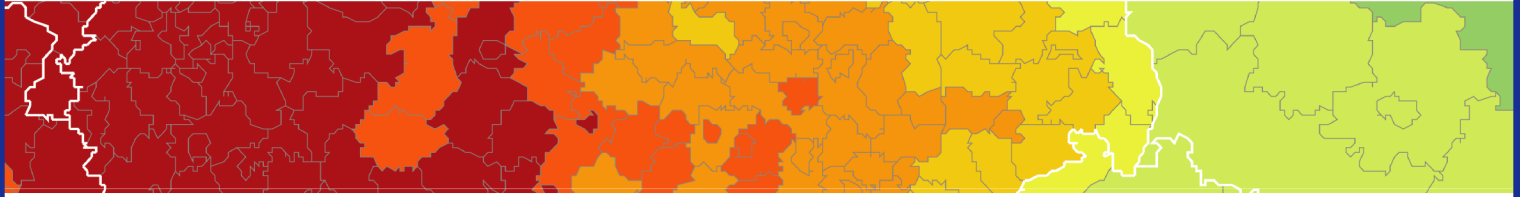




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# ESCAPE European **S**hrinking Rural Areas:

**C**hallenges, **A**ctions and **P**erspectives for Territorial Governance

Applied Research

**Final Report – Annex 15**  
**EU, National and Regional Policy Reporting**

## **Annex 15**

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Final Report - Annex 15

**EU, National and Regional Policy Reporting**

**ESCAPE**

**E**uropean **S**hrinking Rural Areas:  
**C**hallenges, **A**ctions and **P**erspectives for  
Territorial Governance

Version 21/12/2020

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## Abbreviations

CAP	Common Agricultural Policy
CLLD	Community led Local Development
DG	Directorate-General
EARDF	European Agricultural Fund for Rural Development
EC	European Commission
ERDF	European Regional Development Fund
ESF	European Social Fund
ESIF	European Structural and Investment Funds
EU	European Union
NGO	Non-governmental Organisation
NUTS	Nomenclature of Territorial Units for Statistics
OP	Operational Programme
ROP	Regional Operational Programme

# 1 Introduction

This document is an addendum to the material presented in Section 5.2 of the Escape Final Report. The next section documents the research process that has led to the development of key EU and National policy findings in the final report. Following a description of the approach to developing our findings, Section 2 provides a complete table of the key EU, national, regional and local policies that tackle rural shrinkage, as identified in the eight ESCAPE case studies conducted in the project. This provides additional insight into the research approach, as well as providing an indication of the number and multi-level dispersion of policy actions that either directly or indirectly seek to tackle the rural shrinkage phenomenon. Section 3 of this annex provides a brief introduction of key EU policy frameworks that deal specifically with rural shrinkage, which is followed by a documentation of the experiences of implementing EU policy by the national and regional or local actors, as derived through the case study research. This serves as an important supplement to the presentation of policies from an EU perspective in Section 5.2 of the ESCAPE final report.

## 2 Tasks and research process

A main methodological pillar of the ESCAPE project has been to utilise the indepth research process carried out through EU policy stakeholder interviews, as well as the indepth interviews carried out within the eight regional case studies by the ESCAPE project. These interviews have sought to identify key policy measures that have been developed via EU policy frameworks and to identify national, regional and local policies, to the extent that they have been developed. In addition to the identification of these policies, the research proceses in the case studies and EU interviews also sought to assess the current implementation of said policies, as well as the prospects and recommendation for future policy development, particularly from the EU perspective. The results of this material hase been the primary input into the development of the EU policy findings in Section 5.2 of the ESPON ESCAPE Final Report.

Based on the importance of developing a systematic assessment of EU policies implemented in the case study regions, the first step of the EU and National policy synthesis has been to extract all the key policy findings from each of the case study reports. This has led to a tabulation of policy actions in each case study area, which allows us to compare the nature of policy implementation that has explicitly tackled (and continues to tackle) mitigative and adaptive measures to the challenge of rural shrinkage. One of the important benefits of this process has been the collection of local and regional experiences regarding the implementation projects derived from key EU policy Frameworks, including CAP Pillar II, Cohesion Policy and Communitley Led Local Development (CLLD) initiatives. This collection allows for the identification of generalised findings, as presented in Section 5.2 of the ESCAPE Final Report, and as further elaborated in Section 3 of this annex. Table 1 therefore concretely identifies and highlights the different EU/national and regional/local policies, as identified in the case study reports. The purpose of the table is to give an overview of the policy framework, as presented in the reports of the eight case study countries/regions (See also, ESPON ESCAPE Final Report, Annexes 5–12) . It provides the background to which the ESCAPE policy findings have been presented in Section 8, as well as the remainder of this annex.

The second step of developing a systematic assessment of EU policies is the interview of key EU Commission officials and policy stakeholders, carried out in Brussels during the ESCAPE project implementation. The main findings of these interviews are documented in Annex 3, as carried out by John Meredith from TEAGASC, in Ireland. Detailed interview questions for these interviews were developed in collaboration between Nordregio and TEAGASC in order to ensure findings of these interviews are directly utilised in the reporting of key policy findngs.

Table 1: Identification of policies that directly or indirectly tackle issues associate with rural shrinkage.

