Thematic Working Group 1

Targeting territorial specificities and needs in Rural Development Programmes

Final Report

EN RD Contact Point
30 November 2010
The Thematic Working Group 1

The EN RD has established Thematic Working Groups (TWGs) which carry out specific analysis on the basis of the current rural development programmes focusing on specific thematic priorities. Working on the basis of a specific mandate they provide in-depth analysis of the EU Rural Development policy implementation and contribute to the understanding and diffusion of 'know-how' and experiences and improvement of its effectiveness. As of October 2010, TWGs have been established on the following topics:

- TWG1: Targeting territorial specificities and needs in Rural Development Programmes
- TWG2: Agriculture and the wider rural economy
- TWG3: Public goods and public intervention
- TWG4: Delivery mechanisms of EU Rural Development Policy

The overall objective of TWG1 is to contribute, through relevant analysis and the diffusion of results, to an efficient targeting of territorial specificities and needs in Rural Development Programmes (RDPs) and to a more balanced development of rural areas across Europe.

Based on a predefined workplan the Group conducted its analytical work in 3 steps:

Step 1 analysed how EU Member States have defined or targeted rural areas in their RDPs for the 2007-2013 programming period, and what kind of indicators and definitions they have used for this purpose.

Step 2 addressed the issue of demarcation and complementarity between the different European Union and national funds in terms of meeting the development needs of rural areas and the targeting of specific territories for the application of measures and resources to meet identified areas.

Step 3 which is the final output of the analytical work, involves the production of an overall report bringing together the various elements (including significant commonalities and variations) with respect to:

- national approaches to the definition of rural areas;
- the analysis of territorial specificities and needs;
- the targeting of measures in relation to these specificities and needs;
- strategies for demarcation and complementarity between RDPs and other Community and national instruments.

Informed by the above, the Step 3 Report concludes by providing draft building blocks for a revised typology of rural areas, and a revised set of baseline indicators.

From autumn 2010 onwards a number of “products” based on the analysis and outcomes of the analytical work are being developed for widespread dissemination and discussion among EN RD stakeholders.
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## Acronyms and Abbreviations

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<tr>
<td>CF</td>
<td>Cohesion Fund</td>
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<tr>
<td>DG AGRI</td>
<td>Directorate General for Agriculture and Rural Development</td>
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<td>EAFRD</td>
<td>European Agricultural Fund for Rural Development</td>
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<td>EFF</td>
<td>European Fisheries Fund</td>
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<td>EN RD</td>
<td>European Network for Rural Development</td>
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<td>ERDF</td>
<td>European Regional Development Fund</td>
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<td>ESF</td>
<td>European Social Fund</td>
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<td>EU</td>
<td>European Union</td>
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<td>Ha</td>
<td>Hectare</td>
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<tr>
<td>IR, PR and PU</td>
<td>Intermediate Regions (IR), Predominantly Rural Regions (PR), and Predominantly Urban Regions (PU) within the definition of regions offered by OECD</td>
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<tr>
<td>LAG</td>
<td>Local Action Group</td>
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<td>LAU</td>
<td>Local Administrative Unit</td>
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<tr>
<td>LFAs</td>
<td>Less Favoured Areas</td>
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<tr>
<td>MS</td>
<td>Member State(s)</td>
</tr>
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<td>NMS</td>
<td>New Member State(s)</td>
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<tr>
<td>NUTS</td>
<td>Nomenclature of Territorial Units for Statistics</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
</tr>
<tr>
<td>SAPARD</td>
<td>Special accession programme for agriculture and rural development</td>
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<td>UAA</td>
<td>Utilised Agricultural Area</td>
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1. Summary

This report presents the results of research undertaken during the first phase of the Thematic Working Group’s activity work.

The objectives of this first phase were:

- To analyse how Member States, in their Rural Development Programmes (RDPs), have defined rural areas for the general purpose of the RDP; addressed the issue of demarcation and complementarity between the different European Union and national funds, as they may be applied to meeting the developmental needs of rural areas; and targeted specific territories for attention, assessed the relevant needs of these territories, and applied measures and resources to meet those needs;

- To draw conclusions, including an offer of building blocks towards a revised definition of rural areas and a revised set of baseline indicators.

The analysis of how states and regions defined rural areas generally, and of their approach to demarcation and complementarity, focused upon 35 national or regional RDPs. The analysis of territories, needs and measures focused upon 19 RDPs, divided into 6 sets of which each one is related to a category of specific territory: Less Favoured Mountain Areas; other Less Favoured Areas; Natura 2000 and environmentally valuable farm land; Specific development areas; Rural areas eligible for Axis 3 measures; and Areas covered by Local Action Groups under Axis 4.

The conceptual basis for the work was focused on the relationship, within each Rural Development Programme, between five things – the definition of rural areas for the general purpose of the RDP; the targeting of specific territories; the relevant needs of these territories; the measures and resources that are applied within the RDPs to meet those needs; and the measures and resources from other European Union and national funds that may be applied to meeting the developmental needs of rural areas, with the approach to demarcation and complementarity between the RDP and these other funds. This conceptual basis is described in Section 2.

The OECD definition of rural areas, offered by the European Commission for use by Member States, was in fact used (in some cases with modifications) by only two-fifths of the Member States. Other countries chose to use their own definitions, based on a variety of factors to allow among others a wide application of rural development measures (for example under Axis 3).

Concepts of rurality vary significantly between countries, because of differences in topography, population density, administrative traditions etc. Some concepts are indicator-based: they include areas below a defined threshold of population density (using or not using the OECD norm); areas which are not urban, in senses which vary from country to country; rural and peri-urban areas, in countries where out-migration from cities is bringing people to live in places which they conceive to be still rural. Some are more-policy-based, including areas which have specific development needs that can be served by the RDPs; or showing an intricate mosaic of areas, defined by reference to multiple factors.

Many of the states or regions use a combination of such factors to identify a gradation of areas, from central to peripheral or similar concepts. This process is driven by the desire to identify areas which have distinct needs or relative priority in terms of policy and the application of measures. Often, these gradations include urban areas, and thus assist the basic distinction between urban and rural areas: but they also identify (in a way that is specific to each country or region) different types of rural area. Some of these gradations are close to the three-part OECD distinction between Predominantly Urban, Intermediate and Predominantly Rural Regions.
The result of the process of modifying the OECD definition or using alternative definitions of rural areas is that, in many countries, significantly more land, and more population, is defined as rural as would have been so defined under the OECD definition.

There is strong awareness among Member States and regions of the potential for complementarity between the EAFRD and other major funds or programmes in meeting the needs of rural areas. Almost all of them expect support to rural areas from the ERDF, the ESF and the EFF, and (in relevant countries) the Cohesion Fund. A minority also expect support from the LIFE+ programme. Some expect to use other national and regional programmes. Various mechanisms are used to ensure effective coordination between the different funds, both at central level and at the level of local programming and delivery.

Analysis of the definitions used by Member States in targeting rural areas for the application of individual measures in the RDP reveals that certain main definitions are used by many states. Of these, the most widely used are the whole of the rural area; Less Favoured Areas; Natura 2000; High natural value and other environmentally valuable agricultural and forest land; and Leader areas. These form the focus of the case studies in Section 5 of this report.

A wide range of RDP measures is used in addressing the needs of specific territories, sometimes going beyond the scope of the measures that are normally associated with a particular type of territory. Funds from outside the RDPs are also used in many territories.

Less Favoured Mountain Areas, identified in 17 of the 27 EU states, present complex problems. Member States and regions recognise the need to ensure the continuance of farming in these difficult areas, to improve the economic and social opportunities, and to protect biodiversity and the rural heritage.

Case studies focused on other Less Favoured Areas demonstrate that RDP Measures are flexible enough to bring benefit to areas facing varied handicaps, and can address the constantly evolving agenda of "public goods" that can be secured through skilled land management in such areas.

Case studies focused on Natura 2000 and environmentally valuable farm land illustrate different uses of measures from Axis 2. In some case studies, environmental conservation is also supported by Axis 3 and Axis 1 measures, to achieve more sustainable effects in sensitive areas. In some places measures are fully integrated.

Case studies focused on Specific Development Areas, all drawn from islands in the Mediterranean, show how areas facing serious social and economic difficulty can be supported by multiple measures, including a focus on adding value to local products and diversifying the local economies.

Case studies focused on rural areas eligible for Axis 3 measures offer coherent approaches to integrated local development.

Case studies focused on LAG areas provide some sharp insights into how Local Action Groups set up under Axis 4 of the EAFRD can focus development effort upon the needs of specific territories.

Local Action Groups are not the only mean of local delivery revealed by the case studies. Interesting models are offered by the Integrated Territorial Intervention territories in Portugal, and the 'Pays' and the Regional Natural Parks in France. Some of these are also LAGs, and their double nature enables them to call down resources beyond the EARDF and (where relevant) to operate in urban as well as rural areas.

Devolution of RDP powers to regions can permit the flexing of territorial definitions to reflect a sharper relationship between needs and measures.

The case studies suggest that there is a fair level of coherence within the whole sequence of elements – the broad definition or concept of rural areas, the strategic goals of the RDP, the specific definition of the territories covered by this case study, the assessed needs in these territories relevant to the measures
being applied, the measures and resources to be applied or allocated within the RDP, and the complementarity or demarcation with other instruments or programmes.

A total of 17 examples of elements of relevant practice were identified in the fields of territorial targeting. These merit further study as having potential to be more widely publicised.

As an output of this work it was requested to provide potential building blocks for a revised typology of rural areas and a revised set of baseline indicators, for use in future rural development programmes. While carrying out this study it was assumed that any such revision will not come into play until the new EU programming period; that there will then be a distinct fund for rural development, with a scope similar to the present EAFRD and with a requirement at EU level and in each Member State for definition of the rural territory; and that this definition could form a further basis for the division of labour between the rural development fund and other EU Funds.

A distinction is drawn between the definition of the boundary between ‘rural’ and ‘urban’ areas (A); the targeting of particular territories for the application of specific sectoral measures (B); and identification of rural areas which most need development (C).

The OECD definition is not accepted by most EU states as the basis for defining rural area in their RDPs. Change from the sole use of that definition may be justified because definitions now used by Member States mean that more land and far more population are defined as rural than would have been under the OECD definition, and these definitions vary so widely that there is no clear basis for comparing them at European level.

Three factors are considered to be important for rural definition: population density, land use and non-urban character. Population density remains as the main factor for defining rural areas, however it may need to be sensitised to the fact that density varies greatly between countries. Land use is a key starting-point for defining territories to which relevant sectoral measures may apply. Many RDPs define rural areas as those which are not urban. However, there is no standard definition of what is urban: to have value as a definitional factor, it would have to be sensitised to the wide variation in settlement patterns.

If the European Commission wishes to prepare a revised basis for a typology of rural areas which it can recommend to Member States – or if Member States themselves wish to adopt a revised typology - for use in the new programming period, it/they could use as building blocks the most significant among the factors that have been used by states or regions in defining rural areas and targeting measures. Specifically, three such building blocks have been identified: Physical Handicap (Block 1), Environmental Sensitivity (Block 2) and Socio-economic disadvantage (Block 3).

Physical Handicap is a key factor in defining areas for application of specific measures, notably support to Less Favoured Areas. Often it has also its socio-economic reflection as a factor affecting structure of the local economy.

Environmental Sensitivity (such as Natura 2000, Nitrate Vulnerable Zones, Protected Forests, High Natural Value Farmland etc.) constitutes an important constraint on primary land use and on some other economic activity; At the same time it provides opportunities for farmers to provide environmental public goods alongside conventional agricultural products. Thus it is a key factor for defining areas for application of specific measures.

The third building block relates to socio-economic disadvantages of rural areas. It includes four factors: demography, socio-economic problems, economic structure and access to urban services. Demography is a key element in defining areas which most need development, on grounds of weakness as shown by negative natural growth of population, net out-migration, loss of young people, unbalance between working age and dependent age groups. Another key factor refers to a set of socio-economic problems as weak human capital, unemployment or in contrast under-employment, low levels of economic activity,
low income and weak purchasing power, or lack of basic communal services. Economic structure and strength factors as narrowly based economies, low levels of job vacancy, low levels of GDP and GVA are also thought to provide indication of the development potential of rural areas. The potential for some areas to benefit from urban services or economies may be assessed by reference to proximity to cities.

These potential building blocks for a revised typology of rural areas can be reflected in extension or updating of the current set of 23 baseline indicators.

In addition, other individual factors can also be considered, particularly in relation to the new challenges reflected in the 2009 updates of the RDPs, notably relating to climate change and renewable energy. They might include, for example, such factors as ‘a potential to capture and sequestrate carbon’, or to ‘produce renewable energy’ etc.

Some states and regions perceive strong links between urban and rural needs and solutions. An EU-level typology of rural areas should therefore not prevent or discourage states and regions from a territorial approach to development at sub-regional level, cutting across the urban-rural divide where this is useful.
2. Introduction

This introductory section recalls the objective behind the work programme of TWG1 and the scope of the first phase of that work. It outlines the conceptual approach to the work in that phase, and summarises the work undertaken.

2.1 Objective

The objective of the Group is to contribute, through relevant analysis and the diffusion of results, to an efficient targeting of territorial specificities and needs in Rural Development Programmes (RDPs) and to a more balanced development of rural areas across Europe.

2.2 Scope of the first phase

The first phase of the Group’s work – from March 2009 to March 2010 – focused on laying a fieldwork of understanding of how Member States, in their RDPs, have addressed the issues of:

- Defining rural areas for the general purpose of the RDP;
- Demarcation and complementarity between the different European Union and national funds, as they may be applied to meeting the developmental needs of rural areas;
- Targeting specific territories for attention, assessing the relevant needs of these territories, and applying measures and resources – both within and outside the RDP – to meet those needs.

The first phase is completed by the production of the present report, which draws conclusions on the above work, and offers examples of relevant practice in these fields, together with suggested building blocks for a revised typology of rural areas and a revised set of baseline indicators.

This work has been addressed in three main Steps:

**Step 1:** Analysis of how Member States, in their RDPs, defined or targeted rural areas for the 2007-2013 programming period, with the indicators or definitions that they used for this purpose.

**Step 2:** Analysis of how Member States and Regions have addressed the issue of demarcation and complementarity between the different EU and national funds, as they may be applied to meeting the developmental needs of rural areas. This Step also included analysis of how Member States and regions targeted specific territories for attention within the RDPs, assessed the relevant needs of these territories, and applied measures and resources within and outside the RDPs to meet those needs.

**Step 3:** Production of the present report, which shows the overall pattern, including both significant common elements and significant variations, in national approaches (a) to definition of rural areas for the general purpose of the RDPs; (b) to strategies for demarcation and complementarity between the RDPs and other Community and national instruments; and (c) to targeting of specific territories for attention, assessing the relevant needs of these territories, and applying measures and resources – both within and outside the RDP – to meet those needs. The report offers examples of relevant practice in these fields, together with suggested building blocks for a revised typology of rural areas and a revised set of baseline indicators.

2.3 Conceptual approach

The conceptual basis for the work is focused on the relationship, within each Rural Development Programme, between five elements:

- The definition of rural areas for the general purpose of the RDP;
• The targeting of specific territories;
• The relevant needs of these territories;
• The measures and resources that are applied within the RDPs to meet those needs;
• The measures and resources from other Community and national funds that may be applied to meeting the developmental needs of rural areas, with the approach to demarcation and complementarity between the RDP and these other funds.

This relationship is shown schematically below:

Diagram 1 Relationship between elements within each Rural Development Programme

<table>
<thead>
<tr>
<th>General definition of rural areas</th>
<th>Targeting of specific territories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measures and resources from other EU + national funds</td>
<td>Demarcation and complementarity</td>
</tr>
<tr>
<td>Measures and resources applied within the RDPs</td>
<td>Assessment of needs of these territories</td>
</tr>
</tbody>
</table>

The conceptual approach to each of the five elements is described below.

2.3.1 General definition of rural areas

Member States or regions are obliged by the EAFRD regulation to define the geographic scope of rural area for the general purpose of their RDPs. They may themselves decide how to shape this definition i.e. what factors or indicators should be used. The area so defined becomes, for each state or region, the territory to which in broad terms the measures and resources within the RDP may be applied. It may also form the ‘outer’ geographic frame within which specific territories may be identified for particular purposes or for the application of chosen measures, though (as shown in the case studies in Section 5) these specific territories sometimes extend beyond, or bear no clear relationship to, the defined rural areas. Section 3 of this report describes the findings on the variety of definitions that Member States or regions use to define rural areas for the general purposes of their RDPs.

2.3.2 Targeting of specific territories

Member States or regions may define specific territories either in response to European policies or norms or on the basis of their own sense of policy priorities. They may then apply, to these specific territories, chosen measures and resources from the RDP, according to their assessment of the needs of the specific territories. This relationship – territories, needs and measures – is presented as a triangle in Diagram 1, for the reason that these three elements directly influence each other. Thus:

• Some territories, such as Natura 2000 or Less Favoured Areas, are defined in direct response to EU Directives or regulations and to the RDP measures that relate to them;
• The size or geographic scope of some areas, such as LAG areas, are also affected by EU regulations related to specific measures;
• Some territories are defined by reference to specific needs identified in the RDPs.
So, the focus in analysing how specific territories are targeted is on how they are defined, and with what clarity this definition relates (on the one hand) to the general definition of rural area, and (on the other hand) to the needs as assessed and the measures and resources that are applied.

### 2.3.3 Needs

The focus here is on those needs (as stated in the RDPs) which are relevant to these specific territories, and which may indeed cause or arise from the definition of those territories. The word ‘needs’ is in fact rarely used in the RDPs. As a proxy for it, wording relating to ‘weaknesses’ and ‘opportunities’ has been used in the SWOT statements; to indicators and targets in the prescriptive chapters of the RDPs; and, most helpfully, to the objectives stated in Chapters 3 and 5 of the RDPs.

### 2.3.4 Measures and resources within the RDP

The focus here is on the measures which are stated in the RDPs as being applied to meet the needs of the specific territories. Sometimes, as with LFAs, these measures are specific to these territories and only applied to them. Sometimes, the measures are more widely applied, and it may be difficult from the evidence of the RDP alone to understand what proportion of the resources under those measures is applied to the specific territories.

Some of the case studies are narrowly focused on the application of a few measures. Others deal with many measures, addressing a variety of needs, and in these cases the aim is to assess the degree of linkage between the measures and the achievement of an integrated approach.

### 2.3.5 Measures and resources from other funds

Many rural areas in the EU are known to benefit from the application of measures and resources not only from the EAFRD and its national equivalents but also other Community funds or national funds. By ‘other Community funds’ is meant mainly the European Regional Fund, Cohesion Fund, Social Fund and Fisheries Fund. When focusing on how the needs of specific territories are met, it is required to bring into perspective measures and resources that are applied from these or other EU or national funds.

For that reason, how Member States and regions have addressed the issue of demarcation and complementarity between the different EU and national funds was analysed, as they may be applied:

- generally, to meeting the developmental needs of rural areas in each state or region in the set of 35 RDPs that were analysed for that purpose (see Section 3);
- specifically, to meeting the needs of the territories covered by the case studies of specific territories (see Section 4).

In this analysis, three key words were used – demarcation, overlap and complementarity:

- by **demarcation**, is meant clear lines of separation between the EARDF and other Funds, as they apply to territories, to types of project supported, or to types of beneficiary;
- by **overlap**, is meant the potential for two or more funds to be applied to the same area, the same type of project or the same type of beneficiary;
- by **complementarity**, is described the deliberate counterpoint or synergy between two or more funds, as applied to a particular territory of field of action, so that needs are more fully met than if only one fund applied.

Where the RDPs provide the necessary information, the mechanisms, by which demarcation and complementarity are realised in practice, were appraised at national, regional and local level.
2.4 Coherence and elements of relevant practice

Section 5 and the Conclusions in section 6, assess the level of coherence which, in each RDP covered in the case studies, appears to exist within the relationship between the five elements stated at the beginning of this section. By coherence, is meant a logical and proportionate link between:

- The definition of rural areas for the general purpose of the RDP and the targeting of specific territories;
- The targeting of the specific territories and the assessment of the needs of these territories;
- The assessed needs of the territories and the measures and resources that are applied within the RDPs and/or from other Community and national funds to meet those needs.

According to the apparent relevance, efficiency and balance within the relationship just described, it has been found that the RDPs, which were the sole focus of the work on the case studies, only rarely provide any of the information that would permit fair judgement on these points. It has been briefly commented where possible.

The elements of relevant practice have been highlighted in the Section 5.

2.5 The work completed

**Step 1.** The work on Step 1 focused on analysis of 23 national and 12 sub-national or regional RDPs, which represent all 27 Member States. The aim was to understand how Member States or regions, in their RDPs, defined rural areas for the general purpose of these Programmes. The analysis showed that there is significant variation between countries and regions in their approaches to this definition, and in their concepts of rurality; and that this variation reflects differences in topography, population density, administrative traditions and other factors. The findings of this work appear in Section 3 of this report.

The analysis in Step 1 also included a simple appraisal of the more specific definitions used by Member States in targeting rural areas for the application of individual measures in their RDPs. This provided a crude picture of the definitions which are most widely used among Member States, and of the broad pattern of application of measures to action within those territories. This information provided a starting-point for the analysis in Step 2 of how this relationship between specific territories and measures actually works: it is summarised at the beginning of Section 5 of this report.

**Step 2.** The work in Step 2 had two main elements:

- Analysis of demarcation and complementarity;
- Case studies focused on specific territories.

**Analysis of demarcation and complementarity.** Statements made in the 35 RDPs that were studied in Step 1, about the demarcation or complementarity – in pursuing the purposes of the RDP – between the measures and resources to be applied (on the one hand) from the EAFRD or matching national funds and (on the other hand) from other Community funds or national funds, have been analysed. By ‘other Community funds’ it is meant mainly the European Regional Fund, Cohesion Fund, Social Fund and Fisheries Fund. This part of the work focuses on the whole of the RDP, not merely on the specific territories covered in the Step 2 case studies. The findings appear in Section 4 of this report.

**Case studies of specific territories.** The purpose of the second element of the Step 2 work, namely the case studies, was to analyse how Member States or chosen regional authorities have targeted specific territories for the application of measures under the RDPs; how they have assessed the needs of these areas; and how they have applied measures and allocated resources (from within and beyond the RDPs) to meet those needs. It is also wished to assess the coherence of the processes involved in this targeting;
and to identify examples of elements of relevant practice in relating policies and actions to territorial specificities and needs.

The Working Group agreed that the main focus of the case studies should be on the processes involved in this territorial targeting, and on the coherence of those processes. The concern was to understand the processes by which areas, needs and measures come together, and to judge how coherent these processes are. For this reason, the report would not seek to gather wide but shallow information on what every Member State is doing to target ‘rural’ areas, to assess needs and to target measures to meet those needs. Rather, the analysis would look in more detail at a sample.

For this reason, there have been identified a series of ‘issues’, by which sets of relationships between areas, needs and measures are meant, which would most merit deep analysis of processes. The analysis focused on issues that (from the evidence in Step 1) are found in many Member States and are most significant in terms of scale of resources applied, variety of needs addressed, linkage to demarcation issues etc. The following categories of issues were chosen as the basis for the case studies:

- Less Favoured Mountain Areas\(^1\);
- Less Favoured Areas other than mountain LFAs;
- Natura 2000 and Environmentally valuable farmland;
- Specific Development Areas;
- Rural areas eligible for Axis 3 measures;
- Areas chosen for Local Action Groups under Axis 4.

These 6 categories formed a starting-point for choosing, from among the 35 RDPs covered by the Step 1 analysis, countries or regions which would offer revealing case studies within each issue. The concept was to undertake, for each issue, a number of case studies within contrasting countries or regions. In choosing countries and regions for the case studies, the following criteria have been used:

- Include as many countries as possible within the overall set;
- Seek a fair balance between old and new Member States, and between North and South;
- Include five countries – France, Germany, Italy, Spain, UK - which have sub-national RDPs;
- In each set, choose countries or regions which are significantly different in geographic location, population density or other key characteristics;
- Include if possible, in each set of cases per issue, those which bring only one or very few measures into the mix, and those which apply a wider set of measures.

The outcome was a total of 19 case studies undertaken, which are listed at the beginning of Section 5 of this report.

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\(^1\) Mountain areas were the subject of a separate study of such areas conducted by the EN RD Contact Point. Some findings from that study have been brought into the present report – see Section 5.
3. How Member States defined rural areas for the 2007-2013 RDPs

In this section, the description is provided how Member States or regions have defined rural areas for the 2007-2013 programming period, whether or not they have used the OECD definition offered by the Commission, and what other factors they have used in the process of definition. This is based on a sample of 23 national and 12 sub-national or regional RDPs, which represent all 27 Member States.

3.1 The OECD definition

The European Commission suggested that Member States, when defining rural areas for the general purpose of their RDPs, should use two main 'horizontal' baseline indicators, namely:

- The **OECD definition** of three different categories of region (at NUTS 2 or NUTS 3 level) according to the proportion of the region’s population that live in municipalities which have less than 150 inhabitants per square kilometre. The three different categories are: Predominantly Rural, Intermediate Rural, and Predominantly Urban;

- The **importance of rural areas** (as defined by the OECD definition), as shown by four factors, namely the % of national territory, the % of national population, the % of Gross Value Added, and the % of employment that is located in those rural areas.

The full text of these indicators appears at Annex 4.

However, Member States were free to adopt their own definition of rural areas, to modify the OECD definition or to use an alternative basis for defining rural areas, provided that they explained in their RDP why they had done so.

3.2 National or regional approaches to definition of rural areas

Annex 1 contains a detailed analysis of the approaches to definition of rural areas in the 35 RDPs studied. In this section, a summary of the findings is offered.

Table 1, below, summarises the approaches to defining rural areas among the 23 national and 12 sub-national/regional RDPs.

**Table 1 Definitions of rural areas in RDPs**

<table>
<thead>
<tr>
<th>Definitions of rural areas</th>
<th>Number of RDPs in the analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>National</td>
</tr>
<tr>
<td>Using OECD definition, unmodified</td>
<td>4</td>
</tr>
<tr>
<td>Using a modified form of that definition</td>
<td>5</td>
</tr>
<tr>
<td>Using alternative definitions</td>
<td>20</td>
</tr>
</tbody>
</table>

**Figure 1**, on the next page, shows the states or regions which fall into these three groups.

The **OECD definition, without modification** was used as the basis of definition by Austria, Greece, Slovakia, Slovenia and two Spanish regions, Andalusia and Navarra. Czech Republic, England, France and Wales used that definition for analytical and comparative purposes, but not to define rural areas.

**A modified form of the OECD definition** was used by Flanders, Ireland, Italy, Portugal, Wallonia, the German Land of Brandenburg and the Spanish region of Catalonia – and also (not shown in the table above) by Spain at national level.

**Alternative definitions** were used by Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Hungary, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Romania, Sweden, the four
The variation between the regions in Germany and in Spain, the two countries where responsibility for Rural Development policy rests with the regions, is interesting.

**Germany**, at federal level, takes the view that the OECD definition does not well fit with the real situation in Germany: specifically, the threshold of 150 inhabitants/km² is often not appropriate as a measure of rurality in German municipalities. Responsibility for RDPs is held by the Länder: there is some variation in their view, as described in Annex 1. Of the sample of three regions whose RDPs were analysed by the Working Group, Bavaria defined its rural areas by reference to a classification of settlement structure based mainly on two indicators: population density and ‘centrality of the NUTS 3 areas’; and used several other factors to fine-tune the definition – see detail in Annex 1. Brandenburg defined its rural areas as ‘areas that are outside of urban agglomerations’. Hessen defined its rural areas by reference to “context-related Baseline Indicators 1 and 2”, subject to the exclusion of the Rhine-Main urban conglomeration and the city centres of Kassel, Fulda, Marburg, Gießen and Wetzlar.

**Spain**, in the National Strategy, retained the first level of the OECD definition (rural municipalities with density below 150 inhabitants/km²), but replaced the second level of regional typology by summing up
rural municipalities to a total figure of rural areas in each Autonomous Region. Two of the Spanish regions, Andalusia and Navarra, used the OECD definition without modification. Catalonia used the OECD definition, but as applied to LAU 1 areas (conmarcas), which are defined as rural, if the population density is less than 100 inhabitants/km². In addition, municipalities with less than 10,000 inhabitants are defined as rural.

3.3 Modifications to the OECD definition

The main modifications to the OECD definition related to the threshold of population density; the size of administrative area to which the definition was applied; and adaptations to fit national policy priorities or criteria, for example exclusion of large cities or inclusion of small towns. Thus:

- **Flanders** used a threshold of 600 persons/km², compared with 150 in the OECD norm, to reflect their high average density of population;
- **Portugal** applied the OECD density criterion, but at the level of municipalities (LAU 1), rather than at NUTS 2 or 3;
- **Wallonia** applied the OECD definition at the level of communes, but added an extra factor: its rural areas consist of those communes in which either the population density is less than 150 inhabitants/km² or is more than 150 inhabitants/km² but rural spaces cover more than 80% of the whole commune’s area;
- **Spain**, in its National Strategy, retained the first part of the OECD definition (rural municipalities with density below 150 inhabitants/km²) but omitted the second (regional typology): instead, the rural municipalities were summed up to a total figure of rural areas in each Autonomous Region;
- **Ireland** chose to include, in its definition of rural areas, a number of small to medium-sized towns that do not meet the OECD definition;
- **Italy** used classification based on a version of the OECD definition, plus altitude zones.

3.4 Distinctions between categories of OECD regions

Some of the countries which used the OECD definition, whether modified or not, drew a distinction (for descriptive and/or policy purposes within the RDP) between Predominantly Rural Regions (PR), Intermediate Regions (IR), and Predominantly Urban (PU) Regions – see Table 2 below.

<table>
<thead>
<tr>
<th>Distinction drawn</th>
<th>In RDPs which used the OECD definition</th>
<th>In RDPs which modified the OECD definition</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>National</td>
<td>Regional</td>
</tr>
<tr>
<td>Yes</td>
<td>3</td>
<td>nil</td>
</tr>
<tr>
<td>No</td>
<td>3</td>
<td>nil</td>
</tr>
</tbody>
</table>

A distinction was drawn, between the categories of OECD regions, by Greece, Italy, Portugal, Slovakia, Slovenia and Wallonia.

No distinction was drawn by Austria, Flanders, Ireland, the German Land of Brandenburg or the Spanish regions of Andalusia, Catalonia and Navarra, nor by Spain at national level.

**Czech Republic** drew a distinction at NUTS 2 and NUTS 3 levels, in order to show distinct economic and social performance and development trends between PR and IR regions. However, for most measures, no distinction is drawn between PR and IR.
Greece has defined as rural the PR regions (73.9% of the national territory, 37.2% of the population) and the IR regions (23.2% of the territory, 27.2% of the population). This distinction, when supported by the use of baseline indicator 2, illuminates the analysis of the rural economy and quality of life.

Italy drew a distinction between the four main types of rural areas that emerged from the analytical process described in Annex 1 to this report, namely: urban poles, rural areas with specialised intensive agriculture, intermediate rural areas, and rural areas with complex problems of development.

Portugal used the modified form of the OECD definition to draw a distinction between rural and non-rural areas.

Slovakia drew a distinction between three types of region which are equivalent to the OECD typology, namely “mostly rural regions; other rural regions; and mostly urban regions”.

Slovenia used the OECD criteria to define 11 of its 12 statistical regions (NUTS 3) as rural, including 5 PR and 6 ‘significantly rural’.

Wallonia used the distinction for a limited number of measures.

### 3.5 Alternative definitions of rurality

Alternative definitions to the OECD definition were used by 21 countries and regions (60% of this sample of RDPs). The reasons for not using the OECD definition, and the nature of the alternative definition, vary among countries.

Bulgaria saw the OECD definition as unrealistic to apply, because it would bring 98.8% of the national territory and 84.3% of the population into PR or IR regions, the only exception being the capital Sofia. It therefore adopted a national definition, already used in the SAPARD programme, whereby rural areas are the municipalities (LAU 1) in which no settlement has a population of more than 30,000.

Cyprus saw the OECD definition as unsuited to its geographic pattern of settlements. Cyprus is a small country with small agricultural areas and small urban centres. If the OECD definition was used, many areas with relatively large population and small surface which are regarded as rural would not be classified as rural, while others with large population and large surface would be characterised as rural; there would be differences between neighbouring communities, and this would cause problems.

Czech Republic prefers to use a traditional Czech definition, as used in previous rural development programmes, under which rural areas are classified as suburban, intermediate or remote.

Denmark decided that it must have a more subtle indication, than the OECD definition could provide, of which rural areas had the greatest need to boost development. So it opted for a classification system based on 14 indicators, see Annex 1.

Estonia used a national definition according to which the rural area consists of the territory of all rural municipalities. In addition, in the case of Leader, small towns with up to 4,000 people have been included in the rural area.

Finland is the most sparsely populated Member State of the EU, so that the whole country would be either predominantly or significantly rural under the OECD definition. Since the first national rural programme in 1990, Finland has evolved a three-part classification of rural municipalities, dividing them into urban-

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2 The statements in this sub-section are all quoted or paraphrased from the RDPs or NSPs of the relevant state or region.
adjacent rural areas, rural heartland areas and sparsely populated rural areas, in order to focus rural policy on specific regional needs.

*France* chose not to use the OECD definition, mainly for the reason that rural areas so defined would exclude significant parts of the peri-urban zone, which includes a third of France’s agricultural land, 35% of its farms and the homes of 39% of the metropolitan population.

*Germany*, at the federal level, takes the view that the OECD definition does not well fit with the real situation in that country. Specifically, the threshold of 150 inhabitants/km$^2$ is often not appropriate as a measure of rurality in German municipalities. Responsibility for RDPs is held by the *Länder*: there is some variation in their view, as shown below:

- **Bavaria** defines its rural areas by reference to the classification of settlement structure developed, for the whole of Germany, by the Federal Office for Building and Regional Planning;
- **Brandenburg**, as reported earlier, defines rural areas as ‘areas that are outside of urban agglomerations’;
- **Hessen** states that a standard definition of the OECD, based on population density or workplace density, cannot be applied to all rural areas.

*Hungary* has chosen to create its own classification, with three main categories of micro-regions ‘according to the level of urbanisation’ in each micro-region (LAU 1).

*Latvia* gives no reason for not using the OECD definition. It regards as rural all the territory of Latvia, except cities with ‘republican importance’ and the non-rural parts of those regional territorial units which include towns with 5,000 inhabitants or more.

*Lithuania* uses a national definition of rural areas, focused on non-urban territories.

*Luxembourg*, being a single NUTS 3 region, would lack any distinction between rural and non-rural areas, if it relied on the OECD definition. So, it has developed its own basis, by which 105 of the national total of 116 communes (LAU2) are defined as rural.

*Malta* takes the view that an international definition of rurality is unsuited to a small island nation, in which ‘all areas constitute a continuum from urban to rural and the activities associated with each other occur side by side’. It has developed its own definition of rural areas, which have population density lower than 5,000 persons/km., at least 10% of the land in agriculture, and at least 35% of the area lying outside the designated Development Zone.

*The Netherlands* is a small and densely populated country with hardly any predominantly rural area. Areas regarded as rural are found all over the country, and the distance to urban areas is relatively short. Hence, the distinction between rural and urban is more appropriate than between peri-urban and intermediate rural.

*Poland* defines rural areas as those which are located outside urban areas. No rationale for this is given, but the RDP states that the rural areas so defined (covering 93% of the national territory and 38.6% of the population) correspond quite closely with what would apply by the OECD definition (91% of territory and 34.4% of population).

