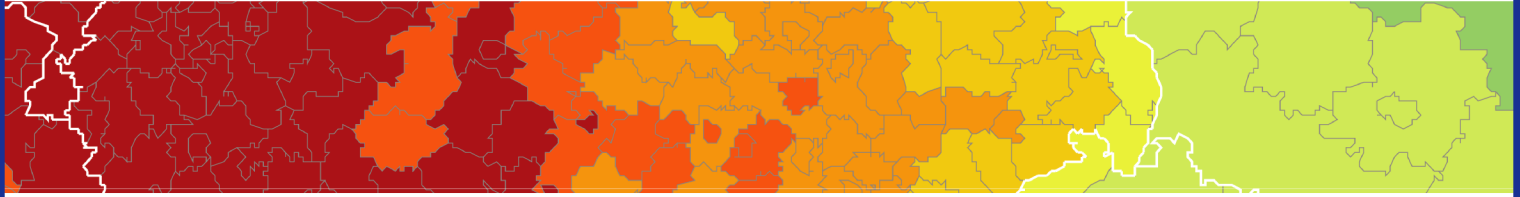




Co-financed by the European Regional Development Fund



ESCAPE European **S**hrinking Rural Areas:

Challenges, **A**ctions and **P**erspectives for Territorial Governance

Applied Research

**Final Report – Annex 14
Structures and Practices for Governance**

Annex 14

This applied research activity is conducted within the framework of the ESPON 2020 Cooperation Programme.

The ESPON EGTC is the Single Beneficiary of the ESPON 2020 Cooperation Programme. The Single Operation within the programme is implemented by the ESPON EGTC and co-financed by the European Regional Development Fund, the EU Member States and the Partner States, Iceland, Liechtenstein, Norway and Switzerland.

This delivery does not necessarily reflect the opinion of the members of the ESPON 2020 Monitoring Committee.

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Contact: info@espon.eu

ISBN: 978-2-919795-70-3

Final Report – Annex 14

Structures and Practices for Governance

ESCAPE

European **S**hrinking Rural Areas:
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Version 21/12/2020

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Abbreviations

EC	European Commission
ESPON	European Territorial Observatory Network
ESPON EGTC	ESPON European Grouping of Territorial Cooperation
EU	European Union
NUTS	Nomenclature of Territorial Units for Statistics

1 Purpose of the annex

This Annex serves as an addition to Chapter 5.1 of the Final Report. It outlines the the research process of Task 3a “The Roles of Governance Structures and Institutional Networks”, provides some additional information and findings and deepens the discussion on selected aspects in this Task. The Annex is structured as follows: Section 2 introduces the approach and research process taken in Task 3a of the ESCAPE project. Section 3 briefly outlines conceptual and theoretical considerations with regard to governance structures that due to space constraints could not be presented in the Final Report. Section 4 and Section 5 focus specifically on the results of the institutional mapping. Section 4 presents the procedure was developed in order to implement the institutional mapping in the eight case study locations and visualises its results. Section 5 presents some findings from the analysis of levels of interest and power with regard to demographic shrinkage among relevant the actors/organisations identified by the case study teams. Section 6 highlights some innovative governance structures identified in the case studies.

2 Task 3a: approach and research process

Any policy response to the phenomenon of rural shrinkage is embedded within certain governance arrangements that are often based on national or sub-national traditions, constitutional frameworks and legal codes. Moreover, the ability of rural areas to mitigate or alternatively to adapt to shrinking processes is to a significant extent the result of their governance structures and institutional background. It is therefore not only important to understand the role of government structures or their working mechanisms, but also to identify ways to improve capacity and coordination among public administration bodies, at different levels of government, and with private and third sector actors. Consequently, one of the key objectives of the ESCAPE project is to understand the role of government structures in the management of shrinking processes.

As part of Task 3a, an analytic approach to governance has been developed for the analysis of governance structures and constellations in shrinking rural regions. The analysis of governance structures and practices was realised through the following steps:

1. Identification of the institutional network established (in the case study areas): who is in charge of what in terms of administration and implementation of rural/regional development. This institutional mapping was flexible, because some actors inevitably have overlapping functions with others, and understanding the dependency of some actors on the decisions of others is crucial.
2. Governance systems' coherence, interaction capacity and effectiveness were assessed by not paying attention to what is done (in terms of intervention) but, rather, on how (and how well) it is done.
3. Intersection of spaces and contexts in governance structures were analysed based on the various "arenas" in which governance operates.
4. The strengths, challenges and good practices associated were assessed and policy implications explored in the case study areas.

3 Conceptual approach

Institutions are the means through which social interaction is mobilised, regulated and structured (Peters 2000). The key issue is to explain how institutions, through their comprehensive role in the socio-economic development of regions, shape regional/rural development. Institutional structures condition, support and also constrain the economic development and policy capacities of regions/localities, legal frameworks for actions and delineate patterns for interaction as well as influence learning capabilities. Institutional thickness (Amin & Thrift 1995) is one approach to analyse governance structures, identifying three dimensions that play an important role in building institutional thickness in a region. First, there has to be a strong interaction between different actors, second, there has to be an institutional structure that allows building mutual action and trust, and, thirdly, there has to be a shared mode of policy and strategy for a region. Institutional thickness can also be applied to explain how institutions complement, reinforce or contradict each other' in governance structures. Moreover, regulative contexts define rules and describe how issues have to be done within a certain society (Scott 2008).