<b>Osječko-baranjska County, Croatia</b>	
<b>Information Overview</b>	<b>Policies and Programmes identified by the case study interviewees</b>
<p>- The support framework for tackling rural shrinkage (both mitigative and adaptive actions) is strongly dependent on EU funds</p>	<p><b>EU funded programmes:</b></p> <ul style="list-style-type: none"> <li>- National Operational Programme for Effective Human Resources</li> <li>- National Operational Programme for Competitiveness and Cohesion</li> <li>- National Rural Development Program (Including Leader (CLLD))</li> <li>- National Operational Programme for Maritime Affairs and Fisheries</li> <li>- European territorial cooperation</li> <li>- Interregional Cooperation</li> <li>- Integrated Territorial Investments (ITI)</li> <li>- Cross-border and transnational Cooperation (INTERREG)</li> <li>- Programme for the integrated physical, economic and social regeneration of small towns in war-affected areas</li> <li>- MAKE A WISH programme (employs and educates women)</li> </ul> <p><b>Other:</b></p> <ul style="list-style-type: none"> <li>- A program to support the improvement of material conditions in primary and secondary schools</li> <li>- Local community sustainable development program (social revitalisation)</li> <li>- Sub-program Development of the Adriatic Islands (social development)</li> <li>- Community investment program (renovation and reconstruction)</li> </ul>



	<ul style="list-style-type: none"> <li>- Support program for mountainous areas (accessibility)</li> <li>- A program to improve infrastructure in areas populated by members of national minorities</li> <li>- Regional Development Support Program 2018.</li> <li>- Preparation and implementation of development projects for EU funds</li> </ul> <p><b>Important regional policies:</b></p> <ul style="list-style-type: none"> <li>- Additional credit to lagging LAU's when applying for European Union funds</li> <li>- The development index gives a special position to assisted areas</li> <li>- Law on Areas of Special State Concern, which (currently contains mainly regulations on housing).</li> <li>- A policy based on the Rural Development Programme that supports development of social infrastructure (especially kindergartens, primary schools etc.</li> </ul>
<b>Lovec, Bulgaria (North Western Region (NUTS 2) Lovech District (NUTS 3))</b>	
<b>Information Overview</b>	<b>Policies and programmes</b>
<ul style="list-style-type: none"> <li>- There are no specific national or regional instruments relying solely on funding through the national budget – unless for “social payments”.</li> <li>- Regional OPs do not exist in Bulgaria.</li> </ul>	<p><b>National:</b></p> <ul style="list-style-type: none"> <li>- National Operational Programmes (2014-2020) (ERDF, Cohesion Fund, ESF, European agricultural fund for rural development, European maritime and fishery fund, The European assistance Fund for the most deprived).</li> <li>- Transport and transport infrastructure</li> <li>- Environment</li> <li>- Regions in growth</li> <li>- Science and education for intelligent growth</li> <li>- Innovations and competition</li> </ul>

<p>- All funding instruments implementing regional and sectoral policies are co-funded by different EU funds.</p>	<ul style="list-style-type: none"> <li>- Human Resources development</li> <li>- Good governance</li> <li>- Initiatives for small and medium sized enterprises</li> <li>- Rural development programme (only 2<sup>nd</sup> pillar)</li> <li>- Fishery and aquaculture</li> <li>- Programmes for cross-border and territorial cooperation (Interreg, Danube, ESPON, URBACT, BlackSea)</li> </ul> <p><b>Other operational programmes co-funded by the EU:</b></p> <ul style="list-style-type: none"> <li>- Resources are provided under the following thematic funds: asylum, migration and integration, environment protection and climate change, local development, poverty reduction and improved inclusion of vulnerable groups, bilateral relationships, justice, home affairs, cultural entrepreneurship, heritage and cooperation, renewable energy, energy efficiency and energy security</li> </ul> <p><b>Strategies:</b></p> <ul style="list-style-type: none"> <li>- National Strategy against the Demographic Challenge</li> <li>- The National Strategy for Regional Development (2012-2022).</li> <li>- The National Strategy/Concept for Territorial Development (2012-2030)</li> <li>- National Programme for Development: Bulgaria 2020 (no evidence of implementation)</li> <li>- The Government Programme for Sustainable Development for the period 2014-201 (includes several documents with special focus on “lagging regions”)</li> <li>- The national Demographic strategy (elaborated in 2006 and updated in 2012).</li> </ul> <p><b>Regional and local:</b></p>
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	<ul style="list-style-type: none"> <li>- Development Plan for the North-Western Region</li> <li>- Strategy for District Development (2010-2015)</li> <li>- Municipal plans for development</li> </ul>
<b>Siemiatycki, Łomżyński, Poland</b>	
<b>Information Overview</b>	<b>Policies and programmes</b>
<ul style="list-style-type: none"> <li>- The components of the Polish policy towards rural areas can be divided into the ones financed from European sources and ones financed from domestic sources. European programs are mostly connected with structural and investment funds.</li> <li>- main problem at the national level is the lack of a coherent programme for villages</li> </ul>	<p><b>National:</b></p> <ul style="list-style-type: none"> <li>- ESI funds</li> <li>- Rural development programme</li> <li>- National development strategies</li> </ul> <p><b>National operational programmes:</b></p> <ul style="list-style-type: none"> <li>- The Infrastructure and Environment Operational Programme,</li> <li>- Smart Growth Operational Programme</li> <li>- Knowledge Education Development Operational Programme,</li> <li>- Digital Poland Operational Programme,</li> <li>- Eastern Poland Operational Programme</li> <li>- Technical Assistance Operational Programme.</li> </ul> <p><b>Village renewal programs</b></p> <p><b>National sectoral programmes:</b></p> <ul style="list-style-type: none"> <li>- Policies and funding for education, healthcare and social services, which may have unique (and sometimes unintended) territorial consequences.</li> </ul>

