

EDORA

European Development Opportunities for Rural Areas

Applied Research 2013/1/2

Final Report

Parts A, B and C

August 2011

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The partnership behind the ESPON Programme consists of the EU Commission and the Member States of the EU27, plus Iceland, Liechtenstein, Norway and Switzerland. Each partner is represented in the ESPON Monitoring Committee.

This report does not necessarily reflect the opinion of the members of the Monitoring Committee.

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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 New Member States of Central and Eastern Europe plus Malta and Cyprus
NRE	New Rural Economy
MED	Mediterranean Europe (GR, ES, PT, IT, CY, MT)
MS	Member State
NRP	New Rural Paradigm
PPS	Purchasing Power Standard
PR	Predominantly Rural
PRA	Predominantly Rural Accessible
PRR	Predominantly Rural Remote
PU	Predominantly Urban
SGI	Services of General Interest
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		

Glossary.

Agglomeration economies: - (Otherwise known as “*external economies of scale*”). Cost savings and other benefits (such as a shared labour pool) derived by firms from being in close geographical proximity to other firms with which they do business, supporting institutions etc. It is generally assumed that firms located in centres of economic activity benefit from agglomeration economies, whilst rural businesses do not.

Commodification: Using public goods as a basis for economic activities. In a rural context this could mean, for example, using the landscape or wildlife as a basis for recreation or tourism.

Connexity: - A term conveying the increasing interconnectedness, over greater geographical distances, of many aspects of everyday life, (work, consumer activity, recreation and leisure), business and economic activity, governance, and so on.

Consumption Countryside: - Generally this term is used to describe areas where the rural economy is no longer dominated by the production of food and fibre, but where countryside public goods, environmental or cultural assets, or local quality produce form the basis of “consumption” activities enjoyed by urban visitors, such as leisure, recreation, hospitality, and so on. More specifically, within the EDORA Structural Typology, the term identifies regions in which the primary sector no longer accounts for more than the EU27 average share of GVA, but in which (indicators suggest) countryside and environment public goods still play a strong role in the economy.

Counter-urbanisation: - Migration (usually for lifestyle reasons) out of cities and towns into the countryside; the reverse of urbanisation, which is also continuing to affect other parts of Europe.

Cumulative causation: - A term describing both the self-perpetuating vicious cycle of decline which tends to afflict sparsely populated or remote rural areas, (involving depopulation, declining services and opportunities for economic activity, depletion of social capital etc.) and the reverse “virtuous circle” of growth in areas which, for whatever reason, begin to grow.

Ecological modernisation: - A term to describe the situation where agri-environment policy leads to a “win-win” situation, where changes in farming practices result in both environmental and income benefits.

Embeddedness: - This describes the way in which some firms have a dense network of links to the area in which they are located. The links may be in the form of transactions, or a range of social and informal interactions.

Euclidean space: - Space defined by geographic distance (rather than relationships, as in “relational space”).

Glocalisation: - A term describing a concurrent increase in both localised and global interaction (jumping over intermediate spatial levels).

Innovative Milieu: - A term used to describe a group of dynamic firms, together with the local context, including supporting institutions, governance, labour market, entrepreneurial culture and social capital. The idea is that the milieu is an organic whole which nurtures innovation and entrepreneurship.

Institutional Capacity: - A term for the collective effectiveness and capability of the full range of public sector institutions, organisations and other (governance) actors within a region, as determined by their collective expertise, powers, and their ability to work together.

Institutional Thickness: - A term used to describe close interaction, shared objectives and values, and “mores” between local agencies, institutions and businesses. This is broader than institutional capacity in the sense that it takes in private sector and third sector actors, and places particular emphasis upon shared objectives, values and “ways of doing things”. Thus “institutions” is used in two senses (i.e. actors and “mores”).

Meta-Narrative: A commonly occurring ensemble of “story-lines” of rural change.

Modifiable Areal Unit Problem (MAUP): - A term to describe the fact that spatial patterns shown by statistical maps are very much affected by the size, shape and configuration of the regions for which data is provided.

Multifunctionality: - a similar concept to “Post-Productivist”, but emphasising the idea that farming cannot produce food and fibre without also producing “joint products”, such as environmental and countryside public goods, sustaining local communities and culture. These are “public goods” for which, it is argued, farmers should be compensated. From the 1990s onwards multifunctionality became a justification for continued (production neutral) financial support for agriculture.

Neo-endogenous approaches: - Local development programmes which are essentially “bottom-up”, but which benefit from “top-down” support in the form of advice, guidance, perhaps administrative and technical assistance. The LEADER programmes are often cited as an example.

New Public Management: - A term sometimes used to describe a range of ways in which competitive or “neo-liberal” principles have been introduced into the management of the public sector, with the aim of achieving greater efficiency and cost savings.

New Rural Economy: The outcome of structural change and diversification, away from a dependence upon primary industries, and towards expansion of secondary, and tertiary activities, including high technology industries and market services.

New Rural Paradigm: - A statement about how rural development policy should be carried out, put forward by the OECD, which brings together a range of pre-existing ideas, such as territorial focus, neo-endogenous approaches, partnerships for implementation and so on, to provide an integrated framework.

Pluriactivity: - Multiple job holding (usually by farmers).

Productivist and Post-Productivist: - These terms usually refer to styles of farming or agricultural policy, in a historical sequence Productivist agriculture (and policy) sees its role in terms of maximising output of food and fibre, through technological efficiency, (based on scale and improved structures) and economic competitiveness. Post-productivist agriculture adds other objectives, relating to environment and countryside public goods, diversification, stewardship, cultural and community benefits, and so on. *Para* and *Peri-Productivist* are more specific, descriptive types of farming, both present, in different parts of Europe, today. The former describes large scale agriculture, with a continuing emphasis upon technical efficiency, labour productivity, and economic competitiveness in commodity outputs, but tempered by agri-environment and animal welfare policy/regulation. The latter is characterised by small scale (perhaps family) farming, with a high incidence of pluriactivity, diversification, and multifunctionality.

Regional enlargement: - A process of increasing the size of local government or administrative regions, often justified in terms of extension of functional areas such as commuting zones, but usually with the underlying aim of obtaining economies of scale in service provision.

Relational space: - A term which conveys the idea that increasingly it is the strength of relationship, and the degree of common interest, which determines the value of a link in a network, rather than the geographical distance between the nodes.

Segmented labour markets – this term describes the division of local labour markets into two “layers”, with relatively little movement between them. The upper segment is characterised by high status jobs, with well qualified employees, long contracts and career advancement, while the lower segment has short term, part-time, low paid jobs, few qualifications, insecurity and lack of career advancement potential.

Story-line: An individual facet of rural change, which forms part of a meta-narrative.

The Project State: - A term used to describe the increasing use of transitory partnership arrangements based on short term contracts, awarded on the basis of competitive tendering, to deliver policy at a local level.

Third Sector: - Actors which do not fit into either Public or Private sectors, including voluntary organisations, cooperatives, social enterprises, charities etc.

Untraded interdependencies: non-transaction linkages between firms (including exchange of information and various forms of cooperation).

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Foreword

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”.

EDORA has studied the changes which are taking place in rural areas of Europe, and their increasing diversity, in order to develop a clear and consistent rationale for policy to enhance territorial cohesion. It has attempted to do this from “first principles” beginning with a review of theoretical interpretations of rural change, and an analysis of regional patterns and local processes.

It concludes that such a “rural cohesion policy” is confronted with challenges, opportunities and potentials at two levels:

- Some features vary systematically across the ESPON space. These may be captured by regional indicators and typologies. A notable example is structural change in the rural economy, (as revealed by the EDORA Structural and Performance typologies). It is proposed that this “spatially organised” disparity should be addressed through carefully targeted horizontal policies to stimulate entrepreneurship and economic diversification. This is the **macro-regional level**.
- On the other hand EDORA findings suggest that the “drivers” of most aspects of rural change are essentially ubiquitous, and that increasing spatial differentiation is principally a consequence of **micro-scale** (localised) differences in the capacity to respond. This variation is a function of each region’s unique constellation of assets, both “hard” and “soft” (intangible). At this micro-geographical level the key challenge for rural cohesion policy, in all but the least developed parts of the EU, relates to intangible assets, such as human and social capital, institutional capacity, entrepreneurial culture, and networking of various kinds.

Tailoring the (micro-level) policy response to each region’s potential points to a “neo-endogenous” approach, where local knowledge and commitment is supported by advice and regulation from the EU and National levels. Advocacy of such an approach highlights the pressing need for more appropriate indicators, and regional auditing procedures, to facilitate assessment of intangible assets.

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A: EXECUTIVE SUMMARY

1. Introduction.

The over-arching aim of the EDORA project is to better understand the development opportunities and challenges facing rural areas in Europe, in order to support targeted policy development, especially in relation to job creation and social change. In particular, insights should help with the practical implementation of spatial development principles which have evolved out of the Fifth Cohesion Report, and the Territorial Cohesion Green Paper (EC 2008). 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.

In order to address these issues the EDORA researchers have sought to draw together contemporary academic interpretations of the process of rural change, with the most up-to-date data, so that robust and empirically valid findings can form a firm foundation for a discussion of policy options.

The project was comprised of three broad phases: In the first the *theoretical* literature was reviewed, in order to establish the contemporary interpretation of rural change. In the second a regional *evidence base* was constructed, including both recent trends and anticipated Future Perspectives. In the third and final phase the theoretical interpretations and empirical evidence were considered as a starting point for considering options for rural *policy* in the context of territorial cohesion objectives. These would address macro-scale patterns of differentiation (such as that of economic restructuring) through targeted horizontal programmes, and micro-scale variations in territorial capital through local development initiatives.

2. Towards a Better Understanding of Contemporary Rural Change.

The EDORA review of the literature revealed a large number of “story lines” of rural change. These relate to economic, social, environmental, and policy processes.

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. Ultimately this is driven by long-established globalisation processes, accelerated both by new transport and communication technologies, and by the liberalisation of world trade. The NRE has developed more fully in accessible rural areas, and is closely associated with the demographic process of “counter-urbanisation”, and the associated 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 countryside and environmental public goods, such as landscape, bio-diversity or traditional cultures. Increasingly ways are being found to derive income from these, a process sometimes termed “commodification”. This implies that traditional activities such as family farming and forestry, increasingly become “multifunctional”, as new enterprises, especially recreation and tourism, take place alongside the production of food and fibre. Another, very different “storyline” relates to increasing scale, specialisation, and domination by agribusiness in more productive regions.

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 New Member States (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, “depleting” the human capital in some regions and strengthening capacity for diversification and innovation in others.

Another very important social issue relates to the provision of Services of General Interest (SGI). These are services required by the general population (education, health, social services, and so on¹). The shift away from a “welfare state” ethos towards market based approaches has interacted with the effects of migration, demographic ageing, and the search for economies of scale, to raise a number of critical policy questions in recent years. The circularity of causal links between the provision of SGI and other social and economic trends makes the former a prominent driver in cumulative processes of change, whether spirals of decline or “virtuous circles” of growth.

Structural change in the rural economy is associated with changes in the robustness and capacity of local communities (often referred to as social capital), which are linked in complex ways to rural governance. Handled carefully, governance arrangements may help to enhance the capacity of rural areas to respond to new opportunities for development.

Policy Processes

Key processes of change in a policy context are; “regional enlargement”, (redrawing administrative boundaries in response to changing daily mobility patterns, and as a way to

¹ They are no longer referred to as “public services” because of the increasing involvement of private sector providers.

achieve scale economies in service delivery), and the “hollowing out” of the Welfare State (privatisation of formerly public services). Associated with the latter is the increasing importance of the voluntary sector, devolution of responsibilities to the most appropriate levels (sometimes termed “multi-level governance”), partnership approaches, and the use of fixed-term projects as a vehicle for implementation. This nexus of changes in governance, is leading to the emergence of what has been termed the “Project State”, in which many responsibilities formerly associated with public administration are “contracted out” to private or voluntary bodies, for limited time periods.

Environmental Processes

EDORA has not specifically focused upon environmental change, but a number of socio-economic implications have been noted. For example, one of the thematic reviews considered the 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.

Meta-Narratives and Regional Contexts.

Woven through the contemporary literature of rural change is the “leitmotif” of *Connexity*; the increasing interconnectedness, over longer distances, of all aspects of rural economic and social activity. This means that the strength of linkages/relationships to sources of information, innovation, and business opportunities can, other things being equal, become more important than geographical location or proximity to resources.

Within this overarching theme, three “meta-narratives” of contemporary rural change can help us to understand the complexity and variety of individual development paths. The three meta-narratives are common combinations of the “story-lines” described above. It is helpful to keep in mind the fact that that these meta-narratives are not the overall development paths of individual areas, each of which may experience all three in different combinations. Rather the meta-narratives are a convenient way of simplifying the account of change by grouping together “storylines” which commonly occur together and usually interact in similar ways.

The *Agri-Centric* meta-narrative, draws together various ideas relating to the move away from food and fibre production as the sole focus of farming, towards a more “multifunctional” industry, redirected towards provision of countryside public goods and diversification into a range of new activities, such as food processing, recreation and tourism. Some have used the term “consumption countryside” to describe the kind of rural economy which results from this change. This move from “productivist” to “post-productivist” approaches is paralleled by a change from

agricultural policy supporting modernisation and structural change, to a greater emphasis upon rural development and the role of farmers as custodians of the rural environment.

Not all rural regions have responded to these changes in the same way. Two development paths are commonly observed. Some regions show increasing specialisation, increasing farm size and the increasing importance of agri-business, only moderated by the constraints imposed by agri-environment and animal welfare policy. This has been termed “para-productivism” (Crowley *et al* 2008). Other areas have smaller, diversified farms, and more fully embrace the “commodification” of countryside public goods as a business model. This kind of response is described by Crowley, Walsh and Meredith (op cit) as “peri-productivist”.

The *Rural-Urban* 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 *Globalisation* emphasises the implications of increasing connectivity and global trade liberalisation. These include the spatial segmentation of labour markets, whereby some rural areas have labour markets dominated by low status and poorly paid jobs, whilst urban and peri-urban areas attract higher status well-paid employment. Structural change of European rural areas, especially the declining share of agriculture in the rural economy, and the increasing importance of service sector activities (in both urban and rural areas) are ultimately driven by globalisation. Another aspect is the increasing concentration of economic activity in metropolitan regions, at the expense of peripheral and sparsely populated areas.

The overarching theme of increasing connectivity, and the three meta-narratives, are common vectors of change, which act upon all rural regions within the ESPON space. As such they are (from an individual rural area’s point of view) exogenous. The observed increase in regional diversity across rural Europe can therefore best be explained by (micro scale) differences in the local environment upon which these forces of change operate.

Important aspects of local environments include tangible “hard” factors, such as raw material resources, landscape, physical infrastructure and buildings, and intangible “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. This is a theme to which we will return in Section 6.

3. Macro-Scale Patterns of Rural Differentiation.

The Territorial Cohesion principle of “turning diversity into strength” rightly points towards a focus on the uniqueness of each region, however it would be wrong to ignore those macro-scale patterns which persist. Indeed generalisations are still extremely useful, and it is important that some of the outdated stereotypes about rural areas which seem to lie behind conventional rural development policy are revised or superseded.

