



**Thematic Working Group 1: Targeting territorial  
specificities and needs in Rural Development Programmes  
Case study on Specific Development Areas**

EN RD Contact Point

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*Connecting Rural Europe*

## Specific Development Areas

The Rural Development Programmes of Greece and Sardinia (Italy) were selected in the framework of the EN RD Thematic Working Group No 1 "*Targeting rural territorial specificities and needs*" as case studies in order to analyse two different approaches in the definition of specific development areas. The main purpose of this case study is to assess how the particular needs of the areas defined as "*specific development areas*" are targeted and which measures are applied to meet these development needs.

This parallel analysis allows the comparison of two different development approaches applied in two territories characterised by rather similar needs, problems and objectives to be reached by the implementation of the RDPs. The analysis of the Greek RDP focuses on the situation of the small Aegean islands, while the RDP for Sardinia provides an insight into a region of mountains and inland hills with severe socio-economic problems.

The case study presents the definition of rural areas elaborated in both RDPs, the definition of needs and consequent objectives of planned development actions, and choices made in term of solutions and measures to be implemented.

### Definition of rural areas

The starting point for defining rural areas is in both cases the OECD definition.

In **Greece**, within the OECD broad definition, three categories of rural areas have been defined:

- *Dynamic rural areas* - located in plains, easily accessible to the cities, constituting the heart of agricultural production and exports;
- *Mountainous, disadvantaged or problematic rural areas* - these can both be predominant or intermediate rural areas, characterised by a significant dualism in terms of their development. Several of these areas are facing severe socio-economic decline, while others are benefiting from an expanded rural tourism sector, organic farming and production of niche food products. Development strategy in these areas is based on a multifunctional approach.
- *Island rural areas*: these are highly varied, by size, topography, degree of tourism development etc. They are all affected, to greater or lesser degree, by distance from mainland Greece and the resulting high transport costs, environmental degradation, scarcity of resources, a competition for land use between tourism and agriculture, high irrigation needs, and high importance of coastal and off-shore fishing.

The small Aegean islands fall within this third category, which is itself a subset of the overall definition of Greek rural areas. This category is referred to as a distinct sub-category at certain points in the RDP, but is not clearly defined by text or in maps.

In **Sardinia** the starting point for the definition of rural areas has been the OECD modified definition adopted in the Italian NSP, further modified to reflect the specificities of the territories in this island.

The definition of rural areas adopted at national level and illustrated in the NSP, starts classifying municipalities (LAU2) according to the altitude zone (plain, hill and mountain) at province level. Taking this and other factors into account, four types of zones are distinguished, namely:

- Zone A: Urban Poles
- Zone B: Rural Areas with Specialised Intensive Agriculture
- Zone C: Intermediate Rural Areas
- Zone D: Rural Areas with Complex Problems of Development.

Zones B, C and D together constitute the rural areas for the general purposes of the RDPs. This classification was defined in the NSP and adopted also in the National Reference Strategy Framework in order to identify the priority for Cohesion Policies.

A high proportion of the Sardinian territory falls within zone D "*Rural Areas with Complex Problems of Development*". In the preparation of the RDP the responsible administrations of the Italian regions were to take the national definition as a starting point for the specification of rural areas. In parallel, they had the opportunity to modify this definition in response to specific characteristics of their territory.

In the RDP of Sardinia, in order to reflect the specific character of the region, Zones C and D are each divided into two parts by reference to an assessment of 'demographic malaise'. This assessment takes account of factors including loss of population over the period since 1951; the index of births over deaths in the ten year up to 2001; the indices of ageing and of dependence index; and the percentage of the population that was aged 65 or more, or less than 5 years old, in 2001. The outcome is a four-part zoning, with the following elements:

- Zone C1: "*Intermediate rural areas with high levels of demographic malaise*"
- Zone C2: "*Intermediate rural areas with good or moderate levels of demographic malaise*"
- Zone D1: "*Rural areas with complex development problems with high levels of demographic malaise*"
- Zone D2: "*Rural areas with complex development problems with good or moderate levels of demographic malaise*".

Taken together, the two zones with high levels of demographic malaise – C1 and D1 – are the "Sardinian" equivalent of the national zone D, and therefore form the focus of this case study. All the Communes with high level of demographic malaise are located in areas C and D: in total these are 164, that is 45% of all the communes in Sardinia; they are mainly located in mountain and hilly inland areas, and have an average population of less than 3,000. In contrast to the Greek example, these two zones are defined in a detailed and convincing way by text and by reference to maps and administrative boundaries.

## Objectives

Several objectives have been identified to pursue the development of rural areas in the two considered RDPs and some of which are common such as to halt the abandonment of farmland, reduce isolation and social exclusion, and improve the added value of local products.

In detail, the RDP for **Greece** establishes for all island areas (i.e. not only for small Aegean islands) the following objectives: to halt the abandonment of farmland and the desertification and erosion which arise from it; to provide the necessary infrastructure for transport, health, education and culture; to support the introduction of new information technologies through setting residents in these island areas as priority beneficiaries; to add value on locally-produced farm and forest products; and to reduce the isolation of small Aegean islands.

