

Rural employment dynamics in the EU

Key findings for policy consideration emerging from the RUREMPLO project

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Von Meyer, H., I.J. Terluin, J.H. Post and B. Van Haeperen (eds.)

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In the RUREMPLO project employment dynamics in leading and lagging rural regions of the EU have been analyzed. This resulted in a series of research findings that are relevant for the future design and delivery of rural development policies in Europe. These findings are presented in this paper.

Starting points in the RUREMPLO project were the territorial approach and the field of force analysis of rural regions. Against this background RUREMPLO findings have to be interpreted. The findings are summarized under the following four headings: stimulating economic activities and innovation, matching labour supply and demand, enhancing infrastructure and amenities and mobilizing local initiatives and networks.

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Preface

RUREMPLO is the acronym of the FAIR (CT96 1766) project 'Agriculture and employment in the rural regions of the EU'. In this project an analysis is made of the development of employment in the rural regions of the EU against the background of a downward trend in the agricultural labour force. For this purpose a quantitative analysis of socio-economic characteristics in all EU regions and 18 case studies in 'leading' and 'lagging' rural regions in 9 EU Member States have been carried out in order to reveal forces behind employment dynamics. The project has been carried out in 1997 and 1998.

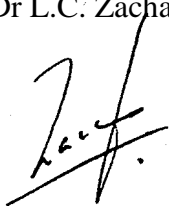
In this report key findings for policy consideration emerging from the RUREMPLO project are given. These key findings are especially focussed on the enhancing of the employment situation in rural regions. All members of the RUREMPLO team have made contributions to this report. The editorship of the report was with Heino von Meyer, Ida J. Terluin, Jaap H. Post and Béatrice Van Haeperen. The RUREMPLO team members are:

- Jaap H. Post and Ida J. Terluin (coordination), Agricultural Economics Research Institute LEI-DLO, The Netherlands;
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- Franco Sotte and Roberto Esposti, Università Degli Studi di Ancona, Italy;
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- Tuomas Kuhmonen, Fin-Auguuri Oy (Ltd), Finland;
- Markus F. Hofreither and Franz Weiss, Institut für Wirtschaft, Politik und Recht, Austria.

The intention of this report is to be a non-specialist source of findings emerging from the RUREMPLO project, for all those people involved in designing, implementing and evaluating policies towards enhancing the employment situation in rural regions of the EU. It is hoped that some of the findings may be of use in the process of negotiating and implementing the rural part of the EU's Agenda 2000.

A draft version of this report has been discussed at a workshop in Brussels in November 1998. Policy makers from the case study regions and members of the EU Commission participated in this workshop. We acknowledge the useful comments made by them.

Prof. Dr L.C. Zachariasse

A handwritten signature in black ink, appearing to be 'L.C. Zachariasse', written over a horizontal line.

LEI Managing Director

The Hague February 1999

1. The RUREMPLO project

1.1 The research project

RUREMPLO is the acronym of an international European research project on 'Agriculture and employment in the rural regions of the EU'. It is supported under the EU research programme FAIR (CT 96 1766). In this project employment conditions and trends in the rural regions of the EU are analyzed against the background of a downward trend in the agricultural labour force. In order to reveal and better understand the forces behind rural employment dynamics an analysis was undertaken in two steps. First, basic socio-economic characteristics of all EU regions were analyzed, then, in a second step, 18 in-depth case studies covering leading and lagging rural regions in 9 EU Member States¹ were carried out. Based on the findings of the project a number of key messages emerge for policy consideration on employment opportunities in rural regions of the EU.

1.2 The territorial approach

In RUREMPLO rural regions are viewed from the perspective of a territorial development approach. Thus, rural regions are defined as territorial units with a significant share of their population living in local communities with low population density. These regions normally include one or more small or medium size cities. Hence, in RUREMPLO rural regions are considered as local/regional economies with an internal socio-economic structure and a system of local/regional actors. The size of the territorial units analyzed in RUREMPLO corresponds mainly to the levels 2 or 3 of the EU NUTS classification: Départements in France, Regierungsbezirke in Germany, Provincias in Spain or Counties in the UK. This territorial approach differs from other methodological approaches to rural research, for example those where 'rural' is perceived as more or less synonymous with 'agricultural', or 'non-urban', or with a specific set of social values.

1.3 The regional comparisons

Over the last decade, a number of rural regions in the EU experienced considerable employment growth in their non-agricultural sectors, while in other rural regions employment growth stagnated. In RUREMPLO the first group was labelled as 'leading regions', the sec-

¹ Luxembourg (B), Niederbayern (GER), Lüneburg (GER), Korinthia (GR), Fthiotis (GR), Albacete (SP), Zamora (SP), Alpes de Haute Provence (FR), Ardennes (FR), Nièvre (FR), Pesaro (IT), Macerata (IT), Drenthe (NL), Groningen (NL), Osttirol (AUS) Liezen (AUS) Keski- Suomen Lääni (FIN) and Mikkelin Lääni (FIN).

ond group as 'lagging regions'. Once classified, the following research questions were asked: why do the two groups experience different employment dynamics, and, what lessons could lagging regions learn from leading ones? The focus of RUREMPLO is on rural/rural, rather than on rural/urban or rural to national comparisons. Since it compares pairs of leading and lagging rural regions within EU Member States, it analyses rural employment conditions and trends within given European and national policy settings. Often both, the leading and the lagging rural regions are subject to the same general rural policy mix (e.g. objective 1 or 5b support from the EU Structural Funds).

1.4 The analytical 'field of force'

In order to visualize the forces, which affect employment change in rural regions, the RUREMPLO methodology conceptualized a field of force (figure 1). In this field the current global restructuring process, due to rapid technological changes in the communications and information sectors, and due to political changes, is taken into account. This process results in an intensification of the external integration of rural regions. From the design of the field of force it becomes clear that both endogenous and exogenous forces are assumed to be important for the development of employment in rural regions. In the RUREMPLO case studies particular attention was paid to the networks of internal and/or external actors, who affect the development of employment.

1.5 The rural policy dimension

RUREMPLO comparisons take a whole range of basic European and national (rural) development and employment (policy) features for granted. The analytical focus is on 'marginal' differentials, distinctive features that make the difference in explaining the development performance of some rural regions, those that have been successful. Diverging dynamics in rural development and employment creation should not automatically be attributed to differences in (rural) policy and administration. Many other factors, often unrelated to policy, matter, like global restructuring, technological, sociological or macro-economic changes. In a project like RUREMPLO it is almost impossible to isolate individual policy impacts from a whole range of other complex interrelationships that characterize rural economies and labour markets.

Yet, from the findings of the RUREMPLO project a number of key messages emerge that appear relevant for rural policy design, implementation and evaluation. These will briefly be presented in the following sections. Although RUREMPLO findings concern policies at all levels of administration, in this report the emphasis will be on those rural issues that matter in particular for the design and assessment of European policies. It is hoped that some of the findings may be of use in the process of negotiating and implementing the rural part of the EU's Agenda 2000.

