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Experiences and concepts on vertical and horizontal coordination for regional development policy

Input paper 4

This Input paper reflects the opinion of the authors.

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I. Introduction

The present paper explores perspectives for vertical and horizontal coordination in the context of regional, and more particularly rural, development policy. It is based on three case studies (see Text Box 1 unterhalb) and a restrictive selection of theoretical advances and innovative ideas within territorial governance.

From a regional and rural development perspective, horizontal coordination can refer both to coordination between actors operating at the same territorial scale and between sectors. The prevailing “sustainable development” discourse has made the need for horizontal coordination obvious. It has attracted attention to the fact that independent and fragmented approaches to solving the economic, social and environmental challenges cannot be successful in generating prosperity and balanced development on the long-term.

“Vertical” coordination can in general be defined as the promotion of efficiency and resilience in multi-tiered systems. It can take a wide variety of forms. Its most traditional acceptance is the exercise of authority, as higher level bodies and units exert authority over lower level ones, and thereby impose strategic choices in view of ensuring an overall coherence of actions and outputs. However, vertical coordination is also the main concern of the “multilevel governance” literature. In these processes, authority plays a limited role; the focus is on dialogues, circulation of ideas and the capacity of different stakeholders to participate in decision-making processes and to contribute to the implementation of policies. Vertical coordination will then consist in the management of a dynamic system of actors.

Within territorial development policies, there is a tendency to consider horizontal coordination as dealing with interactions between actors at a given territorial level (country, region or locality), while vertical coordination concerns relations across territorial levels. Such a view needs to be challenged, as current trends of economic internationalisation and globalisation amplify the capacity of individual localities and actors to intervene and connect across geographic scales. As a result, vertical coordination cannot be based on a “Chinese boxes”-approach of administrative levels whereby the development of small localities would be considered as a component of development in the larger unit to which it belongs.

This evolution contributed to the paradigmatic shift in regional policy, from funding infrastructure and other regional investments to encouraging regions and localities to autonomously identify clusters of industries and endogenous potentials (Benz, 2000). Individual localities and regions are approached on the basis of their assets and potentials, which are not determined by their geographic location or position in urban hierarchies. It is within this framework that new approaches of horizontal and vertical coordination have been developed. These approaches are built around three notions:

- The “partnership-principle” for regional/local development, promoted in particular by the European Union (Boland, 1996);



- The notion of “learning regions” (Asheim, 1996) implies that innovation does not primarily result from the action of individual entrepreneurs, but from local and regional networks of actors;
- The idea that a main role of public authorities is to bring together stakeholders and organise a dialogue between them in view of ensuring that their action are better coordinated. This “communicative” or “argumentative” turn in planning policies (Forester, 1989; Healey, 1992, 1996; Innes, 1996) would imply that public authorities abandon the ambition of determining the exact form of development to be promoted. Instead, they limit their role to the defence of some core principles as part of the facilitation of dialogues and cooperative actions, if needed promoted with the help of financial incentives.

Text Box 1. Three case studies

Three case studies have been produced as part of this study:

- The French contract-based territorial development policies have been analysed with a focus on the regional partnerships that have been established in connection these policies in the Annecy region;
- Norwegian rural development policies provide examples of particularly ambitious attempts at strengthening the capacity and competence of local and regional authorities engaged in territorial development, so as to make a vertically coordinated policy possible;
- Finland is often mentioned as a European champion in the implementation of the so-called “LEADER-method” of basing local development on the creation of local action groups. However, Finland has a well-developed horizontal and vertical coordination of rural policies at all levels.

These case-studies show that direct transfers of experience between countries can seldom be envisaged within the fields of territorial governance and vertical/horizontal coordination. However, based on an understanding of the ideas and theories behind the practices of each country, one may on a more abstract level reach an understanding of the types of approaches that would be most useful and relevant from a Swiss perspective. Therefore, the case studies as such are grouped in section 6, while references are made to specific aspects of each case study throughout the note.

This note briefly positions Swiss vertical and horizontal cooperation in a European comparative perspective (section 2) and presents the challenge of arriving at coherent multi-level governance systems in general terms (section 3). The partnership principle is then introduced, and its application is exemplified in the context of innovation-centred territorial development policies (section 4). This shows the need for renewed approaches to vertical and horizontal coordination in section 5. Section 6 describes the three case studies. The lessons to be drawn for a Swiss strategy for rural and mountainous territories are outlined in section 7.

II. Swiss horizontal and vertical coordination in a European comparative perspective

Attempts made at comparing and ranking vertical and horizontal coordination “performance” across Europe provide additional evidence on the challenge of transferring good practices across national boundaries. The ESPON 2.3.2 project investigated the institutional and instrumental aspects of implementation of territorial and urban policies in Europe. Its authors sought to assess and compare how efficient different systems when it comes to dealing with issues such as polycentric urban development, balanced urban-rural partnerships and sustainable management of the natural and cultural assets. For this purpose the organisation of spatial planning, local government and taxation was assessed using a series of criteria (see Text Box 2), leading to the overall ranking of and the typology respectively shown in Figure 1 and Figure 2.

Text Box 2. Criteria for the assessment of vertical and horizontal coordination

Vertical coordination indicators	Horizontal coordination indicators
<ul style="list-style-type: none">• Political system of the state including model of state, typology of regionalisation and the constitutional guarantee of local and/or regional levels• Spatial planning power: traditional allocation of powers and innovative forms such as supra-local or sub-regional levels• Roles of sub-national governments in terms of representativeness and power in the state (chambers), financial independence and constitutional existence• Forms of cooperation between agencies, departments and authorities• Approaches for vertical cooperation• Integrated spatial planning	<ul style="list-style-type: none">• Pre-conditions to horizontal coordination and cooperation, such as the priority given to that objective, catalysts and barriers for partnership creation• Multi-channel co-ordination, cooperation and relationships, mainly in relation with the establishment or the development of partnerships, but also the rest of forms of horizontal co-ordination and co-operation• Territorial co-operation in terms of constitutional guarantees for such associations at the different governmental levels with neighbour countries• Cross-sectoral co-operation including intersectoral committees/agencies and policy package

According to this ranking, Switzerland is at the European forefront both in terms of vertical and horizontal coordination. In terms of vertical coordination, it belongs to a group of top-performing countries together with the other federal states Germany and Austria. Federalism therefore appears as a factor of enhanced vertical coordination in ESPON’s ranking. As far as horizontal cooperation is concerned, the Netherlands and France can boast better scores than these federal states. In France, horizontal cooperation has precisely been promoted as part of a strategy to counter the negative effects of centralisation; the long-standing Dutch tradition for “polycentric development” has led to a focus on strong and autonomous local and regional units. This illustrates both the diversity of paths leading to high performance in horizontal and vertical coordination, and the importance of the institutional context as an explanatory factor behind each of the observed situations. More generally, the ESPON 2.3.2 project shows the cultural, social, institutional embeddedness of all territorial governance approaches. On this basis, the practical usefulness of benchmarking practices of territorial governance may be questioned, as it implied that each national system requires tailor made solutions. Good practices therefore mainly function as illustrations of approaches and methods that could be reproduced, but seldom provide directly transposable solutions.

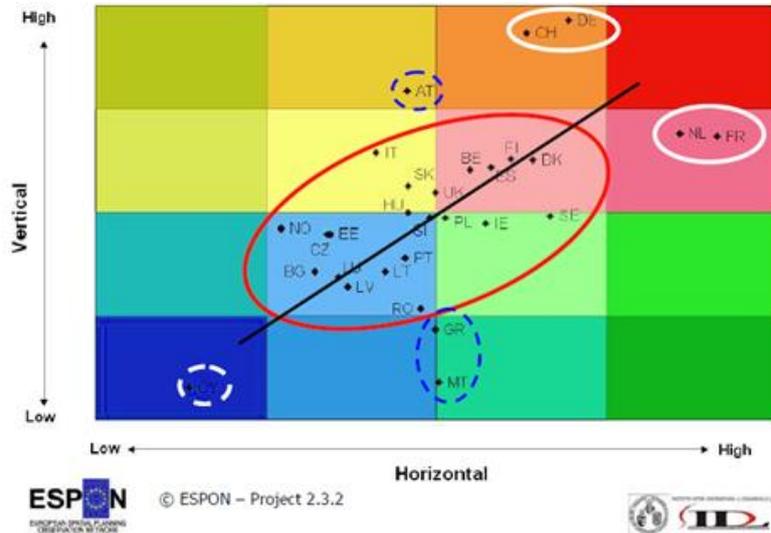


Figure 1. Rankings based on an assessment of horizontal and vertical territorial coordination intensity



Figure 2. Typology of countries based on an assessment of horizontal and vertical territorial coordination intensity



III. The challenge of designing coherent multi-level governance systems

Considering that the public intervention develop in interaction with economic actors, the civil society and individuals, any discussion of horizontal and vertical coordination is embedded in debates on governance patterns and perspectives. Hooghe and Marks (2010) distinguish between

- Type I governance linked to individual territories and focusing on actors within their borders
- Type II governance focusing on issues to be solved, involving actors on the basis of their relevance for solving any given task.

Multi-level governance became a popular notion in the 1990s, after having been first used by Marks (1992) in his analysis of structural policies in the European Community. It has become a main framework of analysis of regional development issues, and is also referred to in the European Commission's White Paper on Governance (CEC, 2001). It describes interlinked systems of negotiation at different geographic levels.

