

## DELIVERABLE 9.1

### Best practice lessons in managing the rural and agricultural transition following EU membership

#### Draft Summary Briefing paper

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## **ABSTRACT**

This working paper identifies factors determining, and lessons of best practice in managing, rural and agricultural transition following EU membership in five selected case studies. The analysis draws on both desk-research and interviews. It shows that there is no single exclusive model or factor behind rural development, but multiple development trajectories resulting from various combinations of local, regional, national and global forces in specific circumstances. The nature of the effects of EU membership on rural transition is shaped by the interplay between the accession experience and the particular socio-economic conditions of each country. The combination of various endogenous and exogenous forces is consistent with neo-endogenous development theory, but much of the economic progress of these rural regions is not necessarily in line with the spirit of the theory. Rural transition cannot be considered outside the national economic context, as the development rural areas is inevitably tied, but not exclusively hostage, to the fortunes of national economies.

## **EXECUTIVE SUMMARY**

### **Introduction**

- This working paper focuses on the identification of best practice lessons in managing rural and agricultural transition following EU membership in five selected case studies. The regions covered are the: Border, Midlands and Western (BMW) (Ireland); the Autonomous Community of Navarra (Spain); the county of Skåne (Sweden), the Tyrol Region (Austria) and the Altmark Region (the new German Bundesländer). The analysis draws on country and regional case studies presented in Deliverables D8.1 to D8.5 of Workpackage 8 (WP8). It develops the work presented in Deliverables 8.6 and 8.7.

### **Methodology**

- This deliverable synthesises previous work which was predominately based on desk-research and (face-to-face and telephone) interviews. Overall, 39 interviews were carried out across the five countries. Interviewees included: academics, local and regional experts, farmers' representatives, and national and regional government civil servants.
- To verify the lessons drawn from WP8 a Policy Delphi exercise will be conducted as part of WP9. However, according to the Description of Work, the findings of the Policy Delphi exercise will be presented in Deliverable 9.4.

- A Policy Delphi exercise can be used to identify significant policy relevant variables, contextual parameters and explore the impact, consequences and acceptability of particular options. This approach, given that applying econometric analysis was impossible for cross-comparison of the case studies, was considered appropriate for understanding the success factors for managing agricultural and rural transition.
- This technique has been applied widely in the social sciences but, notwithstanding some notable exceptions, rarely used in the fields of rural development and agricultural policy.

#### Success factors in managing rural changes

- Case study regions were selected in terms of their ability to offer ‘successful’ experiences of rural transition following accession to the EU. It is important to note that ‘success’ is a relative term. The success or otherwise of a local rural area may be measured against the norms for urban areas in its region, or against the regional average. The success of a region might also be measured against the national average or against the average for the EU as a whole. Usually a series of socio-economic and demographic indicators, such as the contribution of the region to the economy as a whole, regional GDP/person, employment and unemployment rates, rate of birth and life expectancy, are used to quantify the ‘success’ or otherwise. It is also crucial that success in local rural development be understood in the particular context of the performance of the Member State.
- With one exception (Skåne) all the regions are classified as predominately or intermediate rural.
- The experience of the BMW region is intricately bound up with the changes experience by the Irish economy more generally. However, economic growth in the BMW region has been lower than that for Ireland’s other NUTS 2 (Southern and Eastern) region and lower than the Irish national average but has been significantly higher than the norm for the EU as a whole. GDP per capita (euro/inhabitant) increased from 60% of the EU15 average in 1995 to 106% in 2005.
- Navarra’s economic performance is remarkable. Standards of living (expressed as GDP/capita) are well beyond the national level (126%) and EU25 average level (118%). It has consistently outperformed the average EU growth rate.
- Tyrol, Austria’s most mountainous federal province, is perceived as a relatively wealthy region, which accounts for 9% of the country’s GDP, and with a regional GDP/person above the national and EU levels. Although Tyrol’s agriculture contributes very little to the regional economy directly, it contributes much more indirectly by preserving the natural and cultural landscape and being integral to agri-tourism. For large parts of rural Tyrol, farming remains at the core of the rural community.

- Skåne is considered as the most competitive agricultural region in Sweden, benefiting from the wider market access provided by EU membership, rather than from (national and EU) policy aspects of addressing structural or regional handicaps.
- The Altmark region has its own particularities as is the only region within the five selected case studies that belongs to a former socialist country. It has a strong agricultural and forestry sector that is, overall, internationally competitive. However, following reunification, rural areas within the region (and East Germany as a whole) did not benefit immediately as harsh economic conditions led to a sharp decline of (particularly young) population, who left rural areas in search for better employment opportunities.
- Although these countries joined the EU at different points in time and the social, economic and political conditions differed to a greater or lesser extent at the time of accession, their agricultural sector has followed similar patterns of evolution. For example: a decline of agriculture's role within the national and regional economy terms of both contribution to the Gross Value Added (GVA) and labour force; significant changes in farm structure, land use and agricultural output.
- Farming has become less attractive in all regions. However, with the exception of Altmark, farming is still very much a family business despite that in recent years there has been a clear reduction in the labour input (expressed in Annual Work Units) provided by family members. Part-time farming has become an important feature of all regions and it continues to increase, being particularly significant in Tyrol and Altmark.
- Farm diversification grew, particularly from the late 1990s onwards, in all regions, with rural tourism the most prominent other gainful activity, particularly in Tyrol. However, other farm-related activities such as food processing, direct sales or farm cooperation (e.g. contractual work) are also developing. Actually, only in Tyrol is there clear evidence of 'multifunctional agriculture' delivering wider economic benefits.
- In line with existing theory, the five case studies reveal that there is no single model for managing rural transition success stories. Moreover, there is no single determining factor for success, but a combination of local and external driving forces which acted in a favourable environment that influenced the transformation of these rural areas. Additionally, when analysing success or otherwise across various regions, it is important to consider the starting point or the initial position of the country, and implicitly of the region, as these countries joined the EU at different time and under different circumstances.

- In the light of competing theories of rural development the emerging factors/driving forces behind rural changes were clustered into two major groups: i.e. external and internal/specific factors.
- *External factors*: national economic performance; EU membership; policy interventions (at the EU, national and regional level) and market integration. “Driven from outside” the region, these correspond to the classical formulation of an exogenous model of rural development.
- The case studies reveal that the economic performance of the selected regions has been closely tied to that of their respective nation state; growing at about the same rate as the national average. Thus, it is crucial that success or otherwise in local rural development be understood in the particular context of the national context for each Member State.
- For example, in Ireland, it is considered that one of the most important stimuli to structural change in agriculture was the overall economic boom of the 1990s - early 2000s, which provided new employment opportunities and helped a smooth transition for many people previously tied to farming. As the economy developed, the role of the agricultural sector declined and industry (e.g. construction and manufacturing) and services sectors experienced rapid growth. This seems also to be the case for Navarra and Skåne. In contrast, the case of Altmark region shows how the collapse of the economy in the eastern part of Germany, after the re-unification, brought also dramatic changes to the region such as a high unemployment, high inflation and a massive out-migration of the rural labour force.
- For most of these countries and regions, EU membership (and the Single Market), and the substantial financial resources transferred from EU programmes were vital for their economic progress and the transformation and development of rural areas. This is particularly the case for BMW and Navarra regions, but it is also valid, to a lesser extent for Skåne, Tyrol and Altmark.
- EU membership opened new opportunities such as access to new markets and the attraction of Foreign Direct Investment (FDI). The opportunity to trade freely on a larger market, distinguished itself as a major factor that influenced changes at a national and regional level. An “unrestricted access to wider EU markets” was mentioned, across the majority of interviews, as one of the main benefits of EU membership. Skåne is a good example, as the region allows for a strong impression of the importance of the market environment, rather than policy interventions, in driving rural change and restructuring. Although, in general, the FDI in these countries were mostly oriented towards urban areas, they also had spill over effects and influenced (indirectly) changes in surrounding rural areas. For example, in Ireland, the combination of EU membership and a favourable tax regime attracted a massive inflow of FDI, particularly from the US, Germany and the UK. This is also the case for Spain, as accession to the EU led to a twofold increase in the level of FDI inflows from €987 million in 1985 to €1,932 million in 1987.

- The importance of EU membership should also be linked to the political and economic context of each country at the time of accession, as these countries joined the EU at different points in time and at different stages in the development of EU policies (e.g. CAP and Structural Funds). For country such as Ireland and Spain, which at the time of accession were amongst the poorest in Europe and for which agriculture was a very important sector within the economy as a whole, the Community was seen as “the promised land”. It was mainly the EU subsidies, particularly CAP support that made EU membership extremely attractive for these countries. In contrast, for Austria and Sweden, two prosperous economies with a relatively small agricultural sector, EU membership was viewed as the opportunity for a general economic revival and the reparation of the damaged society-state relationship following the global economic recession of the late-1980s, early 1990s.
- Various EU, national and regional policies have also fostered the “success” of these regions. The role played particularly by the CAP (Pillar 1 and Pillar 2), but also by the Structural and Cohesion Funds within these regions is indisputable.
- The adoption of the CAP following EU accession brought significant changes for the agricultural sector in all these countries, e.g. rise or fall in prices for agricultural products and/or farm income, farm restructuring and changes in labour force and production patterns. Overall, the CAP Pillar 1 measures account for the largest share (80%) of the EU funds allocated to agriculture and they are paramount for all countries and regions. It is clear that price support and market interventions measures were more important prior to the MacSharry reform of 1992 and Ireland and Spain benefited most amongst the five case studies. The introduction of compensatory (direct) payments shifted radically the balance between the Pillar 1 measures, from product to producer support. The significance of direct payments is unquestionable as farmers’ livelihoods in all regions, particularly those of small-scale producers, depends largely on these subsidies.
- CAP Pillar 2 measures, particularly agri-environmental measures and less favoured areas (LFAs) compensatory allowances are also extremely important for most countries and regions, but particularly for Austria (Tyrol) and Sweden (Skåne). Both countries took full advantage of the opportunities of EU membership by considering the agri-environmental schemes as an ideal tool for supporting their farming community. The survival of most Austrian mountainous farms depends on receiving these payments. This is also reflected in the distribution of funds between Pillar 1 and Pillar 2, with Austria devoting one of the largest shares of all EU member states to Pillar 2. In Sweden it is believed that agri-environmental payments and support for organic farming can raise the survival chances of smaller, less competitive holdings as providers of public goods rather than of conventional output.
- Amongst Pillar 2 measures, the role of the Community Initiative LEADER within the development of rural areas needs a special mention. Although, very limited funds were allocated for this measure, LEADER has become popular and well received by local communities. Its popularity led to countries such as Spain and Germany creating similar national programmes (i.e. PRODER and Active Regions). In Spain, the programmes have attracted a significant contribution from the private sector.