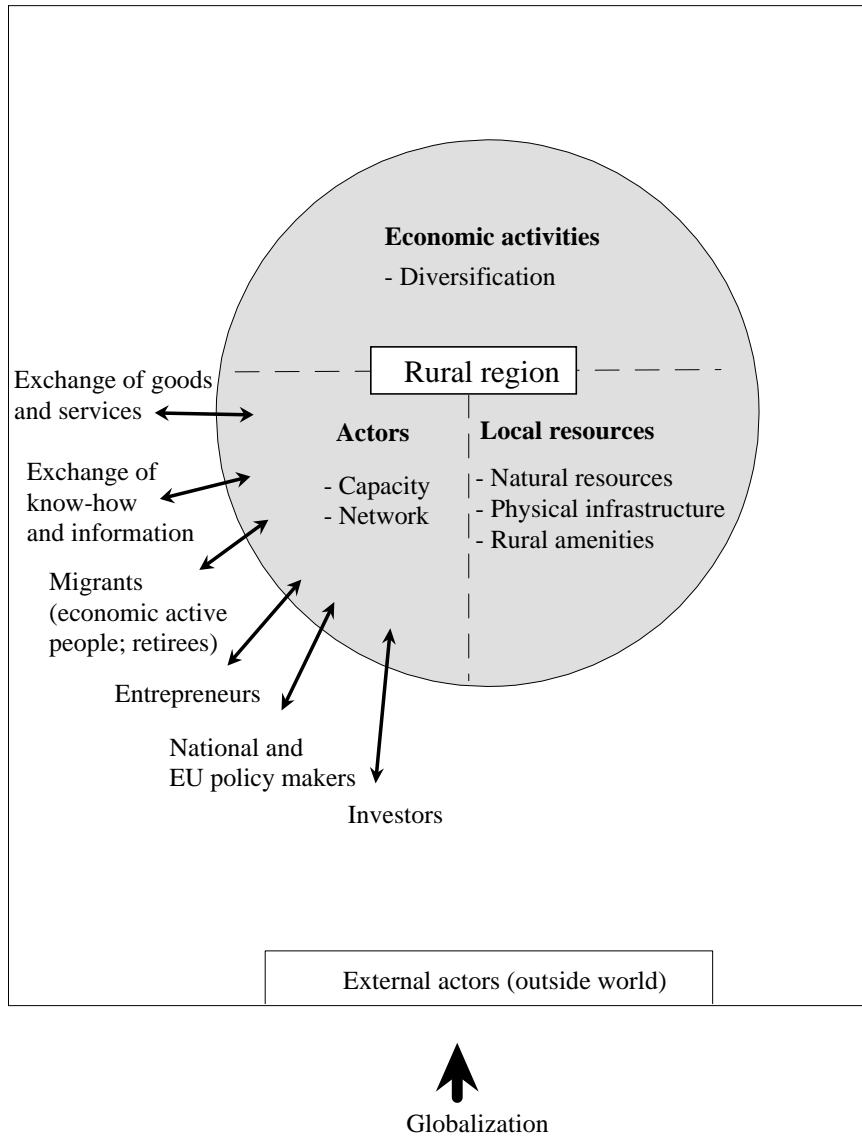


Figure 1 Field of force of a rural region

2. The RUREMPLO regions

2.1 Territorial contexts

The basic empirical analyses for the RUREMPLO project were undertaken on a set of 465 regions covering all Member States of the EU15 ¹. Based on a criterion of population density, RUREMPLO distinguishes **three types of regions**: 'most rural' regions, 'intermediate' regions and 'most urban' regions ². For the groups of most rural and intermediate regions a further distinction into 'leading', 'average' and 'lagging' regions was made, based on the **performance of non-agricultural employment growth** in the 1980s and early 1990s. A region is considered leading when the growth rate of non-agricultural employment was 0.5 percentage points above the national growth rate; on the other hand, a region is considered to be lagging when the growth rate of non-agricultural employment was 0.25 percentage points below the national growth rate. Table 2.1 provides an overview on the distribution of RUREMPLO regions.

Table 2.1 *RUREMPLO classification of EU 15 regions*

Degree of rurality	Number of regions	Percentage
Most rural regions of which:	195	42
- leading	58	12
- lagging	49	11
Intermediate regions of which:	164	35
- leading	57	12
- lagging	36	8
Most urban regions	106	23
Total	465	100

It must be emphasized that the labels leading and lagging are only derived from employment performance, and that leading regions may be less successful with regard to other development indicators. Moreover, the growth rate of employment may change considera-

¹ For Belgium, Germany, Greece, Luxembourg, the Netherlands and Portugal we work at NUTS2 level; for Austria we have delineated 32 regions, for Finland we have delineated 12 regions and for the other EU Member States we work at NUTS3 level. However, for the case studies we used NUTS3 regions for Greece.

² For a detailed description of the methodology see : OECD (1994), Creating rural indicators for shaping territorial policy; Paris.

bly when using another reference period. This implies that when a region is labelled as lagging, this is not necessary a permanent situation, but that it can change.

Looking at **the map of leading and lagging most rural and intermediate regions** (figure 2.1), it can be seen that leading regions are often located in groups. Although there are also some bordering lagging regions, on the whole these are more scattered across the EU territory.

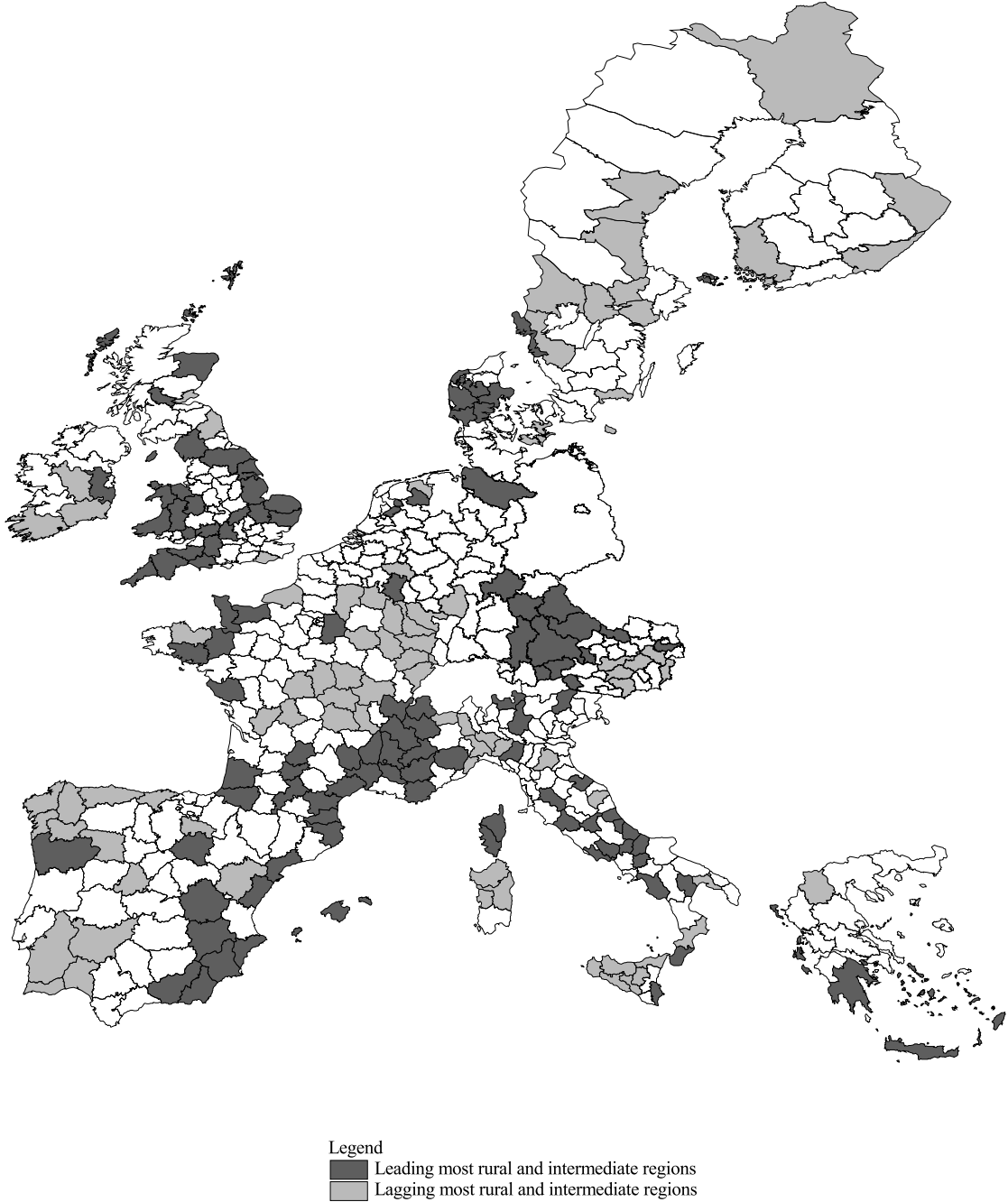


Figure 2.1 *Leading and lagging most rural and intermediate regions in RUREMPLO*
Source: LEI; RUREMPLO project.

2.2 Sectoral employment structures

Within each of the nine participating countries in the RUREMPLO project we have selected two regions for a case study ¹: a leading and a lagging intermediate or most rural region (figure 2.2). The **selected rural regions** are not unique in their development patterns or locations, but can provide insights with regard to the process of employment growth/stagnation and should allow generating lessons relevant for other rural regions too. Nevertheless, the selected regions reflect a wide range of characteristics with regard to their location, industrial tradition and physical structure.

Among the case study regions there are both rural regions with a low and a high share of employment in agriculture. Table 2.2 shows that regions, with a **high share of agricultural employment**, like for example Korinthia and Albacete, can experience a

Table 2.2 *Distribution of employment over sectors (%)*

	Year	Agriculture	Industries	Services	Difference employment growth region/country a)
<i>Leading regions:</i>					
Luxembourg (B)	1994	8	20	71	1.0
Niederbayern (GER)	1992	10	44	46	1.1
Korinthia (GR)	1991	33	22	45	1.3
Albacete (SP)	1995	12	30	58	0.9
Alpes de H. Prov. (FR)	1996	6	21	73	0.7
Pesaro (IT)	1995	5	43	52	0.5
Drenthe (NL)	1995	7	27	63	1.3
Osttirol (AUS)	1991	10	35	55	0.5
Keski Suomen L. (FIN)	1995	8	30	62	0.2 b)
<i>Lagging regions:</i>					
Lüneburg (GER)	1990	7	32	61	-0.5
Fthiotis (GR)	1991	34	20	46	0.1 b)
Zamora (SP)	1995	28	20	52	-1.1
Ardenne (FR)	1990	8	37	55	-0.7
Nièvre (FR)	1996	8	27	64	-0.6
Macerata (IT)	1995	10	39	51	-0.6
Groningen (NL)	1995	2	24	70	-0.3
Liezen (AUS)	1991	10	34	56	-0.8
Mikkelin L. (FIN)	1995	16	26	58	-0.2

a) Measures the difference in percent points of non-agricultural employment growth in the region and non-agricultural growth in the country; b) Due to country specific reasons, we deviated for these regions from the general criteria.