The distinction between "Type I" and "Type II" multi-level governance helps distinguishing between different types of such "interlinkages between levels". It constitutes a useful grid of analysis when observing vertical and horizontal coordination in Europe. When considering the most common "type I" approach of governance, vertical coordination concerns the integration between administrative and political levels. In this setting, non-governmental actors are presumed to be capable of adapting to administrative territorial units. This can be the case, as many associations and representative organisations such as chambers of commerce, trade unions and NGOs are organised at within the boundaries of local or regional authorities. In the Finnish example (see p. 16), rural movements are actively promoted at all administrative levels from the sub-regional to the European. They constitute the "non-governmental" component of multi-level governance. Additionally, these movements are not entirely independent from the authorities, as some of their members are also officials of local, regional or national authorities or elected political representatives. The effective "plurality" of such multilevel governance, and its capacity to adapt to changing framework conditions, therefore needs to be assessed critically.

Multi-level governance of Type II has fuzzy boundaries. By seeking to address issues rather than territories, its actions are delineated by so-called "soft spaces". The different levels are not specifically identified. The notion of "multi-level" therefore rather reflects the involvement of multiple actors of diverse political and economic weight, with variable geographic scopes of action and network relations with other actors. The initial principles of macro-regional initiatives are examples of Type II multi-level governance. Such initiatives have for example been promoted in the context of the Alpine Space and the Danube. However, their implementation is complex, and the need to resort to "Type I" solution often becomes obvious in view of making the participation of local, regional and national public authorities possible. The macro-regional initiatives therefore

illustrate the fact that, while academics can operate with “type I” and “type II” as separate categories of governance, policy-makers tend to apply compromise solutions combining both types.

This is due to the fact concrete implementation of such proposals would undoubtedly be confronted to decision-making structures embedded in existing administrative units. The ESPON Tango project (“Territorial Approaches for New Governance”) describes territorial governance as “Rubik’s Cube” to illustrate the complexity of any change to governance systems. In this cube, the three axes are respectively

- the levels of action, from the local to the supra-national;
- the resources, including practices, techniques and rules;
- the governance dimensions.

As such, the “cube” functions as a metaphor for complexity of change in territorial governance, as “no single player can decide all moves, but all moves can contribute to change the overall context”. It is a simplified representation of the multiple aspects of governance. It shows the complexity of arriving at an overall coherence in multi-level governance.

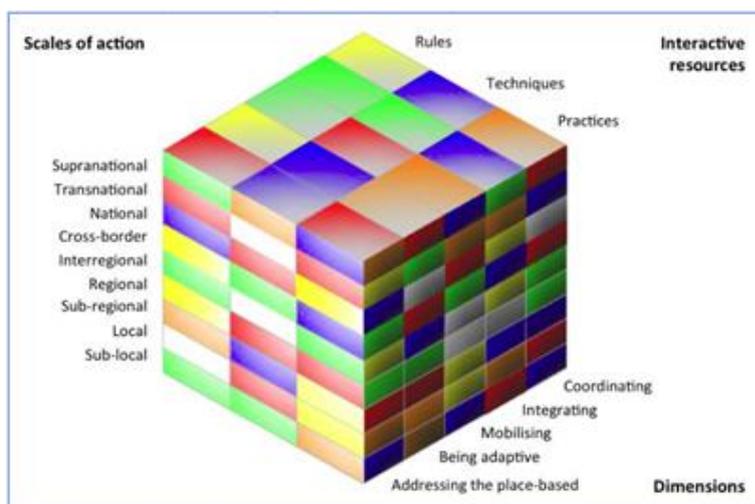


Figure 3. The “Rubik’s Cube” of territorial governance

The “Contrat de Développement Durable Rhône-Alpes” (CDDRA) (see Annecy case study p. 31) illustrates how this “rubik’s cube” challenge can be addressed through contract-based planning policies. A main advantage of contract-based planning is the possibility of adapting to a diversity of contexts. Divisions of responsibilities between levels can be adapted both to the competencies and capacities of authorities at each level, and to the nature of the policies to be implemented. In a 2010 study on French “contractualised” regional policies, it is noted that the different regions choose to focus on a diversity of themes, in addition to their shared concern for economic development and housing. The range of additional topics ranges from support to medium-sized towns in Lower Normandy to education in Picardy, biodiversity and water in Centre and sports, culture and regional language in Brittany. Furthermore, most regions do not force local cooperation bodies with which



they engage in “contractualised” policy coordination to adopt a given legal form; instead they adapt to the legal form of cooperation these local authorities themselves consider most appropriate. The “contract” system has therefore created flexibility in the system, while at the same time ensuring that actors at each level remains responsible for the achievement of the foreseen results. The contract negotiation process is also described as particularly well suited to generate a balanced multi-level dialogue (APFP, 2010).

However, the quality of this dialogue will be improved if local authorities acquire the necessary competences. The Finnish example (see p. 18) suggests that while it is not meaningful to seek to base territorial policies on a notion of “equal treatment” or “spatial justice”, one can actively promote well-functioning “local action groups” in almost all territories. By constructing such groups, one maximises the chances that viable development projects can be promoted throughout the entire national territory. However, the Finnish experience suggests that the existence of well-structured national umbrella organisations for this local actions groups is of critical importance for the success of such local dynamics.

In Norway, the high level of political awareness on the importance of promoting local and regional competence and capacity within the fields of territorial development have triggered a number of ambitious projects (see p. 25). However, not all have shown the results that could have been expected, mainly because fundamental issues concerning institutional arrangements at the regional and local levels have not been sufficiently addressed. A realistic approach to whether incentives and training programmes can generate development dynamics in spite of inadequate institutional arrangements is therefore called for.

One may combine these different elements of good practice in a strategy for Swiss mountainous and rural areas, as they would together help increasing the “territorial capital”, of which the different aspects are defined in Text Box 3. French negotiation and contract based policy-making help enhancing the “social” capital and the “political” capital, and can compensate for a lacking “material” capital by providing co-funding in areas where this is most needed. Finnish forms of promotion and coordination of local action group in different ways promote the “political” and “social” capital, but also help identifying the “cultural” and “geographical” capital and raise awareness on corresponding opportunities. Norwegian efforts to enhance to competence of local authorities particularly focus on the “intellectual” capital of each locality.

Text Box 3. Territorial capital

According to ESPON project 2.3.2, the notion of territorial capital refers to the potential of a territory and is the summation of six other forms of capital:

- 1) Intellectual capital (socially constructed knowledge resources)
- 2) Social capital (nature of relations among actors)
- 3) Political capital (power relations and the capacity to mobilise other resources to take action)
- 4) Material capital (financial and other tangible resources, including fixed assets and infrastructure)
- 5) Cultural capital (material and immaterial heritage)
- 6) Geographical capital (natural features, constraints/opportunities).



IV. Partnerships in new functional territories

Vertical and horizontal coordination of policies are a component of policy-responses to an accelerating pace of change and enhanced levels of complexity in economic, social and environmental issues to be addressed. Over the last 25 years, the notion of “partnerships” has been central in attempts to renew approaches for public action toward regional development in Europe. The 1988 reform of European Community’s regional policy can be considered as an important first step in this process, by which European actors introduced the initially North American principles of partnership in their own policies. With this step, Europe has initiated a series of new and innovated approaches to multi-level governance that have proved to have profound and lasting effect on territorial policies at all scales. The main characteristics of this model are:

- The **integrated approach** to policy-making, with a range of sectoral grants that are allocated on the basis of a single scheme
- **Multi-annual Programming**, developed in partnership with the concerned regions and countries
- **Vertical intergovernmental coordination**, resulting from the programming process, which serves as a basis for the allocation of grants and the evaluation of results;
- The **Co-funding principle** which helps ensuring that grants do not replace other sources of funding (principle of *additionality*);
- The involvement of **private actors** in the partnerships.

Partnerships are approached as an instrument to facilitate the organisation of an effective vertical coordination, by creating bodies with which a dialogue on local development can be engaged more meaningfully and effectively.

Some of the problems result from the fact that the constitution of partnerships is not always transparent, and that the democratic legitimacy of the choices made may in some instances be questioned. With the recently adopted “Code on conduct on Partnerships”, the European Commission acknowledges this problem and tries to address it. The objective is to ensure that partners are selected in a transparent way, that they all have adequate information, are effectively involved in all stages of decision-making processes and that they are being helped acquiring the competences and skills needed for this purpose.

Territorial governance is also in-directly a central concern in the report submitted by Fabrizio Barca to the European Commission in 2009 in view of the reform of the Structural Funds after 2013 (Barca, 2009). This report advocates “place-based development” as a method for the design of policies, focusing on the maximisation of development potentials rather than on redistribution and convergence. This approach has become the mainstream thinking in European regional policy. In terms of horizontal governance, it quite naturally leads to a promotion of urban-rural alliances, local action groups and all other types of actor coordination improving their ability to identify and exploit potentials. In terms of vertical coordination, these developments are accompanied by an ambition to shift away from top-down sectoral policies ambitioning to trigger territorially embedded

development within the established institutional frameworks and targeting administrative units to a more bottom-up, place-based and holistic conception of strategies for development within so called “functional territories”.