Across countries, funds were mainly allocated for rural tourism, the creation and support of small businesses/services, training and local management and the promotion of natural and cultural heritage. By actively engaging local communities and local actors in the decision-making process, LEADER proved to support the promotion of an integrated rural development approach.

- Although EU regional policy does not address specifically rural development issues, there is little doubt that it has influenced at least indirectly the development of rural areas in the selected case studies. The importance of Structural and Cohesion Funds is particularly notable for Spain and Ireland, considering the significant amount of financial resources allocated through these funds. For example, more than €90 billion were allocated to Spain between 1989 and 2006. This means 23% of EU Structural Funds and 55% of the Cohesion Funds. Ireland also received substantial EU funds because of its Objective 1 status. The country remained under Objective 1 until 2000, when it was divided into two NUTS2 regions. The BMW region was specifically created so that part of country remained eligible (until 2006) for EU Objective 1 funds. The total EU Structural Funds allocated to Ireland, between 1989 and 2006, amounted for over €13 billion.
- It is rather difficult to single out the effects of Structural and Cohesion Funds on rural areas, as there is a degree of overlap between the EU regional and rural development policies. Moreover, it is also believed that for both Ireland and Spain, the lack of a clear national regional policy led to an unbalanced regional development with funds not necessarily oriented towards the most vulnerable regions. Most funds in these countries were urban driven, with dynamic regions (e.g. East and the Greater Dublin Area in Ireland) receiving the largest share as opposed to the disadvantaged and peripheral regions. This contrasts with the situation for Austria and Sweden, where it is believed that the existence of a national and coherent regional policy prior to EU accession helped to reduce regional disparities and promoted a more balanced regional development based on innovation and modernisation. In these countries, a more flexible and regionalised framework allowed for more creative inputs from local actors and stakeholders.
- *Internal/Specific factors:* natural (resources) endowment; human capital (population and labour force); social capital (social interaction/networking); environment and the conservation of countryside (public goods); access to markets (infrastructure and location) and governance. The list is by no means exhaustive and is based on the main findings from the country reports. As these factors are “driven from within” each region, they are usually associated with the endogenous rural development approach.
- Natural resources are an important factor in the economic development of rural areas, and there is little doubt that the geographical differences in the natural resource base and regional topography influence the spatial distribution of farming and rural performance.

- Another important factor for driving change in rural areas is population and the labour force. For all regions, the population in rural areas that are close to urban developments has increased, while remote and peripheral rural areas continue to be characterised by net out-migration. For example, in Skåne there is a clear discrepancy between rural areas near to urban centres and the coast where population levels have increased, and northern Skåne characterised by continued depopulation. Overall, rural areas offer limited opportunities for employment, with most of the economic activities in rural communities linked to agriculture and forestry or industries associated to these sectors (e.g. rural tourism, processing and direct selling of agricultural and forestry products).
- Other important factors, which emerged when analysing the “success” or otherwise of rural areas are: access to infrastructure and markets, and investment in human capital. Limited accessibility to transport infrastructure, communications and local services, supplemented by the lack of work opportunities make it difficult to retain young people in rural regions, leading to depopulation and ageing.
- Social capital (networking) and “governance” also emerge as significant driving forces for change in rural areas. The cases of Tyrol and Altmark are notable in this regard. For example, a key role in the success in Tyrol (and Austria as a whole) was attributed to ‘governance’ structures which was possible through the retention of key persons in administration and the relevant stakeholders in the sub-regions and localities

#### Policy frameworks and administrative lessons drawn from each case study

- Previous accessions to the EU affected the development of EU policies, particularly agricultural and rural development measures. EU accession influenced the socio-economic, agricultural and rural development conditions of the acceding countries. Nevertheless, the nature of the effects of EU membership on rural transitions is shaped by the interplay between the accession experience and the particular socio-economic conditions of each country.
- Overall, based on the (internal and external) factors identified for managing rural transition and the interviews with key informants for each case study a number of best lessons and practices were identified as follows:
  - *Ireland and BMW: Lessons*
    - creation of appropriate structures and institutions, to attract EU funds
    - design and deliver appropriate National Development Plans
    - a strong, sustainable and responsible capacity building
    - a clear regional strategy to which the government to be committed but which to ensure a *balanced* development at the regional level
    - decentralisation of responsibilities and a broader involvement of local communities need to be fostered and encouraged.

- *Spain and Navarra: Lessons*
  - design and implementation of rural development measures should be based on a territorial and integrated approach with funds' allocation based on needs of rural areas
  - larger implication of regional and local authorities and other local actors in the design and implementation of Rural Development Programmes
  - development of innovative initiatives and the intensification of participation of local entrepreneurs in the rural development process
  - the need to invest in social capital - networking
  - improvement of infrastructure, particularly transport and IT
  - investing in human capital through education and training
  
- *Sweden and Skåne: Lessons*
  - devolved (RD) programming and implementation - a more flexible, regionalised framework allows more creative inputs from local actors
  - integration of RD in the broader national policy context - "policy culture and traditions"
  - a balance between RD measures in order to ensure a more integrated rural development
  - the need to build into social capacity through a "bottom -up" involvement of local actors so to respond to regional variations
  
- *Austria and Tyrol: Lessons*
  - the implementation of an integrated territorial approach whereby pluriactivity and the preservation of traditions, environment and cultural landscape are central for rural-agricultural development
  - the need for a successfully facilitating administration which should start with a professional collaboration between the national ministries and regional authorities
  - the role of an "institutional memory" based on trust, openness and professional attitude to facilitate a successful integrated regional and RD
  - involvement of both local stakeholders (bottom-up) and regional authorities (top-down) to develop & implement projects within programmes like LEADER and national/regional development plans
  - the promotion of a dual education system (agriculture and one additional profession) and a continuing training of farmers.

- *New German Bundesländer and Altmark: Lessons*
  - investing in social capital (networking) and a high local commitment and partnership between authorities (government, social partners, NGOs) at different administrative levels for joint policy development
  - Learning how to attract (public) funds and understand/fulfill the (administrative) requirements of funders.

### Concluding Remarks

- This working paper had identified factors determining, and lessons of best practice in managing rural and agricultural transition following EU membership in five selected case studies.
- There is no unique/exclusive model or factor for managing rural transition, but multiple development trajectories resulting from various combinations of internal (endogenous) and external (exogenous) driving forces which act in a favourable environment. Moreover, the nature of the effects of the EU membership on rural development is shaped by the interplay between the accession experience and the particular socio-economic (and political) conditions of each country.
- Rural transition cannot be considered outside of the national economic context as the development of rural areas is entwined in the fortunes of national economies. Yet while external factors are important determinants, this does not mean that the fortunes of rural regions are entirely hostage to external factors. Local/specific factors (e.g. natural resources, human capital, access to markets and infrastructure) and actors are important.
- Regarding administrative lessons the dynamic and meaningful participation of local actors in local and external networking is of utmost importance. Making the most of EU membership requires an understanding of funding systems and “institutional memory”. Linked to this is the setting up of appropriate EU structures and institutions which act in accordance with the interests of the region and are able to attract the EU funds.
- The combination of various endogenous and exogenous forces is consistent with the neo-endogenous development theory, but much of the economic progress of these rural regions is not necessarily in line with the spirit of the theory, which requires policies to enhance local (institutional) capacity so it can mobilise internal resources and cope with the external forces specific to each region. It is clear that in its current form the CAP does not provide the ‘framework’ to fully embody the neo-endogenous model of rural development. To do so, it will require farmers to lose their current privileged position within the EU rural development policy.

Moreover, the overall analysis leads to the conclusion that “one size fits all” may not be appropriate for EU27, given the heterogeneity that characterises the Community as a whole and the specific economic, social and political conditions for each member state.

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## 1 Introduction

This working paper focuses on the identification of best practice lessons in managing rural and agricultural transition following EU membership in five selected case studies. This will provide a basis in subsequent work (D9.4), considering the extent to which the lessons and experiences from the EU15 can be emulated in the New Member States (NMS) from Central and Eastern Europe (CEE). This reflects how identifying key national and regional features of rural change and the major driving forces behind such change can assist in drawing conclusions about the success or otherwise of measures to manage agricultural and rural transformations. It can also support the design of future rural development policies for the new EU member states.

The analysis draws on country and regional case studies presented in Deliverables D8.1 to D8.5 of Workpackage 8 (WP8). It develops the work presented in Deliverables 8.6 and 8.7. The case studies examined the dynamics of rural change in five selected EU15 regions and the measures that “successfully” managed rural socio-economic changes and agricultural restructuring following EU accession. The case studies identified key features and determinants of rural transition in four selected EU15 member states following their accession to the EU, i.e. Ireland (1973), Spain (1986), Sweden and Austria (1995), as well as the new German Bundesländer, which joined the EU in 1990 in the light of the reunification of Germany. The regions covered are the: Border, Midlands and Western (BMW) (Ireland); the Autonomous Community of Navarra (Spain); the county of Skåne (Sweden), the Tyrol Region (Austria) and the Altmark Region (the new German Bundesländer). These case study reports were prepared by various authors (Hubbard and Kaufmann, 2008; Hubbard and Ward, 2007; Iraizoz, 2007; Copus and Knobblock, 2007; Wolz and Reinsberg, 2007)<sup>2</sup>.

The working paper is organised as follows. The next section outlines the methodology employed, outlining how WP9 will draw on the case study reports presented in WP8. Section 3 draws out factors promoting successful transition in rural areas on a cross-national basis. Section 4 presents specific country level lessons. Section 5 summarises key conclusions and outlines the next steps in WP9.

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<sup>2</sup>The specific deliverables are: D8.1 “Development of socio-economic and agricultural structures in selected rural regions in Austria after EU accession” Carmen Hubbard and Peter Kaufmann @CRE; D8.2 “Development of socio-economic and agricultural structures in selected rural regions in Ireland after EU accession” Carmen Hubbard and Neil Ward @CRE; D8.3 “Development of socio-economic and agricultural structures in selected rural regions in Spain after EU accession” Belen Iraizoz @Public University of Navarra; D8.4 “Development of socio-economic and agricultural structures in selected rural regions in Sweden after EU accession” Andrew Copus and Erika Knobblock @NORDREGIO and D8.5 “Development of socio-economic and agricultural structures in selected rural regions in the new German Bundesländer after the German unification” Axel Wolz and Klaus Reinsberg @IAMO.