	<ul style="list-style-type: none"> <li>– Programmes towards: road or housing infrastructure, sport, education, and farmers' wives' associations <b>(used by local self-governments)</b></li> </ul> <p><b>Strategy for Responsible Development (based on EU strategies, Europe 2020 and strategy for smart and sustainable development:</b></p> <ul style="list-style-type: none"> <li>– A pillar: socially sensitive and sustainable development (areas: Social cohesion, Sustainable territorial development)</li> </ul> <p><b>Strategy for the Development of Rural Areas:</b></p> <ol style="list-style-type: none"> <li>1. improving the quality of human and social capital, employment and entrepreneurship in rural areas;</li> <li>2. improving living conditions in rural areas and their spatial accessibility;</li> <li>3. food security;</li> <li>4. increasing the productivity and competitiveness of the agri-food sector;</li> <li>5. environmental protection and adaptation to climate change in rural areas.</li> </ol> <p><b>Other:</b></p> <ul style="list-style-type: none"> <li>– Social policies such as the “Family 500+” programme</li> <li>– Labour market policies</li> <li>– Policies regarding the delivery of education and healthcare can impact access in rural areas</li> <li>– Environmental policies,</li> <li>– Transport policies impact rural development by providing linkages to facilitate the movement of goods and people.</li> </ul> <p><b>Eastern Poland Operational Programme (ESI, ERDF)</b></p>
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	<ul style="list-style-type: none"> <li>- Local Action Groups</li> <li>- LEADER (RDP)</li> </ul> <p><b>Regional development strategies</b></p>
<b>Germany (Mansfeld-Südharz)</b>	
<b>Information Overview</b>	<b>Policies and programmes</b>
<ul style="list-style-type: none"> <li>- Besides EU support, Germany has intensified its commitment to deal with “equal living conditions everywhere”.</li> <li>- Saxony-Anhalt is particularly supported through ERDF.</li> <li>- Similar to the higher administrative levels, the commitment of the county level and at local level towards rural shrinking regions is widespread.</li> </ul>	<p><b>National:</b></p> <ul style="list-style-type: none"> <li>- Rural Development Programme (Pillar 2 of CAP)</li> <li>- Leader (CLLD)</li> <li>- 23 Local Action Groups</li> </ul> <p><b>ESF Operational Programme Priorities:</b></p> <ul style="list-style-type: none"> <li>- sustainable and highly qualified employment</li> <li>- social inclusion and</li> <li>- poverty prevention</li> <li>- education, skills and lifelong learning.</li> </ul> <p><b>Other:</b></p> <ul style="list-style-type: none"> <li>- Cross-sectoral inter-ministerial working group</li> <li>- Joint Monitoring Committee for ERDF, ESF and EAFRD for the period 2014-2020</li> <li>- Expert group commissioned by three Ministries (interior; food and agriculture; Family, Aged Persons, Women and) with slogan “our plan for Germany) has provided a review and recommendations for:</li> </ul>

	<p>“equal living conditions everywhere”; social service provision , securing civic involvement, participation and Cohesion</p> <p><b>The national action programme “regional service provision” (MORO)</b></p> <p><b>Local and regional level:</b></p> <ul style="list-style-type: none"> <li>– regional platform for discussion and cooperation: “Demographic Alliance”</li> <li>– Advisory Committee for Demographic Change of Saxony-Anhalt</li> <li>– “Demographic Portal” of Saxony-Anhalt, highlighting specific individual projects</li> <li>– “Integrated Concept for Municipal Development” (IGEK), with different place-based approaches and priorities</li> <li>– LEADER/CLLD is applied throughout the CS</li> </ul>
<p><b>Szentes, Csongrád, Hungary</b></p>	
<p><b>Information Overview</b></p>	<p><b>Policies and programmes</b></p>
<p>Almost every public policy (healthcare, social affairs, education) directly or indirectly impacts the issue of demographic decline in Hungary. Of these policies, the regional and rural development policy has the greatest impact on rural population shrinkage,</p>	<p><b>National:</b></p> <p><b>The Hungarian National Development and Territorial Development Concept</b></p> <ul style="list-style-type: none"> <li>– Five national development priorities, one of them is directly addressing demographic shrinkage under the title “4. Tackling social inclusion and demographic challenges”</li> </ul> <p><b>Partnership Agreement for Hungary</b></p> <p><b>Operational Programmes: Thematic Objectives include:</b></p> <ul style="list-style-type: none"> <li>– Human Resources Development Operational Programme (TO9)</li> </ul>

