Rural development in a new socio-sustainable growth path for Europe

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1. The research Project WWWforEurope

2. Our contribution on rural territories

3. Preliminary results

4. Some conclusions
Our research project

WWWFOREUROPE
WELFAREWELTHWORK

• Mission: A new socio-sustainable growth path for Europe
• Funding scheme : FP7
• Duration : April 2012 – March 2016
• Total budget : 10,4 Meuro
• Coordination : WIFO
• Project coordinator : Karl Aiginger
• Web site : www.foreurope.eu
33 Scientific Institutions in 12 EU Countries

Bruxelles, 25 MAR 2013
5 Thematic Areas

Area 1: European welfare state

Area 2: employment versus sustainability

Area 3: research and innovation

Area 4: governance structures and institutions

Area 5: the role of the REGIONS in the socio-ecological transition
OBJECTIVE of Area 5 – Role of the Regions

“The identification of challenges for the urban, peri-urban and rural areas concerning the locations of work, leisure, habitat, landscape and infrastructure”

Three tasks:
✓ analysis of the EU-27 territorial development
✓ Assessing distribution and role of EU policies over the territories
✓ policy scenario analysis at Regional scale

Our Research Unit:
“The Role of EU Rural Areas in Face of Globalisation”
Our approach with local/rural development

Challenges for Europe

- Socio-demographic
- Environmental
- Productive
- Governance

Territorial dimension

Heterogeneity
Our research program

1. Clarify and measure the socio-economic heterogeneity of rural/peripheral regions

- Work at the most analytical territorial dimension of the EU
- 1,303 NUTS3

No research so far at that level
Only at NUTS2 some old studies
2. How EU policies address heterogeneity?

- CAP: 2° pillar (EARDF) [FIRST RESULTS]
- CAP: 1° pillar (EAGF)
- EU regional policy (ERDF, ESF)

Our research program

evaluate at NUTS3 level

Structural problems

EU territorial policies
Our key dimension: **RURALITY**

Map 3.1.1-1 - Urban-rural typology of NUTS 3 regions

- Predominantly urban
- Intermediate
- Predominantly rural

91% territory
59% population
49% GVA
56% employment
Potential Accessibility

Potential Accessibility, multimodal
(2006, EU27 = 100)

- <25   100-125
- 25-50 125-150
- 50-75 150-175
- 75-100 >175

Source: elaboration on ESPON data (2009)
Origin of data: ESPON Accessibility update, 2009 –
RRG GIS Database, S&W Flight Network, S&W Accessibility Model
PERIPHERICITY: not only at EU level

Distance from Global MEGAs

MEGAs, *Metropolitan Economic Growth Areas* (ESPON – Project 1.4.3, 2006).
... but also at National level ...

Category 1 MEGAs (17): e.g., Munich, Frankfurt, Madrid, Milan, Rome, Stockholm, Vienna, ...

Category 2 MEGAs (8): e.g., Athens, Dublin, Helsinki, ...

Distance from Category 1 MEGAs  
Distance from Category 2 MEGAs
... and even at regional level

Category 3 MEGAs (26): e.g., Budapest, Edinburgh, Warsaw, Lyon, Marseille, ...

Category 4 MEGAs (23): e.g., Bucharest, Sofia, Tallinn, Seville, Southampton, ...

Distance from Category 3 MEGAs  

Distance from Category 4 MEGAs
First insights on territorial differences in Europe at the EU-27 level

Variables used:
• Population density
• GDP per head
• VA agr
• VA ind
• Employm agr
• Employm ind
• Agric land
• Forest land
• Artificial land
• Net migration
• Unemployment
• Other gainful agri
• Farmers education
• Touristic infrastr
First insights on territorial differences in Europe: EU-15 (I)

- Mountain or less favoured areas and high presence of natural surface
- High unemployment, "big" farms, low per capita GDP and productivity
- High productive and labour intensive primary sector, lower share of agr. GVA
- Low per capita GDP and pop density, high agr. empl, micro-small farms, low agr. productivity
First insights on territorial differences in Europe: EU-15 (II)

High per capita Gdp, high importance of tertiary sector, small farms

Per capita Gdp below the EU average higher importance of industries, farm size above the EU average

High per capita GDP and high pop. density, reduced importance of primary sector
Different kind of “Specialization”:

- Human capital in Northern EU
- Environment in North and Pt
- Investments and diversification in Continental EU
- Forests in Mediterranean EU
Criteria to assess UE expenditure allocation

Different criteria can be used to assess the expenditure spatial allocation:

1. **Intensity**
   How much money per unit of (agricultural) land, labour, value added, etc.

2. **Consistency**
   Correlation of expenditures with some target variables (e.g., per capita GDP)

3. **Clustering**
   Group of homogenous regions in terms of socio-economic characteristics as well as in terms of use of funds

• **Base of the analysis : real payments**
Intensity (€/UAA/year) of Pillar II payments (2004-9)

1) Higher in Continental EU
2) Homogeneous in Northern EU
3) Heterogeneity in Med EU, FR and DE

Legend:
- 0 - 120,55
- 120,55 - 208,65
- 208,65 - 369,15
- 369,15 - 142307,87
Intensity (€/AWU/year) of Pillar II payments (2004-9)

1) Higher and homogeneous in Continental and Northern EU

2) Lower and heterogeneous in Med EU (but also UK, FR)
### Consistency of 2nd pillar payments intensity

<table>
<thead>
<tr>
<th>EU-15 2004-2009</th>
<th>Ex. Intensity on UAA</th>
<th>Ex. Intensity on n. farms</th>
<th>Ex. Intensity on AWU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per capita GDP</td>
<td>.200**</td>
<td>.135**</td>
<td>.167**</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>-.018</td>
<td>.066*</td>
<td>.015</td>
</tr>
<tr>
<td>Pop. Density</td>
<td>.008</td>
<td>.019</td>
<td>.007</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Per capita GDP in:</th>
<th>Ex. Intensity on UAA</th>
<th>Ex. Intensity on n. farms</th>
<th>Ex. Intensity on AWU</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR regions</td>
<td>.115*</td>
<td>-.013</td>
<td>.145**</td>
</tr>
<tr>
<td>Intermediate regions</td>
<td>.227**</td>
<td>-.097*</td>
<td>.041</td>
</tr>
<tr>
<td>PU regions</td>
<td>.263**</td>
<td>.209**</td>
<td>.237**</td>
</tr>
</tbody>
</table>

**,** Significant at 1%, 5%
Consistency of 2nd pillar expenditure intensity

- Strong correlation 2nd pillar CAP payments with
  - Per capita GDP
- No/weak correlation with alternative variables
  - Unemployment
  - Population density

- Intensity of 2nd Pillar expenditure
  - higher in richer regions
  - regardless intensity of rurality and periphericity
A problem for democracy

The 88 RD levels of governance

- 1 RDP at MS level
- 1 National + specific RDPs
- RDPs at regional level

[Map of Europe showing different levels of governance]
Conclusive remarks 1

• Huge territorial heterogeneity
  – not only at EU level
  – but also national (inside the Member States)
  – and even regional (inside the Regions)

• How the EU tackles the issue?
  (Still only preliminary answers)
  – CAP : 2nd pillar addressed to the richest btw the rural
  – Future steps : CAP 1st pillar, EU cohesion policy
Conclusive remarks 2

- A problem of/for democracy
  - Decisions are taken at the center (MSs / NUTS2)
  - Rural and periphery are weakly represented
  - The result is that also the policies nominally addressed to them tend to concentrate away from the most in need
Thanks for your attention