In pursuit of a form of generalisation which is more evidence-based the EDORA project developed an “analysis framework” composed of three discrete regional typologies. A single

typology cannot easily encompass the salient aspects of differentiation of rural regions. The so called “EDORA cube” therefore comprises three typologies, reflecting three distinct dimensions of variation (Figure E1).

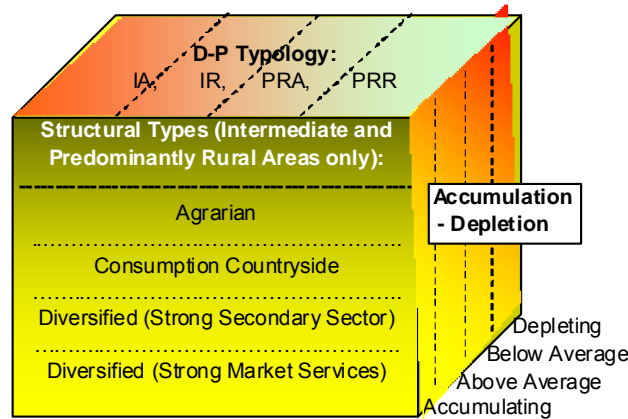


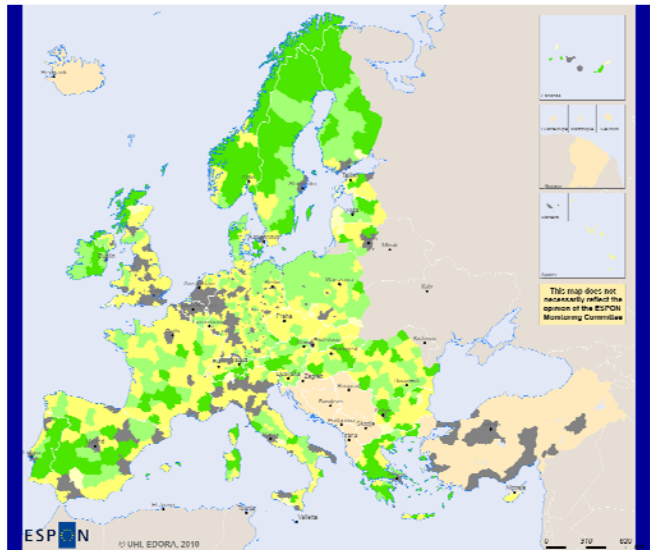
Figure E1: The EDORA Cube – a 3 dimensional framework for analysis

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

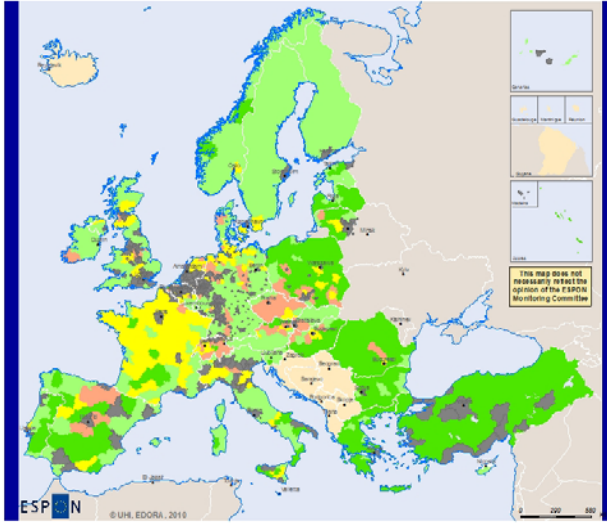
The three typologies attempt to capture the following aspects of rural differentiation:

- (i) *Rurality/accessibility*. This typology relates to the Rural-Urban meta-narrative, and was developed (by Dijkstra and Poelman [2008] at DG Regio) from the OECD typology. Four types of (non-urban) regions are 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”². The performance typology derives its rationale mainly from the Rural-Urban meta-narrative. It is based upon a synthetic index of performance, incorporating 5 indicators. Four types of region are distinguished; Accumulating, Above Average, Below Average, and Depleting.

² The terminology reflects the tendency for poorly performing regions to shed human capital by migration, undermining social capital, whilst causing both built capital and financial assets to drain away. By contrast, strongly performing regions accumulate through migration, whilst expanding economic activity builds up stocks of other assets, tangible and intangible.



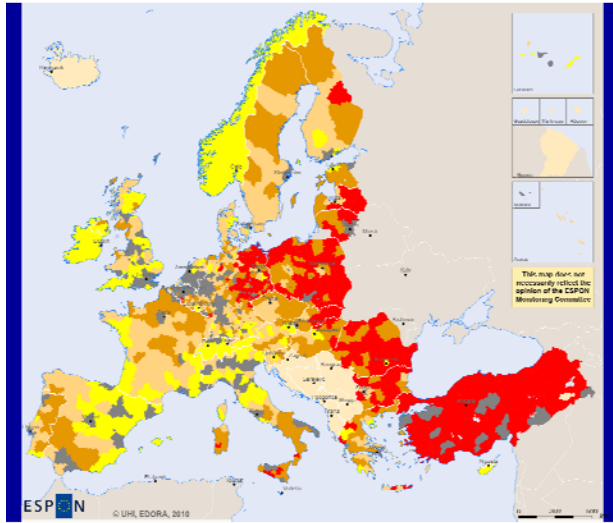
- Urban-Rural Types (NUTS 3 Regions)**
- No Data
 - Predominantly Urban
 - Intermediate Close to a City
 - Intermediate Remote
 - Predominantly Rural Close to a City
 - Predominantly Remote



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.



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 EL27.

Map E1: The Three EDORA Typologies

The three resulting maps are shown (as “snapshots”) in Map E1. They are reproduced in full size in the main text of the Draft Final Report (Part B).

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, at a *macro-regional* scale, which, of course, cannot “do justice” to the wealth of local (*micro-scale*) variation in rural areas across the ESPON space, or to the infinite number of possible combinations of drivers, opportunities and constraints. The latter have been explored through case studies in twelve “Exemplar Regions”, reflecting a wide range of different rural situations.

5. Future Perspectives

The EDORA Future Perspectives exercise adopts a simplified, qualitative, “foresight” approach, comprising a systematic procedure for scenario development, followed by an expert assessment of the likely implications for the four Structural types of non-urban regions.

Scenario construction builds upon earlier phases of the project; viewing the meta-narratives as predominantly incremental processes, into which, during the next decades new, “shocks” will impose themselves, causing more rapid and radical change. Of the range of potential “shocks” which may reasonably be anticipated, 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 (and socio-economic responses) will be manifested. A second shock is the recent Credit Crunch and ongoing Sovereign Debt Crisis. 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 two “external” variables introduced above structure the analysis in the form of two axes which define four quadrants forming the basis of narrative scenarios of change over the coming two decades. The first axis stretches between gradual climate change (and responses) 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.

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 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.

An expert assessment of the implications of the above scenarios for the four Structural types of rural region established that S1 (*Gradual climate change + Deregulated Market Economy*) is the most likely scenario to emerge. There was some degree of consensus that S2 (*Gradual climate change + Highly Regulated Economy*) would result in the greatest benefits to rural regions.

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

The final phase of the project draws some conclusions about policy options. These are principally derived as logical extensions of the conceptual and empirical analysis. Nevertheless it is important to keep sight of the existing framework for Cohesion Policy, and its broad objectives, which derive originally from the Lisbon Agenda (economic competitiveness), the Gothenburg Agenda (environment), and the inclusion of Territorial Cohesion in the Treaty of Lisbon (art. 158). More recently the EU2020 document (EC 2010a) has come to the fore as the context for Cohesion Policy, calling for “smart, sustainable and inclusive growth”. This represents the culmination of a process begun under the ESDP, continued through the “Territorial Agenda” (COPTA 2007) and more fully explored in the Territorial Cohesion Green Paper (EC 2008). 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”.

The conclusions drawn from the conceptual and empirical findings of EDORA suggest that “rural cohesion policy” should operate at two geographic levels; (i) the macro-level³, reflecting persistent systematic variation, as revealed, for example, by the EDORA Structural and Performance typologies, and (ii) the micro-level⁴, addressing aspatial variations in territorial assets which constrain localities’ responses to exogenous drivers of change.

Taking these in turn, we may summarise the main conclusions as follows:

(i) Macro-level:

- (a) Predominantly Rural Remote, Agrarian, and Consumption Countryside regions are likely to present the strongest challenges for Rural Territorial Cohesion policy in the years to come.
- (b) Sectoral Rural Development policy may have some scope for territorial cohesion impacts in Agrarian regions, (and perhaps Consumption Countryside regions), but is much less likely to deliver benefits in Diversified regions.
- (c) Regional typologies could play an important strategic role in the design and implementation of carefully targeted horizontal programmes for rural areas; defining objectives, identifying appropriate forms of intervention for different kinds of context, and perhaps allocating resources.
- (d) The findings of the Structural Typology point to economic diversification of Agrarian regions as one of the key objectives for such targeted horizontal programmes.

(ii) Micro-level:

- (a) Local territorial assets fall into two broad groups. Some are conventional, tangible resources; land, physical resources, access to markets, built capital, transport infrastructure

³ i.e. groups of regions spanning several Member States

⁴ i.e. at a NUTS 3 level or smaller (more homogenous) sub regions.

and so on. Others, such as human and social capital, institutional capacity, or entrepreneurial culture, are “soft”, (intangible, less amenable to quantification).

- (b) Although some of these are subject to broad, macro-scale patterns of variation, the variation of most is “aspatial” and very localised. Intangible assets generally fall into the second category. Intangible assets play a particularly important role in facilitating a rural area’s response to the challenges and opportunities of the New Rural Economy.
- (c) Regional variations in key intangible assets can best be accommodated through a neo-endogenous “local development” approach.
- (d) A precondition for the success of such an approach would be the development of better indicators (perhaps proxies) of intangible assets, and a systematic local/regional auditing procedure which would facilitate “benchmarking” of regions in this respect.

Territorial Cooperation

An aspect of local development which has attracted considerable attention in recent years, (and hence was highlighted by the specification for EDORA), is territorial cooperation, especially between urban and rural areas. This theme is touched upon in a wide variety of contexts and there is a diffuse (academic and policy) literature. From the policy side the revised Territorial Agenda (Salamin 2011) represents an opportunity to establish guidelines for best practice in Territorial Cooperation for the meso (Member State) implementation level.

In this respect the EDORA findings point to the desirability of setting aside the concept of urban areas as the sole drivers and sources growth in regional economies. Rural areas are very much capable of endogenous dynamics. Two particular aspects of the current literature provide promising points of departure for appropriate policy: The literature on rural business networks underlines the importance of “bridging” linkages from rural areas to the wider world as a channel for new knowledge, market information and so on, and “bonding” linkages within a locality or region which facilitate the dissemination of innovation. By contrast, a review of literature on food networks pointed to the benefits of short supply chains and “relocalisation” in terms of retaining value, enhancement of social capital, and environmental benefits. It is possible that the relocalisation paradigm could be applied more generally to rural activities.

The investigation of territorial cooperation once again underlined the importance of an appropriate array of intangible assets as a fundamental precondition of successful local development. However, although there is a substantial body of knowledge about them, it needs to be applied specifically to the issue of rural-urban cooperation before such “soft factors” can gain effective leverage within territorial cohesion policy.

7. Looking ahead

In terms of future research which would extend the “toolbox” of spatial planning, a focus upon local (micro-level) collaborative planning processes to support the kind of Local Development policies recommended by EDORA would be extremely valuable. Components of such a project might include further work on:

- o The development of meaningful and comparable indicators, and systematic auditing procedures to assess regional territorial assets (both tangible and intangible).

- An comparative exploration of best practice in stakeholder engagement and collaborative dialogue, to facilitate the integration of “bottom up” spatial planning within EU policy.

B: REPORT

1 Introduction

The starting point of the EDORA project is the recognition that, rather than becoming more uniform in character, rural Europe is, in many ways, becoming increasingly diverse. This diversity implies both new challenges and changing opportunities. The overarching aim of the project is to examine the process of differentiation, in order to better understand how EU and Member State policy can enable rural areas to build upon their specific potentials to achieve “smart, sustainable and inclusive growth.” As a first step it is very important that we have a clear picture of rural Europe and its various development potentials, at the beginning of the 21st century. The project emphasises the importance of looking beyond the “agrarian” for that potential, since in the majority of European non-urban regions secondary and tertiary activities already play a very important role the local economy. 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.

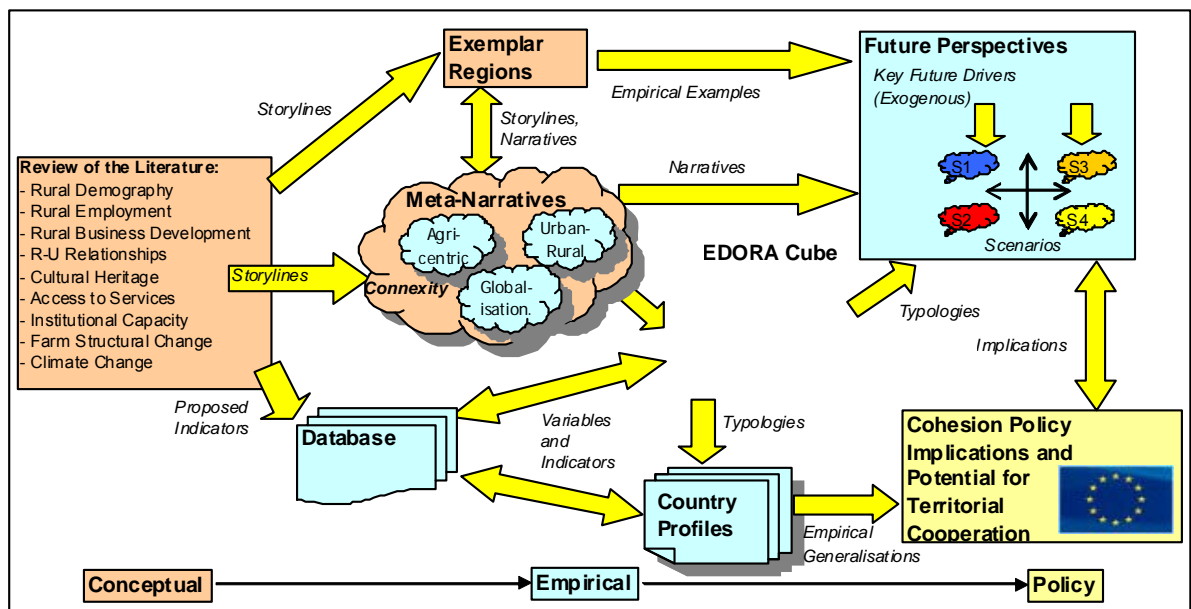


Figure 1: The Structure of the EDORA Project

The structure of the EDORA project (Figure 1) was designed to meet these requirements. The first phase of the project consisted of a literature review in order to establish a conceptual framework for subsequent empirical analysis, and as a basis for a policy rationale. In the second phase the evidence base for rural change was explored, both in terms of large scale patterns, revealed by regional data, and local processes, based upon a case study approach. In addition Future Perspectives for rural Europe were developed and considered. In the third phase of the project the conceptual and empirical findings were considered as a basis for an appropriate rationale for Cohesion Policy for rural areas.

