

New challenges for regional development in Estonia – the case of Pärnu city region

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Abstract

The purpose of the paper is to analyse planning co-operation between the local and regional level and its cohesion problems with national and international level planning. In its nature every plan is an instrument for directing development of society through the process of achieving agreements. Successful planning is continuous co-operation between the various levels of decision-making and different initiative groups. To illustrate co-operation over the different planning levels we focus on planning practices and regional development of Pärnu City and Pärnu County. Secondly we analyse frames of thinking during planning that are set by suggested development trends, land use plans and co-operation over different levels (from local to international). All that stresses widely the importance of the policy aims on more balanced and polycentric systems of cities and a new urban-rural relationship as they are formulated in the ESDP (European Spatial Development Perspective).

Keywords: Pärnu, planning, regional development, city regions.

1 Introduction

The purpose of planning is to change uncontrolled or casually occurring development into co-ordinated as well as widely wished and understood development. For this development is handled in the context of society. In connection with the transition period, Estonian spatial structure (including regional level) is in the process of modification. Spatial planning should promote spatial balance and consolidation of the international competitiveness, considering limited domestic human and economic resources (Estonia 2010 [1]).

This article analyses frames of planning approach and decision-making at regional and state level at one hand and local, which means in case of Estonia



municipal (towns and parishes) level, on the other hand. We will explain that co-operation between regional level and local level exists due to mutual interest. In case of Estonia regional level is called 'county' which is functioning as state level and has a task of co-ordinating development of local municipalities as well as legal supervision over their actions. This enables for County Government to act as promoter from one side and from the other side as a co-operation partner on regional and international level.

In Estonian Regional Development Strategy, launched in 1999, five principles have been established: 1) innovativeness – development of the capability to study, support new ideas and activities, 2) stimulation of the initiative – supporting initiatives, 3) sustainability – creation of continuing self-sufficiency, 4) integrity of the area – development of an area proceeding from the interdependent of its centre and peripheries, 5) decentralised concentration – balancing of regional development based on the network of county centres (Strategy [2]). The last two principles reveal a change in the ideology of regional development. It is believed now that for developing a territory it is necessary to support its centre, as the periphery is dependent on the centre. Further, the dominance of capital city Tallinn can be balanced through developing mainly the county centres – widely through city-regions.

1.1 City regions as centres of development

The main development of the European Union is based on city-regions (functional regions, local labour market areas) – urban centre and its functional hinterland. It is well seen in analyses about the EU member states development in 1990s and in the beginning of new century. From the vertical and hierarchical national system of cities it has moved into horizontal and global towards the city-networks. City-networks with different centres and horizontal interactivity inside of city-networks are important elements of regional planning and development. Networks reach from local level to regional level and from there up to other regions, state and international level. This is also confirmed in document, which focuses on European spatial development plans (ESDP, in 1999). We summarise that in general EU regional policy went from regulated centre points back to fast growing agglomerations. At the same time differences between development levels of different regions within EU (including city-regions) has got bigger. The most important is still notion about city-regions as the engines for economical and social development of society (were about 75% EU GDP is made), which development has strengthened European coherence. The aim of development for city-regions is different and specialised city-network that can be characterised by balance, competition ability, partnership between city and its surrounding regions by what segregation and polarisation will be diminished inside the city-networks.

The interplay of the dynamics of the restructuring urban economies may be illustrated by conceptualising the urban system as comprising of two parallel systems and their organising logics. The "old" system adheres to the logic of "the space of places", which is based on regional identity and where the cities,



seen as centres of their geographically and functionally defined hinterlands, form regional hierarchies.

In the “new” system, the logic of “the space of flows” is the dominating principle. The determining factors of success arise from the material and immaterial flows and interaction between the actors of the regions. As cities are the main hubs for these flows, the cities become the agents of their own development by engaging in co-operation that could be defined as “networking”. In this view regional integration is based on the ability and will of the cities to co-operate with each other. This means that in regional development, cities can take new positions, different from those of the “old” paradigm (Kanninen and Sculman [3]).