## 2 Methodology

### 2.1 Desk-Research and Interviews - WP8

The country reports were based on a Common Methodological Framework (CMF) (with a common set of specified research questions) developed by UNEW in collaboration with other SCARLED colleagues. Following the Description of Project Work, the research was predominately based on secondary data analysis, including historical documentary reports and a review of the relevant literature. Additionally, in order to strengthen the analysis, face-to-face and telephone interviews were carried out with key informants from each selected case study. Overall, 39 interviews were carried out across the five countries. Interviewees included: academics, local and regional experts, farmers' representatives, and national and regional government civil servants. The majority of the interviews took place between August and November 2007. The exception refers to the Austrian interviews, which occurred in the spring of 2008. The interviews followed a semi-structured format with open-ended questions grouped around a set of common topics, allowing for a flexible development of the conversation. Interviews lasted between one and two hours. The following framework of themes was explored across the five selected case studies:

- Main factors / driving forces (local and external) for changes in rural areas since the country's EU accession;
- Which national and regional policies have made an impact on rural areas?
- Have EU membership and EU policies made a difference to rural areas?
- Which of these policies (EU, national and regional) were the most important?
- Other (specific) factors which have influenced (positively) changes in rural areas (e.g. culture/traditions and community involvement).
- Missed opportunities/possible weaknesses that affected rural development within the region.
- Lessons to be considered for the new member states?

The interviews were analysed and reported within each country report. Based on the literature review and the interviews carried out with key specialists from each region, an analysis of the major driving forces for changes in rural areas and lesson to be learnt is presented in this report. To verify the lessons drawn a policy Delphi will be conducted as part of WP9. The rationale for choosing this method, the design of a policy Delphi, and its advantages and disadvantages are presented below.

## 2.2 The Policy Delphi Method - WP9

Originating from studies conducted by the RAND Corporation in the 1950s (Pill, 1971), the Delphi approach seeks to utilise expert opinion for developing understanding and problem solving within a particular field. It is defined by Turoff (1970, p.149) as a method for the “systematic solicitation and collation of informed judgments on a particular topic”.

There are four key features of the Delphi approach: respondents are experts in a particular field, responses are anonymous, data collection proceeds as a series of rounds (iterative process), and feedback on the views of others is provided to participants (Woudenberg, 1991; Rowe and Wright, 1999). Sampling is purposeful, selecting those informed about, and specialised on, the particular field in question, rather than random. The specific functions of the Delphi approach are one or a combination of the following:

- a) to determine or develop a range of possible alternatives;
- b) to explore or expose underlying assumptions or information leading to differing judgments;
- c) to seek information that may generate a consensus of judgment on the part of the respondent group;
- d) to correlate informed judgments on a topic spanning multiple disciplines;
- e) to educate the respondent group as to the diverse and interrelated aspects of the topic (Turoff, 1970, p.149).

While there are many variations, the three most common formats are: forecasting, normative and policy Delphi (Novakowski and Wellar, 2008). The policy Delphi approach explores a matter of political interest or consequence (Novakowski and Wellar, 2008), where the objective is not to reach consensus but to identify significant policy relevant variables and contextual parameters and explore the impact, consequences and acceptability of particular options (Turoff, 1970). It may be particularly useful where model-based statistical methods are impractical or impossible due to an absence of appropriate historical / socio-economic data (Fink *et al.* 1991; Powell, 2003), and thus ‘where some form of human judgmental input is necessary’ (Rowe and Wright 1999, p.354). Given our interest in understanding success factors for managing agricultural and rural transition, we focus on the policy Delphi. This technique has been applied widely in the social sciences but, notwithstanding some notable exceptions (Ilbery *et al.* 2004; Cunha and Swinbank, 2009), rarely used in the fields of rural development and agricultural policy.

### *Rationale*

Rowe *et al.* (1991) argues that research based on group interaction may be subject to both process gain and process loss. *Process gain* may emerge through group interaction - stimulating synergies, independent thought, cross-fertilisation of ideas and knowledge between disciplines, and formation of group of solutions. In other words ‘the whole is greater than the sum of its parts’ (Gupta and Clarke, 1996, p.186). However, group interaction may lead to *process loss* if it is characterised by the dominance of a small number of powerful individuals and personalities or social loafing (uncritically following the views of others). Rowe and Wright (1999, p.354) argue that a Delphi approach maximises process gain (by stimulating interaction, creative synthesis from often

geographically dispersed participants) but minimises process loss by responses remaining anonymous and being collected on an individual basis, thus 'pre-empting the negative aspects (e.g. attributable to social, personal and political conflicts)'.

By using successive rounds of data collection, opinions may be considered in a non-adversarial manner, with anonymity giving each participant an equal chance to present ideas, unbiased by the identities of others (Hassan *et al.* 2000; Keeney *et al.* 2001). The current status of a group's collective opinion is fed back to participants after each round of data collection. This should help identify issues that participants initially missed or ignored. The iterative process gives respondents the chance to alter their opinions anonymously, and therefore may be subject to less 'face saving' behaviour (Hassan *et al.* 2000; Rohrbaugh, 1979). Okoli and Pawlowski (2004, p.20), reviewing empirical evidence, conclude that for questions requiring expert judgment the quality of data generated by individual responses is consistently inferior to that generated by group decision processes, with Delphi studies producing richer data 'because of their multiple iterations and their response revision due to feedback'.

Okoli and Pawlowski (2004) argue that Delphi based studies can provide the basis for grounded theory, where the latter refers to the generation of theory from data collected as part of the research process. A Delphi approach may aid theory development by helping researchers to identify significant variables of interest, generate hypotheses, gauge the generalisability of theory and assess construct validity. Regarding generalisability, Okoli and Pawlowski (2004, p.27) suggest that by drawing on experts from a wide range of contexts, researchers can 'significantly extend the empirical observations upon which their initial theory is based - thus strengthening the grounding of the theory and increasing the likelihood that the resulting theory will hold across multiple contexts and settings'. Similarly they argue that the Delphi approach 'can strengthen construct validity by asking participants to validate their initial responses, ensuring the researchers' interpretations are in keeping with the intended meanings of experts' (p.27).

#### *Design of a Policy Delphi*

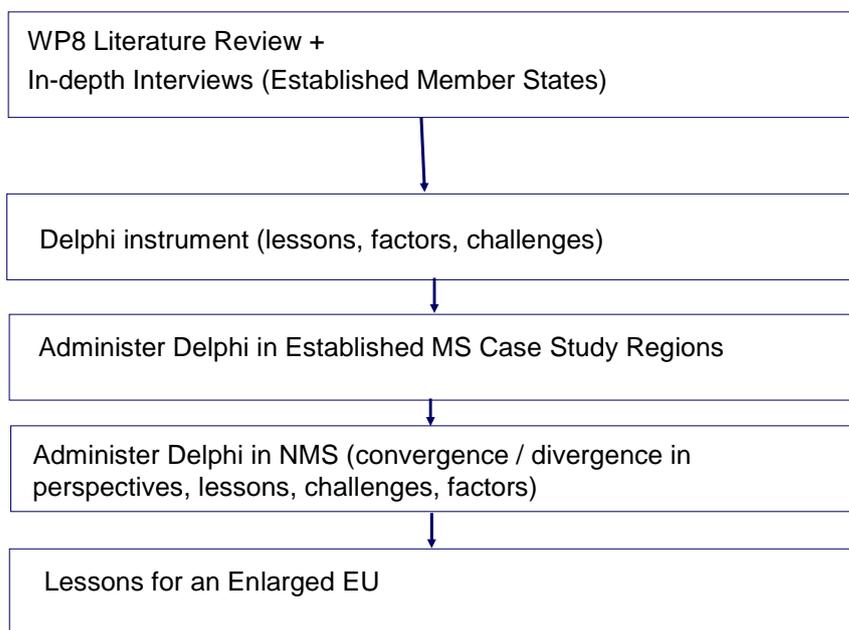
While a plurality of methodologies characterises Delphi based studies, there is broad agreement that the research process should incorporate eight stages (Powell, 2003).

- a) *Literature Review.* All Delphi based studies should commence from a systematic literature review (Novakowski and Wellar, 2008), summarising the current state of knowledge, identify theoretical and empirical gaps that the Delphi may fruitfully address, and garner insight into potential experts who can advise or participate in the Delphi exercise. For the study of success factors for managing agricultural and rural transition, the literature review is based on the five country case study reports, which are synthesised in deliverables D8.6 and D8.7.
- b) *Pre-test.* This stage centres on the investigation of alternative research designs and checking that a Delphi based approach is most appropriate. Given that we are interested in understanding success factors for managing agricultural and rural transition in an enlarged EU, drawing on case studies of Member States that joined the EU at different times, with varying histories, econometric modelling of the determinants of success is problematic. In this case, learning from experts is a fruitful alternative (Wilhelm, 2001).

- c) *Preparation of the research design.* Drawing on the literature review, researchers should document the themes to be addressed, what Novakowski and Wellar (2008, p.1489) refer to as the ‘why, what and how features of the inquiry’. This document contains actual propositions or statements for investigation (Fink *et al.*, 1991) and guides who should be selected for the study and what interests are represented. A draft Delphi instrument will be presented in Deliverable D9.2.
- d) *Selection of experts.* In accordance with purposeful sampling, participants should have a deep understanding of the issues. Novakowski and Wellar (2008) recommend that participants meet a least one of the following criteria: extensive work experience related to the policy issue, an advanced degree in associated disciplines; a record of publications demonstrating professional and / or academic interest; membership of a relevant professional body. Delphi studies typically involve 10-18 experts, but group size may be adjusted depending on the scope of the issue addressed. Potential panel members should be contacted and their involvement solicited.
- e) *First round of expert opinion.* This phase of data collection is typically qualitative in nature, depending on open ended questions asked as part of an in-depth interview. This allows participants to outline freely their ideas on the topic in question. Researchers undertake content analysis of the interview findings and this provides the basis for constructing a questionnaire for the subsequent round (Powell, 2003).
- f) *Subsequent rounds.* The second and subsequent rounds of data collection are more specific and quantitative in nature (questionnaire based). This typically involves ranking or scale questions soliciting the degree to which respondents agree with defined propositions, the importance attached to specific factors, the desirability and probability of outcomes, and confidence in their judgements (Turoff, 1970). While predominantly using closed response formats, respondents should still have an opportunity to raise alternative propositions (Turoff, 1970). Researchers feedback the findings of each round to participants. Although there is no agreed limit on the number of rounds, researchers have to consider respondents’ time commitments and possibility of participant fatigue (Hasson *et al.* 2000). While questionnaires for Delphi based studies have typically been in ‘pen and paper’ format, Hassan *et al.* (2000) reports increasing use of electronic surveys, which may be more convenient for cross-national research.
- g) *Data analysis.* The presentation of findings incorporates both qualitative and quantitative elements. Reporting typically includes measures of central tendency and the level of dispersion (Critchler and Gladstone, 1998). The degree of consensus regarding the importance of determining factors and favourability of policy options may be presented in terms of whether there is complete consensus, majority agreement, bipolarity, plurality or fundamental disagreement (Novakowski and Wellar, 2008). Fink *et al.* (1991) recommends that the credibility of findings can be assessed by the extent to which a study has a clear decision trail (on selection of participants, choice of options etc.) and generates findings that are consistent (i.e. displaying internal logic).
- h) *Dissemination of findings.* Novakowski and Wellar (2008, p.1495) argue that ‘the dissemination of research results constitutes a key building block dimension of science’. This will involve informing participants, policy makers and relevant professional bodies as to the overall outcome.

