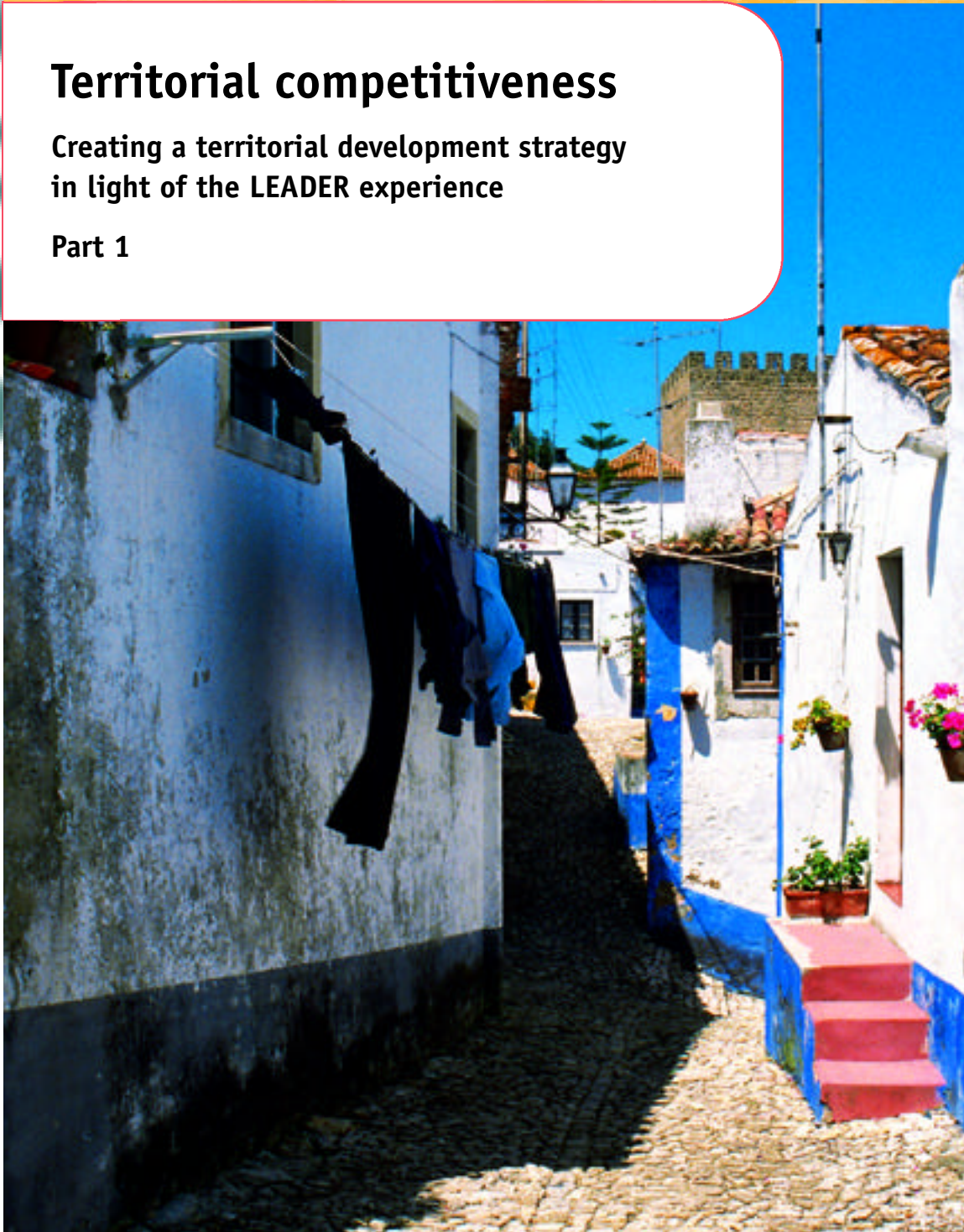


Territorial competitiveness

Creating a territorial development strategy
in light of the LEADER experience

Part 1



LIAISON ENTRE ACTIONS
DE DÉVELOPPEMENT
DE L'ÉCONOMIE RURALE

LINKS BETWEEN ACTIONS
FOR THE DEVELOPMENT
OF THE RURAL ECONOMY



COMMISSION EUROPÉENNE
DIRECTION GÉNÉRALE
DE L'AGRICULTURE

EUROPEAN COMMISSION
DIRECTORATE-GENERAL
AGRICULTURE

Territorial competitiveness

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in light of the LEADER experience**

Part 1

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Territorial approach to rural development

In the face of the crises experienced by many of Europe's rural areas, there is no doubt that the LEADER Community Initiative has mapped out new paths of development which can now be seen as an important initial response to the need to revitalise and develop rural areas to the full.

The question remains as to whether the paths mapped out by LEADER can be consolidated to allow rural areas to acquire a genuine "territorial competitiveness".

This matter has become all the more crucial now that LEADER II is nearing completion and making way for LEADER+. The transition to the new LEADER phase, which is expected to provide a "plus" in relation to the previous Initiative, could offer an opportunity for the qualitative leap forward. This will require each area to draw up its own "territorial project" aimed at achieving what we term "territorial competitiveness".

What does "territorial competitiveness" mean?

The usual meaning of the term competitive is "to be able to withstand market competition". On the face of it then, the term territorial competitiveness has a strictly economic sense. Yet can an area that, for example, produces agricultural raw materials very cheaply, but under deplorable social conditions and with no concern for its environment, really be described as competitive? Such considerations have led us to attribute a broader meaning to the term competitiveness, as expressed by the concept of territorial competitiveness: an area becomes competitive if it is able to face up to market competition whilst at the same time ensuring environmental, social and cultural sustainability, based on the dual approach of networking and inter-territorial relationships. In other words, territorial competitiveness means:

- > *taking the area's resources into account in a bid for overall coherence;*
- > *involving different players and institutions;*
- > *integrating business sectors into an innovation dynamic;*

> *cooperating with other areas and linking up with regional, national and European policies as well as with the global context.*

The aim of developing a territorial project is therefore to ensure that local players and institutions acquire four types of skills: the skills to assess their environment, to take joint action, to create links between sectors by ensuring that maximum added value is retained, and lastly to liaise with other areas and the rest of the world.

These four skills can be linked with what we call "the four dimensions" of territorial competitiveness, which will be combined differently for each area. They are:

- > **"social competitiveness"** – ability of the players involved to act effectively together on the basis of shared conceptions about the project, and encouraged by co-operation between the various institutional levels;
- > **"environmental competitiveness"** – ability of the players involved to make the most of their environment by making it a "distinctive" element of their area, whilst at the same time ensuring that their natural resources and heritage are preserved and revitalised;
- > **"economic competitiveness"** – ability of the players involved to create and retain maximum added value in the area by strengthening links between sectors and by turning their combined resources into assets for enhancing the value and distinctiveness of their local products and services;
- > **positioning in the global context** – ability of the players involved to find the area's role in relation to other areas and to the outside world in general, in such a way as to develop their territorial plan to the full and to ensure its viability within the global context.

In many areas the processes we describe have already begun. However, the crux of the matter now is to ensure that they form part of a long-term approach that is at the core of each area's development strategy.

In presenting this five-part publication, the European LEADER Observatory draws on the experience of LEADER I (1991-1994) and LEADER II (1994-1999) with a view to fuelling the debate among Europe's rural players who are seeking a new form of territorial competitiveness founded on consultation and cooperation.

Part 1 takes the starting situation as the focus for developing a territorial strategy; part 2 tackles "social competitiveness"; part 3 concerns "environmental competitiveness" as an element of this strategy; part 4 deals with "economic competitiveness" and part 5 addresses "competitiveness on a global scale".

Each part reviews one aspect of territorial competitiveness, in the following manner:

- > analysis of the context;
- > lessons learned from LEADER and from the experience of local action groups (LAGs);
- > proposed tools and methods;
- > presentation of possible strategies.

Many of the examples used in the different parts of this series refer to measures, activities or enterprises which are presented in more detail in the directory "**Innovative actions of rural development**", published in seven languages by the European LEADER Observatory in 1997 and available in six languages on the "Rural Europe" Internet site (<http://www.rural-europe.aeidl.be>).

This site also contains a great deal of relevant information about the LEADER rural development Community Initiative, as well as most of the publications produced by the European LEADER Observatory.

Chapter 1

The territorial approach in rural areas – lessons learned from LEADER

The territorial approach in rural areas – lessons learned from LEADER

The aim of this first part of the series “*The rural territorial development strategy in light of the European LEADER programme*” is to lay the foundations for a development strategy which promotes the distinctive character of a rural area in order to ensure its long-term competitiveness.

1.1 The territorial approach, a recent concept

Following the agricultural modernisation/intensification scenario that has profoundly marked rural areas since the Second World War, as well as the parallel scenario of government subsidy policies, we have seen the gradual emergence of a new development scenario over the past 20 years or so. This is based on the search

for a **new form of competitiveness covering all of an area’s activities** and on the implementation of **territorial-based rural development strategies**.

Launched in 1991 on the basis of a bottom-up, partnership-based, multi-sectoral, integrated approach to development, the LEADER Community Initiative has played an instrumental role in the emergence of this scenario. New town planning and rural development policies have also contributed. They include the various national policies “for mountain areas”, the French “*contrats de pays*”, the Italian “*contratti d’area*”, the German “*Dorferneuerung*” (village renewal) policies, etc. Far from precluding the continued existence of previous scenarios, the territorial approach is complementary to them.

TABLE 1: SUMMARY OF RURAL DEVELOPMENT SCENARIOS

Type of scenario	Type of policy	Anticipated effects	Time span
Agricultural intensification	Aid for agricultural intensification, decided at central level	Sector-based agricultural competitiveness, rural depopulation	Medium-term effects
Aid	Subsidies for farmers and other groups	Maintaining activities and communities instead of competitiveness; dependence on public funding	Immediate effects
Bid for territorial competitiveness	Territorial approach, integrating the area, the players involved, markets and public aid policies	Gradual revitalisation/ restructuring of rural areas; adaptation to new functions and requirements.	Long-term effects

In most LEADER areas, all three scenarios exist side by side, with the specific weight of the first two scenarios determining how much room for manoeuvre there is for the third scenario.

However, the territorial competitiveness scenario is the only one that is able to ensure the long-term viability of a rural area. Furthermore, it makes the other two more relevant because:

- > it encompasses agricultural modernisation within the perspective of managing an area and its natural resources – no longer confining agriculture solely to its food-producing function;
- > it leads to greater coherence throughout the area by ensuring that public funding is allocated on the basis of local consultation between public and private sectors.

