



**Local & Regional  
Europe**

# **Urban-rural partnership**

## **CEMR survey on integrated territorial development**

**|** June 2013

## Introduction

The purpose of the survey, carried out by the Council of European Municipalities and Regions (CEMR) is to take stock of the practices and models of urban-rural cooperation. It could serve as a source of inspiration for better guidance and policy making at the EU level, addressing the issue of cohesion policy instruments in support of territorial urban-rural partnerships.

The survey report is divided into three sections, analysing urban-rural cooperation from different angles: the first part illustrates the reasons for cooperation between urban and rural areas and mutual benefits of such cooperation; the second one shows various types of governance and partnerships while the last section queries the issue of sustainability of urban-rural relations and possible incentives to facilitate the process.

Conclusions at the end of the document drawn from the survey aim to contribute to the reflections at European level on a Rurban framework.

The methodology used consisted of desk research and a questionnaire addressed to members of the CEMR cohesion focus group.

CEMR would like to thank its member associations and their representatives in the cohesion focus group who contributed to the survey and in particular to Mr. Călin Chira for drafting the report.

## I. Why urban and rural (should) cooperate?

Urban-rural relationships take many forms and respond to diverse challenges. Cooperation and partnerships between urban and rural areas emerges bottom-up in most of the cases examined. Top down policy frameworks for urban-rural cooperation have been experienced in some European countries, though the results are mitigated by lack of trust or slow take-up of policy measures. A European approach makes sense as long as subsidiary and proportionality principles are carefully assessed and EU added value demonstrated.

CEMR's intention is first and foremost to get to an understanding of complex urban-rural relations and identify if there is common ground for a policy interventions at European level, without hindering the diversity of existing practices.

Functional links between urban and rural areas are determined by market forces and demography. Administrative borders are becoming less and less pertinent when trying to address development challenges at the local level. Both rural and urban areas are subject to dynamic change, disregarding administrative borders. More and more we find situations where administrative rural areas have urban characteristics and vice-versa.

Integrated approaches and effective governance systems at the level of functional economic areas are considered a plus, in particular when sub-regional authorities design interventions to deliver EU cohesion policy. Across Europe, cities and villages are more and more aware of the need to cooperate and coordinate their actions, in order to face economic and social development challenges and use the potential of their territories in the most efficient way.

The fundamental question for policy makers is how to address these urban-rural functions? What is the problem and if there's a need for a new intervention logic or policy instruments to help partnerships occur? And then, at what level should these instruments be designed and applied?

Lack of connectivity in transportation, housing, economies of scale, efficiency gains, local economic development and public service provision are the most common problems faced by urban and rural areas. They constitute reasons for cooperation and building-up partnerships. Alongside the thematic issues that motivate local authorities to work in partnership there is of course another aspect related to the exogenous policy or financial interventions, like cohesion policy instruments that helps regions, urban and rural areas to grow and become more competitive. Furthermore, economic decline in some regions, pressure exerted by global competition, the economic and financial crises have incited both urban and rural partners to work together, pool resources and develop new and innovative forms of partnerships and governance.

Nonetheless, information society, business and societal networking play an increasing role in shaping urban-rural relations because communities are less and less geographically constrained when developing linkages.

*In **Austria**, the issue of depopulation and closure of enterprises has severely impacted rural areas. In order to attract new businesses and create jobs, rural areas were motivated to form partnerships with urban areas. Some mutual benefits of a "win-win" case are first the economic one - provision of new sources of revenue; second the social one - better working conditions and work-life balance and third the environmental one - less CO2 emissions due to decreased commuting to work.*

The attractiveness of core urban areas from a social, cultural and economic point of view is obvious for people leaving rural areas. Nevertheless rural areas provide locally made food and offer recreational activities that people living in the urban areas need. The **functional inter-dependence and mutual benefits** are good reasons to initiate cooperation and partnerships. Practical experience also shows that many partnerships are based on previous networking relations within the region.

