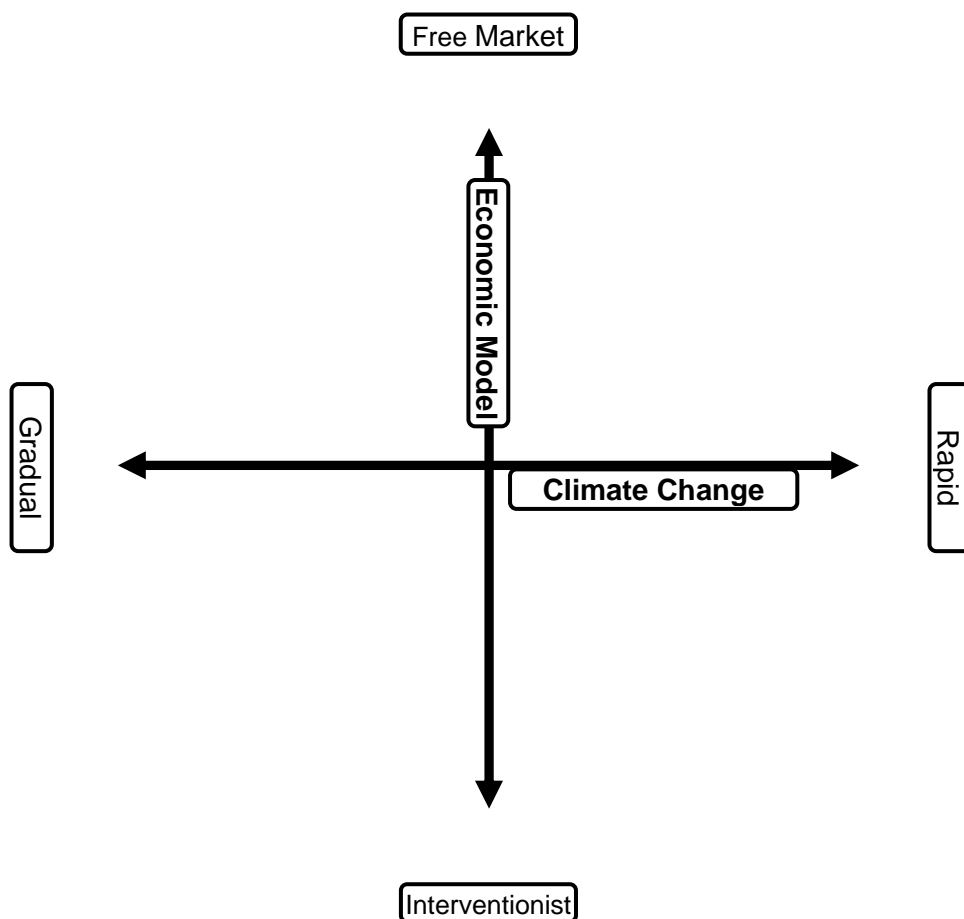
In the coming years, will the impact of climate change and the current model of governance see a continuation of contemporary trends which are resulting in further uneven socio-economic development of rural regions? Or, is there a possibility that initiatives to tackle climate change can re-position rural regions, and in doing so deliver balanced regional development? The objective of this research 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 is pursued through the identification of two high level “drivers” of change and the development of four future perspectives around these issues. As with most foresight studies the first stage focuses on establishing a framework within which to consider future socio-economic development. This involves a brief review of the concept of rural change. Key drivers of future change, as opposed to drivers of contemporary trends, identified from previous EU foresight studies are considered in relation to this concept. The second stage provides a brief contextual assessment of a select number of these trends. The third stage combines the drivers of future change with contemporary trends as a framework to develop the future perspectives.

### **5.2.1 Stage 1: Rural Change and Meta Drivers of Change**

The ongoing, incremental process of rural change have already been explored in Section 2.3 above. Climate change, as a driver, is substantially different from those which motivate the three meta-narratives previously described, in that it is a natural process influenced by anthropogenic activities. Climate change will therefore, regardless of the dominant model of governance, happen. The question is whether climate change will be gradual or rapid, a subject over which there is debate. The answer to this question will,

more than likely, have a significant impact on which model of governance emerges in the years to come. It can be envisaged that gradual climate change would be more conducive to a continuation of a system not unlike the present with the market playing a pivotal role. If however the global climate were to shift to a highly unstable state over a short period it is more likely that states and, in some instances international bodies, would be called on to manage the resulting developments.

Climate change is of fundamental importance to rural regions not simply because of the direct impacts of change but also because of the implications of societal responses in the form of mitigation strategies, i.e. CO<sup>2</sup> reductions, and adaption measures, i.e. shift to renewable energies and bio-fuels. The 4<sup>th</sup> International Panel on Climate Change (IPCC) report details 11 key future impacts and vulnerabilities for Europe and outlines adaption measures that might be considered. Of these 11 issues, most have direct implications for rural regions. Several relate to geographic areas that are typically classified as rural i.e. coastal, mountains and sub-Arctic regions. The report also highlights land-uses that predominate in rural regions i.e. forests, shrublands, grasslands and wetlands. Agriculture and fisheries, key elements of some rural economies are also specifically mentioned. Of the remaining issues, biodiversity, energy and transport, tourism and recreation, property insurance and human health, most are generic in terms of their spatial impact. How they are managed, however, has the potential to determine whether balanced regional development is achieved.



**Figure 6: Axes of Future Change: Climate Change and Economic Model**

Climate change and the model of economic governance are therefore selected as the key “exogenous” drivers of rural change over the next two decades. These themes are represented on the horizontal and vertical axes of Figure 1. This diagram attempts to capture the variety of approaches open to European society in developing strategies and initiatives to overcome the challenges highlighted by the IPCC report.

The rapidity of climate change is represented on the horizontal axes while the dominant means of resource allocation is represented on the vertical axes.

The pace of climate change raises questions as to the capacity of society to adjust. Unforeseen crises, particularly large scale challenges, tend to require significant state or supranational intervention to manage the strategic allocation of resources i.e. the global financial crisis of 2008 - 2009. Should climate change proceed at a rapid pace it is likely that there will be considerable state intervention in the process of adaptation. If however, climate change occurs gradually, it is more likely that the free market will play a greater, perhaps even leading role in the adaptation of society through, primarily, pricing mechanisms. The character of the governance system that evolves to deal with these issues, referred to as the economic model in Figure 1, will undoubtedly differentiate the impact of initiatives seeking to ameliorate the negative aspects of climate change on society in general and rural regions in particular.

As with other foresight initiatives that utilise this approach to developing scenarios or perspectives of the future, each axes represents a spectrum of possible outcomes. The approach is predicated on the concept of uncertainty that is inherently unquantifiable and gives rise to the prospect of several plausible alternative futures that cannot be ranked by probability and through numbers, but all have to be prepared for or anticipated in some way (Richard Keith *et al*, 2009). Use of largely quantitative approaches would have the affect of limiting the number of issues that could be considered, given the need for sufficiently robust data, and thereby limit the scope of the potential scenarios. This issue is of particular significance within the context of the ESPON, which has previously funded a number of foresight studies that utilised quantitative approaches. The present study represents an approach that is, quite literally, qualitatively different. Four scenarios, representing possible future socio-economic environments, are developed. These are based on potential outcomes from interaction between contemporary trends, outlined below, and the drivers of future change.

### **5.2.2 Stage 2: Context**

As part of the process of developing future perspectives for rural regions, the general context of socio-economic development in Europe over the next two decades must be considered. This involves establishing the likely prospects for a select number of contemporary trends<sup>10</sup> associated with climate, population and settlement change, and developments affecting demography, energy and food security and societal issues. Where available, information on expected conditions in 2030 is also provided.

#### **Climate**

The 20<sup>th</sup> Century saw European temperatures increase by 0.8° with average summer temperatures increasing slightly and winter temperatures increasing significantly. These developments have accompanied changing patterns of precipitation that result in dryer summers, particularly in South, East and Central Europe and wetter winters in North and West Europe. By 2030 it is not expected that the full impacts of climate change will be manifest but some effects will be obvious. The climate will be, on average, be warmer than today. There will be more extreme events. These may be highly variable in nature and spatial distribution such that flooding and droughts could impact on different parts of the EU at the same time. Sea level changes will be noticeable.

#### **Population, Demography and Settlement**

The population of Europe is predicated to decline by 8%, on 2000 levels, by 2030. This development will have highly uneven spatial and demographic impacts. There will be significant national and regional variation in population change. It is predicted that States in western parts of Europe should see marginal increases in their populations driven by immigration. Migration patterns will be dominated by east to west movements. Continuation of recent (1990+) settlement trends would see population increase in urban regions (though not necessarily in their cores) and accessible rural regions.

Low natural growth combined with increased life expectancy will see growth in the 65+ population from 16% - 23% by 2030, resulting in overall ageing of the population. Differences in urban and rural

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<sup>10</sup> Some of these have already been considered in Section 1, others are added because they seem likely to become increasingly important in the future.

demographic structures and migration patterns will result in rapid ageing of the population in rural regions at an earlier stage. This, combined with migration to cities and accessible rural regions, will contribute to the decline of the population of other rural regions.

### **Energy Security**

Currently the EU consumes 30% of global energy production. Fossil fuels account for 80% of total energy consumption whilst 55% of all electricity production depends on fossil fuels. It is generally accepted that peak oil, the point at which increasing extraction ceases and production declines over the long-term, will occur at some point in the decade following 2020. Whilst the EU will be able to afford increasing energy prices, this development will result in changes to the structure, distribution and functioning of social and economic activities. For rural regions this may have a particular impact on settlement distribution and the structure of economic activities. It is likely that energy intensive crops will become less competitive in the face of higher production costs. Greater specialisation of agri-food production will take place as regions seek to develop their natural, competitive advantages. Higher transportation costs may undermine these advantages in less accessible and remote rural regions.