EXAMPLE

Meath, in Ireland, is a county with a strong agricultural tradition. Its dependence on agriculture has made it vulnerable to the changes that have occurred in agricultural models and techniques. The proximity of Dublin and the proliferating number of dormitory towns around the Irish capital have had repercussions on the region's social fabric, leading to poor development of the county's non-agricultural activities. Aware of this situation, the priorities of the Meath LEADER group included developing the evocatively titled pilot project "Kick Start". This brought in key players and enabled valuable data about the area to be collected, as well as action plans to be developed. As a result, ten villages presented quality development projects (involving around 120 people per village), which were then publicised (two-day municipal poster campaign). This enabled the players and institutions involved to make comments and even suggestions for improving the original proposal. The LEADER group allocated part of its budget to projects developed as part of the "Kick Start" programme, with others being financed by other development organisations in the North Meath area. Skills audits of the participating local players were also carried out in order to evaluate the potential for creating new jobs and businesses.

1.2 The territorial approach: emergence and development

The emergence of the territorial approach was fostered by changing consumer expectations and markets, the introduction of new communication technologies and gradual changes in institutions.

- > Urbanisation provided rural players with the opportunity to satisfy the need of city-dwellers to escape to the countryside by supplying quality provision in terms of accommodation, leisure and cultural activities, etc. This led to the development of multiple forms of rural tourism.
- > Consumer demand for "regional" or "local" produce also represents an economic opportunity for less productive agricultural areas: it encourages local producers to process quality products on a small scale on site and to regain a level of competitiveness by highlighting the distinctive qualities of their own products.
- > New communication technologies are helping to make rural areas seem less remote by facilitating access to information, and thereby creating the prerequisites for setting up new businesses.
- > Local, regional, national and European institutions are becoming increasingly aware of territorial development approaches, even though the problems of distributing powers among the various decision-making levels are far from resolved.

These changes will no doubt intensify still further. According to a number of sources, demand for quality products, which currently represents around 10% of the food product market, is set to rise substantially. In Denmark for example, it is estimated that, between now and the year 2010, quality products in all categories will account for nearly 30% of the agri-food market.

Combined with economic globalisation, these changes will prompt rural areas – especially those where agriculture is no longer the main activity – to increase their competitiveness by capitalising on their distinctive assets in terms of natural resources, heritage, knowledge and know-how.

Moreover, in parallel with the likely increase in competition between areas, it is also likely that there will be greater emphasis on networking and collaboration. This has already been heralded by the increased cooperation between LEADER groups and the emergence of regional, national and transnational networks.

EXAMPLE

“Paralelo 40” is a network created in 1996 by nine LEADER groups (five Spanish and four Portuguese) operating on or close to the 40th parallel, with the aim of jointly promoting their tourism resources. A joint Internet site has been set up to promote their craft and tourist products. The network included 147 business firms in 1999 and a further 667 were planning to join. This instrument should enable these remote firms to improve their market competitiveness.

The territorial approach will doubtless become ever more complex: in addition to economic globalisation, information is tending to become global, completely overturning notions of space and distance. It has led to the formation of a multitude of virtual, thematic areas, for which some types of link with physical areas and real living environments will need to be found.

In other words, the links between each rural area and the outside world will be considerably enhanced. However, although there are ever greater possibilities for accessing new markets (it is, for example, relatively easy for rural producers to market their products on the Internet as it can be accessed from anywhere on the planet), the distance factor will provide less and less protection against competition.

What attitude should rural areas adopt in this context? How should they respond to such changes, to the relocation of activities, the emergence of networks, etc? How can rural areas cope with the ever faster breakdown of traditional forms of organisation due to market globalisation, and how can they offset the decline in activities that do not form part of this dynamic? How can such areas, which are already facing restructuring or even depopulation, rediscover their own dynamic in a global context that itself is undergoing far-reaching change? In short, how can they regain their competitiveness as areas?

The crux of the issue is, more than ever, to:

- > “understand what is happening by gaining a deeper knowledge of territorial approaches that offer the key to grasping contextual changes, globalisation, networks, the new area ‘geography’, etc;
- > turn the area (hitherto the result of unconscious development) into a project to pool knowledge and languages and create a sense of identity, enabling the men and women living in the area to discover the reasons and advantages of their physical environment and to actively develop their collective intelligence” (according to **E. Rullani**, *“Trasformazioni produttive e trasformazione delle istituzioni”*, in *Sviluppo locale*, vol. V, no. 8, 1998).

As the territorial approach spreads and becomes the subject of a growing consensus, the concept takes a broader and more open form. It no longer corresponds to the strictly endogenous development approach that it was saddled with in the early 1990s. Relations with the outside world are playing an increasing role, and partnership of “variable geometry” networks and links with a multitude of virtual areas are becoming essential elements of territorial development strategies.

1.3 The local territorial approach: lessons from LEADER

The local territorial approach based on the definition of a “territorial project” is the cornerstone of the LEADER Community Initiative. By inviting public and private figures to become part of a local partnership to design a development programme for their area, that has been broadly negotiated with the competent regional or national authorities, the LEADER Initiative led to the creation of 217 territorial projects during its first phase (LEADER I, 1991-1994) and around 1,000 during its second phase (LEADER II, 1994-1999).

These LEADER “territorial projects” made it possible to introduce a territorial approach into rural areas which hitherto had either been unaware of this approach or were acquainted only with highly sectoral development policies (agriculture, tourism, community measures, etc). In 1999, ie, eight years after the start of LEADER I and four years after the start of LEADER II, a number of fundamental lessons had been learned by the many players and institutions involved in the Community Initiative. Below are six lessons of specific relevance to the territorial approach.

Lesson 1: the introduction of the territorial project concept has made it possible to progress beyond the concept of an area as an administrative unit.

The search for some form of coherence, or sometimes simply the need to achieve the geographical dimension required for LEADER, have led to the definition of **new territorial entities serving as a reference**. The idea that the area is the basis and the core structure for any development strategy has gradually gained recognition.

The LEADER territorial approach is not unrelated to the more general trend in national planning and development policies towards new types of “territorial geometry”, defined on the basis of specific development needs rather than solely on administrative considerations. These new policies promote the concept of **identity** (cultural, historical, and geographical). They also respond to the demographic changes that have occurred over recent decades by allowing local public authorities to regain their proper role. In any case, they reflect a different perception of space, facilitating links between the institutions and players concerned on the basis of new conceptions and new challenges.

Lesson 2: local identity, which sometimes needs to be reinvented, is at the core of the territorial strategy.

Many areas have sought to reinforce their links and coherence by focusing their development project on a strong element of local identity. Areas that were formerly anonymous have now become “unique” areas with a strong identity, such as: the *Antico Frignano* area in Emilia-Romagna (Italy), the *Pays Cathare* area in Languedoc-Roussillon (France), the *Terras do Cante* area in Alentejo (Portugal)⁽¹⁾ and “*RaJuPuSu*”⁽²⁾ in Finland. LEADER has shown that the power of expression of an area that has emerged from anonymity changes the way people see the area: its image and uniqueness increase the area’s appeal and its products become more desirable.

Also, placing an element of local identity at the core of a territorial strategy has made it possible for unused, neglected or even forgotten resources to regain their value and to give rise to unique products resulting from unusual combinations of different elements and sectors. In some cases, the launch of an image or slogan associated with one of the area’s identity components has made it possible to bring scattered products together and to create new product ranges. This strategy is increasingly taking shape in rural areas, even in areas where LEADER has no involvement.

EXAMPLE

“Village du Pain” [*Village of Bread*] was the theme chosen by the inhabitants of Bovenistier (Waremme, Walonia, Belgium) to revive their social and cultural life and redevelop this little village of 370 inhabitants. After taking stock of the human and physical resources available so as to decide what was feasible to achieve locally, a local group chose to adopt the “theme-village” strategy, which consists of grafting a variety of projects onto a single theme. Bread was the chosen theme, in view of the importance of wheat growing to the region and the existence of a school of traditional bakery at Waremme, as well as a traditional bakery in Bovenistier itself.

The first Bread Festival was organised in 1993. In view of the success of the event which grew year by year, the public authorities redeveloped the village (public facilities, green areas), the bakery sector flourished once again with new shops opening in the towns of Waremme and Liege, studies were undertaken with a view to developing craft industries, children’s creative workshops were set up, etc. Jobs were created, attracting new inhabitants: in 1996, the Bovenistier school catered for nearly 70 children, compared with only 23 nine years previously.

An area’s identity is made up of all its inhabitants’ collective perceptions of their past, their traditions and their know-how, their production structure, their cultural heritage, their material resources, their future, etc. It is not a monolithic identity, but a complex whole integrating a multitude of identities specific to each social group, each place, each specialised production centre, etc. This “plural” identity is not static; on the contrary it can change, grow stronger, and modernise.

(1) see LEADER Magazine no. 4 (autumn 1993).

(2) see LEADER Magazine no. 18 (autumn 1998).

Lesson 3: the territorial approach has shown that the decline of certain areas, even where this is advanced, is never terminal because the territorial approach makes it possible to explore **new avenues of development**.

Participating local players are once again able to “imagine” a future. In some cases, an effort is being made to enhance and restructure existing activities, but in other cases, because the situation has deteriorated too much, a completely new project has been envisaged in an area for which a new identity and image has to be created.

EXAMPLE

The upper Loire valley (Rhône-Alpes, France) has an exceptional archaeological heritage which, since 1973, has been the subject of archaeological research but has had no direct spin-offs in terms of local development: for nearly 25 years, researchers and local players were blithely unaware of one another's existence. The launch of the local LEADER II programme in 1996-97 marked a new milestone: the aim now is to build bridges between research and territorial development by creating a product that is totally new to the area – “volcanic tourism”.

A meeting between scientists and the LEADER group provided an opportunity to discuss their respective views and wishes. The scientists wanted logistical resources in order to examine in more depth, define and assess the research results amassed over their 25 years of work, whilst at the same time expressing their willingness to seek the means to publish the knowledge they had acquired. With this knowledge, the LEADER group expected the scientist to help redefine and promote a territorial identity.

An agreement was reached, as a result of which a series of scientific activities has now been organised, including the preparation of monographs of prehistoric sites, the organisation of permanent and travelling exhibitions, the organisation of guided tours and introduction/demonstration days for groups on request, and publications, brochures, films, etc, for both scientists and the general public.

These activities have provided the momentum for a territorial development process based on scientific and cultural tourism on the theme of early history and volcanoes.

As both the catalyst and the product of learning processes, the territorial approach makes it possible to foresee what an area, its players and its institutions wish to become, the aims which will help them to cope with the challenges of globalisation, the new or renewed identity that they wish to adopt and the image that they wish to portray to the outside world.