These objectives are not quantified by reference to small Aegean islands, nor are they given high priority in the RDP.

The main objectives of the RDP of **Sardinia** are defined as follows: to improve the attractiveness of the rural territories for both people and enterprises; to revitalise the productive tissue and to maintain vital and dynamic local communities; to halt depopulation; to maintain existing and create new job opportunities; to increase employment among women and young people; to sustain the occupation, and the productivity of farm holdings; and to reduce social isolation and exclusion.

## RDP measures and resources

To pursue the above-described policy objectives the two RDPs analysed here focus on different policy measures; in particular the Greek RDP seems to focus mainly on measures specific to Axes 1 and 2, while the Sardinia RDP utilizes all Axis 3 measures.

In **Greece** the following measures from Axes 1 and 2 are applied:

- 121(a): Modernisation of agricultural holdings, to improve their competitiveness;
- 121(b): Modernisation of small agricultural holdings which are active in the dairy sector<sup>1</sup>;
- 123(a): Adding value to agricultural products by supporting innovation, improvement of technological equipment, quality and health and safety standards of their products;
- 123(b): Adding value to forestry products;
- 212: Support to disadvantaged areas other than mountains, with a focus on the promotion of sustainable production systems. However, a significant proportion of this type of area concentrate in islands, as mountain areas in Greece are granted a similar type of support through measure 211;
- Two sub-measures of measure 214, namely:
  - the maintenance of the traditional vineyard of South Thira;
  - the maintenance of extensive crops that are under threat of genetic erosion: this includes some crop varieties found in small Aegean islands.

Though not stated in the RDP, several of these islands can also benefit from measures under Axes 3 (if included amongst areas delineated for Axis 3 intervention) and 4 (if included in the areas where the Leader approach is implemented).

The following table shows the budget allocated to these measures. The amount specified for Axis 1 measures refers to all rural areas, this for measure 212 targets all non-mountainous LFAs (including several islands), while the amount presented here for measure 214 targets specifically the Aegean islands<sup>2</sup>; in particular 3M€ are assigned to the support of South Thira Vineyards and 5M€ are assigned for protecting genetic resources<sup>3</sup> in these areas.

Measure No.	Public funding over whole programme period. €	Percentage of RDP budget %
<b>121a</b>	415,000,000	8.17
<b>121b</b>	35,000,000	0.69
<b>123a</b>	280,000,000	5.51
<b>123b</b>	22,000,000	0.43
<b>212</b>	80,000,000	1.58
<b>214</b>	8,000,000	0.06

The **Sardinian RDP** refers to axis 3 measures, in particular<sup>4</sup>:

- 311: Diversification towards non-agricultural activities;
- 312: Support for creation and development of micro-enterprises;
- 313: Stimulation of touristic activities;
- 321: Basic services for the economy and rural population;
- 322: Development and renewal of villages;

<sup>1</sup> Included following the adoption of the CAP Health Check.

<sup>2</sup> In principle, these islands areas can also benefit from actions specific to measure 214, for which all rural areas are eligible.

<sup>3</sup> N.B. The source of financial data is the original case study, included in TWG1 Step 2 report.

<sup>4</sup> Budgets and shares per measure in Sardinia were not available when the case study was elaborated.

- 323: Protection and beneficial use of the rural heritage;
- 341: Acquisition of competences, animation and implementation;

Measures 311, 323 and 341 are partly implemented by LAGs, while measures 312, 313, 321, 322 are wholly implemented by LAGs. These LAGs can only operate within these specific zones.

In terms of resources, the RDP of Sardinia shows a gross budget for the considered measures, with €18 million (1.44% of the total RDP budget) for Measures 311, 323 and 341 and €169,9 million (13.56%) for Axis 4 and the other Axis 3 measures. Since the Axis 3 measures will be implemented mainly through Leader groups, and their local development strategies and budgets have not been all approved yet, it is not possible at the time being to indicate how these total resources are allocated between the individual measures.

## Beneficiaries

There is a wide variety in terms of both the categories of beneficiaries who can be eligible for the above measures and the level of support which they are entitled to.

In **Greece** beneficiaries for measures considered and support rates are as follows:

- Measures 121(a) and 121(b) - farmers on small Aegean islands receive the maximum subsidy (75% of total investment cost), as opposed to farmers located in mountainous and other disadvantaged areas (60% for beneficiaries of measure 112 - 50% for the rest) and other rural areas (50% for beneficiaries of measure 112 - 40% for the rest).
- Measure 123(a) - all enterprises, irrespective of size, enjoying a maximum level of support (65% compared to 40% for other rural areas). Some requirements are more relaxed for farmers in these islands, taking into account the difficult conditions for producing and commercialising their products (e.g. small size of enterprises, arid land, distance from mainland Greece).
- Measure 123(b) – micro enterprises active in timber processing are targeted through this measure. As in measure 123(a), the maximum level of support (65%) is granted for units located in small Aegean islands. In the case of investment plans over 200,000 EUR, upper ceilings for support for adding value to forestry products is 50% until 31-12-2010 and 35% thereafter.
- Measure 212 – beneficiaries in these islands enjoy a higher level of support during the period 2007 to 2009.
- Measure 214 - owners of vineyards on South Thira, provided they maintain traditional pruning and do not use chemicals.

