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## **Developing a Territorial Approach for the CAP**

**A Discussion Paper**

**Francesco Mantino (INEA)**

**May 2011**

## **Acknowledgements**

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## List of Acronyms

<b>ARPAT</b>	Regional Agency for Environmental Protection Tuscany
<b>CAP</b>	Common Agricultural Policy
<b>CMEF</b>	Common Monitoring and Evaluation Framework
<b>CCRU</b>	Countryside and Community Research Unit
<b>CNASEA</b>	Centre National pour l'Aménagement des Structures des Exploitations Agricoles Direction du Développement Rural
<b>DG AGRI</b>	Directorate General for Agriculture and Rural Development
<b>GAEC</b>	Good Agricultural and Environmental Condition
<b>EAFRD</b>	European Agricultural Fund for Rural Development
<b>EAGGF</b>	European Agricultural Guidance and Guarantee Fund
<b>EQUAL</b>	Community Initiative - <a href="http://ec.europa.eu/employment_social/equal_consolidated/">http://ec.europa.eu/employment_social/equal_consolidated/</a>
<b>ESF</b>	European Social Fund
<b>ETEPs</b>	European Territorial Employment Pacts
<b>EU</b>	European Union
<b>HNV</b>	High Nature Value
<b>IEEP</b>	Institute for European Environmental Policy
<b>INEA</b>	Instituto nazionale di economia agraria
<b>INTERREG</b>	Community Initiative - <a href="http://www.interreg3c.net/web/home_en">http://www.interreg3c.net/web/home_en</a>
<b>IRPET</b>	Istituto Regionale Programmazione Economica della Toscana
<b>LAGs</b>	Local Action Groups
<b>LEADER</b>	Community Initiative - <a href="http://ec.europa.eu/agriculture/rur/leaderplus/index_en.htm">http://ec.europa.eu/agriculture/rur/leaderplus/index_en.htm</a>
<b>LFAs</b>	Less Favoured Areas
<b>LUPG</b>	Land Use Policy Group
<b>NSP</b>	National Strategic Plan
<b>NUTS 2</b>	Nomenclature of Territorial Units for Statistics (Level 2)
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PDO</b>	Protected Designation of Origin (also DOP)

<b>PGI</b>	Protected Geographical Indication (also IGP)
<b>PISL</b>	Local Integrated Development Project
<b>POMO</b>	Rural Development Programme (Finland)
<b>PRODER</b>	Rural Development Programme (Portugal)
<b>RDP</b>	Rural Development Programme
<b>RuDI</b>	Resource for Urban Design Information
<b>SPS</b>	Single Payment Scheme
<b>UK</b>	United Kingdom
<b>URBAN</b>	Community Initiative - <a href="http://ec.europa.eu/regional_policy/urban2/urban/initiative/src/frame1.htm">http://ec.europa.eu/regional_policy/urban2/urban/initiative/src/frame1.htm</a>

## EXECUTIVE SUMMARY

The original objectives of the CAP were to increase productivity, support farm incomes, stabilise markets, secure the availability of supplies and provide consumers with food at reasonable prices. These pointed towards a primarily sectoral policy with most interventions aimed at specific production sectors, such as cereals or vegetables, with limited targeting of interventions at particular spatial areas over and above those delivered by structural policy. Since then, successive CAP reforms have seen a growing territorialisation of certain measures which can be observed within both pillars of the CAP. Examples include the LEADER approach, other selected rural development measures, and a degree of territorial targeting in the application of the Single Farm Payment in some Member States. A variety of pressures, including policy drivers, may ensure that this trend continues.

One such policy driver is the Lisbon Treaty and its objective under Article 174 to develop actions that strengthen the EU's economic, social and territorial cohesion, with the operational objective that all policies should contribute towards this. A second driver is the nature of the challenges now facing by Europe's rural regions, many of which will be addressed at EU level through the CAP, operating in conjunction with Cohesion policy. Certain contemporary environmental challenges, such as reducing flood risks, adapting to climate change and the maintenance of biodiversity (both within and between specific sites) have a territorial character as well as resonating with broader EU objectives. The same is true of many of the socio-economic challenges that exist in rural areas. It is arguable that, in certain cases, a territorially targeted response accompanied by the kinds of governance structures that characterise this approach, is the most effective way to address these challenges. In addition, there are a number of socio-political drivers that are propelling the uptake of more territorially-focused interventions. These include the devolution of powers to the local level in many Member States; the need to adapt policies to the specificities of the diversity of regions in an enlarged EU; the growth in partnership models of governance, and the need to compensate for the wider effects of increased competition in the economic sphere.

The territorial approach has a number of defining characteristics which are explored further in the paper:

- A focus on specific places or locations
- An integrated approach to intervention based on the natural, social, economic and cultural resources of a given area;
- A determination, within a multi-level system of governance, to adapt positively to local institutional conditions;
- A concern with longer term investment rather than subsidy.

The territorial approach is not embedded in the political culture of every EU Member State, but a range of examples can be found in France, Italy, Germany and elsewhere. It has been supported by a range of EU policies, including initiatives and funding instruments such as



INTERREG, LEADER, URBAN, EQUAL and the Employment Territorial Pacts, programmes funded through EAFRD and the Structural funds (for example, PRODER in Spain, the Integrated Territorial projects in Italy), and through nationally funded initiatives (for example, Regionen Aktiv in Germany and POMO in Finland).

In the context of the recent debate on the objectives, measures and funding of a post-2013 CAP, there is growing consensus that one of the rationales of a future policy will be to support the provision of public goods. As a contribution to this debate, the paper draws on several case study examples to illustrate where the territorial approach has been effective in supporting both the provision of environmental public goods and the generation of direct and second order social and economic effects. These include opportunities for rural tourism, recreation and the development of local markets, which over time, have generated further opportunities for public and private investments. In one example in which these positive linkages are very much in evidence, the territorial approach has been operationalised through the Italian LAG Delta 2000, and reinforced through subsequently securing a range of additional financial resources (regional incentives, ESF within EQUAL, cooperation programmes, EU youth programme and Cultura 2000).

In certain cases, and in addition to direct and second order effects, the territorial approach has the potential to have a positive influence on local governance, through improving administrative efficiency, cooperation and coordination between public and private actors, and strengthening local capacity with respect to project design and distinctive local development. Evidence is drawn from an evaluation of the impact of Territorial Pacts in Italy, and through selected LEADER examples in the UK and in Germany. Particular attention is given to the Grosseto Province in Italy, an example of where a strong positive relationship has been fostered between the natural resource base and economic development, and where a coordinated use of a range of rural development measures has led to the improved use of rural development funds and a number of quantified outcomes, including a growth in agricultural added value, tourism revenues and in the size of protected areas.

These types of approach, however, have not been universally pursued across the EU. Focusing specifically on some of those rural development programmes for 2007 – 2013 in which a territorial approach seems to have been applied – namely in Italy, Ireland, Portugal and certain French regions – there appear to be certain supporting conditions which facilitate its adoption. These approaches have been applied largely within protected areas, on account of the desirability of building a strategy based on the specific environmental, social and economic needs of these quite precisely defined areas. Furthermore, the territorial logic is reflected in the application of a mix of measures, from all three Axes of rural development policy, with strong relationships with Local Action Groups (LAGs) to foster synergy. Several factors explain the success of territorial approaches in these areas, namely the presence of attractive natural assets, a specific institutional culture, and the application of a combination of measures in an integrated and coordinated way. At present, few examples of this kind can be found in the new Member States, in part explained by the novelty of this approach with respect to prevailing administrative structures, and the centralised design and implementation of rural development programmes.

Whilst there are examples where territorial approaches have demonstrated improved effectiveness and added value, in certain areas the approach has been less successful or at

the very least has taken a period of time to evolve into a functioning model of governance. There is evidence from Italy to suggest that a more complicated system of delivery, through the participation of a range of actors, has led to inefficiencies in the design and implementation phases. Other examples from Leader II in France demonstrate that some partnerships have been monopolised by local elites, reducing the degree to which the participatory process is truly inclusive. In response, some of the current Leader programmes have been characterised by a greater degree of top-down control to ensure accountability in public expenditure, resulting in an inherent tension and increasing the risk of stifling the very conditions needed to foster local innovation, institutional learning and capacity.

Within a future CAP more focused on supporting the delivery of public goods, there is clearly scope to explore the relevance of a more territorially based approach. Opportunities might be greatest in those areas characterised by attractive natural and cultural assets and where the institutional conditions are supported by appropriate policies. The scope for promoting the further use of this approach will emerge where there is clear evidence of policy effectiveness, efficiency and accountability. The transparent evaluation of outcomes will be critical in this regard. A territorial approach needs to be pursued within a clear strategic framework designed to achieve Europe's common objectives, and delivered in harmony with the specificities and needs of the diverse regions of the EU. The territorial approach is not applicable in all situations, for a number of different reasons. For example, some RDP measures are more suited to a horizontal rather than regionally targeted approach to implementation and in some countries or areas there may be a need for a relatively gradual introduction of a more territorially focused approach, due to the lack of previous experience (as in the case of some new Member States).

## **1 Introduction**

The original objectives of the CAP were to increase productivity, support farm incomes, stabilise markets, secure the availability of supplies and provide consumers with food at reasonable prices. These pointed towards a policy concerned primarily with agricultural supplies and markets where most interventions were aimed at specific production sectors, such as cereals or vegetables, with limited targeting of specific spatial areas over and above those delivered by structural policy. Successive CAP reforms have seen a growing territorialisation of certain measures, within both pillars of the CAP. The LEADER approach, to selected rural development measures is one example and there has also been a degree of territorial targeting in the application of the Single Farm Payment in selected Member States. This trend may continue, given that a variety of drivers now exist for applying a more territorial approach within the CAP.

In the context of the recent debate on the objectives, measures and funding of a post-2013 CAP, there is growing consensus that one of the rationales of a future policy will be to support the provision of public goods. As a contribution to this debate, the paper draws on several case study examples to illustrate where the territorial approach has been effective in supporting both the provision of environmental public goods and the generation of direct and second order social and economic effects, such as opportunities for rural tourism, recreation and the development of local markets which, over time, have generated further opportunities for public and private investments.

Territorial approaches have gained ground progressively in the present rural development programming period in different Member States. This indicates a growing demand for such approaches in certain rural areas in line with the new challenges faced. Section 5 seeks to provide a picture of some relevant experiences from selected Rural Development Programmes (RDPs).

There are also a number of potential hazards and shortcomings evident in adopting the territorial approach. These need to be taken into account as part of a full assessment of the extent to which the approach could be more broadly applied beyond the specificities of particular locations, as well as the extent to which it could be further developed. Section 6 highlights these issues.

Finally, the paper presents a set of proposals for a more territorially focussed CAP which is consistent with a greater focus on the provision of public goods. It is hoped that this analysis will feed into the ongoing debate on the nature of the CAP post 2013.

## **2 The gradual adoption of a more territorial approach in the CAP**

Rural areas in Europe are characterised by a high degree of diversity in socio-economic and environmental conditions, which has increased with successive enlargements of the

European Union. The concept of territoriality reflects this diversity, which in turn poses significant policy challenges particularly in relation to the need to design and implement policies which are well tailored and responsive to local needs and conditions, whilst capable of being pursued within a common framework of objectives.

The concept of 'territoriality' is linked to the principle that territorial effects should be taken into account and monitored *for all policies* (see Barca, 2009). This implication is evident when we consider the Lisbon Treaty's wording on the relations between the concept of territorial, economic and social cohesion and 'the formulation and implementation of the Union's policies and actions and the implementation of the internal market' (Article 175)<sup>3</sup>.