Drawing on the literature, Figure 1 synthesises the application of Delphi Method for this research exercise. The Delphi instrument will be administered in the case study regions to verify and refine the lessons drawn by researchers. The exercise will also be conducted in the NMS to identify whether similarities or significant differences are apparent between Established and New Member States regarding agreement with defined propositions, the importance attached to specific factors and desirability and probability of outcomes.

Figure 1 Application of the Policy Delphi Method



### *Drawbacks and Dangers*

While the usefulness of the Delphi approach is recognised widely, Turoff (1970) outlines four potential dangers. First content validity depends on the quality of participants; in other words the approach will only be as good as the sample. Second, Delphi based studies may suffer from response bias in that the commitment of participants can be related to their involvement with the policy question (Keeney *et al.* 2001). Moreover, although responses are anonymous some participants may feel obliged to represent particular interests. Third, as for all primary data collection, the wording of questions is critical. If the issue appears to be presented in a manner favouring a particular viewpoint, the study may be accused of merely seeking to justify a predetermined decision. Finally, Turoff (1970, p.154) argues that for a policy Delphi it is important to explore the diversity of opinions and that some studies have suffered from the 'mistaken impression ... the generation of a consensus is the singular goal of the technique'. These potential dangers imply that a policy Delphi cannot be designed quickly and requires careful prior research - 'both for the design of the Delphi itself and to establish the characteristics of diversity desired in the respondent group' (Turoff, 1970, p.156).

### 3 Success factors in managing rural changes

#### 3.1 Choice of case study regions: A review<sup>3</sup>

Case study regions were selected in terms of their ability to offer 'successful' experiences of rural transition following accession to the EU. The choice of the five regions (BMW [Ireland]; the Autonomous Community of Navarra [Spain]; the county of Skåne [Sweden], the Tyrol Region [Austria] and the Altmark Region [of the new German Bundesländer]) was based on multiple factors. It is first important to note that 'success' is a relative term. The success or otherwise of a local rural area may be measured against the norms for urban areas in its region, or against the regional average. The success of a region might also be measured against the national average or against the average for the EU as a whole. Usually a series of socio-economic and demographic indicators, such as the contribution of the region to the economy as a whole, regional GDP/person, employment and unemployment rates, rate of birth and life expectancy, are used to quantify the 'success' or otherwise. The list is, however, non-exhaustive. Furthermore, with one exception (Skåne) all the regions are classified as predominately or intermediate rural. Although agriculture has declined over the years, both in terms of contribution to the regional GVA and labour force, the sector remains significant. It is also crucial that success in local rural development be understood in the particular context of the performance of the Member State.

The development of the BMW region in Ireland is remarkable in this respect. Although, the economic growth in the BMW region has been lower than that for Ireland's other NUTS 2 (Southern and Eastern) region and lower than the Irish national average, economic growth in BMW has been significantly higher than the norm for the EU as a whole. GDP per capita (euro/inhabitant) increased from 60% of the EU15 average in 1995 to 106% in 2005. Moreover, during the 1980s the region suffered substantial out-migration and high unemployment rates. Currently, the employment rates are comparable with the national levels and unemployment is amongst the lowest within the regions of the EU member states. Until 2006, the BMW region was eligible for EU Objective 1 funds. As regards agriculture, although most of the BMW area is classified as severely and less severe handicapped almost half of the total Irish farmed area and more than half of the total farms are located in this region. The region also provides 40% of the total Irish agricultural output.

The region of Navarra, by contrast, was a prosperous economic region prior to the entry of Spain to the EU. The country's accession brought even more favourable conditions for further economic development. Although it is a relatively small sized regional economy (less than 2% of the national economy), Navarra's economic performance is remarkable. Standards of living (expressed as GDP/capita) are well beyond the national level (126%) and EU25 average level (118%). With a regional GDP/capita above 75% of the European average, Navarra was never considered an EU Objective 1 region. The region also benefits from a higher rate of labour occupation than the national average, and implicitly it has

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<sup>3</sup> This section draws heavily on Deliverable 8.6

experienced, since accession to the EU, much lower rates of unemployment than the economy as a whole. More important is the convergence process with EU averages, which has accelerated particularly after the mid-1990, leading to the reduction of the gap between regional and EU levels for most indicators. The largest proportion of the region's GDP is due to services. As regards agriculture, the region has a higher level of mechanisation than the national level and a holding structure better adapted to market requirements. Agricultural labour productivity in the region has been (still is) superior to the national level. Additionally, the region benefits from a high degree of integration between agriculture and the food industry. The agro-food industry contributes significantly to the regional economy. Moreover, some 8% of the country's agricultural and food exports are provided by Navarra. Rural tourism is also one of the main activities in the area. The region benefits from a particular administrative and tax system, so-called "*regimen foral*", which allows for a large degree of legislative and fiscal autonomy.

Tyrol, Austria's most mountainous federal province is perceived as a relatively wealthy region, which accounts for 9% of the country's GDP. As well as the Spanish region of Navarra, its economy performed well even prior to the country's accession to the EU. Regional GDP/person is above the national and EU levels. The region has also the third-highest birth rate in Austria and the highest life expectancy amongst the nine federal provinces. Its gross income is mainly generated from services with tourism and the associated retail market extremely important. Tyrol's agriculture contributes very little to the regional economy directly, but it contributes much more indirectly by preserving the natural and cultural landscape and being integral to agri-tourism. For large parts of rural Tyrol, farming remains at the core of the rural community.

Skåne was selected as the case study on the grounds that it is considered as the most competitive agricultural region in Sweden. It has both physical advantages (in terms of climate, topography, soils) and location advantages (close to a major urban market, export gateways, and a very dynamic labour market, offering many opportunities for off-farm employment). Additionally, infrastructure improvements have allowed it to exploit the opportunities to compete on a wider market since EU accession. Farm structures are also more commercially orientated in comparison with other Swedish regions. It should therefore be viewed as a region likely to benefit from the wider market access provided by EU membership, rather than from (national and EU) policy aspects of addressing structural or regional handicaps.

The Altmark region has its own particularities as is the only region within the five selected case studies that belongs to a former socialist country. Although the economy of the region has struggled following the reunification of Germany there are some lessons to be learnt from its experience during difficult times. Indeed, rural areas within the region and East Germany as a whole did not benefit immediately from the re-unification as harsh economic conditions led to a sharp decline of (particularly young) population, who left rural areas in search for better employment opportunities.

## 3.2 Driving forces in managing rural changes

### 3.2.1 Major Comparative Issues across Countries/Regions

Based on the country reports and Deliverable 8.6 a number of comparative issues emerge regarding agricultural and rural structural changes following EU accession. Although these countries joined the EU at different points in time and the social, economic (and political) conditions differed to a greater or lesser extent at the time of accession; their agricultural sector has followed similar patterns of evolution. For example, there is a clear decline of agriculture's role within the national and regional economy terms of both contribution to the Gross Value Added (GVA) and labour force. However, in terms of employment, agriculture still remains important in the Irish region of BMW, Navarra and Altmark. The regions have also experienced significant changes in farm structure, land use and agricultural output. With the exception of Altmark region, a severe drop in the number of farms and an increase in the average size occurred in all regions following EU accession. Overall, the most affected were small-scale farms (e.g. less than 5 ha) which either exited the industry or were amalgamated into larger and more viable units. However, although gradual, the process of farm expansion differs from region to region and follows the development of various CAP changes. For example, the reduction of the number of farms was very slow in Ireland (and BMW) as farm structure hardly changed for almost two decades following accession. This was mainly due to the specific characteristics of the Irish farming and landownership system, with land transferred from one generation to another and a limited land market (Lafferty et al., 1999). This contrasts with Navarra where farm expansion was more intensive and a flexible land tenancy system led to a significant increase in the area of rented land after EU accession. Nevertheless, the Spanish agricultural sector is still characterised by a dualistic farm structure with a large number of very small scale (e.g. 49% of farms have less than 5 ha but account for 4% of total agricultural land) and a small number of large units (e.g. 10% of farms have more than 50 ha and accounts for almost 70% of total agricultural land) (Eurostat, 2007). Accession to the EU has also accelerated the downward trend in the number of farms in Sweden and Austria. While the average farm size has increased, countertrends are apparent at the extreme. The case of Sweden is notable in this respect: between 2003 and 2005 the number of farms with less than 5 ha increased by 4% whereas the number of farms with 100 ha or above declined by 8%. Additionally, in Skåne the decline of farms with 50-100 ha was even more rapid. This seems to be due to the effects of the implementation of the Single Farm Payment Scheme (SFPS) in Sweden rather than an increase in those engaged in farming activity (Copus and Knobbloch, 2007).

As farm structure changed so did land use and the structure of agricultural output. Fewer, larger farms led to the specialisation, concentration and intensification of agricultural production in all these countries and regions. For example, there was a clear shift from dairy to specialist beef farms in the Irish BMW region. Currently, BMW has the largest number of specialised beef, sheep and mixed grazing livestock farms in Ireland. In Skåne more than half of the arable land is used for crop production, particularly cereals, but the region also accounts for 30% and 20% of Sweden's pig and poultry output respectively. The share of crop production, particularly cereals and horticultural products, has increased in Spain's overall agricultural output whereas the contribution of livestock (particularly milk and eggs) has decreased drastically.

Interrelated to successful growth in agricultural production is a sharp decline in farm employment. Farming has become a less attractive as an activity in all regions. However, with the exception of Altmark region, farming is still very much a family business despite that in recent years there has been a clear reduction in the labour input (expressed in Annual Work Units) provided by family members. Part-time farming has become an important feature of all regions and it continues to increase, being particularly significant in Tyrol and Altmark. The increasing share of part-time farming is also linked to the rise in off-farm employment and the number of farms reporting other gainful activities outside of agricultural production.