Therefore, we can derive from this that local governance structures need to be analysed as a multifaceted interaction of external requirements and local dynamics. It is obvious that institutional thickness does not as such directly results in advantages or alternatively disadvantages of rural/regional development. Institutional thickness has to be related to the concrete phenomenon on which it might have either a positive or a negative impact. Shrinkage is not a uniform process but rather a specific constellation of different regional and local conditions that impact on certain local configurations. Following from this, there has been a shift from hierarchical structures of government to more informal forms of partnerships and networks.

It is important to build systematic knowledge of multi-level governance structures, styles of implementation, and policy measures, rather than base our understanding upon simple governmental structures. Government and governance should not be treated as opposite to each other. They are normally interwoven through formal and informal activities, and they interact in various ways. The increasing importance attached to multi-level governance coincides with an acknowledgement that governance structures and practices have a strong role not only in the development paths of rural regions, but also for (re)forming policies in rural areas. Through the identification and development of appropriate pathways to link and match new modes of governance it is possible to generate new scale-specific rural/regional policy measures and incentives. In contrast to more advanced regions, these collaborations have to be formed in shrinking rural areas under the decreased interest of capital, weaker markets and population decrease.

The governance paradigm has during the last 30 years generally become a key methodology for the interpretation of policies and power structures (e.g. Woods 2005; Johansen & Chandler 2015). The trend from government to governance is part of a wider societal development

shedding light on the decrease in democracy and traditional administrative institutions that is a result of promotion and emergence of new structures and institutions (Goodwin 1998). Simultaneously, the governance approach underlines the issue of power regarding decentralised and non-hierarchical networks that comprise several public, private and third sector actors participating in actions. The governance approach rejects the idea that power is centralised.

4 Governance structures in the case study areas

The analysis of governance structures in the ESCAPE project was facilitated by an institutional mapping that was conducted at the outset of the case studies and brought up to date throughout the case study phase in response to first empirical findings as they emerged. The institutional mapping served as a basis for the next step to identify how power and interest mediate the responses to shrinking process and distribution of contested resources. The institutional map and generated 'power matrix' assisted to identify potential coalitions and partnerships along the public/private/civil spectrum and across the different spatial scales. The following procedure was developed in order to implement the institutional mapping in the eight case study locations.

- Firstly, the case study teams carried out a desk-based analysis of the institutional set-up with regard to regional development and shrinking in the case study localities. This desk-based research was complemented by initial interviews with regional or local stakeholders/experts at the beginning of the research process. These initial interviews mainly served the institutional mapping exercise, but also explore the system of governance (levels, policies and institutions) of the case study areas more broadly.
- Secondly, on the basis of the desk-based analysis and the initial interviews, case study teams completed an excel table that contained the following descriptive list of items: name and description of the organisation, territorial scale the organisation mostly operates at, responsibilities regarding rural development, specific tasks regarding to mitigation of /adaptation to population shrinkage in particular, mode of operation, and main cooperation partners. In addition to institutional mapping, the case study teams were asked to assess the level of Interest and powers of the identified organisations. This information was used to construct power/interest grids for the case study regions. Power/interest grids provided important messages concerning the institutional and governance structure of a given region/locality. They also provided foundations for context-specific and more general policy messages.
- Thirdly, the case study teams were asked to produce an institutional map of their case study locality that visualises the mapping results in an easy to grasp manner. Institutional maps illustrate the most important organisations in the field of regional/rural development, the operational scale of organisations and whether they represent public, private or civil society sectors.

In the figures below are presented, in a visualized form, the results of the institutional mapping exercise performed by the ESCAPE case study teams. As was mentioned in Section 1.1, the case study teams were instructed to perform a desk-based analysis of the institutional set-up in their case study areas. After the desk-based analysis, the case study teams were asked to insert the identified institutions/actors in a supplied table. As can be seen from the figures below, the institutional mapping table was divided horizontally and vertically by distinct categories, i.e. the form of institutions (public-private-civil society) and the territorial scale of

operation. One of the outcomes of the institutional mapping exercise was to identify possible partnerships, networks and/or coalitions between the public administration and the private or civil sector. At the same time, the institutional mapping table was designed to reveal possible horizontal partnerships and networks between different territorial scales of operation.