<p>having regard to financial resources of the EU</p>	<ul style="list-style-type: none"> <li>- Territorial and settlement development OP (TO8, TO9)</li> <li>- Economic Development and Innovation Operational Programme (TO8)</li> <li>- Hungarian Fisheries Operative Program (TO8)</li> </ul> <p><b>CAP Pillar II – rural development policy</b></p> <ul style="list-style-type: none"> <li>- Improvement of small scale infrastructure; development of basic services</li> <li>- Cooperation among small operators (developing tourism); cooperation among social enterprises;</li> <li>- The LEADER Programme</li> </ul> <p><b>Family Protection Action Plan</b></p> <p><b>Hungarian Village Programme</b></p> <p><b>Other:</b></p> <p><b>Tax policy:</b></p> <ul style="list-style-type: none"> <li>- Personal income tax exemption for women with at least four children (from 2020);</li> <li>- A system of family tax benefits was introduced in 2011: family tax benefit of HUF 66,670 for one child, HUF 266,000 for two children, and HUF 660,000 for three children</li> </ul> <p><b>Housing and Transport:</b></p> <ul style="list-style-type: none"> <li>- ‘First home programme’ (families raising or agreeing to raise two children can apply for a HUF 10 million interest-subsidised loan, while families raising or agreeing to raise three or more children can apply for an interest-subsidised loan of HUF 15 million for the purchase or construction of new flats or family houses).</li> </ul>
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	<ul style="list-style-type: none"> <li>- reduction in mortgage loans (Since 2018 the government has taken over HUF 1 million from the mortgage loans of large families upon the birth of a third and every further child.)</li> <li>- family car purchase program (subsidies available for the purchase of new cars with a minimum seven seats for families raising a minimum three children – max HUF 2.5 million)</li> </ul> <p><b>Daily childcare services:</b></p> <ul style="list-style-type: none"> <li>- establishing new crèche-facilities (ca. 20 thousand extra places by 2020)</li> <li>- childcare allowance for grandparents to assist mothers' access to employment</li> </ul> <p><b>Other:</b></p> <ul style="list-style-type: none"> <li>- baby loan (an interest-free, any-purpose loan of maximum HUF 10 million for young married couples with the intention of encouraging them to have children,</li> </ul> <p><b>Regional and local:</b></p> <ul style="list-style-type: none"> <li>- Local Development Strategy of LAG</li> </ul> <p><b>Integrated Territorial Programme</b></p>
<b>Alt Maestrat, Catellón, Spain</b>	
<b>Information Overview</b>	<b>Policies and Programmes</b>
<p>- Regarding EU policies, both Cohesion and Rural Development Policies include measures which are contributing to</p>	<p><b>National:</b></p> <ul style="list-style-type: none"> <li>- Increase of paternity leave to make it equal to the 16-week maternity leave (progressive application until 2021)</li> </ul>



<p>mitigating the existing inequalities between inner rural areas and the more urbanized coastal areas. The most important ones are the digitalization strategies (at EU, national and regional levels), measures supporting regional and rural development (ERDF, Cap Pillar 2 policies, and specially the LEADER, etc.) and ESF employment-related programmes</p> <p>- The main national framework to address rural shrinkage is the recently agreed general guidelines of the <i>National Strategy against the Demographic Challenge</i>, led by the</p>	<ul style="list-style-type: none"> <li>- Rehabilitating rural buildings (National Strategy of Prevention and Fight against Poverty and Social Exclusion)</li> <li>- Rural woman support: Law of shared ownership of agricultural exploitations; innovation and training programs and support to victims of male violence.</li> <li>- Guidelines of the National Strategy against the Demographic Challenge</li> <li>- EU Youth Employment</li> <li>- Social Security benefits for freelance workers in villages &lt;5000 inhabitants.</li> <li>- National Digital Agenda</li> <li>- Digitization Agenda for the agri-food, forestry sectors and rural areas.</li> <li>- National Strategy of Prevention and Fight against Poverty and Social Exclusion</li> <li>- Subsidies for the promotion of self-employment, social economy and corporate social responsibility</li> <li>- Study about adopting tax differentiation for rural areas (Min. of Finance)</li> <li>- National Depopulation Forum (civil society, raise concern)</li> <li>- Correos market: online marketplace for local food and handicraft products</li> </ul> <p><b>Regional:</b></p> <ul style="list-style-type: none"> <li>- Rural woman programme</li> <li>- AVANT Agenda and Agency against depopulation</li> <li>- 2014-2020 OP: <ul style="list-style-type: none"> <li>- Subsidies for vocational training and employment in tourism sector</li> <li>- Subsidies for the hiring of local (municipal) employment and development agents.</li> </ul> </li> <li>- ERDF 2014-20 OP: <ul style="list-style-type: none"> <li>- Fostering and implementation of renewable energy in small companies</li> </ul> </li> </ul>
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<p>Ministry of Territorial Policy and Public Administration, launched in 2019.</p>	<ul style="list-style-type: none"> <li>- Infrastructural improvement for e-learning and mobile learning</li> <li>- Extension of the broadband of 30 Mbps</li> <li>- Aids for the improvement of rural roads</li> <li>- EARDF 2014-2020 research and development programme:</li> <li>- Valencian Plan of Organic Production</li> <li>- LEADER 2014-20 OP:</li> <li>- Law of Land Structures, measures and tax benefits for triggering mobility of land</li> <li>- Increased funding for shrinking villages</li> <li>- Subsidies to depopulating municipalities and associations of mun. at financial risk</li> <li>- Plan against the Financial Exclusion (installation of ATM in shrinking villages)</li> <li>- Subsidies for maintenance municipal psychopedagogical offices in schools</li> <li>- Provision of medical emergency service (ambulance in Vilafranca)</li> </ul> <p><b>Local (Provincial or municipal)</b></p> <ul style="list-style-type: none"> <li>- Social Housing</li> <li>- Local tax reduction &amp; aids for families</li> <li>- Baby bonus in villages &lt;1000 inhabitants</li> <li>- Grant for children in the local school (Culla)</li> <li>- Early morning assistance in public primary and secondary schools</li> <li>- ESF 2014-2020 OP:</li> <li>- ERDF 2014-20 OP:</li> <li>- Renovation and replacement of outdoor public lighting</li> <li>- Provision of public wireless networks in rural villages</li> </ul>
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	<ul style="list-style-type: none"> <li>- SEPAM (administrative, legal, economic and information support to municipalities)</li> <li>- CEDES (Centre of Economic and Social Development) in rural areas</li> <li>- Subsidy for a Tourism Promotion Plan (for 4 villages of the CS area)</li> <li>- Castelló “a Tasty route”. Database of gastronomy, cultural events and provincial tourist establishments.</li> <li>- Association of Municipalities social services provision (elderly, women, disabled, families)</li> <li>- Subsidies for summer cinema or musical entertainment and sports events</li> <li>- Subsidies for rural multi-service stores</li> <li>- 5 day-centres for elder care (1 in CS area)</li> <li>- Grants for taxi transport to the doctor</li> <li>- Subsidies addressed to the primary care programs in social services</li> <li>- Adapted transport for people with functional diversity (Vilafranca)</li> <li>- Home delivery of meals to elder (NGOs)</li> <li>- Centre of Rural Development</li> </ul>
<b>Kastoria, Western Macedonia, Greece</b>	
<b>Information Overview</b>	<b>Policies and programmes</b>
<p>- ESIF are the main source of infrastructure finance especially during the Greek economic crisis period when national</p>	<p><b>National:</b></p> <ul style="list-style-type: none"> <li>- Common Agricultural Policy</li> <li>- European structural funds: main source of infrastructure finance especially during the Greek economic crisis period when national investment funds are close to zero</li> <li>- European Cohesion Policy funds.</li> </ul>