*Romania* has used a national definition, whereby the national territory is divided, at the LAU 2 level, into 319 urban units (including the 103 most important towns) and 2,851 rural communes (LAU2), which make up the rural area. The Romanian authorities say that there is little difference between the National and OECD definitions, and that the National Statistics Institute will use OECD indicators in the future.
Sweden finds the OECD definition unhelpful, because it would mean that 99 percent of national territory, and 70 percent of the population, would count as rural, excluding only Stockholm and Skåne counties. It has developed its own definition, whereby ‘rural’ is defined as being outside an urban area with a population of at least 3,000 inhabitants, and ‘sparsely populated’ areas are those situated more than 45 minutes by car from an urban area with a population of at least 3,000.

England, according to the RDP, is “...relatively urbanised and densely populated compared to much of the EU (and) is characterised by more heterogeneous regions than ... other OECD or EU countries”. Therefore, the OECD definition is seen as not useful, since it would mean that England has zero population living in Predominantly Rural Areas.

Northern Ireland gave no specific reason for not using the OECD definition, but noted that "In 2005, a Report by the Inter-Departmental Urban-Rural Definition the Working Group reviewed definitions of urban and rural areas in use for policy and statistical reporting. The report recommended that Government Departments should consider defining urban and rural areas in ways that are appropriate for the specific programmes and projects under consideration. In the absence of a programme-specific definition, the report proposed that rural settlements with a population of 4,500 or less should be defined as rural.”

Scotland noted that “the OECD definition is based only on population density and does not take account of remoteness, which is a particular feature of Scotland’s rural areas”.

Wales gave no reason for not using the OECD definition. Instead, it referred to the review of definitions of urban and rural areas in use for policy and statistical reporting commissioned by the Office of the Deputy Prime Minister in 2001: the outcome was the adoption in 2004 of a ‘Rural Definition’.

3.6 Reasons for modifying the OECD definition or using an alternative

As a first step the explicit reasons which are given in the relevant RDPs are summarised, before commenting on the next page on an underlying but less explicit reason believed also to influence the decisions by some states and regions to modify the OECD definition of rural areas or to use an alternative one.

Overt reasons. The decisions of many Member States to modify the OECD definition or to use an alternative definition of rurality were motivated by a variety of explicitly stated factors, which are mentioned country by country in Annex 1 and which can be clustered in four categories:

- A perception that the OECD definition was too crude a tool to fit the socio-geographical nature of the country or the heterogeneity of regions;
- A desire for clearer, or more nationally relevant, distinction between urban and rural areas;
- Commitment to earlier national definitions;
- Other factors, including a desire to have a more subtle tool to identify the more urgent and specific needs of different areas (Denmark, Hungary).

Figure 2 below shows how these broad types of reason underlie the decisions (a) to modify the OECD definition, (b) not to use the OECD definition, and (c) to seek alternative definition.
Figure 2 Reasons for not using or modifying the OECD definition or using an alternative

Legend
Q3.2- What reason was given for the modification of the OECD definition ?
Q4.1- What reason was given for not using the OECD definition ?
Q5.4- What reasons were given for the choice of additional factors

Underlying reason. RDPs are not only territorial programmes, but also sectoral ones, since they include in Axes 1 and 2 significant ‘horizontal’ measures aimed at farms and forest lands. This tends to push Member States to extend the definition of rural areas to include farm or forest land wherever it is found. Only in a few RDPs is this given as an explicit reason for extending defined rural areas beyond what would emerge from straight use of the OECD definition. For example, France states, as one reason for defining much of the peri-urban zone as ‘rural’, that it includes a third of France’s agricultural land and 35% of its farms. The regional government of Wallonia defines as rural those communes in which the density is more than 150 inhabitants/km$^2$ but in which ‘rural spaces’ (including farmland and woodland) cover more than 80% of the whole commune’s area. The national definition of rural areas used by Italy has the effect of bringing into the scope of the RDP the national total area of 13.2 million Ha of Utilisable Agricultural Area (UAA), as compared with 10.3 million Ha had the OECD definition been used.

3.7 Density of population as a factor in choosing how to define rural areas

As mentioned some states and regions regard the OECD definition, with its focus on the threshold of population density at 150 inhabitants/km$, as unsuited to their needs because of their own average population density. Table 3 below shows the correlation of average population densities with the chosen basis of definition.
Table 3 Correlation of average population densities with basis of defining rural area

<table>
<thead>
<tr>
<th>Member States or regions that chose:</th>
<th>0-50</th>
<th>50-100</th>
<th>100-150</th>
<th>150-200</th>
<th>&gt;200</th>
</tr>
</thead>
<tbody>
<tr>
<td>OECD definition</td>
<td>5</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Modified OECD definition</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Alternative definition</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

Those which chose the OECD definition are all in the density range below 150 inhabitants/km².

Those which chose modified versions of the OECD definition varied in density from 53 inhabitants/km² (Lithuania and Ireland) to 459 inhabitants/km² (Flanders).

Those which chose alternative definitions varied across the whole range of density, from Finland with 17 inhabitants/km², to Netherlands with 484 and Malta with 1256 inhabitants/km². It is clear that extremes of density make the OECD definition less attractive.

3.8 Concepts of rurality

For reasons which began to be described above, Member States or regions differ significantly in the definitions of what is rural. Annex 1 contains a summary of the approach taken by each Member State or region in this sample.

This section summarises the factors which are used by Member States in shaping their concepts of rurality. It then describes the main concepts of rurality that are used in different Rural Development Programmes. It goes on to show the effect of these concepts in terms of the proportion of territory, population and municipalities which are judged by each country to be rural; and, where the definitions differ from straight OECD definitions, how these proportions differ from what would have been judged rural by the OECD definitions.

3.8.1 Factors used to shape concepts of rurality

Many governments start with the principal distinction between rural and urban areas, most often at LAU2 level but sometimes at LAU1 level (e.g. Bulgaria, Ireland) or NUTS 3 (e.g. Bavaria). They may draw a distinction between different types of rural units, or may consider larger continuous territories which include both rural and urban units.

Those countries or regions which do not rely on the OECD definition may also use factors such as:

- Population density, in some cases by modifying the OECD threshold;
- Size of communes or municipalities, which may vary significantly between countries or regions;
- References to remoteness e.g. distance from cities, accessibility, altitude, sparse population;
- Place of work and residence or structure of employment, particularly in the primary sector;
- Structure of land use (presence of rural space: farmland, forest land and natural areas);
- Others, including age, education levels and other demographic factors.

Figure 3 shows, for each of these factors, how many states or regions in this sample used it.
3.8.2 Varied concepts of rurality

The following concepts of rurality are found among the Member States:

- **Areas below a defined threshold of population density.** That threshold may vary according to the overall density of each country. Some countries (Greece, Slovakia, Slovenia, Spain, Wallonia) use the OECD norm of 150 inhabitants/km² as the main criterion, though they may vary as to the size of area (NUTS 2, 3, 4 or 5) to which it is applied. Others use different thresholds, from the 120 inhabitants/km² in Hungary to the 600 in Flanders.

- **Areas which are not urban,** using other criteria than population density sometimes not precisely defined and which vary from country to country (Bulgaria, Cyprus, Czech Republic, Brandenburg, Estonia, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Romania, Sweden). Where size of settlement is used as the measure of what is urban, it varies from ‘more than 2,000’ (Czech Republic) and ‘more than 3,000’ (Scotland) to ‘more than 30,000’ (Bulgaria, Netherlands). Some countries link the non-urban criterion to other factors (e.g. Hungary, Ireland, Italy, Sweden).

- **Rural and peri-urban areas,** in countries and regions (France, Flanders) where out-migration from the cities is bringing people to live in places which they conceive to be still rural.

- **Areas which have specific development needs** that can be served by the RDPs. In several countries, this leads to a differentiation between areas with different needs, such as mountain zones (Italy), islands (Greece), peripheral or remote areas (Denmark, Ireland, Scotland) or sparsely populated areas (Finland, Sweden).

- **An intricate mosaic of areas,** defined by reference to multiple factors in order to assist the application of rural policies and funding where they are needed (England, Malta, Northern Ireland, Wales).

Many of the states or regions use a combination of such factors to identify a **gradation of areas, from central to peripheral, or similar concepts.** This process is driven by the desire to identify areas which have distinct needs or relative priority in terms of policy and the application of measures. Often, these
gradations include urban areas, and thus offer the basis for the basic distinction between urban and rural areas: but they also identify (in a way that is specific to each country or region) different types of rural areas. In the following examples of this gradation, it is shown in brackets the zones that are not counted as rural:

Czech Republic – (urban), suburban, intermediate, remote: the remote areas include ‘peripheral areas’ which have ‘adverse socio-economic characteristics’;

- Denmark - (urban), intermediate, rural and peripheral: strong RDP emphasis on the last two categories;
- Finland – (urban), urban-adjacent rural, rural heartland, sparsely populated rural areas, ‘in order to focus rural policy on specific regional needs and to ensure effective delivery of policy’: strong RDP emphasis on the last two categories;
- France – (urban employment pools), peri-urban crowns, predominantly rural space, other rural communes;
- Greece - dynamic rural areas; mountainous, disadvantaged or problematic rural areas; island rural areas - all defined ‘for purposes of spatial analysis’;
- Ireland – ‘strong’ areas, ‘changing’ areas, ‘weak’ areas, ‘remote’ areas, ‘culturally distinct and highly diversified’ areas – categories of rural area defined in National Spatial Strategy: the RDP does not say how these distinctions affect rural development activities;
- Italy - altitude and other factors are used to distinguish (urban poles); rural areas with specialised intensive agriculture; intermediate rural areas; rural areas with complex problems of development;
- Luxembourg – (very dense areas, dense areas), rurban areas, rural areas, urban centres in rural areas;
- Scotland – (urban = settlements of more than 3,000), accessible rural areas, remote rural areas.

Some of these gradations are close to the three-part OECD distinction between Predominantly Urban, Intermediate and Predominantly Rural Regions. But the OECD set are essentially a descriptive classification, whereas most (though not all) of the national ones shown above are for policy purposes. This is made very plain in, for example, the Step 2 case studies of Denmark and of Finland, both of which concentrate much of their EARDf resources on the ‘outer’ types of defined rural area.

### 3.9 Proportions of population, territory and municipalities defined as rural

The variety of concepts of rurality, and the factors which are used to express these concepts, are reflected in the extent of the geographic area defined as rural in each country, and in the proportion of the national or regional population, territory and number of municipalities that fall within that geographic area. In the countries that have not used, or have modified, the OECD definition recommended by the Commission, these proportions may differ markedly from those which had been calculated by the Commission calculated and which would result from the use of that definition.

Table 4, on the next page, shows, for each state or region of this sample, the proportion of the national or regional population, territory and number of municipalities that fall within the area defined by that state as rural. Where the state or region has not used, or has modified, the OECD definition, the table shows for comparison the proportions that would apply had that definition been used.
### Table 4 Comparison between OECD definition and national approaches in terms of area, population and number of settlements

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Country</th>
<th>OECD definition at LAU2</th>
<th>Modifications and alternative definitions</th>
<th>Deviation from OECD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Departure from OECD definition</td>
<td>Territory</td>
<td>Population</td>
<td>Settlements (LAU2)</td>
</tr>
<tr>
<td></td>
<td>km²</td>
<td>millions</td>
<td>number</td>
<td>%</td>
</tr>
<tr>
<td>Austria</td>
<td>213506</td>
<td>803230</td>
<td>2150</td>
<td>91%</td>
</tr>
<tr>
<td>Belgium</td>
<td>ModOECD</td>
<td>139222</td>
<td>5898074</td>
<td>308</td>
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<td>Belgium</td>
<td>ModOECD</td>
<td>10644</td>
<td>3354711</td>
<td>302</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>Other</td>
<td>111028</td>
<td>8127373</td>
<td>4518</td>
</tr>
<tr>
<td>Cyprus</td>
<td>Other</td>
<td>8897</td>
<td>689392</td>
<td>613</td>
</tr>
<tr>
<td>Czech Rep.</td>
<td>Other</td>
<td>769206</td>
<td>10200090</td>
<td>6258</td>
</tr>
<tr>
<td>Germany</td>
<td>Other</td>
<td>70581</td>
<td>1235983</td>
<td>2396</td>
</tr>
<tr>
<td>Belgium</td>
<td>Brandl+-OECD</td>
<td>23477</td>
<td>2544370</td>
<td>1474</td>
</tr>
<tr>
<td>Hessen</td>
<td>Other</td>
<td>21114</td>
<td>8066128</td>
<td>430</td>
</tr>
<tr>
<td>Denmark</td>
<td>Other</td>
<td>43098</td>
<td>5349212</td>
<td>275</td>
</tr>
<tr>
<td>Estonia</td>
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<td>43445</td>
<td>1370052</td>
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</tr>
<tr>
<td>Spain</td>
<td>Other</td>
<td>10243</td>
<td>553654</td>
<td>397</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Other</td>
<td>32204</td>
<td>8243110</td>
<td>540</td>
</tr>
<tr>
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<td>Other</td>
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<td>2513</td>
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</tbody>
</table>

Legend: + indicates that the national approach is larger than the OECD definition; - indicates that the national approach is smaller than the OECD definition.
Table 5 below provides a summary of this comparison between OECD, modified OECD and alternative definitions, in terms of the proportion of national or regional territory, population and number of municipalities that fall within defined rural areas. Note that there is no complete database on all the 35 countries or regions for this purpose.

Table 5 Comparison between OECD, modified OECD and alternative definitions, in terms of the proportion of national territory, population and number of municipalities that fall within defined rural areas

<table>
<thead>
<tr>
<th>In those countries or regions which used:</th>
<th>% of total territory</th>
<th>% of total population</th>
<th>% of total municipalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>OECD definition, unmodified</td>
<td>90.0 (6)</td>
<td>42.7 (6)</td>
<td>84.7 (6)</td>
</tr>
<tr>
<td>Modified form of OECD definition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OECD figure (not used)</td>
<td>75.0 (8)</td>
<td>25.0 (8)</td>
<td>63.5 (8)</td>
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<tr>
<td>national or regional figures</td>
<td>83.8 (5)</td>
<td>44.5 (4)</td>
<td>64.0 (1)</td>
</tr>
<tr>
<td>average increase or decrease on OECD</td>
<td>+8.8 (5)</td>
<td>+19.5 (4)</td>
<td>+0.5 (1)</td>
</tr>
<tr>
<td>range of increase or decrease on OECD</td>
<td>-2 to +48</td>
<td>+6 to +38</td>
<td>+0.5</td>
</tr>
<tr>
<td>Alternative definitions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OECD figure (not used)</td>
<td>77.6 (21)</td>
<td>30.6 (21)</td>
<td>62.7 (21)</td>
</tr>
<tr>
<td>national or regional figures</td>
<td>87.8 (14)</td>
<td>40.0 (19)</td>
<td>72.2 (5)</td>
</tr>
<tr>
<td>average increase or decrease on OECD</td>
<td>+10.2 (14)</td>
<td>+9.4 (19)</td>
<td>+9.5 (5)</td>
</tr>
<tr>
<td>range of increase or decrease on OECD</td>
<td>-12 to +89</td>
<td>-12 to +64</td>
<td>-7 to +68</td>
</tr>
</tbody>
</table>

It is clear from this summary that:

- Some decisions to use either a modified version of the OECD definition, or an alternative definition, are associated with a decrease, vis-à-vis that definition, in territory or population defined as rural, for example the -12% of territory so defined in Bulgaria or the -12% of population so defined in Finland.

- However, most deviations from the OECD norm are associated with an increase in the territory and population that are defined as rural. The average increase is of the order of 8 to 10% of the national territory, and 9 to 20% of population. Many increases are modest, between 1 and 10%. But they include some striking figures, such as those from:
  - Luxembourg (+16% of territory, +27% of population, +22% of municipalities);
  - Italy (+21% of territory, +38% of population);
  - Hessen (+36% of territory, +36% of population);
- Flanders (+48% of territory, +38% of population, +61% of municipalities);
- Malta (+89% of territory, +64% of population, +68% of municipalities).

The overall effect of the deviations is to:

- **Increase the territory** in the whole of the EU which would have been defined as rural using the straight OECD definition from 2,249,259 km² to about 2,292,092 km²;
- **Increase the population** in these defined rural territories from 93,803,883 to about 135,282,221 inhabitants;
- **Decrease the number of municipalities** in these defined rural territories from 10,260 to about 10,068.

The broad geographic distribution of these variations is shown in **Figure 4** below.

**Figure 4 Change of the extent of rural areas under alternative definitions**

These variations imply that, in countries or regions which define as rural much wider territories or larger populations than would be defined using the OECD definition, the funds available through the RDP may be spread more thinly than would otherwise be the case.

A graphic example of the difference between rural areas as defined by the OECD definition and by an alternative national definition is provided by Italy, as shown in the maps (**Figure 5**) and **Table 6** below.
Figure 5 Maps of Italy showing rural areas as defined by OECD and in the national RDP

Table 6 Italy: comparison between OECD and NSP classification of Rural Areas

<table>
<thead>
<tr>
<th>Methodology</th>
<th>Surface</th>
<th>% of nation</th>
<th>UAA</th>
<th>% of nation</th>
<th>Population</th>
<th>% of nation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. OECD methodology</td>
<td>233.331,4</td>
<td>77,4</td>
<td>10.292.348,8</td>
<td>77,9</td>
<td>29.250.563</td>
<td>49,8</td>
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<tr>
<td>2. B+C+D</td>
<td>277.463,7</td>
<td>92,1</td>
<td>12.326.033,4</td>
<td>93,3</td>
<td>33.681.983</td>
<td>57,3</td>
</tr>
<tr>
<td>3. C+D</td>
<td>226.744,9</td>
<td>75,2</td>
<td>9.175.320,8</td>
<td>69,5</td>
<td>20.829.778</td>
<td>35,5</td>
</tr>
<tr>
<td>Italy (whole country)</td>
<td><strong>301.333,2</strong></td>
<td>100,0</td>
<td><strong>13.206.296,8</strong></td>
<td>100,0</td>
<td><strong>58.738.750</strong></td>
<td>100,0</td>
</tr>
</tbody>
</table>

Legend
1 Significantly rural areas + Predominantly rural areas
2 (B) Rural areas with specialised intensive agriculture +(C) Intermediate rural areas + (D) Rural areas with complex problems of development
3 (C) Intermediate rural areas + (D) Rural areas with complex problems of development
4. Demarcation and complementarity

This section reports on how Member States or regions, in pursuing the purposes of their RDPs, handle the demarcation and complementarity between the measures and resources to be applied from (on the one hand) the EAFRD or matching national funds and (on the other hand) from other Community or national funds. By ‘other Community funds’ it is meant mainly the European Regional Fund, Cohesion Fund, Social Fund and Fisheries Fund, also referred to is LIFE+. This analysis is based only on study of the 35 RDPs that were studied for the purposes of the preceding Section. There was no opportunity to study the Operational Programmes through which Member States deploy the other Community funds.

In this Section, three main terms are used, which are defined as follows:

- **Demarcation**, meaning clear lines of separation between the EAFRD and other funds, as they apply to territories, to types of project supported, or to types of beneficiary;
- **Overlap**, meaning the potential for two or more funds to be applied to the same area, the same type of project or the same type of beneficiary;
- **Complementarity**, meaning a deliberate counterpoint or synergy between two or more funds, as applied to a particular territory of field of action, so that needs are more fully met than if only one fund applied.

4.1 Community Funds

The starting-point, which applies to all Member States, is the broad division of European Union activity into major funds, each with its own broad thematic and geographic focus. Of the major funds with which are concerned in this report:

- The **European Agricultural Fund for Rural Development (EAFRD)** is focused on rural development and, in broad terms, relates mainly to areas defined in the RDPs as rural;
- The **European Social Fund (ESF)**, with its focus on development of human resources, applies to the whole EU territory, both urban and rural;
- The **European Regional Fund (ERDF)** and the **Cohesion Fund (CF)**, with their focus on regional development, infrastructure and economic convergence, can relate to both urban and rural areas, but only in the countries or regions to which they apply;
- The **European Fisheries Fund (EFF)** can apply to both urban and rural areas, but its main focus on the promotion of fisheries means that it is mainly applied to coastal and riparian areas with significant fishery interests;
- **LIFE+** (the only other EU programme which is mentioned in more than one of the RDPs studied), with its focus on environmental management, can apply to urban or rural territories which merit its attention.

These thematic and geographic distinctions between the different funds provide the broad basis for demarcation which Member States must observe in developing their own programmes for application of each fund. This demarcation ensures the avoidance of duplication between funds, and is supported by the strict EU requirement that double funding must be avoided: the effect of this is that no project may benefit from more than one EU fund.

However, the scope of the different funds allows for a fair degree of overlap between funds, in terms of the geographic area, the type of project, or the type of beneficiary to which they may apply. This implies that, in principle, rural territories, types of project or beneficiaries can benefit from measures and resources not only within the RDPs (using the EAFRD and national funds), but also – if Member
States so choose – from the ESF, ERDF and CF (within relevant countries or regions), EFF (in relevant areas) and LIFE+.

This potential for overlap permits Member States and (in countries with federal or devolved administrations) regions to pursue - if they wish to do so – complementarity between funds in meeting the needs of rural territories. This has a great interest for the purpose of this report. The social, economic and environmental well-being of rural areas may depend on support systems that are wider and deeper than can be addressed only by the measures within an RDP. That is why, for example, the government in Finland recognises the complementarity between what it calls ‘narrow’ rural development, i.e. what is included in the RDP, and ‘broad’ rural development, which includes policies and expenditures in such fields as transport and other infrastructure, education, social services etc.

Following analysis, based only on the text of RDPs as approved in 2006/7, shows marked variation in the extent to which different Member States and regions have used this potential for complementarity in meeting the needs of rural areas, both generally and in relation to specific defined rural territories.

In the rest of this section, the analysis is provided on the nature of this variation, by reference to the general statements in the 35 RDPs in this wider sample, and then examine how complementarity is managed in terms of coordination or integration. In section 5, containing the 19 case studies, it has been shown how the approach to complementarity affects the specific territories covered by the case studies.

### 4.2 Scope of complementarity

Annex 2 presents, in alphabetical order of Member States (but in some states only by reference to sample regions), a summary of the statements in Rural Development Programmes of the potential application to rural areas of major programmes other than the EAFRD. Application is ‘potential’ because the RDPs do not state the amount of funds which are available under these other programmes: however, as explained later in this section, indications are given in many RDPs of the approaches to demarcation or overlap between funds which will guide the practical complementarity.

Table 7, on the next page, shows – for each RDP in this set of 35 – the major funds from outside the EAFRD which, according to the RDP, may be applied in rural areas. This shows that:

a. All the RDPs, except that of Hungary, expect support to rural areas from the European Regional Development Fund;

b. 11 RDPs, including one German and two Spanish regions, expect support from the Cohesion Fund;

c. 31 of the 35 RDPs expect support from the European Social Fund, the exceptions being Austria, Estonia, Hungary and Slovakia;

d. 32 of the 35 RDPs expect support from the European Fisheries Fund, the exceptions being Austria, Luxembourg and the Spanish region of Navarra;

e. 7 RDPs – those of the Czech Republic, Estonia, Hessen (Germany), the Netherlands, Slovenia, Sweden and Scotland – expect support from the LIFE+ programme;

f. 9 RDPs – those from Flanders, France, Bavaria (Germany), Greece, Romania, Slovenia, Andalusia (Spain), Sweden and Scotland – expect their rural areas to benefit from other national and regional programmes;

g. The widest range of programmes from which support is expected (5 or 6 of the six programmes or categories shown in the table) is found in the RDPs for the Czech Republic, Greece, Romania, Slovenia, Sweden and Scotland.
Table 7 Funds from outside the EAFRD which, according to the RDP, may be applied in rural areas

<table>
<thead>
<tr>
<th>Member State or region</th>
<th>ERDF</th>
<th>CF</th>
<th>ESF</th>
<th>EFF</th>
<th>LIFE+</th>
<th>Other national or regional programmes</th>
<th>Total</th>
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<td><strong>7</strong></td>
<td><strong>9</strong></td>
<td></td>
</tr>
</tbody>
</table>

4.3 The approach to demarcation between funds

Complementarity between major funds, as applied to rural areas, does not mean that different funds can be used for exactly the same purposes. As explained earlier, that would breach the principle of avoiding duplication between or double funding by different EU funds. For this reason, a broad statement of complementarity between funds must be accompanied by clarity on the practical demarcation that will be used to ensure that these principles are met.

Funds may be demarcated, or may overlap, by reference to (a) their territorial coverage, (b) the type of project supported, or (c) the type of beneficiary. In Table 8 and Figure 6 below, there is a
number of RDPs presented, within the set of 35, which show each type of demarcation between the RDP and each of the other major funds. This shows that most of the RDPs provide for a territorial overlap between the RDP and the other funds, and that the demarcation relates mainly to the types of project, or the types of beneficiary, that the different funds support. This emphasis is particularly strong for the ERDF and the CF. The ESF appears less often, and with proportionately more territorial emphasis. For the EFF, a third of the RDPs show a territorial demarcation.

### Table 8  The nature of demarcation in respect to Structural Funds

<table>
<thead>
<tr>
<th>Fund</th>
<th>Mainly territorial</th>
<th>Mainly by type of project</th>
<th>Mainly by type of beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERDF</td>
<td>6</td>
<td>21</td>
<td>5</td>
</tr>
<tr>
<td>ESF</td>
<td>5</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>CF</td>
<td>1</td>
<td>21</td>
<td>8</td>
</tr>
<tr>
<td>EFF</td>
<td>11</td>
<td>15</td>
<td>3</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>6</td>
<td>-</td>
</tr>
</tbody>
</table>

![Figure 6  The nature of demarcation in respect to Structural Funds](image)

### 4.4 Potential for overlap

Table 9 below, showing the number of RDPs which offer the potential for overlap in all three fields of focus, confirms that a strong majority provide for overlap in terms of territory and type of project, but that about a half have clear demarcation in relation to types of beneficiary. A typical example of this is that EAFRD funds may be accessible to small enterprises, while large enterprises may seek support from the ERDF.
Table 9 Potential for overlap between funds

<table>
<thead>
<tr>
<th>Demarcation by</th>
<th>Exclusive Demarcation</th>
<th>Overlap possible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Territory</td>
<td>5</td>
<td>24</td>
</tr>
<tr>
<td>Type of project</td>
<td>10</td>
<td>24</td>
</tr>
<tr>
<td>Type of beneficiary</td>
<td>11</td>
<td>11</td>
</tr>
</tbody>
</table>

4.5 Managing Complementarity

In the rest of this section, it has been described how states and regions manage complementarity in general, and by reference to the different funds.

Many states and regions make plain that the RDPs fit within a family of programmes, often within the unifying context of the National Strategic Reference Framework. For example the RDP for Bulgaria states that:

Support under the RDP complements that which is co-financed by ERDF, CF, ESF and EFF. Guiding principles for co-ordination of these funds are set out in three strategic documents:

- National Strategic Reference Framework, with its strategic aims of:
  - Improving basic infrastructure;
  - Increasing the quality of human capital with a focus on employment;
  - Fostering entrepreneurship, favourable business environment and good governance;
  - Supporting Balanced Territorial Development (emphasis added);
- National Strategic Plan for Rural Development;
- National Strategic Plan for Fisheries and Aquaculture.

The RDP contributes to the objectives of the operational programmes co-financed by ERDF, CF, ESF and EFF and benefits from synergies with them. For example:

- The Environment OP (co-financed by ERDF and CF) is complemented by RDP Axis 2 which seeks to protect natural resources and the environment of rural areas, and Axis 3 interventions in the rehabilitation and extension of water and sewage infrastructures;
- The Transport OP (co-financed by ERDF and CF) aims to develop major national roads and other transport infrastructure, which will improve accessibility of rural areas: RDP Axis 3 will complement this by supporting interventions in municipal roads;
- The Regional Development OP (co-financed by ERDF) aims to promote regional competitiveness and sustainable development, and to enhance the quality of life and working environment through better access to basic services: measures under this OP are complementary to RDP Axis 3 and 4;
- The Human Resource Development OP (co-financed by ESF) helps RDP objectives by taking active measures to tackle unemployment: the RDP supports that OP by investment in social infrastructure and ITC based services.

A similar sense of strategy is offered by the RDP for the German Land of Brandenburg:

The Berlin/Brandenburg RDP is based on the Lisbon and Gothenburg Strategies. It is harmonised with the strategies of the ESF and the ERDF, and (together with them) is oriented towards Brandenburg’s
future support strategy, which focuses on strengthening ‘regional growth centres’ and ‘sector-related fields of competencies’, and on meeting the challenges of demographic change.

4.6 Complementarity with specific Funds

Many RDPs spell out the complementarity between the RDP and the other main funds. A neat summary is provided in Table 10 on the next page, taken from the RDP for Latvia.

Table 10 Example from Latvia of complementarity between RDP measures and other Funds

<table>
<thead>
<tr>
<th>Latvia: Complementarity between RDP measures and other Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RDP measures</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Vocational training and information actions</td>
</tr>
<tr>
<td>Use of farm and forestry advisory services</td>
</tr>
<tr>
<td>Setting up of management, relief and advisory services</td>
</tr>
<tr>
<td>Modernisation of agricultural holdings</td>
</tr>
<tr>
<td>Improvement of the economic value of forests</td>
</tr>
<tr>
<td>Adding value to agricultural products</td>
</tr>
<tr>
<td>Infrastructure related to the development and adaptation of agriculture and forestry</td>
</tr>
<tr>
<td>NATURA 2000 payments and payments linked to Directive 2000/60/ECC</td>
</tr>
<tr>
<td>NATURA 2000 payments (to forest owners)</td>
</tr>
<tr>
<td>Diversification into non-agricultural activities</td>
</tr>
<tr>
<td>Support for creation and development of micro-enterprises</td>
</tr>
<tr>
<td>Encouragement of tourism activities</td>
</tr>
<tr>
<td>Basic services for the economy and rural population</td>
</tr>
<tr>
<td>Village renewal and development</td>
</tr>
<tr>
<td>Conservation and upgrading of rural heritage</td>
</tr>
</tbody>
</table>

4.6.1 European Regional Development Fund

The ERDF is the Fund most quoted in the RDPs as providing measures and resources complementary to those in the EAFRD. The diversity of relevant ERDF support is well illustrated by the RDP for Ireland:

- **Accessibility**: the ERDF emphasis is on public infrastructure, while the EAFRD emphasis in Axis 3 will be on community-based services.

- **Risk prevention**: the ERDF can support publicly funded and managed protection of water sources in rural areas and pilot treatment facilities in small rural villages to protect water intended for human consumption and to prevent risks to public water supplies. The EAFRD
provides on-farm privately co-financed pollution control, on-farm environmental protection and community amenity-type investments along waterways.

- **Renewable energies**: the ERDF funding will support energy-efficient transport, public buildings and industrial premises, renewable energy demonstration projects, sustainable energy zones and innovation schemes. The EAFRD supports renewable energy development and initiatives by rural communities, which focus on use and adaptation of local resources and raw materials to provide innovative energy-efficient systems to local communities and small villages.

- **Natural and cultural heritage**: the ERDF assists the restoration and upgrading of natural and cultural heritage sites in designated urban centers: EAFRD funding is targeted at rural areas, including villages.

- **Broadband**: ERDF funding focuses on local infrastructure through the further roll-out of networks and the Group Broadband Scheme for smaller rural communities, via regional and local authorities. The EAFRD will support local actions to benefit from the availability of broadband infrastructure, e.g. through access to public e-services etc.

The RDP for **Andalusia** also illustrates the width of the ERDF inputs to ‘broad’ rural development:

The ERDF programme objectives focus on the improvement of the quality of life in rural areas and the diversification of their productive structure. The ERDF programme (OP) complements the EARDF actions in four main fields:

- The modernisation and increased competitiveness of the agrarian sector through the investigation of new resources that could be exploited and lead to employment creation and new business opportunities in rural areas (Axis 1 of the ERDF OP);

- Diversification of the rural economy through the promotion of economic activities in the industry and service sectors (Axis 2 and 5 of the ERDF OP);

- Improvement of the natural environment through actions for the protection and regeneration of the natural environment and the promotion of biodiversity (Axis 3 of the ERDF OP);

- Improvement in the quality of life through actions for the improvement of infrastructure and basic services in rural areas (Axis 4 and 6 of the ERDF OP).

### 4.6.2 Cohesion Fund

In the New Member States, and those parts of the EU15 that are still eligible for it, the Cohesion Fund can bring significant resources to complement those in the EAFRD. This is illustrated by the RDP of the **Czech Republic** the RDP (Axis 3) supports village renewal, basic infrastructure and basic social facilities in villages up to 500 inhabitants, and also water supply management and sewage water treatment plants for municipalities with up to 2000 (equivalent) inhabitants. The Cohesion Fund addresses investment in the areas of environment and transportation, including sewage water treatment plants for municipalities with more than 2000 (equivalent) inhabitants and for specially protected territories and Natura 2000 territories.

Another example is provided by the RDP for **Romania**, where the RDP (Axis 1) supports works to protect agricultural and forestry lands against floods along the brooks. The Cohesion Fund supports major investments by the National Waters Authority in the prevention of floods along national rivers.

### 4.6.3 European Social Fund

Many RDPs show the complementarity between the EAFRD and the ESF. For example, in **Denmark**: in the field of training, the ERDF and ESF support a broad range of sectors, while the RDP focuses mainly on the food and forestry sectors, but can also support people involved in creating local jobs or
better living conditions. In the field of expanding the workforce, the ESF focuses on broad and varied support for the development of regional growth conditions, while the RDP focuses on more local job creation, plus advisory facilities for entrepreneurs.

A similar division of activity between the two funds is found in **Ireland** the ESF will support training to facilitate a return to mainstream employment and strengthen the national labour market pool. The EAFRD will fund limited local training of rural dwellers to maximise uptake of the Leader methodology and facilitate involvement in measures under Axis 3.

In the **Czech Republic** the ESF complements the measures of Axis III by supporting general education in the countryside, by building local administration capabilities, by integrating groups of the population, by re-qualification courses and by promoting the use of Internet networks.

In **England** the ESF will not fund activities that support agri-food schemes or the primary processing of agricultural and/or forestry products, nor will it focus on specific vocational training for individuals employed in enterprises engaged in these activities. However, ESF will be able to support training in basic and intermediate skills and other generic training for individuals employed in enterprises engaged in these activities.

**Sardinia** provides an example of ESF being used to fund activities which in many other states or regions are funded by the RDP the ESF will finance all the training actions for the actors from the agricultural and forestry field, including the LAGs: the RDP will contribute only to the information activities.

### 4.6.4 European Fisheries Fund

The EFF differs from the other funds in three respects – it is focused on a single sector; it therefore relates mainly to places where fisheries are well developed; and it includes an Axis 4 parallel to that in the EAFRD, with Fisheries Local Action Groups. These characteristics affect the complementarity between EFF and EAFRD.

**Scotland** provides an example of complementarity or “dovetailing” between EFF and EAFRD. Fisheries activities may often be located in rural areas. Such activities will be largely funded through the EFF, although there may be particular instances where funding may be provided through the RDP as part of an integrated rural development project, provided that such proposals are admissible and there is no overlap in funding. In establishing priorities and assessing applications at a regional and local level, particular attention will be paid to ensure that Axis 3 and Axis 4 of the RDP and Axis 4 of the EFF programme dovetail in the provision of rural services.

In the RDP for **Bulgaria**, it is stated that The EFF supports sustainable aquaculture, thus contributing to environmental protection and development of the targeted fisheries areas. Because the Fisheries Programme envisages support of up to 4 potential FLAGs and the RDP will support about 50 LAGs in the rural areas, the RDP will complement the Fisheries Programme for strengthening local governance and capacity building. The relevant FALGs or LAGs will call down funds from EFF and EAFRD, through a separate local strategy for each fund. The two funds will also complement each other in respect of tourism development: the EFF supports only fishing tourism, while the RDP (Axis IV) will support local stakeholders to develop tourist products based on the advantages of the rural territories.