The concept of territorial cohesion has evolved to encompass two main objectives:

- a) to provide all regions (places) with the opportunity to fully utilise their potential with the aim of improving competitiveness (efficiency);and
- b) to pursue more similar standards of living for all individuals '*in each region*' (equity).

Whilst the concept is well developed in the realm of cohesion policy, and is further reinforced under the Lisbon Treaty with the inclusion of 'territorial' (along with 'economic' and 'social') as the third dimension of 'cohesion'<sup>4</sup>, the interpretation of a territorial approach in the context of the CAP is less clear. This is because the objectives of the CAP have largely been pursued across the whole rural area of the EU, or at least the farmed part of it, and have been applied to the entire rural sector, rather than to specific territories. Some important considerations, however, need to be raised in relation to:

- a) The differences in the objectives, design and implementation of measures under the two Pillars of the CAP;
- b) The evolution of the CAP over time. .

The first Pillar and its instruments are largely non-territorial in nature. The primary logic of intervention has been to ensure an adequate and steady level of income to all farmers, independent of the place in which they operate. In this case, the focus is clearly only on the sector, and not on the diverse territories. Nevertheless, some elements of territorialisation arguably have been introduced into the instruments of the first Pillar, especially following the Fischler Reforms and, more recently, the 2008 CAP Health Check. One example is the

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<sup>3</sup> Article 175 of the current Treaty and 159 of the former Treaty state that 'Member States shall conduct their economic policies and shall coordinate them in such a way as, in addition, to attain the objectives set out in Article 174. The formulation and implementation of the Union's policies and actions and the implementation of the internal market shall take into account the objectives set out in Article 174 and shall contribute to their achievement. The Union shall also support the achievement of these objectives by the action it takes through the Structural Funds (European Agricultural Guidance and Guarantee Fund, Guidance Section; European Social Fund; European Regional Development Fund), the European Investment Bank and the other existing Financial Instruments'.

<sup>4</sup> Article 174 of the current Treaty and 158 of the former Treaty state that 'In order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion'.

provisions to allow Member States to reflect regional priorities in determining the rules for maintaining farmland in 'Good Agricultural Condition' (GAEC).<sup>5</sup>

Second, since the Fischler Reforms in 2003 some elements of territorialisation can also be found within Article 68 of Council Regulation 73/09 (former Art. 69, Reg. 1782/03). This allows Member States to provide specific support to farmers in certain sectors and in particular areas, taking account of more regional priorities<sup>6</sup>.

That said, these measures cannot be considered to be a form of territorialisation, rather they are a type of territorial or even sub-sectoral targeting of certain Pillar 1 instruments. Moreover, they are a voluntary method of intervention which explains why they have been adopted only partially across Europe.

Compared to the First Pillar, the Second Pillar contains more territorial elements. In the last two programming periods (1994 - 1999 and 2000 - 2006), rural development measures followed a model of territorialisation that was very close to that applied through the Structural Funds. Outside Objective 1 Regions, these measures were particularly targeted at declining rural areas (5b areas in 1994 – 1999).

During the 2000 – 2006 programming period, the concept of declining rural areas was abandoned and all rural areas became eligible for support under the EAGGF-Guidance Section.

Within the Second Pillar, certain territorial units have been identified, although often at a large scale:

- Mountain areas and area with handicaps (natural and specific);
- Natura 2000 areas, areas identified by Member States under Directive 2000/60/EC;
- Areas subject to the geographical indication of certain agricultural products and food stuffs: these are formalised through Protected Designation of Origin (PDOs) and Protected Geographical Indications (PGIs) arrangements.

Nevertheless, the Rural Development Regulation (1698/2005) introduced the rule (Art. 11) that each National Strategic Plan (NSP) shall include 'the thematic and territorial priorities for rural development under each priority axis, including the main quantified objectives and the appropriate monitoring and evaluation indicators' (Council Regulation 1698/2005). This rule has been implemented in a range of ways in NSPs across Europe.

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<sup>5</sup> It is not clear how far regional variations are applied in practice.

<sup>6</sup> In other words, farmers in the dairy, beef and veal, sheep meat and goat meat and rice sector in economic vulnerable or environmentally sensitive areas – paragraph 1(b) or areas subject to restructuring and /or development programmes (paragraph 1 (c)).

Whilst these areas constitute the territorial basis for the concrete allocation and implementation of relevant rural development measures, many are too large for defining the focus of precise and well tailored interventions. It must be considered that, on the whole, the evolution of these elements of territorialisation over time stems from a process of more spatially precise policy targeting, in response to the need to respond to the environmental, social and even production needs of specific rural areas.

### **3 The Drivers of a Territorial Approach to the CAP**

It is likely that this emergent trend towards greater territorialisation of certain instruments under both Pillars of the CAP will continue, especially given a variety of pressures including political drivers, to apply a territorial approach. One such driver is the Lisbon Treaty and its objective under Article 174 to develop actions that strengthen the Union's economic, social and territorial cohesion, with the operational objective that all policies should contribute to its achievement. A second driver is the nature of the challenges faced by Europe's rural regions, many of which could be addressed through the CAP, operating in conjunction with Cohesion policy. Certain of the environmental challenges, such as reducing flood risks, adapting to climate change and the maintenance of biodiversity (both within and between specific sites) have a territorial character as well as resonating with broader European objectives.

The same is true of many socio-economic challenges in rural areas. In certain cases, a territorially targeted response, accompanied by the kinds of governance structures that characterise this approach, is the most effective way to address these challenges. In addition, there are a number of socio-political drivers that are propelling the spread of more territorially focussed interventions. These include the devolution of powers to the local level in many Member States; the increasing emergence of localised approaches to policy delivery; the greater diversity of Regions within an enlarged Union, the growth in partnership models of governance, and the need to compensate for the wider effects of economic competition, with specific support available within the EU to boost employment in those areas deemed to be lagging behind.

### **4 The Defining Characteristics of a Territorial Approach**

This section explores the ways in which a territorial approach could be further integrated into the CAP. It does this by analysing the defining characteristics of such an approach.

Although the main operational ingredients of a territorial approach have not been explicitly defined, insights can be drawn from the Leader programme and other integrated approaches to policy delivery such as the European Territorial Pacts for Employment. These approaches, however, have evolved over time and there is a great deal of variation in the way in which they are implemented across Europe (Mantino et al, 2009). Whilst the 'blueprint' for a territorial approach is very often identified (and confused) with programmes similar to Leader, there is scope for a wider range of EU policies and funding

programmes - including Rural Development Programmes - to adopt a territorial approach. Drawing on a range of examples discussed in more detail below, the defining characteristics of the territorial approach can be summarised as follows:

- a) A focus on specific places and on their territorial scale;
- b) An endogenous development strategy firmly based on the territory's natural and socio-cultural assets and which aims at supporting the provision of public goods and services;
- c) A multilevel system of governance, aiming at co-ordination and networking both in the vertical sense (relations between the different levels of government) and in the horizontal sense (relations between actors and stakeholders living and/or operating in the specific territory);
- d) A focus on investment rather than subsidy.

### ***A) A focus on specific places and on their territorial scale***

Place-based policies in the broadest sense can take many different forms in the European context, depending on the definition of the territory<sup>7</sup>, the degree to which instruments are

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<sup>7</sup> The notion of 'place' is very differentiated according to the context and the country. According to the recent analysis of the European Rural Network, RDPs in Europe have adopted different generic definitions of rural areas. These definitions reflect differing concepts of rurality, such as:

- areas below a defined threshold of population density. That threshold may vary according to the overall density of each country. Some countries (Greece, Slovakia, Slovenia, Spain, Wallonie) use the OECD norm of 150 inhabitants/Km<sup>2</sup>, others use different thresholds, from 50 to 600 inhabitants/Km<sup>2</sup>;
- areas which are not 'urban', using other criteria than population density, such as the size of settlement;
- rural and peri-urban areas, in countries (France, Flanders) where movement out of cities is bringing people to live in places still considered rural;
- areas which have specific development needs that can be served by the RDPs. This leads to a differentiation between areas with different needs (mountain areas in Italy; peripheral or remote areas in Denmark, Ireland and Scotland; sparsely populated areas in Finland and Sweden; Less Favoured Areas in Netherlands and Portugal);
- an intricate mosaic of areas.

This analysis has finally drawn a distinction between two broad types of definition of rural, as follows:

- those definitions which are dual (ie separating rural and urban needs and solutions) and
- those which are based on a continuum from urban to rural (with links between urban and rural needs and solutions).

Obviously, the dual definitions are very general and are not actually helpful with respect to the design of a territorial policy. The usefulness of the second type of definition strictly depends on the scale used and the accuracy of the differences in terms of needs and specific characteristics of rural areas.

The definition of rural areas should not be an academic exercise, rather it should aim at a better targeting of RDPs on specific territories, on the basis of an assessment of their needs and specificities, and on the consequent design of the RDPs measures and resources (see Figure 1). The definition of rural areas is also important to establish the general principles of demarcation and complementarity between Funds (European Rural Network, 2010).

targeted precisely at given territorial units, and the allocation of resources made available through RDPs, Cohesion policy and other instruments.

Scale is a significant factor in a territorial approach. The scale at which the territorial unit is defined can be large or small. The smaller the area considered, the more precise the territorial target might be. The most appropriate scale for effective targeting is one which allows for a certain concentration of resources and measures in response to local needs, without a dispersion of public effort and funds over too wide a territory.

Policy targeting is a second significant factor. Policy targeting in this sense means that a public intervention is focused at specific territories by means such as:

- Selection criteria that give priority to these territories (but these criteria are effectively implemented only if applications are presented in these territories on a voluntary basis, as in the case of compensatory allowances for LFAs);
- Specific allocation of funds in favour of a single territory during the programming phase;
- A set of instruments and funds, managed within a local plan (as in the case of the Leader approach) and developed in favour of specific territories.

If we assess selected rural policy instruments against these two key factors - territorial scale and policy targeting (see Table 1), we arrive at a classification which ranges from the less place-oriented (as in the case of LFAs and Natura 2000 schemes) to the more place-oriented (as in the case of the Leader or the localised agro-food chains/filière). The existence of selection criteria that give priority to certain areas does not necessarily imply that these areas receive more funds in total than other areas. This is the case with certain mountain areas, which can benefit from the LFA measure much less than certain areas with other handicaps. The same situation occurs in the case of Natura 2000 sites. The existence of favourable selection criteria, in other words, is not always sufficient on its own to assure the application of the place-based approach. This may be either because the scale is too broad or because funds have also been allocated to other areas which absorb higher levels of rural development funding.



**Table 1: Place-based situations according to the scale and type of policy targeting**

Territorial scale	Policy instruments targeted to places		
	Selection criteria	Specific allocation of funds	Place-based plans/local projects
<b>Broad scale</b>	Less Favoured Areas, Natura 2000, etc.	Rural areas with specific needs and characteristics	Decentralized RD programmes (i.e. Italian provinces)
<b>Small scale</b>	Contracts territorial d'exploitation, DOP, IGP, niche products	Operational programs of Producers associations	Leader-like projects, Localized filière projects

The situation is completely different when funds are pre-allocated in the financial plan for the RDP (as in the design and approval phases where there is strong participation by the European Commission). In this situation, a part of the RDP budget is allocated to specific areas and consequently there is no competition between these places and other locations during the implementation phase. This situation occurred, for example, within the Italian RDPs which, according to the rules established in the National Strategic Plans, assigned all Axis 3 funds to two types of areas within the national classification: intermediate rural areas and rural areas with development problems.