Presently renewable energy sources account for only 6% of total energy produced and 13% of electricity production. It is expected that, by 2030, per capita energy consumption will increase by 9% (from 11 tonnes of CO<sup>2</sup> to 12 tonnes). Recognition of the limits to fossil fuel production, combined with greater awareness of energy security issues, have given impetus to policies supporting the development of renewable energies in Europe. This in turn has resulted in significant investment in a range of potential, renewable energy systems. Parallel to this process is a general reassessment of the potential of both conventional nuclear and, experimental, thermonuclear fusion reactors. It is to be expected that the development of both renewable and nuclear power will gather momentum in the coming years. The pace of climate change will play a key role in determining which emerges as the dominant form of energy production. This will have significant implications for rural regions.

### **Food Security: self-sufficiency or self-reliance**

Global population increase is placing further demands on the world's food supply. Notwithstanding this, the slow down in population growth in recent decades has enabled global food production to meet this demand (Clay, 2002). A number of developments have however resulted in challenges to global food security. Schmidhuber (2009) defines food security as *'when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food which meets their dietary needs and food preferences for an active and healthy life'*. Under this definition it is unlikely that the EU will be faced with an acute food security risk in the period to 2030. Developments affecting actual (self-sufficiency), rather than relative (self-reliance), food security include changes in land-use, i.e. the transfer of land from food to bio-fuel production, and the EU's changing bio-geography in the face of climate change. Relative food security is associated with changing food consumption patterns, i.e. greater demand for protein outside of the EU.

Changes to EU agricultural policies, flowing from global trade agreements, have resulted in the reduction of food surpluses. This has contributed to greater volatility in both food production and food prices. There is a threat from increasing energy prices, as a consequence of peak oil sometime after 2020, that EU self-reliance, the sourcing of food internationally, may become an issue. Combined with the decline in the area of land available for food production this could lead to sustained increases in food prices. Whilst such a development will be to the advantage of rural regions in general, climate changes may necessitate significant changes in where and how food is produced. Not all rural regions will benefit from a transition to self-sufficiency. Some may find their productive capacity limited or reduced as a consequence of changing weather patterns i.e. reduced precipitation in South, Central and Eastern Europe. Higher input costs, particularly fertilisers, may result in reduced yields and, hence, more extensive agricultural practices.

### **Economy**

Current economic trends are resulting in a reduction in the economic significance of the agri-food sector. This is resulting in substantial changes to the structure and functioning of the rural economy. These developments are impacting on the landscape and environment. There is an ongoing restructuring of manufacturing activities as some types of industry, textiles and heavy engineering in particular, relocate

to other global regions i.e. India and Asia. This is particularly true in North and West Europe. Central and Eastern Europe are witnessing limited increases in some manufacturing sectors. The services sector continues to expand throughout the EU in terms of employment and relative share of GNP and GDP. Higher value service activities continue to concentrate in urban regions. The financial services sector is highly concentrated in the European Pentagon.

By 2030 it is to be expected that demographic developments and higher energy costs will result in significant realignment of Europe's economy. Higher production and transportation costs in other global regions could see the re-emergence of some manufacturing activities throughout the EU, particularly those producing consumer goods. Demographically, there may be significant demand for younger workers. Whilst there will be a need for high skilled graduates there will also be demand for labour with basic skills to support the service economy. Energy and food security issues may lead to a reinvigorated agri-food industry. Demand for cheaper energy might result in re-orientation of the agriculture sector to produce bio-fuels.

### **Society**

Currently significant societal change is resulting from the rapid social, economic and cultural developments in a number of countries / global regions i.e. Brazil, Russia, India and China. This has altered global production and consumption of a range of products and commodities. These developments are giving rise to greater competition for natural, human and capital resources. In turn, this competition has resulted in substantial change in global trading patterns and financial markets.

A number of factors have contributed to enhanced migration flows both into the EU and between member states. These developments have given rise to societal concerns regarding culture and identity. In some instances immigration has resulted in moves to restrict further migration.

The financial crisis of 2007 – 2008 has led to significantly increased distrust of the free market as an efficient means of distributing resources. The measures taken by member states and the EU to support the global financial system has resulted in a debate concerning the role of markets and, more importantly, how these should be regulated such that they do not impinge on societal well-being.

There is increasing uncertainty regarding 'facts'; science in particular is seen as highly contested and open to manipulation. Public distrust of political systems is increasing and in some quarters there is also a questioning of the role of organised religion.

These developments, combined with the ageing of Europe's population, will play key roles in shaping the future policy, political and social environment. There is, however, significant uncertainty as to how these factors will be influenced by changes to climate, the economy or food security. It is possible to envisage a future that, as a consequence of the progressive ageing of Europe's population, becomes increasingly conservative with the result that innovation is limited and pre-existing, sub-optimal solutions are preferred. This, however, ignores the potential associated with the significant human capital accumulation that accompanies ageing to overcome the future challenges.

### **5.2.3 Stage 3: Future Perspectives**

The brief review of contemporary trends and how they might impact of the development of rural regions provides a general context for the future perspectives. These are now placed within the framework of differential climatic and governance conditions to form the basis of four scenarios. In line with the framework depicted in Figure 6, these represent four different climatic and governance environments; gradual climate change combined with limited market regulation, rapid climate change combined with limited market regulation, rapid climate change combined with strong market regulation and, finally, gradual climate change combined with strong market regulation. In developing the scenarios a matrix assists in summarising some of the relationships between the meta and meso-drivers of change (Table A (Appendix 1)). At this stage the scenarios are simply referred to as S1, S2, S3 or S4. In a qualitative assessment, such as this, naming the scenarios could lead to the incorporation of bias, either positive or negative.

### **Scenario 1 (S1: Gradual climate change + highly deregulated market economy)**

The opening decade of the new millennium saw the emergence of financial markets as the primary means of allocating resources in EU member states and heightened awareness of the implications of climate change. Despite the global crisis of 2007 – 2008, financial markets continued to function without significant regulation. Innovations in estimating risk allowed markets to account for, and communicate this risk. Though financial markets continue to be cyclical they have not, as of 2030, experienced a repeat of the 2007 – 2008 crisis. Climate change continues to take place much as predicted by the Intergovernmental Panel on Climate Change with some regions, particularly those in South, East and Central Europe, witnessing increases in mean temperatures and decreased in precipitation. Regions in the North and West of Europe also experienced increased temperatures, particularly during winter months. The incremental nature of this development allowed the market based system of governance to adjust to the new conditions. More obvious signs of the impacts of climate change led to a renewed emphasis on securing a legally binding successor to the agreement reached at the Copenhagen Conference on Climate Change. This new agreement paved the way for the introduction of a global cap and trade market based system of regulating greenhouse gas emissions.

Rural regions, which at the end of the first decade of the new millennium were increasingly socially and economically differentiated, continued to diverge, at the EU level. Long-term demographic developments saw those regions in peripheral areas, distant from or inaccessible to urban regions, loose population through age specific migration of younger cohorts and natural decline. Conversely, accessible and urban regions experienced population increases. These developments underpinned the continued evolution of the rural economy with energy production vying with agriculture, fisheries and other primary sector activities for resources, particularly land (sea). The rapid growth of the energy economy had a wide variety of impacts on rural regions. In those regions with a strong primary sector growth of the energy sector occurred through endogenous development. In regions with limited territorial capital, particularly human and financial capital, national and multinational corporations developed renewable energy opportunities. Few of the benefits, other than limited direct employment in the initial construction and subsequent maintenance of energy installations, accrued to these regions.

Agriculture underwent profound changes during this period. The rapid growth of the energy sector, driven by increasing prices for fossil fuels, competed with farming for land and capital. In those regions characterised by para-productivist agricultural structures the reduced availability of land, combined with the need to minimise the environmental impacts of food production, particularly greenhouse gas emissions, resulted in further industrialisation of food production. Climate change, which resulted in more variable growing conditions, led to demands from the agri-food industry for greater adoption of biotechnologies, particularly genetically modified crops. These were designed to be robust, capable of surviving prolonged droughts and highly efficient at converting nitrogen to yield. In regions where peri-productivist agricultural structures predominated there was considerable consolidation of land ownership. This, in turn, facilitated the development of the renewable energy sector including solar, wind, wave and tidal systems.

Manufacturing activities continued to decline throughout much of Europe up to 2030 as corporations relocated their labour intensive activities to lower cost labour markets. The high growth of other sectors including research and design and financial services contributes to expansion of the tertiary sector. Much of this development, dependent on concentrations of highly skilled and educated labour, is dispersed across more accessible regions. Advances in telecommunications played an important role in ensuring development of these sectors outside of urban regions.

### **Scenario 2 (S2: Gradual climate change + highly regulated market economy)**

Following the collapse of financial markets in 2007 – 2008 and the subsequent, long-term, cost of supporting national financial systems there was increased demand for much greater regulation of capital and commodity markets. Throughout the EU, but particularly amongst Southern and Eastern member states there was a strong move towards greater regulation of capital markets. At the EU level, changes to the operation of the Euro resulted in greater restrictions on the functioning of financial markets. These developments set the framework governing social and economic development up to 2030.



The relative lack of capital, due to greater restrictions on private equity markets and higher taxes, to repay monies borrowed to recapitalise national and international banking systems, suppressed private sector growth. Such was the need to repay borrowings that many member states also reduced public sector spending. These developments resulted in a relative inability to cope with a number of issues including the consequences of climate change and increasing energy costs.

Climate change, though gradual, resulted significant disruption of economic activities. Floods and droughts impacted on, particularly, food production and settlement patterns. In the years following 2020 energy costs began to increase in response to greater demand for dwindling stocks of fossil fuels. These costs further suppressed economic growth. In response to these developments member states invested heavily in nuclear power generation.

Rural regions experienced very challenging social, economic and environmental conditions throughout this period. In the absence of sufficient capital economic diversification was hindered. This contributed to greater migration of younger cohorts from rural to urban regions. The consolidation of agriculture, driven by the need to reduce financial risk associated with significant variations in commodity yields arising from extreme weather events also limited opportunities for younger cohorts and thereby contributed to rural out-migration. Climatic variability and its impact on productivity also led to greater vertical integration of food supply chains.

Manufacturing activities experienced a limited revival as a consequence of changing comparative advantages in the face of increasing domestic and international transportation costs. The tertiary sector remains important but has relatively limited capacity for expansion in the face of limited capital availability and reduced consumer spending.