Annex 1 is a compilation of the 28 working papers produced by EDORA. This constitutes the “Scientific Report” required to accompany the Final Report by the project specification.

CONCEPTUAL FRAMEWORK

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, and their subsequent synthesis

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 recognises the fact that all rural areas are in one way or another unique. This should not, however, deter us from making generalisations where they are useful.

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 that such generalisations are accurately representative of contemporary rural Europe.

However it is also 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 3, should not be considered as comprehensive. It would be foolish to affirm that they are the only possible interpretations of such complex phenomena. Nevertheless 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 stereotypes, from a position of influence over policy design which is increasingly difficult to justify.

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 and potentially richer, than quantitative analysis/modelling of indicator data.

The thematic accounts of recent socio-economic trends provided in working papers 1-9 (Annex 1) contain what may be termed “story lines” which 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, it is 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 a helpful way of organising an otherwise bewildering array of information. It is 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.

The research team carried out “state of the art” reviews of scientific literature across nine themes. The associated Working Papers are reproduced in Annex 1 (WP1-9). Key findings are summarised below under five headings; Economic, Social, Policy and Environmental Processes, and Rural-Urban 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”, socio-economic changes which can be observed across a wide range of geographical contexts.
- The second relates to those contexts, 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 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. These styles of farming have been termed (Crowley *et al* 2008) “para productivist” and “peri-productivist” respectively. 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 “commodifying”, 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.

WP2 (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 (2009), 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 depleted⁵.

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 many 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 a competitive ethos, procedures and structures, as a means of promoting efficiency and gaining better value for money. The theories behind this are sometimes known as "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 instead be based upon equity and human rights considerations. In aggregate this translates to the concept of "territorial

⁵ http://www.espon.eu/main/Menu_Projects/Menu_AppliedResearch/demifer.html

equivalence". Another consequence is the increasing role of the **Third Sector** (voluntary organisations, cooperatives, 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 "bottom up" 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 or "New Public Management" approaches 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 OECD’s “New Rural Paradigm”, (NRP) which stresses partnership, programming and local participation has had many positive effects on 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 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 Rural-Urban Relationships

Courtney (2009) *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:

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).

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.

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.

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 cooperating 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, are introduced. In preparation for these it will be helpful to mention an all-pervasive “leitmotif” which runs through all three of the meta-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) point to “the increasingly interconnected world in which we live, ... this provides an overarching context for the changes affecting rural areas of Europe.” The rising complexity and frequency of business and social interactions over ever-more extensive spaces, where the quality of relationships is becoming more important than physical distance, has given rise to various new terms, such as “network society” and “relational space”. Within the context of EDORA we have chosen to use the term “connexity” as a generic shorthand for these concepts.

Whilst increasing “connexity” is observed across a very wide range of phenomena and processes of change, the three “meta-narratives” below are more focused and specific.

2.3.2 Three Important “Meta-Narratives” of Rural Change

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” (agri-environment initiatives which deliver income benefits). 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) introduce some helpful terminology reflecting the widespread notion of polarisation of the farming industry. The two kinds of agriculture 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). Such 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.

The Rural-Urban Meta-Narrative

The Rural-Urban 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 WP1 (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 Rural-Urban 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. These patterns of change are of course, explored in more detail by the ESPON DEMIFER project (DEMIFER 2010), which is currently ongoing.

The Rural-Urban 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*.”

The Meta-Narrative of Global Competition and Capitalist Penetration

At first sight this Meta-Narrative (referred to hereafter as “Globalisation” for convenience) 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.

The “connexity” theme is clearly important as the context 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. ... 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, Cernic and Copus 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.

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 proposed as common vectors of change, which act upon all rural regions within the ESPON space to a greater or lesser extent. 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. They could also be seen as tending towards greater uniformity. The observed increase in regional diversity across rural Europe can only 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” or “intangible” 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 seven forms of capital (financial, built, social, human, natural, cultural, and political). More recently the IAREG Framework 7 project has explored the role of “Intangible Assets” in regional Growth, and Camagni (2008) has provided a theoretical perspective which he has termed “territorial capital”. These ideas seem to offer 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 in the discussion of policy implications in Section 6.

EMPIRICAL EVIDENCE BASE

3 Macro-scale Patterns of Rural Differentiation.

In this section the key findings of the typology construction and country profiling tasks will be summarised. More detailed information is available in Working Papers 24 and 25 (Annex 1).

The importance of challenging stereotypes and refreshing generalisations has already been emphasised in the context of describing processes of change through time (Section 2). It is also

important to consider generalisations which describe spatial patterns. In this section we will be focusing upon macro-scale patterns, through the construction of typologies of NUTS 3 regions. Such large scale, systematic, patterns exist for some aspects of the rural economy and society. Other aspects vary across space in more irregular and unpredictably ways, and these cannot be incorporated macro-scale regional typologies. These will be considered Section 4 in the context of the Exemplar Regions, and in a discussion of micro-level territorial capital, and local development policy, in Section 7.

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 Section 2 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, 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 probably others which we have not described) may be at work, to some extent, in any individual region. The meta-narratives can help us explore the processes of change within individual regions (Section 4). 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. The EDORA typologies are thus an important element of a process of refreshing the (geographical) stereotypes which underlie policy design and implementation. This is the focus of the current section.

The second half of this section 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”.

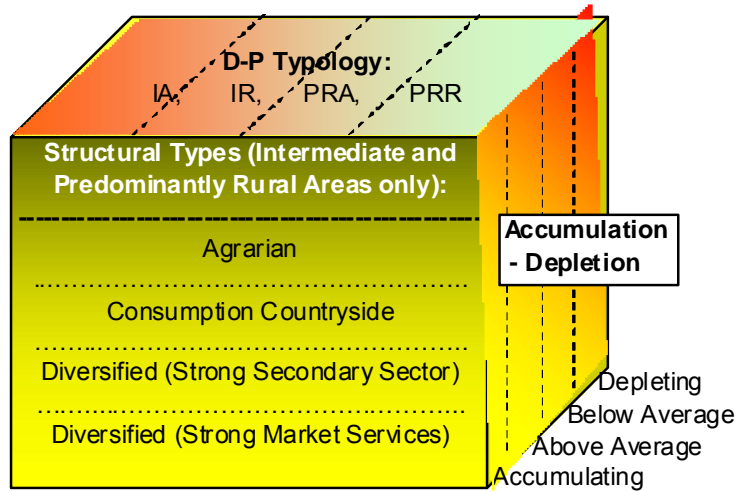


Figure 2: The EDORA Cube – a 3 dimensional framework for analysis

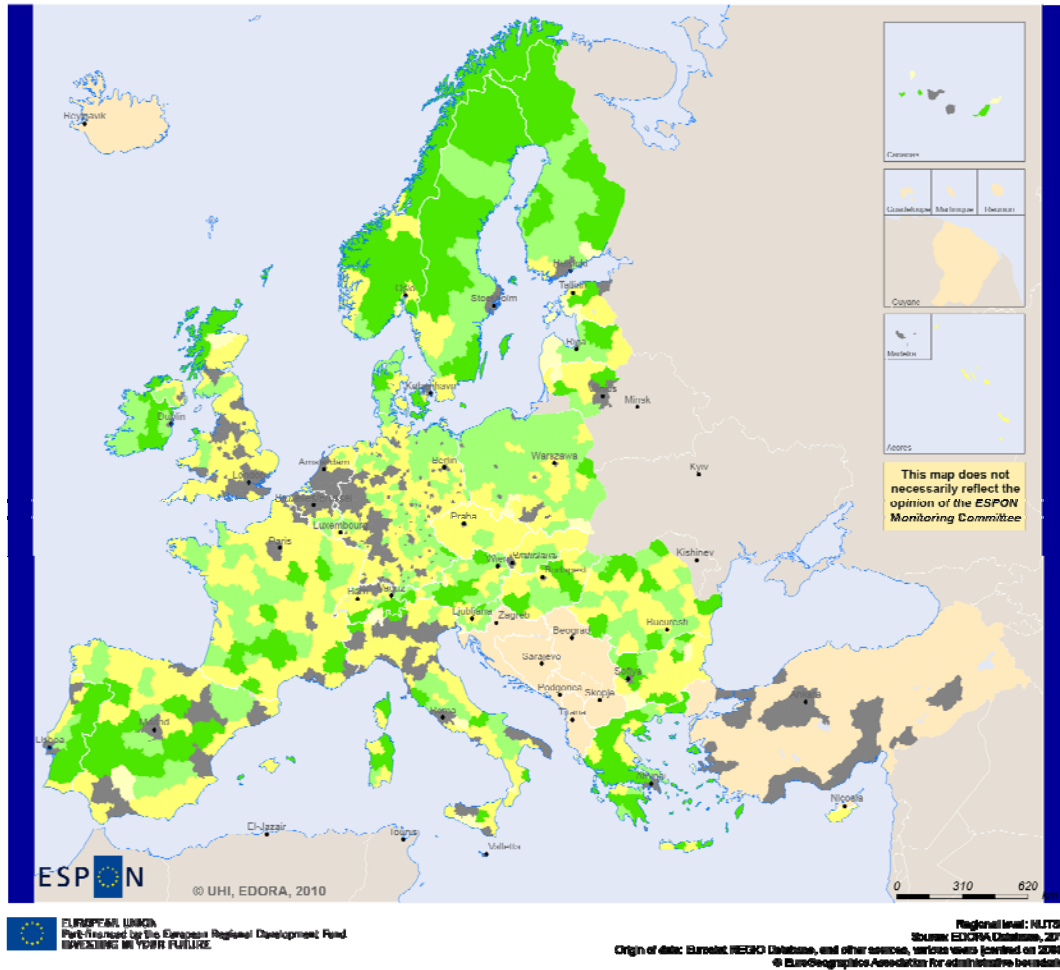
Note: IA = Intermediate Accessible, IR = Intermediate Remote
 PRA= Predominantly Rural Accessible PRR = Predominantly Rural Remote

Unlike most rural typologies (Boehm *et al* 2009, Bengs *et al* 2006) the EDORA cube takes us beyond the issue of rurality, and into the realms of rural economic structure and performance. This is crucial in terms of the usefulness of the framework in supporting policy analysis (Section 7). However it is important to stress the fact that choice of the three dimensions for which typologies were made was substantially constrained by data availability at NUTS 3. Whilst the cube represents an advance, no claim is made that the three typologies reflect all socio-economic characteristics which exhibit systematic macro-scale patterns of differentiation across Europe. In an ideal world, with more balance regional databases there would certainly be a number of issues to explore.

3.2.1 Conceptual Background, Coverage and Methodology.

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 (Dijkstra and Poelman 2008), 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) relates, in broad terms, to the Rural-Urban meta-narrative presented in Section 2. It covers the EU27 plus Norway and Switzerland (see Map 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 full methodology for the D-P typology is described in Dijkstra and Poelman (2008). The first step is to classify all “local units”⁶ within each NUTS 3 region as urban or rural, using a criteria

⁶ These are either LAU 1 or LAU 2 varying between Member State.

of population density of 150 inhabitants per square kilometre. Predominantly Urban (PU) regions are those in which less than 15% live in local units which are rural. Intermediate regions are defined as those in which between 15% and 50% live in rural local units. Predominantly Rural (PR) regions have more than 50% of their population living in rural local units. Each of these three categories are further divided into accessible and remote groups. A region is placed in the accessible group “if more than half of its residents can drive to the centre of a city of at least 50 000 inhabitants within 45 minutes. Conversely, if less than half its population can reach a city within 45 minutes, it is considered remote.” (Ibid p3)

The Structural typology (Map 2) derives its rationale in part from the second and third meta-narratives described in Section 2; 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. A simple and transparent multi-criteria approach is used to sequentially define the four groups of regions:

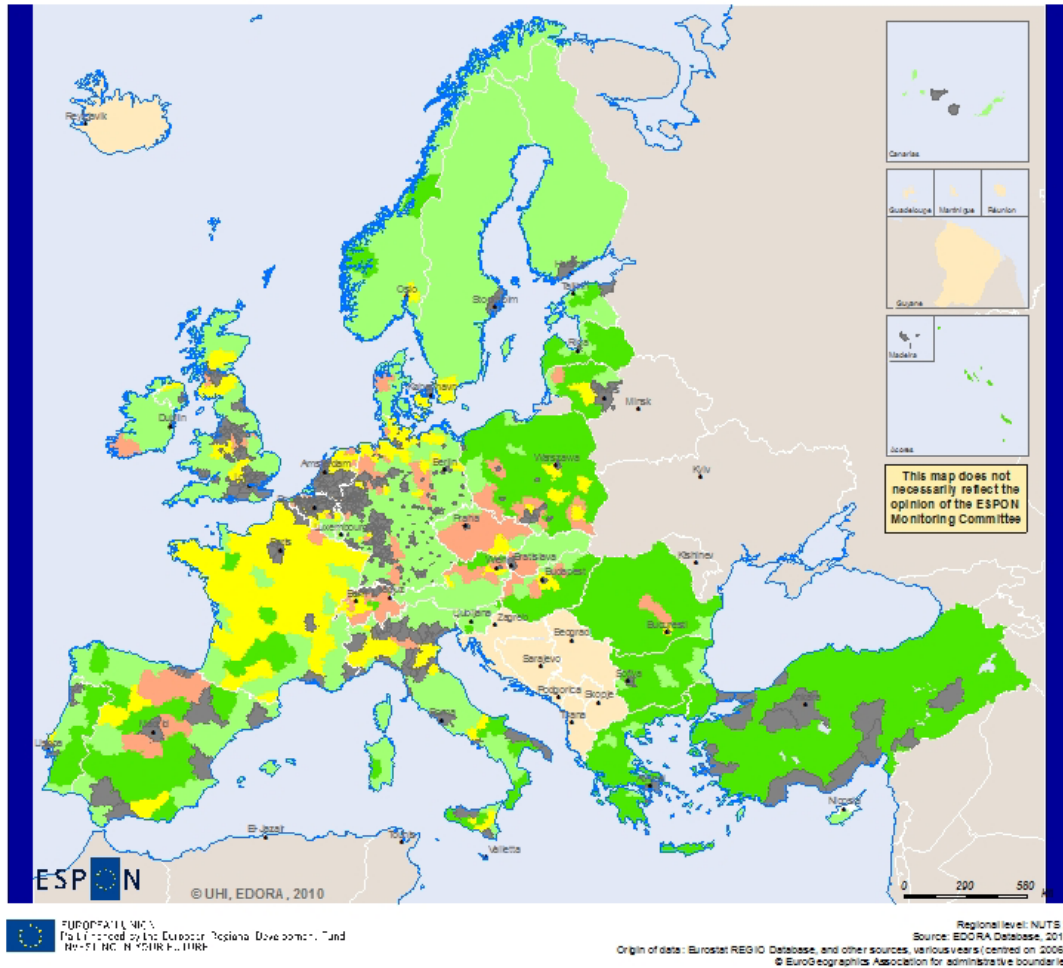
The first type, the *Agrarian regions* is defined as those which exceeded the EU27 average for three indicators; share of GVA derived from the primary sector, share of employment in the primary sector, and agricultural Annual Work Units (AWU) as a percentage of total private sector employment.