The territorial approach leads institutions and players to discover a host of different, often unexpected, potential ways to inject new dynamism into their area. Furthermore, the exercise of developing alternative scenarios provides clues about long-term risks and opportunities, highlighting several possible courses of action. Capitalising on existing initiatives makes it possible to pave new ways forward, to identify foreseen or unforeseen results and to take advantage of them. Development comes from a series of “minor victories”, each one giving rise to new ideas and activities.

Lesson 4: the territorial approach has enabled **the players involved to express not only their knowledge, expectations and conflicts, but also their ability to build collective initiatives and to organise themselves around new ideas.**

Listening to the concerns of the players involved and putting oneself in their place has become a prerequisite for constructing a territorial project.

In this sense LEADER has served as a test bed for “animation” tools designed to help local players to express their points of view and expectations. It has opened the way for ideas and concepts that would not normally come to light, since the players concerned are rarely asked to express their individual concerns and there is no forum for gathering them.

EXAMPLE

The Serrania de Ronda area (Andalusia, Spain) relies on small-scale farming for much of its livelihood. Some of its products, like chestnuts and meat, are exported, but the different sectors are very poorly organised at local level. The area suffers from high levels of emigration. However, its proximity to the coast and the cultural heritage of its administrative centre, Ronda (which attracts thousands of visitors every year), have given rise to opportunities in the tourism sector. A group of inhabitants created a local development association. This became a place for discussion and confrontation and gradually came to involve the population, transforming social relations by means of two principles: clarifying strategies in advance through debate within the association and giving priority to collective projects. One of the chief effects of this method was to create collective and professional organisations in a hitherto very poorly organised area.

Pooling the diverse and sometimes conflicting ideas of the different players leads to a more complex, richer and more coherent interpretation of the reference area.

- > More complex, because it reveals that existing deadlocks are often attributable to sections of the population whose opinion is rarely taken into consideration, thus highlighting the existence of human resources and innovative ideas that had formerly been ignored.
- > Richer, because recognising the diverse viewpoints makes it possible to break away from attitudes that have been handed down from generation to generation. In rural areas, such attitudes mainly revolve around “what isn’t done”. They reflect the centuries-old reserve of the rural world, which is guided by a concern for survival. However, the drawback of such attitudes is that sometimes they prevent an awareness of change in the outside world and the need for openness, in some cases even legitimising the exclusion of certain players. This often makes it difficult for such players to trust local development opportunities despite this being one of the first phases in the renewal process.
- > More coherent, because the expression of different or even divergent viewpoints, despite being an irritant at first because of the latent conflicts which they bring to light, is essential for constructing new identity-based references. It is through action, by developing a collective project, that any conflicts which appear during the initial consultations can be overcome and earlier concepts are modified and thereby enhanced.

Lesson 5: the success or failure of a strategy depends on how the interests and relations between players are structured, ie, on the collective ability to examine the local situation, to define priorities and to agree on how to organise available resources.

Often conflicts of interest reflect divergent strategies. They also reflect the differing views and expectations of the local players involved. However, in order to reconcile diverging positions or to solve conflicts that have been deadlocked for far too long, common viewpoints also need to be found.

In LEADER areas, the establishment of local partnerships has played a key role. The various players involved refine and broaden their skills as well as their ability to act as part of a public/private partnership.

LEADER has shown that the interaction between institutions and the representatives of local interests within a decision-making partnership has “redefined” the role of both sides and fostered the gradual emergence of a collective perception of the present and future of the area. This combination of interests and skills also leads to the emergence of innovative ideas.

Lesson 6: exchanges between rural areas have intensified and raised awareness about the importance of the transfer of know-how and cooperation between areas in order to define new paths of development.

Cooperation between areas has fostered the introduction of forms of exchange, the search for forms of complementarity and the transfer of knowledge in a wide range of fields, including: developing archaeological sites, bottom-up evaluation methods, protecting and supporting animal species faced with extinction, teleworking, local products, traditional building techniques, “green” architecture, etc.

The new economic structures that have emerged from developing an area’s specific resources – even those areas suffering severe decline and where resources have been neglected – have had to be checked, compared and consolidated through exchanges with the outside world, which quite naturally led to the creation of transnational thematic networks.

Cooperation has overturned local perceptions about the relationship between the centre and outlying areas. The strongly ingrained idea that outlying areas always depend on the centre (more highly developed regions which are more often than not urban) for transferring knowledge, innovation, etc, is now being called into question. New forms of solidarity have been created.

EXAMPLE

In 1991 (start of LEADER I), the LEADER groups situated on either side of the Spanish/Portuguese border considered their geographical remoteness from the major development centres of their respective countries to be a serious handicap. The cross-border cooperation set up between these groups in 1993 radically altered their point of view: the comparison between two different cultures and national contexts was such a source of mutual enrichment that some of the groups began to speak of a “new centrality”, because of the clear lead they had gained over regions unable to benefit from similar local cooperation. The Portuguese municipalities were able to benefit from the experience of their Spanish counterparts in matters of coordination and the professionalisation of the local economic fabric, enabling them to move beyond their traditional role as mere administrators of public facilities. In return, the Spaniards acquired Portuguese know-how regarding the production and presentation of local traditional products such as cheeses.

In conclusion, LEADER has led to the emergence of a new rural development scenario in which rural areas are redefined in terms other than administrative units; new avenues of development are promoted on the basis of adding value to the area’s distinctive features, to local identity and to the coordination of actions; the concerns of the players involved are taken into consideration; local cooperation and local decision-making empowerment are sought; and areas are organised into networks. All are key elements of the new scenario and all are essential “ingredients” for acquiring territorial competitiveness.

However, LEADER is just a pilot experiment:

- > the territorial project concept launched by LEADER is still a “testing ground” because of the relatively small quantity of resources mobilised;
- > the integrated approach has affected only certain rural development sectors (tourism, handicrafts and produce, in particular), with the other sectors continuing, for the most part, to depend on sectoral approaches adopted at central level – especially anything to do with infrastructure, spatial planning, large-scale agricultural production, service provision, social policies, etc;
- > partnership working is often confined to the local level, with only limited impact on major national and regional policies;
- > the programme has not yet been operational for long enough to allow us to monitor the expected medium and long-term effects.

These limitations explain why local LEADER programmes, whilst allowing a new development dynamic to be initiated, have in general not yet had sufficient time or resources to offer real and renewed competitiveness to rural areas, except in those areas already engaged in this process for some time.

Nonetheless, as a pilot experiment LEADER has helped to trigger a process which, in some cases, is developing and establishing itself around an even more integrated territorial project.

Chapter 2

Territorial capital and territorial project

Territorial capital and territorial project

The LEADER experience has shown that it is not possible to conceive a territorial project as either an administrative entity stemming from an “anonymous” division of the national territory, or as a set of geographically grouped economic activities, but as a multi-faceted living entity (with economic, social, institutional, cultural and other facets) that evolves over time. This is because each territorial project is the product of a relationship between the past, present and future. Far from being inevitably conditioned by its past, the territorial project is nurtured by examining the past, comparing the present situation with what is happening elsewhere, analysing successes and failures, and planning the future on the basis of a shared analysis and the willingness of the players involved.

2.1 Developing a territorial project by evaluating the “territorial capital”

How can a territorial project be shaped, defined and consolidated over the long term? How much room for manoeuvre is there? How is it possible to extract from the area’s inherent complexity the opportunities for action and for initiating a process that will inject new dynamism into or consolidate activities, institutions, or the organisational procedures of the players involved?

In other words, how is it possible to move from analysing the situation to actually developing a territorial project (or vision of the future) that is designed by the players themselves and not dictated by external developments that are to a greater or lesser extent uncontrolled? How is it possible to pinpoint the key elements on which to focus efforts? An analysis of the “territorial capital” can help to answer these questions.

The “territorial capital” represents all of the elements available to the area, both tangible and intangible, which in some respects constitute assets and in others constraints.

The concept of “territorial capital” is not static but dynamic. It corresponds to the analytical description of how those seeking the room to take action see the area.

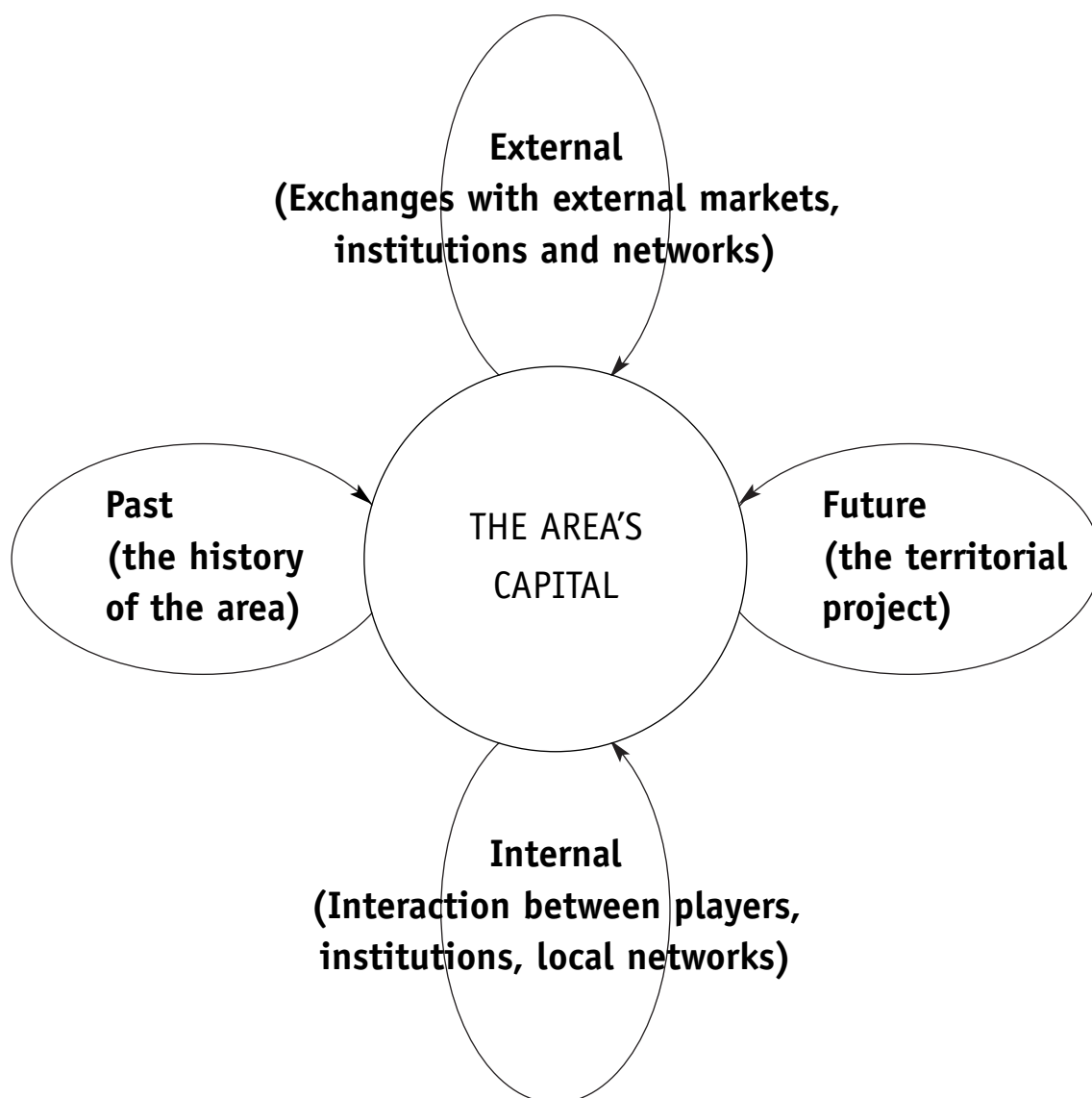
It is therefore related to the territorial project concept and to the bid for territorial competitiveness. Each area endeavours to find its place by focusing on access to markets, its image, its potential to attract people and businesses, its ability to renew its governance, etc.