### **Scenario 3 (S3: Rapid climate change + highly deregulated market economy)**

The period from 2010 to 2030 sees rapid climate change that severely disrupts established patterns of social and economic activity. The pace and scale of change is such that it causes a fundamental rethinking of the role and value of particular resources and economic activities. Land is increasingly viewed not simply as a means of production but also as a key resource in mitigating the impacts of extreme weather events. This, combined with rapid increases in the costs of food and energy, give rise to unprecedented public and private investment in renewable energy and bio-technology enterprises.

The transition to low carbon economy occurs over a 10-year period as member states move to limit output of greenhouse gases and move to an economy and society that is not dependent on fossil fuels. The rapid transition, combined with an inability to bring sufficient nuclear or renewable energy on-line in a short period, gives rise to significant demand for bio-fuels production. Private equity funds and others with access to capital accumulate significant land holdings as a means of capturing a significant proportion of the economic return from food and energy production. Member states also engage in the accumulation of land in key areas to manage flooding and improve water conservation through introduced vegetation, i.e. forestry, and technological solutions. These developments gave rise to land shortages in key areas resulting in intensification in agricultural production through adoption of bio-technologies and further development of integrated production systems. Nutrient management and recycling, including those from human waste, become critical to maintaining soil productivity. Whilst there is significant economic activity in rural areas the wealth generated is increasingly concentrated in larger corporations who own the land and production technologies. Production, and the risks associated with it, is undertaken by those who lease the land and technologies.

These developments are largely driven by, and contribute to, further growth of the tertiary sector of the economy. Research and development, financial services and the 'experience economy' are the most important growth areas. These activities are largely concentrated within gateway urban centres and accessible rural regions. The development of the 'experience economy' is of some benefit to rural areas but much of the added value is returned to firms located outside of rural regions.

### **Scenario 4 (S4: Rapid climate change + highly regulated market economy)**

The social, economic and environmental crisis resulting from rapid climate change leads to an EU wide debate on how best to respond. It becomes clear that the general population, whilst not trusting of political leaders, do not wish the societal response to be conditioned or determined by private enterprise. This

agreement results in the development of initiatives that support the transition to a low-carbon society through sustainable production and consumption.

Nuclear power is the preferred energy option as renewable sources are not considered capable of meeting demand in the short to medium term. Significant state expenditure is directed to support development of commercial Thermonuclear Fusion Reactors following successful operation of the ITER (International Thermonuclear Experimental Reactor). Construction of nuclear power plants ensures that most land is available for productive use. The state stringently regulates land-use with the result that new residential development in the open countryside only occurs in exceptional circumstances. Rural settlement is increasingly concentrated into existing towns and villages.

Certain regions, particularly those in South, Central and Eastern Europe witness substantial depopulation. Northern and Western Europe are the preferred destinations of these migrants. Whilst younger cohorts migrated to urban regions to avail of employment opportunities in the public and secondary sectors older cohorts from both rural and urban regions chose to move to rural regions.

In an effort to reduce greenhouse gas emissions the use of fossil fuels in transportation is phased out over the course of ten years with urban regions ceasing use within seven years. This transition is supported through investment in public transportation to settlement centres and the provision of, private or community, transportation links to these nodes using electric vehicles. Fossil fuel use, in the short-term is prioritised to support food production, particularly tillage crops. Agricultural activities giving rise to significant GHG emissions, rice cultivation and protein production in particular, is limited. By 2030, the EU, through a refocused CAP, reaches its goal of 80% self- sufficiency in food, energy and water which was established as part of extensive review of all EU policies in 2020. This objective was achieved through the promotion of local and regional food systems.

The reorientation of public policy towards achieving sustainable production and consumption reinvigorates the primary and secondary sectors, particularly through the exploitation of import substitution opportunities. The tertiary sector, whilst continuing to be important, does not grow at the same pace as the primary and secondary sectors.

### **5.3 Expert Assessment of Implications for Different Types of Rural Areas.**

An assessment of the implications of the scenarios outlined above was undertaken using a participatory approach. Researchers involved in the early stages of the EDORA project, in addition to members of the Expert Group, were asked to complete the assessment. This group was selected because they are familiar with the background to the project and, most importantly, the structure of the EDORA typology. None of the individuals who completed the evaluation were involved with the design or development of the scenarios. The evaluation form, see Appendix 1 of the Working Paper, comprised a summary of the EDORA typology and an outline of the scenarios along with Table 1, as presented above. Following each scenario the participants were asked to indicate the impacts, ranging from very positive (+2), positive (+1), neutral (0), negative (-1) or very negative (-2), of the scenario on the four types of rural region identified by the EDORA typology. Participants were also asked to provide comments explaining their assessment of the scenario. Two additional questions were included in the evaluation. The first asked which of the four scenarios the participants thought most likely to unfold over the course of the next 20 years and which was, in their opinion, preferable.

The evaluation form was circulated to 15 researchers in addition to the members of the Expert Group. From this population there were eight responses. The assessments relating to each scenario were compiled and their potential impact on rural regions evaluated through an analysis of the frequency of the scores. The analysis is divided into two phases, the first assesses the general distribution of positive, neutral and negative scores between the scenarios whilst the second provides a more detailed examination of the implications of the scenarios for the rural regions identified in the EDORA typology.

### 5.3.1 General assessment of scenarios

The scores associated with each scenario were assessed to identify the number of positive (1 or 2), neutral (0) or negative (-1 or -2) values. This approach enables a general assessment of the collective responses to the scenarios. The summary data indicate that S3 received the highest number of positive responses, 16, from the evaluators (Table 2). This result suggests that the scenario is perceived as being beneficial to many of the rural regions identified in the EDORA typology. There are, however, 10 negative and a further six neutral scores associated with this scenario indicating potentially substantial regional variation in the impact of S3. S1 recorded the least number of negative, nine, and the highest number of neutral, eight, scores. S2 and S4 have similar numbers of positive and negative scores. These findings indicate that both scenarios would give rise to highly uneven spatial impacts with some areas benefiting considerably whilst others are disadvantaged.

**Table 1: General Assessment of Future Perspective Scenario Assessment Scoring**

	S1	S2	S3	S4	Total
<b>Positive</b>	15	14	16	13	58
<b>Negative</b>	9	14	10	12	45
<b>Neutral</b>	8	4	6	6	24
<b>Total</b>	32	32	32	31*	127

\* An evaluator did not provide a score in one of the cells. This is treated as a missing value.

It is interesting to compare these results to those of the questions regarding which scenario is preferable and which is considered most likely to emerge as the dominant set of trends in the next 20 years (Table 3). Of the eight assessments completed, five (62.5%) thought that S1 the most likely to occur. There was less agreement regarding which scenario is preferable amongst the evaluators. Whilst S2 received three (37.5%) endorsements, S1 and S3 both received two. S4 was considered the least preferable scenario.

**Table 2: General Assessment of Likely and Preferred Scenarios**

	Likely	Preferable
<b>S1</b>	5	2
<b>S2</b>	2	3
<b>S3</b>	0	2
<b>S4</b>	1	1

That S1 is considered the most likely to emerge as the dominant set of trends in the coming years is unsurprising as it most closely parallels present conditions. The market is largely unregulated and there is a general expectation that climate change will be gradual allowing for evolution of contemporary systems and structures. Several of the evaluators suggested that this scenario should be labelled 'Business as usual'.

### 5.3.2 Evaluating the potential regional impacts of the scenarios

In order to develop a better understanding of the differences between preferences expressed for likely and preferred scenarios, the second phase of the Future Perspectives assessment focused on exploring scoring within each scenario. Once more the frequency of scores were assessed and modal values identified. This approach facilitates a more detailed assessment of the potential regional or spatial impacts of the scenarios.

S1 is considered to have negative or very negative implications for the 'Agrarian Economies' regions identified in the EDORA typology. Five of the eight assessments scored this scenario as have an adverse influence on the future development of these regions. The scenario was thought to have neutral or positive implications for 'Consumption Countryside' and 'Diversified (with important Secondary Sector)' regions and highly positive impacts on 'Diversified (with important Market Services Sector)' regions.

S2 divided the evaluators into two distinct groups, those that thought the impacts will be largely positive and those that did not. There were equal numbers of positive and negative scores for 'Agrarian Economies' regions whilst 'Consumption Countryside' and 'Diversified (with important Market Services

Sector)' regions were considered to be experience negative impacts under this scenario. Only 'Diversified (with important Secondary Sector)' regions were thought to benefit from the developments associated with S2. In assessing these results we explored the possibility that evaluators from particular areas of the EU shared common perspectives of the scenarios. The respondents were grouped into three categories; New Member States, Southern Member States and Western European Member States. No clear pattern was discerned.

S3 provided a relatively clear result with 'Agrarian Economies' and 'Consumption Countryside' regions considered to experience largely negative impacts whilst 'Diversified' regions benefited from the developments associated with the scenario. All evaluators scored positive (6) or very positive (2) impacts for 'Diversified (with important Market Services Sector)' regions. The impacts on 'Diversified (with important Secondary Sector)' regions are less clear-cut with three 'Neutral' and three 'positive' assessments.

S4 is similar to the assessment of S1 in that there is general agreement between the evaluators regarding the spatial impacts of this scenario. In this instance, however, five of the eight respondents rated the impacts on 'Agrarian Economies' and 'Consumption Countryside' regions as being positive. The implications of S4 for 'Diversified (with important Market Services Sector)' and 'Diversified (with important Secondary Sector)' regions were generally considered to be negative. A distinction can however be drawn between the assessments of the impacts on these two groups of regions. 'Diversified (with important Market Services Sector)' areas are considered by the assessors to experience either negative or neutral trends arising from this scenario. No positive outcomes were considered to emerge from S4 for these regions. The assessment of S4 impacts on 'Diversified (with important Secondary Sector)' regions divided the evaluators. Four of the respondents rated the impacts as being negative whilst three thought them positive; one assessor scored the impact as neutral.

The final stage of this analysis summarises the spatial impact assessment through an analysis of the modal values associated with each scenario and regional type. For each of the scenarios, the associated scoring was collated and the most frequent value ascribed to a region under the various scenarios identified. The results of this assessment are presented in Table 3. Looking across the scenarios we can see that there is some variance in the nature and level of impact on each of the regions. Taking the assessments for 'Agrarian Economies' regions as an example, we see that the modal values range from -2 to +2. Using this matrix it is therefore possible to evaluate the impacts of these future perspectives at the regional scale.