If these “functional territories” are only approached in terms of commuting flows, or relationships between businesses, rural territories will tend to be absorbed by the urban influence area to which they belong. It is therefore important to emphasize that the “functional territory” can take other forms. Most importantly, it can be territory whose specificities become a unique branding feature. Heritage and environment in a wide sense gain can be capitalised upon. Typically, for agricultural products, labels of “Protected designation of origin” (PDO) and “Protected geographical indication” (PGI) a recognitions of the unique natural assets and know-hows embedded in specific territories. But the “functional territory” can also be the area where innovation takes place. There is a growing recognition innovation does not simply result from interaction between researchers and companies/entrepreneurs. To be useful to society, innovation requires joint and coordinated actions of a broad range of partners, from trade union and local authorities to risk capitalists and entrepreneurs. This is illustrated in Figure 4 by the so called “Quadruple Helix model” (Arnkil et al., 2010). PDO/PGI areas and “citizen-centred innovation areas” are different examples of territories in which meaningful partnerships for rural development can be developed. This confirms the initially introduced idea that vertical and horizontal coordination should not be based on a “Chinese boxes” approach of administrative subdivisions, but adopt more flexible models of interaction with diverse, overlapping territories.

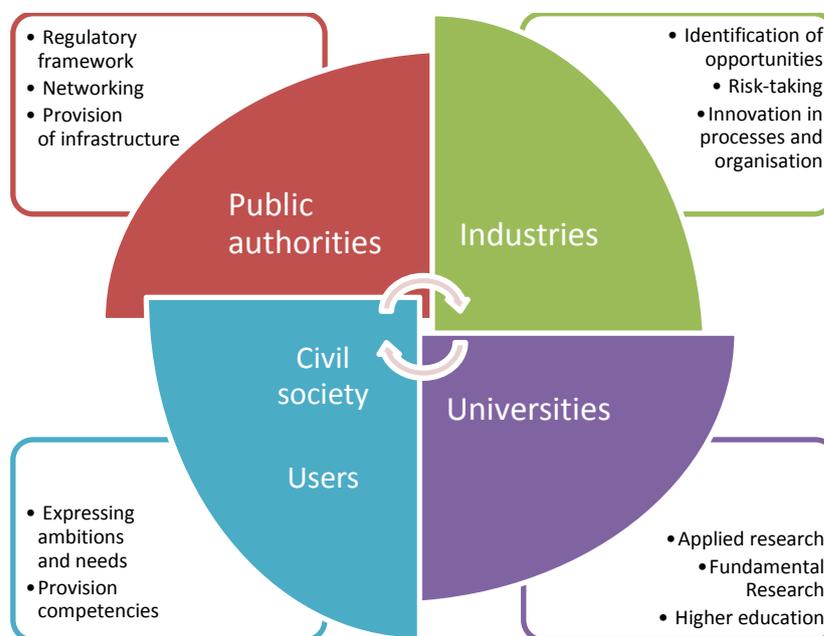
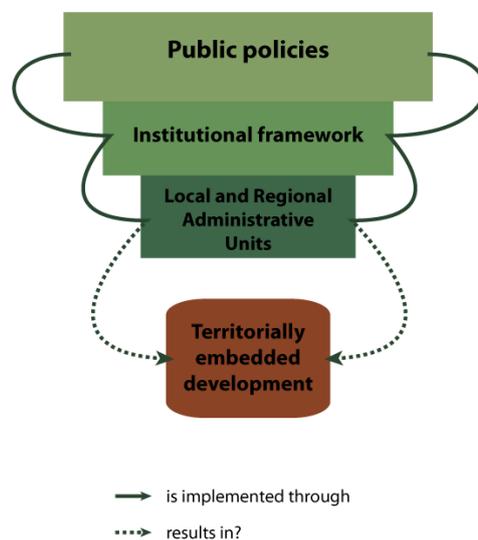


Figure 4. The quadruple helix model of partnership and innovation centred territorial development

Promoting citizen and society-centred innovation presupposes that not only researchers, industries and public authorities are coordinated, but also an active involvement of a “fourth helix”, composed either of civil society representatives or innovation users. Source: Arnkil et al. (2010)

V. Renewed approaches to vertical and horizontal coordination

The need for flexible territories, adapted to a diversity of meaningful development partnerships, calls for new modes of coordination. The traditional model of public policies and governance is linear and top-down (Figure 5). An appropriate mix of public policies is expected to result in territorial development. A question mark is necessarily attached to such a way of conceiving public action, as there is no a priori reason for the policy mix, institutional frameworks and administrative units to be adapted to address specific challenges of local and regional development. Associating other actors to these policies is generally difficult, as there are no established mechanisms to ensure that the institutional and geographic frameworks correspond to their needs.



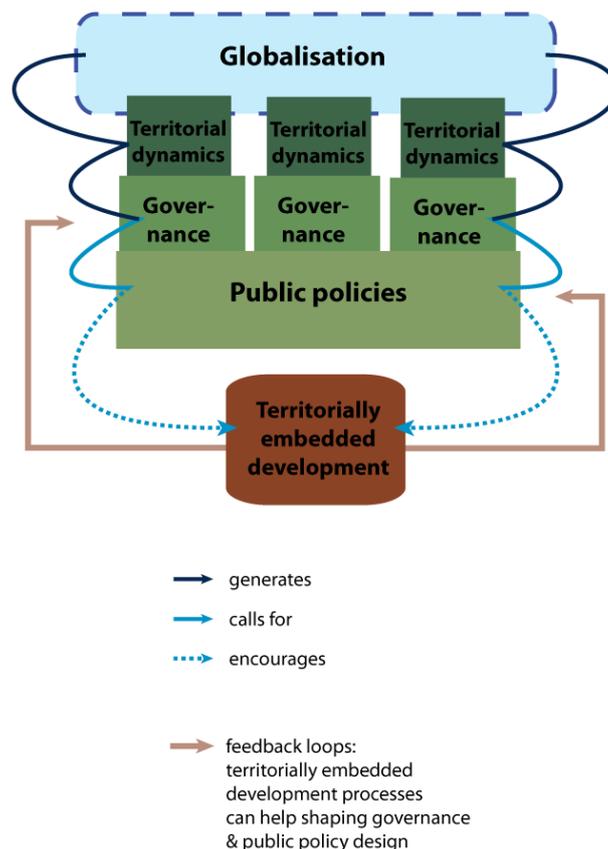
Adapted from ResiTerr project

**Figure 5. Traditional model: sectoral and territorial policies
ambitioning to trigger local and regional development**

An alternative model uses the diverse local territorial dynamics as a point of departure, as they emerge in response to economic globalization (Figure 6). These territorial dynamics can be multi-faceted, diverse and contradictory. Each of them produces different types of governance setups. The territorial dynamics and governance setups together generate a specific need for public policies, in view of encouraging territorial development in the most cost efficient and targeted way possible.

The challenge for public policies is therefore to provide appropriate answers to this diversity of demands, while preserving an overall coherence and a long term perspective that local or regional groups of economic actors do not necessarily uphold individually. Additionally, they target structural imbalances, organizational and infrastructural bottlenecks as well as market failures so as to allow territorial dynamics and corresponding governance setups that emerge spontaneously to produce local and regional development in an efficient, balanced and sustainable way. When this process is

successful, it strengthens the concerned local communities and regions. Their enhanced economic and demographic weight allows them to impact the ways in which local and regional governance is organized.



Adapted from ResTerr project

Figure 6. Alternative model: territorial dynamics emerging in a context of economic globalisation.

The shift from the traditional to the so-called alternative model targeting sustainable regional development illustrates a change in paradigm where:

- I) territories are result out of a voluntary process and active relationships between actors within localities or regions,
- II) horizontal coordination and partnership is the main driving force,
- III) the focus is on revealing and exploiting specific resources,
- IV) sustainable, long term development perspective are based on cooperative actions and shared commitments of stakeholders.

Table 1 unterhalb synthesises the implication of shift from the “traditional model” to the “alternative model” in terms of project design, identification of territorial units, resource mobilisation, human and financial means and governance.

Table 1. Synthesis of the shift in paradigm for territorial development

	Traditional model	Alternative model
Project design	Predominance of institutional partners, frequently originating from upper territorial levels, into a logic of “call for projects”	Mix of local actors engaged into a logic of “coordination process”
Identification of territorial units	Given territories, long lasting when institutional or more versatile when depending on policy implementation	“Built-up” territories as a result of implication of local stakeholders
Time horizon	Limited to project or policy lifetime	Long term, as a result of the process leading to resources revelation and stakeholders coordination
Resources mobilised	Mobilisation of generic and specific resources	Continuous process of revelation, construction and coordination of resources specific to the territory
Human & financial means	Depending on the policies and procedures upon which project is built-on	Stabilised via a search for autonomy (financial and human resources) within the territory
Governance principle	Juxtaposition of norms issued by external bodies (policies)	Search for coordination of norms issued by external bodies (policies); Production specific norms by implementing locally adapted governance

The case studies illustrate different aspects of this change of paradigm: Both the French contract-based planning policies and the Finnish promotion of “local action groups” in different ways encourage the emergence of voluntary unions of local stakeholders, based on horizontal coordination and partnership; when focusing on local capacities to promote development, Norwegian authorities seek to encourage cooperative actions and shared commitments.

However, all of these policies only make sense insofar as sectoral measures support an overall development that is favourable for rural and mountainous areas. Otherwise, they will merely serve as compensations for otherwise unfavourable policies, in a context of maintained distrust between



levels of policy-makings. The Finnish notion of “broad regional policy” or “broad rural policy” (see Figure 8 p. 21) provides an important operational basis for improved policy coherence. “Broad rural policy” corresponds to the sum of all sectoral policies contributing to ensure a balanced development in the countryside. It is opposed to “narrow rural policy” which explicitly targets rural areas. These notions are also used in Sweden and Finland, but with a less pro-active stance, as the “broad” policy is simply a way of designating the sum of all sectoral policies, without necessarily having a strategic objective attached to it. The Finnish example shows that a pro-active approach to “broad rural policy” requires ambitious horizontal coordination at the national level, as illustrated by the extensive activities and networking of the Rural Policy Committee (see Figure 7 p. 18).