¹ As Belgium has only a few rural or intermediate regions, we selected only one rural region in Belgium, and added a third French region, close to the Belgian border.

comparatively high employment growth in other economic sectors. On the other hand, there are also regions with a high share of agricultural employment that had a bad performance in non-agricultural growth.

The **diversity of the sectoral structures** in the case study regions also indicates that there is no clear correlation between the sectoral employment structure and the growth rate of non-agricultural employment. Yet, there can be a negative relationship between the share of agriculture in rural employment and total regional employment growth, because employment in agriculture is declining.

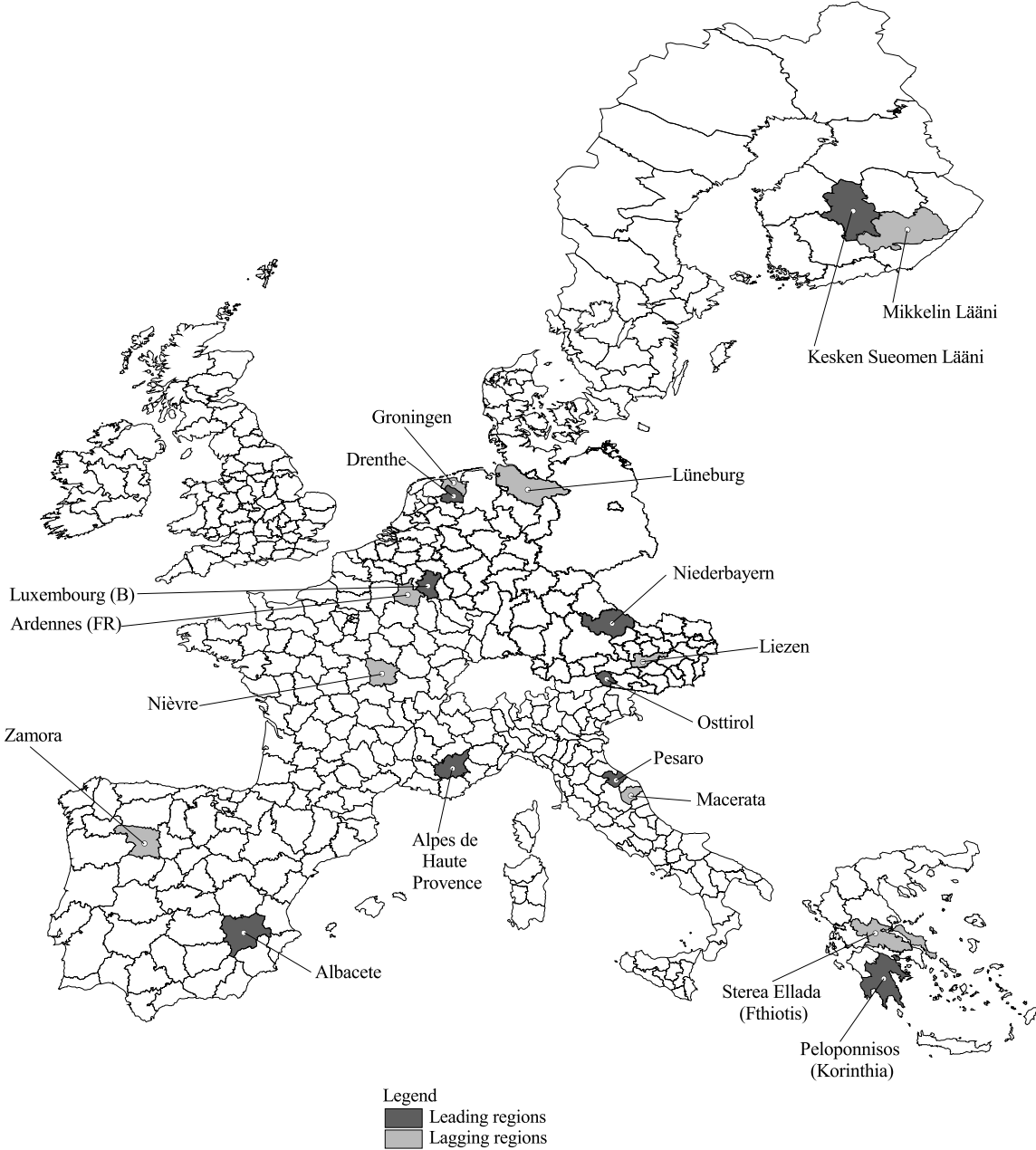


Figure 2.2 Selected case study regions in RUREMPLO
Source: LEI; RUREMPLO project.

2.3 Institutional aspects

Institutional patterns, and in particular **administrative structures and procedures**, are important aspects in any assessment of the regional development dynamics. The responsibilities and tasks of the various administrative levels and bodies involved in rural or regional policy design and implementation vary significantly among EU Member States, and their sub-national regional and local entities. In some countries, regions have a great deal of autonomy, in others they are just administrative bodies implementing national policies.

Figure 2.3 provides a **rough overview** on the regional administrative structures for the nine RUREMPLO countries. While some countries like France and Spain show a regionally deep-structured administration, others, like the Netherlands or Finland have only one administrative layer between national and municipality level. The size of the regions selected for the case studies ranges from 50,000 (Osttirol) to about 1 million inhabitants (Niederbayern), the majority, however, being in the range of 200,000 - 300,000 inhabitants. The dark shaded background in figure 2.3 indicates the territorial level at which the case study is undertaken. It usually corresponds to an administrative entity. In some cases there is a regional government or council, which is directly elected by the local population (indicated by bold letters). However, in case study regions of Germany, France, Italy, Austria and Finland, the regional authorities are appointed by authorities of the superior (Germany, France, Italy and Austria) or of the inferior (Finland) sub-national level.

Population In thousands (indicative) a)	Belgium	Germany	Greece	Spain	France	Italy	Nether- lands	Austria	Finland
>10,000	State	State	State	State	State	State	State		
5,000-10,000		Region (Land)						State	State
1,000-5,000	Region			Region	Region	Region			
500-1,000		Regie- rungs- bezirk	Region					Province	
100-500	Province		Prefec- ture	Province	Depart- ment	Province	Province		Province
20-100	District	Kreis			Canton			District	
<20	Munici- pality	Munici- pality	Munici- pality	Munici- pality	Munici- pality	Munici- pality	Munici- pality	Munici- pality	Munici- Pality

Figure 2.3 Sub-national administrative structure in the countries of the case study regions

a) The ranges of sizes of the administrative layers refer to our case studies. We have to read this table in this way : the population of the French departments selected for the case studies ranges between 100 and 500 thousands inhabitants ; these departments belong to regions where population ranges between 1-5 Mio inhabitants.

Figure 2.4 provides an impression of the domains that fall within *the competences* of the case study regions. Case study regions at a lower territorial level, like the Districts in Austria, have few matters to decide, while others, like the Regierungsbezirke in Germany, have major responsibilities in shaping regional/rural policies. In most cases, the administrative layer corresponding to the territorial entity of the case study region is competent in providing basic infrastructure and is strongly involved in land use planning.

With respect to regional development funds, only a few case study regions are involved in decisions about projects (Netherlands, Finland and Germany). Other case study regions are only involved in administrative tasks. With respect to horizontal funds, the case study regions are left with very few or no competence at all, except for Germany. The same is true for regulations concerning labour contracts, job mediation and unemployment benefits etc. that in most countries appear to be more centralized.

	Belgium	Germany	Greece	Spain	France	Italy	Netherlands	Austria	Finland
Level	Province	Regierungsbezirk	Prefecture	Province	Department	Province	Province	District	Province
Regional funds (EU)	•	••	•	•	•	•	••	•	••
Regional funds (national/regional)	•	••	•	•	•	•	••		••
Horizontal funds (EU)		••	•	•	•	•			•
Horizontal funds (national)		••	•	•	•	•	•		•
Road Infrastructure	••	••	••	•	••	•••	•	••	••
Social and Health Infrastructure	••	•••	••	••	••	••			••
Education	••		••	••	••	••			••
Spatial planning	••	••	••	•	••	•••	•••	••	••
Labour contracts			•	••					
Job Mediation		•	•	•			•	•	••
Unemployment benefits		•	•	•	•		••	•	•
Other Labour Market policies		••	•	••	••	•	••	••	••
Agricultural policies		••	•	•	••			•	•

Figure 2.4 Competence of the administrations in the case study regions

The points are used in the following way. One point indicates that the case study regions are only involved in pure administrative tasks, two points, that they are also involved in decisions about projects and funds, and three points demonstrate even an involvement in the design of the rules.