A very similar situation can occur when measures and funds are pre-allocated at an intermediate scale between the State/Region and the local level: this is the case where there is a decentralised programming and implementation of RDPs, when both measures and funds are managed through sub-regional programmes. In this case, the decentralisation process implies that the programming and implementation phases are delegated to a scale which can be considered to be lower than the regional scale (ie the Italian Provinces). This can really contribute to the design and the delivery of interventions consistent with the diverse needs of rural areas, as demonstrated in Section 6 of this paper.

As discussed previously, the smaller the scale and better defined the territorial targeting of programmes/ measures and the resulting allocation of funds, the greater the probability that policy interventions are addressed at territorially-specific needs. This concept has been applied within the Leader approach, but with some differences between specific regions and countries. The territorial dimension is one of the distinctive characteristics of Leader. The Leader+ initiative had a more solid, clear-cut territorial dimension than Leader II, which in many Regions was applied extensively, often covering the entire territory. In some countries, such as Italy, the territorial concentration of Leader+ has been strengthened by

two factors: first, the reduction in the number of Local Action Groups (LAGs) and second, the predetermination of the eligible areas. This sometimes allowed for a more rational employment of scarce resources, as in the 1994 - 1999 programming period.

Leader is not the only place-based programme to be implemented in rural areas in Europe. Other types of rural programmes have been designed and implemented, within the framework of both the Structural Funds and the Rural Development Fund. Some of these programmes have been financed through national budgets, as a result of a process of mainstreaming by Member States and regions. This was the case with the Regionen Aktiv (Active Region) Programme run by the German Ministry of Agriculture); PRODER in Spain which was originally financed through EU Structural Funds for Objective 1; the Integrated Territorial Projects and the Integrated Agro-food Projects in Italy (financed by Structural Funds for Objective 1); POMO in Finland (financed through the National Development Fund for Agriculture and Forestry); etc<sup>8</sup>. Leader and similar programmes such as PRODER or POMO concern relatively small rural locations, while other programmes are designed for bigger areas. This was the case with the European Territorial Employment Pacts (ETEPs)<sup>9</sup> where the defining criteria not only involve sectoral or rural considerations, but also more general and inter-sectoral needs. As a result, the amount of public investments committed to each ETEP varies, rises to an average of €50 million across a six year period.

Another important aspect concerns the way in which areas are defined. Two different approaches emerge, a top-down definition at the level of regional programme and a bottom-up definition according to a more spontaneous aggregation of local actors and institutional stakeholders such as municipalities and provinces, mountain communities etc. These two different approaches have several implications for the degree of consistency between strategies, objectives and the actual implementation of the projects.

### ***B) An endogenous development strategy strongly based on the territory's natural and socio-cultural resources***

The second important feature of the place-based approach is an endogenous model of development which seeks to utilise the pool of resources available in the territory to derive a competitive advantage. The resource pool encompasses environmental and natural assets, human and social capital, physical features, cultural traditions, etc. For example, an attractive landscape is part of an area's pool of resources in the same way as a high quality

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<sup>8</sup> For a complete survey of the different Leader-like programmes in the past programming periods see ÖIR (2004) and the study conducted by CNASEA (2003) and CNASEA-INEA (2007).

<sup>9</sup> The three Structural Funds financed 89 Pacts in the EU between 1996 and 2001. Successful Pacts enhanced resource deployment at the local and regional level, helped match supply and demand, reduced administrative overlap and strengthened clarity in local policies for promoting employment. A certain number of Pacts was also implemented in rural and semi-rural contexts, with the aim of stimulating entrepreneurship, tackling under-employment, reaching young people, low-skilled workers and the unemployed in need of retraining (see ECOTEC, 2002).

local product (such as a PDO wine or a PGI cheese). Specific products can be territorially distinctive in the sense that they draw on local systems of knowledge, skills, techniques and networks needed to convert specific ecological conditions or natural resources into a valuable high quality product, as well as all of the certified requisites established in specific rules aimed at ensuring its quality.

The development of an integrated strategy is a second important feature of an endogenous approach. The interpretation of this can, however, vary in two highly significant ways. According to the first, an integrated strategy seeks to build a trajectory of sustainable development based on the area's pool of resources. In the second interpretation, different public actions are integrated within the single place/territory/local context in order to exploit the synergies and complementarities existing among the different interventions (ie support for farm investments combined with training and technical advice).

All place-based approaches build on this overall vision of the rural economy and the need for multiple interventions. LEADER is particularly focused on investments at smaller scale and 'softer' actions involving knowledge and skills development, whilst other types of local plans (such as territorial pacts or integrated projects financed through the Structural Funds in Objective 1 regions) also include intervening through the provision of infrastructure, social services and sectoral investments. The integration principle may not always be fully implemented, but in certain cases, as with Leader and the territorial pacts, it will be a pre-requisite for the approval and financing of the overall plan.

### ***C) A multi-level system of governance aiming at co-ordination and networking***

The design and implementation of a place-based approach also requires more effective methods of governance at the territorial level. Participation of all relevant stakeholders (not only from the agricultural sector, but from the wider rural context), as part of a concerted set of actions to define development strategies alongside decentralised ways of implementing them are amongst the most important ingredients of the territorial approach. The structures and institutions of governance are involved both along the vertical axis (national, regional and local) and across the horizontal axis (incorporating all of the various actors within the territory). There is no ideal model, because each situation requires an appropriate solution. The diversity of approaches across Europe reflects the interaction of a range of factors (degree of decentralisation, role and dynamics of institutions, networks and social capital, administrative capability, etc). However, some general principles can be identified.

Most place-based approaches are based upon a partnership, comprising both public and private local actors. Most of the initiatives proposed at the local level derive from formal, broad-based partnerships. Whilst some partnerships are informal, there is often a managing authority (generally a local authority represented by the municipality or some other representative body or even some development agency) whose responsibility is to coordinate the stakeholders and actors involved in the process.

Co-ordination is a key factor in ensuring success. Someone with the capacity to coordinate is required and this capacity needs to be acknowledged both by the local population, the

Managing Authority for the Programme, and the national/regional administrations. Co-ordination is assumed by some representative institution or group of actors within a public/private partnership. In the absence of any actors who are capable of undertaking this central role of co-ordination and management, effective governance is difficult to achieve.

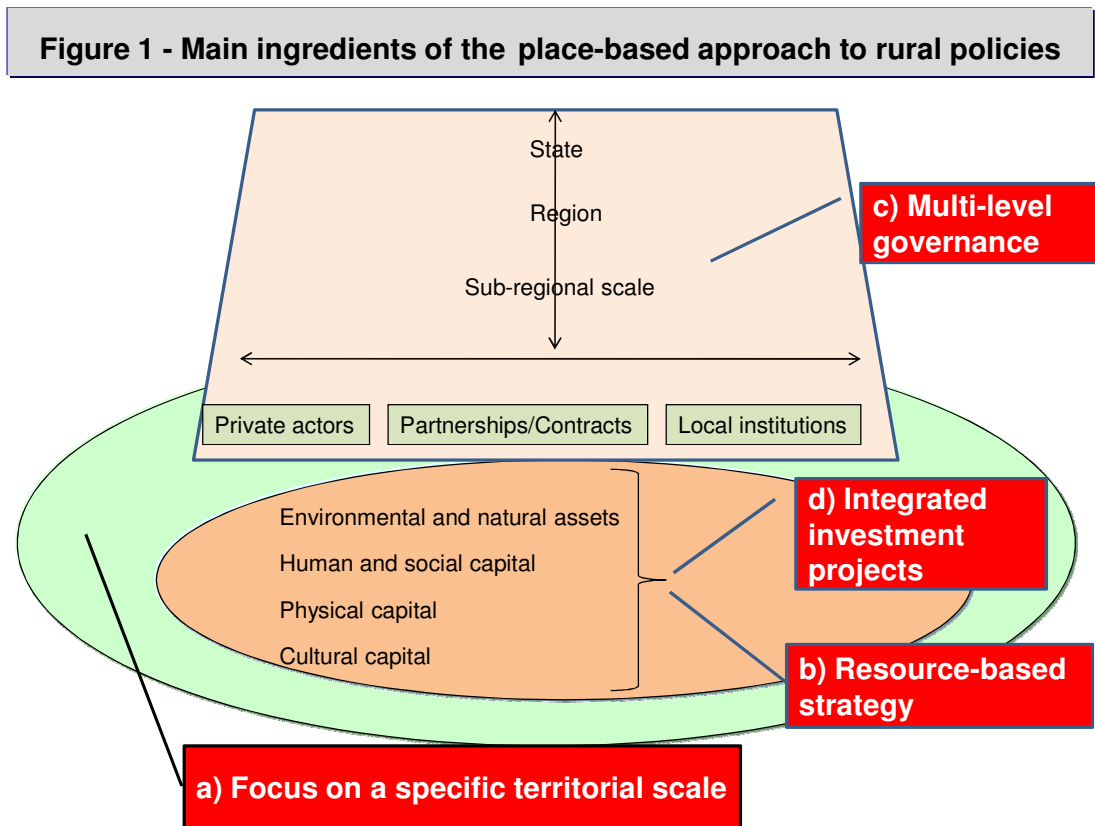
The quality of the territorial approach often resides in the capacity of the local project leadership to take responsibility for a series of important tasks as follows:

- Designing the strategy and an action plan;
- Bringing together institutions and relevant actors in the project;
- finalising the project strategy and achieving agreement;
- Steering and controlling the implementation phase with the support of an adequate technical and administrative structure.

In the case of Leader, Territorial Pacts, PRODOR and POMO, these important roles have been performed by local partnerships supported by a technical/ administrative unit whose costs are paid for out of the overall budget for the project. In other cases, these roles have been undertaken by sub-regional institutions: as in Italy, where the decentralisation process has provided new powers to Provinces and Mountain Communities. In some Italian regions, especially in the Centre-North, Provinces have become a new catalyst for co-ordination at sub-regional level and deliver different policies and funds according to a consistent locationally focussed development strategy.

Figure 1 summarises the key elements of the place-based approach: a) the focus on a specific territorial scale; b) an endogenous development strategy mainly based on a pool of local resources; c) a multi-level system of governance; d) the focus on investment rather on subsidy.

**Figure 1: Main ingredients of the place-based approach to rural policies**



#### ***D) A focus on investment rather than subsidy***

Investment support seems to be more effective both in terms of better targeting and in its capacity to support structural and economic change than the simple delivery of traditional CAP subsidies (OECD, 2006). However, the effectiveness of such support is likely to be greater when it is directed to long term projects exhibiting strong synergies (ie investments are integrated in such a way as to produce benefits along the supply-chain) rather than short term compensation payments.

## **5 Lessons to be learnt from the implementation of the territorial approach**

In the following section, we examine evidence drawn from a range of programmes and schemes from different parts of Europe. We explore where territorial approaches have had a positive impact on the provision of environmental and social public goods through agriculture, within a broad paradigm of sustainable development. Further information on the case studies can be found in Table A 1 (see Annexes) which provides an overview of their general characteristics and in particular the differences in scale of investment and the system of governance. These examples specifically aim to explore the following issues in those areas where the territorial approach has been applied:

- The provision of local public goods;
- Positive economic effects associated with the provision of public goods,
- Positive effects on social cohesion and social capital;
- Effects on the local governance structure arising from the application of the territorial approach.