There are in Estonia sparsely populated hinterlands outside from the city regions that are connected with centres and have a larger commuting area, where main activities are agriculture, forestry and recreation. By city-regions we mean districts where local authorities are strongly connected with each other due to job mobility commuting and service consumption and are belonging to one unified district: 1) physically the city-region is related with infrastructure (transport routes, railways etc.), 2) economically the city-region is related with workers everyday commuting to companies situated in city-regions, 3) the system of migration demands political co-operation between city and its surrounding parishes (e.g.. land usage, transport arrangement), 4) there is also social-cultural connection in city-region because every day there is active commuting between city centre and hinterlands.

About 70 % of Estonian population (which is totally 1.35 million) lives in Estonian biggest city-regions; and there are also situated more than 90% of Estonian biggest companies (EURREG [4]). Differently from the EU Estonia has not drawn much attention to the city politics.

Estonian general aims for the regional policy are written in Estonian strategy for regional development (ratified by State Government in 1999). So far the idea of Estonian regional policy has been balanced development of state, taking into account the local development presumption strengthening and maximum usage of it. There is new draft version document about regional strategy in the Ministry of Internal Affairs, where the emphasis are more on development of city-regions. This is different from the valid regional development strategy. The first sign about changing the paradigm was the establishment of centres network programme in the end of 1990s, which had following aims: 1) co-operation between intercity; city and hinterland; different cities, 2) advanced speciality of cities, 3) raising the cities innovative potential. It has to be mentioned that Pärnu submitted the biggest number of projects. So far the programme has worked with limited resources, however the ideology continues when Estonia joins the EU and will continue with support of the Structural funds.

1.2 Changes in Estonian settlement structure

It is proposed that the changes of Estonian settlement system hierarchy and its consequences will be seen probably in present decade (Raagmaa et al [5]). Settlement system and behaviour patterns of people are inert and people are



continuing to visit habitual centres. Still the role of higher centres in hierarchy in the meaning of trade and service role has grown. Future brings concentration of service units in public sector, possible reform of local municipalities, optimising the school-net and bigger companies' business units concentrating to higher-level centres. It is possible in longer perspective that earlier centre places with five levels will be replaced by more horizontal system in Estonia.

By study of Vesa Kanninen, Proville Research Consultancy and Harry Schulman, City of Helsinki Urban Facts (Kanninen and Schulman [3]) Pärnu City belongs to the list of the so-called "BSR (Baltic Sea Region) specialised centres of urban networking". These cities have made strategic decisions in the dominant or key sectors of the urban economy. However, there are activities also in other fields, so specialisation does not refer to one-sided or mono-functional nature of urban networks, but rather to real specialisation. In the case of Pärnu this is tourism economy. It is apparent that the capacity for organising urban networking activities is good in the key sectors, in the fields of specialisation.