The diversity in administrative structures among countries deserves the following comments:

1. the pairs of case studies - one lagging and one leading region for each country (except for Belgium) - face of course the same countrywide institutional structure. The institutional structure of the country can therefore not explain the differences in the development of employment in the lagging and leading regions. What matters in the explanation is not the design of the institutions - centralized or decentralized - **but the relations between local actors and these institutions**. This point will be considered again in section 3;
2. the lack or low level of official competence of some case study regions regarding some issues - for example the use of regional EU funds - does not imply that local actors are excluded from the decisions. In some case study regions, for example Luxembourg (B), **formal and informal networks of local and external actors** succeed to design and prepare specific projects they present to the upper level authorities responsible for final decision. Therefore, in cases where competence is above the regional level, networks of local actors with upper administrative layers must be facilitated so that local actors can affect/participate in the decision making process. The other way to involve local actors in the decision process is to apply the subsidiarity principle in such a way that local actors are included;
3. the diversity of the administrative structure among countries has implications as concerns the delivery of EU policies. These policies have to be designed in such a way that all rural regions be able to fully exploit the potentiality of the measures offered. At this regard, information plays a major role. It is essential **to ensure wide promotion and extension of EU regional measures**. All actors actually or potentially concerned with the development of rural regions must be correctly and fully informed about all measures. While in some dynamic rural regions, local actors are integrated in well informed internal and external networks, in other rural regions, local actors are not. The following recommendations should help in achieving these goals:
 - to implement in the EU regions one 'information point (one stop shop)' providing information and help about the EU regional measures;
 - to simplify the procedures and reduce the paper burden;
 - to decide contents of the EU policy in mutual consultation with the regions;
 - to involve groups of competent local actors in the supervision of EU regional projects.

2.4 Development strategies

Various debates on development models in rural regions are going on. In this section we focus on three dialectic pairs of development strategies, and we elaborate on which paths have been found in the case study regions.

Exogenous or endogenous development

Does the engine behind employment growth in rural regions depend on endogenous or exogenous forces? In the approach of exogenous development, employment growth is considered to be transplanted into a region and externally determined. In the approach of endogenous development, employment growth is produced by local impulses and largely based on local resources. In the debate on exogenous/endogenous development a third alternative has been launched: the mixed exogenous/endogenous development approach, which relates the control of the development process to an interplay of internal and external forces.

From our analysis it appeared that the engine of employment growth consists of a mix of endogenous and exogenous forces in all case study regions, except for Pesaro and Macerata. In these regions, which belong to the so-called 'third Italy', industrial districts exist and endogenous forces are the engine of employment growth. It is striking that in leading regions endogenous forces tend to initiate the process of employment growth, which were subsequently enhanced by exogenous forces. This was the case in Luxembourg (B), Niederbayern and Korinthia. In lagging regions we often found that exogenous forces tend to initiate the process of employment growth, and that endogenous forces react to them, for example in Fthiotis, Zamora, Ardennes, Nièvre, Liezen and Mikkelin Lääni. Finally, in leading regions of Drenthe, Osttirol and Keski Suomen Lääni and the lagging region of Groningen a clear initiating role for either endogenous or exogenous forces was not evident; these seem more or less balanced.

Bottom up or top down direction

The bottom-up versus top-down debate can be interpreted as the identification of those main networks driving the development process in rural regions. A bottom up direction emerges when local actors initiate the development process and a top down direction when higher administrative layers take the lead.

From our case studies it appears that a bottom-up direction is more likely when two conditions are present: strong networks between local actors (entrepreneurs, administrative layers etc.), of which some are soundly institutionally established (Chambers of Commerce, cooperatives, etc.). The combination of these two factors creates on the one hand the conditions for mobilizing and organizing local actors, and on the other hand the conditions for reaching the higher administrative levels (even EU level) in order to lobby for the local needs. Such strong local networks are present in leading regions like Luxembourg (B), Niederbayern and Albacete.

In other cases the bottom-up process fails or it is still embryonic: although there is a rich and complex system of local interactions between actors, they are not able to produce a synthesis of local needs towards an intermediate stage. This weakness is due to difficulties of local agents to formalize interactions and interests in formal and active institutions. This is typical in lagging regions like Zamora, Liezen, Fthiotis, Macerata, Ardennes and Nièvre, but it is also found in the leading region Pesaro.

Specialization or diversification

The sectoral mix of employment of a region can be crucial for the employment dynamics. The choice for diversification as regional strategy implies that all promising available development opportunities are used to increase employment. Diversification has the advantage that it can minimize risks by spreading activities over more sectors. Specialization can be seen as a choice for the best available development opportunities and by this to realize and to deepen comparative advantages and to improve competitiveness. Specialization in a few sectors can create a critical mass of marketing infrastructure and services, know how, and other external economies in the region that can sustain the development and, hence employment in these specific sectors. Risks of specialization to lose employment are especially high when specialization has taken place in sectors which produce for declining markets.

In practice most regions follow a strategy which is somewhere in between these two extremes. As the share of employment in agriculture is declining in all rural regions, specialization in agriculture decreases and rural economies become more diversified. However, in a number of rural regions a choice is made to focus economic development on only a few sectors. This can be seen as a new direction of specialization. Two typologies have empirically been found: specialization highly dependent on market changes and specialization relatively independent on market evolution. It appears that leading regions tend to be specialized in growing markets, either in the industrial sector (Pesaro, Albacete, Drenthe, Keski Suomen Lääni) or in the services sector, in particular tourism (Alpes de Haute Provence, Drenthe, Korinthia). Lagging regions are more often faced by a specialization in declining markets, like agro-industries (Groningen, Nièvre, Mikkelin Lääni) or shoes (Macerata).

In a number of regions the direction of economic development is partly the direct result of political choices at a higher administrative level than the regional level. Examples are the establishment of a university in Niederbayern, the changes in the constitution in Spain, which meant a delegation of public services to the regional level, and the relocation of government services in the Netherlands. This kind of development in 'products' relatively independent from market evolution can be seen mostly as diversification. These policy decisions contributed to a further employment growth in the leading regions or prevented a further stagnation of employment in lagging regions.

Specialization or diversification are also strategies which are followed at sectoral or at firm level. This can be illustrated for the agricultural sector and the farm level. In a number of regions, especially leading regions, like Albacete and Korinthia, the basis of the agricultural sector was broadened by an increase in the variety of a number of products at the farm level. In many regions a strategy at farm level can also be perceived towards pluriactivity, which can be perceived as a way of diversification.

3. Rural policy -- issues and lessons

3.1 Remarks on policy relevance

The RUREMPLO project has generated a series of research findings that are relevant for the future design and delivery of rural development policies in Europe. As discussed in the previous sections, RUREMPLO findings need to be interpreted with care, taking into account:

- the methodological **approach** and background of the RUREMPLO research;
- the specific socio-economic and administrative **context** of the case study regions;
- the importance and interaction of **different layers of policy** responsibility and administration;
- the **overall relevance of policy**, i.e. the degree to which it matters for rural development and employment creation;
- the wide **range of different types of policy measures** affecting development and employment in rural regions.

In a project like RUREMPLO it is impossible to identify individual components of rural success and failure, or to isolate individual policy impacts from a whole range of other complex interrelationships that characterize rural economies and labour markets. Many factors matter and they are not always directly related to policy. RUREMPLO analyses covered a range of **different policy measures**. Only very few are explicitly targeted at sub-national regions and rural areas. Most policies, however, have major spatial impacts and thereby shape the options and opportunities for rural development and employment creation.

Our case studies with a wide variety of socio-economic, physical and geographic characteristics make clear once more that there is not one unique development path towards more jobs. So the messages formulated below have not to be considered being the 'success formula', which always results in more jobs. The messages have to be seen as building stones, which may contribute to shaping preconditions for employment creation under certain circumstances. The RUREMPLO case studies show that **policies seem to be more successful the more they are in line with the individual needs and strengths of a region**. So, it will be crucial for future regional policies, to find out effective ways to reveal those needs and strengths, in order to implement the appropriate measures.

In reviewing and discussing the main policy relevant findings of RUREMPLO, it appeared useful to summarize the approaches under the following headings:

- stimulating economic activities and innovation;
- matching labour supply and demand;
- enhancing infrastructure and amenities;
- mobilizing local initiatives and networks.

3.2 Stimulating economic activities and innovation

Rural employment creation results from complex processes of economic growth and decline, structural change, adjustment and innovation. While some economic activities grow, others decline. Competitiveness depends not only on factor endowments and costs, but also on productivity growth, the rate of innovation and the ability to develop new markets. Although, to some extent, these conditions can be influenced by policy, it is impossible to determine the precise impact of individual policy measures. This is true not only for important macro policies shaping the monetary or fiscal policy framework at national or European level, it also applies to most structural policy measures, sectoral as well as territorial.

Nonetheless, with regard to the promotion of economic activities in rural regions some **common issues and generalisable findings** have emerged from the RUREMPLO research. They concern:

- the sectoral mix and shifts in share;
- enterprise creation and entrepreneurship;
- technology and knowledge transfer;
- marketing and niche development.