### ***The provision of local public goods***

One of the ways in which a place-based approach can provide greatest ‘value added’, as compared to the traditional agricultural policy measures such as the Pillar 1 direct payments administered through the Single Payment Scheme (SPS)<sup>10</sup>, is the integrated mix of a particular area’s resource pool and a combined use of policy instruments at the local level. As the case studies suggest, a combined approach can facilitate and foster the provision of public goods in a way that is more effective than one based on a single measure chosen from the menu available under the Rural Development Regulation.

All of the case studies focus on areas where there are broadly positive relationships between agriculture, the environment and local development. Looking at the pool of resources in these areas it is notable that natural environmental assets play a crucial role in providing a foundation for the definition of a development strategy. The main features of the most successful cases are as follows:

- a) Public action at the local scale has fostered the provision of environmental public goods, through the conservation and proper valuation of natural assets and the promotion of sustainable farming practices;
- b) Development of local activities and the generation of additional income and employment opportunities within the local economy on the basis of these public goods. These activities include rural tourism, eco-tourism, recreation and cultural benefits, countryside sports, water-based recreation, etc as well as other new forms of sustainable employment (cf the social farming programme in Tuscany);
- c) The development of the local economy and social services, which in turn, contribute to the development and consolidation of specific local markets for products and services (including ecosystem services) emanating from within the area;

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<sup>10</sup> All these policies are fundamentally based on the submission of a single application by the potential beneficiary and its approval by the national/regional authority responsible for the programme. The place-based approach, instead, is based first on the approval of the strategy designed at the local level and second on the assessment of the consistency between the single project and the whole strategy of intervention. So the most important implication is that all applications should be complementary and integrated within the territorial strategy.

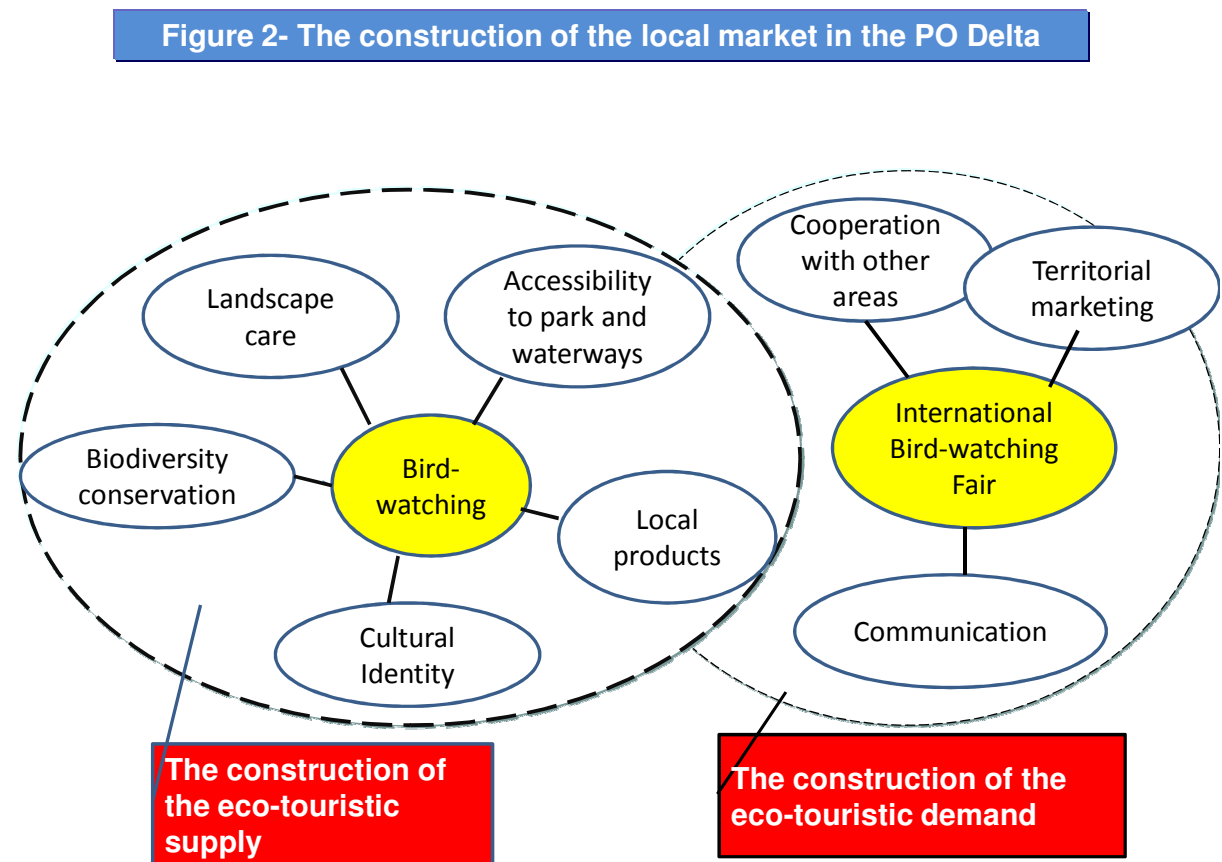
- d) The role of specific local markets, in generating further opportunities for public and private investments over time. These are not supported by a single policy, but by a combination of policies of differing nature and origins.

Rural development policies can play a relevant role in this context because: a), they support investments in rural areas and b) they are designed and implemented in line with a place-based approach. Leader-type approach can be valuable in a place-based context, but it must be stressed that this model is not the only one that can be applied.

All of the above benefits have been derived in the context of a wide range of rural development schemes operating in different areas of Europe, all of which have the common characteristics of richness of rural assets, locally distinctive food production, and the attractiveness of the countryside. Starting from these endogenous resources, some areas have been capable of developing their own strategies, exploiting and combining EU rural development funds, as well as promoting and creating new local markets:

The delta of the Po (Emilia-Romagna, Italy) provides an interesting example. With bird-watching acting as a catalyst, a partnership (involving the LAG, the two Provinces of Ravenna and Ferrara and the Natural Regional Park) promoted eco-tourism by combining landscape care, greater accessibility to the Park and its waterways, biodiversity conservation, cultural traditions, and support for local products (Figure 2). The interventions targeted at maintaining these resources had a positive impact on the development of new initiatives and related incomes and employment. The local partnership also promoted several initiatives on the demand side: these were particularly centred upon an International Bird-Watching Fair and other related activities concerned with territorial marketing, communication at regional level and co-operation with other wetland areas. The partnership has succeeded in putting in place a comprehensive strategy to pursue the objective of sustainable development. As illustrated by several other examples (see Polmon *et al*, 2010), the construction of the local market was a complex and necessary step in this strategy:

Figure 2: The construction of the local market in the PO Delta



This example of the Po Delta is informative as it serves to illustrate some of the key attributes for success :

- 1) Effective cooperation between the main stakeholders as well as the capacity to reach political consensus around the aims of the project;
- 2) A holistic vision of the resources of the area and the desire to innovate in ensuring their sustainable exploitation;
- 3) The capacity to secure financial resources and combine a number of measures as part of a plan for supporting different needs at the local level , This involved more than just Leader and other elements from within the RDP as it also included regional incentives, drawing on ESF within EQUAL, cooperation programmes, the EU youth programme and Cultura 2000, etc.



## ***Positive economic effects associated with the provision of public goods***

The territorial approach can be exploited particularly well to generate a combination of environmental, economic and social effects, which would be difficult to achieve under a more traditional approach within the CAP<sup>11</sup>. The interventions promoted in the Po Delta area demonstrate the way in which a combination of interventions and an integrated strategy facilitated the supply of different outputs in the fields of:

- Nature based holidays;
- Bird watching;
- Environmental culture and education;
- River-based leisure activities (including fishing, canoeing, boating, etc);
- Hiking and other outdoor sports;
- Local food and wine production and consumption;
- Access to artistic and cultural heritage.

The promotion and differentiation of the supply of these different assets was at the core of the development strategy. Positive economic effects resulted from an increasing demand for eco-tourism in the area. On the basis of the monitoring reports provided by the LAG, it is estimated that 48,900 additional visitors came to the area each year following implementation of the project. This increased demand resulted in additional income for local businesses of about € 6.3 million per year (Mantino, 2010).

The economic impact of such projects will depend partly on the capacity of local operators to provide a differentiated output and increase the time spent by tourists in the area<sup>12</sup> as well as the prevailing economic climate. According to national studies on the tourism demands within protected areas and natural parks (ECOTUR, 2009) only 17% of these areas have shown a demand downturn, which suggests that ecotourism has remained relatively stable during a recessionary period. The area of the Po Delta confirms this trend in recent years.

The economic impact of eco-tourism is not limited to the direct effects on the local economy, but also encompasses multiplier effects within the regional economy. According to an evaluation of the linkages between tourism and regional economies in Italy (IRPET, 2009c), based on input-output multi-regional models, there has been an increase of €78.03

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<sup>11</sup> We mean here, by traditional policy, one that is based on a single instrument of support (within either the first or the second Pillars) and a strict sectoral vision.

<sup>12</sup> On the basis of national studies, 41.1% of tourists visit Italian protected areas and natural parks for only a day (without staying the night), about 20% stay for the weekend and only 6.7% for more than one week (ECOTUR, 2009).

in regional GDP for each €100 of tourism expenditure within Emilia-Romagna. That suggests a further increase in regional income of about €4,6 million per year resulting from recent interventions in the area of the Po Delta.

The potential of the territorial approach to generate a simultaneous combination of environmental, economic and social effects is underlined in other studies such the analysis of Leader+ in the UK (IEEP-CCRU, 2006). Of the 14 projects examined in England, ten projects have had some success in delivering integrated objectives. A number of farm-based projects have sought to develop the links between sustainable land management and the production of quality local products. Such products can command a premium price so helping to improve farm incomes.

Whilst the generation of employment opportunities is one of the most important objectives of Territorial Pacts, Leader, etc, it is not the only one. The effects on private investment are also extremely important. The ratio between private investment and public expenditure arising from different forms of Territorial Pacts in Italy has been analysed and Agro-tourist Pacts, compared to the other types of Pacts, are the most favourable in these terms when compared to the two other categories of Pacts (Table 2). They also generated the largest proportion of investment in new firm structures. This suggests that agro-tourist Pacts build on stronger relations within each territory with the private sector and are consequently able to stimulate positive externalities for the private sector.

**Table 2: Effects on private investments of Territorial Pacts in Italy**

<i>Typology of Pacts</i>	<i>Index of creation of private investments<sup>1</sup></i>	<i>% new firm structures of the total private financed investments</i>
<b>Industrial Pacts</b>	<b>1,4</b>	<b>38,6</b>
<b>Mixed Pacts</b>	<b>0,4</b>	<b>44,4</b>
<b>Agro-tourist Pacts</b>	<b>2,4</b>	<b>59,1</b>
<b>Total</b>	<b>1,4</b>	<b>44,7</b>

**1 Ratio between private investments and public expenditures.**

Source: Magnatti P., Ramella F., Trigilia C., Viesti G., Patti Territoriali, Il Mulino, Bologna, 2005

### ***Positive effects on social cohesion and social capital***

There are a number of successful examples demonstrating how linkages between the environmental, economic and social dimensions can be developed through using a territorial approach in economically lagging Italian rural areas (Mantino, 2006).

