# EDORA
# European Development Opportunities for Rural Areas

Applied Research 2013/1/2

Final Report: Version 2, September 2011

Annex 2 (Country Profiles Reports)

This report presents the final results of an Applied Research Project conducted within the framework of the ESPON 2013 Programme, partly financed by the European Regional Development Fund.

The partnership behind the ESPON Programme consists of the EU Commission and the Member States of the EU27, plus Iceland, Liechtenstein, Norway and Switzerland. Each partner is represented in the ESPON Monitoring Committee.

This report does not necessarily reflect the opinion of the members of the Monitoring Committee.

Information on the ESPON Programme and projects can be found on www.espon.eu

The web site provides the possibility to download and examine the most recent documents produced by finalised and ongoing ESPON projects.

This basic report exists only in an electronic version.

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Note the page numbers given above relate to the combined .pdf file (not to the numbering within the individual word files from which it has been created.)

## INTRODUCTION

This annex contains 31 working papers produced by the EDORA TPG as outputs from the activity (2.23 “Country Profiles”), covering the EU27 plus Norway, Turkey, Switzerland, and Liechtenstein, and following a strictly standard format and guidelines. According to the reference document of the EDORA Project (see Inception Report, page. 14), Activity 2.23 “Country Profiles” consist of tabular summaries of average indicator values for each type of rural area (as defined by activity 2.22 “Typology Elaboration”) within each Member State, accompanied by a brief explanatory text.

Therefore, the intention and objective was centred upon the provision of country-level commentaries upon socio-economic patterns revealed by the indicators contained in the EDORA database, structure by the Rural-Urban NUTS 3 regional typology described in Working Paper 24. These 31 reports play a background role in the writing of Working Paper 25, a comparative report, summarising the major socio-economic patterns across Europe.

It is very important to be clear that these 31 Country Profiles were thus never intended as free-standing or original sources of information on the rural areas of the Member States. Neither was it intended to carry out extensive work based upon national definitions of rural, or classifications which are based upon regions smaller than NUTS 3. In accordance with these rather limited requirements partners were allocated a budget resource equivalent to two person-days per country.

The implications for those countries which have only a single NUTS 3 region (such as Cyprus, Luxembourg and Liechtenstein) or where the country has no NUTS 3 regions which are classified by the OECD typology as ‘rural’, are clearly problematic, and with hindsight, there is an argument for excluding such countries from this exercise. Clearly many parts of the guidelines, which require interpretation of tables of data structured according to the NUTS 3 typologies, could not be followed. A more flexible approach was clearly appropriate, through which the report’s authors sought to meet the requirements of Working Paper 25, by conveying a general impression of the character of the rural parts of the country, on the basis of information readily accessible to them.

## APPENDIX 1: KEY TO PARTNERS

| No. | Partner | Short Name | MS |
|---|---|---|---|
| **1** | **UHI Millennium Institute** | **UHI** | **UK** |
| 2 | Nordregio - Nordic Centre for Spatial Development | NORD | SE |
| 3 | Newcastle University | NEWCL | UK |
| 4 | University of Valencia | UVAL | ES |
| 5 | Research Committee - University of Patras | PATRAS | GR |
| 6 | The Irish Agriculture and Food Development Authority | TEAGASC | IE |
| 7 | University of Gloucestershire | GLOUCS | UK |
| 8 | University of Ljubljana | LJUB | SI |
| 9 | Johann Heinrich von Thünen-Institut, Federal Research Institute for Rural Areas, Forestry and Fisheries, Institute of Rural Studies | vTI | DE |
| 10 | Federal Institute for Less-Favoured and Mountainous Areas | BABF | AT |
| 11 | Dortmund University of Technology | DORT | DE |
| 12 | Institute of Geography and Spatial Organization, Polish Academy of Sciences | PAS | PL |
| 13 | Institute of Economics Hungarian Academy of Sciences | HAS | HU |
| 14 | Higher Institut of Agronomy | HIA | PT |
| 15 | Scottish Agricultural College | SAC | UK |
| 16 | IOM International Organization for Migration/Central European Forum for Migration and Population Research | IOM | PL |

The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## AUSTRIA

Report nº 25.1

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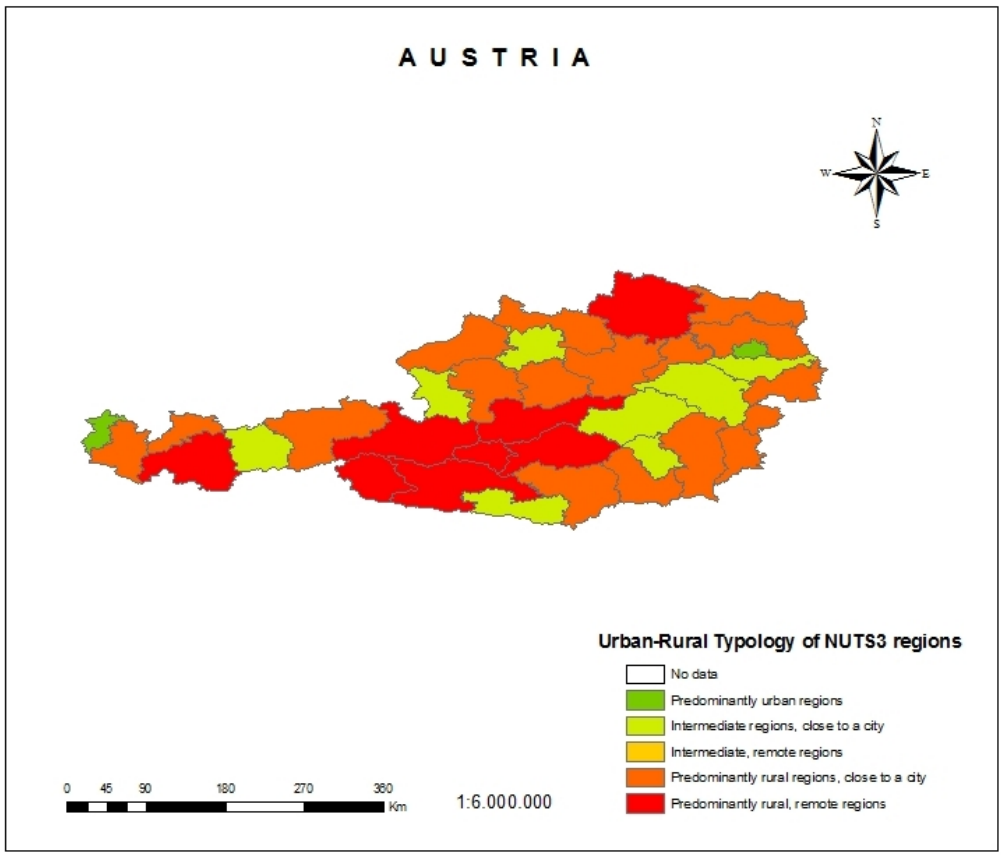
EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

**CONTENTS**

## 1. Introduction

The DG Regio Typology is quite reasonable in the Austrian context, and the new differentiation provides a good separation of more accessible and more peripheral rural regions. At the national level we tend to term the regions differently, in particular with a focus on medium-sized cities which are included in the DG Regio typology as intermediate regions. The two areas of remote rural regions reflect the two main types of peripheral rural regions, i.e. the regions with difficult access situation within the Alpine range (central Austria) and remote regions in the North of Austria with accessibility problems. Regional policy in Austria addresses the need to focus on these areas as priority regions within the rural field and the Austrian Conference on Spatial Planning (ÖROK) has consequently focused in recent activities (Dax et al. 2009) on innovative action in such remote rural regions.

**Figure 1.1** DG Regio modified Urban-rural typology of NUTS 3 regions: Austria




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

## 2. Demography

Demographic structure in remote rural regions is still somewhat younger than in urban or intermediate regions. Population scenarios predict an ageing of population in all types of regions of Austria, and hence an increase of ageing problems also in rural regions. The dependency ratio is almost equal for all types, except the urban one, but is somewhat below the European average.

Population has increased recently in all regional types of Austria with no significant differences between types. This reflects analysis of population development over last two decades in Austria where no (significant) losses, also not in rural areas, were recognized. Only several specific regions have shown population losses over several decades – most of them are related to the group of remote rural regions. Net migration losses were still considerable for rural and particularly remote areas although immigration towards many rural regions has increased over recent years. In several contexts this has changed significantly the components of population development in these areas.

Educational attainment is similar for all types of regions, in comparison to European educational situation the strong concentration on the medium level of education is obvious. This is linked to the specific role of vocational training in Austria and a low orientation towards highest educational levels. Only recently these features changed slightly. Despite the low difference between the types of regions, educational differences are quite relevant in school provision between rural and urban contexts, and a high commuting rate of students towards middle and larger towns is reality for many young people of rural regions. This was investigated in studies on young people in rural areas and confirmed the strong orientation of this age group towards more central regions with a wider set of available educational, job and cultural opportunities (Dax and Machold 2003).

Farmers' educational attainment and life-long learning show quite impressive values. However, parts of these positive values have to be attributed to the national methodology of statistics in this field and the particular situation of vocational education and definitions of these terms.

**Table 1.1** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001 | % people aged 0 to 14 years | 16.99 | 16.12 | | 17.67 | 18.41 | 17.45 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | 68.89 | 68.08 | | 66.70 | 66.35 | 67.06 | 66.62 | 66.65 |
| | % people aged 64 years and over | 14.12 | 15.80 | | 15.63 | 15.24 | 15.49 | 16.53 | 16.55 |
| | Age dependency rate | 20.48 | 23.25 | | 23.46 | 23.00 | 23.14 | 25.09 | 25.09 |
| Population | Population change 2001-2007 (Index pop. 2001=100) | 105.05 | 102.19 | | 102.24 | 102.39 | 102.42 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | 16.45 | 16.03 | | 16.04 | 16.10 | 16.08 | 16.68 | 15.97 |
| | % pop.15_64_2007 | 68.72 | 67.24 | | 66.96 | 67.67 | 67.29 | 69.75 | 70.18 |
| | % pop. >64_2007 | 14.84 | 16.72 | | 17.00 | 16.22 | 16.63 | 13.55 | 13.84 |
| | Age dependency rate | 45.55 | 48.73 | | 49.35 | 47.79 | 48.64 | 44.08 | 43.17 |
| | Natural increase change_01_06 | -108.09 | 69.48 | | 108.82 | -13.33 | 63.93 | -5.99 | -6.09 |
| | Net migration change_01_06 | 58.58 | -42.43 | | -91.63 | -112.12 | -76.48 | 7.09 | 8.97 |
| Education* | % ISCED 0_2** | 29.53 | 29.65 | | 31.60 | 29.25 | 30.50 | 33.62 | 36.65 |
| | % ISCED 3_4** | 54.26 | 56.97 | | 55.67 | 56.96 | 56.18 | 43.29 | 47.14 |
| | % ISCED 5_6** | 15.66 | 12.68 | | 12.09 | 13.08 | 12.65 | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment * | 18.85 | 49.51 | | 45.46 | 47.85 | 45.41 | 35.34 | 39.54 |
| | Life-Long Learning in Rural Areas* | 13.82 | 12.43 | | 12.08 | 12.27 | 12.30 | 7.69 | 8.61 |

*Values NUTS 3 are replaced by values NUTS2

**% ISCED by groups is calculated for population more 15 years.

## 3. Employment

Employment rates are characterized by typical aspects of territorial and gender and age specific divergences. The most relevant is the urban-rural and the men-women employment rate and wages gap. The statistics of the types shown in the table partly hide the strong differences. In many rural regions (many of them in the remote part), employment rates of women are more than 20% below the corresponding rates of men. Though there was a particular catch up process over the last two decades for women employment in almost all regions of Austria (as for many regions of the EU) the gender gap could hardly be decreased.

Of course, sector structures are different for the regional types, with rural remote regions showing the highest involvement in primary sector activities. In Austria the secondary sector is rather weak (on average) in these regions, and the tertiary sector, including in particular tourism activities is historically strong, but has even increased over recent years significantly.

Unemployment situation and rates have remained rather stable over the observed period, with increases in unemployment only very recently. Overall the rates are rather low and show a high incidence in urban contexts. Table 22.3 provides some evidence on the increasing relevance of unemployment for young people (men and women), and increasing tensions with regard to a higher portion of long term unemployed persons.

**Table 1.2** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate* | T15_64 years | 70.15 | 72.18 | | 72.65 | 72.28 | 72.31 | 66.40 | 66.42 |
| | Tmale 15_64 y | 77.40 | 79.34 | | 79.98 | 79.31 | 79.53 | 73.05 | 73.12 |
| | Tfemale 15_64 y | 62.95 | 65.01 | | 65.29 | 65.29 | 65.09 | 59.72 | 59.70 |
| | Total 15_24 y | 52.95 | 56.96 | | 57.28 | 57.39 | 56.99 | 39.66 | 39.67 |
| | T 45_64 years | 60.45 | 60.74 | | 61.62 | 60.99 | 61.21 | 62.37 | 62.34 |
| | Total 45_54 | 80.55 | 83.00 | | 83.63 | 82.59 | 83.07 | 78.30 | 78.38 |
| | Total 55_64 | 40.35 | 38.48 | | 39.61 | 39.40 | 39.35 | 46.44 | 46.30 |

**Table 1.3** Employment indicators (b)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| %Employment in principal sector | %Emp_primary | 2.43 | 7.57 | | 22.80 | 23.50 | 18.31 | 7.95 | 7.97 |
| | %Emp_secondary | 23.29 | 23.58 | | 26.12 | 21.74 | 24.38 | 26.71 | 26.71 |
| | %Emp_tertiary | 74.28 | 68.85 | | 51.08 | 54.76 | 57.31 | 65.33 | 65.31 |
| Unempl. evol. 2002_05* | Total > 15 years | 166.83 | 295.88 | | 358.95 | 206.08 | 298.61 | 187.25 | 188.17 |
| | Total 15_24 years | 265.90 | 535.75 | | 573.34 | 260.94 | 475.78 | 255.25 | 257.16 |
| | Total >25 years | 134.17 | 103.21 | | 97.69 | 107.95 | 103.38 | 82.27 | 82.21 |
| | Male > 15 years | 140.48 | 99.50 | | 103.90 | 108.96 | 106.14 | 82.45 | 82.35 |
| | Female > 15 years | 151.45 | 140.21 | | 128.38 | 141.56 | 135.41 | 94.74 | 94.79 |
| Unemployment rate 2007* | Total >15 | 6.00 | 3.44 | | 3.48 | 3.46 | 3.61 | 7.61 | 7.63 |
| | Total Male >15 | 8.50 | 2.96 | | 2.68 | 2.83 | 2.99 | 7.06 | 7.05 |
| | Total Female >15 | 6.40 | 4.08 | | 4.26 | 3.84 | 4.24 | 8.61 | 8.59 |
| | Total 15_24 | 15.30 | 7.53 | | 7.24 | 7.48 | 7.67 | 15.80 | 15.64 |
| | Total >25 | 5.05 | 2.84 | | 2.73 | 2.74 | 2.89 | 6.66 | 6.66 |
| Long term unemployment* | % long term unemployent rate_07 | 29.09 | 21.87 | | 22.31 | 20.68 | 22.22 | 43.07 | 43.12 |
| | Evolution of long term unemployment 2002_07 | 142.10 | 113.28 | | 112.45 | 131.53 | 118.69 | 111.33 | 110.94 |

## 4. Rural business development

There are few characteristics of the business structure at regional level in Austria from the following table that underline territorial specificities. Maybe the most relevant is the higher incidence of hotels and restaurants activities in all regions except urban regions, indicating the wide spread significance of tourism across large parts of Austria's regions. With a contribution of 8% directly, and 15% with all tourism-related activities, tourism is one of the central economic activities in Austria. It is apparent that for remote rural regions this activity is particularly expressed.

Also for the situation of high and medium tech activities there is no significant difference to the European average and no internal differentiation visible. Importantly, rural regions achieve similar values to other regional types and firms with website are only slightly less frequent than in urban situations.

**Table 1.4** Rural business development indicators

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | | 0.25 | | 0.26 | 0.23 | 0.24 | 0.30 | 0,30 |
| | % Manufacturing | 10.24 | 10.82 | | 11.58 | 10.12 | 10.99 | 14.08 | 14,05 |
| | % Electricity, gas and water supply | 0.38 | 0.83 | | 0.84 | 0.81 | 0.80 | 0.61 | 0,63 |
| | %Construction | 7.89 | 8.83 | | 9.48 | 8.65 | 9.05 | 9.48 | 9,46 |
| | %Wholesale and retail trade | 30.06 | 31.86 | | 32.74 | 30.31 | 31.83 | 23.02 | 21,83 |
| | %Hotel and restaurants | 13.36 | 17.50 | | 16.28 | 20.02 | 17.24 | 6.52 | 6,15 |
| | %Transport, storage and communication | 6.11 | 6.84 | | 6.51 | 7.11 | 6.70 | 8.69 | 8,46 |
| | %Real state, renting and business activities | 31.88 | 23.07 | | 22.32 | 22.76 | 23.14 | 37.29 | 39,12 |

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.10 | 0.41 | | 0.41 | 0.39 | 0.39 | 0.58 | 0,52 |
| | % Manufacturing | 24.13 | 27.64 | | 28.95 | 25.38 | 27.56 | 29.18 | 28,08 |
| | % Electricity, gas and water supply | 1.44 | 1.15 | | 1.23 | 1.20 | 1.22 | 1.14 | 0,89 |
| | %Construction | 9.39 | 10.73 | | 11.44 | 10.64 | 10.98 | 9.09 | 9,14 |
| | %Wholesale and retail trade | 24.41 | 25.77 | | 25.58 | 25.53 | 25.54 | 26.14 | 26,93 |
| | %Hotel and restaurants | 10.19 | 10.86 | | 9.96 | 13.44 | 10.97 | 8.27 | 8,37 |
| | %Transport, storage and communication | 9.80 | 9.41 | | 9.07 | 9.70 | 9.33 | 8.65 | 8,52 |
| | %Real state, renting and business activities | 20.45 | 13.97 | | 13.29 | 13.64 | 13.93 | 16.78 | 17,51 |
| Employment in high and medium technologies manufacturing activities_2004 | Employment in high and medium tech manufacturing activities_2004_ Media | 5.72 | 6.67 | | 6.44 | 6.11 | 6.37 | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_ %EU 25 | 85.42 | 96.30 | | 97.86 | 86.16 | 94.12 | 95.89 | 107,13 |
| %firms with own website | | 63,90 | 51.25 | | 50.04 | 53.24 | 51.84 | 50.21 | 50.21 |

*Values NUTS 3 are replaced by values NUTS2

## 5. Rural-urban relationships

Rural and urban areas are historically closely linked in many respects in Austria. There are a number of dimensions to the debate on linkages, but no system, like “rural proofing” has been established here. On the contrary, there is a vague, wide-spread notion that Austria is in general a strongly rurally characterized country with a lower relevance of urban centers. Nevertheless there is a long tradition on commuting patterns and historically linkages of regions to cities. This long-range and long-time commuting patterns show very stable features, and link a great share of rural regions strongly to urban centers.

Suburbanization processes have been discerned since long and have extended to more and more regions. This had a considerable effect on rural statistics, with stabilization of population development, increase of employment etc. in rural regions. The most significant and wide-ranging area is found in relation to the Vienna agglomeration which has significant employment effects (in terms of commuting regions) in a diameter of up to 200 km to the south of the city. All other major capitals of the Länder have experienced also a considerable increase of their suburbanization areas over the last decades.

We can therefore see a marked difference between population and employment development in many regions affected by this trend. A highly significant indication of these spatial linkages can be seen in the establishment of “zones for public traffic” around major cities, integrating the different traffic systems and regulations in a combined area. Another attempt to increase the “territorial approach” is the use of Territorial Employment Pacts in almost all Länder of Austria.

## 6. Cultural heritage

Cultural resources are core to the development and identity of all types of regions in Austria. As a country largely involved in tourism activities, these have been addressed and developed since long, and cultural assets have a high priority in many respects.

The recognition extends also to rural regions, and remote regions, although in some regions it was developed only recently. Nowadays, the discussion on valorizing cultural resources and use of “rural amenities” extends to almost all regions. One of the best proofs is the high participation and commitment for Leader Local Action Groups (LAGs) which extend to about 85% of the total area of Austria and include 50% of the total population of the country. In addition reference to local cultural assets and a focus on spatial identity building through local initiatives can be experienced all over the country.

Heritage is primarily linked to aspects of natural resources, preservation of the environment and specific features of cultural landscapes which coin the identity of many regions of Austria. However, this cannot be separated from other cultural resources, like monuments, settlement structures etc. which add to the use of landscape potential for tourism purposes.

Variations depending on the types of regions seem to be limited and, in general, other determinants are more important. These include local aspects, the provision of amenities, the institutional development and social capital achieved in an area and strategies to harness the respective potential.

There are numerous examples of projects and initiatives at a very local level and the main challenge is to achieve sustainability in relation to larger geographical levels. The Interreg programme Alpine Space is one of the significant initiatives that strive for the sustainable development of the regions in the Alpine area.

## 7. Services of General Interest

Accessibility features show a stronger situation of peripherality of regions for PRA and PRR, but also for IRA. This reflects the feelings of many inhabitants to have difficult access to some of services. National analysis show that extremely peripheral regions are limited to some parts (particularly of remote rural regions) and provision with public services is up to now still better than in other European regions. Nevertheless there is increasing concern about decrease of services and retreat of service provision from more and more rural regions. Particularly for older and young people (with no access to car mobility) this poses extreme difficulties in daily life and further contributes to out-migration. Recent calculation on accessibility through a national study (IPE 2007) has shown an improvement also for rural regions, but in relative terms differences continue to exist. Infrastructure and accessibility indicators reveal the significantly lower density and decreasing density of transport infrastructure in rural areas and the difficulties to access various services, signified here through hospital, university and airport, particularly for remote rural regions. These are the regions with en expressed problem situation (i.e. worse accessibility to these services) in comparison to the EU-27 average.

Supply with broadband and internet is at the European average with no significant regional divergences. However, these figures are NUTS 2 calculations and don't reflect the local situation of small regions (NUTS3 level) which might be less positive in several cases.

The second table (Table 22.6 b) provides an overview on some aspects of service provision:

- Tertiary education is lower than in European average.
- Provision with doctors is quite good in all regions of Austria and significantly higher than the EU average. This holds true also for hospital beds, but in contrast to doctors these are much more spatially concentrated towards the centers. The number of hospital beds is high in urban and remote rural regions, and does not show a significant decrease in rural areas; but in urban regions number of hospital beds were reduced recently (2000-2005).

**Table 1.5** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | 0.05 | 0.04 | | 0.02 | 0.01 | 0.03 | 0.04 | 0.04 |
| Density of trunk road | | 0.39 | 0.20 | | 0.15 | 0.10 | 0.16 | 0.17 | 0.17 |
| Density of railways | | 0.23 | 0.09 | | 0.07 | 0.04 | 0.08 | 0.10 | 0.10 |
| Area (km2)** | | 1140.10 | 16932.30 | | 39967.20 | 25831.60 | 83871.20 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_06* | 5.15 | 2.36 | | 1.79 | -0.33 | 1.79 | 0.93 | 0.92 |
| | Density of population 2006*** | 2180.23 | 177.67 | | 72.23 | 31.62 | 207.51 | 414.65 | 446.23 |
| Daily population accessible by car | | 21434.50 | 13566.87 | | 13685.23 | 11990.87 | 13713.71 | 18078.54 | 19285.23 |
| Time to nearest hospital | | 11.45 | 20.70 | | 32.84 | 54.62 | 33.82 | 22.83 | 22.83 |
| Time to nearest university | | 49.50 | 29.21 | | 56.10 | 79.59 | 54.95 | 45.10 | 45.10 |
| Time to nearest airport | | 77.18 | 88.06 | | 96.87 | 125.45 | 100.26 | 83.44 | 83.44 |
| %households with broadhand Access* | | 57.00 | 52.00 | | 53.23 | 52.12 | 52.91 | 49.07 | 48.00 |
| % households with internet at home* | | 79.50 | 78.12 | | 79.17 | 77.87 | 78.65 | 81.46 | 81.20 |

* Values NUTS 3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

*** These values are only indicatives and aren't reals because in the calculation there are values NUTS2 and NUTS3.

**Table 1.6** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº STUDENTS ISCED 0_6* | Nºstudents ISCED_0 per 1.000 inhabitants | 28.84 | 25.49 | | 26.65 | 25.40 | 26.22 | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | 43.98 | 43.77 | | 43.76 | 43.82 | 43.79 | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | 48.98 | 48.47 | | 48.19 | 48.86 | 48.45 | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | 46.46 | 48.11 | | 47.11 | 49.83 | 47.92 | 48.05 | 48.03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | 8.57 | 9.78 | | 9.46 | 9.91 | 9.58 | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | 43.30 | 22.91 | | 15.90 | 29.15 | 22.09 | 37.37 | 37.23 |
| | Nº of beds in hospitals per 100.000 inhabitants_ 05 | 706.05 | 799.62 | | 706.82 | 828.23 | 755.74 | 696.91 | 704.88 |
| | Evolution nbeds 2000_05 | 66.65 | 99.80 | | 96.82 | 100.56 | 96.63 | 91.53 | 91.94 |
| | Density of hospitals | 18.94 | 1.54 | | 0.53 | 0.42 | 2.56 | 5.44 | 5.44 |
| | Hospital beds per head | 6.73 | 6.50 | | 3.26 | 4.63 | 4.94 | 4.98 | 4.98 |
| | Doctors per inhabitant | 358.90 | 302.61 | | 279.02 | 311.51 | 296.41 | 171.35 | 171.35 |

*Values NUTS 3 are replaced by values NUTS2

## 8. Farm structural change

There is a large share of very small farms (less than 2 ESU), particularly in remote regions. Structural changes of farm numbers reveal an on-going concentration process for all types of regions. Larger farm holdings are only present in urban regions; however the increase of large holdings is most strong in rural remote regions. This points to a catch-up process in the agricultural structures of these regions towards larger farm structures. The changes for small and large farm holdings (as shown in the table) are significant and divergent for the types of regions, indicating structural adjustment as a relevant issue in Austria.

Structural conditions show the persistently high incidence of small structures in many Austrian regions, particularly remote regions. This reflects the situation in mountain areas and some other less-favoured regions. Pluriactivity is however found everywhere and not a specific regional phenomenon, nevertheless farm holders are less likely to work full-time in rural regions than in urban regions where more intensive holdings with higher productivity potential prevail.

According to statistics farmers tend to be younger in Austria than the European average. The on-going structural change can best be seen through the decrease of farmers below 35 years. However, this indicator is similar to the European average as well.

**Table 1.7** Farm structural change indicators (a)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | 24.72 | 29.71 | | 27.79 | 32.80 | 29.20 | 33.42 | 33.89 |
| | 2 to 100 ESU | 67.42 | 69.48 | | 70.97 | 66.66 | 69.44 | 57.56 | 57.02 |
| | >100 ESU | 7.85 | 0.81 | | 1.24 | 0.55 | 1.36 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005 | -28.57 | -12.23 | | -16.32 | -10.04 | -14.65 | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | -22.54 | -12.65 | | -18.56 | -6.38 | -14.65 | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | -33.70 | -13.33 | | -16.53 | -12.58 | -15.88 | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | 43.75 | 148.61 | | 151.84 | 122.92 | 138.31 | 32.21 | 31.28 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| HOLDERS | % Holders working full time 2005 | 42.09 | 35.13 | | 34.22 | 32.33 | 34.44 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 - 2005 | -25.00 | -2.85 | | -1.37 | -4.27 | -3.72 | 0.00 | 0.33 |
| | Economic Farm Size (RDEU07) | 45.90 | 13.41 | | 15.70 | 11.03 | 15.83 | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | 31.90 | 36.95 | | 37.56 | 39.54 | 37.55 | 37.56 | 37.56 |
| | % holders > 55 years 2007 | 35.20 | 28.81 | | 29.60 | 30.06 | 29.84 | 50.19 | 50.62 |
| | % holders < 35 years 2007 | 8.27 | 9.78 | | 9.51 | 9.81 | 9.57 | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 - 2005 | 3.42 | -4.10 | | -2.27 | -3.90 | -2.74 | 5.88 | 5.62 |
| | % change in holders < 35 years 2000 - 2005 | -43.09 | -30.10 | | -30.75 | -27.51 | -30.57 | -34.01 | -33.96 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | 37.70 | 49.51 | | 45.46 | 47.85 | 46.75 | 42.30 | 42.30 |

*Values NUTS 3 are replaced by values NUTS2

## 9. Institutional Capacity

The indicator of GDP is compared to the EU average. Both types of rural regions achieve about 100% of the EU average and are thus significantly below the national situation, but better off than many other rural regions in other countries. It is interesting that there is hardly any difference between the two "rural" types and hence remoteness has no negative effect in the Austrian context. However, one has to acknowledge the high influence of cultural assets and rural amenities in Austria's regions that partly gain from the situation in an un-spoilt nature with regional economy drawing extensively on this particular potential.

**Table 1.8** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI +MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | 37866.15 | 10510.93 | | 3838.33 | 2532.28 | 7009.42 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | 34836.55 | 30779.12 | | 22298.62 | 22473.13 | 24993.36 | 20926.83 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | 160.65 | 141.91 | | 102.81 | 103.60 | 115.23 | 94.38 | 95.48 |

## 10. Climate change

Climate change poses particular threats for mountain areas as it does not only invovle a simple temperature increase but an increased climate variability with much more expressed changes in mountain regions than in lowlands. In terms of regional impact it seems important to take account of regional diverse effects that can occur within mountain areas possibly at very low scale. In consequence the threat for rising occurence of natural disasters (floods, avalanches, gales) is particularly relevant for mountain regions. These might include diverse sectoral impacts and changes for the ecosystems that pose significant challenges for long-term development in theses areas.

Over the last years evidence on the implications for different regions has been analysed and led to establishing regional differentiated databases for the greater Alpine region (HISTALP 2007; Auer et al. 2007). Due to this information source impacts for parts of the Alpine range can be calculated more accurately and display the consequences of various adaption strategies at the ergional level.

There are of course programmes and initiatives relating to counteracting the effects of climate change in Austria and other Alpine countries. These are summarized in “national climate stratetgy” documents, but the effectiveness of those programmes can hardly be assessed at the moment. With regard to the regional differentiation of the effects there are some recent studies avaialble, like the work by the European Environment Agency (EEA 2009) and the analysis for the European Alps (Agrawala et al. 2007). In addition to these general studies on teh regional effects local initiatives have established action for saving energy, improve mobility concepts etc. in order to reduce emission of greenhouse gases (according to the Kyoto protocol). Another field of activity in Austria is the update of natural hazards mangement plans and strategies of flood protection and integrated flood management.

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The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## BELGIUM

Working Paper nº 25.2

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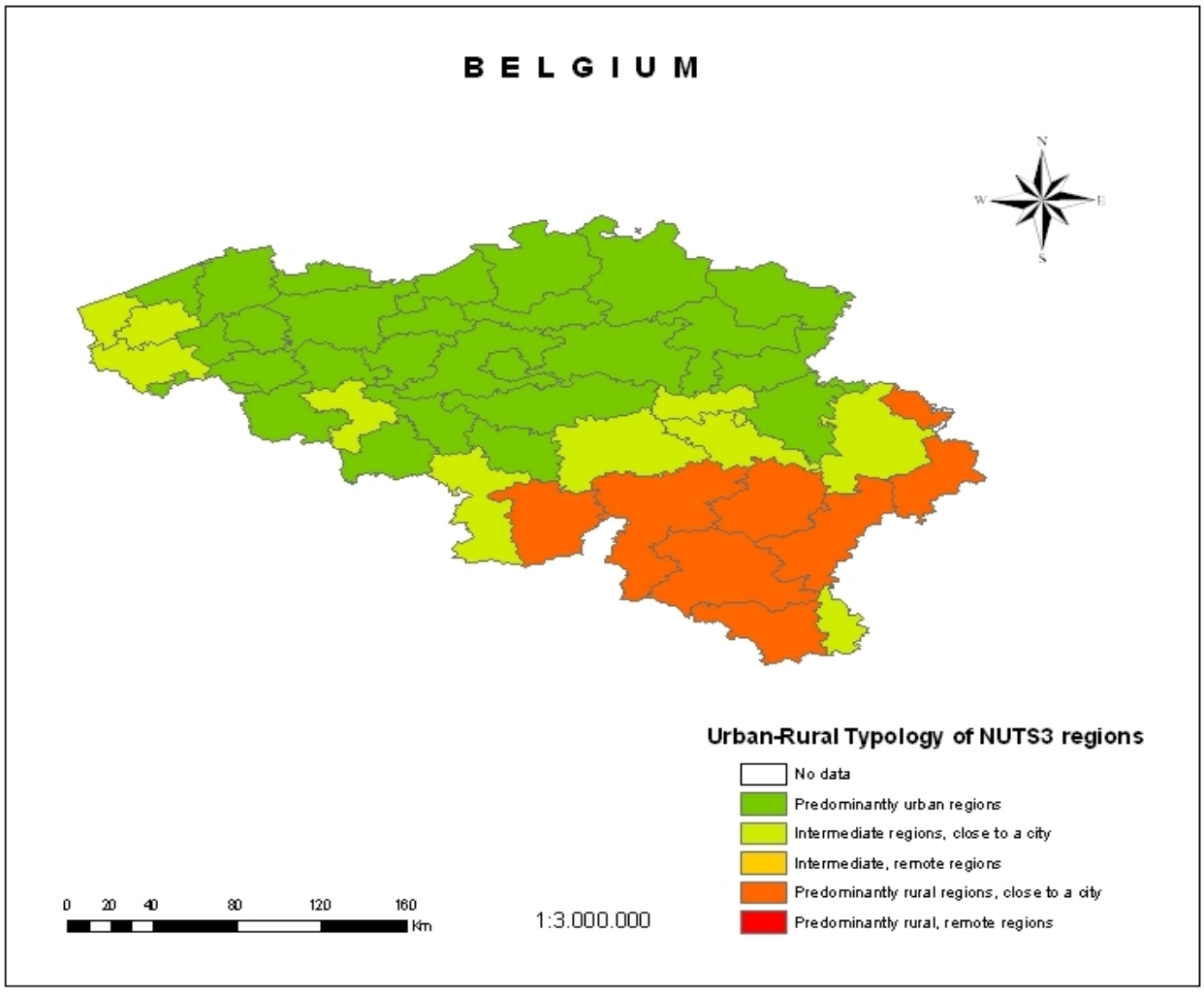
## 1. Introduction

Belgium has a surface area of 30528 square kilometers and a population of 1058500 (2007). However it has a GDP of 288,09 billion (in 2004) and is one of the ten largest trading nations in the world.[1]

As the map clearly shows most of Belgian NUTS 3 regions are “Predominantly Urban Regions”. All in all over 60 % of the regions, 55 % of the area and 85 % of the population are classified as PU. PRA and IRA regions together count for less than half of the area, and only 15 % of the population. The PRA and IRA areas coincide quite well with the Wallonian part of Belgium, while the PU regions are found in the Flemish part. In any case, all regions belong to the “accessible” side of the typology classification, even those classified as predominantly rural. Therefore, there are no regions in Belgium that can be characterized as remote.

**Figure 2.1** DG Region modified Urban-rural typology of NUTS 3 regions: Belgium




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

[1] http://www.diplomatie.be (17.04.2009)

## 2. Demography

All in all Belgium has a population of 10 Million people. 59% live in the Flemish region, 9 % in the Brussels region and 33 % in the Wallonian part. The population density is with 342 inhabitants per square kilometer one of the highest in Europe. Particularly in the Brussels region the population density is with 6635 people per square kilometer extremely high. Between 1990 and 2007 Belgium experienced a positive population development in all types of regions. Belgium had a positive population development with regard to natural population development as well as net-migration. Regions with population increase above national average belong mainly to the category “predominantly rural-close to a city”.

In relation to the demographic structure, there is a general ageing process shown both in the reduction of the population less than 15 years old, and an increase of the group of more than 64 years. The dependency rate has doubled in the period 2001-2007, reaching 50%. This indicates that, on average, each “active” person contributes to pay ½ of the public costs incurred by each non-active person. With regards to out-migration of young people, Belgium is characterized by a relative strong migration out of the Wallonian regions and the western parts of Belgium to the north and eastern parts (cp. Copus, et.al. ,2006).

Between 2001 and 2006 natural population increase is on average 86,7 % (Eurostat 14.10.2009). That is 92,8 percentage points higher than the EU-average (-6%). Considering different region types it can be observed that there is a high natural population increase in PRA regions whereas an decrease can be registered in PU (-93,80 percentage points) and IRA (-19,44 percentage points) region types.

The change in net migration between 2001 and 2006 is on average 300 % which is a considerable positive migration change compared to the EU-average of 9%. Here it is striking that although the net migration change shows very high values of 470% in PU regions followed with a considerable distance by PRA regions with 73 %. In IRA regions there can only be registered a slighty negative net migration change of -0,44%.

Considering total population over fifteen years, 44% have an education level between ISCED 0 and 2, which places Belgium above the European average (37%). Similarly, the values for the higher educational levels ISCED 5 and 6 also exceed the European average by 5% - points.

Considering participation in life long learning it can be observed that the percentage is higher in PU regions than in IRA and PRA regions and lies on average 1 % -point below the EU-27 average.

The training of farmers is highest in IRA areas followed by PU and PRA regions On average, the training of farmers is 6 % -points above the EU average of 40 %.

**Table 2.1** Demography indicators

| DEMOGRAPHY*[1] | | PU | IRA | IRR | PRA | PRR | Country average | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | EU 27 Average |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Census pop. 2001 | % people aged 0 to 14 years | 17.39 | 18.12 | | 19.69 | | 17.92 | 16.76 | 16.71 |
| | % people aged 15 to 64 years | 65.82 | 64.59 | | 63.96 | | 65.24 | 66.62 | 66.65 |
| | % people aged 64 years and over | 16.80 | 17.29 | | 16.35 | | 16.84 | 16.53 | 16.55 |
| | Age dependency rate | 25.56 | 26.77 | | 25.56 | | 25.84 | 25.10 | 25.10 |
| Population | Population change 2001-2007 (Index pop. 2001=100) | 101.95 | 101.75 | | 103.35 | | 102.13 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | 16.75 | 17.31 | | 18.89 | | 17.21 | 16.69 | 15.97 |
| Population | % pop.15_64_2007 | 65.70 | 64.97 | | 64.82 | | 65.40 | 69.76 | 70.18 |
| | % pop. >64_2007 | 17.55 | 17.73 | | 16.29 | | 17.39 | 13.56 | 13.85 |
| | Age dependency rate | 52.23 | 53.93 | | 54.28 | | 52.94 | 44.08 | 43.17 |
| | Natural increase change_01_06 | 91,3 | 100 | | 0 | | 86,7 | -5.99 | -6.09 |
| | Net migration change_01_06 | 470.71 | -0.44 | | 73.63 | | 300.46 | 7.09 | 8.97 |
| Education | % ISCED 0_2*[2] | 43.17 | 45.24 | | 43.19 | | 43.64 | 33.63 | 36.66 |
| | % ISCED 3_4*[2] | 34.18 | 33.80 | | 35.23 | | 34.26 | 43.29 | 47.14 |
| | % ISCED 5_6*[2] | 23.88 | 22.19 | | 23.27 | | 23.40 | 17.04 | 18.55 |
| | % of farmers with basic or full educational attainment | 46.24 | 49.57 | | 42.57 | | 46.41 | 35.34 | 39.55 |
| | Life-Long Learning in Rural Areas | 8.09 | 6.62 | | 6.55 | | 7.51 | 7.70 | 8.61 |

*[1] Values NUTS3 have been replaced by values NUTS 2 due to lack of data.

*[2]% ISCED by groups is calculated for population more 15 years.

## 3. Employment

The percentage of the Belgian economically active population is not equally distributed between the rural and urban areas. 15 % reside in rural regions, while 85 % of the active population lives in the PU areas of Belgium. The rural – urban pattern coincides quite well with the very distinctive regions in Belgium, Wallonia and Flanders. The employment rates are slightly below the EU-27 average. The unemployment rate is on average in accordance with the EU-27 average. The youth unemployment rate is quite high it is highest in PRA regions (25 %) followed by IRA regions (22 %) and PU regions (22 %).

Whereas on average the long term unemployment rate is with 2 % - points slightly above the EU-27 average. It is highest in PRA regions ( 50 %) followed by IRA regions ( 48 %) and PU regions ( 43%).

All in all the employment situation is better in the Flemish region than in the Wallonian area. Wallonia is an old industrial region in decline which is not attractive for new investors, whereas Flanders developed later on and is more in line with service oriented economic activities. Besides, according to Meunier et al.[2], the main reasons are the location advadvantages either due to natural endowments (better accessibility to the north sea) or to non trade infrastructure (dense highway network). Moreover, other factors like agglomeration economies attributable to pecuniary externalities (proximity to large markets) or production externalities (knowledge spillovers, specialized workforce, etc.) stimulates the regional economy.

Regarding the distribution of employment by the sector of activity a higher service specialization than the European average can be observed. In all regions Employment is highest in the service sector. Employment in agriculture is lower than the European average, which indicates to the existence of high-tech farms that are more productive. All in all the share of employment in agricultural activities is highest in predominantly rural regions.

[2] Meunier, O.; Mignolet, M. (2004): Regional Employment disparities in Belgium. Namur

**Table 2.2** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Country average | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | EU 27 Average |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate*[1] | T15_64 years | 63.04 | 60.17 | | 60.46 | | 61.98 | 66.40 | 66.42 |
| | Tmale 15_64 y | 69.64 | 67.03 | | 68.04 | | 68.80 | 73.05 | 73.12 |
| | Tfemale 15_64 y | 56.38 | 53.22 | | 52.71 | | 55.08 | 59.72 | 59.70 |
| | Total 15_24 y | 29.18 | 27.08 | | 27.26 | | 28.40 | 39.66 | 39.67 |
| | T 45_64 years | 55.05 | 53.91 | | 54.23 | | 54.66 | 62.37 | 62.34 |
| | Total 45_54 | 76.65 | 74.06 | | 73.84 | | 75.62 | 78.30 | 78.38 |
| | Total 55_64 | 33.45 | 33.75 | | 34.61 | | 33.70 | 46.44 | 46.30 |
| %Employment (i) by sector | %Emp_primary | 0,74 | 0,79 | | 1,28 | | 2,0 | 7.95 | 7.97 |
| | %Emp. secondary | 22,56 | 22,28 | | 19,49 | | 20,64 | 26.71 | 26.71 |
| | %Emp_tertiary | 76,70 | 76,93 | | 79,58 | | 77,36 | 65.33 | 65.31 |
| Unemployment evolution 2002_05*[1] | Total > 15 years | 182,19 | 382,78 | | 133,39 | | 220,01 | 187.25 | 188,17 |
| | Total 15_24 years | 282.67 | 308.06 | | 182.34 | | 272.48 | 255.25 | 257.16 |
| | Total >25 years | 105.47 | 90.86 | | 114.49 | | 103.58 | 82.27 | 82.21 |
| | Male > 15 years | 91.58 | 95.79 | | 116.71 | | 96.54 | 82.45 | 82.35 |
| | Female > 15 years | 98.58 | 102.54 | | 103.95 | | 100.33 | 94.74 | 94.79 |
| Unemployment rate 2007*[1] | Total >15 | 6.69 | 8.26 | | 7.87 | | 7.23 | 7.61 | 7.63 |
| | Total Male >15 | 5.70 | 7.01 | | 6.80 | | 6.17 | 7.06 | 7.05 |
| | Total Female >15 | 7.89 | 9.75 | | 9.20 | | 8.52 | 8.61 | 8.59 |
| | Total 15_24 | 17.59 | 22.03 | | 25.37 | | 19.26 | 15.80 | 15.64 |
| | Total >25 | 5.52 | 6.77 | | 6.41 | | 5.95 | 6.66 | 6.66 |
| Long term unemployment | % long term unemploy. rate_07 | 43.24 | 48.29 | | 49.89 | | 45.45 | 43.07 | 43.12 |
| | Evolution of long term unemploy. 2002_07 | 108.62 | 100.62 | | 108.93 | | 106.85 | 111.33 | 110.94 |

I without BE335, BE336

## 4. Rural business development

"Coal mining and heavy industry, which enabled Belgium to become the most industrialized country in Europe after Great Britain, lost their dominant status in the second half of the 20th century (…) In Wallonia, which was the base of Belgium's industrial development, large areas are still struggling with economic restructuring[3]". In the same time Flanders became more and more economic strength, mainly because of its central location and the port of Antwerp. Flanders developed the largest concentration of petrochemical activity in the world after Houston[3]. Since 1995 Belgium made a large shift towards the tertiary sector[3]". Currently, almost 77 % of the workforce is employed in the service sector and 21 % is employed in industry and 2,0 % in (Eurostat, 2008).

" The fact that industry's share in the economy has declined (to 20 % of the value added) does not automatically mean that deindustrialization will continue. In the last 10 years, industrial production has increased in volume almost as quickly as the Belgian economy as a whole. The decline in the share of industry in GDP can be attributed to higher productivity which has led prices to fall. Industry still accounts for 80 % of Belgian exports[3]".

With regard to industry it can be observed that employment density is varied whereas the greatest concentration of jobs is found in the large urban areas as well as central Flanders and the Northeast. The whole south, the entire central Wallonian area as well as the eastern regions Verviers and Eupen are not very industrialized[3].
The industrial centers of Belgium are Antwerp with mainly petrochemical activities, Brussels with a high share in production of consumer goods, Ghent with a mixture of light industry and heavy industry as well as Charleroi and Liège with a high share of heavy industry[4]. The largest industrial regions outside urban agglomerations are the Kortrijk region with light industry and a dynamic network of SMEs and the North-East with a high share of foreign companies in Flanders[4].

Concerning the tertiary sector it can be observed that it is – as the industrial sector – better represented in the large urban areas. Following characterizations are possible: Transport is centered around the areas of Antwerp, Brussels and Leuven. Financial services can be mainly found around Brussels and Leuven. Bussiness services are mostly situated in the four largest urban areas but can also be found in the provinces of Flemish Brabant and Wallonian Brabant with their proximity to Brussels[4]. Tourism is especially strong at the coastal regions, the Ardennes and in the region of Campine. Non-market services are mainly found in Wallonia[4.]
"Like industry, the tertiary sector has largely withdrawn from cities. Setting up out-of-town is essential for operations which take up a great deal of space such as wholesalers, exhibition centres, large shopping centres and sports venues[4]".

There are significant differences between types of regions with regard to the percentage distribution of firms by industry as can be seen in table 4. The activities that

[3] http://www.diplomatie.be (17.04.2009)
[4] http://www.diplomatie.be (17.04.2009)

concentrate a greater percentage of companies are manufacturing, wholesale and retail trade. These activities occupy about 25% of the active population, with significant differences between groups of regions In urban regions, this percentage reaches 28%, and values in rural areas are somewhat lower (20%). The building sector shows stronger growth in rural areas close to the city (17% employment) as a reflection of the suburbanisation processes.

Specialised jobs that require greater use of technology are more present in urban areas due to the existence of a more skilled labor force and businesses with greater capacity for innovation. This difference is also evident when observing the number of firms with own website, where PU regions reach 56% and PRA 48%.

**Table 2.3** Rural business development indicators (a)[5]

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Country average | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | EU 27 average |
|---|---|---|---|---|---|---|---|---|---|
| Variables*[1] | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | NA | NA | | NA | | NA | 0.29 | 0.30 |
| | % Manufacturing | NA | NA | | NA | | NA | 14.08 | 14.04 |
| | % Electricity, gas and water supply | NA | NA | | NA | | NA | 0.61 | 0.62 |
| | %Construction | NA | NA | | NA | | NA | 9.48 | 9.45 |
| | %Wholesale and retail trade | NA | NA | | NA | | NA | 23.02 | 21.83 |
| | %Hotel and restaurants | NA | NA | | NA | | NA | 6.52 | 6.14 |
| | %Transport, storage and communication | NA | NA | | NA | | NA | 8.68 | 8.46 |
| | %Real state, renting and business activities | NA | NA | | NA | | NA | 37.29 | 39.11 |

[5] The NACE data proofed to differentiate in the national statistics because of different allocations to the NACE groups and frequent alterations of this allocation. Thus, in order to be able to compare the NACE statistics it was decided to use EUROSTAT data only. To be able to compare the different country reports data is baseed on the same source and year of reference. For Belgium EUROSTAT's Regio Database reports no values for Nr. Of firms by Sector of Operation for the reference year 2006.

**Table 2.4** Rural business development indicators (b)

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Country average | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | EU 27 average |
|---|---|---|---|---|---|---|---|---|---|
| Variables*[1] | | 1 | 21 | 22 | 31 | 32 | | | |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0,14 | 0,24 | | 0,30 | | 0,14 | 0.57 | 0.51 |
| | % Manufacturing | 28,41 | 28,98 | | 21,80 | | 24,87 | 29.18 | 28.07 |
| | % Electricity, gas and water supply | 0,91 | 0,80 | | 1,08 | | 0,92 | 1.13 | 0.89 |
| | %Construction | 11,59 | 13,21 | | 16,18 | | 10,74 | 9.08 | 9.14 |
| | %Wholesale and retail trade | 24,65 | 25,30 | | 27,56 | | 24,91 | 26.13 | 26.92 |
| | %Hotel and restaurants | 6,60 | 7,65 | | 8,72 | | 6,78 | 8.26 | 8.36 |
| | %Transport, storage and communication | 10,50 | 10,26 | | 11,76 | | 11,21 | 8.64 | 8.51 |
| | %Real state, renting and business activities | 17,21 | 13,55 | | 12,60 | | 20,41 | 16.78 | 17.51 |
| Employment in high and medium technologies manufacturing activities_2004 | Employment in high and medium tech manufacturing activities_2004_Media | 6.78 | 5.66 | | 4.75 | | 6.20 | 6.88 | 7.42 |
| | Employment in high and medium tech manufacturing activities_2004_%EU 25 | 102.33 | 87.42 | | 75.23 | | 94.63 | 95.89 | 107.14 |
| %firms with own website | | 56.05 | 51.79 | | 48.31 | | 53.85 | 50.20 | 50.20 |

## 5. Rural-urban relationships

Unfortunately it was no possible to find relevant information about rural-urban relationships in Belgium

## 6. Cultural heritage

"As in other European countries, the field of cultural policies in Belgium developed following the Second World War and was mainly focussed on promoting universal, democratic values. A framework for culture policies was completed towards the end of the sixties and was centred on objectives of cultural democracy. Instruments of cultural policy were, in most cases, grants allocated to non-governmental organisations and not-for-profit associations.

Cultural policies are governed by the principle of subsidiarity whereby the state does not directly intervene, in principle, in cultural matters other than through general regulation and awarding of grants.

Since the 1970s, Belgium has undergone a step by step process towards building a federal state made up of territorial regions and linguistic communities. The history of cultural policies since the 1970s can therefore be looked at by examining the activities of the three independent linguistic communities (Flemish, French and German speaking communities) and that of the Federal state; each with their own independent institutions, traditions and political influences. The Flemish community commission is responsible for dutch speaking persons within Brussels Capital Region and the French community commission is responsible for the French speaking persons within Brussels Capital Region.

***Flemish Community***

Up to the 1980s, the policies of the successive ministers of culture, who were of a Christian-Democrat persuasion, were geared towards the "democratisation of culture". During this time, basic provisions like cultural centres and libraries were provided for throughout the territory of Flanders. Political decisions were taken to subsidise initiatives in the field of adult education and youth work. During the period 1981-1992, there was an economic crisis in Flanders. With regard to culture, this was reflected in an actual reduction of the overall budget. Cultural institutions were the target of such cuts and were required to generate their own income. This new trend was not wholly based on purely liberal principles of the ruling political parties (and ministers of culture) but rather by a management-oriented trend that also continued under subsequent ministers of the Christian-Democrat political persuasion.

Throughout most of the 1990s, Ministers of Culture (Christian-Democrats) focussed their attention both on the traditional arts and on socio-cultural activities. Legislation was passed in the fields of the performing arts, music and museums which outlined the role of the government as well as criteria for their involvement. Policies were developed for block periods which provided the sector with greater legal security and allowed for longer term planning. This approach reflects the culture management trend.

The former government (1999-2004) was a coalition of Liberals, Social Democrats, the Green Party and the Democratic Flemish Nationalists, with a Minister of Culture belonging to the latter. With the new government came a considerable increase in the budget for culture and a new cultural policy strategy which is aimed at establishing an "integrated" or mainstreamed policy for Flanders in the fields of the arts, cultural heritage and socio-cultural activities. This approach is aimed at a more streamlined system for creativity, dissemination, preservation and support structures for culture and replaces individual, sector based policies, by a more comprehensive legal framework. In addition, Flanders is pursuing co-operation between different levels of government - the government of Flanders, the provinces and the municipalities based on the

principles of complementarity and subsidiarity. The new policy also devotes a great deal of attention to increasing rates of cultural participation. The current Minister of Culture was also responsible for culture from 1999-2002, which will result in previous decisions being further implemented and developed in the coming years.

***French Community***

Inspired by the work of the Council of Europe in the 1970s, the French speaking Community of Belgium laid down the foundations for the creation of a permanent democratic cultural and educational policy. Subsequently, the 1970s and 1980s together were to mark the beginning of a new era in the development of a large number of regulations in the following fields: continuing adult education, public libraries, youth, cultural centres, establishment of community television, support for group expression and creativity, funding of action-theatre, more direct communication with the public on their social expectations and complaints. In parallel, support to large classic cultural and artistic institutions is maintained, and represents a significant share of the cultural budget. At the end of the Eighties and throughout the Nineties, there was a trend to promote the autonomous development of specific sectors including heritage, artistic disciplines (music, theatre, dance, and the visual arts), continuing education, youth, audio-visual, literature and the book trade. The result was a strengthening of their respective internal structures, modernised and professional strategies and new relationships on an international level.

***German-speaking Community***

In contrast to the autonomy granted to the French and Flemish speaking communities in the 1970s constitutional reform process, the German speaking community was initially granted limited authority, including in the field of culture. During the course of its establishment throughout the 1980s, the German speaking community acquired its own parliament and government, which led to a significant increase in its authority and influence as well as to the establishment of new structures. Today, this linguistic community consists of 70 000 inhabitants and has achieved a political rank which is equivalent to the other two communities. It was mainly during the 1990s that the legal foundations for culture and sport were laid down or revised, in particular, supporting organisations active in the field of youth, adult education and libraries. Guidelines for infrastructure policy have recently been completed and the government has elaborated new strategies in the field of media policies and legislation covering public and private radio and television.

Future priorities continue to focus on youth, culture, media and adult education. Authorities have agreed to pay closer attention to creativity or artistic quality and increasing cultural professionalism (management) as well as cultural participation by young people. Other goals include the development of a legal framework for scientific surveying and administrative structures to maintain cultural heritage sites and monuments.

In the area of the media, the challenges in the next few years are to further develop the regional audiovisual and television landscape and expand online services[6]".

Belgium has 9 heritage sites that are listed in the UNESCO World heritage list and on national park with an area of 57.5 square kilometres.

[6] http://www.culturalpolicies.net/web/belgium.php?aid=1 (17.04.20099

## 7. Services of General Interest

The number of hospitals in Belgiums's PRA and IRA regions is slightly below the EU average. In PU regions hospitals tend to be concentrated in larger facilities and thus show lower density values. The average car driving time to the nearest hospital beds is almost the same in PU and IRA regions and twice as high in PRA regions. For universities the average car driving time for the whole of Belgium is less than half as high as the EU average. But a comparisation of the different region typs in Belgium shows that it is nearly twice as high in PRA regions than in all other region types. Internet uptake is slightly above the average. The provision of transport infrastructure tends to be above the average in all types of regions. Density of trunk roads and show above average values. Airports are nearly exclusively located in PU regions with average driving times which are significantly below the EU average. From a European perspective Belgium belongs to the core regions in terms of accessibility. The national averages show that Belgium's PU regions are clearly more accessible than IRA and PRA regions.

Accessibility by car is higher in predominantly urban regions (ie. travel time from each region (i.e. their centroids) to all others over the road network taking into account additional factors such as lower average travel speeds in mountainous areas or border waiting times etc). There are no significant differences with regard to this respect between intermediate rural accessible and predominantly rural accessible. Accessibility times to market by different transport modes (ie. road and railway) increases with rurality.

**Table 2.5** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+ LI+MK+NO+ TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | 0.08 | 0.06 | | 0.03 | | 0.07 | 0.04 | 0.04 |
| Density of trunk road | | 0.35 | 0.26 | | 0.16 | | 0.30 | 0.17 | 0.17 |
| Density of railways | | 0.15 | 0.08 | | 0.06 | | 0.12 | 0.10 | 0.10 |
| Area (km2)** | | 16738.60 | 5529.60 | | 7013.50 | | 29281.70 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_07* | 1.89 | 2.68 | | 3.19 | | 2.28 | 0.93 | 0.92 |
| | Density of population 2006*** | 329.81 | 123.68 | | 91.84 | | 245.10 | 368.22 | 357.53 |
| Daily population accessible by car* | | 48.032.11 | 46.174.90 | | 45.306.42 | | 47.176.38 | 18078.54 | 19285.23 |
| Time to nearest hospital | | 13.83 | 15.55 | | 33.01 | | 16.91 | 22.83 | 22.83 |
| Time to nearest university | | 20.37 | 26.67 | | 52.47 | | 26.31 | 45.10 | 45.10 |
| Time to nearest airport | | 27.36 | 37.61 | | 57.13 | | 33.90 | 83.44 | 83.44 |
| %households with broadhand access | | NA | NA | | NA | | NA | 49.07 | 48.00 |
| % households with internet at home | | NA | NA | | NA | | NA | 81.46 | 81.20 |
| Nº STUDENTS ISCED 0_6* | Nºstudents ISCED_0 per 1.000 inhabitants | 37.77 | 38.85 | | 44.29 | | 39.08 | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | 68.21 | 70.54 | | 79.11 | | 70.52 | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | 40.23 | 42.93 | | 46.42 | | 41.86 | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | 74.89 | 76.60 | | 81.08 | | 76.29 | 48.05 | 48.03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | 7.04 | 6.37 | | 4.23 | | 6.43 | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | 31.66 | 27.79 | | 25.06 | | 29.69 | 37.37 | 37.23 |

* Some regions NUTS3 are replaced by values NUTS2 regions

** The findings of these variables are the sum of values, not the average, as the others.

*** These values are only indicatives and aren't reals because in the calculation there are values NUTS2 and NUTS3.

**Table 2.6** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+ LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| BEDS IN HOSPITAL PER 100,000 inhabitants*[1] | Nº of beds in hospitals per 100.000 inhabitants_ 05 | 757.78 | 740.54 | | 582.41 | | 725.96 | 696.91 | 704.88 |
| | Evolution beds 2000_05 | 95.73 | 96.86 | | 96.73 | | 96.15 | 91.53 | 91.94 |
| | Density of hospitals | 6.07 | 2.08 | | 0.79 | | 4.98 | 5.44 | 5.44 |
| | Hospital beds per head | 3.98 | 3.99 | | 7.47 | | 4.23 | 4.98 | 4.98 |
| | Doctors per inhabitant | 305.19 | 400.07 | | 388.23 | | 338.84 | 171.35 | 171.35 |

*Some regions NUTS3 are replaced by values NUTS2 regions

## 8. Farm structural change

According to the European Farm Structure Survey Belgium had 61710 holdings in 2000 with an total agricultural area of 1426780 ha[7].

Employment in the primary sector in agriculture is less important in rural Belgium than across the EU. The shift out of agriculture to other forms of employment between 1990 and 2003 appears to have taken place at a slightly higher rate than the EU average. There is a relatively high proportion of family labour and holders particularly in PRA regions. Full-time farming is prevalent and even slightly increasing among sole holders and therefore contrasting with the European trend. However the number of sole holders < 35 years has been decreasing steadily since 1995.

Production conditions vary from one region to the next and are influenced by the physical environment and area of land used for farming. All in all in the north (Campine, north Flanders) sandy soils prevail. Meadows as well as growing fodder maize are characteristic for these regions. In southern Flanders clayey-sandy soils can be found that are mainly used for cultivation, intensive cattle breeding and specialized gardening. All in all in the Campine and Flanders regions a wide variety of agricultural production can be found, the farms are on average very small and intensive farming methods prevail. In the Wallonian part of Belgium the agricultural production structure is much more uniform. Except in the southwest, the region is characterized by loamy fertile soils and large farms. Here mainly wheat and sugar beets are grown. Southwestern Wallonia's soils are stony and the altitude as well as relief make the conditions less favourable for production so that in this region agriculture is mainly dominated by cattle breeding[8].

"There are 2 main trends in Belgian agriculture. The first is the disappearance of the small family farm. Farming is increasingly dominated by large agribusinesses. Over the past 3 decades, the number of small farms has decreased by 80 percent. The second major trend is the expanding output of the sector. New technologies and scientific crop research have combined to produce greater yields. Therefore, even if farmers' total acreage declines, they are still producing more. Between 1995 and 1999, crop production increased by 9 percent[9]".

The degree of aging farmers is relatively seen lower than the European average (42% vs. 50%), especially in the intermediate and predominantly rural regions. Similarly, the educational levels of the Belgian farmers are above the EU average, in particular in the intermediate and predominantly rural regions.

[7] http://www.fao.org/ES/ess/census/wcares/2000belgiumweb.pdf
[8] http://www.diplomatie.be (17.04.2009)
[9] http://www.nationsencyclopedia.com/economies/Europe/Belgium-AGRICULTURE.html (17.04.2008)

**Table 2.7** Farm structural change indicators

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Country average | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | EU 27 average |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | 8.00 | 6.00 | | 6.43 | | 7.29 | 33.42 | 33.89 |
| | 2 to 100 ESU | 66.07 | 67.91 | | 76.70 | | 68.18 | 57.56 | 57.02 |
| | >100 ESU | 22.23 | 26.08 | | 16.88 | | 22.25 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005*[1] | -18.88 | -13.60 | | -20.27 | | -17.90 | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | -31.59 | -20.90 | | -36.09 | | -29.84 | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | -23.94 | -20.78 | | -26.12 | | -23.57 | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005*[1] | 20.73 | 22.69 | | 73.52 | | 29.78 | 32.21 | 31.28 |
| HOLDERS | % Holders working full time 2005 | 66.75 | 69.97 | | 68.99 | | 67.84 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 - 2005 | 12.86 | -12.49 | | 10.49 | | 12.40 | -0.00 | 0.33 |
| | Economic Farm Size (RDEU07) *[1] | 64.62 | 68.95 | | 55.58 | | 64.16 | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) *[1] | 17.20 | 17.90 | | 19.07 | | 17.66 | 37.55 | 37.55 |
| | % holders > 55 years 2007 | 44.16 | 39.96 | | 40.61 | | 42.64 | 50.19 | 50.61 |
| | % holders < 35 years 2007 | 5.27 | 7.99 | | 5.85 | | 5.98 | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 - 2005 | 1.36 | 7.86 | | 4.07 | | 3.27 | 5.88 | 5.61 |
| | % change in holders < 35 years 2000 - 2005 | 37.42 | -24.31 | | 45.29 | | 35.65 | -34.00 | -33.95 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | 46.24 | 55.07 | | 49.66 | | 48.62 | 42.29 | 42.29 |

*[1]Some regions NUTS3 are replaced by values NUTS2 regions

## 9. Institutional Capacity

**Type of government:** Parlamentary popular monarchy and parliamentary democracy with bicameralism; (Belgium is one of the view countries that has compulsory voting)

**Area:** 30.528 km²;

**Capital:** Brussels;

**National languages:** Dutch, French, German;

**Administrative division:** Federal state with the regions Flanders, Wallonia and Brussels. Belgium consists of 10 provinces which are leaded by a governor. At the local administration level Belgium has 589 communities.

| | NUTS 1 | | NUTS 2 | | NUTS 3 | | LAU 1 | | LAU 2 | |
|---|---|---|---|---|---|---|---|---|---|---|
| **BE** | Gewesten | 3 | Provincies | 11 | Arrondissementen | 44 | - | | Gemeenten | 589 |

(http://ec.europa.eu/eurostat/ramon/nuts/introannex_regions_en.html (25.6.2009))

All in all political power is shared between the Federal State, the Regions and the Communities, that are all equal from the legal viewpoint but powers and responsibilities are different. The next level is that of the provinces that are supervised by all the higher government authorities, in the context of the federal, community or regional powers. The lowest level is comprised by the communes. Like the provinces, they are under the supervision of the higher authorities. Depending on the powers exercised, they are supervised by the Federal State, the Community or the Region but in general, they are financed and audited by the Regions.[10]

### Federal State

The powers of the Federal State cover everything connected with the public interest. It manages the public finances, the army, the judicial system, social security, foreign affairs as well as substantial parts of public health and home affairs and covers everything that does not expressly come under the Communities or Regions. Furthermore, the Federal State is responsible for the obligations of Belgium and its federalised institutions towards the European Union or NATO and has powers for exemptions and restrictions on the powers of the Communities and Regions.[11]

### Regions:

"Regions have powers in fields that are connected with their region or territory in the widest meaning of the term".[11] So the Flemish Region, the Brussels-Capital Region and the Walloon Region have powers relating to the economy, employment, agriculture, water policy, housing, public works, energy, transport (except Belgian Railways),

[10] http://www.belgium.be/en/about_belgium/government/federale_staat/structure/ (07.02.2011)

[11] http://www.belgium.be/en/about_belgium/government/federal_authorities/competence_federal_government/ (07.02.2011)

scientific research, the environment, town and country planning, nature conservation, credit, foreign trade, supervision of the provinces, communes and intercommunal utility companies.[12]

**Communities:**

The “Communities are based on the concept of "language" and language is "dependent on the individual", a number of other powers are obviously associated with the Communities. The Community has powers for culture, education, the use of languages and matters relating to the individual which concern on the one hand health policy (curative and preventive medicine) and on the other hand assistance to individuals (protection of youth, social welfare, aid to families, immigrant assistance services, etc.) They also have powers in the field of scientific research in relation to their powers and international relations associated with their powers”. [13]

**Provinces:**

The provinces have extensive powers and are responsible for everything within its territories that is of provincial interest. They have devised initiatives in the fields of education, social and cultural infrastructures, preventive medicine and social policy. They also deal with the environment, with highways and waterways, the economy, transport, public works, housing, use of official languages, etc. It has the power to grant licences for the operation of industrial, crafts, commercial and agricultural premises that entail risks or are harmful. The Provincial Governor has a range of powers relating to security and public order.[14]

**Communes:**

The powers of the communes cover everything that is of "communal interest” but are subject to the supervision of the higher authorities (Provinces, Regions, Cummunes, Federal State) and have to adhere the orders of the higher authorities.[15]

International contracts concluded by the Belgian state that have implications due to the competencies of the communities, as for example contracts affecting the European Community, have to be ratifies by the parliaments of the communities, first[16].

**Regional disparities:** Since the 19th century there exist disparities between the French speaking Wallons and the Dutch-speaking Flemings. Recently the disparities are especially caused by economic differences between the economically weak Wallonian part with its declining heavy industry and the prosperous Flemish part of Belgium . The steadily rising resentment against the economic weakness of the Wallonian region becomes especially manifest in the current Flemish separatist movement leaded by the party “Vlaams Belang”.[17] “The Flemish parties generally favour much larger community

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[12] http://www.belgium.be/en/about_belgium/government/regions/competence/ (07.02.2011)
[13] http://www.belgium.be/en/about_belgium/government/communities/competence/ (07.02.2011)
[14] http://www.belgium.be/en/about_belgium/government/provinces/competence/ (07.02.2011)
[15] http://www.belgium.be/en/about_belgium/government/Communes/competence/ (07-02.2011)
[16] http://de.wikipedia.org/wiki/Belgien (25.6.2009)
[17] http://de.wikipedia.org/wiki/Belgien (25.6.2009)

(and regional) autonomy, including financial and tax autonomy, while the francophone parties generally oppose it. The French-speaking parties tend to favour more state control"[18].

**Membership in international organizations:** BENELUX, BITD, EBRD, ECE, EEA, ESA, EU, EUROCONTROL, Europarat, FAO, IAEA, ICAO, IIFC, IIT, ILO, IMCO, IMF, NATO, OAU, OECD, OSZE, UNESCO, UNO, UPU, Weltbank, WEU, WHO, WMO, WTO.[19]

**Policy for regional development:**[20] Since the Ministry of Agriculture was closed in 2001 agricultural policy which is in large parts a EU-directed policy is shaped at the regional level. Agricultural policy is coordinated at the regional level (Gewesten/ NUTS 1) whereas the competencies for rural development are allocated to several administrations at different institutional levels (regions, provinces and municipalities) each with its own set of policy instruments. Whereas the agricultural policy strongly builds on EU-funding (Pillar 2 of the CAP) and has only minor rural development components incorporated the rural development policy is only partly relient on EU-funding and has a broad scope. Concerning the agricultural policy a shift from a nearly sole focus on enhancing production towards a stronger integration of environmental objectives took place as reaction to land consumption and a increasing societal value change. With regard to rural development the municipalities account for the basic care and quality of the living areas. Provinces negotiate with rural actors about the region-specific application of the available instruments as well as the optimal integration of the different social sectors in the development process.

**Table 2.8** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP 2005 | GDP in Mio. Euro 2005 | 10.065.86 | 2.240.15 | | 1.112.31 | | 6862.87 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | 24.716.55 | 18.202.58 | | 16.819.41 | | 21.979.74 | 20926.83 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | 117.23 | 86.34 | | 79.77 | | 104.25 | 94.38 | 95.48 |

[18] http://en.wikipedia.org/wiki/Politics_of_Belgium (25.6.2009)

[19] http://www.auswaertiges-amt.de/diplo/de/Laenderinformationen/01-Laender/Belgien.html (25.6.2009)

[20] cp.Carels, C. et al (2005): Impacts of Agricultural Policy on rural Development in Belgium: case study of the Flemish Region. (= OECD workshop Evaluating Agri-environmental Policies. Bratislava, 24.-26. October),

## 10. Climate change

Due to climate change scenarios following trends can be deduced for Belgium[21]:

- a significant rise in summer and winter temperatures by 2050,
- a rise between 6% and 23% for winter precipitation and a decrease of summer precipitation of up to 50%,
- an increase in cloud cover,
- a significant rise of severe heat waves in the summer and
- more frequent heavy rain incidences.
- Furthermore the scenarios indicate the possibility of more intense and/or frequent storm incidences.

Following possible implications caused by climate change could be identified:[22]

- A rise in the risk of flooding until 2100,
- a possibility of droughts in summer as well as deterioration in surface water quality,
- costal erosions and loss or inland movement of natural wetlands,
- a rise in the groundwater level and the salinization of soil and groundwater,
- costal erosion and loss of land due to a rise in the average sea level (63000ha with rise of 1 m).

Du to agriculture it is assumed that the climate change will have only moderate effects as on the one hand side a rise in temperature lowers the yields of crops but on the other hand side a increase in $CO_2$ concentration tends to lead to an increase of the yields of crops.[23]

"(…) Belgium is a federal state and the competence related to environmental topics is split between the Federal Government and the three Regions: the Flemish Region (Flanders), the Brussels-Capital Region and the Walloon Region (Wallonia). The table below gives an overview of the sharing out of different climate-related subjects between the four institutions"[24].

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[21] Marbaix, P.; Ypersele, van J.-P. (2005): Impacts of climate change in Belgium: Summary. URL: http://www.astr.ucl.ac.be/users/marbaix/impacts/docs/GP-rep04-Sum_2-EN.pdf. P.2

[22] Marbaix, P.; Ypersele, van J.-P. (2005): Impacts of climate change in Belgium: Summary. URL: http://www.astr.ucl.ac.be/users/marbaix/impacts/docs/GP-rep04-Sum_2-EN.pdf. P.2-3

[23] Marbaix, P.; Ypersele, van J.-P. (2005): Impacts of climate change in Belgium: Summary. URL: http://www.astr.ucl.ac.be/users/marbaix/impacts/docs/GP-rep04-Sum_2-EN.pdf. P.3

[24] http://dev.ulb.ac.be/ceese/ABC_Impacts/glossary/sheet_belgian_climate.php (13.08.2009)

**Table 2.9:** Competencies sharing in Belgium as regards topics related to the climate policy

| Competence level | Federal Government | Regions |
|---|---|---|
| **Environment** | - Coordination of the international policy<br>- Product standardisation<br>+ transit of waste, marine environment, radioactive waste | - Environmental policy (air, water, soil, forest)<br>- Waste management<br>+ dangerous facilities, nature preservation, hunting, etc. |
| **Energy** | - Large infrastructures and planning (gas & electricity)<br>- Pricing and taxes<br>- Nuclear power, off-shore wind energy | - Transport and local distribution (gas & electricity)<br>- Rational use of energy, energy efficiency, renewable energies |
| **Transport** | - National airport and rail sector<br>- Taxes on vehicles and fuels<br>- Technical standards for vehicles | - Expressways, inland waterways, ports, regional airports<br>- Public and academic transports |

**Source:** http://dev.ulb.ac.be/ceese/ABC_Impacts/glossary/sheet_belgian_climate.php (13.08.2009) cited after Hannon, E. (2006): Cours "sciences de la terre et changements climatiques" donné au master en gestion de l'environment, IGAT-ULB.

"At the national level, climate policy is prepared, coordinated and decided by four main bodies:

1. the Interdepartmental Conference for the Environment,
2. the Coordination Committee for the International Environment Policy,
3. the Directorate-General Coordination and European Affairs,
4. the National Climate Commission"[25].

"Regions have also sets up bodies to promote the transversal dialogue on climate change across their administrations:

- the **Flanders Climate Policy Task Force** ("Klimaatbeleid Vlaanderen"), set up in 2001: is a dialogue platform on climate policy responsible for the implementation and follow-up of the current Flemish climate policy plan 2002-2005 and the regional position on national and international climate policy.
- the **Kyoto Platform in the Brussels-Capital Region**, set up in 2005: aims at improving the implementation and follow-up of the regional 'Air and Climate Plans'[26]".

All in all in order to face the climate change challenges Belgium set following overall targets for its climate policy after 2012[27]:

- Greehhouse gases reduction of 20% in 2020 with respect to 1990 at European level;
- Renewable energy systems development of 20% of Gross Final Energy Demand (FED) in 2020 at European level; Renewable energy systems should become a more important component of the climate policy as renewables value mechanism (renewable energy systems objective + flexibility) leads to higher deployment than climate policy alone;

[25] http://dev.ulb.ac.be/ceese/ABC_Impacts/glossary/sheet_belgian_climate.php (13.08.2009)
[26] http://dev.ulb.ac.be/ceese/ABC_Impacts/glossary/sheet_belgian_climate.php (13.08.2009)
[27] http://www.kuleuven.be/ei/Public/Agenda-bestanden/D%20Gusbin.pdf (13.08.09)

The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## BULGARIA

Report nº 25.3

Carmen Hubbard
Newcastle University

EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

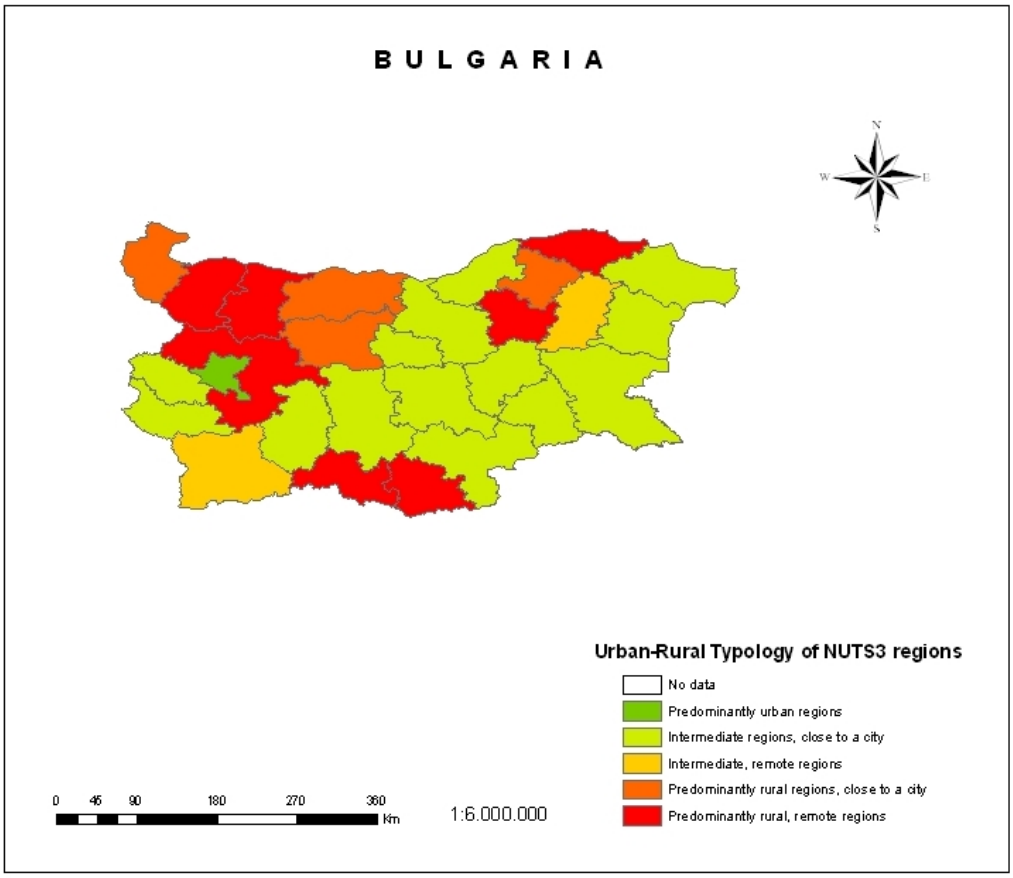
**CONTENTS**

## 1. Introduction

The urban-rural typology of NUTS3 shows that the majority of the regions (14) are in intermediate regions close to a city (IRA). Most of these cover the eastern and central part of the country. There are also two intermediate remote regions (one in the south-west and one in the north-east) 4 predominantly rural regions close to a city (all in the upper half of the country) and seven predominantly rural remote regions (PRR). Most of the latter areas are peripheral and located north-west, north-east and south. There is also one predominantly urban area (Sofia) which, interestingly, is surrounded by a PRR area. This matches a large mountainous area (Balkan). Overall, rural areas represent 81% of Bulgarian territory and 42% of population (Nikolov and Yanakieva, 2006).

Most of the general comments made for Romania as regards the above three questions are valid for Bulgaria too (please see Romania country profile, which also refers to Bulgaria where data available). In addition, Nikolov and Yanakieva, (2006, p.13-14) highlights major strengths and weakness of Bulgarian rural areas. Strengths: rich and divers; well-developed settlements network and preserved rural communities with rich historical and cultural traditions; good infrastructure with easy access to relatively small settlements in rural areas as well as a developed electricity supply and communication network. As major weaknesses, they point out: highly dependence on agriculture, ageing and negative population growth, poor job opportunities, an underdeveloped social capital and insufficient ICT access.

**Figure 3.1** DG Region modified Urban-rural typology of NUTS 3 regions: Bulgaria




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

## 2. Demography

For the country as a whole, the demographic breakdown into the three age groupings (0-14, 15-64 and >64) in the 2001 census was very similar to the breakdown for the EU27 (Table 3.1). However, by 2007 the population showed an ageing in all regions, whereas the EU27 average showed the reverse. In both years, PRA had the highest proportion of people aged over 64 years, and IRR the smallest proportion. Between 2001 and 2007 the overall population fell by 6.5%, almost twice the rate of decline for the EU27. In the PRA population fell over this period by 11% and in the PU by only 1.2%. Age dependency in 2007 (45%) was similar to the EU27 (43%), although in the PRA it was over 50%.

Educational attainment, in terms of ISCED 0_2 and ISCED 3_4, is similar to the EU27, but lower for ISCED 5_6. It is lowest in PRA (13%) and highest in PU (26%). However, for farmers it is very low (less than 8% in all regions) compared to the EU27 average (40%). Similarly, life-long learning rates are very low (average of 0.4% compared to 8% for EU27).

**Table 3.1** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | Country average | | EU 27 average |
| Census population 2001 | % people aged 0 to 14 years | 13.97 | 15.80 | 17.77 | 15.78 | 16.74 | 16.11 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | 71.40 | 67.61 | 68.49 | 64.89 | 66.92 | 67.24 | 66.62 | 66.65 |
| | % people aged 64 years and over | 14.63 | 16.59 | 13.74 | 19.33 | 16.34 | 16.65 | 16.53 | 16.55 |
| | Age dependency rate | 20.49 | 24.58 | 20.08 | 29.99 | 24.71 | 24.92 | 25.09 | 25.09 |
| Population | Population change 2001-2007 (Index pop. 2001=100) | 98.77 | 94.12 | 98.19 | 88.94 | 92.71 | 93.49 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | 12.58 | 13.69 | 13.48 | 13.16 | 13.36 | 13.48 | 16.68 | 15.97 |
| | % pop.15_64_2007 | 71.17 | 69.41 | 70.59 | 66.45 | 68.59 | 68.93 | 69.75 | 70.18 |
| | % pop. >64_2007 | 16.25 | 16.90 | 15.93 | 20.39 | 18.05 | 17.59 | 13.55 | 13.84 |
| | Age dependency rate | 40.51 | 44.09 | 41.67 | 50.58 | 45.93 | 45.18 | 44.08 | 43.17 |
| Education | Natural increase change_01_06 | -38.30 | -17.21 | 5.95 | -2.50 | -6.87 | -11.80 | -5.99 | -6.09 |
| | Net migration change_01_06 | -139.05 | -98.82 | -83.55 | -115.09 | -82.07 | -97.30 | 7.09 | 8.97 |
| | % ISCED 0_2* | 24.82 | 38.76 | 32.98 | 38.18 | 37.54 | 37.46 | 33.62 | 36.65 |
| | % ISCED 3_4* | 48.83 | 45.58 | 46.03 | 48.33 | 46.95 | 46.46 | 43.29 | 47.14 |
| | % ISCED 5_6* | 26.29 | 15.56 | 20.91 | 13.36 | 15.41 | 15.97 | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment | 1.40 | 5.49 | 3.10 | 7.10 | 4.81 | 5.23 | 35.34 | 39.5463 |
| | Life-Long Learning in Rural Areas | 2.26 | 0.32 | 1.13 | 0.00 | 0.32 | 0.40 | 7.69 | 8.61 |

*All variables, their values NUTS3 are replaced by values NUTS2, except in farmers with basico or full information and Life.Long Learning in Rural Areas

## 3. Employment

Overall employment rates (60%) are lower than in the EU27 (66%) (Table 3.2). On a regional basis, they are lowest in PRA and highest in PU for all age and gender breakdowns.

The employment rate for the 15-24 age group is particularly low (24%) compared to the EU27 (40%). The primary sector (25%) is far more important, and the tertiary sector (46%) far less important, in terms of employment, compared to the EU27 (8% and 65%, respectively). There are also large regional variations. The PRR has the highest share of primary employment (34%) and the lowest share of tertiary employment (40%).

Unemployment fell dramatically (by around 40%) from its 2000 base, except for 15-24 year-olds where it rose, particularly in the more rural regions. This contrasts with the EU27 where unemployment rates increased dramatically since 2000.

Overall unemployment rates in 2007 were somewhat higher than for the EU27, especially for 15-24 year-old females (Table 2.3). Unemployment rates tend to be highest for PRA and lowest for PU. The long-term unemployment rate (59%) in 2007 was much higher than for the EU27 (43%). Again, this rate was highest in the PRA and lowest in PU. There are no data on the evolution of the long-term unemployment rate. Activity rates are slightly lower than for the EU27, and are lowest in PRA and PRR.

**Table 3.2** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+ LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate* | 15_64 years | 68.50 | 60.56 | 64.15 | 57.08 | 60.07 | 60.48 | 66.40 | 66.42 |
| | Tmale 15_64 y | 71.60 | 65.13 | 69.30 | 60.98 | 64.33 | 64.86 | 73.05 | 73.12 |
| | Tfemale 15_64 y | 65.40 | 56.01 | 59.05 | 53.20 | 55.81 | 56.11 | 59.72 | 59.70 |
| | Total 15_24 y | 29.90 | 24.00 | 26.65 | 20.95 | 22.81 | 23.67 | 39.66 | 39.67 |
| | Total 45_64years | 66.75 | 59.49 | 62.83 | 56.16 | 59.26 | 59.45 | 62.37 | 62.34 |
| | Total 45_54 | 84.50 | 77.38 | 79.75 | 73.75 | 77.04 | 77.20 | 78.30 | 78.38 |
| | Total 55_64 | 49.00 | 41.59 | 45.90 | 38.58 | 41.47 | 41.70 | 46.44 | 46.30 |

**Table 3.3** Employment indicators (b)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+ LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| %Employment in principal sector | %Emp_primary | 0.84 | 23.70 | 26.47 | 19.54 | 34.32 | 25.14 | 7.95 | 7.97 |
| | %Emp_secondary | 21.14 | 30.15 | 30.59 | 28.09 | 25.95 | 28.51 | 26.71 | 26.71 |
| | %Emp_tertiary | 78.02 | 46.16 | 42.94 | 52.37 | 39.72 | 46.35 | 65.33 | 65.31 |
| Unemployment evolution 2002_05 | Total > 15 years | 34.54 | 55.55 | 66.29 | 65.18 | 69.37 | 60.40 | 187.25 | 188.17 |
| | Total 15_24 years | 27.69 | 92.60 | 113.00 | 109.49 | 126.80 | 102.70 | 255.25 | 257.16 |
| | Total >25 years | 36.12 | 45.69 | 52.95 | 55.26 | 54.64 | 49.47 | 82.27 | 82.21 |
| | Male > 15 years | 35.67 | 47.90 | 50.40 | 64.75 | 41.29 | 48.40 | 82.45 | 82.35 |
| | Female > 15 years | 33.63 | 54.89 | 70.41 | 86.81 | 55.23 | 59.88 | 94.74 | 94.79 |
| Unemployment rate 2007 | Total >15 | 3.60 | 7.72 | 9.85 | 12.68 | 10.44 | 9.11 | 7.61 | 7.63 |
| | Total Male >15 | 3.70 | 6.83 | 10.25 | 13.55 | 9.99 | 8.71 | 7.06 | 7.05 |
| | Total Female >15 | 3.50 | 8.38 | 11.30 | 12.90 | 10.64 | 9.63 | 8.61 | 8.59 |
| | Total 15_24 | 6.00 | 16.21 | 16.05 | 22.00 | 17.91 | 17.09 | 15.80 | 15.64 |
| | Total >25 | 3.40 | 6.88 | 9.75 | 11.15 | 9.43 | 8.21 | 6.66 | 6.66 |
| Long term unemployment* | % long term unemployent rate_07 | 51.08 | 58.04 | 52.72 | 65.31 | 61.73 | 59.37 | 43.07 | 43.12 |
| | Evolution of long term unemployment 2002_07 | NA | NA | NA | NA | NA | NA | 111.33 | 110.94 |

*Values NUTS 3 are replaced by values NUTS2

**Some values NUTS3 are replaced by values NUTS2

## 4. Rural business development

There is an approximately equal division of firms between the four sectors of manufacturing, hotels and restaurants, transport and real estate (Table 3.4). Compared to the EU27, there are no firms in construction or wholesaling and retailing. There is no regional breakdown of the national data.

Manufacturing is the most important in terms of employment (52%), and much higher than in the EU27 (28%) (Table 3.5). However, high and medium technology manufacturing is only half as important as in the EU27. Again, there are no regional data.

**Table 3.4** Rural business indicators (a)

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006* | % Mining and quarrying | 0.39 | 0.39 | 0.39 | 0.39 | 0.39 | 0.39 | 0.29 | 0.30 |
| | % Manufacturing | 22.44 | 22.44 | 22.44 | 22.44 | 22.44 | 22.44 | 14.08 | 14.04 |
| | % Electricity. gas and water supply | 0.59 | 0.59 | 0.59 | 0.59 | 0.59 | 0.59 | 0.61 | 0.62 |
| | %Construction | 0 | 0 | 0 | 0 | 0 | 0 | 9.48 | 9.45 |
| | %Wholesale and retail trade | 0 | 0 | 0 | 0 | 0 | 0 | 23.02 | 21.83 |
| | %Hotel and restaurants | 26.62 | 26.62 | 26.62 | 26.62 | 26.62 | 26.62 | 6.52 | 6.14 |
| | %Transport. storage and Communications | 23.30 | 23.30 | 23.30 | 23.30 | 23.30 | 23.30 | 8.68 | 8.46 |
| | %Real state. renting and business activities | 26.63 | 26.63 | 26.63 | 26.63 | 26.63 | 26.63 | 37.29 | 39.11 |

**Table 3.5** Rural business indicators (b)

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006* | % Mining and quarrying | 1.92 | 1.92 | 1.92 | 1.92 | 1.92 | 1.92 | 0.57 | 0.51 |
| | % Manufacturing | 52.46 | 52.46 | 52.46 | 52.46 | 52.46 | 52.46 | 29.18 | 28.07 |
| | % Electricity, gas and water supply | 2.62 | 2.62 | 2.62 | 2.62 | 2.62 | 2.62 | 1.13 | 0.89 |
| | %Construction | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 9.08 | 9.14 |
| | %Wholesale and retail trade | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 26.13 | 26.92 |
| | %Hotel and restaurants | 14.98 | 14.98 | 14.98 | 14.98 | 14.98 | 14.98 | 8.26 | 8.36 |
| | %Transport, storage and communication | 17.89 | 17.89 | 17.89 | 17.89 | 17.89 | 17.89 | 8.64 | 8.51 |
| | %Real state, renting and business activities | 10.13 | 10.13 | 10.13 | 10.13 | 10.13 | 10.13 | 16.78 | 17.51 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Employment in high and medium technologies manufacturing activities_2004* | Employment in high and medium tech manufacturing activities_2004_Media | 3.67 | 3.67 | 3.67 | 3.67 | 3.67 | 3.67 | 6.88 | 7.42 |
| | Employment in high and medium tech manufacturing activities_2004_%EU 25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 95.89 | 107.13 |
| %firms with own website | | NA | NA | NA | NA | NA | NA | 50.20 | 50.20 |

*Values NUTS 3 are replaced by values NUTS2

## 5. Rural-urban relationships

Unfortunately it was no possible to find relevant information about rural-urban relationships in Bulgaria

## 6. Cultural Heritage

Unfortunately it was no possible to find relevant information about cultural heritage in Bulgaria

## 7. Services of General Interest

The figures regarding the density of trunk road and railways are lower than the Eu27 average for all regions. Figures for PU are somehow higher than in the rest of the regions. Population density fell in all regions between 2001 and 2006 by between 1.2% (PU) and 11% (PRA) (Table 3.6). The average rate of decline was almost twice that of the EU27. PU recorded the highest density of population in 2006 (at 376) whereas the other regions have figures are well below 100. The figures for time to the nearest hospital and university are much lower for PU as compared to the other regions and also below the EU27 level. Time to the nearest airport is well above the EU average.

There are fewer students in the ISCED 4_5_6 range than in the EU, and numbers are particularly low in PRA.

There are fewer hospital beds than the EU average for all regions (Table 3.7). However, there is a clear difference between the densities of hospitals in PU (12) as compared to the rest of the regions (less than 1). The number of hospital beds per head varies between 2.8 for IRR to 6.4 for PU. The number of doctors per inhabitant at the national is almost double the EU27 average, with the highest number (421) in PU.

**Table 3.6** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Country average | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | EU 27 average |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | 0.00 | 0.01 | NA | NA | 0.01 | 0.01 | 0.04 | 0.04 |
| Density of trunk road | | 0.13 | 0.08 | 0.06 | 0.07 | 0.08 | 0.08 | 0.17 | 0.17 |
| Density of railways | | 0.07 | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 | 0.10 | 0.10 |
| Area (km2)** | | 3355.50 | 46977.00 | 6711.00 | 13422.00 | 23488.50 | 93954.00 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_06* | 1.89 | -6.43 | -4.31 | -10.15 | -9.75 | -7.34 | 0.93 | 0.92 |
| | Density of population 2006*** | 367.00 | 85.98 | 79.20 | 53.73 | 50.89 | 82.15 | 414.65 | 446.23 |
| Daily population accessible by car* | | 7090.00 | 7090.00 | 7090.00 | 7090.00 | 7090.00 | 7090.00 | 18078.54 | 19285.21 |
| Time to nearest hospital | | 11.07 | 22.72 | 33.36 | 21.16 | 35.11 | 11.07 | 22.83 | 22.83 |
| Time to nearest university | | 11.07 | 51.18 | 33.36 | 85.18 | 101.81 | 11.07 | 45.10 | 45.10 |
| Time to nearest airport | | 283.37 | 158.13 | 145.30 | 238.53 | 240.34 | 283.37 | 83.44 | 83.44 |
| %households with broadhand access | | NA | NA | NA | NA | NA | NA | 49.07 | 48.02 |
| % households with internet at home | | NA | NA | NA | NA | NA | NA | 81.46 | 81.20 |
| Nº STUDENTS ISCED 0_6* | Nºstudents ISCED_0 per 1.000 inhabitants | 26.22 | 27.00 | 27.79 | 26.84 | 26.83 | 26.96 | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | 32.38 | 36.23 | 35.49 | 35.54 | 35.65 | 35.79 | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | 34.77 | 39.43 | 38.65 | 40.90 | 40.12 | 39.59 | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | 50.57 | 47.94 | 48.77 | 47.42 | 48.02 | 48.04 | 48.05 | 48.03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | 1.28 | 0.51 | 0.73 | 0.34 | 0.45 | 0.51 | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | 54.17 | 30.65 | 47.26 | 11.07 | 25.79 | 28.67 | 37.37 | 37.23 |

* Values NUTS 3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

*** These values are only indicatives and aren't reals because in the calculation there are values NUTS2 and NUTS3.

**Table 3.7** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Country average | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | EU 27 average |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| BEDS IN HOSPITAL PER 100,000 inhabitants* | Nº of beds in hospitals per 100.000 inhabitants_ 05 | 663.40 | 585.54 | 583.05 | 583.80 | 586.31 | 588.08 | 696.91 | 704.88 |
| | Evolution nbeds 2000_05 | 81.58 | 84.32 | 79.64 | 82.93 | 84.80 | 83.81 | 91.53 | 91.94 |
| | Density of hospitals | 11.90 | 0.50 | 0.37 | 0.36 | 0.37 | 0.86 | 5.44 | 5.44 |
| | Hospital beds per head | 6.43 | 3.59 | 2.78 | 4.15 | 3.37 | 3.67 | 4.98 | 4.98 |
| | Doctors per inhabitant | 421.30 | 317.49 | 371.95 | 310.50 | 326.27 | 326.28 | 171.35 | 171.35 |

*Values NUTS 3 are replaced by values NUTS2

## 8. Farm structural change

The percentage of farms with less than 2ESU accounts for more than 91% in all regions, highlighting the semi subsistence character that dominates the Bulgarian agricultural sector. However, the highest shares are recorded in PU (94%) and PRA (93.3%). Holdings between 2 and 100 ESU varies between 6% (PU) and 8.4% (IRA) of total holdings, whereas holdings with more than 100 ESU accounts for less than 0.5% in all regions.

Holders working full-time account for 30% of the total, a similar proportion to that in the EU27 (Table 3.9). IRR has the lowest proportion (24%) and PU the highest (68%).

Only 5% of farmers have a full education in agriculture compared with 42% for the EU27.

No other data are available.

**Table 3.8** Farm structural change indicators (a)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Country average | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | EU 27 average |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | 93.90 | 91.30 | 92.13 | 93.37 | 91.90 | 91.90 | 33.42 | 33.89 |
| | 2 to 100 ESU | 6.05 | 8.40 | 7.59 | 6.34 | 7.85 | 7.83 | 57.56 | 57.02 |
| | >100 ESU | 0.06 | 0.30 | 0.28 | 0.29 | 0.25 | 0.28 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005* | % Change in number of total holdings 2000-2005* | NA | NA | NA | NA | NA | NA | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | NA | NA | NA | NA | NA | NA | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | NA | NA | NA | NA | NA | NA | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005* | NA | NA | NA | NA | NA | NA | 32.21 | 31.28 |

*Values NUTS 3 are replaced by values NUTS2

**Table 3.9** Farm structural change indicators (b)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Country average | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | EU 27 average |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| HOLDERS | % Holders working full time 2005 | 67.51 | 26.52 | 24.38 | 34.43 | 30.8184 | 30.1409 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 - 2005 | NA | NA | NA | NA | NA | NA | 0.00 | 0.33 |
| | Economic Farm Size (RDEU07) | NA | NA | NA | NA | NA | NA | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | NA | NA | NA | NA | NA | NA | 37.56 | 37.56 |
| | % holders > 55 years 2007 | NA | NA | NA | NA | NA | NA | 50.19 | 50.62 |
| | % holders < 35 years 2007 | NA | NA | NA | NA | NA | NA | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 - 2005 | NA | NA | NA | NA | NA | NA | 5.88 | 5.62 |
| | % change in holders < 35 years 2000 - 2005 | NA | NA | NA | NA | NA | NA | -34.01 | -33.96 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | 1.40 | 5.48 | 3.1000 | 7.1000 | 4.8143 | 5.2321 | 42.29 | 42.30 |

*Values NUTS 3 are replaced by values NUTS2

## 9. Institutional Capacity

GDP per inhabitant in PPS in 2005 averaged 6,500 compared to 21,000 in the EU27, although in PU it was 15,500 (Table 3.10). Measured in euro, GDP per inhabitant is 29% of the EU average, with a range of 25% (PRA and IRR) to PU (69%). As percentage of the EU average (for 2005) the GDP/head varies between €25 for PU and €9 for PRA. For comparison the EU average stands at €95/head.

**Table 3.10** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+ LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | 6779.20 | 700.75 | 554.55 | 368.85 | 386.88 | 781.51 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | 15470.6 | 6481.03 | 5768.35 | 5682.85 | 6068.22 | 6533.95 | 20926.83 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | 24.70 | 10.36 | 9.25 | 9.08 | 9.71 | 10.45 | 94.38 | 95.48 |

The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities for Rural Areas)

## Country Profiles Report

## CYPRUS

Report nº 25.4

Dimitris Skuras
University of Patras

EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

**CONTENTS**

## 1. Introduction

### *Some Preparatory Remarks*

This report is one of a series of 31, covering the EU27 plus Norway, Turkey, Switzerland, and Liechtenstein, and following a strictly standard format and guidelines. The intention and objective (as clearly stated in the project's Inception Report) was centred upon the provision of country-level commentaries upon socio-economic patterns revealed by the indicators contained in the EDORA database, structure by the Rural-Urban NUTS 3 regional typology described in Working Paper 24[1]. These 31 reports play a background role in the writing of Working Paper 25[2], a comparative report, summarising the major socio-economic patterns across Europe.

It is very important to be clear that these 31 Country Profiles were thus never intended as free-standing or original sources of information on the rural areas of the Member States. Neither was it intended to carry out extensive work based upon national definitions of rural, or classifications which are based upon regions smaller than NUTS 3. In accordance with these rather limited requirements partners were allocated a budget resource equivalent to two person-days per country.

The implications for those countries which have only a single NUTS 3 region (such as Cyprus, Luxembourg and Liechtenstein) or where the country has no NUTS 3 regions which are classified by the OECD typology as 'rural', are clearly problematic, and with hindsight, there is an argument for excluding such countries from this exercise. Clearly many parts of the guidelines, which require interpretation of tables of data structured according to the NUTS 3 typologies, could not be followed. A more flexible approach was clearly appropriate, through which the report's authors sought to meet the requirements of Working Paper 25, by conveying a general impression of the character of the rural parts of the country, on the basis of information readily accessible to them. Cyprus is one of these special cases, and as such this report is not expected to confirm rigidly to the standard structure and guidelines.

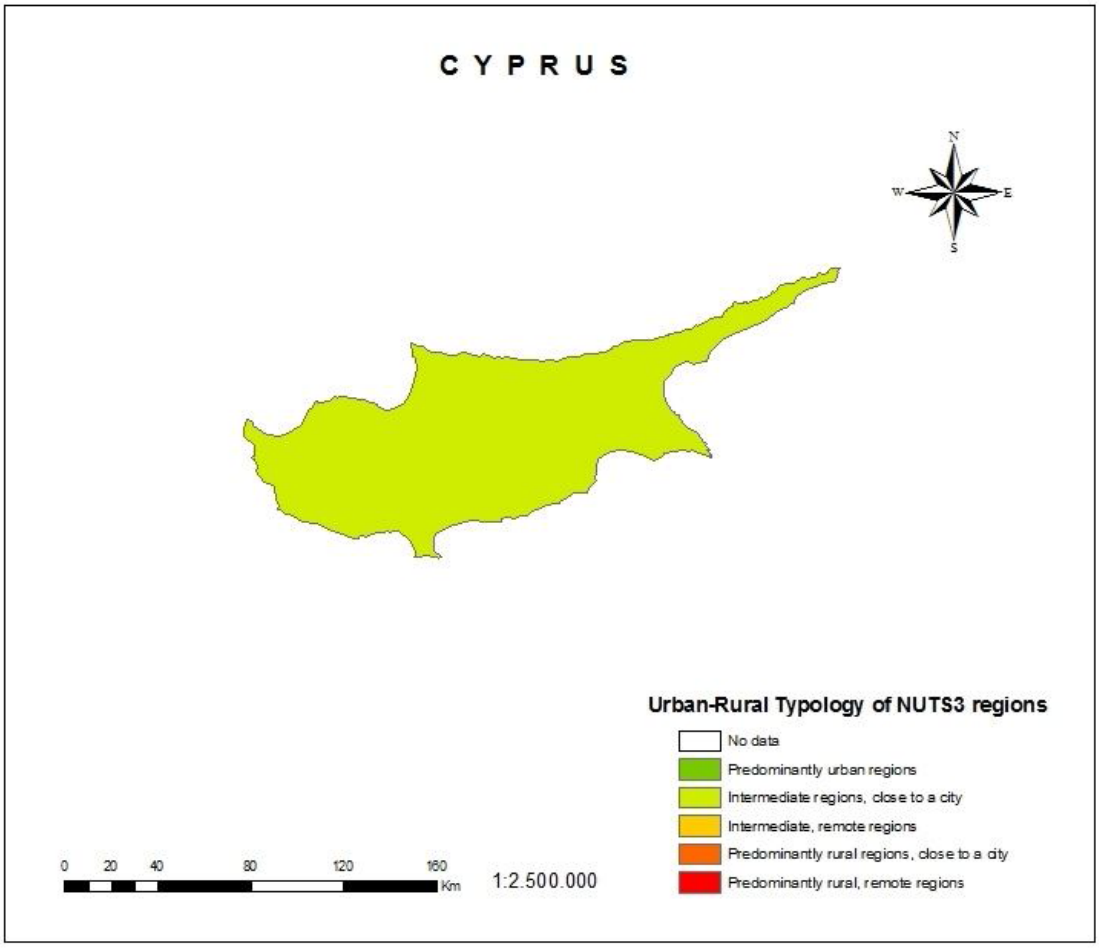
Cyprus is the only EU member state that is physically divided following the invasion of Turkey to the island in 1974. Following Cyprus accession to the EU, the division created by Turkish invasion poses one single question for spatial and rural development planning in Cyprus: Do plans refer to the whole island but are implemented only to the free part of the island or plans address only the free part of the island? The Turkish invasion has, however, brought significant changes over the settlement pattern as well as in the demographic structure of Cyprus. The displaced Cypriots who constitute about 1 /3 of the population can be found today in almost all

[1] Copus A and Noguera J, (2010) The EDORA Typology, EDORA Working Paper 24. This forms part 24 of Annex 1 of the EDORA Final Report.

[2] Noguera J, (2010) Country Profiles Comparative Report, EDORA Working Paper 25. This forms part 25 of Annex 1 of the EDORA Final Report.

the settlements of the free part of Cyprus. In Nicosia and the suburbs, live today approximately 40,000 displaced Cypriots while displaced Cypriots can be found today in all towns and many villages in government-controlled areas. The dispersion of the displaced Cypriots is probably best exemplified by the inhabitants of Kyrenia, a small town in the north of Cyprus, who are now, since 1974, living in 110 settlements in government-controlled areas, dispersed among the original inhabitants of these settlements. The displaced Cypriots of Famagusta are today living in 291 settlements. As from 1976 there are now in Cyprus about 160-170,000 Turks from main Turkey[3]. These new foreign settlers who now live in the occupied part of Cyprus have changed the composition of the population of the island. Today, from a total of 925,100 hectares, approximately 589,880 hectares are under the control of the Republic of Cyprus. Of this area, 26% is agricultural land, 54% is under forests or forested area, 7% is arid and non cultivated and 13% is urban.

**Figure 4.1** DG Regio modified Urban-rural typology of NUTS 3 regions: Cyprus




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

[3] CYSTAT (2009) Demographic Report, p11 http://www.mof.gov.cy/mof/cystat/statistics.nsf/All/70008808DEA438F8C2257833003402FB/$file/DEMOGRAPHIC_REPORT-2009-100211.pdf?OpenElement).

***The OECD Typology as applied to Cyprus***

Clearly the OECD typology is rather unsatisfactory with respect to Cyprus, which is one of two EU Member States which has only one NUTS region, i.e. no internal differentiation. As a result all of Cyprus is classified as an Intermediate Remote region, averaging out (intra-NUTS 3) differences between its urban and rural areas. The only way to change this would be for the Cypriot authorities to propose to Eurostat some subdivision of the country into NUTS 3 regions, which could then be reclassified according to the typology guidelines.

The Rural Development Plan for Cyprus (2007-2013) acknowledges the fact that Cyprus does not follow the OECD classification of rurality (i.e, population density of less than 150 inhabitants per square kilometer) because such a definition is not operational or applicable to the Cyprus case. This non-compliance with the OECD definition, is argued in the Rural Development Plan, that is due to the fact that Cyprus is dominated by small sized farms and small urban centres. If the OECD definition of rurality was used in Cyprus, many areas that are now characterized as rural and especially agricultural dominated areas with high population and small areal cover would not fall in the "rural" category, while urban areas with high population but which cover relatively high areas would have been characterized as "rural". Even alternative definitions of rurality based on the size of the major settlement (i.e., rural is characterized the establishment of less than 2,000 inhabitants) are not easily applicable to Cyprus, because municipalities are established when the population exceeds 5,000 inhabitants or when the local authority can provide evidence that has the adequate resources to act as a municipality (Law 111/85). Thus, we cannot argue that municipalities represent urban population and communes represent rural population. Furthermore, in the EU Nomenclature of Territorial Units for Statistics (NUTS), Cyprus has only one NUTS area (Regulation EU 1888/2005 and Regulation EU 31/2011), Cyprus has two levels of Local Administrative Units (LAUs), LAU 1 in Cyprus consists of the 6 Eparchies and LAU 2 of the 613 Dimoi and Koinotites (municipalities formerly called as NUTS 5 areas)[4]. Lacking the OECD classification on rurality and a sub-division in NUTS areas or the direct correspondence between LAUs and NUTS is difficult to disaggregate, at least in the framework of this report, the country wide data provided by Eurostat into smaller spatial units.

It is estimated that approximately 90% of Cyprus' area is rural and almost 30% of its population lives in rural areas (The Rural Development Plan for Cyprus, 2007-2013 states that the rural population's percentage fluctuates around 30.5% of the total population in Cyprus in 2004).

In terms of location, there are three rural zones in Cyprus: mountainous, semi-mountainous/, and plains that may be coastal, or level /dry land. The first two are characterized by altitude of the settlement with mountainous being at an altitude of over 800m and semi-mountainous being over 500m. These two types of areas are worse off in terms of most of the issues concerning rural development and for this reason farming is subject to compensatory allowances. Areas

[4] http://epp.eurostat.ec.europa.eu/portal/page/portal/nuts_nomenclature/correspondence_tables/national_structures_eu

designated under Regulation 1257 (Less Favoured Areas – LFAs) were grouped in Cyprus into five categories (Table 4.1), as follows:

- Category 1 includes mountain areas with a minimum attitude of 800 m. and are specified under Article 18 of Regulation 1257/99;
- Category 2 specified mountain areas with an attitude between 500 and 800 m. and slopes being at least 15% (Article 18);
- Category 3 defined less-favoured areas (Article 19), based on a combination of criteria that include: i) low population density of communes (i.e. less than 55 persons per km2) or declining population (between 1976 and 1992); ii) infertile land (i.e. communes in which at least 50% of the land belong to categories 4 and 5 of the Land Suitability Map); and iii) low farm incomes (i.e. farm income per labour unit not exceeding 80% of the national average);
- Categories 4 and 5 consist of communes neighbouring occupied territory, or with part of their land occupied (Article 20).

The areas designated in the different categories in Cyprus are shown in the following table.

**Table 4.1: Less Favoured Areas (LFAs) in Cyprus according to the Rural Development Programme**

| LFA Type | Number of Communes | Total Area | Share of total area | Agricultural Land* | Share of Agricultural Land | Farm Holdings |
|---|---|---|---|---|---|---|
| | | 000' ha | (%) | 000' ha | (%) | No. |
| 1.Mountain areas (> 800m) | 48 | 65.12 | 7.0 | 9.32 | 6.1 | 4,017 |
| 2.Mountain areas (500-800m and slope>15%) | 55 | 79.98 | 8.6 | 10.17 | 6.7 | 3,111 |
| 3.Less favoured | 168 | 224.19 | 24.1 | 48.52 | 31.8 | 11,696 |
| 4.Specific Handicaps | 35 | 58.96 | 6.3 | 20.43 | 13.4 | 4,097 |
| 5.Specific Communes | 5 | 4.87 | 0.5 | 1.91 | 1.3 | 710 |
| | | | | | | |
| Total LFAs | 311 | 433.12 | 46.5 | 90.35 | 59.3 | 23,631 |

* Under the control of the Republic of Cyprus Administration

Source: Table 2.6.1, page 149 of the Single Programming Document 2004-2006 (Rural Development – Guarantee). The current (2007-2013) list of LFAs has only marginal differences with the corresponding 2004 list.

Cyprus is a special and unique case in the designation of areas under the LFA Measure since it has added categories 4 and 5 (table above) which refer to farm holdings having part of their land occupied.

### *Main Drivers, Opportunities and Constraints*

Urbanisation (as manifest in rural depopulation and demographic ageing) and apparent climate change effects (in the form of water scarcity) are key drivers of rural change in Cyprus. Key opportunities are in the tourism sector, whilst the unique and complex political situation is obviously an important constraint in parts of the Island. Other constraints (discussed below) are

rural education and training, poor access to services, inadequate public infrastructure, and transportation costs.

The Rural Development Plan for Cyprus (2007-2013, 4th revision, November 2010) assessed the major strengths and weaknesses of Cypriot agriculture and of Cypriot rural areas in general. The high-level of know-how, entrepreneurship and the existence of business type units of adequate size in certain sectors are among the major strengths of Cypriot agriculture. These are complemented by an extra-ordinary environment (forests, climate conditions, rich biodiversity, landscape) that allows and encourages the growth of alternative forms of activities in rural areas. The major weaknesses of the agricultural sector are found either in the farm structure (size and spatial disposition of farms, age and educational structure of the farming population, etc) or are related the lower level of basic services provision in rural areas. The main weakness is identified in the basic infrastructure concerning with road connections between villages and agricultural holdings as well as between urban centres and villages. This raises production and distribution costs (especially for the voluminous products) and affects competitiveness of Cypriot agriculture.

The invasion divided the island into two parts. Thus, spatial plans implemented before 1974 and considering the whole island as one spatial unit where suddenly cut into two parts. For example, the North West coastal area of Tilliria as well as the Northern areas of the mount Troodos were relatively accessible from the island's capital Nicosia as well as the town of Kyrenia. Now accessibility in terms of travel time to the capital has been doubled while the nearest town (that of Pafos) is, on average, more than one hour away not offering the same opportunities as that of Kyrenia. If, in 1974 one could forecast that the island would remain divided 35 years later, then new spatial planning would aim to offer an alternative road network for cut off areas. This is just an example of the kind of dilemmas faced by spatial and rural development authorities in Cyprus.

***The relevance of the Grand Narratives of Change***

The three Grand Narratives of rural change proposed in Working Paper 10[5] relate to: (i) agricultural restructuring, (ii) rural-urban processes, and (iii) globalisation. Of these the effects of the first and second are conspicuously evident in terms of the various pressures on the Cypriot farming population, and in terms of rural depopulation and demographic ageing. The impact of the third is perhaps more subtle, both in terms of agricultural markets and the changing nature of international tourism flows.

[5] Lee R, Shucksmith M and Talbot H (2010) *Synthesis of Thematic Reviews*, EDORA Working Paper 10 (in Annex 1 of the EDORA Final Report).

## 2. Demography

The most important feature of rural areas is the depopulation that occurred between the 60s and the 90s. The proportion of people living in rural areas dropped from over 60% in the 60s to 30%. Rural outmigration is related to constrained employment opportunities in rural areas, lower supply of services including education and health and low amenities. The Rural Development Plan for Cyprus (2007-2013) acknowledges all the aforementioned factors and argues that "the retention of the rural population and especially of the young and educated persons in the countryside and the improvement of the human capital engaged in the agricultural sector" should become a primary objective of rural development efforts.

**Table 4.2 Demography indicators**

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR +IS+LI+ MK+NO+ TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001 | % people aged 0 to 14 years | | 21.43 | | | | 21.43 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | | 66.88 | | | | 66.88 | 66.62 | 66.65 |
| | % people aged 64 years and over | | 11.69 | | | | 11.69 | 16.53 | 16.55 |
| | Age dependency rate | | 17.49 | | | | 17.49 | 25.09 | 25.09 |
| Population* | Population change 2001-2007 (Index pop. 2001=100) | | 111.63 | | | | 111.63 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | | 17.95 | | | | 17.95 | 16.68 | 15.97 |
| | % pop.15_64_2007 | | 69.76 | | | | 69.76 | 69.75 | 70.18 |
| | % pop. >64_2007 | | 12.29 | | | | 12.29 | 13.55 | 13.84 |
| | Age dependency rate | | 43.34 | | | | 43.34 | 44.08 | 43.17 |
| Education* | Natural increase change_01_06 | | -17.65 | | | | -17.65 | -5.99 | -6.09 |
| | Net migration change_01_06 | | 214.58 | | | | 214.58 | 7.09 | 8.97 |
| | % ISCED 0_2** | | 36.23 | | | | 36.23 | 33.62 | 36.65 |
| | % ISCED 3_4** | | 34.07 | | | | 34.07 | 43.29 | 47.14 |
| | % ISCED 5_6** | | 25.32 | | | | 25.32 | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment | | 6.40 | | | | 6.40 | 35.34 | 39.54 |
| | Life-Long Learning in Rural Areas | | 5.84 | | | | 5.84 | 7.69 | 8.61 |

The tables below reproduce data from table 14 of the annex to the Rural Development Plan for Cyprus 2007-2013 and compares the age structure of the population between rural areas (as these are defined by the Cypriot government) and urban areas. The percentage of population over 65 years of age is 13.8% in rural areas and only 11.7% in urban areas. However, specifically for agriculture, the Rural Development Plan for Cyprus (2007-2013) states that 48% of the agricultural holdings owners are over the age of 55, showing an age-related structure in agriculture.

**Table 4.3 Demographic age structure in Rural and Urban Cyprus**

| Age categories | Rural Areas | | | Urban Areas | | | |
|---|---|---|---|---|---|---|---|
| | Female | Male | Total | Female | Male | Total | Grand Total |
| <15 | 23,585 | 25,271 | 48,856 | 48,302 | 50,320 | 98,622 | 147,478 |
| 15-65 | 67,640 | 68,601 | 136,241 | 166,426 | 157,562 | 323,988 | 460,229 |
| >65 | 16,359 | 13,310 | 29,669 | 28,119 | 22,685 | 50,804 | 80,473 |
| Not declared | 162 | 187 | 349 | 475 | 561 | 1,036 | 1,385 |
| Total | 107,746 | 107,369 | 215,115 | 243,322 | 231,128 | 474,450 | 689,565 |

Source: Table 14, Rural Development Plan for Cyprus 2007-2013 (Annex)

The difference between rural and urban areas is very sharp when it concerns educational levels. Almost 58% of the population in rural areas has not progressed beyond the 9 years of compulsory education (6 years of primary and 3 years of secondary) as opposed to 35% in urban areas. Whilst 27% of the population in urban areas has tertiary education, the corresponding figure in rural areas is only 11%. The reader should be aware that the definition of rural areas on which the classification in the following tables is based, may result quite significant differences with the situation if the corresponding OECD definition is used.

**Table 4.4 Education differences between Rural and Urban Cyprus**

| Educational categories | Rural Areas | | | Urban Areas | | | |
|---|---|---|---|---|---|---|---|
| | Female | Male | Total | Female | Male | Total | Grand Total |
| Basic educationprimary and secondary (9 years) | 50,480 | 45,688 | 96,168 | 73,434 | 58,559 | 131,993 | 228,161 |
| Lyceum (further secondary education) | 23,280 | 27,426 | 50,706 | 69,121 | 71,534 | 140,655 | 191,361 |
| Tertiary education | 10,189 | 8,738 | 18,927 | 51,813 | 49,991 | 101,804 | 120,731 |
| Not declared | 212 | 246 | 458 | 652 | 724 | 1,376 | 1,834 |
| Total | 84,161 | 82,098 | 166,259 | 195,020 | 180,808 | 375,828 | 542,087 |

Source: Table 14, Rural Development Plan for Cyprus 2007-2013 (Annex)

## 3. Employment

Cyprus has been traditionally a service economy. The well developed tourism sector together with trade and financial services that extends to many countries of the middle East and Africa constitutes the backbone of the Cypriot economy. Even the constructions industry exports its services to Middle East countries. Unemployment rates are significantly lower in Cyprus than in the other EU member states but unemployment rates especially among those over 25 years old grow significantly higher than those of the rest of the EU member states.

**Table 4.5 Employment indicators.**

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | | Average EU 27 +CH+HR+IS +LI+MK+NO + TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | Average country | | |
| Employment rate* | T15_64 years | | 71.00 | | | | 71.00 | 66.40 | 66.42 |
| | Tmale 15_64 y | | 80.00 | | | | 80.00 | 73.05 | 73.12 |
| | Tfemale 15_64 y | | 62.40 | | | | 62.40 | 59.72 | 59.70 |
| | Total 15_24 y | | 37.40 | | | | 37.40 | 39.66 | 39.67 |
| | T 45_64 years | | 68.10 | | | | 68.10 | 62.37 | 62.34 |
| | Total 45_54 | | 80.30 | | | | 80.30 | 78.30 | 78.38 |
| | Total 55_64 | | 55.90 | | | | 55.90 | 46.44 | 46.30 |
| %Employment in principal sector | %Emp_primary | | 4.90 | | | | 4.90 | 7.95 | 7.97 |
| | %Emp_secondary | | 20.16 | | | | 20.16 | 26.71 | 26.71 |
| | %Emp_tertiary | | 74.93 | | | | 74.93 | 65.33 | 65.31 |
| Unemployment evolution 2002_05 | Total > 15 years | | 157.41 | | | | 157.41 | 187.25 | 188.17 |
| | Total 15_24 years | | 144.44 | | | | 144.44 | 255.25 | 257.16 |
| | Total >25 years | | 161.73 | | | | 161.73 | 82.27 | 82.21 |
| | Male > 15 years | | 170.21 | | | | 170.21 | 82.45 | 82.35 |
| | Female > 15 years | | 150.00 | | | | 150.00 | 94.74 | 94.79 |

*Values NUTS 3 are replaced by values NUTS2

Unfortunately, to the best of our knowledge, there is no specific information concerning the employment situation in rural areas even as these are defined by the Cypriot government. However, the Rural Development Plan for Cyprus (2007-2013) acknowledges the fact that employment in rural areas is highly concentrated in agriculture and thus, the need to diversify the economic activity base of rural areas is a priority for rural development policy. Furthermore, as the agricultural profession becomes less appealing, the number of those engaged in the primary sector constantly declines and the rejuvenation index must be low.