The second type, “*Consumption Countryside*”, is defined as those regions in which at least one indicator in two out of three thematic groups exceeded the EU27 average. The three groups of indicators relate to capacity for and intensity of tourism activity, access to natural areas, and the importance of peri-productivist farming styles⁷.

The third type, “*Diversified (Secondary Sector)*” are identified (from the residual after the first two were defined) as those in which GVA from secondary sector activities exceeded that from private services.

The final type “*Diversified (Market Services)*” were the residual after the first three had been defined. In other words they do not have a strong dependence upon agriculture, little evidence of strong “Consumption Countryside” activities, and a larger share of GVA from market services than from the secondary sector.

⁷ There is a small degree of overlap between Agrarian and Consumption Countryside definitions (mainly in the South of Europe). In these cases the regions are placed in the Agrarian group.



Structural Types (Intermediate and Predominantly Rural NUTS 3 Regions)

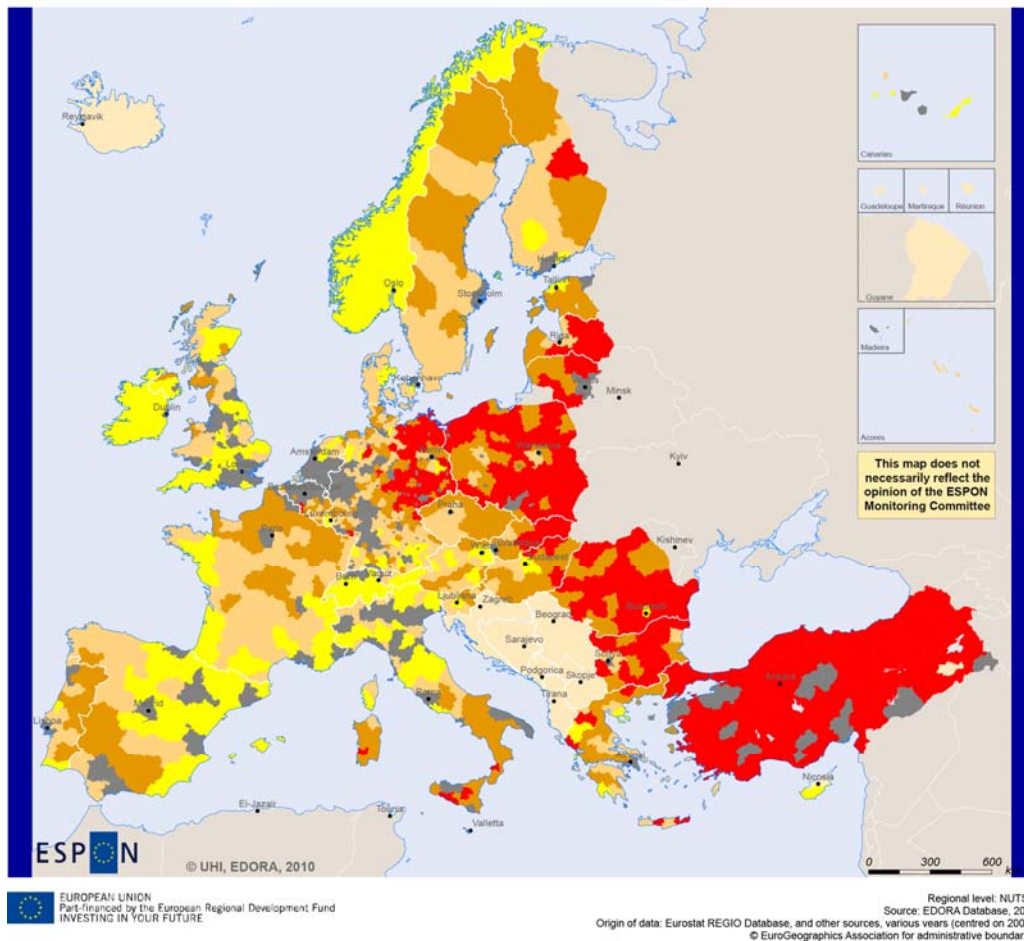
- No Data
- PU Regions
- Agrarian
- Consumption Countryside
- Diversified (Strong Secondary Sector)
- Diversified (Strong Private Services Sector)

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

The third (Performance) typology (Map 3) derives mainly from the Rural-Urban meta-narrative, and places regions on a continuum between “depletion” and “accumulation” of various kinds of capital (human, financial, fixed, and so on). The first step in the classification is to create a synthetic performance indicator, an unweighted average of normalised “Z” scores of five indicators. These are net migration rate, GDP per capita, annual percentage changes in GDP

and employment, and unemployment rate. This continuous variable is then presented in four categories, defined by the EU27 average, and +/- 0.5 Standard Deviations.



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 Structural and Performance typologies cover the EU27, and use a simplified procedure to ensure inclusion of NO, CH and TR. For full details of the methodology see WP24 (Copus and Noguera (2010) Annex1). Maps of key indicators are provided in Appendix 1.

3.2.2 The Patterns Revealed

The geographical distribution of the four Structural types reveals (in very broad-brush terms) a 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. 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, Greece, 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 unlikely to stand once more recent data is available), southern England and 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 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 populations⁸. 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.

3.2.3 Using the “EDORA Cube” to “triangulate” Rural Europe.

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

- 60% of population of Intermediate accessible regions lived in Above Average performing or Accumulating regions
- All other D-P types had a majority of population living in Below Average or Depleting regions
- More than 50% of Agrarian region population lived in Depleting Regions, only 12% in Positive Performance categories.

⁸ For further details see WP 24 (Copus and Noguera 2010 Annex 1)

- More than two-thirds of Consumption Countryside population lives in Positive Performing regions.
- The same is true of the Diversified (market services) regions.
- However only 55% of Diversified (Secondary) population lives in Positive Performing regions.

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 Section 4.4 (Future Perspectives).

3.2.4 Some Initial Conclusions Derived from the Typologies:

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

- To develop broad generalisations (at the macro level) about rural Europe which might helpfully supersede the “stylised fallacies” which have 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 and Policy Implications tasks.

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

- (a) 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.
- (b) 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.
- (c) 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.
- (d) 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 categories 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. More specific implications are reserved for Section 7, where the D-P and Structural typologies are fully incorporated into the discussion of policy options.

3.3 Country Profiles.

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 (qualitative) “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 31⁹ individual country reports (Annex 2). The following brief summary will 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, for further details and methodological information.

3.3.1 Some Broad Patterns of Rural Differentiation

Within the confines of this brief summary it is hoped to convey an impression of WP25 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 WP 25.

(a) Country-level Comparisons

The graph below (Figure 3) provides a clear picture of differentiation between MS in terms of their non-urban regions profile, as reflected by the distribution of GDP¹⁰ 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 degree of rurality (graph a). Contrast, for example, the role of non-urban regions in the Czech Republic or Romania, with that of Belgium or the Netherlands¹¹.

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 Romania, Bulgaria, Greece, Poland, Hungary, Lithuania and Latvia. The importance of Consumption Countryside regions in the MS of Northern Europe is clear. Manufacturing is important in the non-urban regions of Czech Republic, Slovakia and Austria, whilst France is the prime example of a MS in which Market Services play an important role in rural areas. Their importance in Lithuania is more difficult to explain.

⁹ EU27 + NO, CH, IS and LI.

¹⁰ See Appendix 3 for parallel graphs showing distribution of regions, area and population.

¹¹ MT, CY and LU are not good example, since they are comprised of a single NUTS 3 region.

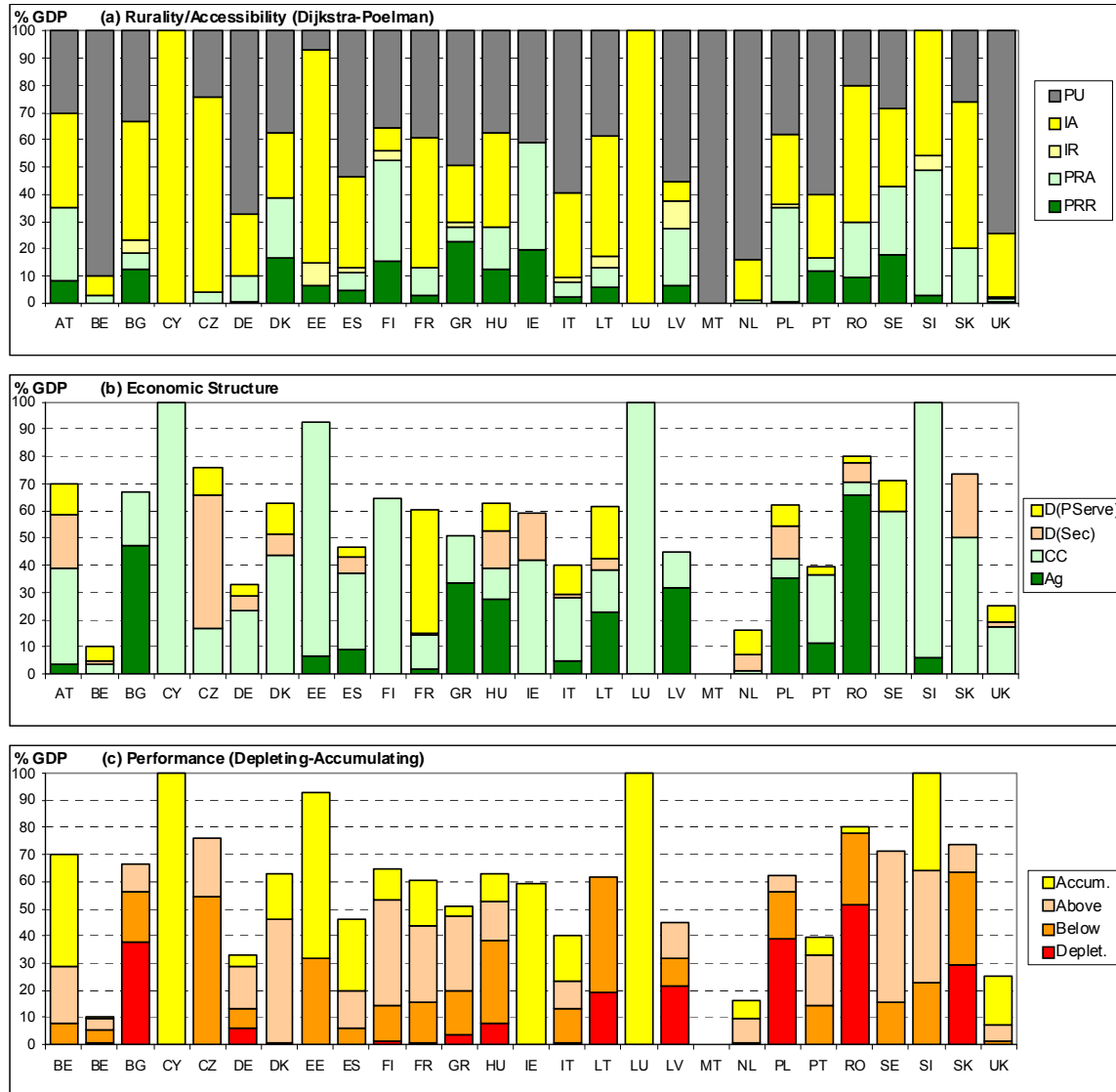


Figure 3: Distribution of Regional GDP (PPS) by Typology Class and MS (EU27 only)¹²

¹² NO, CH and TR excluded, due to GDP data constraints.

(b) Comparisons between European “Meta-Regions”

In order to further illustrate the importance of macro-scale geographic patterns WP25 also presents average results for several groups of EU MS. Figure 4 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)¹³.

Of these “meta-regions” The NMS12 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 group¹⁴.

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.

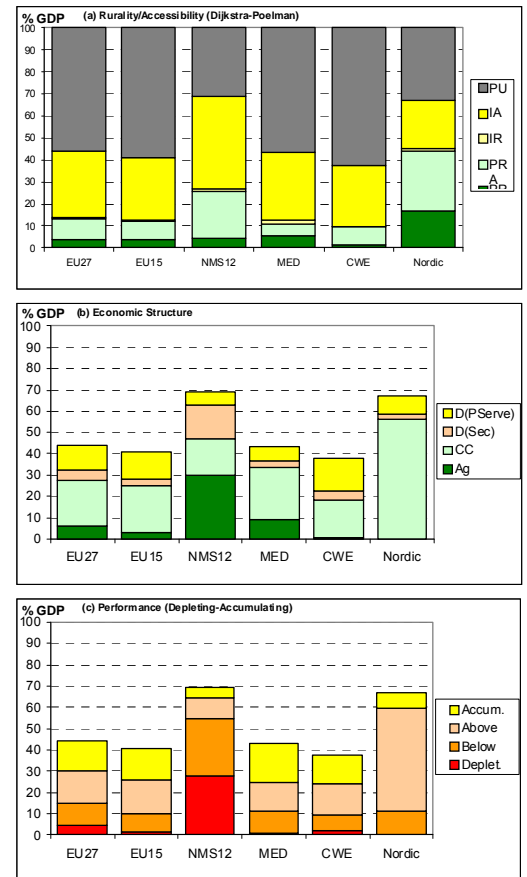


Figure 4: Distribution of Regional GDP (PPS) by Typology Class and Macro Region

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.

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)**.

¹³ For definitions of these groups see WP25.

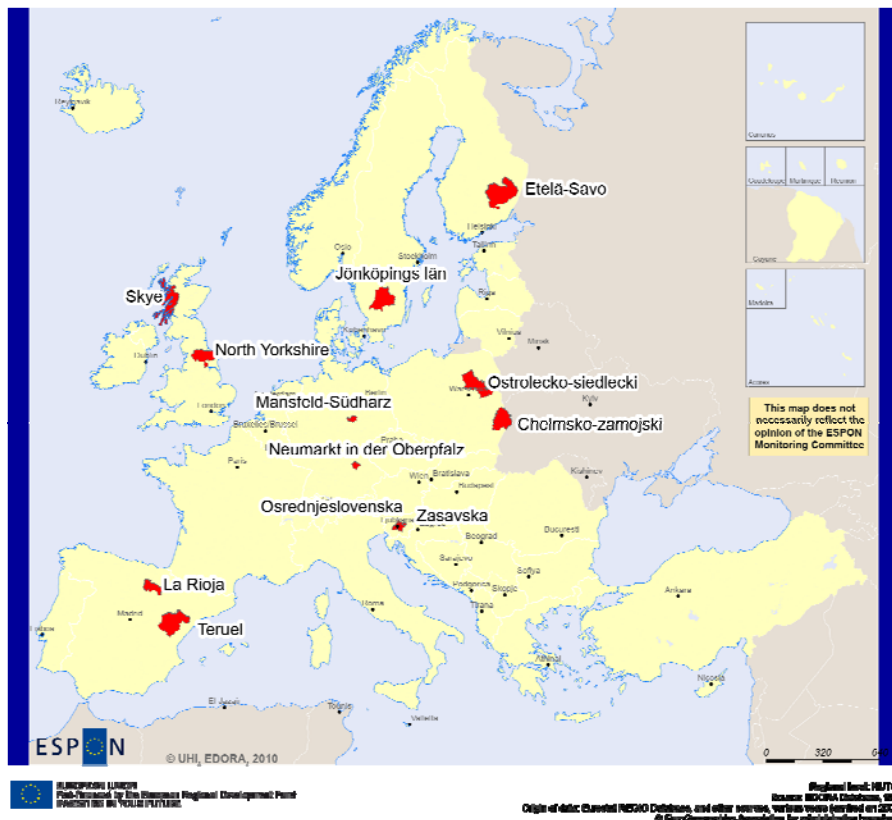
¹⁴ The PRR Group are for obvious reasons more prominent in graphs of share of regions and area (see Appendix 2)

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

This section focuses upon micro-scale processes and differentiation at a local or regional level. It begins by reporting the findings of the “holistic” case study analyses which were carried out in the 12 Exemplar Regions. This is followed by a summary of recent conceptual work on the nature of local “territorial capital”.