The territorial capital refers to the things that constitute an area’s assets (activities, landscape, heritage, know-how, etc), and are not part of an accounting inventory exercise, but are intended to identify the distinctive features of an area whose value can be enhanced. In some areas, for example, this may involve the ad-hoc restoration of elements that are falling into ruin and whose disappearance would result in even greater anonymity for the area.

EXAMPLE

In the Sousa valley of north-east Portugal, more often than not women have no source of income other than poorly-paid, small-scale handicraft activities, such as embroidery. The LEADER group, which made reviving this activity one of the linchpins of its territorial project, has engaged in a lengthy process of professionalising the embroidery sector, a process which has now been taken over by the association Casa do Risco (“fabric design” centre). It has worked on reintroducing traditional techniques, modernising patterns and computerising processes, and has organised training and promotional campaigns in high-quality markets. Beyond that, the very dignity of some 600 women is at stake. Their average pay increased by 33% between 1996 and 1999 but most importantly, the women have secured technical support and now feel they have gained professional recognition.

Territorial capital cannot therefore be evaluated purely in terms of the area’s **history**. The past sheds light on the present, just as the present makes it possible to pinpoint elements of the past on which it might be possible to base a strategy. There is therefore an ongoing back and forth exercise between analysing today’s capital and examining the past.



Similarly, the area's capital depends on how people see their **future**: what direction should it take? What strategic form can be made of the area's distinctive features? This gradual process of evaluation through successive experiments makes it possible to refine judgement. After ten years of LEADER, many areas have been able to progress beyond the initial stages of support for scattered projects and to gradually concentrate their support on a number of strategic areas, or unifying themes, built around specific elements and carefully integrating available resources.

Territorial projects encompass both an imaginary element and a bet on the future. In many cases a project may at first seem utopian but go on to serve as a catalyst for the future. In other cases, the point of departure for the project is the concrete situation and

constraints, which may appear more realistic at the outset but is doubtless more limited. Neither of the two approaches has greater merit than the other. Both are useful and complement each other to create a territorial project that is both ambitious and realistic.

EXAMPLE

In the Maestrazgo de Teruel area (Aragon, Spain), for example, demographic weakness and the emigration of young people may have implied that the area had no future. The LEADER group therefore put together an ambitious project, built around the idea of a "cultural park-area" and the use of advanced communication technologies, whilst at the same time implementing support measures for new project promoters and for businesses still in existence.

This dual approach allows the area's capital to be viewed with new eyes, and elements to be discovered **within** the area that had been forgotten or neglected, or that had formerly seemed unimportant but could suddenly become essential to the hoped-for project.

Another decisive factor in the area's capital is the relationship between the area and **the outside world**. A wide range of opportunities can be identified from marketing intelligence, from the area's exiles, from demand from nearby city-dwellers or from planned outside investment, which will also lead to a new look being cast on the area and the identification of further potential resources with promise for the future.

The territorial capital can therefore be represented by a sphere situated at the intersection of two axes (a horizontal past/future axis and a vertical internal/external axis) which evolves, is enhanced and becomes more sharply defined using elements drawn from both the past (history) and the future (the project), from what is internal to the area and from its relations with the outside world.

As a result, many areas have discovered that statistical, sectoral information is not enough to describe their real situation. **Developing a territorial project prompted them to identify relationships of interdependence between the multiple components comprising the area's capital** and to turn these relationships of interdependence into the linchpin of their strategy.

EXAMPLE

In Emilia-Romagna (Italy), the parmesan-cheese production area can be described in terms of production volume, number of jobs, number of businesses, how they are collectively organised, etc. This basis for interpretation would lead to the conclusion that this is an area with a strong and promising territorial capital. However, by adopting an integrated territorial development approach, the Apennino Parmense and Piacentino LEADER group also discovered "losses" or loss of earnings due to the poor concentration of the parmesan cheese business, notably, the inadequate development of tourism, in spite of undeniable natural and cultural assets, difficulties in transferring the know-how and knowledge amassed by the parmesan sector to other sectors or parts of the area, etc. This is why LEADER's strategy has endeavoured, through coordination and support for emerging projects, to integrate other resources more effectively into a development dynamic. The local action group therefore looked for alternative core structuring principles that would foster new ideas.

By integrating data it is possible to gain a better understanding of what are the obstacles and the room for manoeuvre, to ascertain the feasibility of the territorial project, to decide on what strategy to adopt, and to better evaluate how to **create added value through a territorial approach**. Should an area's potential strengths be "enhanced", even if this means aggravating internal imbalances or, on the contrary, should action be taken to address its weak points by reducing gaps? Should the emphasis be placed on a particular unifying theme or field, or should measures instead be diversified?

This relationship between the area's project and its capital has led a great number of rural areas to:

- > re-evaluate neglected resources and transform them into strategic development lines;
- > highlight the area's distinctive features or create new ones by combining different sectors;
- > encourage the discovery of little-known or neglected local resources by giving renewed value to aspects that were formerly perceived as negative.

In most rural areas today, judgement of the area's capital differs markedly from that made only a few years ago. Elements that were formerly little known, neglected or perceived as negative are now often given a key role; it is not unusual for a former handicap to be seen as an asset today, and vice versa.

2.2 A few methodological ideas for analysing an area's capital

There exists a multitude of analytical methods that are used by LEADER groups. The document "**Launching and managing a local development project: the experience of LEADER I**" (European LEADER Observatory/AEIDL, 1995) presented a number of such methods. Also, the "**Methodology guide for the analysis of local innovation needs**" (European LEADER Observatory/AEIDL, 1996), sets out how to pinpoint an area's innovation requirements based on the following eight key points. Building on this prior work, the following aims to further the debate.

a) Identifying the components

A rural area's capital is always eminently complex. A great number of elements are involved, and it is difficult to pick one's way through such complexity without first establishing a number of reference points which, though not restrictive, make it possible to form an overall view.

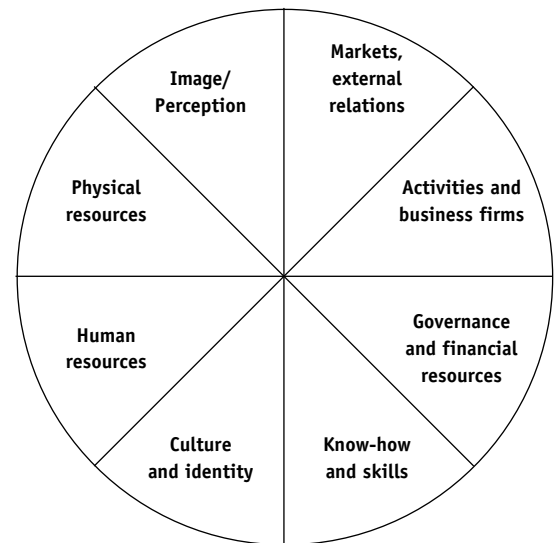
The various elements of an area's capital can therefore be classified into a number of components, which every individual is able to define in relation to his own specific situation or to what he is looking for.

Eight components are proposed below. These eight components are directly related to the eight "key points" in the above-mentioned methodological guide. They are:

- > **physical resources and their management** – in particular natural resources (topography, soil, subsoil, flora and fauna, water resources, atmosphere), public facilities and infrastructure, and the historical and architectural heritage;
- > **the culture and identity of the area** – the shared values of the players in the area, their interests, attitudes, forms of recognition, etc;
- > **human resources** – the men and women living in the area, those who take up residence there and those who depart from the area, the population's demographic characteristics and its social structure;
- > **implicit/explicit know-how and skills**, as well as technological mastery and research and development capabilities;
- > **local institutions and administrations**, the political rules of the game, the collective players involved, and, more generally, what is nowadays referred to as the area's "governance"; this component also includes **financial resources** (institutions, businesses, people, etc) and their management (savings, loans, etc), since an area's governance cannot be dissociated from the formal commitment that local players are willing to make together (public/private financing, etc);
- > **activities and business firms**, their degree of geographical concentration and their structure (size of firms, sectors, etc);
- > **markets and external relations**, especially their integration into the different markets, exchange and promotion networks, etc;
- > the **image and perception of the area** both internally and externally.

These eight components can be represented graphically as eight portions of the area's capital.

GRAPHICAL REPRESENTATION OF THE EIGHT COMPONENTS OF AN AREA'S CAPITAL



Each of these components can be analysed in greater detail, allowing its sub-components to be defined.

This more detailed analysis will be made in the forthcoming parts of this series which, as stated in the introduction, will deal successively with: environmental competitiveness, social competitiveness, economic competitiveness, and the area's relations with the outside world (the area's positioning in the global context). Each of these dimensions of territorial competitiveness is of particular concern to a number of components, which will be analysed in greater detail in line with the following table¹.

[1] This table is intended purely as a guide to the importance of the components to the various forms of competition faced by the area. Since real life is much more complex, it is impossible to make a schematic representation, which would be of academic interest only.