## 4. Rural business development

Unfortunately there are not any surveys carried out in Cyprus and addressing rural businesses in particular. The latest business census that was carried out by the Cypriot statistical service provides information on LAU 1 level (eparchies) but does not disentangle rural from urban areas even according to the Cypriot definition of rural areas. Thus, the information we have access to, does not refer specifically to rural businesses. However, what is important to note is the high concentration of businesses in the trade (wholesale and retail) sector, constructions and tourism. Employment is also concentrated in these three sectors.

The Rural Development Plan for Cyprus (2007-2013) recognizes the need to support entrepreneurship at least in mountainous and less favoured areas in order to provide employment opportunities to the young and educated part of the rural population and retain the innovative and entrepreneurial opportunities of the areas as well as differentiating and diversifying the economic activity base. In the summary of the Rural development Plan it is suggested that “Supporting economic diversification of rural part of the country, focusing on mountainous, semi-mountainous and remote areas via the promotion of entrepreneurship is finally a strategic objective for Cyprus. The semi-mountainous, remote areas and villages around 500m of altitude will be prioritised as it is expected that they will benefit as well from the rapid growth rates and development observed during the past years in coastal and plain areas in Cyprus”. The Rural Development Plan also recognizes that sectors such as poultry, pig, and cattle keeping are reasonably competitive. Furthermore, opportunities are recognized in the typical Mediterranean agricultural products such as early potatoes, vegetables, citrus fruit, olives and wine products. As far as processes Cypriot agricultural products are concerned, the Rural Development Plan recognizes opportunities for “haloumi”, “lountza”, “trahanas”, “flaouna”, “soutzoukos”, “Posirti Pitsilias”, “zivania” and “Commandaria”. To these one may add bottled water, charcuterie, fruit preserves, rose water, honey, herbs, specialty breads and rusks.

The Rural Development Plan for Cyprus (2007-2013) recognizes certain constraints for the development of rural businesses which are related to the quality of human capital in rural areas, the level of public infrastructure and certain environmental limitations. The quality of human capital is related to the age structure, the low educational level of the population and low rates of participation in further education and re-training schemes. As concerns public infrastructure, transportation cost are high and affect the competitiveness of rural businesses, while the lower provision of basic services such as health and education do not support the efforts to retain young and educated human capital. Finally, certain environmental constraints are related to waste management disposal and treatment especially in animal raising enterprises or businesses in light manufacturing.

Currently, the whole of axis 3 (Quality of Life and Diversification of the Rural economy) of the Rural Development Plan is devoted to rural business support (directly or indirectly). Measure 3.1 aims at supporting tourism and cultural heritage activities, measure 3.2 at conserving cultural and natural heritage, measure 3.3 at skill acquisition and measure 3.4 at broadband provision.

Furthermore, axis 4, the LEADER Initiative also is devoted to rural business development. Unfortunately, it is still very early to assess the results of these initiatives and the effect they had on rural areas.

**Table 4.6 Rural business development indicators(a)**

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | | 0.18 | | | | 0.18 | 0.30 | 0.30 |
| | % Manufacturing | | 11.24 | | | | 11.24 | 14.08 | 14.05 |
| | % Electricity, gas and water supply | | 0.02 | | | | 0.02 | 0.61 | 0.63 |
| | %Construction | | 13.82 | | | | 13.82 | 9.48 | 9.46 |
| | %Wholesale and retail trade | | 42.01 | | | | 42.01 | 23.02 | 21.83 |
| | %Hotel and restaurants | | 13.72 | | | | 13.72 | 6.52 | 6.15 |
| | %Transport, storage and communication | | 9.32 | | | | 9.32 | 8.69 | 8.46 |
| | %Real state, renting and business activities | | 9.68 | | | | 9.68 | 37.29 | 39.12 |

**Table 4.7 Rural business development indicators(b)**

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | | 0.26 | | | | 0.26 | 0.58 | 0.52 |
| | % Manufacturing | | 16.56 | | | | 16.56 | 29.18 | 28.08 |
| | % Electricity, gas and water supply | | 0.80 | | | | 0.80 | 1.14 | 0.89 |
| | %Construction | | 15.64 | | | | 15.64 | 9.09 | 9.14 |
| | %Wholesale and retail trade | | 28.92 | | | | 28.92 | 26.14 | 26.93 |
| | %Hotel and restaurants | | 17.48 | | | | 17.48 | 8.27 | 8.37 |
| | %Transport, storage and communication | | 10.76 | | | | 10.76 | 8.65 | 8.52 |
| | %Real state, renting and business activities | | 9.57 | | | | 9.57 | 16.78 | 17.51 |
| Employment in high and medium technologies manufacturing activities_2004 | Employment in high and medium tech manufacturing activities_2004_Media | | 1.18 | | | | 1.18 | 6.88 | 7.42 |
| | Employment in high and medium tech manufacturing activities_2004_%EU 25 | | 18.73 | | | | 18.73 | 95.89 | 107.13 |
| %firms with own website | | | NA | | | | NA | 50.21 | 50.21 |

*Values NUTS 3 are replaced by values NUTS2

## 5. Rural-urban relationships[6]

In Cyprus planning and development is exercised by a three-tier hierarchy of Development Plans introduced by the 1972 Town and Country Planning Law. This hierarchy is based at the first tier on the concept of the "Island Plan," which covers the whole national territory and the regional distribution of resources and development opportunities. At the second tier there exist the "Local Plan," which refers to major urban areas, areas of exceptional importance or areas undergoing intensive development pressures and rapid physical development. At the third tier there is the "Area Scheme," which in general refers to areas of a smaller scale and is more detailed and specifically project oriented. For all territory where neither a Local plan nor an Area Scheme is in force, an additional type of development plan was introduced to the planning system in 1982, the "Policy Statement for the Countryside" (PSC). This a legally binding document in the form of an adapted regional plan for the control of development and the protection of the environment in villages and rural areas. This document coexists with a series of zoning plans that have been published for the majority of rural settlements, while areas of outstanding natural value, selected coastlines and nature protection areas, as well as areas of protected landscapes are all delineated on a detailed cadastral inventory which complements the guidelines of the PSC. However, the government's objective is to gradually replace the PSC, which covers rural areas in general, with sub-regional spatial plans on the same basis as has been done in urban areas through Local Plans, which provide a more comprehensive and integrated area-specific development framework. This in part stems from the recognition that rural areas, although in many aspects different from urban ones, must nevertheless be provided with the most appropriate framework to fully develop their potentials in a sustainable manner, which should not be limited to agricultural uses, nature management or "dormitory" activities. At the same time, the intention is to promote the reform of the planning system to allow for the creation of integrated planning authorities at sub-regional level to implement these spatial plans, each comprising several local authorities. This is illustrated in the latest review procedures carried out independently but simultaneously for the PSC and the four main Local Plans covering the island's main urban areas. At the early stages of this plan review process, two review reports where published, one for urban and one for rural areas. Each of these two reports has a definition of its framework, an identification of problems in rural and urban areas, respectively, as well as corresponding prospects and sets of proposed strategic goals. The PSC report also contains guidelines for the review of the spatial aspects of general and sectoral policies, as well as the review of land use designation.

In the urban area's report, rural areas are mentioned in three instances. In the first case, the "inefficient relationship between urban agglomerations and their hinterland, particularly with regard to the support of small town infrastructure and services, the establishment of an urban-rural partnership and the aversion of spatial imbalances" is identified as a threat, while the

[6] The authors would like to thank the Cyprus ESPON MC member for contributing to the text of this section.

opportunity for the "establishment of urban-rural partnership networks" is mentioned. Most critically, one of the proposed strategic goals for the new generation of Local Plans concerns "strengthening the development of networks of cooperation between urban and rural areas."

Correspondingly, in the rural areas' report, the relationship with urban areas is addressed more specifically within the guidelines for the review of the spatial aspects of general and sectoral policies, as follows:

- The general provisions of the PSC will be updated with reference to corresponding provisions in Local Plans for urban areas (thus taking more clearly the form of a spatial plan with stated goals and objectives), for the general benefit of rural development; a similar process will be applied to the discretionary powers (meant to facilitate the more efficient application of planning provisions) prescribed for planning authorities in exercising development control in rural areas, bringing these on a par with existing development control provisions for urban areas.
- In several instances, a distinction is made between rural areas in general on the one hand, and periurban areas and "rural areas with comparative advantages" on the other, where provisions for ensuring sustainability will be more stringent, due to the greater development pressures present in such cases.
- The location of "specialised activities," defined to include nationally desirable strategic functions, such as tertiary and cluster educational facilities, specialised health care and diagnosis facilities, organised sports and recreation complexes, thematic parks, R&D and innovation enterprises and clusters etc., is to be facilitated in rural areas, within the framework of urban-rural partnership networks, in order to provide opportunities for the expansion of the local economic base and supply alternative sources of income and employment opportunities. However, the report also stipulates that this should be done under conditions of respect for the environment, landscape, accessibility, compatibility with existing uses, as well as through the regulation of planning, building, design, landscape and parking parameters, concessions to public open space and infrastructure and the provision of compensatory measures, as appropriate.

Concerning the review of land use designation in rural areas, this report addresses the urban-rural relationship in a more indirect way. In the relevant guidelines, it is stated that parameters to be considered for this purpose should include socio-economic ones, concerning the local population and demographic trends, designated zone capacity for development per land use type, the existence of previous commitments and planned investments, the general improvement of economic activities and employment opportunities, as well as harnessing local comparative advantages in all sectors of the economy. Most importantly, it also stresses parameters of connectivity, including accessibility, isolation and dependence on urban centres. It moreover addresses the need to consider the adequacy of social service provision, services of general interest and infrastructure, as well as the need to discourage urban sprawl, especially in periurban quasi-rural areas.

In conclusion, it could be discerned that an effort is being made to facilitate development opportunities in rural areas on a par with urban areas, without merely restricting these to agriculture and rural tourism, at the same time recognising the importance of sustainability and environmental protection, which is also the case for urban areas.

## 6. Cultural heritage

Cyprus is a country rich in ancient and medieval cultural resources while more modern (19th century and after) heritage is abundant. The unique feature of Cyprus cultural heritage is the multiplicity of cross fertilization among different civilizations that influenced the island during its long historic development. Cultural heritage is the most frequent way of linking tourism activities as well as the image of the country to tourists. Food and agricultural products including wine are traded under an image of culture and heritage.

Heritage preservation and enhancement is a major part of town and country planning policies in Cyprus and this is reflected in the planning legislation. The Town and Country Planning Law (enacted in 1972 and put into operation in 1990) is a significant instrument for the protection and enhancement of all physical components of the Cypriot heritage, being archaeological, architectural or natural. Athena Aristotelous-Cleridou[7] reviews a range of actions and policies contributing to the sustainable development and protection of cultural heritage in Cyprus.

1. Documentation of architectural heritage. The Department of Town planning and Housing manages the architectural heritage inventory of Cyprus. This consists of over 10. 000 index cards describing an equal number of historic structure in all towns and 75 selected villages all over the government-controlled part of Cyprus, accompanied by a series of cadastral maps (2500 buildings are in urban areas). The inventory is continuously upgraded through an on-going process with the aim of covering all areas of the island, following the specifications of the Granada Convention. Archaeological inventory of Cyprus is carried out by the department of Antiquities.
2. Legal protection of architectural heritage. Following the Architectural Heritage Inventory, 103 Preservation Orders have been issued to date, encompassing over 5,253 historic structures all over Cyprus (about 2,000 of these are located in urban areas).
3. Incentives. To encourage restoration and revitalisation of listed buildings, a package of incentives has been introduced since 1985. Incentives provided through the Listed Building Law of 1992 (revised in 2002) are upgraded periodically to accommodate inevitable rises in restoration costs and other needs. These incentives include direct grants, tax exemptions and the transfer of development rights.

[7] Cultural Heritage Issues in Relation to Urban Planning Workshop (http://www.arcchip.cz/w03/w03_cleridou.pdf)

4. Local Plans – Area Schemes. In spite of the above actions, significant numbers of historic structures still remain abandoned and continue to disintegrate and sustainability is threatened by the social change, the change of employment patterns, the loss of cultural identity and heritage, the traffic nuisance and deteriorating infrastructure and built environment. In this context important Area Schemes were prepared for the historic centre of Old Nicosia, Old Limassol and other urban cores, with innovative planning strategies: conservation intervention planning; prevention planning (integrating environmental and urban management; promoting rehabilitation of cultural heritage and use of public spaces). The implementation of these Area Schemes is not yet initiated, so that one cannot evaluate the success of the proposed strategies, except of certain projects.
5. Awareness. Lack of awareness has been identified as a major threat to heritage preservation Efforts. To handle this issue, the Department of Town Planning organises and supports several conferences promoting the understanding of heritage preservation and enhancement. In addition, a number of heritage related events are organized within the framework of the Council of Europe's European Heritage Days, through which public awareness has been raised, especially among the youth.

Cultural heritage has been used by the tourism industry as a major attraction to the island of Cyprus. The development of tourism in Cyprus is well documented in the literature (see for example Seekings, 1997; Sharpley, 2000[8]). Although tourism in Cyprus is at first sight a success story, a number of problems threaten the future health of the tourism sector in general, The recognition of the problems has led to policies for the development of agrotourism. Ioannides and Holcomb (2001)[9] criticised the policies in Cyprus and Malta for trying and failing to attract up-market tourism and argued that they were irrelevant to sustainable tourism development. They, identified a number of negative aspects in 'quality' tourism such as higher leakage of foreign exchange, large capital investment requirements, environmental impacts (from greater demands for water, energy and land), and impoverishment of Small and Medium Tourism Enterprises (SMTEs) and therefore reduced economic benefits for local enterprises. It has been recognised that the rapid growth enjoyed by the Cypriot tourism industry was unsustainable (EIU, 1992[10]). Much, if not all, available land along the coasts had been either developed or earmarked for development, significant pressure was being placed upon the

[8] Seekings, J. (1997). Cyprus. *International Tourism Reports,* 4, 29–54. Sharpley, R. (2000). The influence of the accommodation sector on tourism development: Lessons from Cyprus. *International Journal of Hospitality Management*, 19(3), 275–293.

[9] Ioannides, D. and Holcomb, B. (2001) 'Raising the stakes: implications of upmarket tourism policies in Cyprus and Malta', in Ioannides, D., Apostolopoulos, Y. and Sonmez, S. (Eds.): *Mediterranean Islands and Sustainable Tourism Development, Practices, Management and Policies*, Continuum, London, New York, pp.234–258.

[10] EIU (1992) Cyprus, International Tourism Reports, Vol. 2, pp. 43–64.

island's natural and human resources (Apostolides,1996[11]), and the Cypriot economy had become alarmingly dependent upon the tourism sector.

Thus, the agrotourism programme launched by the Cypriot Tourism Organization (CTO) in 1991, was designed primarily to facilitate the socio-economic regeneration of rural areas in Cyprus. According to Sharpley (2001[12]) the programme aimed toi

- revitalise rural communities in order to counter outmigration,
- channel a more significant proportion of tourism income directly to rural communities,
- diversify the Cypriot tourism product by providing an alternative to the beach holidays and by attracting new, specialised segments of the tourist market,
- develop a uniquely Cypriot product based on traditional rural culture and philoxenia - Cypriot hospitality,
- protect and conserve existing natural and built environments and to preserve and strengthen traditional lifestyle and culture

Following its launch in 1991, about 50 rural villages both in the Troodos mountain region and elsewhere, including the Akamas, Limassol and Larnaka regions were initially selected, on the basis of their traditional architecture, general attractiveness and the willingness of local communities, for involvement in the programme. Two development schemes were then enacted showing the direct efforts to preserve heritage with agrotourism development. Firstly, the CTO commissioned architectural studies of the villages' traditional architecture and financed the design and completion of a variety of civic projects. These included the restoration of village squares, the creation of nature trails and specific projects to conserve and restore traditional architecture. A total of over $2 million was invested in such projects. Secondly, the CTO initiated a financial incentives scheme, whereby interest on loans undertaken by the owners of traditional properties to finance their restoration and conversion into tourism establishments, such as accommodation units, taverns and folk art centres, was partially subsidised. By 1998, some $4 million had been invested by the private sector on restoring and converting about 60 traditional buildings in the selected villages, with the government contributing an additional $500,000 in interest payment subsidies. The majority of these buildings were converted to accommodation units, primarily as serviced/self-catering inns and small hotels, although some as villas for rent. By 1999, the total capacity of bedspaces had reached 444 (CTO, 1999[13]). In addition to these schemes, efforts were also made to encourage the revitalisation and promotion of traditional Cypriot socio-cultural practices as an integral element of the agrotourism 'product'. A variety of educational and awareness programmes for local communities were initiated. For example, a

[11] Apostolides, P. (1996) Tourism development policy and environmental protection, in Cyprus . In Sustainable Tourism Development, (pp.31–40). *Environmental Encounters*, Vol. 32. Strasbourg: Council of Europe.

[12] Sharpley, R. (2001). Rural tourism and the challenge of tourism diversification: the case of Cyprus. *Tourism Management* 23 (2002) 233–244.

[13] CTO (1989–1999). *Annual reports.* Nicosia: Cyprus Tourism Organisation

collection of traditional recipes, compiled and edited by the Ministry of Agriculture, Natural Resources and Environment in association with independent culinary groups, supported efforts to promote traditional Cypriot cookery amongst rural restaurateurs. Similarly, specific training modules in other areas, such as Cypriot folk-dancing and music and traditional crafts, as well as general business and service skills, were developed by the public education authorities in co-operation with the CTO.

Today, support to agrotourism in relation to efforts preserving and revitalizing traditional cultural heritage are the subject of the Rural Development Plan for Cyprus (2007-2013) and especially of axes 3 and 4. As it was mentioned in part 4 of this report, the whole of axis 3 (Quality of Life and Diversification of the Rural economy) of the Rural Development Plan is devoted to rural business support (directly or indirectly) with Measure 3.1 aiming at supporting tourism and cultural heritage activities and measure 3.2 at conserving cultural and natural heritage. More specifically, measure 3.1 on the «Encouragement of tourist activities and conservation and upgrading of the rural heritage» intends to the encouragement of a mild touristic development in order to maintain the population in rural areas, putting forward the environmental and cultural potential of rural areas, creation of a visitors stream with specific interests in rural areas, strengthening local products accessibility, complementarity with the other programmes supporting agri-tourism. This will be accomplished by public investments in the tourism sector in rural areas (below 500m altitude except for action (b) which is not eligible under the Structural Funds) via the implementation of infrastructure projects having agrotourism as their main focus and small scale infrastructures such as preservation / re-establishment of traditional / classified buildings and their conversion into information centres, recreational infrastructures such as cycling, thematic itineraries as religious, historical, health, sports and cultural circuits, view points out of forest areas and (c) thematic museums.

In measure 3.2, «Conservation and upgrading of rural heritage» public investments are directed for the improvement of the physical environment of the rural communities so that they can become more attractive areas for the population, in order to retain young people and attract economic activities and new employment opportunities. Conservation and promotion of rural heritage, enhancement of the social and cultural infrastructure is also foreseen in this context.The actions implemented include:

- Development of communal/social centers promoting culture, creating multiactivity centers for youth 12-30 years old, child 6-15 years old, libraries of new technologies, and centers of social care for elder people.
- Village renewal and development promoting the rehabilitation of squares, parks, etc as well as the renovation of facades of private buildings
- Conservation maintenance, re-establishment and upgrade of the cultural heritage such as mills, bridges, paths, monasteries, etc.

Another contemporary development concerns with The Cyprus Sustainable Tourism Initiative (CSTI) which is an independent, non-profit organization established in 2006, with the goal to

promote the development of sustainable approach to tourism in Cyprus through the preservation, conservation and the protection of the environment, the sensible use of natural resources and the improvement of the social and economic conditions of marginalized rural communities of Cyprus. The story behind this initiative is illuminating as a case study. In 2002 the Travel Foundation and the tour operators First Choice, Thomas Cook, Thomson/TUI UK, My Travel and Sunvil, with the support of the UK government, created the 'Discover the Real Cyprus' excursion. The initiative resulted in the development of the village excursion 'Support Abandoned Villages and Their Environment' (SAVE). It was soon learned that this excursion could only operate in shoulder seasons due to weather restrictions. This lesson, together with the fact that many British holidaymakers to Cyprus are repeat visitors and some 26% hire cars during their stay, supported a change of direction and the idea to develop a series of 6 self-drive Village Routes. Thus, the success of the SAVE project led to the establishment of the Cyprus Sustainable Tourism Initiative (CSTI) that today continues the development of the village routes for car rental tourists wanting to explore the real Cyprus. CSTI used the same criteria as the SAVE excursions and has developed 6 new self drive routes, and promotes them under the slogan 'Discover the Real Cyprus – A Self Drive Tour to Create Your Own Adventure'.

Implementation of the Agro-Tourism Promotion Scheme: The objective of the Scheme is to provide incentives in the form of grants to small and medium-sized enterprises wishing to carry out activities in the field of agro-tourism, thus encouraging investments focussing on the promotion and enrichment of the cultural and environmental characteristics of the Cyprus countryside, with a view to complementing and augmenting rural incomes, as well as the safeguarding, preservation, rehabilitation and enhancement of the traditional character and authenticity of the countryside, as foundations for the development of agro-tourism. For the 2004-2006 EU Structural Funds programming period, projects supported involved a total investment of about €30 million, of which about €10 million were given out as direct grants, while the remainder accounts for private sector contributions. For the current programming period the Scheme applies to eligible rural areas as defined in the 2007-2013 Regional Support Map, excluding the island's larger urban areas, with a total budget of about €15 million. For the Scheme's promotion, an implementation guide has been published, describing all provisions and procedures concerning the processing and evaluation of submitted proposals (this can be accessed at the Scheme's website, www.moi.gov.cy/tph/rural-tourism ).

## 7. Services of General Interest

Due to generally accessible areas, major services are concentrated to the urban centres of the island and rural areas commute to either the capital (Nicosia) or the urban centres of Limassol, Larnaka and Pafos for high order services. The less accessible areas include the mountainous areas of Troodos and the North West parts of Pafos. There, underdeveloped villages are relatively inaccessible due to the fact that the Turkish invasion cut off major routes to Nicosia.

Besides physical communication infrastructure and the improvement of road network, a severe problem has been identified with the extension of modern broadband telecommunication technologies to remote and less accessible rural areas. In 2009, the Rural Development Plan undergone an update which was included in the 4th (November 2010) revision of the programme. Thus, following the 2009 RDP update, a new measure (Measure 3.4) was included and intended to the provision of broadband services to the so-called “white spots” of Cyprus. As communication “white spot areas” have been characterized 151 communities which are not covered at all by broadband technologies. These communes are less accessible, less favoured areas which include almost 3.3% of the country’s population (25,000 inhabitants corresponding to almost 13,000 households).

The initial aim of the measure is to provide broadband access to 30 out of the 151 communities (LAU 2) (“white spot areas”)[14]. However, the aim of the Cypriot government is to extend the broadband services to all 151 communes by utilizing other programmes and initiatives. More specifically a backbone passive infrastructure of fibre optics is going to be created within the communes and ending to a single spot, providing access to all interested providers. Public support will be provided for the creation of this infrastructure and will encourage actors of the sector to demonstrate an entrepreneurial interest and extend their networks to cover these "white spot" regions. The 151 communities have been separated in 5 equal subgroups (clusters) based on geographic criteria. An open public tender will be made to select the beneficiary/contractor for each cluster of communities. Each beneficiary will have to invest at least 30% of the total coverage cost. Furthermore, the network that will be created will be open, non-discriminating towards third party providers who will be able to provide services using any technology they wish. Supported operations fall under two types: creation and improvement of access to a permanent broadband infrastructure including backhaul facilities and land equipment (creation of broadband infrastructure of an open access network in “white spot” areas); installation of passive broadband infrastructure (installation of optical fibres). The new infrastructure will allow the provision of any technology (wired or wireless) for the provision of broadband services with speeds up to 15 Mbps.

[14] http://enrd.ec.europa.eu/app_templates/filedownload.cfm?id=BC9CC799-C8F3-C3DD-CE14-14CBC713B1F2

**Table 4.8:Services of general interest indicators (a)**

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | | 0.01 | | | | 0.01 | 0.04 | 0.04 |
| Density of trunk road | | | 0.04 | | | | 0.04 | 0.17 | 0.17 |
| Density of railways | | | NA | | | | NA | 0.10 | 0.10 |
| Area (km2)** | | | 5695.00 | | | | 5695.00 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_06 | | 111.63 | | | | 111.63 | 0.93 | 0.92 |
| DENSITY | Density of population 2006 | | 134.58 | | | | 134.58 | 414.65 | 446.23 |
| Daily population accessible by car | | | 763.00 | | | | 763.00 | 18078.54 | 19285.23 |
| Time to nearest hospital | | | 17.15 | | | | 17.15 | 22.83 | 22.83 |
| Time to nearest university | | | 17.15 | | | | 17.15 | 45.10 | 45.10 |
| Time to nearest airport | | | 45.64 | | | | 45.64 | 83.44 | 83.44 |
| %households with broadhand access | | | NA | | | | NA | 49.07 | 48.00 |
| % households with internet at home | | | NA | | | | NA | 81.46 | 81.20 |

*Values NUTS 3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

## 8. Farm structural change

The most important structural issue in Cypriot agriculture is that of the aging population. In 1994 the farmers average age was 51 years. The population under 35 years of age was just 13% and the situation has been worse since then. The situation is worse in the mountainous and semi-mountainous/vine areas. This led to Measures 1.6 and 1.7 of the Rural Development Plan 2004-2006, which provide incentives for the early retirement of older people and the entry of young people below the age of 39. Many people in the agricultural industry are underemployed.This problem is more intense in the mountainous and semi-mountainous areas where there are less non-agricultural jobs.

**Table 4.9:Farm structural change indicators (a)**

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR +IS+LI+ MK+NO+ TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | | 54.30 | | | | 54.30 | 33.42 | 33.89 |
| | 2 to 100 ESU | | 44.93 | | | | 44.93 | 57.56 | 57.02 |
| | >100 ESU | | 0.78 | | | | 0.78 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005 | | NA | | | | NA | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | | NA | | | | NA | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | | NA | | | | NA | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | | NA | | | | NA | 32.21 | 31.28 |

**Table 1 Farm structural change indicators (b)**

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR +IS+LI+ MK+NO+ TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| HOLDERS* | % Holders working full time 2005 | | 8.29 | | | | 8.29 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 - 2005 | | NA | | | | NA | -0.01 | 0.33 |
| | Economic Farm Size (RDEU07) | | 6.60 | | | | 6.60 | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | | 54.30 | | | | 54.30 | 37.55 | 37.55 |
| | % holders > 55 years 2007 | | 58.19 | | | | 58.19 | 50.19 | 50.61 |
| | % holders < 35 years 2007 | | 2.47 | | | | 2.47 | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 - 2005 | | NA | | | | NA | 5.88 | 5.61 |
| | % change in holders < 35 years 2000 - 2005 | | NA | | | | NA | -34.00 | -33.95 |
| % farmers with basic and full education in agriculture attained (RDEU07)* | | | 6.40 | | | | 6.40 | 42.29 | 42.29 |

*Values NUTS 3 are replaced by values NUTS2

Pluriactivity is widespread. According to the Agricultural Census of 1994, about 75% of the farmers had agriculture as a secondary occupation. Full-time farmers are older than part-time farmers, and there is a negative relationship between the intensity of off-farm work and farm size. As far as education is concerned, full-time farmers have a lower level of education, with only 22.6% having completed secondary education, compared to 51.4% for part-time farmers.

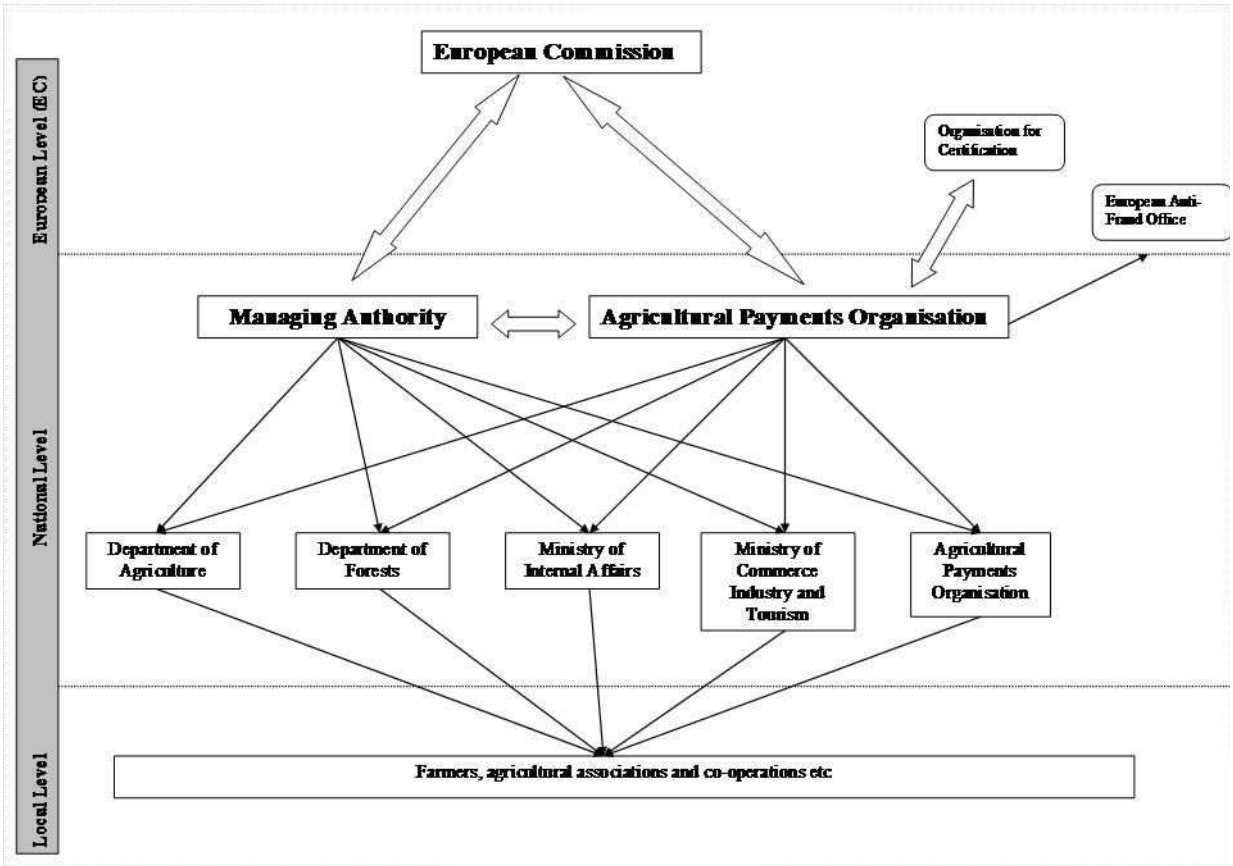
## 9. Institutional Capacity

The major feature of institutional approaches to rural development is the lack of bottom up approaches of the LEADER type. Very recently a few LEADER local action groups have been set up. The Rural Development Plan (2007-2013) recognized that the lack of previous experience and the limited coverage of the Leader Local Action Groups is an issue. The only integrated rural development plan that has been applied in Cyprus took place in one area between 1978 and 1982 and was co-sponsored by the FAO. Even though water management was still a very big part of it, it also focussed on many other aspects, such as the road network, research, local health and education facilities and, finally, flood prevention measures and afforestation. This resulted in a much lower rate of people leaving the area than in similar areas not included in the plan.

Under the Rural Development Plan (2004-2006), co-financed by the EAGGF, a measure called Technical support and Development of Private Development Initiatives of Groups of Regional character has been financed aiming at providing assistance to rural communities with a view to the acquisition of experience of the Leader method. The following actions have been carried out: studies of the current situation in disadvantaged zones taking into consideration both the needs and desires of the local population; information and training to encourage the active participation of those living in rural areas under future development initiatives; and preparation of an action plan for Leader activities in the period 2007-2013. Under this measure most of the agricultural regions were supported with the emphasis on mountainous areas. By early 2006, five partnerships have been supported. Three of them have been drawing up their development strategies and expect to get funding for their activities during the programming period 2007-2013. Beside this, one of their main objectives was to raise awareness and train the local population with the Leader initiative in mind, thus fostering their participation in the Leader Axis of the Rural Development Program 2007-2013.

Today, the LEADER Initiative is operated through axis 4 of the Rural development Plan (2007-2013). The main strategic objectives of axis 4 are the improvement of governance and the mobilisation of the endogenous potential of rural areas. Result targets for axis 4 include a total of 33 implemented projects and a total of 85,000 km2 with 130,000 population covered by local action groups (LAGs). Number of LAGs operational in the RDP areas as of March 2010 was four.

Below, we present the institutional map for rural development in Cyprus developed in three levels, local, national and EU and the agencies, institutions and persons involved in the design, implementation and evaluation of policies.




Source: Assessing the Impact of Rural Development Policies (RuDI). Work Package 2. Rural Development Policy Design Cyprus. Authors: Eleni Papadopoulou, Christos Papalexiou, Nikos Hasanagas, Irene Georgiadou (http://www.rudi-europe.net/uploads/media/Cyprus_WP2_Report_01.pdf)

**Table 4.11:Institutional capacity indicators**

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+ MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | | 13659.3 | | | | 13659.3 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | | 20753 | | | | 20753 | 20926.83 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | | 80.50 | | | | 80.50 | 94.38 | 95.48 |

## 10. Climate change

Cyprus has ratified the Kyoto Protocol on Climate Change. Under this Protocol, it is estimated that Cyprus will be asked to commit to a significant reduction of greenhouse gases, especially in energy intensive sectors, and other sectors such as agriculture, transport and waste by 2020. The Cypriot government has already drawn a proposal to implement a Strategic Plan for reducing greenhouse gases. The Strategic Plan was drawn by the national Observatory of Athens on behalf of the Cypriot Ministry of Agriculture, Natural Resources and the Environment. The plan aims at a series of actions including:

- the construction of new power units utilizing fuel gas.
- the withdrawal of old power units
- the installation of wind power farms.
- the implementation of significant interventions in the residential - tertiary sector aimed at the introduction of more efficient electrical appliances and the improvement of the energy performance of buildings.
- energy reduction requirements by the transport sector, notably by encouraging the use of public transport, the use of smaller vehicles and the systematic maintenance of vehicles, etc.
- energy reduction in the industrial sector by supporting the use of natural gas in selected industrial units and promoting the use of combusted waste by the cement industry
- the effective implementation of information activities, awareness raising activities and coordination of stakeholders

For Cyprus there are not scientific studies providing hard facts of phenomena related to climate change. Rising temperature may be spurious and no long-term planning can be based on assumptions of climate change. Furthermore, it is very early to assess the effects of the actions under the Strategic Plan and thus no best practice can be isolated.

Desertification and water management issues are not, strictly speaking, climate change issues. However, as these issues are important for Cyprus, we provide a short presentation of the major efforts and approaches to deal with them. As concerns desertification, the Action Plan Against Desertification states that 3% of Cyprus land is under immediate threat of desertification while 91% of the island's area are sensitive to desertification. The Action Plan identifies the major contributors to desertification including climate, soil-water and human effects. As concerns human effects the Action Plan acknowledges that rural outmigration, urban pressures, tourism and urban development, agriculture, quarrying and land use changes are the major ones. The Action Plan proposes a series of measures concerning either specific industries and economic activities including agriculture and especially irrigation, or the general public in urban and rural areas.

In the field of water management, Cyprus has progressed as concerns the Water Framework Directive and has already adopted a pricing-cost recovery model for water used by different users including agriculture-irrigation. In view of forthcoming water shortages resulting from excess demand especially by the tourism sector, Cyprus has established a series of desalination plans (Larnaka and Dekeleia are the largest ones) and plans for the establishment

of new ones by 2012. This will increase the current desalinated water supply from 182,000 cubic meters per day to 272,000 cubic meters per day. The aim of the Cypriot government is to supply the whole of municipal water demand (potable water) through desalination plans. Furthermore, in order to avoid long dry periods, a mobile plan is in operation providing 10,000 cubic meters per day.

Agriculture is the first water consumer in Cyprus, consuming almost 63% of total water demand. Water saving actions have a long history in Cypriot agriculture and resulted to the fact that 95% of the irrigated area is, nowadays, irrigated by water saving methods (drip irrigation, etc) resulting to an annual water saving of around 55 million cubic meters per year. Water saving activities are still eligible investments under the current Rural Development Plan (2007-2013) and especially under measure 1.5 (Modernisation of Agricultural Holdings).

The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## CZECH REPUBLIC

Report nº 25.5

Jerzy Banski
IOM International Organization for Migration
Central European Forum for Migration and Population Research

EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

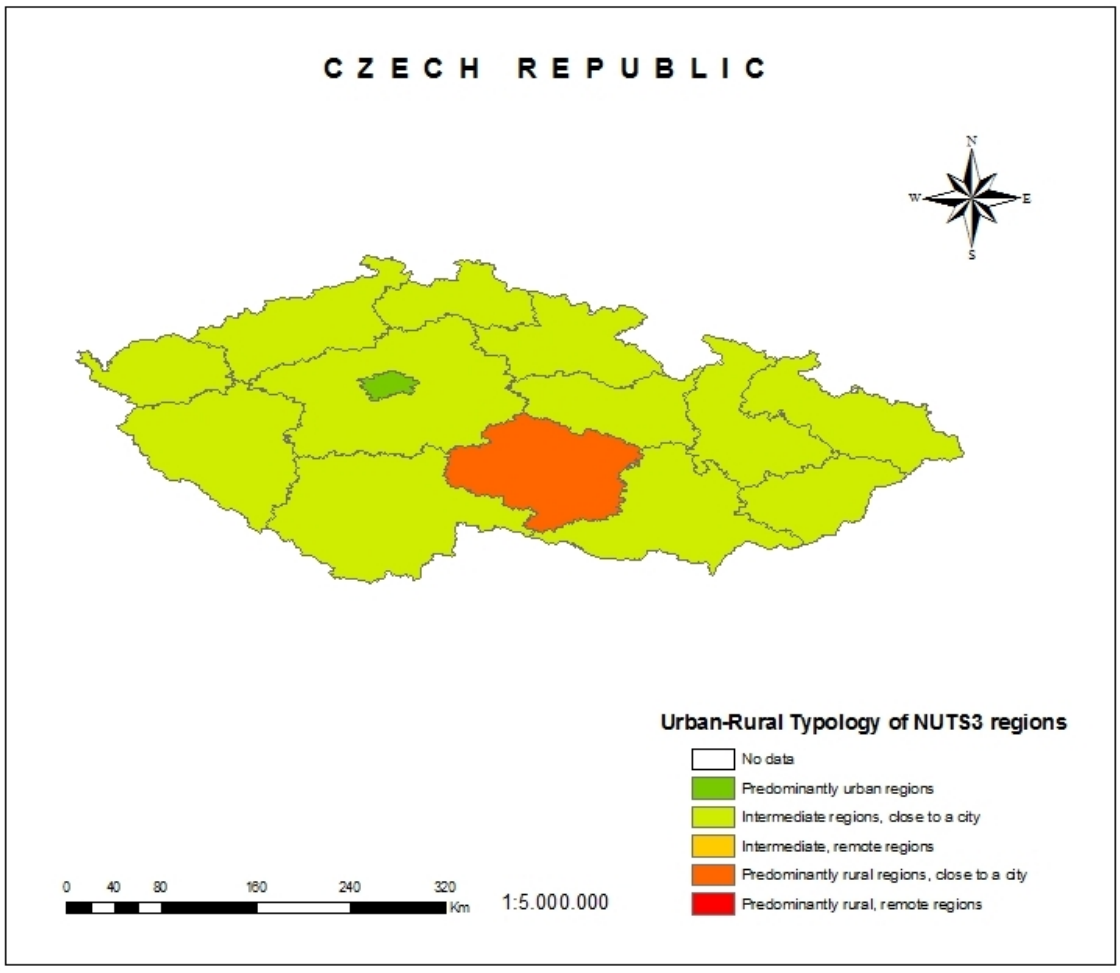
## CONTENTS

## 1. Introduction

Most of the Czech Republic is urban area in spite of the fact, that Czech towns are rather small. Typical size of Czech towns is 30-50 thousands. The villages are also very small: Czechia (10 mil. inhabitants) consist of about 6000 municipalities.

Generally the north part of the country is more urbanized and industrialized than the southern part. So this map is not quite exact, because predominantly rural region is also Southern Bohemia.

**Figure 5.1** DG Region modified Urban-rural typology of NUTS 3 regions: Czech Republic




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

## 2. Demography

The population number in Czech Republic has increased in recent few years. Population growth was driven mainly by positive net migration. The highest net migration in recent years was reached with citizens of Ukraine (2006 – about 30,000 migrants; 2008 – 19,000), Vietnam (2006 – about 6400; 2008 – 13,300, Slovak Republic (2003 – 23,700; 2006 – 6800; 2008 – 7000), Russia and Poland.

Almost all of the time the Czech rural areas was losing population and towns were growing. Situation is stabile only during the last two decades. Some peripheral areas (close to the borders) are depopulated. Natural decrease of the population was observed in 1994-2005. The natural increase has been registered since 2006 owing to increase of birth rate and death rate decrease. The structure of the population is favourable due to the high share and growing number of working-age population. According to the lower workforce immigration in 2009 the worsening of demographic structure is expected. The process of ageing of population is at the beginning in the Czech Republic.

**Table 5.1** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI +MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001 | % people aged 0 to 14 years | 13.42 | 16.54 | | 16.39 | | 16.31 | 16.76 | 16.71 |
| | % people aged 15 to 64 years | 70.46 | 70.03 | | 69.47 | | 70.02 | 66.62 | 66.65 |
| | % people aged 64 years and over | 16.12 | 13.43 | | 14.14 | | 13.67 | 16.53 | 16.55 |
| | Age dependency rate | 22.88 | 19.19 | | 20.35 | | 19.54 | 25.10 | 25.10 |
| **DEMOGRAPHY** | | **PU** | **IRA** | **IRR** | **PRA** | **PRR** | **Average country** | **Average EU 27 +CH+HR+IS+LI +MK+NO+TR** | **Average EU 27** |
| **Variables** | | **1** | **21** | **22** | **31** | **32** | | | |
| Population | Population change 2001-2007 (Index pop. 2001=100) | 100.59 | 100.12 | | 99.27 | | 100.10 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | 12.17 | 14.71 | | 14.43 | | 14.51 | 16.69 | 15.97 |
| | % pop.15_64_2007 | 72.16 | 71.09 | | 70.67 | | 71.14 | 69.76 | 70.18 |
| | % pop. >64_2007 | 15.67 | 14.20 | | 14.90 | | 14.35 | 13.56 | 13.85 |
| | Age dependency rate | 38.58 | 40.67 | | 41.50 | | 40.58 | 44.08 | 43.17 |
| Education | Natural increase change_01_06 | -17.65 | -17.65 | | -17.65 | | -17.65 | -5.99 | -6.09 |
| | Net migration change_01_06 | 214.58 | 214.58 | | 214.58 | | 214.58 | 7.09 | 8.97 |
| | % ISCED 0_2** | 11.82 | 20.35 | | 19.03 | | 19.65 | 33.63 | 36.66 |
| | % ISCED 3_4** | 65.69 | 70.97 | | 69.20 | | 70.46 | 43.29 | 47.14 |
| | % ISCED 5_6** | 22.84 | 9.08 | | 12.15 | | 10.28 | 17.04 | 18.55 |
| | % of farmers with basic or full educational attainment | 44.50 | 46.38 | | 40.40 | | 45.82 | 35.34 | 39.55 |
| | Life-Long Learning in Rural Areas | 9.15 | 4.93 | | 7.10 | | 5.38 | 7.70 | 8.61 |

*Values NUTS 3 are replaced by values NUTS2

**% ISCED by groups is calculated for population more 15 years.

## 3. Employment

The employment structure by basic economic sectors has changed dramatically over the last decade. In the primary sector, where employment has followed a downward trend since the 1990s, the number of workers has stabilized at 3.6% of total employment. In the secondary sector, the share of workers in total employment exceeds 40%. The tertiary sector has enjoyed a long-term employment growth and now accounts for over 56% of total employment. There is a relatively high percentage of self-employed comparing to the rest of EU.

**Table 5.2** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+ MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate | 15_64 years | 71.60 | 65.43 | | 65.90 | | 65.90 | 66.41 | 66.43 |
| | Tmale 15_64 y | 78.60 | 74.33 | | 74.70 | | 74.66 | 73.06 | 73.12 |
| | Tfemale 15_64 y | 64.70 | 56.34 | | 57.00 | | 56.99 | 59.73 | 59.70 |
| | Total 15_24 y | 27.60 | 28.61 | | 28.50 | | 28.53 | 39.66 | 39.68 |
| | T 45_64 years | 75.50 | 65.48 | | 65.95 | | 66.23 | 62.37 | 62.35 |
| | Total 45_54 | 92.20 | 86.34 | | 87.40 | | 86.84 | 78.30 | 78.39 |
| | Total 55_64 | 58.80 | 44.63 | | 44.50 | | 45.63 | 46.44 | 46.30 |

The share of employment in services and bussiness is systematically increasing (the highest ist in Prague – PU), but still remains lower in comparison to the developed market economies of EU. The lowest shares of employment in services is in Liberec, Zlin, Pardubice, Vysocina.

The unemployment rate had been decreased until 2008 (August) and since then it has increased. In the long term the unemployment rate in Czech Republic is lower than the EU average and even lower than the euro area average. The highest unemployment is in Most (part of the Usti nad Labem Region), Jesenik and Bruntal (northern parts of Olomuc and Moravian-Silesian Regions), the lowest in Prague and around (PU). The high unemplyment rate is among persons with basic education, the low one is recorded for university graduates. There is relatively high percentage of long-term unemployed (among general number of unemployed persons) comparing to the EU.

**Table 5.2** Employment indicators (b)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+ MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| %Employment in principal sector | %Emp_primary | 0.43 | 4.15 | | 10.43 | | 4.33 | 7.95 | 7.98 |
| | %Emp_secondary | 18.69 | 42.75 | | 45.64 | | 41.24 | 26.72 | 26.71 |
| | %Emp_tertiary | 80.88 | 53.10 | | 43.94 | | 54.43 | 65.33 | 65.31 |

*Values NUTS 3 are replaced by values NUTS2, except Employment in principal sector, where some values are replaced.

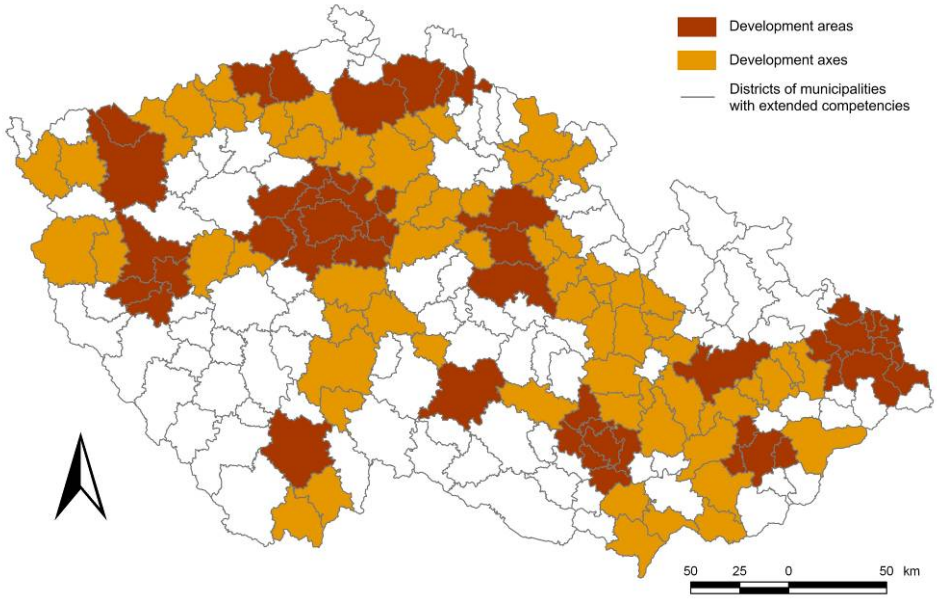
| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Unemployment evolution 2002_05 | Total > 15 years | 69.00 | 80.33 | | 22.20 | | 75.37 | 40.44 | 40.58 |
| | Total 15_24 years | 56.25 | 52.22 | | 20.26 | | 50.22 | 31.73 | 32.05 |
| | Total >25 years | 72.38 | 90.34 | | 22.96 | | 84.24 | 27.50 | 27.82 |
| | Male > 15 years | 77.66 | 81.16 | | 19.78 | | 76.53 | 59.23 | 59.07 |
| | Female > 15 years | 62.96 | 80.91 | | 24.55 | | 75.60 | 49.25 | 49.22 |
| Unemployment rate 2007 | Total >15 | 2.40 | 5.75 | | 4.70 | | 5.44 | 161.42 | 162.57 |
| | Total Male >15 | 2.10 | 4.56 | | 3.60 | | 4.31 | 143.45 | 144.06 |
| | Total Female >15 | 2.80 | 7.30 | | 6.10 | | 6.89 | 129.82 | 130.08 |
| | Total 15_24 | 6.60 | 10.95 | | 11.80 | | 10.70 | 187.25 | 188.18 |
| | Total >25 | 2.20 | 5.27 | | 3.90 | | 4.95 | 82.45 | 82.36 |
| Long term unemployment | % long term unempl. rate_07 | 36.10 | 50.80 | | 52.63 | | 49.88 | 94.75 | 94.79 |
| | Evolution 2002_07 | 128.93 | 103.70 | | 111.81 | | 106.08 | 94.51 | 94.50 |

## 4. Rural business development

Bigger potential of development of small rural business have inhabitants living in the areas and axes of development (see map below). Development areas and axes in particular are defined as territories devoted to concentration of activities of national and international importance, so character and values of other areas may be maintained.

On that areas, there are bigger perspectives of development of small entities, cooperating with bigger units.

***Types of areas according to development potential***




***Source***: Kucera Z., Kuldova S., Chromy P., 2008, *Heritage in landscape or landscape of heritage – the case of landscape change management in protected and developed areas in Czechia*, EUROPA XXI, 17, IGSO PAS, PGS, 87–96.

**Table 5.3** Rural business development indicators (a)

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+ LI+MK+NO+ TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.02 | 0.07 | | 0.04 | | 0.07 | 0.30 | 0.30 |
| | % Manufacturing | 11.72 | 18.62 | | 21.15 | | 18.31 | 14.08 | 14.05 |
| | % Electricity, gas and water supply | 0.11 | 0.35 | | 0.17 | | 0.32 | 0.61 | 0.63 |
| | %Construction | 10.52 | 18.06 | | 17.95 | | 17.51 | 9.48 | 9.46 |
| | %Wholesale and retail trade | 21.63 | 27.15 | | 25.84 | | 26.66 | 23.02 | 21.83 |
| | %Hotel and restaurants | 4.03 | 6.57 | | 4.89 | | 6.27 | 6.52 | 6.15 |
| | %Transport, storage and communication | 5.29 | 5.50 | | 5.81 | | 5.51 | 8.69 | 8.46 |
| | %Real state, renting and business activities | 46.67 | 23.68 | | 24.14 | | 25.36 | 37.29 | 39.12 |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.10 | 1.46 | | 0.50 | | 1.30 | 0.58 | 0.52 |
| | % Manufacturing | 14.70 | 43.91 | | 40.55 | | 41.58 | 29.18 | 28.08 |
| | % Electricity, gas and water supply | 1.40 | 1.73 | | 1.26 | | 1.67 | 1.14 | 0.89 |
| | %Construction | 10.18 | 11.36 | | 11.46 | | 11.28 | 9.09 | 9.14 |
| | %Wholesale and retail trade | 23.37 | 18.26 | | 21.24 | | 18.84 | 26.14 | 26.93 |
| | %Hotel and restaurants | 6.70 | 4.14 | | 3.72 | | 4.29 | 8.27 | 8.37 |
| | %Transport, storage and communication | 14.36 | 8.51 | | 8.31 | | 8.91 | 8.65 | 8.52 |
| | %Real state, renting and business activities | 29.18 | 10.59 | | 12.94 | | 12.09 | 16.78 | 17.51 |
| Employment in high and medium technologies manufacturing activities_2004 | Employment in high and medium tech manufacturing activities_2004_Media | 4.25 | 10.05 | | 8.64 | | 9.54 | 6.88 | 7.42 |
| | Employment in high and medium tech manufacturing activities_2004_%EU 25 | 61.33 | 144.30 | | 130.06 | | 137.35 | 95.89 | 107.13 |
| %firms with own website | | 46.00 | 35.71 | | 34.60 | | 36.36 | 50.21 | 50.21 |

* Values NUTS 3 have been replaced by values NUTS2.

## 5. Rural-urban relationships

Czech rural and urban areas are situated very close each other and urban and rural people are not isolated. Many urban people are owners of second houses in the country (aproximately 15 % families) and visit them regularly, most of rural inhabitants have relatives in the towns and cities.

## 6. Cultural heritage

The main policy document concerning cultural issues is National Cultural Policy.

There is a great wealth of living and preserved traditional rural folk culture, including preserved buildings of folk architecture (but the technical condition of many buildings is often poor). Culture practices, customs, folk music, dances and certain rituals form an integral part of the social life of the community, particularly in the regions of Moravia and West Bohemia. Instead of State-governed groups, new space for civic initiatives has emerged. Folklore Association of the Czech Republic, which associates 382 ensembles, 17 regional units and 13,500 members (2003), is one of the most important organisational structures whose activities focus on rural cultural heritage.

There is a relatively extensive network of collectors of folk culture artefacts (museums, interested persons), though their professional level differs.

Learning about traditional folk culture has not yet been sufficiently included in general education in schools.

One of the most important elements of cultural heritage are castles and palaces. There are more than 2000 of them in Czech Republic. The use of these monuments is various. They especially serve promotion of cultural heritage and are used for tourism purposes. Museums, hotels, conference facilities are located in these monuments. Cultural, musical and other events take place there, movie scenes are filmed. On the basis of the monuments tourist routes are developed.

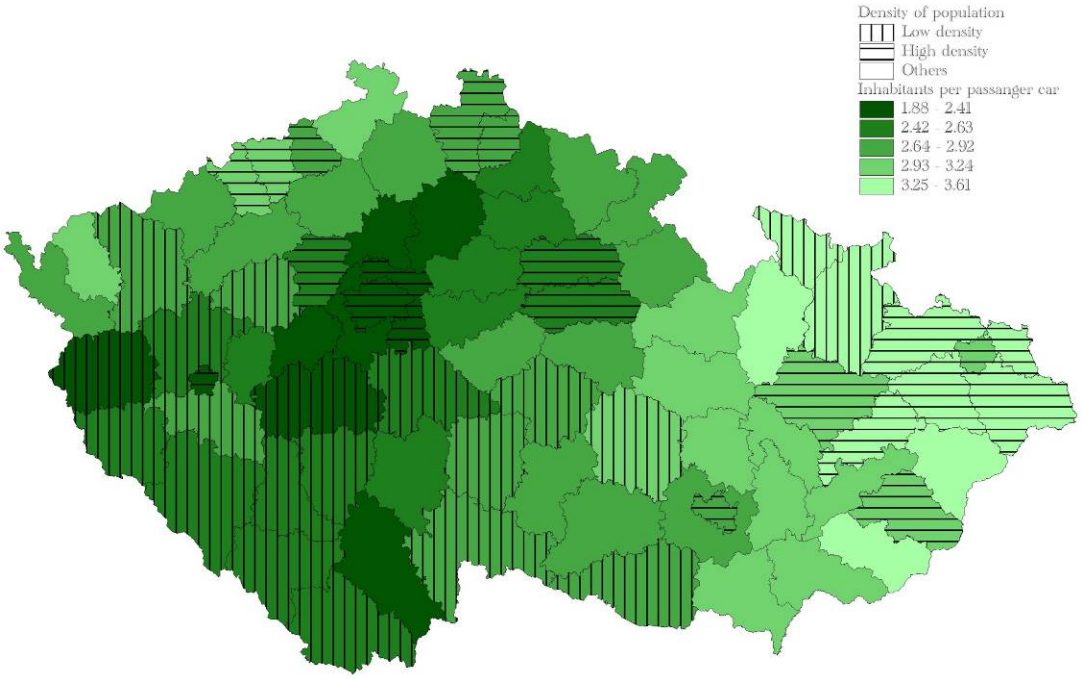
## 7. Services of General Interest

Accessibility is one of the crucial points connected with the issue of peripheral regions. During the transformation period in Czechia the process of concentration of services, production and other activities became more dynamic and will be further contributing to the increase of the differences between the core and the peripheral regions.

The spatial polarization will increase even on the micro-regional level. When there is a lack of job opportunities and absence of basic services in the place of their residence, it is becoming more and more necessary for the inhabitants to commute, and accessibility becomes one of the most important requirements for the life in peripheral regions (Marada, Hudecek 2006).

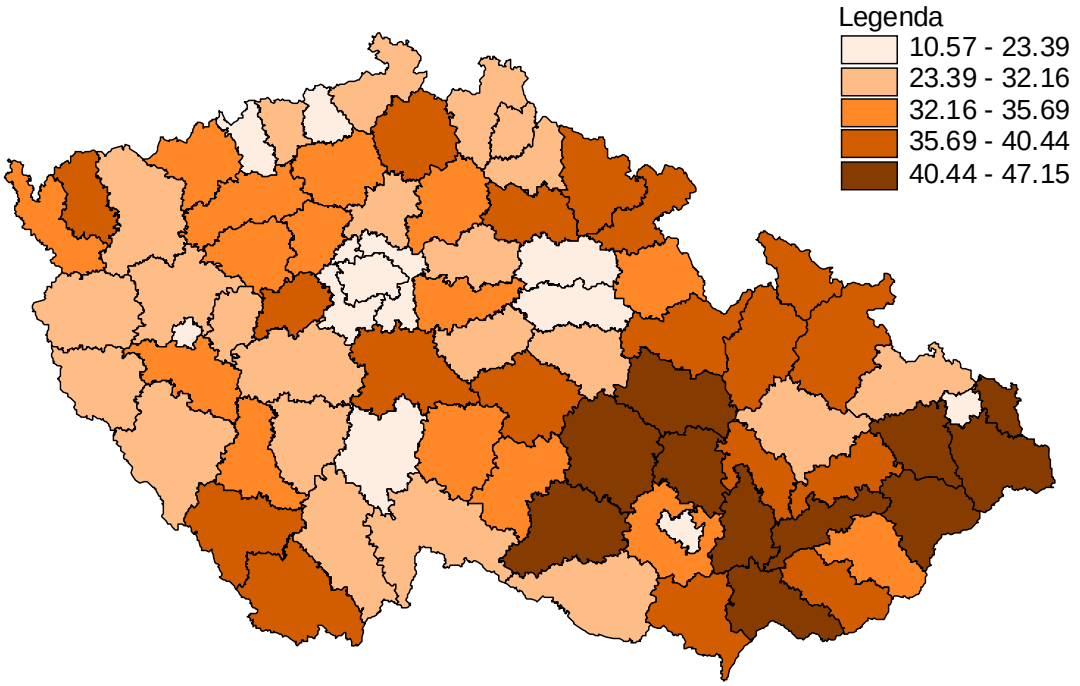
Important elements connected with accessibility to the services of general interests is level of motorization. It indicates areas, where is better accessibility to different elements of infrastructure, and inhabitants do not have to use public transportation (see maps below). Higher level of motorization and lower share of public transport users is observed in Bohemia regions. Opposite situation is observed in Moravia (eastern part of Czechia).

***Automobilization of Czech districts in 2005***




*Source*: Marada M., Hudecek T., 2006, *Accessibility of peripheral regions: a case of Czechia*, EUROPA XXI, 15, IGSO PAS, PGS, 43–49.

***Share of commuters using public transport in 2001***




***Source***: Marada M., Hudecek T., 2006, *Accessibility of peripheral regions: a case of Czechia*, EUROPA XXI, 15, IGSO PAS, PGS, 43–49.

**Table 5.4** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+ LI+MK+NO+ TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | 0.04 | 0.01 | | 0.01 | | 0.02 | 0.04 | 0.04 |
| Density of trunk road | | 0.33 | 0.08 | | 0.09 | | 0.10 | 0.17 | 0.17 |
| Density of railways | | 0.21 | 0.11 | | 0.08 | | 0.11 | 0.10 | 0.10 |
| Area (km2)** | | 495.90 | 71446.50 | | 7065.50 | | 79007.90 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_06 | 0.04 | -0.18 | | -0.69 | | -0.20 | 0.93 | 0.92 |
| | Density of population 2006 | 2382.76 | 125.69 | | 72.27 | | 283.09 | 414.65 | 446.23 |
| Daily population accessible by car | | 16780.00 | 16168.75 | | 19876.00 | | 16477.21 | 18078.54 | 19285.23 |
| Time to nearest hospital | | NA | NA | | NA | | NA | 22.83 | 22.83 |
| Time to nearest university | | 10.76 | 26.58 | | 72.27 | | 28.71 | 45.10 | 45.10 |
| Time to nearest airport | | 21.76 | 123.49 | | 110.33 | | 115.28 | 83.44 | 83.44 |
| %households with broadhand access | | 53.00 | 33.583 | | 36.00 | | 35.14 | 49.07 | 48.01 |
| % households with internet at home | | 86.00 | 78.50 | | 81.00 | | 79.21 | 81.46 | 81.20 |

**Table 5.4** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+ LI+MK+NO+ TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº STUDENTS ISCED 0_6 | Nºstudents ISCED_0 per 1.000 inhabitants | 23.01 | 28.38 | | 28.55 | | 28.01 | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | 37.56 | 47.26 | | 47.15 | | 46.56 | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | 41.85 | 48.24 | | 48.72 | | 47.82 | 43.22 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | 54.09 | 46.97 | | 49.87 | | 47.69 | 48.06 | 48.03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | 16.81 | 6.47 | | 8.94 | | 7.38 | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | 105.21 | 21.09 | | 42.92 | | 28.66 | 37.37 | 37.23 |
| BEDS IN HOSPITAL PER 100,000 inhabitants* | Nº of beds in hospitals per 100.000 inhabitants_05 | 1071.00 | 790.18 | | 868.20 | | 815.81 | 696.91 | 704.88 |
| | Nº of beds in hospitals per 100.000 inhabitants_06 | 1061.40 | 777.62 | | 860.50 | | 803.81 | 1014.67 | 724.64 |
| | Evolution nbeds 2000_05 | NA | NA | | NA | | NA | 91.53 | 91.94 |
| | Density of hospitals | NA | NA | | NA | | NA | 5.44 | 5.44 |
| | Hospital beds per head | NA | NA | | NA | | NA | 4.98 | 4.98 |
| | Doctors per inhabitant | 723.00 | 344.40 | | 365.00 | | 372.91 | 171.35 | 171.35 |

*Values NUTS 3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

## 8. Farm structural change

Agriculture of Czechia is relatively the closest to the level of farming in West European countries. Thus, for instance, the average yields of wheat in the Czech Republic in the years 2000-2005 were at 4.8 tons, of barley – at 4 tons, while the corresponding figures for the countries of EU-15 were 5.8 and 4.6 tons

Following the changes in the government and the external pressures, the Czech agricultural policy after 1990 has been developing in the stages: 1990 – 1992: Shock therapy, 1993 – 1994: Liberal policy, 1995 – 1997: Restructuring, 1998 – 2003: CAP like policy, 2004 – 2005: CAP (Doucha, Divila 2008)

The position of agriculture in the national economy during the transformation has reflected the general reduction of sources utilised in the sector (except, partly, for the land use) and the large decrease of its production. The share of the primary sector in the GDP has dropped from 7.4% in 1989 to 2.6% in 2004 (Doucha, Divila 2008).

A large number of the released workers were thus absorbed in other sectors of the national economy and did not generate a significant pressure on the rural unemployment. The absorption capacity of the national economy was relatively high in the nineties, smoothing and facilitating the necessary reduction of labour inputs in the Czech agriculture (Doucha, Divila 2008).

Source: Doucha T., Divila E., 2008, Changes in Czech agriculture in the years 1990-2005, [in:] J. Banski, M. Bednarek (eds.), Contemporary changes of agriculture in East-Central Europe, Rural Studies, 15, Warsaw, 73-95.

**Table 5.5** Farm structural change indicators (a)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | 39.39 | 52.61 | | 47.16 | | 51.28 | 33.42 | 33.89 |
| | 2 to 100 ESU | 51.52 | 41.44 | | 46.91 | | 42.55 | 57.56 | 57.02 |
| | >100 ESU | 9.09 | 5.95 | | 5.93 | | 6.17 | 8.33 | 8.38 |

**Table 5.5** Farm structural change indicators (b)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005 | NA | NA | | NA | | NA | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | NA | NA | | NA | | NA | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | NA | NA | | NA | | NA | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | NA | NA | | NA | | NA | 32.21 | 31.28 |
| HOLDERS | % Holders working full time 2005 | 39.28 | 39.42 | | 39.09 | | 39.39 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 - 2005 | NA | NA | | NA | | NA | -0.01 | 0.33 |
| | Economic Farm Size (RDEU07) | 53.40 | 36.19 | | 41.80 | | 37.82 | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | 45.20 | 43.96 | | 41.00 | | 43.84 | 37.56 | 37.56 |
| | % holders > 55 years 2007 | 52.17 | 45.11 | | 48.98 | | 45.89 | 50.19 | 50.61 |
| | % holders < 35 years 2007 | 8.69 | 10.35 | | 8.82 | | 10.12 | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 - 2005 | NA | NA | | NA | | NA | 5.88 | 5.61 |
| | % change in holders < 35 years 2000 - 2005 | NA | NA | | NA | | NA | -34.01 | -33.95 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | 44.50 | 46.92 | | NA | | 46.72 | 42.29 | 42.29 |

*Values NUTS 3 are replaced by values NUTS2

## 9. Institutional Capacity

In 1989 in the Czech Republic was re-establishment of self-government of municipalities. All municipalities in the Czech Republic without exception got the chance to decide again about their own matters. Competences of Czech municipalities were enacted by the Act on Municipalities (N° 367/1990). The principal changes introduced by this act were the rights of municipalities to freely manage their property and budget, to approve their land planning conception and to choose their representatives. The same range of competences belongs to all municipalities from the capital city to the smallest rural ones (Perlín 2008). A great problem of the settlement system and of the public administration system of the Czech Republic is its extreme dismemberment which results into a very high number of very small municipalities which are further divided into several settlements. Due to the historical heritage from the time of the communist regime and to their size, small municipalities lack some services, technical infrastructure networks or other investments which are necessary for a sound development of a municipality. The problem of a rural municipality consists in its small population size – it lacks qualified individuals to manage it. The size of a municipality is connected also with the volume of its budget. In addition, smaller municipalities have also other specific problems common to contemporary countryside. In general, it is difficult to ensure their economic autonomy and a good quality of administration. After disintegration of rural municipalities at the beginning of the 1990s, there are in Czechia more than 6520 municipalities.

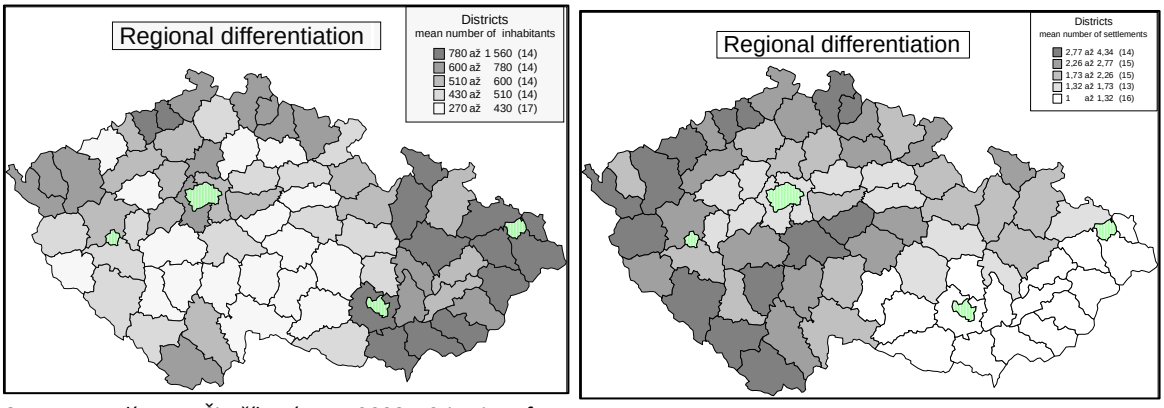
The mean size of rural municipalities of less than 3000 inhabitants as well as the number of local parts in rural areas are documented by cartograms. Both cartograms document above all regional differentiation between Bohemian and Moravia regions (see maps below). While in Bohemia, there are, especially in the southern part of Central Bohemia and in the adjacent districts, very small municipalities, large ones are mostly in the south and southeast of Moravia and in the Sudeten areas of North Bohemia. Especially in territories with relatively small municipalities these small municipalities are dismembered into very small territorial units – settlements. On the contrary, Moravian municipalities mostly consist of one single settlement.

**Table 5.6.** Size structure of municipalities in the Czech Republic

| Size category | Number of municipalities | | Number of inhabitants | |
|---|---|---|---|---|
| | in total. | percentage | in total | percentage |
| 7-500 | 3707 | 59.3 | 871 011 | 8.5 |
| 7-1000 | 4983 | 79.7 | 1 762 103 | 17.2 |
| 7-2000 | 5635 | 90.1 | 2 665 860 | 26.1 |
| 7-3000 | 5833 | 93.3 | 3 149 010 | 30.8 |
| Total | 6254 | 100.0 | 10 230 060 | 100.0 |

Source: Perlín R., Šimčíková A., 2008, Criteria of a successful rural municipality, EUROPA XXI, 17, IGSO PAS, PGS, 29–43.

Mean size of rural municipalities and average number of settlements




Source: Perlín R., Šimčíková A., 2008, Criteria of a successful rural municipality, EUROPA XXI, 17, IGSO PAS, PGS, 29–43.

Mayors of communes are elected by a member of Commune Council, which are elected by commune inhabitants for four year cadence. Relations between different levels of governance systems are hierarchical. Each administrative units has to prepare yearly budget. Because of differences in the size, only 1/3 of the richest units can prepare multiyear budget projects, where they can plan such investments, as roads, water networks and sewage treatment systems.

**Table 5.7** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | 24121 | 5998.23 | | 4219.9 | | 7165.69 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | 35900.6 | 14526.53 | | 15252.2 | | 16105.08 | 20926.83 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | 91.60 | 37.04 | | 38.90 | | 41.07 | 94.38 | 95.48 |

## 10. Climate change

Threats are perceived only by part of farmers and fundamental ecologists. Much Czech society is threatened more by economic insufficiency. Many Czechs agree with building of the next nuclear power-station. Investors perceived ecology as barrier for their activities

The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## DENMARK

Report nº 25.6

Petri Kahila
Nordregio - Nordic Centre for Spatial Development

EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

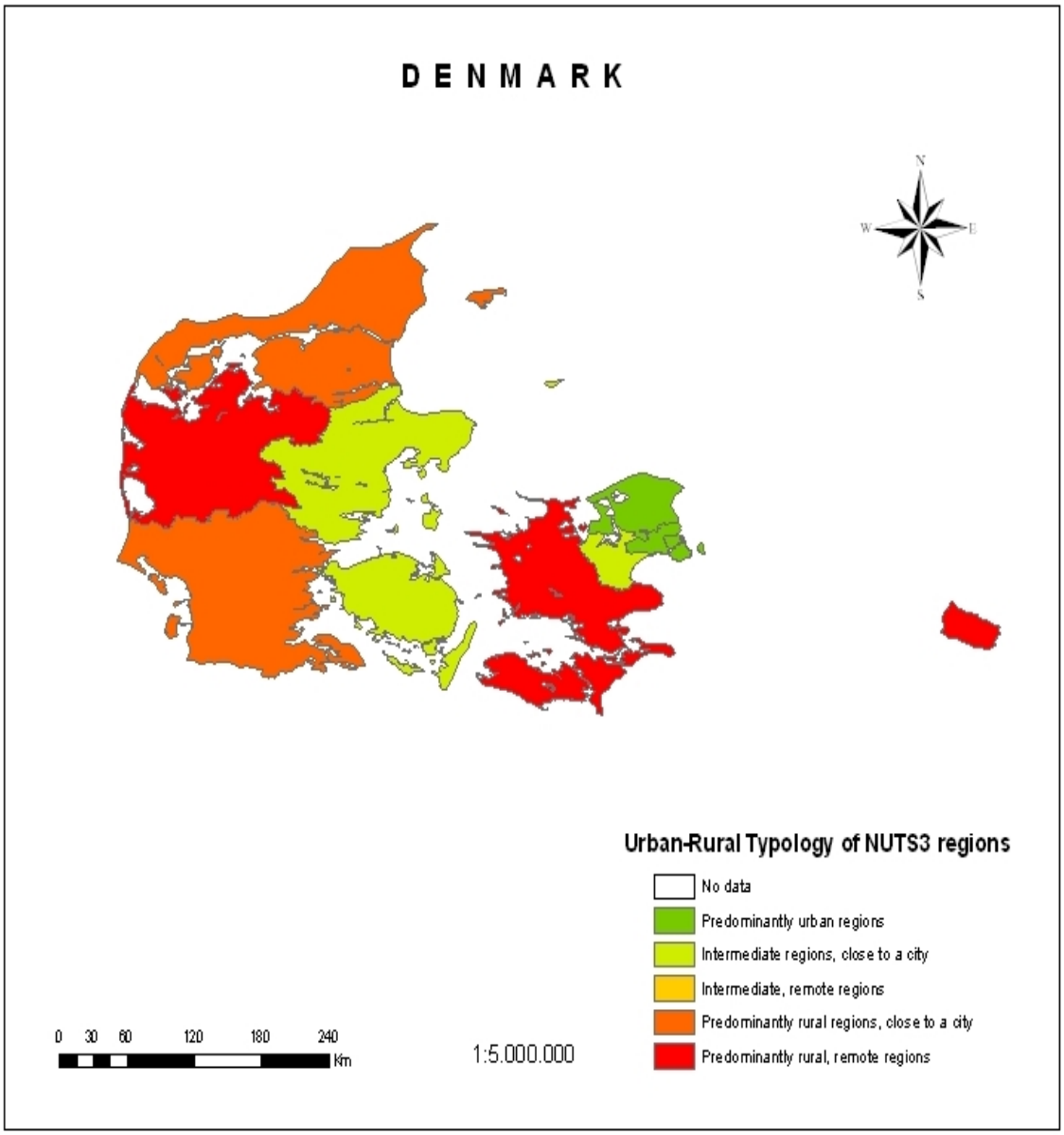
## CONTENTS

## 1. Introduction

As we can see from the figure 6.1 the urban structure in Denmark is highly diversified. Western part of the country is mostly predominantly rural and the only urban region is located in the surroundings of Copenhagen. Two-thirds of Danish territory can be considered predominantly rural; only 5% is predominantly urban; and the rest is intermediate. Whereas Copenhagen is the only urban region in Denmark, main part of Jutland is a predominantly rural. However, Jutland has also bigger urban centres as second (Aarhus) and fourth (Aalborg) largest cities are located there.

In Denmark, approximately 60 % of the total area is agricultural land corresponding to approximately 2.6 million hectares. Urban areas cover about 250.000 hectares. Thus the land use and development in agriculture play an important role in the overall conditions of nature and environment.

**Figure 6.1** DG Region modified Urban-rural typology of NUTS 3 regions: Denmark




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

## 2. Demography

The selection of indicators to describe demographic development in urban and rural areas in Denmark was not available for writing the country profile.

**Table 6.1** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+ MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001 | % people aged 0 to 14 years | NA | NA | | NA | NA | NA | 16.7572 | 16.7064 |
| | % people aged 15 to 64 years | NA | NA | | NA | NA | NA | 66.6233 | 66.6541 |
| | % people aged 64 years and over | NA | NA | | NA | NA | NA | 16.5328 | 16.5515 |
| | Age dependency rate | NA | NA | | NA | NA | NA | 25.0965 | 25.0965 |
| Population | Population change 2001-2007 (Index pop. 2001=100) | NA | NA | | NA | NA | NA | 96.5825 | 96.3148 |
| | % pop. 0_14_2007 | NA | NA | | NA | NA | NA | 16.6851 | 15.9715 |
| | % pop.15_64_2007 | NA | NA | | NA | NA | NA | 69.7566 | 70.1805 |
| | % pop. >64_2007 | NA | NA | | NA | NA | NA | 13.5583 | 13.8481 |
| | Age dependency rate | NA | NA | | NA | NA | NA | 0.4408 | 0.4317 |
| Education | Natural increase change_01_06 | 30.89 | 83.14 | | -87.37 | 9.11 | 17.70 | -5.99 | -6.09 |
| | Net migration change_01_06 | -91.88 | 140.02 | | 2.76 | -30.36 | 5.35 | 7.09 | 8.97 |
| | % ISCED 0_2* | NA | NA | | NA | NA | NA | 33.6282 | 36.6591 |
| | % ISCED 3_4* | NA | NA | | NA | NA | NA | 43.2920 | 47.1425 |
| | % ISCED 5_6* | NA | NA | | NA | NA | NA | 17.0362 | 18.5490 |
| | % of farmers with basic or full educational attainment | NA | NA | | NA | NA | NA | 35.3421 | 39.5463 |
| | Life-Long Learning in Rural Areas | NA | NA | | NA | NA | NA | 7.6985 | 8.6142 |

*% ISCED by groups is calculated for population more 15 years.

## 3. Employment

The selection of indicators to describe employment development in urban and rural areas in Denmark was not available for writing the country profile.

**Table 6.2** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate | 15_64 years | NA | NA | | NA | NA | NA | 66.40 | 66.42 |
| | Tmale 15_64 y | NA | NA | | NA | NA | NA | 73.05 | 73.12 |
| | Tfemale 15_64 y | NA | NA | | NA | NA | NA | 59.72 | 59.70 |
| | Total 15_24 y | NA | NA | | NA | NA | NA | 39.66 | 39.67 |
| | T 45_64 years | NA | NA | | NA | NA | NA | 62.37 | 62.35 |
| | Total 45_54 | NA | NA | | NA | NA | NA | 78.30 | 78.38 |
| | Total 55_64 | NA | NA | | NA | NA | NA | 46.44 | 46.30 |
| %Employment in principal sector* | %Emp_primary | 0.75 | 3.36 | | 4.75 | 5.35 | 3.44 | 7.95 | 7.97 |
| | %Emp_secondary | 14.20 | 20.60 | | 26.42 | 23.80 | 20.79 | 26.71 | 26.71 |
| | %Emp_tertiary | 85.06 | 76.04 | | 68.83 | 70.84 | 75.77 | 65.33 | 65.31 |
| Unemployment rate 2007 | Total >15 | NA | NA | | NA | NA | NA | 7.61 | 7.63 |
| | Total Male >15 | NA | NA | | NA | NA | NA | 7.06 | 7.05 |
| | Total Female >15 | NA | NA | | NA | NA | NA | 8.61 | 8.59 |
| | Total 15_24 | NA | NA | | NA | NA | NA | 15.80 | 15.65 |
| | Total >25 | NA | NA | | NA | NA | NA | 6.67 | 6.67 |
| Long term unemployment | % long term unemployent rate_07 | NA | NA | | NA | NA | NA | 43.07 | 43.13 |
| | Evolution of long term unemployment 2002_07 | NA | NA | | NA | NA | NA | 111.33 | 110.94 |

*Values NUTS 3 are replaced by values NUTS2

## 4. Rural business development

Data divided after the region types were not available for writing the country report.

Rural business development in Denmark in average corresponds to larger amount with EU27 average. The only difference is in lower number of firms in real state, renting and business activities. Employment by sector doesn't either vary so much between Denmark and EU27, employment is lower in hotel and restaurant branch, wholesale and retail trade and manufacturing. Employment in high and medium technology is clearly lower in Denmark in relation to EU27.

**Table 6.3** Rural business development indicators

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | NA | NA | NA | NA | NA | 0.13 | 0.29 | 0,30 |
| | % Manufacturing | NA | NA | NA | NA | NA | 9.05 | 14.08 | 14,04 |
| | % Electricity, gas and water supply | NA | NA | NA | NA | NA | 1.74 | 0.61 | 0,62 |
| | %Construction | NA | NA | NA | NA | NA | 15.04 | 9.48 | 9,45 |
| | %Wholesale and retail trade | NA | NA | NA | NA | NA | 26.33 | 23.02 | 21,83 |
| | %Hotel and restaurants | NA | NA | NA | NA | NA | 6.52 | 6.52 | 6,15 |
| | %Transport, storage and communication | NA | NA | NA | NA | NA | 7.40 | 8.68 | 8,46 |
| | %Real state, renting and business activities | NA | NA | NA | NA | NA | 33.75 | 37.29 | 39,11 |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | NA | NA | NA | NA | NA | 0.21 | 0.58 | 0,51 |
| | % Manufacturing | NA | NA | NA | NA | NA | 23.27 | 29.18 | 28,08 |
| | % Electricity, gas and water supply | NA | NA | NA | NA | NA | 1.23 | 1.13 | 0,89 |
| | %Construction | NA | NA | NA | NA | NA | 11.37 | 9.08 | 9,14 |
| | %Wholesale and retail trade | NA | NA | NA | NA | NA | 25.65 | 26.14 | 26,92 |
| | %Hotel and restaurants | NA | NA | NA | NA | NA | 6.03 | 8.26 | 8,36 |
| | %Transport, storage and communication | NA | NA | NA | NA | NA | 10.79 | 8.64 | 8,51 |
| | %Real state, renting and business activities | NA | NA | NA | NA | NA | 21.44 | 16.78 | 17,51 |

*Table 6.3 (cont.)*

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment in high and medium technologies manufacturing activities_2004 | Employment in high and medium tech manufacturing activities_2004_Media | NA | NA | NA | NA | NA | 5.97 | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_%EU 25 | NA | NA | NA | NA | NA | 92.45 | 95.89 | 107,13 |
| %firms with own website | | NA | NA | NA | NA | NA | NA | NA | 50.20 |

*Values NUTS 3 are replaced by values NUTS2

## 5. Rural-urban relationships

Regional policy has for a long been a responsibility of the central government in Denmark. From the late 1950s until early 1980s, the aim of regional policy was to promote equal development possibilities between different parts of the country. Especially regional policy emphasized the balanced development between urban centers and rural periphery. Since mid 1980s, regional policy shifted its stress to mobilize regional resources to support general attempt to improve competitiveness of Danish enterprises. This development took place somewhat by paying less attention to rural areas. Since the 1990s, the central government has withdrawn from implementation of regional policies. The central government abandoned its role of redistributing private economic activity between the regions and instead adopted a position limiting its direct role in regional development to ensuring that business development programmes were made available in every region.

In the beginning of 2007, Denmark implemented a reform of the municipal structure that reduced the number of municipalities from 271 to 98. The new municipalities handle most of the existing public duties towards the citizens and they will have great significance to rural development because of strengthened competences on planning and on industrial and public sector policy. Furthermore 5 regions have been established instead of the now abolished 14 counties of the country. The regions shall be responsible for regional business development. The council for each region shall produce a regional development plan, describing the strategy for development of urban, rural and remote areas as well as for nature and environment, business including tourism, employment, recreation, education and culture.

## 6. Cultural heritage

Unfortunately there was not relevant information available in relation to cultural heritage in Denmark.

## 7. Services of General Interest

Data divided after the region types were not available for writing the country report.

**Table 6.4** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+ MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | NA | NA | NA | NA | NA | 0.02 | 0.04 | 0.04 |
| Density of trunk road | | NA | NA | NA | NA | NA | 0.15 | 0.17 | 0.17 |
| Density of railways | | NA | NA | NA | NA | NA | 0.04 | 0.10 | 0.10 |
| Area (km2)** | | NA | NA | NA | NA | NA | 67907.40 | 5659749.80 | 4600910.40 |
| DENSITY | NA | NA | NA | NA | NA | NA | 1.28 | 0.93 | 0.92 |
| | NA | NA | NA | NA | NA | NA | 79.92 | 414.65 | 446.23 |
| Daily population accessible by car | | NA | NA | NA | NA | NA | 3130.00 | 18078.54 | 19285.23 |
| Time to nearest hospital | | NA | NA | NA | NA | NA | 31.84 | 22.83 | 22.83 |
| Time to nearest university | | NA | NA | NA | NA | NA | 34.67 | 45.10 | 45.10 |
| Time to nearest airport | | NA | NA | NA | NA | NA | 35.46 | 83.44 | 83.44 |
| %households with broadhand access | | NA | NA | NA | NA | NA | NA | 49.07 | 48.01 |
| % households with internet at home | | NA | NA | NA | NA | NA | NA | 81.46 | 81.20 |

*Values NUTS 3 are replaced by values NUTS2

**Table 6.4** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI +MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº STUDENTS ISCED 0_6 | Nºstudents ISCED_0 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 48.05 | 48.04 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Nºstudents ISCED_4 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 37.37 | 37.23 |
| BEDS IN HOSPITAL PER 100,000 inhabitants* | Nº of beds in hospitals per 100.000 inhabitants_05 | NA | NA | NA | NA | NA | NA | 696.91 | 704.88 |
| | Evolution nbeds 2000_05 | NA | NA | NA | NA | NA | NA | 91.53 | 91.94 |
| | Density of hospitals | NA | NA | NA | NA | NA | NA | 5.44 | 5.44 |
| | Hospital beds per head | NA | NA | NA | NA | NA | NA | 4.98 | 4.98 |
| | Doctors per inhabitant | NA | NA | NA | NA | NA | NA | 171.35 | 171.35 |

*Values NUTS 3 are replaced by values NUTS2

## 8. Farm structural change

Table 6.5 shows the farm structural change in Denmark. We can see that most of the bigger farms are located in predominantly rural accessible and in intermediate rural areas. Farm structure in Denmark is also concentrated on bigger farms in relation to the EU27. Relative share of smaller than 2 European Size Units (ESU) farms is obviously smaller than in the EU27. Interestingly the number absolute number of farms has grown in the group of smaller than 2 ESU that has been opposite development that in the EU27.

Holders are to a larger extent working full time in Denmark. Mostly holders work full time in predominantly rural areas where about 40% of the holders have a full time occupations. The number of holders working full time has decreased considerably except in the predominantly urban regions. The economic farm size is clearly higher in all regions in relation to the EU27 average.

Holders' average age in Denmark corresponds to larger extent with EU27 average as in all regions almost half of the holders are older than 55 years. Number of younger holders below 35 years is also in all regions about the as EU27 average. Changes in number of holders have also been relative close to European average. Number of holders older than 55 years has been more or less the same but share of younger holders below 35 years has reduced radically in all regions although the reduction has not been as strong as in other EU member states.

**Table 6.5** Farm structural change indicators (a)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI +MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | 2.66 | 1.84 | | 1.87 | 2.23 | 2.17 | 33.42 | 33.89 |
| | 2 to 100 ESU | 85.93 | 76.65 | | 75.31 | 79.97 | 79.84 | 57.56 | 57.02 |
| | >100 ESU | 11.41 | 21.51 | | 22.82 | 17.81 | 17.98 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005 | -1.50 | -11.90 | | -7.94 | -8.72 | -7.47 | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | NA | 287.78 | | 238.33 | 290.00 | 274.29 | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | -2.59 | -17.27 | | -10.76 | -12.56 | -10.80 | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | -23.33 | -8.77 | | -3.90 | -1.39 | -8.49 | 32.21 | 31.28 |

**Table 6.5** Farm structural change indicators (b)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI +MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| HOLDERS | % Holders working full time 2005 | 34,68 | 34,38 | | 40,11 | 39,45 | 36,89 | 35,42 | 35,50 |
| | % Change in Number of Holders working full time 2000 - 2005 | 10,02 | -13,66 | | -18,03 | -22,30 | -10,35 | 0,00 | 0,33 |
| | Economic Farm Size (RDEU07) | 72,90 | 81,40 | | 72,90 | 72,10 | 75,00 | 41,93 | 41,93 |
| | Farmers with OGA (RDEU07) | 49,00 | 46,53 | | 49,00 | 49,00 | 48,33 | 37,56 | 37,56 |
| | % holders > 55 years 2007 | 50,85 | 44,31 | | 43,59 | 45,34 | 45,84 | 50,19 | 50,62 |
| | % holders < 35 years 2007 | 4,27 | 5,72 | | 6,57 | 5,49 | 5,54 | 6,35 | 6,32 |
| | % change in holders > 55 years 2000 - 2005 | -0,53 | 0,05 | | 3,07 | -0,15 | 0,44 | 5,88 | 5,62 |
| | % change in holders < 35 years 2000 - 2005 | -15,70 | -26,59 | | -24,65 | -21,87 | -22,69 | -34,01 | -33,96 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | NA | NA | | NA | NA | NA | 42,30 | 42,30 |

*Some values NUTS3 are replaced by NUTS2.

## 9. Institutional Capacity

The gross domestic production is clearly higher in Denmark than in the EU27. There is also rather big variation between regions in Denmark as the gross domestic production in predominantly rural remote and intermediate rural accessible regions is only about half of the gross domestic production in other regions.

**Table 6.6** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP 2005 | GDP in Mio. Euro 2005 | 26129.47 | 16738.13 | | 22761.85 | 11209.70 | 18886.87 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | 36073.10 | 24607.77 | | 25512.25 | 28042.97 | 28836.00 | 20926.84 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | 217.60 | 148.43 | | 153.85 | 169.17 | 173.94 | 94.38 | 95.48 |

## 10. Climate change

Unfortunately there was not relevant information available in relation to climate change in Denmark.

The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## ESTONIA

Report nº 25.7

Petri Kahila
Nordregio - Nordic Centre for Spatial Development

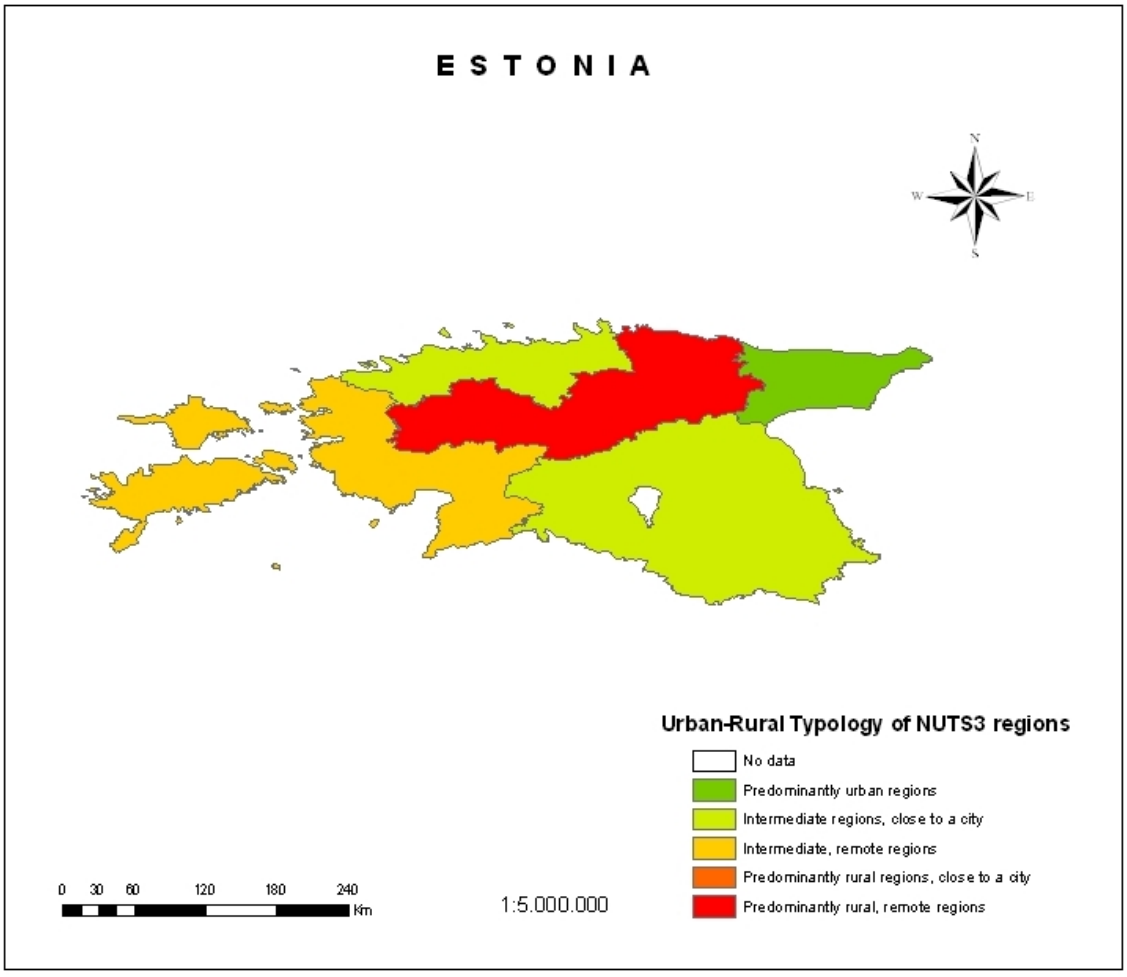
EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

**CONTENTS**

## 1. Introduction

When divided into NUTS 3 regions Estonia consists of five different areas (Figure 7.1). In the middle of Estonia is where the most rural region is to be found. The most urban part of the country is to be found in the north-east and not in the north-west, where the capital is to be found. The capital is considered the most developed region in Estonia while especially the eastern regions bordering Russia suffered to a large extent from major economic transformations, especially the decrease of the agricultural sector. Intermediate areas not in connection to cities are to be found in the south-western parts of the mainland and on the larger islands.

**Figure 7.1** DG Region modified Urban-rural typology of NUTS 3 regions: Estonia




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

## 2. Demography

In 2001 the largest shares of young people could be found in rural areas, "predominantly rural, remote regions" had the largest share (Table 7.1). The "predominantly urban region" on the other hand, had in comparison with the other region types the largest share of people in working age. Older people were quite evenly distributed between the types of regions.

Country average tells us that Estonia in 2001 had a larger share of young under 15, and a smaller share of people over 64 than did EU 27. The age dependency rate was below the EU 27 figure.

**Table 7.1** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001 | % people aged 0 to 14 years | 16.51 | 18.01 | 19.99 | | 20.65 | 18.63 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | 67.72 | 67.13 | 64.17 | | 64.04 | 66.04 | 66.62 | 66.65 |
| | % people aged 64 years and over | 15.77 | 14.86 | 15.84 | | 15.31 | 15.33 | 16.53 | 16.55 |
| | Age dependency rate | 23.28 | 22.26 | 24.69 | | 23.92 | 23.28 | 25.09 | 25.09 |
| Population | Population change 2001-2007 (Index pop. 2001=100) | 98.19 | 98.19 | 98.19 | | 98.19 | 98.19 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | 14.88 | 14.88 | 14.88 | | 14.88 | 14.88 | 16.68 | 15.97 |
| | % pop.15_64_2007 | 68.04 | 68.04 | 68.04 | | 68.04 | 68.04 | 69.75 | 70.18 |
| | % pop. >64_2007 | 17.07 | 17.07 | 17.07 | | 17.07 | 17.07 | 13.55 | 13.84 |
| | Age dependency rate | 46.96 | 46.96 | 46.96 | | 46.96 | 46.96 | 44.08 | 43.17 |
| | Natural increase change_01_06 | -21.43 | -90.00 | -25.00 | | -16.67 | -48.62 | -5.99 | -6.09 |
| | Net migration change_01_06 | 1548.82 | 101.13 | 238.95 | | 104.79 | 418.96 | 7.09 | 8.97 |
| | % ISCED 0_2** | 19.80 | 19.80 | 19.80 | | 19.80 | 19.80 | 33.62 | 36.65 |
| | % ISCED 3_4** | 46.60 | 46.60 | 46.60 | | 46.60 | 46.60 | 43.29 | 47.14 |
| | % ISCED 5_6** | 24.77 | 24.77 | 24.77 | | 24.77 | 24.77 | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment | 25.20 | 30.90 | 34.00 | | 34.90 | 31.18 | 35.34 | 39.54 |
| | Life-Long Learning in Rural Areas | 5.92 | 5.92 | 5.92 | | 5.92 | 5.92 | 7.69 | 8.61 |

*Values NUTS 3 are replaced by values NUTS2

**% ISCED by groups is calculated for population more 15 years.

## 3. Employment

Table 7.2 shows that rural areas of Estonia have a considerably larger share of the workforce employed in the primary sector than does the "predominantly urban region". The share increases with rurality and with the distance to cities. When comparing the Estonian country average with the corresponding figures for the EU 27 it shows that more people are employed in the secondary sector and less in the primary sector. In 2007 unemployment was higher in the "predominantly urban region" than in the more rural ones. Among people between 15 and 24 this difference did not appear however. The unemployment was lower among women in almost all age groups and region types, and albeit lower in general, the country average differed from the EU 27 the most when comparing the figures for women. The "predominantly urban region" was the only one with higher unemployment rate among women then men. Between 2002 and 2005 the unemployment decreased in the country, most so in the urban areas. During the same time unemployment among the young aged between 15 and 24 increased extensively in rural areas however.

**Table 7.2** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+ MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate* | 15_64 years | 69.40 | 69.40 | 69.40 | | 69.40 | 69.40 | 66.40 | 66.42 |
| | Tmale 15_64 y | 73.20 | 73.20 | 73.20 | | 73.20 | 73.20 | 73.05 | 73.12 |
| | Tfemale 15_64 y | 65.90 | 65.90 | 65.90 | | 65.90 | 65.90 | 59.72 | 59.70 |
| | Total 15_24 y | 34.50 | 34.50 | 34.50 | | 34.50 | 34.50 | 39.66 | 39.67 |
| | T 45_64 years | 73.10 | 73.10 | 73.10 | | 73.10 | 73.10 | 62.37 | 62.34 |
| | Total 45_54 | 86.20 | 86.20 | 86.20 | | 86.20 | 86.20 | 78.30 | 78.38 |
| | Total 55_64 | 60.00 | 60.00 | 60.00 | | 60.00 | 60.00 | 46.44 | 46.30 |
| %Employment in principal sector | %Emp. primary | 2.48 | 5.32 | 10.21 | | 13.02 | 7.27 | 7.95 | 7.97 |
| | %Emp. Secondary | 43.15 | 31.45 | 39.94 | | 34.72 | 36.14 | 26.71 | 26.71 |
| | %Emp. tertiary | 54.37 | 63.23 | 49.85 | | 52.26 | 56.59 | 65.33 | 65.31 |
| Unemployment evolution 2002_05 | Total > 15 y | 48.81 | 47.72 | 59.65 | | 55.56 | 51.89 | 187.25 | 188.17 |
| | Total 15_24 y | 53.33 | 69.58 | 140.00 | | 145.45 | 95.59 | 255.26 | 257.16 |
| | Total >25 y | 47.83 | 42.83 | 42.55 | | 36.54 | 42.51 | 82.27 | 82.21 |
| | Male > 15 y | 42.27 | 56.30 | 59.38 | | 45.45 | 51.94 | 82.45 | 82.36 |
| | Female > 15 y | 54.79 | 39.47 | 68.00 | | 51.72 | 50.69 | 94.74 | 94.79 |
| Unemployment rate 2007* | Total >15 | 9.70 | 4.15 | 3.40 | | 3.90 | 5.06 | 7.61 | 7.63 |
| | Total Male >15 | 9.50 | 5.05 | 4.60 | | 4.20 | 5.68 | 7.06 | 7.05 |
| | Total Female >15 | 9.60 | 3.35 | 3.90 | | 3.90 | 4.82 | 8.61 | 8.59 |
| | Total 15_24 | 20.00 | 9.40 | 10.00 | | 10.00 | 11.76 | 15.80 | 15.65 |
| | Total >25 | 8.60 | 3.45 | 2.80 | | 3.30 | 4.32 | 6.67 | 6.67 |
| Long term unemployment* | % long term unemployent rate_07 | 49.47 | 49.47 | 49.47 | | 49.47 | 49.47 | 43.07 | 43.12 |
| | Evolution of long term unemployment 2002_07 | 94.39 | 94.39 | 94.39 | | 94.39 | 94.39 | 111.33 | 110.94 |

*Values NUTS 3 are replaced by values NUTS2

## 4. Rural business development

**Table 7.3** Rural business development indicators

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.22 | 0.22 | 0.22 | | 0.22 | 0.22 | 0.30 | 0.30 |
| | % Manufacturing | 12.37 | 12.37 | 12.37 | | 12.37 | 12.37 | 14.08 | 14.05 |
| | % Electricity, gas and water supply | 0.65 | 0.65 | 0.65 | | 0.65 | 0.65 | 0.61 | 0.63 |
| | %Construction | 10.50 | 10.50 | 10.50 | | 10.50 | 10.50 | 9.48 | 9.46 |
| | %Wholesale and retail trade | 35.55 | 35.55 | 35.55 | | 35.55 | 35.55 | 23.02 | 21.83 |
| | %Hotel and restaurants | 4.36 | 4.36 | 4.36 | | 4.36 | 4.36 | 6.52 | 6.15 |
| | %Transport, storage and communication | 7.92 | 7.92 | 7.92 | | 7.92 | 7.92 | 8.69 | 8.46 |
| | %Real state, renting and business activities | 28.44 | 28.44 | 28.44 | | 28.44 | 28.44 | 37.29 | 39.12 |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 1.27 | 1.27 | 1.27 | | 1.27 | 1.27 | 0.58 | 0.52 |
| | % Manufacturing | 31.10 | 31.10 | 31.10 | | 31.10 | 31.10 | 29.18 | 28.08 |
| | % Electricity, gas and water supply | 1.92 | 1.92 | 1.92 | | 1.92 | 1.92 | 1.14 | 0.89 |
| | %Construction | 11.86 | 11.86 | 11.86 | | 11.86 | 11.86 | 9.09 | 9.14 |
| | %Wholesale and retail trade | 23.05 | 23.05 | 23.05 | | 23.05 | 23.05 | 26.14 | 26.93 |
| | %Hotel and restaurants | 4.63 | 4.63 | 4.63 | | 4.63 | 4.63 | 8.27 | 8.37 |
| | %Transport, storage and communication | 10.73 | 10.73 | 10.73 | | 10.73 | 10.73 | 8.65 | 8.52 |
| | %Real state, renting and business activities | 15.42 | 15.42 | 15.42 | | 15.42 | 15.42 | 16.78 | 17.51 |

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment in high and medium technologies manufacturing activities_2004 | Employment in high and medium tech manufacturing activities_2004_ Media | 5.12 | 5.12 | 5.12 | | 5.12 | 5.12 | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_ %EU 25 | 50.60 | 50.60 | 50.60 | | 50.60 | 50.60 | 95.89 | 107,13 |
| %firms with own website | | NA | NA | NA | | NA | NA | 50.21 | 50.21 |

*Values NUTS 3 are replaced by values NUTS2

## 5. Rural-urban relationships

Unfortunately there was not relevant information available in relation to rural-urban relationships in Estonia.

## 6. Cultural heritage

Unfortunately there was not relevant information available in relation to cultural heritage in Estonia.

## 7. Services of General Interest

Intermediate regions have the longest road networks in Estonia while the longest railway networks are to be found I the “predominantly urban region”. In both cases though, the country average is below the average for EU 27.

The area of the regions is in general larger in Estonia than in the 27 EU countries and the population density is considerably lower; 212 compared to 4067. The pheripherality by car (ie. travel time from each regions centroid to all others over the road network taking into account additional factors such as lower average travel speeds in mountainous areas or border waiting times etc) tells us that it takes longer to go from the center of the urban region to the others, than the other way around. The accessibility to markets however does not differ as much between the types of regions.

**Table 7.4** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | NA | NA | 0.00 | | NA | 0.00 | 0.04 | 0.04 |
| Density of trunk road | | 0.09 | 0.12 | 0.12 | | 0.11 | 0.11 | 0.17 | 0.17 |
| Density of railways | | 0.02 | 0.03 | 0.01 | | 0.02 | 0.02 | 0.10 | 0.10 |
| Area (km2)** | | 3364.00 | 20132.00 | 11135.00 | | 9067.00 | 43698.00 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_06 | -3.41 | -1.22 | -2.20 | | -1.87 | -1.99 | 0.93 | 0.92 |
| | Density of population 2006*** | 51.36 | 71.15 | 14.56 | | 15.56 | 44.76 | 414.65 | 446.23 |

**Table 7.5** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|
| **Variables** | **1** | **21** | **22** | **31** | **32** | | | |
| Daily population accessible by car | 1401.00 | 1361.00 | 1310.00 | | 2652.00 | 1617.00 | 18078.54 | 19285.23 |
| Time to nearest hospital | NA | NA | NA | | NA | NA | 22.83 | 22.83 |
| Time to nearest university | 73.08 | 17.18 | 18.22 | | 81.35 | 41.40 | 45.10 | 45.10 |
| Time to nearest airport | 73.08 | 81.75 | 18.22 | | 75.67 | 66.10 | 83.44 | 83.44 |
| %households with broadhand access | NA | NA | NA | | NA | NA | 49.07 | 48.00 |
| % households with internet at home | NA | NA | NA | | NA | NA | 81.46 | 81.20 |

* Values NUTS 3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

*** These values are only indicatives and aren't reals because in the calculation there are values NUTS2 and NUTS3.

**Table 7.6** Services of general interest indicators (c)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+N O+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº STUDENTS ISCED 0_6 | Nºstudents ISCED_0 per 1.000 inhabitants | NA | NA | NA | | NA | NA | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | NA | NA | NA | | NA | NA | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | NA | NA | NA | | NA | NA | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | NA | NA | NA | | NA | NA | 48.05 | 48.04 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | NA | NA | NA | | NA | NA | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | NA | NA | NA | | NA | NA | 37.37 | 37.23 |
| | Nº of beds in hospitals per 100.000 inhabitants_ 05 | 548.40 | 548.40 | 548.40 | | 548.40 | 548.40 | 696.91 | 704.88 |
| BEDS IN HOSPITAL PER 100,000 inhabitants* | Evolution nbeds 2000_05 | 76.27 | 76.27 | 76.27 | | 76.27 | 76.27 | 91.53 | 91.94 |
| | Density of hospitals | NA | NA | NA | NA | NA | NA | 5.44 | 5.44 |
| | Hospital beds per head | NA | NA | NA | NA | NA | NA | 4.98 | 4.98 |
| | Doctors per inhabitant | NA | NA | NA | NA | NA | NA | 171.35 | 171.35 |

*Values NUTS 3 are replaced by values NUTS2

## 8. Farm structural change

Compared to the EU 27 a smaller share of the Estonian farmers worked full time in 2005. In the rural region the share was higher than in the other region types. The economic size of farms in Estonia is small compared to the EU 27 while the amount of farmers in the Farmers Insurance Organization is above average.

The percentage of the farmers with basic and full education is lower in urban regions of the country and the overall average is below the figures for EU 27.

**Table 7.7** Farm structural change indicators (a)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR +IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005* | < 2 ESU | 75.75 | 75.21 | 77.41 | | 72.42 | 75.20 | 33.42 | 33.89 |
| | 2 to 100 ESU | 23.39 | 23.87 | 22.12 | | 26.08 | 23.86 | 57.56 | 57.02 |
| | >100 ESU | 0.86 | 0.92 | 0.47 | | 1.50 | 0.94 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005* | % Change in number of total holdings 2000-2005 | NA | NA | NA | | NA | NA | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | NA | NA | NA | | NA | NA | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | NA | NA | NA | | NA | NA | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | NA | NA | NA | | NA | NA | 32.21 | 31.28 |

*Values NUTS 3 are replaced by values NUTS2

**Table 7.8** Farm structural change indicators (b)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | | Average EU 27 +CH+HR +IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | Average country | | |
| HOLDERS | % Holders working full time 2005* | 23,76 | 12,87 | 13,92 | | 16,43 | 15,97 | 35,42 | 35,50 |
| | % Change in Number of Holders working full time 2000 – 2005* | NA | NA | NA | | NA | NA | -0,01 | 0,33 |
| | Economic Farm Size (RDEU07) | 3,40 | 6,00 | 3,50 | | 6,90 | 5,16 | 41,93 | 41,93 |
| | Farmers with OGA (RDEU07) | 34,20 | 43,80 | 40,80 | | 45,20 | 41,56 | 37,55 | 37,55 |
| | % holders > 55 years 2007* | 57,28 | 57,28 | 57,28 | | 57,28 | 57,28 | 50,19 | 50,61 |
| | % holders < 35 years 2007* | 5,57 | 5,57 | 5,57 | | 5,57 | 5,57 | 6,35 | 6,32 |
| | % change in holders > 55 years 2000 – 2005* | NA | NA | NA | | NA | NA | 5,88 | 5,61 |
| | % change in holders < 35 years 2000 – 2005* | NA | NA | NA | | NA | NA | -34,01 | -33,95 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | 25,20 | 30,90 | 34,00 | | 34,90 | 31,18 | 42,29 | 42,29 |

*Values NUTS 3 are replaced by values NUTS2

## 9. Institutional Capacity

In relation to the average gross domestic product in PPS / inhabitant of the EU 27, Estonia has a low institutional capacity. The “intermediate regions, close to a city” have the highest level which is considerably higher than the level for the other regions and affects the country average. The GDP per inhabitant is about 50 % of the EU average in 2005.

**Table 7.9** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+ LI+MK+NO+ TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | 927.4 | 4303.05 | 957.9 | | 718 | 2241.88 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | 9058.3 | 15556.25 | 9978 | | 8596.1 | 11748.98 | 20926.83 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | 23.90 | 41.00 | 26.30 | | 22.70 | 30.98 | 94.38 | 95.48 |

## 10. Climate change

Unfortunately there was not relevant information available in relation to climate change in Estonia.

The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## FINLAND

Report nº 25.8

Petri Kahila
Nordregio - Nordic Centre for Spatial Development

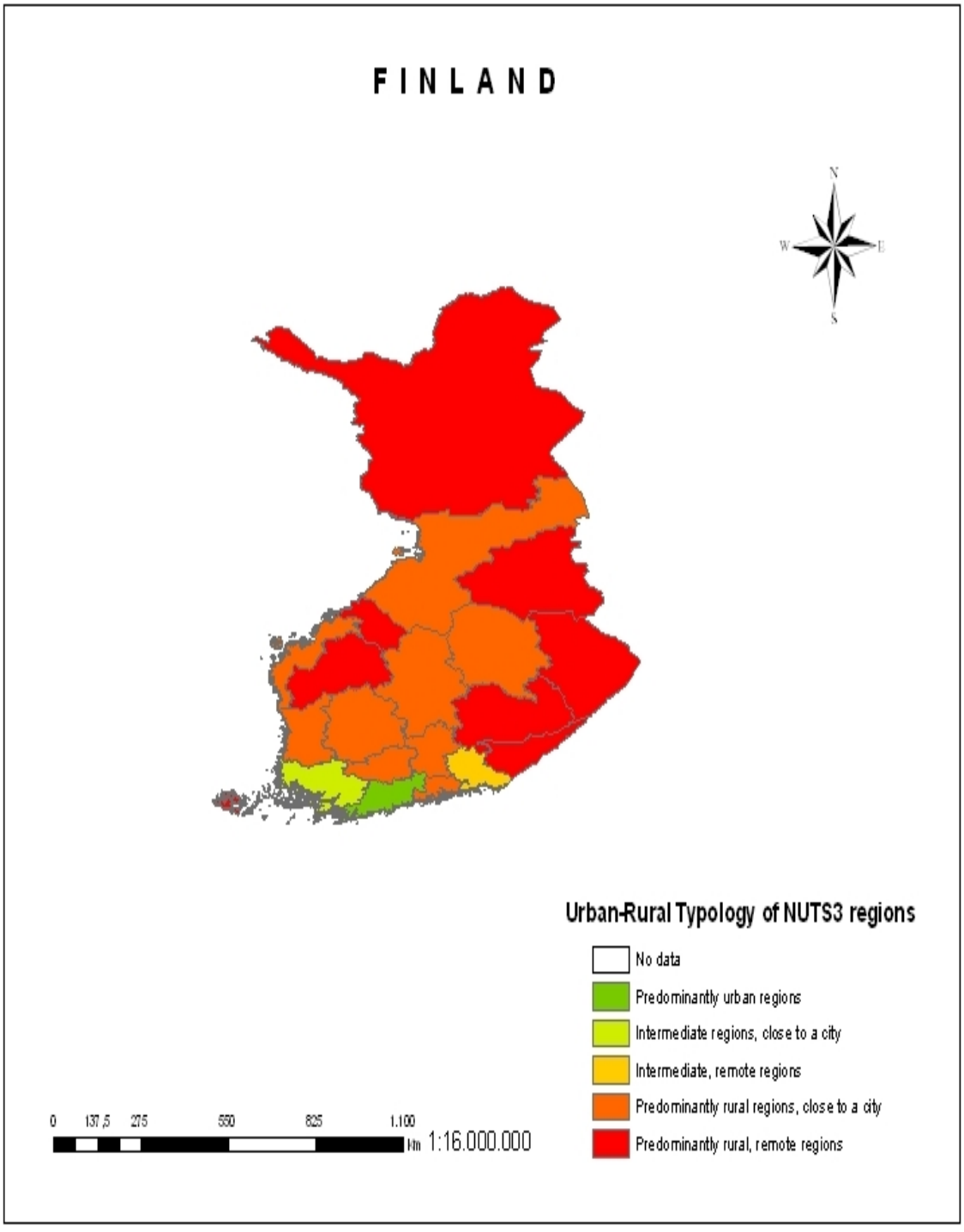
EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

**CONTENTS**

## 1. Introduction

As shown in figure 8.1 the most urban areas of Finland is situated in the southern parts of the country. The only region classified as “predominantly urban” is the one where the capital Helsinki is located. In the northern and the eastern parts of the country the largest areas of remote rural areas are to be found. Finland is characterized by high levels of rurality and all but three regions in Finland are classified as predominantly rural.

**Figure 8.1** DG Region modified Urban-rural typology of NUTS 3 regions: Finland




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

## 2. Demography

Rural regions have the highest share of older people and this is also where the age dependency rate is the highest (Table 8.1). At a national level the average dependency rate was slightly below the EU 27 average in 2001 but in 2007 the national rate was well above the average EU figures.

In the last years the population change has been positive in all regions types, the urban and intermediate regions did however experience a stronger population growth. When it comes to educational level the "predominantly rural, remote regions" show a somewhat lower level and have a larger share of the population with lower levels of education. In general the country average is above the EU 27, except for the share of population with ISCED between 0 and 2 and between 3 and 4.

The national average share of educational attainment among farmers is below EU 27 level. When broken down to a regional level the data does however show that only "predominantly rural regions, close to a city" have an average below the EU while the other ones have higher shares. The percentage of life-long learning is high in the rural areas of Finland, the highest share is found in urban and intermediate regions.

**Table 8.1** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | | Average EU 27 +CH+HR +IS+LI+MK+NO+TR | |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | Average country | | Average EU 27 |
| Census population 2001 | % people aged 0 to 14 years | 18.41 | 17.19 | 16.47 | 18.48 | 17.93 | 18.09 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | 70.18 | 66.59 | 65.79 | 65.66 | 65.21 | 65.76 | 66.62 | 66.65 |
| | % people aged 64 years and over | 11.41 | 16.22 | 17.74 | 15.86 | 16.86 | 16.15 | 16.53 | 16.55 |
| | Age dependency rate | 16.26 | 24.36 | 26.96 | 24.17 | 25.86 | 24.60 | 25.09 | 25.09 |
| Population* | Population change 2001-2007 (Index pop. 2001=100) | 103.37 | 103.37 | 103.37 | 101.66 | 100.39 | 101.41 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | 17.01 | 17.01 | 17.01 | 17.05 | 17.09 | 17.06 | 16.68 | 15.97 |
| | % pop.15_64_2007 | 67.77 | 67.77 | 67.77 | 66.06 | 65.49 | 66.09 | 69.75 | 70.18 |
| | % pop. >64_2007 | 15.23 | 15.23 | 15.23 | 16.90 | 17.42 | 16.86 | 13.55 | 13.84 |
| | Age dependency rate | 47.56 | 47.56 | 47.56 | 51.44 | 52.72 | 51.37 | 44.08 | 43.17 |
| Education | Natural increase change_01_06 | 22.04 | 109.47 | 36.66 | 361.90 | -62.45 | 146.28 | -5.99 | -6.09 |
| | Net migration change_01_06 | -7.74 | -8.41 | 8.93 | -25.03 | -61.09 | -36.06 | 7.09 | 8.97 |
| | % ISCED 0_2** | 30.95 | 30.95 | 30.95 | 33.67 | 35.44 | 33.97 | 33.62 | 36.65 |
| | % ISCED 3_4** | 37.72 | 37.72 | 37.72 | 39.99 | 42.18 | 40.52 | 43.29 | 47.14 |
| | % ISCED 5_6** | 31.07 | 31.07 | 31.07 | 26.07 | 23.89 | 25.95 | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment | 45.50 | 42.90 | 41.70 | 34.06 | 39.39 | 37.59 | 35.34 | 39.54 |
| | Life-Long Learning in Rural Areas* | 23.57 | 23.57 | 23.57 | 22.29 | 21.01 | 21.97 | 7.69 | 8.61 |

*Values NUTS 3 are replaced by values NUTS2

**% ISCED by groups is calculated for population more 15 years.

## 3. Employment

The average employment rate in Finland is slightly above the EU 27 figures but when looking at the data divided after age groups a more complicated pattern appears (8.2). It shows that among the population under 45 the rate is still higher in Finland. Among the population above 45 only the women are employed to a higher extent. The distribution of the employment between sectors follows quite closely the EU 27 average. As further shown in table 8.2 the unemployment rate is the highest in remote rural regions and the country average shows an increase in unemployment between 2002 and 2005, rural regions saw the highest increase. The long term unemployment rate on the other hand has gone down the most in rural regions and this is also where the lowest rates are to be found.

**Table 8.2** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate* | T15_64 years | 73.30 | 73.30 | 73.30 | 69.89 | 67.65 | 69.51 | 66.40 | 66.42 |
| | Tmale 15_64 y | 74.60 | 74.60 | 74.60 | 72.11 | 69.46 | 71.43 | 73.05 | 73.12 |
| | Tfemale 15_64 y | 71.90 | 71.90 | 71.90 | 67.58 | 65.79 | 67.51 | 59.72 | 59.70 |
| | Total 15_24 y | 47.50 | 47.50 | 47.50 | 44.63 | 40.33 | 43.34 | 39.66 | 39.67 |
| | T 45_64 years | 72.85 | 72.85 | 72.85 | 68.87 | 67.33 | 68.85 | 62.37 | 62.34 |
| | Total 45_54 | 86.70 | 86.70 | 86.70 | 83.46 | 81.95 | 83.34 | 78.30 | 78.38 |
| | Total 55_64 | 59.00 | 59.00 | 59.00 | 54.29 | 52.71 | 54.37 | 46.44 | 46.30 |
| %Employment in principal sector | %Emp_primary | 0.57 | 4.91 | 4.88 | 6.60 | 9.83 | 7.42 | 7.95 | 7.97 |
| | %Emp_secondary | 19.23 | 29.48 | 27.53 | 31.13 | 23.68 | 27.29 | 26.71 | 26.71 |
| | %Emp_tertiary | 80.20 | 65.61 | 67.58 | 62.27 | 66.49 | 65.29 | 65.33 | 65.31 |
| Unemployment evolution 2002_05 | Total > 15 years | 93.49 | 83.62 | 74.44 | 420.43 | 145.80 | 266.11 | 187.25 | 188.17 |
| | Total 15_24 years | 92.14 | 86.79 | 89.29 | 205.47 | 209.19 | 188.52 | 255.25 | 257.16 |
| | Total >25 years | 94.14 | 82.26 | 67.74 | 54.73 | 57.94 | 60.12 | 82.27 | 82.21 |
| | Female > 15 years | 100.53 | 77.78 | 67.39 | 64.17 | 70.27 | 69.22 | 94.74 | 94.79 |

**Table 8.3** Employment indicators (b)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Unemployment rate 2007* | Total >15 | 5.20 | 6.20 | 7.00 | 6.96 | 10.03 | 7.96 | 7.61 | 7.63 |
| | Total Male >15 | 5.50 | 6.40 | 6.60 | 6.57 | 9.30 | 7.51 | 7.06 | 7.05 |
| | Total Female >15 | 4.80 | 6.10 | 7.50 | 7.93 | 11.16 | 8.84 | 8.61 | 8.59 |
| | Total 15_24 | 13.20 | 14.50 | 14.30 | 16.77 | 21.47 | 18.06 | 15.80 | 15.64 |
| | Total >25 | 4.00 | 5.00 | 5.50 | 5.60 | 8.34 | 6.49 | 6.66 | 6.66 |
| Long term unemployment* | % long term unemployent rate_07 | 24.95 | 24.95 | 24.95 | 23.05 | 18.68 | 21.58 | 43.07 | 43.12 |
| | Evolution of long term unemployment 2002_07 | 97.16 | 97.16 | 97.16 | 90.49 | 87.19 | 90.32 | 111.33 | 110.94 |

*Values NUTS 3 are replaced by values NUTS2

## 4. Rural business development

When comparing the Finish country average in table 8.4 with the EU 27 average with regard to the distribution of firms by industry, the most obvious differences are the lower number of firms in real state, renting and business activities, and the higher number of firms in constructing. When looking at the different region types within the country, real state is the only sector where the highest number is found in the urban and intermediate regions, these also have the largest share of employed in that sector. In Finland a larger share of the work force is employed in manufacturing and transport, storage and communication while a smaller share is found in the wholesale and retail trade sector and the hotel and restaurant sector.