VI. Case studies

As mentioned in the introduction, the three case studies have been selected for different purposes: France and Finland have a particularly extensive experience with contractual territorial development policies and with local action groups, respectively. Norway shares many of the Swiss issues linked to a particular importance of the rural and mountainous areas in the construction of the national identity. It has also, similarly to Switzerland, a long tradition for pro-active policies to maintain settlement patterns in these areas which. The attempts to reform and adapt these policies over the last decades are therefore particularly relevant sources of experience from the Swiss perspective.

Finnish rural development policy

Finnish rural development policy sorts under the Ministry of Employment and the Economy and the Ministry of Agriculture and Forestry. However, it is cross-sectoral and multi-level both in terms of policy design and implementation. Finland is at the European forefront when it comes to involving local authorities and actors in rural development.

Key strategic documents for Finnish rural policy include:

- The 2009 Rural policy report of the government to the Parliament (so-called Whitepaper), *Countryside for Vigorous Finland*, which defines guidelines for the policy up to 2020. The priorities identified are the improvement of the rural living environment, the promotion of the rural economy and the further development of the policy-making framework for rural policy (Rural Policy Committee (2009). The elaboration of this policy report was combined with the so-called "Holistic Rural Policy Report", which have been produced at regular intervals since 1991. The forthcoming report for the period 2014-2020 has been under preparation since the fall of 2012, but is not yet publicly available.
- The Action Programme for Rural Areas adopted by the Ministry of Employment and the Economy. The current Action Programme for Rural Areas (2012-2015) was adopted in June 2012. It is based on the strategic national objectives for regional development (2011-2015) that was previously adopted in December 2011. Rural development and regional development are therefore mutually embedded fields of policy-making.
- The Rural Development Programme for Mainland Finland (excluding the Åland islands), on the basis of which EU rural development policy is implemented. The last version of this programme was adopted in July 2013.

The policy is described in the following terms in 2009 report to Parliament on Rural Policy:

The foundation of rural policy is the welfare of people living and working in and visiting rural areas, irrespective of their age, gender, profession or ethnic background. [It shall] contribute to ensuring, on the one hand, that it will be good to live and to work in the countryside and, on the other hand, that rural resources and opportunities better support the welfare and competitiveness of the entire country.



In Finland, rural development consists of broad and narrow rural policy. *Broad rural policy* is a way of operating whereby various administrative sectors and rural stakeholders jointly direct policy so that the countryside and the people in it are taken into consideration as a whole. The policy outlines, decisions and use of budget funds of the different administrative sectors come within its scope. *Narrow rural policy* comprises those social means that have rural development as their specific purpose.”

The central role of the Rural Policy Committee (RPC)

The cross-sectoral nature of Finnish rural policy is illustrated by the role and organisation of the Rural Policy Committee (RPC). This Committee plays a central role in the elaboration and coordination of this policy. Its task is to reconcile broad and narrow rural policy development measures and to make the use of resources allocated for rural areas more effective. The RPC is a cooperation body appointed by the Finnish Government. It includes about 35 members, and is currently led by a representative of the Ministry of Agriculture and Forestry. The members come from other Ministries, but also regional cooperation bodies, trade unions, the federation of higher education and training institutions, the association of local authorities, the ombudsman for the LEADER programme, associations of producers of agriculture and forestry products and the Village Action Association of Finland (SYTY). The Committee also includes 10 to 15 thematic groups from different sectors. For example, there are thematic groups working on telecommuting, welfare services, third sector activities, rural housing, tourism, entrepreneurship and local action groups. The secretariat of this organisation is extensive, with about 60 members from different organisations whose work is coordinated by a secretary-general. Furthermore, the Committee claims that over 500 persons from several ministries and other organisations participate in its work¹.

¹ <http://www.ruralpolicy.fi/en>

**Rural Policy
Network and
its working
methods**

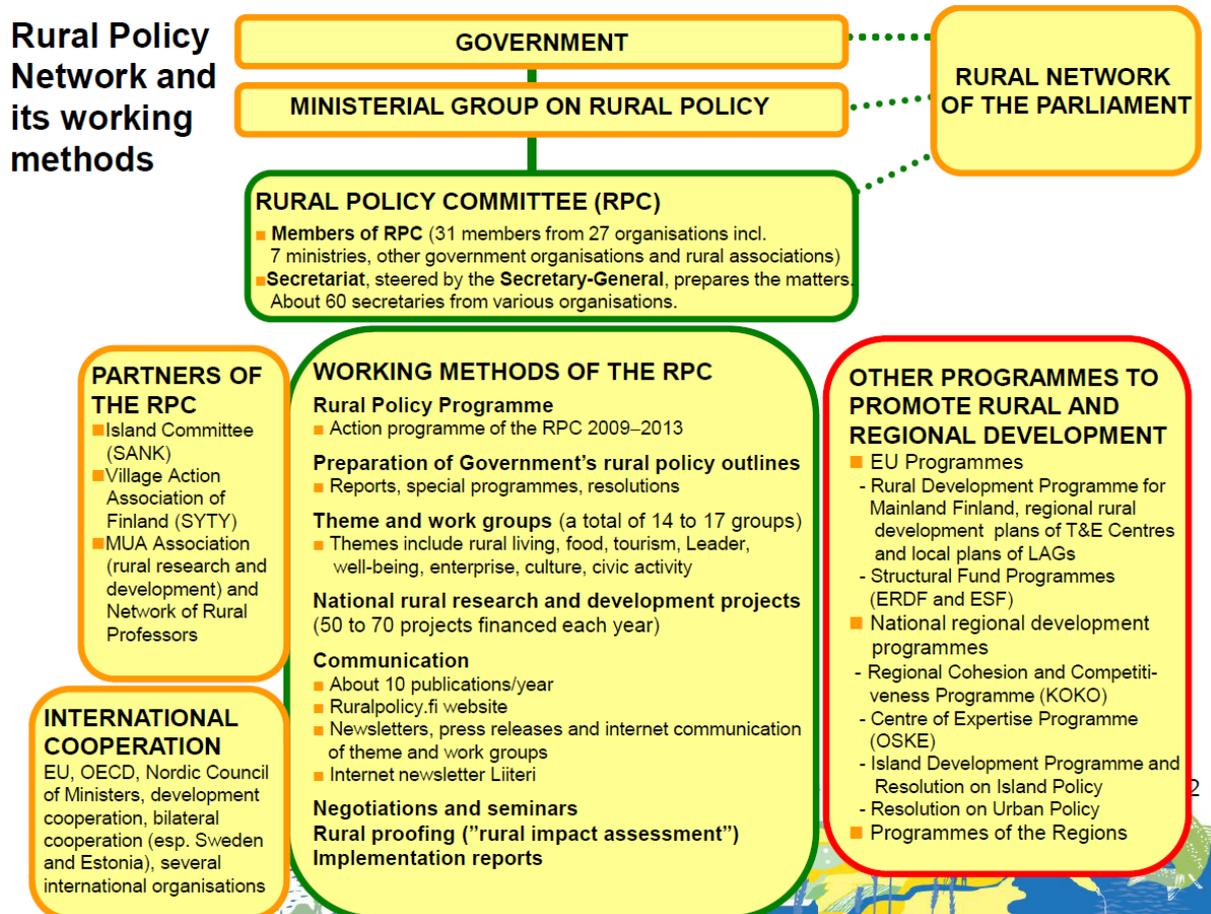


Figure 7. Coordination of rural policy in Finland

As illustrated in Figure 7 oben, the Rural Policy Committee (RPC) also interacts with a number of national and international partner organisation, and bases its actions on European and national programmes beyond rural development. It functions as an independent organisation, with its own publication series, website, newsletter and seminars.

At the national level, the extensive horizontal coordination of rural development policy design is therefore mainly operated through this inter-ministerial committee with multiple connections at different territorial levels.

An extensive system of nationally federated Local Action Groups (LAGs)

It should be noted that the chairman of the “local action groups” thematic group of the RPC and previous Secretary General of the Rural Policy Committee and Secretary of the Rural Network of MPs, Eero Uusitalo, is also, among other roles, chairman of The Village Action Association of Finland (SYTY). Eero Uusitalo is sometimes considered as the ‘father of rural development’ (Halhead, 2005). By combining multiple roles at different levels of the governance of Finnish rural, he has undoubtedly



contributed to horizontal and vertical integration in this field of policy-making. The fact that a single person has a coordination and counselling responsibility for the main rural NGO, the national executive body and the Parliament can be considered as a factor or risk, as it may reduce the overall plurality of positions and options envisaged. In the Finnish case, and in the last 20 years of renewal and re-launching of rural development policy, it has however proved to be a factor of efficiency.

The SYTY association is an increasingly important player in Finnish rural policy. It results from a movement that started as early as the 1960s and 1970s. The Council of Europe's Country Campaign of 1987-1988 provoked a campaign under the slogan "All Finland Live" that gave new impetus to SYTY. It was established as a national organisation open to village associations and their regional federations in 1997. As part of EU-membership in 1994, Finland implemented programme-based regional planning. Village movements were organised at the regional level to work with this. SYTY is therefore organised in 1 national association, 19 regional associations and over 3000 local organisations (Halhead, 2005). This implies that under 10% of Finnish villages do not yet have any local organisations.