### 4.6.5 LIFE+

Seven of the 35 RDPs state the intention to draw on the LIFE+ programme to complement the EAFRD funds.
For example, in the Netherlands, Life+ funds are mainly targeted at small-scale investments, such as repairs; in Natura 2000 areas, the RDP can support measures for management of these. The precise demarcation between the two funds is done in the measure fiches.

The RDP for Scotland shows how funds for rural development and for environment can complement each other. “Two further sources of funding for biodiversity are pertinent to the RDP. First, the LIFE+ programme will complement the RDP by filling funding gaps where special support is required to meet Natura 2000 and biodiversity targets. Second, Scottish Natural Heritage will continue to fund, outside of the RDP, some management agreements for Sites of Special Scientific Interest. Careful co-ordination will be maintained, as part of the ‘On the Ground’ approach, between the Scottish Executive and Scottish Natural Heritage to ensure that support through the RDP complements that provided by Scottish Natural Heritage.”

4.7 Coordination between Funds

The demarcation, overlap and complementarity between major funds require effective coordination to ensure the optimum use of funds and the avoidance of double funding. All the RDPs in this set describe (some much more fully than others) the mechanisms by which such coordination is achieved. This may include mechanisms at national or regional level, such as inter-ministerial committees or cross-representation on Monitoring Committees; and also at local level, such as County Administrative Boards (as in Sweden) or even joint delivery mechanisms.

Table 11 below shows the geographical level (as expressed by the EU statistical units) at which the different states or regions in this set handle the coordination between different funds. Most of them, not surprisingly, handle the central control at either national level (normally NUTS0) or, in countries with devolved administration, at regional level. More interesting is the number of states or regions which delegate part of the control to authorities – or even Local Action Groups – at quite local levels. This may enable local decision-makers to ensure that the patterns of demarcation and complementarity suit the particular circumstances and needs in their territories.

<table>
<thead>
<tr>
<th>Regional level</th>
<th>Not stated</th>
<th>NUTS0</th>
<th>NUTS1</th>
<th>NUTS2</th>
<th>NUTS3</th>
<th>LAU1</th>
<th>LAU2</th>
<th>LAG area</th>
</tr>
</thead>
<tbody>
<tr>
<td>CENTRAL</td>
<td>8</td>
<td>AT</td>
<td>BE</td>
<td>BE</td>
<td>BE</td>
<td>1</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>CZ, FI,</td>
<td>BG</td>
<td>DE</td>
<td>DE</td>
<td>BE</td>
<td>LU</td>
<td>ALG</td>
<td></td>
</tr>
<tr>
<td></td>
<td>FR, IE,</td>
<td>DK</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IT, PT,</td>
<td>ES</td>
<td>10</td>
<td>10</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SI, UKL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LOCAL</td>
<td>7</td>
<td>AT</td>
<td>BE</td>
<td>BE</td>
<td>BE</td>
<td>6</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>AT</td>
<td>BG</td>
<td>2</td>
<td>3</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RO</td>
<td>ES</td>
<td>1</td>
<td>5</td>
<td>ALG</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: States are shown by their normal letter code

Regions are shown as follows:
Belgium         BE2 Flanders BE3 Wallonia
Germany         DE2 Bavaria DE4 Brandenburg DE7 Hessen
Spain           ES22 Navarra ES51 Catalunia ES61 Andalusia
United Kingdom  UKEN England UKL Wales UKM Scotland
UKN Northern Ireland
4.7.1 Central coordination

Coordination between two funds is in some countries achieved by combined departmental responsibility. Thus in Flanders the management of both the RDP and the EFF programme is overseen by the Ministry of Agriculture and Fisheries: complementarity between the two funds is therefore guaranteed.

In Luxembourg, where different ministries are responsible for different funds, a more complex mechanism is needed at implementation level, in order to avoid double funding risks, the Ministry of Agriculture, Viticulture and Rural Development will regularly keep in touch with the Ministries of Economy and Labour responsible for the ERDF and ESF funds. The three ministries have set up a Coordination Committee for the implementation of the RDP. Moreover, they have established a coordination system at the level of the Monitoring Committees for the different programmes: the EARDF Monitoring Committee includes representatives of the ERDF and ESF Programmes, and vice-versa.

Scotland provides an example of both coordination within a government department, and cross-membership of Programme Monitoring Committees. The Managing Authority for both EAFRD and Structural Funds is the Scottish Executive, with responsibilities lying in Rural Directorate and Enterprise, Energy and Tourism Directorate respectively. The RDP and Structural Funds Programmes, along with the Scottish interest in the EFF (which will have a single UK Managing Authority) are being developed in parallel by the Scottish Executive, with particular attention given to complementarity or areas where project eligibility could overlap.

The Complementarity between EAFRD funding and other programmes of funding will also be ensured through joint working and, in some subject areas, membership of the respective Monitoring Committees and project assessment committees. This approach will enable funding under each programme to be focused on its strategic priorities and will be particularly important where Structural Fund programmes contain a rural priority.

In France, where regional prefects have responsibility for the application of Axes 3 and 4 of the RDPs Complementarity is insured by a regional inter-funding committee which avoids double financing.

4.7.2 Local integration

Central coordination alone may not achieve the effective tailoring of measures and resources of different funds to the needs of specific territories. To achieve this aim, coordination may be demanded also at a local level, and even integrated programming and delivery. A clear example of this is provided by the Netherlands, where the local development strategy of a LAG can go beyond RDP objectives and part of their ambitions could be realized through the structural funds. In this way, complementarity of funds can be created but demarcation criteria of the RDP have to be respected. If the specific situation in the area and the intended development needs a further refinement of the demarcation criteria, this must be included in the local development strategy.

Denmark provides a striking example of how two funds, in this case EAFRD and EFF, can be closely integrated at local level. The EFF supports projects involving the fisheries sector, while the RDP focuses on projects involving the rest of the food sector. Where an area dependent on fisheries coincides with an RDP Leader area, a single common LAG may be set up on the islands or by special request (added emphasis). It is the LAG’s responsibility to ensure that projects financed under the EFF programme and the RDP are kept separate. However, projects which include activities aimed at achieving the same overall objectives, but where the individual activities are eligible for support under both funds, may be supported from both funds. The measures under the EFF programme and the RDP are managed by the same units in the Ministry of Food, Agriculture and Fisheries.
This is in very strong contrast to the demarcation-dominated approach in **Slovenia**, where LAGs and Coastal Action Groups may overlap geographically, perhaps even with some of the same partners, but transparent demarcation rules are applied to all measures and budgets.

In **Ireland**, there is a broader pattern of integration through the Leader groups, many of which are well-established as local development companies, delivering not only measures within the RDP but also elements of other national programmes which can directly benefit rural people. For example, they deliver the Rural Social Scheme, which provides supplementary employment for part-time farmers. Many part-time farmers in Ireland are on incomes so low that they merit social support. They may have the time available to do other work. The aim of the Rural Social Scheme, launched in 2004, is to provide income support for these farmers, in return for them doing work which will benefit rural communities. The programme is overseen by the national Department of Community, Rural and Gaeltacht Affairs. At local level, each scheme is managed by the appropriate Leader group. Participants in the scheme carry out social and environmental work within their own Leader area. The projects to be worked upon are decided by the Leader group, in liaison with local authorities and other local bodies who need the help. The work may include care of older people; community care for children in pre-school and after-school groups; energy conservation work for older people and those at risk of poverty; village and countryside enhancement projects; maintaining and improving walking routes used by visitors to the countryside; maintenance and care-taking of community and sporting facilities; and projects relating to not-for-profit cultural and heritage centers.

Even where such full integration is not possible, there may be close linkage between funds at project level, as illustrated by the RDP for the German **Land of Hessen**: Integrated local development strategies are supported in Leader regions via the RDP exclusively. However, individual projects may be supported using resources from the ERDF, EFF and ESF. Where this happens, the demarcation criteria specified in the RDP apply: in this way, double financing is avoided, and synergy potentials benefiting the regions are realised.

In a slightly different way, the RDP for **Sardinia** provides for local management of demarcation: The RDP does not contribute to aquaculture activities, which are reserved for the EFF. If the LAGs and the Fishery Local Action Groups are operating on the same territory, the respective action plans should include the specific demarcation lines.

The RDP for **Wallonia** points to a critical aspect of coordination, namely effective systems for sharing information: the exchange of information about projects among the persons responsible for coordination of the use of the different funds is facilitated by the use of a unified projects’ data-base system.

### 4.8 Conclusions from Section 4

The findings above show that there is much awareness, among states and regions, of the potential for complementarity between (on the one hand) the EAFRD and related national funds and (on the other hand) other Community and national funds. Demarcation and complementarity between funds are managed through coordination at national or regional level, and also often by integrated programming and delivery at local level. This application of funds other than the EAFRD, may be a significant factor in meeting the needs of specific rural territories: this potential has been examined in the case studies in the next section.
5. Territories, Needs and Measures

This Section describes, by reference to a series of case studies, how selected Member States or regions have defined specific territories within their Rural Development Programmes, how they have assessed the relevant needs of those territories, and how they have applied measures and resources to meet those needs.

The text below is in the following sequence:

- A description of the general approach, within the RDPs, to the issues that are focused upon, namely the definition of particular types of territory, the assessment of the needs of those territories, and the statement of the measures and resources that will be applied to meeting those needs in those particular territories;

- A summary of relevant findings from the Mountain Areas study previously completed by the EN RD Contact Point, followed by two case studies of Less Favoured Mountain Areas;

- A summary of the findings of 17 further case studies, structured according to the other five types of territories on which there was a focus – namely Less Favoured Areas (other than Mountain); Natura 2000 and environmentally valuable farm land; Specific Development Areas; rural areas eligible for Axis 3 measures; and LAG areas;

- A collation of the findings of the full set of case studies related to the coherence of the RDPs and to the apparent examples of elements of relevant practice.

5.1 General approach to definition of specific territories

As part of the following analysis of 35 RDPs, summarised in Section 3 above, the list of measures has been examined (from the total 'menu' of measures that are available under the EAFRD regulation) that are included in each RDP; and it has been noted, in simple terms, the type of area to which each measure is targeted.

This brief review showed that countries or regions use a wide variety of territorial definitions to target their measures. These definitions have been grouped into 15 categories, which fall mainly within two broad clusters:

(a) Those with a mainly sectoral focus on farming, forestry of environmental conservation, and which are mainly targeted by Axes 1 and 2 of the EAFRD. This includes, for example, Less Favoured Areas, Natura 2000 protection areas, Protected Forests and Nitrate Vulnerable Zones;

(b) Those which have a mainly territorial focus, and which may be mainly targeted by Axes 3 and 4 of the EAFRD.

The final category in the table, Areas with cultural specificities and particular territories or regions, could belong to either of the above clusters.

Table 12 shows 15 categories, with the standardised definition or indicator which has been used in bringing varied definitions into each category. Some of these Indicators are taken directly from the set of 'Context related baseline indicators' that the Commission asked Member States to use in preparing their RDPs.
Table 12 Categories and Clusters of definitions for targeting measures of RDPs

<table>
<thead>
<tr>
<th>Category</th>
<th>Territorial cluster</th>
<th>Standardised Definition or Indicator (Numbers show relevant Context related baseline indicator)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Whole territory, no territorial targeting</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>OECD regional typology (incl. modifications without additional indicators, except the exclusion of large cities) (1)</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>First level definitions (at the municipal level) considering population density or size of municipalities or a list of them is provided (17)</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Definitions with distance or accessibility and rural/urban employment</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Definitions considering the structure of the economy (19, 20)</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Definitions with rural space (farmland, woodland etc.) (3, 7)</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>LAG/Leader regions</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>LFAs: mountain (8)</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Other LFAs (8)</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Specific handicap (LFAs) (8)</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>NATURA 2000 protection areas and WFD protection zones (agricultural land and forest) (10) (11)</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>High natural value and other environmentally valuable agricultural and forest land</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Environmentally vulnerable area (e.g. vulnerable zones of nitrates) (14)</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Areas with the threat of forest fire</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Special forest areas</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Areas with cultural specificities and particular territories/regions</td>
<td></td>
</tr>
</tbody>
</table>

Figure 7, on the next page, shows for each category of definitions the percentage of the 35 RDPs using that category. The most frequently used are the whole of the rural area; Less Favoured Areas; Natura 2000; High natural value and other environmentally valuable agricultural and forest land; and Leader areas. It has been recognised that some bias may come from studying only 35 RDPs out of the total of 89, but it is believed this analysis offers a useful guide to relative frequencies, which has helped us to choose the case studies described below.
5.2 Choice of territories for case study

The categories shown above have provided the starting-point for choosing case studies. The purpose, in this part of the work, was to take some of the most frequently used of those categories, to understand how they relate to the overall definitions of rural areas, and to analyse the relationship between the definition of the territories, the assessment of the relevant needs of the territories, and the statement of the measures and resources (within and beyond the RDP) that are applied to meet those needs.

The case studies are focused on six main types of territory, three of which are drawn from the ‘mainly sectoral’ cluster described above, and the other three from the ‘mainly territorial’ cluster.

‘Mainly sectoral’ starting-point

- Less Favoured Mountain Areas
- Less Favoured Areas, other than Mountain
- Natura 2000 and environmentally valuable farm land

‘Mainly territorial’ starting-point

- Specific Development Areas
- Rural areas eligible for Axis 3 measures
- LAG areas.
The full list of case studies appears in Table 13, grouped according to the six main types of territories. Each case is focused on a specific category of defined territory, as stated in the RDP, together with the measures which are shown as being applied to that defined territory.

Table 13 The case studies, grouped by ‘issues’, with focus of study and RDP measures applied

<table>
<thead>
<tr>
<th>Issue</th>
<th>Country or Region</th>
<th>Definition of the specific territories and measures applied to them</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less Favoured Mountain areas</td>
<td>Valle d’Aosta (Italy)</td>
<td>Mountain LFAs 123,132,133,211,214,215,311,313,322,Axis 4</td>
</tr>
<tr>
<td></td>
<td>Slovenia</td>
<td>Mountain LFAs 121,212, 211,214</td>
</tr>
<tr>
<td>LFA other than mountain areas</td>
<td>Bulgaria</td>
<td>Less Favoured Area 121,212</td>
</tr>
<tr>
<td></td>
<td>Netherlands</td>
<td>Less Favoured Area 121,124,212,214,221</td>
</tr>
<tr>
<td></td>
<td>Hungary</td>
<td>Less Favoured Area 121,122, 212,214</td>
</tr>
<tr>
<td>Natura 2000 and Environmentally valuable farm land</td>
<td>Portugal</td>
<td>‘Integrated Territorial Intervention areas’ 214,216,225,227,323</td>
</tr>
<tr>
<td></td>
<td>Czech Republic</td>
<td>Natura 2000 121,122,213,224</td>
</tr>
<tr>
<td></td>
<td>Wales (UK)</td>
<td>Agri-environment areas 214, 216,311,312,313</td>
</tr>
<tr>
<td>Specific Development Areas</td>
<td>Greece</td>
<td>Small Aegean islands 121,123a,212,214</td>
</tr>
<tr>
<td></td>
<td>Malta</td>
<td>The whole rural area, as defined in the RDP 111,114,115,121,123,124,125,132,133,142,212,313,323,341,41,421,431</td>
</tr>
<tr>
<td></td>
<td>Sardinia (Italy)</td>
<td>Rural areas with comprehensive development problems 311,312,313,322,323,341,41</td>
</tr>
<tr>
<td>Rural areas eligible for Axis 3 measures</td>
<td>Finland</td>
<td>Sparsely Populated Areas 111,123,124,311,312,313,321,322,323,331,41,421,431</td>
</tr>
<tr>
<td></td>
<td>Languedoc-Roussillon (France)</td>
<td>‘Organised rural territories’ 311,312,313,321,341</td>
</tr>
<tr>
<td></td>
<td>Hessen (Germany)</td>
<td>Areas which are eligible for Axis 3 measures 311,312,313,321,322,331,341a,41,421,431</td>
</tr>
<tr>
<td>LAG Areas</td>
<td>Ireland</td>
<td>Whole country 311,312,313,321,322,323,331,41,421,431</td>
</tr>
<tr>
<td></td>
<td>Denmark</td>
<td>LAG areas 123,311,312,313,321a,322,323c,41,421,431</td>
</tr>
<tr>
<td></td>
<td>Estonia</td>
<td>LAG areas 311,312,321,322,323,411,413,421,431</td>
</tr>
<tr>
<td></td>
<td>Andalusia (Spain)</td>
<td>LAG areas 411(six Axis 1 measures),412(one Axis 2 measure),413(eight Axis 3 measures),421,431</td>
</tr>
<tr>
<td></td>
<td>Slovakia</td>
<td>LAG areas 311,313,321,322,331,41,421,431</td>
</tr>
</tbody>
</table>

1 The original intention was that the Slovakia case study would focus on ‘growth poles’, to which measures within the RDP can be applied where these growth poles fall within LAG areas. But the RDP provided no information about the assessment of needs of the growth poles, nor the measures or resources applied to them. It was therefore decided to focus the case study more generally on LAG areas.
It will be noted that 6 of the case studies relate to specific regions or sub-nations in France, Germany, Italy, Spain and the United Kingdom. These cases have helped us to assess the significance, for targeting of territorial specificities, of devolution of policies to sub-national or regional level – see comment in Section 6.

5.3 Scope of the case studies

Each case study addressed the following questions:

- What “issue” is being explored in this case?
- How did this country or region define ‘rural areas’ in general?\(^4\)
- For this issue, what territories are defined? How are they defined? How does this definition relate to the overall definition or concept of ‘rural areas’ stated in the RDP?

\(^4\) As revealed by the Step 1 analysis.
• What needs, relevant to the RDP and to this issue, are stated in the RDP? How are these needs justified and quantified? What priorities are given to these needs?

• What measures are stated, to address these needs? What resources (both EU and national) are allocated within the RDP to support the application of these measures? What limits or restrictions apply to the allocation of these measures or resources to these defined territories? What indicators or targets are stated in the RDP related to these measures as applied to these defined territories?

• What is stated in the RDP about complementary measures and resources from outside the RDP (e.g. other EU instruments) that will be applied to meeting those needs?

• What degree of coherence appears within this whole sequence of ideas – the broad definition or concept of ‘rural areas’, the specific defined territories, the relevant needs in these territories, the measures and resources to be applied or allocated?

• What does this appear to imply in terms of the relevance, efficiency and balance of the RDP?

• Does the relationship between defined territory, needs, measures and resources appear to represent elements of relevant practice, which may merit further study.

5.4 How the territories were defined

Table 14 below shows the number of case studies in each category; the ways in which the boundaries of the territories have been defined; and the degree of clarity in the delimitation and presentation of these boundaries. This shows that most of the territories are defined by text and/or by reference to administrative or other boundaries, and that two-thirds are also defined by maps. It may be noted that only one out of the 5 sets of LAG areas is defined by maps, because few of the national or regional authorities, at the time that the RDPs were approved in 2006 or 2007, had decided the boundaries of the individual LAG areas. Most of the areas are delimited and presented with a fair or good level of clarity.

Table 14 How the specific territories are defined

<table>
<thead>
<tr>
<th>Territorial issue</th>
<th>Mountain LFAs</th>
<th>LFAs other than mountain</th>
<th>Natura 2000 and Environmentally valuable farm land</th>
<th>Specific Development Areas</th>
<th>Rural areas eligible for Axis 3 measures</th>
<th>LAG areas</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total no. of case studies</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>5</td>
<td>19</td>
</tr>
<tr>
<td>Delimitation/presentation method</td>
<td>textual</td>
<td>description</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>administrative or other boundaries</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>maps</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>other</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Clarity of delimitation</td>
<td>rather poor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>rough but convincing</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6</td>
</tr>
</tbody>
</table>
5.5 Relation to the overall definition of rural areas

In Section 3, the way has been described in which the states and regions defined rural areas for the general purpose of their RDPs. This general definition may or may not directly influence, or provide the context for, the distinct definition of the specific territory.

Table 15 below shows the relationship between the definitions of the specific territory and of the rural areas in general, within the 19 case studies. Nine of the total, including all of the ‘Specific Development Areas’ and the ‘areas eligible for Axis 3 measures’, show that the specific territory is obviously subordinate to, or a subset of, the overall definition. Most of the others show no clear relationship between the two. A significant exception is that two of the definitions of LAG areas – those for Ireland and for Andalusia – extend beyond the rural areas as defined in the overall definition. These cases are explored further in the ‘LAG area’ set below.

Table 15 Relationship between definitions of specific territory and of rural areas in general

<table>
<thead>
<tr>
<th>Link to the general definition of rural areas</th>
<th>Mountain LFAs</th>
<th>LFAs other than mountain</th>
<th>Natura 2000 and Environmentally valuable farm land</th>
<th>Specific Development Areas</th>
<th>Rural areas eligible for Axis 3 measures</th>
<th>LAG Areas Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>no clear relationship, or nothing specified</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td></td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>obviously subordinate to, or a subset of, the overall definition extending beyond the rural areas as defined in the overall definition</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>9</td>
</tr>
</tbody>
</table>

5.6. Priority given to the specific territories

Table 16, shows the extent to which the specific territories were given priority in the RDPs. Over two-thirds, notably including all five of the LAG areas, were indeed given priority. The LFAs appear not to figure so often in RDP priorities. A further indication of priorities is provided by the analysis of needs later in this Section.
Table 16 Degree of priority given to the specific territories

<table>
<thead>
<tr>
<th>Were these territories identified among the priorities in Chapter 4 of the RDP?</th>
<th>Mountain LFAs</th>
<th>LFAs other than mountain</th>
<th>Natura 2000 and Environmentally valuable farm land</th>
<th>Specific Development Areas</th>
<th>Rural areas eligible for Axis 3 measures</th>
<th>LAG areas</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>No</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

5.7 Assessment of needs

It has been attempted, in the summaries of the case studies that follow, to summarise the needs, as stated in the RDPs, which are relevant to the specific territories, and which may indeed cause or arise from the definition of those territories. As mentioned in Section 2, the word ‘needs’ is in fact rarely used in the RDPs. As a proxy for it, there is an obligation to use wording relating to ‘weaknesses’ and ‘opportunities’ in the SWOT statements, to indicators and targets in the prescriptive chapters of the RDPs, or (most usefully) to objectives stated in Chapters 3 and 5 of the RDPs.

5.8 Statement of the RDP measures and resources that will be applied

Each case study analyses which measures are applied to meet the needs that are specific to the relevant territories. Table 13 above shows that the full set of case studies embraces a wide range of RDP measures, sometimes going beyond the scope of the measures that are normally associated with a particular type of territory. For example in Wales, the agri-environment areas attract not only Measures 214 and 216 but also Measures 311, 312 and 313.

Table 17 offers a summary of the Measures covered in the six sets of case studies.
### Table 17 Summary of RDP Measures included in the 19 case studies

<table>
<thead>
<tr>
<th>Mountain LFAs</th>
<th>LFAs other than mountain</th>
<th>Natura 2000 and Environmentally valuable farm land</th>
<th>Specific Development Areas</th>
<th>Rural areas eligible for Axis 3 measures</th>
<th>LAG areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>122</td>
<td>121</td>
<td>121</td>
<td>111</td>
<td>111</td>
<td>123</td>
</tr>
<tr>
<td>123</td>
<td>122</td>
<td>122</td>
<td>114</td>
<td>123</td>
<td>311</td>
</tr>
<tr>
<td>132</td>
<td>124</td>
<td>213</td>
<td>115</td>
<td>311</td>
<td>312</td>
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<tr>
<td>133</td>
<td>212</td>
<td>214</td>
<td>121</td>
<td>312</td>
<td>313</td>
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<tr>
<td>211</td>
<td>214</td>
<td>216</td>
<td>123</td>
<td>313</td>
<td>321</td>
</tr>
<tr>
<td>212</td>
<td>221</td>
<td>224</td>
<td>124</td>
<td>321</td>
<td>322</td>
</tr>
<tr>
<td>214</td>
<td></td>
<td>225</td>
<td>125</td>
<td>322</td>
<td>323</td>
</tr>
<tr>
<td>215</td>
<td></td>
<td>227</td>
<td>132</td>
<td>323</td>
<td>331</td>
</tr>
<tr>
<td>311</td>
<td></td>
<td>311</td>
<td>133</td>
<td>331</td>
<td>341</td>
</tr>
<tr>
<td>313</td>
<td></td>
<td>312</td>
<td>142</td>
<td>341</td>
<td>410</td>
</tr>
<tr>
<td>322</td>
<td></td>
<td>322</td>
<td>212</td>
<td>410</td>
<td>411</td>
</tr>
<tr>
<td></td>
<td></td>
<td>323</td>
<td>214</td>
<td>411</td>
<td>412</td>
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<tr>
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<td></td>
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<td>413</td>
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<tr>
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<td></td>
<td></td>
<td>421</td>
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<tr>
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<td></td>
<td></td>
<td></td>
<td>431</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>plus, in Andalusia</td>
<td>431</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>431</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6 Axis 1 m.</td>
<td>321</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1 Axis 2 m.</td>
<td>322</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8 Axis 3 m.</td>
<td>323</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>341</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>411</td>
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<tr>
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<td></td>
<td>412</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>413</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>421</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>431</td>
</tr>
</tbody>
</table>

In many case studies, it has not been possible to assess accurately the **resources** applied through the RDP measures. The reason for this is that measures may be applied both within and beyond the specific territories, and it cannot be judged what proportion of the resources is applied to those territories.

### 5.9 Funds from outside the RDP

Each case study analyses the funds from outside the RDP which are, in principle, available to meet the needs that are specific to the relevant territories. It has been underlined ‘in principle’ because the RDPs do not indicate whether those authorities who manage the other funds have in fact allocated resources to these territories. For the same reason, it is not possible to assess how much money is allocated from those funds to these territories.

Table 18 shows that all but two of the case studies expect the application of funds from outside the RDPs: the exceptions are Slovenia (Mountain LFAs) and Bulgaria (Other LFAs). There are many references to the ERDF and ESF, rather fewer to the Cohesion Fund and the Fisheries Fund. Very striking is the reference to the whole range of funds within the set focused on LAG areas: this is an indication both of the width of the activity in many LAG areas, and of the fact that the LAGs themselves may act as deliverers not only of RDP measures but also of some wider funds.
Table 18 Funds from outside the RDP which may be applied in the case-study territories

<table>
<thead>
<tr>
<th>Funds of programmes concerned</th>
<th>Mountain LFAs</th>
<th>LFA other than mountain</th>
<th>Natura 2000 and Environmentally valuable farmland</th>
<th>Specific Development Areas</th>
<th>Rural areas eligible for Axis 3 measures</th>
<th>LAG areas</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total of case study RDPs which show that funds from outside the RDP may be applied to meeting the needs of the territories</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>5</td>
<td>17</td>
</tr>
<tr>
<td>ERDF</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>ECF</td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>ESF</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>5</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>EFF</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other EU funds</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Other national or regional programmes</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

5.10 Summary of the findings of the case studies

Annex 3 contains detailed findings from the 19 case studies, presented by reference to the six categories earlier mentioned – Less Favoured Mountain Areas; other Less Favoured Areas; Natura 2000 and environmentally valuable farmland; Specific Development Areas; Rural areas eligible for Axis 3 measures; and LAG areas.

In the remainder of this Section, short summaries of the case studies have been provided, again within the six categories, and highlight the main features of each category relevant to the Working Group’s brief.

5.10.1 Less Favoured Mountain Areas

Mountain LFAs are a major category of disadvantaged rural territory, identified within the EAFRD Regulation and the focus of a specific measure, 211. In addition to the research for the present report, it has been drawn upon findings from an EN RD Draft Working Paper, ‘Mountain Areas / Mountain farming NSP and RDP Screening Results’. This report presents a summary of the results of an analytical review, conducted by the EN RD Contact Point, of Member States’ support for mountain areas under the EAFRD (2007-2013). The main purpose of the review was to provide an overview of the different RD support measures available in mountain rural areas, and to assess how these measures have been applied by different Member States and Regions. The study covered 17 National Strategic Plans (NSP’s) and 62 Rural Development Programmes (RDP’s).

Definition, and Extent. Article 18 of EC Regulation 1257/99 defines Mountain LFAs as areas characterised by considerable limitations, due to high altitude, steep slopes, or a combination of these two factors. Areas North of the 62nd Parallel and certain adjacent areas are also included. Mountain LFAs are found in 17 EU countries – Austria, Bulgaria, Cyprus, Czech Republic, Finland, France, Germany, Greece, Italy, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom. Excluding the figures for Finland and the United Kingdom, Mountain LFAs cover 16.4% of the Utilised Agricultural Area of the EU, plus significant areas of forest.
**Needs and objectives.** 14 of the NSPs contain explicit references to mountain areas and/or mountain farms, and the problems that they face. These problems include demographic decline; remoteness and poor accessibility; abandonment or degradation of land, including erosion and deforestation; and lack of farm competitiveness. Opportunities identified include support for animal husbandry; protection of landscapes; development of agri-tourism; and diversification of farm activities. Objectives stated include actions to assist disadvantaged or handicapped areas; to counter depopulation of remote or peripheral areas; to improve the economic and social opportunities; to protect biodiversity; and to enhance the rural heritage.

**Measures.** All the 62 RDPs in the study apply to their Mountain LFAs the measure which is specific to those LFAs, namely Measure 211 Payments to farmers in mountain areas. About half of them also apply Measure 212 Payments to farmers in areas with handicaps. Many other Measures within the EAFRD are also applied to the Mountain LFAs. The mixture of measures (within a total menu of 30 measures) varies greatly from one RDP to another. The Measures most frequently used are mainly from Axes 1 and 2, focused on support for Agri-environment payments (214), Modernisation of agricultural holdings (121), Restoring forestry potential (226), Support to non-productive investments in forestry areas (227), Setting up of young farmers (112), Diversification into non-agricultural activities (311), and improvement of the economic value of forests (122). Axis 3 measures are applied within a minority of RDPs.

**Funding.** The total resources applied to Mountain LFAs through the EAFRD are certainly significant. Measure 211 alone brings 5.5 billion euros to these areas, with some Member States devoting more than a fifth of their RDP budget to that Measure alone. There is no systematic information on the resources that are devoted to mountain areas from outside the RDPs.

**Coherence.** The NSPs in the study vary greatly in the detail and clarity of their analysis of the problems, constraints and opportunities in mountain areas, and the strategic priorities, approaches and methods of supporting these areas. This is then reflected in the degree of coherence found, within the RDPs, between needs, objectives, measures and resources applied. The current menu of EAFRD Rural Development Measures (and sub-measures) available to respond to the needs of mountain areas seems to provide a sufficiently broad and flexible range of support options. However, there is no systematic information on the resources that are devoted to mountain areas from outside the RDPs, so it is not possible to judge the adequacy of the total response to the problems and needs identified in the NSPs and RDPs.

**Italy, and Valle d’Aosta**

The EN RD Draft Working Paper, ‘Mountain Areas / Mountain farming NSP and RDP Screening Results’, from which the above text on Mountain LFAs was drawn, includes a more detailed analysis of Mountain LFAs in Italy. The research for the present study supplements this by a specific look at the RDP for Valle d’Aosta, one of the most mountainous regions in Italy. This case study draws on material from both these sources.

**Definition.** As explained in Section 3, Italy (when defining rural areas for the general purpose of its RDP) decided that the OECD methodology, if used alone, would not adequately reflect the diversity of its territory. So, it revised the methodology by reference to altitude (plain, hill and mountain) and to the presence of urban poles or specialised intensive agriculture. The outcome was a distinction between four types of zones, namely Urban Poles; Rural Areas with Specialised Intensive Agriculture; Intermediate Rural Areas; and Rural Areas with Complex Problems of Development.

Over 54% of the national territory in Italy is defined as mountain areas, clustered into three main zones, namely the Alps in the North, the Apennine in the Centre, and several mountains in the regions of Southern Italy. Much of these Mountain LFAs fall within the zone ‘Rural Areas with Complex Problems of Development’.
**Valle d’Aosta** region endorsed the Italian definition of rural areas. Its RDP states that the entire regional territory, apart from the urban settlement of Aosta, is a ‘Rural Area with Complex Problems of Development’. Moreover, almost all the regional territory is Mountain LFA, defined by reference to altitude, physical disadvantage (steep slopes, poor soil quality), low agricultural productivity, extensive farming, and a strong diffusion of multi-activity models (with many part-time farmers).

**Objectives.** The NSP for **Italy** highlights some of the major problems affecting mountain areas. It cites the lack of adequate strategic forestry planning and management; the strong fragmentation of property in mountain areas; the increased abandonment of mountain areas and of mountain farming/pastoral activities, which leads to a spontaneous return to nature/forest landscape patterns, and diminishing biodiversity values; and the high risk of fire and of soil erosion in many mountain areas. To address these issues, the NSP proposes interventions focused mainly on maintaining farming activities in LFAs, preservation of biodiversity (particularly high value agro-forestry systems) and restoration of natural habitats.

The RDP for **Valle d’Aosta** outlines a vision for mountain areas of integrated and multi-functional rural development, based on protection or revitalisation of the environment. Within this vision, equal priority is given to maintaining farming activities as a fundamental presence of human in the mountain areas, and as a tool against their abandonment; improving overall conditions for farms, especially in areas with steepest slopes; preserving mountain pastures; improving access and use of linked structures and land; proper management forests, and improving their multi-functional role; and decreasing, through preventive action, the risk of natural hazards.

**Measures.** Almost all the regional RDPs in **Italy** have used Measure 211 as a major tool for addressing mountain farming/issues, with fairly similar eligibility and payment criteria. Many RDPs also used measures from Axes 1, 2 and 3, including those which support modernisation of agricultural holdings, economic exploitation of forestry, increase in the added value of farm and forestry products, cooperation for the development of new products or processes, infrastructures linked to the development of farm and forestry, agri-environment payments, non-productive investments in agriculture and forestry, first afforestation of farmland, restoration of forestry potential and preventive interventions, diversification into non-agricultural activities, tourism activities, basic services for the rural economy and population, and conservation and upgrading of the rural heritage.

The RDP for **Valle d’Aosta** applies most of the measures mentioned above. Axis 3 measures will be mainly delivered through Axis 4, which is stated to command 7.5% of the RDP budget and which will apply to almost the whole regional territory.

**Funding.** In the regional RDPs in **Italy**, the budget allocated to Measure 211 varies from 0.7% of the RDP budget in Apulia to 21.9% in Valle d’Aosta and Trento. The budget for all Measures applied to Mountain Areas varies from 4.8% (Sicily) to 89.5% (Trento) of the RDP budget. The Northern regions (Piedmont, Lombardy, Veneto, Trento, Bolzano, Valle d’Aosta) devote far larger resources to mountain-related measures than do other regions with similar amounts of mountain territory.

In **Valle d’Aosta**, 37.6 % of the RDP budget (€44.7 million) is devoted to Measure 211, which also attracts a further €31.5 million of regional funds. Measure 214, agri-environment payments, attracts 24% of RDP funds (€28.7 million), together with a further €20.2 million of regional funds. The other measures named above, taken together attract 23.4% of the RDP budget. Thus the total planned spending on the Mountain Areas over the RDP period is €98.3 Million. The RDP refers to the availability of ERDF and ESF funds, stating that these will be complementary to the Axis 3 measures in the RDP.

**Coherence.** The approach taken by the RDP for Valle d’Aosta appears quite coherent, because it analyses the constraints affecting the mountain areas, identifies the major needs, applies appropriate measures to address those needs in a rounded way, and commits a large parts of the RDP budget,
plus additional regional funds, to the pursuit of those measures. It also foresees some degree of complementarity between the EARDF and the Structural Funds, and implies that this complementarity will be achieved through the mechanism of Leader and local development strategies. But it does not explain neither how much money will come from the Structural Funds nor how precisely these funds will be deployed.