Regions classified as 'Agrarian Economies' are, in general, are negatively affected by the dominant trends associated with S1, S2 and S3. Only S4, Rapid Climate Change with Strongly Regulated Economy, produces, according to the combined assessment of the evaluators, a very positive outcome. Those regions associated with the 'Consumption Countryside' and 'Diversified' types also experience positive and negative impacts depending on which scenario one is assessing.

**Table 3: Summary assessment of regional impacts of the scenarios**

	<b>S1</b>	<b>S2</b>	<b>S3</b>	<b>S4</b>
<b>Agrarian Economies</b>	-1	-1	-2	2
<b>Consumption Countryside</b>	0	-1	-1	1
<b>Diversified (with important Secondary Sector)</b>	0	1	0	-1
<b>Diversified (with important Market Services Sector)</b>	1	-1	1	-1

## 5.4 Conclusions

This chapter presented the research and results associated with the development of future perspectives for rural regions in Europe that take into consideration the next 20 years. It provided an overview of the approach taken in the development of the perspectives and presented four scenarios of future rural change conditioned by the pace of climate change and the dominant form of economic governance. Eight researchers and experts with a detailed knowledge of contemporary rural development trends, policy

developments, issues and research assessed these scenarios. It is worth reiterating at this stage that there is no 'right' or 'correct' scenario. The scenarios developed in this work offer four alternative perspectives of the future for the four regional types identified in the EDORA typology. The assessments of the spatial implications of these scenarios vary. This variance reflects differences in the individual perspectives of the evaluators, informed by their personal milieu and lifetime experiences, and their professional consideration of the potential outcomes to highly complex interactions between a range of environmental, political, social, economic and cultural factors.

The assessment of future perspectives highlights differences in the spatial impacts and implications of each of the scenarios. S1 sees three of the four region types benefiting from the developments associated with this perspective, 'Agrarian Economies' being the exception. If this scenario accurately reflects the dominant development trajectories of the coming years then there will be a clear need for territorial cohesion policy measures targeted at 'Agrarian Economies' regions.

S2 has, with the exception of Diversified (with important Secondary Sector), negative implications for all other region types. In this respect it may be, perversely, be considered the most equitable. There are two critical issues with this conclusion. Firstly, as the impacts in each of the regions are considered to be 'negative' rather than 'very negative' it is possible that there is no redistributive affect associated with this scenario. This is unlikely given that the consequences of negative impacts on development would not be experienced similarly in different types of region; a point central to the EDORA approach. This gives rise to a second issue. Given the move to a highly regulated market envisaged in this scenario it is possible that there would be greater demands on national and supranational regulators to respond to the negative impacts developments. How these institutions responded, in general, and the types of initiatives implemented, in particular, would have a significant impact on the process of adjustment foreseen in this perspective.

S3 presents an alternative view with the 'Diversified' regions advancing whilst Agrarian and 'Consumption Countryside' regions experience negative impacts associated with the developments foreseen in this scenario. Once again, this would have a redistributive affect but in this instance it implies further weakening of already weak regions, this is particularly true of Agrarian regions, which are considered to be 'very negatively' affected by these developments. Whilst the issues arising from these developments in 'Consumption Countryside' regions might be tackled through strengthening of Urban – Rural linkages, different initiatives would be required in the case of 'Agrarian Economies' regions.

S4 is interesting in that it suggests that 'Agrarian Economies', and to a lesser extent 'Consumption Countryside', regions would benefit whilst the 'Diversified' regions would loose out. This scenario has the effect of redistributing development and could give rise to convergence between different types of rural region in the EU.

In summary there is no single future perspective that foresees positive outcomes for all regions under the framework developed in this research. There are however scenarios that may have a balancing affect on regional development and thereby give rise to greater territorial cohesion within the EU. Equally there are scenarios that would give rise to further imbalanced development. These may be considered preferable and policy initiatives put in place to ensure the negative impacts in particular regions are mitigated.

## **6 Implications for Policy to Promote Competitiveness and Cohesion in Rural Europe.**

The evidence provided by the analysis of main drivers of rural change and the framework for rural differentiation underline 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 these administrations. The presentation of a number of selected exemplar regions, intended to portray the scope of regional patterns and development pathways, highlights the micro-scale processes. At a higher level, the typology framework established through the EDORA Cube and the meta-narratives raises our understanding of different perspectives of development in non-urban environments.

All elements of the previous work packages have addressed a number of important policy issues. Following these analyses, different aspects and dimensions of a wide set of policies with significant territorial impacts have been highlighted. This chapter begins a discussion of those elements that are most useful in the elaboration of policies for Territorial Cohesion in a non-urban context. After addressing the policy objectives, the potential for territorial co-operation will be discussed before summarising general aspects for territorial cohesion policies in non-urban regions.

At the time of writing research activity 2.3 is scheduled to continue for several months, and the following sections represent preliminary findings only.

### **6.1 Policy Objectives for territorial Cohesion**

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

Rural development has emerged as a significant policy field and has attracted increasing attention within spatial development policies. Though its focus has diversified from an exclusively agricultural production policy to a more broadly based rural policy, implementation 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, with other policy domains, particularly Regional Policy and Environmental Policy, taking an increasing interest in rural development. As the EDORA typologies illustrate (Section 3), 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).

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. The 'rural challenges' have been addressed by placing special emphasis on enhancing the role of the local level and a focus on 'integrated approaches'. An analysis of the main underlying policy concepts calls for activities beyond the current framework. For example, in addition to structures development, more attention will have to be paid to location, social challenges and environmental issues.

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

Policy implications are discussed in the context of a policy rationale for rural differentiation, drivers of change and emerging 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).

Integrating territorial cohesion in the objectives of the Treaty underlines the 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 ESPD in 1999, Emphasising territorial co-operation 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 co-operation, coordination and partnerships have to be sought. The concept sets out the following aspects as main issues to the debate:

*“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.”*

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, through enabling all regions to fulfil their potential, and by rendering 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 is perceptive in identifying the diversity of the European Union while recognising its position as a focal point for territorial cohesion.

### **6.1.3 Making use of 'territorial capital'**

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 in 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 term "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 set of (seven) capitals used in in these asset-based approaches to rural community development have been extended 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. The most interesting aspect is that it seeks to integrate hard and soft elements and puts the capacity "to convert potential relationality into effective relationality and linkages among economic agents" into the centre of the regional policy schemes, labelling the intermediate classes of the matrix the 'innovative cross' (Camagni 2008, 37). This provides a detailed reference for addressing the inter-relatedness of places, as characterized by the overarching theme of "connexity". The elements amenable for territorial co-operation are core to this structure and are discussed in more detail in section 6.2.

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.

## **6.2 Potential for territorial co-operation**

Camagni's (2008) theoretical taxonomy of the components of territorial capital is helpful in developing a conceptual framework for an analysis of territorial co-operation. Of the nine categories of territorial capital identified within Camagni's Rivalry-Materiality grid, three serve as a useful starting point in considering the potential of territorial co-operation in driving rural development: Co-operation networks, Relational capital and Social capital, and all three can be applied in a rural-rural and rural-urban context.

- Co-operation networks: Strategic alliances in R&D and knowledge; public-private partnerships in services and schemes; governance on land and cultural resources
- Relational capital: Co-operation capability; collective actions capability; collective competencies
- Social capital: Institutions; behavioural models, values; trust, reputation, associationism

In reflecting a shift to what has been dubbed the contemporary paradigm of regional development (Bachtler, 2003), the policy envisaged by the ESDP is that endogenous forces need to be mobilised, in other words that social capital needs to be generated through co-operation (Faludi, 2006), and through rural-urban partnerships. According to Faludi (2006), in this and other respects the ESDP foreshadows territorial cohesion thinking, which is "about ensuring the harmonious development [of the EU] and about making sure that [its] citizens are able to make the most of inherent features of [its] territories". (CEC, 2008). Many of the problems faced by territories cut across sectors and effective solutions require an integrated approach and co-operation between the various authorities and stakeholders involved. As Camagni (2008) argues, as well as regulatory governance, new forms of local governance based on agreements, co-operation and private-public synergy can also perform well, and even better than traditional governance arrangements.

### **6.2.1 Rural-urban co-operation**

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

The potential opportunities of formal rural-urban collaboration include an improved ability to address regional issues; reduced urban-rural polarisation and greater inclusion of multiple stakeholders with diverse interests; useful intelligence of rural concerns and priorities for the urban decision makers; the prospect of rural initiatives being taken seriously by those with power and resources; improved access to resources and support for rural initiatives; increased competitiveness in the global economy; greater ability to address the negative effects of uncontrolled development; and economies of scale for rural initiatives. From an urban perspective, increased capacity may also help revitalise cities, which in turn benefits surrounding regions. To capitalise on these opportunities, synergy is therefore required between strategic (largely but not wholly urban) and very local level (largely but not wholly rural) governance to allow partnerships to be forged, perhaps facilitated in the first instance by national initiatives in a handful of member states.

Constraints to co-operation may be felt in the form of political and cultural differences on both sides which hinder development; exclusion in decision making processes due to a lack of strategic appreciation at the



local level; distrust and competition between rural and urban interests which prove divisive to rural projects; and the dilution of rural interests due to urban influence. These potential barriers to rural-urban co-operation clearly need to be taken into account when developing any test bed for partnership initiatives such as that mentioned above. Further, it would seem crucial that the spatial structures of co-operation initiatives be selected carefully to minimise potential cultural differences and alleviate, as far as possible, the detrimental effects of competition between municipalities and the various levels of governance. This also needs to be balanced with a need to consider interactions at a regional level, between large urban and metropolitan areas and surrounding rural regions; and at a sub-regional level, between small and medium sized towns and surrounding rural locales.