The employment in high and medium tech manufacturing activities is in all types of regions lower than the EU 27 average. In rural areas the lowest shares are to be found. All but "predominantly rural, remote regions" did however have shares higher than the corresponding figures for EU 25 was in 2004.

**Table 8.4** Rural business development indicators (a)

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.20 | 0.20 | 0.20 | 0.56 | 0.67 | 0.55 | 0.30 | 0.30 |
| | % Manufacturing | 9.68 | 9.68 | 9.68 | 12.20 | 11.43 | 11.51 | 14.08 | 14.05 |
| | % Electricity, gas and water supply | 0.34 | 0.34 | 0.34 | 0.70 | 0.95 | 0.75 | 0.61 | 0.63 |
| | %Construction | 20.05 | 20.05 | 20.05 | 20.34 | 20.82 | 20.49 | 9.48 | 9.46 |
| | %Wholesale and retail trade | 25.02 | 25.02 | 25.02 | 25.25 | 25.27 | 25.22 | 23.02 | 21.83 |
| | %Hotel and restaurants | 5.88 | 5.88 | 5.88 | 6.02 | 6.94 | 6.37 | 6.52 | 6.15 |
| | %Transport, storage and communication | 10.03 | 10.03 | 10.03 | 11.33 | 12.78 | 11.72 | 8.69 | 8.46 |
| | %Real state, renting and business activities | 28.79 | 28.79 | 28.79 | 23.62 | 21.14 | 23.40 | 37.29 | 39.12 |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.23 | 0.23 | 0.23 | 0.33 | 0.37 | 0.33 | 0.58 | 0.52 |
| | % Manufacturing | 27.84 | 27.84 | 27.84 | 35.89 | 32.56 | 33.35 | 29.18 | 28.08 |
| | % Electricity, gas and water supply | 1.13 | 1.13 | 1.13 | 1.27 | 1.32 | 1.27 | 1.14 | 0.89 |
| | %Construction | 10.52 | 10.52 | 10.52 | 11.18 | 12.02 | 11.42 | 9.09 | 9.14 |
| | %Wholesale and retail trade | 21.71 | 21.71 | 21.71 | 18.80 | 18.36 | 19.06 | 26.14 | 26.93 |
| | %Hotel and restaurants | 4.87 | 4.87 | 4.87 | 4.65 | 5.24 | 4.92 | 8.27 | 8.37 |
| | %Transport, storage and communication | 12.70 | 12.70 | 12.70 | 11.46 | 16.43 | 13.63 | 8.65 | 8.52 |
| | %Real state, renting and business activities | 20.99 | 20.99 | 20.99 | 16.36 | 13.63 | 15.97 | 16.78 | 17.51 |

*Values NUTS 3 are replaced by values NUTS2

**Table 8.5** Rural business development indicators (b)

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment in high and medium technologies manufacturing activities_2004 | Employment in high and medium tech manufacturing activities_2004_ Media | 7.20 | 7.20 | 7.20 | 6.97 | 4.79 | 6.13 | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_ %EU 25 | 102.87 | 102.87 | 102.87 | 109.40 | 77.61 | 95.70 | 95.89 | 107,13 |
| %firms with own website | | NA | NA | NA | 42.80 | 42.80 | 42.80 | 50.21 | 50.21 |

*Values NUTS 3 are replaced by values NUTS2

## 5. Rural-urban relationships

Unfortunately there was not relevant information available in relation to rural-urban relationships in Finland.

## 6. Cultural heritage

Unfortunately there was not relevant information available in relation to cultural heritage in Finland.

## 7. Services of General Interest

The average density of roads in Finland is below EU 27 average, in “predominantly rural regions, close to a city” the figure is considerably higher though (Table 8.6). When it comes to railways on the other hand the density is above EU 27 average and the highest number is to be found in the “predominantly urban” region.

The population density has increased during the last years, mostly so in the urban and intermediate areas. In comparison with the EU 27 average the population density of all region type in Finland is low. The density in “predominantly rural, remote regions” is 86 whereas the general average for EU 27 is 4066.

The pheripherality (ie. travel time from each regions centroid to all others over the road network taking into account additional factors such as lower average travel speeds in mountainous areas or border waiting times etc) is higher in Finland, the country average is adjusted upwards significantly by the situation in the rural areas though.

The average time to get to markets by car and by rail is longer in Finland than in the EU 27. The population in the rural areas has to spend the longest times traveling.

Over 90 per cent of the finish population has internet access at home and more than 60 per cent have broadband access. There are some differentiations to be found between the types of regions and unsurprisingly the lower levels of access are located to the rural regions.

The number of beds per 100 000 inhabitants in hospitals in Finland is quite close to the EU 27 average. In 2000 the number was just above the European average and in 2006 the number was just below. Both Finland and EU 27 did however lower their numbers between the two years.

**Table 8.6** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|
| Variables[1] | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | 0.02 | 0.00 | 0.00 | 0.01 | NA | 0.01 | 0.04 | 0.04 |
| Density of trunk road | 0.19 | 0.15 | 0.05 | 0.10 | 0.05 | 0.08 | 0.17 | 0.17 |
| Density of railways | 0.04 | 0.02 | 0.04 | 0.02 | 0.02 | 0.03 | 0.10 | 0.10 |
| Area (km2)** | 6766.90 | 10855.00 | 5588.30 | 115585.50 | 192010.70 | 330806.40 | 5659749.80 | 4600910.40 |
| DENSITY Evolution density 2001_06 * | 4.18 | 1.90 | -1.22 | 1.39 | -1.53 | 0.26 | 0.93 | 0.92 |
| DENSITY Density of population 2006*** | 200.85 | 41.97 | 33.14 | 26.81 | 10.56 | 30.09 | 414.65 | 446.23 |
| Daily population accessible by car | 2230.00 | 2230.000 | 2230.00 | 2039.88 | 1390.50 | 1808.65 | 18078.54 | 19285.23 |
| Time to nearest hospital | 23.93 | 28.65 | 26.19 | 42.80 | 64.29 | 48.91 | 22.83 | 22.83 |
| Time to nearest university | 24.12 | 28.65 | 34.53 | 62.87 | 115.94 | 79.03 | 45.10 | 45.10 |
| Time to nearest airport | 37.60 | 28.65 | 34.53 | 126.28 | 176.16 | 132.33 | 83.44 | 83.44 |
| % households with broadhand access | 68.00 | 68.00 | 68.0 | 66.22 | 63.2 | 65.42 | 49.07 | 48.00 |
| % households with internet at home | 93.00 | 93.00 | 93.00 | 90.88 | 90.00 | 90.89 | 81.46 | 81.20 |

* Values NUTS 3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

*** These values are only indicatives and aren't reals because in the calculation there are values NUTS2 and NUTS3.

[1] Values NUTS 3 are replaced by values NUTS2 due to the lack of Peripherality Index, area and lenght of road and railway network.

**Table 8.7** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK + NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº STUDENTS ISCED 0_6* | Nºstudents ISCED_0 per 1.000 inhabitants | 29.31 | 29.31 | 29.31 | 25.48 | 24.23 | 25.62 | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | 69.52 | 69.52 | 69.528 | 70.54 | 71.340 | 70.67 | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | 37.398 | 37.39 | 37.39 | 38.76 | 40.11 | 39.04 | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | 60.8 | 60.80 | 60.80 | 65.291 | 69.17 | 66.01 | 48.05 | 48.03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | 4.583 | 4.58 | 4.58 | 3.63 | 3.23 | 3.63 | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | 59.56 | 59.56 | 59.56 | 59.43 | 55.19 | 57.89 | 37.37 | 37.23 |
| BEDS IN HOSPITAL PER 100.000 inhabitants* | Nº of beds in hospitals per 100.000 inhabitants_05 | 637.800 | 637.800 | 637.800 | 716.144 | 777.038 | 728.750 | 696.9147 | 704.8804 |
| | Evolution nbeds 2000_05 | 89.328 | 89.328 | 89.328 | 93.873 | 97.123 | 94.491 | 91.5367 | 91.9440 |
| | Density of hospitals | 0.47 | 0.19 | 0.20 | 0.19 | 0.13 | 0.18 | 5.44 | 5.44 |
| | Hospital beds per head | 4.06 | 3.91 | 3.63 | 4.48 | 4.01 | 4.20 | 4.98 | 4.98 |
| | Doctors per inhabitant | 0.00 | 0.00 | 0.00 | 30.61 | 133.11 | 67.02 | 171.35 | 171.35 |

*Values NUTS 3 are replaced by values NUTS2

## 8. Farm structural change

Table 8.8 shows the farm and farm structural change in Finland. When considering the regional distribution of farms of different sizes one can see that the proportion of economically small sized holdings is higher in rural areas, while medium sized holdings take up a larger share in urban and intermediate areas and the largest holdings take up largest shares in accessible intermediate regions. The small holdings with an economic size of less than 2 European Size Units (ESU) have increased significantly in numbers in all region types in recent years.

Holders are working full time to a larger extent in Finland, mostly so in the predominantly rural regions. The decrease has however been considerable in the last years. The economic size of the holdings is small compared to the EU 27 average while the share of holders within the Farmers Insurance Organization is higher in Finland.

A smaller share of the holders is at the age 55 or older, while a larger share is under 35, but the size of the group of older farmers has grown at a higher speed during recent years than what is the case in the EU 27. In the predominantly rural regions the increase is particularly strong. The share of younger is decreasing in both the two; the decrease is smaller in Finland though.

The average share of farmers with basic and full education attained does not differ much between Finland and the EU 27. When looking at the regional level within Finland one can see that the figures for predominantly rural areas are the lowest.

**Table 8.8** Farm structural change indicators (a)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | 5.32 | 4.68 | 4.07 | 6.17 | 8.13 | 6.73 | 33.42 | 33.89 |
| | 2 to 100 ESU | 92.03 | 91.04 | 94.31 | 91.14 | 89.10 | 90.52 | 57.56 | 57.02 |
| | >100 ESU | 2.66 | 4.29 | 1.63 | 2.69 | 2.76 | 2.75 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005* | -11.47 | -13.29 | -13.38 | -12.80 | -13.69 | -13.14 | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | -44.83 | -41.94 | -47.37 | -47.91 | -49.55 | -48.09 | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | -8.58 | -12.05 | -11.45 | -9.45 | -7.86 | -9.00 | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005* | 0.00 | 13.79 | 33.33 | 51.31 | 121.88 | 74.20 | 32.21 | 31.28 |

*Values NUTS 3 are replaced by values NUTS2

**Table 8.9** Farm structural change indicators (b)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| HOLDERS | % Holders working full time 2005 | 26.29 | 33.06 | 33.33 | 38.79 | 47.26 | 40.99 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 - 2005 | -25.49 | -19.93 | -26.36 | -21.72 | -17.48 | -20.35 | 0.00 | 0.33 |
| | Economic Farm Size (RDEU07) | 23.90 | 28.40 | 22.60 | 24.66 | 25.00 | 24.84 | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | 50.60 | 45.40 | 42.90 | 44.06 | 39.40 | 42.53 | 37.55 | 37.55 |
| | % holders > 55 years 2007* | 38.48 | 38.48 | 38.48 | 36.36 | 35.75 | 36.43 | 50.19 | 50.61 |
| | % holders < 35 years 2007* | 8.59 | 8.59 | 8.59 | 9.19 | 8.74 | 8.92 | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 – 2005** | 27.62 | 29.36 | 29.36 | 33.97 | 39.51 | 35.41 | 5.88 | 5.61 |
| | % change in holders < 35 years 2000 – 2005** | -12.31 | -24.72 | -28.12 | -14.99 | -24.67 | -19.87 | -34.00 | -33.95 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | 45.50 | 42.90 | 41.70 | 43.78 | 39.38 | 41.76 | 42.29 | 42.29 |

*Values NUTS 3 are replaced by values NUTS2

**Some values NUTS 3 are replaced by values NUTS2

## 9. Institutional Capacity

As shown below the average gross domestic product in PPS/inhabitant of Finland is above EU 25 average. Within the country the levels varies between types of regions and rural regions have lower rates than does the urban region. “Predominantly rural, remote regions” have the lowest gross domestic product in PPS/inhabitant and these regions do also have a lower level than what is the EU 25 average.

**Table 8.10** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP 2005 | GDP in Mio. Euro 2005 | 55961.1 | 13169.6 | 5291.6 | 6539.11 | 2986 | 7858.11 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | 35583 | 24920.3 | 24559.4 | 22614.67 | 21100.71 | 22870.02 | 20926.83 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | 184.70 | 129.30 | 127.50 | 117.36 | 109.53 | 118.70 | 94.38 | 95.48 |

## 10. Climate change

Unfortunately there was not relevant information available in relation to climate change in Finland.

The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## FRANCE

Report nº 25.9

Petri Kahila
Nordregio - Nordic Centre for Spatial Development

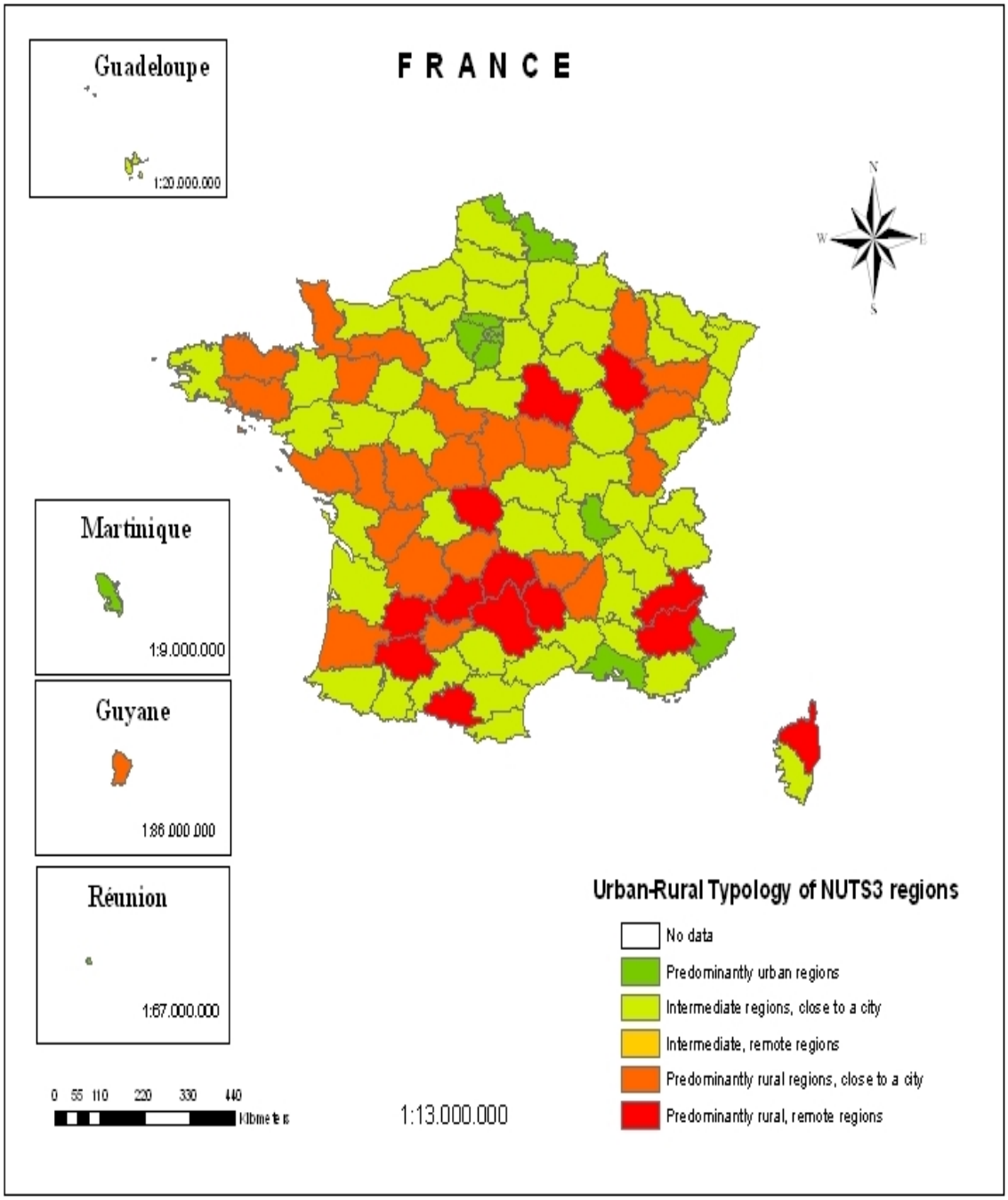
EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

**CONTENTS**

## 1. Introduction

When using the urban-rural typology (DG Regio Dijkstra-Poelman) based on NUT 3 regions, the greater part of France is classified as “intermediate regions, close to a city” (Figure 9.1). In five different locations, mainly in the eastern part of the country, there are predominantly urban regions. Scattered over the area predominantly rural areas, mainly close to cities, can be found. There is no clear pattern in the distribution of region types but the southwestern parts of France have slightly more predominantly rural regions.

**Figure 9.1** DG Region modified Urban-rural typology of NUTS 3 regions: France




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

## 2. Demography

During the last years the population has grown slightly in all types of regions in France (Table 9.1). When looking at the age of the population France has both a higher share of young and of old in the population compared to the EU 27 average. The country age dependency rate is 54,5 while the corresponding figure for the EU 27 is 43. Both rates have however increased between 2001 and 2007.

The share of the population over 15 years with lower levels of education is high in France while the share of the population with an educational level corresponding with upper secondary and post secondary school is below EU 27 average. The percent of the population with education in first or secondary stage of tertiary education in France follows closely the EU27 average.

A high share of the farmers have basic or full educational attainment, the share is though lower in the urban regions. The life long learning in rural areas does not differ much between the region types, it is in average below the figures for the EU 27.

**Table 9.1** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001 | % people aged 0 to 14 years | 20.61 | 18.91 | | 18.43 | 16.54 | 18.71 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | 66.60 | 64.73 | | 62.58 | 61.96 | 64.09 | 66.62 | 66.65 |
| | % people aged 64 years and over | 12.80 | 16.36 | | 18.99 | 21.50 | 17.20 | 16.53 | 16.55 |
| | Age dependency rate | 19.30 | 25.40 | | 30.36 | 34.82 | 27.02 | 25.09 | 25.09 |
| Population* | Population change 2001-2007 (Index pop. 2001=100) | 104.09 | 103.39 | | 103.83 | 104.70 | 103.76 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | 19.83 | 18.13 | | 18.37 | 16.74 | 18.23 | 16.68 | 15.97 |
| | % pop.15_64_2007 | 66.65 | 64.67 | | 63.83 | 64.12 | 64.65 | 69.75 | 70.18 |
| | % pop. >64_2007 | 13.52 | 17.20 | | 17.80 | 19.14 | 17.12 | 13.55 | 13.84 |
| | Age dependency rate | 50.12 | 54.21 | | 56.71 | 55.99 | 54.51 | 44.08 | 43.17 |
| | Natural increase change_01_06 | 9.43 | -6.11 | | 0.29 | -45.42 | -7.63 | -5.99 | -6.09 |
| | Net migration change_01_06 | -53.22 | -53.27 | | -48.44 | -42.32 | -50.68 | 7.09 | 8.97 |
| | % ISCED 0_2** | 32.11 | 41.01 | | 39.74 | 41.61 | 39.62 | 33.62 | 36.65 |
| | % ISCED 3_4** | 28.32 | 36.57 | | 36.96 | 35.92 | 35.51 | 43.29 | 47.14 |
| | % ISCED 5_6** | 22.75 | 18.03 | | 16.77 | 18.64 | 18.42 | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment | 42.99 | 52.78 | | 57.29 | 57.40 | 53.19 | 35.34 | 39.54 |
| | Life-Long Learning in Rural Areas* | 6.03 | 6.66 | | 6.91 | 6.27 | 6.59 | 7.69 | 8.61 |

*Values NUTS 3 are replaced by values NUTS2

** % ISCED by groups is calculated for population more 15 years.

## 3. Employment

As shown in table 9.2 the employment rate in France is slightly below the EU 27 average. The predominantly urban regions of the country have the lowest rate. More than 70 percent of the population is employed in the tertiary sector while only 5 percent can be found working in the primary sector.

The unemployment rate among young people between 15 and 24 years is high, most so in predominantly urban and predominantly rural remote regions. Between 2002 and 2005 the unemployment increased at a very high speed. The highest rise in unemployment was found in remote predominantly rural regions. In 2007 the long term unemployment was about 40 percent which is below the EU 27 average of 43. The rate did however grow during recent years in all types of regions.

**Table 9.2** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+N O+ TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate* | T15_64 years | 61.84 | 64.00 | | 64.77 | 63.25 | 63.81 | 66.40 | 66.42 |
| | Tmale 15_64 y | 66.38 | 68.85 | | 69.56 | 68.29 | 68.63 | 73.05 | 73.12 |
| | Tfemale 15_64 y | 57.56 | 59.28 | | 60.05 | 58.52 | 59.14 | 59.72 | 59.70 |
| | Total 15_24 y | 27.69 | 31.60 | | 32.07 | 29.85 | 30.98 | 39.66 | 39.67 |
| | T 45_64 years | 59.93 | 59.30 | | 59.83 | 58.94 | 59.46 | 62.37 | 62.34 |
| | Total 45_54 | 78.09 | 81.61 | | 83.04 | 80.22 | 81.32 | 78.30 | 78.38 |
| | Total 55_64 | 41.76 | 36.99 | | 36.61 | 37.67 | 37.61 | 46.44 | 46.30 |
| %Employment in principal sector | %Emp_primary | 1.45 | 4.26 | | 7.14 | 9.64 | 5.29 | 7.95 | 7.97 |
| | %Emp_ secondary | 17.24 | 24.19 | | 26.73 | 20.80 | 23.46 | 26.71 | 26.71 |
| | %Emp_tertiary | 81.31 | 71.55 | | 66.13 | 69.56 | 71.26 | 65.33 | 65.31 |
| Unemployment evolution 2002_05* | Total > 15 years | 591.22 | 480.36 | | 701.27 | 1516.69 | 682.52 | 187.25 | 188.17 |
| | Total 15_24 years | 117.48 | 111.32 | | 100.58 | 133.09 | 112.37 | 255.25 | 257.16 |
| | Total >25 years | 95.67 | 98.22 | | 92.79 | 107.85 | 97.84 | 82.27 | 82.21 |
| | Male > 15 years | 97.33 | 102.20 | | 97.19 | 111.28 | 101.44 | 82.45 | 82.35 |
| | Female > 15 years | 102.39 | 97.06 | | 91.36 | 104.93 | 97.41 | 94.74 | 94.79 |

**Table 9.2** Employment indicators (b)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+NO+ TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Unemployment rate 2007* | Total >15 | 10.87 | 8.34 | | 7.33 | 7.77 | 8.36 | 7.61 | 7.63 |
| | Total Male >15 | 10.53 | 7.57 | | 6.53 | 7.95 | 7.76 | 7.06 | 7.05 |
| | Total Female >15 | 11.21 | 8.95 | | 8.53 | 9.22 | 9.18 | 8.61 | 8.59 |
| | Total 15_24 | 23.44 | 19.36 | | 16.59 | 20.16 | 19.35 | 15.80 | 15.64 |
| | Total >25 | 9.37 | 6.90 | | 6.32 | 7.16 | 7.11 | 6.66 | 6.66 |
| Long term unemployment* | % long term unemployent rate_07 | 48.25 | 39.15 | | 38.32 | 38.92 | 40.10 | 43.07 | 43.12 |
| | Evolution of long term unemployment2002_07 | 121.15 | 124.70 | | 131.04 | 107.48 | 123.52 | 111.33 | 110.94 |

*Values NUTS 3 are replaced by values NUTS2

## 4. Rural business development

Table 9.3 shows that the distribution of firms by sector is quite even between the regions. The most prominent differences are that more construction businesses are located in predominantly rural regions while more real state, renting and business activities take place in predominantly urban regions.

When considering the distribution of employed in the different sectors the table shows that more people are employed in transport, storage and communication and real state, renting and business acticvities in urban areas while at the same time less people are employed in construction.

The share of employed in high and medium tech manufacturing was is 2004 below the EU 27 average. The share was especially low in the urban and "predominantly rural, remote regions".

About 50 percent of the firms in France have their own website, in the urban regions this figure goes up to 65 percent.

**Table 9.3** Rural business development indicators

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.08 | 0.23 | | 0.36 | 0.25 | 0.24 | 0.30 | 0,30 |
| | % Manufacturing | 9.61 | 12.11 | | 12.76 | 11.56 | 11.87 | 14.08 | 14,05 |
| | % Electricity, gas and water supply | 0.42 | 0.63 | | 0.65 | 0.72 | 0.62 | 0.61 | 0,63 |
| | %Construction | 9.65 | 14.69 | | 15.58 | 15.35 | 14.33 | 9.48 | 9,46 |
| | %Wholesale and retail trade | 32.33 | 33.56 | | 33.65 | 33.69 | 33.44 | 23.02 | 21,83 |
| | %Hotel and restaurants | 8.59 | 10.23 | | 9.93 | 10.55 | 9.99 | 6.52 | 6,15 |
| | %Transport, storage and communication | 6.25 | 5.78 | | 5.80 | 5.60 | 5.82 | 8.69 | 8,46 |
| | %Real state, renting and business activities | 33.08 | 22.77 | | 21.27 | 22.28 | 23.69 | 37.29 | 39,12 |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.13 | 0.27 | | 0.30 | 0.34 | 0.27 | 0.58 | 0,52 |
| | % Manufacturing | 16.65 | 28.28 | | 30.36 | 23.67 | 26.66 | 29.18 | 28,08 |
| | % Electricity, gas and water supply | 1.65 | 1.22 | | 1.15 | 1.41 | 1.29 | 1.14 | 0,89 |
| | %Construction | 10.11 | 12.53 | | 13.18 | 13.91 | 12.55 | 9.09 | 9,14 |
| | %Wholesale and retail trade | 22.66 | 23.48 | | 23.50 | 25.18 | 23.60 | 26.14 | 26,93 |
| | %Hotel and restaurants | 6.91 | 6.23 | | 5.63 | 7.26 | 6.31 | 8.27 | 8,37 |
| | %Transport, storage and communication | 13.56 | 8.24 | | 7.55 | 8.15 | 8.75 | 8.65 | 8,52 |
| | %Real state, renting and business activities | 28.32 | 19.72 | | 18.29 | 20.05 | 20.54 | 16.78 | 17,51 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Employment in high and medium technologies manufacturing activities_2004 | Employment in high and medium tech manufacturing activities_2004_Media | 4.57 | 6.90 | | 6.95 | 4.85 | 6.34 | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_%EU 25 | 75.85 | 103.86 | | 110.91 | 72.04 | 97.78 | 95.89 | 107,13 |
| %firms with own website | | 65,30 | 50.88 | | 49.33 | 49.30 | 51.95 | 50.21 | 50.21 |

*Values NUTS 3 are replaced by values NUTS2

## 5. Rural-urban relationships

Unfortunately there was not relevant information available in relation to rural-urban relationships in France.

## 6. Cultural heritage

Unfortunately there was not relevant information available in relation to cultural heritage in France.

## 7. Services of General Interest

In France the road and railway network is extensive, especially in the accessible intermediate and predominantly rural regions (Table 9.4). The average areas of the regions are about twice as large as the EU 27 average and the average population density a little over 80 percent of the EU 27 figure. In the last years the density has increased in all region types.

The accessibility by car (counted as the travel time from each regions centroid to all others over the road network taking into account additional factors such as lower average travel speeds in mountainous areas or border waiting times etc.) decreases as rurality and distance to cities increases. At a national level it is below the EU 27 average.

The accessibility to markets by road and rail is also slightly below what is the case in the whole of EU 27. These figures do also vary with the rurality and distances to cities; the urban areas have the best accessibility.

The share of the population studying at a lower educational level is hhigh in France while the share of students in upper secondary school and in levels of education above, is less than the EU 27 average share (Table 9.5).

In relation to population size there is a higher number of hospital beds in France than in the EU 27. Only the urban regions have a number below the European average. In all types of regions the number did though decrease in between 2000 and 2005.

**Table 9.4** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+N O+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | 0.07 | 0.02 | | 0.01 | 0.01 | 0.03 | 0.04 | 0.04 |
| Density of trunk road | | 0.30 | 0.09 | | 0.07 | 0.06 | 0.11 | 0.17 | 0.17 |
| Density of railways | | 0.25 | 0.06 | | 0.04 | 0.04 | 0.07 | 0.10 | 0.10 |
| Area (km2)** | | 28122.10 | 298900.00 | | 228534.60 | 77694.90 | 633251.60 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_06* | 3.68 | 3.34 | | 3.11 | 2.87 | 3.27 | 0.93 | 0.92 |
| | Density of population 2006*** | 3483.49 | 119.27 | | 53.13 | 30.74 | 529.23 | 414.65 | 446.23 |
| Daily population accessible by car | | 22418.76 | 17145.32 | | 12136.45 | 9661.23 | 15655.8 | 18078.54 | 19285.23 |
| Time to nearest hospital | | 8.18 | 19.50 | | 19.97 | 22.80 | 18.76 | 22.83 | 22.83 |
| Time to nearest university | | 13.67 | 40.23 | | 67.07 | 83.09 | 49.42 | 45.10 | 45.10 |
| Time to nearest airport | | 25.12 | 80.69 | | 109.75 | 125.95 | 87.41 | 83.44 | 83.44 |
| %households with broadhand access | | NA | NA | | NA | NA | NA | 49.07 | 48.00 |
| % households with | | NA | NA | | NA | NA | NA | 81.46 | 81.20 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| internet at home | | | | | | | | | |
| Nº STUDENTS ISCED 0_6* | Nºstudents ISCED_0 per 1.000 inhabitants | 45.16 | 40.13 | | 40.44 | 36.91 | 40.03 | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | 73.09 | 62.72 | | 63.18 | 58.34 | 62.79 | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | 61.65 | 51.33 | | 51.23 | 48.203 | 51.42 | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | 48.83 | 42.74 | | 42.24 | 40.237 | 42.58 | 48.05 | 48.03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | 0.65 | 0.63 | | 0.55 | 0.811 | 0.64 | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | 28.90 | 30.79 | | 28.78 | 32.144 | 30.35 | 37.37 | 37.23 |

**Table 9.5** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+N O+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| BEDS IN HOSPITAL PER 100.000 inhabitants* | Nº of beds in hospitals per 100.000 inhabitants _05 | 652.27 | 765.89 | | 759.82 | 802.254 | 754.39 | 696.91 | 704.88 |
| | Evolution nbeds 2000_05 | 89.22 | 90.13 | | 90.28 | 88.668 | 89.86 | 91.53 | 91.94 |
| | Density of hospitals | 33.04 | 1.00 | | 0.61 | 0.30 | 4.48 | 5.44 | 5.44 |
| | Hospital beds per head | 4.36 | 4.90 | | 6.16 | 4.29 | 5.06 | 4.98 | 4.98 |
| | Doctors per inhabitant | 377.84 | 311.66 | | 291.63 | 349.81 | 320.41 | 171.35 | 171.35 |

* Values NUTS 3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

*** These values are only indicatives and aren't reals because in the calculation there are values NUTS2 and NUTS3.

## 8. Farm structural change

A large part of the French holdings are geographically extensive and the economic size of the country's holdings is in average large. The percent of holdings of a small economic size (European Size Unit (ESU) below 2) is low while the percentage of holdings with more than 100 ESU is high. The Urban regions and the predominantly rural ones have the largest shares of big holdings.

In all regions the number of economically small and middle sized holdings has increased between 2000 and 2005 while the number of large holdings decreased. This follows the European trend.

In all types of regions between 5o and 60 percent of the holders work full time, the country average is 52,6 compared to the EU 27 average of 35,5. This rate has however decreased significantly in urban regions in resent years. Only 25 percent of the French farmers are part of the Farmers Insurance Organization.

**Table 9.6** Farm structural change indicators (a)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005* | < 2 ESU | 11.23 | 13.58 | | 13.94 | 11.46 | 13.09 | 33.42 | 33.89 |
| | 2 to 100 ESU | 70.61 | 70.73 | | 72.20 | 78.13 | 72.03 | 57.56 | 57.02 |
| | >100 ESU | 18.16 | 15.68 | | 13.86 | 10.42 | 14.88 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005* | % Change in number of total holdings 2000-2005 | -18.42 | -17.51 | | -18.35 | -17.02 | -17.75 | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | -29.80 | -34.69 | | -34.47 | -31.26 | -33.65 | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | -20.43 | -17.77 | | -18.35 | -16.89 | -18.07 | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | 4.00 | 9.76 | | 16.62 | 15.17 | 11.62 | 32.21 | 31.28 |

*Values NUTS 3 are replaced by values NUTS2

Considering the age of the farmers they are quite evenly distributed over the different types of regions. At a national level the share of farmers above 55 years is lower, while

the share of holders below 35 years is higher, than the EU 27 average. Between the years 2000 and 2005 the percentage of older farmers increased, and the percentage of younger farmers decreased however. Especially the change in younger farmers was considerably smaller than the average change in the EU 27.

The share of farmers with basic or full education in agriculture is the highest in predominantly rural areas of France and the country average is above the corresponding European figure.

**Table 9.7** Farm structural change indicators (b)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| HOLDERS | % Holders working full time 2005** | 52.52 | 49.83 | | 54.37 | 60.17 | 52.64 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 – 2005** | -18.44 | -1.49 | | -1.63 | 3.94 | -2.73 | 0.00 | 0.33 |
| | Economic Farm Size (RDEU07) | 58.44 | 53.36 | | 48.41 | 40.65 | 51.18 | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | 21.55 | 26.64 | | 23.82 | 24.46 | 25.02 | 37.56 | 37.56 |
| | % holders > 55 years 2007* | 44.59 | 40.94 | | 40.01 | 41.78 | 41.30 | 50.19 | 50.62 |
| | % holders < 35 years 2007* | 6.41 | 7.88 | | 8.39 | 7.69 | 7.79 | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 – 2005* | 14.62 | 6.21 | | 3.51 | 6.38 | 6.55 | 5.88 | 5.62 |
| | % change in holders < 35 years 2000 – 2005* | -13.47 | -11.36 | | -3.18 | -14.11 | -10.02 | -34.01 | -33.96 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | 46.58 | 52.78 | | 57.29 | 57.40 | 53.73 | 42.30 | 42.30 |

*Values NUTS 3 are replaced by values NUTS2;

**Some values NUTS 3 are replaced by values NUTS2

## 9. Institutional Capacity

Table 9.8 illustrates the institutional capacity of France. It shows that the urban regions contribute the most to the gross domestic product (GDP). Expressed in PPS/inhabitants the GDP in France is slightly above the EU 27 average. When looking at regional level differences between the region types appear. Predominantly urban regions have the highest GDP in PPS/inhabitant and the levels decreases as the rurality and distances to cities increases. The urban regions are the only ones with a GDP in Euro at above the EU average levels in 2005.

**Table 9.8** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | 51600.96 | 16377.52 | | 7394.07 | 3905.74 | 17179.21 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | 30460.51 | 21981.87 | | 19668.01 | 19243.10 | 22172.73 | 20926.84 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | 148.31 | 107.02 | | 95.75 | 93.69 | 107.95 | 94.38 | 95.48 |

## 10. Climate change

Unfortunately there was not relevant information available in relation to climate change in France.

The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## GERMANY

Report nº 25.10

Peter Weingarten
Stefan Neumeier
Johann Heinrich von Thünen-Institut
Federal Research Institute for Rural Areas, Forestry and Fisheries, Institute of Rural Studies

EUROPEAN UNION
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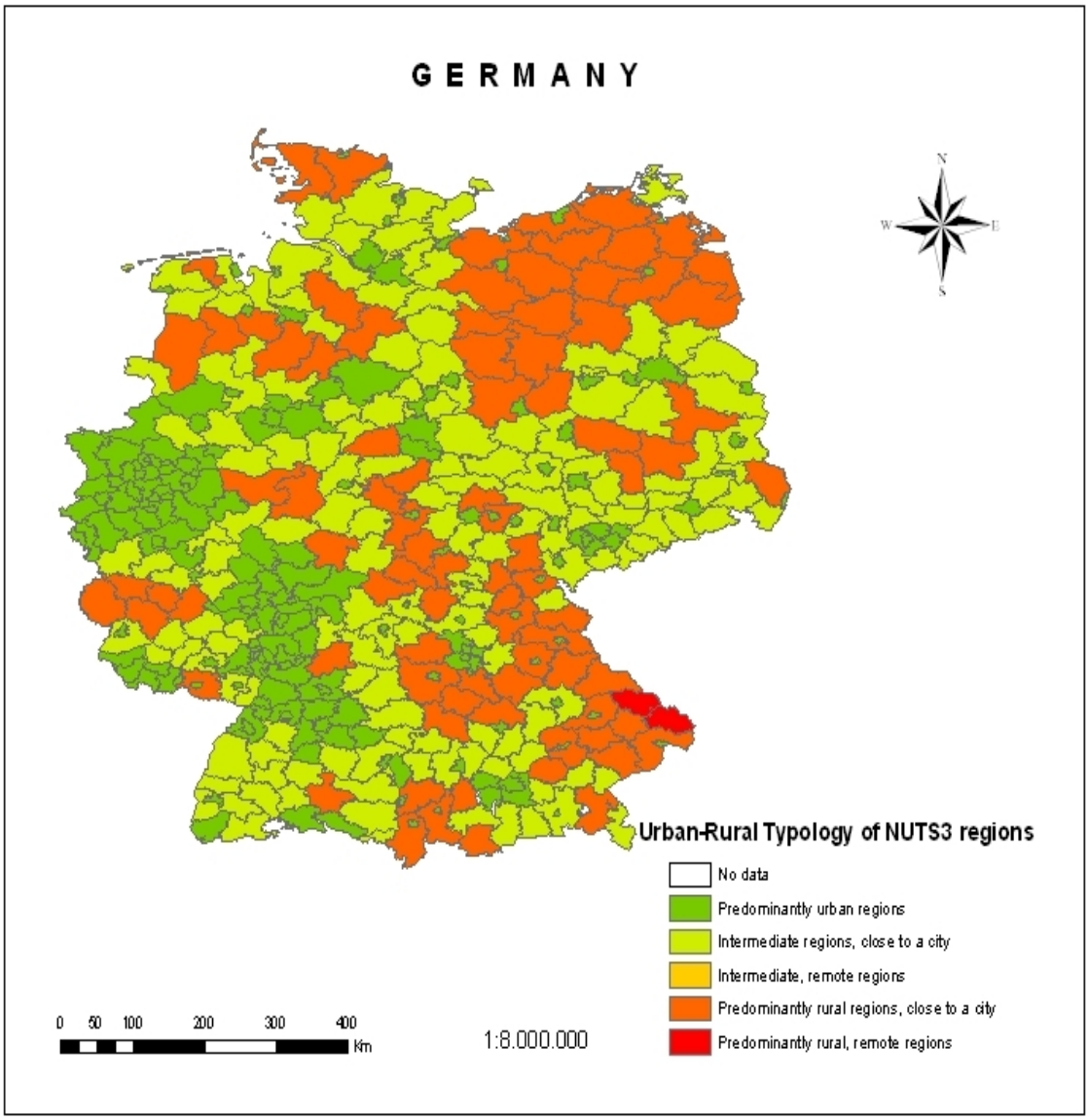
**CONTENTS**

## 1. Introduction [i]

Germany is one of the most densely populated countries in Europe resulting in a high share of Predominantly Urban Regions (PU) and Intermediate rural regions close to a city according to the DG Regio Poelman classification. The PU regions equate to 20 % of the area with almost 60 % of the population. Most PU regions can be found in the Ruhr area as well as the Rhine-Main area. The Intermediate Regions, close to a city group is larger, accounting for more than one third oft he regions, almost 45 % of the area and nearly 30 % of the total German population. It is striking that nearly the whole federal state of Mecklenburg-Western Pomerania is classified as Predominantly Rural Region, close to a city. According to the DG Regio Poelman classification only the two counties or NUTS 3 regions Regen and Freyung-Grafenau in the Bavarian Forest Area in the district of Lower Bavaria belong to the Predominantly Rural remote Regions. Altogether whilst in territorial terms Germany has a substantial "intermediate rural" component the population is substantial urban.

**Figure 10.1** DG Region modified Urban-rural typology of NUTS 3 regions: Germany




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

Germany has a peculiarity in the territorial breakdown of NUTS 3 regions. Most cities larger than 100.000 inhabitants form their own NUTS 3 region, which generally corresponds quite well to the area of the city. The surrounding rural “hinterland” often belongs to another independent NUTS 3 region and is characterized by lower population density. Therefore in contrast to other countries, urban and rural regions can easily be distinguished by means of population density. According to the German Federal Office for Building and Regional Planning, 30 % of population lived in core cities above 100.000 inhabitants, 27 % in rural districts and 34 % in densly populated districts in 2001.

In Germany, rural-urban differences in demographic, employment and infrastructure indicators, etc. are generally linked to the divergence between the Western part and the Eastern part, which was strongly affected by transformation processes since 1990.

## 2. Demography

Especially during the 1990s the population increased in all categories mainly as a result of an average positive net-migration (at state level this is due solely to the international immigration of refugees, asylum seekers and so-called *Aussiedler*, i.e. ethnic Germans particularly from the former Soviet Union), wheras the natural population change was negative in all types of regions due to the low TFR, which is far below the reproduction rate. During the second half of the decade the population increase slowed down and especially PU regions experienced a population decrease. In contrast to all other types of regions the change in net-migration between 2001 and 2001 is negative in rural areas. So at present the dependency rate varies between 16.31 % and 17.29 % whereas the highest rates can be found in the PR regions followed by the IRA, PRA and PRR regions. But all in all the dependency rate is around the EU-27 average.

In relation to the demographic structure there is an ageing process shown both in the reduction of the population less than 15 years old, along to an increase of the group of more 64 years and over. This situation will become more severe in the future. This is especially true for rural regions and especially all groups of regions within the eastern part of Germany that experienced a drastic decrease of birth rates together with a still ongoing out-migration (particularly of well educated young [female] people) to the western federal states. Thus sparsely populated rural regions have unfavourable prospects concerning their demographic situation in particular. In the eastern federal states only the suburbs of large cities experienced a net population increase.

In all types of regions in Germany, the main percentage of population 15 years and over holds education levels for upper secondary and post-secondary non tertiary education (ISCED 3 to 4) (65 % on average, compared to 47 % EU 27-average) with the highest share in PRA followed by the IRA regions. Considering the total population over 15 years, 30 % of the population have an ISCED of 0 to 2 (pre-primary, primary and lower secondary education). Here the share is highest in PRA regions and lowest in IRA regions. Altogether 22 % of the German population 15 years and over has achieved ISCED levels from 5 to 6 (First stage of tertiary education not leading directly to an advanced research qualification, second stage of tertiary education, leading to an advanced research qualification). Within the regional groups these share is highest in PR regions and lowest in PRR regions.

All in all the percentage of adults still participating in education and training is with 7.1 % circa 1.5 % -points below the EU-27 average. All in all the percentage of people participating in measures of further education vary by 1.5 per cent between the different groups of regions. It is highest in PR regions (7.4%) and lowest in PRR regions (5.9 %)

Considering agricultural training it can be observed that the training of farmers is with aproximately 67 % similar throughout all region groups. Only in PRA regions the percentage is a little bit lower. Compared to the EU-27 average the percentage of farmers with basic or full educational attainment is in Germany nearly twice as high (EU 27: 35.3 %; Germany 66,7 %).

**Table 10.1** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+ MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001 | % people aged 0 to 14 years | 14.92 | 16.29 | | 16.44 | 17.00 | 15.71 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | 67.80 | 67.09 | | 67.09 | 66.69 | 67.40 | 66.62 | 66.65 |
| | % people aged 64 years and over | 17.29 | 16.63 | | 16.47 | 16.31 | 16.89 | 16.53 | 16.55 |
| | Age dependency rate | 25.58 | 24.83 | | 24.63 | 24.46 | 25.12 | 25.09 | 25.09 |
| Population* | Population change 2001-2007 (Index pop. 2001=100) | 86.69 | 86.33 | | 86.01 | 88.66 | 86.43 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | 16.06 | 15.77 | | 15.36 | 17.42 | 15.83 | 16.68 | 15.97 |
| | % pop.15_64_2007 | 76.31 | 76.34 | | 76.79 | 75.70 | 76.42 | 69.75 | 70.18 |
| | % pop. >64_2007 | 7.62 | 7.88 | | 7.85 | 6.89 | 7.76 | 13.56 | 13.84 |
| | Age dependency rate | 31.08 | 31.06 | | 30.31 | 32.10 | 30.92 | 44.08 | 43.17 |
| | Natural increase change_01_06 | -59.28 | -45.37 | | -40.87 | NA | -46.75 | -5.99 | -6.09 |
| | Net migration change_01_06 | -107.55 | 42.83 | | 192.72 | NA | 64.14 | 7.09 | 8.97 |
| Education | % ISCED 0_2** | 31.41 | 29.28 | | 29.47 | 35.68 | 30.28 | 33.63 | 36.66 |
| | % ISCED 3_4** | 63.97 | 65.25 | | 65.46 | 63.34 | 64.72 | 43.29 | 47.14 |
| | % ISCED 5_6** | 21.94 | 22.76 | | 21.98 | 18.10 | 22.22 | 17.03 | 18.55 |
| | % of farmers with basic or full educational attainment | 66.99 | 66.57 | | 66.50 | 66.20 | 66.74 | 35.34 | 39.55 |
| | Life-Long Learning in Rural Areas | 7.43 | 7.15 | | 6.68 | 5.93 | 7.17 | 7.69 | 8.61 |

*Values NUTS 3 are replaced by values NUTS2

**% ISCED by groups are calculated for population more 15 years.

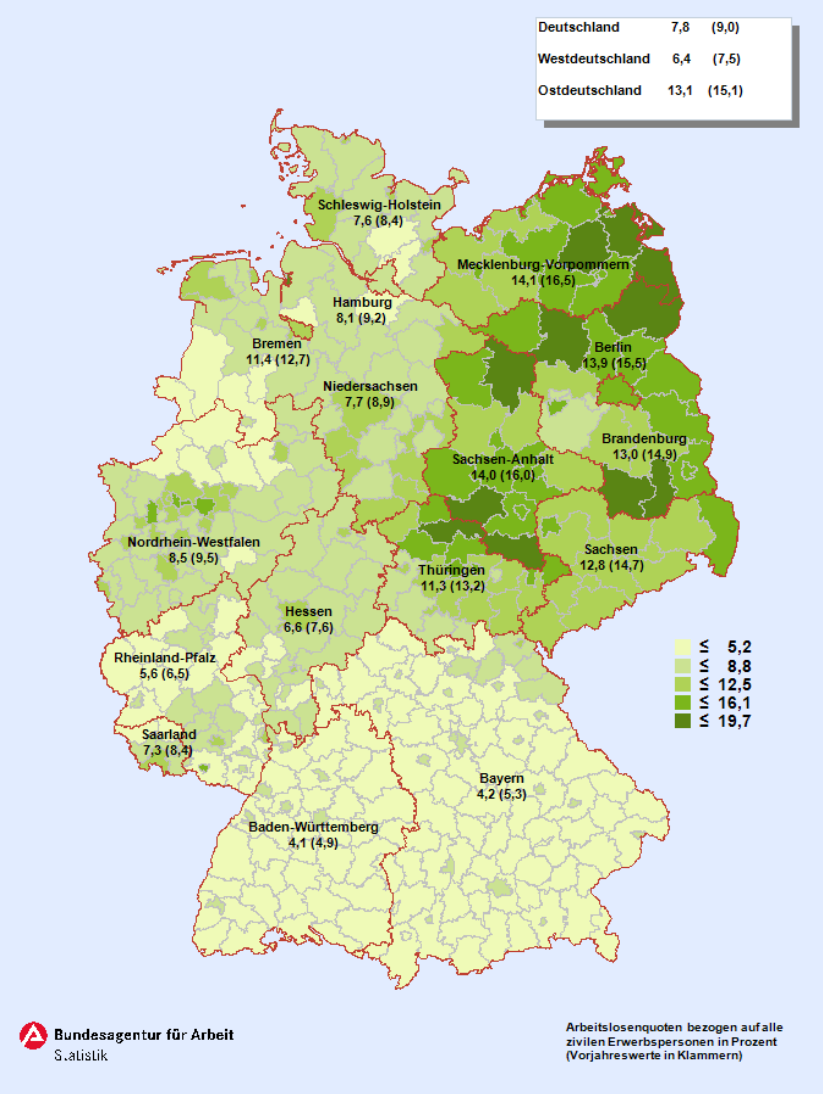
## 3. Employment

Over half of Germany's workforce is based in urban regions. The development of employment in the western federal states during the 1970s and 1980s was characterised by the catching up of peripheral rural regions, which benefited from the relocation of industrial activities. It appears, that since the second half of the 1990s this process no longer occurs and near suburban areas had the most positive development. In the eastern federal states the job loss was huge in the first years of transition and was biggest in urban areas. However, since the second half of the 1990s urban agglomerations had on average the lowest decrease in employment whereas the overall employment decrease still continued. All in all the average employment rate of the active workforce (15 to 64 years) in Germany is with 69.9 % slightly above the EU-27 average. There are no significant differences between PU, IRA and PRA regions. A comparison of the male and female employment rate shows that the female rate is considerable lower throughout all groups. The youth employment rate (15 to 24 years) is on average 4.7 % and lies 7 % -points above the EU-27 average. Again the youth employment rate is highest in PRR regions and lowest in PU regions. All in all the female youth employment rate lies throughout all groups of regions slightly below the male one.

The average unemployment rate is with 8.9 % quite high and lies 0.7 % -points above the Eu-27 average. It is highest in PRA regions followed by IRA regions and lowest in PRR regions. All in all the female unemployment rate lies slightly above the male one throughout all regions. Considering the youth unemployment rate (11.9) it can be observed that, throughout all region groups it is considerably higher than the overall unemployment rate (8.9 %) but lower than the EU-27 average (15.6 %). It is nearly comparable in PU (11.9 %) and IRA (11.7 %), highest in PRA regions (12.5 %) and lowest in PRR regions (7 %). The map 1 depicting the situation in 2008 shows that the unemployment rate in the eastern federal states is with aproximately 13 % nearly twice the number of the western federal states ( 7 %).[1] The map also reveals that there does not only exist an considerable east-west differentiation but also a lesser pronounced north south differentiation with the lowest unemployment rates in the southern parts of Germany.

[1] http://www.pub.arbeitsagentur.de/hst/services/statistik/000000/html/start/monat/Arbeitsmarktbericht-engl/2009/0109.pdf

**Figure 10.1** Unemployment rate in Germany in 2008 in %




Source: http://www.pub.arbeitsamt.de/hst/services/statistik/000000/html/start/karten/alog_kreis_jahr.html[1]

The average long term unemployment rate is with 54 % significantly above the EU-27 average of 43 % and steadily increased between 2000 and 2007. It is lowest in the PRR regions and highest in the PRA regions. Self employment is relatively less important in Germany, compared with the EU as a whole, and there is little difference between urban und rural regions.

The share of employment in agriculture is in Germany generally very low (3 %) compared with the EU-27 average (8 %). However it reaches a higher significance in the PRR (7 %) and PRA (6 %) regions.

The service sector is the most important employer in Germany. This is particularly true for PU regions followed by the IRA and PRA regions. It is slightly above the EU-27 average. The share of employment in the industrial sector is higher than in the PU regions in the PRR,PRA and IRA regions and is on average slightly above the EU-27 average.

**Table 10.2** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate* | T15_64 years | 69.53 | 70.22 | | 70.08 | 74.70 | 69.91 | 66.40 | 66.42 |
| | Tmale 15_64 y | 75.11 | 75.37 | | 75.09 | 81.30 | 75.23 | 73.05 | 73.12 |
| | Tfemale 15_64 y | 63.87 | 64.98 | | 64.92 | 67.80 | 64.49 | 59.72 | 59.70 |
| | Total 15_24 y | 45.26 | 46.95 | | 48.49 | 56.70 | 46.56 | 39.66 | 39.67 |
| | T 45_64 years | 66.25 | 66.85 | | 66.08 | 70.35 | 66.45 | 62.37 | 62.34 |
| | Total 45_54 | 80.92 | 81.48 | | 80.59 | 85.40 | 81.07 | 78.30 | 78.38 |
| | Total 55_64 | 51.57 | 52.22 | | 51.57 | 55.30 | 51.82 | 46.44 | 46.30 |
| %Employment in principal sector | %Emp_primary | 1.25 | 3.93 | | 5.72 | 6.84 | 3.12 | 7.95 | 7.97 |
| | %Emp_secondary | 25.53 | 30.18 | | 30.22 | 33.30 | 28.15 | 26.71 | 26.71 |
| | %Emp_tertiary | 73.21 | 65.89 | | 64.06 | 59.86 | 68.72 | 65.33 | 65.31 |
| Unemployment evolution 2002_05 | Total > 15 years | 136.10 | 119.59 | | 136.07 | 119.85 | 130.31 | 187.25 | 188.17 |
| | Total 15_24 years | 416.84 | 429.80 | | 429.85 | 123.08 | 422.32 | 255.25 | 257.16 |
| | Total >25 years | 66.71 | 73.60 | | 83.54 | 119.07 | 72.58 | 82.27 | 82.21 |
| | Male > 15 years | 73.89 | 75.67 | | 84.52 | 105.96 | 76.65 | 82.45 | 82.35 |
| | Female > 15 years | 93.93 | 107.09 | | 111.97 | 137.93 | 102.08 | 94.74 | 94.79 |

*Values NUTS 3 are replaced by values NUTS2

**Table 10.3** Employment indicators (b)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Unemployment rate 2007 | Total >15 | 8.64 | 8.72 | | 9.70 | 5.00 | 8.86 | 7.61 | 7.63 |
| | Total Male >15 | 8.49 | 8.28 | | 9.33 | 4.60 | 8.56 | 7.06 | 7.05 |
| | Total Female >15 | 8.47 | 9.18 | | 10.21 | 5.60 | 9.06 | 8.61 | 8.59 |
| | Total 15_24 | 11.78 | 11.67 | | 12.51 | 7.00 | 11.86 | 15.80 | 15.64 |
| | Total >25 | 8.09 | 8.34 | | 9.34 | 4.70 | 8.41 | 6.66 | 6.67 |
| Long term unemployment* | % long term unemployent rate_07 | 53.87 | 53.80 | | 54.40 | 47.51 | 53.92 | 43.07 | 43.12 |
| | Evolution of long term unemployment2002 _07 | 124.61 | 124.50 | | 124.81 | 123.82 | 124.61 | 111.33 | 110.94 |

*Values NUTS 3 are replaced by values NUTS2

## 4. Rural business development[2]

An observation of the economic branches shows that there exist differences between rural and non rural areas du to employment in services and manufacturing. Concerning manufacturing of finished products the percentage of employed persons does not differ considerably between urban agglomerations and rural regions whereas in rural regions the percentage of people employed in manufacturing of basic materials and component parts is slightly higher. The production of food products and beverages has higher shares in rural regions than in urban agglomerations.

Considering the service sector the percentage of persons employed in financial businesses, real estate renting and business services is lower in rural regions than in urban areas.

The percentage of employed persons in wholesale is higher in rural regions close to urban agglomerations than in more remote peripheral rural regions.

Concerning tourism the percentage of persons employed is higher in sparsely populated rural regions than in all other types of regions.

But the economics linkages that exists between agriculture and other sectors of employment that are quite important for rural regions is not revealed by these trends. For few economic branches that are stronger represented in rural areas domestic agrarian products play an important role as producer goods (19 % the food and tobacco industry, 3.7 % production of agrarian based products, 2.7 % wood, cork, and basketry products).

All in all between 1999 and 2004 the number of persons employed in agriculture, fisheries and mining decreased in rural regions whereas it increased in manufacturing. The employment in services did not change. In the other types of regions the share of employment in manufacturing decreased whereas it increased in the service sector.

The enterprise founding rate is an important indicator of the dynamic of the economy. All in all quite a considerable number of regions with high rates are rural regions. But those regions are mainly within the western federal states whereas the least positive regions according to a ranking conducted by the “Institut für Mittelstansforschung in Bonn” could be found in the eastern federal states.

Since 2004 the number of one-person-enterprises increased as a result of the German labour market policy that explicitly encouraged this development in order to integrate unemployed persons into the labour market. However the share of shutdown of this one-person-enterprises is relatively high. Besides, according to a study of the Germyn Ministry for Food, Agriculture and Forestry conducted in 2006 in rural regions the number of micro enterprises with up to four employees increases whereas the employment in bigger enterprises is constant or decreasing depending on the single region.

In Germany the medium-sized businesses are quite important. But especially in pheripheral rural regions these enterprises are disproportionately concentrated with regard to the share of inhabitants and of enterprises of these regions, which hinders innovation and growth.

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[2] Most of following information is extracted from the “OECD Prüfbericht zur Politik für ländliche Räume. Deutschland“ (OECD: 2007;66-71)

Specialized jobs that require greater use of technology are allocated quite evenly throughout all groups of regions with a share of +-11 %.

**Table 10.4** Rural business development indicators

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits) 2006 | % Mining and quarrying | 0.45 | 0.53 | | 0.86 | 0.43 | 0.56 | 0.30 | 0,30 |
| | % Manufacturing | 17.46 | 17.11 | | 26.96 | 8.13 | 19.20 | 14.08 | 14,05 |
| | % Electricity, gas and water supply | 1.11 | 1.45 | | 1.03 | 0.00 | 1.21 | 0.61 | 0,63 |
| | %Construction | 1.50 | 1.87 | | 1.87 | 2.97 | 1.71 | 9.48 | 9,46 |
| | %Wholesale and retail trade | 0.00 | 0.00 | | 0.00 | 0.00 | 0.00 | 23.02 | 21,83 |
| | %Hotel and restaurants | 0.00 | 0.00 | | 0.00 | 0.00 | 0.00 | 6.52 | 6,15 |
| | %Transport, storage and communication | 11.33 | 11.93 | | 10.87 | 14.23 | 11.46 | 8.69 | 8,46 |
| | %Real state, renting and business activities | 68.15 | 67.11 | | 58.41 | 74.23 | 65.86 | 37.29 | 39,12 |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits) 2006 | % Mining and quarrying | 0.51 | 0.40 | | 0.32 | 0.33 | 0.43 | 0.58 | 0,52 |
| | % Manufacturing | 31.57 | 34.28 | | 31.21 | 42.37 | 32.51 | 29.18 | 28,08 |
| | % Electricity, gas and water supply | 0.24 | 0.40 | | 0.39 | 0.00 | 0.33 | 1.14 | 0,89 |
| | %Construction | 2.78 | 3.55 | | 3.40 | 5.71 | 3.19 | 9.09 | 9,14 |
| | %Wholesale and retail trade | 28.30 | 28.62 | | 32.74 | 23.28 | 29.28 | 26.14 | 26,93 |
| | %Hotel and restaurants | 7.98 | 8.18 | | 11.71 | 7.85 | 8.80 | 8.27 | 8,37 |
| | %Transport, storage and communication | 9.03 | 6.93 | | 5.72 | 6.22 | 7.61 | 8.65 | 8,52 |
| | %Real state, renting and business activities | 19.53 | 17.57 | | 14.44 | 14.12 | 17.79 | 16.78 | 17,51 |
| [illegible] technologies [illegible] | Employment in high and medium tech manufacturing activities_2004_Media | 11.67 | 11.19 | | 10.21 | 15.62 | 11.23 | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_%EU 25 | 173.31 | 162.43 | | 147.98 | 237.61 | 164.68 | 95.89 | 107,13 |
| %firms with own website | | 58,10 | 55.18 | | 53.79 | 53.20 | 56.24 | 50.21 | 50.21 |

*Values NUTS 3 are replaced by values NUTS2

## 5. Rural-urban relationships

The territorial agenda that was passed by the EU Commission for Spatial Planning in May 2007 aims at a better accounting for the potentials and variety of cities and regions by the implementation of the Lisbon and Gothenburg strategies within Europe. The envisaged goal is to strengthen the economic and social cohesion of Europe's regions.

The application of a new understanding of planning that advocates the cooperation of communities, cities, greater urban areas and peripheral regions is seen as main precondition for success of this policy.

In Germany the new concepts of spatial development pick up this ideas and goals by developing the strategical approach of a "Großräumige Verantwortungsgemeinschaft" (large scale responsibility community) between cities, metropolitan areas and developing rural regions as well as peripheral structurally weak regions as a new innovative instrument of a spatial planning policy aiming at a balanced development[3].

As a first step of implementing this strategy the Federal Ministry of Transport, Building and Urban Affairs together with the Federal Office for Building and Regional Planning began to initialize model-projects in seven selected regions (compare figure 2) to concretize this approach in an innovative way in order to derive stratgies and measures for the future operationalization ot the strategical approach in 2008.[3]

However, many rural stakeholders fear that mainly the metropolitan areas will benefit from the discussion on metropolitan regions and that rural regions will loose.

[3] BBR, 2008 (http://www.bbr.bund.de/ cln_007/nn_23558/BBSR/DE/FP /MORO/ Forschungsfelder/ UeberregionalePartnerschaften/01__Start.html)

**Figure 5.2** Model-project regions to test the "Großräumige Verantwortungs-gemeinschaft" approach (http://www.raum-energie.de/typo3temp/pics/2dc0ad9274.jpg)


Besides the building or strengthening of regional economic clusters is seen as one promising means to strengthen, respectively establishing rural-urban linkages as the subsidies mobilized for communal business development are steadily decreasing. Based on an analysis of already existing regional clusters or potential clusters, concepts of an extension of this clusters are developed and implemented as a means of communal business development. The idea behind this approach is that an strengthening of the overall regional economy will also strengthen the economic linkages between urban areas and their hinterland.

At a European scale, Germany is a densely populated country with a well developed traffic systems (This is also mirrored by the fact that there are only two NUTS 3 regions which are remote as defined by the DG Regio typology.). Therefore, the probably most important rural-urban linkages can be seen on the labour market where daily commuting across the NUTS regions is widespread. Indeed, for Germany, it is not

appropriate to distinguish urban and rural labour markets based on NUTS boundaries. Labour market regions which take into account the commuting relations are more suitable for labour economic analyses than administrative units such as administrative Districts, federal states, NUTS-2-regions etc. (Eckey et al. 2007).[4]

Another example of linkages across administrative borders including rural-urban linkages are the so-called "Zweckverbände", i.e. special purpose associations of communes and cities e.g. in the field of waste and waste water, public traffic, spatial planning and community planning, etc.

[4] Eckey, H.-F., Schwengler, B., Türck, M. (2007): Vergleich von deutschen Arbeitsmarktregionen, IAB Discussion Paper 3/2007, Nürnberg.

## 6. Cultural heritage

“One of the central tasks of cultural policy is the protection and preservation of the built heritage, i. e. cultural monuments and man-made landscapes including architectural, archaeological and paleontological monuments as well as parks. At the Land level, monument protection legislation has been passed. In addition to their sovereign right to define their own tasks, the Länder also consider it their duty to preserve such monuments and provide funds for this purpose. Municipalities are also involved in monument conservation; as a general rule, they have been assigned specific roles in this domain. Despite the primary role of the Länder in monument conservation, a programme at the federal level has been operating since 1950 to promote monument conservation measures in order to preserve and restore immovable cultural monuments of national significance. This involves federal co-financing of those cultural monuments that are significant for Germany as a whole. Following re-unification, the Federal Government launched several monument conservation programmes to help meet the special needs for long overdue monument conservation work in Germany's eastern Länder. These programmes are co-financed by the Land involved. The federal and Länder authorities work together in the German National Committee for Monument Protection. Private sector activities in the area of monument conservation are of great importance. There are a substantial number of volunteer monument conservators in Germany who work hand in hand with the respective public authorities. Furthermore, private funding has become indispensable in this field. The German Foundation for the Protection of Monuments functions as a useful and effective link between public and private sector activities in this area. The Standing Conference of the Ministers of Education and Cultural Affairs of the Länder in the Federal Republic of Germany (KMK) *serves* as the national clearinghouse for recommendations of monuments to the UNESCO World Heritage List. Whereas monument conservation measures are designed to preserve and safeguard immovable cultural assets and thus protect this part of the nation's cultural heritage, other cultural heritage protection measures serve to protect its movable cultural treasures. These, too, are at risk of deterioration and destruction. The greatest threat to the nation's movable cultural heritage is, however, the loss of specific treasures, especially through their sale abroad. The statutory basis for state protection against the export of cultural objects is the Act on the Protection of German Cultural Heritage against Removal Abroad. This legislation is in line with EU law, which - contrary to the generally prescribed free movement of goods within the EU internal market - expressly provides for such a restriction on trade and movement in the case of "cultural objects classified as national cultural treasures possessing artistic, historic or archaeological value". Protected from export are objects that have been entered by the Länder in their registers of cultural treasures and archives that possess national value. The vast majority of these objects are privately owned such as paintings, medieval books, musical instruments, archaeological objects or archives. The Federal Commissioner for Cultural and Media Affairs *(BKM)* maintains a consolidated register of cultural treasures and archives possessing national value that is compiled from the Land registers and published in the Federal Gazette. The Commissioner is also responsible for deciding whether to permit the export of such objects. In order to safeguard national treasures, the Federal Government also assists the Länder and the municipalities in purchasing important objects when it is feared that they may be sold abroad[5]”.

Germany has 33 natural or cultural heritage sites included in the UNESCO World Heritage List. Germany has not ratified the UNESCO treaty for the protection of the

[5] Council of Europe/ERICarts-Compendium Cultural Policies and Trends in Europe, 2009 (http://www.culturalpolicies.net/web/germany.php?aid=533; day of extraction 8.4.09)

immaterial cultural heritage of 2006. The reasons are that the Conference of German Cultural Ministers has a problem with the nondistinctive definition of the subject of protection, the selection procedure and the unclear differentiation to other resolutions.

Germany has altogether 14 national parks with an overall area of 962048 ha which is 2.6 % of the country's territory. National parks are one means to protect greater natural areas that feature special natural characteristics worthy of protection according to the federal nature conservation act.

A lot of the major cultural heritage sites are centers of attraction for tourists and citizens alike. Especially well known cultural heritage sites in rural areas (as for example the castles of King Luis II in Bavaria) are an important pillar of the regional economy in this areas, as tourists spend their money in the regional economy and quite a view of the regional jobs are directly or indirectly related to tourism.

But all in all there are no significant differences between rural and urban areas concerning the cultural heritage.

## 7. Services of General Interest

Accessibility and provision of services are conditioned by degree of rurality and remoteness. The densities of road and rail networks are slightly above the EU – 27 average. All in all the density is slightly higher in PU regions than in IRA, PRA and PRR regions. Again there exists an east-west differentiation. Although major roads were newly built since the reunification, especially in rural and remote rural regions of the eastern federal states the road density is below the German average. Accessibility by car is higher in predominantly urban regions (i.e travel time from each region to all others). Obverall accessibility decreases with an increase in rurality. Accessibility times to market by different transport modes increases with rurality.

The number of beds in hospitals per head is with 6.23 on average higher than the EU-27 average (4,98). It decreases from 7,68 beds per head in PU regions to 5,3 in PRR regions, 4,84 in PRA regions and 4,46 in IRA regions. The density of hospitals is above the EU-average and it is highest in PU-regions and decreases drastically with an increase in rurality (PU: 14,41; PRR: 1,02. The driving time to the nearest hospital is on average significantly lower than the EU average. It is lowest in PU regions and highest in PRA regions. All in all the accessibility of hospitals is in general good because of the quite even regional distribution of ambulant health services. On average 99 % of the inhabitants of inner cities and 94 % of inhabitants of agglomerations can reach the next hospital in 15 minutes by car. But for people living in rural areas the percentage decreases to 80 % and for those living in sparsly populated regions even to 70 %.[6] So, concerning the availability of medical services there exists a clear urban rural differentiation whereas all in all the availability of medical services is high in urban and low in peripheral remote rural regions. Especially for sparsly populated areas this is problematic as in those regions the availability of sufficient medical services is in deficit[7]. Generally the availability of health care services is better in the western federal states than the eastern federal states.[7]

The driving time to the nearest University is about 10 percent points below the EU-average. Here it is striking that it is nearly twice as high in PRA and PRR regions than in PU and IRA regions. The driving time to the nearest airport is also significantly below the EU-average. It is lowest in PU-regions and decreases with increasing rurality of the regions.

[6] OECD (2007): OECD Prüfbericht zur Politik für ländliche Räume. Deutschland. P. 60
[7] OECD (2007): OECD Prüfbericht zur Politik für ländliche Räume. Deutschland. P. 60

**Table 10.5** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+ LI+MK+NO+ TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | 0.09 | 0.03 | | 0.02 | NA | 0.06 | 0.04 | 0.04 |
| Density of trunk road | | 0.34 | 0.15 | | 0.12 | 0.08 | 0.23 | 0.17 | 0.17 |
| Density of railways | | 0.22 | 0.11 | | 0.08 | 0.07 | 0.15 | 0.10 | 0.10 |
| Area (km2)** | | 130208.20 | 272564.00 | | 218079.70 | 1959.30 | 622811.20 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_06 | 0.14 | -0.41 | | -1.38 | -1.15 | -0.37 | 0.93 | 0.92 |
| | Density of population 2006* | 987.52 | 155.10 | | 84.88 | 83.18 | 507.42 | 414.65 | 446.23 |
| Daily population accessible by car | | 37558.69 | 28091.95 | | 24516.50 | 16182.50 | 31490.33 | 18078.54 | 19285.23 |
| Time to nearest hospital | | 5.17 | 14.59 | | 25.70 | 17.41 | 12.58 | 22.83 | 22.83 |
| Time to nearest university | | 23.06 | 36.36 | | 50.69 | 50.34 | 33.30 | 45.10 | 45.10 |
| Time to nearest airport | | 45.95 | 60.04 | | 72.78 | 132.35 | 56.58 | 83.44 | 83.44 |
| %households with broadhand access | | NA | NA | | NA | NA | NA | 49.07 | 48.00 |
| % households with internet at home | | NA | NA | | NA | NA | NA | 81.46 | 81.20 |
| Nº STUDENTS ISCED 0_6 | Nºstudents ISCED_0 per 1.000 inhabitants | NA | NA | | NA | NA | NA | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | NA | NA | | NA | NA | NA | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | NA | NA | | NA | NA | NA | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | NA | NA | | NA | NA | NA | 48.05 | 48.03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | NA | NA | | NA | NA | NA | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | NA | NA | | NA | NA | NA | 37.37 | 37.23 |

**Table 10.6** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+ LI+MK+NO+ TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| BEDS IN HOSPITAL PER 100.000 inhabitants* | Nº of beds in hospitals per 100.000 inhabitants_ 05 | 867.26 | 860.33 | | 918.65 | 905.70 | 875.28 | 696.91 | 704.88 |
| | Evolution nbeds 2000_05 | 92.98 | 93.57 | | 94.16 | 91.679 | 93.42 | 91.53 | 91.94 |
| | Density of hospitals | 14.41 | 1.68 | | 1.02 | 1.02 | 8.44 | 5.44 | 5.44 |
| | Hospital beds per head | 7.68 | 4.46 | | 4.84 | 5.33 | 6.23 | 4.98 | 4.98 |
| | Doctors per inhabitant | NA | NA | | | NA | NA | 171.35 | 171.35 |

*Values NUTS3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

## 8. Farm structural change

"Due to historical reasons, Germany is one of the European countries with the sharpest regional differences concerning the agricultural structure. Whereas the western part is dominated by a typical family farm structure, the eastern part is characterized by large post-socialist farm enterprises[8]".

Nevertheless a more differentiated consideration reveals that from 1995 to 2003 there are negative overall growth rates in the western parts and zero or even positive growth rates in the eastern parts[8]. "The western part is divided into four different zones. In the very west the sharpest decline in terms of farm numbers can be observed, whereas moderate negative growth rates can be found in the southern and northern regions of Germany"[8]. Throughout all regions medium size farms (2 ESU to 100 ESU) prevail. Except for Saxony-Anhalt slightly positive growth rates can be observed for this group in the eastern federal states and negative ones for the western federal states"[8]. "Negative growth rates for large farms can only be observed in Schleswig-Holstein and North Rhine-Westphalia whereas annual growth rates of more than 3% occur in the states Brandenburg, Bavaria and Baden-Wuerttemberg. In the northern and central part of Germany the number of large farms increases by up to § % per year."[8]

As for the dedication of the farmers, the percentage of full-time farmers is 10 percent points above the European average and no significant variations between types of regions considered exists. The share of farmers working full –time increased significantly in PRA regions and decreased by 10 percent points in PRR regions between 2000 and 2005 whereas it did not significantly change in the other kinds of regions. All in all the average change rate is with 5 % higher than the EU 27-average of 0.3 %.

The economic farm size is on average 64 ESU and thus higher than the EU-27 average ( 42 %). Considered regionally it is highest in PRA regions followed by IRA and PU regions and lowest in PRR regions.

The share of farmers with other gainful activities is on average 46% compared to the EU average of 38%. It is in all regions around 46 % except the two PRR regions where the share is slightly higher (50%). As this two regions are at the heart of one of Germanys main tourism regions it can be assumed that activities in tourism become apparent here.

The share of young holders is relatively high, the one of family labour and sole holders > 65 years the lowest in the EU as a consequence of the German pension system for agricultural sole holders which requires that the pensioner has to pass the farm to a successor to be eligible to receive a pension.

Throughout all regions the share of farmers with basic and full education in agriculture attained is quite high ( 70%) and is 30 percent points above the EU-27 average.

[8] Zimmermann A.; Heckelei, T.: Farm Structural Change in German Regions – An Empirical Analysis using Micro and Macro Data. 12th Congress of the European Association of Agricultural Economists – EAAE 2008. P. 1,2

**Table 10.7** Farm structural change indicators (a)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+ LI+MK+NO+ TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | 13.71 | 14.45 | | 13.88 | 15.56 | 14.05 | 33.42 | 33.89 |
| | 2 to 100 ESU | 74.29 | 72.99 | | 70.11 | 80.16 | 72.88 | 57.56 | 57.02 |
| | >100 ESU | 12.00 | 12.56 | | 16.01 | 4.28 | 13.06 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005 | -14.58 | -14.83 | | -11.28 | -16.74 | -13.92 | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | -2.05 | -6.30 | | 1.75 | -8.07 | -2.90 | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | -20.93 | -21.52 | | -18.36 | -20.05 | -20.58 | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | 28.40 | 32.90 | | 38.85 | 46.97 | 32.15 | 32.21 | 31.28 |

**Table 10.8** Farm structural change indicators (b)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+ LI+MK+NO+ TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| HOLDERS | % Holders working full time 2005 | 44.00 | 42.51 | | 43.04 | 41.90 | 43.27 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 - 2005 | 2.18 | 3.65 | | 14.35 | -10.30 | 5.06 | 0.00 | 0.33 |
| | Economic Farm Size (RDEU07) | 58.90 | 65.22 | | 76.53 | 30.10 | 64.43 | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | 45.20 | 46.00 | | 45.93 | 50.10 | 45.65 | 37.56 | 37.56 |
| | % holders > 55 years 2007 | NA | NA | | NA | NA | NA | 50.19 | 50.62 |
| | % holders < 35 years 2007 | NA | NA | | NA | NA | NA | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 - 2005 | -5.61 | -4.08 | | 0.82 | NA | -3.86 | 5.88 | 5.62 |
| | % change in holders < 35 years 2000 - 2005 | -43.77 | -44.60 | | -44.82 | -45.12 | -44.31 | -34.01 | -33.96 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | 69.89 | 69.64 | | 70.79 | 66.20 | 69.97 | 42.30 | 42.30 |

*Values NUTS 3 are replaced by values NUTS2

## 9. Institutional Capacity

**Type of government:** Democratic parliamentarian federal state

**Area:** 357050 km²

**Capital:** Berlin

**National languages:** German; languages of ethnic minorities: Frisian, Sorbian, Danish and Romanes

**Administrative division:** Federal State consisting of 16 federal states that are each subdivided in administrative districts that are divided in counties. The administrative level of the counties are each subdivided in communities.

| | NUTS 1 | | NUTS 2 | | NUTS 3 | | LAU 1 | | LAU 2 | |
|---|---|---|---|---|---|---|---|---|---|---|
| **DE** | Länder | 16 | Regierungsbezirke | 39 | Kreise | 429 | Verwaltungsgemeinschaften | 1457 | Gemeinden | 12 379 |

(http://ec.europa.eu/eurostat/ramon/nuts/introannex_regions_en.html (25.6.2009))

"Legislative power is divided between the federation and the state level. The Basic Law presumes that all legislative power remains at the state level unless otherwise designated by the Basic Law itself. Any federal law overrides state law if the legislative power lies at the federal level. The Bundesrat is the federal organ through which the states participate in national legislation. State participation in federal legislation is necessary if the law falls within the area of concurrent legislative power, requires states to administer federal regulations, or is so designated by the Basic Law. Every state has its own constitutional court. The Amtsgerichte, Landgerichte and Oberlandesgerichte are state courts of general jurisdiction. They are competent whether the action is based on federal or state law. Many of the fundamental matters of administrative law remain in the jurisdiction of the states, though most states base their own laws in that area on the 1976 Verwaltungsverfahrensgesetz (Administrative Proceedings Act) covering important points of administrative law. The Oberverwaltungsgerichte are the highest level of administrative jurisdiction concerning the state administrations, unless the question of law concerns federal law or state law identical to federal law. In such cases, final appeal to the Federal Administrative Court is possible".[9]

**Membership in international organizations:** United Nations (1973), NATO (1955), Council of Europe (1950), OECD (1961), EG (1957), OSZE (1975) and all important special organizations of the United Nations.[10]

**Policy for regional development:**[11] The "Gemeinschaftsaufgabe Agrarstruktur und Küstenschutz" (GAK) that strongly focuses on agriculture is defined as the main formal instrument for rural development by the federal government. At the federal level the GAK is assigned to the Federal Ministry of Food, Agriculture and consumer Protection. Because of the decentral structure of the German policy system the EU co-financed

[9] http://en.wikipedia.org/wiki/Germany (26.6.2009)

[10] http://www.auswaertiges-amt.de/diplo/de/Laenderinformationen/01-Laender/Deutschland.html (26.6.2009)

[11] cp. OECD (2007): OECD-Prüfbericht zur Politik für ländliche Räume. Deutschland. P. 98-107

rural development programs are specified and administered by the federal states whereas each state shapes its program based on its priorities and specific demands.

Thereby the single programs of the federal states are intertwined with the federal policy for rural development according to the regulations proposed by the GAK. During the implementation of the policy for rural areas the regions hold a prominent role.

Besides the GAK the "Gemeinschaftsaufgabe Verbesserung der regionalen Wirtschaftsstruktur" (GRW) is important for regional development. The GRW has both a rural and an urban component. It is assigned to the Federal Ministry of Economics and Technology. It functions similar to the GAK based a formal agreement between the federal state and the federal states.

In addition the federal state influences regional development by initiating regional competitions aiming at regional development, fostering regional cluster policy initiatives and regional competence-networks, etc. as result of a paradigm shift towards a stronger influence of the federal state due to regional development matters whereas the main focus is especially in areas outside agriculture. At present a coordination of this initiatives with the GAK and GRW can not be recognized.

All in all, especially in rural areas public participation often formalized in local action groups and endogeneous development strategies play an important role within regional development efforts.

**Table 10.9** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | 8649.71 | 5178.56 | | 5199.53 | 1649.2 | 6695.56 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | 29488.56 | 19930.34 | | 19462.47 | 19135.8 | 24043.81 | 20926.83 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | 138.90 | 93.88 | | 91.68 | 90.15 | 113.26 | 94.38 | 95.48 |

## 10. Climate change

The main perceived threads in relation to climate change are supposed to be mainly caused by anthropogenic emissions of greenhouse gases[12] and are

- global warming whereas according to the Intergovernmental Panel on climate Change (IPCC) there is a "very high probability" that the greater part of the warming observed since 1950 is caused by human activities[13]. Due to Germany there is a strong regional variation, especially since the 1990s the temperature rise has been exceptionally strong in southern and south-west Germany. All in all a trend towards a stronger temperature increase in winter (+2.3° C) than in the summer (+0.7° C) could be observed[14];
- shifts in the rainfall cycle due to climate change. At present precipitation in Germany is characterised by strong regional and seasonal variations without significant trends[15], but based on climate scenarios it is assumed that in the future summer rainfall could show a nationwide decrease of up to 40 %, with regions in the south-west Germany affected most and a increase of winter rainfall by between 0 % to 40 % (70 % for the central upland regions of the states of Rheinland-Pflaz, Hessen und north-east Bayern[16];
- changes in the duration of snow cover whereas since the 1950s a decrease by 30% to 40% has been observed in altitudes below 300m in Bayern and Baden-Württemberg. In altitudes between 300m and 800m the decreas was 10% to 20% and in high altitudes above 800m only small or no decreases in snow cover duration were observed[17].
- an estimated increase in the frequency and intensity of extreme weather events (number summer days with temperatures > 25° C, number of hot days with temperatures > 30° C, intensity of intense rainfall) based on climate scenarios.

"The temperature and rainfall projections for the future give reason to expect further climatic effect. The greater the magnitude of global climate change, the stronger these effects will be"[18].

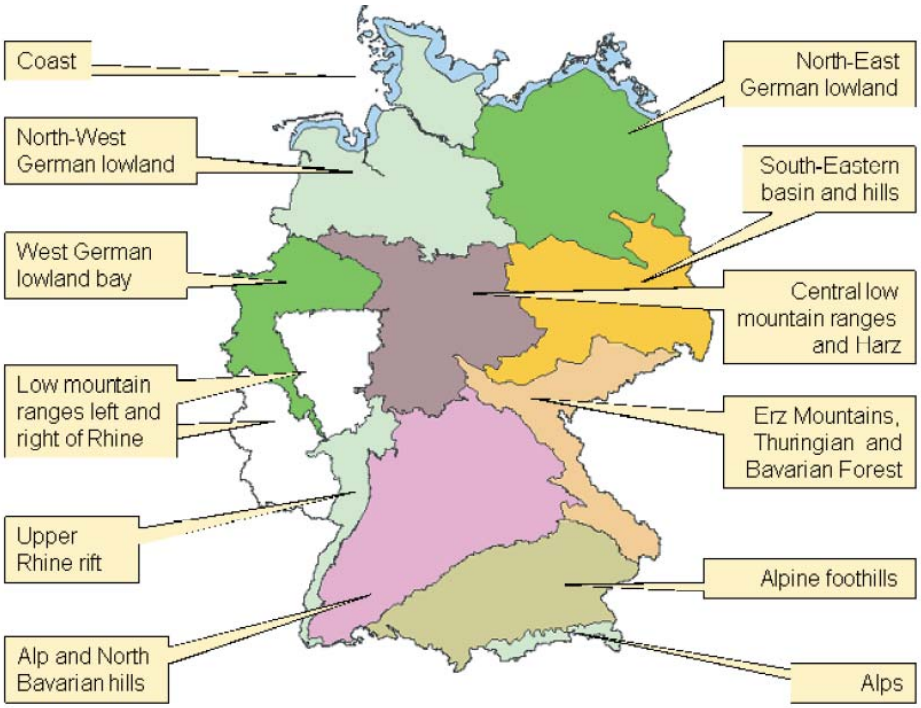
It has been recognized that climate change does not only have impacts on nature but also on industry and society, too.Vulnerability to the impacts of climate change varies from one region to another. According to the study of Zebisch, et. al. [2005] the highest vulnerability of climate change within the climate sensitive sectors is exhibited by Southwest Germany (upper Rhine rift), the central parts of Eastern Germany (North-

[12] Bundesregierung (2008): German Strategy for Adaption to Climate Change. P. 10
[13] Bundesregierung (2008): German Strategy for Adaption to Climate Change. P. 8
[14] Zebisch, et. al. (2005): Climate Change in Germany. Vulnerability and Adaption Strategies of Climate-Sensitive Sectors. Summary. = Environmental Research Plan of the Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety. Research Report 20141253. UBA-FB 000844. P. 5-6
[15] Zebisch, et. al. (2005): Climate Change in Germany. Vulnerability and Adaption Strategies of Climate-Sensitive Sectors. Summary. = Environmental Research Plan of the Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety. Research Report 20141253. UBA-FB 000844. P. 6
[16] Bundesregierung (2008): German Strategy for Adaption to Climate Change. P. 11-12
[17] Zebisch, et. al. (2005): Climate Change in Germany. Vulnerability and Adaption Strategies of Climate-Sensitive Sectors. Summary. = Environmental Research Plan of the Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety. Research Report 20141253. UBA-FB 000844. P. 6
[18] Bundesregierung (2008): German Strategy for Adaption to Climate Change. P. 15

Eastern lowland, South-Eastern basin and hills), and the Alps The lowest vulnerability is assessed for the German low mountain ranges and Northwest Germany[19].

Following table summarizes the results of a vulnerability analysis to global change with special emphasis on climate change for regions as well as economic sectors in Germany based on a business-as-usual scenario conducted by Zebisch et. al. [2005].

**Figure 5.3**. Regions considered in global change vulnerability study




Source: Schröter, D; Zebisch, M.; Grothmann, T. (2005): Climate Change in Germany - Vulnerability and Adaptation of Climate-Sensitive Sectors.http://www.schroeter-patt.net/Schroeter-et-al-KSB06.pdf (13.08.2009)

[19] Zebisch, et. al. (2005): Climate Change in Germany. Vulnerability and Adaption Strategies of Climate-Sensitive Sectors. Summary. = Environmental Research Plan of the Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety. Research Report 20141253. UBA-FB 000844. P. 7

**Table 10.10** Results of global change vulnerability study

| Sector | Water | | Agri-cul-ture | Forest-ry | Nature conserva-tion | Health | | Tourism | | Trans-port | All sectors |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Environ-mental zone | Flood | Drought | | | | Heat stress | Vector-borne diseases | Winter tourism | Other forms of tourism | | |
| Coastal zone | −−(1) | ~ | ~ | ~ | −/− −?(2) | ~ | −? | n.d. | − | − | − |
| North-West German lowland | −− | ~ | ~ | ~ | −/− −?(2) | ~ | −? | n.d. | − | − | − |
| North-East German lowland | −− | −− | −− | −− | −/− −?(2) | − | −? | n.d. | − | − | −− |
| West German lowland bay | −− | − | − | − | −/− −?(2) | −− | −−? | n.d. | − | − | − |
| Central low moun-tain ranges and Harz | −− | − | ~ | _ | −/− −?(2) | − | −? | −− | − | − | − |
| South-Eastern basin and hills | −− | −− | −− | −− | −/− −?(2) | −− | −−? | n.d. | − | − | −− |
| Erz Mountains, Thuringian and Bavarian Forest | −− | − | − | − | −/− −?(2) | − | −−? | −− | − | − | − |
| Low mountain ranges left and right of Rhine | −− | − | − | − | −/− −?(2) | − | −−? | −− | − | − | − |
| Upper Rhine rift | −− | − | − | −− | −/− −?(2) | −− | −−? | n.d. | − | − | −− |
| Alp and North-Bavarian hills | −− | − | − | − | −/− −?(2) | − | −−? | −− | − | − | − |
| Alpine foothills | −− | − | − | −− | −/− −?(2) | − | −−? | n.d. | − | − | − |
| Alps | −− | ~ | ~ | − | −− | ~ | −? | −− | − | − | −− |
| Germany | −− | − | − | − | −/− −?(2) | − | −−? | −− | − | − | − |

Rating:

−− high vulnerability

− moderate vulnerability

~ low vulnerability

? High uncertainty or difficulty of evaluation

n.d. - no data

Rating „all sectors“:

high vulnerability, if more than 2 sectors high

moderate vulnerability, if 1-2 sectors high

low vulnerability, if no sector high

(“half“ sectors count as half)

Rating “Germany“: mean value

(1) Storm surges and sea level rise

(2) Vulnerability dependent on conservation goal.
- Conserving status quo: high vulnerability
- Conserving processes: moderate vulnerability

Source: Schröter, D; Zebisch, M.; Grothmann, T. (2005): Climate Change in Germany - Vulnerability and Adaptation of Climate-Sensitive Sectors.http://www.schroeter-patt.net/Schroeter-et-al-KSB06.pdf (13.08.2009)

All in all the vulnerability analysis to global change (Zebisch, et. al. [2005]) comes to following conclusions due to the regional and sectoral implication :

**Table 10.11** Assumed regional implications of global change

| **Regions** | **Consequences of global change** | **affected economic sectors** |
|---|---|---|
| North-Eastern lowland, South Eastern basin and hills | Low water availability, risk of summer droughts, decrease in summer precipitation, increased evaporation due to increased temperatures;<br><br>High vulnerability of flooding in the river basins of the Elbe and Oder | Agriculture, forestry, transport sector |
| Upper Rhine Rift | High temperatures (strongest warming in the future is predicted);<br><br>Shift of precipitation from summer to winter with high risk of flooding in spring;<br><br>Increase in extreme rainfall events. | Health sector, agriculture, forestry |
| Alps | Risk of flooding;<br><br>Decrease in snow safety. | Nature conservation<br><br>Winter tourism |
| Low mountain ranges, | Medium vulnerability. Warmer climate can pose opportunities for some sectors;<br><br>Risk of extreme rainfall and high flooding | Agriculture (might benefit)<br><br>Winter tourism |
| Costal regions | Medium vulnerability;<br><br>High vulnerability of more intensive storm surges;<br><br>Rising sea level<br><br>Rising summer temperatures and decreasing summer precipitation | <br><br><br><br><br><br>Agriculture and tourism (might benefit) |
| Northwest Germany | Lowest vulnerability | Agriculture, tourism, forestry (might benefit) |
| Wetlands,<br>Congested urban areas | High vulnerability without further adaption | Water, nature conservation (in wetlands)<br><br>Transport and Health sector (heat stress) in congested urban areas |

Source: Own summarization based on Zebisch, et. al. (2005): Climate Change in Germany. Vulnerability and Adaption Strategies of Climate-Sensitive Sectors. Summary. = Environmental Research Plan of the Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety. Research Report 20141253. UBA-FB 000844. P. 7

In order to deal with the consequences of climate change and to mitigate the emission of anthropogenic emissions of greenhouse gases Germany created a framework (German Adaption Strategy) for the adaption to the consequences of climate change in Germany that primarily represents the contribution of the Federal Government and provides guidance for other stakeholders, lays the foundation for a medium-term process in which, in cooperation with the Federal States risks will be progressively identified. Action needs ascertained, appropriate objectives defined and potential adaption measures implemented.[20] The aim of this Adaption Strategy "is to reduce vulnerability to the consequences of climate change, to maintain or improve the adaptability of natural, social and economic systems, and to take advantage of any opportunities"[21]. In this sense the strategy identifies the need to[22]

- improve the knowledge about climate change risks and to identify options for target-oriented actions;
- create transparency and participation and support various stakeholders by providing information, decision support, etc;
- rise public awareness due to climate change and its implications;
- developing strategies for dealing with uncertainity factors.

At present this Action Plan has not been passed, but it is planned to submit it to both houses of parliament by March 2011. It is also planned to establish an Inter-ministerial Working Group on Adaption until this date that will further deal with climate change topics and actions to be taken[23].

Besides the German Adaption Strategy, Germany took following steps to encounter climate change:

- Germany signed the Kyoto Protocol. Therby Germany committed to reducing greenhouse gas emissions by 21% during the same period (based on 1990 levels)[24]. "In the context of implementing the Kyoto Protocol, emissions trading within the European Union was launched on 1 January 2005. The first trading period comprises the period from 2005 to 2007, the second trading period the years 2008 to 2012" [25]. "In Germany, operators of 1,665 installations currently participate in emissions trading. This includes all large combustion plants (thermal output of more than 20 MW) and larger installations of energy-intensive industries such as steelworks, refineries and cement works.[26]"
- "Since the beginning of 2008 the Federal Environment Ministry (BMU) has had additional funds at its disposal from the sale of emissions allowances for the implementation of a Climate Initiative. In 2008 a total of 400 million euro was available, of which 280 million was invested in Germany and 120 million euro in developing and newly industrialising countries. For 2009 this has been increased to 460 million euro of additional funding for the BMU budget. The goal of the Climate Initiative is to tap existing potential for reducing emissions in a cost-effective way and to advance innovative model projects for climate protection. Specifically, the BMU promotes climate protection measures for increased energy efficiency and greater use of renewable energies. Furthermore, the International Climate Initiative supports measures for adapting

[20] Bundesregierung (2008): German Strategy for Adaption to Climate Change. P. 4
[21] Bundesregierung (2008): German Strategy for Adaption to Climate Change. P. 4
[22] Bundesregierung (2008): German Strategy for Adaption to Climate Change. P. 4
[23] Bundesregierung (2008): German Strategy for Adaption to Climate Change. P. 4
[24] http://www.bmu.de/english/emissions_trading/general_information/doc/6940.php (12.08.2009)
[25] http://www.bmu.de/english/emissions_trading/general_information/doc/6940.php (12.08.2009)
[26] http://www.bmu.de/english/emissions_trading/general_information/doc/6940.php (12.08.2009)

to climate change and for conserving climate-relevant biodiversity in developing and newly industrialising countries. It thus aims to bring new momentum to negotiations on an international climate agreement for the post-2012 period"[27].

- "The Federal Environment Ministry is promoting the transfer of knowledge on energy efficiency and renewable energies in developing and newly industrialising countries through its "Transfer Renewable Energy and Efficiency" (TREE) project"[28].
- Germany and the EU aim to strongly increase their use of renewable energies[29]. "The Renewable Energy Sources Act (Erneuerbare-Energien-Gesetz, EEG) obliges operators of power grids to give priority to purchasing electricity from renewable energies and to pay fixed prices for this. The amended EEG 2009 entered into force on 1 January 2009"[30].

[27] http://www.bmu.de/english/climate_initiative/general_information/doc/42000.php (12.08.2009)
[28] http://www.bmu.de/english/current_press_releases/pm/43263.php (12.08.2009)
[29] http://www.bmu.de/english/current_press_releases/pm/43263.php (12.08.2009)
[30] http://www.bmu.de/english/renewable_energy/general_information/doc/4306.php (12.08.2009)

The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## GREECE

Report nº 25.11

Dimistris Skuras
University of Patras

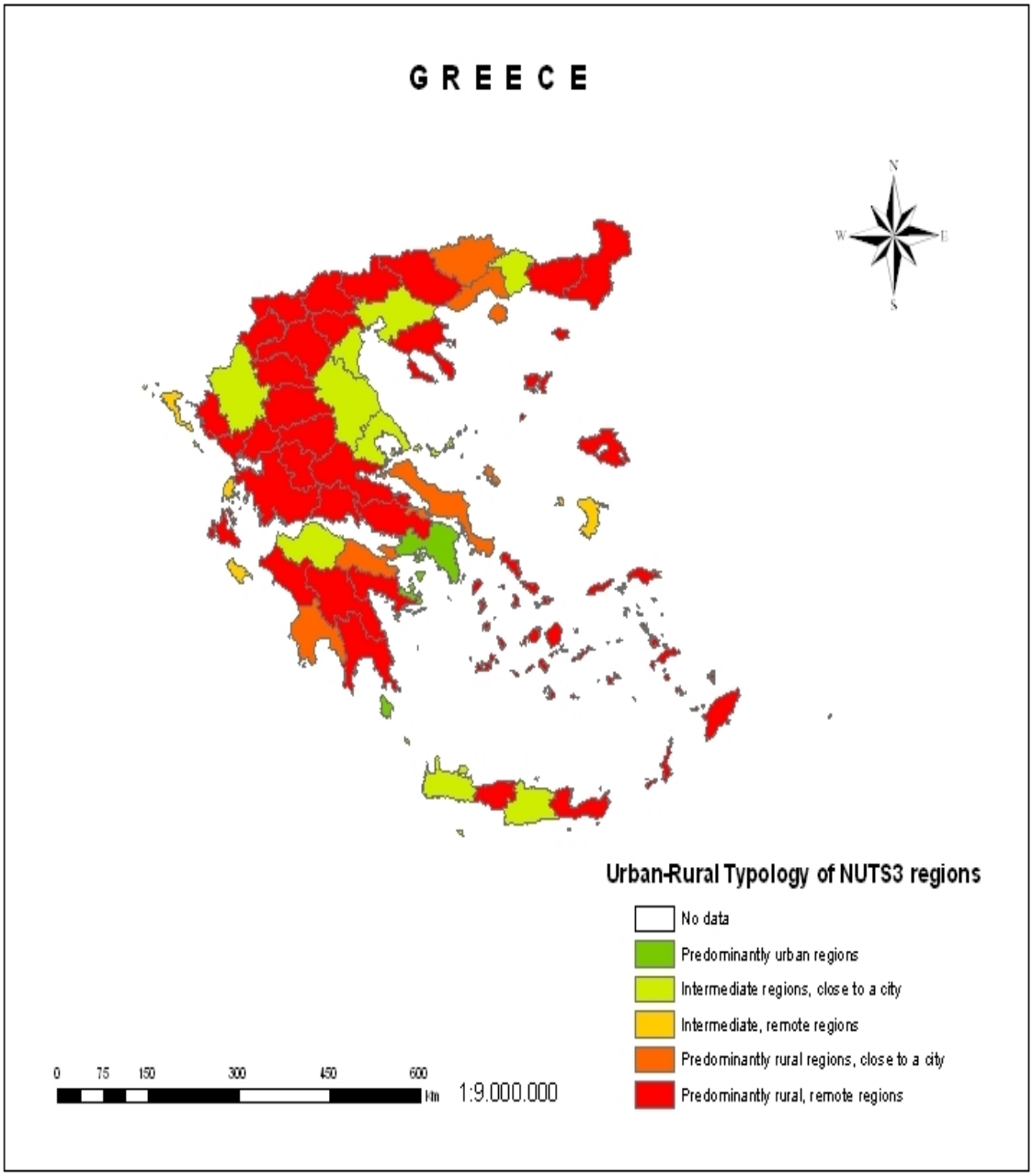
EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

**CONTENTS**

## 1. Introduction

As shown in Figure 11.1, most Greek NUTS 3 regions fall into the category of Predominantly Rural Remote areas. Nine regions in which there is a medium size or large city are shown as Intermediate Accessible regions. Only the region of Athens stands as Predominantly Urban.

**Figure 11.1** DG Region modified Urban-rural typology of NUTS 3 regions: Greece




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

## 2. Demography

The distribution of population among the different types of regions is the outcome of major migration process that took place in Greece after World War II. Extremely rural, disadvantaged and remote areas as well as most of the islands lost population to major urban agglomerations and to several European countries including Germany, France and Belgium (as opposed to the migration wave before World War II which was directed mainly to the US and Australia). As a result, major urban centres grew rapidly, the rural space lost population and the Greater Athens region contains now almost half of the Greek population. From table 11.1 it seems that predominately rural areas continue to lose population while urban places and intermediate areas gain.

Predominately rural areas have a higher proportion of older people and a lower proportion of young people (<15). The age dependency index is one and a half times higher in intermediate remote rural areas and predominately accessible or remote rural areas than it is in urban areas. This is in accordance with observed trends of temporary outmigration of the younger parts of the population aiming to get a better education or prepare for national examinations.

The percentage of people with basic education is significantly higher in intermediate remote and in rural areas than in urban areas. Furthermore, farmers with educational attainment are significantly lower in all areas of Greece than in the EU.

Since the early 90's, Greece has been the recipient country of many permanent and temporary migrants especially from Albania, former soviet republics and the Balkans.

These migrants are either of a Greek origin who settled permanently in Greece or are of a foreign origin who either settled permanently or use to work in Greece when there is a need for jobs in rural areas. In 2001, the latest population census records 797,000 legal and permanent migrants and 21.4% of them lives in rural areas and 17.7% works in agriculture. This accounts for almost 10% of the Greek population and is clearly an underestimation of the real situation as it does not account for temporary and unregistered migration. The impact of migrants in rural areas is extreme and is out of the scope of this work. However, the two major impacts are on demography and employment. As concerns demography, migrants increased the proportion of young people in rural areas and, having in general larger families, assisted and supported rural schools and other rural services. At the same time, as these migrants come from the poorest and less educated parts of their countries contribute to lower proportions of educated people and of a lower human capital.

**Table 11.1** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001 | % people aged 0 to 14 years | 14.24 | 16.38 | 15.40 | 15.40 | 15.35 | 15.52 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | 70.94 | 67.69 | 63.91 | 64.82 | 64.63 | 65.26 | 66.62 | 66.65 |
| | % people aged 64 years and over | 14.81 | 15.94 | 20.70 | 19.78 | 20.02 | 19.23 | 16.53 | 16.55 |
| | Age dependency rate | 20.88 | 23.58 | 32.57 | 30.57 | 31.19 | 29.69 | 25.09 | 25.09 |
| Population* | Population change 2001-2007 (Index pop. 2001=100) | 103.60 | 101.55 | 105.35 | 99.74 | 101.14 | 101.45 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | 13.84 | 14.82 | 13.91 | 13.96 | 14.37 | 14.36 | 16.68 | 15.97 |
| | % pop.15_64_2007 | 69.65 | 65.76 | 64.78 | 64.54 | 65.47 | 65.46 | 69.75 | 70.18 |
| | % pop. >64_2007 | 16.51 | 19.42 | 21.31 | 21.50 | 20.17 | 20.18 | 13.55 | 13.84 |
| | Age dependency rate | 43.58 | 52.09 | 54.36 | 54.97 | 52.80 | 52.83 | 44.08 | 43.17 |
| Education | Natural increase change_01_06 | 83.78 | 46.05 | 0.00 | -7.50 | -12.63 | 2.33 | -5.99 | -6.09 |
| | Net migration change_01_06 | 194.13 | -35.09 | -58.40 | -203.74 | -135.61 | -112.03 | 7.09 | 8.97 |
| | % ISCED 0_2** | 35.75 | 53.69 | 60.55 | 59.89 | 56.39 | 56.18 | 33.62 | 36.66 |
| | % ISCED 3_4** | 38.89 | 28.76 | 26.22 | 26.59 | 28.22 | 28.21 | 43.29 | 47.14 |
| | % ISCED 5_6** | 20.16 | 14.42 | 9.14 | 11.04 | 12.33 | 12.48 | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment | 2.10 | 6.61 | 6.03 | 7.98 | 6.01 | 6.23 | 35.34 | 39.54 |
| | Life-Long Learning in Rural Areas* | 2.40 | 1.53 | 0.00 | 0.62 | 0.88 | 0.93 | 7.69 | 8.61 |

*Values NUTS 3 are replaced by values NUTS2

**% ISCED by groups is calculated for population more 15 years.

## 3. Employment

The distribution of employment by age class does not present significant and acute differences among the different types of areas. The most significant fact is presented when the distribution of employment in the three sectors of the employment is presented in table 11.2. Predominately rural accessible or less accessible areas retain, as expected, over 20% of the economically active population in agriculture and, despite efforts to develop the tertiary sector and especially rural tourism, less than 60% of employment is engaged in the tertiary sector.

Sharp differences exist in unemployment rates (table 11.3) and the evolution of unemployment rates (table 11.2) among the younger age classes of the population. This trend explains the outmigration trends and also is explained by the outmigration. Lack of employment opportunities push the more active and well educated part of the population out of rural places while the remaining part is of a lower human capital and less easy to find a job. So, while unemployment is high in rural areas (accessible and less accessible) there is a lack for highly skilled and educated personnel that are able to support either public services (doctors, teachers, etc) or private businesses (personnel in tourism enterprises, accountants, etc).

**Table 11.2** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate* | T15_64 years | 62.40 | 61.27 | 60.35 | 62.78 | 60.29 | 60.75 | 66.40 | 66.42 |
| | Tmale 15_64 y | 75.30 | 74.43 | 76.15 | 75.92 | 74.45 | 74.74 | 73.05 | 73.12 |
| | Tfemale 15_64 y | 50.20 | 47.91 | 44.20 | 49.10 | 45.63 | 46.35 | 59.72 | 59.70 |
| | Total 15_24 y | 24.90 | 23.00 | 25.85 | 28.08 | 23.30 | 23.95 | 39.66 | 39.67 |
| | T 45_64 years | 55.05 | 59.51 | 58.26 | 60.31 | 58.09 | 58.51 | 62.37 | 62.34 |
| | Total 45_54 | 71.90 | 72.47 | 70.25 | 72.86 | 71.50 | 71.71 | 78.30 | 78.38 |
| | Total 55_64 | 38.20 | 46.56 | 46.28 | 47.76 | 44.67 | 45.31 | 46.44 | 46.30 |
| %Empl. in principal sector | %Emp_primary | 0.64 | 18.54 | 16.56 | 22.29 | 24.27 | 22.00 | 7.95 | 7.97 |
| | %Emp_secondary | 20.28 | 19.57 | 14.45 | 19.69 | 20.04 | 19.49 | 26.71 | 26.71 |
| | %Emp_tertiary | 79.08 | 61.90 | 68.99 | 58.03 | 55.68 | 58.51 | 65.33 | 65.31 |
| Unemployment evolution 2002_05 | Total > 15 years | 88.05 | 135.73 | 80.52 | 123.35 | 114.34 | 115.83 | 187.25 | 188.17 |
| | Total 15_24 years | 65.28 | 153.49 | 78.61 | 222.78 | 138.52 | 143.28 | 255.25 | 257.16 |
| | Total >25 years | 95.50 | 79.18 | 80.32 | 89.25 | 70.38 | 75.06 | 82.27 | 82.21 |
| | Male > 15 years | 85.74 | 73.12 | 69.51 | 80.56 | 72.51 | 73.43 | 82.45 | 82.35 |
| | Female > 15 years | 89.68 | 73.67 | 107.34 | 86.07 | 79.64 | 81.59 | 94.74 | 94.79 |

*Values NUTS 3 are replaced by values NUTS2

Finally, long term unemployment is significantly higher in rural areas and its evolution is above average. Recent developments in the CAP support the agricultural exodus which, in turn, supports either unemployment or the rural outmigration. Again, the effect of foreign migrants is not captured. In rural areas, migrants have assisted and supported the seasonal lack of labour and provided a solution to extensive areas of Greece suffering from low labour supply.

**Table 11.3** Employment indicators (b)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Unemployment rate 2007* | Total >15 | 7.60 | 7.82 | 9.28 | 10.48 | 9.69 | 9.36 | 7.61 | 7.63 |
| | Total Male >15 | 5.10 | 5.17 | 5.30 | 6.04 | 5.68 | 5.58 | 7.06 | 7.05 |
| | Total Female >15 | 10.90 | 12.80 | 15.15 | 17.08 | 15.91 | 15.32 | 8.61 | 8.59 |
| | Total 15_24 | 20.10 | 22.86 | NA | 26.12 | 25.21 | 24.64 | 15.80 | 15.64 |
| | Total >25 | 6.60 | 6.92 | 7.63 | 8.38 | 8.54 | 8.13 | 6.66 | 6.66 |
| Long term unemployment* | % long term unemployent rate_07 | 49.95 | 47.78 | 31.15 | 53.93 | 49.60 | 48.26 | 43.07 | 43.12 |
| | Evolution of long term unemployment 2002_07 | 95.93 | 94.54 | 103.24 | 102.51 | 97.61 | 97.96 | 111.33 | 110.94 |

*Values NUTS 3 are replaced by values NUTS2

## 4. Rural business development

Unfortunately there are no nation-wide surveys addressing issues related to rural businesses and the rural entrepreneur. Three relatively recent surveys have collected fragmented information (case study specific) concerning the aforementioned issues. These surveys are:

1. Aspatial Peripherality, Innovation and the Rural Economy (QLK5-CT-2000-00783).
2. Entrepreneurship in the Mountainous Areas of Southern Europe (FAIR6-CT98-4169).
3. Western Greece Region Integrated Strategy for employment stimulation (VS/2002/0359).

Micro (less than 10 employees) is the dominant size of rural businesses and the dominant activities include the food industry from the manufacturing sector (cheese and dairy products, olive oil extraction and refinery, fruit and vegetable packaging, tobacco manufacturing, wine and spirits, etc.), construction activities, retail, and more recently tourism activities. The degree of innovation is lower than the corresponding in rural central or urban areas. The penetration of ICTs is lower in rural areas but not exact information is available.

The rural entrepreneur has inherited or created his own business, is of a middle age and educational level and most of his accumulated capital has been informally or through work experience. The major entrepreneurial opportunities include the food processing and drinks industry of the manufacturing sector that was boosted after 1992 due to the institution of products of protected denomination and geographic indication as well as activities related to recreation and tourism.

The main constraints are financial, human capital and access to specialized business networks. Capital is a major constraint for setting up a business in rural areas despite efforts to support setting up capital through capital and interest rate subsidies. The LEADER Initiative supported the creation of rural businesses and it may considered a good practice example due to the fact that differentiated the support besides conventional instruments of subsidies to more flexible and modern support including access to specialized services (technical and/or financial), supported access the set up of business networks and the access of smaller businesses to supply chains and commodity networks and supported accumulation of entrepreneurial capital through work placement programmes, experience acquisition, exchange of visits and experiences, etc. As expected, rural areas enjoy lower proportions of businesses in the manufacturing and construction sectors while wholesale and retail prevail. Employment in high tech industries is minimum in rural areas, especially in intermediate less accessible areas (table 11.4).

**Table 11.4** Rural business development indicators

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.03 | 0.07 | 0.14 | 0.04 | 0.10 | 0.09 | 0.30 | 0.30 |
| | % Manufacturing | 50.86 | 10.23 | 6.43 | 9.87 | 10.38 | 10.79 | 14.08 | 14.05 |
| | % Electricity, gas and water supply | 0.00 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.61 | 0.63 |
| | %Construction | 49.11 | 13.11 | 14.50 | 15.50 | 14.05 | 14.75 | 9.48 | 9.46 |
| | %Wholesale and retail trade | 0.00 | 37.59 | 30.05 | 37.84 | 35.10 | 34.72 | 23.02 | 21.83 |
| | %Hotel and restaurants | 0.00 | 14.84 | 29.11 | 15.23 | 15.85 | 16.34 | 6.52 | 6.15 |
| | %Transport, storage and communication | 0.00 | 7.10 | 7.23 | 7.92 | 7.35 | 7.21 | 8.69 | 8.46 |
| | %Real state, renting and business activities | 0.00 | 17.04 | 12.53 | 13.58 | 17.14 | 16.08 | 37.29 | 39.12 |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.31 | 0.24 | 0.26 | 0.22 | 1.54 | 1.06 | 0.58 | 0.52 |
| | % Manufacturing | 49.88 | 16.61 | 6.95 | 20.13 | 17.45 | 17.38 | 29.18 | 28.08 |
| | % Electricity, gas and water supply | 0.00 | 0.34 | 0.28 | 0.30 | 0.30 | 0.30 | 1.14 | 0.89 |
| | %Construction | 49.78 | 11.25 | 10.58 | 10.39 | 11.40 | 11.96 | 9.09 | 9.14 |
| | %Wholesale and retail trade | 0.00 | 40.36 | 34.52 | 38.38 | 37.43 | 37.08 | 26.14 | 26.93 |
| | %Hotel and restaurants | 0.00 | 14.19 | 29.78 | 15.25 | 15.44 | 16.02 | 8.27 | 8.37 |
| | %Transport, storage and communication | 0.00 | 8.09 | 7.76 | 7.82 | 7.73 | 7.65 | 8.65 | 8.52 |
| | %Real state, renting and business activities | 0.00 | 8.90 | 9.80 | 7.48 | 8.67 | 8.51 | 16.78 | 17.51 |
| Employment in high and medium technologies manufacturing activities_2004 | Employment in high and medium tech manufacturing activities_2004_ Media | 3.44 | 1.10 | 0.27 | 1.91 | 1.52 | 1.45 | 6.88 | 7.42 |
| | Employment in high and medium tech manufacturing activities_2004_ %EU 25 | 47.73 | 19.32 | 4.68 | 16.13 | 18.74 | 18.05 | 95.89 | 107.13 |
| %firms with own website | | 46.90 | 23.32 | 25.45 | 20.04 | 26.57 | 25.67 | 50.21 | 50.21 |

*Values NUTS 3 are replaced by values NUTS2

## 5. Rural-urban relationships

In Greece there are not established initiatives for the cooperation between urban and rural areas. However, several “territorial approaches” have been developed in rural areas that are supra-municipal and supra prefectural. One can mention the wine roads that extent over several prefectures in the Peloponnese and in central Macedonia as well as the quality pacts developed for firms in the rural tourism industry in central Greece.

There are not established rural-urban partnerships besides trade networks and supply chains. Suburbanization and counterurbanization are important processes in certain regions of Greece. Especially around major urban agglomerations (Athens, Thessaloniki and Patras) suburbanization has extended the pressure on agricultural land and on rural land prices.

Urban based consumers demand agricultural and food products as well as tourism and recreational services. The latter is developed either around the utilization of natural resources (sea resorts – ski resorts) or around cultural heritage and places of archaeological interest (e.g. monasteries, sites of ancient history, etc.).

There are not specific policies or programmes that promote rural-urban relations but some fragmented approaches may be mentioned. The extension of trains to rural areas as a substitute to urban transportation has been put through in major cities of Greece. Promoting transportation was conceived as a means for promoting rural-urban relations.

## 6. Cultural heritage

Cultural resources are divided into two categories. Those referring and linked to the history (ancient, medieval, modern) and those refers to tradition and practice. Greece is a country rich in ancient and medieval cultural resources while more modern (19th century and after) heritage is abundant. Cultural heritage is the most frequent way of linking tourism activities as well as the image of the region to the characteristics of food and agricultural products.

A nation wide survey of wine consumers revealed that the decision to consume PDO or PGI designated products depends on the consumers image of the rural area as either a place that has a tradition and craftsmanship in the production of the particular type of wine or that the area's resources (soil, water, grape) are suitable for the production or that consumers can identify themselves with the place of origin.

The LEADER Initiative has attempted to protect and promote cultural heritage (including culinary heritage and craftsmanship) for the promotion of products through the creation of regional images.

Different types of regions tap into different cultural heritage resources depending on their history and evolution. Due to the rich cultural heritage and the extreme variation of the cultural landscape no place is really identical or even similar to another. However, one may argue that remote rural areas managed to preserve more intact their cultural and architectural heritage to their isolation. This has now turned to be one of the most valuable resource for developing low density tourism activities and recreation.

## 7. Services of General Interest

The major services of public interest refer to health, education, transportation and communication and the provision of amenities. The provision of health services has increased significantly since the late 80s due to a re-organization of primary health provision in rural areas and the organization of an emergency health provision unit to the isolated small islands and mountainous areas. As a result the gap in indicators such as hospital beds per thousand inhabitants has narrowed but still is wide. However, what is not described by statistical data is the difficulty to hire specialized doctors and nurses in less accessible rural areas as well as the fact that most rural health centres have not been equipped with the appropriate medical equipment. Recent programmes implemented under regional operation programmes attempted to equip the so-called rural doctor's places with basic equipment for the primary diagnosis or the performance of basic checks (simple blood checks, blood pressure checks, etc.).

Rural schools have undergone dramatic changes since the early 70s and now most primary schools in villages have closed and converted to amenity or sports places due to lack of students. The state has put forward a programme of student transportation to major rural places or small towns. However, still in isolated places such as small islands or mountainous areas there are small primary schools that operate with one or two teachers who address the needs of all six grades of classes. Furthermore, when students reach the age when they have to take national examinations they are assisted by private tutorials which are provided only in small towns. The larger the town the better the quality of these tutorials and the higher the chances of students to enter the Greek higher education system. This is an important reason leading students of the last two grades of higher school to migrate temporarily from small rural and less accessible villages to the nearby larger city.

The provision of transportation and telecommunication facilities has improved but still rural transport is of lower quality (older buses or trains) less frequent and/or irregular due to weather conditions (especially in the islands). The state has adopted a programme of subsidised transportation through boats or airplanes for the smaller islands and for mountainous areas of the country. Telecommunications have not improved because due to low population densities it is inefficient to extend modern infrastructure (optical lines) to predominately rural and less accessible areas. Furthermore, state post was forced to close many of its services in less accessible areas while private courier services charge differently when less accessible areas are addressed.

Finally, one of the worse services concerns with the provision of amenities extending from simple broadcasting of tv programmes to the operation of cinemas, small libraries, small coffee shops for the inhabitants to come together or the availability of places for cultural and sports events. The low provision of amenities is a major push factor for young people to leave less accessible predominately rural areas while cannot assist the attraction of new inhabitants or pull inhabitants back.

**Table 11.5** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | 0.02 | 0.02 | NA | 0.01 | 0.01 | 0.01 | 0.04 | 0.04 |
| Density of trunk road | | 0.10 | 0.13 | 0.08 | 0.12 | 0.12 | 0.12 | 0.17 | 0.17 |
| Density of railways | | 0.03 | 0.03 | NA | 0.03 | 0.03 | 0.03 | 0.10 | 0.10 |
| Area (km2)** | | 3808.20 | 28289.60 | 2307.00 | 15028.60 | 82192.20 | 131625.60 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_06 | 2.81 | 2.68 | 3.47 | -0.37 | -0.32 | 0.56 | 0.93 | 0.92 |
| DENSITY | Density of population 2006*** | 1050.87 | 99.12 | 102.66 | 52.86 | 41.64 | 77.46 | 414.65 | 446.23 |
| Daily population accessible by car | | 5074.00 | 2403.33 | 296.50 | 3958.20 | 2509.81 | 2509.70 | 18078.54 | 19285.23 |
| Time to nearest hospital | | 21.43 | 24.19 | 96.87 | 61.17 | 74.38 | 64.95 | 22.83 | 22.83 |
| Time to nearest university | | 30.85 | 40.17 | 83.03 | 93.99 | 95.67 | 83.45 | 45.10 | 45.10 |
| Time to nearest airport | | 35.35 | 100.35 | 96.87 | 130.88 | 132.78 | 122.14 | 83.44 | 83.44 |
| %households with broadhand access | | NA | NA | NA | NA | NA | NA | 49.07 | 48.00 |
| % households with internet at home | | NA | NA | NA | NA | NA | NA | 81.46 | 81.20 |

* Values NUTS 3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

*** These values are only indicatives and aren't real because in the calculation there are values NUTS2 and NUTS3.

**Table 11.6** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR +IS+LI+ MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº STUDENTS ISCED 0_6* | Nºstudents ISCED_0 per 1.000 inhabitants | 9.23 | 14.58 | 13.94 | 13.46 | 14.94 | 14.54 | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | 49.11 | 63.08 | 61.95 | 58.61 | 63.89 | 62.79 | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | 26.71 | 32.83 | 30.26 | 31.46 | 32.39 | 32.10 | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | 30.09 | 36.97 | 31.52 | 33.97 | 36.71 | 35.95 | 48.05 | 48.03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | 4.37 | 2.84 | 1.48 | 5.90 | 2.11 | 2.61 | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | 65.76 | 60.89 | 27.81 | 32.11 | 55.56 | 52.09 | 37.37 | 37.23 |
| BEDS IN HOSPITAL PER 100.000 inhabitants* | Nº of beds in hospitals per 100.000 inhabitants_05 | 608.80 | 441.44 | 423.02 | 277.98 | 382.36 | 390.18 | 696.91 | 704.88 |
| | Evolution nbeds 2000_05 | 91.43 | 100.06 | 98.69 | 104.44 | 102.90 | 101.99 | 91.53 | 91.94 |
| | Density of hospitals | 6.04 | 0.71 | 3.12 | 0.47 | 0.31 | 1.01 | 5.44 | 5.44 |
| | Hospital beds per head | 4.04 | 4.20 | 6.31 | 3.54 | 4.17 | 4.26 | 4.98 | 4.98 |
| | Doctors per inhabitant | 579.80 | 393.61 | 313.90 | 294.82 | 335.83 | 345.07 | 171.35 | 171.35 |

*Values NUTS 3 are replaced by values NUTS2

## 8. Farm structural change

The major farm structural changes are observed after 2005 when full decoupling for a series of products took place. For example full decoupling of tobacco cultivation decertified whole tobacco growing areas in central and western Greece. The same happened with cotton cultivation which was partly decoupled and a series of other products. These changes were supported by high market price uncertainty especially in the case of cereals and oilseeds. Finally, the absence of a serious farm registry is the major obstacle for the development of Greek agriculture.