<p>investment funds are close to zero.</p> <p>- The ESIF are mainly used for boosting economic growth.</p>	<p>Strengthen economic, social and territorial cohesion of lagging behind EU regions.</p> <ul style="list-style-type: none"> <li>- Rural Development Programme (RDP) 2014-2020</li> <li>- The Greek state have 2019 adopted the horizontal subsidy of 1000 euros for every new-born child which applies all over the country</li> </ul> <p>Environmental protection and the improvement of the quality of life in rural areas, such as actions related to land reclamation and the development of public spaces, have also significantly benefited from funds coming from the EU policies and the national policies.</p> <p>EU support through national policies has had a significant contribution to the infrastructure investments positively influencing rural development</p> <p><b>Regional and local policies</b></p> <ul style="list-style-type: none"> <li>- CLLD/LEADER programme</li> </ul>
<p><b>Juuka, North Karelia, Finland</b></p>	
<p><b>Information Overview</b></p>	<p><b>Policies and Programmes</b></p>
<ul style="list-style-type: none"> <li>- European Cohesion Policy is implemented in Finland through the Sustainable Growth and Jobs 2014–2020 structural funds programme</li> </ul>	<p><b>National:</b></p> <ul style="list-style-type: none"> <li>- Sustainable Growth and Jobs 2014–2020 structural funds programme (ERDF;ESF)</li> <li>- The Rural Development Programme for Mainland Finland 2014–2020 (RDP) CAP I and II</li> <li>- National Rural Policy Programme (2014-2020). (no funding, working to influence policy and with the EARFD)</li> <li>- Regulations on Services of General Economic Interest (support of local village shops).</li> </ul>

<p>- Besides EARDF, the ERDF and the ESF have an important role in supporting regional and rural development in sparsely populated areas.</p>	<p><b>Regional:</b></p> <ul style="list-style-type: none"> <li>- ERDF, ESF and EARDF make available a remarkable amount of financial resources to be used in North and East Finland for developing entrepreneurship and to some extent also advancing public and private investments.</li> <li>- EARDF funding has been allocated to primary production, rural small businesses and associations, the food industry, and education and development measures targeted at rural populations. Regarding employment and skills</li> <li>- ESF actions have mostly excluded primary production and rural populations. However, some ESF funded actions have also been targeted at rural or agricultural contexts including the promotion of wellbeing at work among agricultural and rural entrepreneurs as well as actions to safeguard labour availability in shrinking rural regions.</li> <li>- EUR 35/inhabitant/year in sparsely populated areas</li> <li>- Regions possess regional management committees that coordinate the funding activities in their regions and monitors the fulfilment of the programmes.</li> <li>- LEADER (CLLD) programme implementation</li> </ul>
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## **3 The Nature, Role and Effectiveness of Current EU and National Policy, and Prospects for the Future**

### **3.1 EU Policy Overview**

The main focus of the ESCAPE EU Policy overview has been on CAP Pillar II, Cohesion Policy and Community Led Local Development. As a supplement to the information provided in Section 5.2 of the ESCAPE Final Report, these policies are briefly described below, followed by a critique of current EU policy implementation based on the EU expert stakeholder interviews (ESPON ESCAPE Final Report, Annex 3) and the individual case study Reports (ESPON ESCAPE Final Report Annexes 5-12). Finally, Section 3.2 synthesizes the national, regional and local experiences of developing policy measures to tackle rural shrinkage within the eight ESCAPE case study areas.

#### **3.1.1 CAP Pillar II**

Common Agricultural policy (CAP) is broken down in to CAP Pillar I operates as direct annual payments to and agricultural market measures. CAP Pillar II, also referred to as Rural Development Policy provides funding that aims to develop non-agricultural sectors; stop the depopulation of the countryside by promoting employment and improving basic services (EUTA, 2011). CAP II provides a range of support, including financial, for farmers and rural communities to design and implement initiatives that meet a range of economic, environmental, and societal challenges through the implementation of national/regional Rural Development Programmes (RDPs).