Figure 1. Institutional mapping of Croatia

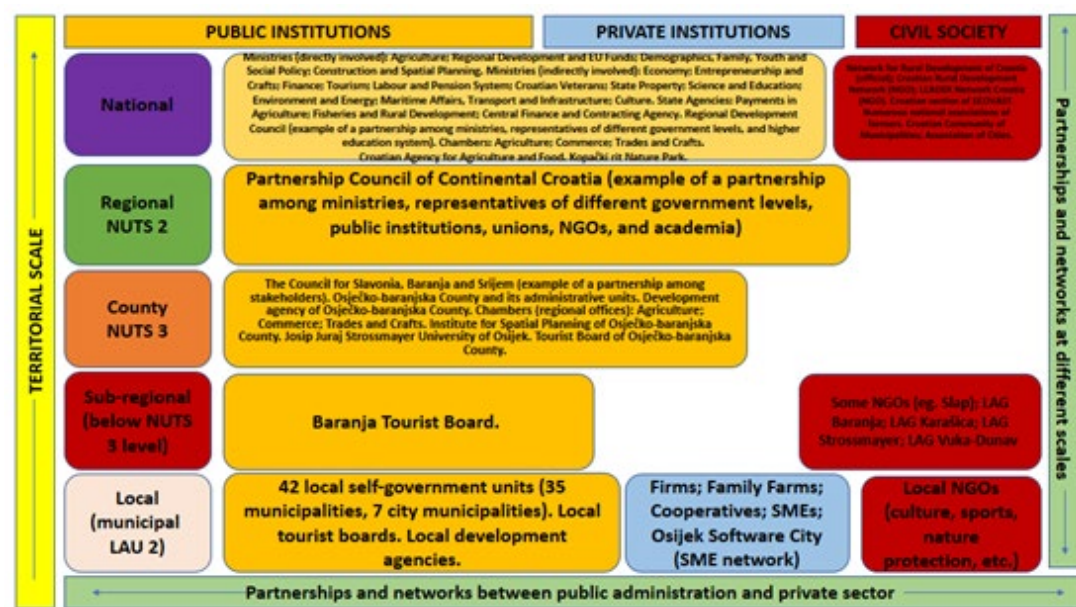


Figure 2. Institutional mapping of Bulgaria

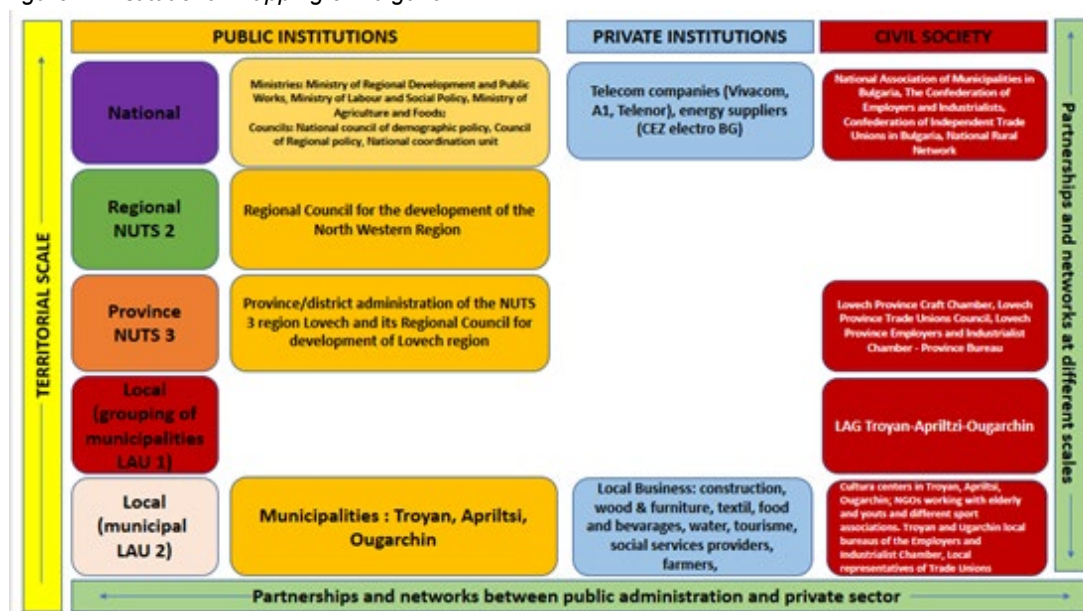


Figure 3. Institutional mapping of Poland