The economic development of rural regions affects **sectors and branches** in many different ways. A reliable picture can only be gained if total rural employment is considered. In a first step, however, it appears reasonable to have a closer look at individual sectors. For a balanced assessment of the employment relevance of various activities it is essential to analyse both the share of activities in the total stock and in its increase. Often activities that are small in share show comparatively high growth rates and vice versa.

Agriculture -- relevant but declining

Traditionally rural employment has been identified as **agricultural employment**. RUREMPLO has shown again that this is inappropriate. Even in the most rural regions of the EU employment in agriculture and forestry represents only a minor part of rural employment. Only in the Greek and Spanish RUREMPLO case study regions did agricultural employment still represent a significant share, with a quarter or even a third of the total rural employment. In all EU regions, however, agricultural employment has been declining, not only in relative but also in absolute terms.

Even if up-stream and down-stream sectors are included in the analysis, the picture does not change fundamentally. Nationally, employment shares may double but the **agri-business and food industries** are not always located in the rural regions, nor is their rural employment basis increasing. Many firms are located in major agglomerations and do not rely primarily on local rural product and market links. This does not mean that agriculture could be neglected in rural employment policies. Not only do many farm family members statistically not appear as employed in agriculture, since they are primarily engaged in off-farm activities and work on their farms only on a part-time basis. Also, in most rural regions agriculture still occupies the vast majority of the land and is thus essential for

shaping a rural landscape that may attract not only visitors, but also new populations and investors.

Service sector -- complex and growing

Service sector employment increased in all rural regions, sometimes even at higher rates than in urbanized regions. Usually employment increased both in private and public services. In some rural regions dependence on public sector employment has reached a level that might lead to adjustment problems in the future, since public budgets are increasingly getting under pressure and privatization of services is underway or foreseen in many regions. Without new models of service delivery in rural regions, both employment and service provision in rural regions could suffer. As table 2.2 has shown in the RUREMPLO case study regions over 50% of total employment was in the service sector. Thus, for a more comprehensive assessment it is necessary to analyze the different types of services in greater detail. Then it becomes clear, for example, that in rural regions business related services are generally underrepresented and although rural growth rates were substantial, they differed significantly between leading and lagging rural regions.

Tourism -- not the only solution

Tourism is often considered to be an important potential source of rural employment growth. Although exact statistics are difficult to generate, expectations are often exaggerated. For many rural economies tourism may be an important branch, in particular with regard to net-employment growth, and the potentials for further growth may still be significant. However, overall tourism is rarely the main generator of rural employment growth. In some rural regions excessive tourism development may even lead to problems of congestion and landscape deterioration, that would in the longer run undermine their tourism potential. It should also be mentioned, that a strong dependence on tourism can be problematic if it is characterized by strong seasonal fluctuations. Measures to prolong the season are thus important in many circumstances.

Industries -- major difference between leading and lagging regions

The sector, which in many countries marks the most important difference between leading and lagging rural regions, is **industry**. This merits closer attention in rural research and rural policy. Often industry branches that were declining at the national level showed positive increases in rural regions. To some extent this reflects relocation of existing firms from urban to rural places, or it results from the establishment of branch plants belonging to major companies. This is, however, not the general case. Much new employment also stems from growth in already existing rural firms. Several rural regions have developed their own distinctive industrial profile. During the 1980s, in the leading case study regions, these industries have been better able to maintain or increase their employment base, than many, in particular large scale, urban businesses. It should be explored, if these patterns are likely to continue, or if new settings are to be expected in the near future.

Multisectoral approach -- essential for employment creation

Before exploring in greater detail some of the characteristics of successful rural economies, an important conclusion can already be drawn: policies aiming at encouraging rural employment creation should **follow a multi-sectoral approach**. In particular they should overcome a narrow focus on agriculture, agri-food industries or rural tourism. By no means this implies that these traditional rural sectors should be neglected or left behind. Some farms or firms may still offer opportunities for improving competitiveness and may even create new employment. What needs to be avoided, however, is to limit rural development efforts, and to target rural policies, exclusively on a small number of economic activities, while neglecting important development potentials that exist in other branches.

Specialization and diversification -- both can be successful

The plea for a multi-sectoral policy approach should not be misunderstood as a general argument against specialization of local or regional economies. For example, keeping the rural policy offer of direct investment aid open to all economic activities and types of firms, does not mean that in practice, in a particular region all activities and firms will actually be supported. The leading RUREMPLO case study regions provide evidence that both specialization and diversification can be successful strategies. There are, however, no typical rural specialization's which could be predefined a priori. Some of the successful case study regions are typical examples of so called 'industrial districts' which, due to an exceptional specialization of their economic system, manage even to compete on an international, global scale. Usually composed of networks of small and micro firms such clusters do not primarily root on local physical resources, but rely on local tradition and tacit knowledge, specific societal and institutional settings, a high degree of internal, vertical differentiation, well developed market outlets, and/or a high rhythm of product and process innovations.

Of course, regional specialization is not without risk. Market conditions, tastes and fashions change rapidly. Under such circumstances rural employment policies should help to **anticipate change and adapt to new conditions**. It can not be said, however, if further specialization or diversification are generally the right choice. This is underlined by the fact that other leading rural regions have been **successful by diversifying** their economic base. Often they show above average growth across all major branches. Although diversified regions appear to be less exposed to risks, they may, however, find themselves more exposed to competition from other rural or urban regions if they lack proper market niches, a clear regional profile and an image that can be communicated easily.

Local productive systems and SMEs

Not only should rural employment policies avoid a priori restriction to individual sectors, their measures should also not target exclusively at individual firms. The positive RUREMPLO examples show, that success and failure does usually not depend on the location and investment decisions of individual firms. What matters is the functioning of the

entire **local productive system**, which results from the interaction of a multitude of firms as well as other institutions and actors.

This is true in particular for rural regions, where local productive systems are generally characterized by a **predominance of small and micro-firms**. The vast majority of rural enterprises are one person or family businesses. In Luxembourg (B), for example, 95 per cent of all firms have less than 5 workers. A significant gap exists between starting a one person enterprise and managing a firm with more than five employees. To close this gap many obstacles need to be overcome: lack of managerial skills, difficulties to access and cope with new technologies, insufficient market analyses etc..

Training and knowledge transfer

The RUREMPLO comparisons provide evidence that rural development institutions, networks and policies addressing these deficiencies are essential for explaining differences in rural employment performance. Support needs to be tailor-made, adapted to the specific settings of rural economies and labour markets. Where chambers of commerce, local banks or other institutions such as university institutes etc. manage to offer managerial training, **transfer of technological and organisational know-how**, advise on investment and financing, in a way that is adapted to the needs of small rural enterprises, economic development and employment growth have benefited. In this context it also seems important that support policies are delivered through transparent channels, ideally through one local agency. Such institutions, however, should have sufficient latitude to apply measures in a flexible, unbureaucratic manner.

Marketing the region makes the difference

The analyses of examples for success and failure in creating rural employment show that it is not only, and often not primarily, production but marketing that makes the difference. Many successful rural enterprises rely strongly on niche markets, which need to be developed, up-graded and defended. Rural employment policies should thus not only focus on new firms but on developing **new markets and new products**. These may well be traditional products, but they have to transport a new image. The more marketing of rural products can refer to a positive image of their region of origin, the better. If the uniqueness and specificity of a rural region, often reflected in their cultural heritage and natural amenities, can be transposed to rural products and services they become strong assets in marketing. On the other hand, they need to be defended by general insistence on high quality standards.

3.3 Matching labour supply and demand

Proper functioning of regional labour markets is an important condition for ensuring a balanced rural development. The market mechanism as such, however, does not create any jobs. In practice, **labour markets are segmented** and it is important to balance supply and demand within each segment. The qualifications of the rural labour force may not always

fit present and future labour demands by industries. Obviously, there is always demand for high skill labour at low cost. On the other hand, it is not sure if 'high-tech' always requires high skills. In many rural labour markets specific deficits can be identified. Where excess supply or demand are identified, rural employment policies should come up with targeted measures that facilitate the matching of regional labour supply and demand.

Identify labour market areas and centres

As with other national and international policies, also in this area general labour and employment policies, legislation and agreements have significant rural impacts. To assess those, and in order to design targeted regional measures, it is essential to have a clear understanding of **what represents the actual labour market area**. This is not self-evident. Changes in transport infrastructure may affect the labour market area. For many rural regions, commuting patterns have changed significantly over recent decades. Travel to work distances have increased and even directions have changed.

Often, administrative boundaries do not reflect actual functional relationships. Thus, a precondition for any targeted rural labour market policy is to get a clear picture of what represents the relevant labour market area. This implies also understanding the role of regional centres, and other small and medium size towns in providing job opportunities for populations living in the countryside. **Public labour offices** can play an important role in combating rural unemployment problems. In some of the lagging RUREMPLO regions, however, research found indications that they were not organized in an appropriate manner. They had difficulties to effectively fulfil their matching functions in balancing rural labour markets.