*In **Estonia**, urban-rural cooperation consists of joint provision of public services especially in areas such as waste management, education, transport, social and healthcare. Local authorities cooperate also in drawing-up development plans and organising cultural events. Many small local government units buy public services from neighbouring municipalities. This type of co-operation is usually carried out on a contractual basis. For example, five municipalities in Ida-Virumaa collectively established a service for monitoring public order at municipal level.*

**Achieving territorial balance** also means assuring proper connectivity between urban and rural areas, curbing the pressure on limited resources and high consumption in urban areas, combating depopulation in rural areas, guaranteeing public service accessibility and minimum infrastructure to allow decent quality of life. An integrated approach is desirable in order to achieve territorial balance and regional resilience. However, this shouldn't aim to equalize or redistribute resources between rural and urban areas but rather it should be seen as a way of maximizing the local development potential using partnership as instrument.

*In **Bulgaria** Local Action Groups (LAGs) are setup to offer support to small local initiatives of cooperation, project based business, cultural and social activities, environmental protection and respond to the needs of local population. The LAGs facilitate access to EU finance for these initiatives, helping the parties involved to design solutions to very local issues in a participatory manner.*

Partnership should not be focused only on cooperation between administrations. It must involve the market actors like private firms and civil society organizations. Strong partnerships are the inclusive ones, lead by people who know and understand territorial development, economic, social and demographic dynamics, innovation and resource sustainability.

*Having a common decision making body for multiple sector projects delivered jointly by urban and rural areas in an integrated functional economy is a good reason to create partnerships in **England**. However the parties involved reported the administrative burden faced by local authorities in disbursing EU funds: EAFRD, ERDF and ESF which are managed separately, and by different ministries, at the State and also at EU level.*

Competition between territories across the EU and at global scale is considered as a genuine challenge. In order to attract businesses, funds and capital, cities and rural areas are pooling resources. The size of the partnership and achieving critical mass, is key in order to have a **competitive advantage**. Equally, from the investor's point of view, cooperation between local actors is a positive feature. In countries with less developed regions and no traditions in urban-rural cooperation lobby and advocacy is a good reason for working in partnership in order to overcome legislative, administrative or financial barriers. Thus, partners from both urban and rural areas are willing to form **long-term political commitments**, devote specialised human resources and act together for a common interest.

In **Romania**, access to structural funds is the main reason for urban-rural cooperation. Setting-up inter-communal associations was a pre-condition for getting EU funding for waste and water services infrastructure investments. Urban-rural cooperation was incentivised by structural funds also in the case of regional growth poles - functional areas linked to a city that represents the motor for growth in the region and that creates a competitive advantage at national or EU level.

**Urban sprawl** is a growing concern across Europe. The economic short-term benefits such as economic growth and employment must be assessed against the long term impact on both urban and rural communities that have the responsibility to deliver public services, social cohesion and environmental protection. Often rural areas find themselves under pressure due to metropolitan area expansion. Therefore, a challenging issue for them is to find ways to **preserve rural identity**. Intensity of linkages is indeed key in bringing a new and common vision for the urban area and the hinterland into practice, striking a balance between rural identity, commercial activities and housing expansion. Taking stock of peri-urban and rural-urban links and defining a common vision for development is having a positive social impact on people living in rural and urban areas.

In the case of Oost-Zuid-Holland (NUTS 3) region, **the Netherlands**, situated in the Green Heart area, rural localities are under pressure from the metropolitan area. The particularity of this region is that it constitutes a protected open space within the Randstad area, formed by the large cities of Amsterdam, The Hague, Rotterdam and Utrecht and the smaller cities in between. The assets of rural areas like quietness, beautiful landscapes, tradition and local food are well exploited as infrastructure allows tourist and urban visitors to commute faster.