Due to aged population and the lack of succession, the number of farms in predominately rural areas decline. The sharpest changes are observed in the very small and large sizes while sizes between e and 100 ESUs remain stable or grow. It is also important to note that this vivid lack of succession results to declinining numbers of farms owned by young farmers (<35 years old) especially in intermediate less accessible areas.

**Table 11.7** Farm structural change indicators (a)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Averag e EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | 55.56 | 33.14 | 43.00 | 30.84 | 36.04 | 35.95 | 33.42 | 33.89 |
| | 2 to 100 ESU | 44.14 | 66.72 | 56.99 | 69.02 | 63.83 | 63.93 | 57.56 | 57.02 |
| | >100 ESU | 0.30 | 0.14 | 0.01 | 0.14 | 0.13 | 0.12 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005 | 1.60 | 1.83 | 1.86 | 1.78 | 1.92 | 1.88 | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | -6.68 | 0.08 | 37.96 | 24.38 | 6.75 | 9.49 | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | 13.84 | 1.26 | -12.06 | -3.58 | 3.11 | 1.15 | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | 166.67 | 62.90 | NA | 127.67 | 81.76 | 86.18 | 32.21 | 31.28 |

**Table 11.8** Farm structural change indicators (b)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| HOLDERS | % Holders working full time 2005 | 7.18 | 11.19 | 7.41 | 11.08 | 12.60 | 11.69 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 - 2005 | -14.73 | -17.11 | 41.94 | -1.43 | -4.45 | -2.95 | 0.00 | 0.33 |
| | Economic Farm Size (RDEU07) | 4.70 | 7.20 | 3.48 | 6.72 | 6.66 | 6.47 | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | 28.80 | 24.06 | 31.03 | 23.54 | 23.04 | 24.01 | 37.56 | 37.56 |
| | % holders > 55 years 2007 | NA | NA | NA | NA | NA | NA | 50.19 | 50.62 |
| | % holders < 35 years 2007 | NA | NA | NA | NA | NA | NA | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 - 2005 | 12.21 | 2.62 | 5.01 | 3.36 | 2.28 | 2.85 | 5.88 | 5.62 |
| | % change in holders < 35 years 2000 - 2005 | NA | -15.66 | -26.48 | -30.57 | -21.48 | -21.74 | -34.01 | -33.96 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | 2.10 | 6.61 | 6.03 | 7.98 | 6.01 | 6.23 | 42.30 | 42.30 |

**Some values NUTS 3 are replaced by values NUTS2

## 9. Institutional Capacity

Greece witnessed two major outbreaks in its institutional structure since the late 90s. The first concerns with the total re-organization of the old communes to consolidated municipalities. The fragmented first-degree of local authority was consolidated to larger and spatially more dispersed administrative units. This resulted to numerous rural municipalities with more resources and a central administration able to cope with larger projects as concerns infrastructure. Of course, there was a considerable time lag before the new system was able to operate efficiently and still certain limitations exist.

The second trend refers to the creation of numerous local development agencies. The first LEADER Initiative introduced the first truly bottom-up development approaches in rural areas. Many municipalities and second degree local authorities (prefectures) set up their own development agencies only to realize that these were not economically viable firms. At a second stage most of these firms consolidated at a prefectural or other spatial levels to represent larger units and acquire higher power.

The main problems faced in the governance of rural areas are related to the lack of appropriate financial resources and lower levels of human capital. Intermediate less accessible and predominately rural areas suffer from low human capital which either cannot be attracted to these places or cannot be promoted to higher administration because of the rigidities of the human resources management system prevailing mucipalities and local authorities in general.

As concerns levels of economic development, intermediate and predominately rural less accessible areas are in the worst position in relation to urban places and other EU countries (table 11.8).

**Table 11.8** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | Average country | | Average EU 27 |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | 97000.50 | 4714.97 | 826.35 | 2237.26 | 1396.33 | 3894.30 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | 29360.70 | 17227.14 | 16948.80 | 17574.84 | 16098.78 | 16769.32 | 20926.84 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | 108.80 | 63.84 | 62.80 | 65.12 | 59.65 | 62.14 | 94.38 | 95.48 |

## 10. Climate change

There are not recorded threats in relation to climate change. However, the two most serious problems faced by rural areas refer to first, water management and second, soil erosion. The need to irrigate in relation to old and badly managed irrigation techniques and practices wastes available water and, especially in coastal areas, leads to high levels of water salinization. The high degree of farm fragmentation, the intensive farm practices and forest fires cause high soil erosion risks in certain areas.

The programmes applied under cross compliance in agriculture have attempted to solve the environmental problems in agriculture but not successfully. Furthermore, extensive establishment of Nitrate Vulnerable Zones and nitrification programmes were used mostly as additional subsidies and rather away from their initial objective to protect watersheds from nitrification and agricultural waste protection. The establishment of Natura 2000 sites has not as yet resulted to any substantial results due to the low pace with which management authorities for these areas were established, equipped and staffed.

The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## HUNGARY

Report nº 25.12

Gusztav Nemes
Institute of Economics Hungarian Academy of Sciences

EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

**CONTENTS**

# 1. Introduction

## Regional processes and territorial differences in Hungary

Today in Hungary the main courses of regional development are formed by the new structures emerging after the change of regime, as well as new economic and social institutions and actors. The impacts of the globalisation mechanisms are increasingly stronger (which measure the economic relation systems and human resources on the national level), and the creation of information systems and the increasingly important problems of environment protection have a stronger effect. Deviations from the earlier spatial structure and the movements of the most recent period are well reflected in the specific (projected to population) regional GDP Tables, generally used internationally for characterising regional development. Our main findings are as follows:

(1) The domestic regional processes and spatial structure are both characterised by permanence, the presence of stable dividing dimensions, and the occurrence of prominent position changes. The best example for the former is perhaps the marked duality of the capital and the countryside, and the permanent relative under-development of the regions of the Great Plains (Alföld plain), while the latter is mostly represented by depression courses related to the restructuring of industry and spectacular growth. (The relative stability of the spatial structure is reflected by the 0.58 value of the correlation coefficient calculated between the year 1975 and 2002 county economic development levels (GDP/capita), which is 0.38 without the capital).

(2) The new, partly-modified and more segmented spatial structure evolved as early as the nineties, since then only minor movements have been perceivable (analogously with the above Tables, the year 1994 and 2002 correlations are extremely high, their value is 0.95, and 0.81 respectively).

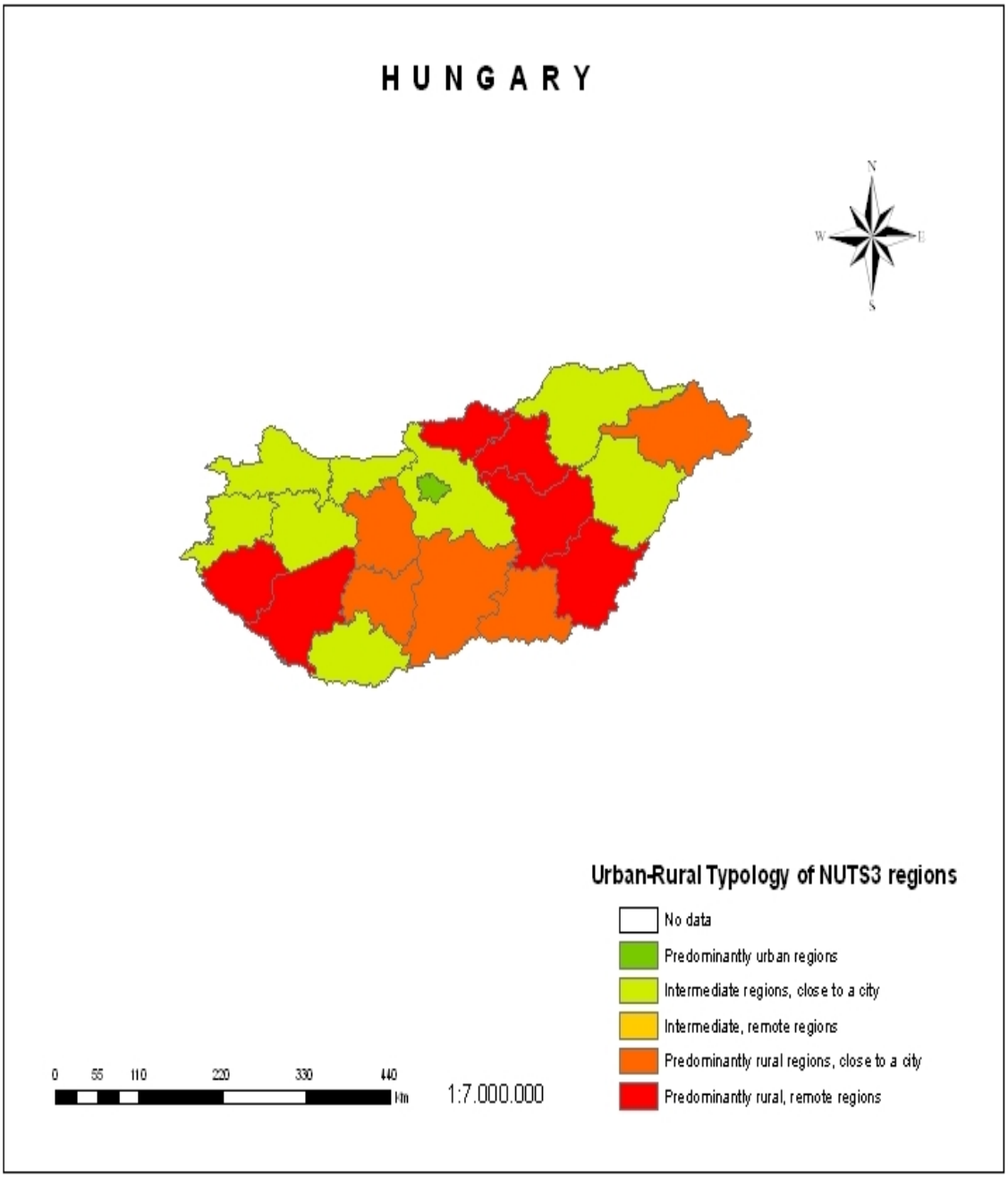
(3) While the basic trend of the capital–countryside relation is an increasing development parity, the proportions within the country-side are shaped by „downwards levelling", and the waves of repeated differentiation (see the maximum/minimum rates of Table 1). The capital is the only such spatial unit that kept increasing its relative advantage all through the period under review, while its „negative pairs" Borsod-Abaúj-Zemplén, Békés and Csongrád, which – although with different character, but – keep lagging further down step by step. The past years were characterised by an increasing development- development level instability within the rural areas, and in several counties in the west the spectacular dynamics came to a halt. The most typical example of that is Fejér, but similar signs have appeared in the course of Győr-Moson-Sopron and Vas.

(4) The level of the economic development of more than half of the rural regions (11 counties) was closer to the national average during the period of „flourishing socialism" than today; only the capital and Pest county inseparable from it are on the (relative) peak today. The status of the already mentioned re-industrialised counties was the best between 1998 and 2000; several counties of the South Transdanubia ran a course of relative stability until the middle of the nineties, but recently has been visibly left without resources for growth. As opposed to the spectacular regional position changes of the nineties, in the Hungary after the millennium rather the signs of the stability of the spatial structure are apparent, although the development course of several counties and regions is still uncertain and vulnerable. Within this occasionally breaking stability, the continuous presence of three basic spatial structures are apparent.

a. The first and firmest out of these is the economic – social – cultural gap between the capital and the other areas of the country. There is no such other region or city in Hungary even approximately whose development could be comparable with that of Budapest. The capital is not only the number one centre of power, but also in the economic sense and due to the weight of its population heads the country out of proportionate. Its economic potential reaches far beyond the country borders, and gradually grows into a Central European centre. It sucks up with great force the impulses necessary for development: financial capital, highly qualified human capital, and holds out hopes of a relatively higher profit and living standards. 60% of the foreign capital invested into Hungary was realised here, employment opportunities are the best here within the whole country and salaries are the highest. This role of social-economic focus by now has gone far beyond the administrative borders of Budapest as a result of suburbanisation. Villages grow into cities around the capital in mass, and small settlements acquire higher value.
b. The other basic characteristic feature of the spatial structure is the east-west duality dividing up the country in almost all respects. This attribute, mostly perceivable in the economy today, roots back to several hundreds of years, and the transition period after the change of regime only emphasised the already existing differences. Today one of the most important resources of regions is their geographical location: the capital and innovation flowing into the country and fundamentally bringing modernity upvalued the regions located in western Hungary, being closer to the issuing areas. This could happen thus, as here the local economy was not based on the completely bankrupt heavy industry, and the people's working culture, enterprising activity and their willingness to receive innovations are completely different from those in the eastern part of the country. Alföld (Great Plain) has remained an agricultural area to date, only some of its bigger cities have adopted a more modern image. Northern Hungary has not been able to recover yet from the shock it suffered from the disintegration of the one-sided heavy industry economic structure, which is well reflected in the still very high employment rate of Borsod-Abaúj-Zemplén and Nógrád counties.
c. The third basic characteristic feature is the village-city duality in all regions. This actually only means that settlements with a bigger population are usually in a better economic position than those with a smaller population.
d. There are many inner peripheries, even in the more developed regions of the country. Nevertheless, these only appear on NUTS 4 and 5 level and not on the county level.

The DG Regio classification in Hungary is reasonable. Nevertheless, the map below obscure many spatial differences and problems, emerging on a micro-regional level. The two best examples are the North-east (county of Borsod-Abaúj-Zemplén) and the South-west (county Baranya). Both counties are traditional regions of heavy industry and mining, and have large cities included in the region, resulting in being classified as 'intermediate regions being close to a city'. Nevertheless, both counties have extremely scattered settlement system, very bad roads and transportation, high level of unemployment, ageing, diminishing population in one hand, problems with Roma minorities on the other, failing industry, poor agriculture and often environmental degradation as a result of industrial past. Therefore, these regions are amongst the most remote and peripheral ones in Hungary, having serious rural development problems, that is not reflected on this map at all.

**Figure 12.1** DG Region modified Urban-rural typology of NUTS 3 regions: Hungary




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

## 2. Demography

Hungarian population is ageing and diminishing. Dependency rate is 45,37, which is 2.2% worse than the EU average, which difference comes almost entirely from having more people older than 64 years. Moreover, considering that especially in remote rural areas (IRR and PRR) the ratio of disadvantaged children (living in poverty, Roma minority), having small chance for suitable education and facing unemployment during their adulthood.

In Hungary the basic demographic trend is that the population of larger cities (with special regard to Budapest and some cities of former heavy industry areas) has been reducing, while the population of rural areas is growing. Nevertheless, the population of most small villages in IRR and PRR areas is further reducing, while in some of these villages the population is growing significantly. All this is due to the speciality of counter-urbanisation processes. In Hungary, similarly to EU15 countries, around Budapest and some other cities a wide ring of suburbs have been developed, for wealthy middle-class people, moving out from the city. Another way of occupying rural space by city dwellers is buying houses in picturesque villages, mainly in traditional holiday areas (Lake Balaton, Danube bend, Mátra, Bükk, etc.) and vine regions and to move there or using them as second homes. Nevertheless, there is another, very different type of counter-urbanisation too. Many poor, disadvantaged families, often Roma minority, with low education, after loosing their jobs and becoming long term unemployed, as a last resort, sold their flats in the city and moved into mainly small remote villages. Often they had been seriously indebted and would have lost their flats anyway, sometimes they intended to use the money for starting a small business, or they just simply lived on the price difference. As a result, some of the most disadvantaged rural areas (North-east, South-west, Eastern Hungary) have positive migration and natural growth. Nevertheless, going to a one way village often proved to be a one way road. Though there are lots of young people in these areas, they are disadvantaged on many ways, tend to remain uneducated and face 'life-long-unemployment'.

Educational level and participation of 'life-long learning' are generally very low in Hungarian rural areas, less than half of the EU average. This is partly due to the ageing and/or disadvantaged rural population, partly to failures of the Hungarian educational system.

**Table 12.1** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001 | % people aged 0 to 14 years | 12.80 | 17.20 | | 17.59 | 16.72 | 16.93 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | 69.56 | 68.53 | | 67.87 | 67.19 | 68.01 | 66.62 | 66.65 |
| | % people aged 64 years and over | 17.64 | 14.27 | | 14.55 | 16.09 | 15.05 | 16.532 | 16.55 |
| | Age dependency rate | 25.35 | 20.83 | | 21.44 | 23.95 | 22.14 | 25.09 | 25.09 |
| Population* | Population change 2001-2007 (Index pop. 2001=100) | 101.47 | 98.60 | | 97.57 | 97.24 | 98.08 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | 14.32 | 15.17 | | 15.36 | 15.63 | 15.31 | 16.68 | 15.97 |
| | % pop.15_64_2007 | 69.37 | 69.12 | | 68.73 | 68.34 | 68.80 | 69.75 | 70.18 |
| | % pop. >64_2007 | 16.30 | 15.71 | | 15.92 | 16.03 | 15.89 | 13.55 | 13.84 |
| | Age dependency rate | 44.15 | 44.70 | | 45.52 | 46.34 | 45.37 | 44.08 | 43.17 |
| Education | Natural increase change_01_06 | -3.89 | -0.26 | | -1.69 | -2.88 | -1.59 | -5.99 | -6.09 |
| | Net migration change_01_06 | 3232.49 | 107.98 | | 84.88 | 74.41 | 248.36 | 7.09 | 8.97 |
| | % ISCED 0_2** | 21.03 | 29.15 | | 31.16 | 31.43 | 29.93 | 33.62 | 36.65 |
| | % ISCED 3_4** | 48.25 | 49.91 | | 48.36 | 48.84 | 49.12 | 43.29 | 47.14 |
| | % ISCED 5_6** | 21.01 | 11.58 | | 10.69 | 10.19 | 11.41 | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment | 59.30 | 13.21 | | 14.26 | 14.27 | 16.10 | 35.34 | 39.54 |
| | Life-Long Learning in Rural Areas* | 5.65 | 3.55 | | 3.28 | 3.20 | 3.48 | 7.69 | 8.61 |

*Values NUTS 3 are replaced by values NUTS2

**% ISCED by groups is calculated for population more 15 years.

## 3. Employment

One of the most severe macro-economic problems of Hungary is the extremely low level of employment/high level of inactivity amongst the population in working age. Unemployment rates are not very much higher than the EU average (an exception is young people between 15-24, where unemployment is some 5% above the EU average). The main problem is therefore not unemployment, but inactivity. In 2005, activity rate in Hungary was almost the worst in Europe (only in advance of Malta), 56,9 compared to the EU25 average of 63,3[1]. The situation is worst amongst young people, between 15-24, only 21,8% of whom are active. Reasons for inactivity are also worrying, 41% being retired (for health reasons or as early retirement), 30% for studying, only 10% childcare and 19% for other (meaning mainly living on social benefits).

Recently, as a result of the current economic crisis, unemployment as well as activity rate has been further worsening. In 2009 February the unemployment was 9%, compared to the EU average of 8% and with more than 45% of long term unemployment. Activity rate was at the same time reduced to 55,4%, meaning that currently 3.764.000 employed people is keeping up the whole population 10.045.000, (that is only 37,4% working for everyone).

**Table 12.2** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate* | T15_64 years | 62.70 | 58.20 | | 54.78 | 53.65 | 56.21 | 66.40 | 66.42 |
| | Tmale 15_64 y | 69.60 | 65.18 | | 61.46 | 60.13 | 62.96 | 73.05 | 73.12 |
| | Tfemale 15_64 y | 56.40 | 51.49 | | 48.38 | 47.43 | 49.74 | 59.72 | 59.70 |
| | Total 15_24 y | 21.60 | 22.51 | | 20.22 | 20.08 | 21.17 | 39.66 | 39.67 |
| | T 45_64 years | 59.40 | 53.53 | | 49.59 | 48.78 | 51.41 | 62.37 | 62.34 |
| | Total 45_54 | 79.40 | 73.74 | | 69.62 | 68.10 | 71.30 | 78.30 | 78.38 |
| | Total 55_64 | 39.40 | 33.31 | | 29.56 | 29.47 | 31.53 | 46.44 | 46.30 |
| %Employment in principal sector | %Emp_primary | 0.56 | 5.53 | | 7.40 | 6.97 | 6.18 | 7.95 | 7.97 |
| | %Emp_secondary | 21.23 | 37.33 | | 35.69 | 36.00 | 35.72 | 26.71 | 26.71 |
| | %Emp_tertiary | 78.21 | 57.15 | | 56.91 | 57.02 | 58.10 | 65.33 | 65.31 |
| Unemployment evolution 2002_05 | Total > 15 years | 132.87 | 126.55 | | 134.21 | 178.55 | 144.38 | 187.25 | 188.17 |
| | Total 15_24 years | 80.36 | 116.35 | | 141.08 | 300.78 | 176.06 | 255.25 | 257.16 |
| | Total >25 years | 145.49 | 130.32 | | 133.54 | 153.97 | 138.98 | 82.27 | 82.21 |
| | Male > 15 years | 115.69 | 107.64 | | 123.73 | 111.36 | 113.18 | 82.45 | 82.35 |
| | Female > 15 years | 152.59 | 145.42 | | 143.90 | 150.41 | 146.90 | 94.74 | 94.79 |

*Values NUTS 3 are replaced by values NUTS2

[1] See for details:
http://www.google.hu/url?sa=t&source=web&ct=&cd=1&url=http%3A%2F%2Ffoldrajz.ttk.pte.hu%2Fmunkaero%2Fppt%2Fcsizmar.pps&ei=LN7eSb-JKIu_Qaw17WdCQ&usg=AFQjCNFvjuRIsWxeIqnF2lvBdPVjB57sRQ&sig2=tu0Byl5zrnaiMnrCkt1P6A

**Table 12.3** Employment indicators (b)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Unemployment rate 2007* | Total >15 | 4.90 | 6.81 | | 9.28 | 9.17 | 8.04 | 7.61 | 7.63 |
| | Total Male >15 | 4.40 | 6.50 | | 9.00 | 8.88 | 7.74 | 7.06 | 7.05 |
| | Total Female >15 | 5.40 | 7.23 | | 9.64 | 9.50 | 8.42 | 8.61 | 8.59 |
| | Total 15_24 | 11.10 | 16.29 | | 24.10 | 21.38 | 19.51 | 15.80 | 15.64 |
| | Total >25 | 4.50 | 6.06 | | 7.94 | 8.22 | 7.10 | 6.66 | 6.66 |
| Long term unemployment* | % long term unemployent rate_07 | 51.39 | 45.22 | | 44.44 | 46.02 | 45.57 | 43.07 | 43.12 |
| | Evolution of long term unemployment 2002_07 | 100.67 | 106.60 | | 114.03 | 110.22 | 109.25 | 111.33 | 110.94 |

*Values NUTS 3 are replaced by values NUTS2

## 4. Rural business development

The only significant variation concerning the distribution of firms between regions is that in PU (meaning Budapest) some 44% of firms are in 'Real state, renting and business activities'. Apart from this there are no significant differences between types of regions with regard to the percentage distribution of firms by industry (Table 12.4). The activities that concentrate a greater percentage of companies are real state, renting and business activities and wholesale and retail trade. These activities occupy about 60% of the active population in each case, without significant differences between regions. In urban regions, this percentage reaches 67%, and values in rural areas are somewhat lower (58%). The building sector shows stronger growth in rural areas (around 14%) without further variation concerning remoteness. This is a reflection of the suburbanisation processes.

For the redistribution of employment the picture is quite different. Manufacturing is the absolute winner here, implying that manufacturing firms have generally more employees than others (12% of the firms cover almost 35% of all employment). It is somewhat surprising that according to the table manufacturing is equally important in every rural areas, disregarding remoteness, and is only half as important in urban areas (Budapest). A reasonable explanation could be that most of the employment in manufacturing can be attributed to large foreign owned companies. These were receiving special state support to establish factories in deprived regions, so the largest factories (car, machinery, electronic, etc.) are in rural areas.

Some traditional industries (first of all mining) have almost completely disappeared from Hungary, the energy consist of much less firms (due to our nuclear power-station, providing more than half of the electricity consumed) and much more employees (due to the low technical level of other facilities) than the EU average.

Hotels and restaurants seem to have less employees than the EU average, though the percentage of enterprises in catering is close to average.

**Table 12.4** Rural business development indicators

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.06 | 0.14 | | 0.10 | 0.13 | 0.12 | 0.30 | 0,30 |
| | % Manufacturing | 11.05 | 12.01 | | 12.32 | 12.10 | 12.07 | 14.08 | 14,05 |
| | % Electricity, gas and water supply | 0.17 | 0.36 | | 0.39 | 0.46 | 0.39 | 0.61 | 0,63 |
| | %Construction | 10.22 | 14.36 | | 14.17 | 14.05 | 14.01 | 9.48 | 9,46 |
| | %Wholesale and retail trade | 24.28 | 27.56 | | 30.04 | 29.85 | 28.70 | 23.02 | 21,83 |
| | %Hotel and restaurants | 3.87 | 6.75 | | 6.78 | 7.26 | 6.77 | 6.52 | 6,15 |
| | %Transport, storage and communication | 6.69 | 7.30 | | 7.22 | 7.30 | 7.25 | 8.69 | 8,46 |
| | %Real state, renting and business activities | 43.67 | 31.52 | | 28.98 | 28.85 | 30.69 | 37.29 | 39,12 |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.11 | 0.29 | | 0.27 | 0.31 | 0.28 | 0.58 | 0,52 |
| | % Manufacturing | 18.63 | 35.91 | | 34.91 | 35.64 | 34.71 | 29.18 | 28,08 |
| | % Electricity, gas and water supply | 1.05 | 2.61 | | 2.44 | 3.03 | 2.61 | 1.14 | 0,89 |
| | %Construction | 8.06 | 9.67 | | 10.53 | 10.42 | 10.03 | 9.09 | 9,14 |
| | %Wholesale and retail trade | 28.10 | 21.55 | | 23.54 | 22.17 | 22.56 | 26.14 | 26,93 |
| | %Hotel and restaurants | 5.56 | 5.16 | | 5.16 | 5.18 | 5.19 | 8.27 | 8,37 |
| | %Transport, storage and communication | 11.43 | 8.95 | | 9.12 | 9.34 | 9.24 | 8.65 | 8,52 |
| | %Real state, renting and business activities | 27.04 | 15.78 | | 13.96 | 13.84 | 15.31 | 16.78 | 17,51 |
| Employment in high and medium technologies manufacturing activities_2004 | Employment in high and medium tech manufacturing activities_2004_ Media | 6.55 | 10.61 | | 7.08 | 8.53 | 8.90 | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_ %EU 25 | 104.83 | 154.02 | | 109.37 | 123.01 | 131.10 | 95.89 | 107,13 |
| %firms with own website | | 41,50 | 36.03 | | 32.74 | 34.05 | 34.89 | 50.21 | 50.21 |

*Values NUTS 3 are replaced by values NUTS2

## 5. Rural-urban relationships

Rural-urban relationship is in general problematical and full of conflicts in Hungary. This has various roots:

One is a political one: for the last almost 8 years the majority of rural local authorities are from the conservative party, while Budapest, the central government and more of the larger urban centres are led by the socialists. This means different values, lots of prejudices, political considerations altering rational decisions, etc.

The second is a fiscal-political one. After the first elections (resulting from the Local Self-government Act) local authorities received large autonomy and considerable financial resources. Ever since subsequent governments (meaning the central political power, represented and embodied by Budapest) have been reducing this autonomy (especially financial one), resulting in growing conflicts between central and local governments, mirrored in political speeches and everyday conversations.

The third is a historical one, and it is based on the unmistakeable dominance of Budapest as the main overwhelming urban centre. (See the notes on regional processes and demography.)

The fourth one is the fact that remote rural areas and former heavy industrial regions became the main loser of the last two decades' socio-economic changes. Negative effects accumulated in remote rural and former industrial (mining) regions, where industrial and agricultural jobs, commuting and local employment possibilities were lost at the same time. Further difficulties occurred about the Roma population as a result of prejudges, low education and cultural differences. By 1993, some 70% of adult Roma male became unemployed and most of them never found another job, and most of them live in rural ghettos, north-east and south-west Hungary. The situation was worsen by a special counter-urbanisation process, through which disadvantaged, unemployed people (many, but not all Roma) sold their apartments in cities and urban industrial centres and moved to cheep housing in remote areas. This, in some cases at least, was enhanced by urban and rural local authorities, providing often free housing to large Roma families. On this way, many social problems were exported from cities to villages, without providing substantial financial resources to solve them.

There are almost no initiatives for urban-rural partnership (the ones that exist are aimed at political campaigning more than anything else, adding further burden to the problems). Where there is some close relationship, normally urban centres overwhelm power relations within the partnerships.

There is a reasonably developed micro-regional system in Hungary, or rather there are various overlapping systems. One is called statistical micro-regional system (with an ever changing number of micro-regions, currently 174). It was originally established (by the National Statistical Institute) only as a framework for statistical data-collection, then it was given a growing role in development, planning and public administration by various political forces. Beside this another micro-regional system (called voluntary or/and development micro-regions, and recently LEADER micro-regions) is also in existence, covering all rural areas in the country, with 92 micro-regions. The parallel existence of the two systems creates confusion, competition and a waste of resources.

## 6. Cultural heritage

The use of cultural heritage, if understood within the framework of cultural economy, is very important for Hungarian rural regions. Volk-culture, customs, arts and crafts, built environment, music and dances are widely used for creating or reinforcing local context and identity and attracting tourism at the same time. There is a very well developed local rural-village festival culture, from one day village festivals aimed at the local community and its immediate neighbourhood, to large festivals, accommodating high level performances and hundreds of thousands of visitors and an international audience (the best example is the Valley of Arts). There are some resources (recently within the third and the fourth axes of the Hungarian RDP) to support these events, nevertheless, there are also many problems with finances, much of the smaller events are based on small local resources and the large ones sometimes do not take place at all due to lack of money (the Valley of Arts was cancelled the last two years, for example).

## 7. Services of General Interest

Accessibility and provision of services are conditioned by an urban-rural divide, meaning that while in most categories there is significant difference between urban and rural areas, there is little variation between rural areas. Peripherality by car to population is very low in general (one third of EU average).

**Table 12.5** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | 0.06 | 0.01 | | 0.01 | 0.01 | 0.01 | 0.04 | 0.04 |
| Density of trunk road | | 0.34 | 0.08 | | 0.08 | 0.08 | 0.09 | 0.17 | 0.17 |
| Density of railways | | 0.33 | 0.08 | | 0.08 | 0.07 | 0.09 | 0.10 | 0.10 |
| Area (km2)** | | 525.00 | 38583.00 | | 26706.00 | 27214.00 | 93028.00 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_06* | -3.89 | -0.26 | | -1.69 | -2.88 | -1.59 | 96.58 | 96.31 |
| | Density of population 2006*** | 3232.49 | 107.98 | | 84.88 | 74.41 | 248.36 | 3712.44 | 4066.61 |
| Daily population accessible by car* | | 7691.00 | 7691.00 | | 7691.00 | 7691.00 | 7691.00 | 18078.54 | 19285.23 |
| Time to nearest hospital | | 15.72 | 24.76 | | 14.87 | 10.75 | 17.63 | 22.83 | 22.83 |
| Time to nearest university | | 15.72 | 49.17 | | 53.86 | 77.47 | 57.16 | 45.10 | 45.10 |
| Time to nearest airport | | 14.67 | 127.18 | | 141.22 | 136.36 | 127.82 | 83.44 | 83.44 |
| %households with broadhand access | | NA | NA | | NA | NA | NA | 49.07 | 48.00 |
| % households with internet at home | | NA | NA | | NA | NA | NA | 81.46 | 81.20 |

* Values NUTS 3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

*** These values are only indicatives and aren't real because in the calculation there are values NUTS2 and NUTS3.

The table on services might be somewhat misleading, especially concerning the transportation system (roads, railways, airports). The density of the road system is well under the EU average (less than half), but the real situation especially in remote rural areas is even worse, for two reasons. First of all, the density of roads (and railways) does not say anything about directions and arrangement. The main transport routes in Hungary all start from Budapest (all motorways, for example) as a result of historical traditions and mistaken strategy, therefore it is reasonably easy to move towards Budapest, but often difficult amongst peripheral regions. Also, while roads starting from Budapest are reasonably well maintained (the motorways are in especially good condition, due to EU subsidies and huge national effort) smaller roads, far away from the centre are often in very bad condition.

Railways, apart from being centred on Budapest, have the problem of bad timetables, often very bad quality, no harmonisation of other means of public transport, etc. There seem to be a strategy to reduce the importance of railways and in the long run only keep inter-cities and suburban local railways.

In remote and even intermediate rural areas it is almost impossible to move around with public transport, it is expensive, rare and bad quality in general.

There are 4 airports in Hungary registered as public ones, however, some 99% of the airplanes take off from Budapest airport (Ferihegy), the others are only used by some not too frequent budget airlines.

**Table 12.6** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+N O+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº STUDENTS ISCED 0_6* | Nºstudents ISCED_0 per 1.000 inhabitants | NA | 32.22 | | 33.00 | 33.17 | 32.75 | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | NA | 41.87 | | 42.15 | 43.49 | 42.49 | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | NA | 48.79 | | 49.39 | 49.17 | 49.08 | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | NA | 54.84 | | 56.77 | 55.71 | 55.67 | 48.05 | 48.03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | NA | 6.51 | | 6.57 | 6.81 | 6.63 | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | NA | 33.96 | | 35.70 | 36.24 | 35.20 | 37.37 | 37.23 |
| BEDS IN HOSPITAL PER 100.000 inhabitants* | Nº of beds in hospitals per 100.000 inhabitants_05 | 920.80 | 763.78 | | 715.82 | 740.26 | 752.59 | 696.91 | 704.88 |
| | Evolution nbeds 2000_05 | 91.97 | 95.50 | | 95.90 | 96.56 | 95.74 | 91.53 | 91.94 |
| | Density of hospitals | 53.33 | 0.73 | | 0.61 | 0.66 | 3.31 | 5.44 | 5.44 |
| | Hospital beds per head | 12.51 | 5.40 | | 5.94 | 6.27 | 6.15 | 4.98 | 4.98 |
| | Doctors per inhabitant | 564.00 | 314.66 | | 309.10 | 291.12 | 318.68 | 171.35 | 171.35 |

*Values NUTS 3 are replaced by values NUTS2

## 8. Farm structural change

Most important features concern the differences of Hungarian farm system compared to EU average. In Hungary the farm structure is overwhelmed by small farms (over 90% on average, compared to 23% EU average). (Nevertheless, land-use system would show a significantly different picture from ownership.) The ratio of medium and large farms is at the same time very small in EU comparison. Nevertheless, the changing of farm structure is very rapid in PU regions and is doubles the EU average in rural areas. The ratio of full time agricultural workers amongst landowners is 1/6$^{th}$ of the EU average. The situation is the worse in remote rural areas, where less than 5% landowners were working full time in agriculture. This shows the importance of self-subsistence farming.

In fact, in Hungary two different farming systems exist. One is concentrated on self subsistence and to a smaller extent providing some additional income to the household. This concerns most of the small agricultural holdings, does not have much relevance to agricultural policy, agricultural trade, and rather belong to social policy than to commercial agriculture. At the same time, there is a small number of firms, working with huge areas of leased land and with high level of technology, providing much of the commercial agricultural production of the country. In between, there are some 60-80 thousand agricultural enterprises, representing a growing ratio within agricultural production.

A recent study of the Agricultural Research and Information Institute found that only some 20% of the agricultural payments actually stay in the rural economy in Hungary, the rest goes away to investors, large firms or to vertical integrators. At the same time in very remote and disadvantaged rural areas (the north-east, for example) one can find very intensive, large scale agricultural production, run by large, unengaged firms, occupying natural resources, but having no positive effect on the local economy and society whatsoever.

**Table 12.7** Farm structural change indicators

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | 90.30 | 89.21 | | 84.46 | 87.52 | 87.57 | 33.42 | 33.89 |
| | 2 to 100 ESU | 9.43 | 10.48 | | 15.24 | 12.23 | 12.14 | 57.56 | 57.02 |
| | >100 ESU | 0.27 | 0.31 | | 0.30 | 0.26 | 0.29 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005 | -18.93 | -25.24 | | -26.84 | -27.56 | -26.02 | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | -92.76 | -29.34 | | -28.46 | -32.79 | -33.32 | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | 1.95 | 0.62 | | 1.33 | 2.13 | 1.32 | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | 150.00 | 20.81 | | 24.41 | 9.02 | 24.86 | 32.21 | 31.28 |
| HOLDERS | % Holders working full time 2005** | 8.52 | 5.37 | | 6.51 | 4.86 | 5.66 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 – 2005** | -1.24 | -29.88 | | -41.76 | -43.98 | -35.65 | 0.00 | 0.33 |
| | Economic Farm Size (RDEU07) | 35.40 | 3.06 | | 3.02 | 2.43 | 4.48 | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | 41.40 | 41.61 | | 37.70 | 36.77 | 39.17 | 37.56 | 37.56 |
| | % holders > 55 years 2007* | 58.05 | 56.52 | | 54.23 | 55.07 | 55.59 | 50.19 | 50.62 |
| | % holders < 35 years 2007* | 6.27 | 6.61 | | 8.05 | 7.32 | 7.17 | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 – 2005* | 24.07 | 4.20 | | 3.46 | 5.15 | 5.29 | 5.88 | 5.62 |
| | % change in holders < 35 years 2000 - 2005 | -14.04 | -16.56 | | -15.04 | -17.96 | -16.48 | -34.01 | -33.96 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | 59.30 | 13.21 | | 14.26 | 14.27 | 16.10 | 42.30 | 42.30 |

*Values NUTS 3 are replaced by values NUTS2

**Some values NUTS 3 are replaced by values NUTS2

## 9. Institutional Capacity

The spatial division of GDP from 2005 tells us little information about institutional capacity for rural development in Hungary. It is defined by factors, such as political culture, the state (existence or lack) of a functioning multi-level governance system, partnership working, bureaucratic efficiency, etc. The main problem in Hungary with institutional capacity is as follows:

EU policies are designed to fit functioning multi-level governance systems, where power, responsibilities and resources are dispersed throughout different levels, there is public-private-civil partnership working on all these levels, there are functioning institutions with decisions are made on a transparent, democratic way, and public institutions (an bureaucracy) are under social and moral control. In Hungary (and in many other European countries) there is not such a working multi-level governance system in place. In fact, the less developed a country or a region is, the closer it is to past dictatorship – ergo the more social and economic development it would need – the less likely it is to have a strong civil society and a working multi-level governance system. In Hungary it definitely does not work. Development programmes and EU subsidies are often used to reach political ends and are designed to support the government and the ruling political party. In order to this, control and resources are mainly kept in the centre, lower levels (even within public administration) do not have sufficient resources to develop institutions, and there is little feedback or co-operation amongst various levels of the system. At the same time, central political and bureaucratic institutions do not have enough capacity to actually exercise the control they have retained. As a result, programmes start without proper legislation, forms, institutions and IT background set up, etc. Rules can (and do) change all the time, creating confusion and lots of waste of time and energy, especially on the lower levels, which have no means to defend themselves and has no other choice than trying to co-operate with the badly functioning project state.

**Table 12.8** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | 31928.2 | 3962.65 | | 2786.78 | 1891.75 | 4445.69 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | 30707.9 | 12578.25 | | 10442.02 | 9431.86 | 12006.76 | 20926.83 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | 84.00 | 34.39 | | 28.54 | 25.80 | 32.83 | 94.38 | 95.48 |

## 10. Climate change

Climate change represents a serious threat for Hungarian agriculture, especially in the form of drought, and for the country in general for the possibility of more frequent and serious floods (Hungary has the most rivers/floating water per capita around the world). Nevertheless, there is little public talk and even less observable action about it in Hungary. Environmental awareness in general is on a very low level, it only becomes important when attached to some political consideration or economic interest. In fact, environmental rules are frequently used by strong interests to squeeze small stakeholders out of business. Small sewage systems could be a good example. Sewage treatment is missing from rural infrastructure in many remote rural areas, lots of which have scattered settlement system and mountainous geography. These areas would be best off with small sewage plants (grouping 2-3 villages) from environmental as well as economic considerations. Nevertheless, as a result of lobbying by the construction industry, the vast majority of the money, devoted to sewage system development is devoted by the low in Hungary to plants serving more than 2000 people. This means that in some areas 15 villages have to come together and a hundred kilometre of pipeline has to be built. At the same time environmental regulations forbid to build or develop anything in some places without sewage systems (around the Lake Balaton, for example) therefore all developments are on hold at the moment, while the state does not provide financial resources to build even the large scale sewage systems (they are clearly too expensive).

The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## ICELAND

Report nº 25.13

Petri Kahila
Nordregio - Nordic Centre for Spatial Development

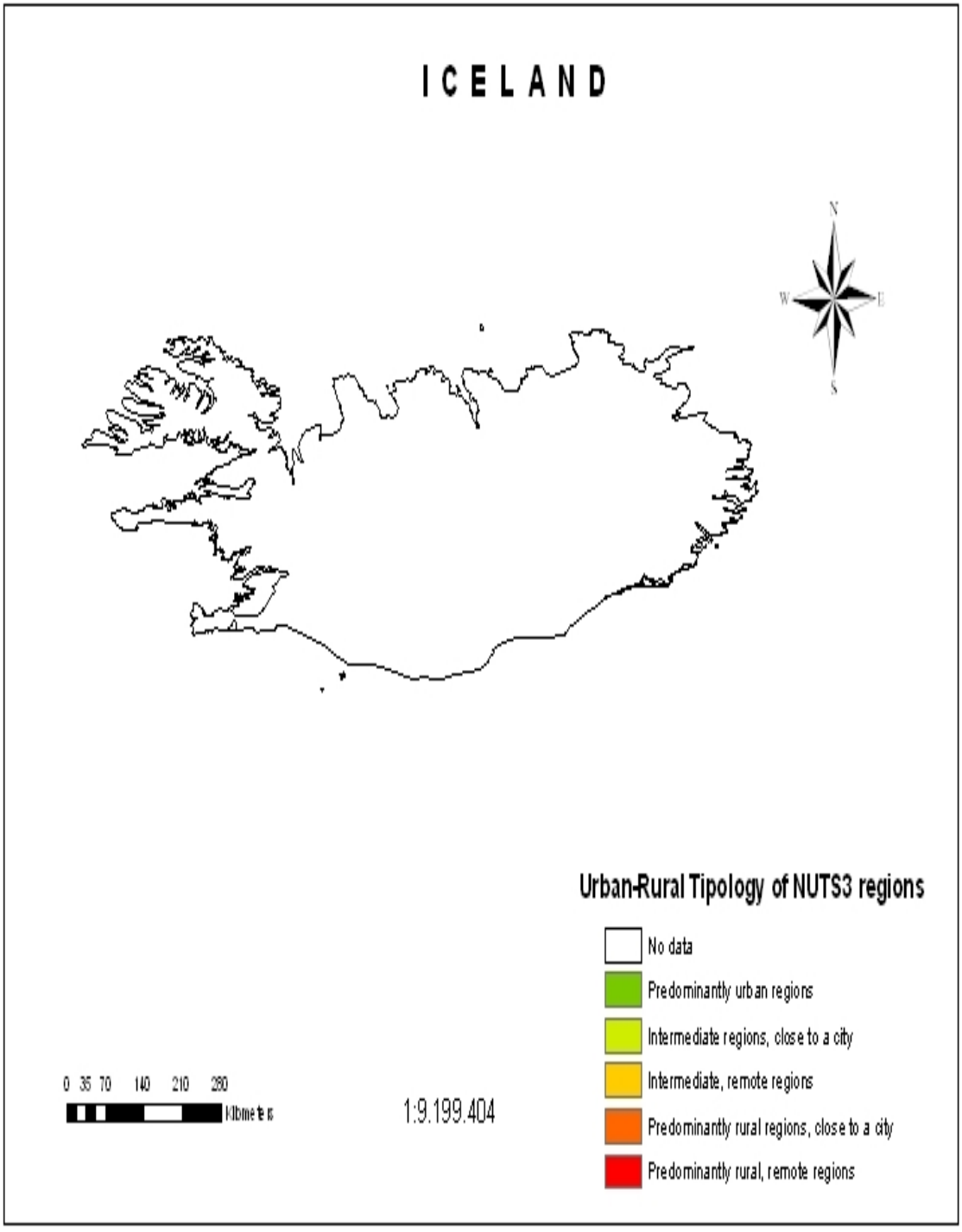
EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

**CONTENTS**

## 1. Introduction

The case of Iceland is, due to its geographical and demographic situation, somewhat different in relation to other European countries. The city of Reykjavik and the seven surrounding municipalities together form about 62% of the total population and constitute the only urban region in Iceland. There are 4 smaller urban centres outside the metropolitan areas and 20 small 'cities' with between 1 000 and 5 000 inhabitants.

**Figure 13.1** DG Region modified Urban-rural typology of NUTS 3 regions: Iceland




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

## 2. Demography

In Iceland, population structure is clearly younger than in EU27. The relative share of population age below 15 is approximately 5% higher than in EU27. People of working age is somewhat lower in Iceland.

**Table 13.1** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001 | % people aged 0 to 14 years | | | | | | NA | 16.75 | 16.70 |
| | % people aged 15 to 64 years | | | | | | NA | 66.62 | 66.65 |
| | % people aged 64 years and over | | | | | | NA | 16.53 | 16.55 |
| | Age dependency rate | | | | | | NA | 25.09 | 25.09 |
| Population | Population change 2001-2007 (Index pop. 2001=100) | | | | | | 108.58 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | | | | | | 21.28 | 16.68 | 15.97 |
| | % pop.15_64_2007 | | | | | | 67.14 | 69.75 | 70.18 |
| | % pop. >64_2007 | | | | | | 11.58 | 13.55 | 13.84 |
| | Age dependency rate | | | | | | 48.94 | 44.08 | 43.17 |
| Education | %ISCED0/POP_07 | | | | | | NA | 1.39 | 1.51 |
| | %ISCED1/POP_07 | | | | | | NA | 2.97 | 3.19 |
| | %ISCED2/POP_07 | | | | | | NA | 2.06 | 2.25 |
| | %ISCED3/POP_07 | | | | | | NA | 2.28 | 2.49 |
| | %ISCED/POP_07 | | | | | | NA | 0.14 | 0.16 |
| | %ISCED5/POP_07 | | | | | | NA | 1.77 | 1.92 |
| | %ISCED6/POP_07 | | | | | | NA | 0.05 | 0.05 |
| | % ISCED0_2 | | | | | | NA | 33.62 | 36.65 |
| | % ISCED 3_4 | | | | | | NA | 43.29 | 47.14 |
| | % ISCED 5_6 | | | | | | NA | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment | | | | | | NA | 35.34 | 39.54 |
| | Life-Long Learning in Rural Areas | | | | | | NA | 7.6985 | 8.6142 |

*Values NUTS 3 are replaced by values NUTS2

## 3. Employment

Employment in principal sector does not differ in Iceland from EU27. Unemployment has developed positively in every age group and between men and females in Ireland.

**Table 13.2** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate | 15_64 years | | | | | | NA | 66.40 | 66.42 |
| | Tmale 15_64 y | | | | | | NA | 73.05 | 73.12 |
| | Tfemale 15_64 y | | | | | | NA | 59.72 | 59.70 |
| | Total 15_24 y | | | | | | NA | 39.66 | 39.67 |
| | Male 15_24 | | | | | | NA | 42.60 | 42.65 |
| | Female 15_24 | | | | | | NA | 36.61 | 36.59 |
| | T 45_64 years | | | | | | NA | 62.37 | 62.34 |
| | M45_ 64 years | | | | | | NA | 87.55 | 87.67 |
| | F45_64 years | | | | | | NA | 54.58 | 54.53 |
| | Total 45_54 | | | | | | NA | 78.30 | 78.38 |
| | Male 45_54 | | | | | | NA | 89.64 | 89.74 |
| | Female 45_54 | | | | | | NA | 71.20 | 71.25 |
| | Total 55_64 | | | | | | NA | 46.44 | 46.30 |
| | Male 55_64 | | | | | | NA | 85.47 | 85.59 |
| | Female 55_64 | | | | | | NA | 37.95 | 37.81 |
| %Employment in principal sector | %Emp_primary | | | | | | 8.53 | 7.95 | 7.97 |
| | %Emp_secondary | | | | | | 26.36 | 26.71 | 26.71 |
| | %Emp_tertiary | | | | | | 65.12 | 65.33 | 65.31 |
| Unemployment evolution 2002_05 | Total > 15 years | | | | | | 102.08 | 187.25 | 188.17 |
| | Total 15_24 years | | | | | | 150.00 | 255.25 | 257.16 |
| | Total >25 years | | | | | | 78.13 | 82.27 | 82.21 |
| | Male > 15 years | | | | | | 89.29 | 82.45 | 82.35 |
| | Male 15_24 years | | | | | | 100.00 | 168.42 | 168.75 |
| | Male >25 years | | | | | | 73.33 | 84.06 | 84.00 |
| | Female > 15 years | | | | | | 120.00 | 94.74 | 94.79 |
| | Female 15_24 years | | | | | | 275.00 | 212.41 | 212.30 |
| | Female >25 years | | | | | | 81.25 | 94.50 | 94.50 |

*Values NUTS 3 are replaced by values NUTS2

**Table 13.3** Employment indicators (b)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Unemployment rate 2007 | Total >15 | | | | | | NA | 7.61 | 7.63 |
| | Total Male >15 | | | | | | NA | 7.06 | 7.05 |
| | Total Female >15 | | | | | | NA | 8.61 | 8.59 |
| | Total 15_24 | | | | | | NA | 15.80 | 15.64 |
| | Male 15_24 | | | | | | NA | 15.7726 | 15.64 |
| | Female15_24 | | | | | | NA | 17.8169 | 17.56 |
| | Total >25 | | | | | | NA | 6.66 | 6.66 |
| | Male >25 | | | | | | NA | 6.14 | 6.13 |
| | Female >25 | | | | | | NA | 7.69 | 7.64 |
| Long term unemployment | % long term unemployent rate_07 | | | | | | NA | 43.07 | 43.12 |
| | % long term unemployent rate_02 | | | | | | 12.19 | 38.99 | 39.43 |
| | Evolution of long term unemployment2002_07 | | | | | | NA | 111.33 | 110.94 |
| Activity rate | Activity rate M>15 | | | | | | NA | 8.93 | 8.43 |
| | Activity rate F>15 | | | | | | NA | 6.73 | 6.88 |
| | Activity rate 15_24 years_M | | | | | | NA | 0.88 | 0.89 |
| | Activity rate 15_24 years_M | | | | | | NA | 0.71 | 0.72 |
| | Activity rate >45 years_T | | | | | | NA | 45.92 | 45.88 |
| | Activity rate >45 years_M | | | | | | NA | 52.14 | 52.11 |
| | Activity rate >45 years_F | | | | | | NA | 40.06 | 40.02 |
| | Activity rate 45_64 years_T | | | | | | NA | 66.37 | 66.39 |
| | Activity rate 45_64 years_M | | | | | | NA | 74.59 | 74.62 |
| | Activity rate 45_64 years_F | | | | | | NA | 58.40 | 58.41 |

*Values NUTS 3 are replaced by values NUTS2

## 4. Rural business development

There were no statistics available for rural business development in Iceland.

**Table 13.4** Rural business development indicators

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | | | | | | NA | 0.29 | 0,30 |
| | % Manufacturing | | | | | | NA | 14.08 | 14,04 |
| | % Electricity, gas and water supply | | | | | | NA | 0.61 | 0,62 |
| | %Construction | | | | | | NA | 9.48 | 9,45 |
| | %Wholesale and retail trade | | | | | | NA | 23.02 | 21,83 |
| | %Hotel and restaurants | | | | | | NA | 6.52 | 6,14 |
| | %Transport, storage and communication | | | | | | NA | 8.68 | 8,46 |
| | %Real state, renting and business activities | | | | | | NA | 37.29 | 39,11 |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | | | | | | NA | 0.57 | 0,51 |
| | % Manufacturing | | | | | | NA | 29.18 | 28,07 |
| | % Electricity, gas and water supply | | | | | | NA | 1.13 | 0,89 |
| | %Construction | | | | | | NA | 9.08 | 9,14 |
| | %Wholesale and retail trade | | | | | | NA | 26.13 | 26,92 |
| | %Hotel and restaurants | | | | | | NA | 8.26 | 8,36 |
| | %Transport, storage and communication | | | | | | NA | 8.64 | 8,51 |
| | %Real state, renting and business activities | | | | | | NA | 16.78 | 17,51 |
| Employment in high and medium technologies manufacturing activities_2004 | Employment in high and medium tech manufacturing activities_2004_ Media | | | | | | 2.47 | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_ %EU 25 | | | | | | NA | 95.89 | 107,13 |
| %firms with own website | | | | | | | NA | 50.20 | 50.20 |

*Values NUTS 3 are replaced by values NUTS2

## 5. Rural-urban relationships

Unfortunately it was no possible to find relevant information about rural-urban relationships in Iceland

## 6. Cultural heritage

Unfortunately it was no possible to find relevant information about cultural heritage in Iceland

## 7. Services of General Interest

There were no statistics available for services of general interest in Iceland.

**Table 13.5** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| 'Length of road network (km) 2001 | | | | | | | NA | 310.27 | 310.27 |
| 'Length of railway network, km 2001 | | | | | | | NA | 143.03 | 143.03 |
| Area (km2) | | | | | | | 12207.80 | 3881.85 | 3531.01 |
| DENSITY | Evolution density 2001_07* | | | | | | 108.58 | 96.58 | 96,31 |
| | Density of population 2007* | | | | | | 25.20 | 3712.44 | 4066,61 |
| Peripherality by car to population | | | | | | | NA | 103.45 | 103.45 |
| Daily population accessible by car* | | | | | | | 1283.00 | 18078.54 | 19285.23 |
| 'Accessibility time to market by road 1997 | | | | | | | NA | 302.46 | 302.46 |
| 'Accessibility time to market by rail 1997 | | | | | | | NA | 313.92 | 313.92 |
| %households with broadhand access | | | | | | | NA | 49.07 | 48.00 |
| % households with internet at home | | | | | | | NA | 81.46 | 81.20 |

*Values NUTS 3 are replaced by values NUTS2

**Table 13.6** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº STUDENTS ISCED 0_6 | Nºstudents ISCED_0 per 1.000 inhabitants | | | | | | NA | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | | | | | | NA | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | | | | | | NA | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | | | | | | NA | 48.05 | 48.03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | | | | | | NA | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | | | | | | NA | 37.37 | 37.23 |
| | Nºstudents ISCED_6 per 1.000 inhabitants | | | | | | NA | 1.10 | 1.10 |
| BEDS IN HOSPITAL PER 100.000 inhabitants | Nº of beds in hospitals per 100.000 inhabitants_00 | | | | | | NA | 740.10 | 738.76 |
| | Nº of beds in hospitals per 100.000 inhabitants_05 | | | | | | NA | 696.91 | 704.88 |
| | Nº of beds in hospitals per 100.000 inhabitants_06 | | | | | | NA | 1014.67 | 724.64 |
| | Evolution nbeds 2000_05 | | | | | | NA | 91.53 | 91.94 |

*Values NUTS 3 are replaced by values NUTS2

## 8. Farm structural change

There were no statistics available for farm structural change in Iceland.

**Table 13.7** Farm structural change indicators (a)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | Average country | | |
| % HOLDINGS 2005 | < 2 ESU | | | | | | NA | 23.24 | 23.45 |
| | 2 to 100 ESU | | | | | | NA | 67.54 | 67.22 |
| | >100 ESU | | | | | | NA | 9.20 | 9.32 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005* | | | | | | 21.38 | 17.20 | 16.71 |
| | % Change in number of holdings less 2 ESU 2000-2005 | | | | | | NA | 34.16 | 21.19 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | | | | | | NA | 17.91 | 17.66 |
| | % Change in number of holdings over 100 ESU 2000-2005 | | | | | | NA | -34.21 | -33.67 |
| HOLDERS | % Holders working full time 2005 | | | | | | NA | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 - 2005 | | | | | | NA | -0.00 | 0.33 |
| | Economic Farm Size (RDEU07) | | | | | | NA | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | | | | | | NA | 37.55 | 37.55 |
| | % holders > 55 years 2007 | | | | | | NA | 50.19 | 50.61 |
| | % holders < 35 years 2007 | | | | | | NA | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 - 2005 | | | | | | NA | 5.88 | 5.61 |
| | % change in holders < 35 years 2000 - 2005 | | | | | | NA | -34.00 | -33.95 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | | | | | | NA | 42.29 | 42.29 |

*Values NUTS 3 are replaced by values NUTS2

## 9. Institutional Capacity

There were no statistics available for farm structural change in Iceland.

**Table 13.8** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | | | | | | NA | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | | | | | | NA | 20926.83 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | | | | | | NA | 93.42 | 94.24 |

## 10. Climate change

Unfortunately it was no possible to find relevant information about climate change in Iceland.

The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## IRELAND

Report nº 25.14

David Meredith
Teagasc
The Irish Agriculture and Food Development Authority

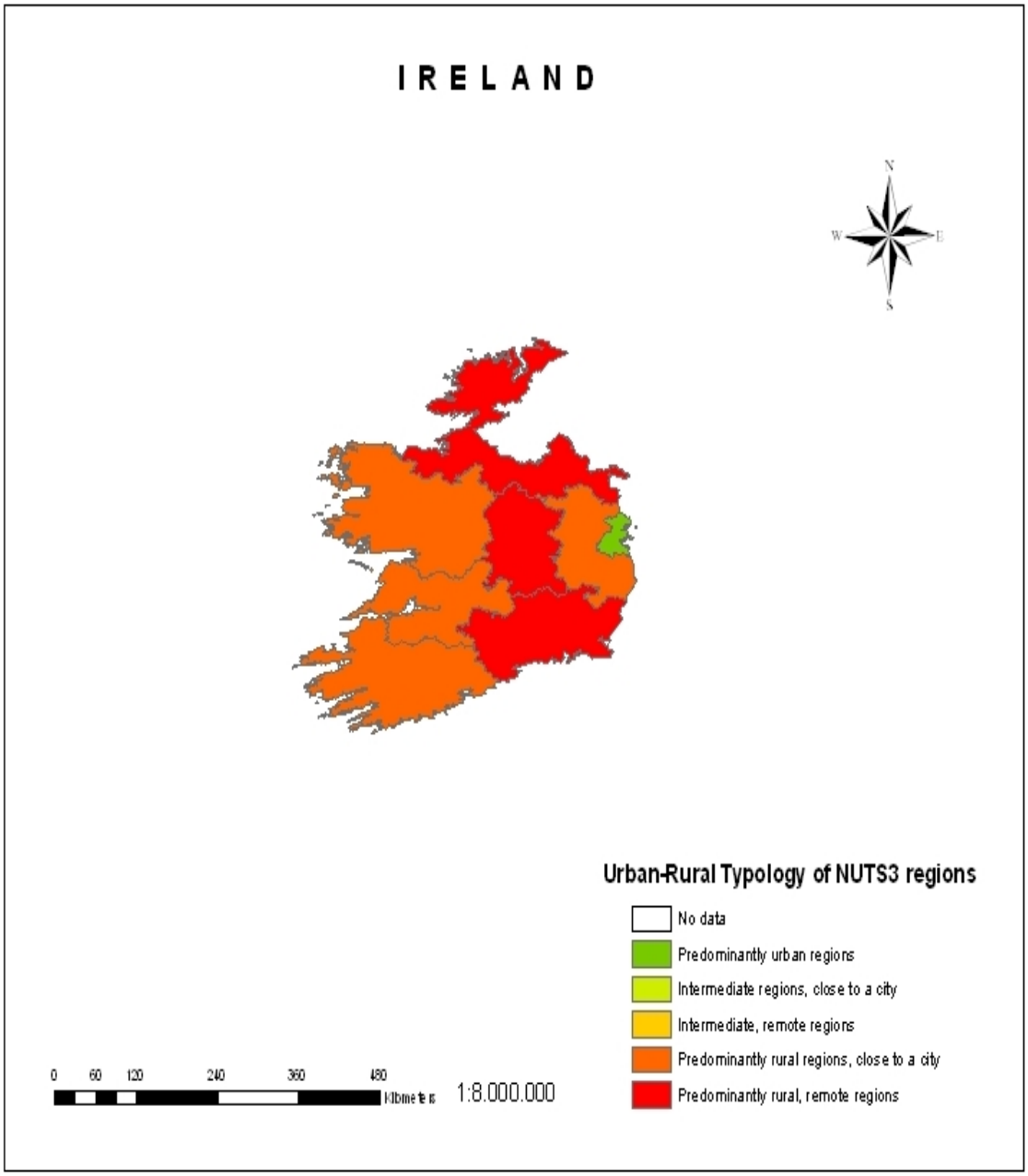
EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

**CONTENTS**

## 1. Introduction

The reference typology (Fig 14.1) accurately captures the variable nature of rurality in Ireland. 'Predominantly Urban' and 'Predominantly rural regions close to a city' account for five of the eight NUTS III regions in Ireland reflecting the distribution of three of the larger cities and towns in Ireland; Cork in the Southwest, Limerick in the Midwest and Galway in the West. The Mideast region, immediately west of Dublin, is functionally integrated into the Dublin region. Each of the 'Predominantly rural regions close to a city' have experienced significant growth in population resulting in greater demand for housing and transportation infrastructure and services. Unsurprisingly, the major drivers of changes influencing the development of these regions closely align to the 'Urban – Rural' Grand Narrative.

**Figure 14.1** DG Region modified Urban-rural typology of NUTS 3 regions: Ireland




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

Three regions, the Southeast, Midland and Border, are classified as ‘Predominantly rural, remote regions’. This broad categorisation masks substantial sub-regional differences in accessibility to larger urban centres and recent socio-economic developments. Notwithstanding these, whilst these regions have experienced substantial changes in recent years it is true to say, particularly in the cases of the Midland and Border Regions, that they have generally lagged behind the ‘Predominantly rural regions close to a city’. Whilst the ‘Urban – Rural’ Grand Narrative is appropriate to these regions their development is more closely aligned with the agri-centric perspective with the Border and Midland following a Peri-productivist trajectory and the Southeast a Para-productivist pathway.

## 2. Demography

Analysis of national population trends for the 1986 – 2006 period shows an initial decline between 1986 and 1991 of -0.43% before subsequent growth commenced resulting in a 20% increase between 1991 and 2006. At the regional level there was substantial variation in the rate of population change with the Border (PRR) and the Mid-West (PRA) recording 13% and 14% growth respectively between 1986 and 2006 by comparison to the national figure of 20%. At the other end of the spectrum the Mideast (PRA) grew by 53% whilst the Midland (PRR) and Southeast (PRR) both saw population growth of 21% (Table 14.1.1).

**Table 14.1** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+ MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001 | % people aged 0 to 14 years | 19.35 | | | 21.89 | 22.77 | 21.90 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | 70.59 | | | 67.07 | 65.41 | 66.89 | 66.62 | 66.65 |
| | % people aged 64 years and over | 10.06 | | | 11.04 | 11.81 | 11.21 | 16.53 | 16.55 |
| | Age dependency rate | 14.26 | | | 16.50 | 18.06 | 16.81 | 25.09 | 25.09 |
| Population* | Population change 2001-2007 (Index pop. 2001=100) | 103.81 | | | 104.01 | 104.33 | 104.10 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | 21.66 | | | 22.03 | 22.64 | 22.21 | 16.68 | 15.97 |
| | % pop.15_64_2007 | 74.82 | | | 74.39 | 73.68 | 74.18 | 69.75 | 70.18 |
| | % pop. >64_2007 | 3.52 | | | 3.58 | 3.68 | 3.61 | 13.55 | 13.84 |
| | Age dependency rate | 33.66 | | | 34.44 | 35.73 | 34.83 | 44.08 | 43.17 |
| | Natural increase change_01_06 | -100.00 | | | -100.00 | -100.00 | -100.00 | -5.99 | -6.09 |
| | Net migration change_01_06 | -454.99 | | | 85.88 | 2.54 | -12.98 | 7.09 | 8.97 |
| Education* | % ISCED 0_2** | 40.63 | | | 43.13 | 47.30 | 44.38 | 33.62 | 36.65 |
| | % ISCED 3_4** | 37.40 | | | 37.27 | 37.06 | 37.21 | 43.29 | 47.14 |
| | % ISCED 5_6** | 29.82 | | | 28.24 | 25.62 | 27.46 | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment | 41.20 | | | 31.78 | 33.33 | 33.54 | 35.34 | 39.54 |
| | Life-Long Learning in Rural Areas* | 7.46 | | | 6.91 | 6.01 | 6.64 | 7.69 | 8.61 |

*Values NUTS 3 are replaced by values NUTS2

**% ISCED by groups is calculated for population more 15 years.

**Table 14.1.1** Regional population change 1986 – 2006 (Percentage)

| Region | 1986 - 1991 | 1991 - 1996 | 1996 - 2002 | 2002 - 2006 | 1991 - 2006 | 1986 - 2006 |
|---|---|---|---|---|---|---|
| **Border** | -1.93 | 1.07 | 5.03 | 8.08 | 14.73 | 12.52 |
| **Midland** | -2.41 | 1.26 | 9.64 | 11.67 | 23.98 | 21.00 |
| **West** | -1.54 | 2.73 | 7.93 | 8.94 | 20.79 | 18.93 |
| **BMW** | -1.89 | 1.71 | 7.07 | 9.18 | 18.90 | 16.65 |
| **Dublin** | 0.38 | 3.21 | 6.10 | 5.73 | 15.79 | 16.22 |
| **Mid-East** | 3.38 | 6.80 | 20.14 | 15.34 | 47.99 | 52.98 |
| **Mid-West** | -1.53 | 2.08 | 7.10 | 6.31 | 16.23 | 14.45 |
| **South-East** | -0.46 | 2.17 | 8.20 | 8.79 | 20.26 | 19.71 |
| **South-West** | -0.86 | 2.70 | 6.17 | 7.03 | 16.70 | 15.69 |
| **S&E** | 0.13 | 3.27 | 8.37 | 7.90 | 20.76 | 20.91 |
| **Total** | -0.42 | 2.85 | 8.03 | 8.24 | 20.26 | 19.75 |

(Derived from the Census of Population, 1986, 1991, 1996, 2002 and 2006)

Regions with or proximal to large urban centres have consistently gained population over the 1986 – 2006 period; the S&E, where the largest cities, Dublin, Cork, Limerick and Waterford are located, recorded a 21% increase in population whilst the equivalent figure for the BMW region is 17%. In the latter case most of this growth occurred in the 1996 – 2006 period and was largely concentrated in Co.Louth (Northeast corner of the Border Region), which has been drawn into the Dublin hinterland as a result of improved transportation infrastructure, and Galway (West Region), which has witnessed significant population growth in and around Galway City. Notwithstanding this, all Regions have seen the number of residents increase though, once again areas close or accessible to urban centres have seen the largest increases. Conversely, areas that are remote from or inaccessible to towns and cities have seen limited population growth and in some instances, population decline. These pockets of population decline are only observable at the sub-regional level but tend to be concentrated in the peripheries of city and town hinterlands.

The developments outlined above have resulted in substantial changes to the demographic structure of regional populations. In general, one can say that all regions have benefited from population growth as this has added, substantially in some instances, to the population of working age persons and hence have experienced a relative decline in the dependency ratio (the number of persons under 15 and over 65 years of age population expressed as a proportion of the population between 15 – 64

years of age). The increase in the working age population at both national and regional levels was driven by ageing of the population and, from the late 1990s onwards, immigration.

These developments impacted on the NUTS III regional populations to varying extents. With the exception of Dublin, the structure of all regional populations in 1986 was relatively similar in that they followed the classical pyramid shape with many young people and progressively fewer people in each successive age cohort. The large youth populations reflected the higher GFR during the early 1980s, roughly 234 births per thousand women between the ages of 15 and 44 in the regions comprising the BMW and 198 for women in those making up the S&E region. The progressive reduction in the older cohorts reflects the impact of emigration and natural decrease on each region's populations. The population of the Dublin region was exceptional at this time as it managed to retain a significant youth population and attract those entering the work force for the first time. In this case the population structure is closer in shape to a mushroom and is representative of regions undergoing rapid change driven by economic expansion.

By 2006 those regions with, or in the case of the Mideast proximal to, larger urban centres had witnessed considerable immigration of people between 25 and 44 years of age and natural growth in older populations. These developments are represented in the population structure by a bulging of these age groups. By comparison to 1986 a slight decline in the General Fertility Rate (GFR) is evident but, relative to the 1990s the GFR has increased. The Mideast, which absorbed much of Dublin's overspill growth during the 1986 – 2006 period is the exception as very substantial growth in all age groups is evident.

Those regions without large urban centres, the Border, Midland and Southeast, all PPR, did experience population growth but this was largely driven by retention of the base population combined with some immigration. This is not to suggest that immigration was unimportant to population changes in these areas but, given their history, the cessation of emigration is the more significant development. Migration to these regions is a relatively recent occurrence, since the late 1990s, and is driven by a variety of different processes ranging from those seeking to improve their quality of life, access better employment opportunities and in some instances, to retire.

## 3. Employment

The significant increase in the Republic of Ireland's population, as outlined above, was driven by, initially, reduced emigration and, ultimately, immigration. These processes were in turn heavily influenced by rapid economic expansion during the 1990s. The combination of population growth and economic expansion saw large numbers of people recruited to the labour force, reduced unemployment and a fundamental structural change in nature of the work force as more and more women entered paid employment.

Using census of population criteria the labour force is considered to comprise the population over fifteen years of age that is either at work, unemployed or looking for their first job. Analysis of census data highlights the rapid growth, +59%, of the labour force between 1986 and 2006; this compares to the 20% increase in the total population. Whilst the labour force did increase slightly between 1986 and 1996, despite significant emigration, 74% of the total increase is accounted for by growth that occurred between 1996 and 2006. The structure of the labour force changed considerably over this period as the proportion accounted for by those classified as unemployed or seeking their first job steadily declined from roughly 18% in 1986 to 8% by 2006. This reflects both increasing employment opportunities and greater employability, particularly of school leavers; the number of people seeking their first job declined by 32% during this period. It may also indicate greater mobility amongst the labour force with those seeking employment willing to travel to other regions or countries to find jobs. In the most recent inter-census period the number of those seeking their first job did increase, it is thought that this was predominantly driven by the very large number of school / college leavers and a slowing economy. One of the key characterises of Ireland's labour force is how the gender balance shifted from one in which males accounted for 70% of the workforce in 1986 to one where, in 2006, they accounted for 59%. Whilst males still predominate women are increasingly prevalent in the labour force. Assessing these changes between 1986 and 2006 it is clear that the feminisation of the Irish workforce can be traced back to, at least the late 1980s, when, at a time when the male cohort declined by 1% the female component increased 15%. For most of the past 20 years females account for most of the growth in the labour force. The exception to this is the most recent inter-census period, 2002 – 2006, when there was a rapid expansion of the male dominated construction sector and hence a significant increase in the number of males in employment. Notwithstanding this development, as a whole, female participation in the labour force increased by 119% between 1986 and 2006.

Whilst national trends saw growth in the labour force and increased employment combined with declines in the numbers seeking their first job and those classified as unemployed, there was considerable variation in these developments at the regional level. The early part of this period, 1986 – 1996, was characterised by overall slow growth in the labour force much of which was concentrated in the Greater Dublin Region (GDR), comprising the Dublin and Mideast regions. Growth in the Border, Midland, West Midwest, Southeast and Southwest regions was below the national figure of 15% whereas the Dublin and Mideast exceeded this level with increases of 16% and 28% respectively. With the exception of the Mideast, Midwest and Southeast, all other regions experienced increased numbers of unemployed persons; the West recorded the largest increase of 13%.

The period 1996 – 2006 was characterised by much more dispersed growth with significant increases in all regional labour forces occurring. This development was, outlined earlier, driven by the rapid increase in the population over 15 years of age. Unprecedented economic growth resulted in considerable growth in the number of persons classified as at work and reductions in the number of people either unemployed or seeking their first job. A new spatial pattern emerged during this decade with employment growing strongly outside of the Greater Dublin Area, particularly in those regions with large urban centres. Of equal significance was growth in the labour forces of regions proximal or accessible to these centres; the Midland (58%), West (49%), Mideast (80%) and Southeast (49%) all recorded increasing in excess of the national figure (48%). At the aggregate level, labour force growth in the Border and Midland PRR, and also the West (PRA) exceeded, for the first time, the national level. This development was driven by greater dispersion of industry from the major urban centres and significant population growth which increased drove new housing construction. Investment in transportation infrastructure improved inter and intra region accessibility. This factor is particularly important in understanding population, demographic, labour force and employment increases. Greater accessibility to urban centres was particularly significant in facilitating increased female participation in the workforce (Walsh et al., 2008). Female employment climbed during this period from 29% to 41% in the Border and Midland PRR, and also the West (PRA) and from 33% to 43% in the remaining regions. Assessment of female employment levels indicate that the PU Dublin (+102%) and PRA Midwest (+123%) regions achieved growth that were below the national figure (+135%). It should be borne in mind, however, that Dublin has the highest female employment rate of 45% compared to the next highest, 42%, recorded for the West Region (PRU).

*Recent Trends in Employment and Unemployment: The National Picture*

The total number of people in employment increased from 1,838,100 to 1,944,900, a growth of 5.49%, between Q1 2004 and Q2 2009. Employment reached a peak in Q3 2007 when 2,138,900 persons were recorded as being at work. Since then however the number employed have declined to 1,944,900, a fall of 10%. The decline corresponds to increasing unemployment resulting from continued restructuring of some sectors resulting in reduced employment opportunities, an issue particularly relevant to the manufacturing sector, and the impact of the financial crisis and resulting economic downturn on the economy in general. The combination of these trends, accompanied by a growing labour force, has seen the unemployment rate increase from 4.5% to 11.6% in the period Q3 2007 – Q2 2009. The number of unemployed grew from slightly less then 110,000 persons to 259,000, an average growth of 20% per quarter since Q3 2007. Since Q2 2009 the number of unemployed has increased by an additional 293,600 to bring the official, seasonally adjusted, unemployment rate to 13.2% by Q2 2010 (CSO, 2010).

Comparing between major industrial sectors one finds that trends in employment and unemployment differ significantly. An assessment of peak employment, the quarter that most people were employed in a given sector, finds that Construction and Industry related employment achieved a high point in mid 2007 whilst agriculture, wholesale and retail, transportation and accommodation, food services and administrative services peaked, respectively, in late 2007 and early 2008. A number of sectors have continued to perform strongly throughout the economic downturn including information and communication, financial and insurance related activities and public administration and education with all recording peaks in 2009. Whilst the latter two sectors are strongly related to public sector spending the former are closely associated with knowledge intensive or ‘smart economy’ enterprises.

The differences in sectoral employment trends have a number of implications. These include male and female exposure to the risk of unemployment and differential spatial impacts. Research undertaken by Dillon et al. (2009) highlighted significant differences in the spatial distribution of economic activities with financial services and information and communication employment highly concentrated in urban centres. In contrast agriculture, construction and manufacturing activities are highly dispersed.

*Recent Trends in Unemployment: The Regional Picture*

Whilst the State's unemployment rate increased from 4.6% to 12% in the period Q3 2007 to Q2 2009, spatially, change in unemployment was highly uneven. At a regional level, unemployment in the Dublin, Mid-West and Border regions did not grow to the same extent as the State as a whole. In the cases of the Border and Mid-West regions the relatively high rate of unemployment in Q3 2007 accounts for the relative lack of growth in unemployment since then. These regions had, respectively, the highest (5.8%), and second highest (5.5%) unemployment rates in the country in 2007. The Dublin Region had an unemployment rate of 4.5% in Q3 2007 which increased to 10.3% by Q2 2009, (+128.9%). Unemployment rate developments in this region differ from those of the Border and Mid-West regions in that the rate was low to begin with and has not increased to the same extent as other regions with the result that, as of Q2 2009, it has the lowest unemployment rate in Ireland.

Ireland's other region's, the Mid-East, South-East, South-West, West and Midland, all recorded increases in their unemployment rate above the national figure for the period Q3 2007 – Q2 2009. The Mid-East, South-East, South-West and West all saw increases of between 176.9% and 192.1%. Whilst these reflect exceptionally large increases in unemployment, the Midland region saw unemployment grow by 291.9% resulting in the unemployment rate increasing from 3.7% in Q3 2007 to 14.5% by Q2 2009. In relative terms this moved the Midland region from having the lowest unemployment rate in 2007 to the second highest in 2009; the South-East region recorded the highest unemployment rate in Q2 2009.

**Table 14.2** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate* | T15_64 years | 69.60 | | | 69.10 | 68.27 | 68.85 | 66.40 | 66.42 |
| | Tmale 15_64 y | 77.50 | | | 77.35 | 77.10 | 77.28 | 73.05 | 73.12 |
| | Tfemale 15_64 y | 61.50 | | | 60.63 | 59.17 | 60.19 | 59.72 | 59.70 |
| | Total 15_24 y | 49.90 | | | 49.93 | 49.97 | 49.94 | 39.66 | 39.67 |
| | T 45_64 years | 65.05 | | | 64.61 | 63.88 | 64.39 | 62.37 | 62.34 |
| | Total 45_54 | 76.00 | | | 75.38 | 74.33 | 75.06 | 78.30 | 78.38 |
| | Total 55_64 | 54.10 | | | 53.85 | 53.43 | 53.73 | 46.44 | 46.30 |
| %Employment in principal sector | %Emp_primary | 0.42 | | | 8.07 | 9.26 | 7.56 | 7.95 | 7.97 |
| | %Emp_secondary | 19.11 | | | 32.27 | 31.45 | 30.32 | 26.71 | 26.71 |
| | %Emp_tertiary | 80.47 | | | 59.65 | 59.29 | 62.12 | 65.33 | 65.31 |
| Unemployment evolution 2002_05 | Total > 15 years | 124.00 | | | 110.50 | 178.96 | 137.86 | 187.25 | 188.17 |
| | Total 15_24 years | 105.13 | | | 107.50 | 360.94 | 202.24 | 255.25 | 257.16 |
| | Total >25 years | 134.01 | | | 112.37 | 105.67 | 112.56 | 82.27 | 82.21 |
| | Male > 15 years | 125.17 | | | 101.28 | 79.37 | 96.05 | 82.45 | 82.35 |
| | Female > 15 years | 121.79 | | | 86.40 | 114.25 | 101.27 | 94.74 | 94.79 |
| Unemployment rate 2007* | Total >15 | 4.50 | | | 4.58 | 4.70 | 4.61 | 7.61 | 7.63 |
| | Total Male >15 | 4.90 | | | 4.85 | 4.77 | 4.83 | 7.06 | 7.05 |
| | Total Female >15 | 3.90 | | | 4.18 | 4.63 | 4.31 | 8.61 | 8.59 |
| | Total 15_24 | 8.90 | | | 9.13 | 9.50 | 9.24 | 15.80 | 15.64 |
| | Total >25 | 3.70 | | | 3.73 | 3.77 | 3.74 | 6.66 | 6.66 |
| Long term unemployment* | % long term unemployment rate_07 | 29.94 | | | 30.01 | 30.12 | 30.04 | 43.07 | 43.12 |
| | Evolution of long term unemployment2002_07 | 104.58 | | | 100.91 | 94.80 | 99.08 | 111.33 | 110.94 |

*Values NUTS 3 are replaced by values NUTS2

## 4. Rural business development

The variation in the structure of regional economies arises as a consequence of the interplay between differences in the availability of or accessibility to natural physical and human resources and, more generally, the size of the potential market for goods and services. Whilst there is considerable debate ongoing in the academic literature as to the exact impact of distance from markets has on economic development, given recent substantial investment in transportation and communications infrastructure, there is general agreement that proximity to larger markets is an important factor.

A regional interaction matrix establishes the number of residents living in a particular region and where they work (Table 14.4). These data provide an indication as to the overall size of each region's economy in terms of their labour requirements. They also highlight the level of interaction between regions and provide an indication as to the strength and direction of the relationship. Taking the Midland region as an example one sees that 64,928 people live and work in the region, a further 64,517 live in the region but work in other regions or outside of the jurisdiction of the State whilst the workplace of 43,641 inhabitants is unknown. Consideration of the flows between the Midland and Border regions shows that whilst there is relatively little interaction more people commute into the Midland region than vice versa.

**Table14. 2** Regional Workforce Interaction Matrix

| | | Place of Work | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Border | Midlands | West | Dublin | Mid-East | Mid-West | South-East | South-West | Mobile | Northern Ireland | Overseas | Unknown | Number of Residents |
| Residence | Border | 131,056 | 1,099 | 2,047 | 7,859 | 3,818 | 74 | 60 | 66 | 26,035 | 4,896 | 332 | 12,833 | 190,175 |
| | Midlands | 829 | 64,928 | 1,671 | 6,319 | 5,822 | 1,435 | 2,294 | 81 | 45,006 | 163 | 897 | 43,641 | 173,086 |
| | West | 2,645 | 4,999 | 124,750 | 1,147 | 205 | 863 | 78 | 127 | 25,470 | 70 | 350 | 15,639 | 176,343 |
| | Dublin | 1,128 | 534 | 196 | 433,688 | 13,900 | 249 | 440 | 261 | 13,274 | 29 | 138 | 10,306 | 474,143 |
| | Mid-East | 4,772 | 2,148 | 102 | 70,174 | 98,483 | 130 | 1,785 | 139 | 16,938 | 21 | 223 | 11,077 | 205,992 |
| | Mid-West | 51 | 1,029 | 1,075 | 946 | 198 | 115,514 | 2,017 | 2,968 | 24,854 | 34 | 279 | 12,382 | 161,347 |
| | South-East | 60 | 1,203 | 69 | 4,004 | 4,301 | 2,736 | 139,458 | 2,166 | 32,189 | 28 | 481 | 19,625 | 206,320 |
| | South-West | 44 | 129 | 105 | 1,067 | 159 | 2,826 | 993 | 204,237 | 24,782 | 36 | 318 | 12,370 | 247,066 |
| | Number of Workers | 140,585 | 76,069 | 130,015 | 525,204 | 126,886 | 123,827 | 147,125 | 210,045 | 208,548 | 5,277 | 3,018 | 137,873 | 1,834,472 |

(CSO, 2006 - POWCAR)

The interplay between the number of people who live and work within a region and those to access employment outside the region, expressed as a percentage of the total workforce, is known as the self containment level. This provides an indication of degree to which regions depend on individuals residing outside their areas to support their economies and, conversely, the degree to which populations living in one region depend on the economy of another. To undertake this analysis one needs to exclude individuals for whom we do not know their destination; in Table 14.4 these are the values in the Unknown (no work address was provided to the CSO) and Mobile (this group does not have a fixed place of work) columns. It is also necessary to exclude areas where the flows between regions are unavailable; whilst the numbers working overseas and in Northern Ireland are known we do not know how many people travel from these areas to work in the Republic of Ireland. This result is a matrix that contains

the labour flows within and between each of the eight administrative regions in Ireland (Table 14.5).

**Table 14.3** Inter and Intra Regional Labour Flows in Ireland

| | Border | Midlands | West | Dublin | Mid-East | Mid-West | South-East | South-West | Workforce | Self Containment |
|---|---|---|---|---|---|---|---|---|---|---|
| Border | 131,056 | 1,099 | 2,047 | 7,859 | 3,818 | 74 | 60 | 66 | 146,079 | 90 |
| Midlands | 829 | 64,928 | 1,671 | 6,319 | 5,822 | 1,435 | 2,294 | 81 | 83,379 | 78 |
| West | 2,645 | 4,999 | 124,750 | 1,147 | 205 | 863 | 78 | 127 | 134,814 | 93 |
| Dublin | 1,128 | 534 | 196 | 433,688 | 13,900 | 249 | 440 | 261 | 450,396 | 96 |
| Mid-East | 4,772 | 2,148 | 102 | 70,174 | 98,483 | 130 | 1,785 | 139 | 177,733 | 55 |
| Mid-West | 51 | 1,029 | 1,075 | 946 | 198 | 115,514 | 2,017 | 2,968 | 123,798 | 93 |
| South-East | 60 | 1,203 | 69 | 4,004 | 4,301 | 2,736 | 139,458 | 2,166 | 153,997 | 91 |
| South-West | 44 | 129 | 105 | 1,067 | 159 | 2,826 | 993 | 204,237 | 209,560 | 97 |
| Number of Jobs | 140,585 | 76,069 | 130,015 | 525,204 | 126,886 | 123,827 | 147,125 | 210,045 | 1,479,756 | |

(CSO, 2006 - POWCAR)

The self containment values for each of the regions reflect their geographic position and composition relative to other regions and, to a lesser extent the location of major employment nodes within the regions. It is clear from the self containment value and labour flow data associated with the Mideast region that it is strongly integrated with the Dublin region's economy. This is unsurprising for a number of reasons not least of which is the relatively small geographic size of the Dublin region and its proximity and accessibility to the Mideast region. It is evident that regions accessible to Dublin, including the Midland, Border and, to a lesser extent, the Southeast all record lower self containment values than those remote from Dublin. The geographic positioning of regions is important in understanding these data; it is to be expected that the workforce residing in the Midland region would access jobs in the West, Mideast and Dublin regions as a consequence of its central location and the accessibility of major employment centres, namely the Galway and Dublin economies. In contrast to this the Southwest, a geographically large region with one major (Cork) urban centre, and a number of smaller but nonetheless significant employment centres, has a very high level of self containment. The absence of any significant employment loci proximal to the region's borders also suppresses labour out-flow.

It is possible, using the POWCAR to explore in great detail each region's economy in terms of the proportion of the workforce associated with the main industrial groups and their demographic and socio-economic characteristics. A comparative analysis of each region's industrial profile highlights similarities between the Southeast and Southwest in terms of the proportional distribution of those who work there between the various industrial groups. The Border, Midland and West regions also share a number of similarities although, proportionally, there are slightly less people in the agriculture and construction sectors and more in the Commerce group in the Border region. The key structural characteristic of these regions is the significance of the public sector (Public administration and defence, Education, health and social work) as the single largest

employer. Comparing these economies to those of the Southeast and Southwest and also the Mideast finds that commerce is the most important industrial sector in the latter cases. The Midwest differs from other regions in that manufacturing and the related transportation sector is the most significant industrial group accounting for 30% of all employment in the region. The significance of manufacturing and related activities as a key employer reflects a long running regional strategy which has seen national and local initiatives aim to attract these industries to the region. The Midland also has an important manufacturing and transportation element to its economy (26%) but, as stated above, commerce accounts for slightly greater share of regional employment (27%). The Dublin region's economy is characterised by a reliance on commerce related enterprises (41%).

The size of a region's industrial groups, as measured by the number of persons employed in them, is significant as it influences the demographic structure of the workforce. Analysis of the sectoral distribution of male and female employment highlights the gendered nature of employment. This is particularly evident in what are considered 'traditional male sectors', namely agriculture, forestry and fishing and construction. Conversely, 77% of those employed in the education health and social work sectors are female. At the regional level, the mix of employment opportunities for men and women is very important in determining the overall level of employment and female participation rates. Detailed analysis indicates that, with the exception of Dublin and to a lesser extent the Southwest, all other regions are largely similar in terms of the sectoral distribution of male and female employment. The Southwest and Dublin differ in that female employment is spread to a greater extent amongst all of the industrial sectors that is a reflection of the greater range of enterprises, and job opportunities within them, that comprise each sector.

**Table 14.6** Rural business development indicators

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.14 | | | 0.18 | 0.24 | 0.20 | 0.30 | 0,30 |
| | % Manufacturing | 3.64 | | | 4.05 | 4.72 | 4.25 | 14.08 | 14,05 |
| | % Electricity, gas and water supply | 0.06 | | | 0.07 | 0.09 | 0.08 | 0.61 | 0,63 |
| | %Construction | 0.00 | | | 0.00 | 0.00 | 0.00 | 9.48 | 9,46 |
| | %Wholesale and retail trade | 41.23 | | | 39.89 | 37.65 | 39.22 | 23.02 | 21,83 |
| | %Hotel and restaurants | 10.60 | | | 12.29 | 15.09 | 13.13 | 6.52 | 6,15 |
| | %Transport, storage and communication | 11.00 | | | 12.40 | 14.75 | 13.11 | 8.69 | 8,46 |
| | %Real state, renting and business activities | 33.32 | | | 31.12 | 27.46 | 30.02 | 37.29 | 39,12 |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.50 | | | 0.60 | 0.77 | 0.65 | 0.58 | 0,52 |
| | % Manufacturing | 18.63 | | | 20.43 | 23.43 | 21.33 | 29.18 | 28,08 |
| | % Electricity, gas and water supply | 0.15 | | | 0.13 | 0.10 | 0.12 | 1.14 | 0,89 |
| | %Construction | 8.43 | | | 7.82 | 6.80 | 7.51 | 9.09 | 9,14 |
| | %Wholesale and retail trade | 28.23 | | | 29.08 | 30.50 | 29.51 | 26.14 | 26,93 |
| | %Hotel and restaurants | 12.66 | | | 13.67 | 15.36 | 14.18 | 8.27 | 8,37 |
| | %Transport, storage and communication | 9.19 | | | 8.26 | 6.69 | 7.79 | 8.65 | 8,52 |
| | %Real state, renting and business activities | 22.19 | | | 19.98 | 16.31 | 18.88 | 16.78 | 17,51 |
| Employment in high and medium technologies manufacturing activities_2004 | Employment in high and medium tech manufacturing activities_2004_Media | 6.68 | | | 6.50 | 6.19 | 6.40 | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_%EU 25 | 96.37 | | | 94.75 | 92.04 | 93.94 | 95.89 | 107,13 |
| %firms with own website | | 59,90 | | | 55.85 | 49.10 | 53.83 | 50.21 | 50.21 |

*Values NUTS 3 are replaced by values NUTS2

## 5. Rural-urban relationships

Ireland has undergone a period of unprecedented economic growth that has transformed it from one of the poorer countries in Western Europe to one of the richest in the world. In line with economic growth the population has increased significantly; 20% since 1991. A number of drivers underpinned population change the most significant of which were reduced emigration and, more recently, increased immigration. Spatially, the impact of these developments was considerable, extensive and ultimately, uneven. Many rural areas experienced rapid growth and change whilst some urban centres found their population falling.

The population in rural areas with less than 150 persons per $Km^2$ increased by 8.50% during the 1991 – 2006 period. Though this may seem a relatively small increase it has substantial impacted on the demographic structure of rural areas and, as a consequence, raises a number of implication for the future of rural places.

Assessment of rural population distribution highlights significance concentration of this population in regions that are classified as either PRA or PRR. From a demographic perspective they are the places where population is growing fastest. They also represent loci where the concept of rurality as an agriculturally dominated space is increasingly contested. There are however a number of important exceptions to the concentration of population around urban centres. Remote coastal areas in the Border and Southwest Regions contain significant proportions of the rural population. These rural spaces are important as they represent the continuation of rural communities and, in most cases, are culturally significant in that they are Gaeltacht Areas (Irish Speaking).

The rapid change in settlement patterns in Ireland, driven by suburbanisation, was one of the drivers underpinning the development of the National Spatial Strategy 2002 – 2020 (NSS). This document sets out a territorial development perspective to guide Ireland's future socio-economic development by drawing on the European Spatial Development Perspectives (1999). The NSS recognises the role of urban – rural linkages though it does not specify how these are to be fostered. In the absence of a national strategy in this area there are few 'urban – rural' initiatives that can be identified at this point in time. Notwithstanding this, an evaluation of urban – rural praxis suggests that in PRA regions rural spaces are increasingly being defined by their use as residential sites or leisure spaces whilst urban centres are the foci of most employment opportunities. As such, these developments firmly fix the PRA regions within the 'Urban-Rural' Grand Narrative. It would however be a mistake to assume that these developments are uncontested as 'traditional' rural activities, namely agriculture, remain locally and nationally, very significant from a social and economic perspective.

## 6. Cultural heritage

Ireland has extensive natural and cultural resources related to the long history of human settlement that are increasingly recognised for their importance in supporting continued cultural development and as a resource vital to the tourism industry. The State's primary cultural resources are threefold; the natural landscape, the built environment including ancient and modern human activities and the cultural assets associated with the Irish language and associated traditions. These resources are widely distributed throughout the State and, from an economic perspective, form a very important component of the country's tourism industry. Perhaps more importantly these resources are intrinsically bound to Irish identity and nationalism.

The State, in line with EU regulations, plays a significant role in protecting and managing the development of much of the country's cultural heritage. The Department of the Environment, Heritage and Local Government has primary responsibility in this regard and oversees the Office of Public Works, a State Agency, in their role as managers of Ireland's publically and privately owned cultural heritage resources. The *National Monuments Acts* 1930-1994 give the State authority to protect archaeological sites and monuments that have been identified under the Archaeological Survey of Ireland. More recent developments have seed the drafting of legislation to protect the built environment. Ireland's natural heritage is protected under the Wildlife Act (2000), which brings into legal force the EU Habitats Directive in Ireland. The Wildlife Ace designates Special Areas of Conservation, Special Protection Areas and Natural Heritage Areas. These areas are distributed throughout the State but can be said to be largely concentrated in coastal areas and regions with larger rivers running through them. These are largely rural areas.

The primary cultural and heritage resources of rural areas include the landscape, historic buildings and monuments, the Irish language and associated traditions. These are widely distributed although areas with large concentrations of Irish speakers, outside of the major urban centres, are located in Predominantly Rural, Remote regions along the west coast. Due to historic settlement patterns and changes in land use much of the ancient built heritage is also located in these areas whereas more modern built heritage tends to be concentrated in are located in Predominantly Rural, Accessible areas.

Cultural resources and the natural and built heritage are very important resources supporting social and economic development in rural areas. The natural landscape, combined with ancient built resources, are the two primary assets used in the promotion of rural tourism in Ireland. Increasingly these are 'packaged' with cultural activities to provide an experience that is predominantly marketed to older, wealthier tourists from mainland Europe and the UK. This marks a significant development for Ireland's rural tourism industry.

## 7. Services of General Interest

Comparison of access to services of general interest in Ireland to EU averages highlights a number of challenges facing Ireland (Table 14.5). Relative to EU averages, rural regions in Ireland compare poorly in terms of road and rail infrastructure and access to both hospital and universities.

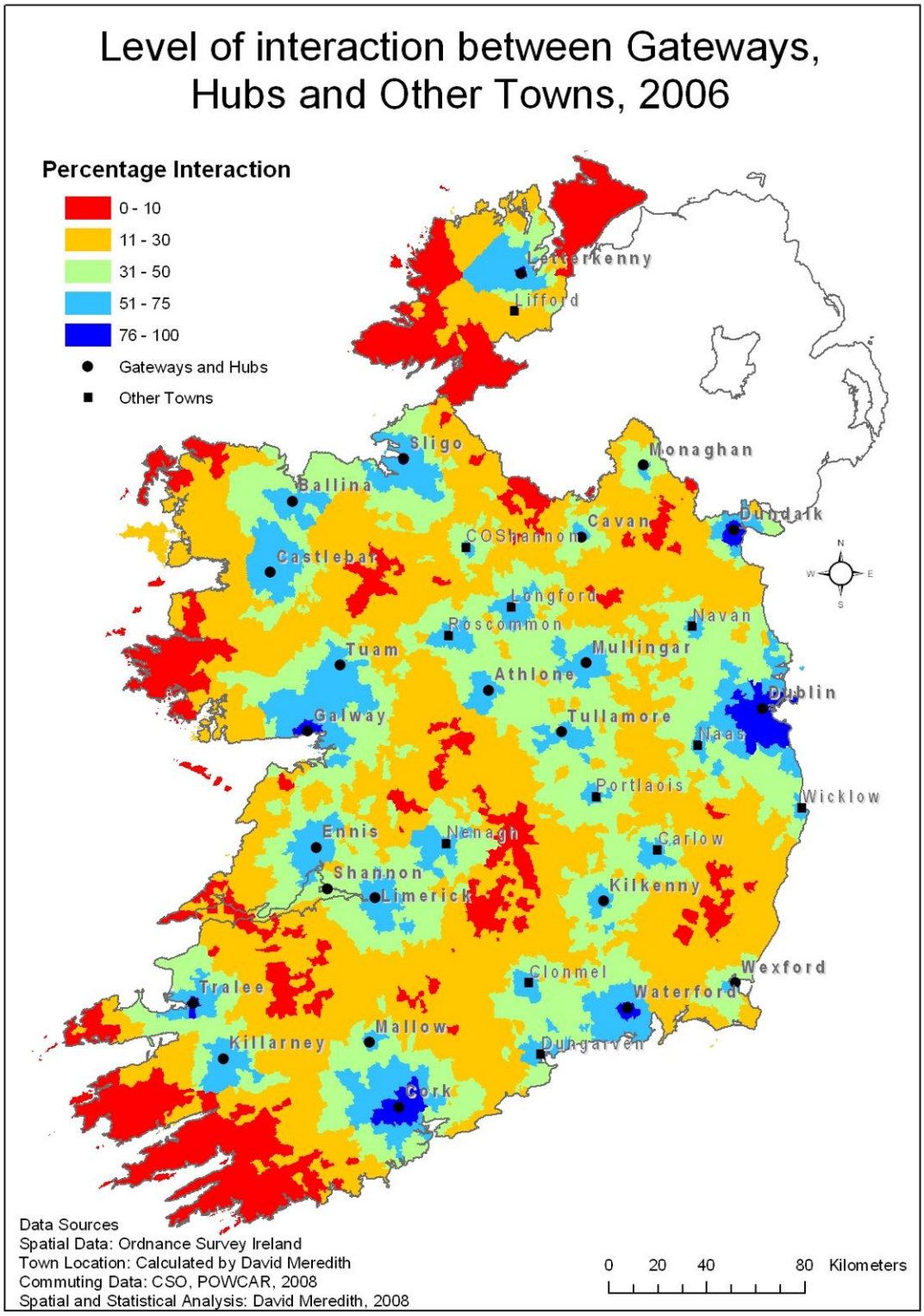
### Transport Infrastructure

Road Accessibility

In recent years Ireland has invested substantially in developing road infrastructure through upgrading national primary roads to motorway status. Notwithstanding this significant parts of rural regions continue to experience long travel times to access larger urban centres. Analysis undertaken of interaction of the workforce with key cities and towns in Ireland classified as either Gateways, Hubs or Other Towns (GHOTs) in Ireland's National Spatial Strategy demonstrates that there are extensive areas, classified as either PRR or PRA, that are inaccessible to much of the rural population. Spatial analysis of travel-to-work patterns between rural areas and these key urban centres highlights the limited nature of interaction (Figure 14.3). The spatial patterns evident in Figure 11.3 highlight two issues. Firstly there are a number of towns that are locally important, although not particularly large, which have not been classified as either a GHOT. This accounts for much of the interaction pattern in areas where less than 10% of the population travels-to-work in a GHOT. Secondly, there is a clear pattern of distance decay in the pattern of interaction evident in Figure 14.3. As one moves further from the GHOTs the level of interaction declines. This suggests that the friction of distance is a key factor in understanding travel-to-work patterns. Comparing larger cities, e.g. Cork, Galway and Dublin, that are served by motorways, one finds their hinterlands are significantly larger than other towns. This highlights the impact of road infrastructure investment on accessibility and, ultimately, travel-to-work activities.

In addition to making it difficult for those parts of the workforce living in rural areas to access employment, Ireland's poor road infrastructure, combined with limited public transportation services in rural regions, can results in social, economic and cultural isolation. Recognising this, the State developed the Rural Transport Programme (RTP) which provides funds for 34 community-based groups to provide local transport services. The primary objective of the RTP is to provide transport services to socially-excluded groups rather than the development of a public transport service for rural areas. The RTP is limited in terms of its geographic coverage and scope as new services introduced under the programme cannot compete with existing commercial services. A review of the programme in 2006 found that it was successful in providing locally appropriate transportation solutions that increased accessibility of those at risk of social exclusion, particularly women, the elderly and the unemployed (Fitzpatricks Associates, 2006).

**Figure 14.3** Percentage of the workforce that travels-to-work in a Gateway, Hub or Other Town



Air Transport

Only in the area of access to airports do rural regions in Ireland out perform their EU counterparts although the figures in Table 11.5 cannot capture the level of connection between airports in rural regions and other regions both in Ireland and internationally. Interconnections between airports located in rural regions in Ireland and other countries tend to be low or seasonal.

## Education

Analysis undertaken by Kalogirou and Foley (2006; p.59) show that for the 20 percent of the population nearest to an acute hospital the maximum distance is 2.68 km, whereas for the upper quintile (the least accessible 20%), this maximum distance has increased to 91.32 km. Unsurprising to those who have knowledge of Ireland's geography, those regions with higher levels of inaccessibility to hospital services are predominantly classified as PRR and include the Southwest, Border and parts of the West Regions (Figure 14.4). An analysis of health and place in Ireland also identifies the Midland and parts of the South-East regions as having poor access. (Kalogirou and Foley, 2006).

**Table 14.5** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+ MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | 0.05 | | | 0.00 | 0.00 | 0.01 | 0.04 | 0.04 |
| Density of trunk road | | 0.22 | | | 0.08 | 0.07 | 0.09 | 0.17 | 0.17 |
| Density of railways | | 0.10 | | | 0.02 | 0.02 | 0.03 | 0.10 | 0.10 |
| Area (km2)** | | 921.30 | | | 40516.70 | 28359.10 | 69797.10 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_06* | 5.06 | | | 10.80 | 14.02 | 11.29 | 96.58 | 96.31 |
| | Density of population 2006 | 1279.68 | | | 50.37 | 41.44 | 200.69 | 3712.44 | 4066.61 |
| Daily population accessible by car | | 3846.00 | | | 2264.25 | 3531.66 | 2937.25 | 18078.54 | 19285.23 |
| Time to nearest hospital | | 7.20 | | | 35.24 | 81.67 | 49.15 | 22.83 | 22.83 |
| Time to nearest university | | 7.20 | | | 63.69 | 82.47 | 63.67 | 45.10 | 45.10 |
| Time to nearest airport | | 11.26 | | | 61.74 | 82.31 | 63.14 | 83.44 | 83.44 |
| %households with broadhand access | | NA | | | NA | NA | NA | 49.07 | 48.00 |
| % households with internet at home | | NA | | | NA | NA | NA | 81.46 | 81.20 |

* Values NUTS 3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

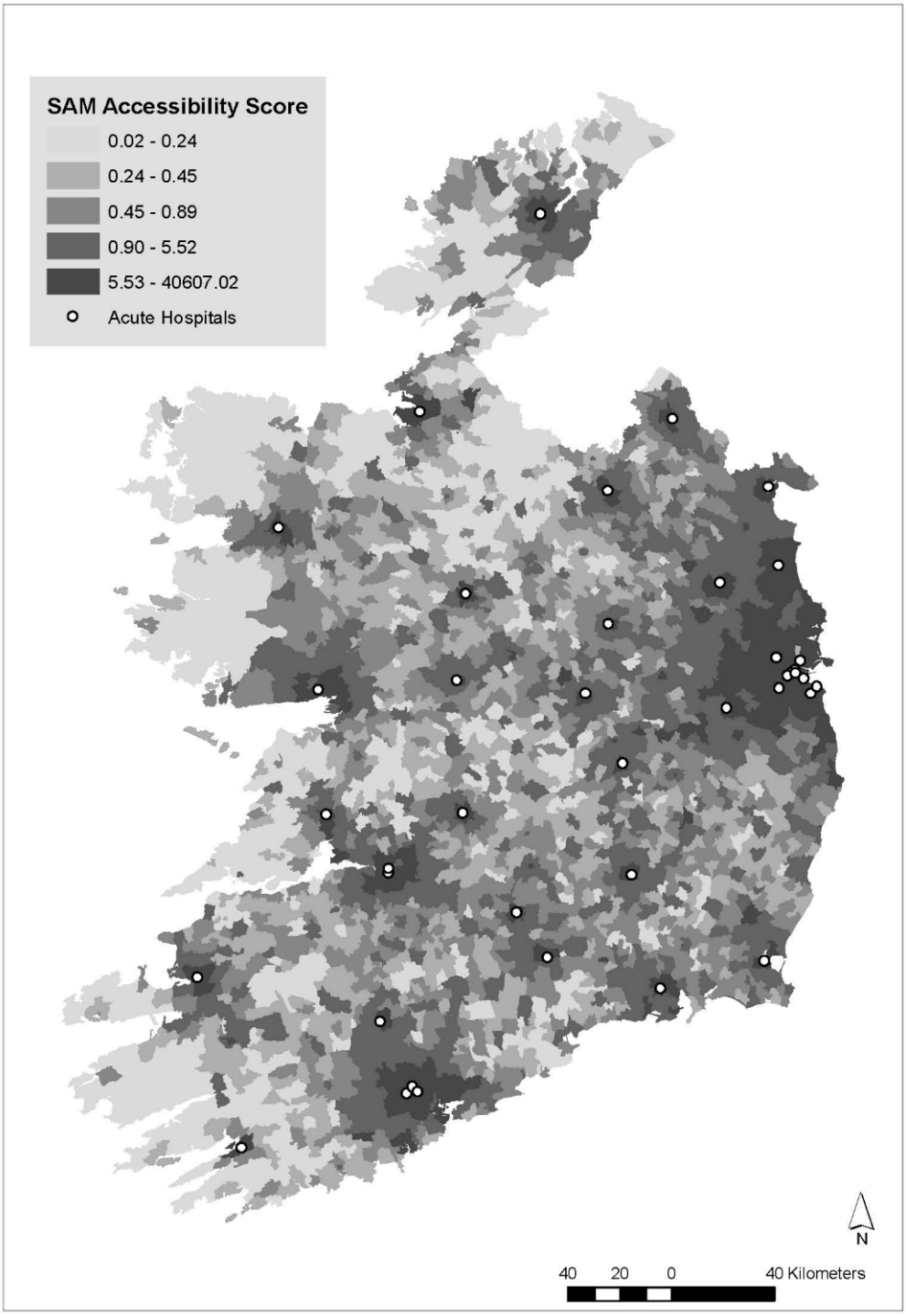
*** These values are only indicatives and aren't real because in the calculation there are values NUTS2 and NUTS3.

**Table 14.6** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+ MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº STUDENTS ISCED 0_6 | Nºstudents ISCED_0 per 1.000 inhabitants | NA | | | NA | NA | NA | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | NA | | | NA | NA | NA | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | NA | | | NA | NA | NA | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | NA | | | NA | NA | NA | 48.05 | 48.03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | NA | | | NA | NA | NA | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | NA | | | NA | NA | NA | 37.37 | 37.23 |
| BEDS IN HOSPITAL PER 100.000 inhabitants* | Nº of beds in hospitals per 100.000 inhabitants_05 | 554.10 | | | 546.85 | 534.76 | 543.22 | 696.91 | 704.88 |
| | Evolution nbeds 2000_05 | NA | | | NA | NA | NA | 91.53 | 91.94 |
| | Density of hospitals | 5.42 | | | 0.11 | 0.09 | 0.86 | 5.44 | 5.44 |
| | Hospital beds per head | 2.55 | | | 1.17 | 1.13 | 1.35 | 4.98 | 4.98 |
| | Doctors per inhabitant | 0.00 | | | 0.00 | 0.00 | 0.00 | 171.35 | 171.35 |

*Values NUTS 3 are replaced by values NUTS2

**Figure 14.4** Accessibility to Acute Hospitals




(Kalogirou and Foley, 2006 p.62)

## 8. Farm structural change

While agricultural restructuring in Ireland was broadly similar to other countries, the development of the Irish economy accelerated the processes leading to a reduction in the number of farms, increasing farm size and marginalization of those farm households unable to adapt due to resource limitations (Shucksmith *et al.*, 2005). The primary drivers of these developments include the changing regulatory environment and, consequently, increasing competition in domestic and international commodity markets.

In recent years the agricultural industry, in line with EU policy, responded to increasing competition from producers both within and outside the enlarged EU with further consolidation, specialization and intensification. This response is referred to as the productivist model of agriculture (Crowley et al., 2008). These developments have combined to drive increasing farm sizes through accumulation of land by farmers through either direct purchase or, more commonly, leasing. One of the side effects of this development is a reduction in the number of farmers. There has also been a significant restructuring in the geography of agricultural production in Ireland culminating in the present situation where large-scale productivist agricultural activities are concentrated in the Mideast, Southeast and Southwest Regions though there are important pockets of productivist agriculture in the other regions.

Peri-productivist agriculture, a model based on what is loosely referred to as the European Model of Agriculture, predominates in the Border, West and Midland regions. As not all farm households are in a position, due to limited financial resources, unfavorable physical or climatic conditions or low levels of human capital to engage with the productivist model, an extensive form of agriculture, based on extensive livestock production and delivering public goods, which are supported by EU payments, has emerged as the dominant form of farming. Due to the limited economic returns from this form of agriculture many farm households found the farm enterprise to be increasingly unviable. Fortunately many were in a position to mitigate some of the negative implications of agricultural restructuring through greater engagement with the broader economy. Rapid expansion of the economy enabled many farm-based households to increase household income through engagement with alternative strategies to those associated with the productivist model of agriculture. Unsurprisingly, given the increase in employment opportunities, many farmers and other farm household members chose to engage in off-farm employment as a means of generating additional income to support the household. This trend has recently been interrupted by the current economic downturn.

**Table 14.7** Farm structural change indicators (a)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | 9.11 | | | 11.47 | 11.53 | 11.20 | 33.42 | 33.89 |
| | 2 to 100 ESU | 87.97 | | | 86.44 | 86.42 | 86.62 | 57.56 | 57.02 |
| | >100 ESU | 2.92 | | | 2.09 | 2.06 | 2.18 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005* | -6.36 | | | -7.09 | -6.67 | -6.84 | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | -22.63 | | | -14.80 | -13.18 | -15.17 | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | -3.92 | | | -5.14 | -6.11 | -5.35 | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | -15.67 | | | -12.67 | -5.26 | -10.26 | 32.21 | 31.28 |
| HOLDERS | % Holders working full time 2005 | 52.50 | | | 52.37 | 53.06 | 52.65 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 - 2005 | -8.69 | | | -12.53 | -12.02 | --11.08 | -0.00 | 0.33 |
| | Economic Farm Size (RDEU07) | 50.50 | | | 20.42 | 21.46 | 24.57 | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | 43.40 | | | 42.52 | 42.30 | 42.55 | 37.55 | 37.55 |
| | % holders > 55 years 2007* | 47.11 | | | 48.87 | 51.80 | 49.75 | 50.19 | 50.61 |
| | % holders < 35 years 2007* | 7.78 | | | 7.38 | 6.71 | 7.18 | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 - 2005 | 19.44 | | | 22.05 | 20.44 | 21.12 | 5.88 | 5.61 |
| | % change in holders < 35 years 2000 – 2005** | -34.10 | | | -37.96 | -36.69 | -37.00 | -34.00 | -33.95 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | 41.20 | | | 31.77 | 33.33 | 33.53 | 42.29 | 42.29 |

*Values NUTS 3 are replaced by values NUTS2; **Some values NUTS 3 are replaced by values NUTS2

## 9. Institutional Capacity

Though Ireland has a multi-level governance framework, with the exception of local planning decisions, most power is concentrated in State level institutions, particularly Ministries and their attendant development agencies. There are two of regional assemblies (NUTS II) in Ireland and eight regional authorities (NUTS III), although these administrative bodies have very limited powers. Local planning control rests with 34 Local Authorities. This power allows the council that directs the local authority to draft development plans and zone land for different functions. These decisions can however be overruled by the Minister for the Environment who has responsibility for spatial planning and development.

From a rural social and economic development perspective there are a number of critical agencies including the Department of Enterprise, Trade and Employment, the Department of Environment, Heritage and Local Government, the Department of Agriculture, Fisheries and Food the Department of Community, Rural and Gaeltacht Affairs. Between these bodies they are largely responsible for directing economic development at national, regional and local levels. As such, much of the policy and regulatory framework in Ireland could be described as top-down focused. This, however, is somewhat, although not totally, misleading. Many of the national sectoral development bodies and regional development agencies have governing boards comprised of politically appointed representatives. With regard to agencies with a rural remit most, if not all, of the governing boards include representatives from the larger farmer's unions, larger employers and other rural stakeholders. The LEADER model of area-based rural development is widely applied in Ireland and is the dominant bottom-up administrative structure with responsibilities for rural economic development.

As a consequence of the centralised nature of Ireland's administrative system rural issues, rather than sectoral issues i.e. farming and the agriculture industry more generally, can be underrepresented or of minor significance within policy development fora. This can and does result in inadequate resources being allocated to support rural social and economic development.

**Table 14.9** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | 60974.6 | | | 16621.07 | 11346.23 | 20187.2 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | 43303.1 | | | 29102.57 | 23882.16 | 28919.98 | 20926.83 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | 233.70 | | | 157.08 | 128.87 | 156.08 | 94.38 | 95.48 |

## 10. Climate change

### Background

This section of the report draws heavily on the work of Sweeney et al, 2008. For further information or to consult the report please see: Sweeney, J. Fealy, R. Charlton, R. "*Climate Change in Ireland: Refining the Impacts for Ireland*". Associated datasets and digitial information objects connected to this resource are available at: Secure Archive For Environmental Research Data (SAFER) managed by Environmental Protection Agency Ireland http://erc.epa.ie/safer/resource?id=fccf9279-85fd-102c-9c91-0a68ec663af0 (Last Accessed: 2009-09-10)

### Evidence of Climate Change in Ireland

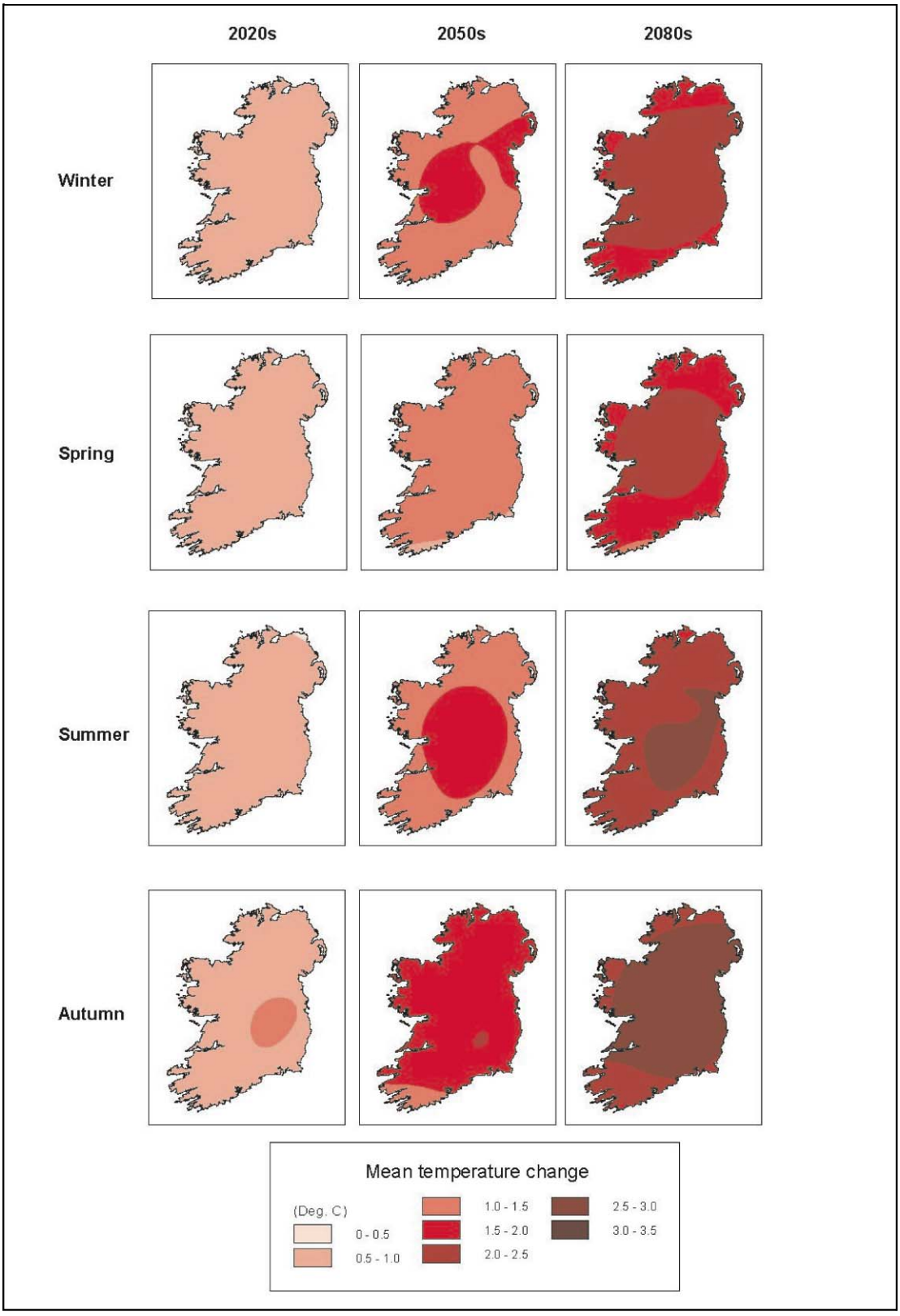
Ireland is situated on the western fringe of Europe and is situated in the Northeast Atlantic Ocean. Arising from proximity to the North Atlantic Ireland's climate is predominantly maritime in character. Research undertaken by McElwain and Sweeney (2007) found that "mean annual temperatures in Ireland have risen by 0.74°C over the past 100 years". "This increase largely occurred in two periods, from 1910 to the 1940s and from the 1980s onwards, with a rate of warming since 1980 of 0.42°C per decade. In Ireland, 6 of the 10 warmest years have occurred since 1995 with the warmest year within this period being 1997. Increases in minimum temperatures were greater than maximum during summer while in winter the opposite is the case (Sweeney et al., 2002)" (Sweeney et al., 2007, p.3).