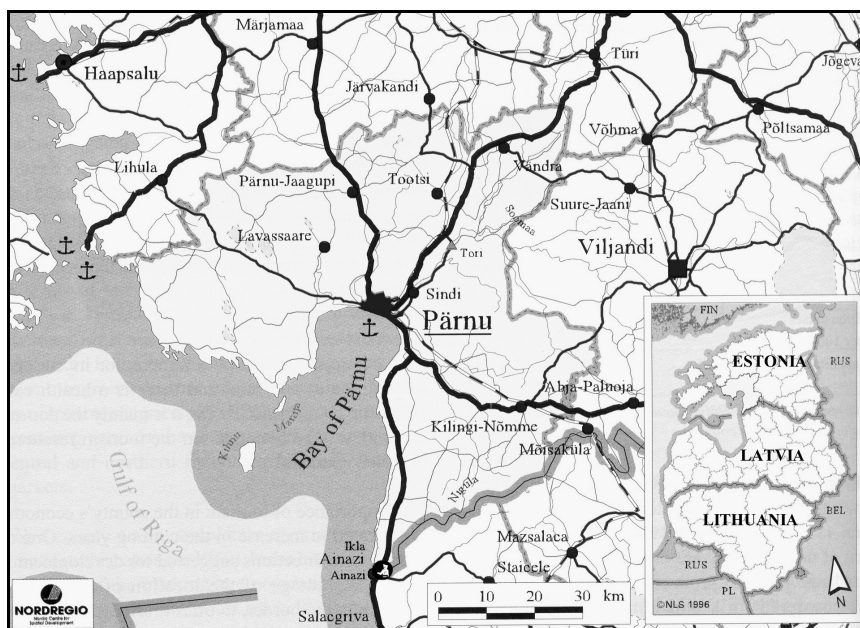


Figure 1: Situation and main networks in Pärnu County (Nordregio [6]).

2 Planning as a tool for a regional development

The objectives of a county planning are to form the strategy and concepts for the general physical and economic development of the county as well as to balance state and local interests as well as to form those into bases for long-term sustainable development.

County planning leads regional development in Estonia and its compiling gives to the local authorities and to the county possibility to consider together, are the plans and wishes workable when taking into account the regional specialities. For local authorities this is the possibility to acquire the experience of regional co-operation, it means regions international co-operation or co-operation in Estonia between regions will be used afterwards in practical skills of local authorities. In practise co-operative cities and centres are seen as important development guides.

2.1 Strategic planning in Pärnu County

The strategic plan of Pärnu County was first regional plan in Estonia. The main objectives were to initiate a democratic planning process and to develop Estonian planning legislation through practical experience. Emphases were placed on an open public process and on co-operation possibilities between different administrative levels. The main goal for Pärnu County relates in improving the quality of life, which among the other things means higher social security, increased economic activity and competitiveness-balanced desire for of a sustainable development. A model for regional planning has been developed on the basis of the experiences of Pärnu County for all 15 counties in Estonia. In the regional plans, national interests are balanced with the individual regional interest; and according to Estonian Planning Act, the comprehensive municipal planning has to be worked out according to the regional guidelines. Pärnu County Planning defines the development strategy as a system of goals and activities agreed on the county level. The aim is to achieve the best outcome in the future.

The main axis of Pärnu County is Via Baltica, which is a well-functioning highway providing a substantial development support to the whole region. Its future efficiency depends on co-performance with other transport systems such as express rail, existing railroad network, port as well as integration within all aspects of life. Effective access to Pärnu County works as bases for tourism development. Infrastructure of County is also important for balance of the settlement system: partnership of urban and rural areas, diversity of jobs in the countryside, evolution of local governments, sustainable transport and arrangement of infrastructure, preservation and maintenance of natural and cultural values, better connections and choice options for people living within the region. This is well recognizable on development patterns of the Pärnu County.

2.2 County planning as a tool for co-operation

Main document for regional development, county plan, can not be just county's planning document, it has to be county's, parish's and city's, state officials and other target group's common, consulted will. County Government's task is to guarantee necessary agreements during the planning process – plan will function best when it is the result of the interactive co-operation process between different speciality- and target groups. During the process all partners get new



experiences, knowledge and skills and due to that the continuation of planning and development process is guaranteed in parishes and cities also after that when the county planning is enforced (Entec [7]).

3 Pärnu City and County as pilot areas

Pärnu City and County have been the first pilot areas in developing a new type of democratic planning activity in conjunction with the compiling of new planning and building legislation in Estonia. The major objective has been to develop locally managed comprehensive and regional planning based on a strategic development process. By the time when county planning was initiated in Pärnu County in 1993, Estonia had reached a situation where earlier planning on the county level (general or master planning) practically no longer functioned. This was primarily planning on priority development of the state large-scale production as well as to the regulative, closed state centred character of planning. Neither local governments nor population had access to the planning process during the Soviet occupation, and therefore planning remained an alien field for them – the latter fact in its turn brought with it a negative attitude towards even the notion of "planning". Elaboration of the principles and the process of a new type of planning considering local conditions and peculiarities became one of the targets of Pärnu County Planning, having the status of a pilot project. The previous master plan of Pärnu town originated from 1974.