The **Spanish** Federation of Municipalities and Provinces in partnership with the Ministry of Environment, Rural and Marine Affairs has conducted in 2011 an analysis of urban-rural relations as an instrument for territorial cohesion. This diagnosis shows an unbalanced character in urban-rural relations. Diffuse urban sprawl is evident to the detriment of rural areas, taking up the space and environmental resources provided by the later. Urban domination has also been observed in more subtle forms like the transformation of rural areas in enclaves of consumption and expansion of urban lifestyle using media communication. Nevertheless there is also a positive situation arising from urban influx such as the proliferation of ICT services. Companies operating on rural territories make these areas more attractive for new residents, in particular for remote rural areas and help the revitalization process. The analysis emphasises the importance of new forms of territorial governance and increasing importance given to the protection of natural and rural landscapes. These new scenarios are considered as trends in territorial system interaction between rural and urban subsystems, setting-up a complementary relationship based on territorial cohesion and sustainability.

Despite good will, there are cases where **municipal reforms** proposed at the State level can create insecurity and influence in a negative way the development of urban-rural partnerships. A top down exercise could be a counterproductive experience because of the lack of political trust and fear of losing control, in particular at the level of rural municipalities.

In Flanders - **Belgium**, the study carried out by the University of Gent on urban-rural partnership revealed some key characteristics for supporting partnerships: dealing with diversity, focusing on each partner's strengths, creating a good network governance and making the benefits very visible for the citizens. Four small cities (Veurne, Diksmuide, Leper and Poperinge) in Westhoek Province, West-Flanders are surrounded by a number of rural municipalities. The case study demonstrated the potential of creating an 'inner garden' between those four cities in combination with a diversification of

tasks among them. Veurne (near the sea) would focus on the coastal aspects and would function as 'A room with a sea view'; Diksmuide would focus on commercial issues in combination with Leper and Poperinge that would prioritise labour market and tourism development. The lesson learned in Flanders is that diversification of functions and a good steering between different levels of government is necessary as the outcomes sought by the partnership will have potential influence on spatial planning in the area.

Urban rural cooperation is a challenge also in the Nordic countries. In **Sweden** the main issues are demographic change and migration of young people from rural to urban areas, global competition and economic growth and rising costs related to social services delivery in the public sector.

The younger population choose to live in urban areas thus population in rural areas is predominantly of elderly people with higher demands for social services and lower levels of income tax potential. Meanwhile, urban areas face problems of limitation of housing stock and accommodation, kindergartens, schools or waste management capacities. Thus, the **unbalanced economic growth** between urban and rural needs to be addressed by a form of cooperation between rural and urban areas. Rural areas close to cities are getting more and more attractive places to live but only if good communications with the city centres are in place.

## II. Typologies of urban-rural partnerships

The CEMR survey looked into domains of cooperation and governance methods. Respondents indicated that many partnerships have their roots into past or existing cooperation networks and most of the single purpose partnerships had improving transportation as their focus. Indeed, integration of public transport, and coping with the demands of the population and freight logistics at the sub-regional level is a common challenge that bring cities and villages to work together. There is no 'one size fits all' when talking about urban-rural cooperation.

However, urban-rural partnerships designed as multi-purpose co-operations, dealing with a range of themes, are growing in numbers across Europe. Economic development, the creation of attractive places for investments and trade are the driving forces for setting-up urban-rural partnerships.

The governance of such partnerships takes various forms and the degree of complexity depends on the scope of the partnerships and the number of partners. While in cases where few partners are involved the cooperation can be based on private law contracts, the bigger size partnerships require **sophisticated governance models**.

The examples provided below from Austria, Bulgaria, England, France, the Netherlands, Romania, Scotland and Sweden illustrate the diversity of scopes and governance of urban-rural partnerships.

In **Upper-Austria**, around the city of Freistadt, 27 municipalities follow a common business-development plan and share tax revenue that is generated by new establishments. The tax redistribution is one of the outstanding elements if compared to other rural-urban partnerships in the country.

**Bulgarian** LAG's are formed mainly for infrastructure development and public service delivery purposes. Municipalities use the Local Action Groups (LAGs) set-up under the rural development programme as platforms for urban-rural cooperation. The size of the partnership is weighted

according to new investment projects (projects financed) and the number of cities and communes involved.