These local organisations have been promoted with the help of European Funding, as they also play the role of "local actions groups" (LAGs) in the meaning of the Leader programme. Each LAG is organised in a similar way:

- LAGs are registered non-governmental organisations (NGOs), with participation open to all interested residents and organisations in rural areas.
- Their boards must have tripartite structures, with one third of board members being municipal officials and appointees, one third being representatives of local associations, and one third being individual rural residents and enterprises. This tripartite structure is a characteristic feature of Finnish LAGs compared to other countries, and a main factor behind their success.
- Municipalities are committed to LAGs work, and are obliged to contribute 20% of public funding as annual one-off payments ("lump sums").
- LAGs select projects for financing after assessing their appropriateness. Finland's regional Centres for Economic Development, Transport and the Environment make the final decision on granting funds to projects after assessing their legality.

The vertical coordination is therefore carried out by bringing together villages at the regional levels, both with the regional SYTY associations and the state-owned decentralised regional centres. However, municipalities are also part of the partnership through the compulsory co-funding. The LAGs therefore constitute an illustration of how multi-faceted territorial dynamics can be produce different types of governance setups, following the process illustrated by Figure 6 p. 13. However, maintaining a local commitment to these types of initiatives presupposes a national-level commitment to create appropriate framework conditions for the achievement of their ambitions. This is the purpose of the ministerial Action Programme described below.



A ministerial Action Programme for Rural Areas without dedicated funding

The Action Programme for Rural Areas adopted by the Ministry of Employment and the Economy reflects the strategy of the Ministry for Finnish “broad” rural development policy, i.e. how the different administrative sectors and rural stakeholders should jointly direct their policies so as to promote the strategic objectives for the countryside.

It contains 39 actions covering a wide range of themes, from secondary road networks and e-services to the role of natural parks for tourism development, the insufficient flexibility in professional training courses and institutional arrangements to combine multiple funding for locally initiated partnerships. These actions are grouped around four themes:

- Creating diversified living environments and territorial economic contexts;
- Promoting the regional competitiveness of the countryside;
- Recognising the specific characteristics of the countryside;
- Strengthening the framework conditions for the countryside.

As part of this latter theme, the Ministry states that the “activity model of the Rural Policy Committee [should be] described and included in the law as part of the 2012 reform of the regional development law”. This reflects a wish to further institutionalise the practice that has emerged over the last decades.

The Action Programme is firmly cross-sectoral. For each action, responsible organisations of diverse natures are designated, e.g.:

- One or more ministries ;
- The decentralised regional bodies for Economic Development, Transport and the Environment;
- Universities and other higher education and professional training organisations
- Research organisations;
- Finnish fund for entrepreneurship and the internationalisation of enterprises Finnvera;
- Municipalities;
- Regional municipal cooperation bodies in charge of development and planning;
- ONGs;
- Sectoral authorities and bodies.

The Ministry therefore emphasizes that, even if the Action Programme is published under its own responsibility, its implementation depends on the leadership and active involvement of this wide range of actors. The “broad” rural development policy that is constructed on this basis is therefore accompanied by the reassertion of some general principles:

- A complete compatibility of the action programme with the overarching regional development objectives of the government;
- A general commitment of national and local decision-making bodies to take into account the specificities of different regions;
- An enhanced responsibility of each sectoral field of government for the regional development patterns resulting from their actions.

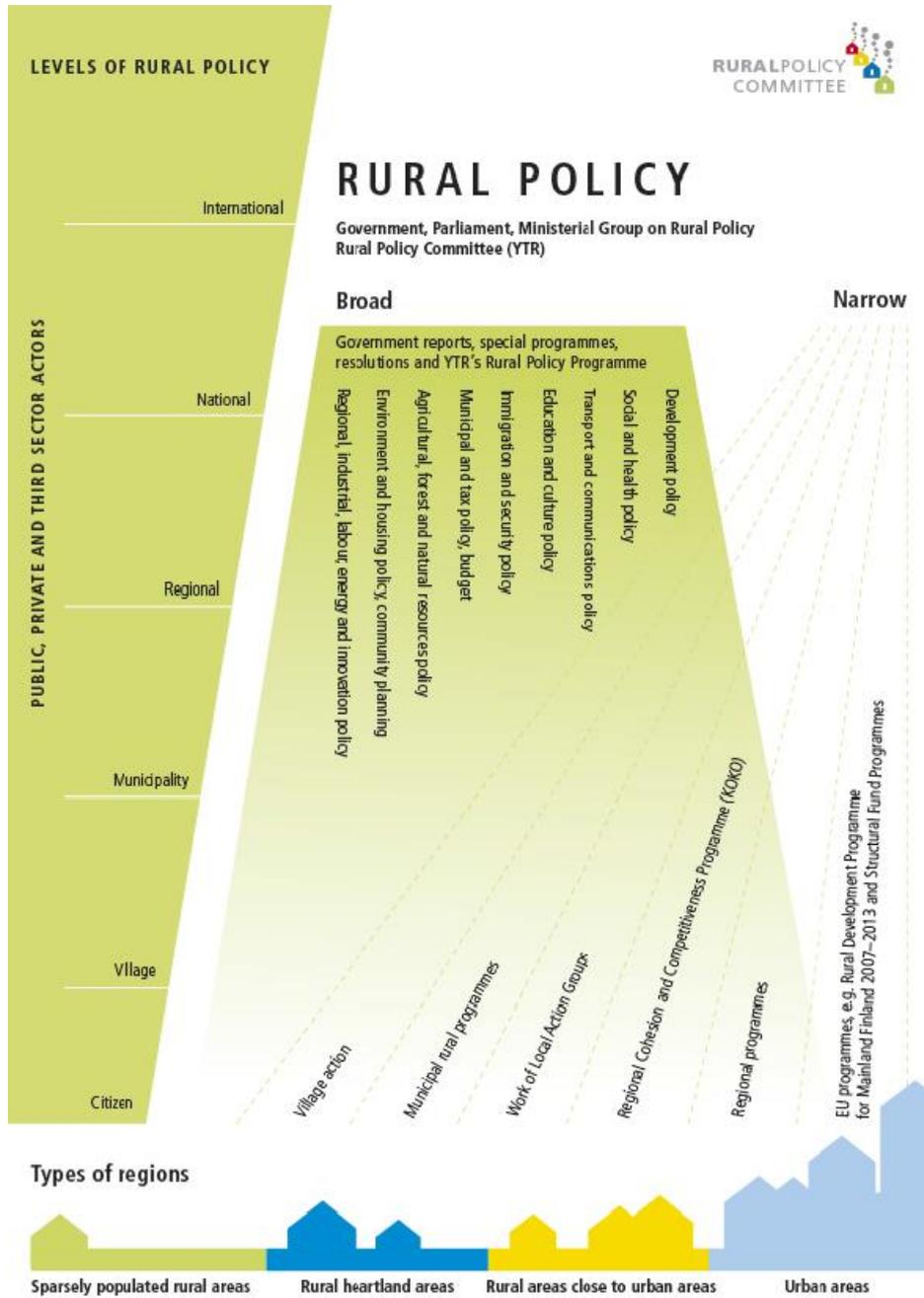


Figure 8. Broad and narrow regional policy in Finland



The action programme is “funded within the general framework of the State budget”². This implies that it has no dedicated funding, but is meant to orient actions within other sectors and at different levels. In the “broad” policy, vertical and horizontal coordination is therefore promoted through consensus- and awareness-building rather than through regulatory constraints and financial incentives.

A “narrow policy” combining European and national funding to empower an extensive multi-level network of rural development actors

The bulk of the current “narrow” rural development policy was developed in preparation of Finland’s EU accession in 1995. Finnish authorities adopted the LEADER method to the extent that Finland is considered as a country at the forefront of the implementation of this method. For this purpose, Finnish authorities duplicated the European LEADER programme with the national POMO programme. The success of this method in mobilizing local development actors and in obtaining concrete results has also led to the ambition of generalising the LEADER method to entire Finnish territory.

As previously mentioned, Finnish rural development policy has capitalised on a particularly well-established and dynamic rural movement. The creation of Local Action Groups and the funding opportunities made available to their initiatives has triggered new growth and optimism in a number of localities.

It is emphasized that well-functioning Local Action Groups initiate a wide range of projects. Rather than basing their activities on one Rural Development Fund and Regulation, a multiplicity of funding opportunities are therefore drawn upon. This is inter-alia achieved by ensuring that there are representatives of the rural civil society and other rural non-governmental organisations at all levels of policy-making, from the local to the national and European. The Finnish set-up in this respect is presented in Table 2.

Table 2. Multi-level network of rural development policy

Levels	NGOs	GOs
Micro-regional	Local Action Group	Sub-regional unit of municipality
Sub-regional		
Regional	Regional organisation for local actors	Regional unit for horizontal affairs
National	Village action movement Rural parliament	Rural policy committee
European Union	European Rural Alliance (ERA)	EU-officials

Source: Presentation by Eero Uusitalo, Rural Policy Committee

² http://www.tem.fi/sv/regionutveckling/nationell_regionutveckling/landsbygdspolitiken



The national classification of rural areas (see bottom part of Figure 8 p. 21) has contributed to the design of the narrow rural policy, by adapting measures to each type of territory. It is acknowledged that the opportunities and challenges of rural municipalities close to urban areas are not the same as in remote and sparsely populated ones. However, it is also emphasized that “rural policy” should focus on rural issues rather than necessarily being limited to rural areas³.