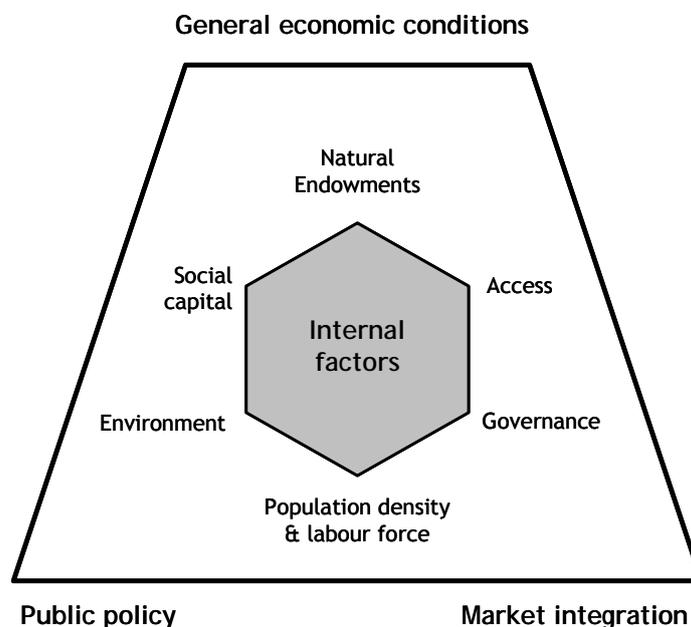
Farm diversification grew particularly from the late 1990s onwards in all these regions. Rural tourism is the most prominent activity, particularly in Tyrol, but other farm-related activities such as food processing, direct sales or farm cooperation (e.g. contractual work) are also developing. Actually, only in Tyrol is there clear evidence of 'multifunctional agriculture' delivering wider economic benefits. Overall, farming is not any more the major source of income for farm households, and CAP support has become an increasingly important component of the average household income for farms across the regions. Indeed, the majority of the farms, particularly in the BMW region, are heavily dependent on receiving of CAP major support from both Pillar 1 (direct payments) and Pillar 2 (agri-environmental and less favoured areas payments).

Another important aspect is depopulation and ageing of rural areas. Both phenomena are noticeable in all selected regions. Changes in population, across the regions, are due to a combination of demographic (e.g. net natural changes and net migration), economic (e.g. employment opportunities and the provision of infrastructure), social (e.g. provision of public services) and political factors.

### 3.2.2 Emerging Factors influencing Changes in Rural Areas

In the literature there is no unique model behind the driving forces of economic performance of rural regions, but a combination of local, regional, national and global forces the interplay of which affects the development of rural areas (e.g. Flynn and Marsden, 1995; OECD, 1996; Terluin, 2003). The competition for rural resources by a variety of local (and external) actors has different implications for various regions. The effects, however, depend mainly on the aims and the magnitude of relationships between these players (Lowe et. al., 1993). Overall, however, there is no single, over-arching account for rural transition success stories, but there is a consensus regarding the rural space as a special type of geographic area to which a set of internal (endogenous) and external (exogenous) factors apply (Error! Reference source not found. 2) (Cuddy, 2005).

Figure 2 Driving forces behind rural changes



Source: Cuddy (2005)

Lafferty *et al.* (1999, p.12) clustered the factors that explain the ‘modern revolution’ in Irish agriculture as follows: (i) geographical differences in natural resource base which influence a spatial distribution of farming activity and performance; (ii) global economic factors (e.g. demand and supply for farm products, expansion of technology and technological knowledge) which compel farmers to achieve competitive advantage and maintain economic viability; (iii) national and EU policies which push structural changes (e.g. larger-scale and economic viable farms) but in the same time provide direct payments to support farm income; (iv) changes in the off-farm economy; (v) cultural, institutional and historical factors with variation across farm categories and geographical areas; (vi) ‘adaptive strategies’ determined by individual behaviour, subject to motivation and lifestyle, individual resources and capabilities.

In line with the existing theory, the five case studies also reveal that there is no single model for managing rural transition success stories. Moreover, there is no single determinant factor for success, but a combination of local and external driving forces which acted in a favourable environment that influenced the transformation of these rural areas. Additionally, when analysing success or otherwise across various regions, it is important to consider the starting point or the initial position of the country, and implicit of the region, as these countries joined the EU at different time and under different circumstances.

Deliverable 8.6 assessed the socio-economic performance of the five regions in the light of competing theories of rural development (Table 1), emphasising that a farm-based development is no longer the mainstay of a prosperous rural economy in any of these regions. Although, agriculture still remains important in rural areas its role has declined progressively and farmers and their families in these regions are forced to find off-farm work opportunities in order to survive. Moreover, farm-centric models of rural development are unlikely to benefit some of the poorest groups, as evidenced in Altmark region.

Table 1 Theoretical Approaches of Rural Development Models

	Agrarian	Wider rural development		
		<i>Exogenous development</i>	<i>Endogenous development</i>	<i>Neo-endogenous development</i>
Premise	Viable rural areas dependent on farming activity, both economically and culturally	A competitive farming sector is not a prerequisite for viable rural areas		
Key determinants	Agricultural productivity and policy	Economies of scale and concentration	Employing local resources (natural, human and capital)	Interaction between local and global forces
Dynamic force	Agricultural R&D	Urban growth poles (external driver)	Local initiative and enterprise	Globalisation, knowledge economy
Function of rural areas	Food production	Aid urban economies (e.g. food, land and labour)	Diverse 'enclosed' economies	Participation of local actors in local and external networks and development processes
Major rural development issues	Agricultural policy	Peripherality and relative costs of capital, land and labour	Limited capacity of areas/groups to participate in economic activity	Resource allocation and competitiveness in a global environment
Focus on rural development	Agricultural policy and increasing productivity	Agricultural productivity, encourage labour and capital mobility	Local capacity building (skills, institutions etc.)	Enhances local capacity and actors participation to direct local and external forces to their benefit
Criticism	Agriculture minor and declining component of rural economies	Dependent and dictated development	Not practical in contemporary Europe	Operates at a level of insufficient empirical evidence

Source: adapted from Ward *et al.* (2005) and Lukesch, R. and Asamer-Handler, M. (2001) in Baldock *et al.* (2001)

Against the existing theoretical background and for a better understanding of the above alternative models of rural development, the emerging factors/driving forces behind rural changes are clustered broadly into two major groups, following closely the approach of Cuddy (2005).

- *External factors*: national economic performance; EU membership; policy interventions (at the EU, national and regional level) and market integration. “Driven from outside” the region, these correspond to the classical formulation of an exogenous model of rural development (Baldock *et al.*, 2001).
- *Internal/Specific factors*: natural (resources) endowment; human capital (population and labour force); social capital (social interaction/networking); environment and the conservation of countryside (public goods); access to markets (infrastructure and location) and governance. The list is by no means exhaustive and is based on the main findings from the country reports. As these factors are “driven from within” each region, they are usually associated with the endogenous rural development approach (Baldock *et al.*, 2001).

### 3.2.3 External factors

The case studies (both desk-based research and qualitative analysis) reveal that the economic performance of the selected regions has been closely tied to that of their respective nation state<sup>4</sup>. The evolution of rural economic performance of these regions follows similar patterns with those of the economy as a whole. Moreover, overall the regional economies are growing at about the same rate as the national average (Hubbard and Gorton, 2008). In the opinion of the majority of the interviewees across countries there is little doubt that a healthy national economy triggers also prosperity in rural areas. For example, in Ireland, it is considered that one of the most important stimuli to structural change in agriculture was the boom of the 1990s - early 2000s, which provided new employment opportunities and helped a smooth transition for many people previously tied to farming. As the economy developed, the role of the agricultural sector declined and industry (e.g. construction and manufacturing) and services sectors experienced rapid growth (Table 2). This seems also to be the case for Navarra and Skåne. In contrast, the case of Altmark region shows how the collapse of the economy in the eastern part of Germany, after the re-unification, brought also dramatic changes to the region such as a high unemployment, high inflation and a massive out-migration of the rural labour force. Thus, it is crucial that success or otherwise in local rural development be understood in the particular context of the national scene for the Member State.

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<sup>4</sup> For more details see Deliverable 8.6 @ [www.scarled.eu](http://www.scarled.eu)

Table 2 The Role of Agriculture and Services within Regional Economies

	BMW		Navarra		Skåne		Tyrol		Altmark
	1995	2004	1984	2004	1999	2005	1995	2005	2005
<b>Agriculture</b>									
% of GVA	13.4	4.7	7.5	4.9	1.6	1.3	1.8	1.2	...
% of Labour	17.0*	12.4	14.0	5.3	2.4	2.0	...	1.2	5.2
<b>Services</b>									
% of GVA	50.4	63	55.0	56.0	60.9	80.8	69.2	70.1	
% of Labour	35.0*	59.2**	47.9	55.7	...	82.0	...	70.0	69.0***

Source: Deliverable 8.6 and country reports; \* authors' estimation; \*\* 2003 data; \*\*\* an average figure for rural areas

For most of these countries and regions, EU membership (and the Single Market), and the substantial financial resources transferred from EU programmes were vital for their economic progress and the transformation and development of rural areas. This is particularly the case for BMW and Navarra regions, but it is also valid, to a lesser extent for Skåne, Tyrol and Altmark. Although, due to lack of evidence, it is difficult to assess and compare how these regions would have progressed in the absence of EU funds, the literature review and the interviews reveal that EU accession, particularly CAP adoption, brought significant changes to agriculture and rural development of these regions. Moreover, at the national level, EU membership opened new opportunities such as access to new markets and the attraction of Foreign Direct Investment (FDI). Even though it can be argued that in general the FDI in these countries were mostly oriented towards urban areas, they also had spill over effects and influenced (indirectly) changes in surrounding rural areas. The case of Ireland is remarkable in this respect, as the combination of EU membership and a favourable tax regime attracted a massive inflow of FDI, particularly from the US, Germany and the UK. As one of the interviewee noted:

*“It is the concentration of the multinationals companies, particular in high-tech industries and internationally traded services that had driven the Celtic Tiger performance” (personal interview, autumn 2007).*

This is also the case for Spain, as accession to the EU led to a twofold increase in the level of FDI inflows from €987 million in 1985 to €1,932 million in 1987.

The importance of EU membership should also be linked to the political and economic context of each country at the time of accession, as these countries joined the EU at different points in time and at different stages in the development of EU policies (e.g. CAP and Structural Funds). For country such as Ireland and Spain, which at the time of accession were amongst the poorest in Europe and for which agriculture was a very important sector within the economy as a whole, the Community was seen as “the promised land”. It was mainly the EU subsidies, particularly CAP support that made EU membership extremely attractive for these countries. In contrast, for Austria and Sweden, two prosperous economies with a relatively small agricultural sector, EU membership was viewed as the opportunity for a general economic revival and the reparation of the

damaged society-state relationship following the global economic recession of the late-1980s, early 1990s. It was also the ending of the Cold War and the removal of geopolitical barriers that sped up accession of these countries. Germany's Eastern Länder is a special case, as accession occurred via re-unification.