In a number of RUREMPLO case studies public employment services provide information about vacancies in neighbouring regions. On the other hand, for persons at a larger distance, who are interested to work in the region, there is often no agency, which registers this potential labour supply. Therefore, a labour service agency, which provides information on demand for jobs **at a larger distance**, and at which persons outside the region can reflect their interest to work in the region, can make a useful contribution to matching labour demand and supply.

Regional skill mix must match

Education and training play of course an important role in matching labour supply to demand and thereby encouraging employment creation. The role of education is, however, highly complex. It is doubtful, if improving educational attainment levels is moving jobs in, or people out of rural regions. In many cases well educated young populations do not find adequate employment opportunities and consequently either face unemployment or leave the region. The case studies show that it is not the attainment level as such, but rather an **appropriate regional mix of skills** that matters for successful rural employment growth.

Education and training of both employers and employees can contribute to the efforts of balancing rural labour markets and creating new job opportunities. For example, in those regions where employment growth was particularly high in manufacturing industries,

strong demand was expressed for workers with **medium level technical skills**. Establishing technical schools was considered as a regional priority. In other regions private and public organizations became active in promoting professional training both within and outside the firm. Often employers themselves are interested to provide professional qualifications to manual workers by on-the-job training. Sometimes training subsidies for enterprises hiring low skilled workers are considered as means to encourage rural enterprises to provide the required skills.

Given the great diversity in education and training systems among Member countries and regions, no standard conclusions could be derived from RUREMPLO. However, in those regions where strong regional **networks and partnerships** existed the matching of skills seemed to work particularly well.

Part time labour and self-employment are important

In many rural regions **young and female populations** are particularly affected by unemployment, not always registered but 'hidden'. Regional labour market policies should thus pay particular attention to their specific needs. This implies that it is urgent to think not only in terms of full-time hired employment, but also to consider alternative options such as job-sharing, flexible part-time arrangements or self-employment.

Part time labour and pluriactivity are common phenomena in most rural areas. The majority of farm families in Europe are used to such work and income patterns. Often this has been considered as a handicap. For the future development of many rural labour markets, however, these traditions could perhaps turn into a positive advantage. It is probably not by accident that some of the most dynamic rural labour markets, showing the greatest relative employment increases are those with high shares of pluriactive, part-time farms. In many industrial districts the particular work ethic and attitudes of workers, who have strong ties to traditional pluriactive farming systems, are important for explaining their success.

Many rural regions have a long tradition in **independent self-employment**. This should be encouraged again. Risk taking is not new to many rural people. As a result, new forms of organizing economic activity can actually find rather positive preconditions in rural regions.

3.4 Enhancing infrastructure and amenities

The endowment with basic infrastructure, the provision of public services, and the quality of natural and cultural amenities represent important development assets for rural regions. In several RUREMPLO case studies a linkage was observed between improvements in infrastructure endowment and regional growth dynamics. It is increasingly recognized, however, that **investment in infrastructures alone is not sufficient** to trigger positive rural development. It will not in itself create employment opportunities, except during the (short) construction period. The RUREMPLO comparisons suggest, however, that in the longer run infrastructure investment and amenity management make a significant difference. It also became evident that the quality of infrastructure and services should not

primarily be judged in terms of quantitative measures of endowment and facilities but rather in terms of ease of access and quality.

Infrastructure -- necessary but not sufficient

Individual measures to improve rural infrastructures should fit into **comprehensive concepts of regional spatial planning**. These should include a systematic assessment of regional strengths and weaknesses, as well as future opportunities and threats. Hierarchies of places, and functional interrelationships should be analyzed and redefined. In improving infrastructure and providing public services, it must also be recognized, that in order to be efficient, rural regions often require **modes and technologies distinct from those in agglomerated regions**. Explicit consideration of rural characteristics and needs is demanded e.g. in providing public transport, health care, education, or sewage treatment.

In several case study regions improved **connections to major transportation networks** inside and outside the region have been essential for reducing peripherality. In several cases, however, the benefits for the rural region were accidental and not optimal from a regional perspective. The planning had been driven by considerations at a much higher national or even European scale. Some highway constructions, for example, led to a problematic polarization of rural development trends within the region, favouring some parts but marginalising others.

In most regions efforts have also been made to create **new industrial sites**, equipped with water treatment plants and other infrastructure facilities. Such investments seem to have been crucial for several regions, however, similar types of infrastructures were provided also in lagging regions, yet without triggering similar effects. Again, this suggests that infrastructure investments should be integrated into a broader development concept, and be accompanied by a set of complementary incentives. Where this is not the case, there is even a risk that sub-optimal use of infrastructure capacities can cause high follow-up costs for local administrations and businesses.

Equally, the existence, establishment and enhancement of **education facilities** such as universities, research institutions, technical high schools etc. makes a difference. Case study regions like Niederbayern, Groningen or Keski Suomen Lääni provide striking examples. They also prove, however, that positive development and employment impacts can not automatically be expected in the short run. Often positive repercussions are only felt with a time lag. In order to have a positive impact on regional employment, it is also necessary that the universities get actively involved in research and training co-operations with the local/regional economy.

Valorizing rural amenities

Cultural and natural amenities represent important rural development assets. Like for other infrastructures, it is not only the endowment, the stock of rural heritage, that matters but also the quality of its maintenance and management. Many villages and small rural towns are, or at least could become, attractive places to live, work and invest. Much depends on the quality of housing conditions or on the provision of basic services.

Schemes for the **renewal and development of villages**, or small and medium size towns, provide excellent opportunities for stimulating discussions on visions and priorities, and for organizing further steps towards rural development. By involving local businesses and crafts they do not only generate rural employment, they also directly improve living conditions and basic environmental standards. This can help to prevent young populations from leaving the region or to attract newcomers.

Almost all case study regions have some kind of **valuable rural amenities**: settlements with a rich history and architectural remains, cultural landscapes of outstanding scenic beauty or high nature value, protected areas like regional or national parks. Often agriculture and other traditional economic activities have shaped their specificities. With the economic decline of these activities also the amenities risk to disappear. Searching for new economically viable development options is thus at the same time the most promising approach to amenity preservation. It is difficult to draw any firm conclusions concerning the relative weight of amenities for explaining performance differentials in rural employment creation. The RUREMPLO comparisons seem to prove, however, that it is not primarily the existence of amenities that matters, but the degree to which these assets are effectively valorized in an economic process generating added value and employment.

Some of the leading rural regions have already developed highly sophisticated, integrated techniques for promoting and marketing rural amenity values. In turn, many others have not yet properly exploited their potentials. Again, an important precondition for **valorizing rural amenities** is that local rural populations themselves understand that unspoiled nature, attractive landscapes, historic villages etc. are scarce resources and unique development assets, that should be kept in good shape. This is not only a service for tourists and leisure seeking urban populations. Rural populations themselves benefit from rural amenities, they often contribute to shaping a regional identity that is an essential basis for organizing rural development initiatives.

3.5 Mobilizing local initiatives and networks

3.5.1 Mobilizing local initiatives

The RUREMPLO case studies show that the prospects of successful rural employment creation are closely related to the degree to which the development process of rural regions is organized and experienced as a democratic, **bottom-up process, involving a wide range of local actors**. At the same time RUREMPLO reveals that excessive localism, with attempts to protect obsolete socio-economic patterns and political power structures, are often frustrating innovative initiatives and entrepreneurship.

Encouraging community involvement

Bottom-up processes are unlikely to emerge and succeed without local or regional populations and administrations being prepared to face their situation and prospects in the broader national and international context. **Openness is required**, but the barriers to the formation and take-off of local initiatives are manifold. Negative examples of clientelism and pater-

nalism ('caziquismo') are wide spread in many rural regions, but the distinction from positive leadership is sometimes difficult to draw.

Stimulating bottom-up initiative is not only a local challenge. Often encouragement and assistance from the top is required, in particular in remote rural regions. Bottom-up initiatives can only be successful if they operate in favourable regional, national and (supra-) national European contexts. **Technical and organizational assistance** should be provided, at least in an initial stage. Here lessons can be learned from the LEADER approach.

Reinforcing local identity through catalytic projects

RUREMPLO shows that the development success or failure of otherwise comparable rural regions is often related to the degree of **mobilization and organization** of local actors, be they private or public. The studies also reveal, however, that -- at least initially -- initiatives do not always emerge without conflict. Mobilization of rural initiative can be generated around a positive project, but it can -- and actually often does -- initially also stem from a defensive reaction against external shocks.

Even if their origin is a common perception of a disadvantage, successful initiatives often managed to **turn real or perceived handicaps into a strength**, a 'comparative' advantage in interregional competition. Tourism provides many examples where remoteness, low density, extreme climatic conditions, 'inefficient' agriculture, or lack of industrialization can turn out to be opportunities rather than weaknesses.