### Impact of Climate Change on Ireland

Research into the downscaling of global climate change models published by Sweeney et al. (2008) found that Ireland is likely to experience increasing temperatures for all seasons and increasing precipitation during the winter period and dryer summers. "By the 2050s,

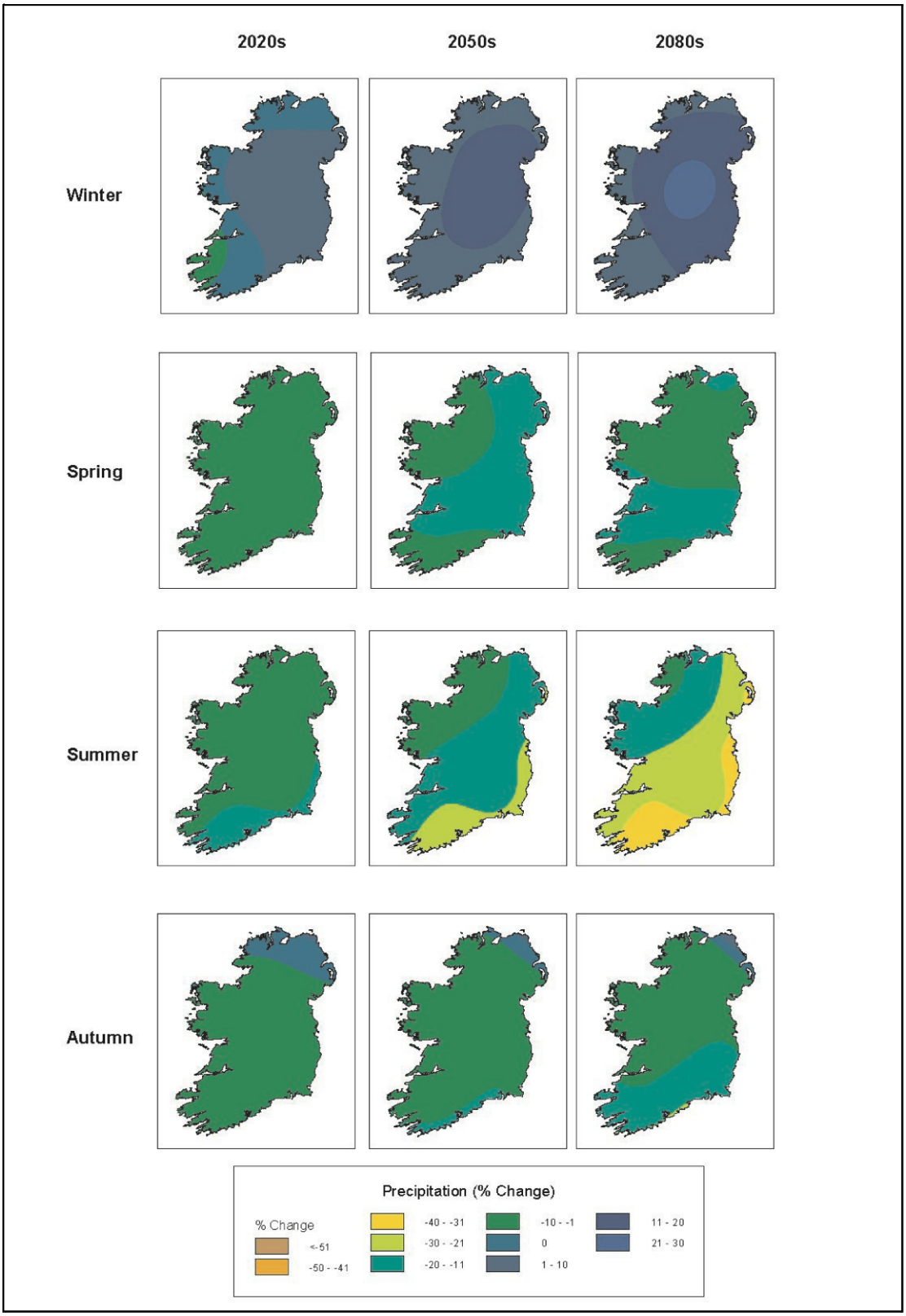
Irish temperatures are suggested to increase by 1.4– 1.8°C, with the greatest warming occurring during the autumn." (Sweeney et al., 2007, p.26). Figures 11.2 and 11.3 provide summary assessments of the spatial impacts of climate changes. Whilst it is evident that all of Ireland will experience significant changes in the years ahead it is worth noting that the South and East region, where most of the population is currently concentrated, will see substantial reductions in rainfall (greater then 30% reductions). These developments will undoubtedly challenge public authorities in the years ahead if these models prove accurate. Given the significance of the agriculture and agri-food industries to Ireland climate change poses significant challenges to the sustainability of these sectors, as they are currently constituted, and those individuals and communities that depend on them. Work by Charlton and Moore (2003) indicate that climate change is likely to substantially impact on Ireland's hydrological cycle with annual run-off reductions most marked in the east and south- east of the country and winter run-off likely to increase in the west. The reduction in run-off in Southern and Eastern regions may have detrimental impacts on some sectors of the agriculture industry with dairying, which is predominantly pasture based in Ireland, particularly vulnerable.

**Figure 14.5** Ensemble mean seasonal temperature increases projected for the 2020s–2080s




**Source:** Sweeney et al., 2007, p.28

**Figure 14.6** Ensemble mean seasonal precipitation changes projected for the 2020s–2080s




**Source:** Sweeney et al., 2007, p.28

The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## ITALY

Report nº 25.15

Thomas Dax
Federal Institue for Less Favoured and Montainous Areas

EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

**CONTENTS**

## 1. Introduction

With the dense network of towns and cities in Italy the Typology reflects these influences of the settlement structure to a large extent. Rural remote regions (PRR) are found scattered over the country in the more extreme locations with less access to cities over 50,000 inhabitants, i.e. few regions in the Alps and the Apennines, in central Sicily and a larger area in central Sardinia. Other rural regions are mainly located in the Apennines, and all the other regions are either intermediate or urban regions. One can see the network of the urban areas in great parts of Italy underpinning the dense population structure of the country.

In the national context much of the "rural debate" extends to areas within these intermediate and urban regions, although they are densely populated but nevertheless have a strong "rural history". Italy is therefore a strong case for the close interrelation of urban and rural regions, and a divergent national debate and viewpoint on rural definitions. For example the OECD case study on the Tuscany region (OECD 2005) and the rural policy review on Italy (OECD 2009) could be understood as background documents and regional examples to verify this particular interest and view on rural areas definition and rural policy.

To underline the national perspective on the classification of rural areas one can relate to the differences of national regional typology methods in comparison to international comparative approaches (like the OECD typology). For example, this specific view has been expressed in the negotiation of the OECD regional typology in the early 1990s. Together with Japan, Italy was one of the countries who were concerned with the "low" population threshold of 150 inhabitants per $km^2$ for rural communities, as many more densely populated areas within Italian regions also dispose of "rural" characteristics.

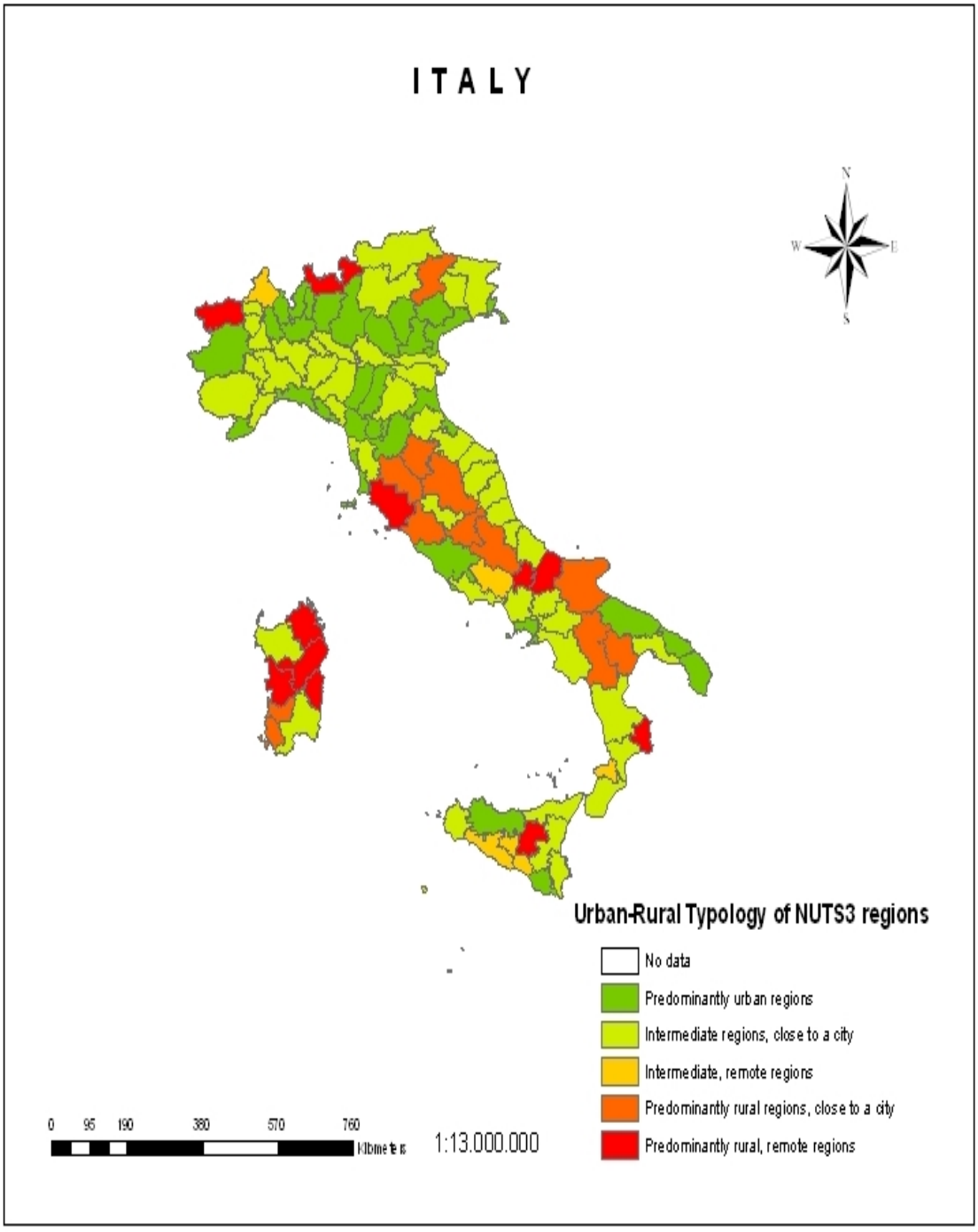
In preparing the National Strategic Plan (PSN) for the Rural Development Programme a national method has been applied to classify the Italian rural areas in a different way than the OECD method. In particular further issues taken into account in the classification method include main provincial town, the calculation of rural/urban communities according to the different altitude zones (lowland, hills and mountains) and the portion of the Utilized Agricultural Area (UAA). In synthesizing the various parameters into homogenous areas the following 4 groups are identified for Italy Rete Rurale Nazionale 2007-2013 (2009): (A) Urban poles, (B) Rural areas with specialized intensive agriculture, (C) Intermediate rural areas, and (D) Rural areas with comprehensive development problems.

According to the different spatial assumptions the areas highlighted through this national classification are significantly different to the international OECD method. It underpins the topographical context, underpinning the rural areas with comprehensive development problems along the main mountain ranges of Italy. Moreover, a much more locally differentiated pattern occurs due to the in-depth calculation at a lower geographical level. Particularly the province Salento (in the region of Puglia) and the Adriatic macro region and provinces in the North of Italy are estimated to be much more "rural" if national classification rules are applied and the densely populated, but agriculturally intensive regions are allocated to a specific type of rural areas (B). This underlines the different perspective of the two methods.

However, in summing up the intermediate rural areas (C) and the category of the areas with strongest rural characteristics (group D) the total area covered by these groups is similar to the OECD classification (about 75 % of the total area; see Table 13.2a). As to the agricultural area and the share of the population the national classification includes smaller shares in these two categories than the OECD method. The most important

difference between the two methods is the spatial configuration of areas allocated to the specific groups: Whereas the OECD method underscores the regional view (and is consistent with higher administrative units), the national method is oriented at homogenous regions that cross regional boundaries. As the data provided for EDORA is available only at NUTS 3 units for the ESPON countries, the following description will nevertheless be based on the internationally comparable classification of the OECD method, also applied to all the other countries of the EDORA project.

**Figure 15.1** DG Regio modified Urban-rural typology of NUTS 3 regions: Italy




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

## 2. Demography

Italy already shows a significantly ageing society in great parts of the country. The ageing problem is particularly advanced in the intermediate regions and rural accessible regions.

Population development was positive in all types of regions, but in remote regions significantly less positive than in the accessible counter-parts. The overall positive trends hide the considerable differences and problems of depopulation in several smaller parts of the country. There is a negative natural population development in Italy, with the exception of accessible rural regions and urban regions where we can still see a natural increase of population (for the period 2001-2006). But the more interesting feature is the migration balance which shows considerable immigration for all the country, except for urban regions. The strong migration process into Italy and from the urban regions to other parts of the country underpins the shift in attractiveness of the regions and the distinct orientation towards intermediate and rural regions in this country. Foreign workers have started to concentrate in Italian rural regions for different reasons (OECD 2009, 60f): Some of them may decide to live in intermediate rural regions because they cannot afford ro live in the city, another group of foreign workers is absorbed directly by labour-inetnsive activities in the primary and secondary sectors within rurla regions and others are attracted to the area to work as care givers to the elderly (badanti).

Though there is strong development in educational attainment, the population with low educational attainment is still a majority in the country (which clearly is much more widespread than at the EU average). Low education is particularly strong in remote rural regions. Farmers have a very low level of training, and this situation gets even worse the more the area is rural. A similar situation is relevant for life-long learning where all regions are below EU level.

A more in-depth investigation of regional patterns of demographic development reveals that there are significant variations of population development, even within the same category. Taking the situation of mountain areas as a telling example we recognize a high increase in parts of mountain areas of Northern Italy (particularly Bolzano and Trento) as well as the Northern Apennine areas (Emilia-Romagna, and parts of Toscana and Umbria) in a longer-term perspective (population development for 1991-2005) whereas in most mountain regions of Southern Italy there is even a decrease of population over the same period (ISTAT 2007, 9).

**Table 15.1** Demography indicators (a)

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | | Average EU 27 +CH+HR+ IS+LI+MK + NO+TR | |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | Average country | | Average EU 27 |
| Census population 2001 | % people aged 0 to 14 years | 13.37 | 13.60 | 15.88 | 13.71 | 14.29 | 13.72 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | 67.08 | 66.24 | 65.83 | 66.23 | 67.38 | 66.60 | 66.62 | 66.65 |
| | % people aged 64 years and over | 19.55 | 20.16 | 18.30 | 20.06 | 18.33 | 19.68 | 16.53 | 16.55 |
| | Age dependency rate | 29.26 | 30.52 | 27.77 | 30.41 | 27.35 | 29.65 | 25.09 | 25.09 |
| Population* | Population change 2001-2007 (Index pop. 2001=100) | 104.19 | 103.56 | 102.18 | 103.32 | 101.78 | 103.48 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | 13.43 | 13.87 | 14.65 | 13.44 | 13.39 | 13.67 | 16.68 | 15.97 |
| | % pop.15_64_2007 | 65.45 | 65.65 | 65.98 | 66.29 | 66.97 | 65.81 | 69.75 | 70.18 |
| | % pop. >64_2007 | 21.12 | 20.47 | 19.37 | 20.27 | 19.65 | 20.52 | 13.55 | 13.84 |
| | Age dependency rate | 52.86 | 52.38 | 51.57 | 50.95 | 49.45 | 52.03 | 44.08 | 43.17 |
| | Natural increase change_01_06 | 4.24 | -19.23 | -28.67 | 25.50 | -38.33 | -8.78 | -5.99 | -6.09 |
| | Net migration change_01_06 | -160.98 | 78.79 | 522.31 | 322.11 | 127.17 | 55.59 | 7.09 | 8.97 |

*Values NUTS 3 are replaced by values NUTS 2

**Table 15.2** Demography indicators (b)

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | Average country | | Average EU 27 |
| Education* | % ISCED 0_2** | 56.40 | 57.21 | 57.94 | 56.81 | 60.51 | 57.28 | 33.62 | 36.65 |
| | % ISCED 3_4** | 32.76 | 32.40 | 31.62 | 32.39 | 29.77 | 32.21 | 43.29 | 47.14 |
| | % ISCED 5_6** | 10.26 | 9.92 | 9.99 | 10.31 | 9.31 | 10.01 | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment | 15.17 | 13.84 | 4.80 | 7.87 | 6.19 | 12.38 | 35.34 | 39.54 |
| | Life-Long Learning in Rural Areas* | 5.85 | 5.83 | 5.72 | 6.49 | 5.84 | 5.91 | 7.69 | 8.61 |

*Values NUTS 3 are replaced by values NUTS2

**% ISCED by groups is calculated for population more 15 years.

**Table 15.2a** OECD typology and national classification of rural areas (PSN), in % of Italy

| | | Total area (%) | UAA [4] | Population |
|---|---|---|---|---|
| Rural areas | OECD typology [1] | 77.4 | 77.9 | 49.8 |
| | national method (PSN): | | | |
| | B+C+D [2] | 92.1 | 93.3 | 57.3 |
| | C+D [3] | 75.2 | 69.5 | 35.5 |

1 significantly and predominantly rural regions

2 Rural areas with specialized intensive agriculture (B) + Intermediate rural areas (C) + Rural areas with comprehensive development problems (D)

3 Intermediate rural areas (C) + Rural areas with comprehensive development problems (D)

4 Utilized Agricultural Area (UAA)

Source: Rete Rurale Nazionale 2007-2013 (2009)

## 3. Employment

There is low employment participation for young and old population groups all over the country. This reflects the difficulties of entering the labour market and the extension of education into this age group which is stronger in Italy than in other countries.

What is impressive from the following table is the difference of participation rates of both groups between the types of regions: The rural regions, and particularly the remote type (valid both for the rural and intermediate part of the country), shows much less labour market participation than the regions of the urban type. This relates to significant labour market difficulties in these contexts.

Activity rates for women are strongly below those of men, a situation that is only slowly changing. Moreover, the gap towards the activity rate of women for the EU-27 is still very large (about 12 %-points).

Employment in principal sectors underlines that agriculture achieves even in remote rural regions only a share of less than 10%. It is apparent that tertiary sector employment increases in remote rural regions and is clearly higher than the national and EU average, a situation probably linked to the high attractiveness potential of remote regions of Italy for tourism and strong integration into larger labour markets.

Unemployment is a very serious problem in many regions and shows a particular spatial feature. It increases with remoteness, both for intermediate and rural regions. Moreover female unemployment and young persons unemployment is a serious problem, with unemployment rates of up to 32% within the remote parts of the country. In recent years (2002-2007) long term unemployment has somewhat decreased, but from a very high level, and it still constitutes a very large share of unemployment.

Following from national data on a differentiation of the employment situation between different geographical areas of the country (ISTAT 2010) the spatial divergence is much more extreme when analyzing the North-South differences: On average in the South and the Islands the employment rate is a further ten percent lower than the average for the PRR regions. It achieved just 43.4%, respectively 57.5% for the male and 35.9% for the female population (2009). Similarly general unemployment rates are much higher (than for the PRR shown in Table 13.2), rising to about 14% for the South and to more than 40% for youth unemployment in the South (these unemployment figures also for 2009).

**Table 15.3** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate* | 15_64 years | 62.32 | 59.25 | 51.74 | 57.39 | 55.23 | 59.25 | 66.40 | 66.42 |
| | Tmale 15_64 y | 73.20 | 70.75 | 65.08 | 70.00 | 67.74 | 70.87 | 73.05 | 73.12 |
| | Tfemale 15_64 y | 51.41 | 47.76 | 38.68 | 44.75 | 42.59 | 47.63 | 59.72 | 59.70 |
| | Total 15_24 y | 28.48 | 26.30 | 19.36 | 23.34 | 22.47 | 25.94 | 39.66 | 39.67 |
| | T 45_64 years | 54.74 | 53.94 | 50.20 | 53.45 | 51.05 | 53.67 | 62.37 | 62.34 |
| | Total 45_54 | 76.17 | 73.74 | 66.40 | 71.83 | 68.93 | 73.46 | 78.30 | 78.38 |
| | Total 55_64 | 33.32 | 34.14 | 34.00 | 35.08 | 33.16 | 33.88 | 46.44 | 46.30 |

**Table 15.3b** Employment indicators (b)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| %Employment in principal sector | %Emp_primary | 3.24 | 6.56 | 8.81 | 7.70 | 8.38 | 5.92 | 7.95 | 7.97 |
| | %Emp_secondary | 31.12 | 29.27 | 25.02 | 27.36 | 23.64 | 28.86 | 26.71 | 26.71 |
| | %Emp_tertiary | 65.65 | 64.17 | 66.16 | 64.94 | 67.98 | 65.21 | 65.33 | 65.31 |
| Unemployment evolution 2002_05 | Total > 15 years | 150.64 | 105.08 | 68.50 | 120.91 | 203.60 | 129.05 | 187.25 | 188.17 |
| | Total 15_24 years | 306.16 | 159.29 | 80.02 | 375.49 | 497.71 | 259.06 | 255.25 | 257.16 |
| | Total >25 years | 104.21 | 91.21 | 67.91 | 84.89 | 72.57 | 91.63 | 82.27 | 82.21 |
| | Male > 15 years | 102.45 | 67.81 | 76.88 | 60.33 | 62.13 | 77.96 | 82.45 | 82.35 |
| | Female > 15 years | 89.39 | 85.46 | 61.86 | 81.24 | 64.13 | 83.12 | 94.74 | 94.79 |
| Unemployment rate 2007* | Total >15 | 5.40 | 6.10 | 11.76 | 7.09 | 8.56 | 6.51 | 7.61 | 7.63 |
| | Total Male >15 | 4.26 | 4.49 | 9.74 | 5.23 | 7.11 | 4.99 | 7.06 | 7.05 |
| | Total Female >15 | 7.22 | 8.72 | 16.24 | 10.43 | 12.47 | 9.14 | 8.61 | 8.59 |
| | Total 15_24 | 17.66 | 19.98 | 32.14 | 23.93 | 28.17 | 21.04 | 15.80 | 15.64 |
| | Total >25 | 4.43 | 4.96 | 10.08 | 5.79 | 7.22 | 5.34 | 6.66 | 6.66 |
| Long term unemployment * | % long term unemployent rate_07 | 38.88 | 42.25 | 54.35 | 46.33 | 46.16 | 42.60 | 43.07 | 43.12 |
| | Evolution of long term unemployment 2002_07 | 96.76 | 98.24 | 86.10 | 88.71 | 93.32 | 95.63 | 111.33 | 110.94 |

*Values NUTS 3 are replaced by values NUTS2

## 4. Rural business development

Differences in the business structure are due to classical location of activities. Rural business is less strong on real estate, renting and business activities and stronger in hotels and restaurants, and particularly in construction.

Employment in high and medium tech manufacturing activities is significantly lower than the EU average and particularly low for rural regions. The spatial differences are extremely strong for this indicator and also visible in the share of firms with Internet websites.

**Table 15.4** Rural business development indicators (a)

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | | Average EU 27 +CH+HR +IS+LI+MK+NO+TR | |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | Average country | | Average EU 27 |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.10 | 0.12 | 0.11 | 0.17 | 0.20 | 0.13 | 0.30 | 0,30 |
| | % Manufacturing | 14.24 | 13.69 | 11.07 | 13.11 | 12.10 | 13.51 | 14.08 | 14,05 |
| | % Electricity, gas and water supply | 0.10 | 0.13 | 0.10 | 0.08 | 0.14 | 0.11 | 0.61 | 0,63 |
| | %Construction | 15.05 | 15.04 | 13.60 | 15.55 | 16.19 | 15.15 | 9.48 | 9,46 |
| | %Wholesale and retail trade | 32.00 | 34.10 | 39.95 | 34.89 | 35.27 | 33.91 | 23.02 | 21,83 |
| | %Hotel and restaurants | 7.14 | 7.57 | 6.78 | 7.34 | 8.66 | 7.48 | 6.52 | 6,15 |
| | %Transport, storage and communication | 4.21 | 3.69 | 3.64 | 2.64 | 2.84 | 3.65 | 8.69 | 8,46 |
| | %Real state, renting and business activities | 27.16 | 25.66 | 24.76 | 26.21 | 24.61 | 26.05 | 37.29 | 39,12 |

**Table 15.4** Rural business development indicators (b)

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR +IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.20 | 0.26 | 0.25 | 0.39 | 0.51 | 0.28 | 0.58 | 0,52 |
| | % Manufacturing | 31.00 | 29.68 | 20.53 | 26.68 | 22.29 | 28.57 | 29.18 | 28,08 |
| | % Electricity, gas and water supply | 0.73 | 0.81 | 1.03 | 0.98 | 1.09 | 0.84 | 1.14 | 0,89 |
| | %Construction | 11.89 | 13.01 | 14.34 | 14.66 | 16.69 | 13.28 | 9.09 | 9,14 |
| | %Wholesale and retail trade | 22.85 | 23.86 | 27.79 | 24.37 | 26.95 | 24.09 | 26.14 | 26,93 |
| | %Hotel and restaurants | 7.39 | 7.83 | 7.65 | 8.35 | 9.49 | 7.91 | 8.27 | 8,37 |
| | %Transport, storage and communication | 7.97 | 7.44 | 9.83 | 6.06 | 6.36 | 7.46 | 8.65 | 8,52 |
| | %Real state, renting and business activities | 17.95 | 17.10 | 18.56 | 18.46 | 16.53 | 17.53 | 16.78 | 17,51 |
| Employment in high and medium technologies manufacturing activities_2004 | Employment in high and medium tech manufacturing activities_2004_Media | 8.19 | 6.97 | 4.65 | 5.66 | 4.23 | 6.82 | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_%EU 25 | 121.73 | 105.85 | 69.21 | 81.04 | 62.69 | 101.97 | 95.89 | 107,13 |
| %firms with own website | | 52,41 | 49.31 | 45.10 | 47.52 | 44.99 | 49.45 | 50.21 | 50.21 |

*Values NUTS 3 are replaced by values NUTS2

## 5. Rural-urban relationships

The OECD review on rural policy in Italy summarizes that “intense urban sprawl is giving rise to negative externalities in parts of the rural milieu” (OECD 2009, 17). This is especially linked to Italy’s expanding metropolitan regions which have seen limited control over the last thirty years. Housing development and location of new entrepreneurial areas have exceeded the pace of transport infrastructure which resulted in traffic congestion and pollutions problems as well as related social problems. Increasing commuting is also one of the factors contributing to green house gas (GHG) emissions. The on-going concentration process can be underscored by the increase of the ratio “employees at place of work vs. place of home” which has rsien for urban poles from 110 (1991) to 117(2001) whereas rural areas with development problems have to face a weakening of their employment situation (ratio decreasing from 78 to 76 in the same period; OECD 2009, 63).

Suburbanization process are thus of significant relevance in Italy and discussed with high intensity in Italy. Due to the dense population structure all regions, including remote rural parts of the country are concerned by this trend. The vast metropolitan areas of for instance Northern Italy challenge the classical use of the urban-rural dichotomy. In this regard the term “rural” may assume a sectoral connotation which hardly takes account of a comprehensive assessment of rural areas spatial problem patterns. Linkages are however, particularly in such a diverse country with a strong reliance on natural and cultural amenities, widespread and relate to many economic, social and cultural activities. The Territorial Employment Pacts were just one aspect to improve coordination of labour market initiatives in the regions. Out of the 61 PACTs about one third have been analysed in an internal study (Ministero dell’Economia e delle Finanze 2003) to draw lessons for future regional development measures.

## 6. Cultural heritage

Italy is well-known for the high level of cultural amenities and awareness of cultural heritage in many respects. Use of cultural resources is not restricted to the built-environment and not to urban centers, but in general scattered all over the country. The dense population structure and history of regional centers have contributed to a network of attractive cultural assets that are preserved and presented as a resource of high esteem. Rural regions include historical buildings, but address to a higher degree the aspects of natural resources through the cultural landscapes. As seaside and mountains are very close in many parts of Italian regions, the interplay of the two is referenced as a specific asset for tourism and recreation.

## 7. Services of General Interest

Accessibility difficulties are relevant in large parts of Italy. However, due to the summarizing effect of the groups of regions, the indicators don't provide a clear picture on the situation and divergences. Accessibility time is slightly higher for remote regions with more distinct differences in accessibility of universities and airports. Clear differences can also be seen in broadband access and households with internet access where provision is generally below the EU-27 average, and for rural regions even weaker.

The same applies to number of beds in hospitals: There are fewer hospital beds than at the EU average and these have been further decreased over recent past (2000-2005). There are no significant differences between regional types. Whereas the number of hospital beds per head is at the EU average, the number of doctors is three times higher in Italy and provision is as good in rural (remote) regions as in urban places.

**Table 15.5** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | 0.04 | 0.03 | 0.02 | 0.01 | 0.02 | 0.03 | 0.04 | 0.04 |
| Density of trunk road | | 0.21 | 0.15 | 0.13 | 0.12 | 0.11 | 0.16 | 0.17 | 0.17 |
| Density of railways | | 0.09 | 0.06 | 0.06 | 0.05 | 0.04 | 0.07 | 0.10 | 0.10 |
| Area (km2)** | | 76541.60 | 137337.80 | 11811.60 | 59441.80 | 47277.20 | 332410.00 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_06* | 4.12 | 2.96 | 0.12 | 1.71 | 0.83 | 2.84 | 0.93 | 0.92 |
| DENSITY | Density of population 2006*** | 478.85 | 163.60 | 129.68 | 64.88 | 47.89 | 239.22 | 414.65 | 446.23 |
| Daily population accessible by car* | | 1654.00 | 1654.00 | 1654.00 | 1654.00 | 1654.00 | 1654.00 | 18078.54 | 19285.23 |

* Values NUTS 3 are replaced by values NUTS2;

** The findings of these variables are the sum of values, not the average, as the others.;

*** These values are only indicatives and aren't real because in the calculation there are values NUTS2 and NUTS3.

**Table 15.6** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Time to nearest hospital | | 14.63 | 18.11 | 12.31 | 19.82 | 21.77 | 17.17 | 22.83 | 22.83 |
| Time to nearest university | | 39.06 | 48.52 | 73.95 | 48.01 | 83.12 | 49.60 | 45.10 | 45.10 |
| Time to nearest airport | | 43.13 | 66.40 | 75.89 | 84.76 | 115.58 | 65.26 | 83.44 | 83.44 |
| %households with broadhand Access* | | 31.55 | 29.66 | 26.00 | 28.83 | 25.09 | 29.53 | 49.07 | 48.00 |
| % households with internet at home* | | 73.64 | 71.46 | 71.20 | 69.16 | 64.63 | 71.18 | 81.46 | 81.20 |
| Nº STUDENTS ISCED 0_6* | Nºstudents ISCED_0 per 1.000 inhabitants | 26.93 | 27.66 | 28.85 | 26.92 | 26.56 | 27.29 | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | 44.96 | 46.82 | 50.43 | 45.33 | 45.13 | 46.05 | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | 28.173 | 30.203 | 34.174 | 29.903 | 30.884 | 29.780 | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | 46.755 | 51.914 | 52.550 | 48.058 | 48.468 | 49.518 | 48.05 | 48.03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | 1.376 | 1.015 | 0.610 | 0.851 | 0.953 | 1.089 | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | 32.157 | 34.917 | 35.645 | 36.504 | 30.947 | 33.844 | 37.37 | 37.23 |

**Table 15.7** Services of general interest indicators (c)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| BEDS IN HOSPITAL PER 100,000 inhabitants | Nº of beds in hospitals per 100.000 inhabitants _05 | 401.606 | 398.404 | 398.800 | 397.967 | 421.391 | 401.754 | 696.91 | 704.88 |
| | Evolution beds 2000_05 | 83.848 | 85.821 | 86.405 | 83.499 | 91.003 | 85.494 | 91.53 | 91.94 |
| | Density of hospitals | 8.52 | 2.91 | 1.77 | 1.10 | 0.81 | 4.39 | 5.44 | 5.44 |
| | Hospital beds per head | 4.92 | 4.66 | 3.59 | 5.09 | 4.47 | 4.72 | 4.98 | 4.98 |
| | Doctors per inhabitant | 603.21 | 588.64 | 654.16 | 621.98 | 618.60 | 602.49 | 171.35 | 171.35 |

*Values NUTS 3 are replaced by values NUTS2

## 8. Farm structural change

Farm structure indicators reflect the situation of a Mediterranean country, with high shares of small scaled farm units and a strong economic relevance of the few big farm holdings. More than 35% of farm units have less than 2 ESU, and only about 3% more than 100 ESU.

The overall exit rate of farm units is quite high, in all types of regions. It is extremely above the national average for farm units of less than 2 ESU, reaching 70 and 60% in remote intermediate, respectively rural regions. For the middle range of farm units (2 to 100 ESU) a very restricted change rate shows the considerable stability of farm units in this period.

On average economic farm sizes are very low for remote and rural regions. Moreover the linkage to off-farm work is particularly important in these areas. There is a high share of very old farmers and farmers with agricultural training are very rare in all regions of Italy.

**Table 15.8** Farm structural change indicators (a)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | 33.95 | 32.57 | 36.42 | 43.83 | 38.49 | 35.06 | 33.42 | 33.89 |
| | 2 to 100 ESU | 62.32 | 64.71 | 62.10 | 54.78 | 59.79 | 62.21 | 57.56 | 57.02 |
| | >100 ESU | 3.73 | 2.73 | 1.47 | 1.39 | 1.73 | 2.74 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005* | % Change in number of total holdings 2000-2005 | -21.77 | -20.49 | -25.73 | -20.53 | -20.95 | -21.12 | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | -33.81 | -38.55 | -45.07 | -27.94 | -38.27 | -35.93 | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | -12.79 | -8.08 | -18.30 | -13.66 | -2.92 | -10.09 | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | 15.16 | 23.79 | 32.32 | 37.85 | 23.65 | 22.93 | 32.21 | 31.28 |

*Values NUTS 3 are replaced by values NUTS2

**Table 15.9** Farm structural change indicators (b)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| HOLDERS | % Holders working full time 2005** | 28.36 | 26.84 | 17.83 | 17.82 | 23.00 | 25.49 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 – 2005** | 15.57 | 39.81 | 72.85 | 24.87 | 37.52 | 31.74 | -0.01 | 0.33 |
| | Economic Farm Size (RDEU07) | 21.30 | 21.47 | 9.54 | 11.26 | 13.66 | 18.91 | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | 23.67 | 25.20 | 32.60 | 28.10 | 33.23 | 26.21 | 37.55 | 37.55 |
| | % holders > 55 years 2007* | 67.64 | 67.30 | 68.19 | 67.99 | 65.40 | 67.33 | 50.19 | 50.61 |
| | % holders < 35 years 2007* | 3.40 | 3.22 | 3.16 | 3.24 | 4.41 | 3.40 | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 – 2005* | 7.03 | 6.98 | 8.46 | 9.91 | 7.97 | 7.50 | 5.88 | 5.61 |
| | % change in holders < 35 years 2000 – 2005* | -32.52 | -34.84 | -40.86 | -34.94 | -36.77 | -34.59 | -34.00 | -33.95 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | 16.78 | 14.48 | 6.00 | 10.31 | 11.53 | 14.07 | 42.29 | 42.29 |

*Values NUTS 3 are replaced by values NUTS2

** Some values NUTS 3 are replaced by values NUTS2

## 9. Institutional Capacity

The situation of regions expressed in GDP per capita is below the EU average for all types of regions, except for urban regions. It is significantly lower for the remote regions (both intermediate and rural regions). The situation is particularly difficult for intermediate remote regions, underpinning the great incidence of these regions in the country.

**Table 15.10** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | 25014.15 | 10705.89 | 5289.76 | 11029.82 | 13349.54 | 15307.45 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | 24975.97 | 21723.55 | 16419.56 | 19954.7 | 19099.15 | 22041.00 | 20926.83 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | 115.33 | 100.32 | 75.80 | 92.15 | 88.20 | 101.78 | 94.38 | 95.48 |

## 10. Climate change

Climate change is of high relevance in the Mediterranean area. The model findings explored in ESPON 2013/1/4 project on “Climate Change and Territorial Effects on Regions and Local Economies” (Greiving et al. 2010) reveal the variation of effects across European regions. Most of the Italian regions would be affected, according to the simulation runs, by an annual mean temperature increase of up to 4.5 degrees which is the highest level expressed for the ESPON territory. However temperature increase will vary only slightly between the Italian regions, reaching the absolute peak for the Alpine regions in Northern Italy (Greiving et al. 2010, 15). But for precipitation the changes will be much more differentiated for the different regions of Italy: While in most parts of Northern and Central Europe winter precipitation is projected to increase Southern Europe and particularly most parts of the Mediterranean area, including the Southern Italian regions, will experience decreases in winter precipitation of 10% and more. The regions in Italy affeected most by these decreases in precipitation will be Sicilia, Calabria and parts of Sardegna with a decrease of more than 20% (Greiving et al. 2010, 18). As a consequence of the low level current precipitation levels droughts will ocurr more widespread and negative implications for productivity and life quality aspects have to be facedfor these regions.

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The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## LATVIA

Report nº 25.16

Petri Kahila
Nordregio - Nordic Centre for Spatial Development

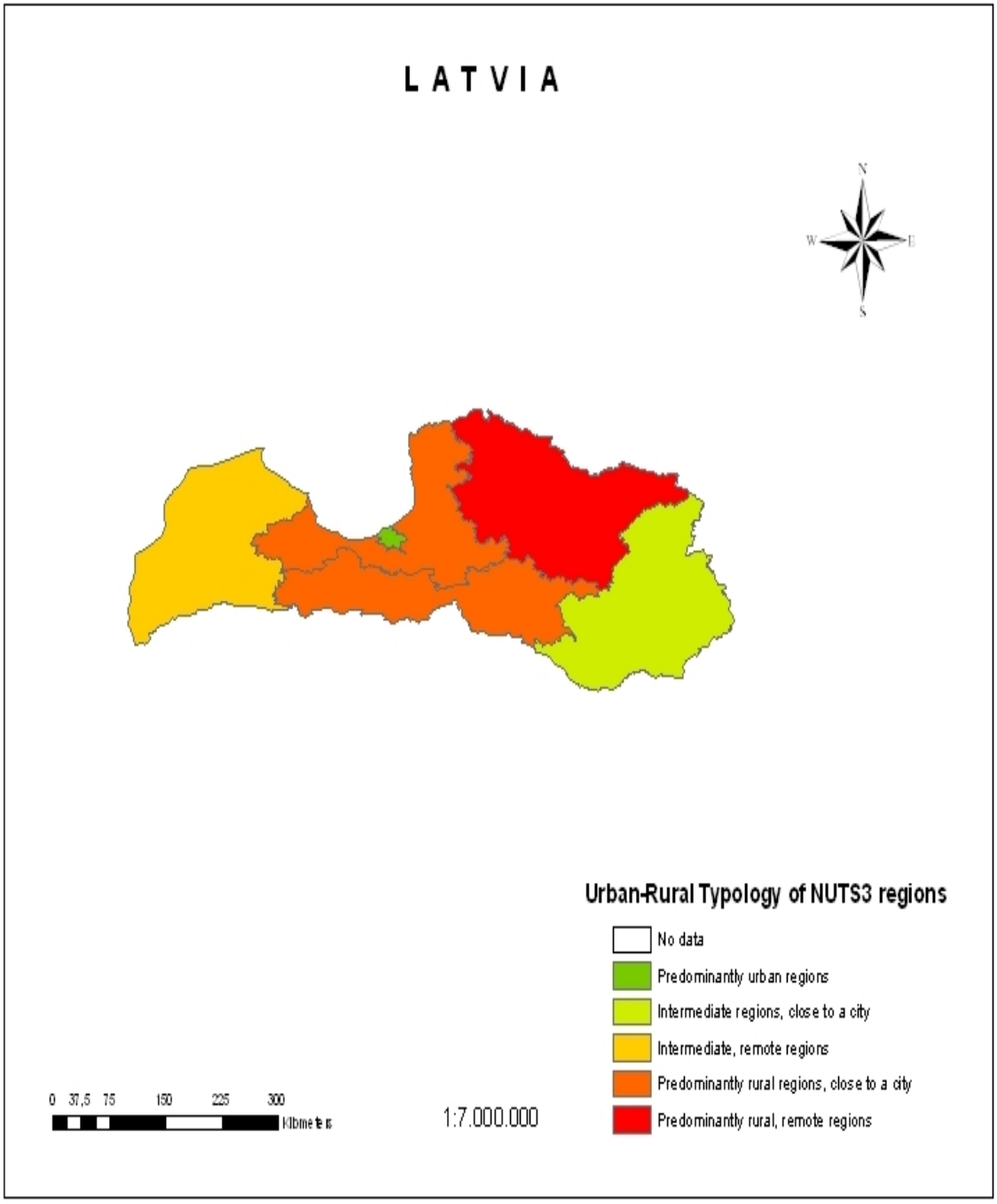
EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

**CONTENTS**

## 1. Introduction

Latvia has 6 NUTS 3 regions. In accordance with the typology (DG region Poelman) the largest parts of Latvia is classified as rural. Only the region around the capital Riga is classified as predominantly urban. In the middle of the country the predominantly rural regions are to be found while in the east and the west intermediate rural regions are situated.

**Figure 16.1** DG Region modified Urban-rural typology of NUTS 3 regions: Latvia




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

## 2. Demography

In 2001 Latvia had a lower age dependency than the Average of EU 27 (Table 16.1). The country had a larger share of the population below 15 years old and a smaller share of people over 64.

Of the farmers 0 percent of the holders in urban areas have basic or full educational attainment while the rest of the region types have share of between around 30 and 40 percent. Remote regions have the highest shares. The country average is however below the EU 27 average.

**Table 16.1** Demography indicators (a)

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001 | % people aged 0 to 14 years | 17.97 | 17.93 | 19.97 | 19.18 | 20.61 | 19.14 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | 67.19 | 66.15 | 65.98 | 66.45 | 65.06 | 66.21 | 66.62 | 66.65 |
| | % people aged 64 years and over | 14.83 | 15.92 | 14.06 | 14.37 | 14.33 | 14.65 | 16.53 | 16.55 |
| | Age dependency rate | 22.08 | 24.07 | 21.30 | 21.62 | 22.02 | 22.12 | 25.09 | 25.09 |
| Population* | Population change 2001-2007 (Index pop. 2001=100) | 96.49 | 96.49 | 96.49 | 96.49 | 96.49 | 96.49 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | 13.96 | 13.96 | 13.96 | 13.96 | 13.96 | 13.96 | 16.68 | 15.97 |
| | % pop.15_64_2007 | 68.95 | 68.95 | 68.95 | 68.95 | 68.95 | 68.95 | 69.75 | 70.18 |
| | % pop. >64_2007 | 17.09 | 17.09 | 17.09 | 17.09 | 17.09 | 17.09 | 13.55 | 13.84 |
| | Age dependency rate | 45.04 | 45.04 | 45.04 | 45.04 | 45.04 | 45.04 | 44.08 | 43.17 |
| | Natural increase change_01_06 | -45.83 | 12.90 | -14.29 | -26.90 | 16.67 | -14.06 | -5.99 | -6.09 |
| | Net migration change_01_06 | -51.99 | 84.72 | 24.88 | -14.59 | 47.32 | 12.62 | 7.09 | 8.97 |

**Table 16.2** Demography indicators (b)

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Education* | % ISCED 0_2** | 23.91 | 23.91 | 23.91 | 23.91 | 23.91 | 23.91 | 33.62 | 36.65 |
| | % ISCED 3_4** | 51.01 | 51.01 | 51.01 | 51.01 | 51.01 | 51.01 | 43.29 | 47.14 |
| | % ISCED 5_6** | 16.76 | 16.76 | 16.76 | 16.76 | 16.76 | 16.76 | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment | 0.00 | 27.80 | 38.30 | 35.25 | 39.70 | 29.38 | 35.34 | 39.54 |
| | Life-Long Learning in Rural Areas | 7.94 | 7.94 | 7.94 | 7.94 | 7.94 | 7.94 | 7.69 | 8.61 |

*Values NUTS 3 are replaced by values NUTS2

** % ISCED by groups is calculated for population more 15 years.

## 3. Employment

In Latvia the employment in primary the sector is well above the EU 27 average while the employment in the tertiary sector is below (Table 16.3). “Intermediate rural regions, close to a city” are the area with the highest share of employed in the primary sector. This is also the region with the highest unemployment rate. If the rate is higher for women and men differs between regions and with age groups but over all the country average is below the figures for EU 27. Between 2002 and 2005 the unemployment rate decreased significantly in all region types and in average the unemployment in the country was almost halved.

**Table 16.3** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate* | T15_64 years | 68.30 | 68.30 | 68.30 | 68.30 | 68.30 | 68.30 | 66.40 | 66.42 |
| | Tmale 15_64 y | 72.50 | 72.50 | 72.50 | 72.50 | 72.50 | 72.50 | 73.05 | 73.12 |
| | Tfemale 15_64 y | 64.40 | 64.40 | 64.40 | 64.40 | 64.40 | 64.40 | 59.72 | 59.70 |
| | Total 15_24 y | 38.40 | 38.40 | 38.40 | 38.40 | 38.40 | 38.40 | 39.66 | 39.67 |
| | T 45_64 years | 69.90 | 69.90 | 69.90 | 69.90 | 69.90 | 69.90 | 62.37 | 62.34 |
| | Total 45_54 | 82.10 | 82.10 | 82.10 | 82.10 | 82.10 | 82.10 | 78.30 | 78.38 |
| | Total 55_64 | 57.70 | 57.70 | 57.70 | 57.70 | 57.70 | 57.70 | 46.44 | 46.30 |
| %Employment in principal sector | %Emp_primary | 0.60 | 19.62 | 16.42 | 18.38 | 19.13 | 15.42 | 7.95 | 7.97 |
| | %Emp_secondary | 25.95 | 21.84 | 27.91 | 26.18 | 27.18 | 25.87 | 26.71 | 26.71 |
| | %Emp_tertiary | 73.45 | 58.55 | 55.67 | 55.45 | 53.69 | 58.71 | 65.33 | 65.31 |
| Unemployment evolution 2002_05 | Total > 15 years | 53.53 | 49.10 | 41.80 | 59.27 | 60.16 | 53.86 | 187.25 | 188.17 |
| | Total 15_24 years | NA | NA | NA | NA | NA | NA | 255.25 | 257.16 |
| | Total >25 years | 55.59 | 45.15 | 38.41 | 55.76 | 60.42 | 51.85 | 82.27 | 82.21 |
| | Male > 15 years | 52.04 | 55.21 | 38.74 | 50.05 | 71.64 | 52.96 | 82.45 | 82.35 |
| | Female > 15 years | 55.05 | 40.52 | 47.44 | 71.52 | 44.64 | 55.11 | 94.74 | 94.79 |

**Table 16.4** Employment indicators (b)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Unemployment rate 2007* | Total >15 | 5.70 | 8.00 | 5.20 | 5.65 | 6.50 | 6.12 | 7.61 | 7.63 |
| | Total Male >15 | 5.70 | 10.10 | 5.30 | 5.40 | 8.10 | 6.67 | 7.06 | 7.05 |
| | Total Female >15 | 5.80 | 5.70 | 5.00 | 5.90 | 4.70 | 5.50 | 8.61 | 8.59 |
| | Total 15_24 | 9.70 | 16.00 | 10.70 | 9.50 | 12.00 | 11.23 | 15.80 | 15.64 |
| | Total >25 | 5.20 | 7.00 | 4.40 | 5.00 | 5.80 | 5.40 | 6.66 | 6.66 |
| Long term unemployment* | % long term unemployent rate_07 | 26.43 | 26.43 | 26.43 | 26.43 | 26.43 | 26.43 | 43.07 | 43.12 |
| | Evolution of long term unemployment 2002_07 | 58.36 | 58.36 | 58.36 | 58.36 | 58.36 | 58.36 | 111.33 | 110.94 |

*Values NUTS 3 are replaced by values NUTS2

## 4. Rural business development

In the table 16.5 rural business development indicators illustrate the development in the whole country. The indicators do not allow us to describe situation in the rural areas. However, we can pay attention to some indicators which reflect different situation in Latvia in relation to EU27. Share of firms active in wholesale and retail trade is almost double in Latvia in comparison to EU27. There is a clear difference also in amount of firms active in real estate, renting and business activities. However, employment by sector of operation does not remarkably differ from average in EU27.

**Table 16.5** Rural business development indicators

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.24 | 0.24 | 0.24 | 0.24 | 0.24 | 0.24 | 0.30 | 0,30 |
| | % Manufacturing | 10.52 | 10.52 | 10.52 | 10.52 | 10.52 | 10.52 | 14.08 | 14,05 |
| | % Electricity, gas and water supply | 0.86 | 0.86 | 0.86 | 0.86 | 0.86 | 0.86 | 0.61 | 0,63 |
| | %Construction | 5.87 | 5.87 | 5.87 | 5.87 | 5.87 | 5.87 | 9.48 | 9,46 |
| | %Wholesale and retail trade | 41.96 | 41.96 | 41.96 | 41.96 | 41.96 | 41.96 | 23.02 | 21,83 |
| | %Hotel and restaurants | 5.08 | 5.08 | 5.08 | 5.08 | 5.08 | 5.08 | 6.52 | 6,15 |
| | %Transport, storage and communication | 8.60 | 8.60 | 8.60 | 8.60 | 8.60 | 8.60 | 8.69 | 8,46 |
| | %Real state, renting and business activities | 26.87 | 26.87 | 26.87 | 26.87 | 26.87 | 26.87 | 37.29 | 39,12 |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.44 | 0.44 | 0.44 | 0.44 | 0.44 | 0.44 | 0.58 | 0,52 |
| | % Manufacturing | 25.48 | 25.48 | 25.48 | 25.48 | 25.48 | 25.48 | 29.18 | 28,08 |
| | % Electricity, gas and water supply | 2.34 | 2.34 | 2.34 | 2.34 | 2.34 | 2.34 | 1.14 | 0,89 |
| | %Construction | 11.38 | 11.38 | 11.38 | 11.38 | 11.38 | 11.38 | 9.09 | 9,14 |
| | %Wholesale and retail trade | 28.18 | 28.18 | 28.18 | 28.18 | 28.18 | 28.18 | 26.14 | 26,93 |
| | %Hotel and restaurants | 4.76 | 4.76 | 4.76 | 4.76 | 4.76 | 4.76 | 8.27 | 8,37 |
| | %Transport, storage and communication | 12.92 | 12.92 | 12.92 | 12.92 | 12.92 | 12.92 | 8.65 | 8,52 |
| | %Real state, renting and business activities | 14.49 | 14.49 | 14.49 | 14.49 | 14.49 | 14.49 | 16.78 | 17,51 |
| Employment in high and medium technologies manufacturing activities_2004 | Employment in high and medium tech manufact. Activities 2004_Media | 1.42 | 1.42 | 1.42 | 1.42 | 1.42 | 1.42 | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_%EU 25 | 27.95 | 27.95 | 27.95 | 27.95 | 27.95 | 27.95 | 95.89 | 107,13 |
| %firms with own website | | NA | NA | NA | NA | NA | NA | 50.21 | 50.21 |

*Values NUTS 3 are replaced by values NUTS2

## 5. Rural-urban relationships

Unfortunately it was no possible to find relevant information about rural-urban relationships in Latvia

## 6. Cultural heritage

Unfortunately it was no possible to find relevant information about cultural heritage in Latvia

## 7. Services of General Interest

Table 16.6 shows that the length of road and railway networks in Latvia was below the EU 27 average in 2001.

"Predominantly rural, remote regions" and "intermediate rural regions, close to a city" takes up most of the country's area. In general the country is less densely populated then the EU 27. Most peripheral (ie. travel time from each regions centroid to all others over the road network taking into account additional factors such as lower average travel speeds in mountainous areas or border waiting times etc) of the region types is the "intermediate rural region, close to a city" which is located in the eastern parts of the country between the borders of Russia, Belarus and Lithuania. The accessibility to markets by train and road in the country is slightly below the average of the EU 27.

**Table 16.6** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | 0.11 | 0.00 | NA | 0.00 | NA | 0.04 | 0.04 | 0.04 |
| Density of trunk road | | 0.27 | 0.10 | 0.13 | 0.10 | 0.13 | 0.14 | 0.17 | 0.17 |
| Density of railways | | 0.15 | 0.03 | 0.03 | 0.03 | 0.02 | 0.05 | 0.10 | 0.10 |
| Area (km2)** | | 307.00 | 14547.00 | 13601.00 | 20787.00 | 15347.00 | 64589.00 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_07* | -3.87 | -5.85 | -3.47 | 0.51 | -4.68 | -2.81 | 0.93 | 0.92 |
| | Density of population 2007*** | 2369.57 | 24.73 | 22.68 | 31.73 | 15.83 | 416.04 | 414.65 | 446.23 |
| Daily population accessible by car* | | 940.00 | 940.00 | 2780.00 | 940.00 | 940.00 | 1246.66 | 18078.54 | 19285.23 |

**Table 16.7** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Time to nearest hospital | | NA | NA | NA | NA | NA | NA | 22.83 | 22.83 |
| Time to nearest university | | 8.93 | 99.50 | 79.53 | 48.14 | 97.88 | 63.69 | 45.10 | 45.10 |
| Time to nearest airport | | 14.80 | 219.84 | 79.53 | 60.02 | 118.39 | 92.10 | 83.44 | 83.44 |
| %households with broadhand access | | NA | NA | NA | NA | NA | NA | 49.07 | 48.00 |
| % households with internet at home | | NA | NA | NA | NA | NA | NA | 81.46 | 81.20 |
| Nº STUDENTS ISCED 0_6 | Nºstudents ISCED_0 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 48.05 | 48.03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 37.37 | 37.23 |
| BEDS IN HOSPITAL PER 100,000 inhabitants | Nº of beds in hospitals per 100.000 inhabitants_05 | 766.40 | 766.40 | 766.40 | 766.40 | 766.40 | 766.40 | 696.91 | 704.88 |
| | Evolution nbeds 2000_05 | 88.06 | 88.06 | 88.06 | 88.06 | 88.06 | 88.06 | 91.53 | 91.94 |
| | Density of hospitals | NA | NA | NA | NA | NA | NA | 5.44 | 5.44 |
| | Hospital beds per head | NA | NA | NA | NA | NA | NA | 4.98 | 4.98 |
| | Doctors per inhabitant | NA | NA | NA | NA | NA | NA | 171.35 | 171.35 |

* Values NUTS 3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

*** These values are only indicatives and aren't reals because in the calculation there are values NUTS2 and NUTS3.

## 8. Farm structural change

Most of the holdings in Latvia are economically small (Table 16.8). Compared to the EU 27 average a considerable large share of the holdings is of below 2 European Size Units (ESU). Less than 20 percent are of between 2 and 100 ESU and as little as 0,11 percent are of above 100 ESU. Middle sized holdings increased the most in numbers between 2000 and 2005. Small holding s did also increase while the number of large holdings decreased. A low share of the holders in Latvia work full time and the share have become smaller in recent years. More of the holders are becoming over 55 years old and the share of holders below 35 is decreasing. The change is though slightly smaller than the change in EU 27 in average. About 35 percent of the Latvian holders have basic and full education attained in agriculture.

**Table 16.8** Farm structural change indicators (a)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | 85.07 | 85.07 | 79.83 | 83.02 | 85.67 | 83.61 | 33.42 | 33.89 |
| | 2 to 100 ESU | 14.74 | 14.74 | 19.91 | 16.65 | 14.25 | 16.15 | 57.56 | 57.02 |
| | >100 ESU | 0.19 | 0.19 | 0.26 | 0.34 | 0.08 | 0.23 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005 | -8.08 | -8.08 | -8.08 | -8.59 | -10.69 | -8.68 | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | -7.27 | -8.25 | -5.62 | -5.89 | -8.24 | -6.86 | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | NA | -17.38 | -17.38 | -21.17 | -23.08 | -20.04 | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | NA | 150.00 | 150.00 | 50.00 | 0.00 | 80.00 | 32.21 | 31.28 |

**Table 16.9** Farm structural change indicators (b)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| HOLDERS | % Holders working full time 2005 | NA | 20.59 | 22.45 | 14.63 | 17.27 | 17.91 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 - 2005 | NA | -3.17 | -23.85 | -40.32 | -20.45 | -25.62 | 0.00 | 0.33 |
| | Economic Farm Size (RDEU07) | 2.10 | 1.30 | 2.50 | 2.95 | 1.80 | 2.26 | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | 36.80 | 31.50 | 37.80 | 40.10 | 40.90 | 37.86 | 37.55 | 37.55 |
| | % holders > 55 years 2007* | 49.93 | 49.93 | 49.93 | 49.93 | 49.93 | 49.93 | 50.19 | 50.61 |
| | % holders < 35 years 2007* | 7.20 | 7.20 | 7.20 | 7.20 | 7.20 | 7.20 | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 - 2005 | NA | 1.17 | 5.41 | 5.28 | 4.83 | 4.39 | 5.88 | 5.61 |
| | % change in holders < 35 years 2000 - 2005 | NA | -24.72 | -37.35 | -23.86 | -27.07 | -27.37 | -34.01 | -33.95 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | NA | 27.80 | 38.30 | 35.25 | 39.70 | 35.26 | 42.29 | 42.29 |

*Values NUTS 3 are replaced by values NUTS2

## 9. Institutional Capacity

As shown in table 16.10 the gross domestic product expressed in PPS / inhabitant in Latvia is well below the EU 27 average. While the urban region has the highest level the "intermediate rural region, close to a city" located by the Russian, Belarus and Lithuanian borders has the lowest level. In the rural region the GDP/ inhabitant in Euro makes up about 90 percentage of the EU average figure for 2005 while the corresponding figure for the "intermediate rural region, close to a city" is about 24 percentages.

**Table 16.10** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | 7463.8 | 994.2 | 1387.8 | 1177.75 | 810.8 | 2168.68 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | 20219 | 5428 | 8861.9 | 7012.25 | 6562.2 | 9182.6 | 20926.83 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | 45.70 | 12.30 | 20.00 | 15.85 | 14.80 | 20.75 | 94.38 | 95.48 |

## 10. Climate change

Unfortunately it was no possible to find relevant information about climate change in Latvia

The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## LIECHTENSTEIN

Report nº 25.17

Thomas Dax
Federal Institue for Less Favoured and Montainous Areas

EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

**CONTENTS**

## 1. Introduction

No regional typology is available for Liechtenstein. The size of the country is equivalent to a small NUTS 3 area which is characterized by small villages and a considerable part of mountain areas. It would thus be attributed to a rather rurally characterized area which has a high intensity of service jobs and high GDP per capita.

**Figure 17.1** DG Region modified Urban-rural typology of NUTS 3 regions: Liecheinstein

**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

## 2. Demography

Population increased over recent past and is still rather young, compared tot eh EU average.

**Table 17.1** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+ MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001 | % people aged 0 to 14 years | | | | | | NA | 16.75 | 16.70 |
| | % people aged 15 to 64 years | | | | | | NA | 66.62 | 66.65 |
| | % people aged 64 years and over | | | | | | NA | 16.53 | 16.55 |
| | Age dependency rate | | | | | | NA | 25.09 | 25.09 |
| Population* | Population change 2001-2007 (Index pop. 2001=100) | | | | | | 107.01 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | | | | | | 17.06 | 16.68 | 15.97 |
| | % pop.15_64_2007 | | | | | | 71.03 | 69.75 | 70.18 |
| | % pop. >64_2007 | | | | | | 11.91 | 13.55 | 13.84 |
| | Age dependency rate | | | | | | 40.78 | 44.08 | 43.17 |
| Education | Natural increase change_01_06 | | | | | | 0.00 | -5.99 | -6.09 |
| | Net migration change_01_06 | | | | | | -77.27 | 7.09 | 8.97 |
| | % ISCED 0_2** | | | | | | NA | 33.62 | 36.65 |
| | % ISCED 3_4** | | | | | | NA | 43.29 | 47.14 |
| | % ISCED 5_6** | | | | | | NA | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment | | | | | | NA | 35.3421 | 39.5463 |
| | Life-Long Learning in Rural Areas | | | | | | NA | 7.6985 | 8.6142 |

*Values NUTS 3 are replaced by values NUTS2

**% ISCED by groups is calculated for population more 15 years.

## 3. Employment

Employment indicators are not available through Eurostat, so national sources should be accessed to provide the relevant information on employment statistics.

**Table 17.2** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate | 15_64 years | | | | | | NA | 66.41 | 66.43 |
| | Tmale 15_64 y | | | | | | NA | 73.06 | 73.12 |
| | Tfemale 15_64 y | | | | | | NA | 59.73 | 59.70 |
| | Total 15_24 y | | | | | | NA | 39.66 | 39.68 |
| | T 45_64 years | | | | | | NA | 62.37 | 62.35 |
| | Total 45_54 | | | | | | NA | 78.30 | 78.39 |
| | Total 55_64 | | | | | | NA | 46.44 | 46.30 |
| %Employment in principal sector | %Emp_primary | | | | | | NA | 7.95 | 7.98 |
| | %Emp_secondary | | | | | | NA | 26.72 | 26.71 |
| | %Emp_tertiary | | | | | | NA | 65.33 | 65.31 |
| Unemployment evolution 2002_05 | Total > 15 years | | | | | | NA | 187.25 | 188.18 |
| | Total 15_24 years | | | | | | NA | 255.26 | 257.16 |
| | Total >25 years | | | | | | NA | 82.27 | 82.22 |
| | Male > 15 years | | | | | | NA | 82.45 | 82.36 |
| | Female > 15 years | | | | | | NA | 94.75 | 94.79 |
| Unemployment rate 2007 | Total >15 | | | | | | NA | 7.61 | 7.63 |
| | Total Male >15 | | | | | | NA | 7.07 | 7.06 |
| | Total Female >15 | | | | | | NA | 8.61 | 8.59 |
| | Total 15_24 | | | | | | NA | 15.80 | 15.65 |
| | Total >25 | | | | | | NA | 6.67 | 6.67 |
| Long term unemployment | % long term unemployent rate_07 | | | | | | NA | 43.07 | 43.13 |
| | Evolution of long term unemployment2002_07 | | | | | | NA | 111.33 | 110.94 |

## 4. Rural business development

See comment above, no information available.

**Table 17.3** Rural business development indicators (a)

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+N O+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | | | | | | NA | 0.30 | 0,30 |
| | % Manufacturing | | | | | | NA | 14.08 | 14,05 |
| | % Electricity, gas and water supply | | | | | | NA | 0.61 | 0,63 |
| | %Construction | | | | | | NA | 9.48 | 9,46 |
| | %Wholesale and retail trade | | | | | | NA | 23.02 | 21,83 |
| | %Hotel and restaurants | | | | | | NA | 6.52 | 6,15 |
| | %Transport, storage and communication | | | | | | NA | 8.69 | 8,46 |
| | %Real state, renting and business activities | | | | | | NA | 37.29 | 39,12 |

**Table 17.4** Rural business development indicators (b)

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+N O+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| EMPLOYMENT BY SECTOR (1_2 digits)_2006 | % Mining and quarrying | | | | | | NA | 0.58 | 0,52 |
| | % Manufacturing | | | | | | NA | 29.18 | 28,08 |
| | % Electricity, gas and water supply | | | | | | NA | 1.14 | 0,89 |
| | %Construction | | | | | | NA | 9.09 | 9,14 |
| | %Wholesale and retail trade | | | | | | NA | 26.14 | 26,93 |
| | %Hotel and restaurants | | | | | | NA | 8.27 | 8,37 |
| | %Transport, storage and communication | | | | | | NA | 8.65 | 8,52 |
| | %Real state, renting and business | | | | | | NA | 16.78 | 17,51 |
| high and medium technologies manufacturing | Employment in high and medium tech manufacturing activities_2004_Media | | | | | | NA | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_%EU 25 | | | | | | NA | 95.89 | 107,13 |
| %firms with own website | | | | | | | NA | 50.21 | 50.21 |

## 5. Rural-urban relationships

Unfortunately, there was not suitable information available to analyse rural-urban relationships in Liechtenstein

## 6. Cultural heritage

Unfortunately, there was not suitable information available to analyse cultural heritage in Liechtenstein

## 7. Services of General Interest

Unfortunately, there was not suitable information available to analyse services of general interest in Liechtenstein

**Table 17.5** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | | | | | | NA | 0.04 | 0.04 |
| Density of trunk road | | | | | | | NA | 0.17 | 0.17 |
| Density of railways | | | | | | | NA | 0.10 | 0.10 |
| Area (km2)** | | | | | | | 6895.40 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_06 | | | | | | 6.21 | 0.93 | 0.92 |
| | Density of population 2006 | | | | | | 5.06 | 414.65 | 446.23 |
| Daily population accessible by car | | | | | | | 1654.00 | 18078.54 | 19285.23 |
| Time to nearest hospital | | | | | | | NA | 22.83 | 22.83 |
| Time to nearest university | | | | | | | NA | 45.10 | 45.10 |
| Time to nearest airport | | | | | | | | 83.44 | 83.44 |
| %households with broadhand access | | | | | | | NA | 49.07 | 48.00 |
| % households with internet at home | | | | | | | NA | 81.46 | 81.20 |

* Values NUTS 3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

*** These values are only indicatives and aren't reals because in the calculation there are values NUTS2 and NUTS3.

**Table 17.6** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO +TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº STUDENTS ISCED 0_6 | Nºstudents ISCED_0 per 1.000 inhabitants | | | | | | NA | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | | | | | | NA | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | | | | | | NA | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | | | | | | NA | 48.05 | 48.03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | | | | | | NA | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | | | | | | NA | 37.37 | 37.23 |
| BEDS IN HOSPITAL PER 100.000 inhabitants | Nº of beds in hospitals per 100.000 inhabitants_05 | | | | | | 432.30 | 696.91 | 704.88 |
| | Evolution nbeds 2000_05 | | | | | | 85.30 | 91.53 | 91.94 |
| | Density of hospitals | | | | | | NA | 5.44 | 5.44 |
| | Hospital beds per head | | | | | | NA | 4.98 | 4.98 |
| | Doctors per inhabitant | | | | | | NA | 171.35 | 171.35 |

*Values NUTS 3 are replaced by values NUTS2

## 8. Farm structural change

Unfortunately, there was not suitable information available to analyse farm structural change in Liechtenstein

**Table 17.7** Farm structural change indicators

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | | | | | | NA | 33.42 | 33.89 |
| | 2 to 100 ESU | | | | | | NA | 57.56 | 57.02 |
| | >100 ESU | | | | | | NA | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005 | | | | | | NA | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | | | | | | NA | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | | | | | | NA | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | | | | | | NA | 32.21 | 31.28 |
| HOLDERS* | % Holders working full time 2005 | | | | | | NA | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 - 2005 | | | | | | NA | -0.01 | 0.33 |
| | Economic Farm Size (RDEU07) | | | | | | NA | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | | | | | | NA | 37.55 | 37.55 |
| | % holders > 55 years 2007 | | | | | | NA | 50.19 | 50.61 |
| | % holders < 35 years 2007 | | | | | | NA | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 - 2005 | | | | | | NA | 5.88 | 5.61 |
| | % change in holders < 35 years 2000 - 2005 | | | | | | NA | -34.00 | -33.95 |
| % farmers with basic and full education in agriculture attained (RDEU07)* | | | | | | | NA | 42.29 | 42.29 |

*Values NUTS 3 are replaced by values NUTS2

## 9. Institutional Capacity

Unfortunately, there was not suitable information available to analyse institutional capacity in Liechtenstein

**Table 17.8** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | | | | | | NA | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | | | | | | NA | 20926.83 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | | | | | | NA | 94.38 | 95.48 |

## 10. Climate change

Unfortunately, there was not suitable information available to analyse climate change in Liechtenstein

The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## LITHUANIA

Report nº 25.18

Petri Kahila
Nordregio - Nordic Centre for Spatial Development

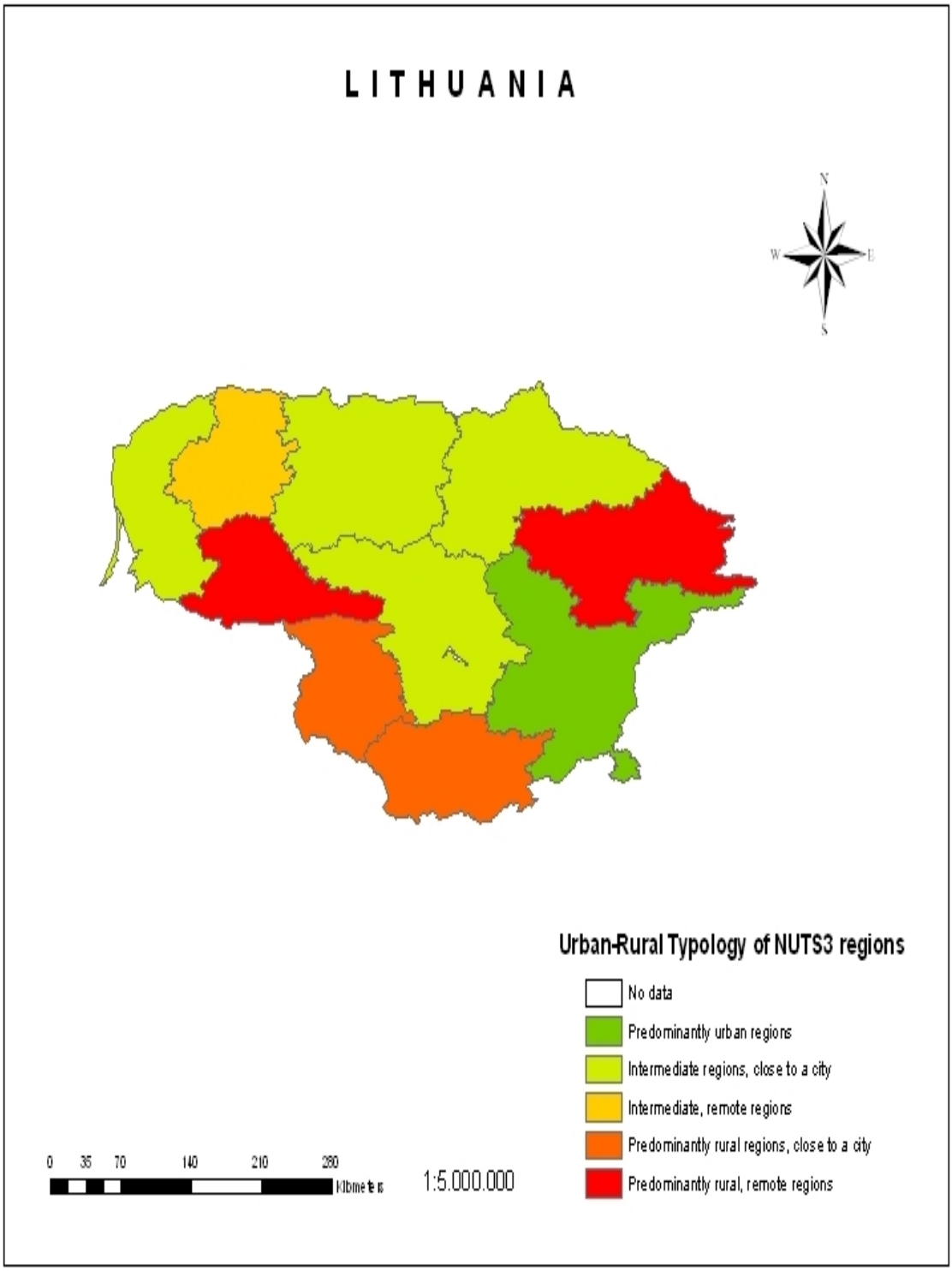
EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

**CONTENTS**

## 1. Introduction

5 out of 10 of the NUTS 3 regions in Lithuania are classified as intermediate according to the DG region Poleman typology (Figure 18.1). The only region classified as urban is situated along the border to Belarus and is where the capital Vilnius is located. “Predominantly rural, remote regions” are to be found both in the east and the west.

**Figure 18.1** DG Region modified Urban-rural typology of NUTS 3 regions: Lithuania




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

## 2. Demography

As shown in table 18.1 the population of Lithuania had a larger part of young people and a smaller part of old in 2001, compared to the EU 27. The largest share of people aged over 64 could be found in rural regions and this was also where the age dependency rate was the highest. The urban regions experienced the highest share of people in working age.

The urban region has the lowest share of farmers with basic or full educational attainment, all region types does however have levels below the EU 27 average.

**Table 18.1** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001 | % people aged 0 to 14 y | 17.81 | 19.82 | 22.70 | 20.86 | 20.43 | 20.24 | 16.75 | 16.70 |
| | % people aged 15 to 64 y | 69.33 | 66.11 | 63.93 | 63.60 | 63.41 | 65.17 | 66.62 | 66.65 |
| | % people aged 64 years and over | 12.86 | 14.08 | 13.37 | 15.53 | 16.16 | 14.59 | 16.53 | 16.55 |
| | Age dependency rate | 18.56 | 21.32 | 20.92 | 24.43 | 25.47 | 22.46 | 25.09 | 25.09 |
| Population | Population change 2001-2007 (Index pop. 2001=100) | 97.07 | 97.07 | 97.07 | 97.07 | 97.07 | 97.07 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | 15.90 | 15.90 | 15.90 | 15.90 | 15.90 | 15.90 | 16.68 | 15.97 |
| | % pop.15_64_2007 | 68.52 | 68.52 | 68.52 | 68.52 | 68.52 | 68.52 | 69.75 | 70.18 |
| | % pop. >64_2007 | 15.58 | 15.58 | 15.58 | 15.58 | 15.58 | 15.58 | 13.55 | 13.84 |
| | Age dependency rate | 45.93 | 45.93 | 45.93 | 45.93 | 45.93 | 45.93 | 44.08 | 43.17 |
| | Natural increase change_01_06 | 20.00 | 65.86 | 100.00 | 108.33 | 70.00 | 74.01 | -5.99 | -6.09 |
| | Net migration change_01_06 | 373.29 | 94.41 | 9805.03 | 571.97 | -230.35 | 1123.92 | 7.09 | 8.97 |
| Education | % ISCED 0_2** | 27.89 | 27.89 | 27.89 | 27.89 | 27.89 | 27.89 | 33.62 | 36.65 |
| | % ISCED 3_4** | 50.32 | 50.32 | 50.32 | 50.32 | 50.32 | 50.32 | 43.29 | 47.14 |
| | % ISCED 5_6** | 21.78 | 21.78 | 21.78 | 21.78 | 21.78 | 21.78 | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment | 26.40 | 31.98 | 30.30 | 29.30 | 32.25 | 30.77 | 35.34 | 39.54 |
| | Life-Long Learning in Rural Areas* | 6.02 | 6.02 | 6.02 | 6.02 | 6.02 | 6.02 | 7.69 | 8.61 |

*Values NUTS 3 are replaced by values NUTS2; **% ISCED by groups is calculated for population more 15 years.

## 3. Employment

Lithuania has a large part of the workforce employed in the primary sector and a small part in the tertiary sector in comparison with the EU 27 (Table 18.2). The urban region is the only region type with a share of employment in the tertiary sector above the overall EU 27 average and a share of employed in the primary sector below.

The unemployment rate is low in the country and the rural regions experiences the lowest rates. The differences between the types of regions and between the sexes are small. In recent years the rates have decreased prominently in the urban region and the "intermediate regions, close to a city" while increased considerably in the rest of the country.

**Table 18.2** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+N O+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate* | T15_64 years | 64.90 | 64.90 | 64.90 | 64.90 | 64.90 | 64.90 | 66.40 | 66.42 |
| | Tmale 15_64 y | 67.90 | 67.90 | 67.90 | 67.90 | 67.90 | 67.90 | 73.05 | 73.12 |
| | Tfemale 15_64 y | 62.20 | 62.20 | 62.20 | 62.20 | 62.20 | 62.20 | 59.72 | 59.70 |
| | Total 15_24 y | 25.20 | 25.20 | 25.20 | 25.20 | 25.20 | 25.20 | 39.66 | 39.67 |
| | T 45_64 years | 67.50 | 67.50 | 67.50 | 67.50 | 67.50 | 67.50 | 62.37 | 62.34 |
| | Total 45_54 | 81.60 | 81.60 | 81.60 | 81.60 | 81.60 | 81.60 | 78.30 | 78.38 |
| | Total 55_64 | 53.40 | 53.40 | 53.40 | 53.40 | 53.40 | 53.40 | 46.44 | 46.30 |
| %Employment in principal sector | %Emp_primary | 4.45 | 15.31 | 17.40 | 22.77 | 30.37 | 18.94 | 7.95 | 7.97 |
| | %Emp_secondary | 28.13 | 29.09 | 36.85 | 26.34 | 26.85 | 28.77 | 26.71 | 26.71 |
| | %Emp_tertiary | 67.42 | 55.59 | 45.75 | 50.89 | 42.78 | 52.29 | 65.33 | 65.31 |
| Unemployment evolution 2002_05 | Total > 15 years | 36.75 | 50.85 | 134.88 | 162.05 | 157.59 | 101.43 | 187.25 | 188.17 |
| | Total 15_24 years | NA | NA | NA | NA | NA | NA | 255.25 | 257.16 |
| | Total >25 years | 32.46 | 33.69 | 50.00 | 59.03 | 73.59 | 48.25 | 82.27 | 82.21 |
| | Male > 15 years | 33.12 | 39.26 | 76.81 | 90.54 | 56.33 | 56.07 | 82.45 | 82.35 |
| | Female > 15 years | 32.08 | 57.33 | 81.67 | 112.73 | 46.64 | 66.18 | 94.74 | 94.79 |

*Values NUTS 3 are replaced by values NUTS2

**Table 18.3** Employment indicators (b)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Unemployment rate 2007* | Total >15 | 4.50 | 4.80 | 4.30 | 4.30 | 4.30 | 4.52 | 7.61 | 7.63 |
| | Total Male >15 | 4.70 | 4.88 | 4.30 | 4.30 | 4.30 | 4.57 | 7.06 | 7.05 |
| | Total Female >15 | 4.30 | 4.78 | 4.30 | 4.30 | 4.30 | 4.49 | 8.61 | 8.59 |
| | Total 15_24 | 8.20 | 8.20 | 8.20 | 8.20 | 8.20 | 8.20 | 15.80 | 15.64 |
| | Total >25 | 4.20 | 4.38 | 3.90 | 3.90 | 3.90 | 4.12 | 6.66 | 6.66 |
| Long term unemployment* | % long term unemployent rate_07 | NA | NA | NA | NA | NA | 32.04 | 43.07 | 43.12 |
| | Evolution of long term unemployment 2002_07 | NA | NA | NA | NA | NA | 59.91 | 111.33 | 110.94 |

*Values NUTS 3 are replaced by values NUTS2

## 4. Rural business development

Table 18.4 illustrates the business development in whole Lithuania and not only in rural areas. However, we can make some conclusions about the development in Lithuania in relation to EU27. The number of firms by sector of operation in Lithuania corresponds in most sectors with EU27. The most remarkable difference is in wholesale and retail trade, in which the country average in Lithuania is 43.24% and in the EU27 21.83%. There is also a clear difference in the number of firms in real estate, renting and business activities. Employment by sector of operation is almost identical in Lithuania and in the EU27.

**Table 18.4** Rural business development indicators

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | N | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.30 | 0,30 |
| | % Manufacturing | 13.88 | 13.88 | 13.88 | 13.88 | 13.88 | 13.88 | 14.08 | 14,05 |
| | % Electricity, gas and water supply | 0.66 | 0.66 | 0.66 | 0.66 | 0.66 | 0.66 | 0.61 | 0,63 |
| | %Construction | 12.86 | 12.86 | 12.86 | 12.86 | 12.86 | 12.86 | 9.48 | 9,46 |
| | %Wholesale and retail trade | 43.24 | 43.24 | 43.24 | 43.24 | 43.24 | 43.24 | 23.02 | 21,83 |
| | %Hotel and restaurants | 3.03 | 3.03 | 3.03 | 3.03 | 3.03 | 3.03 | 6.52 | 6,15 |
| | %Transport, storage and communication | 6.10 | 6.10 | 6.10 | 6.10 | 6.10 | 6.10 | 8.69 | 8,46 |
| | %Real state, renting and business activities | 20.15 | 20.15 | 20.15 | 20.15 | 20.15 | 20.15 | 37.29 | 39,12 |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.37 | 0.37 | 0.37 | 0.37 | 0.37 | 0.37 | 0.58 | 0,52 |
| | % Manufacturing | 28.67 | 28.67 | 28.67 | 28.67 | 28.67 | 28.67 | 29.18 | 28,08 |
| | % Electricity, gas and water supply | 2.72 | 2.72 | 2.72 | 2.72 | 2.72 | 2.72 | 1.14 | 0,89 |
| | %Construction | 13.37 | 13.37 | 13.37 | 13.37 | 13.37 | 13.37 | 9.09 | 9,14 |
| | %Wholesale and retail trade | 28.88 | 28.88 | 28.88 | 28.88 | 28.88 | 28.88 | 26.14 | 26,93 |
| | %Hotel and restaurants | 4.14 | 4.14 | 4.14 | 4.14 | 4.14 | 4.14 | 8.27 | 8,37 |
| | %Transport, storage and communication | 10.96 | 10.96 | 10.96 | 10.96 | 10.96 | 10.96 | 8.65 | 8,52 |
| | %Real state, renting and business activities | 10.87 | 10.87 | 10.87 | 10.87 | 10.87 | 10.87 | 16.78 | 17,51 |

*Table 18.4 (cont.)*

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment in high and medium technologies manufacturing activities_2004 | Employment in high and medium tech manufacturing activities_2004_Media | 2.79 | 2.79 | 2.79 | 2.79 | 2.79 | 2.79 | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_%EU 25 | 45.77 | 45.77 | 45.77 | 45.77 | 45.77 | 45.77 | 95.89 | 107,13 |
| %firms with own website | | NA | NA | NA | NA | NA | NA | 50.21 | 50.21 |

## 5. Rural-urban relationships

Unfortunately the authors could not find suitable data to analise rural-urban relationships in Lithuania

## 6. Cultural heritage

Unfortunately the authors could not find suitable data to analise cultural heritage in Lithuania

## 7. Services of General Interest

In 2001 Lithuania had long road and railway networks compared to the EU (Table 18.5). The length of these networks in the country does however decrease as the rurality and distance to cities increase.

The density of the population is higher in rural regions than in the "predominantly urban region", all types of regions do though have densities well below the EU 27 average. The periperiality by car to population (ie. travel time from each regions centroid to all others over the road network taking into account additional factors such as lower average travel speeds in mountainous areas or border waiting times etc) have low levels in Lithuania which means that the travel time is high. In the remote intermediate region in the northwest of the country the travel time is the lowest.

The accessibility time to markets by both rail and road is lower in the urban region though. The overall country average is above the figures for the EU 27.

**Table 18.5** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | 0.01 | 0.01 | 0.00 | NA | 0.00 | 0.01 | 0.04 | 0.04 |
| Density of trunk road | | 0.11 | 0.10 | 0.10 | 0.09 | 0.09 | 0.10 | 0.17 | 0.17 |
| Density of railways | | 0.03 | 0.03 | 0.03 | 0.02 | 0.02 | 0.03 | 0.10 | 0.10 |
| Area (km2)** | | 9425.00 | 28520.00 | 4219.00 | 9551.00 | 10963.00 | 62678.00 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_06* | -0.32 | -2.90 | -2.37 | -3.19 | -4.19 | -2.91 | 0.93 | 0.92 |
| DENSITY | Density of population 2006*** | 89.97 | 62.23 | 41.61 | 38.49 | 28.37 | 51.42 | 414.65 | 446.23 |
| Daily population accessible by car | | 3394.00 | 4233.25 | 3732.00 | 4557.00 | 3917.00 | 4100.70 | 18078.54 | 19285.23 |
| Time to nearest hospital | | 0.00 | 102.93 | 73.31 | 132.63 | 113.31 | 97.69 | 22.83 | 22.83 |
| Time to nearest university | | 0.01 | 0.01 | 0.00 | NA | 0.00 | 0.01 | 45.10 | 45.10 |
| Time to nearest airport | | 0.11 | 0.10 | 0.10 | 0.09 | 0.09 | 0.10 | 83.44 | 83.44 |
| %households with broadhand access | | NA | NA | NA | NA | NA | NA | 49.07 | 48.00 |
| % households with internet at home | | NA | NA | NA | NA | NA | NA | 81.46 | 81.20 |

* Values NUTS 3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

*** These values are only indicatives and aren't reals because in the calculation there are values NUTS2 and NUTS3.

**Table 18.6** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº STUDENTS ISCED 0_6 | Nºstudents ISCED_0 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 48.05 | 48.03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 37.37 | 37.23 |
| BEDS IN HOSPITAL PER 100.000 inhabitants | Nº of beds in hospitals per 100.000 inhabitants_00 | 923.20 | 923.20 | 923.20 | 923.20 | 923.20 | 923.20 | 740.10 | 738.76 |
| | Evolution nbeds 2000_05 | NA | NA | NA | NA | NA | NA | 91.53 | 91.94 |
| | Density of hospitals | NA | NA | NA | NA | NA | NA | 5.44 | 5.44 |
| | Hospital beds per head | NA | NA | NA | NA | NA | NA | 4.98 | 4.98 |
| | Doctors per inhabitant | NA | NA | NA | NA | NA | NA | 171.35 | 171.35 |

*Values NUTS 3 are replaced by values NUTS2

## 8. Farm structural change

Table 18.7 shows that only 3 percent of the Lithuanian holders worked full time in 2005. This should be compared to the 35,5 percent in the EU 27. The figures for the economic sizes of holdings are also considerable lower than the ones for the EU 27; 2,14 compared to 41,93. Between 20 and 30 percent of the Lithuanian holders take part in the Farmers Insurance Organization.

The percent of farmers with basic and full education in agriculture attained is below EU 27 average and the lowest levels are found in the urban region.

**Table 18.7** Farm structural change indicators

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | 89.18 | 77.85 | 78.29 | 75.08 | 79.29 | 78.76 | 33.42 | 33.89 |
| | 2 to 100 ESU | 10.77 | 21.93 | 21.65 | 24.73 | 20.56 | 21.07 | 57.56 | 57.02 |
| | >100 ESU | 0.06 | 0.22 | 0.06 | 0.19 | 0.15 | 0.17 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005 | NA | NA | NA | NA | NA | NA | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | NA | NA | NA | NA | NA | NA | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | NA | NA | NA | NA | NA | NA | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | NA | NA | NA | NA | NA | NA | 32.21 | 31.28 |
| HOLDERS | % Holders working full time 2005 | 0.72 | 3.17 | 3.49 | 4.70 | 2.78 | 3.02 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 - 2005 | NA | NA | NA | NA | NA | NA | -0.01 | 0.33 |
| | Economic Farm Size (RDEU07) | 1.50 | 2.62 | 1.80 | 2.15 | 1.65 | 2.14 | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | 27.60 | 30.10 | 26.30 | 24.60 | 24.85 | 27.32 | 37.55 | 37.55 |
| | % holders > 55 years 2007* | 58.58 | 58.58 | 58.58 | 58.58 | 58.58 | 58.58 | 50.19 | 50.61 |
| | % holders < 35 years 2007* | 4.23 | 4.23 | 4.23 | 4.23 | 4.23 | 4.23 | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 - 2005 | NA | NA | NA | NA | NA | NA | 5.88 | 5.61 |
| | % change in holders < 35 years 2000 - 2005 | NA | NA | NA | NA | NA | NA | -34.00 | -33.95 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | 26.40 | 31.97 | 30.30 | 29.30 | 32.25 | 30.77 | 42.29 | 42.29 |

*Values NUTS 3 are replaced by values NUTS2

## 9. Institutional Capacity

The largest part of the gross domestic product (GDP) expressed in Euro can be located to the urban region of Lithuania. When considering GDP in PPS/inhabitant this region has a considerably higher level than the other ones. The levels of the rural regions are well below the levels of the intermediate regions. All regions, with the exception of the urban, had GDP:s in Euro/ inhabitant of less than 50 percentage of the EU average in 2005. The "predominantly rural regions, close to cities" located in the south on the borders to Poland and Kaliningrad experience the lowest percentage.

**Table 18.8** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | 7430.8 | 2384.42 | 928.8 | 742.95 | 645.1 | 2067.34 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | 17234 | 10724.6 | 10369 | 7980.1 | 7926.55 | 10231.47 | 20926.83 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | 39.10 | 24.30 | 23.50 | 18.10 | 17.95 | 23.19 | 94.38 | 95.48 |

## 10. Climate change

Unfortunately the authors could not find suitable data to analise climate change in Lithuania

The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## LUXEMBOURG

Report nº 25.19

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EUROPEAN UNION
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INVESTING IN YOUR FUTURE

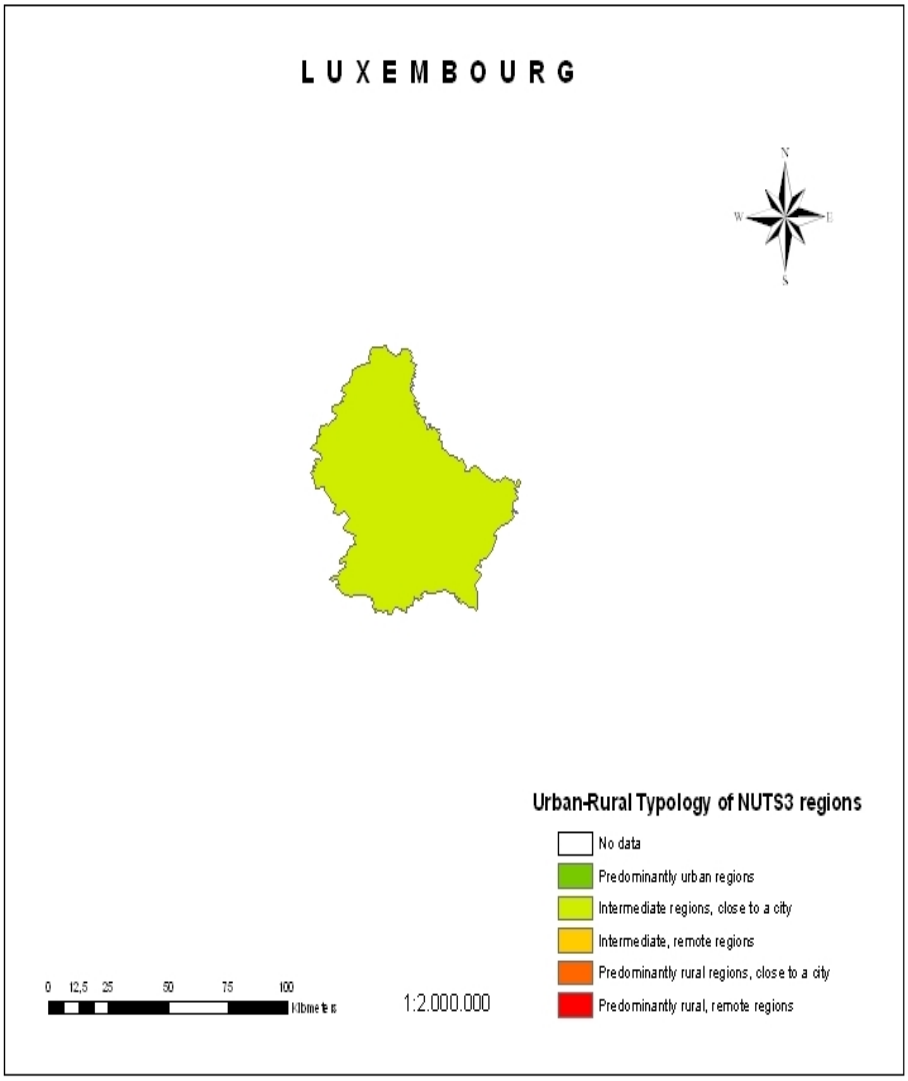
**CONTENTS**

## 1. Introduction[i]

According to the reference typology (DG Regio Poelman) Luxembourg is classified as intermediate region close to a city (IRA). Nevertheless at country level the degree of urbanization is quite high with 92 % of the inhabitants living in cities. With an area of 2586 km² it is the second smallest Member State of the European Union. The northern part of the country is part of the Ardennes and is at average 400 to 500 meters above sea level. The southern part belongs to the fertile Gutland that belongs to the Lorraine-Escarpment.

The country is divided in the three districts “Grevenmacher”, “Luxemburg” and “Diekirch” with 12 cantons and 116 communities whereas 12 of these communities have a city status. The capital is the city of Luxemburg.

**Figure 19.1** DG Region modified Urban-rural typology of NUTS 3 regions: Luxembourg




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

## 2. Demography

Luxembourg has 484.000 inhabitants and a share of foreign nationals of 44.5 % whereas the Portuguese nationals form the greatest group followed by French, Italian, Belgian, German and Serbian nationals. Thus, Luxembourg is the country in the EU-27 with the highest share of foreigners among the inhabitants.

18 % of the population is 14 years old or younger, 67 % are between 15 to 64 years old and 13 % are over 64 years old. Altogether the share of young people is slightly higher than the EU-27 average. According to UNICEF the TFR is 1.7 (2007). This is relatively high, but below the reproduction rate. The share of people aged 64 years and over is slightly below the EU-27 average. The people aged 15 to 64 years corresponds to the EU-27 average. The dependency rate, is with 21 % 4 %-pints below the EU-27 average. In the last 30 years the population increased by 32 % which is mainly a result of immigration.

The natural population change between 2001 and 2006 is 0 % which shows that the population is altogether stagnating as neither growth nor loss occurs. Nevertheless the net migration change in the same time span is 86 % which is considerable above the EU average of 9%.

Due to education 40 % of the population have an ISCED between 0 and 2, 40 % between 3 and 4 and 20 % between 5 and 6. Thus, compared to the EU-27 average the share of people having lower education (ISCED 0 to 2) is 10 % above the average. The share of people participating in life-long learning corresponds the EU-27 average.

**Table 19.1** Demography indicators (a)

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001 | % people aged 0 to 14 years | | 18.93 | | | | 18.93 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | | 67.18 | | | | 67.18 | 66.62 | 66.65 |
| | % people aged 64 years and over | | 13.89 | | | | 13.89 | 16.53 | 16.55 |
| | Age dependency rate | | 20.68 | | | | 20.68 | 25.09 | 25.09 |
| Population* | Population change 2001-2007 (Index pop. 2001=100) | | 108.47 | | | | 108.47 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | | 18.33 | | | | 18.33 | 16.68 | 15.97 |
| | % pop.15_64_2007 | | 67.64 | | | | 67.64 | 69.75 | 70.18 |
| | % pop. >64_2007 | | 14.03 | | | | 14.03 | 13.55 | 13.84 |

**Table 19.2** Demography indicators (b)

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Population | Age dependency rate | | 47.85 | | | | 47.85 | 44.08 | 43.17 |
| | Natural increase change_01_06 | | 0.00 | | | | 0.00 | -5.99 | -6.09 |
| | Net migration change_01_06 | | 86.34 | | | | 86.34 | 7.09 | 8.97 |
| Education | % ISCED 0_2** | | 40.21 | | | | 40.21 | 33.62 | 36.65 |
| | % ISCED 3_4** | | 36.87 | | | | 36.87 | 43.29 | 47.14 |
| | % ISCED 5_6** | | 20.16 | | | | 20.16 | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment | | 55.90 | | | | 55.90 | 35.34 | 39.54 |
| | Life-Long Learning in Rural Areas* | | 8.53 | | | | 8.53 | 7.69 | 8.61 |

*Values NUTS 3 are replaced by values NUTS2

**% ISCED by groups is calculated for population more 15 years.

## 3. Employment

Luxembourg's labour market is very small and somewhat exceptional in the European Union. As an international center of financial services, the main economic growth is generated by the export of financial services. The labour increased annually between 1986 and 2001, by 3.5 %. The high demand for labour is satisfied by an extraordinarily high share of commuters and by a high immigration rate. In 2001, more than 37 % of employed persons were commuters from abroad, mainly from France, Belgium and Germany. Activity rates are relatively low but employment rates are close to EU average. Overall unemployment and long term unemployment rates are relatively low, but compared to the overall unemployment rate the youth (15 to 24 years) unemployment rate is relatively high. Self-employment is low in industry and services, resulting in one of the lowest total rates of self-employed workforce in the EU-27 of only 6.6 %.

According to the importance of the financial sector the sectoral employment is with 77 % highest in the tertiary sector which is 10 % above the EU-27 average. In contrast the agricultural sector is only with 1 % of total employment of minor economic importance. The reduction of farm workforce between 1990 and 2003, down by -3.8 % was greater than the European average.

**Table 19.3** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate* | T15_64 years | | 64.20 | | | | 64.20 | 66.40 | 66.42 |
| | Tmale 15_64 y | | 72.30 | | | | 72.30 | 73.05 | 73.12 |
| | Tfemale 15_64 y | | 56.10 | | | | 56.10 | 59.72 | 59.70 |
| | Total 15_24 y | | 22.50 | | | | 22.50 | 39.66 | 39.67 |
| | T 45_64 years | | 54.45 | | | | 54.45 | 62.37 | 62.34 |
| | Total 45_54 | | 76.90 | | | | 76.90 | 78.30 | 78.38 |
| | Total 55_64 | | 32.00 | | | | 32.00 | 46.44 | 46.30 |

*Values NUTS 3 are replaced by values NUTS2

**Table 19.4** Employment indicators (b)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| %Employment in principal sector | %Emp_primary | | 1.30 | | | | 1.30 | 7.95 | 7.97 |
| | %Emp_secondary | | 21.43 | | | | 21.43 | 26.71 | 26.71 |
| | %Emp_tertiary | | 77.27 | | | | 77.27 | 65.33 | 65.31 |
| Unemployment evolution 2002_05 | Total > 15 years | | 190.20 | | | | 190.20 | 187.25 | 188.17 |
| | Total 15_24 years | | 200.00 | | | | 200.00 | 255.25 | 257.16 |
| | Total >25 years | | 187.18 | | | | 187.18 | 82.27 | 82.21 |
| | Male > 15 years | | 186.36 | | | | 186.36 | 82.45 | 82.35 |
| | Female > 15 years | | 200.00 | | | | 200.00 | 94.74 | 94.79 |
| Unemployment rate 2007* | Total >15 | | 4.10 | | | | 4.10 | 7.61 | 7.63 |
| | Total Male >15 | | 3.60 | | | | 3.60 | 7.06 | 7.05 |
| | Total Female >15 | | 4.70 | | | | 4.70 | 8.61 | 8.59 |
| | Total 15_24 | | 15.20 | | | | 15.20 | 15.80 | 15.64 |
| | Total >25 | | 3.30 | | | | 3.30 | 6.66 | 6.66 |
| Long term unemployment* | % long term unemployent rate_07 | | 28.66 | | | | 28.66 | 43.07 | 43.12 |
| | Evolution of long term unemployment 2002_07 | | 104.48 | | | | 104.48 | 111.33 | 110.94 |

*Values NUTS 3 are replaced by values NUTS2

## 4. Rural business development

Considering the business sectors the share is with 77 % highest in the tertiary sector followed by the secondary sector wit 22 % and the primary sector with only 1%. As can be seen, the business structure of Luxembourg is mainly characterized by service related industries. This is mainly due to the fact that Luxembourg is a major financial center with the second largest per capita income in the world. As several major European agencies are located in Luxembourg the country is also one of the important administrative centers in the European Union.

The major branches within the tertiary sector are the credit system and the insurance industry followed by commerce, tourism and transport.

In the southern parts rich ore deposits can be found. Therefore the heavy industry was one important pillar of the regional economy and the basis for the countries wealth. But with the structural crisis in the 1970s the importance of the heavy industry steadily decreased so that today only around 2.7 % of the gross value added can be attributed to the heavy industry. Thus it is not surprising that in mining and quarrying only 0.15 % of all employees are engaged as well.

Because of the decline of the heavy industry the government of Luxemburg put its efforts in the settling of further industries such as the chemicals industries, machinery industries and vehicle construction, ceramic and glass industry, textile- as well as food production, which today account for 6.6 % of the countries gross value added. Recently the government put its efforts in the settling and development of high-tech industries.

Construction accounts for 9 % of the firms and 17 % of the employees which as a whole corresponds the EU average. But with a share of 5.9 % of the countries overall gross value added it is only the countries forth important economic branch. Construction mainly profits from the settling of new businesses which is attended with a need of office and living space. The same is true for the wholesale and real trade sector that accounts for about 21 % of the firms and about 21 % of the employees.

Thus financial services constitute a high-value-added sector that is highly interlinked with other sectors that are directly or indirectly dependent on it or strongly influenced by it.

Compared to other European countries Luxembourg's productive structure shows certain peculiarities: a farming and industrial sector with lower relative value than most other European countries, but a highly developed service sector dominated by financial and business services. These characteristics are echoed in the employment structure, but to a slightly lesser degree. Employment in services accounts for about 75 % of total employment in Luxembourg.[1]

[1] Weides, R., et. al. (2003): Economic and social portrait of Luxembourg. P. 85

Considering the number of employees per enterprise the highest share of enterprises registered have no employees (39.4 %) (Industry [I]: 23.3 %; Construction [C]:11.9 %, Services [S]: 42.3 %), followed by small enterprises with 1 to 4 employees with 38.1 % (I: 27.7 %; C: 30.5 %; S: 39.2 %), enterprises with 5 to 19 employees with 16 % (I:27.6 %; C: 38.5 %; S: 13.7 %) and enterprises with 20 employees or more with 6.4 % (I: 21.4 %: C: 19.1 %; S: 4.8 %). Altogether these figures are quite interesting as the share of registered enterprises with no employees is surprisingly high especially in the industry and service related businesses which might hint to a high share of phantom companies.

**Table 19.5** Rural business development indicators

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | | 0.05 | | | | 0.05 | 0.30 | 0,30 |
| | % Manufacturing | | 4.16 | | | | 4.16 | 14.08 | 14,05 |
| | % Electricity, gas and water supply | | 0.26 | | | | 0.26 | 0.61 | 0,63 |
| | %Construction | | 9.00 | | | | 9.00 | 9.48 | 9,46 |
| | %Wholesale and retail trade | | 30.65 | | | | 30.65 | 23.02 | 21,83 |
| | %Hotel and restaurants | | 12.07 | | | | 12.07 | 6.52 | 6,15 |
| | %Transport, storage and communication | | 4.79 | | | | 4.79 | 8.69 | 8,46 |
| | %Real state, renting and business activities | | 39.03 | | | | 39.03 | 37.29 | 39,12 |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | | 0.15 | | | | 0.15 | 0.58 | 0,52 |
| | % Manufacturing | | 17.11 | | | | 17.11 | 29.18 | 28,08 |
| | % Electricity, gas and water supply | | 0.51 | | | | 0.51 | 1.14 | 0,89 |
| | %Construction | | 16.97 | | | | 16.97 | 9.09 | 9,14 |
| | %Wholesale and retail trade | | 20.83 | | | | 20.83 | 26.14 | 26,93 |
| | %Hotel and restaurants | | 7.38 | | | | 7.38 | 8.27 | 8,37 |
| | %Transport, storage and communication | | 11.65 | | | | 11.65 | 8.65 | 8,52 |
| | %Real state, renting and business activities | | 25.40 | | | | 25.40 | 16.78 | 17,51 |

*Table 19.5 (cont.)*

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment in high and medium technologies manufacturing activities_2004 | Employment in high and medium tech manufacturing activities_2004_Media | | 1.28 | | | | 1.28 | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_%EU 25 | | 20.54 | | | | 20.54 | 95.89 | 107,13 |
| %firms with own website | | | NA | | | | NA | 50.21 | 50.21 |

*Values NUTS 3 are replaced by values NUTS2

## 5. Rural-urban relationships

Unfortunately it was not possible to identify any relevant information due to urban rural relationships within Luxembourg.

## 6. Cultural heritage

Due to lack of data it was unfortunately not possible to identify any relevant information due to cultural heritage within Luxembourg.

## 7. Services of General Interest

The hospital capacity as well as hospital beds per head is relatively low in Luxembourg, yet the average car driving time to the nearest hospital with more than 300 beds is clearly below the EU average. Furthermore it has to be mentioned that Luxembourg's hospital and elderly care services are starting to claim a place among the country's biggest employers and extensive home-help structures exists as a result from the introduction of compulsory dependency insurance in 1998.[2]

Transport and communications form the third highly dynamic sector in Luxembourg's economic fabric besides financial and business services[3]. The transport infrastructure density corresponds the EU average for all modes which is also reflected in a good accessibility to universities as well as airports.

The long-term strategy of Luxembourg's Ministry of Transport, aims to guarantee mobility for all, while limiting the negative environmental impacts of transport and without impeding economic growth. Strong support is given to further developing puplic transport systems rather than expanding personal transport. With regard to the modal split than aim is to increase the share of public transport from 12 % in 2002 to 25 % in 2020.[3]

With respect to its European peripherality score Luxembourg is a very central place which can also be seen by the good accessibility scores of market accessibility which is better than the EU average.

"The share of telecommunications in value added in the sector increased from 21 % in 1995 to over 32 % in 2001. Telecommunication represented around 2 % of the total value added of the whole Luxembourg economy in 1990, 2.5 % in 1995 and nearly 3 % in 2001[4]". All in all the number of lines and the number of telephone calls grew at an exceptional rate from 1990 onwards whereas the most spectacular increase can be observed by mobile telephony.[4]

Concerning the overall educational situation Luxembourg has some peculiarities. It is noticeable that all in all the overall level of education is relatively low. But what is not revealed by the education statistics is that this is mainly due to the massive presence of immigrants with low levels of education who come to Luxembourg to work[5]. "Figures taken from the general census of population in 2001 show two things clearly. Firstly, the schooling rate of 20- to 24-year-olds (35.0 %) is much lower than that of 15- to 19-year-olds (82.1 %)[6]". Considering that the majority of people aged between 20 to 24 years who are still participating in education are attending higher education establishments it is possible to conclude that in Luxembourg this proportion is only 30 %[6]. "In the 25- to 29-year-old age bracket, only 70 % of the Luxembourg population completed the second cycle of secondary education (…) By comparing these results

[2] Weides, R., et. al. (2003): Economic and social portrait of Luxembourg. P. 89-90
[3] Weides, R., et. al. (2003): Economic and social portrait of Luxembourg. P. 127
[4] Weides, R., et. al. (2003): Economic and social portrait of Luxembourg. P. 130
[5] Weides, R., et. al. (2003): Economic and social portrait of Luxembourg. P. 174

with those of the age range from 50 to 64, which reflects the operation of the school system 30 to 35 years ago, we also note that the progress in this area is less significant in Luxembourg than in many European countries[6]".

It is only since 2003 that Luxembourg has an own independent university that has been established since 2001. But not all courses can be completed completely in Luxembourg, meaning that study visits abroad are necessary for several terms.

Thus, all in all education is one of the fields in Luxembourg where further improvements are necessary. Therefore the Luxembourg government has identified the enhancement of the education as one of its priority areas of action.[6]

**Table 19.6** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | | 0.03 | | | | 0.03 | 0.04 | 0.04 |
| Density of trunk road | | | 0.26 | | | | 0.26 | 0.17 | 0.17 |
| Density of railways | | | 0.09 | | | | 0.09 | 0.10 | 0.10 |
| Area (km2)** | | | 2586.00 | | | | 2586.00 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_06* | | 6.85 | | | | 6.85 | 0.93 | 0.92 |
| DENSITY | Density of population 2006* | | 181.39 | | | | 181.39 | 414.65 | 446.23 |
| Daily population accessible by car* | | | 42916.00 | | | | 42916.00 | 18078.54 | 19285.23 |
| Time to nearest hospital | | | 14.21 | | | | 14.21 | 22.83 | 22.83 |
| Time to nearest university | | | 17.43 | | | | 17.43 | 45.10 | 45.10 |
| Time to nearest airport | | | 21.14 | | | | 21.14 | 83.44 | 83.44 |
| %households with broadhand access | | | NA | | | | NA | 49.07 | 48.00 |
| % households with internet at home | | | NA | | | | NA | 81.46 | 81.20 |

* Values NUTS 3 are replaced by values NUTS2 ** The findings of these variables are the sum of values, not the average, as the others.

**Table 19.7** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº STUDENTS ISCED 0_6 | Nºstudents ISCED_0 per 1.000 inhabitants | | NA | | | | NA | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | | NA | | | | NA | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | | NA | | | | NA | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | | NA | | | | NA | 48.05 | 48.03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | | NA | | | | NA | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | | NA | | | | NA | 37.37 | 37.23 |
| BEDS IN HOSPITAL PER 100,000 inhabitants*[1] | Nº of beds in hospitals per 100.000 inhabitants_05 | | NA | | | | NA | 696.91 | 704.88 |
| | Evolution nbeds 2000_05 | | NA | | | | NA | 91.53 | 91.94 |
| | Density of hospitals | | 1.16 | | | | 1.16 | 5.44 | 5.44 |
| | Hospital beds per head | | 2.68 | | | | 2.68 | 4.98 | 4.98 |
| | Doctors per inhabitant | | 238.90 | | | | 238.90 | 171.35 | 171.35 |

*Values NUTS 3 are replaced by values NUTS2

## 8. Farm structural change

44% of the countries agricultural area is used for farming and gardening and 50% are used as range land. Most of the agricultural incomes are generated by diary and cattle breeding.

"The importance of agriculture is steadily declining. Luxembourg's share of the sum of values added fell from 4 % in 1980 to 2 % in 1985 and 0.6 % in 2001. Across the European Union, this same trend reduced agriculture's share of total values added from some 4 % in 1980 to 2.2 % in 2000"[6]. But the average size of agricultural enterprises is increasing from 29.6 ha in 1980 to 57 ha in 2003. With the declining importance of agriculture a decline in people employed in agriculture goes along. In 1985 6.800 people were employed in agriculture (4.2 % of the total employment) whereas in 2001 only 6.600 people (1.3 % of the total employment) were employed in this sector[2].

"On the other hand, this reduction in employment has made it possible to achieve important productivity gains. The average annual growth rate in productivity (value added at constant prices/employment) in agriculture was more than 5 % over the 1985-2001 period as a whole. This figure even beats the rate of the industrial sector, which was 4.7 % over the same period. The productivity gains in agriculture occurred mainly during the 1991-1995 period, while the 1996-2001 period showed a slight regression[2]".

Concerning the farm size mid-sized holdings (2 to 100 ESU) prevail (80 % of all farms) followed by big farms (< 100 ESU) with 11 % of all farms. Only 48,4% of Luxembourg's agricultural holdings are between 2 to 100 ESU. Thus Luxembourg's share of mid-sized and big farms are significantly above the EU-27 average whereas the share of small-sized holdings is significantly berlow the EU-27 average. Considering the change in farm size between 2000 and 2005 it can be observed that especially the number of big farms increased over 125 % whereas especially the number of small and mid-sized farms decreased within the same time by -40 % (small farms) respectively -15% (mid-sized farms) which is compared to the EU average a quite considerable.

[6] Weides, R., et. al. (2003): Economic and social portrait of Luxembourg. P. 90

**Table 19.8** Farm structural change indicators

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | | 8.57 | | | | 8.57 | 33.42 | 33.89 |
| | 2 to 100 ESU | | 80.41 | | | | 80.41 | 57.56 | 57.02 |
| | >100 ESU | | 11.02 | | | | 11.02 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005 | | -12.81 | | | | -12.81 | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | | -40.00 | | | | -40.00 | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | | -15.81 | | | | -15.81 | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | | 125.00 | | | | 125.00 | 32.21 | 31.28 |
| HOLDERS | % Holders working full time 2005 | | 57.26 | | | | 57.26 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 - 2005 | | -6.12 | | | | -6.12 | 0.00 | 0.33 |
| | Economic Farm Size (RDEU07) | | 46.50 | | | | 46.50 | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | | 18.40 | | | | 18.40 | 37.56 | 37.56 |
| | % holders > 55 years 2007 | | 39.38 | | | | 39.38 | 50.19 | 50.62 |
| | % holders < 35 years 2007 | | 5.31 | | | | 5.31 | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 - 2005 | | -5.78 | | | | -5.78 | 5.88 | 5.62 |
| | % change in holders < 35 years 2000 - 2005 | | -37.04 | | | | -37.04 | -34.01 | -33.96 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | | 55.90 | | | | 55.90 | 42.30 | 42.30 |

*Values NUTS 3 are replaced by values NUTS2

## 9. Institutional Capacity

**Type of government:** Parliamentarian democracy in the form of a constitutional hereditary monarchy;

**Area:** 2,586 km²

**Capital:** Luxembourg

**National languages:** Lëtzebuergisch. Official languages: Lëtzebuergisch French, German. Educational languages: Kindergarden, Lëtzebuergisch; elementary school, German; secondary school, mainly French;

**Administrative division:** Luxembourg is divided in the three districts Grevenmacher, Luxemburg and Diekirch with 13 cantons and 116 communities with local self-government that are subject to statutory supervision excerted by district commissioners appointed by the grand duke. It exists no regional administrative autority.

| | NUTS 1 | | NUTS 2 | | NUTS 3 | | LAU 1 | | LAU 2 | |
|---|---|---|---|---|---|---|---|---|---|---|
| **LU** | - | 1 | - | 1 | - | 1 | Cantons | 13 | Communes | 116 |

(http://ec.europa.eu/eurostat/ramon/nuts/introannex_regions_en.html (25.6.2009))

**Membership in international organizations:** CCD, EU, Council of Europe, FAO, IAEA, ICAO, ILO, ITU, IWF, OSZE, NATO, OECD, UNESCO, UNO, UPU, World-Bank, BENELUX, WHO, WMO, WTO.[7]

**Policy for regional development:**[8] For planning purposes Luxembourg is divided in following six "development regions" for futurew rebalancing the country's territorial organisation: North, North West, Centre North, East, Centre South, South. The Master Programme for territorial Planning, adopted on March 27th 2003, thus provides a framework for establishing sectoral and regional master plans and other spatial organisation tools. Within this Master Program that amongst others promotes polycentrism and "concentrated deconcentration" the search for an urban-rural balance is a central concern whereas a diversification of economic activities and the creation of towns and villages that offer high quality of life as well as the development of partnerships between towns and the countryside based on principles of sustainable development is one of the main aspect of this policy. The Masters Program takes into account that the conventional dichotomy between rural and urban is becoming increasingly outdated especially in Luxembourg because of its small size and demographic trends and promotes a number of so called intermediate spaces to differentiate between different types of regions. This are "very dense spaces", "dense spaces", "rurban spaces", "rural spaces" and "urban centers in a rural setting". Based on the defined "development regions" and different types of regions the Master Program establishes so called "action spaces" (spaces slated for structuring, spaces slated for regeneration and spaces slated for development) that will receive different

[7] http://www.auswaertiges-amt.de/diplo/de/Laenderinformationen/01-Laender/Luxemburg.html (25.6.2009)

[8] cp. OECD (2007): OECD Territorial Reviews. Luxembourg. P. 75-145

treatment each. The 2000-2006 Rural Development Plan (PDR) that is consistent with the broad rural development policies in many countries, was designed to implement the concept of integrated rural development and the policy thrust for the period 2007-2013 will follow the same principles. As part of its integrated approach to rural development, Luxembourg has taken various steps to support and promote local initiative.

**Table 19.9** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | | 30032.1 | | | | 30032.1 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | | 59201.8 | | | | 59201.8 | 20926.83 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | | 288.20 | | | | 288.20 | 94.38 | 95.48 |

## 10. Climate change

Due to lack of data it was unfortunately not possible to identify any relevant information due to climate change within Luxembourg.

The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## MALTA

Report nº 25.20

Joan Noguera
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EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

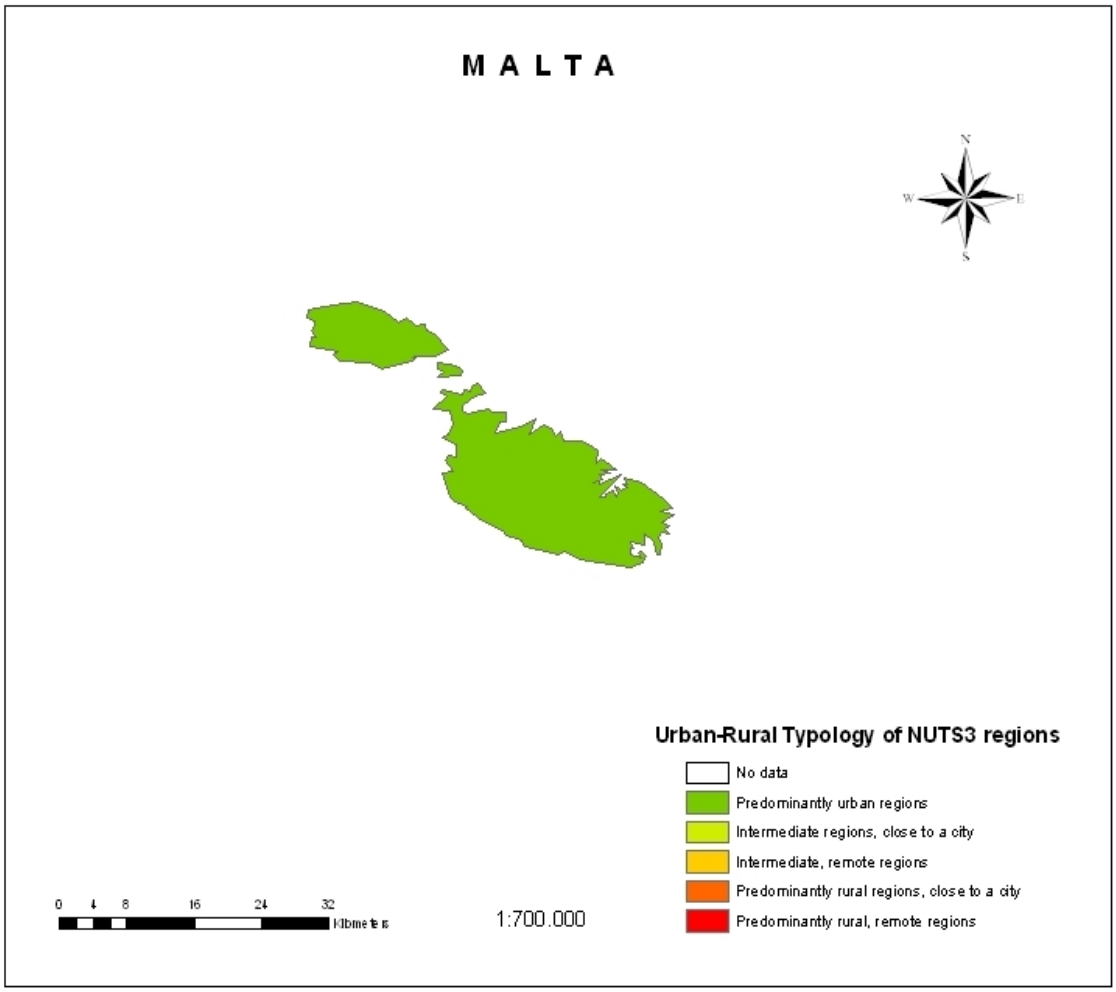
**CONTENTS**

## 1. Introduction [i]

The territory of Malta covers an area of 316 $Km^2$ and is composed of five islands, the main ones are: Malta (the biggest and more important area), Gozo and Comino. It is a small but densely populated territory, therefore, according to the 'rurality' concept and the NUT classification system, it is considered as 'predominantly urban' (urban population represents 92% of total). The measurement of accessibility to Services of General Interest according to the standard indicator (time-distance to cities of at least 50,000 inhabitants) can not be performed in this case due to the absence of any urban center of that size or more.

Other important factor in Malta is the punctual and seasonal population increase due to tourism and holidays learning activities' pack (ie. english language courses for scholars). It has important repercussions on the island's demand and use of resources, being vulnerable to suffer management problems (water scarcity, heating increase and subsequent $CO_2$ emissions, etc.) and making difficult the rurality classification (some disperse areas can suffer winter depopulation and run out of services, etc.)

**Figure 20.1** DG Region modified Urban-rural typology of NUTS 3 regions: Malta




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

**Main Drivers, Opportunities and Constraints affecting different typologies of regions**

There is only one typology of regions in this case: predominantly urban; therefore, comments will be referred to this typology.

- Drivers:
    - Tourism and leisure seasonal activities
    - Concentration of population in the main city
    - High educational system quality
    - Basic infrastructures coverage
    - Strong public investment (before the adhesion to the EU)
    - Beautiful and attractive site
    - Employment rate above unemployment rate
    - English language speakers (communication openness to a global society)
- Opportunities:
    - Rise of tertiary sector activity and subsequent employment
    - Diversity of population, cultural enrichment
    - Improvement of infrastructures
    - Private capital investments (positive and negative)
    - Ecotourism activation
    - Local governance
    - Environmental awareness campaigns to assure and maintain tourism as the main economic income (business scope)
    - Application of self-sufficient economy models
    - Reactivation of sustainable agriculture (link with a ecotourism model)
- Constraints:
    - Dependency on tourism
    - Territorial limitation (island)
    - Difficult resource management, with possible future depletion
    - Increase of goods prices and possible social inequalities or become an elitist place for only a few who can pay for it
    - Decrease of welfare due to concentration of people (more traffic, pollution, stressful sites, etc.)
    - Possible destruction and/or deterioration of pristine or natural zones
    - Poor goods exportation: vulnerable economy

**Implications of the EDORA "Grand Narratives of Change" in the rural areas of Malta**

- *Agri-centric narrative*: In Malta the land is property of the State in a 66%. Currently, the Agriculture Department is implementing an EU viticulture and oenology project to improve viticulture techniques. It could be grouped in the classification of the alternative post-productivist model, argued by Marsden. A monitoring programme has been launched in which the flights of the most important vineyard insect pest (Grape moth) will be monitored in various parts of Malta & Gozo. One of the aims is an educational campaign to support farmers on the production of quality and diverse grapes. Organic farming is

being introduced but goods are imported from other EU Member States. The “re-embedded local food supply chains” processes, argued by Marsden, are not largely developed on Malta due to the poor primary sector activity and other economic interests.