The main purpose of the Exemplar Region analyses was to deepen our understanding of the processes of rural change in different contexts. Six EDORA partners were tasked with preparing two exemplar region reports each. 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 (Chelmsko-Zamojski; Ostrolecko-Siedlecki), one for Sweden (Jonkoping), and one for Finland (South Savo).

The Exemplar Region reports are reproduced in full as WP11-22 (Annex 1), whilst Appendix 3 contains summary paragraphs for each region. These highlight both differences between the processes of change in each region, and also identify some common patterns across the groups of regions.



Map 4: The Exemplar Regions

4.1 The Sample of Regions in relation to the Typologies

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.

In two cases (ER5, Mansfeld-Sudharz, and ER10, Chelmsko-Zamojski –) their performance type, as depleting regions, is the 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 (ER7) 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.

	IA	IR	PRA	PRR
Agrarian			9, 10	
Consump. Countryside	7		12	2
Diversified (Secondary)	4, 8			3
Diversified (Mkt. Services)	1, 5		6	11

Note: Performance types 1-2 (accumulating and above average) = Blue, types 3-4 (below average and depleting) = Red.

Figure 5: Distribution of ER Regions by Typology Categories

The example of Osrednjeslovenska region illustrates 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 (ER1), Neumarkt (ER6) and Jonkoping (ER12). 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 (ER5 and ER10) are identified as 'close to city' but the reports suggest that this accessibility has little influence on the development of the rural regions.

Most of the exemplar region reports described more than one development trajectory occurring within their region. For example, the Neumarkt report (ER6) 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 (ER4) 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 (ER1) report and the Jonkoping report (ER12) 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 (ER7) 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 Connexity and the Meta-Narratives

The Rural-Urban narrative has already been mentioned above; the exemplar region reports also provide interesting accounts of the Agri-centric narrative, the Globalisation narrative, and of the overarching theme of connexity, which are discussed in this section.

The Overarching theme of Connexity

The connexity of the exemplar regions has already been discussed in terms of the (geographical) proximity of cities, and in their wider relationships with 'global' capital and capitalist systems. The globalisation narrative was referred to in terms of relationships of trade, but also in 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 (ER3), the 'perfect connections' to national and international markets for Jonkoping (ER12), how new motorways are changing the accessibility of Mansfeld-Sudharz (ER5) and how a new canal, built in 1992, connects Neumarkt (ER6) to national and international freight centres.

The Chelmsko-Zamojski (ER10) report describes a different sort of local business connectivity example: how farms were amalgamating. The Mansfeld-Sudharz case study (ER5) talks about linking the tourism sites that are under development in the region. In Jonkoping (ER12), 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 (ER10) 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 (ER5) has weak relationships across its west-facing border. In South Savo (ER11) the old municipality borders within the new region cause a lack of cooperation on rural developments.

The Agri-centric Meta-Narrative

Some reports emphasise the decreasing importance of agriculture in terms of employment for the overall development trajectory of their region (e.g., North Yorkshire (ER1) and Osrednjeslovenska (ER7)). In the case of Ostrolecko-Siedlecki (ER9) dairying was intensifying and the increase in productive farming was stressed. In La Rioja region (ER4) 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 was conspicuous in North Yorkshire (ER1), Jonkoping (ER12) and Neumarkt (ER6). On the Isle of Skye (ER2), 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.

The agri-centric narrative’s assumption that agriculture has been an important part of the development of all rural areas in Europe is challenged by some ER reports. In the South Savo (ER11) 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 (ER8) and Mansfeld-Sudharz (ER5)), 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.

The Rural-Urban Meta-Narrative

Towns, rather than cities, are important hubs in some of the regions. In Chelmsko- Zamojski (ER10) 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 (ER1) to which many people (including city dwellers) commute for work. The Jonkoping report (ER12) 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 Rural-Urban 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 (ER11) and Chelmsko-Zamojski (ER10). In some cases recent in-migration of young people somewhat redressed this balance (e.g., Teruel (ER3), but in others, such as on Skye (ER2) and North Yorkshire (ER1) 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, such as Skye (ER2), attracted a much more international clientele.

The Globalisation Meta-Narrative

The globalisation narrative is most explicit in the report on La Rioja (ER4). 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 (ER10); Ostrolecko-Siedlecki (ER9); South Savo (ER11)).

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 (ER5) 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 (ER8) which stressed not only the post-industrial decline, but also the legacy of environmentally degraded landscapes. In Ostrolecko-Siedlecki (ER9), 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 Ostrolecko-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 (ER7).

4.3 Other Recurrent themes

Some themes were replicated in almost all the region reports, irrespective of their rurality, structural or performance type. 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 (ER1), 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 (ER6) and Teruel (ER3) 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, 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 (ER12) and how the cooperation between three municipalities and their civil societies led to LEADER funding and actions in Neumarkt (ER6). There were numerous references to cooperation between businesses in the reports, two examples of which are described here. The Jonkoping report (ER12) referred to the 'spirit of Gnosjo' – the local enterprising and network culture – and the Chelmsko-Zamojski case study (ER10) to the new producer groups, farming unions and associations that are forming.

Governance relationships at many scales, from within very local municipalities, to the supra-national 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 (ER3) and South Savo (ER11)). In Mansfeld-Sudharz (ER5), 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 (ER6) 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 (ER2) 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 (ER10) already discussed. The North Yorkshire case study (ER1) and the Jonkoping report (ER12) 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'.

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 (ER4) 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 (ER2) and Teruel (ER3) 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 (ER7), 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 (ER5) and Chelmsko-Zamojski (ER10)). Some reports referred to accession to the EU as a significant event in their development trajectory (see for example South Savo (ER11)). 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 (ER2), and the effects of disease on French vines for the wine industry in La Rioja (ER4), for example.

4.4 Micro-Level Differentiation: - The Roles of Meta-Narratives and Local Territorial Capital.

The Exemplar Region reports provide a series of pen pictures of the empirical reality of recent development and micro-level patterns in different rural contexts across the EU. They illustrate the fact that the meta-narratives, and the patterns revealed by the (macro level) typologies are high level abstractions. Thus, although there are recurrent broad themes, the detailed reality in an individual rural region is a unique outcome of a singular development path, which is a consequence of the interaction between exogenous drivers (associated with the meta-narratives) and the local assemblage of assets and capacities.

In the context of rural development the role of some of these local assets, such as transport and communication infrastructure, appropriate buildings, access to business services and training have long been recognised. More recently there has been increasing awareness of the importance of “soft” or “intangible” assets, such as human or social capital. Nevertheless, much of the theoretical literature relating to “intangible assets” comes from the fields of regional development or entrepreneurship and is (implicitly) urban in its focus. There is a rich and varied lexicon, including “externalities”, “untraded interdependencies”, “associational economy”, “institutional thickness”, “embeddedness”, “innovation systems”, “milieu”...and so on.

There have been some attempts to synthesise, and mobilise, these ideas in a rural policy context. Two of these, the assets-based approach to development (Braithewaite 2009), and Camagni’s (2008) concept of “territorial capital”, were examined in WP26 (Courtney *et al* 2010, Annex 1), in terms of their usefulness for rural cohesion policy, and it will be helpful to introduce them here.

The “assets-based community development” (ABCD) approach was recently summarised by the Carnegie Trust under the heading “Community Capitals Framework”. They stress the importance of seven forms of capital; built, financial, natural, human, social, cultural and institutional (or political). Courtney *et al* (*Ibid*) emphasise that the inclusion of the latter is crucial, but they add that part of the “political asset base” required for successful neo-endogenous rural policy needs to be situated outside the locality, at a regional, national or EU level.








Capital	Definition	Examples and comments.
Financial 	Financial capital plays an important role in the economy, enabling other types of capital to be owned and traded.	The liquid capital accessible to the rural population and business community, and that held by community organisations.
Built 	Fixed assets which facilitate the livelihood or well-being of the community.	Buildings, infrastructure and other fixed assets, whether publically, community or privately owned.
Natural 	Landscape and any stock or flow of energy and (renewable or non-renewable) resources that produces goods and services, (including tourism and recreation).	Water catchments, forests, minerals, fish, wind, wildlife and farm stock.
Social 	Features of social organisation such as networks, norms of trust that facilitate cooperation for mutual benefit. May have "bonding" or "bridging" functions.	Sectoral organisations, business representative associations, social and sports clubs, religious groups. 'Strength' relates to intensity of interaction, not just numbers.
Human 	People's health, knowledge, skills and motivation. Enhancing human capital can be achieved through health services, education and training.	Health levels less variable in an EU context. Education levels very much generational. 'Tacit knowledge' is as important as formal education and training.
Cultural 	Shared attitudes and mores, which shape the way we view the world and what we value.	Perhaps indicated by festivals, or vitality of minority languages. Some aspects - e.g. 'entrepreneurial culture' - closely relate to human and social capital.
Political 	The ability of the community to influence the distribution and use of resources.	Presence of, and engagement in, 'bottom up' initiatives, the most local part of 'multi-level governance'. Relates to local empowerment v. top-down policy, globalisation.

Figure 6: The Seven forms of Capital recognised by Asset Based Community Development.

Source: Based on Braithewaite 2009

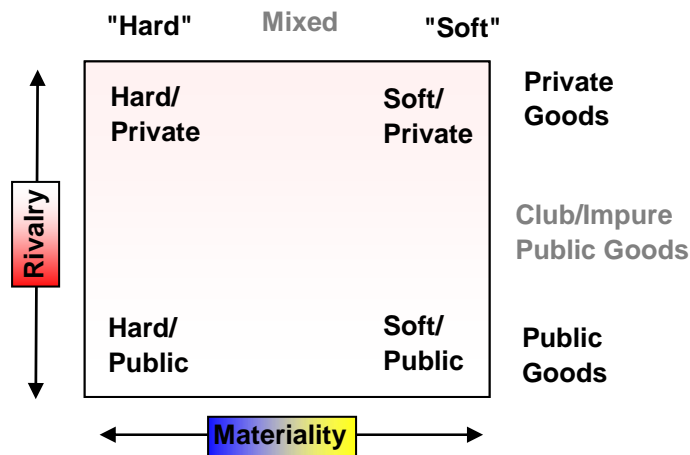


Figure 7: Territorial Capital

Source: Based on Camagni 2008

The Camagni presentation of territorial capital is extremely helpful because it pulls together, in a coherent and systematic framework, a broad spectrum of different kinds of tangible and

intangible assets, showing how they relate to two dimensions; “materiality” and “rivalry” (for a more detailed description see Courtney *et al* 2010 p5). Examples of rural territorial assets on the left (hard) side of the diagram would include farm buildings and machinery, transport infrastructure and so on. The former are private goods, and would therefore occupy the top left corner, whilst the latter are “non-excludable” and would be in the bottom left corner. On the right (soft) side human capital assets would occupy the top right (private) quadrant, whilst social capital would be located at the bottom right, being public goods. Agri-environment public goods would also be located in the bottom right corner.

A third approach has recently emerged in the findings of the EU Framework 7 IAREG project (Suriñach *et al* 2010). Once again, this does not specifically take rural conditions into account. Nevertheless it has much to offer in terms of drawing together a wide range of different kinds of “soft factor”, and especially in terms of considering ways to measure such phenomena in an operational way, and reviewing potential regional and national indicators.

Figure 8 is an attempt to provide a simple summary of the way in which EDORA researchers conceive the process of “micro-level differentiation” of rural areas across Europe. The meta-narratives of rural change are more or less uniform across ESPON space, and act as exogenous drivers. Their impact is mediated by each rural area’s unique assemblage of territorial capital, with the result that local consequences are highly individual, and micro-level patterns exhibit strong differentiation.

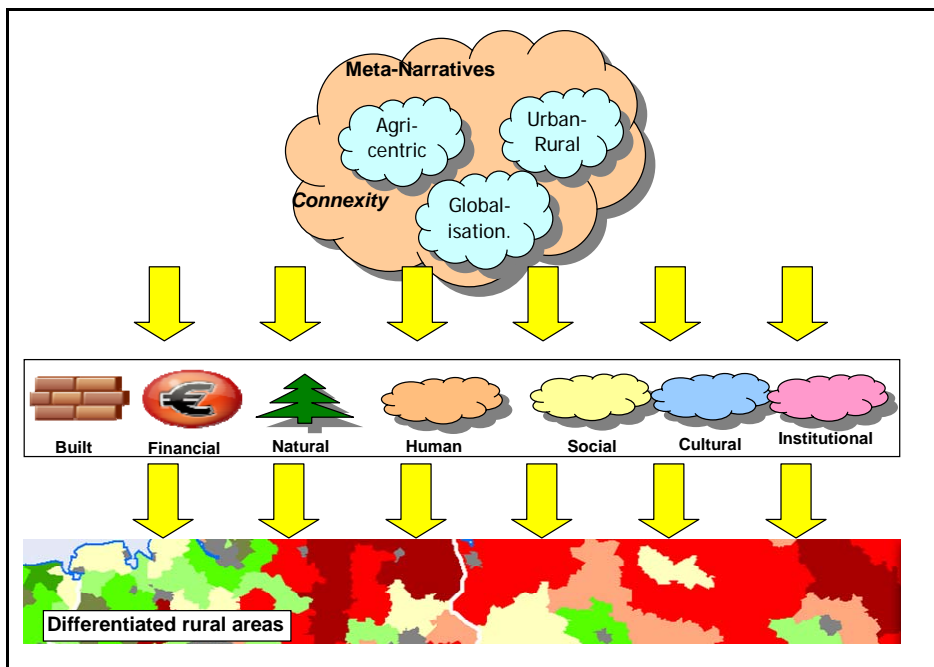


Figure 8: Schematic Representation of Micro-Scale process of rural differentiation

The exogenous drivers (meta-narratives) are the consequence of deeply-rooted global socio-economic trends which may be considered effectively immutable (in terms of policy intervention). The main “levers” for policy are therefore in the realm of territorial capital. In the

past rural policy has tended to support the more tangible forms of capital, on the left hand side of Figure 8. However as the Exemplar Regions have shown, (together with the review of urban-rural cooperation presented in Section 6), it is important to consider the full range of types of territorial capital. Whilst in some peripheral regions, and in certain New Member States, deficiencies in tangible infrastructure are still a major constraint, in the context of the North and West of Europe soft factors associated with human and social capital seem to be very important as determinants of performance.

5 The Future for Rural Areas of Europe.

This section presents a summary of a foresight exercise considering the future opportunities and constraints likely to confront rural areas of different kinds during the next two decades. Further detail can be found in WP26 (Meredith *et al* 2010 Annex 1).