In **France**, cooperation between urban and rural areas is mainly conceived as a way of improving connectivity, through the development of public transportation to increase mobility while reducing vehicles' CO2 emissions. Among other actions are those in favour of a more effective public service delivery to promote territorial and social solidarities among citizens. An example of such an integrated approach is the project developed at the level of the Regional Nature Park of Pilat (PNR), a few kilometres away from the city of Saint-Etienne. The PNR, which attracts many urbanites, benefits from LEADER funding and aims to preserve natural resources while creating the conditions for a sustainable economic development of rural and urban spaces. In terms of governance, regions such as Basse-Normandie and Languedoc-Roussillon have experimented with "project implementation areas" as the basis for local development strategies. In parallel, access to territorial engineering has been improved, particularly in rural areas. Another initiative is the implementation of "centres of rural excellence" in the Picardie or Midi-Pyrénées region for instance, to increase the contribution of rural territories to regional competitiveness. Concretely speaking, actions consist in creating networks among economic actors from rural and urban areas, or developing projects of rural rehabilitation to increase the attractiveness of the territories. Such actions rely on a complementary use of ERDF and EAFRD funds.

In **England**, Local Enterprise Partnerships (LEPs) are set-up according to the economic geography of the functional area regardless of the urban or rural character of the local authorities involved. Thus rural-urban links can be tackled via a single partnership where this makes sense locally. The 30 plus Local Enterprise Partnerships in England deal principally with economic development, job creation and better skills, public services, planning, housing, transport and EU investments.

In the Randstad Region, West of **the Netherlands**, partnership can be characterised by a focus on regional resilience in fields such as agriculture, tourism, rural identity and urban lifestyle. The instruments used for animation of the partnerships are platforms linked to the metropolitan agenda (metropolregio's), facilitated by the Provinces.

In **Romania** the urban rural partnerships have started to develop in the last decade as inter-communal associations (according to Law 215/2001 on local public administration). They are multi-purpose and oriented to the development of public infrastructure, public service delivery and projects financed by the EU structural funds. They are bottom-up driven, allowing greater flexibility; partners can opt in/out depending on their interest for a project. The strategic planning exercise is run by team of experts, employed by the inter-communal association which is mandated by local councils to carry out SWOT analyses, risk management, marketability assessment; all in all to develop the local strategies and mobilise funding for joint projects.

**The Scottish** Government has developed and applies a methodology for understanding urban-rural challenges and develops policies to cope with these. Though not compulsory this methodology is used for national and EU structural funds policies. The method relies on an eight fold urban rural classification (done according to indicators such as population threshold and driving time to the closest urban area), the index of multiple deprivation (38 indicators on 6 domains, weighted

according to their importance) and national statistics for work remoteness (based on a 30 minute drive time to 75% people living within the area).

In **Sweden** cooperation between county councils and municipalities inside the county in the healthcare sector is a good example of a governance model. This occurs in all regions of Sweden. An integrated approach for the development of e-health systems implies cooperation between the county council and the municipalities. The challenge is a better communication between patients and carers but also efficiency gains for managing different tasks that the council and municipalities have in the healthcare chain.

Cross border forms of cooperation and partnerships between small municipalities exist in Sweden and Finland. Municipalities of Torneå located in Finland and Haparanda located in Sweden have decided to actively cooperate and plan to merge the administration of the two cities. The cooperation is multi-purpose; there are some agreements but not any organisation setting with single own budget to make this happen. Instead, both municipalities have common political meetings to learn from each other and take common decisions. Sometimes, ERDF money is used to carry out projects (i.e. Interreg). Similar cooperation has emerged between larger cities - Malmö (SE) and Copenhagen (DK).

In **Finland** GIS-based typology helps to recognize different types of urban and rural areas. The Finnish Environment Institute together with Oulu University have been developing new GIS-based regional typology since Autumn 2011 and the typology was launched in June 2013.

The new urban-rural typology consists of 3 different categories for urban areas and 4 different categories for rural areas. In geographically vast areas as in Finland, the former urban-rural typology based on municipal administrative borders has become problematic when the geographical dimension of municipalities grows radically by merger of municipalities. Within one municipality there can be both urban and rural areas and the needs in these areas for example in organising services and planning local development actions are different. GIS-based information independent of administrative borders helps to recognise more precisely the spatial varieties concerning the location of different types of housing, production sites, recreational and agricultural areas etc. It also gives new possibilities for community planning and to assess changes in sub-regional and regional structures.