	Environmental competitiveness	Social competitiveness	Economic competitiveness	Positioning in the global context
Physical resources	X		X	
Human resources	X	X		
Culture/Identity		X		
Know-how/skills		X	X	X
Governance and financial resources		X	X	X
Activities/business firms			X	
Markets/External relations	X		X	X
Perception/Image	X			X

b) Making a global assessment of each component in order to form an idea of the area's "profile"

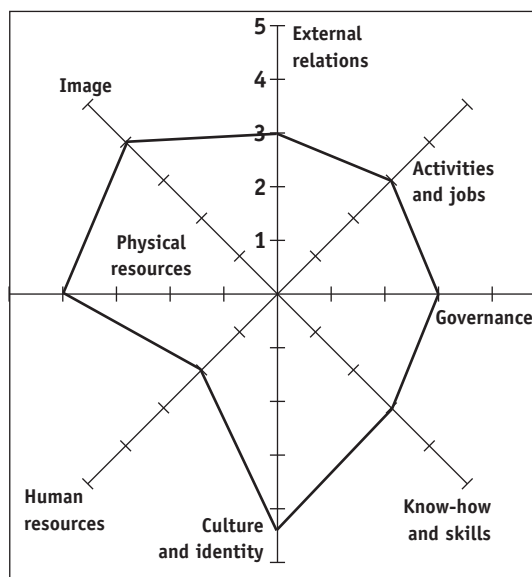
In order to form an overall view of the area's situation it is sometimes useful to make an overall assessment of each of the eight components. This helps to better identify what major imbalances need to be addressed and to gauge the volume of resources available for a future project.

Such an exercise does not preclude the need for an in-depth analysis of the area's capital but, on the contrary, makes it possible to guide the analysis more effectively.

A grading scale of 0 to 5 can be used, ranging from "zero" (0), to "very poor" (1), "poor" (2), "average" (3), "good" (4) and "very good" (5) in order to assess the status of each of the components. These different scores can then be represented on a graph with eight branches, which makes it possible to extract a "profile of the area". Below is an example of a profile drawn up by the Bairrada e Mondego LEADER group (Centre, Portugal) during a self-assessment exercise.

Clearly such a profile is only of limited objective value, but it can lead groups of local players to define their vision of the area. It must be seen first and foremost

EXAMPLE OF A TERRITORIAL PROFILE: TERRITORY OF BAIRRADA E MONDEGO (CENTRE, PORTUGAL)



Source: AD-ELO, Associação de desenvolvimento local da Bairrada e Mondego, Auto-avaliação dos Grupos LEADER, Portugal, October 1999.

as an "animation" tool that makes it possible to compare and complement each person's viewpoint in order to arrive at an enhanced collective assessment of the area's situation.

What is more, by comparing profiles established at different times, it is possible to pinpoint past developments and to highlight the area's "losses" or "gains". It is possible, for example, to establish a territorial profile for the situation that existed 10 years earlier and to compare it with the present situation.

Such an exercise can be supplemented by assessing the impact of LEADER on the area's development over the past ten years. For instance, in the previous case the LEADER group designed a number of different profiles presented on the next page.

In this example, the local agents felt that the situation had improved over the past ten years for six out of the eight components and had remained stable with regard to the area's culture and identity, but that the human resource situation had continued to deteriorate as a result of persistent rural depopulation.

Of course each overall assessment masks more complex qualitative assessments. For example, the group considered that the trend had been generally positive in terms of know-how and skills, even though there had at the same time been losses (loss of traditional know-how, etc) as well as gains (higher standard of training, especially as a result of the numerous training measures implemented). Another example concerns physical resources and their management. In this case, the LEADER group considered that considerable advances had been made over the past ten years, partially in terms of basic infrastructure but above all in terms of managing existing resources and the ability to develop them (developing rivers, forests, vineyards, etc).

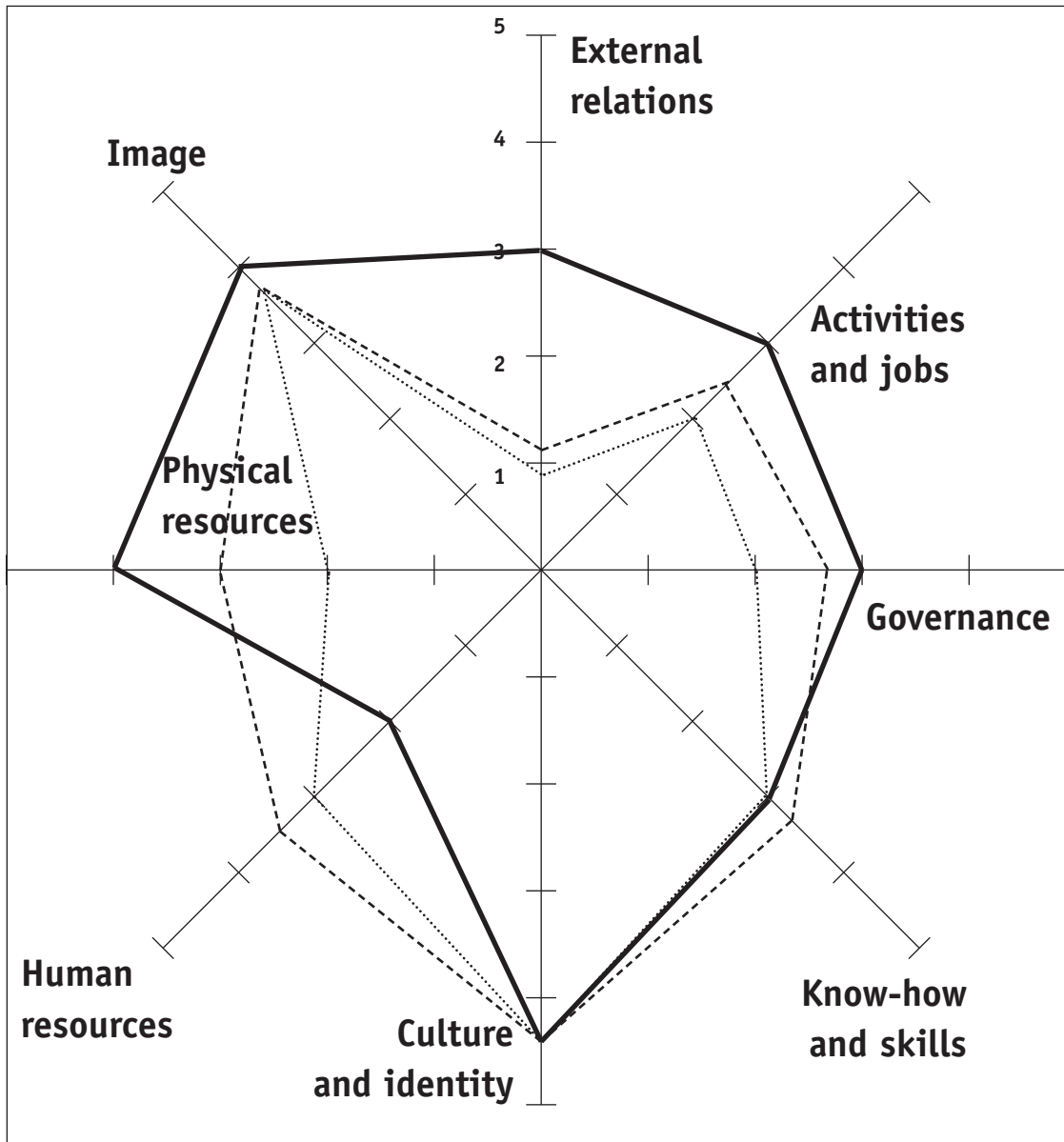
With regard to LEADER's contribution, the graph highlights fewer gains for the area in terms of image and external relations. By contrast, LEADER had a very appreciable impact on the diversification of activities, the area's governance (thanks in particular to the partnership set up in the form of a local development association that included the municipalities and various private partners) and the management of local physical resources (restoration of traditional buildings as part of spatial planning and tourism projects). With regard to human resources and to know-how and skills, it should be noted that the graph goes beyond the current situation, meaning that LEADER actions have counteracted other trends which, without such measures, would have been more pronounced.

N.B.: The difference between the current situation and that of ten years earlier is represented by the distance between the line and the dotted line. LEADER's contribution is represented by the distance between the broken line and the dotted line (contribution in relation to the previous situation).

An identical study can be made of the area's future, in order to pinpoint any elements that should be modified over time, taking into account their inherent inertia. This exercise makes it possible to compare different views of the area's future. What might the area be like in ten years' time? What elements of the capital should be strengthened in order to achieve this, and on what elements should this be based? Here again the use of a territorial profile, forecasting the possible trend in the eight components of the area's capital, could be used as a tool to facilitate discussions, compare ideas among several players and draw up a joint project.

Such a future projection may lead to the revision of the current analysis of the capital, according greater importance to certain elements that have turned out to be strategically essential to the desired developments.

EXAMPLE OF COMPARATIVE TERRITORIAL PROFILES: TERRITORY DE BAIRRADA E MONDEGO (CENTRE, PORTUGAL)



- Today
- Ten years ago
- - - - LEADER's contribution

Source: AD-ELO, Associação de desenvolvimento local da Bairrada e Mondego, Auto-avaliação dos Grupos LEADER, Portugal, October 1999.

QUALITATIVE ANALYSIS OF TERRITORIAL CAPITAL COMPONENTS BY THE BARRADA E MONDEGO LEADER GROUP (CENTRE, PORTUGAL) TO OUTLINE THE AREA'S PROFILE

Components of capital	10 years ago	Now
1- Physical resources	Abundance of natural resources (water-courses, forests) and cultural resources, but processes of serious decline have begun.	Physical recovery of the environment and heritage by diversifying activities in the area; Qualitative development of natural resources that also opens up quantitative prospects.
2- Culture / Identity	Existence of two distinct and conflicting identity areas: strong tendency to circumscribe the scope for expression of the two identities.	Strengthening identities by common consensus.
3- Human resources	Decline in population due to emigration to urban areas. Ageing population.	Reduction in depopulation, gradual return of families with children and/or young people of school age.
4- Institutions and governance	Little involvement of local communication or power to make demands. Remoteness of local authorities and centralised decision-making. Existence of a few organisations representing local interests, acting as mediators between the authorities and the population.	Greater participation and power to make demands, but at the same time less cohesion in seeking joint solutions. Greater ability to respond to problems of social exclusion. Closer relations between the authorities and citizens. Greater cooperation between municipalities.
5- Know-how and skills	Traditional know-how disappearing and few links between traditions and technological integration.	Strategies for the cultural preservation of know-how and its economic viability for modern activities.
6- Activities / Business firms	Predominance of single-sector activities and a sectoral approach to activities and business firms.	Greater diversification, ability to retain added value (eg, milk-processing on site) and integration of activities (by means of unifying themes, such as the wine route).
7- Access to markets and relations with the outside world	Difficulties of access (poor, badly maintained road network). Little openness towards the outside world.	Improvement of external access Integration of networks Twinning Commercial relations between enterprises
8- Image and perception	Strong image of two local products: milk and wine.	Image of wine and milk enhanced in order to promote the area.

Source: AD-ELO, Associação de desenvolvimento local da Bairrada e Mondego, Auto-avaliação dos Grupos LEADER, Portugal, October 1999.