The following tasks were set for the first Pilot Projects: 1) development of interaction between Pärnu City and Pärnu County and the other smaller municipalities in the planning process, 2) introduction of contemporary planning and team-work methods as well as process management skills, 3) transfer of the execution of the planning to the local level, with the required training of the staff, 4) testing the public participation principles in planning, 5) testing of the principles of the draft planning and planning and building act (the first Estonian Planning and Building Act was passed by Estonian Parliament in June 1995 and is now replaced by Planning Act and separate Building Act from 01.01.2003). The project has implemented in two main phases: the first was called the Urban strategic Land Use Project in Pärnu city (it was started in September 1993) and completed in December 1999. The second phase, which started in April 1994, had to compile the First Regional Plan (officially the County Plan) for Pärnu County. Both of the plans and especially the processes were models for the other towns and regions in Estonia.

The co-operation of cities must complement to strengthening of certain centres: 1) co-operation between the biggest cities and their hinterlands (case of Greater Pärnu), 2) co-operation in forming development zones near the main international transport routes – both Pärnu city and Pärnu county are active partners within today's Via Baltica spatial development zone and further Rail Baltica projects, 3) cross-border co-operation (in the case of Pärnu) – Pärnu city as twinning city with Jurmala in Latvia, co-operation between Pärnu County and neighbouring Limbazhi Region in Latvia. The next stage in the last field is



establishing on new, joint international planning region on the East coast of the Gulf of Riga.

3.1 Pärnu City Planning

By existing comprehensive plan of Pärnu the goal is that by the year of 2010 Pärnu has to be a regional centre with safe living environment, with a balanced economy and a modern infrastructure, an original and active resort during all seasons. To achieve that aim the following priorities were set for development of Pärnu: 1) a city having a sound living environment and social safety, 2) a resort town and a regional tourism centre of the Baltic Sea, 3) a favourable entrepreneurial environment, ensuring employment during all seasons, 4) an important educational, cultural, health care and economic centre of Estonia, 5) a modern social and technical infrastructure, 6) a town maintaining and exhibiting its historical originality, 7) the administrative centre of South-West Estonia.

There is bigger attention on the idea of Greater Pärnu in the city development plan up to the year 2015, compared to previous ones (1994, 1997). During the negotiation process between local authorities and city we came to conclusion that the idea of Greater Pärnu does not have to be certainly in the meaning of accession of the local authorities, but it means mostly the cohesion and co-operation in different fields between Pärnu and its surrounding parishes. All together there could be 10 different fields for co-operation (eg. social health care, education, tourism development, planning). For example Pärnu has an idea to create the industrial park of Northwest Pärnu in the area of airport and Sauga Municipality on which territory it is situated would like to be a partner in this project also with its territory just next to airport.

Pärnu top industrial companies have been able to use scale effect supplementing with international markets and make good profit out of it. In future, during the economies new period, innovative ability will be decisive. One way to increase Pärnu regions competitive ability is possibility to focus on clusters in regions development strategy. At this point public sector must have the role of catalyst in developing clusters and cluster politics, it means creating profitable conditions for continuing clusters development – supporting interaction between partners (Porter [8]).

Cluster themes as tools of regional planning have become more and more actual during the last years in Estonia. One of the first cluster theories about regions was discussed in Pärnu, in 2000, with the help of Swedish consultants. Six potential clusters were identified in Pärnu region: 1) tourism cluster (incl. summer-tourism, conferences and fairs; health resort) – TC in other words Take Care cluster, 2) textile cluster (incl. sewing industry), 3) forestry cluster (incl. wood manufacturing and furniture production), 4) food cluster (incl. fishery), 5) logistics, 6) future business (information technology, intellectual and innovative business). The tourism cluster is the most developed among six themes mentioned above.