**Slovenia**

**Definition.** The RDP states that nearly 90 percent of the national territory lies at altitudes exceeding 300 m; 86% of the territory lays within Less Favoured Areas; and 72% is defined as Mountain LFAs. The Mountain Areas include the Julian Alps, the Kamnik-Savinja Alps, Karavanke, Pohorje and also hilly areas in central and southern Slovenia which are mainly undulating karst territory with limited areas of good soil and much forest or birch woodland. They are characterised by high or medium altitude, the physical disadvantage posed by steep slopes, and the economic disadvantage of low agricultural productivity. They are defined in the RDP by text and on maps, in a rough but convincing way.

**Objectives.** In relation to the Mountain LFAs, the RDP describes problems of soil erosion, remoteness and poor accessibility, small size and lack of competitiveness of farms, and deforestation. It refers to the need to protect biodiversity and of landscape; to halt depopulation and the abandonment of land; to conserve and improve forests; and to enhance the quality of life for rural people in the mountain areas. The stated objectives of the Axis 2 measures include “Preserving agriculture in less favoured areas, through compensatory allowances to farmers in less favoured areas” and “Enhancing nature friendly agricultural practices, through agri-environmental payments”.

**Measures.** To meet these objectives in the Mountain Areas, the RDP provides support to LFA payments (Measure 211), Modernisation of farm holdings (121), Improving the economic value of forests (122), and Agri-environment payments (214).

**Funding** for these measures includes €236.9 million (21.1% of RDP budget) for Measure 211, wholly attributable to Mountain LFA’s; and the following figures, of which only an unstated part applies to those LFAs, for other Measures – €82.3 million (7.3%) for Measure 121, €24.9 million (2%) for Measure 122, and €305.2 million (27%) for Measure 214. In addition, the RDP states that rural areas generally may benefit from funding from the ERDF, CF, ESF, EFF, LIFE+ programme and national funds other than the RDP. However, there is no indication of whether, and to what extent, these funds can benefit the Mountain LFAs.

**Coherence.** The RDP offers such limited information on the aspects summarised above that it is hard to judge the coherence of its approach to the needs of Mountain LFAs, which form a large part of the national territory. The needs and priorities are not fully described; the range of measures applied is narrow, and does not appear to address one of the stated objectives, namely improving the quality of life of those who live in mountain areas; the proportion of the RDP budget applied to these areas is unclear, except in relation to Measure 211; and no funds from other EU-supported programmes appear to go into these areas.

**Conclusions on Mountain LFAs**

Mountain Areas, found in 17 of the 27 EU states, attract substantial attention from the relevant countries and regions. They present complex problems, including demographic decline; remoteness and poor accessibility; abandonment or degradation of land, including erosion and deforestation; and lack of farm competitiveness. Member States and regions recognise the need to ensure the continuance of farming in these difficult areas by offering direct support to farmers; to counter depopulation of remote or peripheral areas; to improve the economic and social opportunities; to protect biodiversity; and to enhance the rural heritage. To this end, they apply a wide range of measures, mainly from Axes 1 and 2 of the EAFRD but (for a minority) including some measures from
Axis 3. All the relevant RDPs show the commitment to Mountain LFAs of Measure 211, compensatory payments to mountain farmers, and this Measure alone will bring 5.5 billion euros to Mountain LFAs over the programme period. It is not known whether significant funds flow into these LFAs from sources other than the EAFRD.

5.10.2 Other Less Favoured Areas

The sample of three countries – Bulgaria, Netherlands and Hungary – was chosen to reflect a variety of socio-geographic circumstances within Less Favoured Areas other than Mountain.

**Bulgaria**

**Definition.** For the general purposes of Bulgaria’s RDP, ‘rural areas’ are those municipalities (LAU1) in which no settlement has a population of more than 30,000. 231 out of Bulgaria’s total of 264 municipalities are classified as rural. The **Less Favoured Areas**, which are the subject of this case study, are defined on a quite different basis, namely by reference to poor land productivity. Those settlements in which land productivity is assessed to be no more than 80% of the national average, and which fall outside the Mountain LFAs, are designated as ‘Other LFAs’. These cover about 11,000 km$^2$, c.10% of the national territory.

**Objectives.** These LFAs are not stated as a priority in the RDP. However, their objectives include the promotion of rational use of land, conservation of biodiversity and sustainable development of the land and other natural resources, the prevention of land abandonment and soil erosion, the maintenance of the attractiveness of the countryside and the reduction of depopulation.

**Measures.** Only two measures are mentioned – 121 Modernisation of farm holdings, which attracts higher levels of aid in LFAs than elsewhere; and 214 Agri-environment payments. These measures are assumed to meet the objectives stated earlier.

**Funding** for these measures over the whole programme period is €572.3 million for Measure 121 and €38.9 million for Measure 212, respectively 13.4% and 0.91% of the RDP budget. No funds from sources other than the RDP are anticipated.

**Coherence.** There is a coherent relationship between the defined territories, the stated objectives and the measures applied, and they appear to fit well within the overall approach to the RDP. However, the funding under Measure 212, at less than 1% of the RDP budget, appears small when applied to about 10% of the national territory. Measure 121, offering higher than normal rates of support to modernisation of farm holdings, looks like a coherent response to the needs of farmers in the LFAs.

**Netherlands**

**Definition.** For the general purposes of the RDP, the Netherlands define ‘rural areas’ as those that lie outside urban centres that have more than 30,000 inhabitants. These areas qualify for measures under Axes 3 and 4. Measures under Axis 2 apply to areas specially designated for those measures: this includes the **Less Favoured Areas**, which are the subject of this case study and which all fall within the rural areas in the overall definition.

The RDP states that ‘The Netherlands makes limited and highly critical use of the LFA designation, which is only used if the agricultural sector genuinely faces a competitive disadvantage due to external circumstances beyond the control of the farms themselves and if the area possesses qualities of European importance that need to be preserved’. LFAs are stated to be in four categories of land with specific handicaps – deep marshy pastur-lands; flood plains (between rivers and embankments); stream valleys and valley flats (flood plains); and hill slopes. The total area designated is 252,796 ha, about 10% of the national territory. The areas are defined on maps, in a detailed and convincing way.
**Objectives.** The LFAs are not given priority in the RDP, but they reflect some of its objectives, including sustainable management of Natura 2000 areas, strengthening biodiversity, conservation and strengthening of valuable landscapes, extension of forests on agricultural land, sustainable and multi-functional management of forests, restoration of water systems, good quality of ground- and surface water, and combating desiccation of nature and agricultural land.

Objectives specific to the LFAs include to prevent farmers from moving out of the areas, to preserve and improve valuable man-made landscapes, to protect and improve biodiversity, to combat climate change, to ensure improved soil quality change, to guarantee space for water storage, to protect the coastal areas against flooding, and to maintain/ develop the areas attractive for recreation and tourism. The first two of these objectives – to prevent farmers from moving out of the areas, to preserve and improve valuable man-made landscapes – have highest priority. This statement of objectives very neatly reflects the long-established Dutch tradition of detailed and multi-purpose management of the land, brought right up-to-date by the reference to combating climate change.

**Measures.** To pursue these multiple objectives in the LFAs, the RDP applies five measures from Axes 1 and 2, namely Measures 121 Modernisation of agricultural enterprises, with focus on (a) young farmers and (b) sustainability; 124 Cooperation for development of new products, processes and technologies in the farming, food and forestry sectors; 212 Payments to farmers in areas with handicaps; 214 Agri-environment payments; and 221 First afforestation of farmland.

**Funding** of the Axis 2 measures over the whole programme period is €76.9 million (3.5% of the RDP budget) for Measure 212; €412.2 million (18.7%) for Measure 214; and € 20.4 million (0.92%) for Measure 221. The money for measures 212 and 214 includes €236.6 million of top-up national funding, over and above the co-financing of the EAFRD sources. Of these sums, only those for Measure 212 are definitely attributable to the LFAs: those for the other Measures apply also to other territories, and the share for LFAs is not explained in the RDP. No separate budget for the LFAs is stated for the Axis 1 Measures. No funds from EU sources other than the RDP are anticipated.

However, the LFAs will benefit from the national Investment Budget for ‘rural’ areas (ILG). This budget is composed of a range of national budgets, linked to programmes of different ministries, and is intended for land purchase, planning and management in ‘rural’ areas. Included are programmes for landscape management, biodiversity, water management, and climate. Implementation of the programmes is carried out at provincial level.

**Coherence.** There is a coherent relationship between the defined territories, the stated objectives and the measures applied, and they appear to fit well within the overall approach to the RDP. Particularly impressive, and offering the potential of elements of relevant practice, are:

- The combination of multiple objectives in integrated land management programmes;
- The use of conditions to secure cross-compliance and commitments to agri-environmental measures (though it is not clear whether these conditions discourage farmers from taking part);
- The very substantial funding that is applied not only through the main EAFRD programme funds but also from top-up national resources, and specifically the national Investment Budget for rural areas.

**Hungary**

**Definition.** For the general purposes of the RDP, Hungary has created its own classification of territory, with three main categories of micro-regions - urban micro-regions; rural micro-regions with urban centres; and predominantly rural micro-regions. The second and third of these categories count as ‘rural’: they occupy 87% of the national territory, with 47% of the national population.

The **Less Favoured Areas**, which are the subject of this case study, are defined by reference to Article 19 and 20 of the EAFRD Regulation. They include:
areas with poor productivity, difficult land use, lower than average production, low density of population with high share of agricultural workers (Article 19): they total 395,402 ha, which is 4.25% of the national territory and 6.3% of the total utilized agricultural area (UAA);

areas with special disadvantages, including severe soil acidity, severe soil salinity, extreme soil water management conditions and extreme physical soil characteristics, where farming shall continue in order to conserve and improve the environment, maintain the area and keep the tourism potential of that territory (Article 20): they total 488,156 ha, which is 5.24% of the national territory and 7.77% of the UAA.

So, the total area of LFAs is 883,558 ha, 9.5% of the national total territory and 14% of the UAA. These areas are defined by text in the RDP, in a rough but convincing way.

**Objectives.** There is no direct reference to needs in the RDP, and a reference to the “good environmental conditions experienced on LFA territories” suggests that the need may not be great. However, the objectives of the LFAs are stated to be “to improve the environment and the countryside by supporting landscape management … and to preserve LFA territories and the traditional agricultural landscape.” More detailed objectives are also stated - to keep land under cultivation in areas with unfavourable conditions; to promote extensive cultures in environmentally sensitive areas; to enhance environmentally conscious farming; and to protect biodiversity. No priority is stated among them, nor is any quantification offered, except that a total of 170,000 ha of land may be affected by the measures.

**Measures.** To pursue these objectives, the RDP targets LFAs in three measures from Axes 1 and 2 – 121 Modernisation of agricultural holdings; 122 Improving the economic value of forests; and 212 payments to farmers in areas with handicaps. Two other measures – 214a Agri-environmental payments; and 214b Preservation of the genetic resources of native and endangered farm animal breeds – may also apply.

**Funding** for these measures over the whole programming period is €23.6 million for Measure 212, wholly attributable to LFAs; and the following sums for the other measures, both within and outside the LFAs – €1,559.4 million for Measure 121; €12.3 million for Measure 122; and €1,137.1 million for Measure 214a and b combined. The proportion of the sums that is attributable to the LFAs is not known. Some funding may also be applied through the national Operational Programme for Environment and Energy, using Structural Funds: the amount of money is not stated.

**Coherence.** All the stated measures are designed to support farmers or foresters in their effort to continue their activities in areas with unfavourable conditions, to avoid land abandonment and to maintain environmental qualities. So, the RDP addresses the issue appropriately. However, it is impossible to judge whether resources are being applied on a scale that is proportionate to the need. The emphasis on protecting the genetic resources of native and endangered farm animals (such as the famous white horned cattle of the Hortobagy plain) is an interesting specialist aspect of agri-environment support.

**Conclusion on LFAs**
The three case studies provide a sharp contrast between (on the one hand) the land with poor productivity in Bulgaria and Hungary, where the aim is to enable farmers to stay on the land and continue farming in difficult circumstances while protecting environmental values in fairly simple ways, and (on the other hand) the lowland flood-plains and other environmentally sensitive lands in the Netherlands, where sophisticated systems of land management are needed to achieve multiple objectives. It is a tribute to the flexibility of the RDP Measures that they can bring benefit to both these types of LFAs; and that the constantly evolving agenda of objectives (or of ‘public goods’ that can be secured through skilled land management) can be pursued by these means.
5.10.3 Natura 2000 and environmentally valuable farm land

A sample of three countries was chosen to provide a variety of emphases within this broad issue. Portugal offers the ‘integrated territorial intervention’, Czech Republic a tight focus on Natura 2000 areas, and Wales a broader look at agri-environment schemes.

**Portugal**

**Definition.** For the general purposes of the RDP, Portugal applied the OECD density criterion, but at the level of municipalities (LAU1), rather than at NUTS 2 or 3, because municipalities are very heterogeneous and can include both urban and rural areas within a single administrative boundary. The areas that merited ‘Integrated Territorial Intervention’ (ITI), which are the subject of this case study, are specific territories classified by their natural, landscape and/or heritage values. They include the Demarcated Region of the Douro River, and eight other distinct areas which form the Natura 2000 Network and which contain Special Protected Areas and National or Nature Parks. They contain a wide variety of natural and man-made habitats. Their extent is quite clearly defined by text and by reference to administrative and other boundaries. They have no direct relationship with the overall definition of rural areas.

**Objectives.** The RDP implies that the main needs or objectives of the ITI areas are to make people aware that these areas have an additional value; to sustain natural and landscape values and agricultural traditional systems in Natura 2000 areas; and to encourage environmental behaviour with additional positive effects.

**Measures.** To pursue these objectives, the RDP focuses five measures: 214 Agri-environmental payments; 216 Non-productive investments in agriculture; 225 Forest environment payments; 227 Non-productive investments in forestry; and 323 Conservation of the rural heritage. In each ITI, these measures are aggregated into a single measure, called “2.4. Integrated Territorial Interventions”. This has 11 sub-measures, of which two are general – support for ITI management, and management programmes – and the other 9 each relating to one of the nine ITIs. These nine specific sub-measures each draw down four of the normal RDP measures 214, 216, 225 and 227, except that the Douro area only uses the first two of these measures. Each ITI is promoted by a Local Support Structure which is different from Leader LAGs. However, the ITI territories may fall partly within LAG areas, which implement Axis 3 measures. This brings Measure 323 into play, and also means that the ITI areas can benefit from local-based initiatives, with local development plans and strong participation of all partners in the local development process.

**Funding** for these measures over the whole programme period is €110.1 million (1.71% of total RDP budget) for Measure 214; €4.2 million (0.06%) for Measure 216; €14.1 million (0.22%) for Measure 225; €9.9 million (0.15%) for Measure 227; and €6.7 million (0.1%) for Measure 323. Some funding may also be applied through the European Social Fund to support land register and mapping of conservation values; and through the LIFE+ programme: the amount of money is not stated.

**Coherence.** The Integrated Territorial Intervention territories and their needs and purposes are clearly defined. The integrated approach through local management plans and implementation packages for each ITI area is coherent, and well focused on environmental needs. However, it is not clear how the aim of raising public awareness is addressed. Also unclear is the amount, and the use, of funds from outside the RDP budget. The packaging of RDP measures into local development programmes for each ITI area may merit further examination as an example of elements of relevant practice in addressing the needs of specific territories.

**Czech Republic**

**Definition.** For the general purpose of its RDP, the Czech Republic defines as rural those municipalities (LAU2) with less than 2,000 inhabitants. Within this overall concept, rural areas are classified as suburban, intermediate or remote. Natura 2000 areas, which are the subject of this
case study and which are stated as a priority in the RDP, were delimited by individual Government Decrees. These areas cover 13.5% of the national territory. About one quarter of the total Natura 2000 area is used for agriculture, and the rest is mainly forest. The areas are delimited by maps and by administrative or other boundaries, in a rough but convincing way. The definition bears no relationship to that used to define rural areas generally.

**Objectives.** The RDP states objectives related to Natura 2000 sites as to protect biodiversity; to support special farming practices on protected sites; and to keep land under cultivation, in the face of the threat of land abandonment due to increased costs.

**Measures.** To pursue these objectives, the RDP focuses four measures – 121 Modernisation of agricultural holdings; 122 Improvement of the economic value of forests; 213 Payments within Natura 2000 agricultural areas; and 224 Payments within Natura 2000 forest areas.

**Funding** for these measures over the whole programme period includes €6.4 million (0.18% of the RDP budget) for Measure 213; and €12.2 million (0.34%) for Measure 224. Figures for the other two measures, which are only partly applicable to Natura 2000 areas, are not available. The RDP also states that the Cohesion Fund may support investment in water or sewage treatment plants, which could benefit the Natura 2000 areas: no budget is stated for this. Otherwise, the RDP records that there is a clear geographic or other demarcation that precludes other EU instruments or national programmes being applied to meeting the needs of these defined territories.

**Coherence.** In respect of Natura 2000, the national approach relies on regulatory (legal) measures, including the obligatory land management plans which are required for all Natura 2000 areas, while incentive-based measures encourage farmers and foresters to continue their activities. From this point of view, the RDP addresses appropriately the problems associated with farming and development in general in NATURE 2000 areas.

**Wales**

**Definition.** In defining rural areas for the RDP for Wales, the government drew a distinction between areas eligible under Axis 1 and 2, and those eligible under Axes 3 and 4. For Axis 1 and 2, it used the OECD definition of areas where the population density is below 150 inhabitants/km²: this covers the whole of Wales apart from the major population centres of Cardiff, Newport and Swansea. For Axis 3 and 4, it uses a more complex “Rural Definition”, reflecting the type of settlement and the geographic context: this leads to recognition as rural, for this purpose, of areas defined by the smallest statistical unit, namely ‘Output Areas’, each of which includes an average of 125 households.

The agri-environment areas, which are the focus of this case study, are not defined by reference to territory, in that the agri-environment schemes are available to farmers throughout Wales on a voluntary basis. However, a degree of priority, in applying them, is given to farmers within Natura 2000 areas, which themselves comprise the Special Protection Areas and Special Areas of Conservation, as designated by the European Commission on recommendation by the UK government. These areas are delimited on maps and by reference to administrative or other boundaries.

**Objectives.** The government states, as one of the three priorities of the RDP, “To maintain and protect the environment and rural heritage”: the importance of this is shown by the fact that 75% of the RDP budget is focused on Axis 2. Emphasis is given to “contributing to sustainable development by protecting landscapes, enhancing habitats and managing diffuse pollution”, and the RDP states that “within Wales, the environment underpins substantial economic activity”.

This link between environment and sustainable development is then reflected in the more detailed objectives related to the agri-environment schemes. These objectives include: to increase biodiversity; to enhance local and regional landscapes; to develop niche, green and sustainable tourism; to diversify the economy into service and other sectors; and to generate employment associated with
environmental management. The text of the RDP includes the following justification for the link between environmental conservation and economic well-being.

"Whilst environmental management helps to improve quality of life, it also sustains a vital tourism industry. Rural tourism makes a significant economic contribution to Welsh rural communities as a major source of employment (some 12%) and economic activity. Wales Tourist Board statistics show that rural tourism is worth around £350 million each year to rural communities ... The employment associated with environmental management is particularly important to rural communities, since jobs tend to be dispersed across a wide area rather than concentrated on a single site. Furthermore, the nature of the work means that much of the revenue that is generated tends to stay within rural communities rather than leaking out into the wider economy. For example, between 2000 and 2003, the multiplier effect meant that £14m of direct spending on capital works under the Tir Gofal agri-environment scheme supported some 385 full-time job equivalents. Over 94% of this spending was retained within the Welsh economy".

Measures. To pursue these objectives, the RDP focuses five measures – 214 Agri-environment payments; 216 Support for non-productive investments; 311 Diversification into non-agricultural activities; 312 Support for business creation and development; and 313 Encouragement of tourism activities.

Funding for these measures over the whole programme period is €408.9 million (41.1% of the RDP budget) for Measure 214; €102 Million (10.3%) for Measure 216; €3.3 million (0.3%) for Measure 311; €14.6 million (1.5%) for Measure 312; and €20.6 million (2.1%) for Measure 313. The budgets for the Axis 3 measures are totals for spending within and outside the areas or farms which benefit from the agri-environment schemes. The RDP also states that ERDF and ESF may support environmental enhancement where it is undertaken for a clear economic outcome, for example the use of innovative technologies to address the challenges of clean energy generation: no budget is stated for such work.

Coherence. There is a high degree of coherence between the different elements. The approach in Wales relies on incentive-based measures to encourage farmers to adopt and maintain environmental management activities. Measures 214 and 216, which are very well funded, will certainly stimulate action by farmers to protect wildlife habitats and landscape features: much of the funding will go into the pockets of farmers or local contractors, and will thus sustain and possibly create employment in the rural areas. This may merit recognition as an element of relevant practice. It is less clear whether the complementary measures from Axis 3, with very modest funding, will have a significant impact.

Conclusion on Natura 2000 and environmentally valuable farm land

The three countries illustrate different uses of a total of six measures from Axis 2, supported in Portugal and Wales by elements of Axis 3 and in the Czech Republic by elements of Axis 1. All three approaches are very interesting. Portugal focuses on Protected Areas (such as National and Nature Parks and SACs) and has developed an integrated approach through local management plans and implementation packages for each specific territory. The Czech Republic focuses on Natura 2000 areas, with regulatory action and incentive-based measures which serve to encourage farmers and foresters to continue their activities. Wales commits over half of its RDP budget to agri-environment measures: these measures support environmental stewardship, and bring income to farming communities, in many parts of the country.

5.10.4 Specific Development Areas

The sample of three countries, all in the Mediterranean, was chosen to provide a variety of emphases within this broad issue. Greece provides a focus on small islands, Malta upon two small islands which
together form a Member State, and Sardinia provides insight into a region of mountains and inland hills with severe socio-economic problems.

Greece

Definition. Greece uses the OECD definition to designate its rural areas for the general purpose of the RDP. Within this broad definition, it has distinguished three categories of rural area:

- **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**;

- **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 resulting high transport costs, ecological impacts, scarcity of resources, competitive use of land for tourism or agricultural activities, high irrigation needs, and high importance of coastal and off-shore fishing.

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

Objectives. For all island areas (i.e. not only for small Aegean islands), the RDP states or implies 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, for which those who live in island areas are priority beneficiaries; to add value locally to 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.

Measures. The following measures from Axes 1 and 2 are applied to the pursuit of these objectives: 121 Modernisation of agricultural holdings; 123 Adding value to the products of micro-enterprises and SMEs; 212 Support to disadvantaged areas; and sub-measures of 214 for maintenance of the traditional vineyard of South Thira, and for maintenance of extensive crops that are under threat of genetic erosion. It is assumed that these islands can also benefit from measures under Axis 3.

Funding for Axes 1 and 2 measures over the whole programme period is €450 million (8.86% of the RDP budget) for Measure 121; €300 million (5.91%) for Measure 123; €80 million (1.58%) for Measure 212; and, within Measure 214, €3 million (0.06%) for support for South Thira Vineyards and €5 million (0.1%) for protecting genetic resources. Of the above measures and budgets, only 212 and 214 are specific to small Aegean Islands: the others refer to all island areas. The RDP also 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.

Coherence. 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 the islands and to enhance the quality of life of people in these remote places, yet there is no specific mention of Axis 3 measures. Also surprising, in relation to islands of which some have fishing activity, is the absence of any mention of the Fisheries Fund being applied. 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 the objectives.
Malta

Definition. Malta takes the view that an international definition of rurality (such as that offered by the OECD) is unsuited to a small island nation, in which “all areas constitute a continuum from urban to rural and the activities associated with each other occur side by side”. Accordingly, they have developed their own definition of rural areas, namely those which have population density lower than 5,000 persons/km², at least 10% of the land in agriculture, and at least 35% of the area lying outside the designated Development Zone. On this basis, 47 municipalities (33 in Malta, 14 in Gozo), out of a national total of 68, are defined as rural: they contain 91% of the islands’ territory, and 64% of the total population.

This case study is focused on the whole rural area, defined as stated above. This is clearly defined by text and on maps.

Objectives. The overall objective of Malta’s rural development policy is to promote multifunctional agriculture within a wider framework of integrated rural development, so as to achieve the sustainable development of rural Malta. More specific objectives for the whole rural area are identified within the SWOT analysis in the RDP, under three broad headings: Agriculture; Agro-processing; Environment and Rural Areas. These appear in full in Annex 3.

Measures. In pursuit of these objectives, the RDP applies a wide range of measures, which are listed in Annex 3, with the proportion of the RDP budget allocated to each measure. In terms of funding, the RDP budget is almost equally divided between Axis 1, 33.5%; Axis 2, 26.1%; and Axis 3, 32.3%. There is a focus on integrated development, and on prioritising local needs through local development strategies prepared by LAGs. The RDP also states that ERDF, ESF, CF and LIFE+ may all contribute support to rural areas, but the scale of resources from these other funds is not stated.

Coherence. It is difficult to judge the coherence based only on screening the RDP. The overall objective of Malta’s rural development policy is to promote multifunctional agriculture within a wider framework of integrated rural development, so as to achieve the sustainable development of rural Malta. The RDP budget is almost equally divided between Axes 1, 2 and 3. However, the allocation to measures is less balanced, in that the Axis 1 funding is allocated to 10 measures, whereas in each of Axes 2 and 3 only three measures are supported. There is very substantial funding under Axis 3, but limits to the scope of that Axis in supporting diversification of the rural economy, apart from action under Measures 313 and 323 to support tourism and cultural heritage. Moreover, very few measures are implemented through LAGs; and Axis 4 has the smallest amount of funding, for the reason that there was no previous experience with Leader and it was seen as a novelty. There is no indication of how much resource from the other EU Funds is allocated to the rural areas.

Sardinia (Italy)

Definition. Italy, in defining rural areas for the general purpose of its RDP, classified municipalities (LAU2) according to the altitude zone (plain, hill and mountain) at province level. Taking this and other factors into account, it distinguished four types of zones, namely Urban Poles; Rural Areas with Specialised Intensive Agriculture; Intermediate Rural Areas; and 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 case study is focused on the fourth type of zones, Rural Areas with Complex Problems of Development. Sardinia was chosen for this case study, because a high proportion of its territory falls within that zone. Regional Councils, which have the responsibility for preparing RDPs, are required to start from the national zoning pattern, but may adopt a more detailed articulation of the 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 % 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:

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

The two zones with high levels of demographic malaise – C1 and D1 – are located mainly in mountain and hilly inland areas, and have an average population per commune of less than 3,000 inhabitants.

**Objectives.** Within the NSP, the rural areas with complex development problems are defined as “less dense populated areas of the country, characterized by low presence of local development processes in all sectors and by abandonment”. With extensive agriculture and a great variety of natural habitats, they contain much land with high natural value, which largely falls within the Protected Areas of Italy. Most of the population is employed in farming, while the other sectors, such as handicrafts and tourism, are less dynamic. Agriculture does not have a strong future, because the land is of low productivity. The process of abandonment of land is intense. The social-economic base is fragile, with high rates of unemployment, low levels of income and of saving, and gaps in rural services compared to other parts of Italy, and an ageing index higher than the national average. The infrastructure of schools is below the national average, with consequent impact on the quality of life and on social-economic vitality.

The RDP for Sardinia builds on this national diagnosis by stating the following objectives related to the areas that are the subject of this case study - to improve the attractiveness of the rural territories for people and for 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 the farm holdings; and to reduce social isolation and exclusion.

**Measures.** To pursue these objectives, the following measures will be used: 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; 323 Protection and beneficial use of the rural heritage; 341 Acquisition of competences, animation and implementation; and 41 Implementation of local development strategies. Measures 311, 323 and 341 are implemented partly by the Regional Council and partly by the LAGs. Measures 312, 313, 321, 322 and 41 are wholly implemented by LAGs. Measure 41 is simply the vehicle through which the Axis 3 measures are mainly implemented. In Sardinia, the Leader approach is only used within C1 and D1 zones.

**Funding.** The RDP shows a gross budget for these 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 they did not produce their local development strategies and budgets till after the RDP was approved, it cannot be stated how this total is allocated between the individual measures. The RDP also states that ERDF and ESF may bring support to these areas, but does not indicate the scale of resources from these funds.

**Coherence.** The definition of areas is precise and clear, as well as the identification of the major needs and objectives. The Axis 3 measures seem to be well-related to the stated 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 attack on the severe problems that are described. One may assume, but it cannot be assured from the evidence off the RDP alone, that other RDP measures (from Axes 1 and 2), and possibly some resources from ERDF and ESF, will also benefit these areas. So, there is a fair degree of coherence, and certainly a clear effort to analyse the special of needs of these troubled territories and to suit the measures to them. This case study suggests that Italy can offer an example of elements of relevant practice in the two-stage analysis, national and then regional, of the specificities of regions and their needs, and in the focused attack on the needs of these disadvantaged areas.

Conclusions on Specific Development Areas

These three case studies, all focused on islands in the Mediterranean, show how the needs of specific areas can be addressed. The small Aegean Islands and the Sardinian archlands are both affected by loss of population, narrowly-based economies, difficult farming conditions, poor social infrastructure, and some degree of isolation and social exclusion. In both places, there is a focus on adding value to local products and diversifying the local economies through tourism and other activity. Malta is a more complex case, in the sense that it is focused on the whole rural area of a small but densely populated pair of islands, with an intricate interlock between urban and rural areas.

5.10.5 Rural areas eligible for Axis 3 measures

The three case studies in this set were chosen to provide a variety of experiences in the use of Axis 3 measures. Finland, with the lowest average population density of any other EU Member State, offers the example of sparsely populated areas; France of ‘organised rural territories’; and Hessen of ‘areas which are eligible for Axis 3 measures’.

Finland

Definition. Finland is the most sparsely populated Member State of the EU. So, it decided not to use the OECD definition, by which the whole country would be defined as either predominantly or significantly rural. Since the first national rural programme in 1990, Finland has evolved a three-part classification of rural municipalities (LAU2), dividing them into urban-adjacent rural areas, rural heartland areas and sparsely populated rural areas, in order to focus rural policy on specific regional needs and to ensure effective delivery of policy. The RDP shows an updated classification, based on multi-variable analysis:

- Urban areas – a total of 58 municipalities, which include the centres of major urban areas, and other urban areas with comparable characteristics and three categories of rural areas, namely:
  - Urban-adjacent rural areas – a total of 89 municipalities;
  - Rural heartland areas – a total of 142 municipalities;
  - Sparsely populated rural areas – a total of 143 municipalities.

All three categories of rural areas are eligible for Axis 3 measures. But this case study is focused on sparsely populated areas, which are distinguished from the other categories through the multi-variate analysis mentioned above. These areas form a clear sub-set of the national definition of rural areas. They are clearly defined by reference to administrative boundaries and on maps, and occupy about 65% of the national territory, as shown on the map at Annex 3.

Objectives. The RDP offers the following summary of the weaknesses of these areas. “Sparsely populated rural areas are in a vicious circle: the youth move away, services are declining, agriculture decreases, new jobs are too few to offset the loss of traditional jobs, the number of elderly increases and the economic capacity of municipalities cannot cope with the change. The short growing period and other natural conditions restrict the development potential of primary production.” In response to
these and other weaknesses, the RDP states, as a priority, the objective “to slow down the decrease in the population of sparsely populated rural areas and rural heartland areas and to contribute to an improvement in employment at the same pace in the whole country”. The scale of this priority is shown by the statement in the RDP that measures aimed at diversifying the rural economy should have a “minimum of 80% of business financing allocated to rural heartland areas and sparsely populated rural areas, and a maximum of 5% allocated to urban areas”. Similarly, measures aimed at improving the quality of life in rural areas should have “at least 70% targeted at rural heartland areas and sparsely populated rural areas”.

**Measures.** In pursuit of these objectives for the sparsely populated areas, the RDP applies a range of measures from Axes 1, 3 and 4. These include 111 Vocational training and information; 123 Adding value to agricultural and forestry products; 124 Cooperation for development of new products, processes and technologies in farm, food and forestry sectors; 311 Diversification into non-agricultural activities; 312 Creation and development of micro-enterprises; 313 Encouragement of tourism activities; 321 Basic services for the economy and rural population; 322 Village renewal and development; 323 Conservation and upgrading of the rural heritage; 331 Training and information; 41 Implementing local development strategies; 421 Inter-territorial and transnational cooperation; and 431 Running the Local Action Group, acquiring skills and animating the territory. Most of these measures are delivered through Local Action Groups, which cover the whole of rural Finland.

**Funding.** For these measures, the RDP shows a total budget of €5812 million, which is 12.3% of the total RDP budget. This amount is not exclusively devoted to sparsely populated areas, but the RDP states that a high proportion of the Axis 3 measures should be allocated to rural heartland areas and sparsely populated rural areas. The RDP also states that ERDF, ESF and EFF may support activity in the sparsely populated areas. It gives no indication of the scale of resources from these programmes. However, it does state that “… in Eastern and Northern Finland, where the rural development challenges are the greatest, more funding is available under the European Regional Development Fund (ERDF) and European Social Fund (ESF) than in other regions, which also supports the development work in rural areas.” LAGs, which cover the whole of the sparsely populated areas, can negotiate funding from ERDF, ESF or EFF to assist in implementing their local development strategies. The RDP does not mention other national funding, despite the fact that Finland applies – through its Rural Policy, which is wider in scope than the RDP – the concept of ‘broad’ rural development, which relates to coordination between different policies and government funding.

**Coherence.** There appears to be a high degree of coherence between the different elements. Financial resources are focused on the rural areas (i.e. sparsely populated areas and rural heartland areas) which most need development because of out-migration, limited employment opportunities, poor infrastructure. Even if the total amount seems low, the majority of funding under Axes 3 and 4 is directed at sparsely populated areas and rural heartland areas. All of the measures applied to sparsely populated areas can be implemented through Local Action Groups, which according to the RDP have the duty to “… implement strategic, systematic rural development driven by local needs in accordance with the bottom-up principle, which provides each rural area with precise solutions for improving the opportunities for employment and earning a living…..The bottom-up orientation is key to the Leader approach. This approach is founded on each area and its needs” (our added emphasis). LAGs can enlist the support of ERDF, ESF and EFF in their development work. The use of LAGs not only to deliver Axis 3, but also as a means by which resources outside the EAFRD are focused on meeting local needs, is an element of relevant practice that merits further study.

**Languedoc-Roussillon, France**

**Definition.** In defining rural areas for the general purpose of its mainland RDP, France (only) chose not to use the OECD definition, mainly for the reason that rural areas so defined would exclude significant parts of the peri-urban zone, which includes a third of France’s agricultural land, 35% of its...
farms and the homes of 39% of the metropolitan population. It developed a concept of “peri-urban and rural crowns”, as the basis for defining rural areas for the RDP. From this starting-point, it defined three categories of space:

- **Predominantly urban space**, which is composed of an urban employment pool (defined as having a potential of at least 5000 jobs) and its “peri-urban crown” (composed of communes where at least 40% of working people live in the commune and have a job in the “urban pool”);

- **Predominantly rural space**, which is composed of a rural employment pool (defined as having a potential of at least 500 jobs) and the “the crown of the pool” (composed of communes where at least 40% of the population is working in this rural pool);

- **Other rural communes.**

Rural areas, for the purpose of the RDP, include the predominantly rural space, other rural communes and peri-urban crowns, but not the urban employment pools.

As a sub-category within the rural areas, the RDP identifies a category of **‘Organised rural territories’**, which is the focus of this case study. Under national rules, these territories must each have a geographic, cultural and economic cohesion or social cohesion. They include so-called ‘Pays’ or Natural Regional Parks, each of which has an established local partnership and a local strategy focused on environmental protection and related developmental activity.