## **6.2.2 Examples of territorial co-operation**

Of course, there are numerous forms of informal urban-rural relationships which are more difficult to both identify and assess the impacts of. These may, for example, manifest through the membership of societies and communities of interest bridging rural and urban areas as well as through social and kinship networks. Ultimately, all forms of rural-urban collaboration have the potential to open up rural economies and societies to new forms of knowledge, ideas, innovation, entrepreneurship, which evidence suggests can help drive rural development and performance in a positive way. This presents potential difficulties for policy in that informal networks are difficult to monitor and integrate into more formal governance structures. Nevertheless, these informal, ad hoc forms of rural-urban (and rural-rural) co-operation may well prove central to the goals of territorial cohesion policy, particularly with respect to allowing citizens 'to make the most of the inherent features of their territories'. These aspects are further explored in an initial attempt to populate Camagni's (2008) three categories of territorial capital with some examples of co-operation drawn from the Exemplar Region reports. This analysis, which aims to capture both rural-urban and rural-rural co-operation, is presented in Table A2 (Appendix 1).

The above findings begin to illustrate the variety of ways that co-operation can manifest itself at local and regional levels. Clearly, programmes such as LEADER have revealed the benefits of co-operation involving the private and civic sectors. The scope for rural-rural co-operation in the form of co-operation networks and through those characterised by elements of strong social capital seems favourable. The analysis reveals less scope, however, for meaningful forms of co-operation based around relational capital, and for rural-urban co-operation, where a sufficient capability and capacity of stakeholders may be lacking, in addition to the political and cultural barriers noted in the previous section. Further analysis of the Exemplar region material, combined with critical reviews of food networks and business networks as vehicles for territorial co-operation - not only within localities and regions but also between member states - will help to shed further light on the potential for territorial co-operation in the context of a differentiated rural Europe.

## **6.3 Synthesis of policy recommendations**

### **6.3.1 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. The policy context is set by the Lisbon 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. 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).

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 co-operation puts a stronger emphasis on the local level (micro-regions). But in other cases functional areas require co-operation on a macro-regional scale (e.g. Baltic Sea area, Danube basin).

### **6.3.2 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.

### **6.3.3 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, co-operation (in various dimensions and with various meanings) and an increased attention for social and cultural development aspects are of special priority.
- Some of these imply a long-term vision of territorial development. 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).

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 Regional Policy is still immature and that realistic integration of policies is still not 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.

## 7 Plan of Research Activity in 2010, and Suggestions for Further Research.

Research activity during 2010 has been concentrated upon Activity 2.25 (Future Perspectives) and 2.31-2 (Policy Implications). During the final months leading up to the delivery of the Final Report effort will be devoted to the further exploration of policy options, both in terms of Cohesion Policy in general, and in terms of opportunities for territorial co-operation.

It is understood that a new version of the Dijkstra-Poelman typology will be published during the coming months. Consideration will be given to the extent to which the new version can be incorporated in the EDORA empirical analysis.

The following are some suggestions for further research:

- Further work on the implications of Climate Change for the rural economy. This is a very broad and rapidly changing, multi-disciplinary, field. A full review, covering the breadth of opportunities (including alternative energy, changes to farming practice, migration etc) would be a more substantial undertaking than was feasible within the budget of this project.
- Further work to develop meaningful and comparable indicators of “soft” forms of territorial capital. This would need to be preceded by systematic comparative analyses of rural regions across Europe, in order to better understand the nature and role of the different forms of capital.
- Further research on spatial impact assessment in a holistic style, with a focus on non-urban/rural issues and context. The evaluation methods currently used in general refer to the sector objectives to which the analysed policies belong. Assessment of territorial effects beyond sector policy objectives perhaps implies a coordinated, or even collaborative evaluation process.
- Further work to flesh out the concept of Connexity, in its various manifestations (relational and organisational space etc.) and with specific reference to aspects which are particularly relevant to rural areas.
- Closely linked to this is the need to formalise the concept of the “network society” and procedures to assess (more objectively) territorial cooperation processes.
- Further elaboration of the concept of multi-level governance from the perspective of local areas, particularly the specificities of the micro level. This would link to some of the aspects of the territorial capital framework that are easily overlooked in a more growth oriented top-down perspective.
- A more empirical issue, which cannot yet be addressed to any great extent through secondary data (due to time-lags in publishing statistics) are patterns of recession impacts in rural areas.

## 8 Conclusions.

Rural development research and policy has struggled for decades to break out of a “sectoral straightjacket”. There has been much talk, over many years, of the need for a genuinely “territorial” approach. There are many reasons why major studies, even today, retreat towards the agrarian birthplace of the discourse. One of these is the difficulty of establishing boundaries, once the old sectoral line has been crossed. This has, of course been an issue for the EDORA research team. The review of the “state of the art”, (Activity 2.21) produced nine working papers spanning many hundreds of pages. The “meta-narrative” approach offers a means of organising this material, illustrating the complex web of inter-relationships between a wide range of “story lines”. However it would be a bold statement to affirm that this review was comprehensive, or to deny that it is in certain aspects superficial. Similarly the empirical analysis reported here (typology, country profiles) will undoubtedly raise many queries in terms of detailed results and outcomes. Nevertheless it is important not to lose sight of the fact that the “EDORA cube” is relatively novel as an attempt to provide a sound empirical foundation for the construction of new generalisations which reflect the realities of twenty-first century rural Europe.

An important “sub-text” in the conceptual review is the importance of local context, resources or assets (many of them “soft”), in determining the capacity to respond positively to ubiquitous meta-narratives of

change. This variable “local capacity” appears to be the principal determinant of differentiation between regions. In the final section of this report this concept is mobilised in a policy context in the form of “asset-based development” and the theory of “territorial capital”. The potential benefit of incorporating these ideas more fully within Cohesion policy is one of the key practical implications of the theoretical findings of the EDORA project.

The EDORA Future Perspectives analysis has suggested that the incremental processes of change represented by the meta-narratives are likely, over the next two decades, to be subject to exogenous “shocks” from the many direct and indirect impacts of climate change. The effects upon, and opportunities available to, rural Europe will depend to a large extent upon the rapidity with which climate change impacts are felt, and the model of economic governance which emerges to structure the response. Foresight techniques have provided a set of alternative scenarios for rural areas in Europe. It is intended that these will be a valuable starting point for a discourse on how climate change impacts, and opportunities might be accommodated in future Cohesion policy.

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## Appendix 1: Additional Tables

**Table A1: Scenario Descriptions**

	<b>S1 (Gradual climate Change with Deregulated Economy)</b>	<b>S2 (Gradual Climate Change with Strongly Regulated Economy)</b>	<b>S3 (Rapid Climate Change with Deregulated Economy)</b>	<b>S4 (Rapid Climate Change with Strongly Regulated Economy)</b>
<b>Governance</b>	Economic systems are largely self-regulated. There is further deregulation of key commodity markets, particularly energy and food. Integration of global manufacturing and services continues. The 'market' decides the allocation of resources.	Economic systems are increasingly regulated by State and international bodies. Key commodities, including energy and water, are largely regulated through binding international agreements. The State controls the allocation of key resources and determines how they are utilised.	Economic systems are largely self-regulated. There is further deregulation of key commodity markets, particularly energy and food. Integration of global manufacturing and services continues. The 'market' decides the allocation of resources.	Economic systems are increasingly regulated by State and international bodies. Key commodities, including energy and water, are largely regulated through binding international agreements. The State controls the allocation of key resources and determines how they are utilised.
<b>Climate</b>	Gradual climate change. Weather patterns are unstable but not to the extent of massively disrupting economic activities or society in general. South, East and Central Europe experience progressive warming and reduced rainfall. North and West Europe experience warming and also increased precipitation.		Rapid climate change. Weather patterns become highly unstable. All areas of Europe experience extreme weather events on a frequent basis. Radical shifts in seasonal weather patterns occur which permanently change productive capacity.	
<b>Energy</b>	Slow transition to a low-carbon economy. Gradual shift in energy composition. Increased private sector investment in wind, wave, solar energy and bio-fuels. Greater public and private research into technological solutions to energy security issues. i.e. hydrogen fuel cells.	Slow transition to a low-carbon economy. Greater emphasis on 'proven' non-fossil fuel derived energy. Nuclear power is the preferred option. Limited development of alternative / renewable energy sector.	Transition to low carbon economy occurs quickly. Significant private market investment in alternative energy technologies. Bio-fuel production competes with food production for resources (land and capital). Significant state expenditure to support development waste to fuel and waste to food systems.	Transition to low carbon economy occurs quickly. Fossil fuel use is prioritised to support food production, particularly tillage crops. Nuclear power is the preferred option. Significant state expenditure to support development of commercial Thermonuclear Fusion Reactors.
<b>Transportation</b>	Rural transport continues to be dominated by private car ownership. Most cars are powered by electricity. Freight transportation continues to depend on fossil fuels.	Rural transport continues to be dominated by private car ownership. Taxes on fossil fuels make private transportation increasingly expensive. Freight transportation continues to depend on fossil fuels.	Rural transport transitions to a hub and spoke model with private transportation used to access, public, transportation hubs. Freight transportation shifts to rail and ferry systems.	Rural transport is increasingly the prevue of community-based schemes. Freight transportation shifts to rail and ferry systems.