Despite the (economic and/or political) reasons for joining the EU, the case studies show that EU membership has played a significant role in the transformation of these countries and their (rural) regions. The opportunity to trade freely on a larger market, distinguished itself as a major factor that influenced changes at a national and regional level. An "unrestricted access to wider EU markets" was mentioned, across the majority of interviews, as one of the main benefits of EU membership. The case of Skåne is remarkable in this respect, as the region allows for "a strong impression of the importance of the market environment, rather than policy [interventions], in driving rural change and restructuring" (Copus and Knoblock, 2007, p.70). Skåne is one of the most accessible counties of the Swedish territory, with Malmö, Sweden's third largest city, located in the southwest part of the region. The decision to build the Öresund Bridge, which links the region to Denmark, was extremely beneficial for the region. Malmö has become part of a larger trans-national city and network of business. Besides, the completion of the Öresund Bridge has affected not only employment in the urban areas of the region, but rural areas close to Malmö. "In the case of Skåne infrastructure improvements have dramatically reinforced the impact of accession in enhancing access to markets by farmers and other rural businesses. In this way rural development in Skåne has been much influenced by the development of the Öresund region, which has had a profound effect on Skåne's economy, employment structure and population" (Copus and Knoblock, 2007, p.71). This case study shows how market integration, plays an important role in the development of rural areas and impacts on rural livelihoods.

Various EU, national and regional policies have also fostered the "success" of these regions and there is no doubt that public policies have a direct and/or indirect impact on the development of rural areas. For most of the interviewees, the role played by the CAP (Pillar 1 and Pillar 2) and the Structural and Cohesion Funds within these regions is indisputable. Moreover, for all regions, the financial support provided by the CAP through both Pillar 1, which addresses support for agricultural products and producers, and Pillar 2 which focuses on rural development is considered crucial for changes in rural areas. The adoption of the CAP following EU accession brought significant changes for the agricultural sector in all these countries, e.g. rise or fall in prices for agricultural products and/or farm income, farm restructuring and changes in labour force and production patterns. Overall, the CAP Pillar 1 measures account for the largest share (80%) of the EU funds allocated to agriculture and they are paramount for all countries and regions. It is clear that price support and market interventions measures were more important prior to the MacSharry reform of 1992 and Ireland and Spain benefited most amongst the five case studies. The introduction of compensatory (direct) payments shifted radically the balance between the Pillar 1 measures, from product to producer support. The significance of direct payments is unquestionable as farmers' livelihoods in all regions, particularly those of small-scale producers, depends largely on these subsidies. Indeed, there are differences in the distribution of direct payments by farm types and size across countries and regions and thus not all farms benefit to the same extent. Irish farmers, particularly those engaged in cattle rearing and sheep production in the BMW region, would not survive without this support, as direct payments account for more than 100% of their total farm income. Yet,

beef farmers in Sweden, and cereals and olive oil producers in Spain rely on these payments too. With the exception of Austria and to a lower extent Sweden, the distribution of direct payments has proved to be uneven, with the large commercially oriented farms as the main beneficiaries. This is particularly the case of Spain where 78% of farmers received only 17% of total direct aid (allocated for Spain) in 2005. Although it is too early to assess the outcome of the introduction of the SFAP, it is possible that it may slow down further structural changes, particularly for small-scale farms. Additionally, as SFAP implementation varies across countries this may lead to different effects across countries.

CAP Pillar 2 measures, particularly agri-environmental measures and less favoured areas (LFAs) compensatory allowances are also extremely important for most countries and regions, but particularly for Austria and Sweden. Both countries took full advantage of the opportunities of EU membership by considering the agri-environmental schemes as an ideal tool for supporting their farming community. The survival of most Austrian mountainous farms depends on receiving these payments. This is also reflected in the distribution of funds between Pillar 1 and Pillar 2, with Austria devoting one of the largest shares of all EU member states to Pillar 2. In Sweden it is believed that agri-environmental payments and support for organic farming can raise the survival chances of smaller, less competitive holdings as providers of public goods rather than of conventional output. However, both agri-environmental and LFAs payments are subject to criticism. Although, they may contribute to the economic, social and ecological development of rural areas there is a clear financial imbalance between these two and the broader rural development measures, which limits the progression of a sustainable and integrated EU rural development (Gorton et al., 2009).

Amongst Pillar 2 measures, interviewees across countries noted the role of the Community Initiative LEADER within the development of rural areas. Although, very limited funds were allocated for this measure, LEADER has become popular and well received by local communities. Its popularity led to countries such as Spain and Germany creating similar national programmes (i.e. PRODER and Active Regions). In Spain, the programmes have attracted a significant contribution from the private sector. Across countries, funds were mainly allocated for rural tourism, the creation and support of small businesses/services, training and local management and the promotion of natural and cultural heritage (Table 3). By actively engaging local communities and local actors in the decision-making process, LEADER proved to support the promotion of an integrated rural development approach. As Cuddy (2005, p.218) notes “bringing decentralisation down to local level, makes decision making and policy measures more place specific and more effective in addressing local issues”.

Table 3 LEADER Programmes across Countries, 1991-2006

	LEADER I (1991-1994)	LEADER II (1995-1999)	LEADER + (2000-2006)	Principal areas of support & Achievements
Ireland	16 areas covering 30% of population €34 million*	34 LAGs covering 9,600 projects €100 million*	22 areas (10 in BMW) 35 LAGs €75 million*	Rural tourism, small business, agriculture, forestry & fisheries and natural resources LEADER+: 3,100 new jobs; it sustained 3,900 existing jobs; trained over 30,000 people
Spain	52 LAGs covering 16% of territory & 5% of population €387 million*	132 LAGs covering 45% of territory & 12% of population €605 million* (plus €759 million from private sector)	145 LAGs 50% of area & 19% of population €794 million	Promotion of rural tourism & rural crafts, local services, natural & cultural heritage & marketing of local agricultural products LEADER I generated >10,000 jobs LEADER II: > 2,500 new small businesses & ~ 20,000 new jobs
Sweden		12 LAGs	27 LAGs	Training, raising value of local products & gained improved market access, improving the quality of life & exploitation of natural & cultural resources
Austria		31 LAGs €82 million	8 areas, 56 LAGs 54% of area & 27% of population €182 million*	Rural tourism, local management, training, introduction of ICT & training, improving quality of life in rural areas
East Germany			148 LAGs & 4,800 projects €250 million*	Promotion of rural tourism, renewable resources, cultural activities, marketing of local products; social work & communication

Source: based on Country reports and Deliverable 8.7; \*allocated national and EU funds; LAG =local action group

Although EU regional policy does not address specifically rural development issues, there is little doubt that it has influenced at least indirectly the development of rural areas in the selected case studies. The importance of Structural and Cohesion Funds was recorded during the interviews for Ireland and Spain. Additionally, the amount of financial resources allocated through these funds is significant. For example, Ireland received substantial EU funds because of its Objective 1 status. With the expansion and integration of the Structural Funds in 1988, the entire territory of Ireland became an Objective 1 area and some €4.2 billion were allocated to stimulate economic development between 1989 and 1993. The second round of Structural Funds (1994-1999) brought another €5.8 billion. The country remained under Objective 1 until 2000, when it was divided into two NUTS2 regions. The BMW region was specifically created so that part of country remained eligible for EU Objective 1 funds. The total EU Structural Funds allocated to Ireland for 2000-2006 amounted to €3.2 billion. Some 23% of EU Structural Funds and 55% of the Cohesion Funds were allocated to Spain between 1989 and 2006. However, it is rather difficult to single out the effects of Structural and Cohesion Funds on rural areas, as there is a degree of overlap between the EU regional and rural development policies. Moreover, it is also believed that in both Ireland and Spain, the lack of a clear national regional policy led to

an unbalanced regional development with funds not necessarily oriented towards the most vulnerable regions. Most funds in these countries were urban driven, with dynamic regions (e.g. East and the Greater Dublin Area in Ireland) receiving the largest share as opposed to the disadvantaged and peripheral regions. This situation contrasts with view of experts in Austria and Sweden, where it is believed that the existence of a national and coherent regional policy prior to EU accession helped to reduce regional disparities and promoted a more balanced regional development based on innovation and modernisation. In these countries, a more flexible and regionalised framework allowed for more creative inputs from local actors and stakeholders.

Although, from the point of EU accession, it is rather difficult to separate national and EU policies as they interconnect and as national policies are framed within the EU context, there are some national (and regional) decisions that were significant. Moreover, the allocation of resources and their distribution to various levels is decided by central governments (Keating, 1999; Terluin, 2003). The examples of Sweden and Austria are noticeable. In Sweden, the rural development programmes cannot be understood without reference to the national “policy culture” and traditions, particularly the welfare state model, regional policy and the role of the local government. The implementation of the welfare state model had as an unintended effect - the reduction of regional urban-rural inequalities (Persson and Westholm, 1994).

*“The growth of the public service sector within the welfare model seems to be a main explanation for the regional stabilisation. Public service employment increased, especially in rural areas, and state transfers to individuals and firms in those regions were in stable growth. Altogether, the general welfare policy (with no explicit spatial intentions), has given some of the poorest rural regions more public resources per capita than the urbanised areas”* (Persson and Westholm, 1994).

Moreover, until the early 1990s regional policy in Sweden focused on the redistribution of wealth by compensating disadvantaged regions. Recently, however, the objectives of regional policy shifted from redistribution to competitiveness and support for innovation. The adoption of the National Environmental Quality Objectives (in 1999), a set of guidelines intended to ensure that at all levels there is a consistency with the national vision for environmental protection, emphasises the importance placed by the Swedish government on this issue. In every county the objectives are adapted to local conditions. Additionally, a strong local democracy and an effective tax equalisation system are important factors, without which it is difficult to fully understand the development of Swedish rural areas. In Austria, regional policy has a longstanding history in a state organised along federalist principles with relatively strong regional parliaments. This is even more applicable for a region such as Tyrol, with mainly mountainous agriculture where public support is seen as a necessity to preserve the cultural landscape with extended mountain pastures. Strategically, Tyrol (and for the most part Austria at large) follows the concept of an integrated rural development whereby pluriactivity and the preservation of the environment and cultural landscape are the cornerstones of rural-agricultural development, embedded in a strong regional identity.