Today there is in Estonia two potential tourism clusters that may be defined on statistics (the cluster based on employment rate in general employment,



cluster employment to average employment in the same sector): Tallinn and Pärnu (Müristaja [9]).

New competition clusters' strategy for Pärnu region must be employed under new circumstances: 1) being a cost leader, 2) differentiation, and 3) concentration.

3.2 Pärnu as a urban development centre

In Estonian circumstances Pärnu is noticeably big centre with its 45 000 inhabitants and it is considered to be third largest market area in Estonia. In the case of the Pärnu the city hinterland includes seven local municipalities (all together there are 22 local authorities in Pärnu County) from where more than 25% of labour force goes every day to work in Pärnu City. If case of daily migration is lowered to 20% we can add in addition three local municipalities; when using the borderline of minimum 10% of daily migration the city region could cover already most of the parishes in Pärnu County. Authors opinion is that in the case of Pärnu hinterland the criteria of 30% of daily migration has to be taken into account and in that case the so-called Greater Pärnu will cover 63 000 residents (about 70% county's population). Pärnu county's population prognosis up to the year 2025 (that is based on the previous decade process) forecasts, that the population of the nearest hinterland of Pärnu will grow (like it happening in Tallinn, Tartu and Haapsalu hinterlands now), but in the city itself and in periphery the population decreases.

The *Survey of Estonian City-regions* (EURREG [4]) points out Pärnu city regions functional position. Here unemployment is small and economic activity is based on international relations because of tourism. Due to that Pärnu region is also considered to be profitable market area. Pärnu City region's economical base is strong and income of local authorities is quite high, which has allowed high investment level. The biggest problem is coming from lack of human resources (among the labour force). This is somewhat due to disadvantageous age structure (Pärnu is as "Estonian Florida") where percentage of elderly quite big.

Potential for skills in the region is relatively good, but when looked at absolute numbers, quite low. Suggestions brought out in the work of EURREG are: 1) to develop specialised skills and to develop higher education in Pärnu, 2) deal with tourism cluster in co-operation with other West Estonian health resorts like cities of Kuressaare and Haapsalu and to improve public transport between these centres (EURREG [4]). This has to be stressed since Pärnu is going to be functional centre for the whole Western Estonia.

3.3 Comprehensive plan as a tool for carrying out regional trends of development in the local level

According to the Estonian Planning Act a comprehensive plan is prepared for the territory of a rural municipality or city. Adopted comprehensive plan is later on basis for detailed plans and also land readjustment in low-density or rural areas. Comprehensive planning in Estonia today is carried out much on bases of local



initiative as well as it uses existing regional plans as guideline bases for further detailed development visions. During the comprehensive planning active discussions with different initiative groups are carried out (among representatives of local companies and non-governmental organizations). This co-ordination is paying important role in the field of planning. *Torremolinos Charter* confirms: “Spatial planning seeks for coordination between the various sectors. The effort for co-ordination concerns mainly the distribution of population, economical activities, habitat, public facilities and power supplies; transport; water supply and purification; noise prevention and waste disposal; protection of environment and of natural, historical and cultural assets and resources” (Charter [10]). Charter also stresses planning co-operation between different planning levels. So in this sense Estonian planning practice is carried out according the democratic planning traditions of Europe.

Wismar Declaration stressed that challenges regarding the settlement system are to: 1) raise the competitiveness of urban regions, 2) counteract growth concentration at too few urban centres through accelerated development of urban centres in regions lagging behind; and the challenges regarding internal structures of urban regions include: 1) move from mono-functional to multi-core urban structures which combine decentralisation with strong public transport systems, 2) promote sustainable internal urban structures, 3) promote urban renewal and land recycling, 4) support social integration (Declaration [11]).