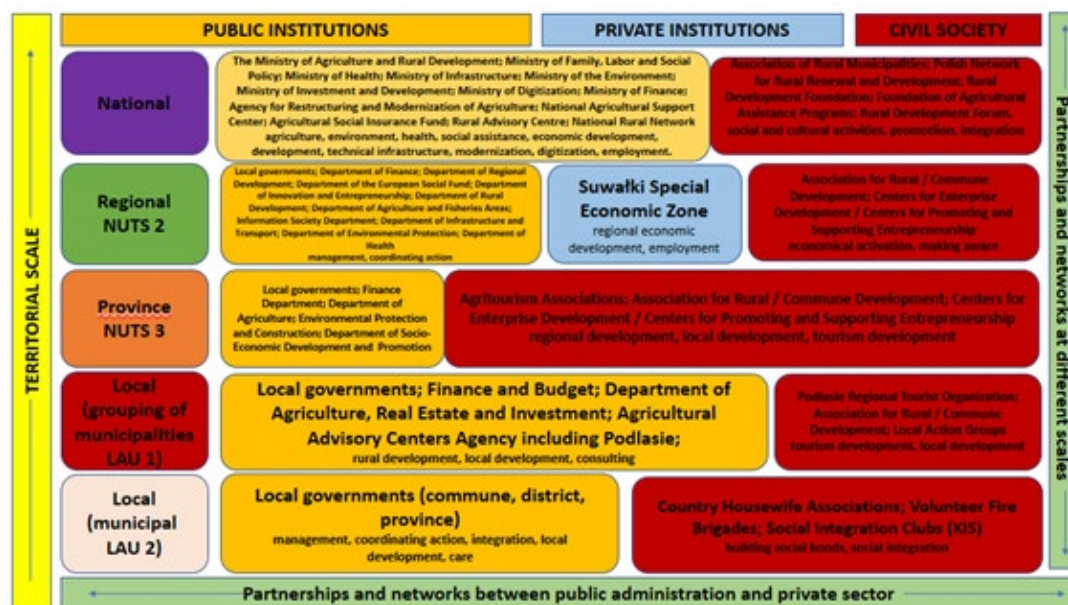


Figure 4. Institutional mapping of Germany

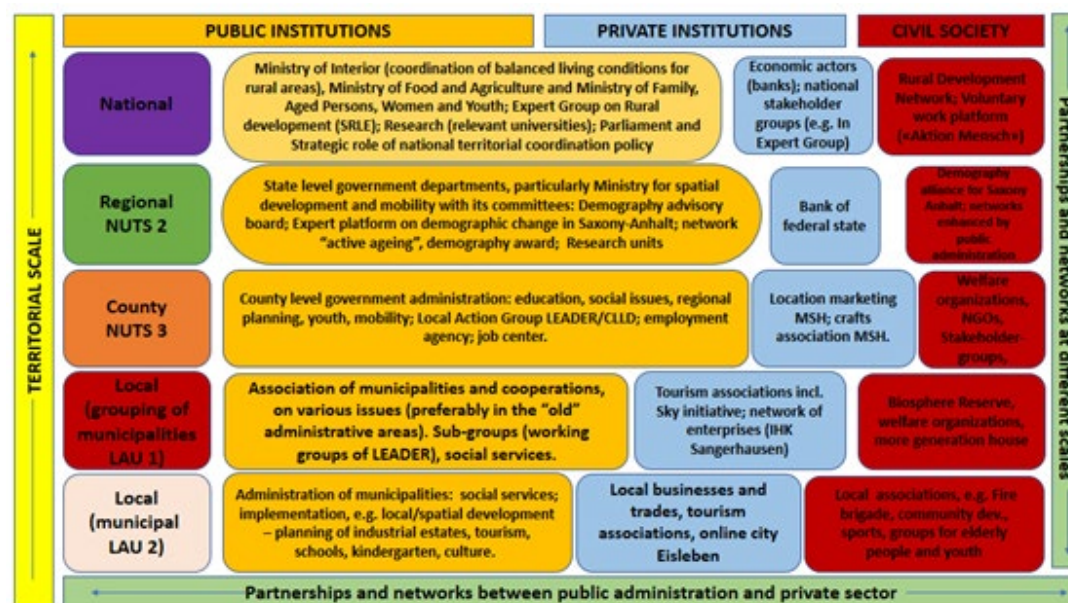


Figure 5. Institutional mapping of Hungary

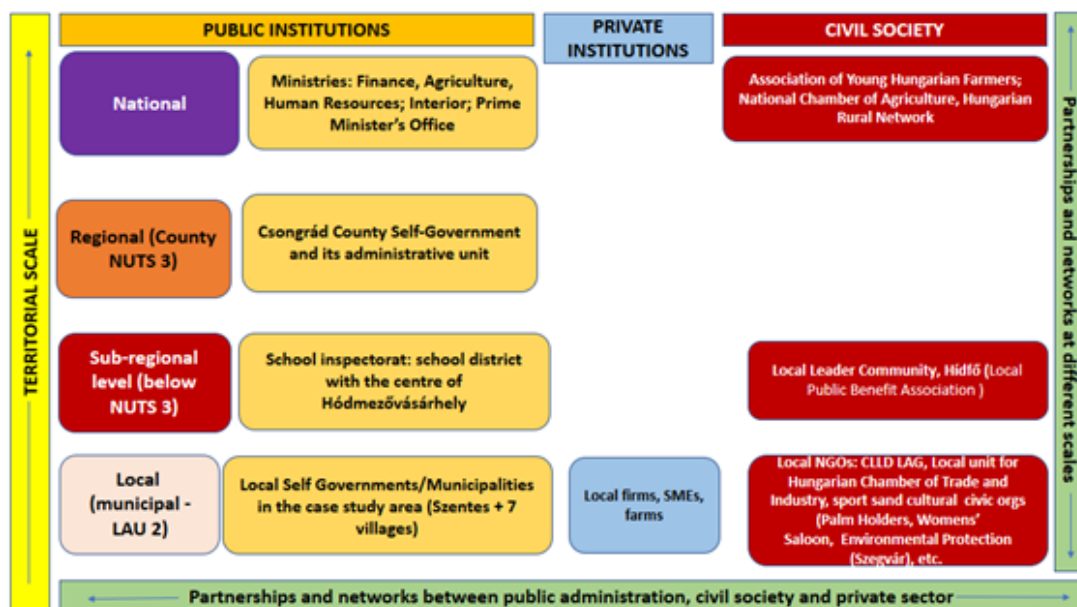