Most successful initiatives had a catalytic project which led to a (re-)discovery of the specific strengths of the region. It reinforced **local identity and attachment to the region**. Positive identification, strong self-esteem and local pride are important prerequisites for creating and marketing an attractive image of the region. This is crucial, for retaining local populations and attracting newcomers, be they investors, immigrants or tourists. It is also essential for marketing regional products (Take for example many, in particular French or Italian food products that benefit from a regional label (AOC, DOC) such as Champagne, Bordeaux, Cognac, Roquefort, Chianti etc.). The uniqueness and specificity of a region can become an important asset, which can not easily be copied by other regions. It can help in creating a market niche, which allows to compete even at a global scale.

The **positive image** of many rural regions relates to the quality of their natural and cultural heritage. What needs to be achieved, is to overcome a perception of economic and social backwardness, and to communicate how the distinctive features of the various rural regions provide new opportunities for the future.

3.5.2 Empowering local/regional administrations

RUREMPLO provides evidence that differences in rural development performance are closely related to the **capacity of local and regional administrations**, as well as other actors, to play a (pro-)active role in launching and stimulating local initiatives of all kind, not just economic. Their capacity can be limited by a lack of vision, knowledge and training, by restricted administrative competences and financial means, or because the territorial shape of the administrative units does not correspond to the relevant reference

areas for which rural development problems and perspectives are best conceptualized and addressed.

In many rural regions local and regional administrations have great difficulties to face the new challenges their regions are confronted with. To overcome such barriers and handicaps they need proper **information and training, technical and organizational assistance** to acquire the necessary skills and competences. They need to be familiarized with modern tools and techniques of territorial development (policy) analysis, planning, management, monitoring and evaluation.

Capacity building at the local, regional level is not a simple training and education task. Often it has to do more generally with local and regional empowerment to properly perform administrative tasks in an effective and efficient manner. Rather than in training courses, this can actually be promoted better as a **learning by doing** exercise in connection with a new (model or pilot) project. Instead of relying exclusively on external consultants, internal expertise should be built-up. The EU Community Initiative LEADER provides some good examples for such an approach.

Reconsideration and restructuring of institutional structures and procedures is often facilitated by establishing **round tables** and involving independent **animators and mediators**. In some countries, this is practiced since many years in regional and rural policy. Yet, there is no standard mechanism that would ensure that this is always working properly. European and national policy, however, can facilitate such processes by providing proper assistance.

Monitoring, planning and evaluation of performance

Processes of local and regional **diagnosis, planning and project designation** can also create a mobilizing momentum. New techniques of systematic regional analysis, like the SWOT analyses undertaken in the context of RUREMPLO, can add to a better understanding of what the problems and perspectives of a rural region are, and what the resulting tasks for local and regional administrations might be. Planning should, however, not be understood as a technocratic exercise only. It has to be accompanied by a transparent democratic process of discussion and decision on problems, perspectives and priorities.

Systematic monitoring and evaluation of past and present administrative performance at all levels are important in this context. Evaluation should no longer be perceived as traditional external control (from the top), guided by bureaucratic formalities or budget rules. It should rather be conceptualized as a performance oriented check, which enables and encourages a learning process within the system. Like this, evaluation becomes a feedback mechanism that is in the self-interest of the rural policy design and delivery system.

Required are not only formal techniques for checking compliance with administrative parameters. It is also crucial to have **a minimum set of indicators** for assessing development performance in a broader sense. In addition to formal technocratic assessment techniques, **a political assessment procedure** is demanded. This should involve not only the major players actively promoting rural development dynamics, but also those potentially being affected, be it in a positive or negative manner, such as social partners or other community groups like environmental groups. Where a wide range of interests is repre-

sented in the relevant assessment bodies, chances for achieving sustainable rural development appear generally more positive.

3.5.3 Strengthening networks and partnerships

Networks help to overcome or compensate for some of the main disadvantages rural development initiatives are faced with: lack of critical mass and access, due to small size, low density and remoteness. RUREMPLO shows that **formal and informal networks are essential** for successful rural development. The RUREMPLO notion of networks encompasses co-operative working relations that could also be characterized as partnerships. They bring together partners from various layers of administration (vertically), or horizontally public and/or private institutions and actors representing various concerns. They can be limited to the respective region (internal) or may reach beyond (external).

Traditionally rural networks concentrated on individual projects and specific agendas. For rural employment creation today, networks seem particularly relevant if they represent **multi-stakeholder co-operations** taking care of broader agendas shaping the rural development context. They can be an efficient means to deal with the complexity of the rural development challenge.

Networks linking different **hierarchical layers** of administration are important in many instances. Where networks are weak, local actors risk to remain isolated and to miss opportunities. In such cases, initiatives often lack critical mass and tend to neglect potential synergies, that could be generated if they were properly integrated into broader regional or even (inter-)national agendas.

Rebalancing and redefining the roles of various institutional layers from the European to the local level is a major challenge. This has been revealed by the **EU Structural Fund Programmes** and by the EU Community Initiative LEADER. Although, in terms of budget resources, LEADER may appear marginal, the initiative has nonetheless launched an important EU wide process of reconsidering traditional channels and procedures of rural policy delivery.

In order not to restrict the ability of local rural development networks to come-up with innovative concepts and projects, provisions for eligibility to support should not be too prescriptive. **Global allowances** for integrated programmes, with built-in mechanisms for auto-control and evaluation, might be an attractive option.

Promoting public-private co-operation

RUREMPLO findings show that **horizontal partnerships** are of particular importance for explaining development success or failure. The research reveals that leading rural regions were usually better in organizing joint action of public and private institutions. By joining forces they succeeded to actually exploit potential synergies.

Employment creation strategies for rural regions tend to be more successful if development efforts **reach beyond individual sector considerations**. This seems true even for development strategies that built on regional or local specialization, like in industrial districts. Here regional specialization is heavily dependent on networks that have identified common interests in processing, training, service provision, marketing and financing.

Networking is required among **different branches of public administration**, where too often sectoral perspectives prevail over considerations that reflect on an optimal sectoral mix for the region. Often, however, it appears even more important to ensure better communication and co-operation between public and private rural development institutions. Here, new forms of co-ordination, mutual assistance, and proper support need to be explored.

Public-private co-operation can offer more flexibility than purely administrative structures and procedures. A crucial precondition, however, is mutual trust. This is built more easily under conditions of strong local identity, a common set of values, a common project or positive experiences. For public-private partnerships to work, it is important that the private sector is properly organized in non-governmental organizations such as chambers of commerce, industry and crafts, in unions and associations, or in other community organizations, representing for example employers and workers, farmers, tourism and nature conservation interests, or cultural initiatives. Bringing together a broad range of institutions and actors representing different, sometimes even conflicting interests may initially slow down the process of launching initiatives. Once achieved, however, such networks become a real strength for stimulating rural development and employment creation.

Attract attention to marginal positions

In some RUREMPLO case studies another interesting observation was made: issues which in many other regions represent typical conflicts, are often not considered barriers to co-operation, due to the specific settings of rural and remote places. In many less favoured areas, for example, farming and nature conservation are not considered conflictive but can in fact share many common concerns.

In rural regions, local branches of national organizations often share similar views, despite the fact that at national scale they may pursue conflicting interests, e.g. employers and trade unions. Both rural branches experience the common difficulty of **attracting adequate attention** for their concerns within the respective national organizations. In many instances, for example, part-time farmers from handicapped regions are not well represented, nor are the business interests of both employers and workers from rural regions sufficiently taken into account by their respective national organizations. The common frustration about the neglect of their specific problems and needs can become a strong incentive to co-operate at the regional/local level.

By joining forces, rural organizations can manage to draw greater attention to their respective interests. Quite **unusual coalitions** between employers and workers, between farmers and environmentalists, etc. are often at the beginning of successful rural development initiatives. Even conflict lines between political parties have often a different relevance locally than at higher levels. Rural regions that have managed to overcome segregation and have joined forces are often more successful than others.

Establish external links

Establishing external networks with other initiatives and institutions outside the region appears to be an effective means for encouraging rural development and employment creation. Modern communication technologies have improved the chances for networking within and among regions by facilitating exchange of information, comparison, transfer of knowledge and experience. Networks with neighbouring regions are useful, as these can create opportunities for complementarities in economic activities or to create critical mass. This can open new perspectives for rural development. Although success stories can rarely be copied, much can be learned also from a better understanding of the reasons for development failure elsewhere.

Successful networks facilitating rural employment creation have achieved to open the region from the inside to the outside, to **break-up 'closed circles'** in the broadest meaning. Facing the outside helps regional actors to better understand and communicate their own position. Experiencing that local difficulties and threats are not the result of individual disadvantage or failure, but are shared by others, can be an important encouragement. Networks help to share experiences in overcoming problems and handicaps. They are a means both to 'import' new ideas and to 'export' a regional image.

RUREMPLO case studies show, that **newcomers to rural regions**, immigrant populations, investors from outside the region, or even tourists can play an important role in establishing external links. They can feed experiences into internal networks, help mobilizing local actors and act as local leaders. They can provide access to external know-how and markets. They can transport a positive regional image, which supports advertisement and marketing of local products.