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. The approach incorporates a systematic procedure for scenario development, followed by an expert assessment of the likely implications for the four Structural types on non-urban regions.

5.1 The Foresight Framework

This framework builds upon the work of the earlier phases of the project; viewing the meta-narratives of recent and contemporary change as ongoing incremental processes, into which, during the next two decades “shocks” will impose themselves, causing more rapid and radical change.

1. The most influential “shock” is likely to be Climate Change; or rather the impact of society’s response to it.
2. A second factor is defined by the nature of the policy response to three ongoing rural crises;
 - the long-term continual decline of agriculture, forestry, fishing and traditional manufacturing,
 - the recent impacts of the global economic crisis on rural industry and employment, and,
 - the implications of new approaches to policy design and delivery for rural regions.

In relation to all three of these issues it is possible to imagine policy responses ranging from high to low levels of state intervention in, or regulation of, economic activity.

These two variables structure the analysis, forming two axes defining a range of possible outcomes (Figure 9). The first axis stretches between immediate responses to the potential challenges posed by climate change and delayed responses. The second axis ranges from low to high levels of public (State/EU) investment. Clearly the two axes are not entirely independent of each other, low levels of public investment are more likely if the climate change is gradual, whilst a greater sense of urgency about climate change is likely to spur Member States and international agencies into more “top-down” responses. The two axes define four quadrants which then form the basis of four narrative scenarios of change over the coming two decades.

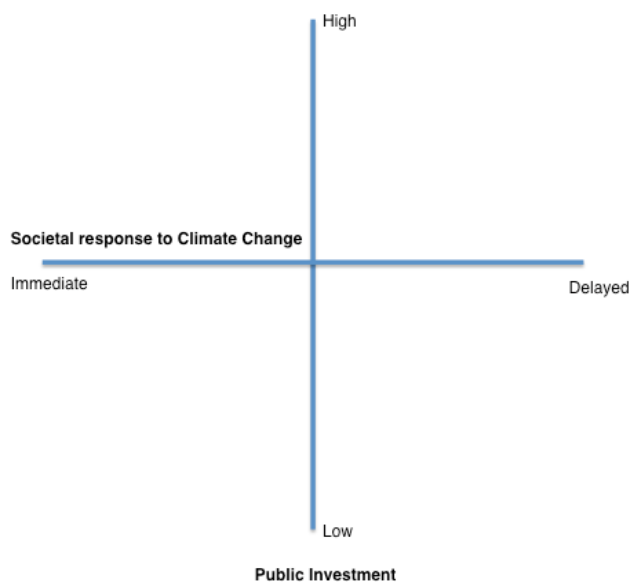


Figure 9: Axes of Future Change: Climate Change and Economic Model

Each scenario not only reflects the uncertainties related to the implications and impacts of dealing with climate change but also more immediate economic realities. When the recession currently affecting many member states is over, rural regions will not simply re-emerge into the pre-financial crisis world, but will instead be confronted by global, regional and local economies that have restructured. The associated challenges - diminished markets for some goods or increased competition from other global regions - will be overlaid with the need to respond to initiatives designed to mitigate or adapt to climate change. In line with this framework four different climatic and governance environments provide the basis of each scenario. These are:

- **S1:** gradual response to climate change - low levels of State/EU supports (divestment).
- **S2:** gradual response to climate change - high levels of State/EU supports (investment).
- **S3:** rapid response to climate change - low levels of State/EU supports (divestment).
- **S4:** rapid response to climate change - high levels of State/EU supports (investment).

Each of these Scenarios is briefly summarised below. More detailed descriptions and explanations are to be found in WP26 (Meredith *et al* 2010, Annex 1).

Scenario 1: Gradual response to climate change combined with limited state/EU support

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 above) would continue. The benefits associated with the emergence of energy crops and associated industries are highly heterogeneous. Manufacturing activities are increasingly concentrated on research, design and development rather than production resulting in significant job losses in this sector. These developments would probably be associated with a continued increase in regional differentiation.

Scenario 2: Gradual response to climate change combined with high levels of state/EU supports.

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. What capital is available is derived from public sources or leveraged on private markets using State backed guarantees. The gradual response to climate change means that irregular extreme weather events have 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. Much greater consideration is given to geo-engineered solutions to global warming despite the irreversibility of measures. 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 response to climate change combined with low levels of state/EU investment.

The period from 2010 to 2030 sees an accelerated response to the challenges associated with climate change that severely disrupts established patterns of social and economic activity. 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. 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 response to climate change combined with high levels of state/EU supports.

The social, economic and environmental challenges resulting from 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. 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 focussed upon sustainability. The shift in favour of the tertiary sector activities slows or is reversed.

5.2 Implications for Rural Regions

An assessment of the implications of the scenarios outlined above was undertaken using a participatory approach with a small expert panel. It is important to stress at this point that the objective of this exercise was not, of course, to identify a 'right' or 'correct' scenario. The scenarios offer four alternative perspectives of the future for the four regional types identified in the EDORA typology. The expert assessments of the spatial implications of these scenarios varied, reflecting differences in the individual perspectives of the evaluators, informed by their personal milieu and lifetime experiences. The summary below provides a broad impression of the findings only. Detailed results are provided in Meredith (2010) *op cit*.

This exercise focused on the following three questions:

1. Which of the scenarios are more likely and which less likely to be realised?
2. Which of the Scenarios is likely to be negative in its impact on rural regions in general, and which is likely to be positive?
3. What are the likely differential impacts upon the four Structural Types of non-urban regions (as described in section 3.2)?

The following account of the four scenarios attempts to combine the answers to all three questions:

There was clear agreement among the experts that Scenario 1 is the most likely to be fulfilled. This scenario sees three of the four structural region types benefiting from the developments associated with this perspective. 'Agrarian Economies' is the exception. If this scenario accurately reflects the most likely development trajectories of the coming years then there will clearly be a need for territorial cohesion policy measures targeted at 'Agrarian Economies' regions.

Scenario 2 was the second most likely to be realised. This scenario has, with the exception of Diversified (Secondary Sector) regions, negative implications for all region types. In this respect it may, 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 effect associated with this scenario. However, this seems unlikely given that the consequences of negative impacts on development would not be experienced in the same way in different types of region. This gives rise to a second issue: Given the move to a more regulated market envisaged in this scenario it is possible that there would be greater demands on national and supra-national regulators to guide 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.

Scenario 3 presents an alternative view with the 'Diversified' regions benefitting whilst Agrarian and 'Consumption Countryside' regions experience negative impacts. This may well have a redistributive effect. In this instance it implies a 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 this scenario 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.

Scenario 4 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 effect on regional development and thereby give rise to greater territorial cohesion within the EU. Equally there are scenarios that would give rise to further unbalanced development.

POLICY OPTIONS

6 Territorial Cooperation, and its Potential to Strengthen Cohesion.

This section summarises the findings of the assessment of Territorial Cooperation, and its potential to strengthen cohesion. This was a specific requirement of the EDORA Technical Specification, and thus warrants a separate section. More detailed information may be found in WP26 (Courtney *et al* 2010, Annex 1). This section marks the transition from the empirical phase of the project to the final, policy options, phase. Territorial cooperation is mainly carried out within the micro-scale (local/regional) context, and in this sense the following discussion builds upon and extends that of Section 4.

6.1 A Popular but Ambiguous Concept.

The concept of “territorial cooperation” is a recurrent one in the policy literature, both in the context of Rural Development (where it specifically refers to rural-urban relationships) and in the broader Cohesion and Structural Fund context¹⁵. In a more theoretical sense it is an important feature of the spatial planning literature, including the ESDP, and the discourse on polycentricity. It has been considered by two previous ESPON projects (1.1.2, Bengs *et al* (2006 and 1.4.1, Schneidewind *et al* 2006), It remains, however, a very flexible, poorly specified, term. Thus Courtney *et al* (op. cit. p28) state: “Despite being a crucial and central aspect to much of the EUs cohesion policy, the concept of territorial cooperation has remained ambiguous, with policy interventions lacking clarity and direction, particularly in a rural

¹⁵ Hopefully the newly commissioned ESPON 2013 project TERCO will provide much of the needed clarity. http://www.espon.eu/main/Menu_Projects/Menu_AppliedResearch/terco.html

development context.” The first task of the EDORA researchers was therefore to identify and classify the variety of forms which territorial cooperation may take.

As formal structures within the 2007-13 Cohesion Policy programme, 52 cross-border and 13 transnational initiatives may be classified into three types of territorial cooperation: Cross-border, Interregional, and Transnational. However such a classification neither gives any impression of the variety of kinds of activity which lies behind the term, nor acknowledges the existence of a plethora of both policy initiatives (at EU, national and regional levels) and “spontaneous/functional” interactions, which lie outside Cohesion policy *per se*. In order to provide an overview of such phenomena, a review was carried out, structured around three sources:

- (i) The Exemplar Region reports.
- (ii) The literature on business networks (Belo Moreira *et al* 2010, WP3 Annex 1).
- (iii) The literature relating to food networks.

(i) On the basis of the Exemplar Region Reports the following (non-exclusive) types of territorial cooperation were distinguished:

- (a) *Cooperative ventures* – where individuals or organisations come together for a common purpose. These may be rural-rural, (an example being the Swedish Village Action Movement), or rural-urban. Examples of the latter usually involve local government entities, rather than individuals or organisations.
- (b) *Functional networks* – including the export of primary products, commuting, migration, tourism and recreation flows, and dissemination of information. There is a close connection between functional networks and regional infrastructure provision.
- (c) *Other Socio-Economic Connections* – These are similar to (b), but rather than being defined by current patterns of interaction, are more a function of the settlement structure, and long established network pathways.
- (d) *Regional enlargement and administrative restructuring* – there was also evidence of the impact of administrative reorganisation, which can have profound influences upon specific forms of interaction, such as provision of services.

The review highlighted two general observations, the first being the impression of asymmetry of power between rural and urban actors, and the second being that almost all the examples of cooperative ventures were local, rather than inter-regional or international.

(ii) The review of business networks found that they “are the most important economic element of territorial cooperation because they connect local economic actors to each other, and also link the local with the non-local.” (Courtney *et al* 2010 p14) Their importance is primarily a function of their ability to transmit information, which in turn promotes innovation. The effectiveness of a region’s business network depends not only upon its local network “density”, degree of “embeddedness”, and the associated human and social capital, but upon its connections to more distant sources of specialist information. These two capabilities are sometimes termed “bonding” and “bridging” respectively. Bathelt *et al* 2004 coined the memorable phrase “local buzz and global pipeline” to describe regions in which high levels of local interaction combine with effective long-distance channels which bring in exogenous

knowledge to support local innovation. In essence, “global pipeline” linkages channel information into the local network, whilst distribution among local firms and entrepreneurs, facilitating collective learning (local buzz), is a function of the strength of local “bonding”. The character of regional business networks is thus one of the keys to understanding differential rates of restructuring and participation in the New Rural Economy.

(iii) The review of food networks and short supply chains found that this form of territorial cooperation offers a range of rural development advantages, such as retention of a greater proportion of value added, enhancement of regional social capital, and a reduction of “food miles” - with associated environmental benefits. Courtney *et al* (*op cit* p23) argue that this form of “relocalisation” process could be applied, with benefits to rural economies, to a number of specific rural activities, such as agri-tourism, and energy production. Some have argued that relocalisation should also be worked through in relation to working patterns and leisure activities in general.

6.2 The Importance of “Intangible Assets”.

All three reviews strongly highlighted the important role played by so called “intangible assets”, or “soft factors” in most forms of territorial cooperation. Clearly cooperative ventures in general, and relocalisation initiatives, such as food networks, in particular, are not produced by market forces alone, they require the mobilisation of what is usually referred to as “social capital”, and a capacity for - and ethos of - cooperation within public, private and “third sector” actors. Often the initiation and successful development of such activities depends upon rather special individuals, with specific training and experience, so “human capital” is also an important prerequisite. The nature of regional/local governance structures, and their relationships with national and European policy administrations, is also crucial. All these aspects are also very much discussed in the context of business networks, where the characteristics of the population of entrepreneurs, and relationships between them, is an additional intangible but very influential factor.

Three key points may be derived from the above review:

- That an appropriate array of intangible assets represents a fundamental precondition for success of territorial cooperation, including rural-urban cooperation.
- That there is a substantial body of knowledge about these phenomena, but that it needs to be further applied and explored with respect to specifically rural contexts¹⁶.
- That reinforcement of certain intangible assets in rural areas may provide a powerful lever through which rural cohesion policy may facilitate rural-urban cooperation.

¹⁶ It should not be overlooked that some efforts have been made to explore aspects of intangible assets in a rural context. These include the DORA, RESTRIM and AsPIRE Framework projects.

6.3 Towards an Operational Concept for Rural-Urban Cooperation

Courtney *et al* (2010, p29) conclude that what is needed in operational terms is:

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

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

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

With regard to vertical cooperation, there seem to be two possible policy rationales. The food networks analysis suggests a re-localisation strategy, whilst the business network literature suggests a balance between localised linkages on the one hand, and the necessity for “bridging” through “global pipes” - on the other. What is common to both is that they do not see urban areas as the sole, or main, drivers of regional economies. Rural areas can, and do, exhibit an endogenous dynamic.

The logical approach to policy intervention that follows from is one that facilitates re-localisation with strategic global links, acknowledging that maintaining both spatially proximate (rural-rural and rural-urban) and spatially extended, or relational, cooperation is a more realistic, and potentially beneficial, goal. This could form the basis of a variety of practical policy intervention options, for example local business forums to encourage the development of clusters; “matchmaking” by providing information about local companies; local public procurement policies; and trans-regional/national collaboration within themed networks.

6.4 Policy Guidelines and Recommendations:

Courtney *et al* (op cit p26 and Appendix A) provide a list of specific policy implications with regard to territorial cooperation. These may be distilled down to the following key points:

- (i) The *overall goals* of urban-rural cooperation will include both substantive improvements in rural conditions and resources, and improvements in the associated governance processes.
- (ii) The need to ensure greater *clarity* in and *awareness* of the objectives and means of urban-rural cooperation (whatever form it may take), across all the actors (public, private, or voluntary) and across all scales, (international, national, regional or local).
- (iii) The desirability that interventions are sensitive to both *local/micro* regional specificities and to broad *macro*-scale contexts.
- (iv) In terms of *substantive goals*, Courtney *et al* (2010) focus specifically upon access to services and knowledge transfer (to support innovation among rural SMEs).
- (v) The means proposed are essentially two-fold:
 - a. The development of “hubs” (for the delivery of services or the diffusion of information).
 - b. The nurturing of networks (either local/horizontal for bonding or thematic/vertical for “bridging”).

Reflecting on these points it becomes clear that rural-urban cooperation is not envisaged as a standalone policy activity, which can be easily “bolted on” to existing programmes. It is viewed as integral, or structural, at the full range of scales of implementation. This means that whilst it will be important to explore and “flesh out” the specific suggestions of “hub development” and “thematic networks” the main implications relate to the “weaving in” of urban-rural cooperation principles across a wide range of policy contexts. It follows that EU Cohesion policy can have an important role in terms of developing pilot projects which exhibit best practice, but that, in the longer term, the Territorial Agenda (because it focuses upon establishing common objectives and policy principles for Member States) could potentially be more influential.