Figure 6. Institutional mapping of Spain

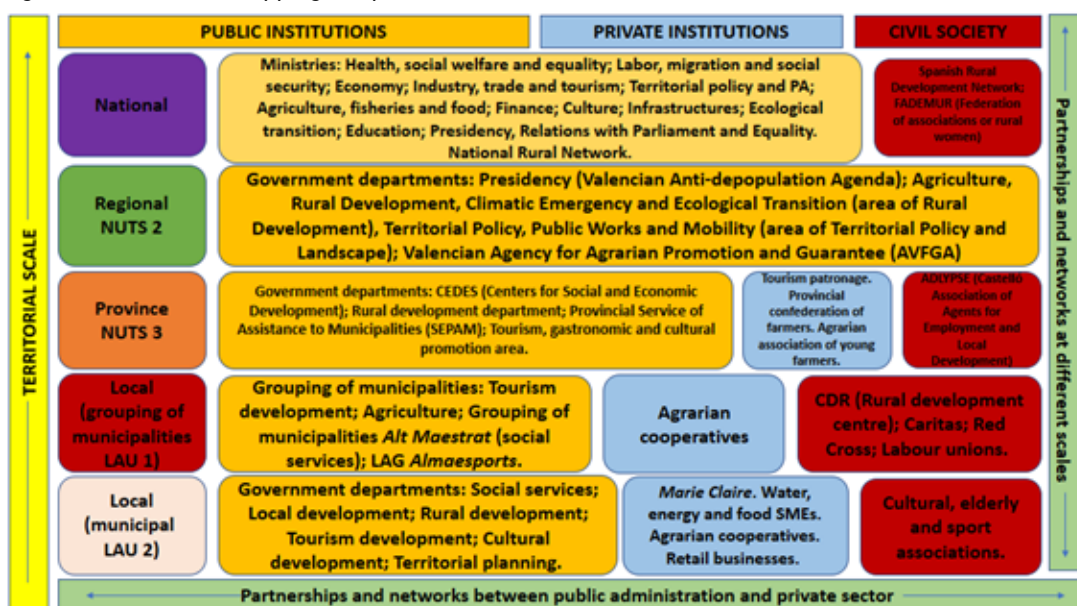


Figure 7. Institutional mapping of Greece

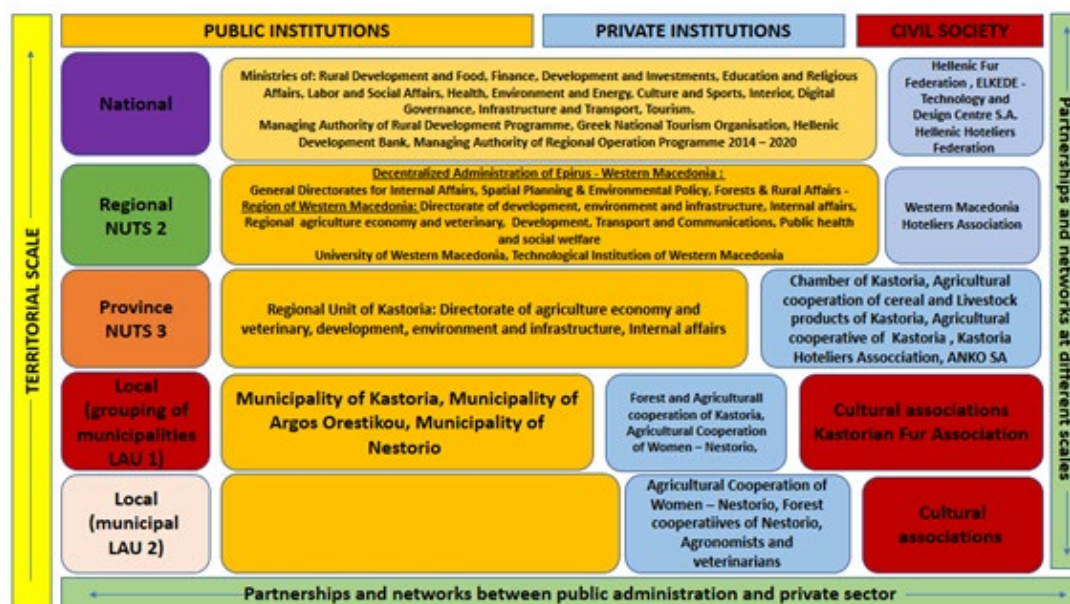
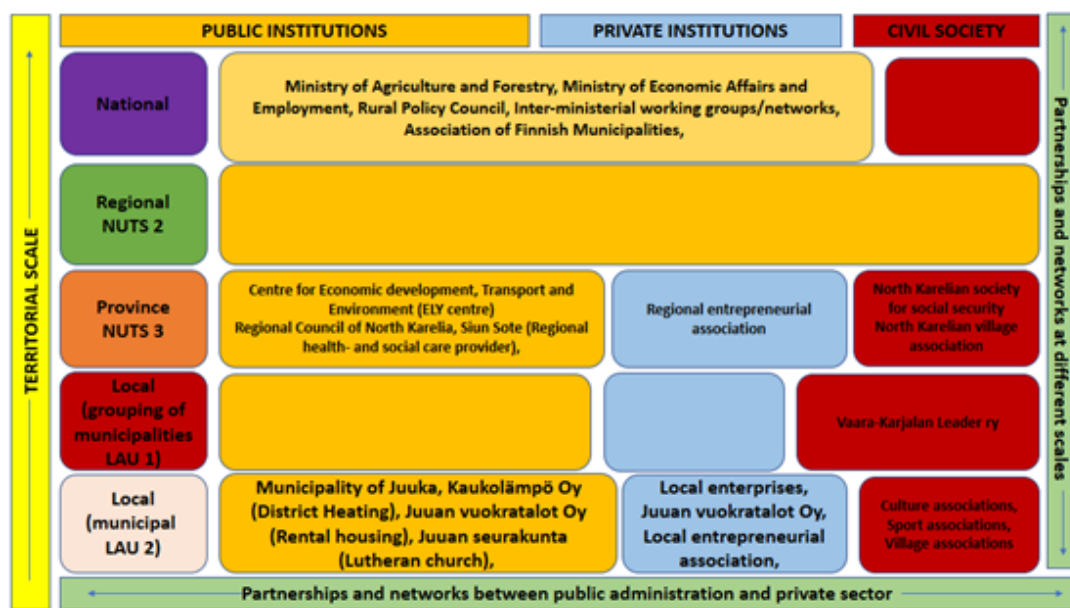