The “broad” and “narrow” rural development policies are therefore intertwined. The “broad” policy is coordinated by the two responsible ministries but implemented by relevant bodies for each theme, while the “narrow” policy is implemented at different territorial levels from the European and national and down to individual villages. The Rural Policy Committee plays a key role in the coordination of these different strands of the policy.

³ Uusitalo, Eero (2003) Trust in Local People – New relations between NGOs and GOs, presentation at the European Conference on Rural Development, Salzburg, Austria, 12-14 November 2003.



Norwegian rural development policy

Norwegian rural development policy sorts under the Ministry of Local Government and Modernisation (so called “policy for the districts”) and under the Ministry of Agriculture and Food (“village development”). Since the beginning of the 2000s, measures have been taken to enhance the role of the regions in this process. This led to the decision of implementing regional programmes for rural development in 2011.

Norwegian rural policy is characterised by high ambitions. Compared to other countries, a series of well-funded funding schemes and instruments can be identified. However, this policy has been confronted to a series of governance related pitfalls, that tend to limit its efficiency in promoting a geographically balanced growth and development.

Key strategic documents for Norwegian rural policy include:

- The 2011 Rural policy report of the government to the Parliament (so-called Whitepaper) established the principle of regional programmes for rural development. These programmes have been developed in 2012, and implemented from 2013.
- The 2013 Government report to the Parliament on the regional policy and policy for remote and disadvantaged regions (“*Put all of Norway to use*”). This report advocates a furthering a previously adopted measures to strengthen the local and regional levels of governance in rural and regional development processes. This for example concerns inter-municipal cooperation,

The Norwegian regions (“fylke”) were established as an autonomous level of administration with direct elections, direct taxation and an own administration as late as 1976. It is not considered as having evolved in a positive way, and its responsibilities are now limited to regional development, business development, high schools, dental care and transports. There are recurring debates on the possible abolition of the regional level of government. The recently elected government considers it as a possibility if they first manage to reform the local level by creating fewer and larger municipalities.

The municipal level has traditionally been strong, but is considered to have decreased over the last decades. This is mainly due to the fact that the range and extent of service provision duties imposed by national authorities have been increased. Norwegian municipalities are therefore currently considered mainly as service providing authorities, whose autonomy is limited to local choices with no major financial implications.

The case study description therefore focuses on measures taken to promote vertical and horizontal coordination of rural development within this constraining governance framework, as an illustration of the attempt to find a solution to the “Rubik’s Cube” of territorial governance (see Figure 3 p. 8).



Municipal and regional economic development funds

The 2005 Government report to the Parliament on the regional policy and policy for remote and disadvantaged regions (“*A heart for the entire country*”) initiated a reorientation of this policy, with a greater focus on economic development measures. This was implemented through a reallocation of funds, but most importantly through a reinforcement of cooperation between national actors (Innovation Norway, the Norwegian Industrial Development Corporation (SIVA) responsible for government investment in incubators, science parks, industrial parks and real estate through partial ownership of other companies and the Norwegian Research Council). This cooperation remains active, and was relaunched for the period 2014-2018 on January 6th, 2014. The focus is on creating an offer of services that is coherent and appears easy to understand for the “customer”. The organisations are therefore engaged in a constant dialogue on adjusting their respective roles in relation to each other.

At the local and regional levels, the 2005 Government Report “*A heart for the entire country*” also encouraged a strengthened cooperation between local and regional authorities, as well as with private actors. The regional level has had a particular responsibility for managing the economic development funds allocated by the State for “regional development” purposes since the so-called “reform of responsibilities” in 2003. This implies that economic development funds have been managed by regional authorities, on the basis of regional development programmes and within the framework of partnerships with local authorities and other public and private actors within each region. However, the exact form of this cooperation has not been determined. The government has argued in favour of letting each region define the partnership arrangements that are best suited to its specific situation. It only specifies that the partnership must be effective, with an active contribution and influence of all involved partners, and that the regions should act as leaders and secretariats for each cooperative programme or project. Individual local authorities can perceive this as an arbitrarily differentiated treatment, as the conditions of their involvement in partnership are determined by the choice of a partnership model at the regional level (Knudsen et al., 2005; Rambøll, 2012).

The “District Centre” – a resource centre established to increase the competence of individual municipalities

The implementation of a regional development policy focusing more on local initiatives and bottom-up processes created an awareness that individual local and regional authorities did not necessarily possess all the knowledge and competencies needed to fulfil the new roles assigned to them. This led to the creation of the District Centre in 2008. The District Centre is a resource centre for Local and regional authorities, collecting experiences from local development initiatives, compiling and commissioning applied to research to collect relevant facts and analyses, disseminating knowledge about well-functioning local and regional development strategies and functioning as a meeting place, forum for discussions and provider of inputs to policy-debates. It is a network organisation, with



offices in the three small localities of Sandessjøen (5700 inh.), Sogndalsfjøra (3 200 inh.) and Steinkjer (12 000 inh.).

Prior to the creation of the “District centre”, in the 2008 Government report to the Parliament on the regional policy and policy for remote and disadvantaged regions (*“Local capacities for growth and faith in the future”*), it was noted that the capacity of individual municipalities to take strategic choices could be improved. It was considered that municipalities did not make optimal strategic choices mainly because they did not, to a sufficient degree, focus on their unique assets as living environments and territorial contexts for economic development.

This led to the creation of the “place perception school” (*“Omdømmeskolen”*). It is a course programme for those involved in evaluations and strategic choices at the level of local communities and pilot projects, political leaders, senior officials in charge of public relations and procurement in municipalities and regions, persons working in the tourism industry, representatives from the third sector and others that participate in local development processes. The courses approach to strategic choices is based on a theory called “value based positioning”. This approach is particularly adapted to organisations with a broad range of products and services that seek to develop a unifying strategy. Strategies are assessed by considering the extent to which they promote unique assets, on the basis of four aspects:

- The vision, a synthetic formulation of the ambition of the organisation and its core values;
- The commitment of the organisation to the target group, on the basis of which its internal communication and identity construction can be based;
- A description of the “personality” of the organisation, describing it as a person and identifying the characteristics that make this person attractive;
- Proof of credibility, connecting the strategy to social, economic and physical characteristics of the municipality, past, current and future actions.

The programme ran from 2008 to April 2013. It was first carried out directly by the Ministry of Local Government. When the “District centre” was created in the fall of 2008, it took over responsibility for it. The evaluation of the programme published in April 2013 showed that it had functioned well, giving municipalities the possibility to reflect on how their strategic choices are made without taking up too much of the participants’ time. Many municipalities have engaged in broader internal processes on “strategic choices”. However, concrete effects in terms of improved interactions between local, regional and national authorities can only be expected to emerge over time.

The “place perception school” is one of a number of programmes run under the umbrella of the District Centre or with its active contribution. Among other programmes one may mention:

- The “small municipalities programme”, a five-year programme currently being finalised with an overall assessment of the capacity of 42 small municipalities to engage in territorial development activities;
- The “desire to live” (*“Bolyst”*) programme, focusing on creating more attractive living environments in disadvantaged and remote municipalities. The programme has identified



horizontal coordination among local actors as the main factor of success in the creation of attractive living environments. The main challenge to be overcome has been the lack of clear focus in the projects, and an insufficiently precise identification of target groups. The programme has also shown that implementing efficient measures within this field takes time. A starting phase of at least 3 months seems needed before any operational measures can be started; the initially foreseen project periods of 2-3 years have appeared too short. The vertical cooperation between the regions and the local authorities have also been difficult to implement within this field, but no specific reasons for this can be identified (Distriktssenteret, 2013).

The “LUK” programme – “Local Community Development in the municipalities”

Since 2009, Norwegian authorities have launched “LUK” (Local community Development in the Municipalities), a programme dedicated to improve the capacity of local communities to plan, mobilise actors, cooperate and carry out development projects in view of creating more attractive local communities. This programme pursued the long term ambition of changing the roles and interaction of the different actors in local development processes, instead of focusing on pilot projects as was previously the case. Improved horizontal coordination is therefore targeted. The regions have the coordinating role, and manage the funding made available by national authorities. The rationale for this, in a programme focusing on local development, is that the regions need to be strengthened in their role as advisors and supporters of local authorities.

However, the programme has also focused on horizontal coordination, by incorporating a variety of sectoral authorities in the process, e.g. from the field of environmental protection, agriculture, innovation, as well as representative organisations from employers and trade unions. The programme funds were allocated to regional authorities depending on the extent to which the measures they propose fit with the objectives of strengthening the municipal level’s competence in the field of development, promoting horizontal integration between a wide range of actors, using existing resources more efficiently and enhancing the capacity of the regions to support local development processes.

The programme also functions as an overarching framework for pre-existing measures such as “Municipalities as front line actors for small scale economic development” and “Desire to live in the countryside”. These measures have shown that competence enhancement and horizontal coordination are key concerns – they are further focused on in the context of “LUK”.

In 2014, the focus of LUK is on inter-municipal cooperation models for strengthened planning competence and capacity at the local level (Vabø, 2013). The programme is foreseen to be discontinued at the end of 2014.

From 2014, and after a change of government, the District Centre has, besides the «development programme for city regions», been asked to focus on becoming a “resource centre for municipal mergers”. In rural areas, the main attention is therefore on horizontal coordination in larger units.