7 Implications for Policy to Promote Competiveness and Cohesion in Rural Europe.

This section summarises and builds upon WP28 (Dax *et al* 2010 Annex 1) and the final section of WP24 (Copus and Noguera 2010, Annex 1), to which the reader is directed for further detail.

In the introduction to this report the ultimate objective was expressed as follows: “...to examine the process of differentiation, in order to better understand how EU and Member State policy can enable rural areas to build upon their specific potentials to achieve ‘smart, sustainable and inclusive growth’.” This section of the report focuses upon the second aspect, the policy options which are suggested by the patterns and trends of rural differentiation presented above. Before doing so, it will be helpful to make three basic observations, which play key roles in determining the viability and likely effectiveness of different policy options. Space will not allow an account of current policy, recent policy initiatives or documents here. For a detailed account of the recent evolution, and current policy context see Dax *et al* (*op cit*).

7.1 Three Underlying Principles

1. The conceptual and empirical analyses carried out by the EDORA project team have shown that rural change and differentiation processes are taking place at a range of *spatial scales*. The

three Typologies and the Country Profiles have highlighted key dimensions at the *macro* level, whilst the Exemplar Region reports and the review of Rural-Urban Cooperation, have illustrated experiences at the regional and local (*micro*) level. European (and national) policy needs to be able to recognise and adapt to the challenges of both.

2. A second fundamental consideration for Cohesion policy for rural areas is the need to find its place within a complex *policy context*, and in relation to existing sectoral and thematic policy structures, several of which are long established, and characterised by a degree of inertia. The most obvious of these is the CAP, (and Pillar 2 in particular), although a variety of other policy “domains” impact upon rural cohesion (Table 1), and cannot be ignored. In most of these policy domains there is also a complex interaction between EU and national policy, which varies considerably between Member States. A closely related consideration is whether interventions to support territorial cohesion in rural areas (as we have already noted above) can be simply added into the policy portfolio as self-contained measures, or whether it is more a question of adjusting existing policies through a kind of “rural proofing”.

3. This project has taken a *territorial* view of the concept of “rural areas” (and by implication rural economies) – essentially defining them as “non-urban”, (on the basis of the D-P typology). Such a view points towards a “territorial” rationale for place-based rural development, as understood by the OECD in its New Rural Paradigm (OECD 2006). The alternative *land-use* concept, which sees the rural economy as closely related to the primary sector, and “land-based industries”, is commonly associated with the more restricted (sectoral) meaning of rural development found in the CAP’s Rural Development Regulation. These two views and approaches have confronted each other in the policy literature for many years, and have been the subject of a previous ESPON report (2.1.3, Arkleton Centre 2005). Arguably, both views are valid, and complementary. It may not therefore be necessary to choose between them; rather the EU should seek synergies and balance between them.

Our knowledge of rural restructuring tells us that many farm households, and those involved in other land-base activities, do face particular challenges in today’s market environment. They also have a cost and asset structure reflecting decades of policy support, which may not be withdrawn rapidly without consequences for their livelihoods. These issues are essentially sectoral, (rather than locational) and are therefore, (some would argue) best addressed with “horizontal” and sectorally-targeted, forms of intervention. Nevertheless it is still important to carefully consider the form which sectoral support takes, in order to ensure that in the longer term it facilitates (rather than inhibits) structural adjustment of the rural economy. ESPON 2013 TipTap (Camagni *et al* 2010) has recommended transfer (modulation) of funds from CAP Pillar 1 to Pillar 2 (Rural Development). Taking this further, the balance between the four Axes of Pillar 2 needs to be reconsidered. It is currently strongly in favour of investment to support farm competitiveness (Axis 1) and agri-environment (Axis 2), at the expense of Axes 3 and 4 which address the wider rural economy, rural quality of life and institutional capacity (Copus 2010).

By contrast the remit of territorial cohesion policy is to support *all* rural areas/economies in reaching their potential, in the light of specifically rural (locational) challenges such as sparsity,

peripherality, weak agglomerative advantages, poor communications, negative population trends (and associated labour market issues), difficulties in maintaining provision of services of general interest, and so on.

Whilst acknowledging that sectoral rural development policy may have territorial cohesion impacts where the primary sector is a relatively important component of the regional/rural economy (such as in Agrarian regions, and perhaps some Consumption Countryside regions) it is our intention in the final pages of this report, to articulate a rationale for policy to (directly) address territorial cohesion in a rural context. This will be firmly based upon the findings of the preceding sections, arguing that meta-narratives and the typologies suggest some broad priorities for macro-regions, but that it is also crucial to be responsive to regional/local/micro-scale variations in intangible assets, through local development approaches.

7.2 The Implications of the Meta-Narratives of Rural Change.

The review of the literature described in Section 2, and the examination of Exemplar Regions (Section 4) drew attention to a wide range of opportunities and constraints for rural areas. In Table 1 (below) we have listed a selection of these according to the three meta-narratives presented in Section 2.3. The final column of the table suggests policy “domains” which may be appropriate to address these opportunities and constraints, at either EU or national level.

Table 1: Some examples of Rural Opportunities and Constraints associated with the three Meta-Narratives.

Meta Narrative	Opportunities	Challenges	Policy Domains
Agri-Centric	Increased agricultural competitiveness in some areas. Diversification. Remuneration for rural amenities (consumption countryside). Quality products, short supply chains, regional appellation.	Loss of agricultural competitiveness in some areas → low income or abandonment. Decline in farm employment, even in competitive areas. Environmental effects of intensification in competitive areas. Difficulty in valuation of public goods.	Agriculture. Rural Development. Human capital (training). Land use.
Rural-Urban	Counter-urbanisation (increased population and economic activity) in intermediate and accessible rural areas). Information technology facilitating new activities. Establishment of the New Rural Economy.	Sparsity (especially in remote rural areas) Peripherality. Selective out-migration from remoter and sparsely populated regions. Accelerated demographic ageing. Difficulties in provision of SGI. Pump effects of infrastructure improvements.	Infrastructure. Telecommunications. Land use planning. Transport. SGI
Globalisation	Wider markets for rural products. Rapid diffusion of innovation. Increase in “primary segment” jobs. Expanded opportunities for international tourism.	Restructuring – loss of competitiveness for “traditional” activities. “Rationalisation” of globally controlled activities → concentration in accessible rural, intermediate, or urban regions. Loss of local control over economic activities, employment, provision of market services etc. Loss of regional distinctiveness, cultural assets, → reduced residential attractiveness and potential for tourism.	Competition. Trade. Employment. Social Inclusion. Tourism.

The first observation based on Table 1 is that (although the examples provided are not intended to be comprehensive) the three meta-narratives point to a rather broad spectrum of opportunities and challenges, and a similarly wide range of policy domains.

The second point to be made is that each of the meta-narratives has a number of different impacts, both positive and negative, and that these are likely to vary with regional context. Thus, for example, the rural-urban meta-narrative points to opportunities in the accessible rural and intermediate areas, due to counter-urbanisation, and the advance of the New Rural Economy, but to selective out-migration, accelerated demographic ageing etc. in the more remote and sparsely populated rural regions. Similarly, Globalisation can bring an increase in “primary segment” employment in some areas, but a loss of competitiveness, local control, and degradation of cultural assets in others. This points to the necessity of taking account of different regional contexts. This can be carried out at various scales, from very localised to broad “macro regions”. The next section illustrates how the EDORA typologies can be helpful at this more broad-brush level, whilst Section 7.4 considers how this may be approached in the context of individual regions, where the key issue is the level of “intangible assets” which facilitate the response to opportunities.

7.3 Taking Account of Macro-Scale Patterns: The Typologies.

The role of “broad-brush”, “macro-regional” and “structural” patterns (as represented in the EDORA typologies) in the rationale for rural cohesion policy is explored in the final section of WP24 (Copus and Noguera 2010, Annex 1). The tables and the associated discussion are reproduced in Appendix 4.

The exercise presented in Appendix 4 is not claimed to be comprehensive, further detailed analysis of the processes of rural change, and the associated challenges and opportunities, differentiating between different types of “non-urban” region (both in terms of degree of rurality and economic structure) would of course be helpful. Nevertheless it illustrates the fact that some basic generalisations regarding the impact of the meta-narratives on different kinds of rural region are possible, and that these could play a role in a first stage of rural territorial cohesion policy design.

Three key findings are:

- (i) The focus of this first, “broad-brush” stage should be appropriate objectives, broad intervention strategies, and overall/indicative resource allocations for the principal types of non-urban region. This points first to a role in strategic targeting within Cohesion Policy, and secondly to the potential to influence the “shape” of Member State policies through the updated Territorial Agenda.
- (ii) That the Agrarian, Consumption Countryside, and Diversified (Secondary) types of region seem to exhibit a balance towards challenges rather than opportunities, and achieving their full potential is likely to imply a greater level of cohesion policy support (Figure 10).

- (iii) That (as already stated above) sectoral rural development interventions have more scope to deliver territorial cohesion benefits in Agrarian regions than elsewhere, simply because the primary sector is a larger element of the economy. This does not mean, of course that other forms of intervention, addressing (for example) issues of infrastructure, human capital, service provision, business development and so on, are not required in Agrarian regions. However it *is* reasonable to conclude the converse, that sectoral rural development interventions have very modest territorial cohesion impacts in regions in which the primary sector is relatively unimportant.

		Meta-Narrative		
		Agri-Centric	Rural-Urban	Globalisation
Rural Types	Intermediate Accessible	+/-	+	+
	Intermediate Remote	+/-	+	+
	Predom. Rural Accessible	+/-	+	+
	Predom. Rural Remote	-	-	-
	Agrarian	-	+/-	-
	Consumption Countryside	+/-	+/-	+/-
	Diversified (Secondary)	+	+	-
	Diversified (Market Serv.)	+	+	+

Figure 10: Broad Generalisations about the Relationship between Meta-Narratives and Rural Types

7.4 Assessing Potentials at the Micro Level

As both the Exemplar Region reports (Section 4) and the review of urban-rural relationships (Section 6) illustrated, each individual region has a unique combination of assets and capacities, both tangible (landscape, agricultural land, settlement pattern, communications and transport networks, workforce, commercial and industrial buildings etc) and intangible (human capital, social capital, institutional capacity, entrepreneurial culture etc). Upon these, various processes of rural change (summarised in the meta-narratives), and the exogenous shocks of the Future Perspectives analysis, act. As we have seen, some aspects of this nexus of regional potential and forces of change vary systematically across Europe, are measured by widely available indicators, and can therefore be captured (at least in part) by the typologies. By contrast, most of the intangible assets, which are the key to “diagnosis” and programme design at a more detailed, individual region, level are not currently reflected in published statistics. Some are in any case “aspatial”; (i.e. not subject to systematic variation). These observations point to two requirements:

- (a) A standardised form of regional auditing of assets (especially intangibles), in order to provide an adequate evidence base upon which to base a choice of interventions tailored to the assets and potential of each region.

(b) A determined and sustained effort to redress the balance of the published indicator resource, to eliminate the current agrarian bias, and to introduce innovative indicators (or reliable proxies) for key intangible assets.

“As the specific constellation of local and regional assets (both tangible and intangible) vary in a more unsystematic way across Europe, these would have to be assessed through local or regional audits... The proposed regional audits suggest a process to take full account of development assets and explore required and most effective activities for each region. These considerations ought to be supported by general guidelines that translate the framework of regional typologies and meta-narratives into a set of relevant intervention priorities...” Dax et al (op cit p24).

7.5 A Multi-Level Approach to Support Rural Territorial Cohesion.

At the beginning of this section the ultimate aim of the project was restated, as finding ways to promote territorial cohesion by identifying ways in which “EU and Member State policy can enable rural areas to build upon their specific potentials”. Clearly the rationale presented above points generally towards a multi-level approach, addressing both macro and micro-scale components of rural change and differentiation (Figure 11).

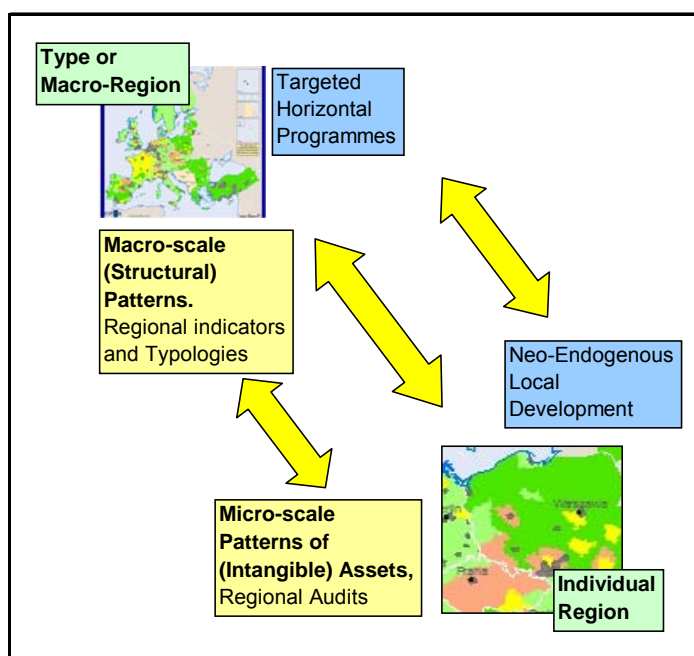


Figure 11: Multi-Level Rural Cohesion Policy

At the **macro-scale** level the EDORA typologies have pointed to economic restructuring and diversification as a key issue. There are clear and persistent macro-scale patterns of structural differentiation, closely associated with disparities in economic performance which seem well suited to carefully targeted horizontal forms of intervention. In terms of existing policies, Axis 3 of CAP Pillar 2, Cohesion Fund and Convergence Objective policies are the obvious vehicles. However the former is currently rather sectoral in terms of its implementation, whilst the latter could be seen as urban in focus, and particular consideration should be given to the role and needs of rural SMEs, and non-farming rural households.

At the **micro-scale** (local/regional) level the key policy “levers” relate to various kinds of territorial capital, with an increasing emphasis upon intangible or “soft” aspects, such as human and social capital, institutional capacity, and so on). This points to neo-endogenous forms of intervention, termed “local development” by the Fifth Cohesion Report (EC 2010c), supported by standardised, comparable auditing of local assets. The LEADER Axis of CAP Pillar 2 is (despite many criticisms of the handling of “mainstreaming”) perhaps the most promising example of this form of intervention.

However EU policies such as those mentioned above can never be sufficient. A very broad range of Member State and regionally implemented policies have an impact upon rural change and patterns of differentiation at both macro and micro regional levels. With respect to these the most realistic policy objective is to increase awareness and readiness to take account of rural impacts within the Member State policy community. The most promising vehicle for this is the Territorial Agenda (COPTA 2007). It is desirable that the ongoing revision (Salamin 2011) should take it beyond its current focus upon rural-urban linkages as the main response to differential performance, towards “rural cohesion proofing” across a wide range of Member State policy domains. In this sense it could occupy a “meso” (Member State) level in terms of implementation.