CAP II is implemented on the basis of policy areas outlined in national RDPs and the Commission's menu of priorities. The Commission has established three main priorities for rural development policy: 1) Fostering agricultural competitiveness; 2) Ensuring sustainable management of natural resources and climate action; 3) Achieving balanced territorial development of rural economies and communities, including the creation and maintenance of employment. These priorities translate into six specific objectives for rural development policy:

1. Fostering knowledge transfer in agriculture, forestry and rural areas;
2. Enhancing the competitiveness of all types of agriculture and enhancing farm viability;
3. Promoting food chain organization and risk management in agriculture;
4. Restoring, preserving and enhancing ecosystems dependent on agriculture and forestry;
5. Promoting resource efficiency and supporting the shift toward a low-carbon and climate-resilient economy in the agriculture, food and forestry sectors;
6. Promoting social inclusion, poverty reduction and economic development in rural areas.

### **3.1.2 Cohesion Policy**

Cohesion Policy (also referred to as Regional Policy), aims to reduce economic, social and territorial challenges and disparities of 'less developed' areas, particularly regions facing industrial and agricultural decline through national, regional and cross-border implementation projects. These challenges include high unemployment, low education levels, poor quality housing, depopulation, ageing, outmigration, low accessibility, high energy and transport costs and a lack of services of general interest.

### **3.1.3 Community Led Local Development (CLLD)**

EU introduced the Common Provisions Regulation for Community-Led Local Development (CLLD) since the beginning of 2000. The CLLD approach mirrors that of LEADER as an integrated, place-based, and "bottom up" method bringing together local public, private and civil-society stakeholders. Though only accounting for a very small proportion of the total CAP budget, the LEADER initiative is a dedicated support to rural stakeholders, helping them to design, develop and implement integrated social and economic (territorial) development programmes tailored to the challenges facing their communities. As a consequence, local level responses reflect the key (bottom-up) concerns of those stakeholders involved in the design and implementation of these programmes. These concerns may, or may not, take into consideration rural shrinkage.

Notwithstanding, the specific aims of the CLLD approach include:

- encourage local communities to develop integrated bottom-up approaches in circumstances where there is a need to respond to territorial and local challenges calling for structural change;
- build community capacity and stimulate innovation (including social innovation), entrepreneurship and capacity for change by encouraging the development and discovery of untapped potential from within communities and territories;
- promote community ownership by increasing participation within communities and build the sense of involvement and ownership that can increase the effectiveness of EU policies;
- assist multi-level governance by providing a route for local communities to fully take part in shaping the implementation of EU objectives in all areas.

### **3.1.4 Critique of Current EU policy implementation**

Four key aspects emerge from the case studies and EU policy stakeholder interviews as a critique of EU policy's focus on the key challenges facing shrinking rural regions. First, out of the three main priorities for rural development policy and the six corresponding objectives, only priority 3 and specific objective 6 deal with some of the common drivers of demographic decline. As such, within the priority areas and objectives of Rural Development Policy (CAP II) there is limited consideration is given to the priority of "wider" (non-agricultural) rural development. This is implied by the share of expenditure allocated to "territorial" approaches, which is still relatively

low in the current programming period and seems likely to diminish in the next period (Dax and Copus 2016).

In relation to future expenditure allocated to territorial approaches, the second challenge regards the European Commission's proposal, as part of the Multiannual Financial Framework (MFF) 2021 – 2027, that funding for the next Common Agricultural Policy (CAP) post-2020 should be set at €365 billion. This equates to a cut of approximately 5% to the overall CAP budget, representing a cut of 3.9% to Pillar 1, Direct Payments and 15% to Pillar 2, Rural Development. At least 5% of Rural Development funds are to be ring-fenced for LEADER.

Third, the Territorial Agenda 2020 (TA2020) also notes, "The overall territorial impacts of the CAP are rather slight because the different territorial impacts offset each other. Thus, the pursuit of territorial efficiency in the regions (e.g. competitiveness of agricultural concerns, rising productivity) may have negative impacts on territorial quality and territorial identity (through standardisation of landscapes and reduction of their diversity, risks of soil erosion, reduction of community viability, lack of alternative job opportunities)." (EUTA, 2011)

Fourth, the minimal coordination across EU DG's was also highlighted in the case study interviews. The Finnish and German case study confirmed this point, arguing that there is minimal coordination and coherence across key EU funding sources and how they are administered at the national level interviews (Kahila *et al* 2020 [Annex 12]; Machold *et al* 2020 [Annex 8]). It was widely highlighted both in case studies and interviews with Commission Officials that there is a clear need for more systematic and integrated coordination and collaboration across DG's and greater flexibility in how EU funding sources are delivered in relation to the rural shrinkage issue (Meredith, 2020 [Annex 12]).

In response to these challenges, it is promising that a new position of European Vice-President for Democracy and Demography has been developed, which, in part, will likely create a more targeted and integrated policy approach towards the issue of rural shrinkage. Croatian politician and MEP, Dubravka Šuica, has been appointed to the position which is responsible for coordinating work for a long-term vision for rural areas, focused on addressing the issue of rapid demographic change. Interviews revealed that the new position is reflective of the Commission's growing concern about the connection between declining rural areas and growing support for populist parties across Europe (Interviews 2020). Issues of democracy and demography are considered all encompassing, therefore, the new vice president position cuts across all DG's meaning that they must consider policy mechanisms and instruments for empowering rural stakeholders in relation to their own DG policy remits.