	<b>S1 (Gradual climate Change with Deregulated Economy)</b>	<b>S2 (Gradual Climate Change with Strongly Regulated Economy)</b>	<b>S3 (Rapid Climate Change with Deregulated Economy)</b>	<b>S4 (Rapid Climate Change with Strongly Regulated Economy)</b>
<b>International Migration</b>	Targeted migration programmes seek to attract highly educated and skilled labour to the EU.	Increasing restrictions on international migration to the EU.	Significant intake of migrants from countries severely impacted by climate change.	Limited intake of immigrants from outside of the EU.
<b>Internal Migration</b>	Cohort specific migration results in areas with limited territorial capital ageing rapidly. Migration is dominated by East - West and South - North flows.	Migration is limited to the highly educated and skilled. Migration is dominated by East - West and South - North flows. Migration to rural areas is increasingly limited to those who can afford the high costs associated with rural living. i.e. water and transportation	Large-scale migration from East - West and South – North Europe. Internal migration is characterised by younger age cohorts and rural - urban moves.	Large-scale rural – urban flows of younger cohorts. Selective urban – rural, welfare driven, flows of older cohorts particularly in West and North Europe. Rural – rural flows of older cohorts are also evident as those in South and East Europe seek a more benign living environment.
<b>Food security</b>	Self-Reliance. The EU competes in global food markets on the basis of comparative advantage.	Gradual recouping of CAP payments to production to increase self- sufficiency.	Self-Reliance Protein production is increasingly industrialised to maximise input - output efficiency and free up land for bio-fuel production. Animal and rice production is significantly constrained in an effort to reduce green house gas emissions.	Self-sufficiency Radical recouping of CAP payments to production to increase self- sufficiency. Animal and rice production is significantly constrained in an effort to reduce green house gas emissions. Greater emphasis on the development of regional food systems.
<b>Economy</b>	Increased primary sector productivity through application of bio-technologies. Stabilisation of primary sector employment through expansion of alternative enterprises including energy and public goods provision, particularly water management. Decrease in manufacturing employment. Further growth in the services sector, particularly in urban areas. The financial sector is a key economic growth sector.	The primary sector remains productive through increasing economies of scale. Limited growth in the secondary and services sectors. High-risk sectors, finance in particular, are heavily regulated.	Tertiary dominated economy. Primary production characterised by economies of scale. The development of the bio-fuels sector results in further penetration of external capital into rural areas through the accumulation of land by corporations. This development sees greater integration of rural economies with global systems.	Rapid restructuring. Growth of both primary and secondary sector employment relative to the tertiary sector. State controls the management of key resources, particularly energy and capital.

**Table A2: Examples of territorial co-operation from the EDORA Exemplar Regions**

	<b>Rural-Rural</b>	<b>Rural-Urban</b>
<b>Co-operation Networks</b>	<p>N: Three southern municipalities and their civil society organisations began to cooperate with each other, later adding another two municipalities of the neighbouring county. By 1995 they had formed the JURA 2000 partnership and successfully applied to the EU funding programme LEADER.</p> <p>The LEADER approach and the cooperative political style of the county leadership encourage participation in local decision-making beyond the traditional democratic avenues. In this sense local control over resources, projects and policy-making have increased rather than given way to top-down imposed global processes.</p> <p>OS: Market leaders continue to be two large capital groups operating as cooperatives where farmers are the shareholders / members.</p> <p>MS: Two counties that merged had already been cooperating within the framework of a LEADER II partnership since 1994. Partnership was more characterised by co-operation within the public sector but stakeholders in later LEADER projects widened to private and civic sectors. In 2006 a new integrated development strategy for the area was developed which included two public 'regional fora' with over 200 participants.</p> <p>Political leadership, business community and civil society of Mansfeld-Südharz are beginning to actively steer their region's development again.</p> <p>CZ: Appearance of the new producer groups, farming unions and associations in recent years, in which the most active and enterprising farmers participate. Eight agri-tourism associations registered, encompassing a significant part of the region</p> <p>SK: Some communities also purchased their estates from private owners – they remain individual tenants of a community landowner. Crofters have experience of managing their common grazings.</p> <p>Development projects are sponsored by a diversity of organisations. Some of the most important have been in the area of agriculture (specifically horticulture and organics), the LEADER program and various activities promoted by HIE. The LEADER1 programme in the employed community animators who provided a local contact point for the</p>	<p>NY: Much of the 'regional' resourcing of rural areas is determined by a distant, urban-dominated decision making forum.</p> <p>N: Two university branches reinforce institutional ties to Nuremburg and Erding (close to Munich) where the main campuses are located.</p> <p><i>Regional co-operation</i>, i.e. integrating the county more firmly into the Nuremberg metropolitan area, has been another cornerstone of the current county director. Recognising the increasing rural-urban interdependencies the political leadership of Nuremburg and adjacent counties set up a joint 'marketing association' in the 1990s.</p> <p>MS: Local authority sought advice and help from the federal government. Support was made available through a federal trust organisation created for restructuring and privatising former state-owned companies in East Germany. National economic advisers and financial controllers as well as federal and state policy-makers became frequent visitors and medium-term consultants to the Mansfeld area.</p> <p>J: An effective interaction between political institutions, public sector, research and industry is seen to build creative environments for business and people. Collaboration and the establishment of networks between business and the interaction with actors outside the region is seen to strengthen regional competitiveness and is a driver behind the development of society.</p>

	Rural-Rural	Rural-Urban
	community and for the agencies, stimulated and facilitated local development initiatives and provided ongoing assistance for local development projects. The use of community animators in this LEADER programme was considered one of its strengths.	
<b>Relational capital</b>	<p>NY: Farms still generally owned by families or family partnerships.</p> <p>N: Many contradictions and conflicts – e.g. between new and old residents, between declining and thriving economic sectors and between preserving or transforming its traditional rural culture. Local leaders need to be in close contact with interest groups and facilitate open debate and co-operation between them.</p> <p>CZ: Demand for agricultural land exceeds supply, which can lead to conflicts.</p> <p>J: Some of the municipalities in the county are known for being part of the famous “Spirit of Gnosjö”, characterizing the enterprising and networking culture of the region. According to Wigren (2003) the Spirit is known all over Sweden for representing profitable businesses that are privately owned, formal and informal co-operation in networks between owner-managers, helpfulness and solidarity between employers and employees</p> <p>Village action movement is strong and emerged as a reaction to regional disparities and municipal mergers. Today there are about 4500 village action groups engaged in rural development in Sweden. However, they have not been able to develop local food supply chains effectively.</p> <p>SK: Incomers are a source of both hope and suspicion, and a major force for social change. Residents tend to highlight the closeness of their communities and the landscape as features they value most.</p>	<b>T:</b> Tourism development seen as an activity that meets the demands of the urban population and increasing relations between rural - urban.
<b>Social capital</b>	<p>NY: Some local ‘Participative planning’ is in evidence, and cross-sectoral partnerships, but some scepticism about how far the community voice is heard.</p> <p>N: Creating <i>local networks</i> and small scale economic circuits a major theme of REGINA’s development efforts. A construction network of local builders, crafts and suppliers of building materials was formed. This improved competitiveness of the sector and opened up new joint business models and fostered technological innovation.</p> <p>OS: Inhabitants of Kurpie have formed a number of local and regional</p>	<p>OS: The spatial structure of the subregion displays very low internal cohesion. Delimitation of its boundaries appears to be highly incidental and performed solely for statistical purposes.</p> <p>CZ: Significant social activity compared with Poland as a whole. A total 21.3 social associations and organizations per 10,000 inhabitants, while the average for Poland is 18.6. <i>The number of NGOs has increased</i> and an important increase in these terms in the two biggest towns, Zamosc and Chelm.</p> <p>J: Rural policies have come to be more mainstreamed into regional policies.</p>

	<b>Rural-Rural</b>	<b>Rural-Urban</b>
	<p>associations, implementing projects, aimed at promotion of culture and traditions.</p> <p>Z: 'Paths of Heritage' project was created in collaboration between a number of rural municipalities. Local people, institutions and professionals involved throughout. In parallel, a group of local coordinators has been formed gaining experience, knowledge and skills.</p> <p>J: County Councils and County Administrative Boards have noticed an increasing number of citizens engaging in community action.</p> <p>SK: Public sector has been important in development but the fractured nature of efforts is a concern. Resurgence is explained in terms of power being returned to the region, through the establishment of HIDB/HIE, local government reforms, land reform, community development and through discursive power restoring and reaffirming self-esteem and cultural worth.</p> <p>SS: Municipalities may provide services jointly with other municipalities, communities and enterprises. Community participation has long traditions and is involved in local development work through local action groups. Recently the village action movement has also been active in the provision of simpler welfare services in close co-operation with municipalities.</p> <p>T: During the last two decades public programs have promoted entrepreneurship, social capital, networks, strategic planning and local development in new and effective ways (LEADER, PRODER, etc.).</p>	<p>Problems arising in the countryside have gradually come to be solved to a larger extent through active regional development policies.</p> <p>Administrative connections and municipal amalgamations have reinforced direct formal connections between rural and urban areas. This produces a new kind of management style, in which rural issues are more strongly linked up with broader regional development throughout the whole region.</p> <p>Connecting urban with rural areas is seen as a step towards growth in rural areas</p> <p>T: Urban system is based on a network of micro-settlements that, in many cases, are still losing population. This is related to the absence of a true urban network able to structure and functionally organize the territory.</p>