This is a radical shift, as the main trend has up to now been for small municipalities to establish regional cooperation councils. National authorities therefore promote the idea that larger units will be more able to engage in bottom-up development processes than the current small ones. 315 of Norway's 429 municipalities have a population of less than 10,000 inhabitants.

Rural development with a focus on the role of regions

While the local development policy focuses on the role of larger, more dynamic municipalities, the regional levels plays a key role in rural development. The regional rural development programmes that have been implemented since 2013 include three compulsory components:

- Regional economic development programmes
- Regional environmental programmes
- Regional forestry and climate programmes

The main novelty compared to previous arrangements is the transfer of funds and strategic responsibility from the national to the regional level for the economic development component. The objective is that the regional partnerships that were established in 2005 shall develop and implement the programme in a coordinated way. These partnerships are composed of the state representative at regional level (county governor), the region, the Norwegian innovation agency and the chambers of commerce. Within the partnership, the county governor plays an important role for the administration of agricultural support schemes, and for the allocation of funds for studies and the facilitation of rural development. The region has the main responsibility for strategy elaboration. It allocates part of the funds made available by the state to the regional office of the Norwegian Innovation agency, which is responsible for support schemes targeting companies.

There is therefore a certain paradox in the Norwegian system, with a regionalisation of the rural development, while there is in parallel a general weakening of the position of the regional level. While the focus was previously on pilot projects, it is now increasingly on governance. This reflects a change of rationale: while inspiring local stakeholders and "priming" processes was previously considered as the critical issue, the policy now primarily seeks to overcome challenges of cooperation, coordination and capacity-building among local stakeholders. This implies a strengthening of the bottom-up approach to local development in rural and remote areas, as it entails that the orientation and content of the policies to be implemented should be defined locally. Current uncertainties with regard to the future of the regional level constitute a limitation for this policy.

French policies to encourage partnerships: the Annecy case

Annecy is located in the piedmont of French Alps and is a prime example of the partnership dynamics that have been encouraged at the level of “bassins de vie” (“daily life areas”) throughout France. The governance structures that have been set up have allowed for new types of territorial development dynamics. They illustrate how a bottom-up processes based on wide alliances within functional regions can be supported through targeted public action.

The area called the “Grand bassin annécien” (Figure 9, Figure 10 p. 34) is composed of 132 municipalities with 283,000 inhabitants and 118,000 workplaces in total. While this area is approximately of the same size as the canton of Valais, it shows other similarities with many Swiss regions such as urban-rural relationships, dependency on metropolitan areas for higher services, some degree of periphery, tourism issues and a mountainous environment.



Figure 9. Annecy and the CDDRA “Bassin Annécien”

Continuous efforts to promote inter-municipal cooperation

The partnership dynamics of the Annecy region illustrate processes that have occurred throughout France. With 36 778 municipalities, France accounts for over 1/3 of local authorities in the EU. This high level of territorial fragmentation makes it difficult to design and implement strategic decisions at the level of individual municipalities. Inter-municipal cooperation structures, so-called EPCIs, have been created to compensate for this. The strongest form of cooperation concerns EPCIs with the



right to levy taxes. This form of EPCI is not new, as it was introduced in 1966⁴. However, it has been encouraged through a series of reforms leading to a situation where EPCIs cover almost all of the French territory: In 2013, there were 2 456 EPCIs levying own taxes. These EPCIs included 98.3% of French municipalities, most of the remaining ones being situated around Paris. The objective of a full coverage is being pursued. From January 1st, 2014 the regional state representatives (préfet) has the right to force enclaved or isolated municipalities to join an EPCI.

Since the 1980s the regional level of State administration has obtained an important role in the bargaining process of the planning contracts at the regional level as well as in the management and administration of EU Structural Funds. New legislation taking better account of regional and local diversity and seeking to strengthen lower administrative levels has been promoted. To a certain extent the State can be considered as a partner of the local and regional authorities. A clear progress has been made in the way local projects are planned and implemented through new forms of combining local resources, by securing improved vertical and horizontal coordination. The local territory has become the place where central state and local policies are coordinated and organized, promoting innovative forms of territorial governance based on contractual procedures. The EU structural funds have contributed to this process, by encouraging local and regional actors to engage in new forms of dialogue and cooperation. As a result, renewed territorial governance involves a wide array of actors (State agencies, elected officials, local-government entities, environmental and other associations, building and planning professionals, etc.). Contractual procedures and the early involvement of civil society in programs are increasing, partly as a result of financial incentive.

In 1999, the adoption of the Law on Planning and Sustainable Territorial Development (LOADDT in French, also called "Loi Voynet" and "Loi Pays") played a major role in encouraging these intermunicipal cooperation bodies to play a stronger role in strategic territorial development. It introduces "Development councils" at the level of intermunicipal cooperation bodies.

The same year was introduced in parallel the "Chevènement law", targeting the reinforcement and simplification of inter-municipal cooperation via legal and fiscal integration.

As a result of these laws, France encourages the emergence of "relevant" territories, sized to take into account the "spatial contexts of current problems", in view of the development of a territorial characterised by the voluntary participation of communes in EPCIs. In the process of decentralisation, regions have gained importance in territorial planning policies design and implementation within national guidelines that remain a national competence. It is in this context that the Rhône-Alpes Region has implemented successively a series of contract-based programs leading to the CDDRA.

⁴ <http://www.senat.fr/rap/r05-193/r05-1931.html>



A long-standing tradition for “contract based” planning policies

The first concrete attempts at basing public policies on “contracts” were introduced in the 1970s, in the aftermath of the 1968 events and as part of what was perceived as the “crisis of French centralisation”. The first “medium sized towns contracts” and “housing improvement contracts” sought to encourage local authorities to take on a greater responsibility for their own development. The contract is based on a partnership between local authorities, but it also creates a competition between local authorities: while all of them are a priori eligible, the State only signs contracts with those that can propose convincing projects in line with the state-defined priorities.

Gaudin (2004) notes that the “contractualisation” of French planning policies is a pragmatic approach developed over the following decades without any strong organising principles. “Public policy contracts” are very different from “private contracts”, but are characterised by three aspects:

- a discussion and negotiation phase during which objectives are defined and corresponding means are mobilised;
- an action plan with medium-term time horizon (2 to 5 years initially, now often prolonged to 7 to 10 years based on the example of European policies);
- mutual commitments with a “distribution key” with regards to the financial contributions and other resources mobilised by the different partners.

Contracts were first primarily introduced as an instrument to regulate relations between the State and the regions. The first generation of “State-Regions project contracts” (previously called “State-Region planning contracts”) was launched in 1984 and covered the 1984-1988 period. France is currently engaged in the 6th generation of such contracts. The periods have coincided with the programming periods for the Structural Funds since 1994. Most regions then adopted the same method in their relations with inter-municipal cooperation bodies.

The CDDRA initiative in Rhône-Alpes

The Rhône-Alpes region has had contract-based planning policies since 1993. This policy currently takes the form of “Sustainable Development Contracts” (CDDRA), drawn up on the basis of a sustainable development charter proposed by a grouping of local authorities (municipalities), which includes an analysis of the current situation and a vision for territorial development. The regional contribution can amount to up to 110 euros per inhabitant, with a commitment of up to 6 years. The contracts include procedures for mid-term evaluation, and can be amended within the framework of the strategic objectives that have been initially agreed upon.



CDDRA: "Funding" a favourable environment for economic and social development

The focus is on projects with structural effects: 80% of the funding must go to projects with a potential for generating direct structural effects, e.g. high added value cross-sectoral cooperation projects, networking projects covering the contract area as a whole or cross-border projects. Over 50% of the funding needs to go to so-called investment projects.

The sustainable development dimension includes five pillars, on the basis of which each project proposal is assessed:

- Economic activities: does the project create new employment opportunities?
- Environment: Does the project help reducing the consumption of non-renewable resources?
- Social solidarity: Does the project promote equal opportunities for all?
- Governance: How are relevant actors informed and involved?
- Resilience: Has the long term economic and social equilibrium of the project been assessed? Is the project likely to become self-sufficient?

The CDDRA is an illustration in a shift of policy away from public policies ambitioning to trigger territorially embedded development within the established institutional frameworks and targeting administrative local and regional units.

The contracts established in the framework of the CDDRA link together this entire process by creating a framework within which public policies can adapt to this diversity of contexts. Admittedly, an actual coordination of sectoral policies seldom occurs, due to the weight of sectoral interests and the fact that essentially sectoral decision-making processes continue to prevail. However, through the contracts, the Rhône-Alpes region provides necessary funding to implement additional measures that may create a more coherent environment for economic and social development.

"Making" a coherent, simplified, local level: the inter-communal structures

Rhône-Alpes region does not engage in a dialogue with individual local authorities, but with inter-municipal cooperation bodies (so-called "Communities of Communes" (CC)). These CCs are in charge of the provision of territorially coherent planning and public services at local scale. The 13 CCs around Annecy (see Figure 10) have legally been established as "Public bodies for inter-municipal cooperation", or "EPCI". Individual municipalities transfer the management and operation of a series of public services to the EPCI, e.g. waste management and school transport. The EPCI also helps promoting local resources such as agriculture, tourism and cultural heritage. The EPCIs are led by a Council with representatives of the municipalities. They are more than a coordination body, as they have an own budget, and are financially and operationally autonomous in the actions they undertake.