In the beginning, assessments and forecasts are often still intuitive and strongly influenced by preconceived “development models”. However, as the analysis progresses, they are refined and highlight the value of other elements that were not apparent at the outset.

EXAMPLE

The Terras Dentro LEADER area (Alentejo, Portugal) is dominated by large-scale land ownership, which has led to a lack of businesses and little spirit of enterprise. By contrast, the area benefits from lively traditions (of social and community life, etc) which can serve as the basis for asserting an identity. In a case like this, traditions can constitute a strong component, and promoting them makes it possible to create the conditions for developing business in the medium to long term, especially in the tourism sector, by exploiting cultural identity. By contrast, traditions can be neglected, or even considered as a drawback to a more exogenous form of development which is based, for example, on mines or the irrigation of vast expanses of land, as happened in the 1940s and 1950s.

As stated earlier, an area’s capital is not therefore a static entity. Depending on what project is pursued, certain elements will adopt lesser or greater importance and the territorial strategy will, within each component, endeavour to develop, modify and sometimes transform those elements that have been identified as essential to the project’s success.

2.3 From analysing the area’s capital to developing a strategy

If it is impossible to dissociate the analysis of an area’s capital from the construction of a territorial project, how can such a link be established in practice, and how does it lead to the development of a strategy? Below are three possible approaches:

- > the first is to make a **comparative analysis of the past and the present**; this will enable a number of key innovation requirements for the area to be identified;
- > the second is to identify one or more “**unifying themes**” that are able both to meet innovation requirements and to afford longer-term prospects for the future;
- > the third is to take an **overall territorial approach**, which is essential to identify existing imbalances and synergies that must be taken into account when defining these core structural principles.

a) Comparative analysis of the past and present

Analysing an area’s past development can help throw light on its existing or potential distinctive features. In some cases, this analysis goes back 20 to 50 years. Indeed, rural society throughout Europe has undergone far-reaching change over recent decades. In other cases, the analysis is confined to a short period, for example the interval during which a local development policy was initiated. Such an analysis could make it possible to pinpoint the changes that have occurred and to evaluate the room for manoeuvre that exists. As the following table shows, it may also reveal, on the one hand, what has been lost, has deteriorated, or has evolved negatively and, on the other hand, the positive gains and developments that have characterised the different components of the area’s capital.

It is relatively easy to assess what losses and gains have been made in the area’s capital, as long as it is only a question of considering tangible elements (the area’s physical resources, population, production units, etc). When it comes to intangible components (the area’s identity, know-how or image), where a certain amount of subjectivity is inevitable, the task is more complex and sometimes calls for a comparison of differing points of view to arrive at a more detailed and objective analysis.

Different sources of information can be used to make this assessment, and in this respect observations made in the field are of key importance. If the evaluation is limited solely to analysing statistics and data that come easily to hand, it will not in fact be possible to go beyond the commonplace. In this respect, a set of questions (like the one proposed for each “key point” in the “**Methodology guide for the analysis of local innovation needs**” mentioned earlier) can contribute to this analysis, especially where the questions are for groups of local players. Below is an example of an area with a high rate of depopulation, which is dominated by single-crop farming and has problems in maintaining water resources².

[2] To make an assessment, local players can draw up a similar table along the same lines:

The eight components of the area

What have the principal “losses” been over recent years?

What have the principal “gains” been over recent years?

What are the principal innovation needs?

EXAMPLES OF HOW THE TERRITORIAL CAPITAL AND INNOVATION NEEDS HAVE EVOLVED IN AREAS WITH HIGH LEVELS OF OUTMIGRATION, WHICH ARE DOMINATED BY SINGLE CROP FARMING AND WHERE THE MANAGEMENT OF WATER RESOURCES IS DIFFICULT

Components of the area's capital	Examples of losses	Examples of gains	Examples of innovation requirements
1- Physical resources	<p>Pollution of watercourses and wasted water resources.</p> <p>Pollution from solid waste.</p> <p>Deterioration and poor use of the architectural heritage (very dilapidated physical appearance of villages).</p>	<p>Availability of public funding for environmental measures.</p> <p>Renovation of a series of historic buildings for tourism purposes, with a very positive aesthetic impact.</p>	<p>Measures:</p> <ul style="list-style-type: none"> > for water resources (development and purification of watercourses); > for enhancing the external appearance of villages.
2- Culture/ Identity	<p>Decline in the relationship of solidarity between generations.</p> <p>Failure to develop traditional cultural events.</p>	<p>Consolidation of collective links relating to the main product, determined by the area's identities and interests.</p>	<p>Promotion of tourist products that incorporate traditional cultural expressions.</p> <p>Support for collective activities related to the main product.</p>
3- Human resources	<p>Demographic deficit.</p> <p>Emigration of the most highly skilled young people and lack of opportunities for those who remain.</p>	<p>Encouragement for young people to set up businesses.</p>	<p>Youth training to halt depopulation; involvement of young people in maintaining the environment and other activities which open up new prospects.</p>
4- Institutions and governance	<p>Failure to support new generation of collective players.</p> <p>Failure to support new generation of political representatives and disputes between them.</p> <p>Proliferation and fragmentation of measures for the area with no institutional consultation.</p> <p>Loss of mechanisms for settling disputes.</p>	<p>Creation of marketing and promotion consortia.</p> <p>Creation of a consultation and integrated planning structure in the area itself.</p> <p>Emergence of sectoral associations for women and young people.</p>	<p>Creation of a collective awareness about maintaining the countryside.</p> <p>Strengthening of the integrated planning initiative among the different players.</p> <p>Support for the creation of new leadership positions for women and young people.</p>

EXAMPLES OF HOW THE TERRITORIAL CAPITAL AND INNOVATION NEEDS HAVE EVOLVED IN AREAS WITH HIGH LEVELS OF OUTMIGRATION, WHICH ARE DOMINATED BY SINGLE CROP FARMING AND WHERE THE MANAGEMENT OF WATER RESOURCES IS DIFFICULT (CONTINUED)

Components of the area's capital	Examples of losses	Examples of gains	Examples of innovation requirements
5- Know-how and skills	Decline in knowledge of traditional craft techniques and failure to recover former know-how in modern products.	Gradual integration of new technologies in all production processes. Establishment of links with research and development. Development of products and services with a local content. Incorporation of the design in product packaging.	Search for opportunities to develop traditional craft techniques with the support of modern technologies. Putting craftsmen into contact with artists in order to update product design.
6- Activities/ Business firms	Lack of successors to take over from elderly farmers.	Creation of services for the community and for businesses. More competitive services for marketing and access to markets.	Search for tools to support new generation of entrepreneurs and local businesses.
7- Access to markets and relations with the outside world	Reduction in traditional personal consumption. Increasing problems of access to markets for the main product due to increased competition.	Improved access to new markets (tourism, Internet, etc). Greater integration into marketing and information networks. Active search for distinctiveness by improving quality.	Creation of new local markets for quality products, by developing direct links between producers and consumers. Stepping up of direct marketing in towns by means of collective marketing mechanisms and increasing participation in European sales networks.
8- Image et perception	Deterioration in the image of the architectural heritage. Lack of awareness of the value of redeveloping villages. Increase in and enhancement of services (catering, accommodation, etc).	Fairs attracting large numbers of visitors.	Diversification and consolidation of the area's image. Boosting the appeal of local fairs. Boosting the appeal of the area's tourist and leisure services.

An area's innovation requirements cannot be determined solely by comparing the present with the past. They can also be ascertained by analysing existing imbalances, weaknesses that require specific intervention, etc.

b) Identifying one or more unifying themes

How is it possible to define the diverse innovation requirements that are identified in an area? How can they be organised as part of an overall territorial project? To achieve this, the identification of one (or more) core structural principles or “unifying themes” can play a decisive role.

The quality of a unifying theme for an area depends both on the ability of this theme to act as a lever in encouraging the emergence of initiatives and innovations that correspond to the diverse requirements that have been identified, and on the extent to which it matches the highest aspirations of local players. It is this dual ability – of relevance to needs and local player involvement – that it is vital to foster.

Identifying one or more suitable unifying themes calls for an effort of imagination and a comparison with what is happening in the field. This is where one discovers the necessary alliance between a voluntarist projection into the future (which often involves a degree of wishful thinking) and the concrete constraints of reality referred to earlier. More often than not, these two opposing approaches are proposed by different people or even institutions, hence the importance of a wide-ranging collective debate, which takes time, often years.

Over the years many LEADER areas have identified unifying themes that have taken shape and been gradually refined as they were put into practice.

EXAMPLE

In the Antico Frignano region (Emilia-Romagna, Italy), the LEADER group focused its actions on four unifying themes: chestnuts, arts and crafts, Benedictine monasteries and the old Emilian Roman road. These four unifying themes act as focal points of interest that make it feasible to create new activities.

c) Conducting the reflections as part of an integrated approach

Some difficulties are likely to emerge in defining a territorial project and developing a strategy if the debate on innovation requirements and unifying themes fails to be carried out in an integrated way. In a way, the integrated approach is the “ingredient” that gives coherence to the whole and makes it possible to decide what is a priority and what is not, and to prioritise objectives and actions.

This integrated approach makes it possible to identify existing imbalances, which again can involve more specific innovation requirements. There might be spatial imbalances, such as the existence of a more disadvantaged section of the area which requires more specific measures, or there might be social, cultural or other imbalances. It is vital to take such imbalances into account in order to secure the harmonious development of the area in the long term and to boost its potential, thereby increasing a territorial project's room for manoeuvre and chances of success.

The integrated approach makes it possible to identify possible synergies and to find innovative solutions to make projects viable and create a multiplier effect. This approach also makes it possible to consider the inter-relationship between the different planned actions, whilst at the same time finding solutions for implementing them over time.

In conclusion, the integrated approach serves as a common thread running through the entire process. It provides a system-wide view that takes into account the interactions between the various components.

The following chapter puts forward a number of ideas on how to create a territorial development strategy based on the integrated approach, in light of the LEADER experience.

Chapter 3

Progressing from analysing the territorial capital to developing a territorial development strategy

Progressing from analysing the territorial capital to developing a territorial development strategy

3.1 A few basic ideas for developing a strategy based on the principles of a territorial approach

How is it possible to construct a strategy that can initiate and reinforce a new process of development using a territorial approach? A number of key elements have emerged from the LEADER experience, an overview of which follows.

3.1.1 One common thread: the elements specific to an area

Most LEADER areas rely on identifying and developing the area's distinctive features. Only a small number are still able to rely on standardised products and services (but for how much longer?).

These specific elements can serve as the basis for creating the unifying themes defined earlier.