The implementation of EU policies at the national and regional level also plays an important role and can make a difference between countries and regions. Initiated by a Community requirement, the adoption of the national Rural Development Programmes “forced” these countries to come forward with their own plans for rural development targeted at an appropriate geographical level and according to their needs and priorities. As an Irish expert notes *“money were there, but in order to get them it was necessary to do a cost-benefit analysis and create an evaluation plan which will get best of the money”* (personal interview, autumn, 2007).

### 3.2.4 Internal/Specific factors

Natural resources are an important factor in the economic development of rural areas, and there is little doubt that the geographical differences in the natural resource base and regional topography influence the spatial distribution of farming and rural performance. The topography is diverse across the case study regions ranging from the coastline of the Irish BMW region and low-lying and maritime topography of Skåne to the highest peaks of the Austrian Alps in Tyrol. Navarra presents greater heterogeneity - from mountainous areas (the Pyrenees) in the north to semi-arid areas, subject to a Mediterranean climate, in the south. The BMW region occupies almost half of Ireland’s total land, but most of it is classified as “severely handicapped” or “less severe handicapped”. However, with more than half of the total number of farms in the region, BMW provides 37% of total Irish agricultural output. The Alpine character of Tyrol means that only 12% of its total area is accounted for by permanent settlement, with more than half (64%) of the land area covered by forests and mountain pastures. Merely 9.3% of Tyrol’s land area is suitable for agriculture. This prompts the importance of farm diversification and pluriactivity in this region. In Skåne, agricultural land and forestry (taken together) account for 90% of its total area, with large parts of the north characterised by forest as opposed to the flat agricultural lands in the south. Nevertheless, with more than half of its area under arable land and pasture, the region is by far the most successful agricultural part of Sweden. As agriculture is regarded as a relatively thriving sector, farm diversification is less important in Skåne compared to other regions. Permanent grassland and forests characterise the Altmark Region, but the light sandy soils are suitable for agricultural activities. The region is recognised as having traditional strengths in agriculture and forestry. These employ some 5.2% of the regional labour force.

Another important factor for driving change in rural areas is population and the labour force. One of the most common characteristics of rural areas is the low density of population. This has an impact on local demand and “benefits cannot be obtained from scale economies” (Cuddy, 2005, p. 214). Within the five regions, population density is widely dispersed and uneven. Moreover, for all regions, the population in rural areas that are close to urban developments has increased, while remote and peripheral rural areas continue to be characterised by net out-migration. For example, in Skåne there is a clear discrepancy between rural areas near to urban centres (i.e. Malmö) and the coast where population levels have increased, and northern Skåne characterised by continued depopulation. Most remarkable is, however, the decline of population in the Altmark Region. Although, population in this area decreased steadily even before the country’s reunification, the trend accelerated after the 1990 (Table 4). This is mainly explained by a low birth rate and net out-migration. The harsh economic conditions that affected the

region after reunification led to the migration of a large share of (particularly young) people to West Germany. Overall, rural areas offer limited opportunities for employment, with most of the economic activities in rural communities linked to agriculture and forestry or industries associated to these sectors (e.g. rural tourism, processing and direct selling of agricultural and forestry products).

Table 4 Population Change and Population Density in selected Regions

Region	Population	% change	Population density (persons/km <sup>2</sup> , 2006)
Tyrol - 1992 - 2006	640,375 700,427	9.4	55.4
BMW - 1971 -2006	852,118 1,132,090	21.8	34.3
Navarra - 1981 - 2005	507,300 593,500	16.9	57.1
Skåne -1990 -2006	1,068,587 1,199,357	12.2	106
Altmark - 1990 - 2005	261,175 227,307	-12.9	48.2

Source: Deliverable 8.1 to 8.5 and <http://www.scb.se/> for Skåne region

Other important factors, which emerged when analysing the “success” or otherwise of rural areas are: access to infrastructure and markets, and investment in human capital. The improvement of transport and telecommunications infrastructure was clearly specified by most interviewees across the regions, but particularly by experts from Ireland and Spain. In Ireland, it is believed that the government’s rationale to invest in programmes regarding the development of infrastructure (and education) led to long-term positive economic effects in both urban and rural areas. Over the years, an important share of the Irish Structural Funds was allocated for investment in infrastructure, industry and services and human resources (education and training). For example, the BMW Regional Operational Programme 2000-2006 received €4 billion (of which 10% from the EU), and focused mainly on the development of local infrastructure, local enterprises, agriculture and rural development.

In the Spanish experts’ view, infrastructure is critical. However, they link this with the proximity of rural areas to urban centres, emphasising the role of the urban-rural interface played between successful and less successful rural areas. In their view the improvement of transport and IT infrastructure has allowed for the expansion of the rural area under the influence of urban centres. It enabled people to commute more easily to work in urban regions while living in rural areas. At the same time it attracted investment to rural areas and increased opportunities for rural employment. This is also the case in Skåne, where location and infrastructure improvements enhanced access to markets by farmers and other rural businesses. There is also a consensus amongst the experts with regard to the difficulties that most remote and peripheral (particularly mountainous) rural areas face.

Limited accessibility to transport infrastructure, communications and local services, supplemented by the lack of work opportunities make it difficult to retain young people in these regions, leading to depopulation and ageing.

The role of education and training, particularly the development of the ‘third level’ of the education system, was also considered an essential factor for the transformation of rural Ireland. It is not only the increase in the number of universities and the attraction of a significant number young people, but the establishment across the whole country of so-called Institute of Technologies which have a considerable influence on enhancing skills. These promoted the development of the “middle-skills level” which further helped and encouraged people to work in various factories (*e.g.* multinational companies) and at various levels: “knowledge which will produce economic benefits”. The dual-education system (agriculture and one additional profession) and continuing training of farmers is also seen to contribute substantially to the relative success of Tyrol. In Skåne several projects enhancing farmers’ skills and knowledge were conducted during the period 2000-2006, and sought to aid a shift in Skåne’s agricultural production towards a less specialised and more diversified production system. Investment in human capital is also seen very important for experts from Navarra, as it is believed that training and education enhance the management and development of rural areas.

Social capital (networking) and “governance” also emerge as significant driving forces for change in rural areas. The cases of Tyrol and Altmark are notable. A key role in the success in Tyrol (and Austria as a whole) can be attributed to ‘governance’ structures. This should start, in the experts’ view, with a professional collaboration between the national ministries and regional authorities to elaborate integrated, focused, and pragmatic national development plans, which can then be adapted to regional circumstances. In the Tyrol region and the nation state, this was possible through the retention of key persons in administration and the relevant stakeholders in the sub-regions and localities. This led to the creation of a flat (informal) governance structure prior to EU accession, which was then more formalized after EU accession through the programming mechanism, and which has helped to deliver successful programmes. Moreover, at the regional level, a clear-cut and engaging involvement of both local stakeholders (bottom-up) and regional authorities (top-down) to develop and implement projects within programmes like LEADER and deliver programmes laid down in national and regional development plans is of utmost importance.

Social capital, particularly the partnership between authorities at different levels, is considered an important asset of the Altmark region and seen as a beneficial tool in the development of rural policy. Although networking started to work informally immediately after reunification, it strengthened after 1994 when two districts agreed to collaborate in drafting a joint regional development concept. This brought together the local community, various associations and political parties. All regional planning activities are based on joint discussion and partnership, with the region itself putting an emphasis on tradition by promoting a “regional identity” and indigenous innovative potential. The adoption (since 1987) of national social partnerships, a joint-effort of all social and political forces proved also to be paramount for Ireland’s economic progress.

In Sweden, social values (e.g. participation and equity) were embedded in the creation of local Village Actions groups. These engage (voluntarily) local people in the development of communities in rural areas. There are approximately 4,400 such groups and about a third of all people living in rural areas are believed to be active in these groups. The Swedish Popular Movement Council for Rural Development was established, in the late 1980's when the Government together with NGOs started the campaign "All Sweden shall live" to encourage local initiatives and support local development, changing attitudes among decision-makers and the public regarding rural areas, and to improve national rural policies. A Rural Parliament also became established and is held every second year with representatives from village actions groups.

Important also for the development of rural areas is the role played by the environment and the conservation of countryside as a provider of public goods. This is linked, however, with how the society overall views the role of the farming community within the development of rural areas. Embracing a "post-productivist" view of the countryside/farm function, primarily for consumption of environmental public goods for the urban population, leading to a strong emphasis upon agri-environment measures, was found to be the appropriate solution for Sweden. This is also the case in Austria, and particularly Tyrol, where although agriculture has continued to decline in importance, it remains at the centre of rural communities by maintaining the natural and cultural landscape and the conservation of the environment. It is believed, that Austrian farmers are fulfilling their multifunctional role by performing services such as cultivating their land, maintaining forests to protect settlement areas in the Alps, securing biodiversity, preserving traditions and cultural heritages and providing services for tourism. Environmental concerns were also specified by experts from Navarra, who believed that environmental challenges require changes in the behaviour of local people, particularly farmers, as well as investments in infrastructure and more tougher measures from the local and regional government. Indeed, "Environmental issues can create both constraining factors that inhibit rural development, and positive opportunities to be exploited" (Baldock et al., 2001, p 10).

Summarising, there is no single factor but a combination of interplaying (internal and external) factors and driving forces. There is also a debate amongst academic researchers in rural studies regarding the 'theories' or 'models' of economic development in rural regions and the role of rural development policy in stimulating economic growth in rural regions (Lowe et. al, 1993; Cloke, 1997; Terluin, 2003). However, no region's trajectory has been due solely to endogenous factors. Similarly no region has been insulated from national/global trends or grown entirely due to internal, endogenous factors. There is therefore little evidence of purely *endogenous or exogenous development*. It is the combination of internal (endogenous) and external (exogenous) factors and their interplay which drives the development of these regions. This is consistent with neo-endogenous development theory. Nonetheless, much of the economic growth within the selected rural regions is not necessarily in line with the *spirit* of neo-endogenous theory, which rests upon the strategy of enhancing local capacity and actors' participation so to steer development to best meet local needs.

#### 4 Policy frameworks and administrative lessons learnt from each case study

As mentioned in Section 3 there is neither a single exclusive model nor factor behind the development of the selected rural regions, but multiple development trajectories resulting from various combinations of local, regional, national and global forces in specific circumstances. Previous accessions to the EU affected the development of EU policies, particularly agricultural and rural development measures. Instead, EU accession influenced the socio-economic, agricultural and rural development conditions of the acceding countries. However, the nature of the effects of EU membership on rural transitions is shaped by the interplay between the accession experience and the particular socio-economic conditions of each country. Thus, based on the desk-research but mainly on the interviews carried out in the five selected case studies some potential lessons can be drawn which may help the new entrants to succeed more rapidly in a competitive environment such as the EU. This section discusses specific country level policy and administrative lessons, which are summarised in Table 5.