One example of such positive effects arises from combining the production of food with social functions, such as providing space for recreation, care of the landscape, and the provision of care for those with disabilities (Di Iacovo and O'Connor, 2009). Indeed, one indicator of increased environmental and ethical awareness might be the growth of 'social' farms in an area, many of them organic. Social farms use natural assets as a way of either caring for or employing people with disabilities. They can also contribute to the care of a healthy landscape by providing 'additional manpower' (service-users) and contribute to less economic pressure (additional income). That makes social farming a win-win situation, integrating functions such as caring for people with disabilities and contributing to the development of the rural landscape (Di Iacovo and O'Connor, 2009). On the basis of this principle, the region of Tuscany has funded local integrated projects on social farming through the regional RDP (see Box A 1 in Annexes).

### ***Positive effects on local governance***

Territorial approaches are frequently mentioned as having positive effects on the effectiveness of local governance. Leader and Territorial Pacts are considered by many to be the most interesting examples in terms of exploring this issue. Effects on local governance can be categorised in three ways as follows:

- a) Effects on the efficiency of the administrative procedures needed to finance local projects;
- b) Effects on the levels of co-operation and co-ordination between public and private actors;
- c) Effects on local capacity with respect to project design and local development promotion.

Some of these effects are measurable, as a recent evaluation study on the impact of Territorial Pacts in Italy has shown (Magnatti et al, 2005). The evaluation used three performance indexes concerned with<sup>13</sup>: (a) economic performance - based on the impact on the local economy, the enhancement of the productive structure and the labour market, the quality of infrastructure; (b) local governance - based on the efficiency of administrative procedures, the level of cooperation between public and private actors, the capability of strategy and project design; (c) a global index that includes the other two indexes as well as the efficiency of public spending and the capacity to use other sources to finance rural development (ie other EU/national programmes). For all the types of indices examined, Agro-tourist Pacts perform best compared to other forms of Territorial Pact, both in relative and absolute terms (Table 3).

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<sup>13</sup> These indexes have been calculated on the basis of information collected at the local level through questionnaires. Interviews have been carried out with those responsible for Territorial Pacts, local authorities and beneficiaries of the interventions.

**Table 3: The performance of Territorial Pacts in Italy**

<b>Typology of Pacts</b>	<b>Performance index</b>		
	<b>Economic</b>	<b>Governance</b>	<b>Total</b>
<b>Industrial Pacts</b>	<b>6,7</b>	<b>7,9</b>	<b>6,0</b>
<b>Mixed Pacts</b>	<b>7,3</b>	<b>6,7</b>	<b>6,2</b>
<b>Agro-tourist Pacts</b>	<b>7,8</b>	<b>8,5</b>	<b>6,7</b>
<b>Total</b>	<b>7,1</b>	<b>7,7</b>	<b>6,2</b>

Source: Magnatti P., Ramella F., Trigilia C., Viesti G., Patti Territoriali, Il Mulino, Bologna, 2005

A broader comparative analysis of the effects of territorial approaches upon the delivery systems of RDPs in European countries has been conducted (Mantino *et al*, 2009)<sup>14</sup>. This analysis highlights how the Leader approach has affected the delivery efficiency of the rural development measures. Whilst the participation of a large number of actors in the administrative process can often increase the overall duration of the implementation period, there is some empirical evidence to show that the reverse is also true. This happens when there is a collective assumption of responsibility, which translates into greater transparency and improved effectiveness in administrative processes which, through decentralisation, is more finely-tuned to local needs.

Another programme exhibiting some of the characteristics of LEADER, but this time funded by national authorities is the 'Active Region' in Germany. This has demonstrated significant achievements concerning inter-sectoral cooperation and networking as well as creating greater awareness of regional potentials and identity (Peter and Knickel, 2006). There are examples of successful cooperation and formation of new alliances in fields such as the combination of agricultural quality production with nature protection objectives and regional gastronomy; the combination of nature-friendly agriculture with green rural tourism and unlocking the economic potential of natural resources and landscapes.

Similar effects have been described in a recent study evaluating the environmental contribution of Leader+ within the UK (IEEP-CCRU, 2006). This identified positive impacts in terms of the way in which the Leader+ programme facilitated interaction between different statutory environmental agencies, as well as between these agencies and other governmental and non-governmental groups.

<sup>14</sup> Within the RuDI research project funded by the FP7 Research Programme (Mantino *et al.*, 2009).

### ***Further decentralisation of RDPs at the sub-regional level: the case of an Italian Province***

A territorial approach can facilitate the coordination of measures and funds at an intermediate scale between the State/Region and the local level. In this case, decentralisation implies that both programming and implementation of measures are delegated to a scale below that of the region. This happens in some Italian Regions such as Tuscany and Emilia-Romagna, where the regional RDP is further articulated within provincial RDPs.

Within the Region of Tuscany, the local bodies (Provinces and Mountain Communities) have participated increasingly in policy design and delivery over time. Regional laws grant administrative functions to the Provinces and the Mountain Communities in the areas of agriculture, forestry, hunting, fishing, rural development, agro-tourism and nutrition. Of even greater importance is the role played by local bodies in the implementation of EU policies. Starting from the application of EU Objective 5b programmes (Regulation 2081/93) for the period of 1994 -1999, local bodies were granted active participation during planning and selection of actions in relation to the needs identified within their territories. Involvement of local bodies further increased in the 2000-2006 planning phase, through the preparation of Local Rural Development Programmes (the RDP at provincial scale). This approach is being continued during the 2007-2013 period. Policy strategies for rural areas were conveyed through a relevant number of programmes.

An example of this is the case of Grosseto Province<sup>15</sup>. In addition to the classical RDP measures and Leader local plans, a relevant source of funds and instruments comes from the national programming funds and rules in the middle of the 1990s. These allowed for the implementation of a Territorial Pact for the development of Grosseto rural areas (with overall funding of about €50 million for five years), followed by the Territorial Pact for agriculture and fishing in 2000 for the Province of Grosseto, and finally by a successive Programme Contract in 2003. The Territorial Pact for the development of Grosseto rural areas adopts a multi-sector strategy.

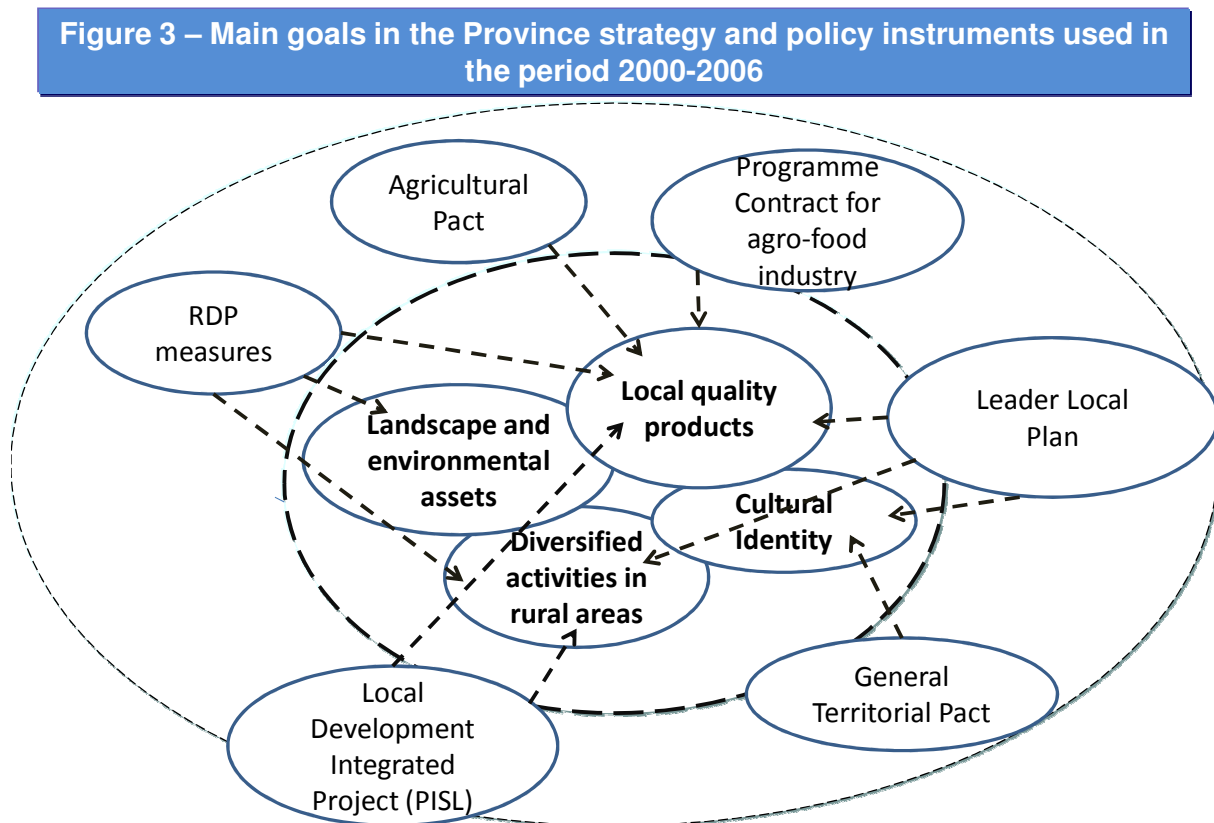
Under these successive initiatives, Grosseto Province was capable to integrate programmes and funds over the last fifteen years. This strategy not only includes RDP objectives, but a wider set of inter-linked policy goals. The main goals as identified and pursued by the Province reflect the local pool of resources. Key goals concern improvements in the quality of agricultural products and the growth in agricultural added value within the territory. These two goals have been jointly pursued during the 2000-2006 period using RDP measures, the Agricultural Pact, the Programme Contract for the Agro-food industry and the Leader local plan (Figure 3). The RDP has had a more generalised application to the entire

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<sup>15</sup> The Province of Grosseto, which includes 28 Townships and three Mountain Communities, has a noteworthy territorial expanse (about 4,500 Km<sup>2</sup>) and a rather limited number of inhabitants (216,121), mostly concentrated on the Tyrrhenian coast. The territory is characterised by over 120 Km of coast and a physical composition made up of the central plains of Maremma nestled among the surrounding hills and Mount Amiata. Low population density and a high old-age index (over 65 year old population in comparison to those aged 0-14) characterise this territory.

agricultural area of the province; whilst the Agricultural Pact and the Programme Contract for the Agro-food industry have a specific focus on the relations between the production, processing and marketing of agricultural products. Processing initiatives have focused particularly on the biggest firms and cooperatives. Finally Leader has focused on small initiatives for typical agricultural products and diversification in rural areas.