- *Urban-rural narrative*: As the Rural Development Department stated in its Rural Development Programme 2007-2013 report (p.11-12):
  ‘The smallness of the islands, the high population density and the transition experienced in the last decades, from a predominantly agrarian society to industrialised and urban communities have led to significant change in land use patterns. Expanding urban settlements and new built-up areas led to the coalescence of expanding towns and villages. This had many affects, from the creation of the island’s major conurbation around the harbour area in the northeast of Malta, to the loss of the distinct identity of individual towns and villages, a reduction in open countryside, damage to natural habitats and water catchments and the scarring of traditional landscape.
  In this context the transition from rural areas to urban areas is blurred. Although areas for development were earmarked in the Structure Plan of 1990, some land within the limit of development is still used for agricultural purposes whilst new built up zones are scattered outside designated development zones and in the countryside. Urbanisation has also meant that a number of farms got encroached by built up areas. The islands’ physical reality is that all areas constitute a continuum from urban to rural and the activities associated with each context occur side by side. This scenario traditionally led to areas where agricultural activity, countryside recreation and nature conservation occur to be considered as rural areas.’

- *Capital penetration narrative*: Malta has been characterized by the intervention of the public power in the productive system of the country, but since its adhesion to the EU, a privation process has been placed and has changed the productive system criteria. Malta is trying to attract foreign enterprises to invest in the country due to the commercial deficit and poor productivity of the local subsidized enterprises. Respect the agriculture and the rural environment, Malta does not cover the needs of its inhabitants and therefore, a lot of goods are imported from other countries. Local self-production is difficult due to the small number of holdings and agrarian labour force, and the juxtaposition between rural and urban areas as mixed spaces. Furthermore, the food marketing and processing industry is dominated by few companies. Some producers associations have been created to improve this situation and empower their profession. On the other hand, the Ministry of Agriculture with the European Commission have been developed and implemented diverse strategies and measures to strength agriculture and farmers (e.g. Investments to increase number of holdings)

## 2. Demography

### Main demographic processes in the country

According to the Demographic Review 2008 from the National Statistics Office, over a century, the total population of Malta practically doubled. In 2008, the total Maltese population stood at 395,472, implying that the remaining 4.4 per cent were non-Maltese citizens. 21 per cent of the total population comprised children aged less than 18, whilst 14 per cent were 65 and over.

The total population at the end of 2009 amounted to 408,700 persons. 50.2 per cent of these were females. This total comprises all Maltese as well as non-Maltese citizens residing in Malta.

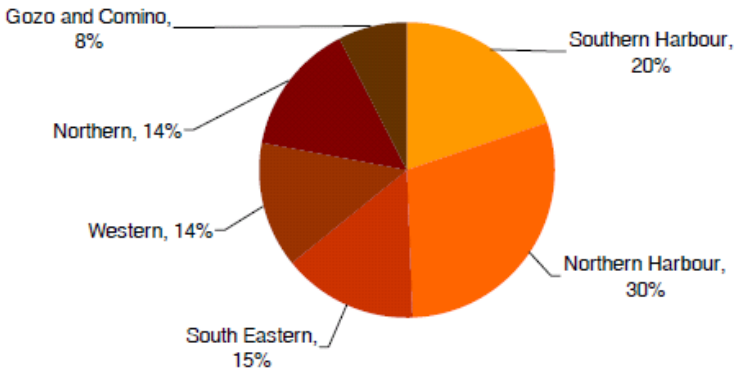
**Table 20.1** Indicators on population. Malta december 2009

| | | Population (in thousands) | | | Sex ratio of population | Annual population growth rate, |
|---|---|---|---|---|---|---|
| | | | | | | 2005-2010 |
| Country or area | Year | Total | Men | Women | men/100 women | % |
| Malta | 2009 | 408.7 | 203.6 | 205.2 | 99 | 0.4 |

**Source**: United Nations Statistics Division 2009

The island with more population density is Malta, due to the location of the capital of the whole territory of Malta, Valetta. It can be appreciated than the other main islands, Comino and Gozo, only represents the 8% of population in 2008 respect Malta, mainly because of their smaller size, their more rurality character, and more difficult access to SGI and other infrastructures (Figure 20.1).

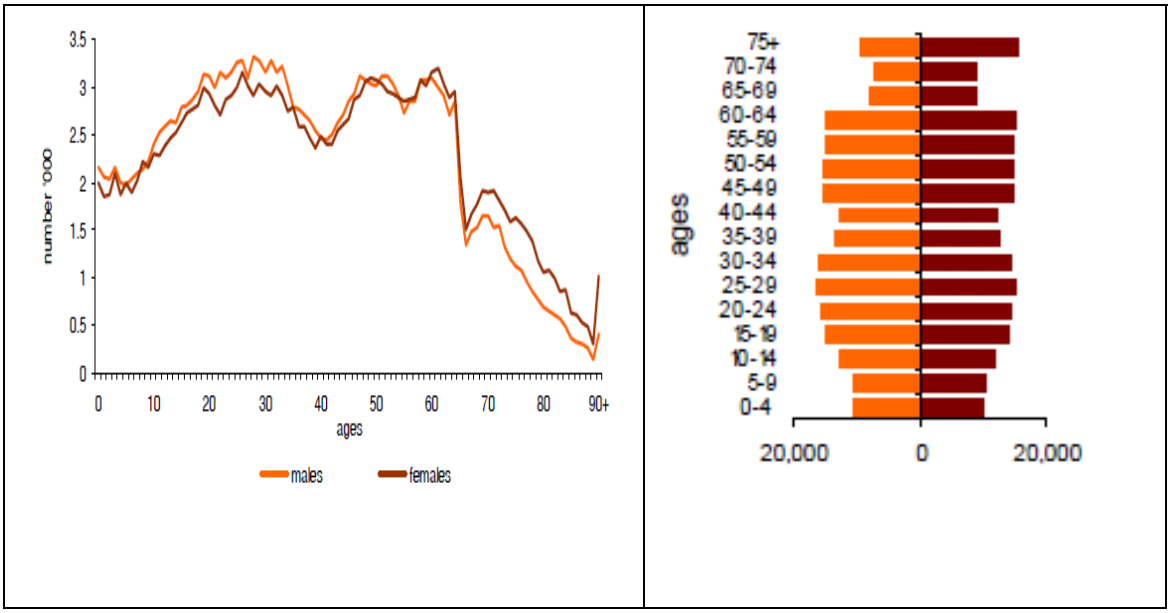
**Figure 20.1** Percentage of population by district, 2008




Source: National Statistics Office 2009

As commented before, in 2009 the sex average rate for the total of women was 205.000 while for men it was 204.000. It means a balanced sex ratio of the total Maltese population. As it can be observed in charts 2 and 3.1, population by age is concentrated (as for women and for men) in two groups: between 15-34 years old and between 40-64 years old (both groups pertain to “active population” in conditions to work) due to the touristic activities of Malta versus attraction of low-medium qualified professionals from the world of the hospitality industry. There are not so many children and elderly population as a consequence of the Maltese socio-economic framework, e.g. seasonal work, population flows, few settlements, etc..

**Figure 20.2** Population by age and gender, Malta 2008

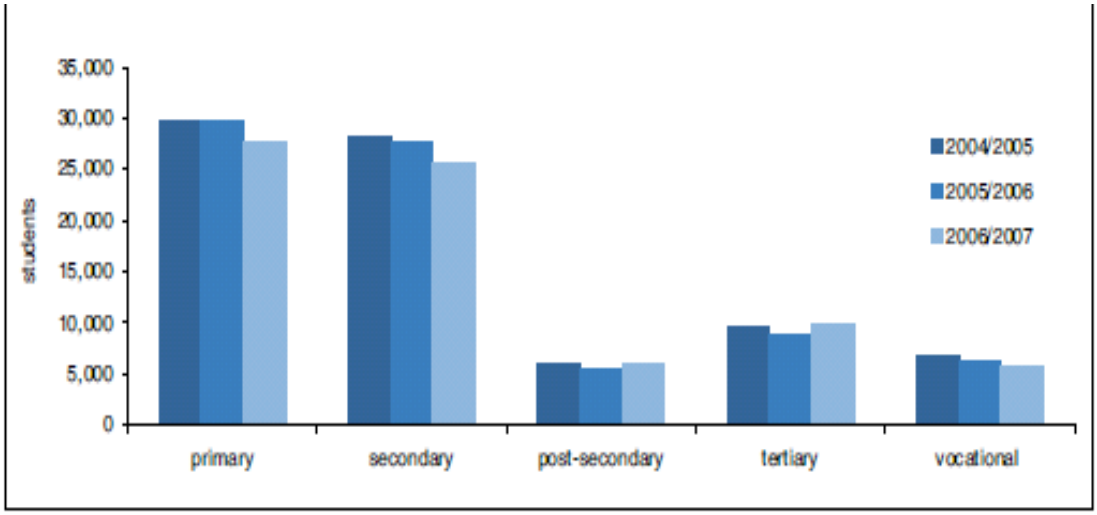



Source: National Statistics Office 2009

## Education

The trend of enrolment at different educational levels have been changed in the last past years (concretely from the period 2004 to 2007), passing from a trendy primacy of primary and secondary levels to upper levels of education, i.e. there is a continuity/prolongation of studies that leads to more professional profiles among population over the years. Nevertheless, for the same period of time, the primary and secondary levels triple the rest educational levels. Therefore, in the exercise of 2007 upper educational levels are not satisfactory reached or efficient recruited enough comparing to low-medium educational levels (Figure 20.3).

**Figure 20.3** Enrolment at different levels of education, Malta




Source: National Statistics Office of Malta, 2009

As table 20.2 shows, since 2006 the percentage of early school-leavers has decreased, representing in 2008 a total of 35.4% school-leavers, around a 6% less than in 2006. Comparing the sex ratio of this indicator in 2008, there are more men leaving school (39%) than women (33%); in the rest of years happens the same phenomenon (i.e. men search for job opportunities earlier, and are less qualified professionally than women are)

**Table 20.2** Percentage of early school leavers

| Year | Sex | | Total |
|---|---|---|---|
| | Males | Females | |
| 2005 | 42.4 | 35.9 | 39.2 |
| 2006 | 43.9 | 37.8 | 40.9 |
| 2007 | 41.7 | 36.1 | 39.0 |
| 2008 | 39.1 | 33.4 | 36.4 |

Note: The term 'Early school-leavers' refers to persons between 18-24 years of age who have achieved lower secondary school level or less and who are not in further education. This indicator has been calculated as a percentage of the total population in the same age bracket.

Source: National Statistics Office of Malta, 2009

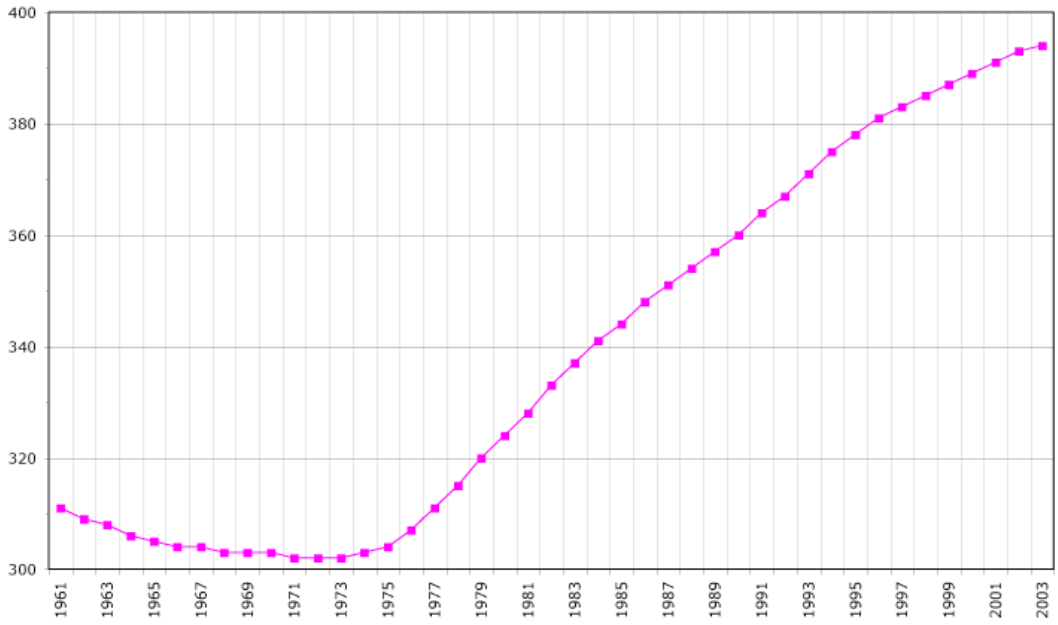
**Features of the "natural growth"**

The total population increase over 2009 amounted 0.4 per cent. Population change is the net result of two demographic aspects: the difference between births and deaths and the migration balance. Again, both were positive during 2008 and amounted to 883 and 2,436 respectively. The Maltese population grew 0.2 per cent with respect to 2007.

In 2008, the resulting population density in Malta went up to 1,285 persons per square kilometer – an increase of 11 persons per square kilometer when compared to that estimated for the previous year (Figure 20.4).

As commented before, the population structure is characterized by active population. Simulating a future scenario and without taking into account migration processes, the demographic evolution will lead to birth increases and, at the same time, an elderly trendy process.

**Figure 20.4** Evolution of the total population in Malta, 1961-2003

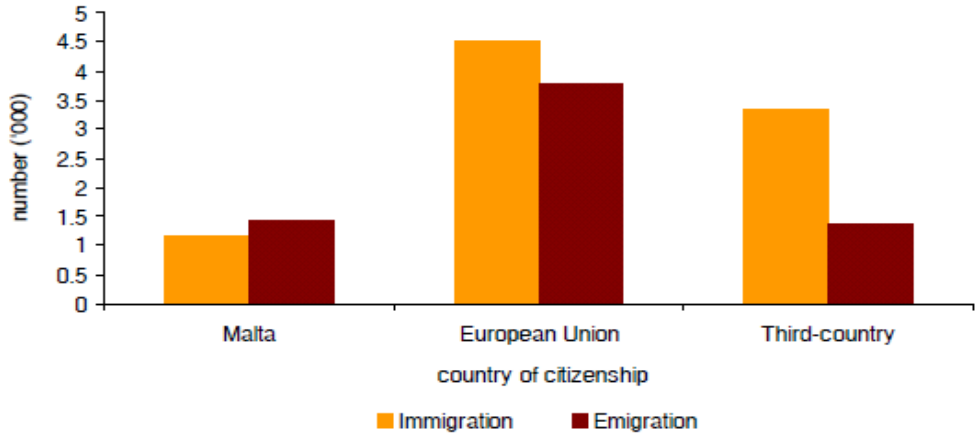



**Source: FAOSTAT, 2005**

**Features of migration processes**

As the Demographic Review of 2008 (National Statistics Office of Malta, 2009, p.11) describes: 'An estimated total of 9,033 persons immigrated during 2008, of whom 5,173 (57 per cent) were males. 13 per cent were returned migrants (immigrants with Maltese citizenship), half were citizens of another European Union country, while 37 per cent were third-country nationals. A total of 6,597 emigrated during 2008, bringing the net migration to 2,436. Nearly 60 per cent of the emigrants were males, and a quarter was less than 25 years old. 22 per cent of the emigrants had Maltese citizenship, while 57 per cent were citizens of another EU country. The remaining 21 per cent were third-country nationals' (Figure 20.5).

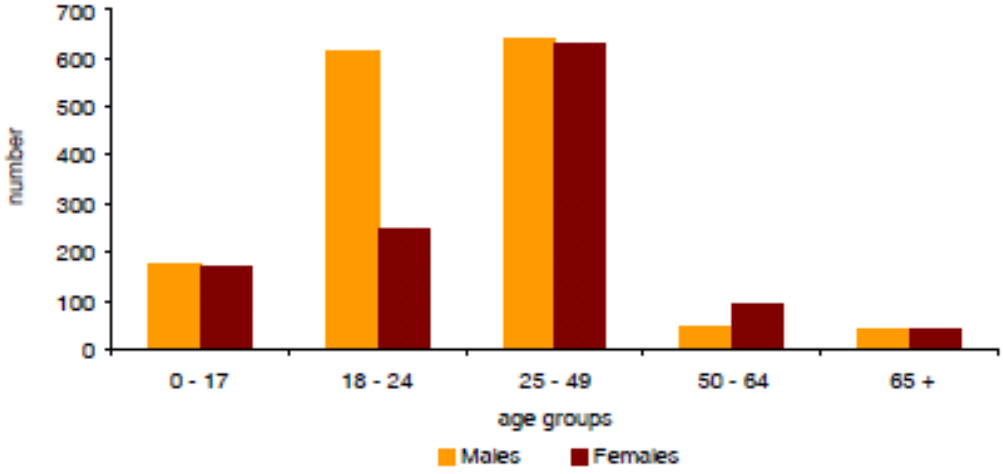
**Figure 20.5** Migration flows by country of citizenship, 2008




Source: National Statistics Office 2009, Demographic Review 2008

The highest net migration flows in 2008 corresponded to the young groups of population: from 18-24, especially men –who, furthermore, leave school earlier than women- (tripling women rates), and from 25-49 (equilibrium scores between women and men). The 'loss' of this population group is important due to its implications in the demographic processes (overall birth rates) and economic processes (loss of active and more 'productive' labour force).

**Figure 20.6** Net migration flows by age, 2008




Source: National Statistics Office 2009

Due to the NUTS3 classification system, table 20.3 shows the lack of data of all the different typologies except for the Urban Regions (PU), thus results respond only to urban patterns (it is valid for each of the sections' indicators)

According to the census population of 2001, the predominance group of population is the one between 15-64 years old (almost 68%), which is the predominance group, as well, of the EU 27 as an average (67%), so the Malta score is 1% above the EU 27 average. The score of Malta for the people with more than 64 years old is five times lower than in EU 27, which is one of the reasons because the age dependency rate (2001) of Malta is lower than in EU 27 (18% from to 25%, seven times lower than the EU27 score)

There has been a 104% of population change between 2001 and 2007 (i.e. increase of population), which represents a 8% more of population change than the EU 27 average, mainly due to the change on the active population structure (from 15-64 years old) with an increase of approximately 70% (principally due to the immigration processes occurred, overall of the returned Maltese migrants) The increase of population older than 64 years old between 2001 and 2007 in 14% (similar rate than for the EU 27) provokes directly the rise of the age dependency rate, calculated in 44% (1% above the EU 27 average)

**Table 20.3** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001 | % people aged 0 to 14 years | 20.38 | | | | | 20.38 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | 67.51 | | | | | 67.51 | 66.62 | 66.65 |
| | % people aged 64 years and over | 12.10 | | | | | 12.10 | 16.53 | 16.55 |
| | Age dependency rate | 17.93 | | | | | 17.93 | 25.09 | 25.09 |
| Population* | Population change 2001-2007 (Index pop. 2001=100) | 104.19 | | | | | 104.19 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | 16.71 | | | | | 16.71 | 16.68 | 15.97 |
| | % pop.15_64_2007 | 69.50 | | | | | 69.50 | 69.75 | 70.18 |
| | % pop. >64_2007 | 13.79 | | | | | 13.79 | 13.55 | 13.84 |
| | Age dependency rate | 43.88 | | | | | 43.88 | 44.08 | 43.17 |
| | Natural increase change_01_06 | NA | | | | | NA | -5.99 | -6.09 |
| | Net migration change_01_06 | NA | | | | | NA | 7.09 | 8.97 |
| Education | % ISCED 0_2** | 72.01 | | | | | 72.01 | 33.62 | 36.65 |
| | % ISCED 3_4** | 14.34 | | | | | 14.34 | 43.29 | 47.14 |
| | % ISCED 5_6** | 10.30 | | | | | 10.30 | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment | 0.65 | | | | | 0.65 | 35.34 | 39.54 |
| | Life-Long Learning in Rural Areas* | 5.32 | | | | | 5.32 | 7.69 | 8.61 |

*Values NUTS 3 are replaced by values NUTS2

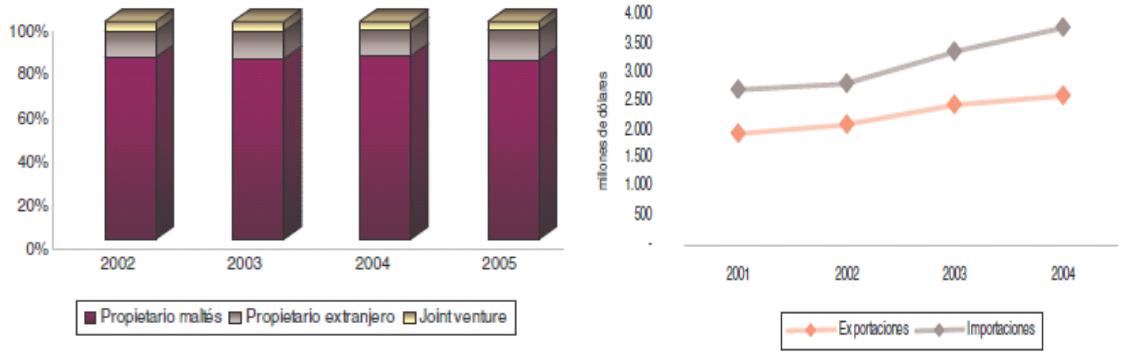
**% ISCED by groups is calculated for population more 15 years.

While in the EU 27 the intermediate educational level (ISCED 3 and 4) is predominant over the others, reaching 47%, in Malta the predominant one (representing 72%) is the pre-primary education lo lower secondary educational level (ISCED 0 and 2). Only 10% of the population achieves high qualified educational level, a 9% less than in the EU 27. According to rural areas education, the rates are very low, quasi negligible comparing to EU 27 average (40%), for farmers attaining basic education (0.65%). Life long learning in rural areas in Malta is around 5%, 3% less than in the EU 27.

## 3. Employment

Malta is an open economy, which means that it has business relations -imports and export demands- with the rest of the world, but has very poor competitiveness. As above commented in the *capital penetration narrative*, the public national investment is being replaced by external investment from foreign enterprises (see graphics: 1(left).Percentage of employment according to the owner origin: Maltese (purple), foreigner (violet), Joint venture (yellow); and 2(right).Evolution of External Sector: exports in grey, imports in orange). As shown on the graphics, the tendency is a rise of imports front to exports; this trend may have several consequences of the national GDP, creating, at last term, an economic deficit situation in the country.

**Figure 20.7** Percentage of employment according to the origin of the owner and evolution of the foreign sector




Source: Spanish Economic and Commerce Office in Rome, 2006

Notes: in the first figure, red is for Malta owners, grey for foreign owners and yellow for joint ventures. In the second figure, the grey line is for imports and the orange line is for exports

Regarding activity sectors, Malta is fundamentally a tertiary economy where the service sector is in first place, being tourism the main economic income in the country. Construction and financial services are important as well but they depend, directly and indirectly, on tourism. The business structure is formed by microenterprises, mainly in the agriculture, textile and commercial sector. Nevertheless, there are some multinationals from the pharmaceutical, electronic and petroleum and gas sectors. On the other hand, Malta only produces the 20% of its food needs. Not enough investments on agriculture are even more aggravated by the problems of water access & management.

### The labour market

The period 2005-2008 comprises roughly a decline of the activity rate and the employment and unemployment rates. In general, employment rates cover around a 50% of the population, unemployment does not reach a score higher than 10%, but inactivity rate is notable. From 2007-2008 there has been a decrease of the activity rate in 10%, proportional to the 10% decrease of the employment rate and followed, as well, by a slightly decrease of 0.4% of the unemployment rate and an increase of the

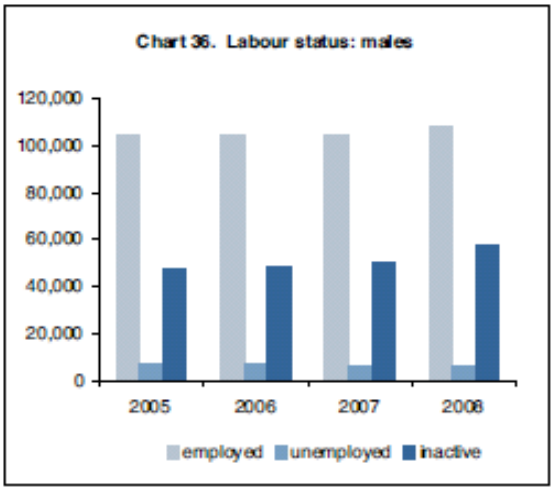
inactivity rate (see graphics). The Economic Global Crisis influence on the results, overall in dependent economies as Malta is.

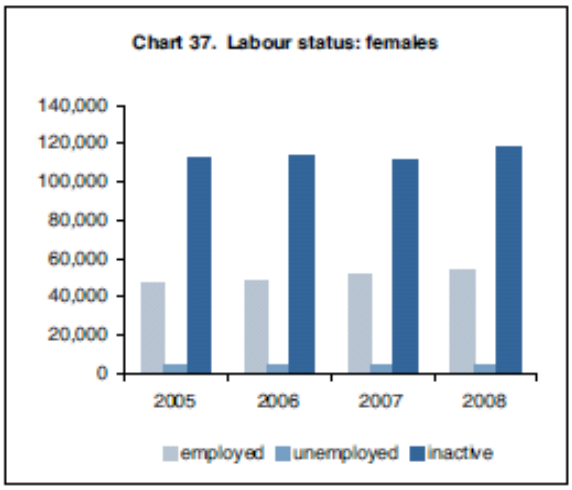
The difference between men and women employment and activity ratio is extraordinary for the period 2005-2008. The employment rate for men is the double than for women, and the inactivity ratio for women is the double than for men, which leads to higher activity rates for men than for women. It suggests a traditional society model, where the women role is based on domestic labour (intimate role on society vs. external role –allocated to men-) than to work outside home.

**Table 20.4** Activity, employment and unemployment rates

| Month | Activity rate | | | Employment rate | | | Unemployment rate | | |
|---|---|---|---|---|---|---|---|---|---|
| | Males | Females | Total | Males | Females | Total | Males | Females | Total |
| 2005 | 79.9 | 38.2 | 59.2 | 74.7 | 34.9 | 54.9 | 6.5 | 8.7 | 7.2 |
| 2006 | 79.8 | 38.3 | 59.1 | 74.5 | 34.9 | 54.8 | 6.5 | 8.9 | 7.3 |
| 2007 | 78.9 | 40.0 | 59.5 | 74.2 | 36.9 | 55.7 | 5.8 | 7.7 | 6.5 |
| 2008 | 66.4 | 32.7 | 49.3 | 62.6 | 30.5 | 46.4 | 5.7 | 6.9 | 6.1 |

Source: National Statistics Office, Labour Force Survey annualised data.




Source: National Statistics Office of Malta, 2009

Contrary to the previous data, the table 20.5 shows that the total employed people have slightly increased from 2005 to 2008 (but women employment suffers a sharper rise). The economic activities with more employed men are manufacturing, wholesale & retail trade and construction (secondary and tertiary sector), and the ones for employed women are education, wholesale & retail trade and health & social work (tertiary sector activities).

**Table 20.5** Total employed persons by economic activity of main occupation

| Occupation | 2005 | | 2006 | | 2007 | | 2008 | |
|---|---|---|---|---|---|---|---|---|
| | Males | Females | Males | Females | Males | Females | Males | Females |
| Agriculture, hunting and forestry | 2,313 | 206 [u] | 2,105 | 123 [u] | 2,339 | 198 [u] | 2,568 | 202 [u] |
| Fishing | 445 [u] | 19 [u] | 422 [u] | 16 [u] | 282 [u] | - | 363 [u] | 10 [u] |
| Mining and quarrying | 732 [u] | 21 [u] | 579 [u] | 48 [u] | 465 [u] | 26 [u] | 571 [u] | 14 [u] |
| Manufacturing | 21,260 | 7,218 | 19,894 | 6,718 | 19,411 | 6,240 | 19,190 | 5,121 |
| Electricity, gas and water supply | 2,655 | 184 [u] | 3,141 | 221 [u] | 2,847 | 211 [u] | 3,491 | 193 [u] |
| Construction | 11,791 | 364 [u] | 11,984 | 249 [u] | 11,103 | 351 [u] | 11,962 | 479 [u] |
| Wholesale and retail trade; repairs of motor vehicles, motorcycles and personal and household goods | 15,438 | 6,884 | 16,182 | 7,651 | 16,485 | 8,096 | 16,938 | 8,106 |
| Hotels and restaurants | 8,181 | 4,499 | 8,012 | 3,544 | 8,188 | 4,725 | 7,912 | 5,348 |
| Transport, storage and communication | 8,964 | 2,562 | 8,938 | 2,585 | 9,391 | 2,639 | 9,816 | 3,213 |
| Financial intermediation | 3,149 | 3,231 | 3,459 | 2,962 | 3,016 | 3,409 | 2,833 | 3,219 |
| Real estate, renting and business activities | 5,888 | 2,470 | 6,154 | 2,911 | 7,123 | 4,330 | 7,525 | 4,006 |
| Public administration and defence; compulsory social security | 9,856 | 3,088 | 10,089 | 4,280 | 10,009 | 3,845 | 9,569 | 4,696 |
| Education | 4,430 | 7,229 | 4,405 | 7,883 | 4,677 | 8,034 | 4,715 | 8,761 |
| Health and social work | 5,113 | 6,460 | 5,347 | 6,224 | 5,123 | 6,077 | 5,444 | 6,789 |
| Other community, social and personal service activities | 3,464 | 3,090 | 3,542 | 2,461 | 3,743 | 2,705 | 4,391 | 3,141 |
| Private households with employed persons | 16 [u] | 82 [u] | - | 115 [u] | 22 [u] | 118 [u] | - | 137 [u] |
| Extra-territorial organisations and bodies | 264 [u] | 20 [u] | 143 [u] | 91 [u] | 172 [u] | 115 [u] | 179 [u] | 77 [u] |
| **Total** | **103,959** | **47,627** | **104,396** | **48,082** | **104,396** | **51,119** | **107,467** | **53,512** |

Source: National Statistics Office of Malta, 2009

Referring to the data of the different age population structure, the group with more employment rate is the middle age group (from 45-54 years old) with a rate around 58%. The young group (from 15-24) has an employment rate of 46%, while the elderly group (from 55-64) does not even reach 30%. Grouping active but elder population (from 45-64), supposedly with more stable job positions, the result is that 43% of this age population is actively working. Thus, young-middle age employees (from 15-45) represent only 13% (rate above the EU average with higher rates except in young employment). Seasonal jobs (with part-time jobs, non professional profile, etc. particularities) influence on the rates for youth; hence, youth employment rate does not reflect well the reality of their situation.

Similarly to the data shown before, in this table the disparities between men and women employment rate are notable representing the first ones (74%) the double than the second ones (37%). In the EU average results, there is not such an important disparity, being the difference between men and women employment rate around 10% less for women.

The tertiary sector (mainly due to tourism activities) is the principal economic sector, representing 71% over the rest sectors (5% above the EU average). Primary sector is the worst represented (not even reaching the 5%, 3% below the EU average), since Malta depends on food imports on a big extent.

For the period 2002-2005, the unemployment evolution for population from 15-24 years old was lower (90%) than in the EU average (257%); it was lower for population older than 15 years old (98%) than for population older than 25 years old (105%), in opposition to EU rates of these indicators (188% vs. 82%), and higher for women than for men (as the EU patterns). It can be due to youth emigration, continuity of studies or precarious labor conditions (overall in the touristic sector, where young and non professional labor force is demanded and, usually, overexploited)

**Table 20.6** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate* | T15_64 years | 55.70 | | | | | 55.70 | 66.40 | 66.42 |
| | Tmale 15_64 y | 74.20 | | | | | 74.20 | 73.05 | 73.12 |
| | Tfemale 15_64 y | 36.90 | | | | | 36.90 | 59.72 | 59.70 |
| | Total 15_24 y | 46.00 | | | | | 46.00 | 39.66 | 39.67 |
| | T 45_64 years | 42.95 | | | | | 42.95 | 62.37 | 62.34 |
| | Total 45_54 | 57.60 | | | | | 57.60 | 78.30 | 78.38 |
| | Total 55_64 | 28.30 | | | | | 28.30 | 46.44 | 46.30 |
| %Employment in principal sector | %Emp_primary | 4.17 | | | | | 4.17 | 7.95 | 7.97 |
| | %Emp_secondary | 25.07 | | | | | 25.07 | 26.71 | 26.71 |
| | %Emp_tertiary | 70.76 | | | | | 70.76 | 65.33 | 65.31 |
| Unemployment evolution 2002_05 | Total > 15 years | 98.07 | | | | | 98.07 | 187.25 | 188.17 |
| | Total 15_24 years | 89.54 | | | | | 89.54 | 255.25 | 257.16 |
| | Total >25 years | 105.23 | | | | | 105.23 | 82.27 | 82.21 |
| | Male > 15 years | 90.59 | | | | | 90.59 | 82.45 | 82.35 |
| | Female > 15 years | 109.53 | | | | | 109.53 | 94.74 | 94.79 |

*Values NUTS 3 are replaced by values NUTS2

In 2007, the unemployment rate is higher for the population between 15 to 24 years old (2% less than in the EU average), followed by the young population group (less than 15 years old), which unemployment EU average is around 1% higher. The differences between men and women continue, being the women unemployment rate higher than the men one.

The positive evolution of unemployment from 2002-2007 with a 93% of population without work is not a good sign for the economy's health and the social welfare. Nevertheless the EU average is around 111%, higher than the Maltese. In relation to this, one bad sign is that the long term unemployment of 2007 (41%) was closed to the EU average (43%). Unstable, seasonal, unfair dismissals and bad-paid jobs are some of the causes of this process, linked with the Global Economic Crisis, loss of capitals and business bankruptcy.

**Table 20.7** Employment indicators (b)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | | Average EU 27 +CH+HR+IS +LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | Average country | | |
| Unemployment rate 2007* | Total >15 | 6.40 | | | | | 6.40 | 7.61 | 7.63 |
| | Total Male >15 | 5.85 | | | | | 5.85 | 7.06 | 7.05 |
| | Total Female >15 | 7.55 | | | | | 7.55 | 8.61 | 8.59 |
| | Total 15_24 | 13.10 | | | | | 13.10 | 15.80 | 15.64 |
| | Total >25 | 4.70 | | | | | 4.70 | 6.6 | 6.66 |
| Long term unemployment * | % long term unemployent rate_07 | 41.05 | | | | | 41.05 | 43.07 | 43.12 |
| | Evolution of long term unemployment 2002_07 | 93.27 | | | | | 93.27 | 111.33 | 110.94 |

*Values NUTS 3 are replaced by values NUTS2

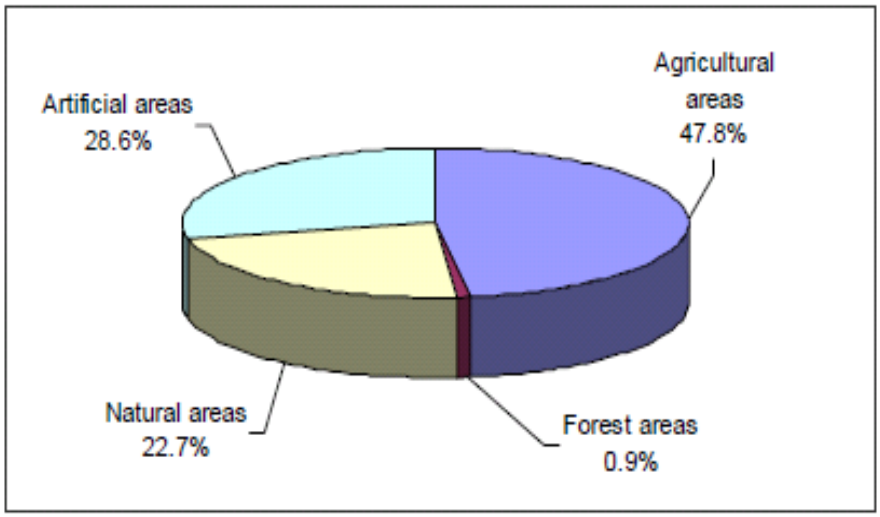
## 4. Rural business development

### Features of the rural businesses

The rural business shined on the past of Malta, but with the entrance of foreign capital and the arrival of massive tourism it has been pushed into the background of the economy and social life of the island. Therefore, agriculture still has a conservation and preservation role of the rural landscape, green lungs and the cultural heritage (indeed, all of them benefit the tourist industry).

As the Ministry of Rural Affairs and the Environment informs in its *Rural Development Program for Malta 2007-2013* (p.22-23): 'the agricultural sector (included the fishery sector) accounts for only 2.2% of the total GVA generated by the Maltese economy. Agriculture is the largest land user, accounting for 47.8% of the total area of the islands. This compares well with the European average (EU25) of 46.7%, but it does not compensate to the lack of forest and natural areas, which only account for 0.9% and 22.7% respectively compared to the European average of 31% and 16%. In 2005 the total agricultural land amounted to 11,791 hectares (ha), of which 87% or 10,254 ha constituted UAA, whilst around 1% constituted unutilized agricultural land and 12% other areas included garrigue land (NSO, 2005). A large proportion of arable land, 55.8% is used for forage plants, followed by 20.1% for vegetables, 10% for potatoes, and 0.5% for flowers and seeds production. The remaining 13.6% is fallow land. Although a drop was recorded in the proportion of arable land used for both the cultivation of potatoes and of vegetables; potatoes still remain the major crop and an important cash crop due to the significant quantities exported every year in European markets.'

**Figure 20.8** Land cover of the Maltese Islands – Corine Land Cover 2000



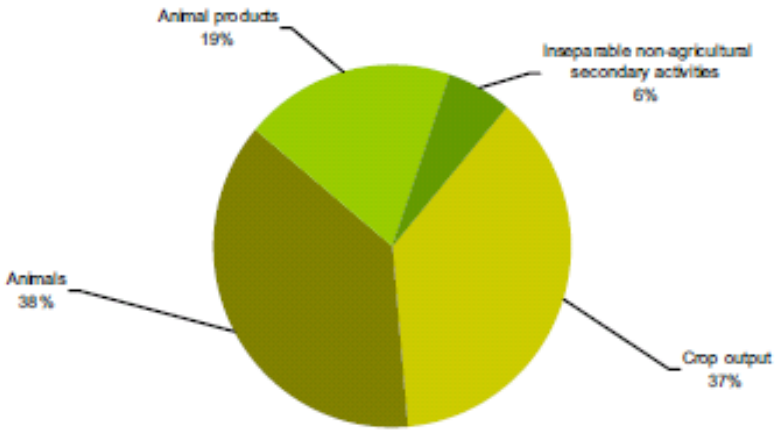

Source: Ministry of Rural Affairs and the Environment, 2007

The total water consumption on agriculture represents the 43% over the total water consumption, becoming agriculture the main water consuming activity of the Maltese island. The problem of water scarcity and huge water demands from agriculture is

resolved by pumping aquifers and over-exploited them (which can lead to problems of salinisation, nitrates concentration, etc.)

Without taking into account the fishery sector, the animals and crop output sectors are the most productive sectors, representing the 37% and 38% respectively from the total production.

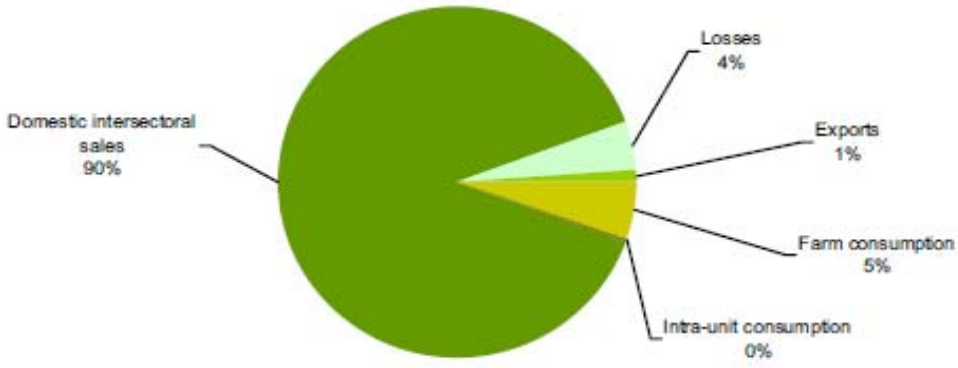
**Figure 20.9** Percentage distribution of gross agricultural production by type of production: Malta 2008




Source: National Statistics Office of Malta, 2009

As it can be inferred by the data of the below chart 9.2, the Maltese agriculture production is mainly focused on the internal market scope (i.e. in the Maltese territory), so market penetration is almost inexistent in this field. It is logical due to the farming structure (small holdings, State land property, etc.), poor availability of resources and few investment on the sector.

**Figure 20.10** Percentage distribution of gross agricultural production by usage: Malta 2008




Source: National Statistics Office of Malta, 2009

**Profile of the rural entrepreneur**

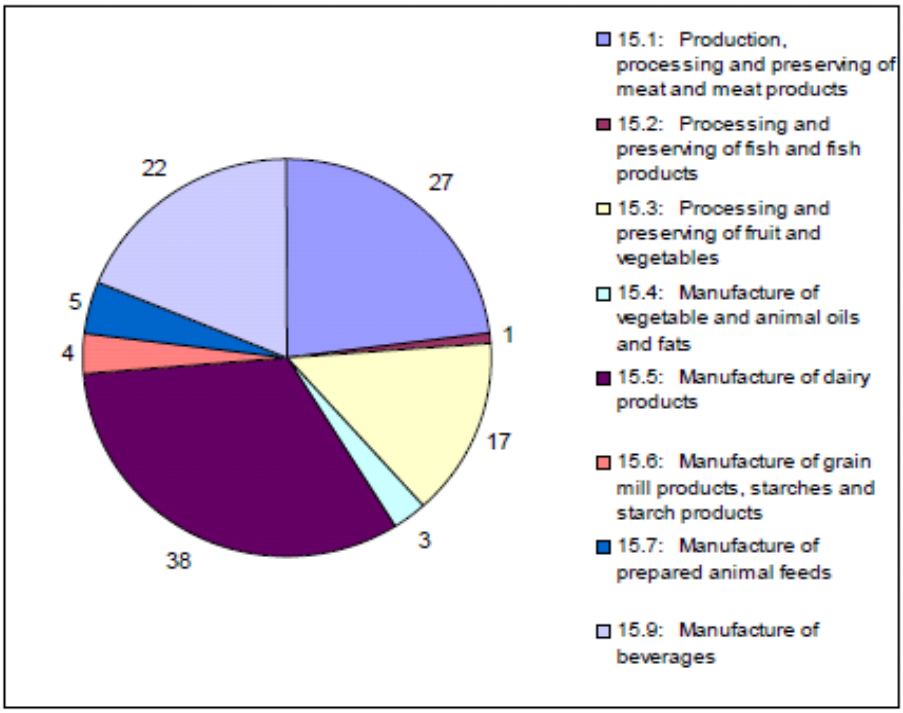
The legitimacy of tenancy and land title is difficult due to a vast amount of non registered tenancy agreements and land owners. According to the latest Agriculture Census of 2001 (NSO, 2003), 80.4% of the agricultural cultivated land area is rented, with only 19.5% being owner occupied or under a freehold basis. As the Ministry of Rural Affairs and the Environment describes: 'The land tenure system is further complicated by the fact that land use and rent policies are the remit of other ministries which act independently of agricultural policy.'

Normally, in agriculture the employees and owners of land are men (92% representation front 7.8% of women-mostly on them working on part-time jobs-). Furthermore, they used to be older than 55 years old, which leads to a negative future trend on employment in this sector. The roles are very traditional and innovation and entrepreneurship is weird among Maltese farmers.

**Niches of activity in which rural companies are being created**

Food manufacturing is one of the most efficient rural sectors in Malta according to its micro-enterprises intrinsic characteristics, but they do not reach the total food demands of the population and imports are extended. Research and innovation did not fit well with the rural companies of Malta, but the National Strategic Plan for Research and Innovation for 2007-2010 outlines national strategies and courses of action to develop and insert these issues on the national enterprises. The next graphic illustrates the niches of activity by number of enterprises investing on them.

**Figure 20.11** Number of enterprises according to NACE 15 sub-categories. Malta 2003




Source: Ministry of Rural Affairs and the Environment, 2007

**Opportunity sectors for future rural business operation**

The Department of Environment from the Ministry of Rural Affairs and the Environment suggests quality identification marks of the Maltese products to create a differentiated agri-business. It will need to be established a cooperation marketing relation between producers and agro-processors. Textually, they advocate for 'the improvement of educational and marketing strategies that focus on sustainable practices, care for the environment and landscape, appreciation of traditional delicacies and artisan methodologies, cultivation of indigenous varieties and their products, and an all-round quality orientation that is increasingly sought after by more demanding consumer markets, both current and potential, locally and internationally.'

**Main constrains that need to be overcome**

The urbanization pressure over the land is palpable; as a consequence of this and the land limitation, the cost of the land is extremely high. Not only land is limited but water is as well, being the desalinization a highly cost measure to be sustained for a long time. The market economy system is dependent on imports, and it creates an unbalanced set for the proper development and strength of the rural business.

As pointed out before and as the Ministry of Rural Affairs and the Environment mentions: 'Agricultural activity survived in the Maltese Islands in the past fifty years as a result of a series of protective measures aimed at encouraging production by ensuring a regular income flow for local farmers and animal breeders through a system of price guarantees and quota restrictions on imports. There were practically few incentives for active full time farmers to rationalize production through the constant upgrading of plant and produce and through a consumer-orientated system of product selection and distribution.' When those protective State measures stopped, the domestic market felt and imports system was established, leaving farmers without its own market and with poor margin of competition in the open market, creating pressure over them and on the environment in last term. The abandonment of lands is frequent, not only by urbanization, limited quotes to farmers, poor production but, as well, for the bad quality of land, plus salinization and nitrification processes.

**Specific policies/programs/initiatives in rural business promotion**

Referring to improvement of enterprises, as commented before, the National Strategic Plan for Research and Innovation for 2007-2010 pretends to introduce and support innovative and knowledge transfer strategies into the industry to make it more efficient in the open market, as well as to create higher quality and unique products (following marked label standards or indicators)

According to the Ministry of Rural Affairs and the Environment in its *Rural Development Program for 2007-2013* (p.61): 'In 2005 MRAE set the 34U initiative with the aim of raising public interest on deforestation initiatives and to instill further appreciation of trees. Through this initiative, national institutions, businesses, unions, voluntary organizations and others entities got together in a unified effort for the creation of

woodland recreational areas. Recently government took on board a project spreading over a number of years, to develop a series of national and regional afforestation projects across the Maltese Islands.'

**Significant variations in the above processes depending of the types of regions considered (ie. PU, IRA, IRR, PRA, PRR)**

Wholesale & retail trade (42% firms), real state, renting & business activities (27%) and manufacturing (11%) represent the sectors with more number of firms, and hence, with more demand of employment. The first sector is above the EU average for this indicator and the rest are below it. These sectors are directly linked to tourism which generates important capital flows in & out the island.

The smaller sectors and with less employment demand are mining & quarrying (0.24%, which is below the EU average) and electricity, gas & water supply (0.86%, which is above the EU average).

Nowadays, it is remarkable that not a single firm in Malta has its own website, largely distanced from the EU 27 where, on average, the half of firms has its own website. It suggests a national projection of their business and basic high-tech tools domination with poor market penetration.

During the year 2004, as an average, the employment in high and medium tech manufacturing activities was around 8% (0.24% above the EU average) respect the other sectors. Respect the percentage of the EU 25, Malta represents a 93% of the total employment in high and medium tech manufacturing activities in the EU 25, around a 15% less than the EU 27 average for this indicator. Thus, Malta can be placed in a top-rank of high tech and innovation market economy, but in the exports field.

**Table 20.8** Rural business development indicators

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.24 | | | | | 0.24 | 0.30 | 0,30 |
| | % Manufacturing | 10.52 | | | | | 10.52 | 14.08 | 14,05 |
| | % Electricity, gas and water supply | 0.86 | | | | | 0.86 | 0.61 | 0,63 |
| | %Construction | 5.87 | | | | | 5.87 | 9.48 | 9,46 |
| | %Wholesale and retail trade | 41.96 | | | | | 41.96 | 23.02 | 21,83 |
| | %Hotel and restaurants | 5.08 | | | | | 5.08 | 6.52 | 6,15 |
| | %Transport, storage and communication | 8.60 | | | | | 8.60 | 8.69 | 8,46 |
| | %Real state, renting and business activities | 26.87 | | | | | 26.87 | 37.29 | 39,12 |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.44 | | | | | 0.44 | 0.58 | 0,52 |
| | % Manufacturing | 25.48 | | | | | 25.48 | 29.18 | 28,08 |
| | % Electricity, gas and water supply | 2.34 | | | | | 2.34 | 1.14 | 0,89 |
| | %Construction | 11.38 | | | | | 11.38 | 9.09 | 9,14 |
| | %Wholesale and retail trade | 28.18 | | | | | 28.18 | 26.14 | 26,93 |
| | %Hotel and restaurants | 4.76 | | | | | 4.76 | 8.27 | 8,37 |
| | %Transport, storage and communication | 12.92 | | | | | 12.92 | 8.65 | 8,52 |
| | %Real state, renting and business activities | 14.48 | | | | | 14.48 | 16.78 | 17,51 |
| Employment in high and medium technologies manufacturing activities_2004 | Employment in high and medium tech manufacturing activities_2004_average | 7.66 | | | | | 7.66 | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_ %EU 25 | 92.75 | | | | | 92.75 | 95.89 | 107,13 |
| %firms with own website | | NA | | | | | NA | 50.21 | 50.21 |

*Values NUTS 3 are replaced by values NUTS2

## 5. Rural-urban relationships

As described by the Ministry of Rural Affairs and the Environment: 'The classification of rurality being adopted for the purposes of the Rural Development programme for Malta 2007-2013 results in 47 localities being classified as rural out of a total of 68 localities in the islands. Rural areas cover around 91.2% of the total land areas of the islands and hold 63.7% of the total population. On the other hand, urban localities are characterized by limited land area under agriculture and ODZ, which indicates their high level of urbanization. Urban areas are concentrated in the harbour region, where different activities take place. In fact, up to this day, the major employment nodes are found in the grand harbour conurbation which employs around 25% of the working population.

**Table 20.9** A profile of rural and urban areas in Malta, 2007

| | Rural Localities | Urban Localities | National Total |
|---|---|---|---|
| No of Localities | 47 | 21 | 68 |
| Total surface area ($km^2$) | 287.6 | 27.6 | 315.2 |
| Population (no of persons) | 257,616 | 146,423 | 404,039 |
| Population density (persons/$km^2$) | 896 | 5,301 | 1,282 |
| Declared agricultural land areas ($km^2$) | 114.3 | 1.9 | 116.2 |
| Area ODZ ($km^2$) | 244.2 | 5.9 | 250.1 |

Source: Ministry of Rural Affairs and the Environment, 2007

**Established or incipient initiatives for cooperation between urban and rural areas**

Based on the Rural Development programme for Malta 2007-2013 report, 'rural and urban areas are inextricably linked, and contrary to the reality of other countries, rural areas do not suffer from specific structural disadvantages that impose poverty and social exclusion. Rural areas in Malta exhibit no higher levels of unemployment, as 63 people tend to work in a locality different to the one where they reside, and commute daily the relatively short distances involved.' Due to the small size of the island and the well connected road network, SGI are accessible to rural areas, e.g. electricity, water, ICT facilities, telecommunication systems, etc.

**Degree of development of the "territorial approach" developed? (i.e. Territorial Employment Pacts, supra-municipal planning, etc.)**

The LEADER initiative, which is a new approach for Malta, will focus on bringing together the different public and private local actors, thus building local partnership capacity, promoting private-public partnership, cooperation and innovation and improving local governance. Its aim is to implement conservation projects referred to sustainable tourism and heritage context.

The creation of Local Action Groups is recent in the Malta's socio-political system, and local capacity building needs strength and support by the EU community.

**The state of rural-urban partnerships**

There are several projects related to land use, sustainable development as in rural as in urban planning regions, but there is no specific and clear partnership policies between them. The Malta Environment and Planning Authority (MEPA) is the national agency responsible for land use planning and environmental regulation in Malta. In its website there are several projects focused on different topics; one of them is PROUD (Promoting Urban Sustainable Development in Local Authorities, http://www.mepa.org.mt/leonardo_proud) which involves the improvement of the urban landscape and, indirectly, of the rural landscape as well (in closed interaction and synergy with urban sites)

**Importance/extent of suburbanization processes**

Due to the intrinsic small size of Malta and a highly total population density, suburbanization process is not an important process per se between rural and urban areas. Both areas are attractive and are sought out by the population and tourists.

**Main demands/uses over rural areas from urban inhabitants**

As in the Rural Development Program for Malta 2007-2013 is assessed: 'To improve the quality of life in rural areas, it is more relevant to concentrate on improving recreation amenities and create stronger linkages between economic activities and rural assets, rather than concentrate directly on the generation of employment and economic growth. The need for diversification of activities in rural areas that are more sensitive to their surroundings is acknowledged. However, the aim is to support endogenous growth, build upon the rural character and maintain traditions alive, but not to tackle depopulation of rural areas, since this is not an issue in the local context. In fact, in Malta, the problem is quite the opposite. Migration is experienced away from the highly urbanized historic grand harbour area, whilst rural areas are sought after, and isolated residential properties desired but beyond the reach of many. This is again a result of the island's smallness and high population density.'

**Policies/programs/initiatives that could be labeled as "best practices" in promoting appropriate rural-urban relations**

The government puts in action some measures to strength and to improve the rural heritage against urbanization processes. The chosen measures are:

- Measure 313: Encouragement of tourism activities
- Measure 323: Conservation and upgrading of the rural heritage
- Measure 341: Skills acquisition, animation and implementation

As the Ministry of Rural Affairs and the Environment points out: 'the main objective of these measures is therefore the enhancement and rehabilitation of rural areas and landscape amenities that will provide the opportunities for diversification associated

with tourism and informal recreation. This will ensure that the rural areas are conserved and properly managed for the enjoyment of all. Thus rural areas shall become an important 84 multifunctional asset where a number of sustainable activities linked to the environment and rural heritage can develop and thrive.'

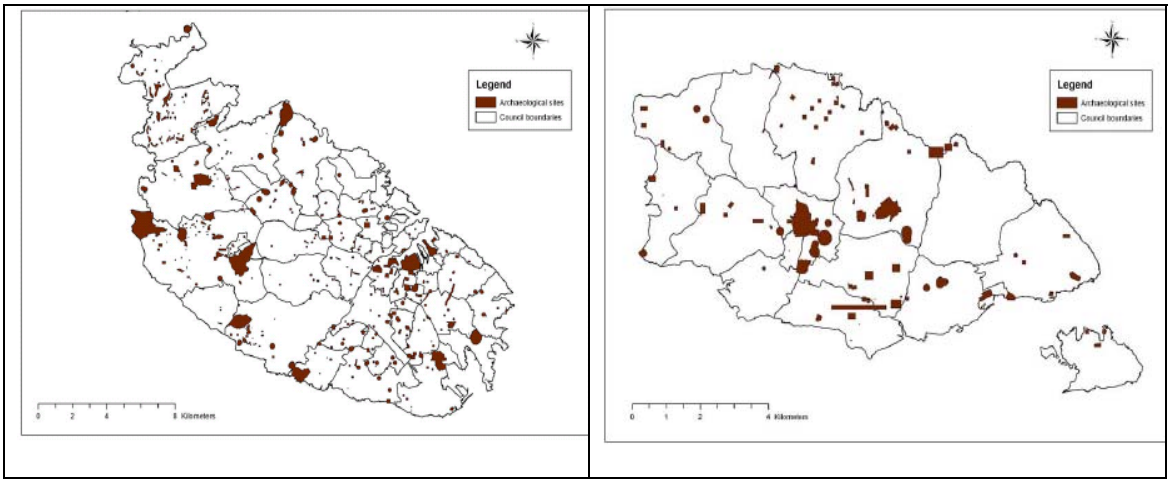
**Variations in the above processes depending of the types of regions considered (ie. PU, IRA, IRR, PRA, PRR)**

Due to the NUTS3 classification system there is not data availability for this section, but as explained in the introduction of the present section, there are 47 localities considered as rural over the 68 total ones, representing the majority of the territory area and welcoming more than the half of the total population.

## 6. Cultural heritage

Cultural and natural heritage are of a big importance in Malta. There are different policies and agencies (as MEPA) covering the legislation and conservation of the national heritage. The most important legislation figure is the Development Planning Act of 1992, which designates cultural property items. Today it is the responsibility of the Superintendence for Cultural Heritage to ensure that cultural heritage is conserved and protected.

**Figure 20.12** Designated sites of archeological importance in the islands of Malta and Gozo




Source: Ministry of Rural Affairs and the Environment, 2007

### Main cultural resources

In opinion of the Ministry of Rural Affairs and the Environment: 'Malta is exceptionally rich in cultural heritage. The dense concentration of artifacts ranging from Neolithic monuments, remains of Phoenician and Roman civilizations, rare examples of early Christian and medieval architectural, imposing constructions by the Order of St. John and nineteenth century examples of British military and civil architecture, is something unique to the island' Furthermore, there are some sites of World heritage importance, recognized by the UNESCO.

There are several cultural resources on rural regions, overall from the past agrarian society as: farmhouses, small agricultural structures such as *giren* and rumble walls, country homes. Normally, informal rural areas are used as recreational areas, placed the most popular recreational areas in the North and West of the country (concretely, agricultural areas represents the 55% of the surface). Indeed, the most important archeological sites are located in areas that could be classified as rural.

According to the Rural Development Program for Malta 2007-2013, 'the key attributes of rural areas – characteristic towns and villages, open spaces, natural areas and agricultural landscape, amenities of cultural and of archaeological significance – are recognised as key features that will support the islands' tourism strategy of deepening

its tourism product by providing high quality, creative, relevant and meaningful experience.'

The Institute of Conservation and Management of Cultural Heritage (ICMCH) has the mission to promote and conduct quality education, training and collaborative research in conservation and management of cultural heritage, particularly within Malta's Euro-Mediterranean context. (Heritage Malta, *Annual Report 2007-2008*, p.52). Other learning initiatives were carried in the exercise between 2007 and 2008 (for more specifications visit the website of Heritage Malta). Regarding the Annual Report 2007-2008 of the Heritage Malta, 'their Conservation Division professionals, trained in the field of conservation and restoration, continued to seek to apply a multidisciplinary approach allowing the various expertise – both internal and external where possible – to enrich the process of documentation, scientific investigation and conservation treatment of the object, building, monument or site.

According to a survey carried out by MEPA (2002), there is a general environmental concern among Maltese population about the lack of parks (Ministry for rural affairs and the environment (*Rural development for Malta 2007-2013,* p.67)

**Specific policies/programs/initiatives that could be labeled as "best practices" in protecting/promoting sustainability of cultural heritage**

According to the Rural Development Program for Malta 2007-2013, the 2007-2011 Tourism policy sets as one of its strategic objectives, the maintenance and conservation of environmental and socio-economic resources. It asks for the protection and conservation of Malta's cultural heritage and recognizes that the opportunities presented by Malta's rural landscape, in particular Gozo's more unspoilt setting.

The role of the Heritage Malta is crucial in the protection, conservation and research about cultural heritage. They develop a big amount of projects and initiatives to improve the cultural heritage in Malta.

## 7. Services of General Interest

### Health services

'In Malta, healthcare services are provided by the public health care systems and by the private sector. It is important to note at the outset that these are two parallel independent systems. The public health care system in Malta is a tax-funded system providing universal coverage. The health care professions from the public service are classified as followed:

**Table 20.10** Healthcare professionals. Evolution 2005-2008

| | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|
| Registered medical practitioners | 1,407 | 1,564 | 1,357[1] | 1,374 |
| Registered dentists | 195 | 190 | 175[1] | 183 |
| Registered pharmacists | 884 | 790[1] | 630 | 692 |
| Registered nurses and midwives | 2,345[2] | 2,411[2] | 2,540[2] | 2,783 |

[1] From 2006 and from 2007, Pharmacy Council registers and Medical Council registers respectively have been restructured

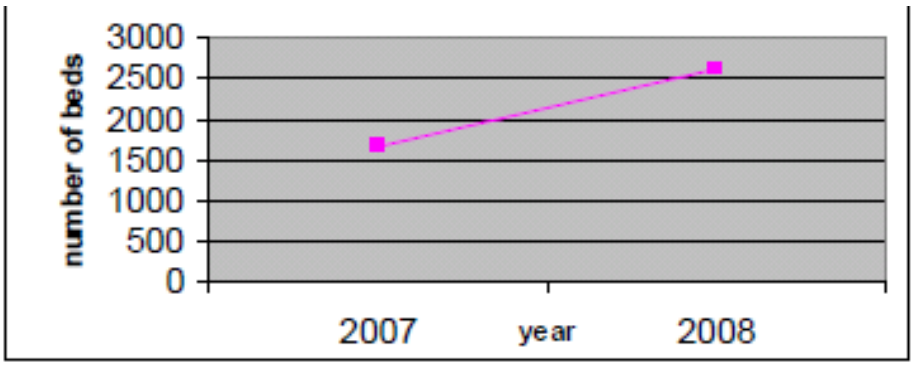
[2] Figures refer to practising nurses and midwives operating in the state health sector only

Note: Data sources for 2008: Medical Council (for data on Physicians and Dentists), Pharmacy Council (for data on Pharmacists), Directorate Nursing Services (for data on Nurses and Midwives).

Source: Department of Health Information and Research.

The public sector also provides elderly care services. Medicines are also provided for vulnerable groups and for persons suffering from chronic disease. All beneficiaries obtain their services free at the point of use'. (Extracted from the EU Commission, *Social Services of General Interest*, p.6)

**Figure 20.13** Number of licensed beds for older persons




*Depicting a registered 58% increase in the number of beds licensed by DHCSS*

Source: Ministry for Social policy, 2008

## Communication

According to data from the European Commission, Malta has a usage of 49% of broadband. Maltese population have better access to fixed telephone (78% of population use it) than mobile telephone (one-fifth of users (22%) query about the excessive telephone chargers of mobile operators)

**Table 20.11** Information society: selected indicators

| Indicator | 2005 | Per 100 Population[1] | 2006 | Per 100 Population[1] | 2007 | Per 100 Population[1] | 2008 | Per 100 Population[1] |
|---|---|---|---|---|---|---|---|---|
| Fixed telephone subscriptions | 209,305 | 51.2 | 209,648 | 51.5 | 226,951 | 55.6 | 244,991 | 59.5 |
| Mobile telephone subscriptions | 324,787 | 80.1 | 345,598 | 81.8 | 371,178 | 91.0 | 385,092 | 93.5 |
| Pagers subscriptions | 4,800 | 1.2 | 4,768 | 1.2 | 4,752 | 1.2 | 4,129 | 1.1 |
| Cable TV subscriptions | 102,603 | 25.4 | 112,676 | 27.4 | 119,552 | 29.3 | 127,345 | 30.9 |
| Internet subscriptions | 88,771 | 22.1 | 95,240 | 24.5 | 100,035 | 24.5 | 111,779 | 27.1 |

[1] Figures have been rounded

Note: As at end December.

Source: National Statistics Office.

Source: National Statistics Office of Malta, 2009

## Transport infrastructures[1]

Roads: The road net is comprised by 1742 km, by them 1661 km are paved. All manufactories are situated to less than 30 minutes from the harbor or the airport of Valetta.

There is no railway net.

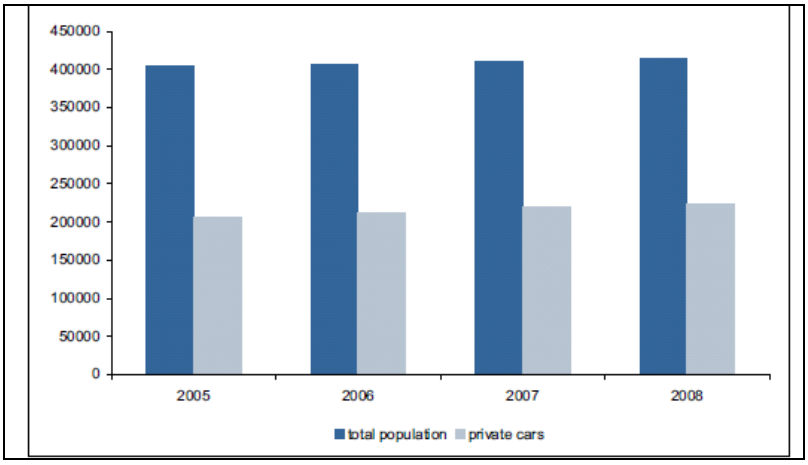
Harbors: Malta have excellent port harbors with connections around the world.

There is only one airport (in Valetta) with capacity to 2000 users. The passenger's traffic is 2.5 million people per year.

As illustrated on chart 13 the half of the population has their own private car, in spite of short distances between places.

[1] Translated from the Malta card, Spanish Institute of Foreign Trade, 2003

**Figure 20.14** Total population versus private cars

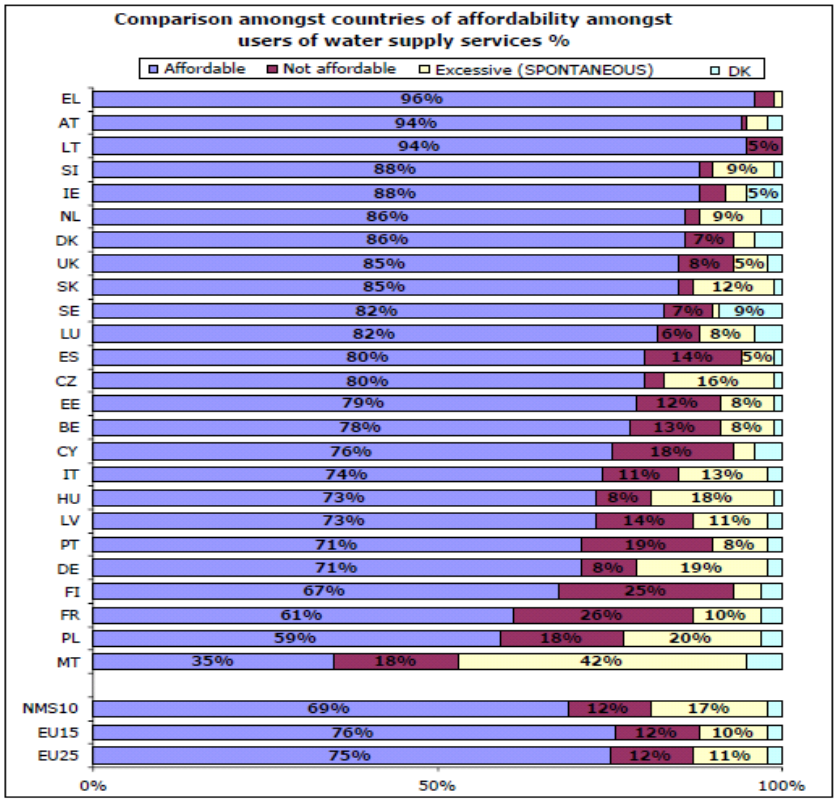



Source: National Statistics Office of Malta, 2009

## Main problems in relation to accessibility and provision to SGI for rural residents and visitors

According to data from the European Commission, Maltese population does not have either gas supply through pipelines. Furthermore, 42% of those surveyed spontaneously said that the price of water supply services that they were charged was excessive. 9% of Maltese citizens have made a complaint to their supplier, in contrast to the 3% of EU25 citizens (See the comparative graphic, Malta is symbolized by the abbreviation MT)

**Figure 20.14** Total population versus private cars



**Main forms of provision of services in rural areas**

Due to the small size of Malta and short distances between places, provision of services is not a problem in rural areas, being provided just like in urban areas.

**Specific policies/programs/initiatives that could be labeled as "best practices" in promoting accessibility/provision of Services of General Interest, particularly in rural areas**

From the National ICT Strategy of 2004, Malta wants to enter in the ICT scenario by a vision or project called 'The Smart Island Strategy'. The main aim is the development of the global knowledge-based township in Malta in an information society era. The targets consist on becoming a strong ICT industry, approaching internet to the domestic sector, improving e-government tools, e-learning strategies, etc. Not only government but stakeholders from information society and economy sectors are implied on this initiative (MICT source)

**Significant variations in the above processes depending of the types of regions considered (ie. PU, IRA, IRR, PRA, PRR)**

At first glance, it is observed that there are a lot of indicators without data. There is only information about density indicators. Thus, the total area of SGI in PU regions is 315.60 Km2, very low comparing to the EU 27 average, since Malta is a small island. Nevertheless, from the period 2000 and 2006, it has evolved faster than the EU 27 average (0.92), being the SGI density 4.55 times bigger in 2006 than in 2000. This process has been produced in parallel with the growing of tourism, which at the same time influences the indicator of density of population. This indicator shows a double score than the EU 27 average, presenting in 2006 a total of 987.90 inhabitants per area. It is indeed due to the limited space of Malta and the tourism influence.

The 'daily population accessible by car' indicator gives information about the remoteness between places by road. As Malta is concentrated in population and SGI, this indicator's rate is very low (1.90) comparing to the EU 27 average (19285.23)

Due to short distances between places, the time to the nearest SGI (in this case there is only information related to hospital, where the time to arrive there is around 3 minutes) is always shorter than in the EU 27 average (around 23 minutes)

**Table 20.12** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | NA | | | | | NA | 0.04 | 0.04 |
| Density of trunk road | | NA | | | | | NA | 0.17 | 0.17 |
| Density of railways | | NA | | | | | NA | 0.10 | 0.10 |
| Area (km2) | | 315.60 | | | | | 315.60 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_06* | 4.55 | | | | | 4.55 | 0.93 | 0.92 |
| DENSITY | Density of population 2006*** | 987.80 | | | | | 987.80 | 414.65 | 446.23 |
| Daily population accessible by car* | | 190.00 | | | | | 190.00 | 18078.54 | 19285.23 |
| Time to nearest hospital | | 3.36 | | | | | 3.36 | 22.83 | 22.83 |
| Time to nearest university | | NA | | | | | NA | 45.10 | 45.10 |
| Time to nearest airport | | NA | | | | | NA | 83.44 | 83.44 |
| %households with broadhand access | | NA | | | | | NA | 49.07 | 48.00 |
| % households with internet at home | | NA | | | | | NA | 81.46 | 81.20 |

*Values NUTS 3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

*** These values are only indicatives and aren't reals because in the calculation there are values NUTS2 and NUTS3.

In the next table (Table 20.13) there is no information about nº students in the different educational levels but there is information about SGI related to beds in hospital. In total in Malta, there are around 8 hospitals per area, approximately 2 times more than in the EU 27 as an average. The 'hospital beds per head' counts 4, while in the EU 27 the average is 5; as well 'doctors per inhabitant' indicator is 0 for Malta while in the EU 27 there are 171 doctors per inhabitant. These results must be read between lines since they are good and positive results. As Malta is a small island and its population fluctuates a lot in relation to the tourism input, doctors are concentrated in health-centers (normally public, non private) to satisfy the population demand.

By changing the scale (instead of 'per head' focus on 100,000 inhabitants) the results of Malta are higher than the ones in the EU 27 (average). For instance, the number of beds in hospital per 100,000 inhabitants reaches a total of 742, 5, around 40 beds more than in the EU 27 scores. Furthermore, the evolution in beds shows an increase of around 138 beds from 2000 to 2005, while in the EU 27 the average shows an increase of around 92 beds.

**Table 20.13** Services of general interest indicators (b)

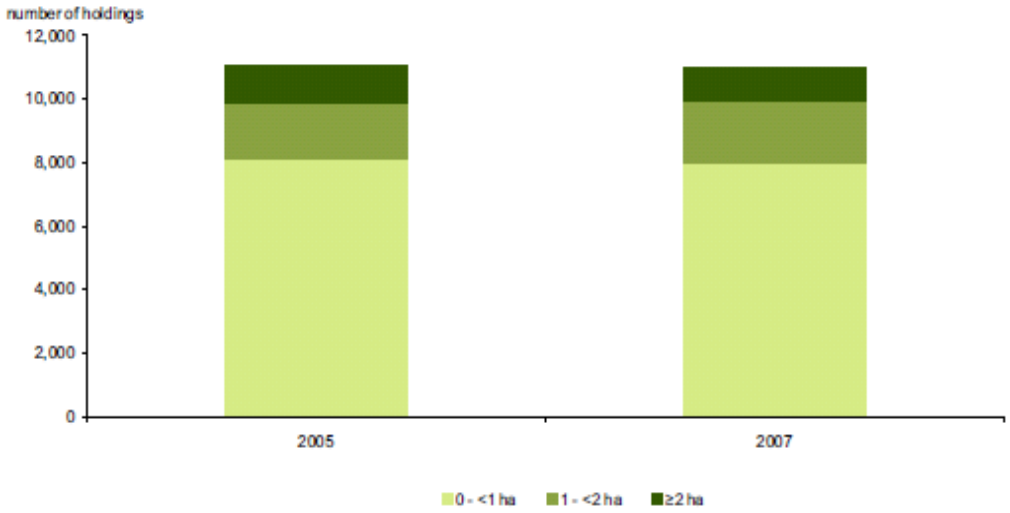
| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº STUDENTS ISCED 0_6 | Nºstudents ISCED_0 per 1.000 inhabitants | NA | | | | | NA | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | NA | | | | | NA | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | NA | | | | | NA | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | NA | | | | | NA | 48.05 | 48.03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | NA | | | | | NA | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | NA | | | | | NA | 37.37 | 37.23 |
| | Nºstudents ISCED_6 per 1.000 inhabitants | NA | | | | | NA | 1.1045 | 1.1056 |
| BEDS IN HOSPITAL PER 100.000 inhabitants* | Nº of beds in hospitals per 100.000 inhabitants_05 | 742.50 | | | | | 742.50 | 696.914 | 704.88 |
| | Evolution nbeds 2000_05 | 137.551 | | | | | 137.551 | 91.5367 | 91.9440 |
| | Density of hospitals | 8.13 | | | | | 8.13 | 5.44 | 5.44 |
| | Hospital beds per head | 3.87 | | | | | 3.87 | 4.98 | 4.98 |
| | Doctors per inhabitant | 0.00 | | | | | 0.00 | 171.35 | 171.35 |

*Values NUTS 3 are replaced by values NUTS2

## 8. Farm structural change

The land is property of the State in a 66%, the rest is property of private stakeholders. The total number of agricultural holdings in 2005 amounted to 11,072; the majority of them can be called micro-holdings (less than 1 ha.). A consequence of this system structure is the fragmentation of the landscape, a poor and disaggregated productive system (based more on subsistence than on market patterns), less employment opportunities and part-time jobs, etc.

**Figure 20.15** Agricultural holdings by size classes, Malta 2009




Source: National Statistics Office of Malta, 2009

Some constraints related to agriculture are the scarcity of resources, such as land space, water, human resources (number and age of farmers). Furthermore, there are other constraints such urbanization pressure and the traditional role of women (being involved in part-time jobs in agriculture, not full-time, and more related to agro-industry and food manufacturing than agriculture per se)

An involvement of the society in agriculture through education campaigns, as well as the acceptance of women in this sector, would be opportunities to improve the agricultural sector. Organic farming certification is other of the bets, more and more extended among farmers.

### Specific policies/programs/initiatives that could be labeled as “best practices” in promoting agriculture

As the Ministry of Rural Affairs and the Environment describes: ‘Since 1993, with the setting up of the Institute of Agriculture by the University of Malta, courses at tertiary level in agriculture started being offered. However, the tendency is for students not to return to agriculture on terminating their studies, instead they tend to be absorbed by the public sector. Formal education with a more practical slant is provided by the Agri-business Institute of MCAST through courses designed to equip students with a range of skills in various agricultural activities.’

Organic farming is still very low, representing only the 0.12% production from the total farming production. Anyway, the tendency is increasing (thanks to the annex of Malta to the EU and it was embodied in the Rural Development Plan for Malta for 2004-2006), in fact, between 2005 and 2006, the land taken up for organic farming increased from 14 ha to 20.1 ha.

**Table 20.14** Farm structural change indicators

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | 49.46 | | | | | 49.46 | 33.42 | 33.89 |
| | 2 to 100 ESU | 50.27 | | | | | 50.27 | 57.56 | 57.02 |
| | >100 ESU | 0.27 | | | | | 0.27 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005 | NA | | | | | NA | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | NA | | | | | NA | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | NA | | | | | NA | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | NA | | | | | NA | 32.21 | 31.28 |
| HOLDERS | % Holders working full time 2005 | 7.88 | | | | | 7.88 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 - 2005 | NA | | | | | NA | -0.01 | 0.33 |
| | Economic Farm Size (RDEU07) | 4.40 | | | | | 4.40 | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | 50.50 | | | | | 50.50 | 37.55 | 37.55 |
| | % holders > 55 years 2007 | 57.55 | | | | | 57.55 | 50.19 | 50.61 |
| | % holders < 35 years 2007 | 4.18 | | | | | 4.18 | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 – 2005* | NA | | | | | NA | 5.88 | 5.61 |
| | % change in holders < 35 years 2000 – 2005* | NA | | | | | NA | -34.00 | -33.95 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | 0.65 | | | | | 0.65 | 42.29 | 42.29 |

*Values NUTS 3 are replaced by values NUTS2

**Significant variations in the above processes depending of the types of regions considered (ie. PU, IRA, IRR, PRA, PRR)**

As commented before, the size of holdings tends to be small. In this table, on the contrary, the prevalence holdings are medium size ones, representing the 50% over the total, a rate above the EU average. Nevertheless, holdings<2ESU are closed to 49.5%, above the EU average, so the representation is closed to the medium ones. There are no data about the change in number of total holdings from 2000-2005. Medium and small holdings are characterized by being less productive and, hence, need less labor force or need part-time workers. That is why the number of holders working full-time does not reach even more than 8% (being around 23% below the EU average) and the same happen with the economic farm size, which does not reach either the 5%, very far from the EU average (below 35%). Other characteristic is the elderly farmers' structure, being around 58% farmers older than 55 years old –above the EU rate in 8%- per 4% farmers younger than 55 years old –below the EU rate in 2%-. Other characteristic is that the number of farmers with basic and full education is very low (not reaching even 1%, that compare to the EU rate (42%) is a surprising data). In the past years education was not as accessible as nowadays, and farmers older than 55 years old maybe could not access to it and had to work at an early age in the fields, following the generation paths, being men more pressure to follow the father's instructions.

## 9. Institutional Capacity

### Characteristics of the governance system

According to the Spanish Economic and Commerce Office in Rome in its '*Malta Guideline',* Malta became a Republic inside the Commonwealth in 1974 within the authority of the Maltese President. He chooses as Prime Minister the party leader with more seats. With recommendation of the Prime Minister, the President chooses the Chancellors for each Government Ministry. Elections are carried out each 5 years. Governmental programs are controlled by the Central power in Valetta (except the Gozo Ministry, police, post offices and the local sanitary dispensaries).

Local Government was established in 1993 following the Maltese Parliament's approval of the Local Councils Act (Chapter 363 of the Laws of Malta) on 30 June 1993. It is estimated the creation of Local Advisory Councils. At the administrative level, 67 local councils were established by this law. Nowadays, there are 68 local councils (54 in Malta and 14 in Gozo). Support of these local councils is the main task of the Department for Local Government, a central power entity, which aim is that local councils will reach the policy indicators identified for effective local governance.

### Dominant types of interactions among levels of government

Regarding to information of the Government of Malta, an important step to consolidate Local Government in Malta was implemented with its consolidation and ratification in the Constitution of 2001, where it is established that: 'The State shall adopt a system of local government whereby the territory of Malta shall be divided into such number of localities as may by law be from time to time determined, each locality to be administered by a Local Council elected by the residents of the locality and established and operating in terms of such law as may from time to time be in force.'

Decentralization and devolution of power (transference of rights from the national to the local level through legal agreements) to localities is supported by the Central government, delegating the respective authority to local governments.

### Main problems in relation to government and governance

At local level, there are difficulties on working in cooperation between local bodies to respond to national challenges. Decision making processes needs strengthen and community involvement. Local leadership needs empowerment too.

### Specific policies/programs/initiatives that could be labeled as "best practices" in promoting better institutional capacity, particularly in rural areas

As described on the *Malta Policy for Local Development 2009*, 'the 2008 local government reform process, undertaken through a wide ranging consultation with all the related stakeholders, has been instrumental in identifying the good practices that need to be strengthened and fostered, as well as the concerns that need to be

addressed in order to attain economic viability, efficiency, and effectiveness in local administration.' One of the aims is to meet sustainable development principles by strengthen of local power and local initiatives. The three guiding principles underlying the Local Government Vision 2015 are named as subsidiarity, solidarity and sustainability:

- *Subsidiary principle*: ensure the local citizen participation and implication on the decision making processes.
- *Solidarity principle*: spirit of cooperation between one local authority and another (regional cooperation) as well as between local authorities and central authorities, including government agencies (joined-up government).
- *Sustainability principle*: link with sustainable development concept. At local scale, it is related to 'sustainable localities' through local action plans.

Other initiative, based on the power devolution concept, is the 'Total Quality Management' (TQM). As described on the *Malta Policy for Local Development 2009*: 'The Total Quality Management model identifies the 'line worker' as the 'expert' of a function or process and recognizes the contribution of individuals within each community as an effective tool in identifying simple, cost-effective solutions to existing locality problems. This model enables Government to suitably entrust and empower local government structures in the hands of the community such that these structures may identify and implement actions and strategies that 13 complement national strategic direction and policies but which are aimed at addressing their individual regional disparities.'

**Significant variations in the above processes depending of the types of regions considered (ie. PU, IRA, IRR, PRA, PRR)**

In 2005, the GDP arises 2377.9 million euro, more than 7000 million euro below the EU 27 average. For an accurate result it is better to pay attention to the GDP in PPS (purchasing power standards) per inhabitant. In 2005 it was 15286, around 5000 points below the EU average for this indicator. This indicator is based on quite reliable measurements and gives information about the structural funds of a country or group of countries (OECD source)

Malta's GDP per inhabitant (in euro) represents the 46.4% among the EU 27 countries. It reaches less than the half position on the ranking of the EU's GDP average (which total GDP rate is around 96%), i.e. Malta enjoys medium living standard conditions.

**Table 20.15** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | 2377.9 | | | | | 2377.9 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | 15285.95 | | | | | 15285.95 | 20926.83 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | 46.40 | | | | | 46.40 | 94.38 | 95.48 |

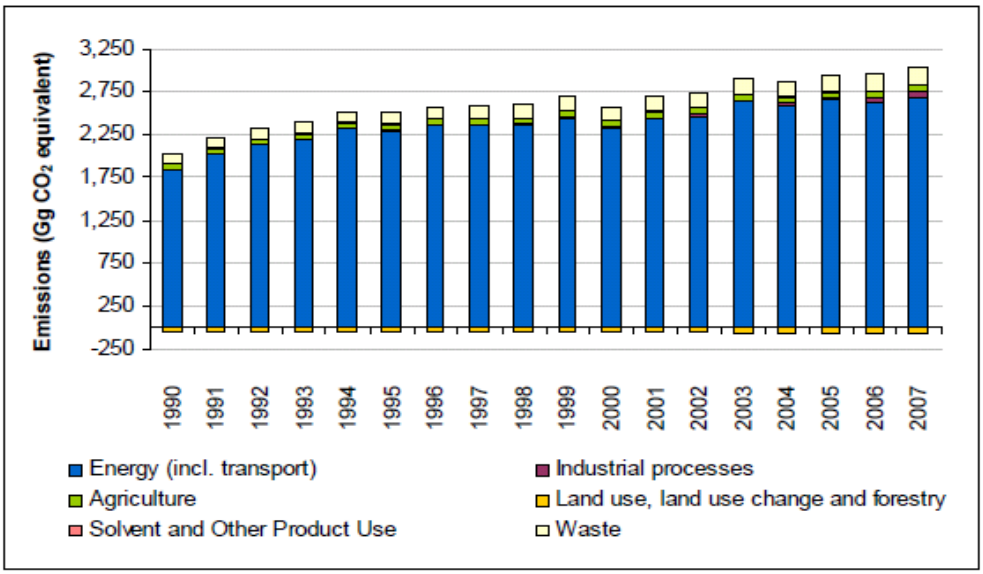
## 10. Climate change

**Main perceived threats in relation to climate change for population, authorities, interest groups**

In line with regional previsions, Malta is becoming slightly drier and warmer, as the majority countries in the Mediterranean. Desertification processes, soil and coastal erosion, loss of productivity and biodiversity, water resources scarcity, etc. are affecting the country, creating typically desert conditions (extreme minimum and maximum temperatures).

Greenhouse gases are directly linked to climate change processes. The biggest GHGs generators Maltese sectors are the energy and the waste sector. For more detail, see chart 3.4. Mitigation of these gases and a need of decoupling economic activities from energy use are key factors of the Kyoto Protocol, signed up by Malta.

**Figure 20.16** Greenhouse gas emissions by sector, Malta 2010




Source: MEPA, 2010

The implications of the temperature rise unleash multiple diverse problems. As described on the Climate Change sub report of MEPA: 'The increase in temperature as a result of climate change may cause a shift in preferred tourist destinations. Furthermore a rise in temperature is envisaged to have an effect on energy demand, reflecting the greater dependence on climate control devices, and on human health, in that an increase in vector-borne and food-borne diseases is expected together with a projected incidence of thermal stress-related illnesses.' (MEPA, *Climate Change sub report*, 2010, p.6) 'It is also likely that fisheries may be affected by an increase in algal blooms, resulting in a decrease in oxygen and changes in sea water circulation' (MEPA, *Climate Change sub report*, 2010, p.9)

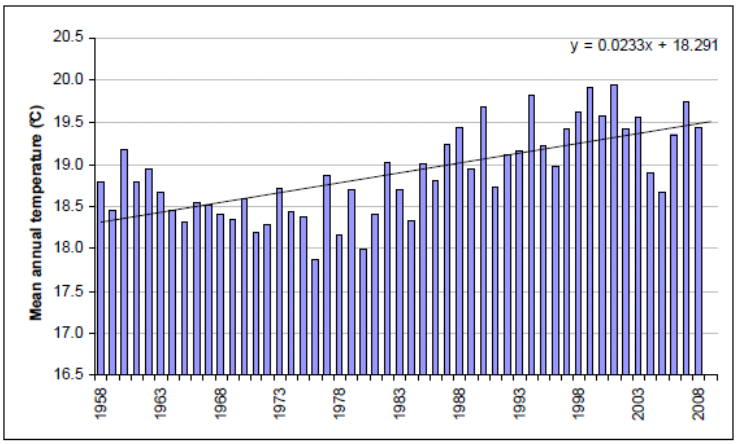
Sea level rise is other of the global problems affected by the Climate Change. More frequent droughts and floods periods are expected as well due to the extreme climate variability. Further research about climate projections and impact scenarios are needed

to create a more realistic picture of the present and future situation; the university of Malta is developing such a climate modeling tools.

### Scientific evidence pointing to climate change

*Temperature rise* is a global predicted phenomenon that affects Malta too. There is scientific evidence of the direct relation between GHGs (greenhouse gases) emissions and increments of the temperature. Based on data from the sub report about Climate Change in Malta, GHGs increased by 49 percent between 1990 and 2007, and derive largely from the energy (including transport) and waste sectors. The general trend has been of a rise of 0.23°C per decade over the past 50 years (Figure 20.17)

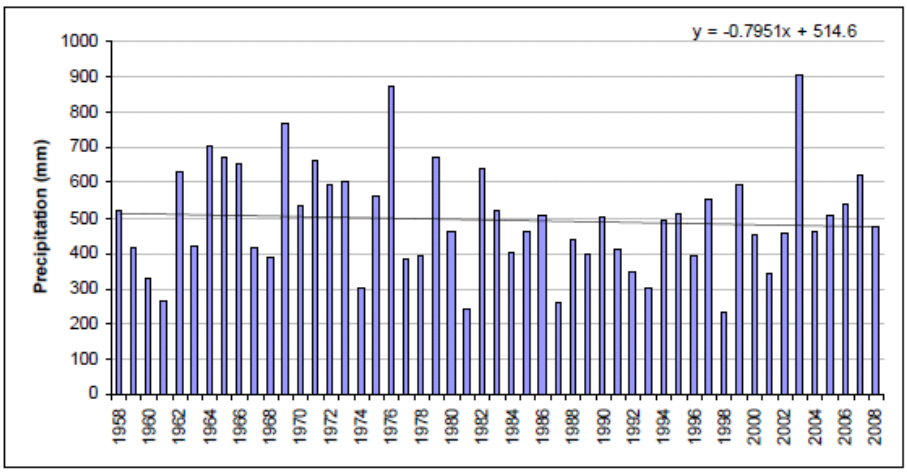
**Figure 20.17** Mean annual temperature (1958-2008)




Source: MEPA, 2010

*Precipitation drop* is other evidence pointing to Climate Change. There is a negative trend of annual precipitation in the Maltese Island (chart 3.2). From 1958 to 2008, there has been a decrease of 7.9mm of rainfall per decade.

**Figure 20.18** Precipitation (1958-2008)




Source: MEPA, 2010

*Sea Level rise* of the Mediterranean Sea will be increased or decreased depending on the geography. In the Maltese Islands, national statistics indicate that the mean sea level rose by 19.5 cm between 1946 and 2007.

**Specific policies/programs/initiatives that could be labeled as "best practices" in counteracting the effects of climate change, particularly in rural areas**

In general, Malta forms part of diverse international conventions as protocols, as the 1992 United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol (1997), as well as the derived papers. As a Member State to the European Union, Malta has transposed the various EC Directives into national legislation, and has taken on board the measures mentioned above. According to the *climate change sub report* of MEPA, In 2007 MEPA was appointed the Designated National Authority for CDM (Clean Development Mechanism, under the Kyoto protocol)and received one proposal from Wasteserv Malta Ltd. to extract landfill gas from the managed landfill at Ta' Lwejra. This project, which is the first CDM of its type in Malta, aims to capture gas produced by the Ta' Lwejra landfill and either flare it or use it to generate electricity (including for internal use by the plant itself). As a result of the combustion of methane contained in the gas extracted from the landfill, the project aims to result in net reduction of GHG emissions from the site (estimated at around 19,000 tons of $CO_2$ per year)

Climate change and air quality, are focus of study in the *Rural development programme for Malta 2007-2013* (p.48) carried out by the Ministry of Rural Affairs and the Environment, where it is explained that 'the National Energy Plan aims to construct a sustainable development path for the energy sector in line with those of EU, EU post-Kyoto climate regime and EU renewable energy targets.'

The Government has published a Draft Renewable Energy Policy to meet climate change commitments, as at global as at local scale. This policy addresses various types of renewable energy as: wind, solar photovoltaic systems, solid waste treatment and sewage and animal waste treatment, biomass wastes, landfill gases and sewage treatment gas. Some concrete measures have been focused on granting renewable energy equipments, promoting solar water heaters, distribution of energy-saving lamps among the domestic sector, etc. (MEPA, *Climate Change sub report 2008*, 2010, p.14, 16-17)

**Significant variations in the above processes depending of the types of regions considered (ie. PU, IRA, IRR, PRA, PRR)**

There is no information about climate change parameters for each type of region.

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The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## NETHERLANDS

Report nº 25.21

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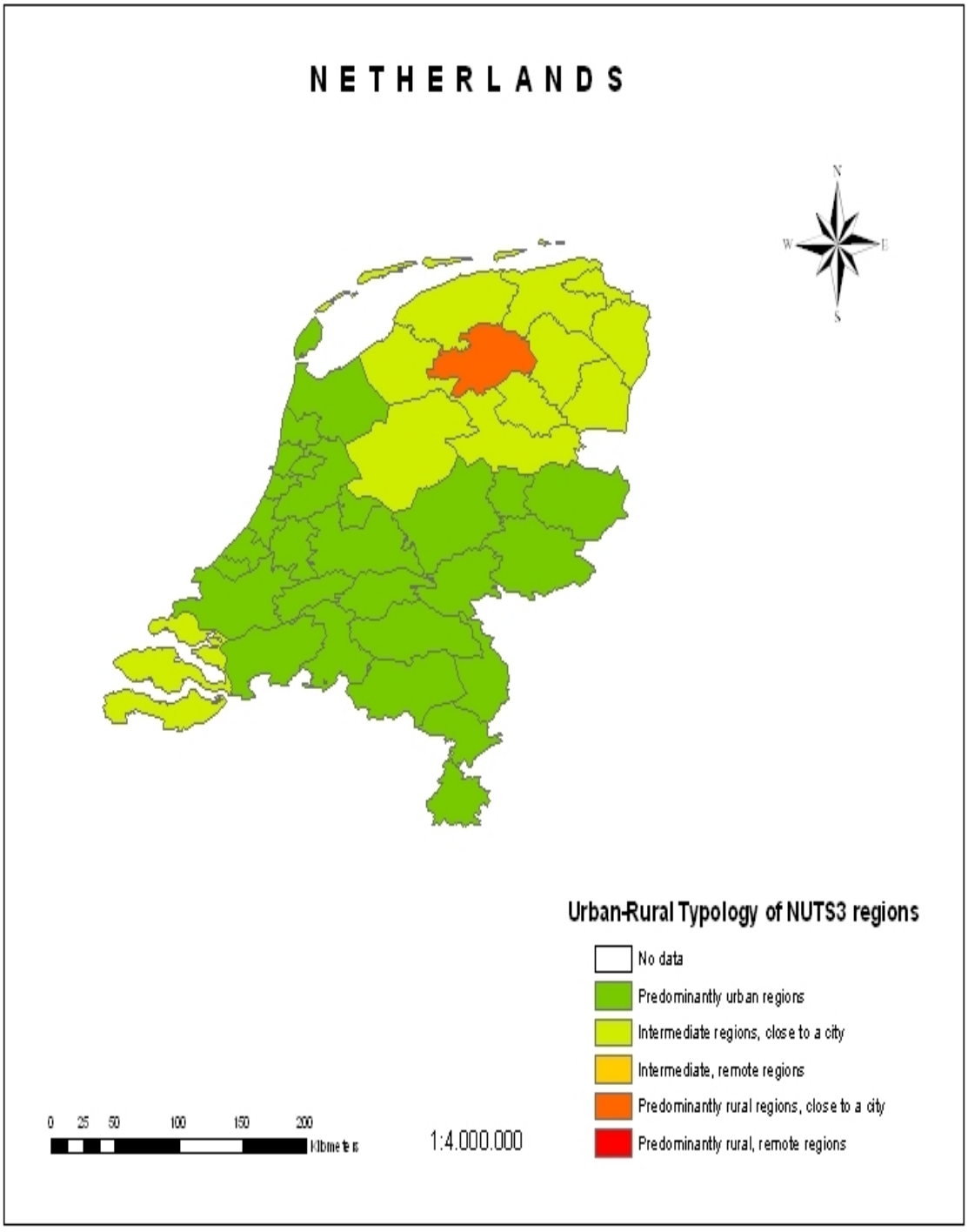
**CONTENTS**

## 1. Introduction[i]

The Netherlands is one of the most densely populated member state of the European Union. On average 400 people live on one square kilometer. Over half of the regions are urban. Most of the urban areas are located in the central or the south of the Netherlands; only one area in the northeast is classified as rural region; the rest are intermediate regions close to a city and reside mainly in the north and in the southwest.

**Figure 21.1** DG Region modified Urban-rural typology of NUTS 3 regions: Netherlands




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

## 2. Demography

"The share of the Dutch population living in intermediate provinces is slowly increasing. Currently around 15 % of the Dutch population lives in intermediate regions which comprise around a third of the land[1]". On average population growth in intermediate provinces has been faster than in urban areas[1]. For 2000 to 2005, annual growth rates in the lowest density zones where with 0.51 % actually the highest. With those in medium density zones the lowest (0.48 %)[1].

Considering intermediate rural regions it can be observed that over the last decades there has been very little ageing of the population so that the share of people over 64 years stayed around 14 % for the time span from 1990 to 2005. Only in predominantly urban provinces the share of elderly people rose slightly from 13 % to 14 % within the same period. The observed growth of residence in the intermediate rural regions is mainly caused by processes of counter urbanisation, a process whereby people move from urban areas to rural areas because of its "better standards of living" in terms of space, available nature, cheaper housing prices, etc[1]. All in all, at present the urban – rural migration is growing but in moderate terms because of a still limited supply of housing in rural areas.

As a result of this trends, the rate of commuters travelling from the "rural hinterland" to the cities has increased, too, so that the commuting rate of intermediate regions increased by 15.7 % in the last years.[1]

Nevertheless between 2001 and 2006 population increase is on average with -20% 13 percentage points higher than the EU-average (-6%). It is highest in PRA regions followed by IRA and PU regions. The change in net migration between 2001 and 2006 is on average -143 % which is a considerable negative migration change compared to the EU-average of 9%. Here it is striking that although the net migration change shows negative values for PU (-136%) and PRA (-105%) regions it has considerable high positive values for IRA regions (162%) which might be caused by the above characterized suburbanisation process.

The average share of people ages 0 to 14 years is around 19 %. The one of the population aged 15 to 64 years around 67 % and the share of the older population is 14 %. Compared with the EU-27 average the share of young people is 2 % above the average and the share of old people around 3 % below the EU average. The share of the group aged 15 to 64 years corresponds the EU average.

Concerning the age-composition of the Dutch population there are slight differences between PU regions and IRA respectively PRA regions. In PRA regions the share of young people (0 to 14 years) as well as the share of old people (64 years and over) is slightly higher than in IRA and PRA regions. The lowest share of old people can be found in PU regions followed by IRA and PRA regions. Concerning the young people the highest share can be found in PRA regions followed by IRA and PU regions. Altogether the average dependency rate (share of working age people to young and old people) is with 21 % 4 % below the EU-27 average. Due to the age-composition in the different region types it is highest in PRA regions (23.2 %) followed by IRA regions (22 %) and PU regions (20.1 %).

The Netherlands overall share of foreigners is 19 % whereas 9% of these are from other European states and 10 % from other countries. It can be observed that in rural areas there are fewer non-western immigrants than in urban areas. All in all in urban

[1] OECD (2008): OECD Rural Policy Reviews. The Netherlands. P. 34 - 35

areas live 81.4 % of the immigrants whereas the share in rural areas is only around 18.6 %[1].

The educational level is at a whole in accordance with the European average. According to the Dutch Ministry of Education one out of three school-leavers completes a first university degree. The share of people participating in life-long learning is nearly twice as high as the European average, which can be seen as an indication that education is considered as important good. The educational attainment of farmers is 30% -points higher as in the EU 27.

**Table 21.1** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001 | % people aged 0 to 14 years | 18.72 | 18.90 | | 19.08 | | 18.79 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | 67.69 | 66.47 | | 65.66 | | 67.25 | 66.62 | 66.65 |
| | % people aged 64 years and over | 13.60 | 14.62 | | 15.26 | | 13.96 | 16.53 | 16.55 |
| | Age dependency rate | 20.12 | 22.05 | | 23.24 | | 20.81 | 25.09 | 25.09 |
| Population | Population change 2001-2007 (Index pop. 2001=100) | 89.65 | 143.52 | | 101.85 | | 106.12 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | 18.45 | 17.87 | | 18.64 | | 18.28 | 16.68 | 15.97 |
| | % pop.15_64_2007 | 67.88 | 66.36 | | 65.99 | | 67.38 | 69.75 | 70.18 |
| | % pop. >64_2007 | 13.67 | 15.76 | | 15.37 | | 14.34 | 13.55 | 13.84 |
| | Age dependency rate | 47.33 | 50.77 | | 51.54 | | 48.47 | 44.08 | 43.17 |

**Table 21.2** Demography indicators (b)

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Population | Natural increase change_01_06 | -12.51 | -34.38 | | -48.63 | | -19.97 | -5.99 | -6.09 |
| | Net migration change_01_06 | -136.39 | -162.94 | | -105.34 | | -143.58 | 7.09 | 8.97 |
| Education | % ISCED 0_2** | NA | 34.26 | | 37.42 | | NA | 33.62 | 36.65 |
| | % ISCED 3_4** | NA | 38.07 | | 41.40 | | NA | 43.29 | 47.14 |
| | % ISCED 5_6** | NA | 19.91 | | 20.31 | | NA | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment | 69.59 | 74.61 | | 73.00 | | 71.18 | 35.34 | 39.54 |
| | Life-Long Learning in Rural Areas | 16.04 | 15.02 | | 12.94 | | 15.66 | 7.69 | 8.61 |

*Values NUTS 3 are replaced by values NUTS2

**% ISCED by groups is calculated for population more 15 years.

## 3. Employment

The overall employment rate is quite high and lies above the European average. These results from the policy to deregulating the labour market pursued in the 1990's. In 2007 the unemployment rate is below 5%. In 2008 the relation of unemployed people to employed people was 2,8. Fact is, more female persons are unemployed than male throughout all age groups and more woman than men are working part-time. There are only slight differences in employment in rural and urban regions

**Table 21.3** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+N O+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate* | T15_64 years | 76.06 | 74.32 | | 74.70 | | 75.51 | 66.40 | 66.42 |
| | Tmale 15_64 y | 82.30 | 80.62 | | 81.20 | | 81.77 | 73.05 | 73.12 |
| | Tfemale 15_64 y | 69.74 | 67.92 | | 67.90 | | 69.15 | 59.72 | 59.70 |
| | Total 15_24 y | 68.68 | 67.05 | | 66.80 | | 68.14 | 39.66 | 39.67 |
| | T 45_64 years | 66.96 | 64.53 | | 64.85 | | 66.18 | 62.37 | 62.34 |
| | Total 45_54 | 82.71 | 81.30 | | 80.80 | | 82.24 | 78.30 | 78.38 |
| | Total 55_64 | 51.20 | 47.76 | | 48.90 | | 50.11 | 46.44 | 46.30 |
| %Employment in principal sector | %Emp_primary | 3.78 | 5.21 | | 6.01 | | 4.26 | 7.95 | 7.97 |
| | %Emp_secondary | 22.20 | 25.03 | | 26.85 | | 23.16 | 26.71 | 26.71 |
| | %Emp_tertiary | 74.02 | 69.75 | | 67.13 | | 72.57 | 65.33 | 65.31 |
| Unemployment evolution 2002_05 | Total > 15 years | 207.88 | 196.37 | | 144.12 | | 202.84 | 187.25 | 188.17 |
| | Total 15_24 years | 296.97 | 279.31 | | 158.33 | | 287.98 | 255.25 | 257.16 |
| | Total >25 years | 112.09 | 85.69 | | 136.36 | | 104.77 | 82.27 | 82.21 |
| | Male > 15 years | 97.84 | 86.24 | | 105.26 | | 94.54 | 82.45 | 82.35 |
| | Female > 15 years | 94.77 | 91.52 | | 100.00 | | 93.93 | 94.74 | 94.79 |
| Unemployment rate 2007 | Total >15 | 2.95 | 3.77 | | 4.00 | | 3.22 | 7.61 | 7.63 |
| | Total Male >15 | 2.84 | 3.64 | | 3.40 | | 3.09 | 7.06 | 7.05 |
| | Total Female >15 | 3.49 | 4.57 | | 4.70 | | 3.85 | 8.61 | 8.59 |
| | Total 15_24 | 6.69 | 8.90 | | 6.00 | | 7.34 | 15.80 | 15.64 |
| | Total >25 | 2.50 | 3.04 | | 3.50 | | 2.69 | 6.66 | 6.66 |
| Long term unemployment | % long term unemployent rate_07 | 39.54 | 38.72 | | 39.36 | | 39.29 | 43.07 | 43.12 |
| | Evolution of long term unemployment 2002_07 | 153.59 | 146.90 | | 145.56 | | 151.38 | 111.33 | 110.94 |

*Values NUTS 3 are replaced by values NUTS2

Long term unemployment is below the EU 27 average but explicitly higher than in 2002 which indicates to an steady increase in long term unemployment. One possible reason for this trend can be the high number of immigrants. The youth unemployment rate (15 to 24 years) is on average 7.3 % which is nearly half the EU-27 average (15.6 %). It is lowest in PRA regions (6 %) followed by PU regions (6.7 %) and IRA regions (8.9 %). All in all between 1996 and 2002 the unemployment rate decreased from 8 % to 4 % whereas at the same time the employment rate rose from 59 % to 66 % according to Statistics Netherlands. However this positive trend is not observable in all dutch provinces. The Northern and most rural regions Groningen, Friesland and Drenthe show a considerable decrease but the unemployment rate is still high compared to other regions. One reason for the decreasing unemployment trend is the strong growth of part time workers by promoting equal rights under social security and labour laws. At EU level, part time labour is highest in the Netherlands. Although part time jobs are strongly related to female labour force, 12 % of Dutch men work part time, a share that is exceptionally high when compared to other EU Member states.

Agriculture and horticulture employed 224000 people in the Netherlands in 2007. All in all the share of agricultural employment is below the European average. It is slightly higher in rural regions than in PU regions. Between 2003 and 2007 employment in agriculture decrease by 13% according to national statistics.

## 4. Rural business development

"The sectoral structure of the economy of intermediate provinces is comparable to the Dutch average. Regional concentration of economic sectors in the Netherlands is relatively limited. (…) This means that, unlike many other OECD countries, sectors can be relatively spread out over the country, rather than concentrated in one area[2]". All in all urban provinces have more of their working population employed in services and less in industry and agriculture but, at large, the differences are rather small.[2]

The agricultural sector is highly developed and productive. Besides crops, vegetables, cut flowers and fruits dairy farming is one of the important pillars of Netherland's agricultural economy. Altogether the Netherlands are the world's third exporter of agricultural goods. Concerning the industrial sector the production of food and chemicals, the treatment of crude oil and the production of electrical devices prevail. Within the tertiary sector besides financial services logistic services are very important. Tourism is with an employment share of only 3 %[2] a relatively small sector.

In rural areas besides agriculture following sectors are important: "manufacturing", "construction" and "hotel and restaurants". The peat soil in the Netherlands is a constraint for building activities,[3] thus in this sectors are more firms in rural than in urban or suburban regions. Although in "manufacturing" the employment rate is higher in rural areas, too. In rural areas wholesale and retail trade has the highest share in the commercial sector, followed by real state, renting and business activities.

"Some of the rural municipalities in urban provinces turn out th have the highest relative shares of jobs in life sciences and high tech systems and materials. Zijpe, a rural municipality in the north of North Holland, has the highest relative share of jobs in high tech-systems and materials. Steenderen, a rural municipality in the province of Gelderland has the highest relative share of Jobs in life sciences[4]".

All in all it can be observed that a spatial de-concentration of economic activities took place in the Netherlands over the last decades so that today high economic growth rates are recorded in IRA and PRA regions.[5] But when examined at a finer geographical scale, the growth of firms is much less in rural zones than in more densly settled places.[5]

In intermediate regions the largest economic sector is the service sector (health, manufacturing, wholesale. In Northern Netherlands the health and real estate sector are especially important.[5] Furthermore there are higher rates of entrepreneurship but lower start-up rates than in urban regions.[6]

In conclusion the differences in the economic performance of the single regions of the Netherlands are quite small and as a result the Netherlands are least dependent on certain strong regions for its economic growth.[6]

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[2] OECD (2008): OECD Rural Policy Reviews. The Netherlands. P. 35-42

[3] *Rural Areas under urban pressure: Case studies of rural-urban relationships across Europe*, LEI Wageningen UR; The Hague, January 2006, p. 143

[4] Weterings, et. al. (2006) cited in (OECD (2008): OECD Rural Policy Reviews. The Netherlands. P. 37

[5] OECD (2008): OECD Rural Policy Reviews. The Netherlands. P. 37

[6] OECD (2008): OECD Rural Policy Reviews. The Netherlands. P. 41

**Table 21.4** Rural business development indicators

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.05 | 0.07 | | 0.05 | | 0.05 | 0.30 | 0,30 |
| | % Manufacturing | 8.83 | 9.67 | | 11.25 | | 9.14 | 14.08 | 14,05 |
| | % Electricity, gas and water supply | 0.14 | 0.24 | | 0.37 | | 0.18 | 0.61 | 0,63 |
| | %Construction | 14.48 | 14.70 | | 17.22 | | 14.62 | 9.48 | 9,46 |
| | %Wholesale and retail trade | 34.51 | 36.59 | | 35.58 | | 35.16 | 23.02 | 21,83 |
| | %Hotel and restaurants | 7.01 | 8.46 | | 8.40 | | 7.48 | 6.52 | 6,15 |
| | %Transport, storage and communication | 5.77 | 6.03 | | 6.44 | | 5.86 | 8.69 | 8,46 |
| | %Real state, renting and business activities | 29.21 | 24.23 | | 20.70 | | 27.51 | 37.29 | 39,12 |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.12 | 0.49 | | 0.08 | | 0.23 | 0.58 | 0,52 |
| | % Manufacturing | 15.06 | 17.92 | | 19.46 | | 16.02 | 29.18 | 28,08 |
| | % Electricity, gas and water supply | 0.45 | 0.59 | | 0.66 | | 0.50 | 1.14 | 0,89 |
| | %Construction | 9.20 | 10.20 | | 11.82 | | 9.56 | 9.09 | 9,14 |
| | %Wholesale and retail trade | 26.89 | 27.88 | | 27.83 | | 27.21 | 26.14 | 26,93 |
| | %Hotel and restaurants | 6.91 | 7.52 | | 7.17 | | 7.10 | 8.27 | 8,37 |
| | %Transport, storage and communication | 9.70 | 7.92 | | 7.82 | | 9.12 | 8.65 | 8,52 |
| | %Real state, renting and business activities | 31.66 | 27.38 | | 25.09 | | 30.21 | 16.78 | 17,51 |
| Employment in high and medium technologies manufacturing activities_2004 | Employment in high and medium tech manufacturing activities_2004_Media | 3.17 | 3.82 | | 2.92 | | 3.36 | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_ %EU 25 | 61.05 | 65.70 | | 54.53 | | 62.28 | 95.89 | 107,13 |
| %firms with own website | | 57,90 | 53.78 | | 51.10 | | 56.49 | 50.21 | 50.21 |

*Values NUTS 3 are replaced by values NUTS2

## 5. Rural-urban relationships

The rural areas in the Netherlands are the result of history, of successive interventions by their residents in interaction with nature and the land. As a consequence, neither the rural nor the urban areas can be seen as homogenous and static, but as multi-facetted and ever evolving influenced by human interventions and their counter-effects. The city and the urbanisation do indeed have a determining influence on rural areas, though this does not necessarily imply that there are no longer rural areas. The cities and the countryside have never existed or functioned separately. Policy plans some programs to make the relations stronger. "In the Netherlands, the rural-urban problem is approached with a zoning policy to solve the spatial demands of the diverse interests (...) The zoning policy resulted in a settlement pattern with a concentration of houses and business sites in towns and villages, surrounded by a relatively 'empty' area for agriculture, and to a lesser extent also for nature[7]". "The interregional rural-urban problems are defined and experienced by policy makers and stakeholders in urban areas preferring a distinction between built up or more economic functions in the cities and non-built or non economic functions in the countryside. Within 'rural'areas the rural-urban relationships are not always perceived as a distinction in built and non-built functions. Often rural areas welcome the demand for space to construct houses and business sites and pay less attention to the demand for nature, water basins and waste treatment. Within a region, rural municipalities experience more intraregional rural-urban problems when they fear spatial claims of a neighbouring town area[7]". Taking into consideration this sometimes contradictory perspectives and the divergence between the zoning paradigm and reality the Advisory Council for the Rural Areas has been asked to advise on 'possible developments of the urban-rural relationship'. "The Council is of the opinion that within the field of spatial policy and urbanisation, the rural area should become both subject matter and participant instead of being the tool[8]". Therefore the Council is of the opinion that the best and most durable results for a liveable country can be reached when urban and rural areas are one another's counterparts[8]. As result and also because of the preparations of the Fifth Memorandum of Spatial Planning, there are also torrents of perspectives for the future, explorations and scenarios. Distinguished areas for rural-urban relations in the above sketched sense are:[8]

*The Randstad and the Central Open Space*: here the emphasis is put on the strengthening of a durable relationship between a relatively compact ring of cities and the open space within them, and the accent may be put on selective urbanisation at the borders in green development zones ('park land') and intertwining on the basis of infrastructure and water ('water land').

*The sandy area on the borders of the provinces of Brabant, Limburg, Gelderland and Overijssel:* here the emphasis is placed on the basis of a relatively small-scale landfscape and variation in development densities ('park land').

*Northern Netherlands and the province of Zeeland:* here the emphasis is put on a relatively large open space and the accent may be put on a more spread-out development within prelimiting conditions ('palette').

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[7] *Rural Areas under urban pressure: Case studies of rural-urban relationships across Europe*, LEI Wageningen UR; The Hague, January 2006, p. 138

[8] The council for the rural area, *Urban and rural areas: the green connection*, http://www.rlg.nl/english/publications/reports/973a.html, date:09.04.2009

## 6. Cultural heritage

In the Netherlands several laws exist to protect the inland cultural monuments and frames. Following four acts are important:

- The “Cultural Heritage Preservation Act” aims to prevent the export of objects that are significant to Dutch cultural history. Articles from museum for example are not allowed to sell to private persons.
- The “Archaeology Act” is important regarding changes to the Monuments and “Historic Buildings Act” of 1988 and other laws, in order to be able to implement the “Valetta Treaty” (1992).
- The “Public Records Act” stipulates that all government records must be transferred to the Dutch State Archives Services and be kept for 50 years.
- Within the framework of the “Valletta Treaty” 1992 archaeological monument care and heritage preservation is an integral part of overall environmental planning practices.[9]

The Netherlands has six natural or cultural heritage sites included in the UNESCO World Heritage List. Altogether the Netherlands have 20 national parks that cover an area of 120000 ha or 3 % of the Dutch territory.[10]

In order to further protect distinctive ecosystems the Dutch government set out a plan to realize a national ecological network made up of interlinked nature areas. By 2018, the network shall comprise 750000 ha (18 % of Netherlands’ ares). In addition more than six million hectares of protected waterscape shall be realized.[11]

All in all the Dutch nature policy is focussed on protection of individual ecosystems, as well as protection of nature on a larger scale.[11].

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[9] *Compendium of Cultural Policies and Trends in Europe*, 10th edition, 2009, http://www.culturalpolicies.net/web/netherlands.php?aid=533, date: 08.04.2009

[10] http://www.nationaalpark.nl/documents/nationale-parken/nederlands- natuurbeleid.xml?lang=en, date: 15.04.2009

[11] http://www.nationaalpark.nl/documents/nationale-parken/nederlands- natuurbeleid.xml?lang=en, date: 15.04.2009

## 7. Services of General Interest

“Although there are some differences in local service provision between urban and rural areas, overall the equality of basic conditions is striking from an international perspective[12]”.

Hospital capacities are below average throughout the country. But the accessibility of hospitals is above average. The same applies to university access. Internet diffusion is average in PU regions and above average in IRA and PRA regions. Almost all types of regions show significantly above average values for density of motorway and trunk road network whereas the overall length of the road and rail network is below the EU27 average as a result of the small size of the country. The density of the railway network is slightly lower than the EU average. The airports are mainly located in PU areas but are well accessible from all regions compared to the corresponding EU averages.

Broadband access is quite high. Throughout all regions over 70 % of the households have broadband access. The same is true for internet access at home that lies above 85 % throughout all regions. Surprisingly in IRA regions the share of households with broadband access and internet access is lowest with 71 % respectively 85 %.

Areas with 100 to 250 inhabitants witnessed a reduction of schools, shops and post offices that was twice as large as the average rate in the Netherlands.[13] But most of the facilities in rural areas still remain within acceptable travel distance.[13]

[12] OECD (2008): OECD Rural Policy Reviews. The Netherlands. P. 50
[13] OECD (2008): OECD Rural Policy Reviews. The Netherlands. P. 50-51

**Table 21.5** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | 0.09 | 0.04 | | 0.05 | | 0.08 | 0.04 | 0.04 |
| Density of trunk road | | 0.23 | 0.15 | | 0.10 | | 0.20 | 0.17 | 0.17 |
| Density of railways | | 0.11 | 0.05 | | 0.02 | | 0.09 | 0.10 | 0.10 |
| Area (km2)** | | 22292.70 | 17062.20 | | 1165.30 | | 40520.20 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_06 | 1.83 | 2.33 | | 2.12 | | 1.98 | 0.93 | 0.92 |
| | Density of population 2006*** | 797.96 | 158.35 | | 176.68 | | 590.54 | 414.65 | 446.23 |
| Daily population accessible by car | | 46414.63 | 34637.91 | | 31377.00 | | 42505.67 | 18078.54 | 19285.23 |
| Time to nearest hospital | | 9.26 | 12.12 | | 0.00 | | 9.89 | 22.83 | 22.83 |
| Time to nearest university | | 25.20 | 45.70 | | 32.76 | | 31.54 | 45.10 | 45.10 |
| Time to nearest airport | | 46.06 | 91.32 | | 96.04 | | 60.89 | 83.44 | 83.44 |
| %households with broadhand access* | | 74.66 | 71.16 | | 74.00 | | 73.60 | 49.07 | 48.00 |
| % households with internet at home* | | 86.33 | 85.08 | | 87.00 | | 85.97 | 81.46 | 81.20 |
| Nº STUDENTS ISCED 0_6 | Nºstudents ISCED_0 per 1.000 inhabitants | 35.88 | 19.95 | | 22.46 | | 30.77 | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | 128.68 | 73.00 | | 81.14 | | 110.79 | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | 79.43 | 44.34 | | 47.80 | | 68.11 | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | 55.31 | 40.92 | | 47.51 | | 50.80 | 48.05 | 48.03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | 0.90 | 0.46 | | 0.49 | | 0.76 | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | 51.84 | 29.81 | | 26.97 | | 44.61 | 37.37 | 37.2 |

*Values NUTS 3 are replaced by values NUTS2. ** The findings of these variables are the sum of values, not the average, as the others. *** These values are only indicatives and aren't reals because in the calculation there are values NUTS2 and NUTS3.

**Table 21.6** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| BEDS IN HOSPITAL PER 100,000 inhabitants* | Nº of beds in hospitals per 100.000 inhabitants_05 | NA | NA | | NA | | NA | 696.91 | 704.88 |
| | Evolution nbeds 2000_05 | NA | NA | | NA | | NA | 91.53 | 91.94 |
| | Density of hospitals | 5.21 | 1.25 | | 1.79 | | 4.15 | 5.44 | 5.44 |
| | Hospital beds per head | 3.15 | 3.00 | | 3.53 | | 3.13 | 4.98 | 4.98 |
| | Doctors per inhabitant | 325.56 | 284.39 | | 228.90 | | 310.79 | 171.35 | 171.35 |

* Values NUTS 3 are replaced by values NUTS2

## 8. Farm structural change

Agriculture plays a major role for the Dutch economy and the Netherlands are the world's third exporter of agricultural goods. But the relative economic importance of agriculture has been declining in recent decades as other sectors, particularly services, have grown rapidly[14]. Nevertheless agriculture and its up- and downstream industries remain strong and account for 10 % of the countries GPD[14]. "The largest agricultural sub-sectors are grassland-based farming (28 % of value added of total agriculture in 2004), horticulture and intensive livestock (both 22 %) and arable products (20 %)[14]".

The amount of agricultural land steadily declined since the mid 1960s as a result of land consumption for infrastructure projects or building of housing.[15]

Between 2006 and 2007 the total number of agricultural and horticultural farms declined by 3.4 % to 76740 which corresponds to the average annual reduction that took place between 2000 and 2005[14]. "In arable farming, the number of farms declined quite considerably compared with previous years (86.6 %), but it is unclear why. After the major reorganization of intensive livestock farming between 2000 and 2003 (…) the number of farms in this sector remained fairly constant after 2003. The already fairly strong decline in the number of greenhouse horticultural holdings and mushroom farms has accelerated in the past two years when the decline was over 7 %. Since 2000, that is a decline over a third. The scale increase in greenhouse horticulture is the reason for this. The reduction in the number of open field horticulture, dairy and other grazing and combined farms in 2007 was comparable to the average rate of decline between 20000 and 2005[16]".