3.1.2 An approach centred on the idea of processes and on an integrated vision of the whole that is well positioned within time and space

Experience has shown that it is impossible to cut corners. Measures are gradually enhanced and follow on in a logical order, becoming increasingly sophisticated. This grasp of phases, of sequences, of the time needed to fully implement measures, and of their progressive impact on the area can offer a qualitative advance in preparing territorial development programmes. By taking the process into account, changes can also be introduced into certain established practices to increase their impact.

A systemic vision of the whole is a key element of the territorial strategy. It aims to understand what interactions need to be created between scattered elements. Experience of LEADER has shown that, except in certain very specific circumstances, isolated measures that do not form part of a systemic approach are rarely conclusive, especially in areas with a population structure marked by dispersion and demographic weakness.

A systemic approach makes it possible to progress beyond "simple" alliances to "leverage" alliances, eg, by grouping different categories of players around a joint process.

Finally, the possibility of developing or supporting interactions always depends on LEADER's impact in the area.

3.1.3 A starting option: choosing between "gateway" and "sower" strategies

LEADER experience has shown that there are many possible points of departure for propelling a territorial strategy. It may involve a well-defined form of intervention, such as promoting the area's image or developing an alternative energy source, or a combination of several measures aimed at diversifying an economically-threatened sector, or an effort to raise awareness, support vocational training, heritage promotion, etc.

Gateways are chosen from among the key elements identified when analysing the territorial capital and the interactions between its components, which are seen as a priority to promote a distinctive feature, correct an imbalance, exploit an opportunity, counter a threat, etc. In order to optimise the desired effect, it is possible then to concentrate financial resources on a series of connected model measures to achieve a demonstrative effect. It is also possible to combine innovative measures with others that, though less innovative, together produce the desired result.

In contrast to this “gateway” strategy we find the so-called “sower” strategy, which consists of launching measures in several domains in the hope that one or the other of them will “germinate”. This strategy is often adopted in areas suffering from a lack of initiative: working to foster the creation of every type of initiative can result in developing skills that will later enable the measures to be oriented in a more specific direction.

In such areas LEADER groups have often been required to take the place of local players in order to achieve a demonstrative effect.

EXAMPLE

In the central Alentejo region (Portugal), as a result of several centuries of domination by large-scale landowners, businesses are few and so are initiatives. When LEADER I was launched, the Terras Dentro group itself created a number of businesses that it considered vital to territorial development: it set up vocational training, a tourism promotion and marketing agency, a firm distributing newspapers door to door, etc.

More generally, the LEADER groups themselves took charge (sometimes in association with institutions) of projects that were likely to act as a lever: a theme was launched to unify formerly scattered activities (“Cheese Route”, “Book Village”, etc), investment was made in key areas, the historical heritage was promoted with a view to developing tourism, etc.

This is often a key stage during the start-up phase, especially where the risk is too great for the local population to assume. However, it is only a first step: through a coordination effort, local players can then be encouraged to take charge of the initiative.

3.1.4 Implementation geared to the systematic search for multiplier effects

Any process for adding value to the territorial capital is based on the search for multiplier effects. This can take several forms, including:

- > measures with a leverage effect on other projects, such as launching a brand name, a marketing firm, creating a tourist information centre, etc;
- > innovative measures that can be reproduced until such a time as the market is large enough to absorb other initiatives of the same type (eg, launch of a new product that could become symbolic of the area);
- > measures that cannot be reproduced but which involve new practices or forms of organisation, and can therefore be partially transferred to other sectors or activities.

In order to bring out and guide multiplier effects, the LEADER group can adopt several concomitant strategies, such as dissemination throughout the area, more targeted support for a few more enterprising individuals, calls for proposals, etc.

3.1.5 Monitoring/assessment to draw lessons from current measures

Measures that have already been implemented provide some important lessons, both for project promoters and for the LAG itself. The lessons learned from successes and failures, from the difficulties encountered and the solutions found, lead to a better understanding of the territorial capital and enable strategies to be refined.

It is therefore a matter of finding the means to draw such lessons and making sure that these lessons are useful in the future by exploiting available tools (study groups, forums, working papers, etc). Monitoring and assessment also form an integral part of the strategy.

3.2 Creating a collective dynamic around the territorial project

Pooling ideas about developing a project and strategy is one of the keys to success. Members of the local partnership are not the only ones concerned. The debate needs to be opened up to all of the area's players in order to create a consensus on common objectives, to strengthen social cohesion and involve the various players in the incipient process of territorial development. The different parties involved (in particular the local or regional public authorities responsible for introducing sectoral measures) must also be allowed to participate in the debate in one form or another. This allows links to be found and bonds to be created that enhance the territorial project with complementary measures and projects, within the confines of the possibilities offered by existing sectoral policies.

In practice, however, things are often not that simple. Habits, existing power relationships, or even conflicts call for specific solutions that require step-by-step strategies. Below are a few of the solutions that have been adopted by LEADER groups.

3.2.1 Turning project analysis and preparation into an "animation" and partnership working tool

By involving local populations, asking relevant questions and identifying interactions, it is possible to gradually enhance knowledge about the area. This exercise can also make it possible to exploit the area's assets without necessarily giving precedence to the strongest players.

However, this is not always easy to achieve. The project still has to correspond to the aspirations of local players. One solution is to link the analysis to the sources of interest of the different groups in the population. In this respect it is important to take into account "areas" that already exist: eg, micro-areas with the same economic or cultural tradition, a network of municipalities sharing the same services, etc. A "variable-geometry" analysis can, more effectively than a "one-off" analysis, allow for a multiplicity of identities and images and make room for the players' links and need for change – elements which the territorial project will aim to synthesise in a coherent manner.

To achieve this goal, it is important to adopt encouraging language. Local communities that are presented as "victims" will shrink from taking any responsibility and seek justification for their fatalism. Finding new solutions often depends on the way in which problems are presented.

As for relations with public authorities, alternative more formalised types of cooperation (advisory boards, etc) are often desirable in order to compare general analyses with the more sectoral ones, thus leading to mutual enrichment. This first stage is essential in order to effectively integrate the different measures.

3.2.2 Seeking win-win strategies

Conflict is sometimes seen as proof of failure that has to be concealed at all costs. However, sometimes it is in cases where no conflict emerges during the analysis stage that questions need to be asked. In fact all human communities, whatever their configuration, are riddled with conflict. Placing the social players at the heart of a territorial project means implementing win-win strategies, for which it is essential to ascertain how great the various players' resistance to change is³.

3.2.3 Evaluating capacities for action

If the development strategy is to become something more than a statement of good intent of the type "*We plan to do this or that*", it is vital to gain a clear idea of the LEADER group's capacity to push through the proposed lines of action and its legitimacy to play this role. Experience has revealed three important factors of success:

- 1) **The representativeness of the local action group**
– The diversity of interests represented within the LEADER group can ensure quality and compliance with the chosen strategic options.
- 2) **Real leadership**, represented by forces of change capable of ensuring a renewal of strategic thinking – A LEADER group, even one which represents local interests, can come up against a brick wall if it confines itself to simply sharing powers and resources.
- 3) Finally, a group-based **organisation** that is appropriate to the recommended strategy (allocation of resources, presence of qualified technicians and managers, formal delegation of the power to take action).

[3] These aspects are examined in detail in part 2 of this series: "Social competitiveness".

3.3 A few examples of territorial development strategies

The ideas and general guidelines that have just been presented show just how diversified territorial development strategies can be. Areas whose initial situation appears to be quite similar may nevertheless choose different gateways, depending on their overall objectives, the composition of the local partnership, its leadership, etc.

Nevertheless, the initial territorial capital undoubtedly conditions the scope of strategic choices. Strategies that are suitable for areas where the development process is already well under way are more often than not inconceivable in areas where everything has to start from scratch.

This can be illustrated by a few examples of strategies already implemented by LEADER groups, based on five types of territorial situation. The definition of the five types of situation proposed below has been limited to two components of the area's capital: "activities and business firms" and "governance".

- > **Type 1:** areas where business firms are numerous and many work together for production, promotion and information-seeking purposes.
- > **Type 2:** areas where business firms are also numerous but work in a dispersed manner, with no links with the area and no collaboration mechanisms, even where such firms belong to a single business sector.
- > **Type 3:** areas where there are only a few dispersed business firms but where a sector, an activity, or a historic or natural element can be restored to serve as the basis for a local regeneration strategy.
- > **Type 4:** areas where business firms are concentrated in a single part of the area, whereas elsewhere they are either disappearing, have failed to start up again or simply do not exist. The institutional instruments for carrying out differentiated measures, aimed at restoring a balanced access to opportunities, are either poor or not very effective.
- > **Type 5:** areas that have suffered serious rural depopulation or isolation, where there is a strong tendency towards abandoning farming and/or closing remaining businesses (which for the most part are run by elderly entrepreneurs). The area is becoming deserted and it is considered vital to find new resources or activities to inject new dynamism into the area.

Naturally these different types of strategy and the examples relating to them are meant only to serve as a guide and in no way represent the full range of diverse situations and strategies implemented by LEADER groups. Moreover, further typologies are proposed in the other parts of this series. They focus on other elements and components of an area's capital and hence provide a different and complementary view to the one presented here.

3.3.1 Examples of strategies for type 1 areas (*a great many project promoters; collective collaboration/promotion processes already well under way*)

In such areas, which already benefit from a certain level of territorial competitiveness and are already engaged in a consolidation rationale, LEADER groups have adopted strategies of complementarity or fringe activities.

a) Strategies of complementarity

These consist of focusing LEADER measures on a number of elements that are likely to lead to a qualitative advance in the process already under way and to consolidate it. The Community Initiative has therefore encouraged:

- > mainly intangible investment that makes economic development possible (trawling for ideas and new projects, design innovation, creation of quality labels, networking, training, feasibility studies, etc);
- > the implementation of pilot micro-projects that make it possible to test certain changes in traditional sectors.

The effect of such initiatives is to promote training for change, to increase the ability to take risks, to create an environment conducive to investment in non-traditional sectors and to create the links required for any economic strategy to succeed.

EXAMPLE

In the Redange-Wiltz LEADER area (Luxembourg), an area devoted chiefly to intensive agriculture, the introduction of environmentally-friendly medicinal herb cultivation and processing was accompanied by training for gradual change. This tiny project, which a great number of farmers and local and national institutions, accustomed to a grander scale, refused to take seriously, therefore succeeded in fostering the creation of opportunities in sectors other than intensive agriculture.

EXAMPLE

In the Pays Cathare region (Languedoc-Roussillon, France), where a process of local development was already well under way on the basis of recreating its identity (revamping its image and reviving an area in serious demographic decline), the LEADER programme introduced the “Pays Cathare” quality label in order to link together the supply of local food products that had hitherto been marketed individually to complement measures taken in the tourism sector.

b) Fringe-activity strategies

The fringe-activity strategy is applied in cases where the LEADER group has little influence compared with the economic powers that dominate the local development process. The group therefore promotes “fringe” activities that can redirect/complement what is already being done or redevelop neglected elements by, for example, including them in an effort to consolidate the development of a given sector.