**Figure 3: Main goals in the Province strategy and policy instruments used in the period 2000-2006**



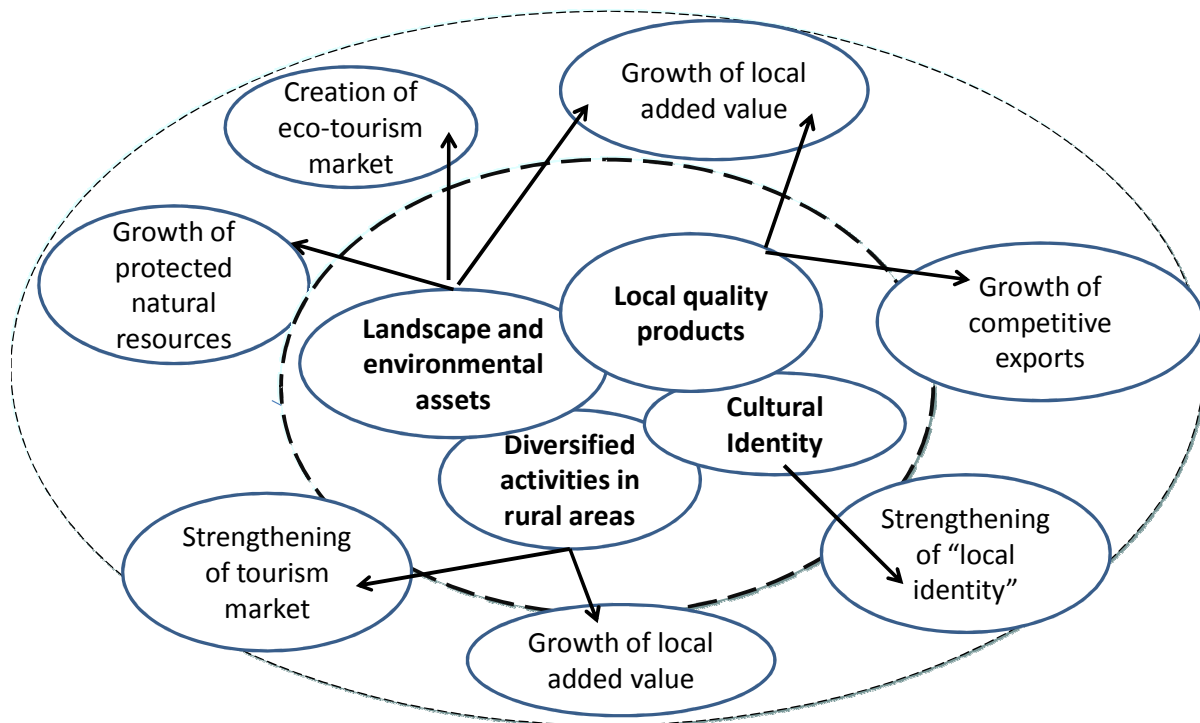
This 'division of labour' between policy instruments is aimed at using the available funding in an efficient and synergistic manner. It not only involves typical agricultural policy instruments, but also instruments for the development of non-agricultural sectors. The process of assembling the collective knowledge required to implement the strategy made the Province's officials aware of the strong linkages that exist with other local resources such as the environment and landscape, cultural and historic assets and diversified activities in rural areas such as agro-tourism, eco-tourism, production of renewable energy, etc. The joint valorisation of these local resources required wider and more relevant financial resources and policy instruments than those provided by the RDP, Agricultural Pact, Programme Contract and Leader. Grosseto's rural areas also benefitted from measures funded by the Local Integrated Development Project (PISL) and the general Territorial Pact, which alongside the Single Programming Document for Objective 2 regions, have a more general focus on the territory as a whole and on the creation of local collective infrastructures and services. While the more sectorally-focused instruments were used to strengthen production and processing structures, PISL and the general Territorial Pact were

used to finance initiatives for improving wider rural conditions. In this way all available programmes (both sector and non-sectorally-focused were used as complementary sources of funding at local level.

Figure 4 illustrates the main impacts arising from an integrated approach to managing the pool of common resources existing within the local economy. Different policies have supported structural change in agriculture, tourism and environmental conservation. These policies have also strengthened the supply chain, promoted the creation of local markets and linked those markets with demands from both inside and outside the Province. This is also the case with more typical agricultural production and tourism.

**Figure 4: Main impacts of integrated use of common resources' pool**

**Figure 4 – Main impacts of integrated use of common resources' pool**



The positive economic and social trends in the region of Grosseto – particularly when compared to development trajectories in other provinces – can be illustrated using a number of indicators. Between 2000 and 2007, agricultural added value grew by about 2% per year. In addition, a rising share of agricultural production has been exported. Since 2000 provincial agricultural exports have grown at about 9% per year, a rate much higher than the overall 3.4% growth in regional agricultural exports (IRPET, 2009a).

The market for tourism in Grosseto province has also been developing more rapidly than in the region as a whole (IRPET, 2009a). Looking at the main tourism destinations, the total demand (measured via the total number of visitor days) grew by about 6.7% between 2005 and 2007 with an average of 5.3 days spent on local stays). Rural destinations grew at even higher rates: visits to the countryside and rural amenities grew by 8.4%, mountain areas by

13.9%, and artistic destinations by 31.4%. Both rural tourism and agro-tourism seen as channels for promoting local agricultural products as well as the natural and historic heritage.

The growing trend of agricultural products and the natural/historical heritage in Grosseto province is strongly linked to the growth in tourism over the last decade, with agro-tourism playing a very important role. Among the Tuscan provinces, Italian visitors exhibit a preference for agro-tourism in Grosseto (36% of total visits to the Tuscan countryside) and Siena (22%) (IRPET, 2009b). Agro-tourism visits doubled in Grosseto province between 2000 and 2007 (IRPET, 2009b). This process was fairly constant and rather more significant than in other well-known and more traditional tourist destinations such as Florence and Pisa. In these areas, tourism has experienced a slower rate of growth, probably because of a certain degree of maturity in the industry within these provinces. The sharp increase in demand in the provinces of Grosseto and Siena was mainly possible due to a combination of public and private investments over the past decade, supported in turn by RDP funds. It is noteworthy that in Grosseto province, 22% of agro-tourism operators are locally-based.

The preference of tourists' for Grosseto over the last decade can also be explained by changing consumption patterns and the pursuit by certain consumers of multiple leisure opportunities including the coast; life in the countryside; enjoying the environment in protected areas; experiencing typical high quality food and the cultural/archaeological heritage. The richness of the resource pool in Grosseto province offers substantial opportunities for enjoying a wide range of different types of leisure activities, especially attractive to the most demanding medium-high income segments of the tourism market. Both the Regional and Provincial administrations have been keen to capitalise on this over the last fifteen years by prioritising the conservation and improvement of natural environmental assets. Since the second half of the 1990s, the area covered by regional protected areas has risen from 56,141 hectares (including 3 regional parks and 35 national reserves) to 227,458 hectares or about 10% of the entire region.. The same positive trend is confirmed in the number of protected species of flora and fauna (Regional Agency for Environmental Protection Tuscany, ARPAT, 2009)

Two main issues emerge from this example. Firstly, it is quite clear that the level of impact strongly depends on the nature of the interactions between the main resources identified as priorities within rural and other local development policies. In this process, agricultural resources are important but are not the only components in the strategy. Others include the environmental assets, the tourism sector and the cultural and archaeological heritage. It is the specific combination of resources available in Grosseto and the way in which they have been both managed and marketed that has made the process of sustainable local development possible.

Secondly, it is also worth noting that impacts derive from the combination of policies implemented in the province, as have described above. The RDP plays a major role for two main reasons: partly due of the sheer amount of resources involved but also because of the continuity that RDP programming has brought to the entire period up to the present day.



## **6 The territorial approach within the 2007-2013 programming phase – facilitating factors and unequal diffusion**

Some of the rural development programmes being run during the current period (2007-2013) are characterised by innovation in terms of the territorial approach. Certain Member States such as Italy, Portugal, Ireland and some French regions have strengthened the importance of this approach whilst others, such as other French regions, have strongly revised their previous approach. In this section, a number of these new approaches are considered, alongside some more general considerations. It should be borne in mind that there are relatively few documented results that can be drawn upon at the present time.

The summary analysis of these situations (Table 4) reveals that a number of interesting issues are emerging in the present programming phase. These can be summarised as follows:

- 1) There is increased interest in experimenting with territorial approaches within the RDPs in a number of different Member States and regions;
- 2) These approaches frequently involve protected areas, regional and national parks, etc due to the advantages of combining environmental, economic and social aspects in the local strategy;
- 3) This logic is reflected in the mix of eligible measures featured in the local plans. These include Axis 2 measures as well as a wide range of Axis 3 measures and also to some Axis 1 measures;
- 4) The model of partnership used by the managing authorities and selection criteria is different to that employed in the classical Leader model. More flexibility is allowed for the relationship between individual partners and between partners and the management authority;
- 5) In some cases, as part of fostering synergies and avoiding duplication, particular attention is given to the relations between these new partnerships and the LAGs which operate within the same territory.

Several factors explain the success of territorial approaches in protected areas, regional and national parks, etc, namely the presence of attractive natural assets; a specific institutional culture and the application of a combination of measures in an integrated and coordinated way. In addition, the new programming phase confirms the importance of the territorial approach mainly in those countries which have already experimented with its use in the past. Evidence of a territorial approach is most evident in France, Italy and Germany, where, in addition to the Leader experience, other examples can be found within the rural domain.

The role of EU policies in stimulating the adoption of the territorial approach has been particularly important in some countries, especially where national/regional institutions were previously unfamiliar with this type of approach. In this respect, many of the most innovative forms of public intervention in regional and rural economies result from EU

policies, including the stimulus for adopting a more territorially focussed approach. A good example comes from those programmes derived from European funding initiatives such as INTERREG, LEADER, URBAN, EQUAL, etc, which have introduced completely new tools, objectives, intervention methods and procedures into the existing framework of policies for national or regional development.

The innovative impact that these EU funded programmes and initiatives have had on the traditional framework of national and regional policies has been considerable. In many cases they have brought to light the deficiencies, the difficulties and the lack of capacity within internal administrative structures to keep pace with the new and more modern conceptions of public intervention. In those places where the social and economic contexts were more fertile and more capable of incorporating these new models, they have taken root and been embodied within national and regional policies. These programmes have generated a series of experiences which demonstrate the process of mainstreaming territorial approach within the national/regional policies of each Member State.

By contrast, relatively few examples of this kind can be found in the new Member States, where more traditional approaches seem to have been adopted. This may be explained partly by the influence of the European Commission which aware of institutional and capacity constraints in some regions, has encouraged these countries to follow a more traditional approach in order to reduce the risk of a low expenditure rates over the period 2007-2013. It also reflects the novelty of this approach with respect to prevailing administrative structures, and a more centralised approach to the design and implementation of rural development programmes.

**Table 4: Relevant place-based approaches in the 2007-2013 programming period**

Theme focused	Type of Programme /Scheme	Type of area	Territorial scale	Measures and Funds	Type of governance	Targets
Nature 2000 and environmentally valuable farm land	Integrated Territorial Intervention (ITI) within Portuguese RDP	Specific territories classified by their natural, landscape and/or heritage values: Region of the Douro River and 8 areas belonging to SPA and National Nature Parks (PORTUGAL)	Sub-regional: small scale	214 (AEM), 225 (FEM), 227 (non-productive investments in forestry), 323 (rural heritage conservation). Other funds: ESF for land register and mapping; LIFE+	Local support structure, (different from LAG). Need of integration with LAGs interventions within the LAG areas.	25.200 contracts with 21.000 farmers (200.000 ha); 1.000 forest holdings (6.000 ha)
Sustainable	Rural Development	'Organised Territories' in the Rural	Sub-regional: Pays (13) and	311 (diversification),	Charter of partnerships	-

development	Program	region of Languedoc-Roussillon (France)	Natural Regional Parks	312 (micro-enterprises), 313 (tourism), 321 (basic services), 341.2 (local development strategy)	(signed between partners participating to the initiatives)	
Enhancement of natural resources	Rural development Program	Rural Integrated Projects for Protected Areas. Campania (Italy)	Regional and National Parks	125 (infrastructure), 216 and 227 (non productive investments), 321 (basic services), 322 (rural heritage), 323 (rural villages)	Program agreements/ investment agreements	-
Environment (water resources, soil conservation, HNVA, Natural resources and landscape in mountain areas)	Rural development Program	Integrated Area Projects (Veneto, Italy)	Sub-regional: Natura 2000, parks, protected areas, mountain areas	213 (Natura 2000 payments), 214 (AEM), 216 (non productive investments), 221 (Forestry payments), 227 (non productive forestry investments)	Private and public proponents, co-ordinated by some public Body (Province, Commune, other public actors)	-

## 7 Risks Associated with the Territorial Approach

Whilst there are examples of where territorial approaches have demonstrated improved effectiveness and added value, in certain places the approach has been rather less successful or at the very least has taken a period of time to evolve into a functioning model of governance. In part this is due to some of the risks associated with the territorial approach, at least in certain cases.