## Appendix 2: Additional Graphs

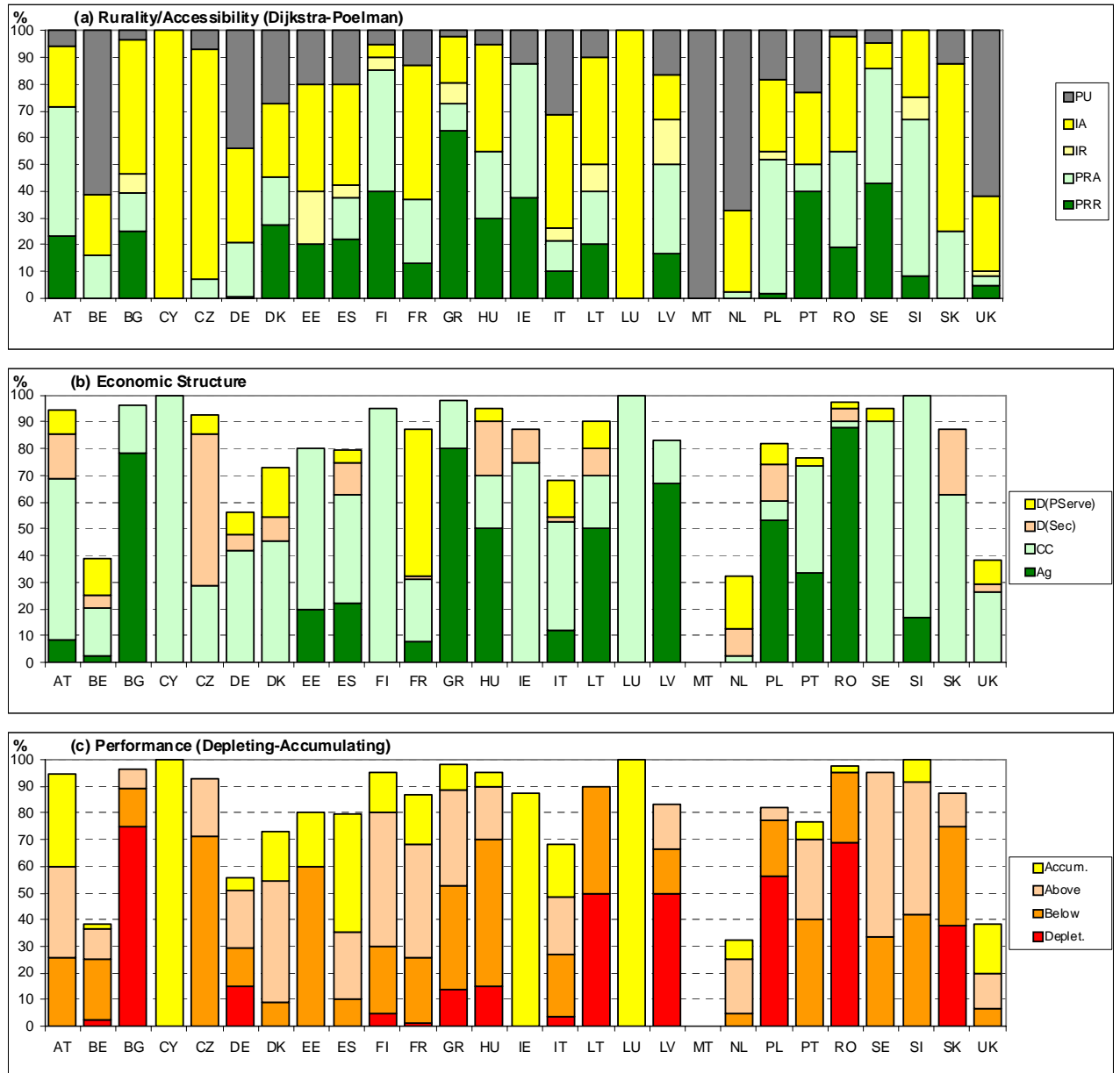
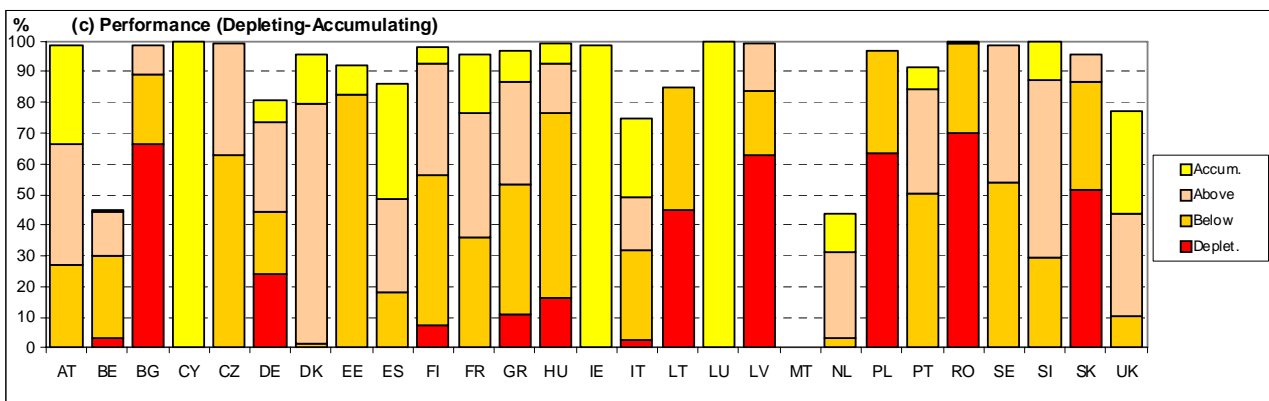
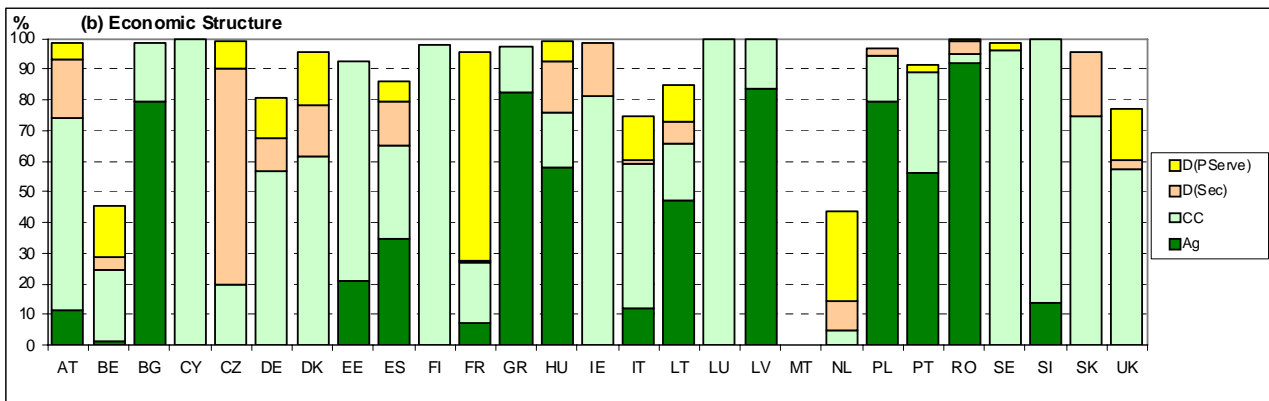
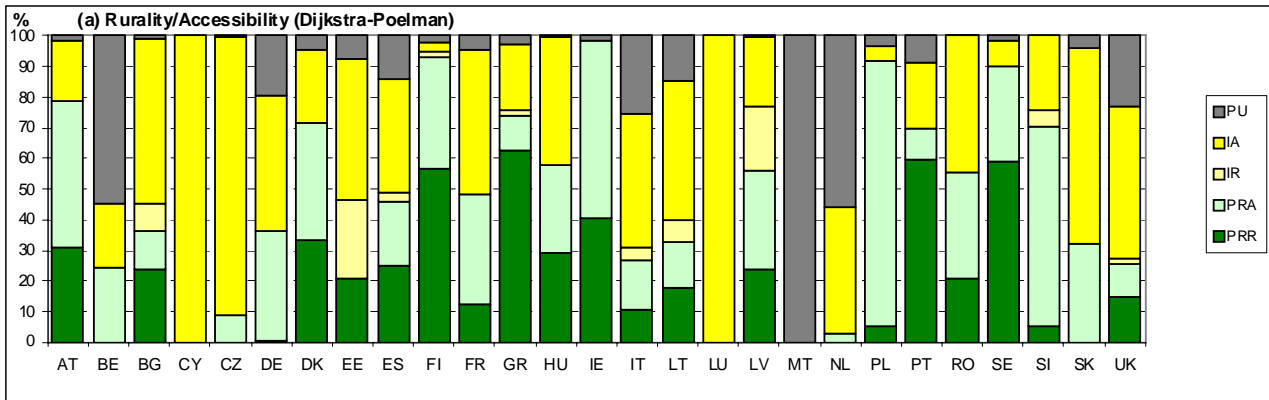


Figure A 1: Distribution of Regions by Typology Class and MS



**Figure A 2: Distribution of Total Area by Typology Class and MS**

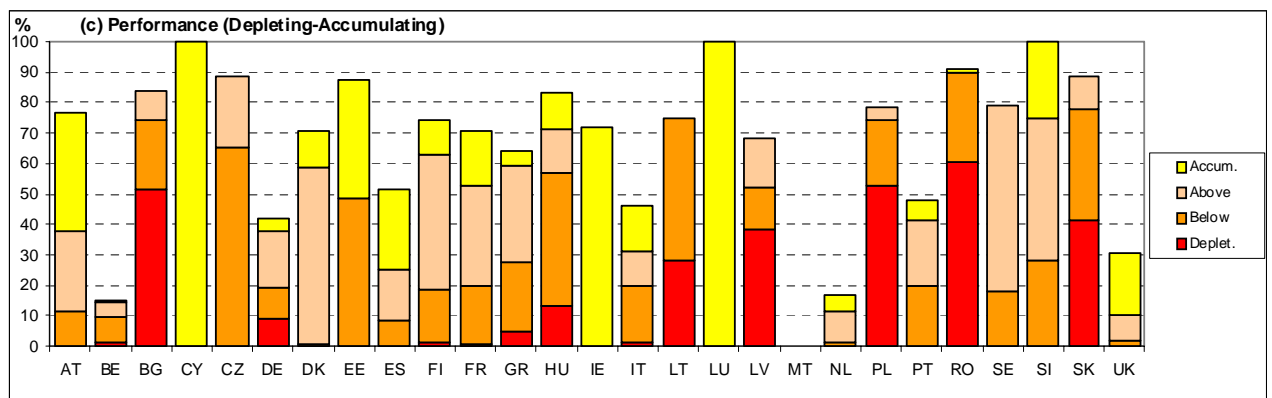
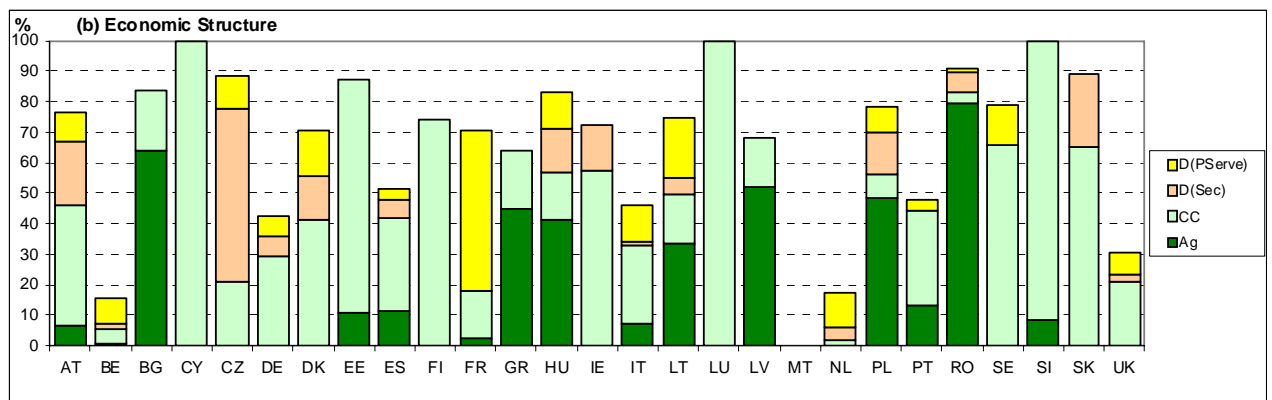
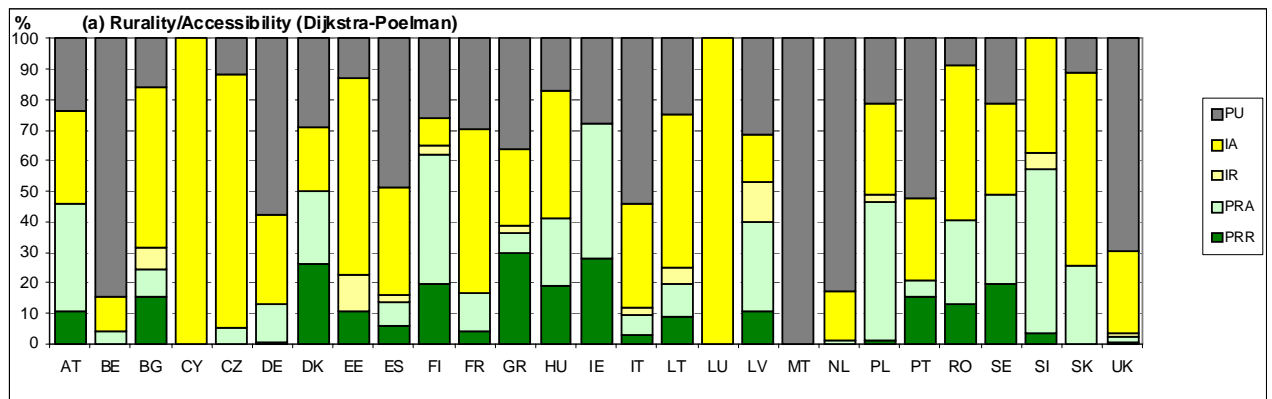