The application of Axes 3 and 4 of the EAFRD in each region of France is decided by the Prefect of the Region. This case study focuses on the **‘Organised rural territories’ in the region of Languedoc-Roussillon**. The Prefect has recognised thirteen **Pays** with a range in size of population from the largest (Pays Garrigues et costières de Nîmes) with 240,336 inhabitants in 41 communes and surface area of 929 km² to the smallest with 37,974 inhabitants in 89 communes and surface area of 1426 km². In addition, it has **Natural Regional Parks**, which are set up by groups of communes to pursue the two linked purposes of protecting the environment and heritage, and promoting the socio-economic development of the area. The partners sign a Charter of Partnership, which runs for 12 years and may be renewed: this forms the basis for the Local Development Strategy. Many of the Pays or Regional Parks partnerships also serve as LAGs under Axis 4 of the EAFRD. Some of the larger Pays include some territory defined as urban.

**Objectives.** The regional RDP states the following general objectives for the rural areas in the region - to sustain economic activities to ensure a better repartition of population on the regional territory; to sustain and valorise the natural and cultural heritage; to promote local animation of local policies; to improve the economic and residential attractiveness of rural areas adapted to local strategy and with a structuring effect; and to create jobs by diversification and creation of new activities. The articulation of specific objectives for each Pays or Natural Regional Park rests with the local partnership.

**Measures.** To pursue these objectives, the RDP applies the following measures: 311 Diversification into non-agricultural activities; 312 Support for sustaining and creating micro-enterprises; 313 Promotion of tourism activities; 321 Basic services for the economy and the local population; and 341 Local development strategies. This includes skills acquisition and animation to enable the different actors to focus on an integrated territorial project, embracing social, economic and environmental goals. A priority is also given to commercialisation of the local food supply chain.

**Funding** for these measures, related to the whole rural territory of the region, totals €56.1 million, which is 19.3% of the total regional RDP budget: the RDP does not indicate the proportion of this that may be applied to the ‘Organised rural territories’. The RDP also states that ERDF and ESF may apply to the organised rural territories. Two inter-regional programmes, related to the ‘Massif Central’ and
the ‘Pyrénées’, could support the strengthening of the tourism sector. Some funding for action in the Organised Rural Territories may come from the ‘Contract of Project State-Region’, which gives priority to valorisation of human capital by supporting higher education, research in innovation sectors (including ICT) and training, support to enterprise and the agricultural sector especially viticulture, support to the transport infrastructure, and strengthening social cohesion by supporting health and cultural infrastructure. The RDP gives no indication of the scale of funding from any of these non-RDP sources.

**Coherence.** This French approach to local development is interesting in several respects - the choosing, by local authorities and others, of an area which has ‘geographic, cultural and economic or social cohesion’; the creation of a local partnership, with (in the case of the Natural Regional Parks) a 12-year charter or agreement between the partners; the production of a local development strategy; and the close link between the two purposes of protecting the environment and heritage, and promoting the socio-economic development of the area. The word ‘Pays’ itself, with its sense of the special, local valued place, is evocative of territorial specificity. Also interesting is that the ‘Pays’ may stretch beyond the defined rural area, in order to benefit from the inter-dependence of two and countryside in particular sub-regions.

Many of the Pays or Regional Park partnerships also serve as LAGs under Axis 4 of the EAFRD. This enable them to focus EAFRD funds on the rural parts of their territories, while bringing in funds from other sources to the whole of their areas, which may be partly urban. These points give a basic coherence to the concept of organised rural territories. What cannot be judged, simply by reference to the Languedoc-Roussillon RDP, is the adequacy of the measures and resources that are applied, from within and beyond the EAFRD, to address the needs and to meet the stated objectives of these territories. Nevertheless, this case study offers two examples of **elements of relevant practice** which merit further study:

- The ‘Pays’, particularly those which embrace significant rural and urban areas;
- The **Natural Regional Parks**, which are already celebrated in the European family of Protected Areas as models of a partnership-based approach to multi-purpose management of fine rural areas where traditional farming and other activities have created remarkable landscapes, ecosystems and cultural heritage, and where the sustaining of that heritage is in symbiosis with the social and economic well-being of the local population.

**Hessen (Germany)**

**Definition.** Rural areas in Germany are extremely heterogeneous; and responsibility for rural development rests with the **Länder**. For these two reasons, there is no national definition of rural areas for the purpose of rural development. Each region has developed its own definition. In the more densely populated Länder – of which Hessen is one – the regional authorities make use of the definitions in their **Landesentwicklungsprogramm** (State Development Plan elaborated by the spatial planning authority). Accordingly, rural areas tend to be defined as the areas which lie outside the **Verdichtungsraum** (densely populated area, which is variably defined). The RDP for Hessen states that rural areas are defined by reference to “context-related Baseline Indicators 1 and 2”, subject to the exclusion of the Rhein-Main urban conglomeration and the city centres of Kassel, Fulda, Marburg, Gießen and Wetzlar.

The focus of this case study is on the **areas which are eligible for Axis 3 measures**, which the RDP calls ‘rural areas defined by reference to population density, structure of the economy and structure of employment’. These areas relate directly to, and form a large part of, the overall rural areas as defined above. They are clearly defined by text and maps, and by reference to administrative boundaries.
Objectives. The RDP states four main objectives for the whole programme. These all apply to the territories which concern us, but Objective 2 is of greatest relevance.

- To decrease regional disparities, with a focus on the northern and middle parts of Hessen;
- To maintain and create value chains, in order to avoid out-migration of rural areas, using measures within Axes 3 and 4;
- To improve the structures of agricultural holdings and food economy for safeguarding competitiveness in a middle and long-term perspective on a growing global market;
- To improve the environmental situation in sub-regions by developing regional agri-environmental programmes well-adjusted to the particular needs of the each sub-regions.

Measures. To pursue these objectives, the RDP applies the following measures: 311 Diversification into non-agricultural activities; 312 Support for business creation and development; 313 Encouragement of tourism activities; 321 Basic services for the economy and rural population; 322 Village renewal and development; 323 Conservation and upgrading of the rural heritage; 331a Training and information measure for economic actors operating in the fields covered by Axis 3; 341a Skills-acquisition and animation measure with a view to preparing and implementing a local development strategy; 413 Measures for improving the diversification of rural economy and improving the quality of life; 421 Implementing cooperation projects; and 431 Running the local action group, acquiring skills and animating the territory.

Funding for these measures over the whole programme period is €230.2 million, which is 34.8% of the total RDP budget. Of this total the largest share, €158 million goes to Measure 322 Village renewal and development. Integrated local development strategies are supported in defined Leader regions via the RDP exclusively. However, individual projects may be supported using resources from the ERDF, ESF and EFF: the RDP provides no indication of the scale of resources from these or other programmes.

Coherence. The provisions in the RDP appear to be relevant to the needs of the defined territories, notably linked to the problems of the northern and middle parts of Hessen.

Conclusions on rural areas eligible for Axis 3 measures

The three case studies in this set were chosen to provide a variety of experiences in the use of Axis 3 measures. Finland offers a coherent approach to meeting the very severe needs of sparsely populated areas in a systematic, integrated way in accordance with the bottom-up principle, driven by Leader groups which can call on resources within and outside the EAFRD. Languedoc-Roussillon illustrates the French approach to local development, focused on areas which have geographic, cultural and economic or social cohesion, the creation of local partnerships, the production of local development strategies, and the close link between protection of environment and heritage and promotion of socio-economic development. Hessen offers an example of the use of Axis 3 measures, implemented through LAGs, to address the problems of out-migration in rural areas.

This group of cases offers three examples of elements of relevant practice that merit further study:

- From Finland – the use of LAGs not only to deliver Axis 3 in a locally differentiated way, but also as a means by which resources outside EAFRD are focused on meeting local needs;
- From France – the Natural Regional Parks as models of a partnership-based approach to multi-purpose management of fine rural areas where traditional farming and other activities have created remarkable landscapes, ecosystems and cultural heritage, and where the sustaining of that heritage is in symbiosis with the social and economic well-being of the local population;
- Also from France – the ‘Pays’ as examples of local partnerships pursuing development strategies specific to their chosen territory, including some which embrace significant rural and urban areas (there was information, however, that there is currently in France a major debate about possible abolition of the Pays as an administrative element in the French state structure).

5.10.6 LAG areas

Local Action Groups (LAGs), set up under the Leader Axis 4 of the EAFRD, are by their very nature well suited, in principle, to providing a clear focus upon the need of specific territories and to bring resources to bear on meeting those needs through their local development strategies. In practice, Member States vary greatly in the extent of their past experience of the Leader approach and their current use of it. For that reason, there have been chosen five case studies within this issue – three from old Member States, two from new ones.

In each case, the focus is on LAG areas i.e. all the territories which may (in the course of the 2007-2013 period) fall within the scope of Local Action Groups. At the time the RDPs were approved, some Member States or regions had not decided how much of their rural territory would be covered by LAGs, and in most countries the precise boundaries of LAG areas were only defined later. For this reason, some of the text in the case studies lacks precision.

Ireland

**Definition.** In defining rural areas for the general purpose of their RDP, Ireland chose to include a number of small to medium sized towns. This was justified by the close proximity of these towns to the greater Dublin area, with the consequent threat from urban sprawl, or by their location in key regional areas where a priority is to stabilise the population. With this inclusion, the defined rural areas embrace 59% of the national population. It is sub-divided into five types of rural area:

- “Strong” areas, with settlements that are peri-urban in nature and have the highest population densities among the rural areas;
- “Changing” areas, characterised by the lowest level of self-employment outside agriculture at 13% of the available labour force;
- “Weak” areas, where population decline has been significant and those aged 65 and over exceeds 15% of the total population;
- “Remote” areas that represent the highest proportion of part-time female workers at 29% of the total female population at work;
- “Culturally distinct and highly diversified areas”: these vary across the country.

**Areas covered by LAGs**, which are the focus of this case study, in fact cover the whole of the defined rural territory. Ireland made very active use of the Leader Initiative from its beginnings in 1991, and had developed a well-established pattern of LAGs covering the whole rural territory long before the drafting of the current RDP.

In the current programming period, the LAGs cover all of rural Ireland. Moreover, they are no longer simply partnerships set up to deliver EAFRD measures. They are local development companies, delivering both EAFRD measures and other national and EU-funded programmes. The background to this is that, when the Programmes for 2007-13 were in draft, the government decided that it would make sense to bring together the LAGs, the area partnerships for social inclusions, and the urban partnerships into combined local development companies, some of which run into the urban areas of Dublin, Cork, Limerick and Galway. These companies apply the Axis 3 measures in the defined rural areas, while delivering other types of action in both rural and urban areas.
There is no cross-reference within the RDP between the LAG territories, or the needs and measures described below, and the typology of 5 types of rural area mentioned above. Such cross-references may appear in the Local Development Strategies and business plans of the LAGs, but these are outside the scope of this study.

**Objectives.** The RDP states the following objectives for the application of Axes 3 and 4, all with high priority - promotion of quality of life, and diversification of local economies; promotion of rural enterprise; development of local infrastructure and services essential to community well-being; enhancement of villages and countryside; environmentally friendly initiatives and conservation of areas of high natural and cultural value; and training, skills acquisition and animation. These objectives are supported by specific aims, including that the proportion of national population that live in rural areas should remain at 59%, the unemployment rate of 4.3% should not rise, the proportion of part-time farmers who have other gainful employment should rise from 42% to 50%, self-employed should rise from 16.9% to 20% of the working population, and Internet take-up should rise from less than 5% to 20%, over the programming period.

**Measures.** To pursue these objectives and aims, the RDP applies the following measures - 311 Diversification into Non-Agricultural Activities; 312 Support for Business Creation and Development; 313 Encouragement of Tourism Activities; 321 Basic Services for the Economy and Rural Population; 322 Village Renewal and Development; 323 Conservation and Upgrading of the Rural Heritage; 331 Training and Information Measure for Economic Actors in the Fields Covered by Axis 3; 341a Skills-Acquisition and Animation Measure with a view to Preparing and Implementing a Local Development Strategy; 41 Implementing Local Development Strategies; 421 Cooperation; and 431 Running the local action group, acquiring skills and animating the territory. All Axis 3 measures are implemented through the Leader (Axis 4) approach.

**Funding.** For these measures, the RDP provides a total of €425.5 million of public funding, which is 6% of the RDP budget. The precise set of measures applied by each LAG depends upon local priorities as set out in the Local Development Strategy. The RDP also expects ERDF and ESF to provide support to rural areas. It does not indicate the scale of funding from these sources, nor whether the application of this funding will be influenced or administered by the LAGs. However, it is known that the Irish LAGs are well-established as local development companies, delivering not only measures within the RDP but also elements of other national programmes which can directly benefit rural people. Some LAGs also deploy Axis 4 of the EFF: for example, the South Kerry LAG has applied RDP funds to building an enterprise centre, and EFF funds to training of new entrepreneurs in the centre.

**Coherence.** This is a coherent programme. Its objectives are clear, and the actions are well structured and offer synergies and opportunities for integration. LAGs cover the whole of the rural areas, which means that each part of rural Ireland is the subject of a local development strategy and (in the LAG) a dedicated rural development agency. The balance of the RDP budget programme is tilted towards Axis 2 (80%), whilst Axes 3 and 4 together receive just 10% of the RDP budget. But the ability of the LAGs, as local development companies, to call down funds from outside the RDP, means that they may have the ability to meet the socio-economic needs of rural Ireland. This pattern of long-established LAGs, each acting as rural development agency for its territory, and between them covering the whole of rural Ireland, can be seen as an element of relevant practice that merits further study.

**Denmark**

**Definition.** In defining rural areas for the general purpose of their RDP, Denmark decided that they must have a more subtle indication, than the OECD definition could provide, of which rural areas had the greatest need to boost development. So they opted for a classification system based on 14 indicators, which were selected in order to describe the structural, economic and demographic situation in different parts of the country. These indicators are described in Annex 1. The outcome...
was that the 98 Danish municipalities were divided into four different classes – Peripheral; Rural; Intermediate; Urban. The first three classes, a total of 63 municipalities, count as Rural for the purposes of the RDP. Annex 3 contains a map delimiting these areas.

The same classification system provided the basis for deciding which areas should have LAGs, which are the subject of this case study. The RDP states that “The … system shows that the need for development support is greatest in ‘Peripheral’ and ‘Rural’ municipalities. The Local Action Groups can be established in these municipalities. In ‘Intermediate’ municipalities, Local Action Groups can also be established: (however), these groups are deemed to have more resources and the state will not make national public funds available for these groups. They must therefore obtain the national public contribution themselves.”

**Objectives.** The RDP does not state objectives for the rural areas that can be covered by LAGs. However, the following objectives are clearly implied by the statement of opportunities and challenges related to Axis 3 - maintain and generate more local jobs in rural areas; promote local niche products; promote development of local initiatives; promote natural, cultural and recreational assets; promote distance learning, teleworking and the use of new digital technology in both the private and public sectors; reinforce local solidarity and cooperation; discourage outward migration; promote opportunities for young, well-educated people to move out from urban areas; improve quality of life and create greater cohesiveness; and reinforce local skills, decisions and commitment.

The RDP also includes the following key statement of the Government’s approach to Axis 3 and Leader: “Development in the rural areas necessitates thinking in terms of totalities that ensure that the various individual initiatives are part of an overall strategy, which helps create good framework conditions for the rural areas. The challenges in the various rural areas are not necessarily the same. A decision has therefore been taken to apply the “Leader” approach to much of the initiative under Axis 3. As a result, local actors are activated and local needs and opportunities are taken account of. Under Axis 3, the Local Action Groups are consequently given an opportunity to apply a broad range of instruments, and it is up to the individual action group to decide in what strategic areas to operate.” (added emphasis)

**Measures.** To pursue these objectives and aims, the RDP applies the following measures: 123 Adding value to agricultural and forestry products; 311 Diversification into Non-agricultural activities; 312 Support for business creation and development; 313 Encouragement of tourism activities; 321 Basic services for the economy and rural population; 322 Village renewal and development; 323 Conservation and upgrading of the rural heritage; 41 Implementing local development strategies; 421 Implementing cooperation projects; and 431 Running the local action group, acquiring skills and animating the territory. Measure 41 is simply the vehicle through which the first seven measures in this list are implemented within the LAG areas. LAGs may also “give support to other activities such as pilot projects that may contribute to fulfil the objectives of Axis 3”.

**Funding.** For these measures, the RDP provides a total budget of €77.8 million, which is 10% of the RDP budget. The RDP states that the ERDF, ESF and EFF may bring support to rural areas, but does not indicate the scale of resources from these or other funds. As mentioned in Section 3, Denmark takes a flexible approach to achieving complementarity between the different EU funds. Projects which are eligible for support under several regulations can, in some cases, receive support from several funds. Enterprises involved in the food and forestry sectors can gain support not only from the RDP but also, for example, for innovation and skills acquisition under the ERDF and ESF. The most striking example is the link to the fisheries programme, funded by EFF. Where an area dependent on fisheries coincides with an RDP Leader area, a single common LAG may be set up on the islands or by special request. It is the LAG’s responsibility to ensure that projects financed under the EFF programme and the RDP are kept separate. Where a project includes activities which are aimed at achieving the same overall objectives, but which are eligible for support under either fund, a decision
is made either that the whole project will be supported under one fund or that it will be divided into sub-projects each of which calls on one of the two funds.

**Coherence.** There is, in principle, a high degree of coherence between the different elements. The absence of quantified needs, and the lack of information on what is being spent in the defined territories under ERDF, ESF or EFF, mean that it cannot be judged whether these territories are receiving a share of total EU-supported public funding that is proportionate to their needs vis-à-vis the country as a whole.

Among the RDPs covered in the Step 1 analysis that for Denmark is striking in three key features, which relate coherently to each other:

- Determination to focus the territorial elements of the programme (measure 123 and Axes 3 and 4) on the areas which most need development because of falling or age-unbalanced population, narrow economies, weak infrastructure etc.;
- Implementation of these measures, in the needy areas, through Local Action Groups, with a specific focus on the needs of each area and harnessing of local resources and an integrated approach through the LAG partnership;
- A very open process of complementarity and overlap between the RDP and the programmes which draw on ERDF, ESF and EFF funding, including some LAGs which cover both rural development and fisheries.

What cannot be judged from the RDP alone is whether this focused and multi-funded approach works well in practice, or whether the resources applied are commensurate to the needs. But this approach may be seen as an **element of relevant practice** which merits further study.

**Estonia**

**Definition.** In defining rural areas for the general purposes of the RDP, Estonia chose not to use the OECD definition as it does not reflect properly the definition of the Estonian rural area ("the population density of most cities and towns under rural municipalities is less than 150 inhabitants/km²"). Instead, it uses actual administrative division, according to which all municipalities are regarded as rural areas. In addition in case of Leader, small cities with a certain size of population (up to 4000) have been considered to be rural.

It is intended that **LAG areas**, the focus of this case study, will cover all or most of the defined rural area of Estonia, including towns with up to 4,000 population. At the beginning of the programme period, much of the country was already covered by a total of 24 LAGs, as shown in a map which appears in Appendix 3. Following understanding is that these groups were expected to continue in the new period, and that the gaps will might be filled by at least one further LAG.

**Objectives.** The RDP does not state needs as such. The analysis points to the following objectives for the rural areas in general - to improve the quality of life (including better availability of infrastructure and services, finding new possibilities for the use of abandoned buildings) in order to increase the number of rural inhabitants; and to support an increase in local initiative, including involvement of local people in the development of niche production and local decision-making. Objectives specific to Axis 3 or to Leader include: to improve the situation of enterprises, in particular micro-enterprises, with preference to non-agricultural production, using local resources, rural tourism, handicraft and service enterprise, which are directly linked to improvement of the quality of life; to support diversification of particularly small agricultural holdings; to support investments into making use of abandoned agricultural facilities and buildings, and creation of employment opportunities; to maintain sustainable rural services; to preserve, restore and improve living environment of villages; to attain the functioning of LAGs in the biggest part of rural areas; to contribute to the inhibition of the
increase in regional differences; and to promote local initiative in the improvement of the quality of life.

**Measures.** To pursue these objectives and aims, the RDP applies the following measures - 311 Diversification into non-agricultural activities; 312 Support for business creation and development; 321 Basic services for the economy and rural population; 322 Village renewal and development; 323 Conservation and upgrading of the rural heritage; 41 Implementing local development strategies; 421 Implementing cooperation projects; and 431 Running the local action group, acquiring skills and animating the territory.

**Funding.** For these measures, the RDP provides a total budget of €204.6 million (22.1% of the RDP budget). The RDP states that support to rural areas may come from the ERDF, ESF, CF, EFF and LIFE +. "Activities for the increase in employment, for the promotion of the development of enterprise and for the improvement of the living environment etc. are planned from the resources of all the funds referred to. The activities affected with the assistance of Structural Funds also support the improvement of the situation in rural and coastal areas”. Also, the Small Projects part of the national Regional Development Planning Programme can support initiatives such as facilities or supporting infrastructure for recreation and tourism, or events and public activities which will help to diversify the local economy. However, no indication is given of the scale of funding from these sources, and the RDP requires that “Local development strategies must include demarcation principles regarding other support funds”.

**Coherence.** Judging from the RDP, the Estonian approach to the role of LAGs in rural development is coherent. Almost all rural areas are served by LAGs, and their areas can extend beyond those areas to include towns with up to 4,000 inhabitants. They are expected to focus on the specific needs of their areas, and to operate in an integrated way, with a unified programme of measures from Axes 3 and 4. They have considerable funds, totalling nearly a quarter of the RDP budget. Axis 4 alone attracts over 9% of the budget, nearly four times the minimum requirement of 2.5% for Axis 4 stated in the Regulation, the highest proportion among the New Member States. The LAG areas can also benefit from other EU and national funds, though the scale of these funds is not known. The integrated approach, the focus on specific local needs and the complementarity with other EU and national funds makes this an example of elements of relevant practice that merits further study.

**Andalusia (Spain)**

**Definition.** In Spain, the responsibility for preparing and implementing RDPs rests with each Autonomous Region (Comunidad Autonoma). In the National Strategy, the first level of OECD definition (rural municipalities with density below 150 inhabitants per km$^2$) was retained, while the second level (regional typology) was omitted and rural municipalities were summed up to a total figure of rural areas in each Autonomous Region. This approach was used because “the OECD definition does not always correctly reflect rurality, particularly in the zones with the highest population density”. However, this national approach is not binding on the Regions, and each Region develops its own definition of rural areas for the general purpose of its RDP.

**Andalusia**, whose LAG areas are the subject of this case study, used the OECD definition, without modification, in defining rural areas. In doing so, it recognised the wide diversity of territories in this large region, ranging from isolated rural areas to peri-urban areas under increasing urbanisation pressure; and the difficulty in distinguishing rural from non-rural areas, since there are many municipalities that contain rural and urban aspects.

In addressing the role of LAGs in the new programme period, the regional RDP recorded that up to 2007 there were 50 LAGs, operating under either Leader+ or the national PRODER initiative. Taken together, they covered about 50% of the region’s population. Excluded from that coverage were many rural areas with needs and weaknesses. The Regional Council noted that, under the EAFRD regulation,
Axes 1, 2 and 3 would apply to the whole territory of Andalusia; and decided that it would be logical to apply Axis 4 in the same way. So, the RDP provides that the whole rural territory of the region will be covered by LAGs (called 'Rural Development Groups' in Andalusia). This will involve the setting up of new LAGs and/or review of the territorial coverage of existing ones.

This complete coverage of the rural areas by LAGs does not mean that their activity will be applied in a uniform way across the regional territory. The RDP states that “the interventions of Axis 4 will be elaborated in accordance with the different grades of rurality of each area” (added emphasis). The definition of the territorial coverage of LAGs can include areas with a population of more than 50,000 inhabitants. However, no area with more than 50,000 inhabitants will benefit in its totality from the application of the Leader method. Interventions in such areas will apply to certain municipal districts, according to their needs and rurality. In this context, there will be LAGs whose territorial coverage exceeds 150,000 inhabitants, but each concrete intervention will apply to parts of this territory.

**Objectives.** The RDP states the following objectives relevant to Axis 4: design and implementation of local development strategies; economic diversification in rural areas; promotion of employment in rural areas; improvement of the structural dimension of farms and of the support infrastructure for the agrarian and forestry sectors; improvement and innovation in products and productive processes; promotion, conservation and improvement of forest areas; improvement of the quality of life and revitalisation of rural areas; and improvement of capacity building and training for the rural population. The region aims to take advantage of the benefits of a bottom-up and participative approach, by involving the rural population from the identification of its needs and opportunities through to the design and implementation of its proposals. This approach challenges the traditional organisational and bureaucratic model by suggesting another more flexible one that is adaptable to the needs of the region.

**Measures.** The RDP for Andalusia takes an unconventional approach to the description of measures. Effectively, it brings measures which are normally in Axes 1, 2 or 3 into Axis 4 for those territories where the LAGs will implement the rural development programme. Thus Axis 1 measures fall within Measure 411, Axis 2 measures within Measure 412, Axis 3 measures within Measure 413. In this way, the Axis 4 strategy is seen to have “a multi-sectoral and bottom-up focus, resulting in integrated interventions addressed directly to the rural beneficiary society”. The wide range of measures is expressed in the following way:

- **411 Competitiveness:** this embraces measures corresponding to Axis 1, including Training, information and dissemination of knowledge; Modernisation of agricultural holdings; Increase in the value added of forests; Increase in the value added of agrarian products (agriculture and livestock) and forestry products; Cooperation for the development of new products, processes and technologies; Infrastructure related to the adaptation of agriculture and forestry;

- **412 Environment /sustainable land use:** this includes one measure from Axis 2, namely Support for non-productive investments in agriculture and forest land;

- **413 Quality of life/diversification:** this embraces measures corresponding to Axis 3, including Diversification of the rural economy; Support to the creation and development of micro-enterprises; Promotion of tourism activities; Provision of basic services to the rural economy and population; Renovation and development of rural areas; Conservation and improvement of rural heritage; Training and information of economic agents that develop their activities in the spheres covered by Axis 3; and Capacity building, training and studies;

- **421 Transnational and inter-regional cooperation;**

- **431 Running the local action group, acquiring skills and animation**
**Funding.** For these wide-ranging measures, the RDP provides a total budget of €268.4 million, which is 6.06% of the RDP budget. The RDP states the criteria that will be used in allocating these funds to the different LAGs. These criteria include:

- The degree of rurality of each area, determined by a number of factors related to demographic dynamism, socio-economic orientation, access of the population to basic services and to new technologies, social cohesion, environmental potential and environmental deficiencies etc.;
- The coherence between the Local Development Strategies and the needs of LAG territories and requirements of the EAFRD regulation. This coherence will take into account aspects like the diagnosis of the socio-economic situation of the area, the definition of objectives and their contribution to correct socio-economic imbalances, the promotion of conditions that facilitate equal opportunities between men and women, the incorporation of environmental aspects, etc.;
- The efficacy of the management of PRODER in Andalusia.

The RDP also states that funds may come into the rural development within the LAG areas from ESF and EFF, and from a number of regional programmes focused on competitiveness, innovation, environment, forestry, tourism and sustainable development. The RDP gives no indication of the scale of resources that might come from the above funds and programmes.

**Coherence.** In general, there is a high degree of coherence between the different elements. The strategic goals of the RDP address rural areas of Andalusia. These are the same as LAG areas, since it has been defined that LAGs will cover all rural areas of Andalusia. The territorial coverage of LAGs is now much more than in the earlier programming period. All rural areas will be covered by the participative and bottom-up approach of the Leader Axis of the RDP: and, within those areas, the activity of the LAGs will be focused on the parts judged to have the greatest need. The ‘bundling’ of measures from all four Axes means that there is potential for a thoroughly integrated approach, of clear relevance to the needs of more fragile rural areas. Moreover, there appears to be strong complementarity between the RDP and the operational programmes for ESF and EFF, including the potential for some LAGs to implement rural development and fishery support in an integrated way.

However, there is no visible complementarity between the RDP and the ERDF Operational Programme for Andalusia. The total funds devoted to Axis 4 are substantial, but still only amount to 6% of the RDP budget, despite the fact that the LAGs are said to be deploying measures from all four axes over a large parts of the country. The lack of information on what is being spent by other EU Funds and national programmes means that it is difficult to judge whether the LAG areas receive a share of total public funding that is proportionate to their needs.

Despite these reservations, this approach may merit further study as an example of elements of relevant practice in enabling all rural areas with different needs and weaknesses to benefit from the Leader approach, building on the past experience of Leader+ and PRODER in Andalusia and bringing all axes of the RDP into focus in an integrated way. Also interesting is the provision for some LAGs to implement rural development and fishery support in an integrated way.

**Slovakia**

**Definition.** In defining rural areas for the general purpose of its RDP, Slovakia used the OECD definition, without modification. Arising from this, three main types of region are defined: mostly rural regions; other rural regions; and mostly urban regions.

In relation to LAG areas, which are the focus of this case study, the RDP provides that the territory covered by a LAG must be a coherent rural territory formed on the principle of common interests, with a total population in the range between 10,000 and 150,000, and boundaries which coincide with those of the villages that are partners in the LAG. Villages of over 20,000 inhabitants are not eligible for support through the LAG. However, LAGs can cover also municipalities which are ‘growth poles’
(see definition I Annex 3) and municipalities falling outside the Convergence objective, provided that they form an integral part of a LAG registered in the Convergence objective areas. LAGs are given priority in the RDP. There will be 2 selection rounds for LAGs, with 13 LAGs to be chosen in the first round and at least 12 in the second round to be held in late 2009 or early 2010. It is expected that the total of at least 25 LAGs will cover 12,000 km², with a total population of 350,000.

**Objectives.** The RDP describes the “development needs of the rural areas”, by reference to three main fields: rural economy, rural environment and rural community. The needs of LAG areas as such are not separately mentioned, so from the overall set of needs those have been exacted that appear most relevant. Expressed as objectives, these promotion and support of the development of enterprises making use of crafts skills in rural areas; promotion and support of the development of enterprises engaged in agro-tourism; Promotion and support of the ability of local communities and social organisations to bring the “bottom-up” approach into the development projects in rural areas; new investment in the preparation of training for rural people, predominantly of lower age; creating the conditions for the generation of employment opportunities; diversification of rural economy to reduce its dependency on primary agricultural production; higher investments in technical services and civil amenities in rural areas; new investment in the infrastructure necessary for the enhancement of the rural tourism; new investment in the reconstruction and modernisation of historical buildings in rural areas; higher investment levels in the improvement of infrastructure and services in the rural area; an improvement of access to information and to new and innovative technologies through the promotion of the training and information services.

**Measures.** To address these objectives in LAG areas, the RDP provides for the following measures: 311 Diversification into non-agricultural activities; 313 Encouragement of tourism activities; 321 Basic services for rural economy and population; 322 Village renewal and development; 331 Training and information for economic actors operating in the fields covered by Axis 3; 341 Skills acquisition, animation and implementation of integrated development strategies; 41 Local development strategies; 421 Implementing inter-territorial and trans-national cooperation projects; and 431 Running the local action group, acquiring skills and animating the territory. The Axis 3 measures are implemented through the LAGs.

**Funding.** For these measures, the RDP provides a budget of €432.6 million, which is 19.9% of the total RDP budget. The RDP also states that the CF and ESF may bring support to LAG areas, but gives no detail and no indication of the scale of such funding. There is some complementarity between the EAFRD and the EFF, in that the fisheries programme aims to sustain existing and/create new job opportunities, while the RDP (both generally and through the activity of LAGs) may facilitates participation of fish breeders in efforts to improve the quality of life and to diversify the rural economy, particularly in relation to growth of rural tourism: but, again, there is no indication of the scale of activity, and certainly no hint of the linked activity between Axis 4 of EAFRD and that of EFF that is found (for example) in Denmark and in Andalusia.

**Coherence.** It is difficult to judge coherence on the bases only of the RDP text. However, the indications are not impressive. The RDP does not encourage integrated rural development as such. Most of the funding is devoted to Axis 2. Relatively small funds are committed to Axes 3 and 4, those for Axis 4 being just above the required minimum. Diversification of the rural economy is supported only via tourism activities, and the Leader activity is confined to implementation of Axis 3 measures. There is a clear demarcation line related to funding from ERDF, CF and SF, and no proof of significant benefit from the theoretical complementarity with the EFF. There is no information on allocation of other EU structural funds or other national funds to the targeted territories. Within a LAG territory, support can extend to growth poles and non-convergence regions, but the RDP gives no indication of where this may apply.
Conclusions on LAG areas

These five case studies – three from old Member States, two from new ones – provide some sharp insights into how Local Action Groups under Axis 4 of the EAFRD can focus development effort upon the needs of specific territories. The Leader Initiative, in its three phases – Leader 1, 2 and + – was a sustained and widespread effort by the EU to stimulate the focussing of development activity on the specific needs, and the collective energies, of rural territories at sub-regional level. Axis 4 of the EAFRD represented the vehicle for the mainstreaming of Leader, under the direct control of MS and (in some countries) of regional authorities. This mainstreaming presented a quite different challenge for (on the one hand) the old MS, most of which had gained before 2007 extensive experience of how Leader could work; and (on the other hand) the New MSr, who had at most two or three years of experience of Leader+. This contrast is most sharply shown by comparing Ireland, which in the 1990s used Leader as a nationwide and successful tool to animate the rural areas and now has LAGs covering 99% of its territory, with Slovakia, which only in 2007 invited bids for setting up a first group of LAGs.

However, it would not be correct to say that all of the old MS have LAGs throughout their territories, or that New MS make limited use of Axis 4. These five cases disprove that idea. Estonia, a New MS, has LAGs covering almost the whole rural area, and puts 9% of the RDP budget (almost four times the minimum required by the Regulation) into Axis 4. Denmark, with its sharp analysis of the different needs of rural areas, applies Axis 4 only to the neediest areas: the earlier case study of Sardinia revealed a similar approach. As for Andalusia, they have LAGs covering the whole rural area, but require them to focus expenditure on the neediest territories.

These five cases, plus the earlier case studies of Sardinia, Finland and Hessen, also show much variation in the range of measures applied by LAGs. In all eight of these countries or regions, the LAGs can apply Measures 311, 321, 322, 41, 421 and 431. In Ireland, Estonia, Slovakia, Sardinia and Hessen, the other measures they use are all from Axis 3. In Denmark, the LAGs can also use Measure 123, while those in Finland can apply Measures 111, 123 and 124. Far wider than these is the scope of delivery by the LAGs in Andalusia, which can deploy six measures from Axis 1, one from Axis 2 and eight from Axis 3.

As to funding, the significance of LAG activities within the total scope of rural development in each country or region is revealed by how much of the RDP budget they can deploy – from 6% in Ireland and Andalusia to 9.4% in Denmark, 16.9% in Slovakia and 22.1% in Estonia. Varied also is the extent to which the LAGs can call down funds from sources outside the RDP. The LAGs in Ireland are local development agencies, delivering social programme in addition to RDP measures. Some LAGs in Denmark deliver both RDP and the EFF programme. LAGs in Andalusia can call on a number of regional programmes, and in Estonia on State aid to small and medium enterprises.

Taking those points together, one may conclude that Axis 4 is not only a means of delivery, notably (but not only) of measures from Axis 3. It is also a very significant means by which - if MSor regions so choose – they can focus resources upon the particular needs of specific territories. Moreover, the participative process which is central to the Leader approach can help to ensure that these needs are well understood and that the energies and resources of local people and organisations are harnessed (alongside European and national funding) to the meeting of these needs.

5.11 Conclusions from Section 5

A collation of the findings of the full set of case studies related to the coherence of the RDPs and to the apparent examples of elements of relevant practice is presented in this section.
Coherence

There was a need to assess, for each case study and only on the basis of the text of the relevant RDP, the apparent level of coherence within the whole sequence of elements covered in the case study – the broad definition or concept of rural areas, the strategic goals of the RDP, the specific definition of the territories covered by this case study, the assessed needs in these territories relevant to the measures being applied, the measures and resources to be applied or allocated within the RDP, and the complementarity or demarcation with other instruments or programmes? For each relationship between these elements, the researchers were asked to assess the degree of coherence.