### *Inefficiencies arising from a more complicated model of policy delivery*

There is a common perception that the complexity of the territorial approach (resulting from a high level of participation in decision-making and the length of time involved in learning about the use of public funds) has the potential to generate inefficiencies in public spending. However, this is not always the case. The analysis of Italian place-based projects highlights that any inefficiencies are very often due to inadequate relationships within the programme process (in particular between the programme authorities and the partnerships) both in the design and in the implementation phases. Adequate vertical

governance structures are crucial to ensure that an integrated programme is efficient. Inefficiencies or lack of co-ordination at regional levels can have negative consequences for local implementation and spending capacity. Poor performance at the programme level immediately implies a poor performance at the level of integrated project management. Both the LEADER programme and the Territorial Pacts in some countries (eg in Italy) appear to have been delayed during their initial phases by the inefficiency of some Regions and the Ministry of Economic Programming in establishing the right procedures. This has caused severe problems at the local level in presenting applications for the financing of integrated projects.

In addition, vertical governance plays a crucial role in establishing complementarity between different sectoral administrations which are responsible for the different types of integrated programmes. It is still possible to find several overlapping programmes operating simultaneously within the same territory.

### ***Setting up effective local coalitions and non-inclusive partnerships***

Certain case studies, such as some of the Leader programmes, have raised doubts over the capacity of territorial approaches, to set up effective processes of participation and cooperation between different actors.

Focusing on the Leader II experience in France, Buller (2000) has noted a common feature of partnerships: the composition of the LAGs reflected the dominant role of a political elite as represented by mayors, councillors from the *département* and regions, and the presidents of semi-public agencies and the consular chambers. This led to the conclusion that in general, such partnerships did not allow alternative representative structures to emerge. Consequently, different conceptions were held by different groups as regards the direction of local development policy.

In reviewing the experience of Leader in the UK in terms of its contribution not only to building social capital but also to promoting inclusion, Shucksmith (2000) has noted that there was a tendency to favour those who were already 'powerful and articulate, elite or sectional interests'. Less marginalised groups tended not to be engaged unless explicit attention was given to their inclusion.

Another relevant issue, especially in those contexts involving local institutions empowered with functions devolved by the State, concerns the potential conflicts arising between project partnerships and these same local institutions. Such conflicts have occurred frequently among the Italian local institutions, which tend to view LAGs with suspicion because they have no directly-elected mandate for their activities and as a result can be viewed as non-legitimate competitors at the local level.

## **8 Enhancing the Territorial Approach within a Future CAP**

This concluding section to the paper discusses how a more territorial approach might be introduced into the CAP beyond 2013 in a way that is consistent with a greater focus on the provision of public goods within the policy. The relevance of the territorial approach to the CAP is particularly clear in an enlarged EU, with its much greater diversity. It is further emphasised by the stronger environmental and social focus envisaged for the CAP, implying a greater sensitivity to local conditions and a perspective beyond the dynamics of agricultural markets and farm incomes.

A territorial approach could play a significant role in a future CAP more focused on the provision of public goods because the evidence suggests that a more integrated and targeted model could promote a wider diversity of objectives more effectively. This does not imply, however that the territorial approach, with all of the characteristics and ingredients described in previous sections, could be the only way of managing and delivering the objectives of a future CAP, especially as the architecture of the entire policy still remains to be determined. This is true even within the field of rural development, which appears from the evidence presented to be the most appropriate domain for the application of the territorial approach.

Nevertheless, the discussion in this paper suggests that the territorial approach provides a means to introduce or reinforce three different elements in the architecture of the CAP:

- a) A holistic view of the resources and potentials of rural places;
- b) A tool for promoting more co-ordination and integration among a number of separate and sometimes diverse policy interventions which, if they continue to be designed and administered separately, will undermine a more holistic approach. This also raises questions of governance, in particular what sort of solutions are best for tackling co-ordination and integration at the level of specific places but also at the more strategic level;
- c) A new emphasis on territorial and related thematic policy targeting, which could be extended to a wider range of policy interventions in a future CAP;

### ***The first Pillar: a system of direct aids more tailored to territorial differences?***

In recent years, there has been considerable discussion about reform of the Single Payment System (SPS), the instrument at the core of Pillar 1 of the CAP. As long as the SPS remains based on historical rights, at least in some parts of the EU, they tend to benefit more intensive and historically productive farms, and have little direct relation to the provision of public goods. Where these are replaced by more uniform area payments, the link with social and environmental priorities and key objectives tends to be highly indirect. Most recently, some studies have supported the idea of a reform of the SPS based on varying the level of subsidy in relation to different criteria. Such studies acknowledge the need to differentiate the level of support according to the number or scale of farms, the farmed area, the techniques practised or some other relevant policy criteria (for example, see Bureau and Mahé, 2009). Such an approach essentially seeks to respond more vigorously to the considerable differences in the natural conditions of farming and the values to nature of farming across the European rural territory.

There are various policy instruments that could be adopted in order to pursue this approach, including differentiated payments according to production characteristics, regionally targeted cross-compliance, the use of top-up payments for particular practices and zones and more coupled forms of support for specific territories or systems, as with Article 68. These could provide useful elements of territoriality within the First Pillar. To facilitate this, more information on the characteristics of farmed rural areas, and the systems of production in use should be made available and a more developed classification of these zones established for policy targeting purposes. The degree of detail in defining zones has to be limited however with respect to Pillar I, so as to avoid the creation of a more complicated system and significant increases in the administrative burdens both for the managing authorities and for farmers. An LFA element in Pillar 1 could be established for example. A payment targeted at areas of HNV farming equally could be envisaged.

Even in the case of the 1<sup>st</sup> Pillar a focus on specific places would be opportune, especially in the field of those measures of support more linked to the diversity of rural areas, taking account of their potential and resource endowments. This is a crucial issue of debate: farm income support should better reflect territorial diversities, even within the same region (NUTS 2 level).

### ***The programming approach to rural development: a strategy oriented towards territorial priorities***

By contrast to Pillar One, rural development policy already has a strong territorial element, especially in the Member States with regional programmes. The Leader approach is embedded in the relevant regulations, even though it is not always pushed vigorously in practice.

To take the territorial approach a step further, the programming approach to rural development could be reinforced in several ways. The present programming approach reveals considerable rigidity partly due to the very detailed rules and measures. The strategic vision is often unclear. Strategic programming should focus more on specific priorities and quantified objectives. Priorities should focus on the main challenges as defined in the Strategic Guidelines for Rural Development and under the Health Check (climate change, biodiversity, water resource management, renewable energies). They must also encompass the sustainable competitiveness of the agro-food sector in a global economy and the maintenance of viable rural areas.

Some of the biggest challenges (climate change and the provision of environmental and ecosystem services) have a multi-regional dimension because of their nature and the implications in terms of policies needed to overcome the administrative borders. But the different rural areas have different identities, organisational structures and local capacity to pursue these challenges and these differences need to be taken into account more actively. For some of these challenges it seems that there is a need to define wider guidelines and strategies at the level of the National Strategic Plan. This could be the case, for example, for water resource management for the biggest river basins, allowing a common approach at the multi-regional level. However, this requires a strategy of involvement by regional actors (regions) and sub-regional institutions (irrigation and land reclamation consortia, provinces, etc) both in the design and delivery of projects.

These general thematic priorities should be specified in the different territorial contexts and matched with the potentials and needs of diverse rural areas. This requires in turn that RDPs highlight the characteristic potentials and needs of rural areas through a proper definition of rural areas and their internal diversities/specificities. A decentralised approach to delivery and a greater flexibility in the definition of the measures is needed in order to adapt the menu of measures to different contexts. This process has already taken place in the 2007 - 2013 programming period, but it could be strengthened. Ex-ante evaluation of RDPs should analyse in greater detail the match between the characteristics and diversity of rural areas and the strategy proposed by national/regional authorities. Strategic programming would need to be based on thematic and territorial priorities and their interrelations. The present RDP structure (4 Axes) could be re-shaped through a new vision centred around both thematic and territorial priorities. The RDPs should in future explain which measures contribute to specific thematic and territorial priorities, but in greater detail than under the present programmes.

### ***More flexible procedures for implementation, financial management and control***

The approach in the future programming period could emphasise the principles of subsidiarity, flexibility of implementation, financial management and control as far as possible. The degree of manoeuvrability at the regional and local level could be enlarged, while the role of the Commission could then be focused on the identification of priorities, setting objectives and the ongoing monitoring and evaluation of the performance of RDPs. A territorial approach needs more flexible rules, the potential to adapt to different contexts, selection criteria and measures tailored to place and a sound assessment of the performance of a suite of measures. These principles are not incompatible with transparency and accountability which need to be maintained. If possible, more flexibility is also needed with respect to spending deadlines. In particular, the automatic de-commitment rule should be retained but at the level of Member States, to ensure that it does not discourage innovative interventions and projects

### ***Facilitate the opportunity for integration and co-ordination between EU funds***

Projects of good quality depend on the capacity to 'ensure coherence and co-ordination between different funding streams, securing more efficient delivery of environmental, economic and social goals' (LUPG, 2009). Co-ordination between EU Funds, in turn, depends on a system of governance and rules which can facilitate synergistic relationships between different public and private actions. A crucial role is played by the framing of rules and procedures for implementation, payment and control under different Funds. The diversity in arrangements between Funds, in this respect, hampers effective co-ordination at all levels. A more uniform set of rules is needed, not least to ensure co-ordination between rural development policies and cohesion policies (Jouen, 2007 and 2009), requiring an in-depth and concentrated discussion, resulting in a set of consistent proposals. The satisfactory co-

ordination between EU Funds and policies also depends on the presence of institutions/partnerships which are capable of undertaking this task at an appropriate territorial level. As argued earlier, this could be a key success factor for the territorial approach. This sub-regional level of co-ordination is possible when a sufficient degree of decentralisation takes place. This should be promoted by Member States and supported by national administrations through adequate training and technical assistance.

### ***Designing and approving quality and innovative local projects***

Good quality projects and innovation tend not to emerge as a result of a spontaneous and endogenous process. More often they need time and human resources and expertise to nurture success. As a result, good initiatives have to be elicited and accompanied by public support for technical and administrative advice, training and capacity building.

The experience of the last two programming periods in Italian Objective 1 regions shows that these interventions should have the following characteristics:

- a) *Continuity*: support should be available steadily, from the project design until its completion;
- b) *Credibility*: has to be provided by adequate supporting structures;
- c) *Well-targeted*: addressing the main actors involved in the project design (partnership, LAGs, municipalities and local authorities);
- d) *Wide coverage*: it should be capable of covering both high level and horizontal issues (ie sustainable development) and specific needs (ie rules and procedures under EU policies).

Relevant accompanying actions should be eligible for financial support under EU programmes and eligible under the technical assistance measures provided by the RDP.

### ***Strengthening the evaluation of programmes and measures***

The evaluation challenge raises some issues which appear to be relevant in the context of a future CAP. Although the Common Monitoring and Evaluation Framework (DG AGRI, 2006) applied to rural development programmes, has pushed Member States and regions to design national monitoring and evaluation strategies for each RDP, still a range of difficulties have to be tackled properly both at the methodological and operational level.