In her political guidelines for the next European Commission, Ursula von der Leyen also highlighted rural areas as an essential element of European culture, society and economy, noting: "Our rural areas are home to more than 50% of Europeans. They are the fabric of our society and the heartbeat of our economy. The diversity of landscape, culture and heritage is one of Europe's most defining and remarkable features. They are a core part of our identity and



our economic potential. We will cherish and preserve our rural areas and invest in their future.”  
(von der Leyen, 2019 pp. 7)

## **3.2 Experiences of policy implementation in the eight ESCAPE case study areas**

### **3.2.1 National policy approaches toward shrinking rural regions**

National policymakers interviewed in the ESCAPE case studies noted that rural shrinkage is a complex and heterogeneous problem that makes the development of coherent (long-term) and effective national plans a major challenge. In the Finnish case study area, rural shrinkage is regarded as an extremely sensitive political issue and there is no single voice or clear argument among political parties at the national level on how to solve the problem (Kahila *et al* 2020 [Annex 12]). The Polish and Bulgarian case studies also confirmed that while the issue of rural shrinkage is well recognized at the national level, there is minimal coordination across ministries in the development of coherent strategies and policies to solve the challenge (Forys *et al* 2020 [Annex 7]; Slavova *et al* 2020 [Annex 6]). The National Strategy Against Demographic Challenge in Spain was established in an attempt to coordinate the broad range of rural shrinkage policies developed across different national ministries. Local actors in Spain argue that they have yet to see the impact of this programme, but welcome attempts to develop a coherent approach to rural shrinkage issues. In the Spanish case study, it is also noted that the guidelines for a National Strategy was disconnected from local particularities and more vertical integration and coordination between administrative levels are needed (Ortega-Reig *et al* [Annex 10]).

The Finnish and German case studies advocated a more holistic approach to policy design that gives the sub-national level a stronger voice within multi-level governance processes (Kahila *et al* 2020 [Annex 12]; Machold *et al* 2020 [Annex 8]). In this regard, the concept of territorial governance might be useful as a holistic planning tool designed to empower the sub-national level and enhance the role of local and regional knowledge in policymaking processes (Schmitt & van Well 2016). The Croatian case study region confirmed this perspective noting that policies should aim to increase the autonomy of regional and local authorities in defining their needs and directions of development, with resources for policy implementation coming from national governments and the EU company (Lukić *et al* 2020 [Annex 5]). The directions of development should be varied and selected at the level of municipalities, which today have the most tasks and the least financial resources. Some Commission officials argued that how the sub-national level anticipates and reacts to the issue of rural shrinkage is as important as the mitigation or adaptation strategies that are adopted. Indeed, it was questioned whether the sub-national level has the capacity to implement strategies as they are constrained by the reluctance of the national level to empower sub-national actors and give local and regional stakeholders greater self-determination over the development of policies and the direction of spending (Interviews 2020).

The Hungarian Village Programme is perhaps a rare example of a coherent national policy strategy that deals directly with the issue of rural shrinkage – and could be treated as a good practice as such. The programme is specifically focused on slowing declining demographic trends in rural villages by providing better service provisions, enhanced connectivity and financial support for access to housing. This programme continues from the Hungarian Government's 2016 Family Action Plan for restricting population decline by offering family protection measures, including tax reliefs and housing incentives (Koós *et al* 2020 [Annex 9]). Other national examples are the National Strategy Against Demographic Challenge in Spain, which was established as an attempt to coordinate the broad range of rural shrinkage policies developed across different national ministries. Local actors in Spain argue that they have yet to see the impact of this programme but welcome attempts to develop a coherent approach to rural shrinkage issues services (Ortega-Reig *et al* [Annex 10]). In Germany, the 2019 National Action Plan outlined policies for creating more equal living conditions across the country is another example (Machold *et al* 2020 [Annex 8]).

Apart from the targeted national measures described above, the interviews with national policy experts indicate that there is a growing general understanding about the inherent complexity of rural shrinkage. This has led to the diversification of policies and the implementation of more adaptation strategies targeting economic readjustment and improving the quality of life for citizens in rural areas. For example, the Polish, Hungarian and the Bulgarian governments are introducing new substantially financed national programmes targeted at small towns, villages and rural areas. However, as the Hungarian case study pointed out, these policies will have little impact if they do not come with adequate financial support. It was agreed across all case studies that substantially financed strategically targeted national level programmes are required to meet the challenges posed by rural shrinkage. Such programmes would also give rural areas and the issue of rural shrinkage explicit recognition, so that local and regional stakeholders would not have to continue competing for EU and national funding with urban areas.

National policymakers in Ireland also highlighted the potential of rural tourism and bioeconomy initiatives for promoting regional development; however, interviewees felt that rural capacity to maximize on these opportunities was relatively low and levels of investment in such enterprises was often too low to reverse the process of decline or cultivate economic growth (Machold *et al* 2020 [Annex 8])<sup>1</sup>. The Polish national government has attempted to foster economic growth through the development of renewable energy infrastructures in rural areas, whereas national adaptation strategies in Spain and Bulgaria have focused on enhancing the quality of life of people in rural areas by improving health care provision for the ageing and education provisions for young people. The Finnish, Spanish and German governments have also looked to digitalization to present new business opportunities and advertise rural areas. This interlinks

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<sup>1</sup> No region in Ireland was selected as a case study area in the project, but interviews were conducted with Irish national policymakers on the issue of rural shrinkage as one project partner is based in Dublin.

with the focus of the European Commission to battle regional disparities and inequalities with digitalization and a digital solutions agenda. While in Poland and Germany, measures to improve transport infrastructure have been put in place to improve connectivity with urban hubs. Kahila *et al* 2020 [Annex 12]; Ortega-Reig *et al* [Annex 10]; Machold *et al* 2020 [Annex 8]; Forys *et al* 2020 [Annex 7]).