With the new urban-rural typology it is possible to differentiate urban areas from rural areas and count statistics for different regional categories or combinations of several categories. Essential in applying the typology is the use of it together with other statistics and regional typologies. Municipalities can use the typology and the GIS-based solution for free for their own purposes.

The diversity of urban-rural cooperation is seen by CEMR members as an asset and all good examples should be prompted for the benefit of others who might face similar challenges. The **governance in partnership principles** proposed by CEMR in its Declaration adopted in 2011 are well suited to the urban-rural cooperation context regardless of the form of cooperation applied (institutionalised or voluntary flexible ones). It must be underlined that urban-rural partnerships do not constitute a scope in itself but an effective means of achieving policy objectives and of addressing territorial challenges in a more comprehensive way. Therefore urban-rural partnerships should always be result oriented.



### III. Sustainability of urban-rural partnerships

The sustainability of an urban-rural partnership should be a constant preoccupation at the European and national level when looking to **improve efficiency** in the public sector and better public spending. Lack of long-term vision, weak interest for cooperation and discontinuities could harm territorial cohesion in the long run.

Dedicated leaders are key to achieving successful urban-rural partnerships and non the least **inclusive governance systems** in place to allow smaller partners to have a say, avoid powerful and dominant cities to overrule, associate private and social sector in the decision making process.

Bureaucracy and financial autonomy have been mentioned by respondents as factors that influence partnership effectiveness. National legislative barriers, administrative and financial procedures make partnership difficult in some Member States. Breaking down these barriers **and the availability of incentives** favours the continuous evolvement of partnerships.

Some institutionalised forms of governance like LAG's are totally dependent on EU funds in order to carry out their tasks.

Public-public cooperation, regulated at the EU level by procurement rules and the VAT regulatory framework reduces the **freedom of choice of local governments** when organizing public services provision. Is questionable why urban-rural (or municipal) cooperation should be qualified as form of competition distortion when the other side of the coin shows that it is rather a way to guarantee "self-made" quality services and local self-government.

**A bottom-up approach** is a precondition for the sustainability of partnerships: willingness and commitment of people working daily and living in urban and peri-urban areas to accept the form of governance over the classical concept of cities/villages.

Flexibility, freedom of choice and financial incentives are seen as important factors for sustainable and efficient partnerships. Meanwhile, **long-term dependency on grants** should be discouraged.

The cooperation culture is built on trust. Communication, networking and finding win-win solutions are key elements for the sustainability of partnerships. In countries with a tradition of applying subsidiarity, like the Nordic ones, urban-rural cooperation is bottom-up and voluntary. **EU funds are considered as a good stimulus** for partnership because funding solutions available to solve common challenges can definitely push the cooperation process.

## IV. Conclusions

1. Local autonomy, bottom-up approach and inclusive dialogue and participation are key elements for the success in setting-up and running urban-rural partnerships.
2. The governance model must be subject to a subsidiarity and proportionality check. It shall also demonstrate the added value potential for urban and rural partners in a broad, global context as common ground for policy interventions from national or the EU level.
3. Urban-rural partnership is a “plus” and does not replace policy interventions from the regional level. In fact, it complements the top-down interventions with a voluntary bottom-up approach aimed at a better integration of operations, economies of scale, optimisation of funding interventions and prevention of inefficiencies. An integrated approach is desirable in order to achieve territorial balance and regional resilience.
4. Survey outcomes confirm the theory that solutions to problems located in urban or rural areas can be reached and dealt with more effectively through urban-rural enforced cooperation than individually by rural or urban authorities.
5. Linkages between urban and rural areas and their spatial boundary define a functional area. In order to build sustainable partnership relations at this level, the potential of each partner involved to contribute to the common goal has to be weighted as well as the results obtained from the partnership. A judicious distribution of wealth among the partners needs to be agreed beforehand. Thus, competition between urban and rural partners can be reduced to a zero sum game that benefits all of the parties.
6. Despite difficulties in demonstrating their effectiveness, partnerships developed continuously and in various forms over the last decade, regardless of many administrative or legislative barriers. Thus, breaking down legal and administrative barriers, building institutional capacity in implementation of a place based approach and financial support could be considered as EU interventions supporting urban-rural partnerships.
7. Urban-rural partnerships are very diverse and strongly influenced by the enabling environment and the administrative culture. In the case of countries and regions with no tradition in urban-rural cooperation the incentive of access to funding for development is a strong reason for creating such partnerships. They set-up a common taskforce to deal with the joint planning, programming and implementation of EU projects.
8. Urban sprawl and the unbalanced character of urban-rural relations have to be addressed by a form of cooperation, in order to achieve territorial cohesion. Mobility and good connectivity as well as the proliferation of ICT services help the revitalisation process in particular for rural areas.
9. Promoting and learning from good examples, new and innovative forms of urban-rural partnerships, their governance and leadership could be a priority theme for the new urban development platform the European Commission proposes for the 2014-2020 period.