All in all a scale increase can be observed, meaning that larger farms get larger whereas smaller farms are given up.[16]

Agriculture and horticulture employed 224000 people in the Netherlands in 2007 compared to 255000 in 2003 (decrease of 13% between 2003 and 2007) indicating to a decreasing trend due to people employed in agriculture. The share of agricultural employment in the Netherlands is below the European average. The number of family work units decreased significantly, while the number of non-family work units grew, partly compensationg the loss of family work. Family labour force and sole holders have a share in regular labour force below the EU average particularly in rural regions. In contrast to the European trend, the majority of sole holders work full-time. In regular labour force as a whole, part time work is more common, at 59 %. The share of women as sole holders is, at 7 % the lowest of all EU-25 countries. In the years from 2000 to 2005 the percentage of holders in agricultural business declined in age groups over 55 years old and under 35 years old. Today the share of young holders (below 35 years of age) is throughout all region groups very low and only half of the EU-27 average The share of holders > 55 years of age is with 45 % throughout all regions 5 % below the EU-27 average so that the majority of farm holders are in the age group between 35 and 54 years.

In 2007 71.39% of the farmers had basic or full education in agriculture. That is nearly 30 percentage points more than the average of the EU member states.
According to OECD diversification into non-agricultural activities and vertical integration of agriculture is still rather underdeveloped in the Netherlands. [17]"Although many Dutch

[14] OECD (2008): OECD Rural Policy Reviews. The Netherlands. P. 39-40
[15] Berkhout, P.; van Bruchem (eds). (2008): Agricultural Economic Report 2008 of the Netherlands
[16] Berkhout, P.; van Bruchem (eds). (2008): Agricultural Economic Report 2008 of the Netherlands. P. 18

farmers apply one or more of these strategies, the income shares coming from diversification and vertical integration in the Netherlands are relatively modest (2 % and 3 % respectively) when compared to many other OECD countries[17]".

**Table 21.7** Farm structural change indicators

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR +IS+LI+M K+NO+T R | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | 0.00 | 0.00 | | 0.00 | | 0.00 | 33.42 | 33.89 |
| | 2 to 100 ESU | 67.40 | 65.17 | | 61.32 | | 66.58 | 57.56 | 57.02 |
| | >100 ESU | 32.60 | 34.83 | | 38.68 | | 33.42 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005 | -19.23 | -15.61 | | -14.86 | | -18.03 | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | -100.00 | NA | | NA | | -100.00 | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | -22.57 | -15.30 | | -12.75 | | -20.14 | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | -11.77 | -14.18 | | -18.00 | | -12.65 | 32.21 | 31.28 |
| HOLDERS | % Holders working full time 2005 | 67.34 | 67.89 | | 69.52 | | 67.56 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 - 2005 | -10.87 | -4.53 | | -3.31 | | -8.78 | 0.00 | 0.33 |
| | Economic Farm Size (RDEU07) | 113.96 | 95.13 | | 91.50 | | 107.75 | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | 23.57 | 21.81 | | 17.20 | | 22.88 | 37.56 | 37.56 |
| | % holders > 55 years 2007 | 45.83 | 44.68 | | 44.16 | | 45.45 | 50.19 | 50.62 |
| | % holders < 35 years 2007 | 3.58 | 3.85 | | 3.05 | | 3.65 | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 - 2005 | -5.63 | -4.65 | | -4.76 | | -5.31 | 5.88 | 5.62 |
| | % change in holders < 35 years 2000 - 2005 | -25.92 | -10.57 | | 6.12 | | -20.38 | -34.01 | -33.96 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | 69.78 | 74.61 | | 73.00 | | 71.39 | 42.30 | 42.30 |

*Values NUTS 3 are replaced by values NUTS2

[17] OECD (2008): OECD Rural Policy Reviews. The Netherlands. P. 40

## 9. Institutional Capacity

**Type of government:** Parlamentary monarchy

**Area:** 41528 km²

**Capital:** Amsterdam

**National languages:** Dutch

**Administrative division:** The Netherlands is a decentralized state. Below the national level there are 12 provinces that are grouped in following four parts: Utrecht, North- and South Netherlands (West); Brabant and Limburg (South); Flevoland, Gelderland and Overijsell (East); Drenthe, Groningen and Friesland (North). The provinces are sub-divided inti 443 communities. Each of the provinces has a own parliament and a government that consists of a commissioner of the king/queen and elected representatives of the province. The communities have a municipal council each consisting of a parish council and a council. The mayor of the communities is not elected by the public but appointed by the King/Queen.[18]

| | NUTS 1 | | NUTS 2 | | NUTS 3 | | LAU 1 | | LAU 2 | |
|---|---|---|---|---|---|---|---|---|---|---|
| **NL** | Landsdelen | 4 | Provincies | 12 | COROP regio's | 40 | - | | Gemeenten | 443 |

(http://ec.europa.eu/eurostat/ramon/nuts/introannex_regions_en.html (25.6.2009))

One peculiarity in urban areas are the so called Plusregios (metropolitan areas) that are an voluntary association of communities within an urbanized area. According to the law its principal duty is to coordinate itself due to regional matters as for example the enhancement of traffic, development of the settlement system etc. All in all currently eight PLUSREGISs exist consisting of about 100 communities.[19]

The Netherlands does not have a traditional separation of powers. The States-General and the government (the Queen and cabinet) share the legislative power.[20] "All legislation has to pass through the Raad van State and the social-economic council advises the government on most social-economic legislation. The executive power is reserved for government. Note however that the Social-Economic Council has the special right to make and enforce legislation on several sectors, mostly in agriculture. The judicial power is divided into two separate systems of courts. For civil and criminal law the independent Hoge Raad is the highest court. For administrative law the Raad van State is the highest court, which is *ex officio* chaired by the Queen"[21].

**Membership in international organizations:** Member in all important as: EU, European Council, NATO, United Nations, OSZE, UNESCO, ILO, WHO, FAO, IAEA, WTO, OECD, IWF etc.[22]

[18] Vgl.: http://de.wikipedia.org/wiki/Niederlande (25.6.2009)
[19] http://de.wikipedia.org/wiki/Plusregio (25.6.2009)
[20] http://en.wikipedia.org/wiki/Politics_of_the_Netherlands (25.6.2009)
[21] http://en.wikipedia.org/wiki/Politics_of_the_Netherlands (25.6.2009)
[22] http://www.auswaertiges-amt.de/diplo/de/Laenderinformationen/01-Laender/Niederlande.html (25.6.2009)

**Policy for regional development:**[23] Rural policy in the Netherlands is decentralized. In contrast to former rural policies that mainly focused on agriculture and natural issues only in the 1990s new area based approach was adopted operating alongside the conventional rural policy network. It uses contracts as instrument to coordinate central-regional relations and is therefore able to provide regionally differentiated policies. This approach strongly builds upon regional collations of state, civil society and market parties by approaching rural problems and development whereas an integrated approach with an emphasis on public-private partnerships and joint decision making at the regional level as well as the aspire to sustainable development are the key characteristics. The basis of this approach are the so called "Agenda for the living countryside" and the "National Spatial Strategy" introduced in 2004. The philosophy behind the decentralized aspect of the area based approach envisages that the national government only sets out the overarching strategical development guidelines whereas the concrete policies should be made at the regional level. Contracts between the national government and the provinces on performance targets to be reached are the key to this approach. In order to finance this new rural policies the "Fund for Rural Areas" was introduced.

**Table 21.8** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | 15900.04 | 6241.62 | | 4763.3 | | 12724.09 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | 27533.37 | 26101.19 | | 21772.9 | | 26959.70 | 20926.83 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | 130.53 | 123.75 | | 103.20 | | 127.81 | 94.38 | 95.48 |

[23] cp. OECD (2008): OECD Rural Policy Review. Netherlands P. 69-125

## 10. Climate change

Due to a study conducted by the Netherlands Environmental Assessment Agency in 2005 the observable effects of climate change are still limited in magnitude but are expected to accelerate the next few decades[24]. The study identified following implications due to climate change for the Netherlands[25]:

- an occurrence of more frequent extremely warm and dry summers and a decrease in the probability of extremely cold winters;
- an occurrence of more frequent and heavier episodes of rainfall (with more rainfall in the winter) accompanied by floods and an increase of peak discharges of the rivers whereas the risk in the Netherlands will increase if countries upstream to the Netherlands take measures to limit severe flooding;
- a rise of the temperature (1° C in the last century);
- in the long run a sea level rise of several to many meters is possible;

Furthermore the study concludes, that the effects of climate change are likely to increase at a faster rate over the next decades[26]. Following possible consequences for the Netherlands due to the ongoing climate changes have been identified[27]:

- **Natural environment:** The rate at which the temperature rises is likely too high to enable many species to adapt or migrate which threatens many sensitive species with extinction whereas widely-occuring species of plants and animals are likely to extend their range. This will probably lead to an overall decrease of the diversity of species;

- **Agriculture:** The expected higher average $CO_2$ concentration and temperature as well as an extension of the growing season is likely to have positive effects on agricultural production and the agricultural economic situation. Furthermore the worsening situation in the southern countries of Europe might pose extra market opportunities for the Dutch agricultural economy. But more frequent occurrences of extreme weather and climate conditions causing water logging and drought are at the same time expected to have negative effects for the Dutch agricultural economy;

- **Health sector:** Extreme temperatures as they are expected in the future might lead to possible health problems as problems due to heat stress, increasing spread of Lyme disease, summer smog linked with an increase in allergies, etc. whereas it is supposed that especially elderly people, children or people with health problems might experience stronger effects. All in all this will lead to new challenges for the countries health system.

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[24] Egmond, van N.D. (2005): The effects of climate change in the Netherlands. Netherlands Environmental Assessment Agency. MNP report number: 773001037. URL: http://www.rivm.nl/bibliotheek/rapporten/773001037.pdf (17.08.2009). P. 7

[25] Egmond, van N.D. (2005): The effects of climate change in the Netherlands. Netherlands Environmental Assessment Agency. MNP report number: 773001037. URL: http://www.rivm.nl/bibliotheek/rapporten/773001037.pdf (17.08.2009). P. 7,19

[26] Egmond, van N.D. (2005): The effects of climate change in the Netherlands. Netherlands Environmental Assessment Agency. MNP report number: 773001037. URL: http://www.rivm.nl/bibliotheek/rapporten/773001037.pdf (17.08.2009). P. 9

[27] Egmond, van N.D. (2005): The effects of climate change in the Netherlands. Netherlands Environmental Assessment Agency. MNP report number: 773001037. URL: http://www.rivm.nl/bibliotheek/rapporten/773001037.pdf (17.08.2009). P. 9

- **Tourism/ recreation sector:** the expected temperature rise will possibly lead to an improvement and extension of the summer season in northern Europe leading to an increase in the tourist and recreational activities. Thus the Netherlands may become more attractive to tourists which will reflate the Dutch tourism industry. However, the increasing temperature might at the same time lead to a deterioration in the swimming water quality due to an increased blooming of blue algae;

- **Water:** The increased frequency of dry years and low river discharges, cooling water problems and limitations on navigation will increase if water management does not change/ adapt. This effects will be enhanced by the grater demand for water in dry periods. The drinking water production and supply of irrigation water for agriculture will be confronted with penetration of saline water in dry periods, with a higher salinity of the surface water at inlet points and with higher temperatures.

With regard to the regional-specific effects the study concludes that especially the low-lying parts of the Netherlands (costal areas, Rhine/Meuse area, Lake Ijssel area) will experience increasing problems due to sea level rise of several to many meters as well as flooding[28]. Land subsidence is likely to accelerate in the western part of the Netherlands[29].

The Netherlands took following steps to encounter climate change:

- Pursuing a 30 % reduction in greenhouse gas emissions by 2020 relative to 1990[30];
- Endorsement of a commitment to reduce emissions by 30 % as part of a comprehensive, global climate agreement beyond 2012, provided other developed countries adopt comparable reductions and economically more advanced developing countries also contribute[31];
- The Netherlands ratified the United Nations Framework Convention on Climate Change in Rio de Janeiro, 1992 and the Kyoto Protocol in 1997[32];
- 2 % energy saving per year as target[33];
- A share of renewable energies of 20 % in 2020 target[34];
- Participation in emission trading for carbon dioxide ($CO_2$) and for emissions of nitrogen oxides (NOx)[35].

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[28] Egmond, van N.D. (2005): The effects of climate change in the Netherlands. Netherlands Environmental Assessment Agency. MNP report number: 773001037. URL: http://www.rivm.nl/bibliotheek/rapporten/773001037.pdf (17.08.2009). P. 37 ff.

[29] Egmond, van N.D. (2005): The effects of climate change in the Netherlands. Netherlands Environmental Assessment Agency. MNP report number: 773001037. URL: http://www.rivm.nl/bibliotheek/rapporten/773001037.pdf (17.08.2009). P. 50

[30] http://www.vrom.nl/pagina.html?id=37555 (17.8.2009)

[31] http://www.vrom.nl/pagina.html?id=37555 (17.8.2009)

[32] http://www.vrom.nl/pagina.html?id=37555 (17.8.2009)

[33] http://www.eurisy.org/doceurisy/20090622_Hague/Presentations_Participans_Hague/3_BERNS.pdf (17.8.2009)

[34] http://www.eurisy.org/doceurisy/20090622_Hague/Presentations_Participans_Hague/3_BERNS.pdf (17.8.2009)

[35] http://www.emissieautoriteit.nl/english (17.8.2009)

The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## NORWAY

Report nº 25.22

Petri Kahila
Nordregio - Nordic Centre for Spatial Development

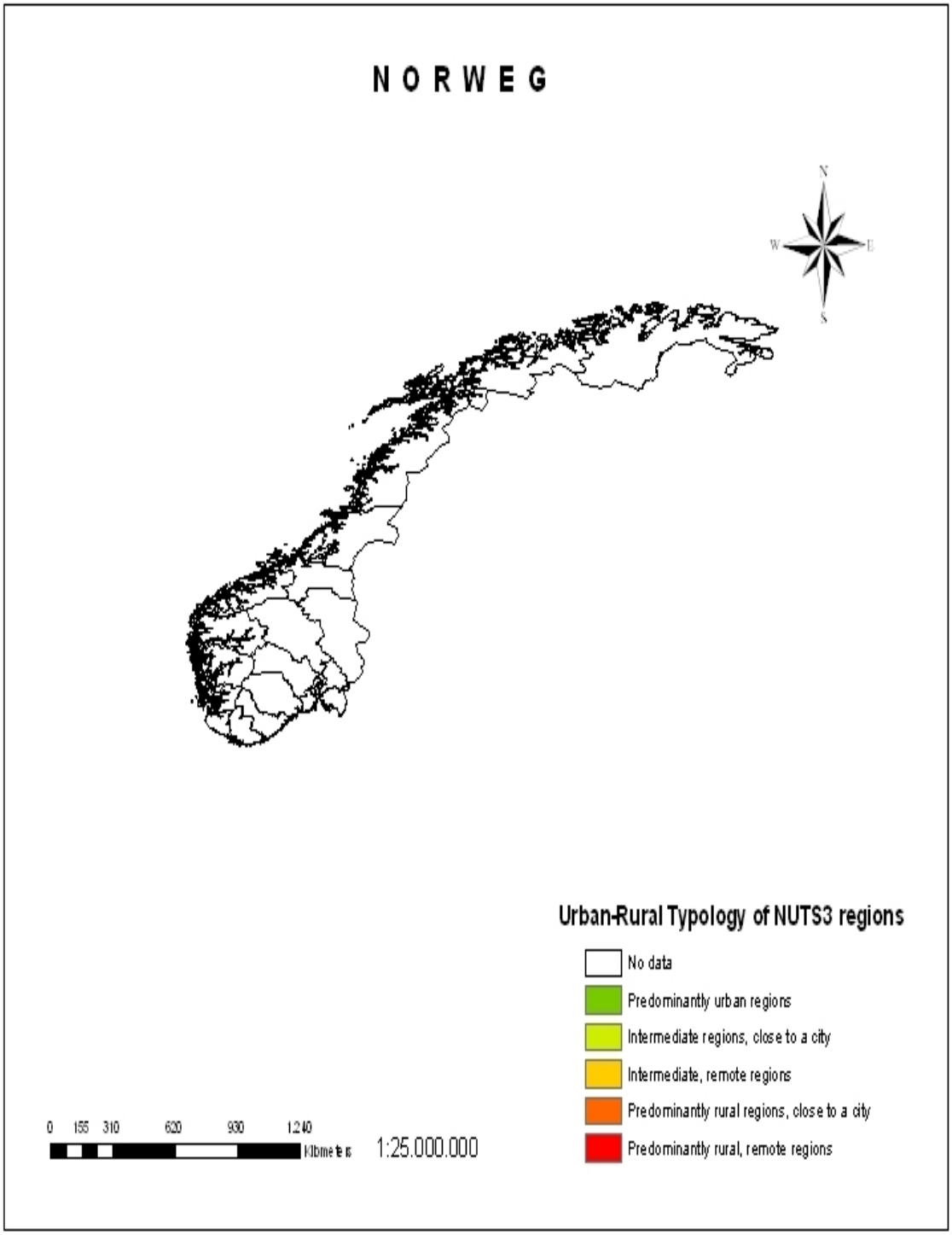
EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

## CONTENTS

## 1. Introduction

In Norway the urban system is dominated by the Metropolitan area of Oslo - the only real metropolitan area dominating the five major cities Kristiansand, Stavanger, Bergen, Trondheim and Tromsø. These 5 regional centres are located in each of the main parts of Norway (south, southwest, west, mid-Norway and northern Norway).

**Figure 22.1** DG Region modified Urban-rural typology of NUTS 3 regions: Norge




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

## 2. Demography

Population in Norway is clearly younger than in EU27 as the share of people under 15 years is 20.14% in Norway and 16.70% in the EU27. Natural population growth is also increasing in Norway and decreasing in the EU27. Net migration has also been remarkably higher in Norway than in the EU27.

**Table 22.1** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001* | % people aged 0 to 14 years | | | | | | 20.14 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | | | | | | 64.57 | 66.62 | 66.65 |
| | % people aged 64 years and over | | | | | | 15.29 | 16.53 | 16.55 |
| | Age dependency rate | | | | | | NA | 25.09 | 25.09 |
| Population* | Population change 2001-2007 (Index pop. 2001=100) | | | | | | 103.23 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | | | | | | 19.35 | 16.68 | 15.97 |
| | % pop.15_64_2007 | | | | | | 65.64 | 69.75 | 70.18 |
| | % pop. >64_2007 | | | | | | 15.01 | 13.55 | 13.84 |
| | Age dependency rate | | | | | | 52.37 | 44.08 | 43.17 |
| | Natural increase change_01_06 | | | | | | 26.10 | -5.99 | -6.09 |
| | Net migration change_01_06 | | | | | | 20.01 | 7.09 | 8.97 |
| Education* | % ISCED 0_2** | | | | | | 28.19 | 33.62 | 36.65 |
| | % ISCED 3_4** | | | | | | 38.68 | 43.29 | 47.14 |
| | % ISCED 5_6** | | | | | | 23.86 | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment | | | | | | NA | 35.34 | 39.54 |
| | Life-Long Learning in Rural Areas | | | | | | NA | 7.69 | 8.61 |

*Values NUTS 3 are replaced by values NUTS2

**% ISCED by groups is calculated for population more 15 years.

## 3. Employment

Norwegian employment rate in all age groups is clearly higher than in the EU27, for instance employment rate among people between 45-54 years is 85.06%. Compared with the EU27 Norway has a very high employment rate among females. 73.37% of the Norwegian females were employed, compared to 59.72% per cent among females in the EU27. Employment in principal sector was also rather different between Norway and the EU27 as in the former employment in tertiary sector was about 10.0% higher than in the EU27. Unemployment has also been low in Norway and it is twice higher in the EU27. There is also same kind of development to be noticed in the number of long-term unemployed people.

**Table 22.2** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate* | 15_64 years | | | | | | 76.27 | 66.40 | 66.42 |
| | Tmale 15_64 y | | | | | | 79.04 | 73.05 | 73.12 |
| | Tfemale 15_64 y | | | | | | 73.37 | 59.72 | 59.70 |
| | Total 15_24 y | | | | | | 53.98 | 39.66 | 39.67 |
| | T 45_64 years | | | | | | 76.55 | 62.37 | 62.34 |
| | Total 45_54 | | | | | | 85.06 | 78.30 | 78.38 |
| | Total 55_64 | | | | | | 68.03 | 46.44 | 46.30 |
| %Employment in principal sector | %Emp_primary | | | | | | 4.80 | 7.95 | 7.97 |
| | %Emp_secondary | | | | | | 20.40 | 26.71 | 26.71 |
| | %Emp_tertiary | | | | | | 74.80 | 65.33 | 65.31 |
| Unemployment evolution 2002_05 | Total > 15 years | | | | | | 122.45 | 187.25 | 188.17 |
| | Total 15_24 years | | | | | | 112.56 | 255.25 | 257.16 |
| | Total >25 years | | | | | | 87.36 | 82.27 | 82.21 |
| | Male > 15 years | | | | | | 88.97 | 82.45 | 82.35 |
| | Female > 15 years | | | | | | 85.71 | 94.74 | 94.79 |
| Unemployment rate 2007* | Total >15 | | | | | | 2.56 | 7.61 | 7.63 |
| | Total Male >15 | | | | | | 3.00 | 7.06 | 7.05 |
| | Total Female >15 | | | | | | 2.52 | 8.61 | 8.59 |
| | Total 15_24 | | | | | | 7.80 | 15.80 | 15.64 |
| | Total >25 | | | | | | 1.83 | 6.66 | 6.66 |
| Long term unemployment* | % long term unemployent rate_07 | | | | | | 19.10 | 43.07 | 43.12 |
| | Evolution of long term unemployment2002_07 | | | | | | 148.00 | 111.33 | 110.94 |

*Values NUTS 3 are replaced by values NUTS2

## 4. Rural business development

Business development in the table 22.3 reflects the situation in whole Norway and not only in rural areas. Therefore there are no remarkable differences to notice between Norway and the EU27.

**Table 22.3** Rural business development indicators

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | | | | | | 0.37 | 0.30 | 0,30 |
| | % Manufacturing | | | | | | 8.08 | 14.08 | 14,05 |
| | % Electricity, gas and water supply | | | | | | 0.47 | 0.61 | 0,63 |
| | %Construction | | | | | | 15.98 | 9.48 | 9,46 |
| | %Wholesale and retail trade | | | | | | 25.79 | 23.02 | 21,83 |
| | %Hotel and restaurants | | | | | | 4.47 | 6.52 | 6,15 |
| | %Transport, storage and communication | | | | | | 9.19 | 8.69 | 8,46 |
| | %Real state, renting and business activities | | | | | | 35.66 | 37.29 | 39,12 |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | | | | | | 2.10 | 0.58 | 0,52 |
| | % Manufacturing | | | | | | 21.63 | 29.18 | 28,08 |
| | % Electricity, gas and water supply | | | | | | 1.30 | 1.14 | 0,89 |
| | %Construction | | | | | | 12.74 | 9.09 | 9,14 |
| | %Wholesale and retail trade | | | | | | 26.72 | 26.14 | 26,93 |
| | %Hotel and restaurants | | | | | | 6.60 | 8.27 | 8,37 |
| | %Transport, storage and communication | | | | | | 12.19 | 8.65 | 8,52 |
| | %Real state, renting and business activities | | | | | | 16.74 | 16.78 | 17,51 |
| Employment in high and medium technologies manufacturing activities_ 2004 | Employment in high and medium tech manufacturing activities_2004_Media | | | | | | 3.91 | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_%EU 25 | | | | | | NA | 95.89 | 107,13 |
| %firms with own website | | | | | | | NA | 50.21 | 50.21 |

*Values NUTS 3 are replaced by values NUTS2

## 5. Rural-urban relationships

Unfortunately it was not possible to find relevant information on the subject “rural-urban relationships” in Norway

## 6. Cultural heritage

Unfortunately it was not possible to find relevant information on the subject “cultural heritage” in Norway

## 7. Services of General Interest

Indicators reflecting situation of services of general interest in Norway, do not give truthful picture of the situation in the Norwegian rural areas. Figures are national averages. However, we can say that some indicators reflect also the better situation in relation to the EU27. For instance relative share of households with broadband access and with internet at home is also relatively high in rural areas.

**Table 22.4** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | | | | | | NA | 0.04 | 0.04 |
| Density of trunk road | | | | | | | NA | 0.17 | 0.17 |
| Density of railways | | | | | | | NA | 0.10 | 0.10 |
| Area (km2)** | | | | | | | 323758.00 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_06* | | | | | | 2.09 | 0.92 | 96.31 |
| | Density of population 2006*** | | | | | | 87.01 | 446.23 | 4066.61 |
| Daily population accessible by car* | | | | | | | 1250.47 | 18078.54 | 19285.23 |
| Time to nearest hospital | | | | | | | NA | 22.83 | 22.83 |
| Time to nearest university | | | | | | | NA | 45.10 | 45.10 |
| Time to nearest airport | | | | | | | NA | 83.44 | 83.44 |
| %households with broadhand Access* | | | | | | | 72.57 | 49.07 | 48.00 |
| % households with internet at home* | | | | | | | 87.26 | 81.46 | 81.20 |

* Values NUTS 3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

*** These values are only indicatives and aren't reals because in the calculation there are values NUTS2 and NUTS3.

**Table 22.5** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+ MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº STUDENTS ISCED 0_6* | Nºstudents ISCED_0 per 1.000 inhabitants | | | | | | 33.97 | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | | | | | | 93.00 | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | | | | | | 40.96 | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | | | | | | 48.63 | 48.05 | 48.03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | | | | | | 1.81 | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | | | | | | 42.32 | 37.37 | 37.23 |
| | Nºstudents ISCED_6 per 1.000 inhabitants | | | | | | 1.06 | 1.10 | 1.10 |
| BEDS IN HOSPITAL PER 100,000 inhabitants* | Nº of beds in hospitals per 100.000 inhabitants_05 | | | | | | 396.86 | 696.91 | 704.88 |
| | Evolution nbeds 2000_05 | | | | | | NA | 91.53 | 91.94 |
| | Density of hospitals | | | | | | NA | 5.44 | 5.44 |
| | Hospital beds per head | | | | | | NA | 4.98 | 4.98 |
| | Doctors per inhabitant | | | | | | NA | 171.35 | 171.35 |

* Values NUTS 3 are replaced by values NUTS2

## 8. Farm structural change

Almost all holdings in Norway are midsized in relation to the EU27. A whole 93.15% of the holdings are size between 2 and 100 ESU. However, the development of the holding size is parallel with the general development in Europe, while number of holdings has also grown in Norway only in the group of holding size 100 ESU or bigger. The development among holders is also parallel in Norway with the development in the EU27.

**Table 22.6** Farm structural change indicators (a)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | | | | | | 1.99 | 33.42 | 33.89 |
| | 2 to 100 ESU | | | | | | 93.15 | 57.56 | 57.02 |
| | >100 ESU | | | | | | 4.86 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005 | | | | | | -26.98 | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | | | | | | -85.08 | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | | | | | | -23.18 | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | | | | | | 87.75 | 32.21 | 31.28 |
| HOLDERS | % Holders working full time 2005 | | | | | | 30.22 | 35.42 | 35.5 |
| | % Change in Number of Holders working full time 2000 - 2005 | | | | | | -19.26 | -0.01 | 0.33 |
| | Economic Farm Size (RDEU07) | | | | | | NA | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | | | | | | NA | 37.55 | 37.55 |
| | % holders > 55 years 2007 | | | | | | 36.78 | 50.19 | 50.61 |
| | % holders < 35 years 2007 | | | | | | 7.26 | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 - 2005 | | | | | | 17.97 | 5.88 | 5.61 |
| | % change in holders < 35 years 2000 - 2005 | | | | | | -36.69 | -34.01 | -33.95 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | | | | | | NA | 42.29 | 42.29 |

*Values NUTS 3 are replaced by values NUTS2

## 9. Institutional Capacity

There were no statistics available for the institutional capacity section.

**Table 22.7** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | | | | | | NA | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | | | | | | NA | 20926.83 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | | | | | | NA | 94.38 | 95.48 |

## 10. Climate change

Unfortunately it was not possible to find relevant information on the subject “climate change” in Norway

The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## POLAND

Report nº 25.23

Jerzy Banski
IOM International Organization for Migration
Central European Forum for Migration and Population Research

EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

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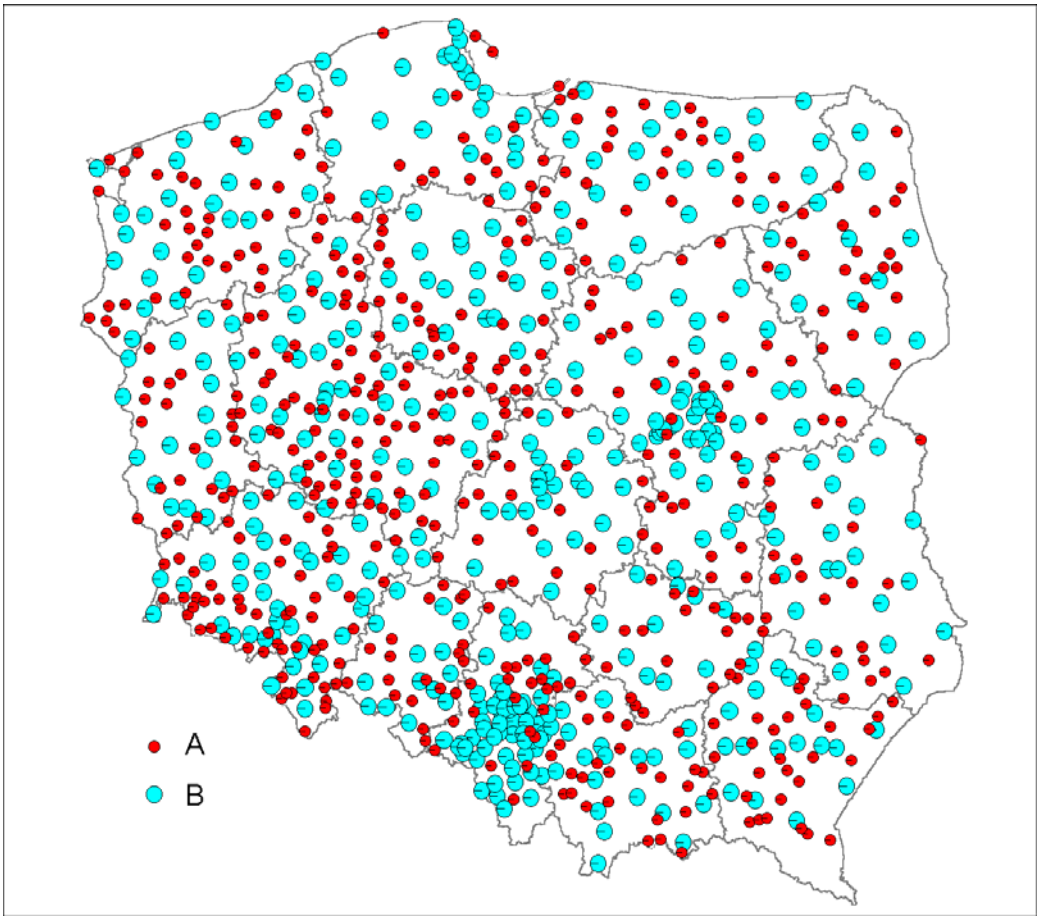
## 1. Introduction

According to DG Regio Typology south part of Poland and some central regions they are more urbanized. Generally it is correct (see spatial distribution of towns – app. Figure 23.1 and 23.2), but more of the central regions seem to be intermediate, close to a city (example: PL418, PL518, PL414 etc.) and two eastern regions are predominantly rural (characterized by low density of population and localization of one bigger town).

**Figure 23.1** Towns in Poland




Towns in Poland
*A – very small towns, B – other towns*

**Figure 23.2** 1 town bigger than 5 th. population

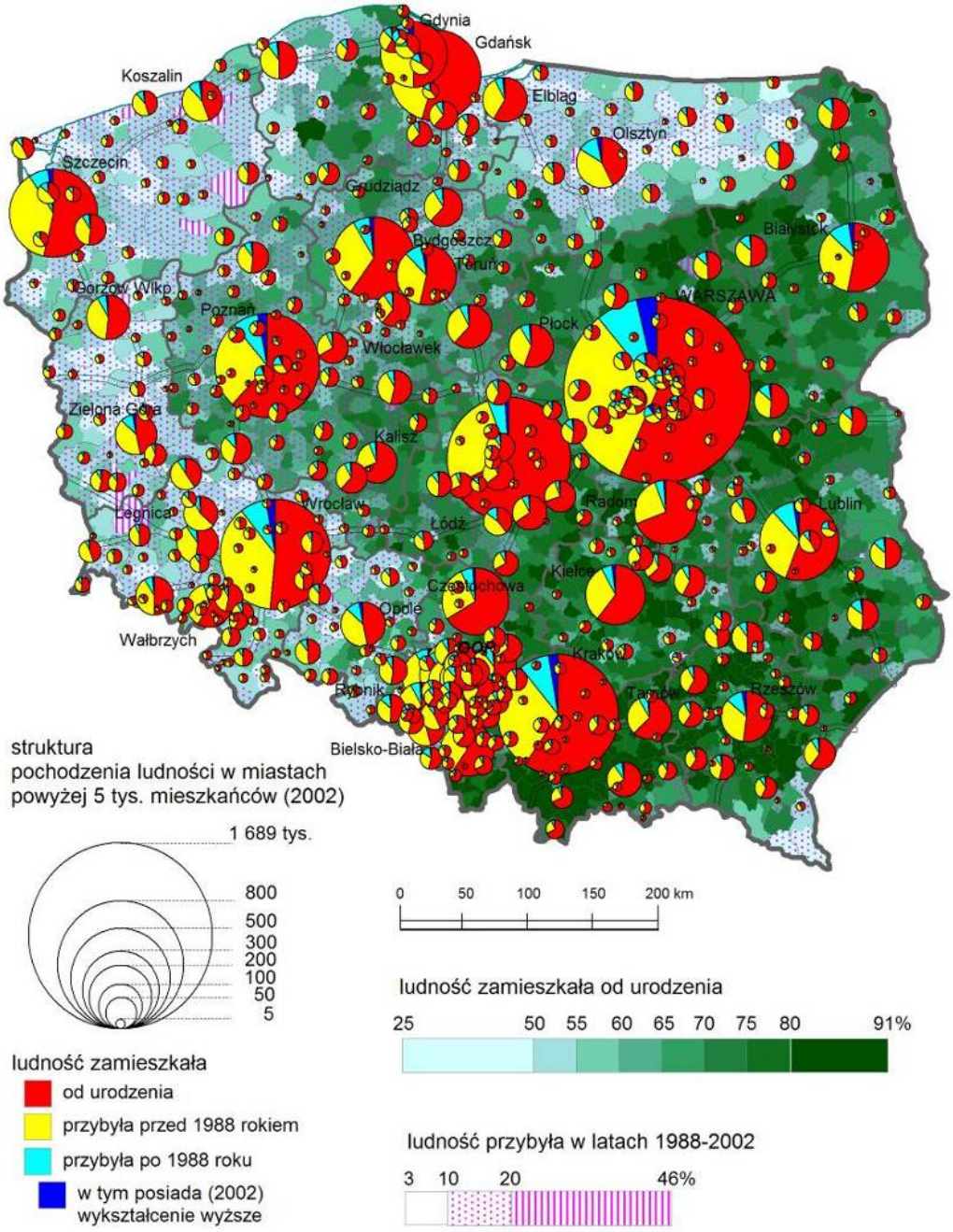
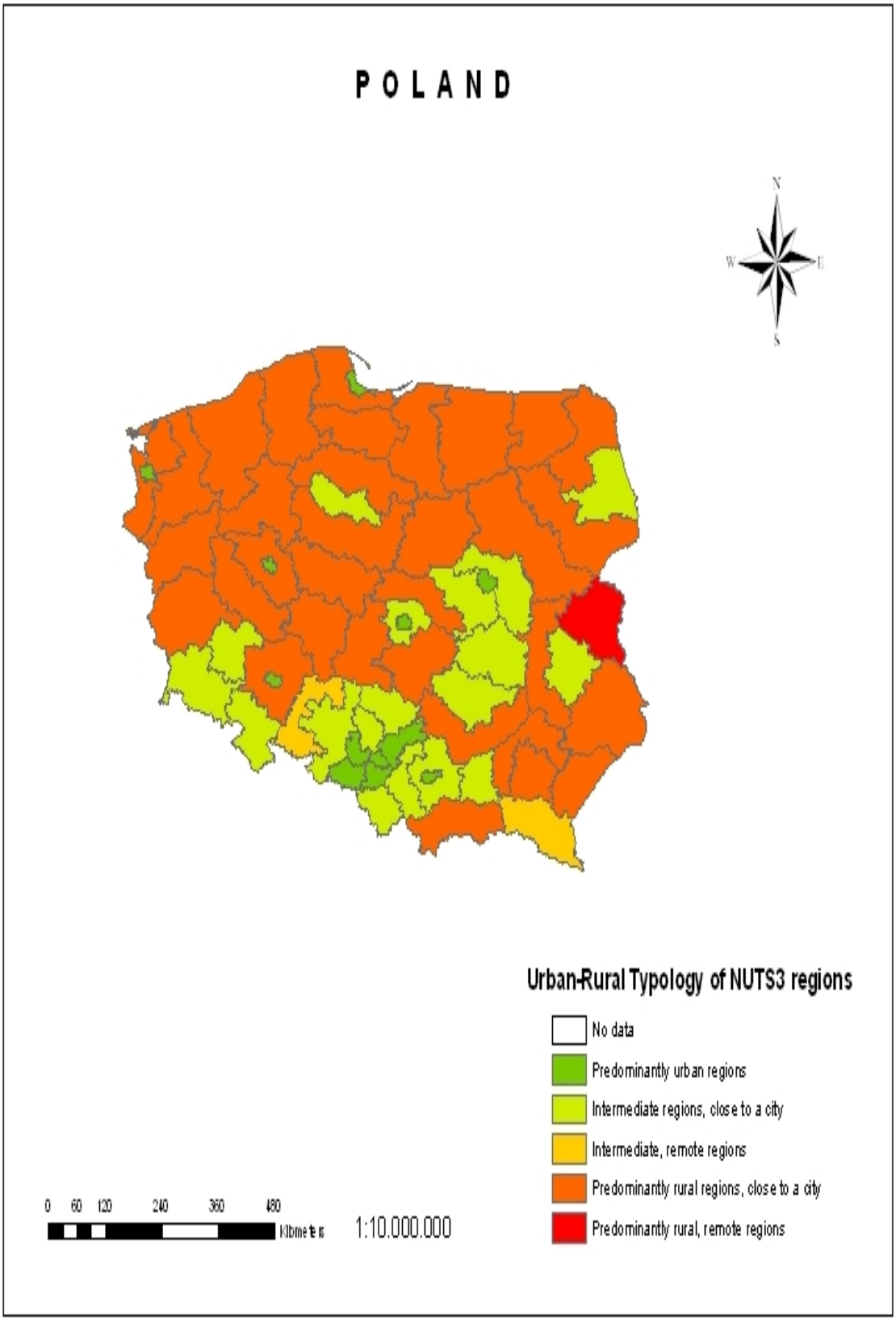


**Figure 23.3** DG Region modified Urban-rural typology of NUTS 3 regions: Poland



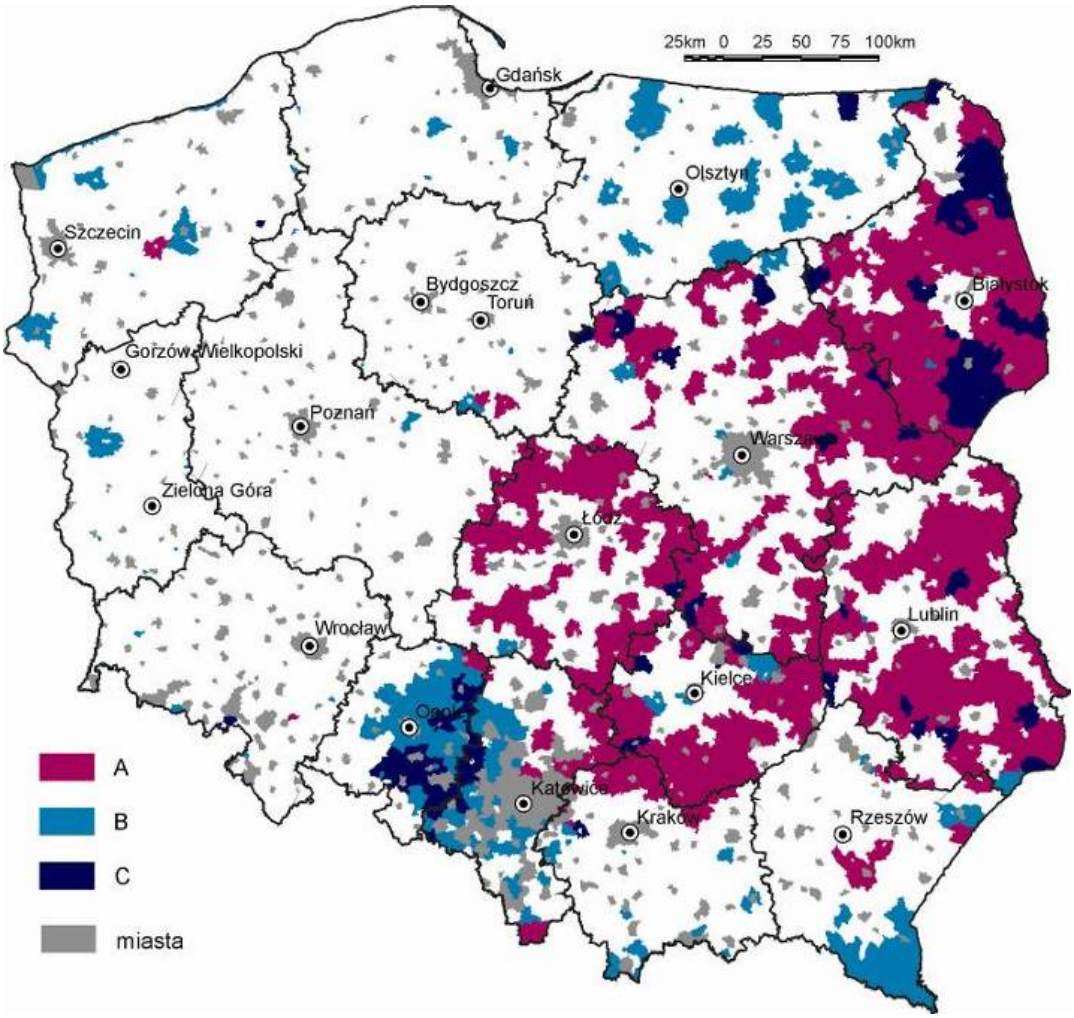

**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

## 2. Demography

The last years of the 20th century and first years of the new millennium witnessed post-War Poland's first overall decline in population nationally. The main reason of this phenomenon is a natural loss of population and migration out of country.

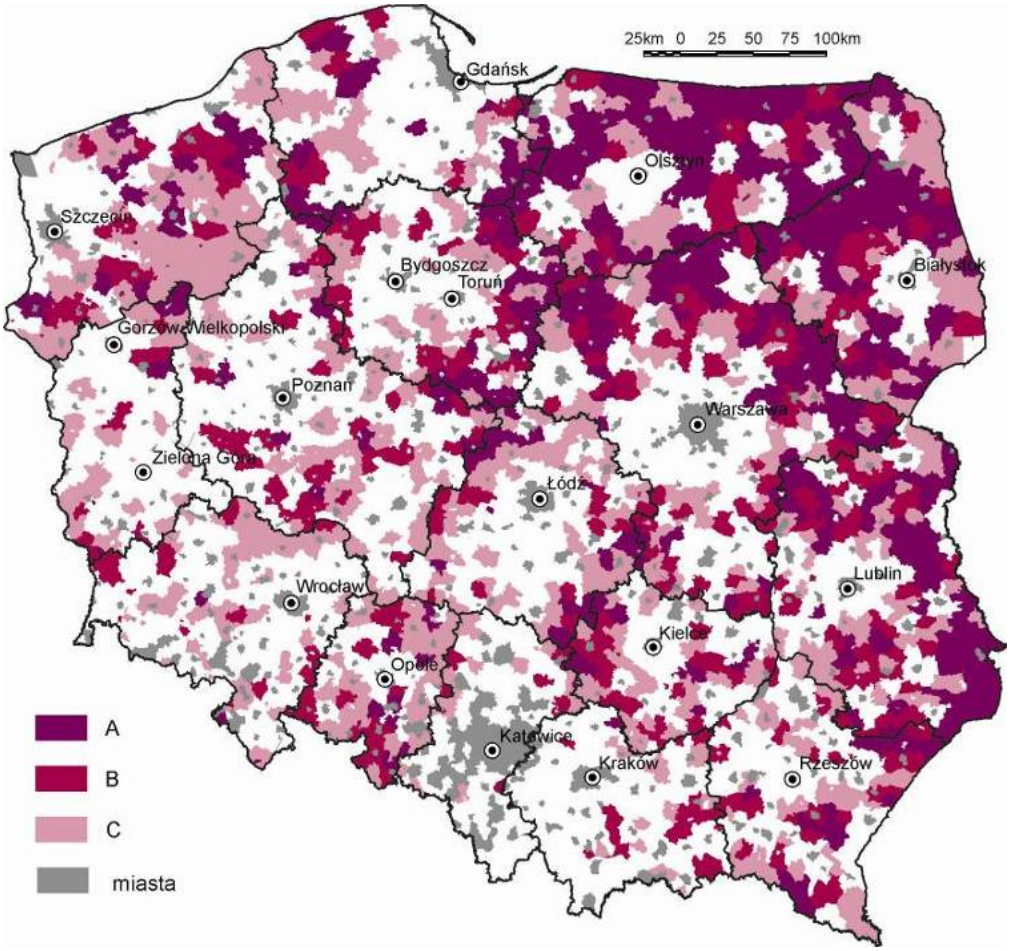
The move through demographic highs and lows experienced by different age groups ensured that the years 1988–2002 brought increases in the proportions of the population of productive and post-productive age, at the expense of the representation of the youngest age group. The problem of the large share of the population that is of post-productive age mainly affects central and eastern parts of the country. This results from the unfavourable gender structure, as well as the process of outflow of young people from the poorest areas. The accumulation of many other unfavourable phenomena intensifies both the demographic and social problems of the areas in question (Figure 23.4).

**Figure 23.4** Areas of unfavourable age structure of rural population




A – share of population 65+ over 16%, 2007 (Poland = 13,3%), B – areas of unfavourable changes of age structure of rural population in the period 1998-2007 (increase 65+ more than 2%, Poland = +0,23%), C – A+B, miasta – towns
Source: own study

**Figure 23.5** Areas of excessive declining of rural population in the period 1998 – 2007




A – areas of durable and strong outflow, B – areas of durable and reasonable outflow, C – other areas of outflow, miasta – towns
Source: own study

There are two main direction of migration: from rural areas to metropolitan regions and abroad. In the internal migration there is observed concentration of population in metropolitan regions but in the other hand the process of deconcentration as the result of moving from towns to suburbs. External migration (temporary and for longer period) it is concern mainly young and well educated people (phenomenon of “brain drain”). The larges consequences of the migration processes are in remote regions, which are characterized by low level of social capital.

**Table 23.1** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001 | % people aged 0 to 14 years | 15.65 | 17.86 | 19.13 | 19.24 | 20.82 | 18.23 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | 71.33 | 68.88 | 68.58 | 68.51 | 65.20 | 69.07 | 66.62 | 66.65 |
| | % people aged 64 years and over | 13.02 | 13.26 | 12.29 | 12.25 | 13.98 | 12.69 | 16.53 | 16.55 |
| | Age dependency rate | 18.26 | 19.27 | 17.94 | 17.92 | 21.45 | 18.40 | 25.09 | 25.09 |
| Population | Population change 2001-2007 (Index pop. 2001=100) | 98.10 | 98.49 | 97.30 | 98.72 | 97.34 | 98.48 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | 15.19 | 15.39 | 15.97 | 16.26 | 16.42 | 15.82 | 16.68 | 15.97 |
| | % pop.15_64_2007 | 71.42 | 70.69 | 70.52 | 70.75 | 69.20 | 70.82 | 69.75 | 70.18 |
| | % pop. >64_2007 | 13.39 | 13.93 | 13.50 | 12.99 | 14.38 | 13.36 | 13.55 | 13.84 |
| | Age dependency rate | 40.04 | 41.51 | 41.82 | 41.37 | 44.52 | 41.23 | 44.08 | 43.17 |
| Education | Natural increase change_01_06 | -42.88 | NA | NA | -27.56 | -200.00 | -41.40 | -5.99 | -6.09 |
| | Net migration change_01_06 | 35.52 | NA | NA | -4.32 | 50.00 | 8.25 | 7.09 | 8.97 |
| | % ISCED 0_2** | 22.63 | 25.11 | 26.11 | 27.21 | 33.36 | 25.87 | 33.62 | 36.65 |
| | % ISCED 3_4** | 59.73 | 58.62 | 55.29 | 56.92 | 56.87 | 57.84 | 43.29 | 47.14 |
| | % ISCED 5_6** | 13.94 | 14.91 | 11.12 | 13.29 | 14.42 | 13.80 | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment | 35.22 | 37.16 | 32.05 | 42.50 | 40.50 | 39.37 | 35.34 | 39.54 |
| | Life-Long Learning in Rural Areas | 5.18 | 5.10 | 3.57 | 4.54 | 5.43 | 4.79 | 7.69 | 8.61 |

*Values NUTS 3 are replaced by values NUTS2

**% ISCED by groups is calculated for population more 15 years.

## 3. Employment

In the recent years in Poland was observed decrease of the number of unemployed, below 10%. Due to the present economical crisis this index increases to more than 11%. In the structure of unemployed population the biggest share takes a group of low educated. In the reason of part-time workers and person redundant in agriculture ("hidden unemployment") there is difficult to estimate unemployment on rural areas. (see Figure 23.6).

**Table 23.2** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate | T15_64 years | 55.78 | 57.24 | 56.25 | 56.74 | 59.80 | 56.73 | 66.40 | 66.42 |
| | Tmale 15_64 y | 62.80 | 63.93 | 63.90 | 63.33 | 64.40 | 63.43 | 73.05 | 73.12 |
| | Tfemale 15_64 y | 48.99 | 50.74 | 48.85 | 50.32 | 55.20 | 50.22 | 59.72 | 59.70 |
| | Total 15_24 y | 25.95 | 26.42 | 25.45 | 24.93 | 26.00 | 25.55 | 39.66 | 39.67 |
| | T 45_64 years | 46.24 | 49.45 | 50.48 | 49.41 | 55.30 | 48.97 | 62.37 | 62.34 |
| | Total 45_54 | 66.10 | 68.75 | 69.95 | 68.89 | 72.30 | 68.43 | 78.30 | 78.38 |
| | Total 55_64 | 26.38 | 30.16 | 31.00 | 29.92 | 38.30 | 29.50 | 46.44 | 46.30 |
| %Employment in principal sector | %Emp_primary | 3.90 | 18.68 | 23.57 | 21.93 | 41.75 | 18.12 | 7.95 | 7.97 |
| | %Emp_secondary | 29.92 | 26.92 | 27.56 | 26.81 | 15.48 | 27.26 | 26.71 | 26.71 |
| | %Emp_tertiary | 66.19 | 54.40 | 48.87 | 51.25 | 42.77 | 54.63 | 65.33 | 65.31 |
| Unemployment evolution 2002_05 | Total > 15 years | 60.36 | 53.71 | 48.44 | 51.92 | 81.43 | 54.29 | 187.25 | 188.17 |
| | Total 15_24 years | 54.94 | 47.89 | 42.08 | 44.85 | 90.56 | 48.12 | 255.25 | 257.16 |
| | Total >25 years | 62.59 | 55.87 | 51.00 | 54.70 | 77.11 | 56.68 | 82.27 | 82.21 |
| | Male > 15 years | 62.03 | 52.25 | 49.24 | 50.66 | 76.92 | 53.51 | 82.45 | 82.35 |
| | Female > 15 years | 58.86 | 55.27 | 47.57 | 53.34 | 83.91 | 55.16 | 94.74 | 94.79 |

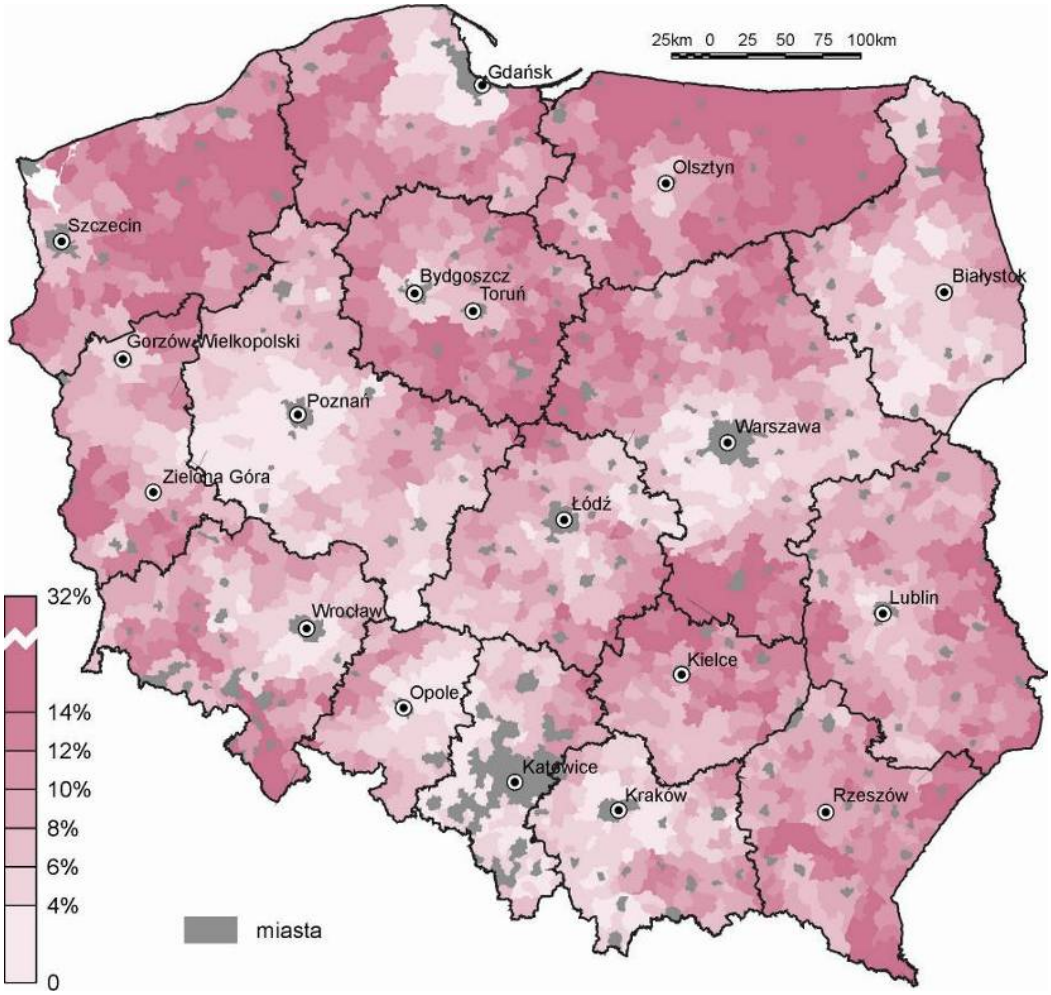
*Values NUTS 3 are replaced by values NUTS2

**Table 23.3** Employment indicators (b)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Unemployment rate 2007 | Total >15 | 9.12 | 9.76 | 9.50 | 9.79 | 9.50 | 9.65 | 7.61 | 7.63 |
| | Total Male >15 | 8.42 | 9.13 | 8.90 | 9.12 | 9.60 | 8.99 | 7.06 | 7.05 |
| | Total Female >15 | 9.91 | 10.49 | 10.20 | 10.57 | 9.40 | 10.40 | 8.61 | 8.59 |
| | Total 15_24 | 19.85 | 21.57 | 21.35 | 22.29 | 24.30 | 21.65 | 15.80 | 15.64 |
| | Total >25 | 7.78 | 8.24 | 8.00 | 8.25 | 7.60 | 8.15 | 6.66 | 6.66 |
| Long term unemployment | % long term unemployent rate_07 | 54.51 | 52.95 | 39.51 | 50.80 | 49.89 | 51.71 | 43.07 | 43.12 |
| | Evolution of long term unemployment 2002_07 | 97.24 | 93.95 | 66.92 | 97.16 | 106.81 | 95.53 | 111.33 | 110.94 |

*Values NUTS 3 are replaced by values NUTS2

**Figure 23.6** Unemployment in 2007




**Source**: own elaboration

## 4. Rural business development

Analysis of the functional structure of rural areas shows that, in about half of all communes, agriculture is pretty much the only economic function ("mono-functional areas"). Among the remaining communes, there is a prevalence of those in which agriculture co-occurs with other economic activities. Only in around 20% of them is the leading role played by non-agricultural functions. They are located close to the towns mostly with mixed functions (service, tourism, housing etc.).

Over the last 10+ years rural areas have manifested dynamic growth in the numbers of non-agricultural economic entities. In this way, the role played by agriculture in the generating of farm income has declined, even in areas that were agricultural by tradition.

Non-agricultural businesses are present at highest densities in the western Poland, as well as in some central parts of country. In turn, the lowest level of saturation with economic entities of this kind is to be noted along the eastern Poland.

From among the activities outside agriculture, it is services that play the most important role, followed by trade and small-scale manufacturing. Services and small-scale manufacturing prevail in suburban areas, in which enterprises in construction, transport, repair and wholesaling are most willing to locate. There is also a large share of service-type businesses in the areas along the coast and in the mountains, as well as in the Lakeland.

The last 10 years have brought intensive development of rural tourism (mainly agrotourism). This is starting to be seen as an important branch of economic activity on the local, regional and national scales. Recreation and "long-weekend" tourism may also be of greater significance in rural areas of Poland. There is no slackening of interest in the building of "second homes", of which a proportion later go on to serve as year-round residences. Indeed, the pressure imposed on certain areas by city-dwellers may be become so great that farmland may go out of agricultural use and be designated for the building of summer residences, or even communities thereof.

**Table 24.4** Rural business development indicators

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.11 | 0.11 | 0.12 | 0.10 | 0.11 | 0.11 | 0.30 | 0,30 |
| | % Manufacturing | 13.65 | 13.21 | 13.39 | 13.70 | 12.20 | 13.52 | 14.08 | 14,05 |
| | % Electricity, gas and water supply | 0.23 | 0.23 | 0.28 | 0.28 | 0.31 | 0.26 | 0.61 | 0,63 |
| | %Construction | 11.24 | 11.19 | 12.01 | 11.31 | 10.40 | 11.27 | 9.48 | 9,46 |
| | %Wholesale and retail trade | 42.88 | 43.79 | 45.22 | 43.88 | 49.38 | 43.79 | 23.02 | 21,83 |
| | %Hotel and restaurants | 4.30 | 3.64 | 3.67 | 3.94 | 3.18 | 3.91 | 6.52 | 6,15 |
| | %Transport, storage and communication | 9.51 | 9.71 | 8.44 | 9.36 | 9.74 | 9.46 | 8.69 | 8,46 |
| | %Real state, renting and business activities | 18.08 | 18.11 | 16.87 | 17.44 | 14.69 | 17.68 | 37.29 | 39,12 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 4.84 | 2.63 | 0.44 | 0.59 | 0.00 | 1.91 | 0.58 | 0,52 |
| | % Manufacturing | 31.84 | 31.11 | 39.70 | 35.92 | 33.42 | 33.94 | 29.18 | 28,08 |
| | % Electricity, gas and water supply | 2.58 | 2.50 | 2.99 | 2.38 | 2.70 | 2.47 | 1.14 | 0,89 |
| | %Construction | 8.98 | 8.95 | 9.31 | 8.90 | 9.68 | 8.96 | 9.09 | 9,14 |
| | %Wholesale and retail trade | 27.03 | 29.19 | 27.76 | 29.06 | 32.78 | 28.74 | 26.14 | 26,93 |
| | %Hotel and restaurants | 3.23 | 2.97 | 2.58 | 3.08 | 2.52 | 3.06 | 8.27 | 8,37 |
| | %Transport, storage and communication | 8.55 | 9.27 | 6.72 | 8.47 | 9.52 | 8.66 | 8.65 | 8,52 |
| | %Real state, renting and business activities | 12.93 | 13.36 | 10.45 | 11.58 | 9.36 | 12.24 | 16.78 | 17,51 |
| Employment in high and medium technologies manufacturing activities_2004 | Employment in high and medium tech manufacturing activities_2004_Media | 5.61 | 4.92 | 6.48 | 4.65 | 3.13 | 4.93 | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_%EU 25 | 81.94 | 71.96 | 94.66 | 67.94 | 45.76 | 72.06 | 95.89 | 107,13 |
| %firms with own website | | 31,40 | 25.42 | 20.20 | 24.93 | 12.10 | 25.90 | 50.21 | 50.21 |

*Values NUTS 3 are replaced by values NUTS2

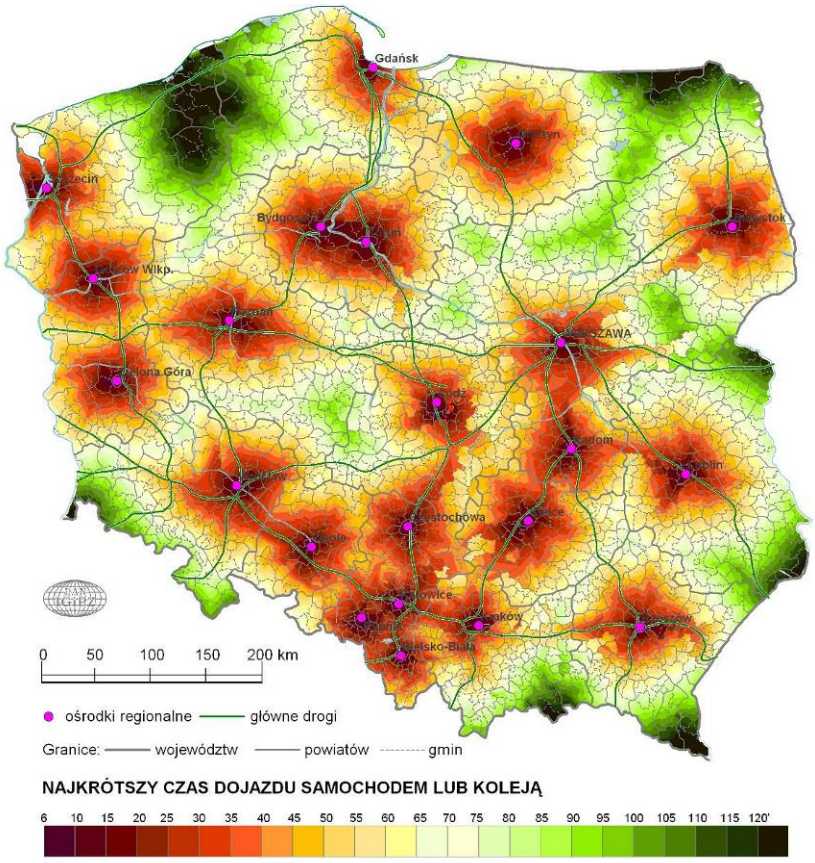
## 5. Rural-urban relationships

Very important role in rural-urban relationships plays small towns as local centres of development. Economic and labour market behaviour of actors active in small towns and theirs rural surroundings made possible to define meaning of small urban centres in local economic and social space as well as so called local integration index.

In the recent years, a new process was observed in the suburban areas: spontaneous influx of people, coming mainly from the urban center the suburbia surrounded. Therefore, the suburban areas noted a positive migration balance. The highest dynamic of influx was characteristic for areas attractive for house building, with developed technical infrastructure and good communications with the central unit. These processes bring negative elements, too – mostly spatial chaos.

One of the most important phenomena differentiating the socio-economic situation of rural and urban areas is, on the one hand, the influx of population (usually well educated and affluent mostly to suburban zones), and on the other hand, the outflow or stagnation of population in the rural territories (mostly peripheries), which makes the age and sex structure, already out of balance, even worse.

**Figure 23.6** Accesibility of big towns by car or train (in minutes)




**Source:** Expertise for Ministry of Agriculture and Rural Development, 2009, chair: J. Banski, authors of map: T. Komornicki and P. Sleszynski

The economic development or urban areas created good conditions for establishing new businesses close to the towns. This prompted change in the functional structure of

rural areas neighboring big cities, i.e. the agricultural function became marginalized, and its place was taken mostly by housing and services. Agriculture, on the other hand, dominates in rural regions, being the main source of income for most households there, with a relatively small number of new business enterprises.

In general, it can be said that the last years brought in Poland further peripheralization of regions located away from central units. Especially the regions of eastern Poland and the areas where until recently state-owned farms operated experienced strong peripheralization.

## 6. Cultural heritage

Polish culture for long period was embedded in “rurality”. This tradition suffered heavy setbacks in the time of country partition and later in the communist totalitarian system. Traditional rurality and its cultural heritage was perceived as ideologically hostile refuge for backwardness, conservatism and religiosity.

In the most of European societies there is growing interest in recovering their identity, forgotten in the urban life. In Poland this interest is relatively weak; paradoxically majority of the urban population are the first or second generation immigrants from the rural, then poor areas. For these new urbanites rurality was until quite lately associated mainly with backwardness, low standard of living, poor technical and social infrastructure.

But in the present time we observe solid growth of interest of rurality, rural life and protection of rural landscape. More and more people wont to spend time on rural areas (second houses, agrotourism etc.) and observe farmers in their work.

## 7. Services of General Interest

Polish rural areas have long suffered from major shortfalls where technical infrastructure and services is concerned. However, the 1990s ushered in more major change, in particular thanks to the empowerment of local authorities in 1990. The extension and raised quality of the infrastructural networks and services was a priority task for this new local governmental tier.

The development of services was financed from local government sources, the state budget, the Agency for the Development and Modernization of Agriculture, the assistance programmes of the European Community (mainly PHARE and ISPA) and the private funds collected together by the inhabitants of communes.

Any spatial presentation of the outfitting of rural areas in basic elements of services and infrastructure reveals a country clearly divided into eastern and western parts. The situation in the former looks a lot less favourable than that in the latter, as a result of a number of factors that include first and foremost the level of economic development, and the past history that underpins it. Through much of history, the western areas had better infrastructure. Furthermore, it was easier for the networks and systems there to develop, because the settlement network favoured that more, while the means of management were also quite different to those in the east. Indeed, the stronger economic base in the west also allowed local authorities to gain greater incomes, some of which they could then plough back into investments requiring larger sums. Nevertheless, there should now be reason to hope that state assistance added to the funding being channelled in by the EU will provide for eastern Poland's accelerated development, thereby working to reduce the disparities that separate that region from western Poland.

**Table 23.5** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|
| Variables | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | 0.02 | 0.00 | 0.01 | 0.00 | NA | 0.01 | 0.04 | 0.04 |
| Density of trunk road | 0.23 | 0.11 | 0.11 | 0.11 | 0.09 | 0.14 | 0.17 | 0.17 |
| Density of railways | 0.20 | 0.08 | 0.07 | 0.06 | 0.03 | 0.10 | 0.10 | 0.10 |
| Area (km2)** | 19281.00 | 55774.00 | 19744.00 | 202032.00 | 5977.00 | 302808.00 | 5659749.80 | 4600910.40 |
| DENSITY Evolution density 2001_06* | -1.32 | -0.23 | NA | -1.09 | -1.52 | -1.11 | 0.93 | 0.92 |
| DENSITY Density of population 2006*** | 1236.29 | 25.09 | NA | 24.45 | 51.97 | 244.64 | 414.65 | 446.23 |
| Daily population accessible by car* | 5828.00 | 5828.00 | 5828.00 | 5828.00 | 5828.00 | 5828.00 | 18078.54 | 19285.23 |
| Time to nearest hospital | 1.21 | 11.86 | 19.78 | 36.67 | 34.95 | 22.72 | 22.83 | 22.83 |
| Time to nearest university | 15.46 | 29.22 | 86.67 | 71.23 | 48.67 | 50.77 | 45.10 | 45.10 |
| Time to nearest airport | 112.71 | 133.48 | 237.12 | 175.58 | 212.74 | 158.40 | 83.44 | 83.44 |
| %households with broadhand access | NA | NA | NA | NA | NA | NA | 49.07 | 48.00 |
| % households with internet at home | NA | NA | NA | NA | NA | NA | 81.46 | 81.20 |

* Values NUTS 3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

*** These values are only indicatives and aren't reals because in the calculation there are values NUTS2 and NUTS3.

**Table 23.6** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº STUDENTS ISCED 0_6* | Nºstudents ISCED_0 per 1.000 inhabitants | 22.53 | 21.82 | 23.31 | 21.75 | 20.21 | 21.94 | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | 65.331 | 66.43 | 69.13 | 70.54 | 71.85 | 68.455 | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | 40.71 | 41.22 | 44.25 | 43.80 | 45.27 | 42.578 | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | 51.41 | 51.56 | 53.28 | 54.33 | 53.47 | 53.002 | 48.05 | 48.03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | 8.00 | 7.56 | 5.77 | 7.74 | 8.67 | 7.699 | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | 55.34 | 59.88 | 38.98 | 52.23 | 52.69 | 54.494 | 37.37 | 37.23 |
| BEDS IN HOSPITAL PER 100.000 inhabitants* | Nº of beds in hospitals per 100.000 inhabitants_05 | 679.47 | 671.89 | 582.40 | 646.74 | 656.80 | 657.75 | 696.91 | 704.88 |
| | Evolution nbeds 2000_05 | 90.57 | 89.41 | 83.32 | 92.84 | 91.03 | 91.17 | 91.53 | 91.94 |
| | Density of hospitals | 57.20 | 3.75 | 0.81 | 0.53 | 0.33 | 14.41 | 5.44 | 5.44 |
| | Hospital beds per head | 7.16 | 4.26 | 2.78 | 2.63 | 3.30 | 4.05 | 4.98 | 4.98 |
| | Doctors per inhabitant | 242.30 | 248.03 | 175.95 | 203.05 | 239.10 | 220.03 | 171.35 | 171.35 |

*Values NUTS 3 are replaced by values NUTS2

## 8. Farm structural change

The liquidation of the nationalised sector was one of the main elements to the socio-political and economic transformation in rural areas. In 2006, the state agricultural sector managed less than 15 percent of all farmland.

The spatial structure of farmland ownership remains largely unchanged on the macroscale. The areas with the biggest public-sector role continue to be found in the north and west, though the difference with the rest of the country is smaller than it once was. The scale of changes in ownership structure was thus relatively limited, and not capable of exerting a greater influence in encouraging a larger number of new family farms.

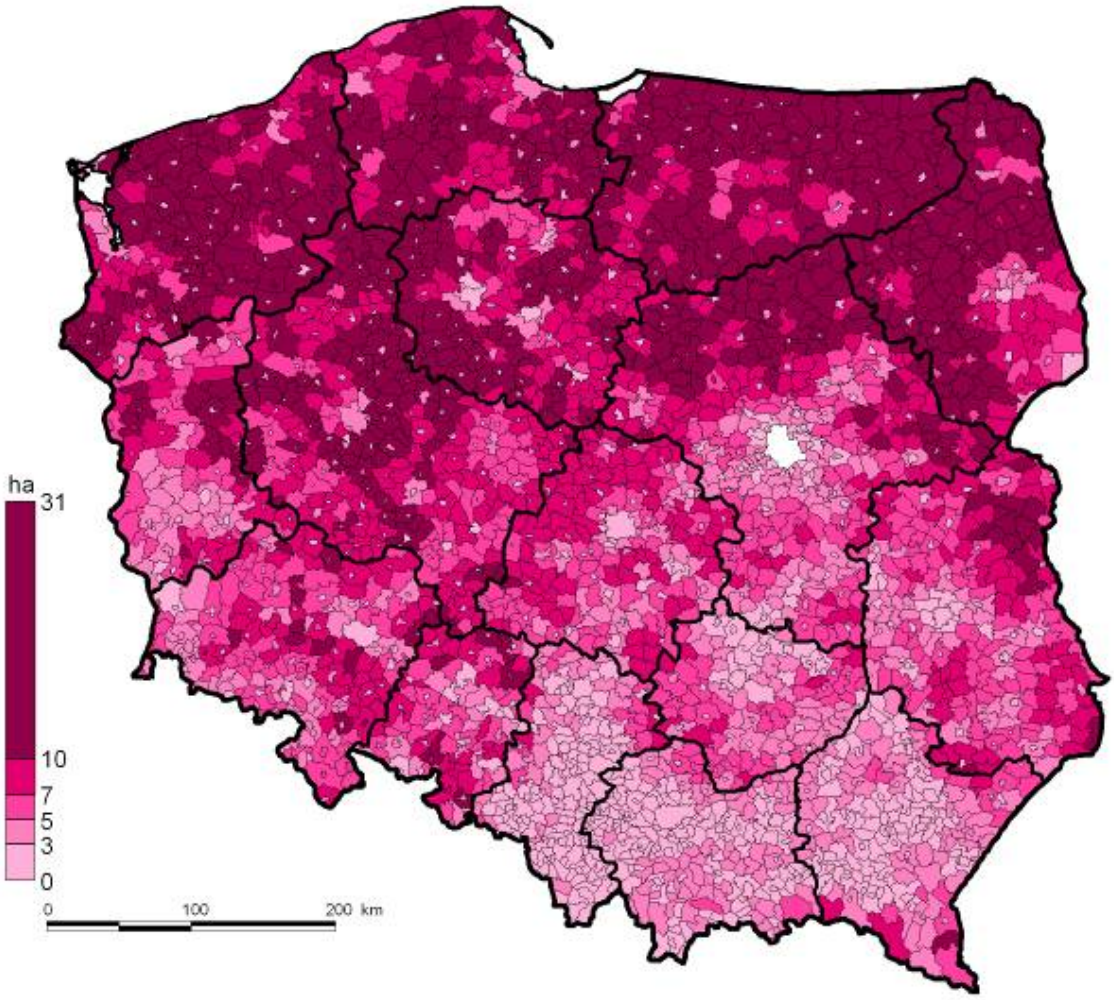
As in earlier years, so also in the 2000s, there was a steady decline in the area of agricultural land. Rising at its expense was the amount of land in the remaining categories. Agricultural land of low quality was in the main reafforested.

The increase in the area of non-agricultural land was generally even in successive years and did not experience more marked fluctuations. On this basis, it can be said to be a persistent trend capable of being observed in future years also.

One of the major problems with Polish agriculture is the fragmentation of farms and their land. The total number of households managing some farmland as of 2002 was as high as 2,933,200, including 1,956,100 farms that covered more than 1 ha of agricultural land. The average area of a farm was 9.6 ha, of which 8.6 ha is actual farmland.

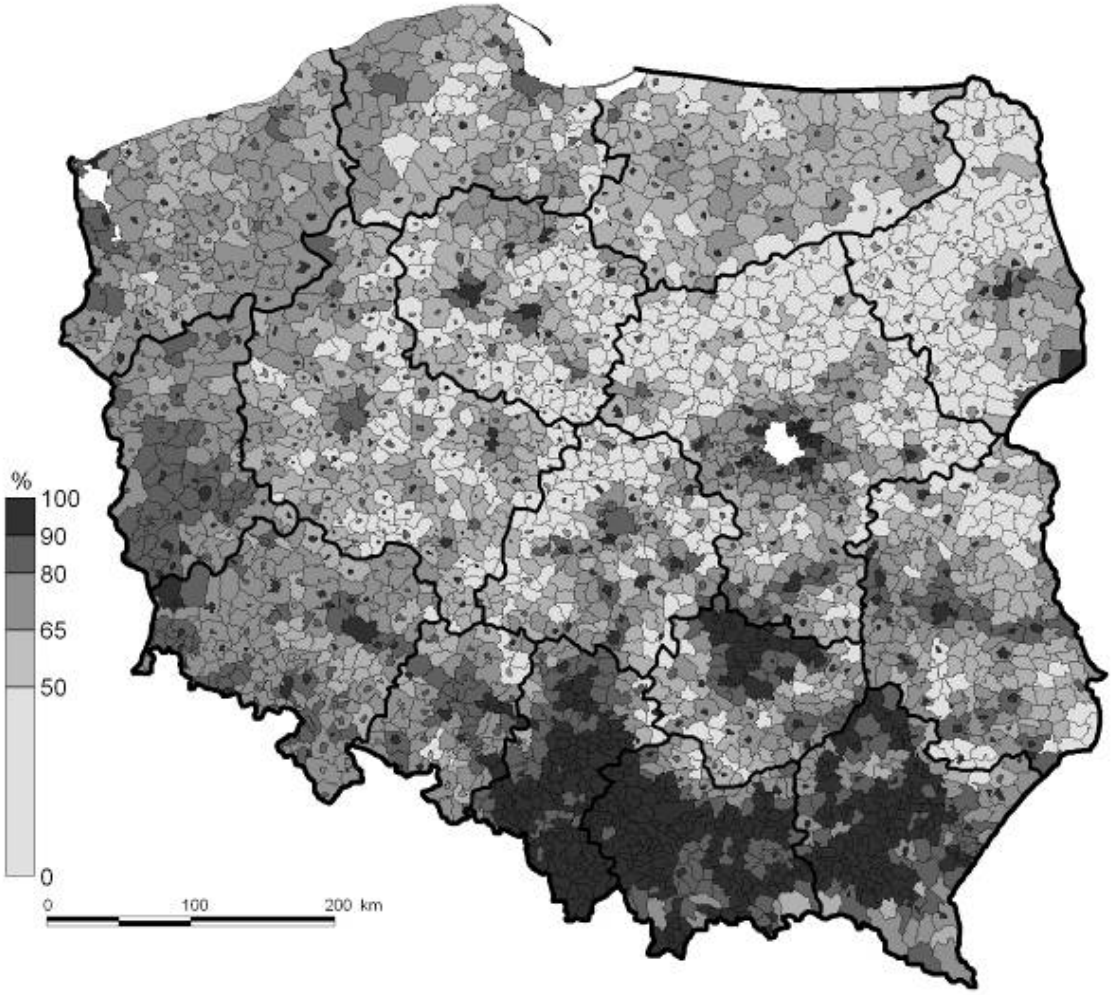
In numerical terms, the size structure of farms is dominated by the smallest examples. For example, farms with 5ha of farmland or less account for more than 70% of the Polish total, even though they together account for just 20% of all land in agriculture. The large entities covering more than 20 ha in turn account for about 35% of all farmland, even though they represent just 4% of farms.

**Figure 23.7** Average size of farms, 2002




**Source:** own study

**Figure 23.8** Share of farms below 5 ha., 2002




**Source**: own study

**Table 23.7** Farm structural change indicators (a)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | 75.58 | 72.42 | 79.53 | 62.81 | 64.96 | 68.29 | 33.42 | 33.89 |
| | 2 to 100 ESU | 24.23 | 27.45 | 20.28 | 36.89 | 34.98 | 31.48 | 57.56 | 57.02 |
| | >100 ESU | 0.19 | 0.13 | 0.19 | 0.30 | 0.06 | 0.23 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005 | NA | NA | NA | NA | NA | NA | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | NA | NA | NA | NA | NA | NA | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | NA | NA | NA | NA | NA | NA | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | NA | NA | NA | NA | NA | NA | 32.21 | 31.28 |
| HOLDERS | % Holders working full time 2005 | 10.71 | 14.16 | 12.17 | 21.69 | 18.85 | 17.51 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 - 2005 | NA | NA | NA | NA | NA | NA | 0.00 | 0.33 |
| | Economic Farm Size (RDEU07) | 2.95 | 2.97 | 2.90 | 4.72 | 3.50 | 3.85 | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | 42.58 | 41.15 | 44.50 | 37.53 | 33.60 | 39.59 | 37.56 | 37.56 |
| | % holders > 55 years 2007 | 39.18 | 36.22 | 41.19 | 33.88 | 32.40 | 35.68 | 50.19 | 50.62 |
| | % holders < 35 years 2007 | 10.80 | 11.99 | 9.90 | 12.59 | 14.22 | 12.04 | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 - 2005 | NA | NA | NA | NA | NA | NA | 5.88 | 5.62 |
| | % change in holders < 35 years 2000 - 2005 | NA | NA | NA | NA | NA | NA | -34.01 | -33.96 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | 35.22 | 37.16 | 32.05 | 42.50 | 40.50 | 39.37 | 42.30 | 42.30 |

*Values NUTS 3 are replaced by values NUTS2

## 9. Institutional Capacity

The present territorial breakdown of Poland has been in force since 1999. According to this breakdown Poland is divided into 16 provinces ("voivodships"), 379 counties ("poviats"), of which 65 urban and 314 landed, and 2478 municipalities (communes, called "gminas"), of which 307 urban, 582 urban-rural, and 1 589 rural.

Province (NUTS2) is a unit of administrative division of a higher level and the essential territorial division for the governmental administration (Fig. 5). Since 1999 it is also a unit of territorial self-government.

County (NUTS4) is a unit of administrative division, composing provinces. Each county encompasses between several and more than ten neighbouring municipalities (landed county). There are also separate urban municipalities, which are treated as counties, called then urban counties. Thus, an urban county is a town treated as a county in itself. This status, after the new, three-level territorial breakdown of the country had been introduced on January 1$^{st}$, 1999, was assigned to: towns with more than 100,000 inhabitants, most of the former seats of the provinces (before the administrative reform of 1999 there had been in Poland 49 provinces), some towns in large urban agglomerations.

Municipality (NUTS 5) constitutes the basic unit of territorial self-government. As said, municipalities are classified into rural, urban-rural and urban (Fig. 6). The scope of competence of a commune, or municipality, includes all public matter of local significance. The respective tasks are classified into own – resulting from law, and contracted – assigned by the state authorities.

**Table 23.9** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | 17487.46 | 20051.78 | 7422.80 | 10042.93 | 1156.20 | 13912.12 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | 16138.63 | 11581.20 | 8720.40 | 9846.72 | 6663.70 | 11381.38 | 20926.84 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | 40.18 | 28.83 | 21.70 | 24.52 | 16.60 | 28.34 | 94.38 | 95.48 |

## 10. Climate change

Traditional structure of energy production in Poland and present limitations in emission of $CO_2$ and other greenhouse gases create a new problems and challenges (development of green and-or nuclear energy).

Other threats in relation to climate change are: flood threat and other extreme weather events (in the case of Poland mostly long periods without rain).

The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## PORTUGAL

Report nº 25.24

Manuel Belo-Moreira
Instituto Superior de Agronomia
Universidade Técnica de Lisboa

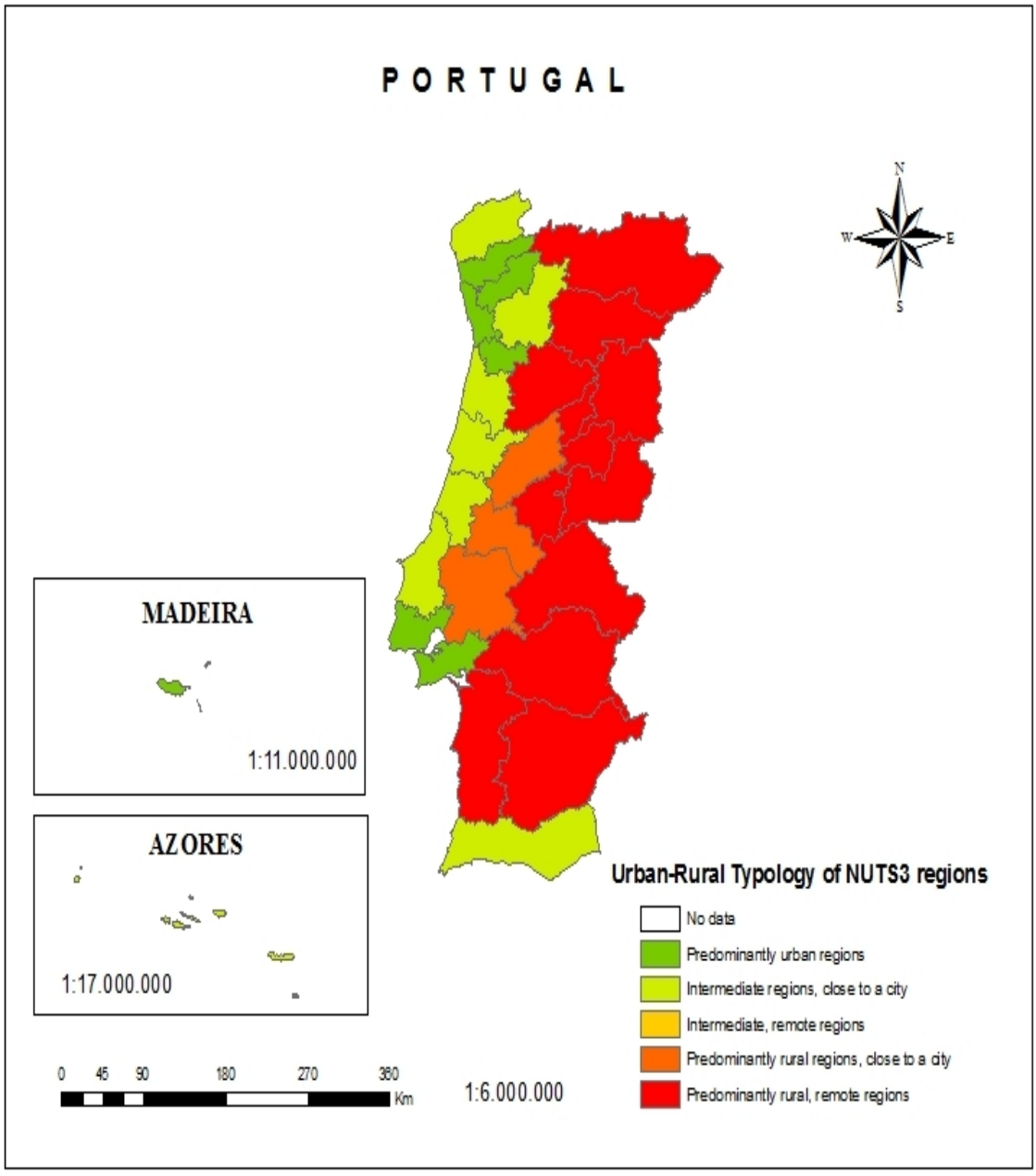
EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

**CONTENTS**

## 1. Introduction

DG Regio modified typology accomodates well the reality of rurality in Portugal. The inland NUTS 3 regions concentrate the lower levels of accesibility and higher levels of rurality, while coastal regions are less rural and concentrate the main nodes of the urban system.

**Figure 24.1** DG Regio modified Urban-rural typology of NUTS 3 regions: Portugal




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

## 2. Demography

As table 24.1 shows, in the period 2001-2007 Portuguese population grew above the European Average. This increase was observed in all the regions while substantially higher in the IRA and PU regions, showing a structural trend towards concentrating population on urban regions or intermediate close to a city, that is, mainly along the costal line. However, in general terms due to the low birth rates existing in Portugal this growth probably is due to an increase on in-migration.

In fact, Portuguese population shows an ageing structure, with increasing low levels of the group less than 15 years and higher levels, well above the European average for the group over 65 years, particularly in the rural areas (PRA and PRR). Furthermore, the age dependency rate, also above European average, increased in all the regions, growth particularly felt in the most populated areas. In average this rate increased more than 20 points in the period.

Another interesting demography pattern is the exacerbation of these trends for the family farm population, showing an age pyramid larger than the total population for the groups older than 50 years, while in all the other groups the pyramid is narrow ( GPP, 2007).

Concerning the educational structure, in average and in all regions most of the population holds primary education (ISCED 1) followed by lower secondary (ISCED 2). Considering total population over 15 years the overwhelming percentage in all regions and the country is represented by the group between ISCED0 and 2. This means that in spite of the observed ameliorations Portugal still presents a low education pattern, with few people with in the levels higher than ISCED 3, being Portugal well below the European average.

The percentage of farmers with basic or full educational attainment is very low being less than 1/3 of the EU 27 average, and even the life-long learning in rural areas is substantially lower than the European average.

There is a wide consensus that these lower levels of educational structure constitute a strong handicap to development, in general, and in agriculture and rural regions in particular.

In and out migration patterns have changed enormously in the last decades. After the 1974 revolution and the end of the Portuguese empire, the prevalent emigration was compensated by the sudden afflux of about 500000 people that come from the ancient colonies. After that emigration resumed no only to Europe but also to Brazil and Americas. After the adhesion to the EU, and responding to the huge infrastructure building that come with it large flux of immigrants come from the ancient colonies, Brazil and the Eastern countries. There is notice that in spite of most of this immigration being directed to the most urbanized areas, some rural areas also benefited from immigration work force. Nevertheless Portuguese emigration to Europe has also increased due to the economic crisis affecting the country since 2001.

**Table 24.1** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001 | % people aged 0 to 14 years | 17.36 | 16.76 | | 14.42 | 13.67 | 15.43 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | 69.39 | 66.87 | | 64.16 | 62.54 | 65.45 | 66.62 | 66.65 |
| | % people aged 64 years and over | 13.25 | 16.37 | | 21.42 | 23.79 | 19.11 | 16.53 | 16.55 |
| | Age dependency rate | 19.10 | 24.50 | | 33.47 | 38.28 | 29.65 | 25.09 | 25.09 |
| Population* | Population change 2001-2007 (Index pop. 2001=100) | 103.36 | 103.55 | | 101.68 | 101.70 | 102.58 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | 16.27 | 15.42 | | 13.92 | 14.24 | 15.00 | 16.68 | 15.97 |
| | % pop.15_64_2007 | 68.49 | 66.80 | | 64.97 | 65.51 | 66.50 | 69.75 | 70.18 |
| | % pop. >64_2007 | 15.24 | 17.78 | | 21.11 | 20.25 | 18.51 | 13.55 | 13.84 |
| | Age dependency rate | 46.02 | 49.77 | | 53.95 | 52.75 | 50.50 | 44.08 | 43.17 |
| Education | Natural increase change_01_06 | -24.25 | -31.73 | | -5.56 | 5.79 | -12.36 | -5.99 | -6.09 |
| | Net migration change_01_06 | 7.54 | -5.87 | | -30.70 | -128.00 | -54.07 | 7.09 | 8.97 |
| | % ISCED 0_2** | 75.60 | 79.44 | | 79.34 | 79.43 | 78.53 | 33.62 | 36.65 |
| | % ISCED 3_4** | 13.98 | 12.48 | | 12.18 | 12.15 | 12.67 | 43.29 | 47.14 |
| | % ISCED 5_6** | 10.63 | 8.17 | | 8.37 | 8.36 | 8.84 | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment | 13.50 | 11.34 | | 8.93 | 11.53 | 11.68 | 35.34 | 39.54 |
| | Life-Long Learning in Rural Areas* | 3.44 | 3.79 | | 4.41 | 4.23 | 3.94 | 7.69 | 8.61 |

*Values NUTS 3 are replaced by values NUTS2

**% ISCED by groups is calculated for population more 15 years.

## 3. Employment

As regard employment the first remark is about its structure: in spite of being already mainly a tertiary economy Portugal still has a substantially higher (almost 3 times more) than European average percentage of people employed at the primary sector. Primary sector that, as expected, is higher at the PRR regions falling to average European levels at the PU regions. This illustrate the relatively higher number of small farms that characterize the dual agrarian structure were a significant part of the country depend on small family farms.

Unemployment evolution shows a rapid increase, between 2002 and 2005, that except for the group total older than 25 years in IRA regions is substantially higher than the European average. This unemployment evolution illustrates the economic crisis and the relatively low levels of GDP increase that Portuguese economy knew in this period, conjointly with the obligation to reduce the percentage of the Budget Deficit to 3% according with the European Growth and Stability Program.

Labour market is highly dependent on the changing employment structure: slowly moving from intensive and non qualified labour force industries and services to other that require more qualified and knowledge labour force. This and the patterns of migration fluxes put pressure on the employment of Portuguese citizens: that is, many jobs being attractive to low income foreign citizens but repulsive to nationals aspiring better rewards, redirecting them to the European market.

In general it can be said that Agricultural related work is not at all attractive, and we do not know studies that confirm or infirm if the family farm still exert the traditional role of absorbing the unemployed from other sectors during the crisis. The signals of recent unemployment point to a situation that indicates that this traditional role is fading away. This is particularly important since the industrial structure still shows a pattern of high labour intensive operations, many of them transnational corporations, either based on foreign or national capital. This industrial pattern is under enormous pressure due to the globalization and the competition from countries with less expensive labour force is promoting de-localizations and the industrial restructuring. The current crisis only accelerated the process, speeding out the de-localizations and putting pressure on employment.

**Table 24.2** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | Average country | | Average EU 27 |
| Employment rate* | 15_64 years | 66.39 | 68.86 | | 70.33 | 69.40 | 68.65 | 66.40 | 66.42 |
| | Tmale 15_64 y | 72.37 | 76.30 | | 76.93 | 76.20 | 75.41 | 73.05 | 73.12 |
| | Tfemale 15_64 y | 60.66 | 61.51 | | 63.80 | 62.68 | 62.01 | 59.72 | 59.70 |
| | Total 15_24 y | 35.04 | 35.93 | | 35.10 | 35.33 | 35.40 | 39.66 | 39.67 |
| | T 45_64 years | 61.54 | 66.24 | | 69.55 | 67.57 | 66.00 | 62.37 | 62.34 |
| | Total 45_54 | 75.43 | 77.95 | | 80.33 | 78.93 | 77.99 | 78.30 | 78.38 |
| | Total 55_64 | 47.64 | 54.53 | | 58.77 | 56.20 | 54.01 | 46.44 | 46.30 |
| %Employment in principal sector | %Emp_primary | 5.67 | 15.73 | | 18.75 | 31.95 | 20.17 | 7.95 | 7.97 |
| | %Emp_secondary | 37.57 | 31.99 | | 31.27 | 20.61 | 28.67 | 26.71 | 26.71 |
| | %Emp_tertiary | 56.76 | 52.28 | | 49.98 | 47.44 | 51.16 | 65.33 | 65.31 |
| Unemployment evolution 2002_05 | Total > 15 years | 218.32 | 361.62 | | 142.58 | 296.06 | 279.35 | 187.25 | 188.17 |
| | Total 15_24 years | 330.55 | 119.43 | | 203.60 | 134.75 | 180.25 | 255.25 | 257.16 |
| | Total >25 years | 168.04 | 79.64 | | 128.62 | 130.01 | 125.42 | 82.27 | 82.21 |
| | Male > 15 years | 144.34 | 111.26 | | 121.39 | 150.27 | 136.15 | 82.45 | 82.35 |
| | Female > 15 years | 152.97 | 99.33 | | 178.38 | 126.39 | 130.89 | 94.74 | 94.79 |
| Unemployment rate 2007** | Total >15 | 8.80 | 5.95 | | 6.30 | 7.10 | 7.11 | 7.61 | 7.63 |
| | Total Male >15 | 8.23 | 4.84 | | 4.73 | 5.13 | 5.68 | 7.06 | 7.05 |
| | Total Female >15 | 10.62 | 8.63 | | 8.43 | 9.33 | 9.33 | 8.61 | 8.59 |
| | Total 15_24 | 17.97 | 14.35 | | 15.77 | 16.27 | 16.16 | 15.80 | 15.64 |
| | Total >25 | 7.96 | 5.43 | | 5.47 | 6.00 | 6.28 | 6.66 | 6.66 |
| Long term unemployment | % long term unemployent rate_07 | 49.81 | 44.16 | | 40.46 | 42.10 | 44.28 | 43.07 | 43.12 |
| | Evolution of long term unemployment2002_07 | 137.02 | 133.85 | | 138.80 | 139.48 | 137.34 | 111.33 | 110.94 |

*Values NUTS 3 are replaced by values NUTS2

## 4. Rural business development

Looking at the table 24.3 allows the following commentaries:

- In Portugal the firm structure shows some substantial differences towards European averages namely higher percentages of Wholesale and Retail Trade, Construction and Hotels and Restaurants. Hotels and Restaurants in part to answer tourist demand, in a country that receives more than its population each year. High levels of construction explained in great part by the huge building effort that highly benefited from European funds. Concerning the higher percentage of wholesale and retail trade than European average, it denotes the presence of small firms not only in Rural areas but also in the large agglomerations. That is, even if the large distribution/retail chains are gaining market share, small family businesses still resist, due to a mix of conditions: the family characteristics of the businesses and its particular economic logic, but also profiting from proximity markets and at least to some of them because they succeed to use centralized acquisitions and therefore diminished the differential of market power vis-à-vis the great retail.

- Still concerning the firm structure the panorama shows a relatively uniform distribution among the regions without large differences between urban and rural regions. However, construction firms have more weight in rural areas than in urban zones, distance that is attenuated in terms of employment, meaning that in rural areas the relevance of smaller firms is greater than in Urban areas.

- Smaller business, low qualification and the prevalence of traditional businesses means that the business fabric is essentially composed by single business owners with a profile at odds with the Schumpeterian innovative entrepreneur or to the market makers described by Casson.

- Real state, renting and business activities are substantially inferior to the European average either in number or in employment with the significant exception of the employment in the Urban regions. That is, Urban areas are increasingly approaching European patterns while Rural areas are lagging.

- Finally it is interesting to note that employment in high and medium technology manufacturing activities do not show substantially differences between urban and rural areas, being only slightly lower in the IRA regions. Firms with own websites are also evenly represented in all the regions were available data exist. Nevertheless it must be emphasized that Portuguese figures about technological development are substantially lower than European averages. However, some recent positive symptoms about business creation in the technological sectors can be observed, suggesting that the gap now could be less expressive and is diminishing.

**Table 24.3** Rural business development indicators

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.14 | 0.24 | | 0.38 | 0.35 | 0.28 | 0.30 | 0,30 |
| | % Manufacturing | 12.01 | 11.70 | | 11.27 | 11.85 | 11.79 | 14.08 | 14,05 |
| | % Electricity, gas and water supply | 0.11 | 0.12 | | 0.10 | 0.11 | 0.11 | 0.61 | 0,63 |
| | %Construction | 11.88 | 17.09 | | 16.49 | 15.52 | 15.19 | 9.48 | 9,46 |
| | %Wholesale and retail trade | 34.96 | 35.63 | | 37.57 | 37.67 | 36.48 | 23.02 | 21,83 |
| | %Hotel and restaurants | 9.95 | 10.75 | | 11.21 | 11.21 | 10.80 | 6.52 | 6,15 |
| | %Transport, storage and communication | 3.99 | 3.72 | | 3.72 | 3.61 | 3.74 | 8.69 | 8,46 |
| | %Real state, renting and business activities | 26.96 | 20.73 | | 19.26 | 19.68 | 21.62 | 37.29 | 39,12 |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.07 | 0.33 | | 1.00 | 0.89 | 0.56 | 0.58 | 0,52 |
| | % Manufacturing | 25.04 | 25.80 | | 28.71 | 29.75 | 27.49 | 29.18 | 28,08 |
| | % Electricity, gas and water supply | 0.23 | 0.37 | | 0.69 | 0.57 | 0.45 | 1.14 | 0,89 |
| | %Construction | 15.23 | 17.92 | | 16.27 | 16.01 | 16.36 | 9.09 | 9,14 |
| | %Wholesale and retail trade | 25.86 | 28.00 | | 28.52 | 28.14 | 27.61 | 26.14 | 26,93 |
| | %Hotel and restaurants | 8.94 | 9.31 | | 7.90 | 7.74 | 8.45 | 8.27 | 8,37 |
| | %Transport, storage and communication | 5.80 | 5.59 | | 5.42 | 5.19 | 5.46 | 8.65 | 8,52 |
| | %Real state, renting and business activities | 18.81 | 12.65 | | 11.46 | 11.70 | 13.59 | 16.78 | 17,51 |
| Employment in high and medium technologies manufacturing activities_2004 | Employment in high and medium tech manufacturing activities_2004_Media | 3.34 | 2.68 | | 3.59 | 3.60 | 3.29 | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_%EU 25 | 49.59 | 30.83 | | 39.53 | 41.82 | 40.47 | 95.89 | 107,13 |
| %firms with own website | | 34,26 | 34.58 | | NA | 34.00 | 34.33 | 50.21 | 50.21 |

## 5. Rural-urban relationships

Particularly since the European integration in 1986, and taking advantage of the various European Programs, new forms of cooperation between territorial areas have been developed, many of them involving urban and rural areas.

There are regional bodies to coordinate territorial development: the Comissões de Coordenação e Desenvolvimento Regional (CCDRs) that have a wide level of intervention. However, supramunicipal planning and intervention concerning practical issues, namely metropolitan areas, know different developments.

For waste treatment and disposal examples do exist and are not recent, while to address such an important matter as transportation the examples are far from being positives. In fact, even if since 1991 there exist legislation to institutionalize the metropolitan transportation areas of Porto and Lisbon, only in 2003 new legislation have been approved to make it work and, again in 2008, still subject to controversy. It must be stressed that concerning practical developments the Lisbon Administration Area only got its executives recently nominated.

Rural-urban partnerships exist. However, unfortunately, I am not in measure to identify and isolate all the specific cases involving rural-urban partnerships from others partnerships. In fact, a huge number of Programs and Projects involving partnerships have been developed, mostly taking advantage of the European guidance and financial support. Only during the period 1997/2007 a number of programs promote partnerships, most of them involving public, private and Third Sector entities. These Programs are either European or National (Melo, 2007):

> **European Programs**: Local Employment Initiatives; Territorial Pact for Employment; Leader I, Leader II and Leader +, Equal 1st and 2nd phases;
> **Portuguese Programs**: Regional networks for Employment; Regional Plans for Employment; Social Network aimed at combat poverty and social exclusion and social development; "Escolhas" (Choices) mainly aimed to prevent scholar dropping and criminality in urban problematic areas; "Progride" (It Progresses) national financed program aimed to combat poverty and social exclusion. And, due to the lack of initiative in highly depressed areas the Government established in 2007 a new program to establish "Local Contracts for Social Development", Program "Semear para (A)colher" aimed at the social inclusion of immigrants and ethnic minorities.

Reflecting about EQUAL a privilege observer (Melo, 2007) stated the following strong trends:

- Conception and decision still keep a strong centralized stance;
- Since 2003/4 the National Plan for Employment shows a diminution of a territorialized intervention based on partnerships;
- Institutional and sectorial fragmentation not substantially changed;
- Duplication of actions and resource dispersion in result of lack of horizontal and vertical coordination/articulation;
- Increasing focus on target groups instead of an integrated and overreaching territorial approach;
- Increasing concentration of local partnerships in social action, loosing weight strategic socioeconomic interventions;
- Employers and unions are generally absent of local partnerships aimed at the development or combat to social exclusion;

My feeling is that this interpretation concerning the evolution of the EQUAL Program in Portugal, also serve to characterize the overall panorama.

Among the referred Programs, the most important concerning the partnerships created involving rural-urban relations are the Leader Program and Equal.

One example of a successful partnership is the PROVE project. This is an EQUAL project aimed at providing a proximity marketing system for agricultural products. I stress this example due the extraordinary increase of the concentrated distribution and retailing food systems with disruptional effects on the productive small family farming systems and abusing of long distance acquisitions. Therefore, successful cases like Prove that provide alternatives, either to producers or consumers, deserve to be highlighted. This project started in two concelhos in the Setúbal Peninsula, Sesimbra and Palmela and now it already reaches the concelhos of Lousada, Penafiel, Paços de Ferreira, in the north, and Montemor-o-Novo (Alentejo) and Mafra, north of Lisbon, and involves a wide variety of fruits and legumes. This project is the result of national partnerships and involves already international partners, as follows:

**Portuguese**:

ADREPES - Associação para o Desenvolvimento Rural da Península de Setúbal (LEADER Local Development Agency);
INDE – Intercooperação e Desenvolvimento;
SAL – Sistemas de Ar Livre - Empresa de Animação Turística;
Sociedade Turística do Cabo – Estalagem dos Zimbros;
Minha Terra – Federação Portuguesa de Associações de Desenvolvimento Local;
ESCE - Escola Superior de Ciências Empresariais - Instituto Politécnico de Setúbal;
ADER-SOUSA – Associação de Desenvolvimento Rural das Terras do Sousa (LEADER Local Development Agency);
MONTE, ACE - Desenvolvimento Alentejo Central. Partnership between four Local Development Agencies (ALIENDE – Associação para o Desenvolvimento Local - Redondo; A.D.I.M.- Associação de Defesa dos Interesses de Monsaraz; A.D.M.C. – Associação de Desenvolvimento Montes Claros - Borba and TRILHO – Associação para o Desenvolvimento Rural – Évora).
MARP – Associação das Mulheres Agricultoras e Rurais Portuguesas;

**International**
Project Oz Progresit – Slovakia
Project CROC – Production Alimentaire au Service d'un Developpement Territorial Durable – France
Project Terra di Lula - Italy

A simple look at the aerial photos of the last 30 years showing the urbanization development around the main cities is enough to illustrate the huge increase of sub-urbanization. A clear illustration of the decreasing the core and increasing the ring is observed in the metropolitan area of Lisbon where the Lisbon municipality is loosing population while all the other municipalities around (without territorial discontinuity or across the Tagus river) have increased enormously. This phenomenon is identical to the second urbanized pole, where Oporto lost the prime position to Gaia, across the Douro river to the south, and other municipalities to the north have increased.

Many of the industrial development in Portugal, particularly in the second half of the last century and in the center and north of the country, was made placing factories dispersed in the countryside, namely in the IRA regions close to the littoral. More recently, the urban pressure over the rural space is essentially a result of an increasing demand for secondary houses. Last, but not the least, a great pressure results from tourist developers aiming to build resorts either to exploit beach proximities and/or leisure resorts with golf, not far away of the main cities.

There are not specific policies/programs/initiatives that could be labeled as “best practices” in promoting appropriate rural-urban relations. However, looking for a number of improvements were internal and external partnerships are mentioned, it should be referred the National Contest of Good Practices in Local Administration established by the Despacho nº 11262/2006 of the Secretário de Estado Adjunto e da Administração Local, *DR II Série nº 100.*

There are significant variations in the above processes depending of the types of regions considered (ie. PU, IRA, IRR, PRA, PRR):

- Industrial diffusion on the countryside concentrated mostly in the IRA zones, near the littoral strip between Braga and Setúbal.

- Secondary housing is more widespread, even if the proximity to the larger cities matters.

- Tourist resorts depend on the natural endowments, such beaches or natural parks, but also of artificial endowments, such as the tourist projects for the area around the large artificial lake of the Alqueva dam in Alentejo, wich is a PRR region.

## 6. Cultural heritage

The main Portuguese cultural material resources are the built patrimony, mainly connected with defense purposes and the Catholic Church patrimony, with a huge amount of church, convents and monasteries. However, many of these patrimony is deteriorated and other in ruin, particularly the patrimony that in the XVIII century after the liberal revolution was disaffected of the Church and nationalized or privatized.

Among the manmade patrimony is important to refer the vineyards of the Douro Valley a World Unesco Patrimony. Other Unesco sites are the historical Centers of: the city of Angra do Heroísmo (Açores); Guimarães and Porto (PU) and Évora (PRR). Some individual monuments, two cultural landscapes (Sintra, near Lisbon) and the vineyards of the Pico Island in Açores and the Foz Côa rupestre site, also in Douro which is a PRR region.

But it must also be mentioned immaterial resources such as the Portuguese language, largely widespread around the world, cultural traditions, such as popular music and dances, artisanat, and more recently, the gastronomy are increasingly being considered as an immaterial cultural heritage that need to be preserved and particularly are to be used as tourist promotion, namely by the Rural regions.

Yes, Cultural heritage has entered in the Portuguese lexicon and it is frequently used in a variety of senses: to tourism promotion, marketing purposes, for identitary references and to educational purposes. Therefore there are increasing demands to preserve all the forms of cultural heritage, but particularly to recover the built patrimony that need interventions. Nevertheless a best practices approach in these areas was not found in the information available on the Ministry of Culture site.

Regional differences on the processes are not visible. It is possible to find well preserved patrimony in all the areas and patrimony in peril also could be found in all the different types of areas.

## 7. Services of General Interest

In 1997 Portugal in average only had a small difference to European average concerning the overall levels of accessibility time to market by road. But the rural PRA and particularly PRR had substantial differences to the Urban, either IRA or, essentially to the PU. Nevertheless it must be underlined that the mentioned figures reflect only the situation after a decade of remarkable growth of road infrastructure, benefitting from EU subsidies. The last decade this effort continues and more actualized figures surely will show an improved situation.

Unfortunately, rail development did not knew identical efforts and the situation is clearly worst than the European average. PU regions are better but still lagging distant to the average.

Time to nearest hospital, University and Airport in average are higher than the European. However this average hide that most of the population lives in PU and IRA regions were the Portuguese figures are better or close to the European average. That is, PRA and PPR population in fact suffer from remoteness concerning services of general interest, while PU and IRA population is well served according with this indicator.

Concerning the figures of table 24.4 about health assistance, it must be stressed that the number of beds in hospital is substantially lower than the European average, decreasing from the PU to PRR, however, a number of investments public and private on this area are being made, which suggests that the lag is diminishing. The density of hospitals show a clear distinction between PU where Portuguese average is higher than European and the Rural regions where Portugal lag behind.

On the most positive side, the level of doctors per inhabitant shows Portugal above European average.

In brief, it must be underlined that Portuguese improvements in health services are undeniable, as it can be observed by the quite honorable position in the upper level of the rank of the countries with less infant mortality.

Household access to internet is slightly above the European average, almost without distinction between urban and rural areas. Contrary is the broadband access that, even in PU, is inferior to European average.

Concerning work force qualification it must be mentioned that knowing the bad situation after the obscurantist dictatorship period, Portugal has increased substantially the frequency of schools. However as the figures of table 24.5 shows that there is a great percentage of abandonment of the system translated in inferior levels of students ISCED_2, 3 and 4. However, the number of students ISCED _5_6 are almost in line with European average in the PU, while beings substantially inferior in the others regions. The great improvement is the number of students ISCED_6 per 1000 inhabitants that even in PRA and PRR are in higher levels than the European average, and in the PU the difference is more than the double of this average.

**Table 24.4** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | 0.05 | 0.02 | | 0.01 | 0.01 | 0.02 | 0.04 | 0.04 |
| Density of trunk road | | 0.20 | 0.11 | | 0.10 | 0.08 | 0.12 | 0.17 | 0.17 |
| Density of railways | | 0.06 | 0.05 | | 0.03 | 0.03 | 0.04 | 0.10 | 0.10 |
| Area (km2)** | | 7861.20 | 19972.60 | | 9193.10 | 54920.10 | 91947.00 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_06* | 4.09 | 3.96 | | 1.83 | -1.40 | 1.63 | 0.93 | 0.92 |
| DENSITY | Density of population 2006*** | 705.68 | 151.27 | | 70.31 | 36.03 | 226.44 | 414.65 | 446.23 |
| Daily population accessible by car* | | 4572.71 | 2052.12 | | 598.00 | 1444.25 | 2251.70 | 18078.54 | 19285.23 |
| Time to nearest hospital | | 16.75 | 32.69 | | 46.47 | 57.50 | 41.38 | 22.83 | 22.83 |
| Time to nearest university | | 15.84 | 41.94 | | 76.48 | 66.54 | 50.59 | 45.10 | 45.10 |
| Time to nearest airport | | 32.87 | 55.93 | | 97.90 | 131.20 | 87.75 | 83.44 | 83.44 |
| %households with broadhand access* | | 40.71 | 34.87 | | 32.00 | 32.83 | 35.13 | 49.07 | 48.00 |
| % households with internet at home* | | 85.00 | 82.75 | | 83.00 | 83.00 | 83.40 | 81.46 | 81.20 |
| Nº STUDENTS ISCED 0_6* | Nºstudents ISCED_0 per 1.000 inhabitants | 24.11 | 24.94 | | 25.21 | 25.05 | 24.84 | 29.59 | 29.46 |
| Nº STUDENTS ISCED 0_6* | Nºstudents ISCED_1 per 1.000 inhabitants | 72.98 | 68.63 | | 64.03 | 65.75 | 67.83 | 61.66 | 60.76 |
| Nº STUDENTS ISCED 0_6* | Nºstudents ISCED_2 per 1.000 inhabitants | 37.95 | 37.14 | | 34.73 | 35.40 | 36.31 | 43.21 | 43.28 |
| Nº STUDENTS ISCED 0_6* | Nºstudents ISCED_3 per 1.000 inhabitants | 31.92 | 32.86 | | 31.93 | 31.60 | 32.02 | 48.05 | 48.03 |
| Nº STUDENTS ISCED 0_6* | Nºstudents ISCED_4 per 1.000 inhabitants | 0.15 | 0.36 | | 0.36 | 0.31 | 0.29 | 3.06 | 3.10 |
| Nº STUDENTS ISCED 0_6* | Nºstudents ISCED_5_6 per 1.000 inhabitants | 36.83 | 31.25 | | 30.18 | 29.70 | 31.67 | 37.37 | 37.23 |

**Table 24.5** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| BEDS IN HOSPITAL PER 100.000 inhabitants.* | Nº of beds in hospitals per 100.000 inhabitants_00 | 422.12 | 371.11 | | 325.30 | 316.03 | 356.40 | 740.10 | 738.76 |
| | Evolution nbeds 2000_05 | NA | NA | | NA | NA | NA | 91.53 | 91.94 |
| | Density of hospitals | 6.36 | 0.64 | | 0.23 | 0.29 | 2.30 | 5.44 | 5.44 |
| | Hospital beds per head | 2.50 | 2.67 | | 1.65 | 2.71 | 2.58 | 4.98 | 4.98 |
| | Doctors per inhabitant | 285.30 | 229.60 | | 218.13 | 217.55 | 236.63 | 171.35 | 171.35 |

* Values NUTS 3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

*** These values are only indicatives and aren't reals because in the calculation there are values NUTS2 and NUTS3.

## 8. Farm structural change

One of the most important aspects of Portuguese farm structure is its structural duality. That is, on the one hand, a great number of small and very small farms, mainly in center, north and Algarve that, nevertheless, represent a non neglecting part of the surface and contribution to the Gross Agricultural Product. On the other hand, a small number of large farms namely in Ribatejo and Alentejo that concentrate the bulk of the territory and great percentage of the value added.

Duality that, consequently, originates a small proportion of medium size farms differently from what happens in most developed countries.

This structural pattern, that hamper the capitalist development model followed by the developed countries, have its roots on the history of the country and in the divide between the family farm minifundia (or microfundia) and the latifundia.

Among its drivers one must underline the heritage laws, and the consuetudinary behavior of people, that enforce the rights to each direct descendent to claim its share of land propriety. This contributes to split even small farms in each generation. Larger states could resist better to this division through patrimonial strategies that, during long periods of time, succeed to establish matrimonial arrangements able to contrary the trend to the division.

This structural background was relatively stable, and during the fascist regime some timid and failed attempts to change the *stato quo* did not produce effective results.

It was the phenomenon of the out migration that started in the 60's and the changes subsequent to democratization (in 1974), such as the agrarian reform (followed by the contra agrarian reform) of the latifundia, and the economic changes due to the European Integration and Globalization, that in the last three decades start to erode this social construction.

Particularly since the European single market started to be felt in Portugal, enforcing capitalist competition rules, and the new opportunities opened to the small family farm to widen out their horizons, a dramatic structural change started: in 1990 we had around 600 (1000) holdings, while in 2007 they represent only around 275 (1000).

Nevertheless, even with this huge changes, many features of the structural deficiencies still persist, and even if the main **Drivers** for structural change follow the general tendency to less farms and big farms, these drivers has to be put in perspective due to the departing point, very far from the occidental Europe, and also one has to count with the viscosity resulting from the historical heritage described above.

It is then understandable that one of the most important **Constraints** still is the dual structural pattern of the Portuguese agrarian structure, where the average lost its practical meaning.

Other feature that clearly distinguishes Portugal from the other European partners refers to the demography of the holders. In absolute terms the older than 55 years represent 74.10 % of the total against around 50%, while the younger than 35 years are 1.81%, 3.6 times less than the average. But what is more important is that the gap is increasing for the older than 55 years and to the ones with less than 35 years old (see table 26.7). Furthermore, in terms of educational features, Portuguese holders also show a tremendous lag toward the European average.

These demographic trends could be considered as an **Opportunity** to speed up a structural change through the demise of the small family farms and the subsequent use of the liberated lands by younger farmers desiring to enlarge their farms. Even if in the long run this trend could point to a situation with positive structural features, it must be stressed that, in absence of an effective structural policy, what is observed in many areas, is the growth of the abandonment of agriculture land substituted by forest or simply abandoned.

The usual patterns of this forestation do not respect forestry good practices since after plantation the forestry is practically abandoned until the cuts, without proper management practices – the exception are the areas rented to pulp factories. And, be definition, abandoned areas are not managed.

This poses new and important problems, namely related with the extraordinary growth of the fire risks. I am referring to the rural fires that take advantage of the abandoned land and of the poorly managed forest to spread uncontrolled when the weather conditions are favorable. And we know, and the past experience prove it, that when humidity fall behind certain limits and when Eastern winds blow with intensity, these fires become uncontrollable. This explains the extension of the forest fires of 2003 and 2005 that devastated huge parts of the territory. In Portuguese and in general in Mediterranean conditions, when large parts of the territory have continuous forest plantations and abandoned areas, the risk of fire increase and no usual fighting means seem able to avoided it. In brief, something that in abstract could be considered as an opportunity to diminish the structural gap, risk to be a part of a huge problem that recurrently affect Portuguese rural territories.

PDO production could be considered as an opportunity for farmers, particularly for farmers hampered by difficult agrarian structures that impeach gains of scale. In fact PDO production could be seen as a mean to explore niche markets, either to maintain national market share or to expand to new markets. Accordingly, it deserve mention the level of growth of certain PDO productions as it could be observed below.

Besides the wine filière were PDO production is old (port wine is a PDO since the XVIII century) and it is quite important, recently other products have been protected showing the following evolution and relative importance.

**Table 24.6** Production of PDO and PGI products in Portugal, 1997-2005

**Production of PDO products. Average growth rates in 1997-2005 (mainland Portugal) %**

| | Cheese | Beef | Sheepmeat | Goatmeat | Pigmeat | Sausage | Honey | Olive | Fruit & veal products oil |
|---|---|---|---|---|---|---|---|---|---|
| Amounts | 2.5 | 7.7 | 5.7 | 0.2 | 22.3 | 3.9 | 20.5 | 12.6 | 12.6 |

Source: IDRHA. Changes in Traditional Products with Protected Names. 1997 to 2005

**PDO and PGI products as percentage of domestic production of similar products (mainland Portugal) – 2005**

| Cheese &veal | Beef | Sheepmeat | Goatmeat | Pigmeat | Honey | Olive oil | Fruit |
|---|---|---|---|---|---|---|---|
| 2.1 | 2.7 | 8.2 | 2.6 | 0.1 | 2.3 | 2.7 | 5.5 |

Source: IDRHA. Traditional Products with Protected Names. 2005
http://portal.minagricultura.pt/portal/page/portal/MADRP/PT/servicos/mediateca/publicacoes/publicacoes/ficheiros/Indicadores2007.pdf

Cross compliance rules stimulate the adoption of the best practices in agriculture. Cross compliance rules are aimed at the all country. Nevertheless, PU regions are less represented due to the diminishing importance of the agriculture in these areas.