##### Ireland and BMW

The creation of appropriate EU structures and institutions which act in accordance with the interests of the country and are able to attract EU funds was seen as essential by the Irish experts. Additionally, the design and delivery of the National Development Plans are also very important - "*deliver what you say you will do*". To accomplish this requires strong, sustainable and responsible capacity building. The need for a clear regional strategy, particularly for a balanced development at the regional level, to which the government is committed to, is also considered as very important. The lack of an earlier regional policy in Ireland was perceived by most experts as a missed opportunity for balanced regional development which led to a "weak urban hierarchy" and a "very weak planning system. Moreover, decentralisation of responsibilities and a broader involvement of local communities at the regional and local levels need to be fostered and encouraged.

*"The representation of rural regions and rural people and its mechanism within the parliament ... is a centripetal force for the development of rural area. Listen to the voice of people in these areas and their needs. In Ireland, politicians are very rooted in their constituencies and rural areas are represented in the parliament"* (personal interview, expert, autumn 2007)

##### Spain and Navarra

The design and implementation of rural development measures should be based on a *territorial & integrated* approach. The allocation of funds should be based on an assessment of *needs* by each rural area and focused towards those areas which are most in need. Better territorial targeting will address specific problems and reduce the gap between lagging and leading rural areas. This seems to be very important as most rural development policy measures are oriented towards the agricultural sector, with diversification largely restricted to the promotion of rural tourism and marketing of agricultural products. The wider involvement of regional and local authorities and other local actors in the design and implementation of Rural Development Programmes is preferable. Spanish experts believe that the lack of involvement of the rural population in

the decision-making process holds back the progress of various rural areas in Spain. This is in line with Cuddy (2005, p.218) who considers that “Bringing decentralisation down to the local level, makes decision making and policy measures more place effective and more effective in addressing local issues”. This is linked further with the need to invest in social capital (networking) and human capital (at the local level) through education and training. Investments in social and human capital are considered crucial for the development of rural areas. The creation of partnerships and networks for achieving common objectives will stimulate grass-roots creative initiatives and intensify the participation of local entrepreneurs. This will have a positive effect on the dynamics of rural areas, by reducing business transaction costs, enhancing competitiveness and increasing value added in rural communities. Additionally, it is important that the rural population has a sufficient level of training so it can benefit from various policy measures but also contribute to the development of local areas.

### Sweden and Skåne

In line with interviewees in Ireland and Spain, Swedish experts believed that a more devolved, regionalised but flexible Rural Development framework will allow for more creative inputs from local actors. This relates to the need to build into the implementation arrangements the facility to respond to regional variations in rural fortunes, preferably through a “bottom-up” involvement of the local representative organisations (e.g. LEADER-like approaches). This may not be easy where social capacity is less well developed, which leads to the importance of investing in social capital. An inflexible, horizontal, sectoral approach is unlikely to be effective in the medium-long term. The integration of rural development in the broader national policy context - “policy culture and traditions” - and the (urban) societal view of the role of agriculture, countryside/farm function as the provider of (environmental) public goods are seen as important lessons for the development of rural areas in Sweden. Nevertheless, in less urbanised Member States, where agriculture remains an important production sector and a source of livelihood for many rural residents, this may be inappropriate, and thus a greater emphasis upon restructuring for competitiveness might be implied.

Table 5 Policy Frameworks and Administrative Lessons drawn from each case study

Ireland and BMW	<ul style="list-style-type: none"> <li>▪ Creation of appropriate structures and institutions, to attract EU funds</li> <li>▪ design and deliver appropriate National Development Plans &amp; “<i>deliver what you say you will do</i>”</li> <li>▪ a strong, sustainable and responsible capacity building</li> <li>▪ a clear regional strategy to which the government to be committed but which to ensure a <i>balanced</i> development at the regional level</li> <li>▪ decentralisation of responsibilities and a broader involvement of local communities need to be fostered &amp; encouraged</li> </ul>
Spain & Navarra	<ul style="list-style-type: none"> <li>▪ design and implementation of rural development measures should be based on a <i>territorial and integrated</i> approach with funds’ allocation based on <i>needs</i> of rural areas</li> <li>▪ larger implication of regional &amp; local authorities &amp; other local actors in the design &amp; implementation of RDP</li> <li>▪ development of innovative initiatives &amp; the intensification of participation of local entrepreneurs in the rural development process</li> <li>▪ the need to invest in social capital - networking</li> <li>▪ improvement of infrastructure, particularly transport and IT</li> <li>▪ investing in human capital through education and training</li> </ul>
Sweden & Skåne	<ul style="list-style-type: none"> <li>▪ devolved (RD) programming &amp; implementation - a more flexible, regionalised framework allows more creative inputs from local actors</li> <li>▪ integration of RD in the broader national policy context - “policy culture and traditions”</li> <li>▪ a balance between RD measures in order to ensure a more integrated rural development</li> <li>▪ the need to build into social capacity through a “bottom -up” involvement of local actors so to respond to regional variations</li> </ul>
Austria & Tyrol	<ul style="list-style-type: none"> <li>▪ the implementation of an integrated territorial approach ... pluriactivity &amp; the preservation of traditions, environment &amp; cultural landscape are central for rural-agricultural development</li> <li>▪ the need for a successfully facilitating administration ... which should start with a professional collaboration between the national ministries &amp; regional authorities</li> <li>▪ the role of an “institutional memory” based on trust, openness and professional attitude to facilitate a successful integrated regional and RD</li> <li>▪ involvement of both local stakeholders (bottom-up) and regional authorities (top-down) to develop &amp; implement projects within programmes like LEADER and national / regional development plans</li> <li>▪ a dual education system (agriculture &amp; one additional profession) &amp; continuing training of farmers</li> </ul>
New German Bundesländer & Altmark	<ul style="list-style-type: none"> <li>▪ investing in social capital (networking) and a high local commitment &amp; a partnership between authorities (government, social partners, NGOs) at different administrative levels for joint policy development</li> <li>▪ how to attract (public) funds and understand/fulfill the (administrative) requirements of funders</li> </ul>

## Austria and Tyrol

The implementation of an integrated territorial approach is the first lesson which can be drawn from Tyrol, whereby pluriactivity and the preservation of traditions and environment are considered the core for rural-agricultural development. An integrated approach has the potential to create synergies between different policy areas and facilitates interactions with other industries. However, this would not be possible without the attraction of important financial resources through the CAP and Structural Funds. In turn, this is linked with the need for a facilitating governance structure, which should begin with a professional collaboration between the national ministries and the regional authorities to elaborate integrated, focused, and pragmatic national and regional development plans. In the delivery of programmes and measures, it often paid off to combine administration with responsibility for content and to avoid parallel structures in the localities wherever possible and ensure a pragmatic implementation. The creation of an “institutional memory” through the retention of key persons in administration and the relevant stakeholders in the sub-regions and localities based on trust, openness and professional attitude to facilitate a successful integrated regional and rural development is believed (in the Austrian experts’ view) as vital. Moreover as in the other case studies, at the regional level, the involvement of both local stakeholders (bottom-up) and regional authorities (top-down) to develop and implement projects (e.g. within initiatives like LEADER) and deliver programmes laid down in national and regional development plans is important. In Tyrol, lessons were learnt e.g. from the LEADER approach, where initially, the development was too much bottom-up, which resulted to some unnecessary duplication between localities.

## New German Bundesländer and Altmark

Although the Altmark region has its own particularities as is the only region within the five selected case studies that belongs to a former ex-communism regime there are still some lessons to be learnt since the country’s reunification. Indeed, rural areas within the region and East Germany as a whole did not benefit immediately from the reunification as harsh economic conditions led to a sharp decline of (particularly young) population, which left rural areas in search for better employment opportunities. However, the region tried to build on its strengths. Amongst these, social capital, i.e. the partnership between authorities (government, social partners, NGOs) of different administrative levels, was seen as the most important asset of the region and a beneficial tool in the development of rural policy. Although networks developed informally immediately after reunification, they strengthened after 1994 when two districts of the region agreed to collaborate in drafting a joint regional development concept. The concept sought to build on indigenous resources and create regional development priorities, and promote Altmark as a regional brand. Since then, all regional activities are based on collaborative discussion, planning and agreement and overall it is believed that this approach should be fruitful in the long-term. There is also a strong “regional identity”. However, in order to achieve success in the region it is important to learn how to attract (public) funds and understand and fulfill the (administrative) requirements of funders.

## 5 Concluding remarks

Overall it can be concluded that there is no unique model for managing rural transition. There is no single determining factor but a combination of internal and external driving forces. The combination of various endogenous and exogenous forces is consistent with the neo-endogenous development theory, but much of the economic progress of these rural regions is not necessarily in line with the spirit of the theory. Factors correspond to alternative models of rural development; however no region's trajectory has been solely to endogenous or exogenous development theories.

The deliverable highlights a set of both internal and external factors that have influenced rural transition in the case study regions. The analysis highlights that the transition of rural areas cannot be considered without regard to the national economic context. The development of rural areas is entwined in the fortunes of national economies. Yet while external factors are important determinants, this does not mean that the fortunes of rural regions are entirely hostage to external factors. Local/specific factors (e.g. natural resources, human capital, access to markets and infrastructure) and actors are important.

Regarding administrative lessons, discussion in Section 4, the dynamic and meaningful participation of local actors in local and external networking is of utmost importance. Making the most of EU membership requires an understanding of funding systems and "institutional memory". Linked to this is the setting up of appropriate EU structures and institutions which act in accordance with the interests of the region and are able to attract the EU funds.

The next steps in this WP are to verify and refine the lessons drawn in Sections 3 and 4. This will involve conducting a policy Delphi in the case study regions. The exercise will also be conducted in the NMS to identify whether similarities or significant differences are apparent between established and New Member States regarding agreement with defined propositions, the importance attached to specific factors and desirability and probability of outcomes. Deliverable 9.2 will consist of a first draft of the Delphi instrument. The instrument and its applicability for the NMS will be discussed at a special session of the IAMO Forum (19<sup>th</sup> June 2009). The results of the Delphi exercise will be presented in Deliverable 9.4. Nevertheless, it is important to note that, as with all methodological approaches, the Policy Delphi method has both advantages and drawbacks. Care needs to be taken regarding the selection of experts and in preparation of the questionnaire. The wording of questions is critical as the study should not influence nor lead to any predetermined decisions. Hence, the success of the method will intrinsically be linked to the design, planning and execution of the study. In our case the Policy Delphi method will be applied to capture expert views: regarding salient drivers of rural transition, best lessons in administering rural development policy and the favourability and feasibility of different policy options.

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