CCs are delineated on the basis of functional interaction areas, across inherited administrative boundaries. The CC "Vallées de Thônes" is for instance not only composed of municipalities from the



Canton of Thônes, but also of neighbouring which consider themselves as components of the Thônes functional area. The constitution of CCs is therefore an example of the bottom-up dynamics represented in Figure 2. As a result, “tailor-made” governance structures emerge, reflecting territorial dynamics of functional interaction.

Coordinating regulatory and strategic actions in a multi-layered system: importance of partnership

Groups of such CCs, and their respective EPCIs, are then encouraged by the Rhône-Alpes region to engage in a “Sustainable Development Contract” (CDDRA) process. In the Annecy area, the three EPCIs around the Lake of Annecy have joined forces with “Vallées de Thônes” for this purpose, proposing to establish a CDDRA for the “Bassin Annécien”. This entails an agreement between the EPCIs, as well as with the Rhône-Alpes region on the following aspects:

- A strategy based on the identification of 5 key challenges (land-use, economic development, governance, inter-regional complementarity and solidarity, external branding and interactions);
- A commitment of all involved local authorities and inter-municipal cooperation bodies to act on the basis of a shared programme with a list of transversal actions;
- A management body responsible for the implementation and monitoring of the strategy.

In turn, the “CDDRA Bassin Annécien” is part of an enlarged area for dialogue and strategy design made of two other CDDRAs. This wider area is called the “Grand Bassin Annécien” (Figure 10). Composed of 132 municipalities and 13 ECPIs, with 283,000 inhabitants and 118,000 workplaces in total, this areas is approximately of the same size as the canton of Valais.

Traditional regulatory planning is also carried out at the inter-municipal level, but in a different framework. This planning is based on so-called “Territorial Coherence Schemes” (SCOTs), which are adopted at the level of individual EPCIs or for groups of EPCIs. The SCOT and CDDRA areas do not necessarily coincide.

Overall, a multi-layered system therefore emerges, making it possible to coordinate regulatory and strategic actions at different levels:

- individual municipalities as arenas of public debate and elections;
- intermunicipal areas (CCS) and their cooperation bodies (EPCIs), delivering services
- “Territorial Coherence Scheme” (SCOT) areas, for which individual EPCIs or for groups of EPCIs formulate regulatory planning principles;
- “Sustainable Development Contracts” (CDDRA) areas, in which groups of EPCIs enter into a negotiations with the region on their strategic objectives and on the measures needed to achieve them;
- enlarged areas for dialogue and strategy design, composed of groups of CDDRAs, where issues pertaining to the wider functional interaction can be discussed.

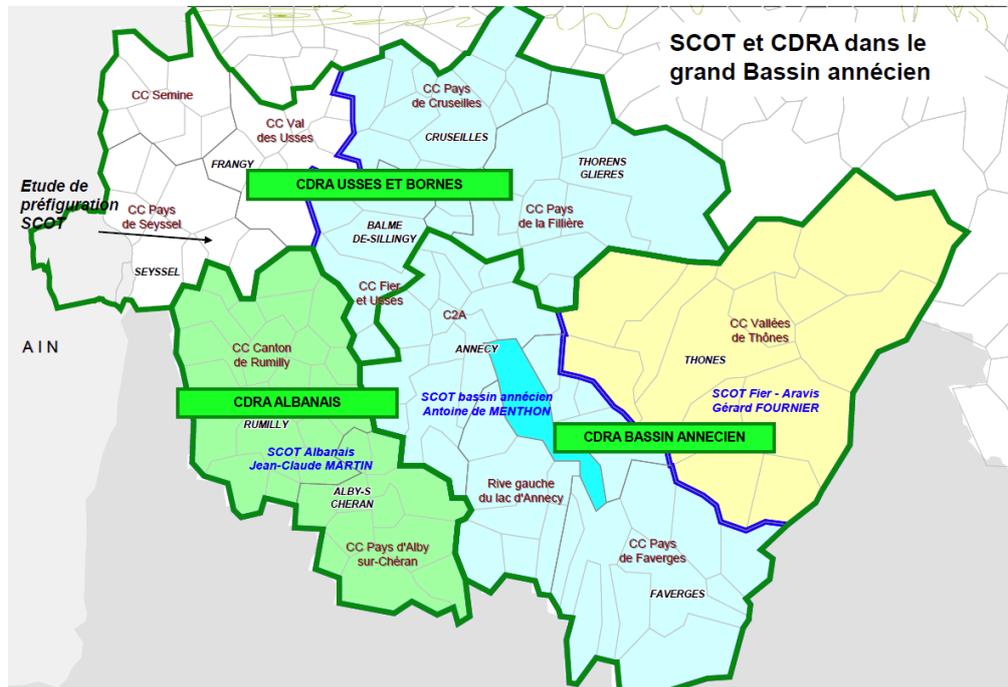


Figure 10. The “Grand Bassin de Vie” of Annecy and its complex multi-level governance structures

It is within this integrated multi-scale framework that the bottom-up governance described in Figure 10 can emerge. The CDDRA is the cornerstone of this system, as it presupposes a commitment to a shared development programme and the implementation of corresponding public policies so as to best address specific territorial dynamics. It therefore facilitates cooperation at a functional scale, functions as a lever for transversal actions to be implemented and as contributes to the emergence of new projects.



VII. Conclusions – applying foreign examples and inputs in Switzerland

The case studies illustrate different combinations of initiatives to coordinate actors (so-called “type 1 multi-level governance”, see p. 7) and territories (“type 2 multi-level governance”). Both French sub-regional contracts and Finnish Local Action Groups emerge as part of a bottom-up dynamic, as local stakeholders identify a spatial context of cooperation corresponding to the issues they consider most relevant. However, they also, in different ways, involve established local and regional authorities. Defining the most appropriate combination of “type 1” and “type 2” dynamics is the first challenge to be addressed by Swiss policies for rural and mountainous areas. A series of questions can help guiding this process:

- To what extent do local authorities possess the competencies, the capacity and the willingness to organise coalescences of actors and stakeholders to emerge and assert themselves?
- How can rural and mountainous stakeholders assert themselves in relation to the urban influence area(s) to which they belong? How can medium-sized and small towns support development paths that are designed and implemented on the terms of rural and mountainous stakeholders? In short, how to ensure that regional collaboration goes beyond “opportunity effect”?
- What role can and should the cantons play in the process? How can they best encourage and support these types of initiatives?
- What federal initiatives would be of most added value? Do rural and mountain areas need a “development concept” defining principles for their development, or rather “toolboxes” to make it easier for local and regional stakeholders to identify challenges and opportunities and deal with them?

The different case studies provide sources of inspirations in these different respects, but solving the Swiss “Rubik’s cube” of local development governance (see Figure 3 p. 8) will require a unique set of coordinated measures at different levels.

However, some key teachings can be drawn from the different case studies:

- The Finnish case study shows the benefits of a strong national-level horizontal coordination between sectors, organised through the Rural Policy Committee. This Committee is influential not so much because it has a strong regulatory power over sectoral authorities, but because rural policy has been established as a model of bottom-up local development. This is illustrated by the fact that the LEADER method is being generalised to the entire territory after having initially been applied only in rural areas. This appears as a pre-requisite for an efficient “broad” rural development policy to which all sectors contribute. Rural development does not appear as a constraint on sectoral policies, but as a component of a pro-active growth strategy.
- The Norwegian case study suggests that national authorities should put the emphasis on empowering local and regional authorities to develop own initiatives based on their



perception of priorities and objectives. This implies that, rather than developing regional development “concepts” and “objectives”, efforts are concentrated on actions improving the competence and capacity of local and regional authorities. They must be enabled to deliver high quality strategy design, stakeholder involvement and policy implementation. The need for such measures is particularly obvious at the local level.

- French contract-based planning models could be envisaged as an alternative to current funding opportunities for “model projects”. Framing such initiatives as “contracts” creates a more pro-active involvement of local and regional authorities. It encourages the formulation of proposals from all involved parties rather than a mere adaptation to norms and objectives imposed in a “top-down” manner. The contract may also be designed so as to increase the responsibility of local and regional stakeholders, through different types of conditionality of funding. In this way, a higher degree of security may be promoted in the planning process. Finally, contracts between the regional and local levels help designing tailor-made, sub-regional development initiatives

Finally, the distinction between a “broad” and “narrow” rural development policy, as exemplified in the present report by the Finnish case, could be useful to apply also in the Swiss context. The different components of the “narrow” Swiss policy for rural and mountainous areas are well-established:

- New regional policy (State Secretariat for Economic Affairs - SECO);
- Agglomeration programme for transport and settlement (Federal Office for Spatial Development - ARE);
- Rural regional development programme (e.g. pilot projects in Val D’Hérens and Brontallo) (Federal Office for Agriculture - BLW / OFAG);
- Regional national park programme (Federal Office for the Environment – BAFU / OFEV).

The added-value of formalising them as the “narrow policy for rural and mountainous policies” are twofold:

- it puts an emphasis on the need to coordinate these different policies;
- it implies that a “broad policy for rural and mountainous policies” involving sectoral policies at the federal and cantonal levels is also needed, as the “broad” and “narrow” approaches are mutually complementary.

The Finnish approach to establishing a strong and influential “Rural Policy Committee” (described above) can serve as a source of inspiration when implementing the “broad” approach in Switzerland. It is based on a branding of rural communities as areas of good practice for growth and balanced development, which sectoral policies find it attractive to be associated to. Inversely, the existence of a strong commitment to rural development policies at the national level encourages local involvement. Local stakeholders have been shown to be encouraged by the efforts to adjust sectoral policies to their situation at the national level.



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