Figure 8. Institutional mapping of Finland



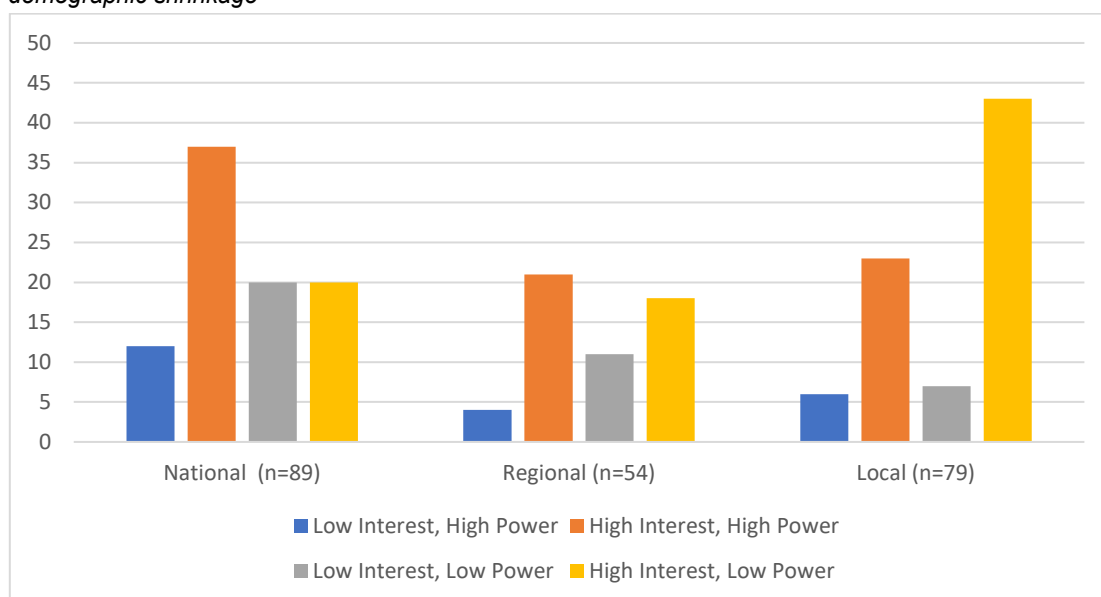
5 Levels of ‘interest’ and ‘power’ at different administrative scales and different types of organisations (public, private, civil society)

As described in the previous section, the case study partners were asked to perform an institutional mapping exercise for their case studies, which resulted in a list of the organisations relevant to the mitigation of and/or adaptation to demographic shrinking. The items to be compiled included, among others, the name and short description of the actor/ organisation, the territorial scale the organisation mostly operates on (national, regional, local) and whether it is a public, private or civil society organisation. The results of this exercise for each case study has been visualised in the Figures in Section 4 above.

In addition, the case study teams were asked to assess the listed actors'/organisations' level of a) interest and b) power with regard to demographic shrinkage, which made it possible to produce Power/Interest grids for each case study region. These power/Interest grids were used for the analysis presented in this section. Then distribution of power and interest also provide foundations for context-specific and more general policy messages. For example, (types of) stakeholders with high power and high interest are of crucial importance and should be mobilised and engaged actively. However, with regard to the following analysis, it should be borne in mind that the assessment of the power and interest of the actors/organisations has been judged subjectively by the case study teams and have not been the target of dedicated in-depth research or validated in an objective fashion. The results should therefore be taken as indicative.

Having merged the lists of actors/organisations provided by the case study teams, it was possible to carry out an analysis of the interrelationship between the actors'/organisations' type (public, private, civil society) as well as territorial scale of operation (national, regional, local) with its level of interest and power with regard to demographic shrinkage. With regard to the territorial scale of operation of the organisation in question, the case study team either used the national/regional/local distinction or the EU's NUTS classification. In the analysis NUTS1/0 were classified as 'national', NUTS2/3 as 'regional' and LAU1/2 as 'local'.