Figure A 3: Distribution of Population by Typology Class and MS

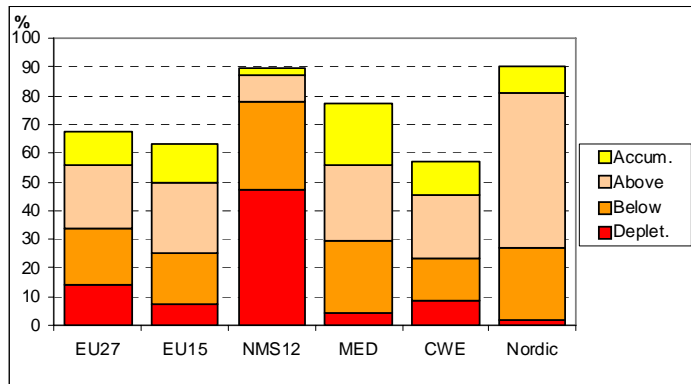
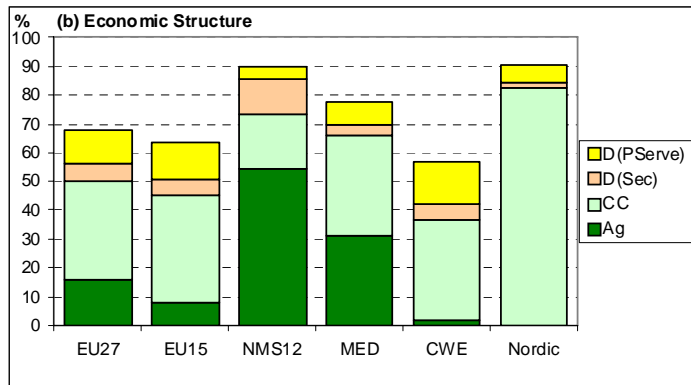
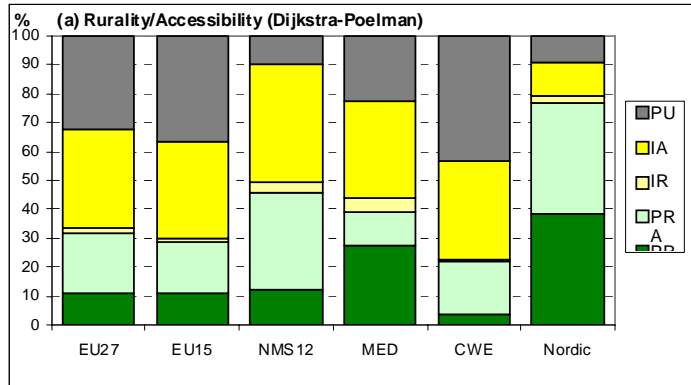


Figure A 4: Distribution of Regions by Typology Class and Macro Region

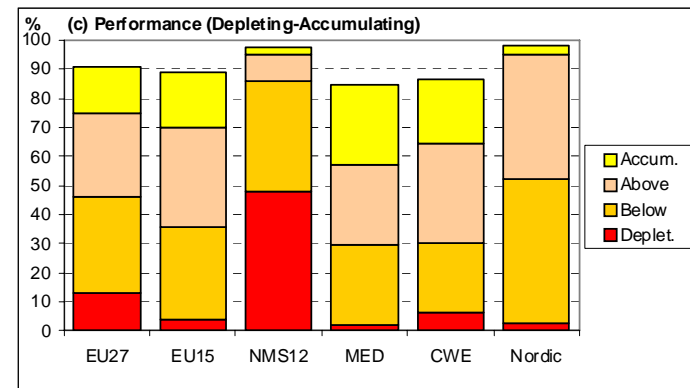
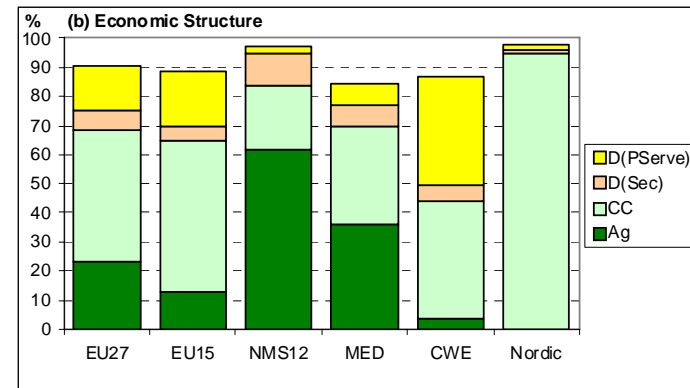
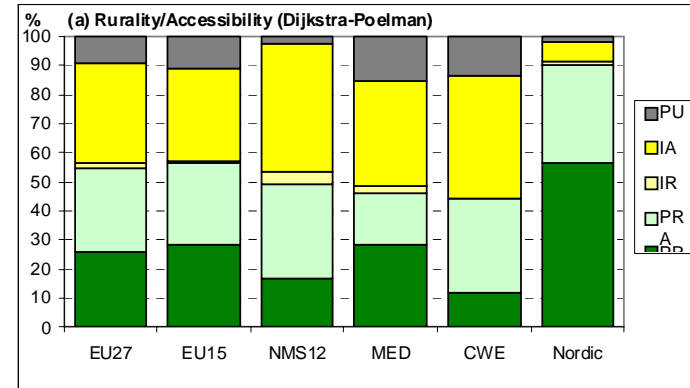
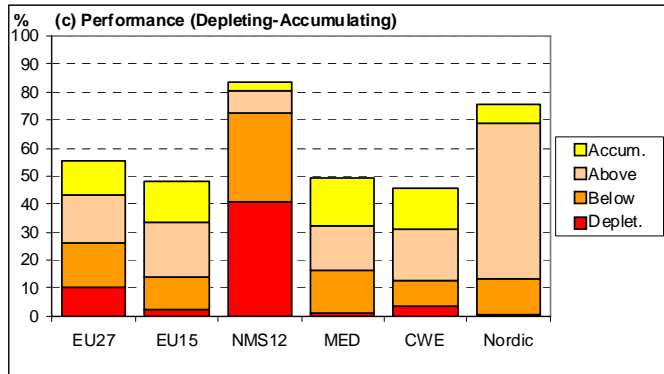
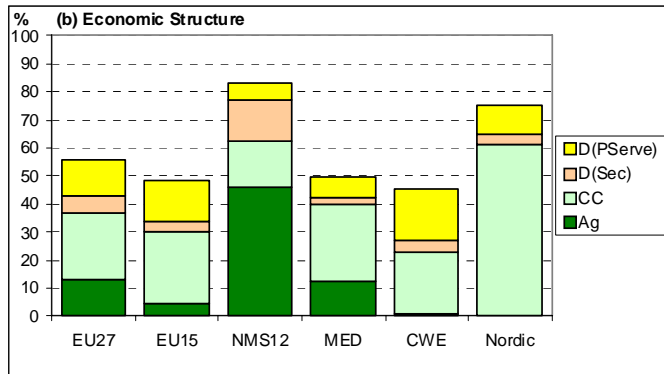
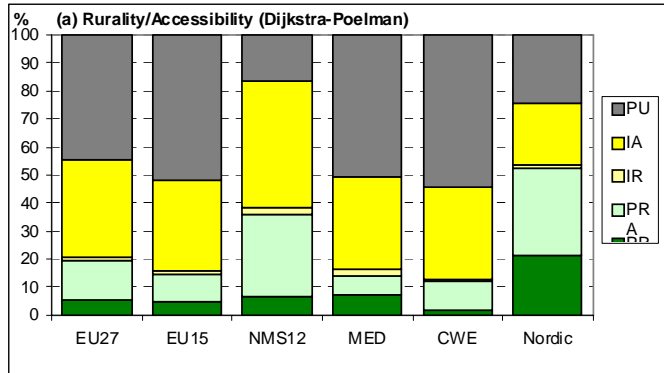


Figure A 5: Distribution of Total Area by Typology Class and Macro Region





**Figure A 6: Distribution of Population by Typology Class and Macro Region**