In **Sardinia** beneficiaries are as follows:

- Measure 311 - members of farming families
- Measure 312 - micro-enterprises according to the provisions of EC Reg. 1698/2005
- Measure 313 - public bodies or their associations, bodies for the management of touristic services and (for action 4) private bodies.
- Measure 321 - public bodies and their associations
- Measure 322 - for action 1, public bodies and their associations; for action 2, private citizens or owners of buildings.
- Measure 323 - public bodies and their associations and for action 30 private persons.
- Measure 341 - Sardinia Regional Council

## Targets

In Greece the RDP does not state targets specific to the small Aegean islands.

In case of Sardinia targets are stated for three of the considered measures:

- Measure 311- increase of €1 million in gross added value of non-agricultural origin in the beneficiary holdings, €20 million of total volume of investments, and 11,400 more tourists;
- Measure 323 - €6 million in total volume of investments, and 195,000 people using improved services;
- Measure 341 – 4,000 participants in training activity and 1,800 successful completions.

## Other funds

Besides EAFRD, other EU funding mechanism are involved in the development of specific areas, namely the European Social Fund (ESF), the European Regional Development Fund (ERDF), the Cohesion Fund (CF) and LIFE+ programmes, but in the analysed RDPs there is not specific reference to the involvement of other funds in the development of these areas.

In Greece the RDP states that ESF may support people on the small Aegean islands through its life-long learning programme, but does not state the budget for this activity.

In Sardinia the RDP states that ERDF and ESF may bring support to these areas, but does not indicate the scale of resources from these funds.

## Coherence

In Sardinian RDP there is a fair level of coherence between objectives and measures implemented, even if some inconsistencies can be identified, while there is a general lack of coherence in the Greek case.

More specifically in Greece the evidence of the RDP, taken alone, suggests a low level of coherence in the relationship between objectives and measures. The objectives imply the need to diversify the local economies of these islands and to enhance the quality of life in these remote places, yet there is no specific mention of Axis 3 or Axis 4 measures (which as already mentioned apply in rural areas only if they are specified as areas eligible for Axis 3 and for areas where the Leader approach is implemented). Also surprising, though several of these islands are quite dependent on fishing activity, there is absolutely no mention of the involvement of the EFF. As for the measures that are mentioned, the absence of budgets or targets specific to these islands makes it hard to judge whether the programme is likely to be efficient in meeting development objectives.

In Sardinia the definition of areas is precise and clear, as well as the identification of the major needs and objectives. Axis 3 measures that are devoted to these areas seem to be well-related to the stated policy objectives, and a substantial amount of money is allocated to them. Moreover, the fact that most of this spending is to be implemented by Local Action Groups, within the framework of local development strategies, suggests an integrated development approach. It can be assumed, but without certainty (as solely evidence from the RDP is not sufficient), that other RDP measures (from Axes 1 and 2), and possibly some resources from ERDF and ESF, will also benefit these areas. Hence, there seems to be a fair degree of coherence, and certainly a clear effort to analyse the special needs of these troubled territories and to suit the measures to them.

This case study suggests that Italy can offer a satisfactory example of elements of relevant practice in the two-stage analysis (national and then regional) of the specificities and development needs of regions with specific development problems, and also in the coherent nature of attempt utilized for meeting these needs.

## Conclusions on specific development areas

These two case studies focus on islands in the Mediterranean and they have several similarities both on the needs/problems and objectives established by RDPs. Both these case studies suffer from loss of population, narrowly-based economies, difficult farming conditions, poor social infrastructure, and some degree of isolation and social exclusion. In both places, there seems to be a policy focus on adding value to local products and diversifying the local economies through tourism and other activities. In spite of similarities in the economic and social situation of these special areas, the approaches that have been chosen to solve these problems are rather different.

The Greek RDP relies on a relative small set of measures, from Axes 1 and 2, focusing more, in term of resources, on physical investments (measure 121), in order to increase the competitiveness of the agricultural holdings, and on the provisions for improving the commercialisations of agri-food products (123a). On the other hand the budget of the two Axis 2 measures is more limited, but both these measures (in a very significant extent) specifically target the Aegean island.

On the contrary, axes 3 measures and the Leader approach have been chosen as main tools to solve the problems of specific development areas in Sardinia, relying on the implementation of integrated interventions realised by the selected LAGs in the different territories. The budget designed for the specific support of these areas is relatively small, less then 200 M€ (Axes 3+4), compared to the total budget of the programme, which is 1,292,253,805 € (total public expenditure), but considering the importance of these areas in the island it is likely they will receive additional funding from the other two horizontal RDP Axes and other EU funds.