### **3.2.2 Development and implementation of regional and local policy measures**

Across all case study areas, EU policies and funding are regarded as essential for overcoming the challenges of rural shrinkage. It was pointed out by case study interviewees that regional and local level authorities lack the financial resources and policymaking competence to develop long-term rural shrinkage strategies, particularly in those countries with a highly centralized system of government, such as Bulgaria. As a result, most local rural shrinkage policies tend to be financed by EU funding through the LEADER and CLLD methods. As the Polish case study observed, 'without EU funding, there would be no discussion on this issue.' The Hungarian case study identified the LEADER method as the most relevant EU policy instrument from the perspective of rural shrinkage (Forys *et al* 2020 [Annex 7]; Koós *et al* 2020 [Annex 9]).

Within the case study regions, mitigative policy measures at the regional and local level tended to focus on increasing fertility rates and encouraging young families to remain living in rural areas. In Finland, financial incentives, such as the one thousand euro 'baby bonus', were introduced to enhance fertility rates (Kahila *et al* 2020 [Annex 12]), whereas in the Spanish and German case study regions, tax breaks and financial support in relation to childcare was offered to young families (Ortega-Reig *et al* [Annex 10]; Machold *et al* 2020 [Annex 8]). In the Croatian case study region, local government focused on providing support for school children, including free school meals. However, some interviewees in the Croatian case study region were critical of regional policies noting that the focus on families ignores the complexity of the issue (Lukić *et al* 2020 [Annex 5]). In several case study areas, female focused policies have also been introduced to promote inward migration of females and encourage existing women to remain in rural areas; for example, in Spain, they created the rural women's programme and in Poland the programme for rural housewives. In Bulgaria, they moved processing industries to rural regions to attract more female employees to the area (Ortega-Reig *et al* [Annex 10]; Forys *et al* 2020 [Annex 7]; Slavova *et al* 2020 [Annex 6]).

Attempts to increase the attractiveness of rural areas was a common policy priority at the regional level. Indeed, adaptation appears to be the preferred coping strategy in many case study areas, with policies focused on improving the quality of life of local citizens, rather than trying to stop rural shrinkage. As the Bulgarian case study notes, the objective is to adapt to shrinking and not to mitigate it as population shrinking is unavoidable. For example, regional authorities in the Spanish, Bulgarian and Hungarian case study regions introduced adaptation strategies designed to improve the delivery of SGIs and general quality of living in rural areas, including more social housing, nursing homes, better transport infrastructure and access to

high quality broadband. (Slavova *et al* 2020 [Annex 6]; Ortega-Reig *et al* [Annex 10]; Koós *et al* 2020 [Annex 9]).

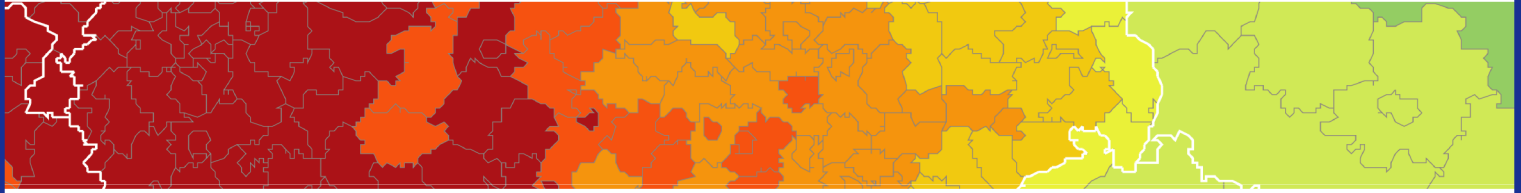
In many case study areas, local and regional authorities adopted adaptive policy measures designed to maximize rural assets and economic growth potential. For example, there was an emerging policy trend reported in multiple case study areas of using digital technology to raise the visibility of rural areas and enhance local self-image. This would often involve developing online platforms to market local products or raise awareness of regional assets and attractions. The role of digital technology needs to be carefully considered in relation to place-based rural shrinkage policies as an effective tool for promoting regional assets and encouraging entrepreneurial discovery, especially in terms of convincing younger people to start-up new and innovative rural businesses. In the German and Polish case study areas, regional adaptation strategies focused on increasing human capacity and competence in rural areas through EU funded education and training projects. The German case study noted that a more concerted effort is needed to ensure that education and learning policies matched the needs of rural labour markets. Other case study areas including Hungary, Poland, Spain and Bulgaria introduced regional level policies designed to stimulate business development and growth. Natural environmental assets were highlighted a key resource for rural areas with many regional and local actors keen to explore the new business possibilities surrounding nature tourism and agrifood development (Machold *et al* 2020 [Annex 8]; Forys *et al* 2020 [Annex 7]; Koós *et al* 2020 [Annex 9]; Ortega-Reig *et al* [Annex 10]; Slavova *et al* 2020 [Annex 6]).

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