Table 19 below indicates, for each set of case studies, the average degree of coherence as assessed by the researchers (mark of 3 for high degree of coherence, 2 for a fair degree, 1 for a low degree, 0 for nil coherence). This suggest that there is, taken overall, a level of coherence higher than ‘fair’ but not excellent. The relationships related to resources (the lowest two lines on the Table) are hard to assess because of the difficulties (in some cases) in allocating RDP budget figures to specific territories, and the lack of information about money applied from funds other than the RDP.

<table>
<thead>
<tr>
<th>Elements of relevant practice</th>
<th>Mountain LFAs</th>
<th>LFA other than mountain</th>
<th>Natura 2000 and Environmentally valuable farm land</th>
<th>Specific Development Areas</th>
<th>Rural areas eligible for Axis 3 measures</th>
<th>LAG areas</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>broad definition or concept of rural areas and the strategic goals of the RDP</td>
<td>2.5</td>
<td>2.3</td>
<td>2.7</td>
<td>2.0</td>
<td>2.3</td>
<td>2.6</td>
<td>2.4</td>
</tr>
<tr>
<td>strategic goals of the RDP and assessed needs in these territories relevant to the measures being applied</td>
<td>2.0</td>
<td>2.7</td>
<td>3.0</td>
<td>2.3</td>
<td>2.7</td>
<td>2.6</td>
<td>2.6</td>
</tr>
<tr>
<td>assessed needs in these territories and the RDP measures and resources to be applied or allocated</td>
<td>2.0</td>
<td>2.0</td>
<td>2.3</td>
<td>2.0</td>
<td>2.3</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>RDP measures and resources applied and the complementarity or demarcation with other instruments or programmes</td>
<td>1.5</td>
<td>3.0</td>
<td>1.7</td>
<td>2.0</td>
<td>2.0</td>
<td>2.2</td>
<td>2.1</td>
</tr>
</tbody>
</table>

Elements of relevant practice

It has been identified, from the case studies, 13 apparent examples of elements of relevant practice, which may merit further study. These are summarised at Section 6.4.
6. Main findings

In this section, the summary the main findings from the research has been provided. These findings focus on what it has been learnt about national and regional approaches:

- To definition of rural areas for the general purpose of the RDPs;
- To strategies for demarcation and complementarity between the RDPs and other Community and national instruments;
- To targeting of specific territories for attention, assessing the relevant needs of these territories, and applying measures and resources (both within and outside the RDPs) to meet those needs.

6.1 Definition of rural areas for the general purpose of the RDPs

The **OECD definition of rural areas**, offered by the European Commission for use by MS, was in fact used (in some cases with modifications) by only two-fifths of the Member States. Other countries chose to use their own definitions, based on a variety of factors to allow among others a wide application of rural development measures (for example under Axis 3).

**Concepts of rurality** vary significantly between countries, because of differences in topography, population density, administrative traditions etc. Some concepts are indicator-based: they include areas below a defined threshold of population density (using or not using the OECD norm); areas which are not urban, in senses which vary from country to country; rural and peri-urban areas, in countries where out-migration from cities is bringing people to live in places which they conceive to be still rural. Others are more-policy-based, including areas which have specific development needs that can be served by the RDPs; and an intricate mosaic of areas, defined by reference to multiple factors.

Many of the states or regions use a combination of such factors to identify a **gradation of areas**, from central to peripheral, or similar concepts. This process is driven by the desire to identify areas which have distinct needs or relative priority in terms of policy and the application of measures. Often, these gradations include urban areas, and thus offer the basis for the basic distinction between urban and rural areas: but they also identify (in a way that is specific to each country or region) different types of rural area. Some of these gradations are close to the three-part OECD distinction between Predominantly Urban, Intermediate and Predominantly Rural Regions. But the OECD set are essentially a descriptive classification, whereas most of the national ones shown above are for policy purposes.

The result of this process of modifying the OECD definition or using alternative definitions of rural areas is that, in many countries, significantly more land, and more population, is defined as rural as would have been under the OECD definition.

These findings show that the twin ideas (implicit in the OECD definition) of a standard threshold of density and a regional basis (at NUTS 2 or NUTS 3 level) of distinguishing urban and rural areas do not meet the needs of many countries. The reasons for this non-fit are partly geographic, and partly policy-related. The OECD definition has value as a starting-point in such a process, but may need to be significantly modified if it is to have more widespread use. These thoughts are further developed in the Conclusions part of this section.
6.2 Demarcation and complementarity

Following analysis shows strong awareness among MS and regions of the need for clear **demarcation** between EU funds, but also of the potential for **complementarity** between the EAFRD and other major funds or programmes in meeting the needs of rural areas. Almost all of them expect support to rural areas from the ERDF, the ESF and the EFF, and (in relevant countries) the Cohesion Fund. A minority also expect support from the LIFE+ programme. A number also expect to use other national and regional programmes.

Most of the RDPs provide for a **territorial overlap** between RDP and the other funds. The demarcation shown in the RDPs relates mainly not to territories, but to the types of project, or the types of beneficiary, supported by the different funds. This emphasis is particularly strong for the ERDF and the CF. The ESF appears less often, and with proportionately more territorial emphasis. For the EFF, a third of the RDPs show a territorial demarcation.

The demarcation, overlap and complementarity between major funds require effective **coordination** to ensure the optimum use of funds and the avoidance of double funding. All the RDPs in this set describe (some much more fully than others) the mechanisms by which such coordination is achieved. This may include mechanisms at national or regional level, such as inter-ministerial committees or cross-representation on Monitoring Committees, and also at local level such as County Boards or even joint delivery mechanisms.

6.3 Targeting specific territories, needs and measures

Analysis of the definitions used by MS in targeting rural areas for the application of individual measures in the RDP reveals that certain main definitions are used by many states. Of these, the most widely used are the whole of the rural area; LFAs; Natura 2000; High natural value and other environmentally valuable agricultural and forest land; and Leader areas.

Turning to the **case studies** – with their focus on specific territories, needs and measures – a key finding is that less than half of the **definitions of specific territories** bear a clear relationship to the definition of rural areas used by the states and regions for the general purpose of their RDPs. Those that do have such a clear relationship include all of the ‘Specific Development Areas’ and the ‘areas eligible for Axis 3 measures’. The LFAs, the Natura 2000 areas and environmentally valuable farm land may also largely fall within the rural area as generally defined, but their territorial scope tends to be governed more by specific provisions in the Regulations.

Of the LAG areas, only one is clearly a sub-set of the overall definition and confined to the rural areas as generally defined. In two places – Ireland and Andalusia – the LAGs are permitted to extend beyond the rural areas as generally defined. Similar territorial flexibility appears in the cases of Languedoc-Roussillon (the ‘organised rural territories’) and Sardinia (rural areas with comprehensive development problems). In both of these, the delivery of RDP measures and other resources – by local partnerships in Languedoc-Roussillon, and by LAGs in Sardinia – can extend into urban areas which are normally excluded from the defined rural areas.

The case studies also suggest that **devolution of RDP powers** to regions can permit the flexing of territorial definitions to reflect a sharper relationship between needs and measures, though further study would be needed in order to judge whether that sharper focus is actually achieved. This is illustrated by the examples of:

- **Wales**, which used the OECD definition of rural areas for the application of Axes 1 and 2, and a more complex definition for Axes 3 and 4;
- **Sardinia**, which takes the national definition (itself unique to Italy) and adapts it substantially in order to focus on those inland areas which have the most severe demographic problems;
• **Languedoc-Roussillon**, where RDP funds can flow through ‘Pays’ which may stretch beyond the defined rural area, in order to benefit from the inter-dependence of towns and countryside in particular sub-regions;

• **Andalusia**, where LAGs cover the whole of the defined rural areas, but focus their interventions on the neediest areas “in accordance with the different grades of rurality of each area”.

The case studies show that a wide range of **RDP measures** is used in addressing the needs of specific territories, sometimes going beyond the scope of the measures that are normally associated with a particular type of territory. For example, areas defined for agri-environment purposes may attract measures not only from Axis 2, but also from Axes 1 or 3.

**Funds from outside the RDPs** are, in principle, available to assist action in specific territories. The case studies provide references to ERDF and ESF, rather fewer to the CF and the EFF. Very striking is the reference to the whole range of funds within the set focused on LAG areas: this is an indication both of the width of the activity in many LAG areas, and of the fact that the LAGs themselves may act as deliverers not only of RDP measures but also of some wider funds.

Some of the case studies suggest that systems of **local delivery** may permit not only the focusing of RDP resources on the needs of specific territories but also the harnessing (in order better to meet those needs) of the energies of local people and organisations and resources from European, national and provincial funds other than the RDP. This was indeed the vision that drove the Leader initiative, and LAGs under Axis 4 of either the EAFRD or the EFF are today the most widespread form of agency for such local delivery. They all have Local Development Strategies, which should articulate the needs or objectives for their areas in a more specific way than the national Programmes and which should enable them to focus the resources of the RDP and of other Funds, to the degree that the MS or regions permit.

The five case studies of LAG areas, and those for four other places where LAGs deliver at least some of the RDP measures (Malta, Sardinia, and Finland), show that there is much variation in the scope of activity that LAGs are permitted or expected to deliver. Those LAGs which have the greatest flexibility, as in Denmark, Finland, Ireland and Andalusia, can call down varied external resources to support the local community in addressing its own needs. Most remarkable, in that respect, appears to be the system in Andalusia, where the LAGs can deliver 17 RDP measures and call on significant other regional and provincial funds.

LAGs are not the only mean of local delivery revealed by the case studies. Very interesting are the examples offered by Portugal and by Languedoc-Roussillon. The Integrated Territorial Intervention Territories in Portugal have a mainly environmental purpose, but they each benefit from local management plans in which their needs and objectives are clearly defined, and from local delivery of an integrated package of measures. **Languedoc-Roussillon** offers two models of local delivery, the ‘Pays’ and the Regional Natural Park. Each of these involve the choosing, by local authorities and others, of an area which has ‘geographic, cultural and economic or social cohesion’; the creation of a local partnership, with (in the case of the Natural Regional Parks) a 12-year charter or agreement between the partners; the production of a local development strategy; and a close link between the two purposes of protecting the environment and heritage, and promoting the socio-economic development of the area. The word ‘Pays’ itself, with its sense of the special, local valued place, is evocative of territorial specificity. Some of the Pays or Regional Parks are also LAGs, but their double nature gives them scope to call down resources beyond the EARDP and (where relevant) to operate in urban as well as rural areas.

This turns to the findings related to the specific types of territory covered in the five sets of case studies.
Less Favoured Mountain Areas, found in 17 of the 27 EU states, attract substantial attention from the relevant countries and regions. They present complex problems, including demographic decline; remoteness and poor accessibility; abandonment or degradation of land, including erosion and deforestation; and lack of farm competitiveness. MS and regions recognise the need to ensure the continuance of farming in these difficult areas by offering direct support to farmers; to counter depopulation of remote or peripheral areas; to improve the economic and social opportunities; to protect biodiversity; and to enhance the rural heritage. To this end, they apply a wide range of measures, mainly from Axes 1 and 2 of the EAFRD but (for a minority) including some measures from Axis 3. All the relevant RDPs show the commitment to Mountain LFAs of Measure 211, Compensatory payments to mountain farmers, and this Measure alone will bring 5.5 billion euros to Mountain LFAs over the programming period. It is not known whether significant funds flow into these LFAs from sources other than the EAFRD.

The three case studies focused on other Less Favoured Areas provide a sharp contrast between (on the one hand) the land with poor productivity in Bulgaria and Hungary, where the aim is to enable farmers to stay on the land and continue farming in difficult circumstances while protecting environmental values in fairly simple ways; and (on the other hand) the lowland flood-plains and other environmentally sensitive lands in the Netherlands, where sophisticated systems of land management are needed to achieve multiple objectives. It is a tribute to the flexibility of the RDP Measures that they can bring benefit to both these types of LFAs; and that the constantly evolving agenda of objectives (or of ‘public goods’ that can be secured through skilled land management) can be pursued by these means.

The three case studies focused on Natura 2000 and environmentally valuable farm land illustrate different uses of a total of six measures from Axis 2, supported in Portugal and Wales by elements of Axis 3 and in the Czech Republic by elements of Axis 1. All three approaches are very interesting. Portugal focuses on Protected Areas (such as National and Nature Parks and SACs) and has developed an integrated approach through local management plans and implementation packages for each specific territory. The Czech Republic focuses on NATURA 2000 areas, with regulatory action supported by incentive-based measures which encourage farmers and foresters to continue their activities. Wales commits over half of its RDP budget to agri-environment measures: these measures support environmental stewardship, and the income of farming communities in many parts of the country.

The three case studies focused on Specific Development Areas are all drawn from islands in the Mediterranean. The small Aegean Islands and the backlands of Sardinia are both affected by loss of population, narrowly-based economies, difficult farming conditions, poor social infrastructure, and some degree of isolation and social exclusion. In both places, there is a focus on adding value to local products and diversifying the local economies through tourism and other activity. Malta is a more complex case, in the sense that it is focused on the whole rural area of a small but densely populated pair of islands, with an intricate interlock between urban and rural areas.

The three case studies focused on rural area eligible for Axis 3 measures present varied approaches to the use of Axis 3 measures. Finland offers a coherent approach to meeting the very severe needs of sparsely populated areas in a systematic, integrated way in accordance with the bottom-up principle, driven by Leader groups which can call on resources within and outside the EAFRD. Languedoc-Roussillon illustrates the French approach to local development, focused on areas which have geographic, cultural and economic or social cohesion, the creation of local partnerships, the production of local development strategies, and a close link between protection of environment and heritage and promotion of socio-economic development. Hessen offers an example of the use of Axis 3 measures, implemented through LAGs, to address the problems of out-migration in rural areas.
The five case studies focused on LAG areas provide some sharp insights into how Local Action Groups under Axis 4 of the EAFRD can focus development effort upon the needs of specific territories. The Leader Initiative, in its three phases – Leader 1, 2 and + - was a sustained and widespread effort by the EU to stimulate the focussing of development activity on the specific needs, and the collective energies, of rural territories at sub-regional level. Axis 4 of the EAFRD represented the vehicle for the mainstreaming of Leader, under the direct control of MS and (in some countries) of regional authorities. This mainstreaming presented a quite different challenge for (on the one hand) the old MS, most of which had gained before 2007 extensive experience of how Leader could work; and (on the other hand) the NMS, who had at most two or three years of experience of Leader+. This contrast is most sharply shown by comparing Ireland, which in the 1990s used Leader as a nationwide and successful tool to animate the rural areas and now has LAGs covering 99% of its territory, with Slovakia, which only in 2007 invited bids for setting up a first group of LAGs.

However, it is not correct to say that all of the old MS have LAGs throughout their territories, or that NMS make limited use of Axis 4. These five cases disprove that idea. Estonia, a NMS, has LAGs covering almost the whole rural area, and puts 9% of the RDP budget (almost four times the minimum required by the Regulation) into Axis 4. Denmark, with its sharp analysis of the differential needs of rural areas, applies Axis 4 only to the neediest areas: the earlier case study of Sardinia revealed a similar approach. As for Andalusia, they have LAGs covering the whole rural area, but require them to focus expenditure on the most need territories.

These five cases, plus the earlier case studies of Sardinia, Finland and Hessen, also show much variation in the range of measures applied by LAGs. In all eight of these countries or regions, the LAGs can apply Measures 311, 321, 322, 41, 421 and 431. In Ireland, Estonia, Slovakia, Sardinia and Hessen, the other measures they use are all from Axis 3. In Denmark, the LAGs can also use Measure 123, while those in Finland can apply measures 111, 123 and 124. Far wider than these is the scope of delivery by the LAGs in Andalusia, which can deploy six measures from Axis 1, one from Axis 2 and eight from Axis 3.

As to funding, the significance of LAG activities within the total scope of rural development in each country or region is revealed by how much of the RDP budget they can deploy – from 6% in Andalusia to 9.4% in Denmark, 10% in Ireland, 16.9% in Slovakia and 22.1% in Estonia. Varied also is the extent to which the LAGs can call down funds from sources outside the RDP. The LAGs in Ireland are local development agencies, using both RDP measures and social programmes. Some LAGs in Denmark deliver measures funded by both EAFRD and EFF. LAGs in Andalusia can call on a number of regional programmes, and those in Estonia on State aid to small and medium enterprises.

Taking those points together, it may be concluded that Axis 4 is not only a means of delivery, notably (but not only) of measures from Axis 3. It is also a very significant means by which – if Member States or regions so choose – they can focus resources upon the particular needs of specific territories. Moreover, the participative process which is central to the Leader approach can help to ensure that these needs are well understood and that the energies and resources of local people and organisations are harnessed (alongside European and national funding) to the meeting of these needs.

Coherence. There was a request to assess, for each case study and only on the basis of the text of the relevant RDP, the apparent level of coherence within the whole sequence of elements covered in the case study: the broad definition or concept of rural areas, the strategic goals of the RDP, the specific definition of the territories covered by this case study, the assessed needs in these territories relevant to the measures being applied, the measures and resources to be applied or allocated within the RDP, and the complementarity or demarcation with other instruments or programmes. The findings suggest that there is, taken overall, a level of coherence higher than ‘fair’ but not excellent. The relationships related to resources are hard to assess because of the difficulties (in some cases) in
allocating RDP budget figures to specific territories, and the lack of information about money applied from funds other than the RDP.

There is clearly a fair measure of relevance in the application of measures to the objectives for specific territories. But it has been found impossible to assess the efficiency or balance of the approaches to targeting territorial specificities and needs, because there is no access to post-hoc evaluation of the RDPs or information about money applied from funds other than the RDPs.

6.4 Elements of relevant practice

A total of twelve examples of elements of relevant practice which appear to merit further study and possibly wide publicity have been identified. They are:

- From the Netherlands, by reference to LFA problem areas:
  - The combination of multiple objectives in integrated land management programmes;
  - The use of conditions to secure cross-compliance and commitments to agri-environmental measures (though it not clear whether these conditions discourage farmers from taking part);
  - The very substantial funding that is applied not only through the main EAFRD programme funds but also from top-up national resources, and specifically the national Investment Budget for rural areas.

- From Portugal’s programmes of Integrated Territorial Intervention (ITI), the packaging of RDP measures into local development programmes for each ITI area, enabling it to address the needs of each specific territory.

- From Wales, the widespread and well-funded approach to agri-environment schemes, which will certainly stimulate action by farmers to protect wildlife habitats and landscape features, and will sustain and possibly create significant employment in rural areas.

- From Italy, the two-stage analysis, national and then regional, of the specificities of regions and their needs.

- From Finland, the use of LAGs not only to deliver Axis 3, but also as a means by which resources outside EAFRD are focused on meeting local needs.

- From France, the ‘Pays’, including those which embrace significant rural and urban areas, as a means of focusing local energy on development (however, that there is currently in France a major debate about possible abolition of the Pays as an administrative element in the French state structure).

- Also from France, the Natural Regional Parks, as models of a partnership-based approach to multi-purpose management of fine rural areas where traditional farming and other activities have created remarkable landscapes, ecosystems and cultural heritage, and where the sustaining of that heritage is in symbiosis with the social and economic well-being of the local population.

- From Ireland, the pattern of long-established LAGs, each acting as rural development agency for its territory, delivering not only measures within the RDP but also elements of other national programmes which can directly benefit rural people.

- From Denmark, the focusing of territorial elements of the RDP (measure 123 and Axes 3 and 4) on areas which most need development because of falling or age-unbalanced population, narrow economies, weak infrastructure etc.
• Also from Denmark, the very open process of complementarity and overlap between the RDP and the programmes which draw on ERDF, ESF and EFF funding, including some LAGs which cover both rural development and fisheries.

• From Estonia, the nationwide use of Leader, with over one-fifth of the RDP budget, the integrated approach, the focus on specific local needs and the complementarity with other EU and national funds.

• From Andalusia, the packaging through Axis 4 of many measures from Axes 1, 2 and 3, and the focusing of this integrated package upon the neediest districts.

6.5. Review of the conceptual basis

In Section 2, the conceptual basis for this study has been presented. This was centred on Diagram 1, which is repeated below.

Diagram 1   Relationship between elements within each Rural Development Programme

The conceptual basis has been validated by the Step 2 study, in that (moving clockwise round the diagram from the top left):

• The relationship between the general definition of rural areas and the targeting of specific territories is revealingly different according to the types of territory or the measures concerned. As explained earlier, those measures which have their own clearly defined target – such as LFAs or Natura 2000 areas – may be seen as ‘free-standing’ from the definitional scope of rural areas in the RDP. Those territories which command the attention of a wider range of measures tend to relate more closely to the general definition.

• The triangular relationship between the targeting of specific territories, the assessment of the needs of these territories, and the measures and resources applied within the RDPs proved to be an apt way to chose, analyse and compare the 19 case studies. The triangle can be entered at any of the three corners. The starting-point may be the statutory measure and the territorial definition to which it relates; ; or the needs, and objectives which are prompted by those needs. Analysis may then, so to speak, chase round the triangle, as the perception of needs leads to addition of further measures or to adaptation of the territory. This process is most vividly illustrated by the example of Sardinia, but is revealed in almost all the case studies.

• The relationship between that triangle (territories, needs and RDP measures) and the measures and resources from other EU and national funds provides, through the case studies, a sharp illustration of how the EAFRD sits within the broader field of policy. The case studies show what the dry words ‘demarcation’ and ‘complementarity’ can mean in practice, and how wide is the variation between (on the one hand) tightly restricted and exclusive use of RDP measures and (on the other hand) highly flexible use of funds from many sources.
Finally, the relationship between the general definition of rural areas and the measures and resources from other EU and national funds has proved to be revealing. Sections 3 and 4, and in more detail the Annex, show how governments differ in their approach to demarcation, overlap and complementarity between the EAFRD and other funds.
7. Building blocks for a revised typology of rural areas

7.1 Introduction

This section draws upon the previous findings and offers building blocks for a revised typology of rural areas and a revised set of baseline indicators. Specifically it:

a. States assumptions about the context for a revised typology of rural areas and a revised set of baseline indicators;

b. Draws a distinction between the definition of rural areas, the targeting of measures, and the use of a typology of rural areas;

c. Offers possible elements in a revised European definition of rural areas;

d. Comments on the targeting of measures, and the use of baseline indicators for this purpose;

e. Offers conclusions from the TWGs investigations related to typology;

f. Summaries work done by others on spatial typologies, which provide a useful complement to this research;

g. Describes the link between typology and policy, with reference to case studies;

h. Offers potential building blocks for a revised typology of rural areas and a revised set of baseline indicators.

7.2 Assumptions

In addressing the issue of a revised typology of rural areas and a revised set of baseline indicators, it is assumed that:

a. Any such revision will not come into play until the launch in 2013 of the new EU programming period;

b. In that new programming period, there will be a distinct fund for rural development, with a scope similar to that of the present EAFRD, including the 'new challenges' adopted with the 'Health Check' of the CAP;

c. For the purpose of deploying that rural development Fund, there will be need at EU level and in each member state or region for definition of the territory to which that fund will be applied;

d. That definition will form the basis for the division of labour between the rural development fund and other EU funds, in a manner parallel to the present division of labour between the EAFRD and other current funds;

e. A Broad definition of rural areas is appropriate, for this EU-level purpose, to be based on clear and measurable criteria, to reflect as far as is sensible the variety of circumstances in different MS, but not to bind MS to the use of a uniform definition when applying the rural development fund to the needs of their territories;

f. The typology of rural areas and the baseline indicators, on which the Working Group is asked to comment, are those which may be relevant to the application of policies and measures supported by or related to the future rural development fund (the Working Group is not concerned with purely descriptive typologies).
7.3 Definition, targeting and typology

In this field, three issues are perceived, which are linked but separate. These are:

A. The **definition**, at EU level or in each MS or region, of the boundary between ‘rural’ and ‘urban’ areas: such a definition is needed, for the reason stated at 7.1 b to d above;

B. The **targeting** of particular territories for the application of specific measures;

C. The creation of a **typology** of rural areas.

These three issues are separate in the following key senses:

a. The definition of areas as rural does not depend upon, or imply the need for, a typology of rural areas: rather, the defined rural area provides a frame within which a typology is developed, allowing further distinction between different types of rural areas;

b. Territories may be targeted for the application of specific measures without the wider development of a formal typology of rural areas, and this targeting may cut across the urban-rural boundary, as in the example of Natura 2000 areas;

c. Within the context of the rural development fund, or of rural development programmes at national or regional level, a wider typology of rural areas may only be needed where the state or region wishes to apply significantly different measures or levels of funding to different types of territory.

In Figure 9, below and on the next page, there are diagrams which show - in schematic form – this distinction between definition, targeting and typology.

**Figure 9 Diagram of distinction between definition, targeting and typology**

*Air photograph of a national territory, showing a city in the bottom right corner*
A. **Definition** of the boundary between urban and rural areas, without any subdivision or typology applied to the rural areas

B. **Targeting** of particular territories for the application of specific measures, forming sectoral sub-divisions but not a full territorial typology

C. **An example of territorial typology of rural areas**

The ideas which underlie these diagrams are more fully explained in the next three sub-sections.

**Figure 10** below shows the conceptual link between this three-way distinction and the structure that was offered at section 2.3 for the main elements of the analysis.
Having made this distinction between definition, targeting and typology, it is accepted that the idea of ‘building blocks’ may usefully apply to all three. So, now the three issues are addressed in turn, focusing on the idea of building blocks. Where relevant, referring to baseline indicators; and at the end of the section, the issue of building blocks for a revised set of baseline indicators is addressed.

7.4 Definition of rural areas

In Section 3, the Working Group records its conclusion that the OECD definition, with its twin ideas of a standard threshold of population density and a regional basis (at NUTS 2 or NUTS 3 level) for distinguishing urban and rural areas, is not accepted by a majority of EU states as a meaningful starting-point for defining rural area for the purposes of their RDPs. Population density does figure within the factors used by many states in defining rural areas for this purpose: but when taken alone, it is seen by most states as inadequate. Given the fact that member states are free to create their own definitions of rural areas, and that the OECD definition is often seen as useful for only relatively crude international comparisons, one might ask whether there is need for change in using this definition.

The two main reasons for considering a change are that:

- The combination of definitions now used by MS to define rural areas means that more land, and far more population (c.135 million rather than c.94 million) are defined as rural than would have been under the OECD definition;

- The individual definitions of rural areas used by MS vary so widely that there is no clear basis for comparing them at European level.

If the Commission wishes to prepare a revised basis for defining rural areas, which it can recommend to MS for use in the new programming period, it could use as building blocks the most significant among the factors that the Group has identified as having been used by states or regions in defining rural areas for the general purpose of the present RDPs. These factors fall into 4 groups:

a. Population density

b. Land use

c. Urban areas

d. Benefit from urban services or economies
Each of these is commented on below.

**Population density.** This is the key ingredient in the OECD definition. Less than half of the RDPs in this sample used the OECD definition, even in modified form, for the reasons that:

i. Population density varies so greatly between countries that the OECD norm of 150 people/km$^2$ is rarely meaningful as an indication of what is urban and what is rural;

ii. The statistical units (e.g. NUTS 2 or 3) on which the OECD definition focused are not useful in small countries or those with highly variegated settlement patterns;

iii. Population density gives no sure indication of land use, and in particular of the presence or absence of farms and forests;

iv. MS wish to define rural areas as those which are not ‘urban’, and ‘urban’ is variously defined;

v. Areas may be omitted from the rural definition if they are seen to benefit from urban services or economies.

The first two of the above reasons imply that, if population density remains as a building block for an EU-level rural definition, it may need to be sensitised to these two points. MS might be advised to use, as a starting-point in analysing population density, the average density in the state or region, and then to develop (around that average) a gradation of densities at the level of municipalities or smaller statistical units, as one building block in a definitional process. This may imply changes to Baseline Indicators 1 and 17.

The second, third and fourth reasons above are addressed in the next three sub-sections.

**Land use.** The Working Group records in Section 3 that few RDPs in the sample state land use as a major overt factor in defining rural areas. However, it does figure in some RDPs, notably Wallonia with its emphasis on rural spaces (farmland, woodland, wetland etc) and it underlies the inclusion by France of peri-urban areas “because they contain a third of the country’s agricultural land”. Clearly, land use is a key starting-point for definition of territories to which the relevant sectoral measures (e.g. support to farms or forests, agri-environment measures, LFAs) apply. For example, in Wales and Netherlands territorial eligibility differs between Axis 1 and 2 on one hand and for Axes 3 and 4 on the other hand. Concerning the former, as much as possible agricultural and forest areas are eligible for Axis 1 and these might then be restricted, to the objective of the Axis 2 measures (e.g. compensation of handicaps as in the case of LFA payments, support to conservation in environmentally sensitive areas). Concerning the latter, land use is of little importance. Taken alone, land use does not provide a basis for broader socio-economic measures: nor, taken alone, would it be a sensible basis for demarcation between EAFRD and other funds, unless EAFRD was narrowed to contain only sectoral measures. It could become a building block alongside population density. Baseline Indicators 3 (Agricultural land use), 5 (Forestry structure) and 7 (Land cover) could be adapted to this purpose.

**Urban areas.** Many RDPs define rural areas as those which are not urban. The difficulty with this, as a possible element in a revised EU-wide definition, is that urban areas are defined using criteria, other than population density, which are sometimes not precisely defined and which vary widely from country to country. For example, where size of settlement is used as the measure of what is urban, it varies from ‘more than 2,000’ (Czech Republic) and ‘more than 3,000’ (Scotland) to ‘more than 30,000’ (Bulgaria, Netherlands). So, there is no standard definition of what is urban, any more than there is for its counterpart, namely what is rural. To have value as a definitional building block, it would have to be sensitised to the wide variation in settlement patterns in different countries.

**Benefit from urban services or economies.** At 7.5 below, when addressing the issue of typologies of rural areas, a description is provided of how many states have developed in their RDPs the idea of a gradation of areas, roughly from central to peripheral. This process is focused mainly on
distinguishing one type of rural area from another. But some states (for example Czech Republic, Finland, France and Italy) also used it to define the boundary between urban and rural areas. The thinking behind this appears to focus on the benefit that some areas, which might be judged rural in terms of population density or of land, may gain from proximity to urban areas or ability to take part in urban-type economies.

The factors or indicators which are used in assessing this relate mainly to distance from urban centres. For example, Denmark includes in its 14 ‘indicators of rurality’ the average distance to areas with a high surplus of jobs; dependence on commuting, assessed by reference to jobs in proportion to employees; and average distance to a motorway. Finland’s set of factors includes average distance in km to the nearest agglomeration of more than 500 inhabitants. Sweden defines its ‘sparsely populated’ areas as those situated more than 45 minutes by car from an urban area with a population of at least 3,000. Bavaria (Germany) bases its definition of rural area on population density, plus the ‘centrality of the NUTS 3 areas’, which is a measure of the proximity of rural areas to urban conglomerations.

These factors may be helpful in judging which areas may have nil, or limited, need for the kind of measures that are now provided by Axis 3 of the EAFRD (though they may contain territory which merits attention through measures in Axes 1 and 2), and which therefore may be omitted from defined rural areas for Axis 3 purposes. Distance from urban centres would require a new Baseline Indicator.

Urban-rural links. A corollary of the above points about the benefits that urban areas can bring to adjoining rural areas is that some states and regions perceive strong links between urban and rural needs and solutions. As stated above, some countries include settlements as large as 30,000 people in their definition of rural. The case studies in Section 5 include states or regions which deliberately link urban and rural areas together for development purposes. In Andalusia, the LAGs are permitted to extend beyond the rural areas as generally defined. In Ireland, the local development companies, which act as LAGs in the rural areas, extend their social support into the urban areas of Dublin, Cork, Galway and Limerick. Similar territorial flexibility appears in the cases of Languedoc–Roussillon (the ‘organised rural territories’) and Sardinia (rural areas with comprehensive development problems). In both of these, the delivery of RDP measures and other resources – by local partnerships in Languedoc–Roussillon, and by LAGs in Sardinia – can extend into urban areas which are normally excluded from the defined rural areas.

These examples may not mean that EAFRD money flows into the urban areas, but it does mean that the needs of the urban and rural needs can be brought into a single strategy and tackled by a combination of EAFRD funds and other resources. The key point to be drawn from this is that an EU-level typology of rural areas, and an EU-level demarcation between funds, should not prevent or discourage states and regions from a territorial approach to development at sub-regional level, cutting across the urban-rural divide where this is useful.

7.5 Targeting of particular territories for the application of specific measures

Member States or regions are required or enabled, by the EAFRD Regulation or other EU instruments, to define territories for the application of specific measures which now fall mainly within Axis 2 of the EAFRD. These territories include:

- Less Favoured Areas, defined under Articles 50.2 and 50.3 of Council regulation (EC) No 1698/2005 (Baseline Indicator 8 refers); Natura 2000 areas, consisting of sites designated by MS as special protection areas (SPA) under the Birds Directive (Council Directive 79/409/EEC of 2 April 1979); and those proposed by MS as sites of Community interest (SCI) and later
designated as special areas of conservation (SAC) under the Habitats Directive (Council Directive 92/43/EEC of 21 May 1992) (Baseline Indicator 10 refers);

- Protected Forests, complying with general principles set out by the Ministerial Conference on the Protection of Forests in Europe (Baseline Indicator 11 refers);

- Nitrate Vulnerable Zones, designated by member states under provisions of Articles 3(2) and 3(4) of Council Directive 91/676/EEC (Baseline Indicator 14 refers);

- Protective Forests, concerning primarily soil, water and other ecosystem functions, complying with general principles set out by the Ministerial Conference on the Protection of Forests in Europe (Baseline Indicator 16 refers).

Such definition of territories, for the application of specific measures, is effectively a form of sectoral targeting, with a mainly environmental emphasis. Similar in nature, though less formalised in EC instruments, is the definition of land that can benefit from agri-environment payments. None of these definitions either require or preclude the application, where relevant, of other measures, as is shown by the case studies of the first three types of territory addressed in Section 5 of this report. For that reason, the Group suggests that this targeting should be seen as providing a set of sectoral building blocks for a typology of rural areas. They do not form a complete basis for a territorial typology, indeed one could argue that a territorial typology is only needed when the rural development Fund includes a territorial dimension (as in the present Axes 3 and 4) alongside the mainly sectoral dimension (Axes 1 and 2).

7.6 Territorial typology of rural areas

This section draws on the previous work conducted, based on analysis of Rural Development Programmes, and then summarises relevant material from studies by other organisations.

7.6.1 Ideas based on the work of TWG1

The analysis in Section 3 of this report shows that many states and regions, in their RDPs, develop the idea of a gradation of areas, roughly from central to peripheral. This process is driven by the desire to identify areas which have distinct needs or relative priority in terms of policy and the application of measures. As mentioned earlier, one outcome of this process may be to identify the boundary between urban and rural areas but the more significant outcome in the context of the objectives of the TWG is a division of rural areas into distinct categories for policy purposes, primarily in Axes 3 and 4 of the EAFRD, which is a true territorial typology.

Examples of such sub-division of rural areas are shown below. The zones not counted as rural are shown in brackets.