Figure 9. Levels of 'interest' and 'power' at different administrative scales with regard to rural demographic shrinkage

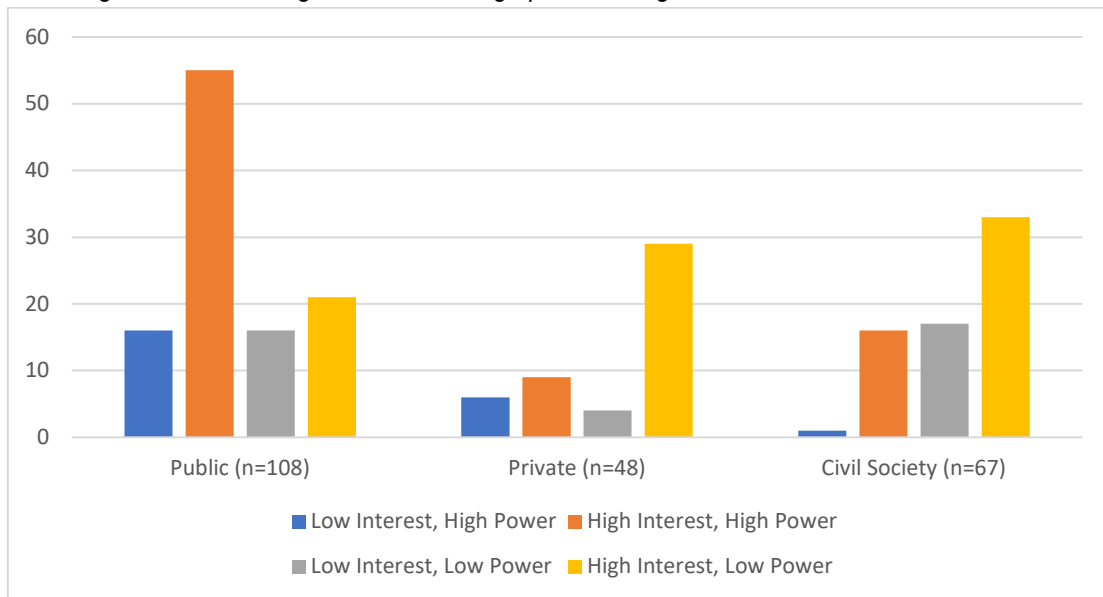


As can be seen from Figure 9, more actors/organisations from the national and local levels were identified as relevant to demographic shrinkage than regional ones. With regard to the interest/power dimension, the high interest/high power combination is overrepresented in the 'national' category, whereas the high interest/low power combination is overrepresented in the 'local' category. The prevalence of high interest and high power at the national level supports the case study interviewees' often-mentioned view that the national level is of high importance with regard to the response to shrinking. However, the question is then how to operationalise the existing interest/power for the benefit of regional and local levels, i.e. shrinking rural areas, in practice. The slight overrepresentation of the low interest/high power category at the national level is a potential reflection of the feeling of being left alone that is perceptible at the local level in the case study areas. In addition, the overrepresentation of the high interest/low power category at the local level also somewhat reflects the 'sense of powerlessness' that has been expressed in many case studies. A way out of the conundrum might be for the national level to truly empower and provide resources and guidance to the local level to assume a stronger and more effective role in the fight against shrinkage.

A similar analysis was carried out on the interrelationship between an actors'/organisations type (public, private, civil society) and its level of interest and power with regard to demographic shrinkage. As can be seen from Figure 10 below, the majority of relevant actors in this regard is deemed to be in the 'public' category. Not surprisingly, the fact that the High Interest/High Power combination is strongly represented in the public category indicates that this type of actor/organisation is the most important for tackling demographic decline. On the other side of the spectrum, civil society is, overall, deemed to have high interest, but low power with regard to tackling demographic change. Somewhat surprisingly, private organisations are deemed to have high interest in demographic issues (but low power), but this is probably due to the fact

that the case study teams were asked to map organisations relevant to demographic change in then first place.

Figure 10. Levels of 'interest' and 'power' by different types (public, private civil society) of actors/organisations with regard to rural demographic shrinkage



6 Innovative governance structures

In this section, some key examples of innovative governance structures that have emerged from the eight ESCAPE case studies are highlighted. The textboxes presented below have been selected by the research team from the case study reports, as they are considered to represent innovative governance structures most accurately. For more in-depth information concerning the key examples presented here, please refer to the individual case studies, which are listed in the Annexes.