EXAMPLE

In the Alto Bellunese area (Venetia, Italy), where the spectacle trade is organised in industrial clusters, the LEADER group has focused its activities on neglected areas and resources. Indeed, after a century of industrial specialisation in the Alto Bellunese area, several sectors of the local economy have been neglected, especially agriculture and logging. The LEADER strategy focused on supporting the development of certain activities which, though they appeared economically marginal, are essential to maintaining an ecological balance and the beauty of the countryside. An important part of LEADER activities therefore included reinstating former farmland and pastureland, as well as forestry management and maintenance. Likewise, when LEADER provides direct support for the industrial district, it focuses on elements other than production, particularly in the cultural field. For instance the “Spectacle Museum”, a tourist and cultural attraction, has received support from the Community Initiative.

These apparently marginal activities are, however, of educational value in that they encourage the inhabitants (especially young people) to look at alternative economic options.

3.3.2 Examples of strategies for type 2 areas

(a great many project promoters, but working in a dispersed manner, with no major links with the area and no mechanisms for working together)

a) Integration strategies, critical-mass strategies (product range strategies)

LEADER groups are often faced with a highly fragmented situation (very small businesses in a single sector, for example), with no tradition or culture of collaboration and which have been made vulnerable by the lack of market consultation instruments for example. The area can become competitive, not through economies of scale, but by creating links between existing but scattered elements.

Such strategies focus on collective action and require an intensive “animation” and technical assistance effort. The reticence of small-scale producers to engage in collective action requires the adoption of long-term strategies.

EXAMPLE

The creation of an association of cheese producers in the Bregenzerwald area (Austria) with the aim of organising the tourist product known as “The Cheese Route” called for two years of meetings and discussions between producers and LEADER group agents.

The group often takes as its basis a unifying cross-sectoral theme, which helps to overcome reticence insofar as it does not appear to call into question the individual nature of the activities.

EXAMPLE

The “**EKO-Boerderijen Route**” in the Zuid-West Drenthe LEADER area (Drenthe, Netherlands) groups together ten organic producers who benefit from the EKO organic label and have developed a thematic cycling route linking their farms in a bid to attract tourists for the direct sale of agri-foodstuffs. However, most of them continue individually to market their products in extended distribution channels (supermarkets, health-food shops, etc).

b) Diversification and consolidation strategies

These, too, are strategies commonly used by LEADER local action groups. In this case competitiveness is achieved by supporting the introduction of new product lines in a sector/branch that is already dominant (consolidation of the sector/branch through complementarity), by improving the quality of supply (diversification through distinctiveness) or by encouraging pilot experiments in new sectors (introduction of new products and/or services). In addition, the groups carry out consolidation activities by creating an environment conducive to the development of small structures or activities, in particular through services to assist micro-businesses or micro-activities.

EXAMPLE

“Sonnenalm” is a dairy brand from the Noric region (Kärnten, Austria) that has enabled local livestock farmers to diversify their products and the marketing system. The decline in cattle and dairy production has been halted and the branch has been redeveloped by the on site processing of milk into quality products for markets either in the vicinity or a moderate distance away, where trust is a decisive factor. The abandonment of home milk deliveries by the major dairies therefore opened up a lucrative niche for small farmers.

EXAMPLE

In the South Limerick/North Cork LEADER area (Ireland), the slogan “A Taste of Ballyhoura” reflects a strategy of diversification through quality, consisting of multiplying the number of restaurants and gastronomic establishments in the region by improving quality through seeking out and promoting local recipes and products. The desired aim is to multiply the number of gastronomic opportunities in the area.

EXAMPLE

The slogan “Klein maar sterk” (“Small but strong”) relates to an initiative of the Noordwest Friesland LEADER group (Friesland, Netherlands) on behalf of small private businesses, which is the fruit of a change in attitude about the area’s development. Previous policies had been aimed at attracting outside businesses and capital. The main strategic line of LEADER’s intervention was to consolidate local human and economic resources, based on a participatory method of encouraging entrepreneurs to meet and seek ideas on networking businesses, on guidance and on individual financial support.

3.3.3 Examples of strategies for type 3 areas (not very many project promoters, but presence of one sector or activity that can be restored to serve as the basis for a territorial development strategy)

a) Recovery and redevelopment strategies

This is the most common type of LEADER strategy. LAGs are frequently active in areas whose former resources and know-how are disappearing, or have even become obsolete. The basic aim in this case is to ascertain whether the past reveals any assets that could lead to the launch of modern and competitive products. This leads to strategies that give recognition to the past and gradually adapt techniques and knowledge in order to foster the creation of concepts and products that meet today’s requirements.

In the case of the architectural or archaeological heritage, it can take the form of a **regeneration strategy based on a focal point**: to organise resources in line with a particular dimension of the heritage by gradually structuring other activities around this focal point. The Haute Vallée de la Loire area (Rhône-Alpes, France) provides an example of focused regeneration and structuring: tourist provision has been built around archaeological digs on the theme of early history and volcanoes.

EXAMPLE

The “Voie Régordane, Chemins de la Tolérance” scheme, set up in the Cévennes gardoises area (Languedoc-Roussillon, France) links tourist provision based on discovering the countryside and the culture of resistance along the routes taken by various civilisations throughout history.

EXAMPLE

The revival of the “Gailtal” traditional cheese in Kärnten (Austria), a response from a group of farmers to the prospect of reduced subsidies, not only opened up new economic opportunities for the dairy industry, but also provided the momentum for dynamic collaboration between farmers.

3.3.4 Examples of strategies for type 4 areas (social or geographical imbalances in the distribution of business firms and the lack of differentiated measures)

a) Rebalancing strategies

Such strategies are required in cases where communities that have become particularly vulnerable or are situated in declining micro-areas also need to benefit from opportunities.

LEADER groups are often forced to make a choice between project promoters. Who should be given support: the most enterprising promoters or those whose circumstances prevent them from setting up or defending a project?

EXAMPLE

For the **Antico Frignano** LEADER group (Emilia-Romagna, Italy), the issue of restoring fairer access to opportunities was at the core of the action strategy. A deliberate choice was made to allow the weakest players, who were less accustomed to responding to economic incentives, to develop and present projects, even though this strategy was more time-consuming than standard methods, such as issuing calls for project proposals.

3.3.5 Examples of strategies for type 5 areas (serious rural depopulation or isolation)

a) Kick-start strategies and strategies of wide-reaching “animation”

The general aim of such strategies is to restore the trust of local communities in the value of endogenous resources and in their capacity for action and innovation.

They often combine two types of intervention: “kick start” and “wide-reaching animation”:

- > “Kick start” refers to the support provided to the few innovative or visionary players who come forward to present a totally new product or service that is likely to have a multiplier effect or a demonstrative value.

EXAMPLE

In the Greiz area (Thuringia, Germany), an east German region that has been hard hit by unemployment, the “ARTigiani” association was created at the initiative of a young joiner, specialised in renovation, who, with LEADER support, restored an abandoned half-timbered house. The building was then turned into an art gallery and cultural centre, which went on to attract artists, students and craftworkers, before leading to the creation of the ARTigiani association, which works to bring arts and crafts together.

- > The term “wide-reaching animation” refers to wide-ranging territorial coordination measures to encourage innovative individual or collective ideas or projects. Such strategies generally culminate in feasibility studies to examine how to turn such ideas into projects.

EXAMPLE

In Austria, “UNI-Mobil” is a network comprising four Viennese university colleges and 13 municipalities in the Mittel-Südburgenland LEADER area (Burgenland). UNI-Mobil allows the municipalities to employ groups of students for local development projects in line with their needs. This provides them with valuable know-how at a modest price. Moreover, the links forged with university students (who reside on site throughout their assignment) have triggered a real desire for local development among the community. The approach has led to the implementation of projects to renovate villages and promote the natural and cultural heritage, all of which forms part of a strategy for developing rural tourism and hydrotherapy.

b) Strategies for attracting

Internal resources can be organised, even in areas suffering from low population levels and a lack of initiative (especially property and services), and local opportunities can be promoted for attracting outside project promoters.

EXAMPLE

“RELANCE” is the strategic tool set up by the Espace Cévennes LEADER group (Languedoc-Roussillon, France) to allocate businesses, farms and other activities to business rescuers, which might otherwise disappear for lack of successors. The initiative is based on putting those giving up an activity into contact with the rescuers of local activities and on providing individualised guidance. This search for rescuers now plays an important role in the LAG’s overall “animation” and attraction strategy.

EXAMPLE

“Territorial marketing” refers to the strategy developed by the Delta 2000 LEADER group (Basso Ferrarese, Emilia-Romagna, Italy) to attract businesses in search of premises and opportunities with a view to revitalising a relatively marginalised area. Entrepreneurs interested in investing in the area were offered a “business start-up pack”, consisting of reductions in municipal taxes and a guide to the opportunities offered in the area in terms of investment support, aid for job creation, etc.

3.3.6 The territorial strategy can combine a number of micro-strategies

Even though it is the initial characteristics of the territorial capital that determine which particular strategy should receive precedence, in many cases LEADER groups choose to combine a number of micro-strategies, depending on the specific components of the capital. Such strategic diversity reflects the local situation more closely and provides distinctive added value to the initial capital.

In reality, the territorial strategy is the result of a combination of a number of the strategies described above. Moreover, as shown in the other parts of this series, such strategies also vary according to the chosen unifying themes or may follow on from one another over time as the territorial project matures.

Conclusion

Conclusion

The LEADER+ Initiative (2000-2006) is part of a territorial competitiveness approach. It opens up the rural world to restructuring measures based on specific elements in the area (unifying themes), on seeking the relevant dimension, on implementing development measures and projects (by organising inter-territorial cooperation) and on seeking “customised” exchanges and transfers beyond their own immediate vicinity (through transnational cooperation).

Restructuring, variable geometry in the territorial definition, and integration into processes broader than the local ones, are key to ensuring that rural areas are able to assure their future development.

Under LEADER+, a competitive rural area therefore becomes an area whose development sustainability depends on its ability to:

- > develop all of its resources (tangible and intangible) by structuring them around promising focal points;
- > seek out and introduce the necessary room for manoeuvre, through cooperation with other neighbouring areas;
- > gain access to appropriate knowledge through cooperation with other European rural areas.

Leader II est une Initiative communautaire lancée par la Commission européenne et coordonnée par la Direction générale de l'Agriculture (Unité VI-F.II.3).

Le contenu de ce dossier ne reflète pas nécessairement les opinions de l'Union européenne.

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