The above description of the sort of policy rationale/architecture which follows logically from the findings of EDORA, (both conceptual and empirical) is of course predicated upon the assumption of “a clean sheet”, or “starting from scratch”. As such it will appear somewhat disconnected from the current debate centred upon the CAP Towards 2020 document (EC 2010b), and the Fifth Cohesion Report (EC 2010c), and the debate about the programming period beginning in 2014. Sadly the two documents mentioned above seem to portend rather limited opportunities to implement the conclusions of EDORA in the near future. Two specific possibilities, relating to targeting of Single Farm Payments, and Multi-Fund Local Development programmes were highlighted by Copus *et al* (2011) at the Bled Conference. An extract from this paper, providing details, is reproduced as Appendix 5.

8 Suggestions for Further Research.

A range of possible avenues for further investigation suggest themselves, including very topical issues such as further exploration of climate change impacts and possible responses in different kinds of rural area, or the effects of recession and the nature of resilience in different contexts. However these issues will undoubtedly attract research funding from a variety of sources in the coming years.

However it is important to keep in mind the core mission of ESPON. In terms of future research which would extend the “toolbox” of spatial planning, a focus upon local (micro level) collaborative planning processes to support the kind of Local Development policies recommended above would be extremely valuable. Components of such a project might include:

- 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.
- The development of systematic auditing procedures to assess regional territorial assets (both tangible and intangible).
- An comparative exploration of the ways in which “top-down” visions and strategies may be replaced by engagement with stakeholders in collaborative dialogue to ‘plan’ through deliberative processes. The difficult next step would be to develop procedures which could allow such engagement to interact with EU policy.

In practical terms a targeted analysis, involving a selection of stakeholder regions representing different types of rural area, would probably be the most productive environment, since it would allow specific approaches to be piloted. The desired outcome would be practical tools to support the multi-fund Local Development initiatives anticipated during the next programming period.

9 Conclusions.

Rural development research and policy has struggled for decades to break out of a “sectoral straightjacket”. Among the challenges is the difficulty of establishing boundaries, once the old sectoral line has been crossed. The EDORA review of the “state of the art” paints a very complex picture of rural change. The “meta-narrative” approach offers a means of organising this material, illustrating inter-relationships between a wide range of “story lines”. The key output of the empirical phase of the project, the “EDORA cube”, is a novel 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, in determining the capacity to respond positively to ubiquitous meta-narratives of change, which is the principal determinant of differentiation between regions. In the final sections of this report this concept is mobilised in a policy context in the form of neo-endogenous “asset-based development”. The potential benefit of incorporating these ideas more fully within both EU Cohesion policy, and Member State policy architecture, 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, a starting point for a discourse on how climate change impacts, and opportunities, might be accommodated in future Cohesion policy.

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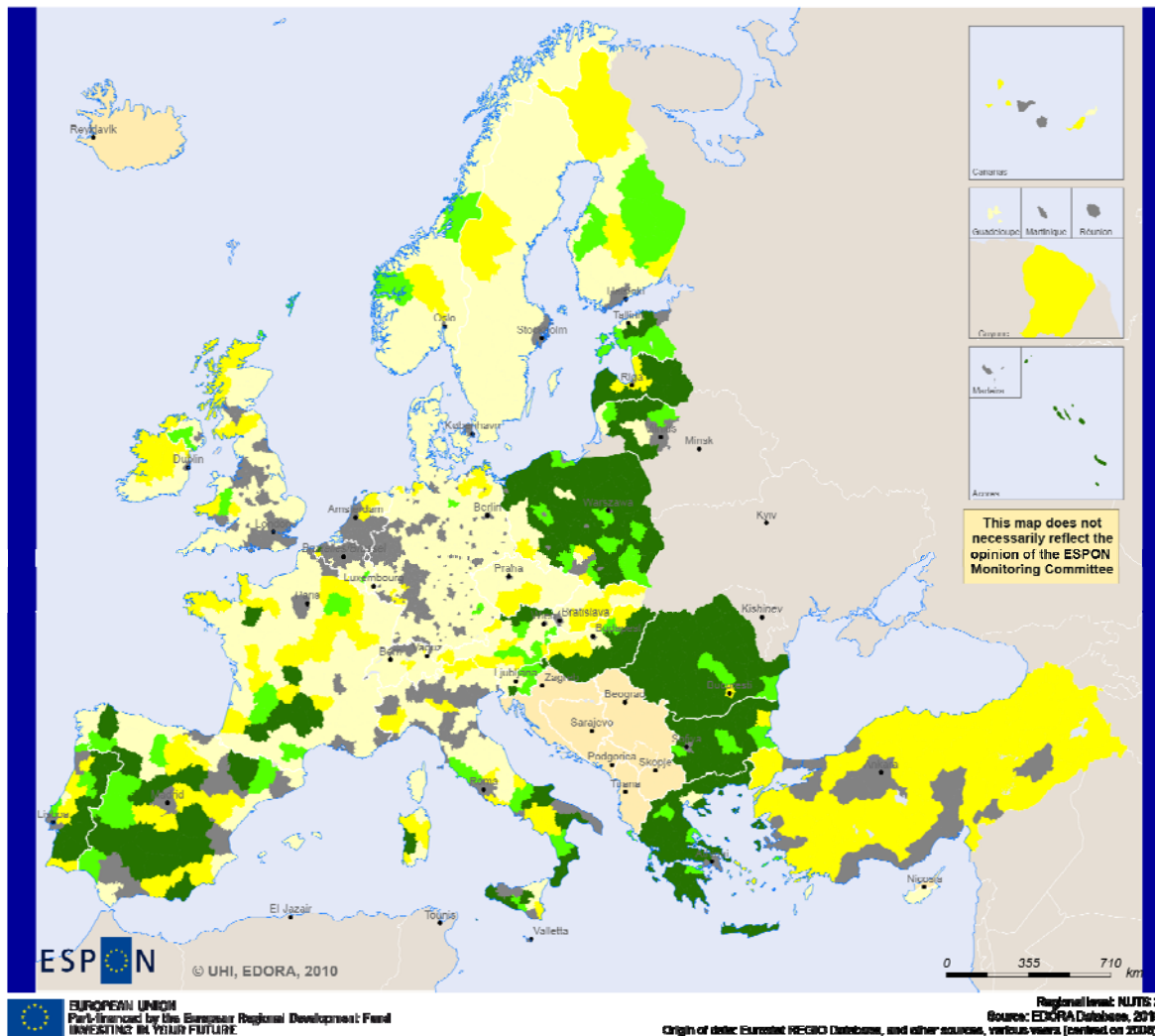
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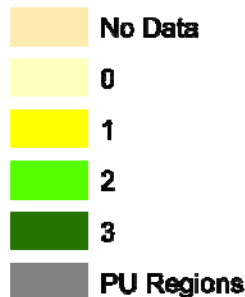
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Appendix 1: Maps of Key Indicators used in the EDORA Typologies.

Agrarian Rural Economy

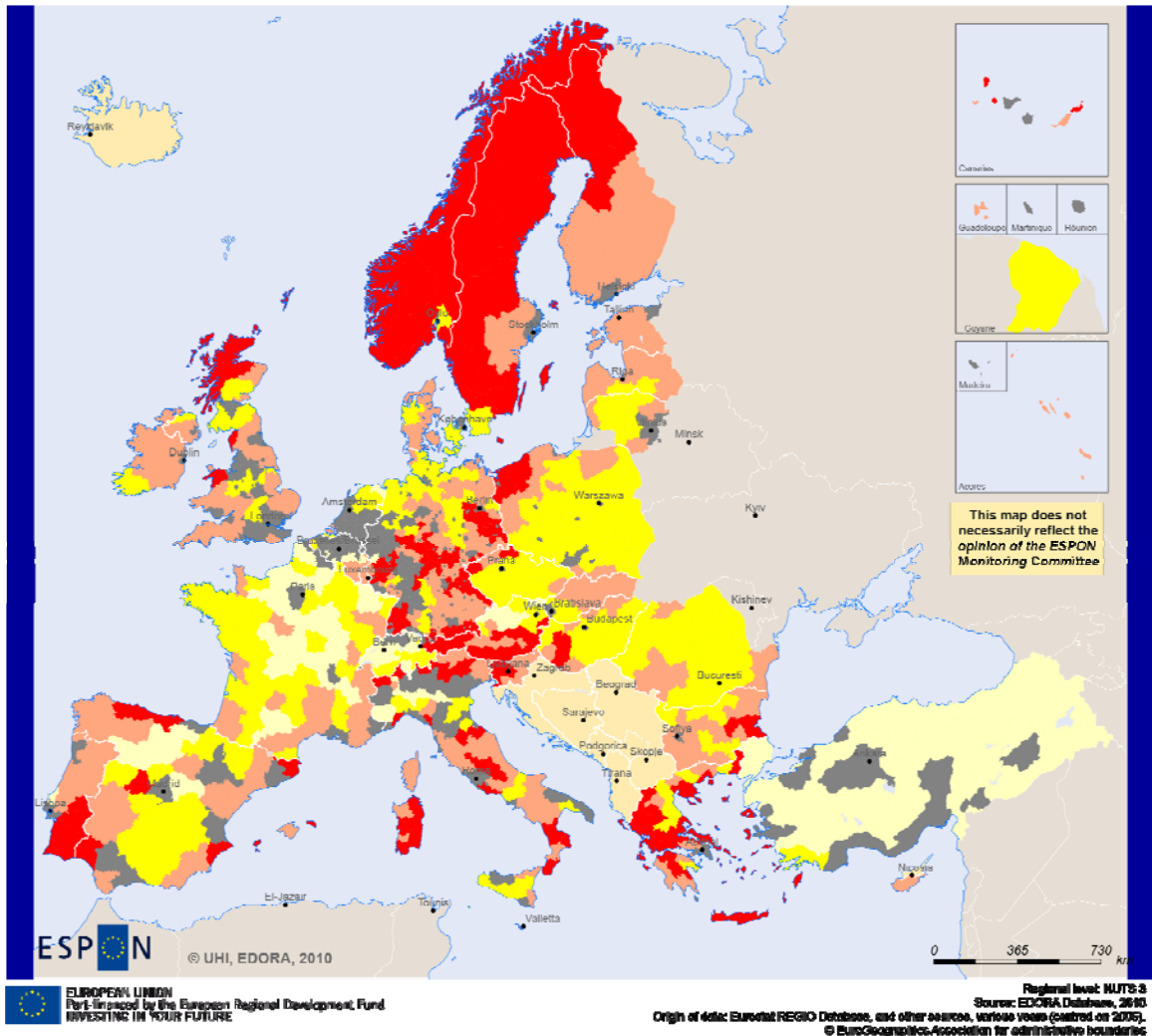


Number of Indicators Exceeding the EU27 Average

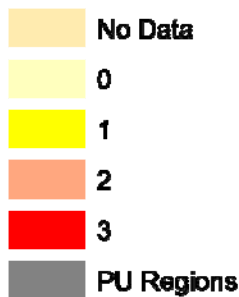


Note:
 This map shows the number of the following indicators exceeding the EU27 (Non-Urban) NUTS3 mean:
 (i) Percentage of Private Sector GVA from Primary Industries.
 (ii) Percentage of Private Sector Employment in Primary Industries.
 (iii) AWU as a percentage of Total Private Sector Employment.

Consumption Countryside



Number of Indicators Exceeding the EU27 Average

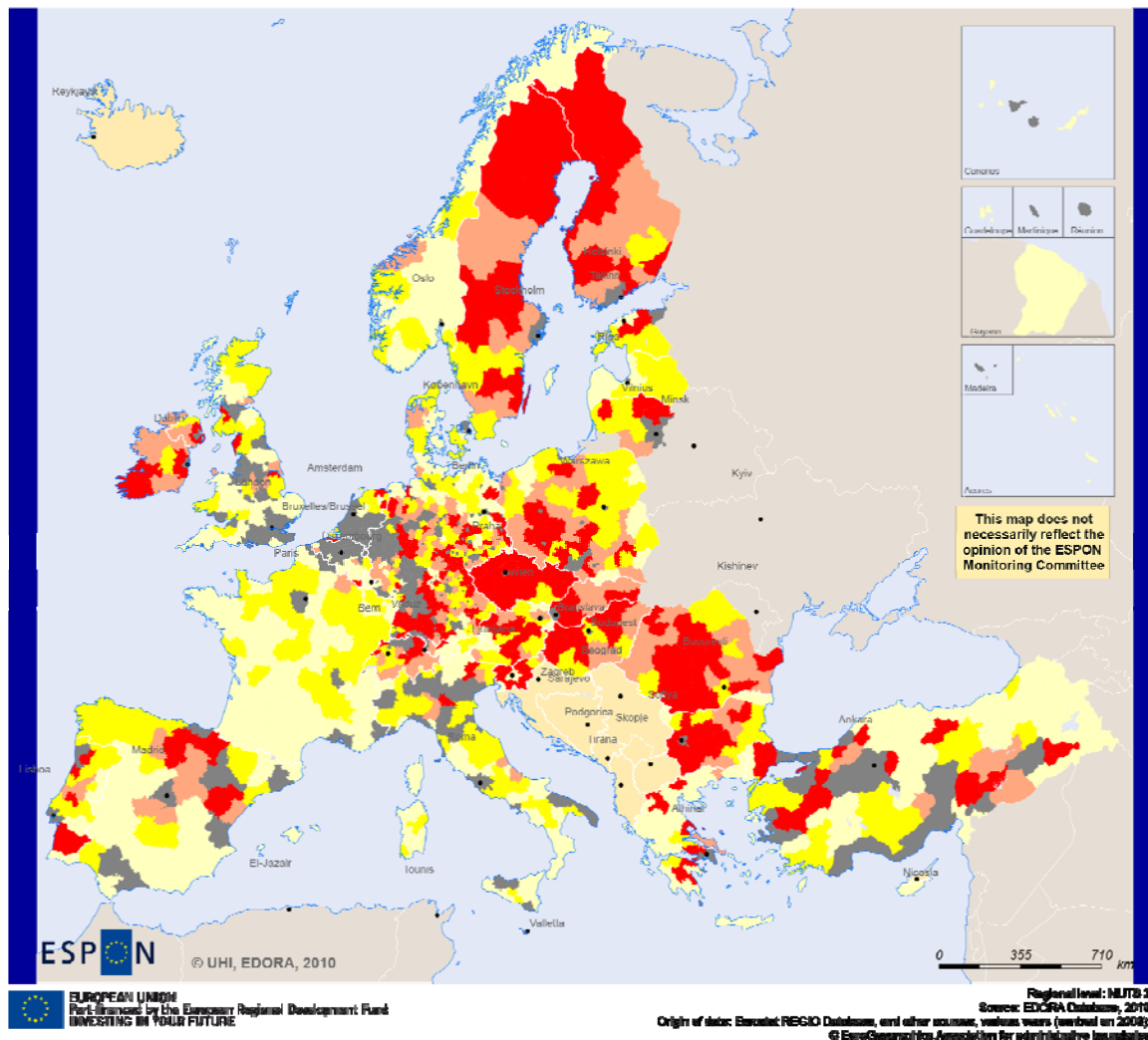


Note:

This map shows the number of the following indicator groups with at least one indicator exceeding the EU27 (Non-Urban) NUTS3 mean:

- (i) Tourism capacity and intensity
- (ii) Proximity of natural public goods
- (iii) Peri-productivist agriculture

Secondary to Private Services Ratio



Ratio NACE C-E:G-K



Note:

In order to accommodate both GVA and Employment indicators the data is expressed in normalised values (Z Scores), based