4 Concluding remarks

Compiling the plan gives us an opportunity to agree with what kind of rules we must operate in the future as well as how to set up the goals and find resources to reach them. In the same time “the effect of a strategic plan for spatial development is the outcome of what all relevant bodies do with the statements in that plan” (Khakee [12]). So, in case of Pärnu County there has been a good co-operation between local or municipal level and regional level which has allowed to make the region one of the strongest market areas within Estonia as well as guaranteed flexibility in co-operation over various levels and fields of planning.

We can state that the principles of *Torremolinos Charter* guarantee the co-operation over the various levels: local, regional, state and European level work here relatively well on two lowest levels. Pärnu is now also trying to co-operate over borders of its region and State. Plans on both municipal and regional level prove that various things are taken into account from the planning one level above or below before making development decisions on respective level. The key of promoting Pärnu region is co-operation over various sectors before making agreements, because only this leads from vision level to real actions. By means of scenarios and strategies, regional planning will become more visionary and more concrete in comparison with earlier planning. Regional planning is an ongoing process, which means that the basic data and know-how is constantly being renewed – it also involves reappraisals of strategies and syntheses.

It has to be emphasised that the contribution of national planning and the National Spatial Planning Document *Estonia 2010* for the county planning was



quite small and did not influence considerably the content of county planning. At the same time the national planning got many important ideas from county planning. It shows once more, that although according to the planning law the planning system is hierarchical from one side, we get the best results in development planning when development planning is the result of co-operation between different administrative levels. It also showed that when making all kind of national plans the collecting of local ideas is very important – it makes the working process more complicated but adds value to its results (Lass [13]).

Consequently to the changes in European regional planning ideology and also in Estonian regional development strategy that are mentioned in the beginning of the article, the authors think that it is the time to change Estonian county planning ideology bringing in city-regions. It means that in the future county's development strategy has to be looked through the city-regions zone percentage paradigm.

On fast developing society, as Estonia that is in the same time integrating into international economic relations, the development of regions is dependent on positioning these regions on international scenery. It is not enough to define mutual relations and co-operation over sectors only within Estonia, for success and promotion of development it has to be looked in international context.

The urban policy in Estonia must be focused especially on the county centres – city-regions for following reasons: 1) on the basis of them it is possible to set up a whole-Estonian network of viable centres, 2) building on county centres – city-regions enables to preserve and use the regional identity as a local development resource, 3) development of county centres enables us to partly compensate for the inevitable decrease of job opportunities in rural areas, 4) a flexible combination of living and job opportunities of the county centre and periphery enables the preservation of the more traditional rural settlements and valuable cultural landscapes.

Settlement development founded on empowering of county centres allows an increase in the mobility of inhabitants to be coupled with the traditional Estonian loyalty to birthplace. The survival of vital population throughout the country and a competition position of Estonia internationally are ensured by development of country centres and centre networking, emergence of co-operation areas and development zones, trans-boundary co-operation, good local transport and expanding possibilities of distance and home work (Eesti 2010 [14]). In this context the ESDP policy of urban-rural partnership aims can be valuable in stimulating discussion and mobilising commitments as well in Estonia as the other transition countries.

International co-operation and foremost national development documents directed to the funding of the EU are increasingly oriented to productivity. In Estonian state level the image still exists that strategies, conceptions, development- and activity plans are involuntarily already that kind of documents, which guarantee the development process in positive direction (Noorkõiv [15]). According to Partnership principle Estonian sector areas should compile regional development documents and carry them out on different levels (local municipality, county, state), which will result vertical and horizontal co-



operation. Public, private and third sector has to be involved. The constructive partnership principle is probably the most often employed when compiling the county planning and national planning *Estonia 2010*, which is co-ordinated by the Ministry of Environment.

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