4. Outlook

There is reason to assume that the leading rural regions, studied in the RUREMPLO project, will not remain exceptional cases. In this paper we have discussed a series of findings, which could be relevant in policy considerations aiming at the creation of employment in Europe's rural regions. Due to its comprehensive approach, the RUREMPLO project, could not undertake in-depth analyses on every single topic. We will, however, highlight some issues on which **further research is needed** in order to get a better insight in rural development processes, and to understand how to implement some of the key findings.

Evaluation of development performance

A major problem, many national and in particular regional administrations are presently confronted with, is the inability to undertake an **adequate diagnosis of the regional situation**, to identify needs and priorities, as well as to plan and design appropriate projects from a comprehensive territorial development perspective. Systematic monitoring and evaluation of past and present performance would improve this capacity. Such evaluations, however, should no longer be perceived as traditional external control (from the top), guided by bureaucratic formalities or budget rules. They should rather be conceptualized as performance oriented checks, that enable and encourage a learning process within the system of rural development (policy) design and delivery. Like this, evaluations become feedback mechanisms that are in the self-interest of the rural policy administration. It is crucial to collect and calculate a minimum **set of indicators** for assessing development performance. In addition, a political assessment procedure is demanded. This should involve not only the major players actively promoting rural development dynamics, but also those potentially being affected, be it in a positive or negative manner. The design, test and application of such evaluation methods should be a key topic for future research.

Designating labour market area

In order to design measures that facilitate the matching of regional labour supply and demand, it is essential to have a clear understanding of what actually represents the relevant labour market area. This is not self-evident. For many rural regions commuting patterns have changed significantly over recent decades. Travel to work distances have increased and even directions have changed. Often, administrative boundaries no longer reflect actual functional relationships. Thus, a precondition for targeted rural labour market policies is to get a clear picture of what represents **the relevant labour market area**. This implies understanding the role of regional centres, small and medium size towns in providing job opportunities for populations living in the countryside.

Rural regions without strong urban centres

In general, rural case study regions with one or two urban centres of a relevant size, or those located adjacent to major urban centres, performed better than remote, peripheral regions. Since only a few leading regions were of the latter kind, findings are not easily transferable to lagging regions. Further research is needed, focusing in particular on **peripheral rural regions without strong urban centres**.

Creation of competitive industries and services

The validity of the RUREMPLO findings is limited by the fact that they refer mainly to past developments (1980s and 1990s). Thus, there is a need for **some prospective analyses**. The question needs to be addressed, what might or should be the future role of rural regions in Europe. The case studies show that agriculture has constantly lost importance, and that tourism can only be part of the response. If, for the last decade, in most successful case study regions the industrial sector was crucial, it is unclear what kind of industries could survive in rural regions of high-wage countries, once competition from low-wage countries will get stronger. Also the question needs to be asked and answered what could be rural services that have the potential of being exported.

Leading sectors and related production chains

RUREMPLO findings show that employment growth stems from various branches. It could be interesting to analyze more deeply the role of sectors showing an increase or decrease in employment, in particular when this pattern deviates from that in other regions. An important aspect in this field is the organization of the chain, to which sectors/companies with growing or declining employment belong. Is it the efficiency of the chain as a whole, that explains the growing or declining employment in the sector/companies involved? To which extent are the **other parts of the production chain also located in the same region?** What is the impact of policies on the development of the production chain and hence on regional development of employment? What is the effect of the development of the production chain on more or less related production chains?

Functioning of networks

RUREMPLO has shown that well functioning networks are an advantage for the creation of employment in rural regions. However, there is still a lack of knowledge about the functioning of networks, **horizontal and vertical partnerships** etc. In particular, it has to be explored, if and how the co-operative capacities of actors can be strengthened, and how actors from outside (newcomers/immigrants) can smoothly be integrated into local networks.

Co-operation among public and private institutions

Employment creation strategies for rural regions tend to be more successful if development efforts reach beyond individual sector considerations. Horizontal co-operation is required among different branches of public administration, where too often sectoral perspectives prevail over considerations that reflect on an optimal sectoral mix for the region. Often, however, it appears even more important to ensure a better communication and co-operation between public and private rural development institutions. Here, **new forms of co-ordination**, mutual assistance, and proper support need to be explored.

Annex 1 Overview of RUREMPLO publications

General

Esposti, R., F.E. Godeschalk, T. Kuhmonen, J.H. Post, F. Sotte and I.J. Terluin (1999)
Employment growth in rural regions of the EU; A quantitative analysis for the period 1980-1995; The Hague, LEI

RUREMPLO team (1997)
Methodology for case studies; The Hague, LEI-DLO (not published, only for internal use)

Terluin, I.J. and J.H. Post (1998)
Leading and lagging rural regions in the EU: some key findings; Paper for the 1998 Canadian Rural Restructuring Foundation Annual Meeting and Conference, October 14-17, 1998, Nelson B.C., Canada

Terluin, I.J. and J.H. Post (1998)
Employment in leading and lagging rural regions of the EU; Paper for the RUREMPLO workshop at November 20, 1998 in Brussels

Terluin, I.J., J.H. Post and Å. Sjöström (eds.) (1999)
Comparative analysis of employment dynamics in leading and lagging rural regions of the EU, 1980-1997; The Hague, LEI

Terluin, I.J. and J.H. Post (1999)
Employment in leading and lagging rural regions of the EU; Summary report of the RUREMPLO project; The Hague, LEI

Von Meyer H., I.J. Terluin, J.H. Post and B. Van Haeperen (eds.) (1999)
Rural employment dynamics in the EU; Key findings for policy consideration emerging from the RUREMPLO project; The Hague, LEI

Case studies in the leading rural regions:

Dupraz, P., B. Henry de Frahan and G. Faucheux (1998)
Agriculture and employment in EU rural areas case study: the province of Luxembourg, Belgium; Rennes, INRA / Louvain la Neuve, Catholic University, Unité d'Economie Rurale

Efstratoglou, S., A. Efstratoglou and G. Kalemidou (1998)
Agriculture and employment in rural areas leading case study: Korinthia (Greece); Athens, University of Athens, Department of Agricultural Economics

Kuhmonen, T. and O. Aulaskari (1998)
Agriculture and employment in rural regions of the EU; Case studies in Finland: leading region Keski-Suomen Lääni; Sarpaniemi, Fin-Auguuri Oy

Rosell, J. and L. Viladomiu (1998)
Case study leading region in Spain: Albacete; Barcelona, Universitat Autònoma de Barcelona, Dpto. Economia Aplicada

Roux, B. and G. Foscale-Baudin (1999)
Case study: the department of Alpes de Haute Provence, France; Grignon, INRA, Unité d'Economie et Sociologie Rurales

Sotte, F. and R. Esposti (1998)
Case study Pesaro; Ancona, University of Ancona, Department of Economics

Terluin, I.J., J.H. Post, A.J. Wisselink and M.M.M. Overbeek (1999)
Forces affecting employment dynamics in Drenthe; Case study in a leading rural region in the Netherlands; The Hague, LEI

Von Meyer, H. (1999)
Rural employment dynamics in West-Germany; RUREMPLO case studies Niederbayern and Lueneburg; Wentorf (Hamburg), Pro Rural Europe

Weiss, F. (1998)
Case study Osttirol; Vienna, University of Ground Science, Department of Economics, Politics and Law

Case studies in the lagging rural regions:

Bertrand, J.P. (1998)
Agriculture and employment in rural regions of the EU; Case study: the département of La Nièvre, France; Ivry sur Seine, INRA

Dupraz, P. and B. Henry de Frahan (1998)
Agriculture and employment in EU rural areas case study: département Les Ardennes, France; Rennes, INRA / Louvain la Neuve, Catholic University, Unité d'Economie Rurale

Efstratoglou, S., A. Efstratoglou and G. Kalemidou (1998)
Agriculture and employment in rural areas leading case study: the prefecture of Fthiotis Greece; Athens, University of Athens, Department of Agricultural Economics

Kuhmonen, T. and O. Aulaskari (1998)

Agriculture and employment in rural regions of the EU; Case studies in Finland: lagging region Mikkelin Lääni; Sarpaniemi, Fin-Auguuri Oy

Rosell, J. and L. Viladomiu (1998)

Case study lagging region in Spain: Zamora; Barcelona, Universitat Autònoma de Barcelona, Dpto. Economia Aplicada

Sotte, F. and R. Esposti (1998)

Case study Macerata; Ancona, University of Ancona, Department of Economics

Terluin, I.J., J.H. Post, A.J. Wisselink and M.M.M. Overbeek. (1999)

Forces affecting employment dynamics in Groningen; Case study in a lagging rural region in the Netherlands; The Hague, LEI

Von Meyer, H. (1999)

Rural employment dynamics in West-Germany; RUREMPLO case studies Niederbayern and Lueneburg; Wentorf (Hamburg), Pro Rural Europe

Weiss, F. (1998)

Case study Liezen; Vienna, University of Ground Science, Department of Economics, Politics and Law