A territorial approach to sustainable development implies that the evaluation process is pursued actively at a relatively local level and does not rely on broad brush regional and national exercises. Moreover, it requires an overall and holistic view of the resources mobilised and of the impacts of their use. In addition to the quantification required in response to many of the CMEF indicators, local case studies and surveys are needed to highlight the relationship between farm practices and the provision of collective public goods, on one side, and collective goods and sustainable local development on the other side. This implies therefore a sound combination of qualitative and quantitative methods.



### ***Further territorial elements for a future CAP***

The evidence reviewed in this paper suggests other ways in which a territorial approach could be advanced within rural development policy. These include:

- A more explicit endorsement of the territorial approach in the Strategic Guidelines and their successors
- Making full use of the LEADER approach where this is appropriate, whilst safeguarding against potential dangers such as the capture of the process by established local elites
- Ensuring that the detailed rules in the EU regulations and procedures encourage and do not hamper a synergistic use of instruments in a way that adds value:
- Investing more in good governance and involving stakeholders appropriate to the objectives
- Using individual policy instruments in a more creative way in response to territorially defined objectives, supported by better data to allow effective targeting.

## **9 Conclusions**

With a public debate about the appropriate form of CAP beyond 2013 now underway it is appropriate to increase our understanding of how a ‘territorial approach’ could be incorporated in future European policy. At a fundamental level the territorial approach implies a greater focus on smaller and more specific places than has been traditional in agricultural and rural policy, seeking to exploit their indigenous resources and assets in a way that promotes sensitive and desirable development.

Strategies to achieve this objective should be developed in such a way that they can support the provision of public goods and services. Governance systems must engage a full range of appropriate stakeholders while maintaining transparency and accountability.

These goals can be advanced in both pillars of the CAP and are particularly suited to rural development programmes where there is a focus on investment for the longer term, rather than subsidies to support existing activities. Many of the key mechanisms for bringing the territorial approach into the CAP are discussed in Chapter 9 and range from the targeting of decoupled payments to the promotion of integrated rural projects and establishment of fine grained monitoring and evaluation systems.

There is a range of informative experiences with respect to the implementation of place-based approaches to rural development policy across Europe. These experiences derive essentially from previous EU programming phases (1994 - 1999 and 2000 - 2006) and can differ greatly in the type of areas involved, the kinds of multi-level governance solutions employed, and the quantities of resources made available.

In many respects, the LEADER model offers an appropriate means of approaching governance in rural development projects focussing on territorial strengths and opportunities.

A territorial approach strongly relies on the capacity of public intervention to promote (in target places) a process of eliciting the knowledge and initiatives of local actors, facilitating innovative actors, and new ideas and projects for the provision of public goods and services. In the Leader approach, these projects generally are conveyed through partnerships composed of private and public actors.

However, as shown in Italy and elsewhere, the Leader model is not the only one suggested by the experience to date across Europe. Other types of partnerships may emerge from the diversity of social and institutional contexts. Projects led by local municipalities, elected authorities, product associations, agro-food chains agreements, etc, have arisen in the last decade as a result of the different modes of eliciting bottom up design of policy interventions. This implies that a variety of partnerships could be effective in delivering a territorial approach, not only those following the more structured Leader model. In several Italian examples the role of protected areas has been important, in the network of active partners.

Within the logic of subsidiarity, the choice of the most appropriate model should be left to the programming authority. The Leader model certainly can operate alongside other simpler models. However, while avoiding overlaps and duplication of effort on the same territory.

The territorial approach is particularly suited to measures that pursue the provision of public goods, across the socio-cultural and environmental spectrums. This is because it encourages a focus on projects and activities that are sensitive to the highly diverse conditions in rural Europe and seek commitment from the key stakeholders to a plan consonant with their aspirations as well as wider European objectives. Efforts to help rural communities and regions adapt both to changing circumstances and new priorities, such as the fight against climate change, and identify innovative ways forward will be critical in the period beyond 2013. The territorial approach offers a valuable means of doing so.

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## ANNEXES

Table A 1: Case studies considered in the report

Theme focused	Type of Program/ Scheme	Type of area	Territorial scale	Investment scale	Type of governance	Main effects
Biodiversity, landscape, local products and eco-tourism	Multiple funds and programs	Delta of the Po River, Wetland area (Emilia-Romagna, Italy)	Sub-regional (municipalities): small scale	4-5 million €	Local partnership (LAG) including Provinces, Regional Park, Municipalities, Chambers of Commerce	Promoting eco-tourism market, biodiversity conservation, local products, landscape care
Nature conservation, eco-tourism	Regionen Aktiv	German Länder	Sub-regional: micro-regions between 36.000 and 1,2 million inhabitants	-	Regional partnerships	Diffusion of new services and new opportunities for eco-tourism
Social farming, environmental training and education	Rural Development Measures	Tuscany (Italy)	Groups of municipalities	Max 500.000 €	Project Partnerships (Municipalities, Schools, Farmers Organisations, Non-profit associations, etc)	Creation of public goods in the field of basic services to population; creation of new form of employment
Environment conservation	Contracts territorial d'exploitation (CTE) , Contracts d'Agriculture Durable (CAD)	Basse-Normandie (France)	Natura 2000, Nature Parks	-	Committee at departmental level to develop the measures for the CTE. 'Collective contracts' between farmers and the state.	-
Local Products	Territorial Pacts	Different regions (Italy)	Sub-regional	50 million €	Local partnerships based on private and public actors	Creation of employment and added value in agro-food sector and tourism

## Box A 1: Examples of different types of place-based approach

The strategy of valorisation of natural resources in the **area of Po Delta River** was promoted by LAG Delta 2000, within **the Leader Programme** (Leader II and Leader+). The policies designed and implemented in this area encompass nine municipalities of the Provinces of Ferrara and Ravenna (region of Emilia-Romagna, Italy). The entire area is part of a Regional Natural Park. The LAG strategy was implemented during the two programming periods 1994 - 1999 and 2000 - 2006, made possible valorising and 'transforming' the natural resources of territory, in particular the Delta Po Park, in economic resources improving the quality of the naturalistic, historical and cultural supply coming from territory. Many interventions contributed to make Delta Po Park an eco-tourist destination, in particular through: a) the usability of Park and the natural areas; b) better accessibility; c) an integrated tourism system of services (overnight staying, food, infrastructures, local products, etc); d) a structured 'tourist product' focused on environmental education; e) an integrated planning for creating naturalistic paths along the water ways; f) the promotion of the value of the 'tourist product' of bird-watching. The design and implementation of the pilot project of bird watching was possible thanks to the one of the most remarkable presence of rare species of birds in Europe.

**The Regionen Aktiv Programme** ('Active Regions') is a rural development programme launched in autumn 2001 by the newly formed Federal Ministry of Consumer Protection, Food and Agriculture (BMVEL), on the basis of a nation-wide competition. It focuses on three main objectives: strengthening rural areas, creating additional sources of income, creating a consumer perspective and providing a nature-friendly and environmentally compatible agriculture. These objectives are very similar to those of EU policy, but with a particular emphasis on two dimensions: rural diversification and environment. Actors involved, the approach and the modalities of implementation make Regionen Aktiv very similar to LEADER. The weight of environmental projects within the programme was quite remarkable, as it is represented by the following table (Knickel and Peter, 2005):

**Table 3 – Development interfaces addressed in Regionen Aktiv projects**

Projects aim at.....	Number of projects	Share of projects (%)
.....adding value to natural resources	120	31%
.....adding value to landscape through eco-tourism development	67	17%
.....improved interrelations between nature and agriculture	82	21%
....improved interrelations between nature and regional development	20	5%

Within **the Regionen Aktiv Programme**, the study of Knickel and Peters describe a specific project which can be an interesting example of creation of public goods through a

integrated approach. The project deals with **the combination of nature protection and eco-tourism in the Altmark region**. The background of the project is the high nature and landscape of the Altmark region in one of the new federal states. The area comprises three nature reserves of supra-regional importance. The promotion of nature-friendly tourism aims at adding value to regional nature and landscape potentials by connecting existing tourism offers in the three nature reserves and by the creation of a new regional label 'Stork Country Altmark'. This project strongly involved on-farm and farmer-operated provision of accommodation and other integrated services (including farmhouse bed and breakfast, guesthouses, farmhouse self-catering, farm-based camping and campsites, visitor farms/museums and farm based leisure activities).

In **Tuscany** the Region has been quite active in addressing social farming with specific measures in the **Rural Development Plan**, initially during the **2000-2006 programming period** and later on **in the new RDP**. In synthesis, projects of social farming may be divided in the following main categories: (1) care and socio-rehabilitative integration ('occupational therapy'); (2) training and labour integration (ie employment) of disadvantaged categories; (3) socio-recreation and/or education of people with special needs. Initiatives are mainly carried out by two kinds of actors: (1) 'non for profit' enterprises (ie social cooperatives) that operate in social/care sector or promote business with a specific purpose of integrating disadvantaged categories in labour; (2) private farms that are 'for profit' enterprises in the agricultural sector. Public institutions play important roles, according to a logic of decentralised, community-based model of 'welfare-mix' (ie public-private integration). Finally, voluntary-based associations of diverse nature play relevant complementary roles as triggers and/or for intermediation and support, working in liaison with enterprises, public bodies, persons with special needs, and the wider community. As in the previous cases, local projects of social farming in Tuscany have been designed and prepared by local partnerships, with a accurate preparatory work made by a regional structure composed by the Region, the farmers' organisations, the University and the representatives of three sampled areas where pilot projects have been financed. A certain concentration of the projects appears in the mountain areas, where municipalities and mountain communities were very active within partnerships. In different kinds of financed projects, it has been shown that social farming is able to combine therapeutic goals, the employment of people and the care of landscape or the prevalence of a organic production (Di Iacovo F. and O'Connor D., 2009).

The '**Contract Territorial d'Exploitation**' (**CTE**) has been the main means by which the **agri-environment measure** has been implemented **in France** until it was replaced by the **Contract d'Agriculture Durable**' (**CAD**) in **2003**. Actually, the CTE was conceived to implement a long term integrated strategy at the farm level, through the inclusion of several measures of the RDP menu (11 measures compared to the 26 of the menu). The aim of CTE was to promote multifunctional agriculture, by engaging farmers, through a contract between them and the State, in undertaking activity that contributes to the economic profitability of the farm alongside the protection and management of the environment while also trying to ensure the appropriate balance of employment and skills. Despite being a national framework, the National Rural Development Plan is strongly decentralised. Both the CTE and, from 2003, the CAD have essentially been regionally determined, although the NDRP provides an overarching national framework and a list of



individual agri-environment options to be drawn on. Once the general framework had been decided at the national level, the CTE had to be developed at the département level. Once CTEs were implemented in 2000 in all départements, many disparities became apparent, both relating to the delivery mechanisms, the measures available, and payment rates. For this reason a 'regional harmonisation' process was carried out in 2001, in order to make sure that the CTEs were at least consistent within the same region. This has led to the creation of regional annexes, which have been added to the NRDP document. In the Basse-Normandie case, for example, the regional annex sets out the main agri-environment issues for the region and identifies issues for each of the ten landscapes that have been identified within the region. These areas have been defined according to environmental criteria (for example, Natura 2000, Nature Parks, etc), the key environmental issues identified in relation to biodiversity, water, landscape, natural risk and soil, and priority actions set out (IEEP, 2007).