- Czech Republic – (urban), suburban, intermediate, remote: the remote areas include ‘peripheral areas’ which have ‘adverse socio-economic characteristics’;

- Denmark - (urban), intermediate, rural and peripheral: there is strong RDP emphasis on the last two categories;

- Finland – (urban), urban-adjacent rural, rural heartland, sparsely populated rural areas, ‘in order to focus rural policy on specific regional needs and to ensure effective delivery of policy’; there is strong RDP emphasis on the last two categories; France – (urban employment pools), peri-urban crowns, predominantly rural space, other rural communes;

- Greece – dynamic rural areas; mountainous, disadvantaged or problematic rural areas; island rural areas - all defined ‘for purposes of spatial analysis’;
• Ireland – ‘strong’ areas, ‘changing’ areas, ‘weak’ areas, ‘remote’ areas, ‘culturally distinct and highly diversified’ areas – these categories of rural area are defined in the National Spatial Strategy: the RDP does not say how these distinctions affect rural development activities;
• Italy - altitude and other factors are used to distinguish (urban poles); rural areas with specialised intensive agriculture; intermediate rural areas; rural areas with complex problems of development;
• Luxembourg – (very dense areas, dense areas), urban areas, rural areas, urban centers in rural areas;
• Scotland – (urban = settlements of more than 3,000), aaccessible rural areas, remote rural areas.

These examples show that a variety of language and of concept is applied by different states in forming this gradation. However, there is some commonalty in concept, with a repeated focus on (a) rural areas which are close to the cities, (b) those which are intermediate, and (c) those which are remote. This has some echoes of the three-part OECD distinction between Predominantly Urban, Intermediate and Predominantly Rural Regions. But the OECD set is essentially a classification, based on the single factor of population density, whereas most of the national ones are for policy purposes and take into account a wider range of factors. This policy focus is made very plain in, for example, the case studies of Denmark and of Finland, both of which concentrate much of their EAFRD resources on the ‘outer’ types of defined rural area.

Some states categorise rural areas in a different way, by reference to the structure of the economy, or of employment. For example, Austria distinguishes between regions with higher than average agricultural rates, production-oriented rural regions, and regions of high regional significance for tourism. Denmark takes account of the percentage employed in agricultural enterprises. Finland assesses the diversity of economic activities. Portugal adapts the OECD definition by reference, inter alia, to the percentage of economically active population employed in agriculture and forestry. If such categorisation were to become a definitional building block, it could build on Baseline Indicators 19 and 20.

Factors or indicators. In the process of defining the different zones in the above gradations or categories, MS and regions bring into play a wide variety of factors or indicators, which the Group may need to examine as possible building blocks for a revised rural typology. Leading examples are:

• Czech Republic identifies small sub-regional units (micro-regions of about 1,000 to 1,300 inhabitants) which contain municipalities with the basic facilities like schools, post offices, medical centres etc. and their nearest “catchment” areas, i.e. neighbouring villages and other human settlements using these facilities. Continuous territories of these units are then classified in three types. Suburban rural areas are those within urban agglomerations or narrowly delimited urbanised areas with more than 50,000 inhabitants. Remote rural areas include, in particular the so-called ‘peripheral areas’, which have adverse socio-economic characteristics. Intermediate rural areas cover the rest of the national rural territory.
• Denmark uses 14 equally weighted indicators of rurality:
  - Proportion of the municipality’s area in rural zones
  - Population in rural areas and towns with less than 1,000 inhabitants
  - Population per Km²
  - Population trends, 1994-2004
  - Employment trends, 1994-2004
- Average distance to areas with a high surplus of jobs, 2004
- Jobs in proportion to employees (dependence on commuting)
- Percentage employed in agricultural enterprises
- Taxation base per capita, 2007
- Percentage of the workforce with medium-cycle or tertiary education, 2005
- Percentage of the workforce with basic schooling, 2005
- Average distance to a motorway
- Percentage of the population aged 25-44 years
- Percentage of the population aged 17-64 years.

• **Finland** defines and differentiates its rural heartland areas and sparsely populated areas by multi-variable analysis, using 10 variables:
  - Population density (population in rural areas ÷ inhabited km², grid cells in 2004)
  - Average distance in km of inhabited km², grid cells of rural areas to the nearest agglomeration of more than 500 inhabitants in 2004
  - Length of public roads in relation to the rural population in 2004 (km/rural resident)
  - % of jobs in forestry and mining in 2003
  - Diversity of economic activities in rural areas in 2002
  - Average taxable income per holding between 2001-2003
  - % of gross value added, average for 2002-2004
  - % average net migration in relation to the population of the municipality between 2002-2004
  - % of the rural population aged 20 to 39 in 2004

• **France** has developed a concept of “peri-urban and rural crowns”, as the basis for defining rural areas for the RD. This draws on the earlier idea that a rural commune (LAU2) is usually one with less than 2,000 citizens, but adds criteria related to population density and localisation of the potential of employment and its importance in both urban and rural areas. On this basis, three categories of space are defined:
  - Predominantly urban space, which is composed of an urban employment pool (defined as having a potential of at least 5000 jobs) and its “peri-urban crown” (composed of communes where at least 40% of working people live in the commune and have a job in the “urban pool” (such a “peri-urban crown” is not unlike the areas named “Intermediate region” in the OECD definition);
  - Predominantly rural space, which is composed of a rural employment pool (defined as having a potential of at least 500 jobs) and the “the crown of the pool” (composed of communes where at least 40% of the population is working in this rural pool);
  - Other rural communes.

The French RDP applies to predominantly rural space, other rural communes and peri-urban crowns, but not to the urban employment pools.
The Spanish region of **Andalusia** gives priority in allocation of RDP resources according to the ‘degree of rurality’ of each area, determined by a number of factors related to demographic dynamism, socio-economic orientation, access of the population to basic services and to new technologies, social cohesion, environmental potential and environmental deficiencies etc.

This use of gradation between different types of rural area, and the factors involved in assessing that gradation, suggests that the building blocks for a revised typology of rural areas might usefully include indicators which MS could flexibly use to identify relative measures of need or priority in using rural development funds. The indicators could include those mentioned earlier – population density, land use, urban areas, benefit from urban services and urban economies – supplemented by new indicators related to:

- Demographic structures and trends (building on baseline indicator 18);
- Education levels in the population (baseline indicator 22);
- The strength or weakness of, and the degree of diversification in, the local economy (building on baseline indicators 2, 19, 20 and 21);
- The presence or absence of basic services, such as schools, hospitals or clinics, day care centers, groceries, post offices etc.;
- Adequacy of the infrastructure of roads, public transport, electricity, water supplies, sewerage, telecommunications etc. (on the lines of baseline indicator 23 related to internet infrastructure);
- Travel-time distances to regional centers (which may or may not fall within the defined rural area);
- Altitude, as illustrated by the Italian example, which could build on baseline indicator 8 (LFAs).

The Group does not regard the areas defined for LAGs, or for other partnerships or delivery agencies such as Pays or local development companies or micro-regional groupings of local authorities, as being parts of a territorial typology of rural areas, for the reason that they can be applied to any areas and are focused on delivery rather than policy. States or regions may choose to focus such agencies on territories defined for policy purposes, but that does not make the agencies part of a territorial typology. That judgment does not prevent the Commission from stating criteria for the definition of LAG areas or for the composition of partnerships.

### 7.6.2 Work by others on spatial typologies

Recent years have seen many studies of spatial typology, mainly by academics on their own initiative, but including some that were funded or commissioned by the EU or by MS. These may point towards helpful building blocks for a future rural typology.

According to Copus et al (2008), these studies fall into two broad types:

- a. Those which focus on **degrees of rurality or of urbanisation**: these tend to reflect the existing spatial structure of rural-urban relations (so they are also called ‘spatial typologies’), and to have a descriptive purpose, detached from policy implications, although (as indicated later) the results may be used by policy-makers.

- b. Those which focus on the **problems or dynamics of development**: these have an analytical purpose, related in some way to assessment of the need of territories for development or the ability of territories to absorb development (for this reason, they are also called ‘performance typologies’).

There is also a third type, namely hybrids of the other two (ESPON, 2003).
Each of these types of study contains a variety of approaches and (for the second type) of starting-points; as a result, the findings also vary.

Cross-cutting the types mentioned above are the different broad methodologies that are used in developing typologies. Weingarten et al. (2010) distinguish 'inductive' and 'deductive' approaches. In the inductive approach, there are no particular preconceptions about what typologies should result, and the types are a product of statistical relationships within the data, identified by techniques such as cluster analysis: this approach aggregates territorial units in clusters according to their similarities. By contrast, the deductive approach starts with a hypothesis about the nature of the typology, and the methodology reflects this, disaggregating the total of territories into classes or types according to one or more discriminative criteria (rules).

Most studies start with the assumption of an urban/rural continuum rather than a clear urban/rural separation. Thus many methodologies, and the typologies that arise from them, embrace the span from urban to rural, rather than focusing only a typology within what is already defined as rural: indeed they recognise that there is little agreement on what is rural (Hoggart et al. 1995). Thus in many studies, the distinction between urban and rural areas arises from the completed typology, rather than preceding it.

Many of the studies demand large volumes of empirical data, and employ statistical methods such as factor or cluster analysis, or multi-criteria approaches. The wider the geographical territory covered by a study, the greater may be the constraints imposed by availability of data. For example, the studies that are discussed towards the end of this section, focused on the whole of the EU, are obliged by the available data to focus on NUTS3 or even NUTS2 level, which are not fine enough to pick up sub-regional differences.

A selection of the studies is described below, divided into the two broad categories mentioned earlier – those focused on rurality or urbanisation, and those focused on problems or dynamics of development. Where appropriate the links they have with this work is indicated, and conclusions are drawn at the end of the section.

**Rurality or urbanisation.** The studies which focus on degrees of rurality, or of urbanisation which is the counterpart of rurality, all have the intent (and the outcome) of grading territories—typically from the most urban to the most rural. The Working Group has already described this process of gradation arising in this research, and pointed out that the OECD definition (used in a minority of RDPs to define rural areas) is itself an example of such gradation.

The OECD definition is based essentially on one indicator, namely population density. Many of the studies of this type use that indicator, in varied formulation, with or without a variety of other indicators such as distance from large towns, settlement size, land use etc. The review by Copus et al. (2008) of 23 different studies showed that the analytical methods vary considerably, from simple cross-match of indicators to multi-criteria GIS-based approach. They showed also that the classes of territory defined in the studies varied in number from a minimum of three to as much as nine.

The spectrum of approaches may be illustrated by the five examples summarised below.

1. **Degree of urbanisation of postcode areas.** This study, undertaken by the Central Bureau of Statistics in the Netherlands, aimed to differentiate postcode areas according to the degree of urbanisation. The spatial unit was the postcode area, and the measure was the density of addresses per Km$^2$. The emerging typology had five categories, based on thresholds of that density, namely extremely highly urbanised areas (>2500 addresses per km$^2$); highly urbanised areas (1500-2500 addresses per km$^2$); moderately urbanised areas (1000-1500 addresses per km$^2$); hardly urbanised areas (500-1000 addresses per km$^2$); and non-urbanised areas (<500 addresses per km$^2$). This typology, using different spatial units (postcode areas, not municipalities) and measures (addresses rather than census population) than the OECD, appears
to point towards two categories which might be rural. However, it was not used by the government to define rural areas for the RDP: instead, rural areas were defined as those that lie outside urban centres that have more than 30,000 inhabitants – see Annex 1 for details.

2. The new definition of urban and rural areas. This study, focused on England and Wales, was commissioned in 2001 by the Office of the Deputy Prime Minister for purposes of policy and statistical reporting. It focuses on the type of settlement and the geographic context. The spatial unit was a 1 Ha grid, with 35 million cells, and the measure was density of household per cell, plus the share of population in each 'Output Area' (OA), which includes a cluster of adjacent postcodes, with an average of 125 households. Through analysis, settlements were classified into types; and residential densities were then averaged at a series of larger geographical scales to give a ‘context’ measure reflecting the relative sparsity of population. One outcome of this process was the adoption in 2004 of a “Rural Definition”, by which each OA is placed in one of 8 different area types, namely urban (less sparse); urban (sparse); town (less sparse); town (sparse); village (less sparse); village (sparse); dispersed (less sparse); and dispersed (sparse). This is used in the RDPs of England and Wales – see details in Annex 1.

3. BBR (Bundesamt für Bauwesen und Raumordnung) study, in Germany. This study, entitled ‘Spatial structure according to access to central places and population density’, was designed to create a spatial typology which is not restricted to administrative boundaries, permits a more realistic picture of settlement patterns and supports the formulation of spatial planning concepts. It focuses on population density, weighted according to distance and accessibility by car to core cities and functional urban zones, with multi-criteria analysis by GIS without regard to administrative units. The outcome is a gradation into: inner central areas; outer central areas; intermediate areas with agglomeration tendencies; intermediate areas with low population density; peripheral areas with agglomeration tendencies; and peripheral areas with low population density.

4. Extended OECD study, by Vard, T. et al (2005). This study, focused on Belgium, France and Poland, aimed to develop a simple classification of rural areas at LAU2 level applicable to all European countries. The spatial unit was LAU2 municipalities, but with upgrading where necessary to NUTS3 level. The indicators were population density, accessibility or remoteness (measured by distance from cities of more than 50,000 population), and land cover (assessed by share of ‘natural space’). The outcome was a classification into 8 types at LAU2 level, and 5 types at NUTS3 level. The five types of region at NUTS 3 level were urban; intermediate with closed space; intermediate with open space; rural accessible; and rural peripheral.

5. Typology of rural centric approach, by Vervloet et al (2004). This study, focused on Belgium, aimed to take the particularities and problems of rural areas into account. The spatial unit was the municipality, and the method was one of multi-variate analysis, using a range of indicators including land use (percentage of area in farming and forestry), population change between 1970 and 1981, percentage of adults aged 30 to 39, the selling price of houses, agricultural employment, and an index of commuting. The outcome was a 5-type classification – strongly urbanised areas; rural areas under strong urban pressure; rural areas under modest urban pressure; countryside with urban influence; and countryside least influenced by the urban area.

Problems or dynamics of development. Studies of this second type, sometimes called ‘performance typologies’, have an analytical purpose, related in some way to assessment of the need of territories for development or the ability of territories to absorb development. They use indicators which have a theoretical reference to these development issues. This may include a wide spectrum of institutional, social, economic and environmental conditions and performance indicators: the choice of these depends upon the theoretical starting-point of the researchers. Most of the resulting typologies were built for analytical purposes (i.e. to assess differences between regions in state of development
or need for development) and not for designing policy or for targeting of measures. However, many of them are deliberately set within the context of either regional or rural development policy, and they thus offer results which (for the purposes of this report) are more thought-provoking than the type of study described earlier.

The spectrum of approaches may be illustrated by the two sets, one of five and the other of four examples, summarised below. The first set has varied geographic scope. The second set all relate to EU27, and are presented in more detail.

6. **Leading and lagging regions**, by Bollmann, R. et al (2005). This study, focused on OECD countries, aims to identify leading and lagging regions. The spatial unit is a mix of NUTS2 and NUTS3 regions; and the analysis is based on setting thresholds within two indicators – population density, and growth of employment in each of the two decades starting 1980 and 1990. The outcome is a range of 9 types of regions.

7. **Characterisation of spatial components of rural areas**, by Vidal, C. et al (2005). This study aims to examine the spatial components of rural areas, with a focus on the NMS (EU12). The spatial unit is either NUTS2 or NUTS3 regions; and the research uses factor analysis and cluster analysis of a total of 34 variables within the following thematic fields – demography, economic strength, farm labour force, agricultural land use, farm structure and livestock numbers. The outcome is a range of 13 types of regions.

8. **FERP study** (The Future of Europe’s Rural Periphery), by Ballas, D. et al (2003). This was an academic study into an improved typology, with a focus on the role of entrepreneurship in responding to employment problems and social marginalisation. The spatial unit was NUTS3, and the research uses factor analysis and cluster analysis of a large group of indicators, including total average population, crude birth rate and death rate, GDP per capita, % of employment in agriculture, services and manufacturing, % of population living in densely populated areas, and travel time to the nearest of 52 important international agglomeration centers. The outcome is a range of 15 types of rural region, excluding the urban regions.

9. **TYPORA study** (Typology of Rural Areas for Telematic Applications), by Blunden, J.R. et al (1998). This study, for European Commission DG XIII, focused on four countries (Denmark, Italy, Spain and United Kingdom), set out to serve the needs of an RDP. The spatial unit was the LOC II unit as defined by Eurostat, and the analysis focused on a large number of variables, including population change, population density, transport infrastructure, mean height of land, spatial dispersion index of built-up areas, purchasing power per capita and annual change in that purchasing power, % of employment in agriculture, services and manufacturing, % of working age population with higher education, penetration of telephony, and % of subscribers connected to a digital trunk. The outcome is a range of 5 types of rural region.

10. **Regional structures study**, by Baum, S. et al (2004). This study, focused on Bulgaria, was designed to identify regional structures and their determinants in order to stress the importance of target-oriented policy measures. The spatial units were NUTS3 regions, and the researchers applied factor analysis and cluster analysis to a range of indicators, grouped according to ‘agglomeration’, ‘marginality’ and ‘employment’. These indicators included (for ‘agglomeration’) GVA of services and of industry, % of highly educated adults, telephone density, GDP per capita; (for ‘marginality’) % of young people, % of ethnic minorities, density of physicians, % of population living in rural communes, % of population with low education levels; and (for ‘employment’) unemployment rates, long-term unemployment, and % of total labour force in farm work. The outcome is a range of 6 types of rural regions.

Turning to the sample of 4 studies that focused on the whole of the European Union, these were all undertaken in the period 2008 to 2009 as efforts to build an EU wide typology of rural areas and were
all funded or commissioned by the European Commission. They have a more policy-oriented focus than the earlier ones, and for this reason tend to use disaggregative or deductive research methods, which allow the classes or types to be pre-determined so that they reflect the policy questions for which the typology is developed. The choice of indicators is guided also by a desire for ease of interpretation, modesty in data requirements, and avoidance of outcomes which are biased (for example overly agrarian in focus) by the availability of data. The spatial units tend to be NUTS 3 (or similar), to suit the availability of socio-economic data and to permit concentration on sufficiently autonomous functional areas (Copus et al (2008), Copus et al (2009), Weingarten et al (2010)).

Of the four studies reviewed below (using Copus et al 2009), the first two put strong emphasis on natural conditions while the other two concentrate on socio-economic factors.

11. SENSOR\(^{5}\), by Renetzeder, C. et al (2009). This typology was developed as a spatial regional reference framework for the assessment and comparison of sustainability impact indicators across Europe. Since the project aimed to throw light on the impacts of various land uses, the main emphasis was put on bio-physical and land use indicators, supplemented by 16 socio-economic indicators. Data for the indicators were drawn from LANMAP, CORINE and ESPON, with data sets related to topography, climate, land use, land cover, population density, migration, economic activity, GDP and unemployment. The indicators were divided in two broad categories, the first one relating to ‘primary landscape structures’ (i.e. bio-physical factors) and the second relating to ‘secondary landscape structures’ (i.e. human activities). The basic spatial units were NUTS3 regions, except for some use of NUTS 2 in Germany. Each category of indicators was used to cluster NUTS X regions by deploying first the principal component analysis to reduce the number of variables and then the K-mean cluster analysis with Euclidian distance: this process produced two typologies, which were then expertly merged. The outcome was a range of 27 types of regions.

12. FARO-EU\(^{6}\). This typology was built as an integral part of the Foresight exercise aimed at the future of European rural areas. The project adopted a rather simple disaggregative or deductive approach applied to three indicators: environmental zones (Atlantic, Nordic, Continental, Alpine and Mediterranean), economic density (GDP per km\(^2\)), and accessibility. Economic density and accessibility were first calculated at the high resolution grid and then up-scaled to NUTS X regions (a mix of NUTS2 and NUTS 3). Accessibility and economic density were classified as low, average and high and a simple rule (see Figure 11 over page) was used to determine three categories of rural regions – Deep rural, Rural and Peri-urban. Finally, each environmental zone was divided into these three categories of rurality (Perez-Soba, 2009).

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\(^{5}\) EU FP6 Integrated Project - Priority Area 1.1.6.3 "Global Change and Ecosystems".

\(^{6}\) EU FP6 Project, Priority 8.1, Policy-oriented research – Scientific support to policies-SSP, SSPE-CT-2006-44495.
Figure 11 Derivation of the FARO rural typology

![Figure 11 Derivation of the FARO rural typology](image)


13. **TERA-SIAP**\(^7\), by Weingarten et al (2010). This project, commissioned by the European Commission, provides methodology for building typologies which can be used for policy assessment, particularly by using models such as Input Output Tables (IOT), Social Accounting Matrix (SAM) or Computable General Equilibrium (CGE). The authors argue that, in order to serve the policy assessment using such quantitative methods, the typology has to reflect spatial differentiation related directly to the policy issue. So, before starting to build a typology, one has to specify the policy issue. Since the project aimed at covering the whole scope of RDPs, the authors first grouped the RDP policy measures into seven Generic Policy Issues (GPI) – human capital, diversification, competitiveness, support for quality products, sustainable agriculture, quality of life, and environment. The analysis, however, focused only on the first five of these and sustainable agriculture. They then used a disaggregative or deductive classification approach, with class thresholds taken from literature or tuned by the researchers.

Later, two types of typologies were introduced:

- **Absorption Typologies**, i.e. typologies per individual Generic Policy Issue (GPI), which group regions according to the socio-economic characteristics which affect the scale of the demand (absorption capacity) for support through the measures associated with that GPI. In other words, they relate to certain needs to be addressed by policies, and offer the basis for modelling the impact of rural development policies such as support for diversification under measure 311, 312 and 313.

- **Structural typologies**, i.e. single typologies to be applied across all GPIs, which captures the main aspects of the regional economy which are likely to determine the indirect/induced impact of each € of expenditure under the EAFRD. The authors argue that for sectoral

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\(^{7}\) JRC/IPTS project (Typology of European Rural Areas – Spatial Impact Assessment of Policies).
measures what matters is how deeply agriculture is linked to other sectors, while for the territorial measures what matters is how diversified is the economy. In both cases, they recommend using sectoral employment data for the typology.

Table 20 shows the indicators which were used in developing the first of these typologies, namely the absorption typologies. For each indicator, the rationale for using it is given, plus the source of data that is used. The spatial units are NUTS 3 or NUTS 2, depending on data availability. The following box describes, as an example, the absorption typology for the GPI - Diversification (measures 311, 312 and 313 of the RDP).

**ABSORPTION TYPOLOGY 1: DIVERSIFICATION**

**Related RDP measures:** 311, 312, 313.

**Family of indicators:** (g) sectoral structure, (h) pluriactivity, (a) accessibility

**Overview of rationale:** This typology is mainly associated with measures designed to promote diversification of agricultural enterprises, support for micro-businesses and for the development of rural tourism. The main assumption is that current levels of economic diversification and farm pluriactivity can indicate a region’s potential to absorb such support. Secondary assumptions (to which less weight is accorded in the methodology) are that diversification potential is also positively related to accessibility, and that potential for tourism development (a key form of diversification/pluriactivity) is related to access to “natural areas”.

**Outline of the methodology:** A simple standardised scoring procedure is used to generate three indices, measuring;

(a) Economic diversification level
(b) Farm pluriactivity level
(c) Potential for further diversification.

For each of these indices, regions are allocated a code according to how their score relates to the EU27 mean. If the score is > .25 standard deviations (SD) below the mean, the code is 1. If it is within 0.25 SD (above or below), the mean the code is 2. If the score is more than 0.25 SD above the mean, the code is 3. The final typology is composed of the 27 possible permutations of the three codes.

**Key results:** The patterns of actual and potential diversification/pluriactivity are rather different, so that the combined typology involves a complex interaction. The most diverse regions with the highest potential for further diversification are in Central and Northern Europe (Southern England, parts of Ireland, Southern and Central Germany, Sweden, Southern Finland). The least diverse regions with the least potential are in Central Spain, Greece, and Lithuania.
### Table 20 Policy issues and indicators for single issue typologies (absorption typologies)

<table>
<thead>
<tr>
<th>GPI</th>
<th>Family of indicators</th>
<th>Indicator / proxy indicator</th>
<th>Rationale behind indicator selection</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Human Capital</td>
<td>(a) Sectoral and (b) Territorial</td>
<td>Population change</td>
<td>A decrease in the population of a region can be interpreted as a decrease of human capital in that region and vice versa.</td>
<td>Copus, A. et al: Study on Employment in Rural Areas. 2006 (own calculation with methodology described in the report but with recent data acquired from the Eurostat Regio Database).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Age ratio of farmers</td>
<td>High values are an indication of a prevalence of young farmers and low values are an indication of aging farmers.</td>
<td>Eurostat Regio Database, Farm structure Survey 2003.</td>
</tr>
<tr>
<td></td>
<td>(c) Labour market</td>
<td>Economic activity rate</td>
<td>Greater economic activity is an indication for higher edutainment in human capital and / or greater innovative capacity.</td>
<td>Eurostat Regio Database, Labour Force Survey</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Long-term unemployment</td>
<td>Long-term unemployment is associated with a loss of earnings and deterioration of individuals’ skills and abilities (loss of human capital).</td>
<td>Eurostat Regio Database, Labour Force Survey</td>
</tr>
<tr>
<td></td>
<td>(d) Education and training</td>
<td>Share of population 25-64 with ISCED 3 to 6 (secondary and tertiary education)</td>
<td>The higher the share the better educated the working population.</td>
<td>Eurostat Regio Database, Labour Force Survey</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Share of farm holders with agricultural training to total farm holders</td>
<td>The higher the share of more formally educated farm managers within a region, the higher the primary sector human capital.</td>
<td>RDEU07 – Objective Indicator 4</td>
</tr>
<tr>
<td>GPI</td>
<td>Family of indicators</td>
<td>Indicator / proxy indicator</td>
<td>Rationale behind indicator selection</td>
<td>Source</td>
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<tr>
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<tr>
<td></td>
<td>(g) Sectoral structure of employment and value added</td>
<td>GVA from primary sector as a percentage of total GVA</td>
<td>Indicator allows us to consider the labour productivity per worker in agriculture and thus gives a good impression of the economic positioning of a region’s agricultural sector.</td>
<td>Eurostat Regio Database</td>
</tr>
<tr>
<td></td>
<td>Agricultural employment (in % of total employment)</td>
<td></td>
<td></td>
<td>Eurostat Regio Database</td>
</tr>
<tr>
<td>(iii) Diversification</td>
<td>(h) Pluriactivity (especially tourism)</td>
<td>% of farmers with other gainful activity (OGA)</td>
<td>OGA gives information about farm diversification and agricultural pluriactivity. The idea behind the selection of the two indicators is that, in order to develop successful rural tourism, the existence of either natural or cultural attractions or both is necessary. The “amount of wilderness” can give some hints due to these prerequisites for most kinds of tourism. Tourism beds indicate that the region is able to service a certain amount of natural or cultural tourism attractions. And this in turn means that there is a potential for developing further tourism attractions and jobs.</td>
<td>RDEU07 – Objective Indicator 27</td>
</tr>
<tr>
<td></td>
<td>Tourism beds per employees</td>
<td></td>
<td></td>
<td>Eurostat Regio Database</td>
</tr>
<tr>
<td></td>
<td>Availability and proximity of nature resources to population</td>
<td></td>
<td></td>
<td>Green Paper Annex (Combined Indicators of Proximity to Natural Areas)</td>
</tr>
<tr>
<td></td>
<td>(a) Accessibility</td>
<td>Peripherality with respect to population by car</td>
<td>Peripherality with respect to population by car represents the perspective of service firms and consumers with respect to how many opportunities such as clients, markets or tourist facilities can be reached.</td>
<td>Schürmann, C., Talaat, A.: Towards a European Peripherality Index. Final Report. 2000</td>
</tr>
<tr>
<td>GPI</td>
<td>Family of indicators</td>
<td>Indicator / proxy indicator</td>
<td>Rationale behind indicator selection</td>
<td>Source</td>
</tr>
<tr>
<td>-----</td>
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</tr>
<tr>
<td>(iv) Competitiveness</td>
<td>(i) Farm structures</td>
<td>GVA per AWU in agriculture</td>
<td>Indicator reflects labour productivity per worker in agriculture, and thus gives a good impression of the economic positioning of a region’s agricultural sector. Says something about capital availability. High values are an indication of high investment willingness and high capital availability and vice versa.</td>
<td>RDEU07 – Objective Indicator 6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Gross fixed capital formation in agriculture</td>
<td></td>
<td>RDEU07 – Objective Indicator 7</td>
</tr>
<tr>
<td>(b) Demography</td>
<td>Age ratio of farmers</td>
<td>High values indicate a prevalence of young farmers and low values indicate aging farmers.</td>
<td>Eurostat Regio Database, Farm structure Survey 2003</td>
<td></td>
</tr>
<tr>
<td>(d) Education and training</td>
<td>Share of farm holders with agricultural training to total farm holders</td>
<td>The higher the share, the more formally educated farm managers exist within a region, the higher the primary sector human capital.</td>
<td>RDEU07 – Objective Indicator 4</td>
<td></td>
</tr>
<tr>
<td>(a) Accessibility</td>
<td>Time to market by road and rail weighted by GDP macro scale</td>
<td>Time to market by road and rail represents the perspective of producers on potential markets.</td>
<td>ESPON public database</td>
<td></td>
</tr>
<tr>
<td>(v) Support for quality products</td>
<td>(j) Supply chains</td>
<td>Employment in food industry in % of total employment</td>
<td>RDEU07 – Context Indicator 12</td>
<td></td>
</tr>
<tr>
<td>(a) Accessibility</td>
<td>Time to market by road and rail weighted by GDP macro scale</td>
<td>Time to market by road and rail represent the perspective of producers on potential markets.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(vi) Sustainable Agriculture</td>
<td>(k) LFA</td>
<td>LFA in % UAA</td>
<td>RDEU07 – Context Indicator 8</td>
<td></td>
</tr>
</tbody>
</table>

Source: Weingarten et al. (2010).
The TERA-SIAP approach can obviously be used for both policy programming and policy evaluation. Since it is a deductive typology, regions can be ordered from having most needs and highest potential to those with lowest needs and potential. However, if policy is to address only rural areas, the TERA-SIAP outcomes must be combined with a rural definition or typologies which can separate rural and urban areas within NUTS regions. Moreover, it cannot capture the specific needs of rural territories, particularly if these are minor within the defined regions.

14. **EDORA** (European Development Opportunities in Rural Areas) by Copus et al (2009). This project aims to assess change created by development activity on rural areas, and how this change affects territorial typology. The relevant rural areas are those defined as Predominantly Rural or Intermediate Rural under the OECD definition. The policy issues on which it focuses are expressed not (as in TERA-SIAP) in Generic Policy Issues, but rather by what are called ‘Grand Narratives’. These Grand Narratives are conceptual views on rural development. The authors concentrate on three of them:

A. **Urban-Rural Grand Narrative.** This includes trends and developments such as the migration of people from rural areas to the cities, the processes of counter-urbanisation and commuting patterns, and the impacts of these on other areas of life such as service delivery. Distinctions are drawn between (on the one hand) accessible rural areas where commuting and outward movement of jobs are common, and (on the other hand) remote areas which are still being depleted of population and economic activity and are caught up in self-perpetuating cycles of decline.

B. **Agri-centric Grand Narrative.** This narrative focuses on the strong historic link to agriculture found in many rural areas, and the extent to which that link is still strong. In areas where agriculture is significant, farming may be a productivist activity, or a means of preserving traditional environments, or a response to consumer demands for a variety of specialist products. In most MS the importance of agriculture continues to decline as their GDP grows; but this varies by region, with productivist farming concentrated in the most productive areas, and farms on marginal land retrenching and, where possible, diversifying.

C. **Capitalist Penetration and Globalisation Grand Narrative.** This narrative is essentially about power, or the lack of power, of rural regions to control their own futures. Endogenous development is based on the derivation of competitive advantage from local assets. If some rural areas retain traditional cultures in spite of the universalising tendencies of modernisation, they might use them as a resource for local development. The revalorisation of cultural diversity is seen as a resistance to globalisation.

These three Grand Narratives define the underlying architecture of the (draft) EDO RA typology. It is assumed that in each region there will be a more or less unique development path, reflecting the unique combination of the three narratives, their various strands, and also geographical characteristics and potentials. **Figure 12** illustrates the resulting ‘decision tree’. The hierarchy of disaggregative criteria begins by distinguishing urban from rural regions (Urban-Rural Grand Narrative). The next level distinguishes those regions in which agriculture plays a significant role from those which have more diverse economies (Agri-Centric Grand Narrative). Finally the agricultural regions are divided into ‘Para-Productivist’ and ‘Peri-Productivist’ types and the diversified regions are sub-divided into ‘New Rural Economy’, ‘Declining Fordist’ and ‘Depleting’ types. The grouping of regions at this level in the hierarchy is an attempt to reflect the Capitalist Penetration Grand Narrative.
Notes on Figure 12

In the 'Agricultural' category of Rural Areas, the two sub-categories 'Para- and peri-productivist' are 'styles of farming' described by Crowley, Walsh and Meredith (2008). They are described as follows:

- 'Peri-productivist – farm businesses or households, and rural areas, which opt for on-farm diversification and off-farm jobs in their survival strategy.
- 'Para-productivist' – businesses and areas which opt to compete on the basis of specialisation, technology and strong links with agri-business. The ‘para’ is added in recognition that productivism must operate within limits set by regulation to prevent environmental damage, to ensure that minimum levels of public good are provided, and to safeguard food standards and animal welfare.

The inclusion of the term “productivist” in both categories relates to the fact that almost all farm businesses are still responsive to market demands, and they do absorb technological change at least to some extent. The para-productivist category is ameliorated by regulation to provide environmental protection, food safety, animal welfare and so on. In contrast, for the peri-productivist category, production for the conventional agri-food markets is more or less replaced, within the in farm or household income by on-farm diversification and off-farm jobs, plus subsidies designed to reward farmers for provision of environmental public goods.

In addition to these two types, the draft typology distinguishes regions dominated by ‘Semi-Subsistence’ farming. The authors comment "Following what appears to be the consensus in the academic literature, this type is confined to the NMS of EU12. Regions with many small pluriactive farm businesses within EU15 are considered to be of the peri-productivist type."

The Non-agricultural or diversified regions have been sub-divided into two three types:

The 'New Rural Economy' areas are those which have followed a relatively dynamic development path in recent years. This is a relatively large and heterogeneous group. Many of the features and processes associated with modern economic growth (innovation systems, clusters, flexible specialisation, knowledge-based activities and networks, high levels of human capital, supportive social capital and 'institutional thickness') are evident in this group. SMEs play an important role in the
The private services sector is strong. These regions are generally quite accessible, or incorporate many medium-sized settlements, and have relatively high levels of GDP per capita.

By contrast, the ‘Declining Fordist’ regions have a development path associated with secondary activities. They are characterised by heavy industries and companies, which tend to be labour and capital intensive rather than knowledge intensive. Many of these regions have suffered high levels of unemployment, low incomes, degradation of infrastructure and living environment. GDP per capita tends to be low and lagging behind in terms of growth rates.

‘Depleting regions’ are not clearly defined in the report: the title appears to refer to depletion of resources, in contrast to other regions which are seen as accumulating resources.

The analytical approach of the draft EDORA typology used a relatively small number of indicators in order to obtain a simple overview of the distribution of the types described above. These indicators were selected partly because they have complete, or near complete, coverage of NUTS 3 regions within the ESPON space. The limitations of this narrow database of core indicators are recognised, and the intention is to add additional data once the overall structure is established. The following data sources are currently incorporated into the decision tree:

a) The Dijkstra and Poelman (2008) urban-rural codes;
b) The population trend typology produced by Mats Johansson (ESPON Programme 2008);
c) *Gross value added by sector ;
d) *European Size Units (ESU) - data from the European Farm Structures Survey;
e) *Farm holders with other gainful activities - data from the European Farm Structures Survey (data for * from the Eurostat REGIO database).

**Conclusions.** This brief summary of work by others on spatial typologies offers a very useful complement to this research. It points towards the following ideas:

A. The typologies focused on rurality and urbanisation (studies 1 to 5) tend to echo the findings about the use by some MS and regions of typologies based on gradation of territories from (typically) central to peripheral, and of indicators which assist that gradation. Thus:

- Studies 1 and 2 offer variants on the OECD approach, by reference to the spatial units and the basis for assessing density of population.
- Studies 3 and 4 bring in indicators related to distance from, and accessibility to, towns, and also land cover, while Study 5 offers some additional indicators, which do not go beyond the ones that has been picked up in the following research.