Municipality of Antunovac (HR)

Innovative governance structures can be identified at and across multiple scales within the case studies. In the Croatian case study, for example, the municipality of Antunovac, which is a suburban municipality in close proximity to the regional centre of Osijek, created a specialized business zone and a regional, entrepreneurial incubator. This was created to compensate for the somewhat negative image of the County, mainly created by the Croatian media (Lukić *et al* [Annex 5]). The business zone started during the years 2010/2011. The type of businesses located in the special zone varied to some extent, even though a significant number of the businesses mentioned in the case study are in within with industrial production sector. The created business zone attracted around 150 employees in different companies, for example in a logistics and distribution centre for Perutnina Ptuj (a Slovenian poultry producer), logistics and distribution centre for a Swiss company producing medical supplies, a forklift service centre and a textile company producing for Zara (Lukić *et al* [Annex 5] p46). The entrepreneurial incubator also included 23 different entrepreneurs in somewhat different sectors, for example offices, IT programmers and accounting services. It was stressed by the interviewees that the success of the municipality of Antunovac is the sum of its parts (i.e. good use of EU funds). However, the most important resource is local human capital, for example proactive local government oriented towards projects and development (Lukić *et al* [Annex 5] p45).

Juuka (FI)

An interesting variant of innovative governance structures can be seen in the Finnish case study where the Hopeinen Koivu (Silver Birch) cooperative service was established in cooperation between the municipality of Juuka and the regional health- and social care provider Siun Sote. Hopeinen Koivu was established at the time when the Finnish health- and social care system was in transition, which basically means that the health- and social care was transferred from the municipalities to regional level, resulting in the creation of the regional health and social care provider Siun Sote (Fritsch *et al* [Annex 12] p26). What makes Hopeinen Koivu somewhat of an interesting innovative example is the fact that the governance structure and the objective of service itself is multifaceted. The services it offers is designed to ensure ageing persons' safety, getting around and other activities of daily life, for instance supplying firewood, snow plowing, cleaning, etc. A main aim is to help ageing persons avoid moving to

assisted living facilities and to allow them staying in their own home and get older “in place”. In addition, it also encourages long-term unemployed persons to employ themselves as service providers for these elderly persons. (Fritsch *et al* [Annex 12] p26-27).

Saxony-Anhalt (DE)

In the German case study, various innovative structures and networks were identified, especially at the regional scale of Saxony-Anhalt. For example, in 2011 the federal state of Saxony-Anhalt established the “*Alliance of demographic development*”. The alliance consists of numerous different experts and persons, who represents distinct action groups, associations and institutions that are dealing with demographic development in the state of Saxony-Anhalt (Bauchinger *et al* [Annex 8] p25). The Alliance of demographic development consists of more than 75 different institutions from all sectors working at regional and local scales and thus, supports communal and civic engagement and activities (Bauchinger *et al* [Annex 8] p25). The alliance produced a regional level platform for discussion, cooperation and exchange of good practices between the members in the federal state of Saxony-Anhalt (Bauchinger *et al* [Annex 8] p35).

Troyan-Apriltsi-Ougarchin (BG)

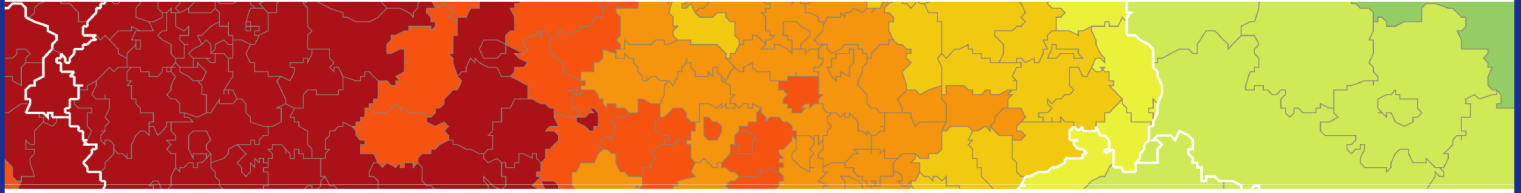
One of the most compelling innovative structures is presented in the Bulgarian case study, where informal inter-municipal cooperation has been used to achieve positive outcomes through informal regional strategy-making. The aim of this informal regional strategy was to link less developed municipalities to more developed ones. The idea for such strategy rose from the need of private, local businesses, which were suffering from a shortage of competent employees. Over time, the informal strategy was taken further as the municipalities of Troyan and Apriltsi established a common LAG (and Ougarchin has joined since) for administrative and regional purposes, i.e. common projects, employment and transportation (Slavova *et al* [Annex 6]). Interestingly, the informal strategy and the creation of a common LAG resulted in positive dependency between the participants as the three municipalities share the same objective: to attract people to come/stay in the *region* (Slavova *et al* [Annex 6] p46). Through this, a distinguishable informal mode of cooperation has emerged, since it has forced the local mayors to develop robust relationship with local private businesses (Slavova *et al* [Annex 6] p46).

Hungary (HU)

Another interesting case of innovative governance is presented in the Hungarian case study, where in 2018 the Hungarian Village Programme was developed through a bottom-up design, but financed and supported by the central government. This programme continues from the Hungarian Government's 2016 Family Action Plan for restricting population decline by offering family protection measures, including tax reliefs and housing incentives. The bottom up design was led by the largest Hungarian municipal alliance. The Programme is aimed directly at rural areas, and especially shrinking ones and uses indirect measures such as development of infrastructure and public services (Koós *et al* [Annex 9] p77). The Hungarian Village Programme is perhaps a rare example of a coherent national policy strategy that deals directly with the issue of rural shrinkage.

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