10. Process innovation and new ways to govern partnerships and experimentation should be supported by EU funds: both structural funds, and research and development funds. From this perspective putting forward quality indicators agreed by all parties involved to help to assess the quality of the partnership and its progress is crucial in order to promote better spending and efficiency of the funding schemes. Designing new governance solutions to support urban-rural partnerships could be of interest to improve the effectiveness of EU interventions and increase benefits.
11. At the EU level, a holistic approach is desirable to strengthen urban-rural partnerships. The first measure should aim for a strong integration of regional, environmental, and agricultural policy instruments.
12. EU funding is very important to build sustainable partnerships, in particular to cover the so called “transaction costs” which entail the partnership setting-up and meeting its own operation costs before it reaches maturity. Nonetheless, separation of cohesion policy and rural development policy financed from different funds make local authorities’ tasks very difficult as they have to match priorities on the ground with investment priorities decided at EU or State level (i.e. ERDF finance development of business and infrastructure while EADRF is agricultural driven). CEMR recalls that with regards to structural and investments funds, coordination and integration of funding is crucial for partnerships – the provision of common eligibility rules, joint financial support, coordination of funding priorities, delegation of management powers for grant operations etc.
13. One should avoid situations where a dependency of funding sources from the EU or national level occurs. The measures shall be tailored to incentivising partnerships and technical assistance for institutional capacity building. Furthermore partnerships should be assessed according to outcome indicators.
14. Urban-rural partnerships do not constitute a scope in itself but rather an effective means of achieving policy objectives and addressing territorial challenges.
15. Inclusive urban-rural partnerships are a proof of maturity in urban-rural relations. Therefore partners should fully involve the private sector as well as the voluntary sector/civil society. The decision making system should also be an inclusive one, to avoid dominant positions and overruling of one partner against the others.
16. A shift from project based funding to programs supporting integrated actions at the level of functional areas comprising urban and rural partners should be promoted. As a pilot phase, integrated operations could be ranked as a competitive advantage in receiving EU funding.
17. Sustainable urban-rural partnerships require long-term political commitments. Defining a common vision for development provides mutual benefits for partners in economic terms but also has a positive social impact for people living in urban and rural areas.

## Contact

Angelika Poth-Mögele  
Director of Policy  
Square de Meeûs  
B – 1000 Bruxelles  
Tel. + 32 2 500 05 40  
Email: [angelika.poth-moegele@ccre-cemr.org](mailto:angelika.poth-moegele@ccre-cemr.org)

## About CEMR

The Council of European Municipalities and Regions (CEMR) is the broadest organisation of local and regional authorities in Europe. Its members are over 50 national associations of municipalities and regions from 41 European countries. Together these associations represent some 150 000 local and regional authorities.

CEMR's objectives are twofold: to influence European legislation on behalf of local and regional authorities and to provide a platform for exchange between its member associations and their elected officials and experts.

Moreover, CEMR is the European section of United Cities and Local Governments (UCLG), the worldwide organisation of local government.

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