B. The typologies based on problems and dynamics of development (studies 6 to 14) open up, with progressive richness, factors which may contribute to the building-blocks being seek. In most of these studies, the analyses are not directly policy-related, but they are set in the context of regional or rural policy, and they throw light on the relative state of development of different regions and their relative need for further development. Thus:

- Studies 6, 7 and 8 focus on the structure and strength of regional economies, simplistically in Study 6, with a strong agricultural emphasis in Study 7 and a wider set of indicators in Study 8.
- Study 9 and 10 offer an interesting set of indicators, including population density, transport and the economy, plus some which the previous studies did not pick up, including (study 9) altitude (which
echos a key factor in Italy’s rural typology), education levels and the penetration of telephony, and (study 10) ethnic minorities, medical services and unemployment.

- Study 11 (SENSOR) focuses on impact assessment, which is less relevant to the purpose than input indicators would be: but its distinction, and overlap, between bio-physical and socio-economic indicators is thought-provoking.

- Study 12 (FARO-EU) has a quite simple set of indicators, but throws useful light on three main factors – environmental zones, economic density, and accessibility – which can greatly influence the relative strength or fragility of regions, and hence their relative need for, and ability to benefit from, development.

- Study 13 (TERA-SIAP) offers a very valuable set of ideas. It is policy-driven, embracing the full scope of measures in the EAFRD, which it expresses through five Generic Policy Issues – human capital, diversification, competitiveness, support for quality products, and sustainable agriculture. It focuses on absorption capacity, which is code for the demand that a region may have for application of RDP measures, and on the likely impact of spending through these measures. To assess these, it offers an intelligent set of indicators, for all of which EU-wide data is available at NUTS3 level. These indicators include demography, migration patterns, levels of education and training, structures of regional economies including added value, degree of economic diversification, pluri-activity among farmers, potential for tourism, accessibility, the food supply chain and the factors of disadvantage which are used to define LFAs. These represent a diversity of factors which – when taken together – may indeed provide a very useful basis for assessing the needs of each region within a typology that will allow comparison between regions both within one country and across Europe.

- Study 14 (EDORA) is also thought-provoking. The three Grand Narratives – Urban-Rural, Agricentric, and Capitalist Penetration and Globalisation – again offer a width of factors which illuminate both rural and regional policy and can help to structure policy-related assessment of the character, the potential and the need of each type of region. Thought-provoking too is the comment by the research team that each region may have a more or less unique development path, reflecting the unique combination of the three narratives, their various strands, and also geographical characteristics and potentials. If taken in the context of the large measure of devolution of RDP responsibilities to MS and regions, this comment implies that the EU’s role vis-a-vis a future typology of rural areas may be to clarify the factors which should figure in the SWOT assessment and territorial analysis within each RDP, but not to prescribe the precise typology that should be applied.

See endnote for references on other work on spatial typologies

7.7 The relationships between typology and policy

In this context two different types of typologies can be identified.

- Sectoral typologies – which focus on the targeting of particular territories for the application of specific measures;

- Regional typologies – which focus on capturing differentiated territorial needs in order to be addressed by appropriate territorial measures (mainly Axes 3 and 4).

How these two types of typologies affect the policies that are applied to rural areas are explained in more detail below.

**Sectoral typologies** have a self-evident link to policy. This link is well illustrated by the case studies, described in Section 5.10 of this report, of Less Favoured Areas, Natura 2000 and environmentally
valuable farmland. These show the direct link between a policy, as expressed in specific measures within the EAFRD, and the types of territory for which these measures were designed.

These cases also show that, in some of these particular territories, measures other than the specific one relating to the policy instrument in question are also applied, because the MS judges that such complementarity between measures is needed.

For example, in Wales (see Section 5.10.3), 40% of the RDP budget is focused on agri-environment schemes, through Measure 214. The territories to which this measure applies are widely scattered through the agricultural parts of the country. The detailed objectives related to the agri-environment schemes include reference, not only to securing environmental public goods, but also more widely to sustainable development. So, the objectives include: to increase biodiversity; to enhance local and regional landscapes; to develop niche, green and sustainable tourism; to diversify the economy into service and other sectors; and to generate employment associated with environmental management. To pursue these objectives, the RDP employs five measures: 214 Agri-environment payments; 216 Support for non-productive investments; 311 Diversification into non-agricultural activities; 312 Support for business creation and development; and 313 Encouragement of tourism activities. But only the first two of these measures – 214 and 216 – are confined to these territories. The Axis 3 measures are applied within and outside the areas or farms which benefit from the agri-environment schemes. This confirms the point that targeting of this sort may provide sectoral building-blocks for a typology of rural areas, but does not offer a complete basis for a rural or regional typology.

Regional typologies. The research shows that some, but not all regional typologies have a significant bearing upon policies. For example, the RDP for Ireland provides no indication of the implications for policy of the distinction, which is stated in the National Spatial Strategy and referred to in the RDP, between five types of rural area, namely:

- "Strong" areas, with settlements that are peri-urban in nature and have the highest population densities in this area type of over 40 persons/ km².
- "Changing" areas, characterised by having the lowest level of self-employment outside agriculture at 13% of the available labour force.
- "Weak" areas, where population decline has been significant and the ratio of those aged 65 and over exceeds 15% of the total population of the area.
- "Remote" areas that represent the highest proportion of part-time female workers at 29% of the total female population at work.
- "Culturally distinct and highly diversified areas" – these vary across the country.

Areas of all these five types may (it is assumed) be found within the overall rural territory of Ireland, and thus within the remit of Local Development Companies (LDCs), which together cover the whole of the rural area. An examination of the local development strategies of these LDCs would be required in order to assess whether there are differences in the policy applied between the five types of area.

In contrast to this apparent lack of link between typology and policy in some RDPs, three examples from the research show clear links, notably expressed in the priority given to areas which are perceived as more disadvantaged than others. These are from Denmark, Finland and Italy.

Denmark. As described in Section 3, Denmark decided – when defining rural areas for the purpose of the RDP - that a more subtle indication was required than the OECD definition could provide, of which rural areas had the greatest need to boost development. Denmark opted for a classification system based on
14 indicators, which were selected in order to describe the structural, economic and demographic situation in the 98 Danish municipalities. The 14 equally weighted indicators of rurality are:

- proportion of the municipality’s area in rural zones;
- population in rural areas and towns with less than 1,000 inhabitants;
- population per Km²;
- population trends, 1994-2004;
- employment trends, 1994-2004;
- average distance to areas with a high surplus of jobs, 2004;
- jobs in proportion to employees (dependence on commuting);
- percentage employed in agricultural enterprises;
- taxation base per capita, 2007;
- percentage of the workforce with medium-cycle or tertiary education, 2005;
- percentage of the workforce with basic schooling, 2005;
- average distance to a motorway;
- percentage of the population aged 25-44 years;
- percentage of the population aged 17-64 years.

Using these 14 indicators, the 98 municipalities are then divided into four different zones – Peripheral (16 municipalities); Rural (30 municipalities); Intermediate (17 municipalities); Urban (35 municipalities). The first three classes, a total of 63 municipalities, count as Rural for the purposes of the RDP. Annex 3 contains a map delimiting these zones.

The division of rural areas into three types – Peripheral, Rural and Intermediate – has clear implications for policy. The RDP states that “The ... system shows that the need for development support is greatest in 'Peripheral' and 'Rural' municipalities”. This development support is focused, within the RPD, upon Axis 3 measures, which are wholly delivered through Local Action Groups. The RDP makes plain that LAGs will mainly be established in Peripheral and Rural Areas (i.e the two ‘outer’ zones in the typology), and also that “... the Islands organised under the Small Islands network can be included under the Leader approach”. In all such areas, the matching funds for the LAGs’ activities will be provided by the national government. LAGs can also be established in ‘Intermediate’ municipalities: however, these groups are deemed to have more resources, and they must therefore obtain the national public contribution themselves.

The RDP does not state objectives for the rural areas that can be covered by LAGs. However, the following objectives are clearly implied by the statement of opportunities and challenges related to Axis 3 - maintain and generate more local jobs in rural areas; promote local niche products; promote development of local initiatives; promote natural, cultural and recreational assets; promote distance learning, teleworking and the use of new digital technology in both the private and public sectors; reinforce local solidarity and cooperation; discourage outward migration; promote opportunities for young, well-educated people to move out from urban areas; improve quality of life and create greater cohesiveness; and reinforce local skills, decisions and commitment. The underlining above relates to those objectives which clearly relate particularly to Peripheral and Rural Areas.

The RDP also includes the following key statement of the Government’s approach to Axis 3 and Leader:
“Development in the rural areas necessitates thinking in terms of totalities that ensure that the various individual initiatives are part of an overall strategy, which helps create good framework conditions for the rural areas. The challenges in the various rural areas are not necessarily the same. A decision has therefore been taken to apply the “Leader” approach to much of the initiative under Axis 3. As a result, local actors are activated and local needs and opportunities are taken account of. Under Axis 3, the LAGs are consequently given an opportunity to apply a broad range of instruments, and it is up to the individual action group to decide in what strategic areas to operate.”

To pursue these objectives and aims, the RDP applies the following measures:123 Adding value to agricultural and forestry products; 311 Diversification into non-agricultural activities; 312 Support for business creation and development; 313 Encouragement of tourism activities; 321 Basic services for the economy and rural population; 322 Village renewal and development; 323Conservation and up grading of the rural heritage; 41 Implementing local development strategies; 421 Implementing cooperation projects; and 431 Running the local action group, acquiring Skills and animating the territory. Measure 41 is simply the vehicle through which the first seven measures in this list are implemented within the LAG areas. LAGs may also "give support to other activities such as pilot projects that may contribute to fulfill the objectives of Axis 3”.

For these measures, the RDP provides a total budget of €77.8 million, which is 10% of the total RDP budget. The RDP states that the ERDF, ESF and EFF may bring support to rural areas, but does not indicate the scale of resources from these or other funds. As mentioned in Section 3, Denmark takes a flexible approach to achieving complementarity between the different EU funds. Projects which are eligible for support under several regulations can, in some cases, receive support from several funds. Enterprises involved in the food and forestry sectors can gain support not only from the RDP but also, for example, for innovation and skills acquisition under the ERDF and ESF. The most striking example is the link to the fisheries programme, funded by the EFF. Where an area dependent on fisheries coincides with an RDP Leader area, a single common LAG may be set up on the islands or by special request. It is the LAG’s responsibility to ensure that projects financed under the EFF programme and the RDP are kept separate.

There is, in principle, a high degree of coherence between the different elements described above, including a clear link between typology and policy. The RDP expresses the intention to focus the territorial elements of the programme (measure 123 and Axes 3 and 4) on the areas which most need development because of falling or age-unbalanced population, narrow economies, weak infrastructure etc.; and to implement these measures, in the needy areas, through Local Action Groups, with a specific focus on the needs of each area. However, the RDP does not provide quantified assessment of needs, nor details on the allocation of funds to specific types of territory, nor information on what is being spent in the defined territories under ERDF, ESF or EFF. It therefore cannot be judged whether the different zones within the rural typology attract substantially different attention in terms of policy and funding.

**Finland.** Finland is the most sparsely populated MS of the EU, the whole country would be classified either predominantly or significantly rural by the basic OECD definition. Since the first national rural programme in 1990, Finland has evolved a three-part classification of rural municipalities (LAU2), dividing them into urban-adjacent rural areas, rural heartland areas and sparsely populated rural areas, in order to focus rural policy on specific regional needs and to ensure effective delivery of policy. The rural typology has gone through changes, because of changes in the operational environment and because rural areas have become increasingly diversified. Major factors in this process have been EU membership and the wish to strengthen the urban dimension in evolving the typology. Rural municipalities were classified in 1993, again in 2000, and for the third time in 2006, when the present classification emerged.

The rural typology in Finland is based on a three-stage process of classification:
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- Stage 1 – definition of important urban areas and other urban areas, using proportion of the rural population in the municipality as the basic criterion;
- Stage 2 – identification of urban-adjacent areas, according to the volume of commuter traffic to target centres from the rural locations within the municipality;
- Stage 3 - a multivariate analysis on the remaining municipalities, using 10 variables.

The result of this process is the present typology, which includes:

- Urban areas – a total of 58 municipalities, which includes the centres of major urban areas, and other urban areas with comparable characteristics: the criteria used in defining them include the proportion of the rural population in the municipality (less than 10%), the location in relation to major centres, the number of inhabitants, and the number of farms;
- Urban-adjacent rural areas – a total of 89 municipalities: the criteria used in defining them include identification of the rural locations within them which are sources of commuter traffic to urban areas with more than 15,000 inhabitants; the proportion of commuters among the employed persons in the rural locations; and related factors;
- Rural heartland areas – a total of 142 municipalities;
- Sparsely populated rural areas – a total of 143 municipalities.

The rural heartland areas, and the sparsely populated areas, were defined and differentiated by multivariable analysis, using 10 variables, namely:

- Population density (population in rural areas ÷ inhabited km, grid cells in 2004);
- Average distance in km of inhabited km, grid cells of rural areas to the nearest agglomeration of more than 500 inhabitants in 2004;
- Length of public roads in relation to the rural population in 2004 (km/rural resident);
- % of jobs in forestry and mining in 2003;
- Diversity of economic activities in rural areas in 2002;
- Average taxable income per holding between 2001-2003;
- % of gross value added, average for 2002-2004;
- % average net migration in relation to the population of the municipality between 2002-2004;
- % of the rural population aged 20 to 39 in 2004;

For purposes of the RDP, rural areas include urban-adjacent rural areas, rural heartland areas and sparsely populated areas. They are clearly defined by reference to administrative boundaries, as shown on the map at Annex 3. All three zones are eligible for RDP support, and have the benefit of Local Actions Groups. But the actions under Axis 3 are focused mainly on the two outer zones, namely the sparsely populated areas, which occupy about 65% of the national territory, and the rural heartland areas, which occupy about 20% of that territory.

The RDP offers the following summary of the weaknesses of these areas. “Sparsely populated rural areas are in a vicious circle: the young move away, services are declining, agriculture decreases, new jobs are too few to offset the loss of traditional jobs, the number of elderly increases and the economic capacity of municipalities cannot cope with the change. The short growing period and other natural conditions restrict
the development potential of primary production.” In response to these and other weaknesses, the RDP states, as a priority, the objective “to slow down the decrease in the population of sparsely populated rural areas and rural heartland areas and to contribute to an improvement in employment at the same pace in the whole country”. The scale of this priority is shown by the statement in the RDP that measures aimed at diversifying the rural economy should have a “minimum of 80% of business financing allocated to rural heartland areas and sparsely populated rural areas, and a maximum of 5% allocated to urban areas”. Similarly, measures aimed at improving the quality of life in rural areas should have “at least 70% targeted at rural heartland areas and sparsely populated rural areas”.

In pursuit of these objectives for the sparsely populated areas, the RDP applies a range of measures from Axes 1, 3 and 4. These include: 111 Vocational training and information; 123 Adding value to agricultural and forestry products; 124 Cooperation for development of new products, processes and technologies in farm, food and forestry sectors; 311 Diversification into non-agricultural activities; 312 Creation and development of micro-enterprises; 313 Encouragement of tourism activities; 321 Basic services for the economy and rural population; 322 Village renewal and development; 323 Conservation and upgrading of the rural heritage; 331 Training and information; 411, 412 and 413 Implementing local development strategies; 421 Inter-territorial and transnational cooperation; and 431 Running the local action group, acquiring skills and animating the territory. Most of these measures are delivered through Local Action Groups, which cover the whole of rural Finland.

For these 15 measures, the RDP shows a total budget of €925 million, which is 13.7% of the total RDP budget. The RDP states that a high proportion of the Axis 3 budget should be allocated to rural heartland areas and sparsely populated rural areas. The RDP also states that ERDF, ESF and EFF may support activity in the sparsely populated areas. The programmes for each fund were prepared simultaneously, so that the RDP could not state any final decisions on the division of tasks at either national or regional level; and it gives no indication of the scale of resources from these programmes. However, it does state that “… in Eastern and Northern Finland, where the rural development challenges are the greatest, more funding is available under the European Regional Development Fund (ERDF) and European Social Fund (ESF) than in other regions, which also supports the development work in rural areas.” LAGs, which cover the whole of the sparsely populated areas, can negotiate funding from ERDF, ESF or EFF to assist in implementing their local development strategies. The RDP does not mention other national funding, despite the fact that Finland applies – through its Rural Policy, which is wider in scope than the RDP – the concept of ‘broad’ rural development, which relates to coordination between different policies and government funding.

There appears to be a high degree of coherence between the different elements described above, including a clear link between typology and policy. Financial resources are focused on the rural areas (i.e. sparsely populated areas and rural heartland areas) which most need development because of out-migration, limited employment opportunities, poor infrastructure. Even if the total amount seems low, the majority of funding under Axes 3 and 4 is directed at sparsely populated areas and rural heartland areas. All of the measures applied to sparsely populated areas can be implemented through Local Action Groups, which according to the RDP have the duty to “… implement strategic, systematic rural development driven by local needs in accordance with the bottom-up principle, which provides each rural area with precise solutions for improving the opportunities for employment and earning a living. The bottom-up orientation is key to the Leader approach. This approach is founded on each area and its needs”.

Italy, and Sardinia. The third case relates to Italy, a country in which RDP responsibilities are devolved to regions, within the framework of a rural typology created at national level. Here, the national typology is described and then the way that a single regional council – that of Sardinia – has adapted that typology to its region and then applied policies which reflect that typology.
Italy has an extremely diversified territory. The OECD methodology, if used alone, would not adequately reflect this diversity. So, the methodology has been revised to suit the Italian context. Municipalities (LAU2) have been classified according to the altitude zone (plain, hill and mountain) at province level. The outcome is a distinction between four types of zone, namely:

- Urban Poles;
- Rural Areas with Specialised Intensive Agriculture;
- Intermediate Rural Areas;
- Rural Areas with Complex Problems of Development.

This classification is defined in the NSP and adopted also in the National Strategy Reference Framework in order to identify the priority of the Cohesion Policies. Regions may adopt a more detailed articulation of the territory, provided that this reflects one of the above types of zone.

The process of defining these zones was as follows:

- First, the provincial capital communes with over 150 inhabitants/km\(^2\), which have only the most residual elements of agriculture, were treated as “urban areas in a strict sense” and omitted from further consideration.

- Second, the OECD methodology was applied to the remaining communes, identifying the predominantly urban, intermediate and predominantly rural areas not at the provincial level (OECD methodology), but rather by distinguishing the communes, within each province, by altitude zone and calculating for each of the three zones (plain, hill and mountain) the incidence of the population of the communes classified as rural.

- Third, the category of predominantly urban areas was sub-divided into two groups, namely:
  - Communes more similar to provincial capitals (e.g. the communes around the major Italian cities and/or certain coastal communes with a high degree of urban development) and;
  - A series of densely populated communes, where a rich and intensive agriculture is present (e.g. the plains of Northern Italy). For this purpose, the predominantly urban areas were re-classified, on the basis of the density (150 inhabitants/ km\(^2\)) and the proportion of agricultural area within the territory. Thus, communes with high population density but also having over 2/3 of the territorial area in agriculture were defined as “urbanised rural”. By applying the altitude zone analysis, a further category of area was obtained, defined as “highly urbanised rural,” in as much as rural communes have a significant weight (over 15% of total population) and urbanised rural communes have a prevalent weight (over 50% of the rural population).

- Fourth, the revised OECD areas were cross-related to the three altitude zones and the country’s three territorial districts (North, Centre and South) to form the following 4 homogeneous macro-areas:
  - A. Urban Poles;
  - B. Rural Areas with Specialised Intensive Agriculture;
  - C. Intermediate Rural Areas;
  - D. Rural Areas with Complex Problems of Development.
The effect of this process, in terms of the area defined and the contrast with those which would have been defined using the OECD definition, is shown graphically in the map and table at section 3.9 of this report.

The national typology described above forms a starting-point for the work of each regional council in preparing its RDP. To illustrate how this zoning may be applied in a region, and what it may mean in terms of policy, following research included a study of the RDP in Sardinia, an island region which includes mountains and inland hills with severe socio-economic problems. Its backlands are affected by loss of population, narrowly-based economies, difficult farming conditions, poor social infrastructure, and some degree of isolation and social exclusion. This region can therefore illustrate how the ‘outer’ zone in the national typology, ‘Rural Areas with Complex Problems of Development’, can be articulated and given policy resonance at regional level.

Most of the territory of Sardinia falls (in the national analysis) within Zones C. Intermediate Rural Areas or D. Rural Areas with Complex Problems of Development. In preparing its RDP, the Regional Council decided to divide each of Zones C and D 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 years up to 2001; the indices of ageing and of dependence index; and the % 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:

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

The two zones with high levels of demographic malaise – C1 and D1 – are located mainly in mountain and hilly inland areas, and have an average population per commune of less than 3,000.

Within the NSP, the ‘rural areas with complex development problems’ are defined as “less densely populated areas of the country, characterized by low presence of local development processes in all sectors and by abandonment”. With extensive agriculture and a great variety of natural habitats, they contain much land with high natural value, which largely falls within the Protected Areas of Italy. Most of the population is employed in farming, while the other sectors, such as handcrafts and tourism, are less dynamic. Agriculture has a challenging future, because the land is of low productivity. The process of abandonment of land is intense. The social-economic base is fragile, with high rates of unemployment, low levels of income and of saving, and gaps in rural services compared to other parts of Italy, and an ageing index higher than the national average. The infrastructure of schools is below the national average, with consequent impact on the quality of life and on social-economic vitality.

The RDP for Sardinia builds on this national diagnosis by stating the following objectives related to the areas that are the subject of this case study: to improve the attractiveness of the rural territories for people and for 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 the farm holdings; and to reduce social isolation and exclusion.

To pursue these objectives, the following measures will be used: 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; 323 Protection and beneficial use of the rural heritage; 341 Acquisition of competences, animation and implementation; and 41 Implementation of local development strategies. Measures 311, 323 and 341 are implemented partly by the Regional Council and partly by LAGs. Measures 312, 313, 321, 322 and 41 are wholly implemented by LAGs. Measure 41 is simply the vehicle through which the Axis 3 measures are mainly implemented. In Sardinia, the Leader approach is only used within C1 and D1 zones.

The RDP shows a gross budget for these 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 they did not produce their local development strategies and budgets till after the RDP was approved, how this total is allocated between the individual measures is not known. The RDP also states that ERDF and ESF may bring support to these areas, but does not indicate the scale of resources from these funds.

This case study shows the determined effort, at national level and then at regional level, to apply a coherent typology, and to reflect this typology in the prioritising of resources under the RDP. The definition of areas is precise and clear, as well as the identification of the major needs and objectives. The Axis 3 and 4 measures seem to be well-related to the stated objectives, and a substantial amount of funding 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 attack on the severe problems that are described. It is logical to assume, but not be certain from the evidence of the RDP alone, that other RDP measures (from Axes 1 and 2), and possibly some resources from ERDF and ESF, will also benefit these areas.

7.8 Potential building blocks for a territorial typology of rural areas

Drawing together the ideas developed above, this part of the report offers potential building blocks for a territorial typology of rural areas.

First, a reminder of why such a typology may be needed, given the focus (emphasised at section 7.2 above) on relevance to the application of policies and measures supported by or related to the future rural development Fund. A territorial typology may be needed for four reasons or purposes:

A. To define the boundary between ‘rural’ and urban areas, as the basis for:
   i. at EU level, the division of labour between the rural development fund and the regional development and cohesion funds;
   ii. at national or regional level, to set the geographic scope of the Rural Development Programme, also in relation to other intervening programmes

B. To define the areas to which specific sectoral measures do or do not apply.

C. To define the areas which most need development, in the sense of social, economic or other change, in order to address socio-economic weaknesses, achieve cohesion and (in the medium to long-term) reduce dependence upon public funds.

D. To identify areas which offer prime opportunities for specific types of development, such as renewable energy, carbon capture and sequestration, attraction of external investment, development of tourism, improvement of landscape and ecosystems etc.

These four purposes reflect the distinction between definition, targeting and typology. Thus:
Definition of rural and urban areas for general purposes (Purpose A) may or may not require, or be part of, a typology which identifies differences within the rural area;

- Definition of areas for the application of specific measures (Purpose B) may offer sectoral building blocks for a typology, but not a complete territorial typology;

- Definition of areas which most need development (Purpose C), and which may therefore be given priority in significant parts of the Rural Development Programme, requires a comparative analysis of all rural territories and is therefore likely to shape a territorial typology;

- Identification of areas which offer prime opportunities for specific types of development (Purpose D) will not in itself form the basis for a territorial typology, but may contribute further building block elements.

The development of building blocks as opposed to a revised typology is considered most appropriate for two main reasons:

a. The experience of the present round of Rural Development Programmes, which is described in this report, shows that MS vary greatly in the approach that they take to defining rural areas for general purposes, to defining areas for the application of specific measures (while keeping to the terms of relevant Regulations and Directives), and to the formulation of territorial typologies;

b. Some of the factors which may figure in a revised typology are not yet fully articulated in the form for which indicators are agreed or known to be available.

For these reasons, what follows may be seen as:

- a set of building blocks towards a revised typology on which further work will be needed (possibly by the EC and Member States);

- a set of ideas or factors which may figure in the analytical work that will need to be done by Member States or regions in preparing the next generation of Rural Development Programmes.

The building blocks could be considered by Member States for use in the construction of individual MS typologies.

**Main factors.** A set of main factors, which may figure in the analysis to be undertaken in preparing each Rural Development Programme, are proposed as the elements of the building blocks. They are:

1. Population Density
2. Urban Areas
3. Land Use
4. Physical Handicap
5. Environmental Sensitivity
6. Demography
7. Socio-economic disadvantage
8. Economic structure
9. Access to urban services/economies

Based on these factors, three **building blocks** are proposed:

1. Physical handicap
2. Environmental sensitivity
3. Socio-economic disadvantage

The Table 21 below shows how these factors are combined and are seen to relate to the first three purposes for typologies stated at the beginning of this sub-section.

Table 21 Main factors among potential building blocks for a revised typology of rural areas with their relation to the purposes of typologies

<table>
<thead>
<tr>
<th>Building Blocks</th>
<th>Factors</th>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural Definition</td>
<td>1 Population Density</td>
<td>X</td>
<td>?</td>
<td></td>
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<td></td>
<td>2 Urban Areas</td>
<td>X</td>
<td>?</td>
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<td></td>
<td>3 Land Use</td>
<td>X</td>
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<tr>
<td>Block 1 – Physical handicap</td>
<td>4 Physical Handicap</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Block 2 - Environmental Sensitivity</td>
<td>5 Environmental Sensitivity</td>
<td></td>
<td>X</td>
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<tr>
<td>Block 3 – Socio-economic disadvantage</td>
<td>6 Demography</td>
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<td>7 Socio-economic problems</td>
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<td></td>
<td>8 Economic structure</td>
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<td></td>
<td>9 Access to urban services/economies</td>
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<td>X</td>
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</tbody>
</table>

**Key to column headings**

A Definition of rural and urban areas for general purposes
B Definition of areas for application of specific measures
C Definition of areas which most need development

X = definite links

? = possible links

The fourth purpose of a typology, in the current context, could be considered to be related to the:

- potential to address the CAP’s ‘new challenges;
- potential for specific actions.

The potential to address the ‘new challenges’ and for specific actions (as described above) are important aspects for consideration to be taken into account in a typology. These potentials are as legitimate a basis for distinction between areas as are the factors specified above. However, they do not lend themselves to being categorised in a common way. I.e. the factors to be used in defining areas for specific different common actions, and for addressing different aspect of the ‘new challenges’ will, in-the-main, be different according the individual ‘new challenge’ or specific action and cannot be combined into a ‘building block’.

**Indicators.** Below are shown the possible indicators that might be used in defining of each of the 9 main – common – factors, and also (non-exhaustively) factors relating to the ‘new challenges’ and ‘potentials for specific action’.

1. **Population Density.** Key factor in defining the boundary between urban and rural areas for general purposes, and one potential element in a territorial typology. Not an adequate proxy for any other main factor.
2. Urban Areas. Supporting factor in defining the boundary between urban and rural areas for general purposes; a potential element in a territorial typology; and linked to main factor 9 (access to urban services and economies).

*Indicator: Size of LAU2 or built-up areas*

3. Land Use. Supporting factor in defining the boundary between urban and rural areas for general purposes; underlying factor for defining areas for application of specific measures; linked to main factor 8 (economic structure and strength).

*Indicators: - Land cover (Baseline indicator 7)*
  - Land use – built-up areas, cultivated areas (farming, pastoralism, forestry) natural areas (Baseline Indicators 3,9)

4. Physical Handicap. Key factor in defining areas for application of specific measures, notably support to Less Favoured Areas.

*Indicators: - Latitude, altitude, slope, soil quality (Baseline indicator 8)*
  - Climate - precipitation, temperatures (average and annual range)
  - Water regime - aridity, salinity, drought, flood etc. (Baseline indicator 15)

5. Environmental Sensitivity. Key element of constraint on primary land use and on some other economic activity; key factor for defining areas (such as Natura 2000, Nitrate Vulnerable Zones, Protected Forests) for application of specific measures. At the same time it provides opportunities for farmers to produce environmental public goods instead of conventional agricultural products.

*Indicators: - Natura 2000 area (Baseline indicator 10)*
  - Biodiversity: Protected Forests (Baseline indicator 11)
  - Nitrate Vulnerable Zone (Baseline indicator 14)
  - Protective Forests concerning primarily soil, water and other ecosystem functions (Baseline indicator 16)
  - Cultural heritage (indicator to be developed)
  - Landscape diversity and quality (indicator to be developed, drawing on the Council of Europe's European Landscape Convention, which has been ratified by 22 EU Member States)

6. Demography. A key element in defining areas which most need development, on grounds of weakness as shown by (for example) negative natural growth of population, net out-migration, loss of young people, unbalance between working age and dependent age groups.

*Indicators: - Gross population trends*
  - Balance of births and deaths
  - Balance of in- and out-migration
  - Age structure (Baseline indicator 18)
  - Life expectancy
7. Socio-economic problems. A key element in defining areas which most need development, on grounds of weakness as shown by (for example) low levels of educational attainment, unemployment, under-employment, low levels of economic activity, low levels of average income and purchasing power, lack of basic communal services.

**Indicators:**
- Levels of educational attainment *(Baseline indicator 22)*
- Levels of unemployment, under-employment, low levels of economic activity
- Long-term unemployment *(Baseline indicator 21)*
- Levels of average income and purchasing power
- Access to basic communal services and infrastructure – shops, post offices, clinics, day centers, schools
- Standards of infrastructure – water supply, sewerage, roads, public transport, electricity, telephones
- Internet infrastructure *(Baseline indicator 23)*

8. Economic structure and strength. A key element in defining areas which most need development, on grounds of weakness as shown by (for example) narrowly based economies, low levels of job vacancy, low levels of GDP and GVA.

**Indicators:**
- Structure of the Economy *(Baseline indicator 19)*
- Structure of employment *(Baseline indicator 20)*
- Structure of farming *(Baseline indicator 4)*
- Structure, productivity and health of forests *(baseline indicator 5, 6, 13)*
- Multipliers and leakage in regional and sub-regional economies
- Levels of job vacancy
- GDP and GVA per capita

9. Access to urban services and economies. A potentially significant element in assessing the relative strengths and weaknesses of rural regions.

**Indicators:**
- Presence of urban areas – see main factor 2 above
- Presence of basic services in these urban areas
- Presence of job vacancies in these urban areas
- Ease of access to these urban areas, in terms of personal or public transport
- Levels of commuting

10. Potential to meet the new challenges. A potentially positive element, which may justify allocation of resources to defined areas because of their potential (for example) to capture and sequestrate carbon, to produce renewable energy etc.

**Indicators (which will require further elaboration):**
- Areas where farming, pastoralism, forestry or nature conservation offer potential for capture and sequestration of carbon
- Areas with potential for generation of renewable energy through wind, water, biomass, biogas, solar energy etc.

11 Potential for specific action. A potentially positive element, which may justify allocation of resources to defined areas because of their potential. For example, to attract inward investment by entrepreneurs or to develop new flows of tourism, by reason of their high environmental quality, cultural resources etc.; or to improve the landscape and ecosystems through afforestation. These areas may or may not coincide with areas of high environmental sensitivity (see main factor 5).

Indicators:  - Landscape quality
- Cultural resources
- Potential for recreational and touristic activity
- Potential for beneficial afforestation (Baseline indicator 13)

7.9 Implications for a revised set of baseline indicators

The possible changes or additions to the present set of 23 baseline indicators that may be needed in response to the points made earlier in this section are summarized below. These may include:

- Changes to Baseline Indicators 1 and 17 (Population density), to sensitise them to the wide variations in average population densities and in the statistical units to which MS may wish to apply them.
- Adaptation to Baseline Indicators 3 (Agricultural land use), 5 (Forestry structure) and 7 (Land cover) so that land use becomes an element in the overall definition of rural areas, particularly for measures such as those now in Axes 1 and 2 of the EAFRD.
- New indicators related to the definition of urban areas, sensitised to the wide variation in settlement patterns in different countries.
- A new Baseline Indicator for assessment of distance from urban centres.
- Updating, and possibly extension, of Baseline Indicators 19 and 20 (Structure of economy and of employment).
- Continuance, and if necessary updating, of Baseline Indicators which support sectoral measures – Indicators 8 (Less Favoured Areas), 10 (Natura 2000 areas), 11 (Protected Forests), 14 (Nitrate Vulnerable Zones) and 16 (Protective Forests, concerning primarily soil, water and other ecosystem functions).
- Development of new Indicators related to the new challenges adopted in the 'Health Check' of the CAP, notably those related to climate change and to renewable energy.
- Development of new indicators to assist MS that wish to prepare a gradation of rural areas for policy purposes. This might include indicators relating to:
  - Demographic structures and trends (building on baseline indicator 18);
  - Education levels in the population (baseline indicator 22);
  - The strength or weakness of, and the degree of diversification in, the local economy (building on baseline indicators 2, 19, 20 and 21);
  - The presence or absence of basic services, such as schools, hospitals or clinics, day care centers, groceries, post offices etc.;
- Adequacy of the infrastructure of roads, public transport, electricity, water supplies, sewerage, telecommunications etc. (on the lines of baseline indicator 23 related to internet infrastructure);
- Travel-time distances to regional centers (which may or may not fall within the defined rural area).

7.10 Relationship of typology building blocks to the SWOT analysis of RDPs

Obviously, factors which determine territories to be targeted by policy measures will have a clear relevance to the SWOT analysis of an RDP. Table 22 illuminates this link. Most of the links follow directly from what is written in section 7.8. Here only few less obvious links are mentioned. The size of the commune (or its equivalent) behind the definitional factor “Urban Areas” should be visible; small territorial units might be weaker in development lacking necessary minimum human capacities and funds. Environmental vulnerability may represent a threat or constraint for the development of rural areas, but also an opportunity for production of environmental public goods. Some demographic problems, such as in-migration, might originate outside the rural areas and might constitute a threat to the development.

Table 22 Main factors among potential building blocks for a revised typology of rural areas with their relation to the SWOT analysis of RDPs

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</tbody>
</table>

X = definite links
? = possible links
References on other spatial typology work


ESPON (2003), *Urban-rural relations in Europe (ESPON project 1.1.2)*. Second Interim report. [http://www.espon.eu/mmp/online/website/content/projects/259/649/file_1188/1.ir_1.1.2.pdf](http://www.espon.eu/mmp/online/website/content/projects/259/649/file_1188/1.ir_1.1.2.pdf)