**Table 24.7** Farm structural change indicators (a)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | 48.13 | 59.93 | | 60.63 | 57.14 | 56.13 | 33.42 | 33.89 |
| | 2 to 100 ESU | 50.94 | 39.55 | | 37.93 | 41.49 | 42.82 | 57.56 | 57.02 |
| | >100 ESU | 0.93 | 0.52 | | 1.45 | 1.37 | 1.05 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005 | -25.01 | -24.93 | | -21.34 | -23.58 | -23.84 | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | 10.39 | 0.46 | | -6.99 | -22.31 | -7.68 | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | -28.64 | -39.50 | | -29.44 | -33.14 | -33.76 | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | 30.86 | 1.29 | | 5.72 | 11.89 | 10.33 | 32.21 | 31.28 |
| HOLDERS | % Holders working full time 2005 | 33.01 | 19.54 | | 27.25 | 23.91 | 24.94 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 - 2005 | 6.22 | -23.77 | | -16.67 | 75.59 | 24.47 | 0.00 | 0.33 |
| | Economic Farm Size (RDEU07) | 9.90 | 6.73 | | 7.73 | 7.38 | 7.83 | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | 26.17 | 27.68 | | 28.43 | 25.47 | 26.52 | 37.56 | 37.56 |
| | % holders > 55 y 2007* | 73.47 | 73.00 | | 75.64 | 74.82 | 74.10 | 50.19 | 50.62 |
| | % holders < 35 y 2007* | 1.82 | 1.97 | | 1.58 | 1.75 | 1.81 | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 - 2005* | 9.41 | 12.13 | | 10.98 | 9.89 | 10.56 | 5.88 | 5.62 |
| | % change in holders < 35 years 2000 – 2005* | -52.48 | -47.49 | | -49.38 | -48.01 | -49.05 | -34.01 | -33.96 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | 13.50 | 11.34 | | 8.93 | 11.53 | 11.68 | 42.30 | 42.30 |

*Values NUTS 3 are replaced by values NUTS2

## 9. Institutional Capacity

Portuguese administrative system is very centralized. That is, most of the decision power is a prerogative of the government and central administrative organs.

The levels of government are: national; regional (two Autonomous Regions - Açores and Madeira Islands) and the local level (local autarkies at the municipal and freguesia level – freguesia sometimes wrongly called parish, is the lower administrative level). In Portuguese mainland there are not administrative regions but only decentralized antennas of the central administration.

Local municipalities are organized at the national and regional level (NUT II) under Associations that have mainly a representative function (examples): (ANMP-Associação Nacional de Municípios Portugueses; ANAFRA – Associação Nacional de Freguesias; Associações de Municípios organized by NUT II).

Nevertheless associations also agree to establish partnerships among them to execute some projects interesting their members.

In the current QREN (2007-2013) the government is willing to delegate some competences concerning the execution of some programs, but the financial envelopes of these projects are derisory. Power distribution is limited; Autonomous Regions are more autonomous while municipalities have a decision power restricted to only a few areas.

Dominant types of interaction between government levels are: formal and hierarchical; top-down; closed (in the sense that interactions are mostly confidential that only a few have easy access. It reflects a certain level of conflict between the government and central organs and the local autarkies and their associations and with the Autonomous Regions, namely Madeira that recurrently is struggling for more autonomous power.

Probably the main problem is the lack of administrative flexibility that prevent the central administration of bypass its hierarchical stance to develop and participate at the territorial governance at the different levels. The ministries and the decentralized organs of the central administration at the NUT II level have advisory organs, but its functioning is generally deficient. Concerning local autarkies the situation is differentiated and some autarkies are trying to put in place a “participative budget” model.

The MAOTDR (*Ministério do Ambiente, do Ordenamento do Território e do Desenvolvimento Regional* - The Ministry for Environment, Spatial Planning and Regional Development) have already produced legislation and is putting in practice a governance model of natural reserves.

In general terms it can be said that Portuguese society show a great participation deficit! Aspect deeply rooted in the History of the country and to the role of the State.

It is not known specific programs to promote best practices. Besides local isolated initiatives of local municipalities involved with the Participative Budget model some European initiatives have provided some improvements in these matters: namely EQUAL have also this goal at the national level but it seems that without generalized practical results. However there are some good examples and it is of particularly interest the articulation between several institutional stakeholders, public and private involved in the EQUAL and others, such as the PRODER that apply the National Strategic Plan for Rural Development in the Portuguese mainland, concerning the

presentation of the programs and the dissemination of the results of the projects among public and private institutions.

There are no significant variations in the above processes depending of the types of regions considered (ie. PU, IRA, IRR, PRA, PRR). It seems that similar processes could be found either in PU, IRA or in PRA and PRR. There are interesting cases of participative budget and autonomous strategies in Sintra (PU), Cantanhede and Palmela (PRA) or in Alcoutim (PRR).

At a sectorial level the MAOTDR is starting some initiatives to the areas of natural reserves.

**Table 24.8** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI +MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | 12946.10 | 4209.89 | | 2320.07 | 1479.03 | 4967.01 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | 16836.34 | 14558.10 | | 13005.83 | 13403.08 | 14472.45 | 20926.84 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | 62.84 | 54.35 | | 48.57 | 50.03 | 54.02 | 94.38 | 95.48 |

## 10. Climate change

**Main perceived threats in relation to climate change**

Higher frequency of climatic extreme phenomenon, such as drought and floods. Increasing average temperature, less rainfall, more intense summer droughts, less river water, ecosystems adaptation, meaning displacements to northern areas. Lost and fragmentation of *habitats* coupled with the proliferation of invading species (Santos, 2006)

**Scientific evidence pointing to climate change**

The results of the Project SIAM II provide enough scientific evidence of climate change (Santos, 2006).

***Specific policies/programs/initiatives that could be labeled as "best practices" in counteracting the effects of climate change, particularly in rural areas***

Government program give particular relevance to increase substitution of fossil energy resources for renewable energy, even if with shortcomings on the practical issues involved on the enforcement of the program.

Portugal has recently experienced a substantial growth of wind energy through the installation of several wind parks. Increasing hydroelectric exploitation is on track, some 10 new dams are project. It is at is beginning the use of sea waves to produce energy; a number of projects to use biomass to produce energy has been allocated through a competitive bid among the interested on this business; solar photovoltaic is growing as well as solar panels aimed at residential water heating. In Azores existing geothermal resources are being exploited.

Nevertheless, in spite of the recent improvements and of the new planned projects, it should be noticed that Portugal only very recently start to think seriously about solar energy in spite of the great potential of solar radiation in most of the territory.

**Significant variations in the above processes depending of the types of regions considered (ie. PU, IRA, IRR, PRA, PRR)? Please, describe briefly.**

Some projects are aimed to all regions, such the solar, other depend on the resource availability, namely wind, hydroelectric projects and biomass.

In 2005 agricultural contribution to dangerous emissions is substantially lower than EU 25 average concerning Methane and only slightly lower concerning Nitrous oxide.

**Table 24.9** Methane ($CH_4$) and nitrous oxide ($N_2O$) emissions, 2005. contribution of agriculture to the national total %

| | **$CH_4$** | **$N_2O$** |
|---|---|---|
| BE | 80 | 45 |
| CZ | 27 | 62 |
| DK | 65 | 82 |
| DE | 45 | 64 |
| EE | 28 | 78 |
| IE | 86 | 82 |
| GR | 42 | 64 |
| ES | 63 | 76 |
| FR | 70 | 78 |
| IT | 37 | 51 |
| CY | 37 | 37 |
| LV | 36 | 85 |
| IT | 43 | 47 |
| LU | 71 | 65 |
| HU | 22 | 66 |
| MT | 27 | 0 |
| NL | 51 | 53 |
| AT | 56 | 70 |
| PL | 29 | 75 |
| **PT** | **36** | **65** |
| SI | 52 | 73 |
| SK | 26 | 67 |
| FI | 39 | 55 |
| SE | 57 | 70 |
| UK | 41 | 65 |
| BG | 21 | 69 |
| RO | 27 | 61 |
| **EU** | **49** | **67** |

**Source:** NewCronos. Eurostat in GPP (2007)

**Table 24.10** Agricultural greenhouse gas emissions by polluting agent - CO2 equivalent (Gg)

| | 1993 | 2003 | 2004 | **Change 1990 – 2004 %** | **Share in EU 15 emissions in 2004** |
|---|---|---|---|---|---|
| Solids | 0 | 0 | 0 | – | 0 |
| Liquids | 1 660 | 1 068 | 1 054 | – 36.0 | 2.0 |
| Gás | 0 | 8 | 7 | – | 0.1 |

**Source**: European Environment Agency.Inventory 2006

Concerning $CO_2$ equivalent it must be noticed the important reduction observed between 1990 and 2004. This success is probably a result of a confluence of causes such as, a better efficiency on the use of inputs and the movement toward a less intensive agriculture coupled with the abandonment of some agricultural land.

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The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## ROMANIA

Report nº 25.25

Carmen Hubbard
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EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

**CONTENTS**

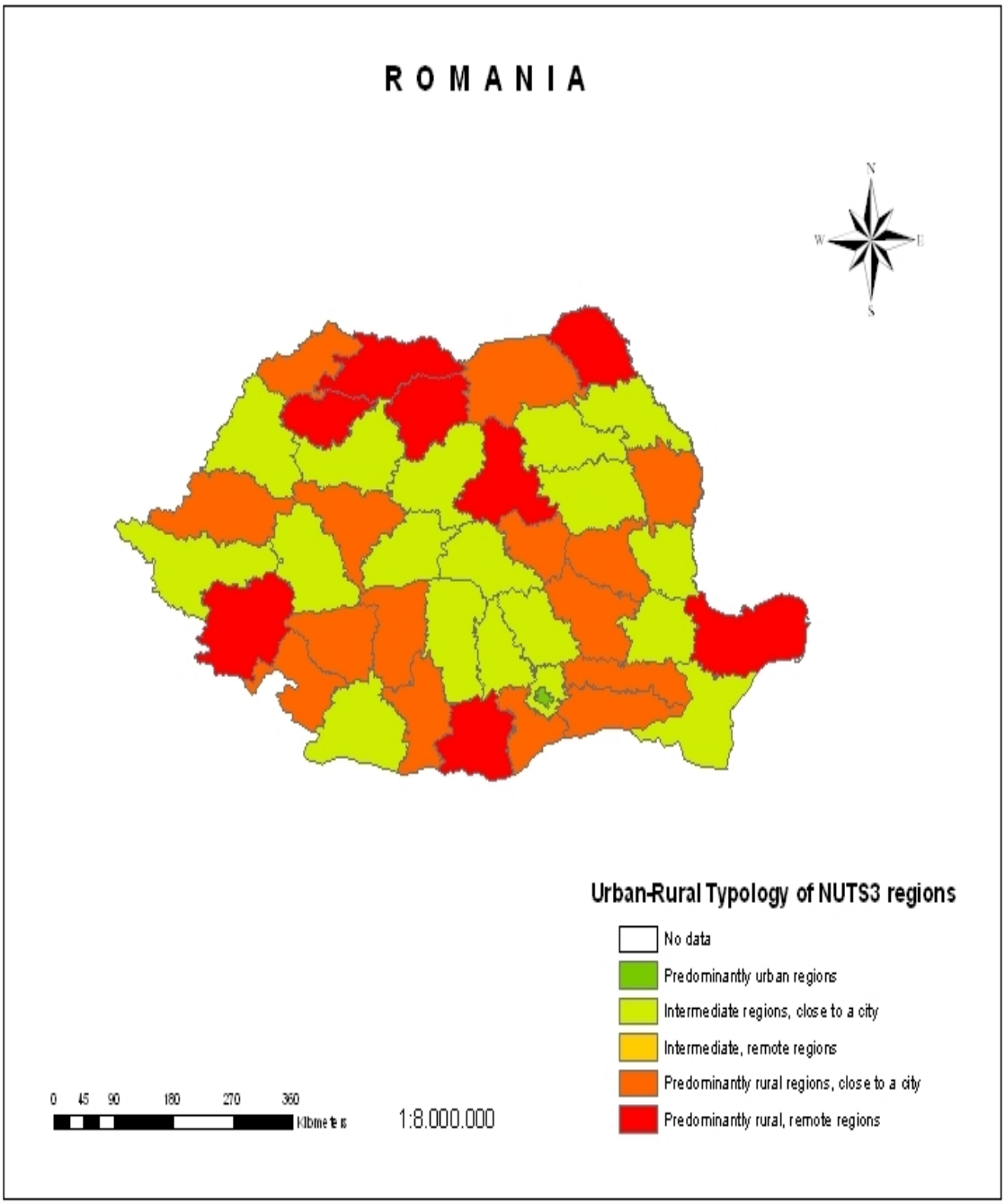
## 1. Introduction

### General comments

As the Edora Interim report (April 2009) notes the Dijkstra and Poleman (2008) urban-rural classification has recently become an important practical tool for policy analysis of rural change. Following this typology, Romania has clearly a large number of predominantly rural regions. Out of 41 counties (plus Bucharest) 23 are defined as predominantly rural regions, of which 8 are remote and 15 are close to a city. The number of intermediate regions close to city is 18. There is just one predominantly urban region (Bucharest) and none intermediate remote region. No clear geographical pattern for rurality can be defined (as for example in Belgium), as predominantly rural areas are scattered all over the country. Most of the predominantly remote regions are peripheral and located close to the national borders. There is one exception, County Harghita. This is located in the central-eastern part of Romania and over 60% of its territory is mountainous. Although the majority of the regions are predominantly rural there is a significant territorial diversity. Additionally, regional disparities (in terms of economic development) have particularly increased following the transition to market economy. This may be explained by the different level of endowment with natural, human and financial resources (Rusu, 2006) that characterised each region, but also the degree of interaction of the political, economical, social and cultural factors at local, regional and global level. Undoubtedly, agriculture still play an important role within the rural economy (both in terms of its contribution to the gross value added and labour force). Moreover, Romanian rural economy (as well as Bulgaria) has a pronounced subsistence/semi-subsistence character, with the majority of rural households producing for their own consumption. Eurostat (2005) estimates that 81% of total Romanian farms (and some 70% of total Bulgarian farms) self-consume more than half of their agricultural production. This is due not only to a culture and tradition of preserving food (Firici, 2003, Kostov and Lingard, 2002) but also to the socio-economic buffer role played by the semi-subsistence farming in these countries (Fritzsch *et al*., 2009, Petrovici and Gorton, 2005 Kopeva *et al*., 2003). Most regions are facing a number of constrains, such as for example a low performance and competitiveness of its main sector (e.g. agriculture), lack of alternatives for other economic activities, depopulation and ageing and poverty (Rusu), 2006). Following the Edora typology most regions in Romania (and Bulgaria) could be classified as "agricultural –semisubsistence regions".

As regards the grand narrative of rural change, it is difficult to specify exactly how each region will link to a specific narrative. Nevertheless, given the significant role played by the agriculture (plus forestry and fisheries) some regions might be linked to the "Agri-centric" (e.g. post-productivist) narrative. Others (accessible rural areas) may be linked to the "urban-rural" narrative, experiencing both urbanisation and counter-urbanisation as opposed to predominantly rural remote regions which suffer depletion of population and economic activity. However, the return to rural areas is forced by the loss of jobs within the major urban areas. Thus, going back to the village and subsistence farming is seeing as a safety net for those unemployed. Some predominantly rural remote regions may also be linked to "other narratives" particularly those places and people which "are left behind" or rather "forgotten" in terms of rural development. The predominantly urban regions can be linked to the "capitalist penetration and globalisation grand narrative".

**Figure 25.1** DG Region modified Urban-rural typology of NUTS 3 regions: Romania




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

## 2. Demography

According to the national definition of rural areas some 87% of Romania's territory is defined as rural and 45% of total population lives in rural areas (National Institute of Statistics, 2005). However, rural population is not uniformly distributed across the regions. There is a clear difference between, the North East and South characterised by highly populated rural areas (50-100 people/km$^2$) and the West, where the majority of villages have less than 50 inhabitants/km$^2$ (NRDP[1], 2010). Since 1990, Romania's population has declined considerably, and the decrease is particularly significant in rural areas. Despite a recent trend of counterurbanisation, rural Romania remains unattractive to young people. The table below shows that on average Romania's population declined by 1.6% between 2001 and 2007. However, population change varies across the regions. There is a clear distinction between the population trend in 'predominantly urban region' (Bucharest) which experienced a 1.5% increase during this period and the 'predominantly rural regions close to a city' (PRA) where population dropped by over 2%. As regards demographic structure, Romania's population is relatively young with some 70% included in the group of age 15-64. However, on average, there is a significant reduction (by 14% between 2001 and 2007) of the share of population aged 0-14. This is more than three times higher as compared with the change at the EU27 average level. For this group, there is a clear variation between the regions, the most affected being the 'predominantly rural regions close to a city' and 'predominantly rural remote areas' (PRR). The reduction in these regions for this group of age over this period account for almost 16%. The proportion of people aged 15-64 increased overall by 2.8%, with most of the increase recorded in the PRA and PRR. Interestingly, in the 'predominately urban region' (PU) this group of age has remained almost constant. This contrasts with the changes in population aged 64 and over, which has increased by around 5% in this region, but remained constant in PRA and PRR. The changes in demographic structure are translated in the change of the age dependency rate which increased by twofold between 2001 and 2007. Although, Romanian age dependency rate is in line with the average EU27 level, Romania contrasts significantly in terms of changes in % people aged 0 to 14 and % people aged 64 years and over. After transition to a market economy Romania has suffered a considerable decline in the fertility rate and a massive net-out migration of young population, particularly from rural areas. Characteristics for Romania (and Bulgaria) is the international migration of its young rural generation with a large number of people leaving for the EU western member states, particularly Spain and Italy (given the closeness of Romanian language to the Roman languages), but also to Germany and the Netherlands. Although no official figures are available, it is estimated that some 2 million people (or 10% of total population) have left the country (*Open Society Foundation 2006* in NRDP, 2010) However, most of those who look for employment outside the country sent money back to the region (e.g. to family and relatives).

There is also a parallel phenomenon of migration towards rural areas (concerning the population aged 40 and over) as a result of job restructuring in urban areas. The following table shows the net domestic migration towards rural areas between 1990 and 2005 (selected years).

[1] National Rural development Programme 2007-2013 , fifth version, June 2010, Government of Romania, Ministry of Agriculture and Rural Development. available at http://www.madr.ro/pages/dezvoltare_rurala/nrdp-consolidated-version-june-2010.pdf

**Table 25.1** Net domestic migration, rural areas, Romania, 1990-2005 ('000)

| 1990 | 1991 | 1993 | 1995 | 1997 | 1999 | 2001 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|---|---|---|
| -521.4 | -105.8 | -48.9 | -12.5 | 12.6 | 26.6 | 9.5 | 23.5 | 39.6 | 20.5 |

**Source**: National Rural Development Programme 2007 – 2013, fifth version, June 2010

With regards to the levels of education, most regions in Romania hold higher figures than the EU27 levels. More than half of the population over 15 years old has an education level between ISCED 3 and 4, and there is no significant variation between the regions. Even in the predominantly remote areas this percentage accounts for 53%. Nevertheless, Romania (with 8%) lays well behind the average of EU27 (18.5%) when comparing the values for ISCED 5 and 6 educational levels, and the difference between all others regions and the predominately urban region is considerable.

**Table 25.2** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001 | % people aged 0 to 14 years | 12.59 | 17.66 | | 18.51 | 18.65 | 18.03 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | 73.65 | 68.91 | | 66.32 | 66.97 | 67.73 | 66.62 | 66.65 |
| | % people aged 64 years and over | 13.75 | 13.43 | | 15.17 | 14.39 | 14.24 | 16.53 | 16.55 |
| | Age dependency rate | 18.67 | 19.53 | | 22.92 | 21.63 | 21.12 | 25.09 | 25.09 |
| Population* | Population change 2001-2007 (Index pop. 2001=100) | 101.53 | 98.53 | | 97.90 | 98.49 | 98.37 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | 11.84 | 15.53 | | 15.59 | 15.74 | 15.50 | 16.68 | 15.97 |
| | % pop.15_64_2007 | 73.77 | 69.69 | | 69.13 | 69.84 | 69.61 | 69.75 | 70.18 |
| | % pop. >64_2007 | 14.39 | 14.78 | | 15.29 | 14.42 | 14.88 | 13.55 | 13.84 |
| | Age dependency rate | 35.56 | 43.58 | | 44.70 | 43.23 | 43.72 | 44.08 | 43.17 |
| Education | Natural increase change_01_06 | -61.76 | -62.74 | | -10.41 | -56.77 | -42.55 | -5.99 | -6.09 |
| | Net migration change_01_06 | -13.90 | -37.24 | | -79.15 | -41.41 | -52.45 | 7.09 | 8.97 |
| | % ISCED 0_2** | 23.53 | 39.48 | | 40.74 | 39.76 | 39.60 | 33.62 | 36.65 |
| | % ISCED 3_4** | 54.32 | 52.39 | | 52.01 | 52.52 | 52.32 | 43.29 | 47.14 |
| | % ISCED 5_6** | 20.96 | 8.21 | | 7.48 | 7.69 | 8.15 | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment | 3.30 | 7.44 | | 7.99 | 7.36 | 7.53 | 35.34 | 39.54 |
| | Life-Long Learning in Rural Areas* | 2.14 | 1.55 | | 1.42 | 1.61 | 1.53 | 7.69 | 8.61 |

*Values NUTS 3 are replaced by values NUTS2

**% ISCED by groups is calculated for population more 15 years.

The percentage of population over 15 with an ISCED between 5 and 6 is almost three times higher in PU than in PRA and PRR. There is also a clear discrepancy between all

Romanian regions and the EU27 averages when analysing the level of education for farmers and adults participating in life-long learning in rural areas. Overall, only 7.5% of farmers (most in IRA, PRA and PRR) have basic or full educational attainment as opposed to 40% for EU27, and only 1.5 in 100 adults from IRA, PRA and PRR participate in education and training in Romania as compared to 9 in 100 at the EU27 level. The figure is only slightly better for urban areas where 2 in 100 adults are involved in a life-long learning programme.

## 3. Employment

A distinctive feature when analysing Romania's employment indicators is the large percentage of people employed in primary sector, which is 4.5 times higher than the average of EU27. With an overall figure of 36% of total labour force, Romania has by far the largest share of people employed in agriculture within the EU27. Rather perversely the share of labour force employed in the primary sector in Romania (and Bulgaria) increased after the fall of the communism, as agriculture provided a social safety- net by absorbing redundant labour from elsewhere in the economy (Hubbard and Hubbard, 2008).

The share of labour force employed in the tertiary sector accounts just over a third (35%) of total employment and has not changed very much over the years. It only accounts for around half of the EU27 figure. As regards the distribution of labour force by regions there are clear differences between urban and rural areas. As expected, most of the labour force employed in the primary sector is located in PRA and PRR, where it accounts for 46% and 36% respectively of the total employment within each region. In PU, just less than half percent is employed in agriculture as opposed to around 70% in the tertiary sector. However, it is interesting to note that the share of people employed in the tertiary sector in IRA and PRR comes second, with more than a third of people in these areas engaged in services. Some 28% of the labour force from PRA is also employed in the tertiary sector.

As regards employment rates (e.g. by gender and age), most of them are higher in PU than in the other regions. However, the total employment rate for 55-64 years old is much smaller (at 30%) in PU as compared to the other regions (at 40% or above). Also there is a significant gap between genders, with male employment rates much higher, for all age groups and in all regions than female employment rates. The largest difference between male and female employment rate (at 66 percentage points) is recorded in the PU area for 55-64 years old. Additionally, for all regions, the male employment rate for 45-64 years old is between 1.6 (PRA) and 2.1 higher (PU) than the female employment rate.

With regards to the evolution of unemployment between 2002 and 2005 and the unemployment rate for 2007 there is a clear difference between PU areas and the rest of the regions. The unemployment rates in PU are almost half as compared to the other regions. These figures should be treated with cautions as PU means Bucharest which offers greater opportunities for employment than the rest of the countries due to the large investments attracted in the region, particularly after accession to the EU. Across the regions, the PRA regions seem to be the most affected.

Overall, the highest rate of unemployment is for the group age of 15-24 (at 22% in 2007). This is by 6 percentage points higher than the EU27 level. Surprisingly in all regions, for all age groups female unemployment rates are lower than the figures for male. Moreover, with the exception of the age group 15-24, the female unemployment rates in all regions are also much lower than the average of EU27. The evolution of Romanian long term unemployment rate (2002-2007) in all regions shows a better trend than the EU27 level. All Romanian average figures for activity rate are lower than the EU27, with a clear distinction between male and female activity rates across the age groups.

**Table 25.3** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate* | T15_64 years | 62.40 | 58.32 | | 58.50 | 57.78 | 58.38 | 66.40 | 66.42 |
| | Tmale 15_64 y | 69.60 | 64.53 | | 64.77 | 63.38 | 64.52 | 73.05 | 73.12 |
| | Tfemale 15_64 y | 55.90 | 52.09 | | 52.17 | 52.11 | 52.21 | 59.72 | 59.70 |
| | Total 15_24 y | 21.10 | 24.54 | | 24.37 | 24.60 | 24.41 | 39.66 | 39.67 |
| | T 45_64 years | 51.90 | 55.88 | | 57.67 | 55.14 | 56.28 | 62.37 | 62.34 |
| | Total 45_54 | 74.00 | 70.69 | | 71.09 | 70.30 | 70.84 | 78.30 | 78.38 |
| | Total 55_64 | 29.80 | 41.06 | | 44.25 | 39.99 | 41.72 | 46.44 | 46.30 |
| %Employment in principal sectorent in principal sector | %Emp_primary | 0.30 | 28.31 | | 46.42 | 36.37 | 35.65 | 7.95 | 7.97 |
| | %Emp_secondary | 30.97 | 33.97 | | 25.38 | 29.37 | 29.96 | 26.71 | 26.71 |
| | %Emp_tertiary | 68.73 | 37.71 | | 28.19 | 34.26 | 34.39 | 65.33 | 65.31 |
| Unemployment evolution 2002_05 | Total > 15 years | 46.67 | 85.26 | | 86.67 | 77.55 | 83.37 | 187.25 | 188.17 |
| | Total 15_24 years | 40.55 | 85.44 | | 82.92 | 74.74 | 81.43 | 255.25 | 257.16 |
| | Total >25 years | 49.54 | 86.16 | | 90.37 | 78.69 | 85.37 | 82.27 | 82.21 |
| | Male > 15 years | 48.30 | 85.98 | | 95.14 | 89.51 | 89.03 | 82.45 | 82.35 |
| | Female > 15 years | 44.44 | 76.67 | | 77.11 | 85.07 | 77.66 | 94.74 | 94.79 |
| Unemployment rate 2007* | Total >15 | 3.80 | 7.26 | | 7.73 | 6.29 | 7.16 | 7.6120 | 7.6324 |
| | Total Male >15 | 4.40 | 8.10 | | 9.48 | 7.60 | 8.41 | 7.0676 | 7.0587 |
| | Total Female >15 | 3.10 | 6.74 | | 6.49 | 5.25 | 6.28 | 8.6139 | 8.5909 |
| | Total 15_24 | 15.80 | 22.87 | | 23.17 | 19.73 | 22.21 | 15.8010 | 15.6459 |
| | Total >25 | 2.90 | 5.65 | | 6.41 | 4.99 | 5.73 | 6.6682 | 6.6699 |
| Long term unemployment* | % long term unemployment rate_07 | 49.30 | 49.72 | | 50.38 | 47.76 | 49.58 | 43.0721 | 43.1283 |
| | Evolution of long term unemployment2002_07 | 80.41 | 93.28 | | 94.12 | 89.63 | 92.58 | 111.3330 | 110.9420 |

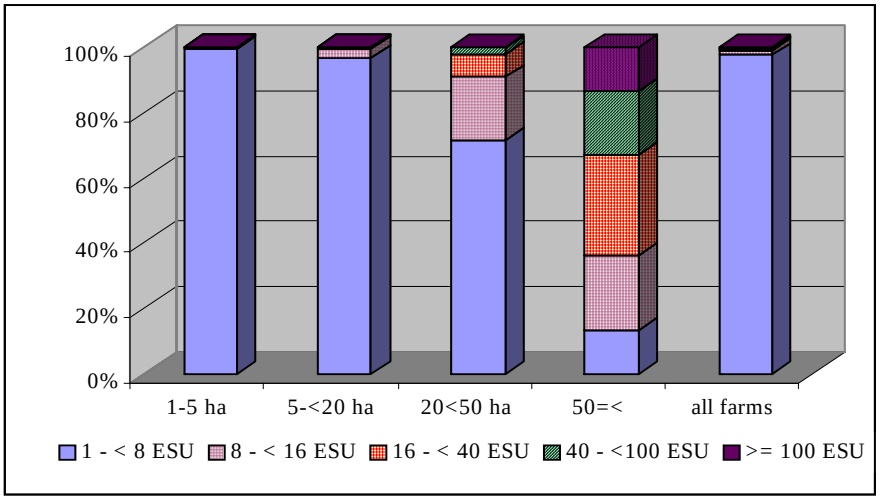
*Values NUTS3 are replaced by values NUTS2

## 4. Rural business development[2]

There is little doubt that the Romanian rural economy is still dominated by farming and since transition to a market economy very little has been done to promote an integrated rural development. The fall of the communism has brought fundamental changes within the Romanian farm structure. Currently, the Romanian agricultural sector is characterised by a strongly polarised farm structure and a severe land fragmentation, with a few but very large holdings and a significant number of very small farms. Out of a total of 4.12 million agricultural farms covering an agricultural area of about 14 million ha, 99.6 per cent are farms with an average size of just 2.2 hectares. Most of these farms are producing for their own consumption and sell very little or nothing onto the market and the livelihood of most of these subsistence farms depends considerably on farming. By far, Romania has the largest number of subsistence farms across the New Member States, followed by Poland, Hungary and Bulgaria (Giurca, 2007).

When farm structure is analysed taking into account the measurement of the economic size of a farm, only 1.24 million Romanian farms have at least 1 European Size Unit (ESU) making use of about 10.3 million hectares of agricultural area (Benoist and Marquer, Eurostat, 2007). This reinforces the subsistence character of the Romanian farm structure, with the remaining three million (or 71 per cent of total) farms below the threshold of 1 ESU. The most recent available figures provided by the Eurostat (2007) shows that 69 per cent out of the total of 1.24 million farms with 1 ESU or more produce mainly for own consumption. Figure 1 presents the distribution of Romanian farms by ESU and farm size in 2005, highlighting that the majority (98 per cent) of all farms have an economic size between 1 and 8 ESU. Farms with 100 ESU and over represent only 14 per cent of total and the majority have 50 hectares or more.

**Figure 25.2** Farm Structure by ESU and Farm Size, Romania, 2005




**Source**: based on Benoist and Marquer, Eurostat, (2007)

Among the 1.24 million holdings with an economic size of at least 1ESU just one in three reports another gainful activity than agricultural production, with processing farm products the most preferable activity (Eurostat, 2007).

[2] This section draws heavily on Cionga, Luca and Hubbard (2008).

The dominant subsistence character of the Romanian rural economy accompanied by poor infrastructure, lack of services and training facilities and shortage of off-farm employment opportunities inhibit the development of Romanian rural areas.

The data provided in Table 25.4 reinforces the subsistence/semi-subsistence character of Romanian farms. It shows that the number of farms with less than 2 ESU is predominant and accounts for more than 90% of total holdings (in 2005) in all regions. This almost three times higher the average for EU27. Additionally, farms between 2 and 100 ESU accounts for less around 10% of total for IRA, PRA and PRR, and some 7% in PU. For comparison the EU27 average stands at 57%. The percentage of holders are aged 55 in all regions, but particularly in PU, is much higher (at 67% on average) than the EU27 figure (51%), and only 4% were younger than 35 years. This shows clearly that farming is not an attractive activity for Romanian young people.

Overall, entrepreneurial development is weak and generally negatively correlated with predominantly rural areas with a lower educated population, low levels of urbanization and experienced massive net- migration[3]. Non-agricultural activities in rural areas include mining, energy industry, food processing, small trade activities and tourism (NPRD, 2010). In 2005, rural micro-businesses (with 1-9 employees) accounted for only 9% of total (or 40,714), of which more than half were specialised in trade. The orientation towards trade might be explained by "low resources, a shorter return on investment … lack of skills and abilities" (NPRD, 2010, p.41). The entrepreneurial development varies also across the regions, with the North-East registering the highest rate of micro-business (13%) as opposed to the South-West (8%) (NSI, Romanian Statistical Yearbook, 2006).

Although Romania has a great potential for the development of rural tourism and despite some positive trends recorded in recent years, this activity remains "still weak and far from being an effective alternative to [migration]" (Iorio and Corsale, 2010, p.154). Moreover, there are large discrepancies between regions with some areas near major cultural attractions, mountains or seaside (e.g. North East, North West and the Centre Region) more attractive for rural tourism than those located in the South, South West and South East (Iorio and Corsale, 2010, NRDP, 2010).

The weak development of rural tourism is not only due to a significant lack of infrastructure that characterises most rural Romania, but also to the lack of experience in tourism development of rural dwellers and a limited involvement of local/regional and national administration in the organisation, promotion and support for this sector. Only recently (and following the country's accession to the European Union) Romanian decision-makers have reconsidered the role of rural tourism (and agri-tourism) as potential income-generating activities for the development of rural areas.

[3] http://www.mdrl.ro/_documente/POR/ROP%20Final%20Version.pdf

**Table 25.4** Rural business development indicators

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | 92.98 | 90.36 | | 90.30 | 90.10 | 90.35 | 33.42 | 33.89 |
| | 2 to 100 ESU | 6.92 | 9.58 | | 9.65 | 9.85 | 9.59 | 57.56 | 57.02 |
| | >100 ESU | 0.09 | 0.06 | | 0.05 | 0.05 | 0.05 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005 | NA | NA | | NA | NA | NA | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | NA | NA | | NA | NA | NA | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | NA | NA | | NA | NA | NA | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | NA | NA | | NA | NA | NA | 32.21 | 31.28 |
| HOLDERS | % Holders working full time 2005* | 4.00 | 1.37 | | 1.09 | 1.60 | 1.38 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 – 2005* | NA | NA | | NA | NA | NA | 0.00 | 0.33 |
| | Economic Farm Size (RDEU07) | NA | NA | | NA | NA | NA | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | NA | NA | | NA | NA | NA | 37.56 | 37.56 |
| | % holders > 55 years 2007* | 71.56 | 67.16 | | 67.89 | 66.62 | 67.42 | 50.19 | 50.62 |
| | % holders < 35 years 2007* | 2.20 | 4.20 | | 4.07 | 4.49 | 4.16 | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 – 2005* | NA | NA | | NA | NA | NA | 5.88 | 5.62 |
| | % change in holders < 35 years 2000 – 2005* | NA | NA | | NA | NA | NA | -34.01 | -33.96 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | 3.30 | 7.44 | | 7.99 | 7.36 | 7.53 | 42.30 | 42.30 |

*Values NUTS 3 are replaced by values NUTS2

## 5. Rural-urban relationships

The Romanian Ministry of Regional Development and Housing is responsible for the regional and territorial development. The Regional Operational Programme (ROP) 2007-2013 implements elements of the National Strategy of Regional Development which has as its main objective to reduce regional disparities (with the regions classified at NUTS2 level). Territorial development is achieved through spatial and urban planning. “In accordance with Law 350/2001, the spatial planning activity is carried out on the entire Romanian territory based on … cohesion and spatial integration at national, regional, county, city and commune level**,** creating the appropriate framework for balanced development and sound use of territory and accountable management of natural resources and environmental protection “ (http://www.mdrl.ro/index.php?p=1077). There are no (according to my knowledge) specific policies/programs/initiatives that could be labeled as “best practices” in promoting appropriate rural-urban relations. As regards strictly rural areas, a number of rural infrastructure programmes are run aimed mainly at supplying water to villages, building sewerage and water purification systems, improving road access and developing sports facilities in the rural area.

## 6. Cultural heritage

> *"Land of contrasts, Romania has always been the place where history and myths are still a part of daily life. Travellers from all over the world have always found here the best traditional food and atmosphere dating back to the ancient times, architectural styles blending in a superb 12th-20th centuries architecture telling unique and fantastic stories, nature landscapes with an amazing diversity, freshness, beauty and wildness ever changing from the lowest planes to the highest mountains."*[4]

Romania is characterised by a rich and diverse (physical and intangible) heritage, "comprising objects and collections, historic buildings and ancient urban centres, cultural traditions and traditional skills"[5]. The European Heritage Network[6] lists some 30,000 protected sites in Romania (Table b) of which 6,640 of national and universal value. Moreover, a number of exceptional national monuments are included on the UNESCO list of world heritage, e.g. the churches with mural painting from Bucovina (mid-XVI century), the wooden churches from Maramures, Hurezi monastery, the German fortresses from Transylvania, the historic centre of Sighisoara and the Dacian fortresses in the Orastie mountains.

**Table 25.5** Protected Sites, Romania, 1980, 1991, 2004

| Category | 1980 | 1991 | 2004 |
|---|---|---|---|
| Archaeological monuments and sites | 1254 | 3997 | 4040 |
| Historic buildings | 5527 | 14427 | 23,624 |
| Memorial buildings | 147 | 299 | |
| Monuments of fine arts | 1034 | 1600 | |
| Historic areas, parks | 38 | 422 | 1762 |
| TOTAL | 8000 | 20745 | 29426 |

**Source**: http://www.european-heritage.net/sdx/herein/national_heritage/voir.xsp?id=8.1_RO_en

The Ministry of Culture and National Heritage is the main public body responsible for the development and implementation of strategies and policies in this area at the central level. The Ministry has been reorganised in 2010 under the Government Decision No. 90/2010. Within the ministry there is a special directorate that deals particularly with the cultural heritage. The ministry has also drafted a strategy for culture and natural heritage for 2009-2013. Amongst the priorities of the strategy are: "the preservation and promotion of natural heritage; the decentralisation of the decision -making process and administration; improving infrastructure and management of cultural institutions and support for creative industries" (Chelcea and Becut, 2010). Nonetheless, a wide range of institutions are engaged direct or indirect in activities that regard the preservation of culture and national heritage such as for example research

[4] http://www.european-heritage.net/sdx/herein/national_heritage/voir.xsp?id=8.1_RO_en
[5] http://www.wikiprogress.org/index.php/Culture_in_Romania#Heritage_issues_and_policies

institutes, museums, non-governmental organisations but also other ministries (e.g. the Ministry of Agriculture and Rural Development and the Ministry of Regional Development and Tourism). Although culture and cultural heritage issues are not addressed specifically for rural areas, there are some initiatives oriented towards rural regions, e.g. The programme for the rehabilitation and modernisation of cultural houses (‘*camine culturale’*) from rural and small urban areas. Cultural houses play a significant role in the development of rural community and usually there are supported (financially) by the local administration. Interestingly is, however, that better off local communities do fund their own cultural activities (Chelcea and Becut, 2010). Another example is the educational programme "Contemporary Romanian Village", supported by academic institutions, county cultural centres and NGOs. It aims not only to raise awareness and promote education and training but to preserve heritage and encourage creativity (ibid.). The preservation and conservation of cultural heritage is also mentioned within the National Rural Development Programme for 2007-2010 as an important element for the development of rural areas. “Preserving the traditions, cultures and customs in rural area, promoting traditional food and drinks represent methods for increasing … [rural] tourism.” (NRDP, 2010). Hence, rural Romania has a considerable cultural and heritage tourism potential, however, “the culture and heritage was little put to work in the last decade in Romania” (Cosma and Negrusa, p.405).

## 7. Services of General Interest

Rural Romania is generally characterized by a substantial lack of infrastructure, with poor quality roads, a limited access to medical services and education, a rudimentary water and electric supply and an inadequate public sewage system. Waste management is almost inexistent and internet access is available only in some public institutions (e.g. local administration). Out of approximately 80,000 km of total public roads, 80% represent regional and local roads. However, the majority of these roads is far from the European standards and serves only 60% of the total rural population (NRDP, 2010). So far, at the county level (NUTS 3) only 3.4% of local roads are modernized. Providing water, electricity and heating supplying services remain significant challenges for rural Romania. Only a third of total rural population (or 3.4 million) has access to a public water supply, meaning that 70% of rural households get their water from wells. Just 2.4% of rural households benefit of central heating, while 89% still use wood, cool and oil. This means that just half percent of the national heating energy is distributed to rural areas. As regards electricity, there are still 1,772 partially electrified and 121 non electrified rural localities. The rural sewage system covers approximately 7% of the total pipes length.

**Table 25.6** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | 0.06 | 0.01 | | 0.01 | NA | 0.01 | 0.04 | 0.04 |
| Density of trunk road | | 0.38 | 0.05 | | 0.05 | 0.04 | 0.05 | 0.17 | 0.17 |
| Density of railways | | 0.32 | 0.04 | | 0.04 | 0.03 | 0.05 | 0.10 | 0.10 |
| Area (km2)** | | 1583.00 | 28494.00 | | 23745.00 | 12664.00 | 66486.00 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_06* | -0.10 | -1.15 | | -1.19 | -1.56 | -1.22 | 0.93 | 0.92 |
| DENSITY | Density of population 2006*** | 1219.13 | 380.75 | | 251.15 | 226.45 | 325.03 | 414.65 | 446.23 |
| Daily population accessible by car* | | 10099.00 | 10099.00 | | 10099.00 | 10099.00 | 10099.00 | 18078.54 | 19285.23 |

**Table 25.7** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Time to nearest hospital | | 33.83 | 23.72 | | 30.78 | 17.28 | 25.25 | 22.83 | 22.83 |
| Time to nearest university | | 33.83 | 39.87 | | 76.54 | 88.58 | 62.10 | 45.10 | 45.10 |
| Time to nearest airport | | 46.39 | 241.79 | | 246.82 | 331.73 | 256.06 | 83.44 | 83.44 |
| %households with broadhand access | | NA | NA | | NA | NA | NA | 49.07 | 48.00 |
| STUDENTS ISCED 0_6* | Nºstudents ISCED_0 per 1.000 inhabitants | 18,93 | 30,53 | | 30,98 | 31,86 | 30,67 | 29,59 | 29,46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | 31,37 | 44,02 | | 44,63 | 44,45 | 44,02 | 61,66 | 60,76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | 33,24 | 44,82 | | 45,80 | 45,55 | 45,03 | 43,21 | 43,28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | 52,62 | 48,42 | | 48,32 | 48,67 | 48,53 | 48,05 | 48,03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | 2,70 | 2,00 | | 2,02 | 1,93 | 2,01 | 3,06 | 3,10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | 131,64 | 34,06 | | 25,33 | 33,42 | 33,14 | 37,37 | 37,23 |
| BEDS IN HOSPITAL PER 100,000 inhabitants | Nº of beds in hospitals per 100,000 inhabitants_05 | 1042,30 | 645,65 | | 601,15 | 661,72 | 642,26 | 696,91 | 704,88 |
| | Evolution nbeds 2000_05 | 97,52 | 85,49 | | 85,36 | 85,07 | 85,65 | 91,53 | 91,94 |
| | Density of hospitals | 109.55 | 0.84 | | 0.38 | 0.45 | 3.19 | 5.44 | 5.44 |
| | Hospital beds per head | 8.06 | 5.20 | | 4.03 | 5.06 | 4.82 | 4.98 | 4.98 |
| | Doctors per inhabitant | 340.90 | 182.41 | | 169.69 | 188.01 | 182.71 | 171.35 | 171.35 |
| % households with internet at home | | NA | NA | | NA | NA | NA | 81.46 | 81.20 |

* Values NUTS 3 are replaced by values NUTS2
** The findings of these variables are the sum of values, not the average, as the others.
*** These values are only indicatives and aren't real because in the calculation there are values NUTS2 and NUTS3.

The provision of education using ISCED shows clear differences between the predominately the urban region (PU) and the rest of the regions, particularly for ISCED_5_6. However, for this indicator the number of students from PRA is much lower than those in IRA and PRR. As regards the number of beds in hospital/100.000 inhabitants there is a large gap (of about 30%) between all other regions and PU. Overall, in 2000, Romania's figure was above the EU27 level, but between 2006 and 2000 the number of available beds dropped by 14%. This is due mainly to the reduction in IRA, PRA and PRR, where the number of beds fell by three times as compared to PU. This indicator follows the downward trend of the EU27 average, but at a higher rate. As expected, PU also benefits of higher density of hospitals, hospital beads per head and the number of doctors/inhabitant with figures well beyond the country and EU27 averages. The density of hospitals is particularly low in IRA, PRA and PRR. With one exception (PRA), the number of doctors per inhabitant is higher in all regions than the EU average.

## 8. Farm structural change

Table 25.8 exhibits similar information with that presented above in Section ??. The majority of holdings (90%) have less than 2 ESU and there are no significant differences between the regions. This share is well above the EU27 average of 34%. With the exception of PU, only one in ten holdings in all other regions have a size between 2 and 100 ESU. This contrasts dramatically with the EU27 average where more than half (57%) of holdings belong to this category. The percentage of very large holdings (more than 100 ESU) accounts for just 0.05% in IRA, PRA and PRR. Less than 2% of holders from IRA, PRA and PRR were working full time in 2005 as opposed to 35% the EU27 average. More than two thirds of holders in these regions are above 55 years of age and only less than 5% belong to the younger group (less than 35 years of age). The percentage of farmers with basic and full agricultural education accounts for less than 8% as opposed to some 42% at the EU level.

**Table 25.8** Farm structural change indicators

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | 92.98 | 90.36 | | 90.30 | 90.10 | 90.35 | 33.42 | 33.89 |
| | 2 to 100 ESU | 6.92 | 9.58 | | 9.65 | 9.85 | 9.59 | 57.56 | 57.02 |
| | >100 ESU | 0.09 | 0.06 | | 0.05 | 0.05 | 0.05 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005 | NA | NA | | NA | NA | NA | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | NA | NA | | NA | NA | NA | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | NA | NA | | NA | NA | NA | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | NA | NA | | NA | NA | NA | 32.21 | 31.28 |
| HOLDERS | % Holders working full time 2005* | 4.00 | 1.37 | | 1.09 | 1.60 | 1.38 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 – 2005* | NA | NA | | NA | NA | NA | 0.00 | 0.33 |
| | Economic Farm Size (RDEU07) | NA | NA | | NA | NA | NA | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | NA | NA | | NA | NA | NA | 37.56 | 37.56 |
| | % holders > 55 years 2007* | 71.56 | 67.16 | | 67.89 | 66.62 | 67.42 | 50.19 | 50.62 |
| | % holders < 35 years 2007* | 2.20 | 4.20 | | 4.07 | 4.49 | 4.16 | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 – 2005* | NA | NA | | NA | NA | NA | 5.88 | 5.62 |
| | % change in holders < 35 years 2000 – 2005* | NA | NA | | NA | NA | NA | -34.01 | -33.96 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | 3.30 | 7.44 | | 7.99 | 7.36 | 7.53 | 42.30 | 42.30 |

*Values NUTS 3 are replaced by values NUTS2

## 9. Institutional Capacity

As with most new member states Romania is characterised by a weak institutional capacity with most public administration, particularly at the regional and local level, lagging behind in development. Nientied and Racoviceanu (2000, p.434) note that although "until 1997 the national government did not develop any serious plan for local government strengthening … a sector of local government training did emerge, but is was small, and has been having a difficult time to sustain". The process of governance remains still a very much top-down approach, with little involvement (if at all) from local communities or local people in the decision-making process. However, there are a number of laws which promote local autonomy and decentralisation, such as the Local Public Administration Law (No.215/2001)[7] and the Decentralisation Law (no.195/2006). The former stipulates that local administrative units (counties, towns and communes) are organised and function based upon the principle of decentralisation, local autonomy, the eligibility of the local public administration authorities and the consultation of citizens on issues of specific local interest (art.2).

Currently, participatory policy-making in agriculture and rural development is rarely found in Romania, and bottom up initiatives such as LEADER are a novelty. It is expected, however, that the implementation of the National Rural Development Network ( a prerequisite for all EU member states following adoption of the 2005 Rural Development Regulation) will support local participation and enhance local governance (NRDP, 2010).

As regards the figures in Tables 25.9, Romania has one of the smallest GDP/head as compared with the average of EU27, representing only 33% of the EU27 GDP in PPS. Across the Romanian regions there is a considerable gap between the GDP figures provided for the PU and all other regions. Moreover, there are significant differences between the IRA and the other two regions. Not surprisingly, the PRR figures are the lowest.

**Table 25.9** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | 15645.5 | 2208.64 | | 1100.4 | 959.95 | 1894.92 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | 17491.1 | 7968.36 | | 5981.61 | 5891.12 | 7089.87 | 20926.83 | 21110.46 |
| | GDP in euro per inhab. in % of EU aver. 2005 | 36.20 | 16.49 | | 12.39 | 12.20 | 14.68 | 94.38 | 95.48 |

[7] This has been modified by Law no. 286/2006.

## 10. Climate change

As highlighted on the United Nation's website[8] the major environmental challenges for Romania are as follows:

- "ensuring a reliable and clean water supply for both domestic and commercial uses throughout the country;
- controlling air pollution; reducing greenhouse emissions;
- managing the country's natural resources and conserving biodiversity;
- providing a reliable supply of energy for both domestic and commercial issues, while promoting energy conservation"

Additionally, in the last decade, the country suffered a severe process of deforestation, with large areas of forest cleared out. Not surprisingly, this had serious consequences not only on human habitats but also on the Romanian ecosystem as flooding has become a common phenomenon in recent years. Forests cover some 29% of total land, however, this share is much smaller than in countries with similar climate conditions such as Slovakia (41%), Austria (47%) and Slovenia (57%)[9]. Romania is the first European country to sign the Kyoto Protocol and has agreed to reduce its greenhouse gas emissions by 8% by 2012. The Ministry of Agriculture highlights in its NRDP that Romania is "one of the leading new EU Member States in achieving this objective with a reduction of more than 30% of gas emissions since 1989 … [however] this is not [necessarily] due to environmental policy, but mainly the general economic decline during the period 1990 – 1999 and the restructuring of the industrial sector (NRDP, p.38)[10]". Accordingly it is expected that both agriculture and forestry will contribute to climate changes mitigation mainly through: a) afforestation for the absorption and retention of greenhouse gases; b) changes in land use (including afforestation of agricultural and non-agricultural land); c) the use of biomass as a renewable energy source and d) improvement of the existing irrigation system (NRDP, 2010, p.39).

[8] http://www.undp.ro/environment/ (last accessed on 22/02/2011)

[9] http://climatechange.thinkaboutit.eu/think4/post/its_not_about_forests_its_about_money/(last accessed 22/02/2011)

[10] http://www.madr.ro/pages/dezvoltare_rurala/nrdp-consolidated-version-june-2010.pdf

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The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## SLOVAKIA

Report nº 25.26

Jerzy Banski
IOM International Organization for Migration
Central European Forum for Migration and Population Research

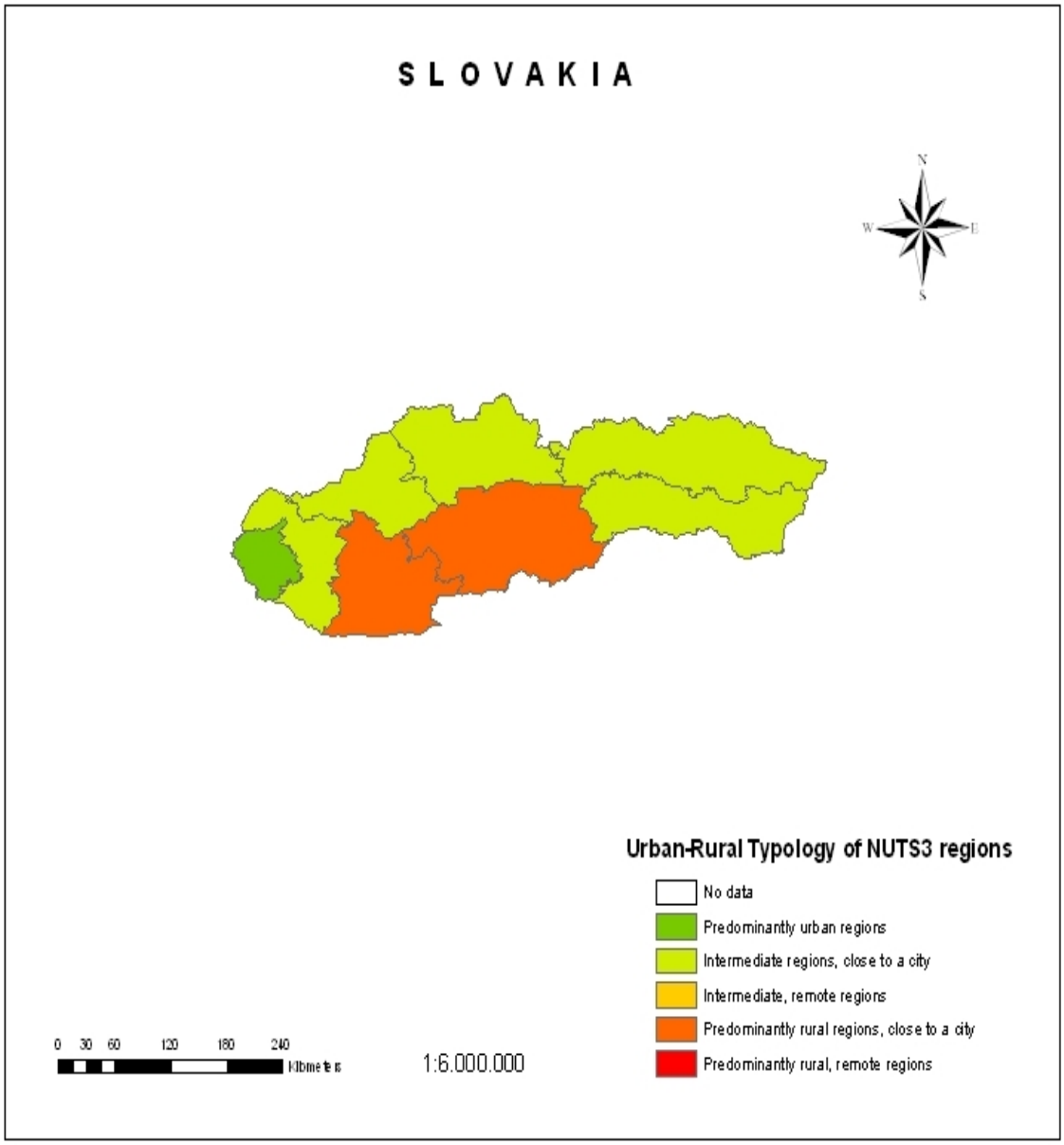
EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

**CONTENTS**

## 1. Introduction

According to the newest Population Atlas of Slovakia (2006) region typology looks incorrectly. Region Presov (north-east) and Zlina (north) should be more Intermediate, remote region as Intermediate close to a city.

**Figure 26.1** DG Region modified Urban-rural typology of NUTS 3 regions: Slovaquia




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

## 2. Demography

The number of population in Slovak Republic has been growing slightly in recent years. The greatest population growth was observed in municipalities with up to 5 thousand inhabitants. Cities having 20 000 to 100,000 inhabitants displayed the greatest population losses, but the growth occurred in the cities with population above 100,000.

The total increase of the Slovakia population in recent years is mostly determined by migration. Most immigrants come from: Czech Republic, Ukraine, Poland and Germany (OECD, 2006). Most persons who cross the border illegally come from: Ukraine, Moldova, Pakistan, India and Russia (2007).

During the last decade natural decrease was observed only in the years 2001-2003. Though, natural increase since 2004 is very low. Fertility decline is one of the main reasons of intensifying of ageing process. The process is expected to continue. There is concentration of population in post-productive age in small rural settlements.

**Table 26.1** Demography indicators (a)

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001 | % people aged 0 to 14 years | 15.39 | 19.94 | | 17.83 | | 18.84 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | 72.24 | 69.06 | | 69.82 | | 69.65 | 66.62 | 66.65 |
| | % people aged 64 years and over | 12.37 | 11.00 | | 12.35 | | 11.51 | 16.53 | 16.55 |
| | Age dependency rate | 17.12 | 15.92 | | 17.69 | | 16.51 | 25.09 | 25.09 |

**Table 26.2** Demography indicators (b)

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Population* | Population change 2001-2007 (Index pop. 2001=100) | 101.33 | 100.25 | | 99.63 | | 100.23 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | 12.98 | 16.70 | | 15.53 | | 15.94 | 16.68 | 15.97 |
| | % pop.15_64_2007 | 74.66 | 71.57 | | 72.25 | | 72.13 | 69.75 | 70.18 |
| | % pop. >64_2007 | 12.36 | 11.73 | | 12.22 | | 11.93 | 13.55 | 13.84 |
| | Age dependency rate | 33.94 | 39.75 | | 38.42 | | 38.69 | 44.08 | 43.17 |
| | Natural increase change_01_06 | -100.00 | -9.00 | | -12.88 | | -21.34 | -5.99 | -6.09 |
| | Net migration change_01_06 | 142.19 | -214.16 | | -78.73 | | -135.76 | 7.09 | 8.97 |
| Education* | % ISCED0_2** | 18.03 | 24.24 | | 23.98 | | 23.40 | 33.62 | 36.65 |
| | % ISCED 3_4** | 58.18 | 65.97 | | 66.18 | | 65.05 | 43.29 | 47.14 |
| | % ISCED 5_6** | 23.41 | 9.48 | | 9.57 | | 11.24 | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment | 16.60 | 13.72 | | 16.65 | | 14.81 | 35.34 | 39.54 |
| | Life-Long Learning in Rural Areas* | 14.80 | 2.99 | | 4.14 | | 4.75 | 7.69 | 8.61 |

*Values NUTS 3 are replaced by values NUTS2

** % ISCED by groups is calculated for population more 15 years.

## 3. Employment

Unemployment rate exceeded 15% during the years 1999-2005. From the beginning of 2005, the number of unemployed dropped and in 2008 reached the level of 10%. The long-term unemployed constitute the largest group of all unemployed (approximately 70%). The unused labour force is not able to meet the professional and qualification requirements of some sectors of the economy which is manifested in a shortage of workers.

The share of persons employed in services in 2008 was 56% (in trade 12%), in industry - 29%, in construction - 11%, in agriculture and fishing - 4%. Shares of employment in industry and agriculture are decreasing.

The production restructuring in agriculture in recent years was followed by decrease of number of employees and deterioration of the age structure of farmers.

The number of Slovak people working abroad has been increasing. In relation to 2001 (50 thous. Slovak working abroad according to the Labour Force Survey) the number has doubled until 2004, and in 2006 – the number has tripled. These data are uncomplete and many the migrants aren't recorded. The main destinations are: Czech Republic, Ireland and Great Britain. The highest share of the migrants comes from Presov region, the lowest – from Bratislava region.

**Table 26.3** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate* | T15_64 years | 71.00 | 59.18 | | 60.65 | | 61.03 | 66.40 | 66.42 |
| | Tmale 15_64 y | 76.70 | 67.12 | | 68.90 | | 68.76 | 73.05 | 73.12 |
| | Tfemale 15_64 y | 65.70 | 51.26 | | 52.35 | | 53.34 | 59.72 | 59.70 |
| | Total 15_24 y | 33.60 | 26.74 | | 28.65 | | 28.08 | 39.66 | 39.67 |
| | T 45_64 years | 71.00 | 54.79 | | 55.75 | | 57.06 | 62.37 | 62.34 |
| | Total 45_54 | 88.10 | 76.78 | | 77.75 | | 78.44 | 78.30 | 78.38 |
| | Total 55_64 | 53.90 | 32.80 | | 33.75 | | 35.68 | 46.44 | 46.30 |

*Values NUTS 3 are replaced by values NUTS2

**Table 26.4** Employment indicators (b)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| %Employment in principal sector | %Emp_primary | 1.92 | 4.39 | | 6.76 | | 4.68 | 7.95 | 7.97 |
| | %Emp_secondary | 21.73 | 38.54 | | 33.42 | | 35.16 | 26.71 | 26.71 |
| | %Emp_tertiary | 76.34 | 57.06 | | 59.82 | | 60.16 | 65.33 | 65.31 |
| Unemployment evolution 2002_05** | Total > 15 years | 50.69 | 57.22 | | 63.88 | | 58.07 | 187.25 | 188.17 |
| | Total 15_24 years | 32.88 | 38.73 | | 41.05 | | 38.58 | 255.25 | 257.16 |
| | Total >25 years | 56.74 | 66.42 | | 72.37 | | 66.70 | 82.27 | 82.21 |
| | Male > 15 years | 47.14 | 51.22 | | 56.56 | | 52.04 | 82.45 | 82.35 |
| | Female > 15 years | 54.05 | 64.28 | | 72.38 | | 65.03 | 94.74 | 94.79 |
| Unemployment rate 2007* | Total >15 | 4.30 | 10.46 | | 15.55 | | 10.96 | 7.61 | 7.63 |
| | Total Male >15 | 3.70 | 9.28 | | 13.60 | | 9.66 | 7.06 | 7.05 |
| | Total Female >15 | 4.90 | 11.98 | | 17.95 | | 12.59 | 8.61 | 8.59 |
| | Total 15_24 | 7.60 | 20.46 | | 23.10 | | 19.51 | 15.80 | 15.64 |
| | Total >25 | 4.00 | 9.16 | | 14.55 | | 9.86 | 6.66 | 6.66 |
| Long term unemployment* | % long term unemployent rate_07 | 53.62 | 74.66 | | 72.30 | | 71.44 | 43.07 | 43.12 |
| | Evolution of long term unemployment 2002_07 | 100.62 | 112.59 | | 110.46 | | 110.56 | 111.33 | 110.94 |

*Values NUTS 3 are replaced by values NUTS2

## 4. Rural business development

The main factors stimulating rural business development are: regional location and urban-rural continuum location, as well local resources. The most developed regions is Western Slovakia – Vah Valley. There are the biggest numbers of companies (also foreign) – in particular car factories: Volkswagen in Bratislava, Citroen in Trnava and Kia in Zilina. In cooperation with the big companies located in Western Slovakia, a lot of small rural business run their activities. As well important element of development of small entities is location close to the city – suburbanization processes bring about a lot of new necessities for inhabitants, such as development of social, sport, cultural elements of infrastructure. Another important factors of rural business development are endogenous resources. They are mostly connected with development of tourism functions – mountains (ski and walking) and thermal waters. Development of spa resorts based on thermal water can be pointed as a niche activity which was developed very fast in the recent decades, but at the same time in a very good way. Small tourist-rural entrepreneurships offer accommodation facilities, restaurants and local handicrafts.

**Table 26.5** Rural business development indicators (a)

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.04 | 0.22 | | 0.24 | | 0.21 | 0.30 | 0.30 |
| | % Manufacturing | 8.39 | 15.97 | | 16.23 | | 15.09 | 14.08 | 14.05 |
| | % Electricity, gas and water supply | 0.13 | 0.63 | | 0.64 | | 0.57 | 0.61 | 0.63 |
| | %Construction | 7.83 | 8.81 | | 7.48 | | 8.35 | 9.48 | 9.46 |
| | %Wholesale and retail trade | 41.02 | 44.79 | | 44.90 | | 44.35 | 23.02 | 21.83 |
| | %Hotel and restaurants | 2.57 | 3.32 | | 3.85 | | 3.36 | 6.52 | 6.15 |
| | %Transport, storage and communication | 4.50 | 8.04 | | 8.02 | | 7.59 | 8.69 | 8.46 |
| | %Real state, renting and business activities | 35.52 | 18.23 | | 18.62 | | 20.49 | 37.29 | 39.12 |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.18 | 1.17 | | 1.14 | | 1.04 | 0.58 | 0.52 |
| | % Manufacturing | 19.75 | 51.59 | | 52.66 | | 47.87 | 29.18 | 28.08 |
| | % Electricity, gas and water supply | 3.45 | 4.24 | | 3.73 | | 4.01 | 1.14 | 0.89 |
| | %Construction | 6.13 | 8.03 | | 7.40 | | 7.63 | 9.09 | 9.14 |
| | %Wholesale and retail trade | 23.37 | 18.18 | | 18.48 | | 18.90 | 26.14 | 26.93 |
| | %Hotel and restaurants | 2.68 | 2.19 | | 2.31 | | 2.28 | 8.27 | 8.37 |
| | %Transport, storage and communication | 23.82 | 6.24 | | 6.58 | | 8.52 | 8.65 | 8.52 |
| | %Real state, renting and business activities | 20.59 | 8.30 | | 7.63 | | 9.67 | 16.78 | 17.51 |

*Values NUTS 3 are replaced by values NUTS2

**Table 26.6** Rural business development indicators (b)

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment in high and medium technologies manufacturing activities_2004 | Employment in high and medium tech manufacturing activities_2004_Media | 4.64 | 9.08 | | 9.55 | | 8.64 | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_%EU 25 | 70.69 | 130.15 | | 128.63 | | 122.34 | 95.89 | 107,13 |
| %firms with own website | | 41,50 | 33.36 | | 33.65 | | 34.45 | 50.21 | 50.21 |

*Values NUTS 3 are replaced by values NUTS2

## 5. Rural-urban relationships

Net of controls, both Czech and Slovak rural respondents report more economic strain and unemployment, a difference that persists over the surveys. These experiences account for rural residents' greater economic anxiety, their fear of economic development and unemployment, which also persists over the surveys. These experiences and anxiety explain, in turn, their lower level of support for the reforms, and endorsement of a return to socialism and strong-hand government. Rural and urban respondents of the two countries have experienced the world differently since 1990, and this is expressed in their economic anxiety and political preferences (Hraba J., McCutcheon A., Vecernik J, 2009, Rural Sociology).

## 6. Cultural heritage

Traditional folk culture and folklore belong to the main cultural resources in Slovakia. They were created and are kept mainly in rural areas. Habits and ceremonies (eg. related to the calendar events), traditional folk songs, music, dance, drama, idioms, crafts, clothing, food, engineering, architecture and a number of other tangible and intangible expressions, belong to the cultural rural resources. There is a great spatial variety of them.

There is a significant number of cultural monuments in Slovakia; churches (more than 1500), burgher's houses (about 2440), rustic houses (about 1300), palaces, castles, monasteries and many others.

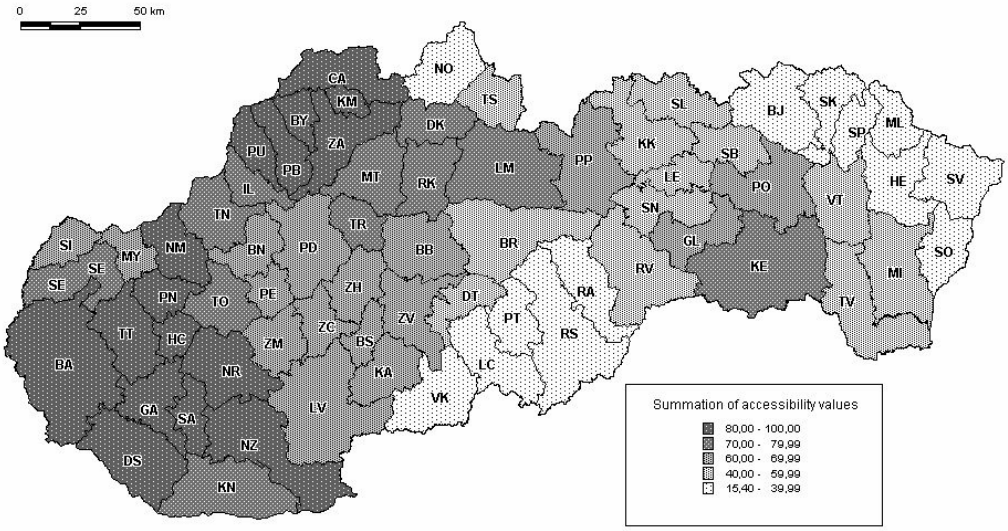
The unique resources of cultural heritage constitute very good conditions for development of cultural tourism. The development of cultural tourism is expected and supported. Many monuments, like castles and chateaux, have tourist potential and after reconstruction and modernisation may be used as cultural and accommodation establishments. The current state of use of the resources for tourism purposes, as well as the promotion, are unsatisfactory.

## 7. Services of General Interest

Slovakia is located in the centre of Carpathian Mountains, that is why natural conditions connected with relief play important role in the settlement structure and network connections. As well important elements of infrastructure development are regional disparities of economic development. Hornak (2006) calculated a complex accessibility to infrastructure network in Slovakia based on accessibility to train system, road network, river ports and airports. The regions of strong transport marginality form a vast territory in southern part of central Slovakia and in north-eastern Slovakia (see map below). These regions have a peripheral position towards important transport corridors and suffer with low quality of their own intra-regional transport networks, with no highways and underdeveloped (or absent) railways inadequately connected to the major railway lines. Summing up a common features of regions of transport marginality in Slovakia as follows: (1) peripheral position within the country, (2) adverse accessibility of arterial raiways or total absence of railway network, (3) adverse accessibility of highways/express-ways, underdeveloped 1st-class road network, (4) adverse accessibility of river-ports, combined-transport terminals, (5) position apart from pan-European multimodal corridors, (6) shortage of investments into major transportation infrastructure development, (7) neighbourhood of underdeveloped regions of Poland, Hungary and the Ukraine with low quality of transport infrastructure. Similar results obtain Michniak (2006) for his calculation of accessibility of the railway network in Slovakia (see map below).

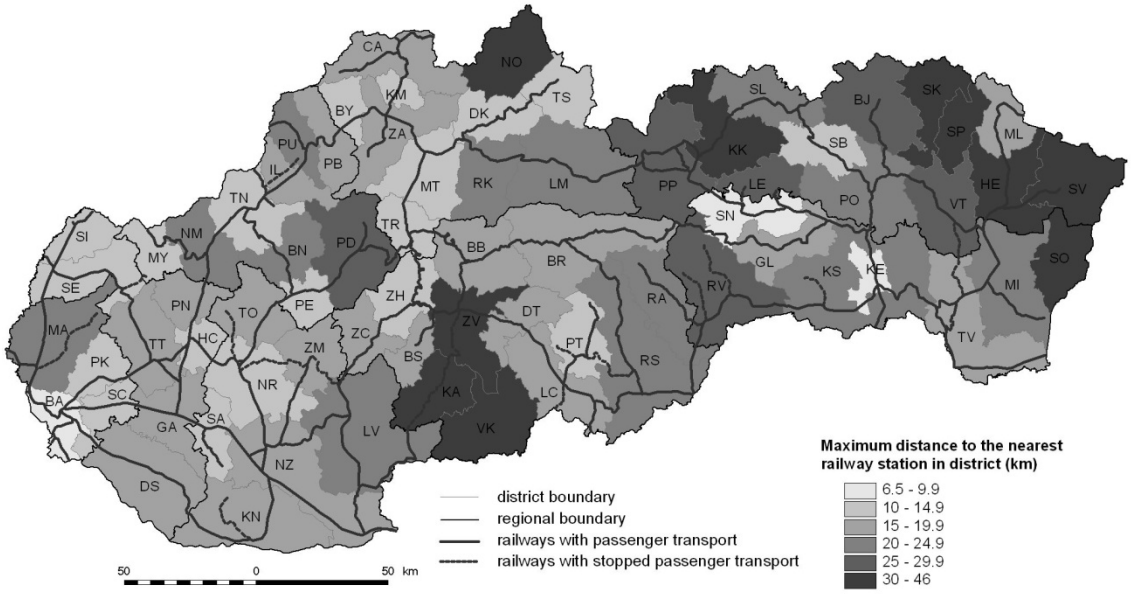
Generally the most developed level of services of general interest is in the western part of Slovakia – Vah Valley. It has the highest density of transport infrastructure networks, the highest density of elements of social infrastructure (higher schools, research institutions). The only exception in Eastern Slovakia is Kosice Region. Important element of accessibility to some elements of infrastructure is very close location of Vienna to Bratislava. Services of General Interest are better developed in urban regions than rural ones.

**Figure 26.2** Accessibility of selected transportation networks in Slovakia (2003)




**Source**: Hornak M., 2006, *Identification of regions of transport marginality in Slovakia*, EUROPA XXI, 15, IGSO PAS, PGS, Warszawa, 35-41.

**Figure 26.3** Maximum distance between the commune and the nearest railway station




**Source**: Michniak D., 2006, *Accessibility of the railway network in Slovakia*, EUROPA XXI, 15, IGSO PAS, PGS, Warszawa, 51-61.

**Table 26.7** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | 0.04 | 0.01 | | NA | | 0.01 | 0.04 | 0.04 |
| Density of trunk road | | 0.15 | 0.07 | | 0.09 | | 0.09 | 0.17 | 0.17 |
| Density of railways | | 0.09 | 0.06 | | 0.07 | | 0.07 | 0.10 | 0.10 |
| Area (km2)** | | 2052.00 | 31183.00 | | 15799.00 | | 49034.00 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_06* | 0.82 | 0.40 | | -0.74 | | 0.17 | 0.93 | 0.92 |
| DENSITY | Density of population 2006*** | 294.20 | 114.48 | | 90.58 | | 130.97 | 414.65 | 446.23 |
| Daily population accessible by car | | 17655.00 | 13171.60 | | 14604.00 | | 14090.1 | 18078.54 | 19285.234 |
| Time to nearest hospital | | 0.00 | 7.27 | | 12.14 | | 7.58 | 22.83 | 22.83 |
| Time to nearest university | | 22.71 | 30.39 | | 32.24 | | 29.89 | 45.10 | 45.10 |
| Time to nearest airport | | 22.71 | 144.92 | | 123.03 | | 124.17 | 83.44 | 83.44 |
| %households with broadhand access* | | 39.00 | 34.60 | | 36.00 | | 35.50 | 49.07 | 48.00 |
| % households with internet at home* | | 63.00 | 59.40 | | 63.00 | | 60.75 | 81.46 | 81.20 |
| Nº STUDENTS ISCED 0_6* | Nºstudents ISCED_0 per 1.000 inhabitants | 26.81 | 27.08 | | 25.83 | | 26.73 | 29.59 | 29.46 |
| Nº STUDENTS ISCED 0_6* | Nºstudents ISCED_1 per 1.000 inhabitants | 33.79 | 45.32 | | 41.97 | | 43.04 | 61.66 | 60.76 |
| Nº STUDENTS ISCED 0_6* | Nºstudents ISCED_2 per 1.000 inhabitants | 52.61 | 65.76 | | 63.57 | | 63.57 | 43.21 | 43.28 |
| Nº STUDENTS ISCED 0_6* | Nºstudents ISCED_3 per 1.000 inhabitants | 60.85 | 55.90 | | 55.84 | | 56.51 | 48.05 | 48.03 |
| Nº STUDENTS ISCED 0_6* | Nºstudents ISCED_4 per 1.000 inhabitants | 3.38 | 0.60 | | 0.42 | | 0.90 | 3.06 | 3.10 |
| Nº STUDENTS ISCED 0_6* | Nºstudents ISCED_5_6 per 1.000 inhabitants | 107.00 | 26.99 | | 30.34 | | 37.83 | 37.37 | 37.23 |
| BEDS IN HOSPITAL PER 100.000 inhabitants* | Nº of beds in hospitals per 100.000 inhabitants_05 | 926.90 | 624.82 | | 641.00 | | 666.62 | 696.91 | 704.88 |
| BEDS IN HOSPITAL PER 100.000 inhabitants* | Evolution nbeds 2000_05 | 79.85 | 81.56 | | 90.91 | | 83.68 | 91.53 | 91.94 |
| BEDS IN HOSPITAL PER 100.000 inhabitants* | Density of hospitals | 5.85 | 1.11 | | 0.87 | | 1.64 | 5.44 | 5.44 |
| BEDS IN HOSPITAL PER 100.000 inhabitants* | Hospital beds per head | 9.14 | 5.19 | | 4.95 | | 5.62 | 4.98 | 4.98 |
| BEDS IN HOSPITAL PER 100.000 inhabitants* | Doctors per inhabitant | 704.30 | 286.36 | | 276.25 | | 336.08 | 171.35 | 171.35 |

* Values NUTS 3 are replaced by values NUTS2;

** The findings of these variables are the sum of values, not the average, as the others.;

## 8. Farm structural change

In Slovakia, the ownership changes had a completely different character as in Poland, Hungary or Romania. The socialist sector of agriculture (cooperatives and state farms) was privatised, and on its place a number of large private companies or new production cooperatives appeared. That is why the overall area of land, used by family farms did not exceed in Slovakia 10% of the total area of agricultural land. Owing to this, the agricultural land in Slovakia did not undergo such a strong fragmentation as in other post-socialist countries.

In Slovakia majority of agricultural land is concentrated in large farming enterprises, oriented at commercial production. It appears that such a model is the optimal one in the context of competitiveness and globalisation of agricultural production.

**Table 26.8** Farm structural change indicators

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | 89.64 | 90.58 | | 89.63 | | 90.23 | 33.42 | 33.89 |
| | 2 to 100 ESU | 7.66 | 7.73 | | 9.12 | | 8.07 | 57.56 | 57.02 |
| | >100 ESU | 2.70 | 1.69 | | 1.24 | | 1.71 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005 | -1.77 | -3.38 | | -3.60 | | -3.23 | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | -2.93 | -4.71 | | -4.62 | | -4.46 | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | 6.25 | 25.58 | | 9.86 | | 19.23 | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | 20.00 | -14.59 | | -13.63 | | -10.03 | 32.21 | 31.28 |
| HOLDERS | % Holders working full time 2005 | 5.16 | 6.08 | | 6.42 | | 6.05 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 - 2005 | -31.25 | -60.55 | | -54.38 | | -55.35 | -0.01 | 0.33 |
| | Economic Farm Size (RDEU07) | 12.40 | 8.60 | | 7.05 | | 8.68 | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | 41.40 | 46.46 | | 38.00 | | 43.71 | 37.55 | 37.55 |
| | % holders > 55 years 2007* | 62.50 | 59.59 | | 61.10 | | 60.33 | 50.19 | 50.61 |
| | % holders < 35 years 2007* | 4.32 | 3.604 | | 3.39 | | 3.64 | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 – 2005* | 5.57 | 0.43 | | 11.24 | | 3.78 | 5.88 | 5.61 |
| | % change in holders < 35 years 2000 – 2005* | 15.14 | -19.93 | | -28.76 | | -17.75 | -34.00 | -33.95 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | 16.60 | 13.72 | | 16.65 | | 14.81 | 42.29 | 42.29 |

*Values NUTS 3 are replaced by values NUTS2

The analysis of land cover confirmed the important changes in the agricultural land use in Slovakia. The areas of complex cultivation pattern enlarged. Diminished areas of meadows are the results of less intensive cultivation. The shrinking of the heterogeneous agricultural areas, which diminished in favour of woodland and scrub formations, constitutes another landscape change. The above-mentioned changes are much differentiated at the regional scale (Spisak at all 2008).

According to Spisiak[1] (2008), agriculture will gradually lose its productive function in some regions and its stabilizing function will be ever more important. Territorial bodies of self-administration will play an important role in this sense.

[1] Peter SPIŠIAK, Ján FERANEC, Jan OT'AHEL, Jozef NOVÁČEK, 2008, Transition in the agricultural and rural systems in Slovakia after 1989, Rural Studies, 15, Warsaw, 121-147.

## 9. Institutional Capacity

Slovakia is divided into 8 regions (*kraj*) – NUTS III, 79 counties (*okres*) – NUTS IV and 2883 communes (*obec*) and 138 town communes. The basic elements of administrative systems are communes and regions. Governance system in Slovakia appeared at the beginning of 90. Mayors of communes are elected directly and members of councils are elected for four year cadence. Communes have rather big competences – they are institute local budget, local taxes, rules of utilize communes properties. All well they are responsible for housing, spatial planning, transport, local roads, culture, sport, social infrastructure. The main sources of incomes are local taxes and the share of the municipalities in the revenue from the personal income tax.

The main problems of administrative and governance system in Slovakia is number of communes. Almost each rural settlement is a commune with their own mayor, council, budget. Because of such system, the smallest commune in Slovakia has 7 inhabitants! Such system caused problems of small scale planning, possible on the lowest level of governance system. That is why, if communes want to be competitive, they have to cooperate with others. As well during planning bigger initiatives connected with technical and social infrastructure, it is important to prepare a wider spatial scale projects.

**Table 26.9** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI +MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | 10509.1 | 4020.8 | | 3933.55 | | 4810.02 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | 33124.1 | 11419.08 | | 10887 | | 13999.18 | 20926.83 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | 77.90 | 26.84 | | 25.60 | | 32.91 | 94.38 | 95.48 |

## 10. Climate change

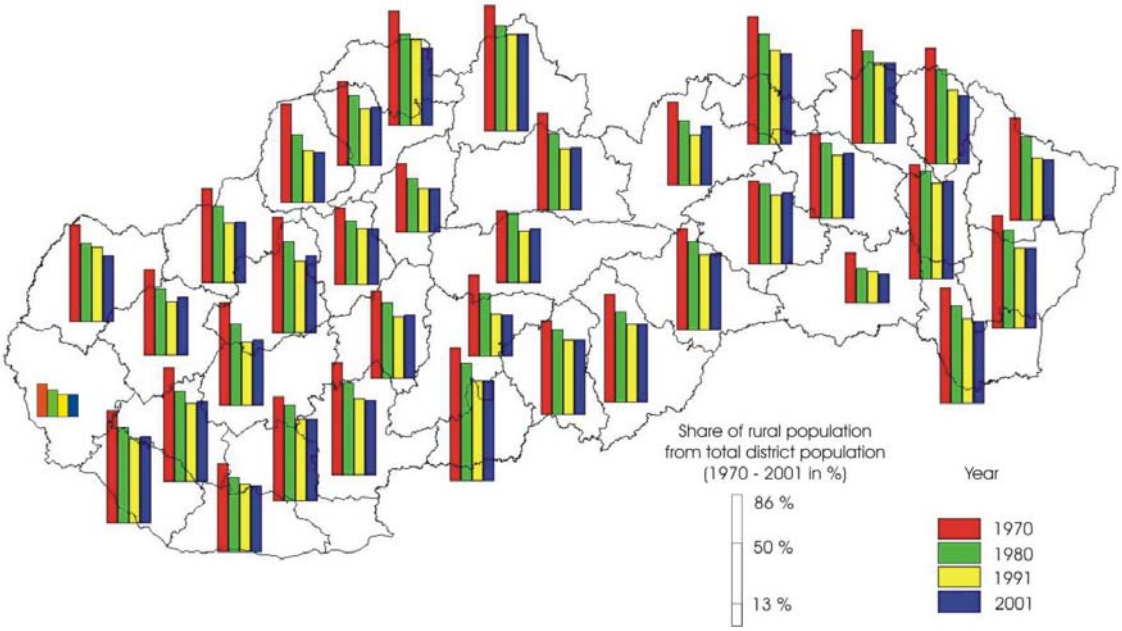
The most important anthropogenic source of $CO_2$ emission in Slovakia is combustion and transformations of fossil fuels. They account for about 95% of the total $CO_2$ emission in the country.

Basic documents a part of which is the policy of limitation of negative effect of climate change are: Strategy of Slovak Republic in Relation to Global Climate Change, Energy Policy of the Slovak Republic, Conception of Reduction of Greenhouse Gas Emission in Construction and Public Sector of the Slovak Republic, National Climate Program of the Slovak Republic and other sectoral documents.
In Slovakia, important climate policy measures related to forestry include afforestation; decrease of the levels of permanent deforestation; increase of the efficiency of wood utilization; an increased use of biomass as a substitute for fossil fuels, and the protection of carbon storage in existing forests.

A 12% increase in the use of renewable energy sources was projected in Slovakia. However, the linkages between Slovakian climate policy and its forest .and agricultural policies were not captured

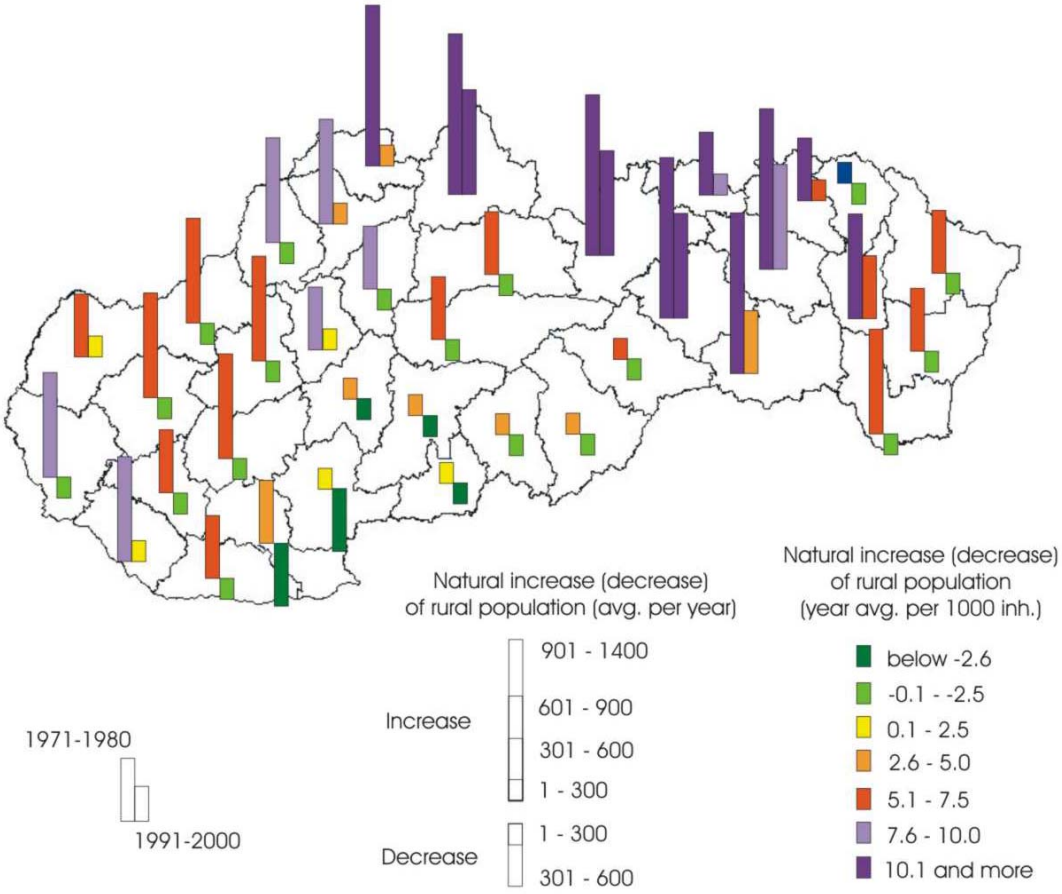
The main problems related to climate change concern water regime and risk trends in the development of hydrological courses (different spatially). In agriculture it is expected change of agroclimatic condition and potential production (increase of biomass production, mainly in northern Slovakia by 25% toward the year 2075) and impact of climate change on the structure of plant production. In the consequence there will be changes of productivity and economic effectiveness.

**Figure 26.4** Share of the rural population in 1970, 1980, 1991, 2001



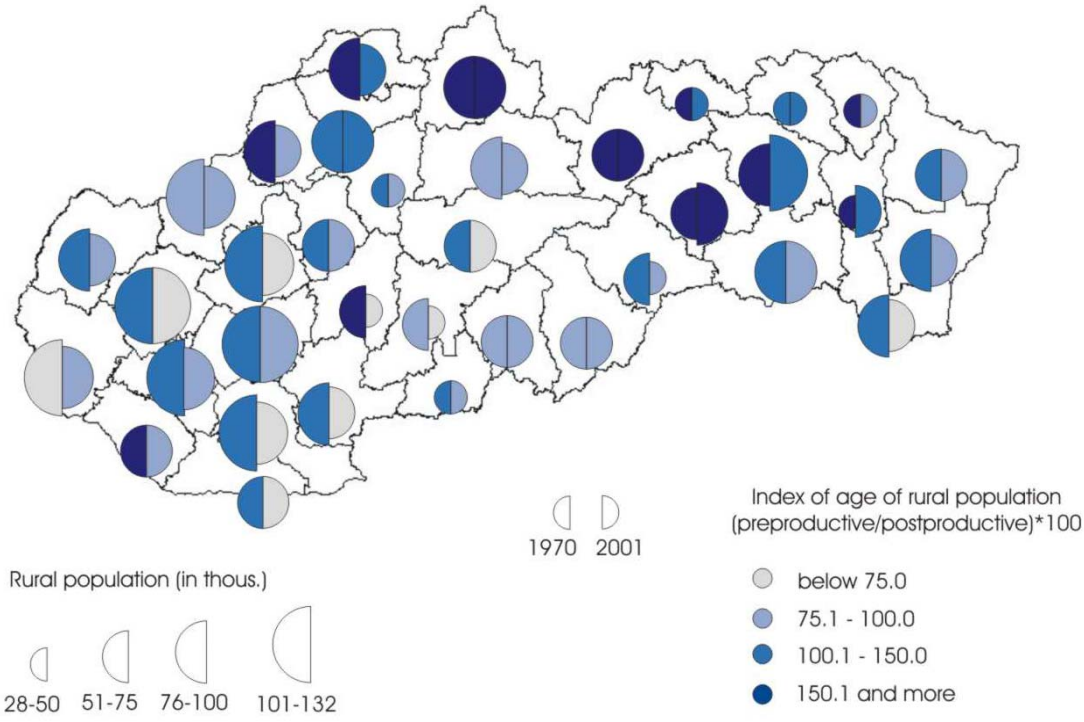

**Source:** Podolak P., 2005, *Demographic changes of rural population in Slovakia*, Rural areas and development, 3, European Rural Development Network, Warsaw, 49-62.

**Figure 26.5** Natural increase of rural population



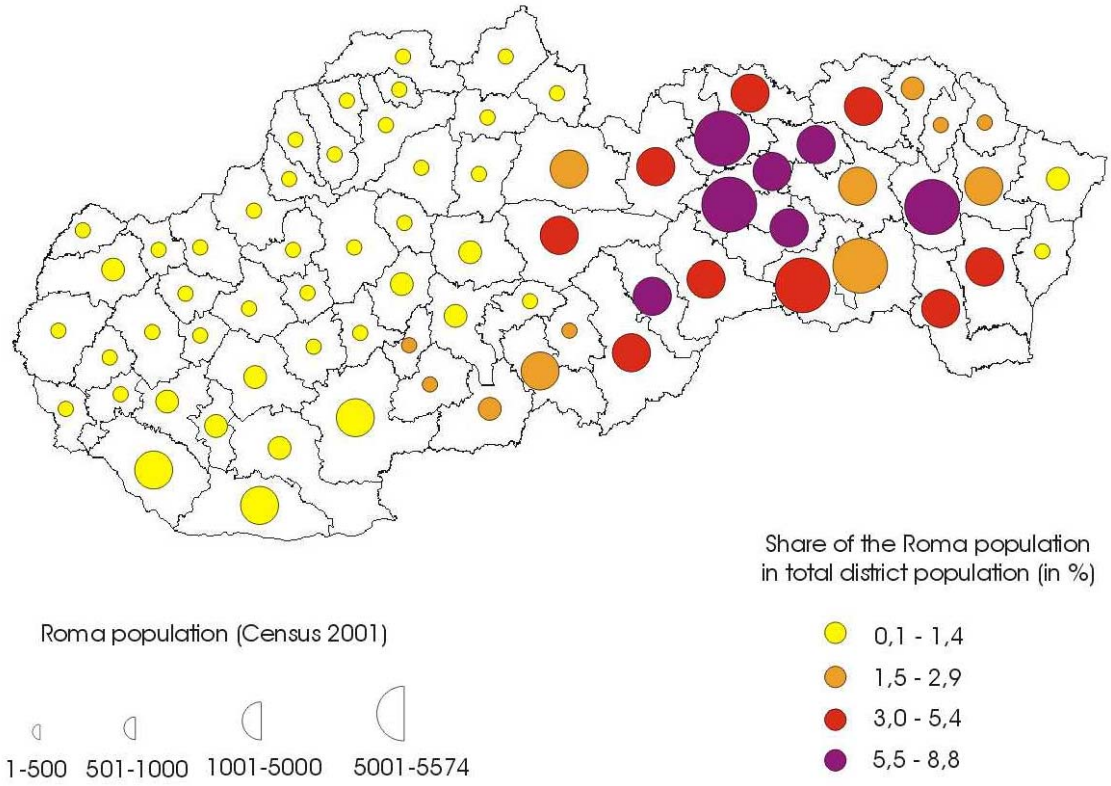

**Source:** Podolak P., 2005, *Demographic changes of rural population in Slovakia*, Rural areas and development, 3, European Rural Development Network, Warsaw, 49-62.

**Figure 26.6** Index of age of rural population



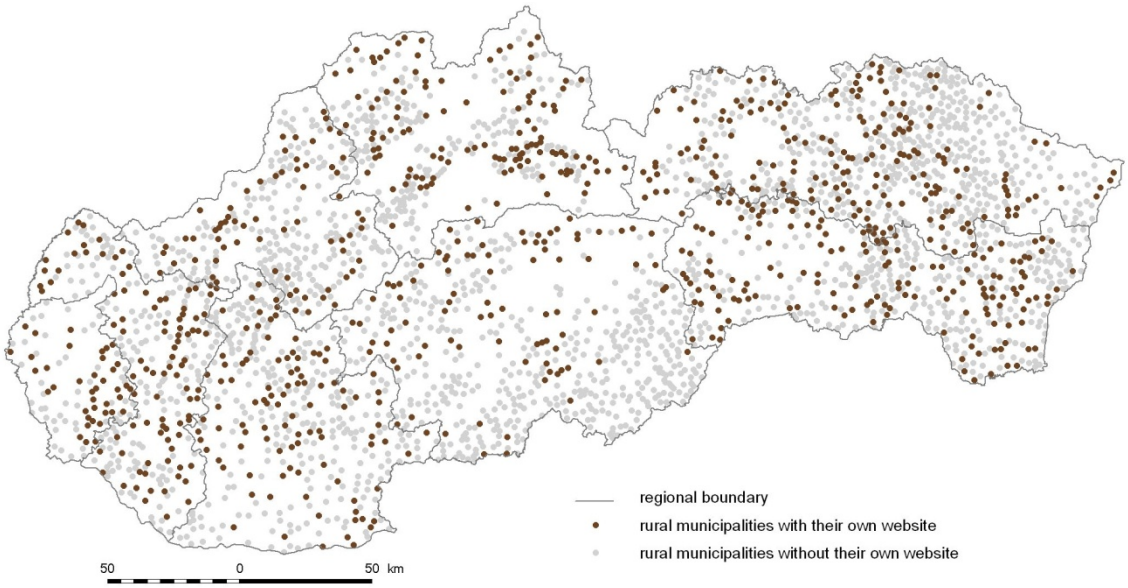

**Source:** Podolak P., 2005, *Demographic changes of rural population in Slovakia*, Rural areas and development, 3, European Rural Development Network, Warsaw, 49-62.

**Figure 26.7** Distribution of the Roma population in 2001



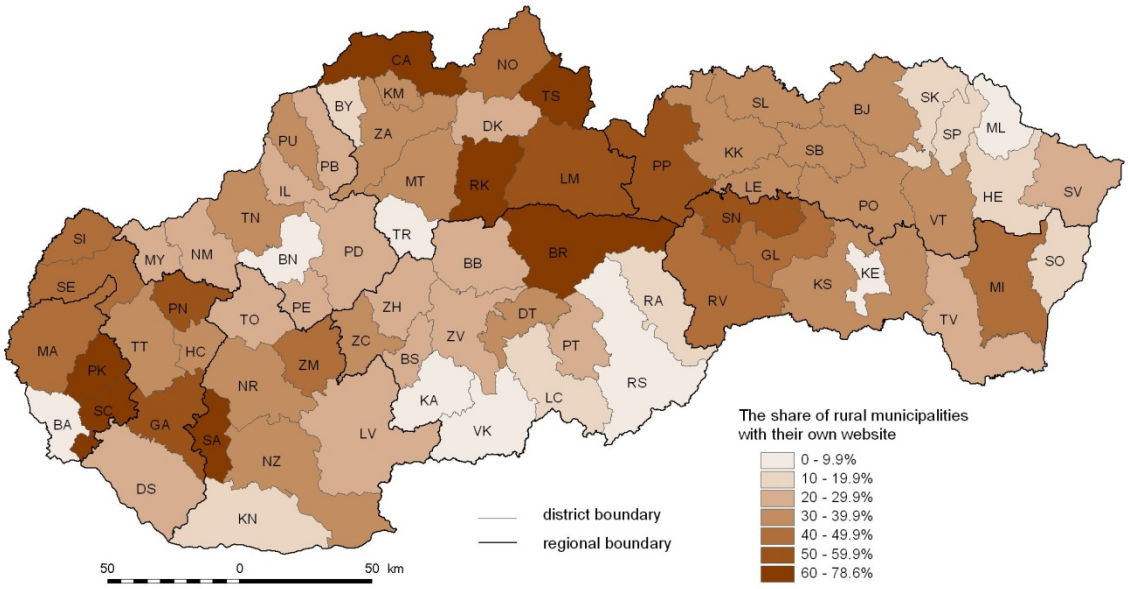

**Source:** Podolak P., 2005, *Demographic changes of rural population in Slovakia*, Rural areas and development, 3, European Rural Development Network, Warsaw, 49-62.

**Figure 26.8** The comparison of all rural municipalities in Slovakia against municipalities with their own web page




**Source:** Szekely V., Michniak D., 2006, *Existence and quality of Slovak rural municipalities' websites – the differentiating factor of rural competitiveness*, Rural areas and development, 4, European Rural Development Network, Warsaw, 69-86.

**Figure 26.9** The share of rural municipalities with their own webpage on territories of district




*Sources of maps*:

**Source:** Szekely V., Michniak D., 2006, *Existence and quality of Slovak rural municipalities' websites – the differentiating factor of rural competitiveness*, Rural areas and development, 4, European Rural Development Network, Warsaw, 69-86.

The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## SLOVENIA

Report nº 25.27

Majda Cernic
University of Ljubljana

Univerza v Ljubljani

EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

**CONTENTS**

## 1. Introduction

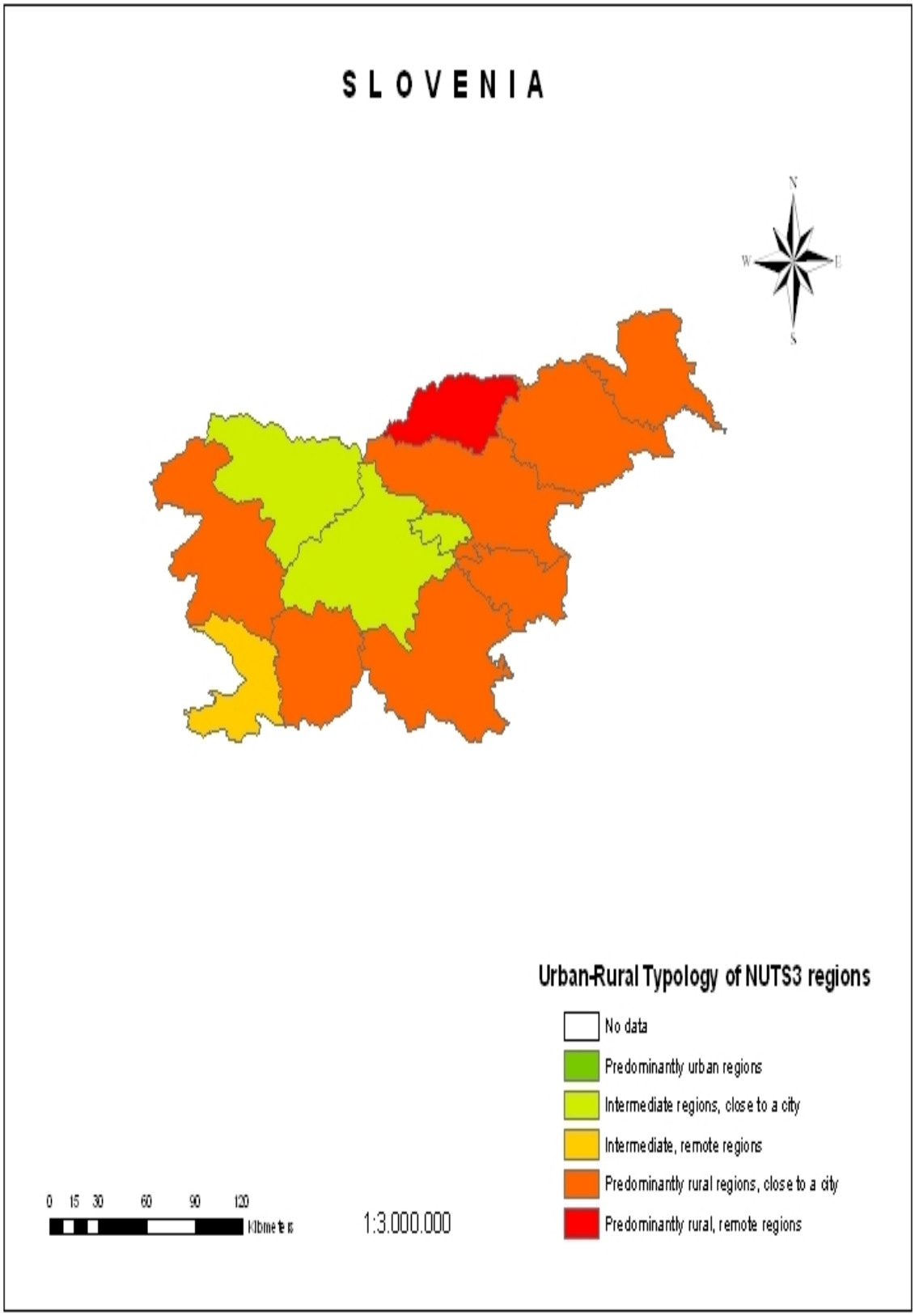
All Slovenian regions have a rural character. This fact is a consequence of specific historical processes that took place in Slovenia after the Second World War. After that milestone rural development went through rather different pathways than that one put into force in Western Europe. Its basic characteristic was polycentric development with dispersed industrialization. Two factors mostly contributed to this development. Political and economic development after the Second World War disregarded and limited private agriculture (maximum of just 10 ha of private estate was allowed); instead intensive industrialization based on small craft-industrial plants was promoted and favoured. Additionally, various and extensive configuration of the landscape led to dispersed settlements and small and fragmented private land estate structure. As the result, broad stratum of labour migrants on a daily basis was created that significantly determined modest process of urbanisation in Slovenia. In the period 1970-1980 this process was additionally alleviated by suburbanisation enforced by expansion of personal vehicles. This path was additionally encouraged with polycentric regional development, introduced at the beginning of 1970s, where more centres were developed and not just a single one around the capital of the country. With the Strategy of spatial development, accepted in to force in 2004, this concept was renewed in the sense that the cities are not the main centres in terms of production but as centres of provisions and services. Hence, dispersed, deconcentrated mode of settlements very different from that of other West-European countries today prevails in Slovenian countryside.

In contrast with West European countryside Slovenian rural areas were very modestly determined by the capitalism. For that reason, an agro-industrial model of agriculture like those in Western-European countries did not develop. This model was to some degree adopted only by ‘socially owned estates' a kind of kolkhozes which however covered only a small share of agricultural land (about 8%). Thus, Slovenian countryside had in greater extent ‘skipped over’ a period of agro-industrial agriculture and incidentally incorporated itself into the post-productivist model. After the independence in 1991, Slovenian agrarian policy decided to adopt eco-social model of agriculture based primarily on family farms (hobby farms, full-time, part-time and supplementary private farms). This model corresponds to dispersed estate and ownership and social structure of relatively small farm holdings that still encompass many elements of mediaeval agrarian structure.

Immigration from town centres into more remote rural areas is a recent phenomenon in Slovenia. One of new forms of urban-rural relationships are also visits and presentations of farm and craft products and services by rural dwellers to the urban ones organised as regular yearly city events.

One of the characteristics of Slovenian population, especially of rural one is strong attachment to home and local environment. This is manifested in rather strong inclination of locals not to sell their property to foreigners.

**Figure 27.1** DG Region modified Urban-rural typology of NUTS 3 regions: Slovenia




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

## 2. Demography

The main demographic process in the country is population ageing due to very low fertility levels in the past twenty five years and increased life expectancy of the population. In 2007, the share of old-age population was in all regions higher than the share of young-age population.

The values of young- and old-age dependency rate show that differences among the regions are not remarkable. A bit higher ratios in intermediate regions show that in these regions the entry of population into retirement was a bit faster.

The population growth is uneven among the regions. In recent years, since the beginning of 2000 the population increased mostly in IRA regions and in only one IRR and in PRA-s in the west-south part of the country. The main reason for population decline in other regions is decrease in natural and migration growth. In majority of that regions there are more emigrations than immigrations. The reasons for emigrations are mainly of economic nature – seeking of better job opportunities particularly among younger generation.

**Table 27.1** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2002* | % people aged 0 to 14 years | | 15.73 | 15.70 | 15.78 | 15.79 | 15. 28 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | | 70.09 | 70.07 | 70.14 | 70.15 | 70.00 | 66.62 | 66.65 |
| | % people aged 64 years and over | | 14.82 | 14.81 | 14.83 | 14.84 | 14.72 | 16.53 | 16.55 |
| | Age dependency rate | | NA | NA | NA | NA | NA | 25.09 | 25.09 |
| Population* | Population change 2001-2007 (Index pop. 2001=100) | | 101.41 | 102.03 | 100.43 | 100.17 | 100.79 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | | 14.04 | 14.13 | 13.90 | 13.86 | 13.95 | 16.68 | 15.97 |
| | % pop.15_64_2007 | | 69.93 | 69.62 | 70.42 | 70.55 | 70.24 | 69.75 | 70.18 |
| | % pop. >64_2007 | | 16.03 | 16.25 | 15.69 | 15.59 | 15.81 | 13.55 | 13.84 |
| | Age dependency rate | | 43.01 | 43.64 | 42.02 | 41.75 | 42.38 | 44.08 | 43.17 |
| | Natural increase change_01_06 | | 68.89 | -50.00 | -39.29 | NA | -10.76 | -5.99 | -6.09 |
| | Net migration change_01_06 | | 142.05 | 17.98 | 35.82 | 40.12 | 61.25 | 7.09 | 8.97 |
| Education* | % ISCED 0_2** | | NA | NA | NA | NA | NA | 33.6282 | 36.6591 |
| | % ISCED 3_4** | | NA | NA | NA | NA | NA | 43.2920 | 47.1425 |
| | % ISCED 5_6** | | NA | NA | NA | NA | NA | 17.0362 | 18.5490 |
| | % of farmers with basic or full educational attainment | | NA | NA | NA | NA | NA | 35.3421 | 39.5463 |
| | Life-Long Learning in Rural Areas | | NA | NA | NA | NA | NA | 7.6985 | 8.6142 |

*Values NUTS 3 are replaced by values NUTS2

**% ISCED by groups is calculated for population more 15 years.

Considerably negative natural increase change (higher number of deaths than births) in the period 2001-2006 in IRR and PRA regions is a consequence of relatively extensive migration of young population in previous decades (mostly in 1970s) in these regions into IRA regions and consequently low fertility levels and ageing of population of this regions. Main reasons for lower net migration change in IRR and PRA regions in the same period in comparison with IRA regions is lower availability of jobs.

According to 2002 Census data the most educated population (considering the average number of years enrolled in education) lives in IRA regions and the only IRR region whereas the least educated population lives in Pomurska region (PRA region) situated in the east part of the country.

## 3. Employment

In the period of accelerated economic growth (3.9% in 2005 and 6.8% in 2007) which stopped in 2008 with 3.5% growth the trends in the labour market in Slovenia were in general positive: the employment rate had increased near to 66% (the employment rate was higher for men), the registered unemployment rate had decreased (from 10.3 in 2004 to 7.7 in 2007), the flexibility of the labour market increased through implementation of instruments of interim and partial employment. However, at that period the main problems of the labour market remain: low rate of employment among the older population, relatively high rate of unemployment among the population aged 15-24, high share of long-term unemployment (4.1 in 2007) and high unemployment rate among the low educated (39.2 in 2007).

Employment population ratio differ significantly among the regions: it is considerably higher in IRA regions and IRR region and in the PRA regions located in the west and south of the country than in the eastern part. The differences are ranged from 55.4 in Pomurska region (PRA) to 60.5 in Osrednjeslovenska region (IRA) in 2007. Regions differ among each other also pertaining to the shares of employment in principal sectors. Two IRA regions, Pomurska region in the east and Spodnjeposavska region in the south-east of the county show higher shares (14.0% and 10.6% respectively) of persons employed in agriculture than in the rest of the country in 2007. The lowest share (2%) is found in Osrednjeslovenska region (IRA region) which has the highest share of persons employed in services (70.7%). Similar share (70.4) is indicated also in Obalno-Kraška region (IRR region) whereas in all other regions the corresponding shares rank around 50%.

Regarding registered unemployment rates the regions also differ among each other. In 2007 the regions with lower values (3.2 or lower) are located in the middle and in the west of the country (IRA and IRR regions and two PRA regions) whereas the regions (PRA regions and PRR region) with the highest values (4.1 in to 7.8) are located in the south-east and east of the country.

**Table 27.2** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate* | T15_64 years | | NA | NA | NA | NA | NA | 66.40 | 66.42 |
| | Tmale 15_64 y | | NA | NA | NA | NA | NA | 73.05 | 73.12 |
| | Tfemale 15_64 y | | NA | NA | NA | NA | NA | 59.72 | 59.70 |
| | Total 15_24 y | | NA | NA | NA | NA | NA | 39.66 | 39.67 |
| | T 45_64 years | | NA | NA | NA | NA | NA | 62.37 | 62.34 |
| | Total 45_54 | | NA | NA | NA | NA | NA | 78.30 | 78.38 |
| | Total 55_64 | | NA | NA | NA | NA | NA | 46.44 | 46.30 |
| %Employment in principal sector | %Emp_primary | | 6.79 | 5.66 | 15.80 | 12.91 | 12.46 | 7.95 | 7.97 |
| | %Emp_secondary | | 37.99 | 25.27 | 39.41 | 47.68 | 38.57 | 26.71 | 26.71 |
| | %Emp_tertiary | | 55.22 | 69.06 | 44.78 | 39.40 | 48.97 | 65.33 | 65.31 |
| Unemployment evolution 2002_05 | Total > 15 years | | NA | NA | NA | NA | NA | 187.25 | 188.17 |
| | Total 15_24 years | | NA | NA | NA | NA | NA | 255.25 | 257.16 |
| | Total >25 years | | NA | NA | NA | NA | NA | 82.27 | 82.21 |
| | Male > 15 years | | NA | NA | NA | NA | NA | 82.45 | 82.35 |
| | Female > 15 years | | NA | NA | NA | NA | NA | 94.74 | 94.79 |
| Unemployment rate 2007 | Total >15 | | NA | NA | NA | NA | NA | 7.61 | 7.63 |
| | Total Male >15 | | NA | NA | NA | NA | NA | 7.06 | 7.05 |
| | Total Female >15 | | NA | NA | NA | NA | NA | 8.61 | 8.59 |
| | Total 15_24 | | NA | NA | NA | NA | NA | 15.80 | 15.64 |
| | Total >25 | | NA | NA | NA | NA | NA | 6.66 | 6.66 |
| Long term unemployment | % long term unemployent rate_07 | | NA | NA | NA | NA | NA | 43.07 | 43.12 |
| | Evolution of long term unemployment2002_07 | | NA | NA | NA | NA | NA | 111.33 | 110.94 |

*Values NUTS 3 are replaced by values NUTS2

## 4. Rural business development

In general Slovenia is still very low ranked in international comparisons as regards the business activity as well as the accessibility of financing resources. National surveys on the situation among small and medium-sized enterprises (SME) indicate a decline of the entrepreneurship in Slovenia. In 1999-2004 the number of enterprises in business sector increased only by 2.6 percent and the rate of early business activity declined from 4.6 percent in 2002 to 2.6 percent in 2004, but increased to 4.4 percent in 2005, which is, however, still the fourth lowest rate among the EU Member States. In Slovenia only every thirty-eighth inhabitant between 18 and 64 years of age is engaged in business. Slovenia has not yet developed any entrepreneurship culture in general and even less in the countryside.

In spite of existing opportunities for varied entrepreneurship activities (e.g. lower costs, available special (traditional) knowledge, working force, raw materials, rich cultural and natural heritage) these activities still remain far less developed than they are in the urban centres. The income of enterprises located in the countryside is 2.7-times lower then it is in urban municipalities. They are mainly craft and services oriented. As research “Self-employment in the countryside« (1997) shows that business opportunities in the countryside in Slovenia are less known by rural dwellers, information about new possibilities of self-employment are insufficiently presented to them, there is lack of knowledge particularly among women and business development is insufficiently underpinned by the legislation according to rural dwellers’ opinion.

In its essence rural business does not differ from the urban business significantly. Rural business means a search of combination of resources either related to farming or non-farming activities. Rural business is usually based on narrow frame of community, characterised by strong family ties and relatively strong impact on rural community.

Rural business promotion in Slovenia is being carried out since 2002. Since then ten rural development nuclei – non-profit institutions had been established that animate, counsel and qualify rural people for business. In the period between 2002 and 2006 14861 participants were included in animation programs and 3877 participants in counselling and qualification programs. In the frame of these programmes 323 self-employments and other forms of employment were realized. In the new Programme of Business and Competitiveness Promotion for the period 2007 – 2013 a special measure is created: business promotion among special social groups - persons from less developed and rural areas respectively. In 2005 there were just 80 such enterprises, but for 2013 this number is planned to rise to 560 such enterprises with 1200 new jobs.

In the new Rural Development Programme of the Republic of Slovenia 2007 – 2013 the measure 'Supporting the establishment and development of enterprises' anticipates 66 percent of the resources under axis 3. It is expected that with Support for the creation and development of micro enterprises 600 micro enterprises will be supported and 2,000 new jobs in enterprises supported will be created till 2013. Supporting institutions of rural business are also Slovenski podjetniški sklad (Slovenian Business Fund) and several business incubators.

Considering the process of business activities development there are considerable variations among the Slovenian regions. The rate of enterprise births in activities C-K as % of all enterprises in these activities in Slovenia in 2006 was 9.7. The regions that deviate most from that value in positive direction (over 10.0) are both IRA regions and IRR region whereas in negative direction (less then 8) Spodnjeposavska and Goriška (PRA regions) deviate.

## **Table 27.3** Rural business development indicators (a)

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006* | % Mining and quarrying | | NA | NA | NA | NA | NA | 0.29 | 0.30 |
| | % Manufacturing | | NA | NA | NA | NA | NA | 14.08 | 14.04 |
| | % Electricity, gas and water supply | | NA | NA | NA | NA | NA | 0.61 | 0.62 |
| | %Construction | | NA | NA | NA | NA | NA | 9.48 | 9.45 |
| | %Wholesale and retail trade | | NA | NA | NA | NA | NA | 23.02 | 21.83 |
| | %Hotel and restaurants | | NA | NA | NA | NA | NA | 6.52 | 6.14 |
| | %Transport, storage and communication | | NA | NA | NA | NA | NA | 8.68 | 8.46 |
| | %Real state, renting and business activities | | NA | NA | NA | NA | NA | 37.29 | 39.11 |

Figures for Construction and Wholesale and retail trade are as follows:

- Trgovina, popravila motornih vozil in izdelkov široke porabe (% Trade, cars repair and consumer goods): 28.4
- Poslovanje z nepremičninami, najem in poslovne storitve (% Real state, renting and business activities): 27.7
- Predelovalne dejavnosti (% Manufacturing): 15.3
- Gradbeništvo (%Construction): 10.3
- Promet, skladiščenje in zveze (% Transport, storage and communication): 5.3
- Druge dejavnosti (% Other activities): 13

**Source:** Business Firms 2006, page 10, Graph (Slika 1: Razvrstitev gospodarskih družb po dejavnostih v letu 2006 (deleži v %)), bars with light blue colour.

## **Table 27.4** Rural business development indicators (b)

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006* | % Mining and quarrying | | NA | NA | NA | NA | NA | 0.57 | 0.51 |
| | % Manufacturing | | NA | NA | NA | NA | NA | 29.18 | 28.07 |
| | % Electricity, gas and water supply | | NA | NA | NA | NA | NA | 1.13 | 0.89 |
| | %Construction | | | | | | | 9.08 | 9.14 |
| | %Wholesale and retail trade | | | | | | | 26.13 | 26.92 |
| | %Hotel and restaurants | | NA | NA | NA | NA | NA | 8.26 | 8.36 |
| | %Transport, storage and communication | | NA | NA | NA | NA | NA | 8.64 | 8.51 |
| | %Real state, renting and business activities | | NA | NA | NA | NA | NA | 16.78 | 17.51 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Employment in high and medium technologies manufacturing activities 2004* | Employment in high and medium tech manufacturing activities_2004_Media | | 8.40 | 8.40 | 8.40 | 8.40 | 8.40 | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_%EU 25 | | 135.05 | 135.05 | 135.05 | 135.05 | 135.05 | 95.89 | 107,13 |
| %firms with own website* | | | NA | NA | NA | NA | NA | 50.20 | 50.20 |

*Values NUTS 3 are replaced by values NUTS2

## 5. Rural-urban relationships

In Slovenia several projects of cooperation between urban and rural areas already exist, e.g.: Po poteh dediščine (Following the paths of heritage), Lokalna akcijska skupina: Sožitje med mestom in podeželjem (Local Action Group: Coexistence between the city and countryside), Gozd skriva zdravje in dobrote, odkrijmo jih (The forest hides health and good thinks, lets find them), Dobrote podeželja oživljajo Stari trg (The local culinary specialities revive Stari trg) and many others. The territorial approach is developed since in the creation of projects and their programmes organisations, groups and individuals from various parts of the regions participate according to the principals of LEADER projects. Inter-regional cooperation is also the practise of this sort of projects. The aims of the projects are: to create new opportunities for economic development and new employment prospects at the fringe of the town and in the countryside, to enrich the town and its supplies and to link the town/countryside with the neighbouring areas of the region. The cooperation is carried out on various areas:

- supplying kindergartens and schools, households and city markets with ecological food;
- maintaining traditional crafts;
- transmission of professional knowledge considering infrastructure, e.g. alternative usage of resources and construction;
- transmission of knowledge from the countryside to cities through rural and farm workshops for city pupils and other dwellers;
- farm and eco tourism, information points in the forests;
- better traffic connections and information flow;
- overcoming prejudices of backwardness of rural people;
- rediscovering traditional rural cuisine;
- rehabilitation centres e.g. for addicts.

Considering differences among the regions in this respect there is no data available.

## 6. Cultural heritage

According to data from the cultural heritage register, kept by the Ministry of Culture, 24,120 units of different heritage types are registered; thereof 11,152 are units of ethnologic heritage. About 5,000 more units are yet to be registered. Prevailing among the heritage types is architectural heritage. The main cultural resources of rural regions are:

- Meadow orchards are valuable landscape features of biodiversity and cultural resources. They are part of Slovenian countryside identity and are spread practically throughout the country, but have been strongly neglected in the last decades.
- Autochthonous and traditional domestic breeds are a part of the cultural heritage that has already contributed to the preservation of population density in remote Slovenian areas in the past, and also contributed to the preservation of the utilisation of agricultural areas.
- Cultural heritage of rural settlements, especially a building stock which is, however, very poorly exploited and has often no explicit use function. These facilities can be used for various activities, e.g. cross generational associating, cultural and art activities (open-air museums, eco-museums, facilities for arranging permanent exhibitions of the ethnological heritage, arrangement and construction of thematic trails, sports and other leisure activities of the local population and tourists by investments in the projects of village renewal.
- Handicraft is an important part of the traditional skills on farms and in the countryside. It represents a part of the overall tourist offer and the promotion of Slovenia as well as one of the key conditions for the conservation of the Slovene cultural heritage.
- Cultural landscape encompasses a greater part of Slovenia. It is developed mainly in rural areas. The predominant feature is a mosaic patchwork of forest, agrarian landscape patterns and traditional settlement structure. Because of the quality of landscape countryside is becoming more and more interesting area of residence. The European Landscape Convention, adopted on 20th October 2000 in Florence has been signed in Slovenia in March 2001 and ratified in July 2003.

The RDP 2007-2013 contains measures and activities in axis 3 that are related to investment grants in the management of cultural monuments and cultural heritage sites and other cultural buildings in the countryside.

Considering differences among the regions in this respect there is no data available

## 7. Services of General Interest

In Slovenia 76 percent of all travelling on daily basis is made by cars. The rest is done by public transportation: 8 percent by interurban buses, 14 percent by city buses and 2 percent by railway. 2.524 km of roads (43% of the total road network) is in bad or very bad conditions. Insufficient capacities of existent roads, increased transit traffic and traffic bottlenecks through the settlements, bad connectivity of remote rural areas with central Slovenia and with international road networks and weak traffic safety due to insufficiently marked crossroads are the main problems of road infrastructure. Difference in density of road network among the regions is substantial: the highest one (2.5 or more) is found in two the most eastern regions of the country (Podravska in Pomurska) and one south-east region (Spodnjeposavska) (PRA regions) whiles the lowest one (below 1.0) is found in south-west of the country Notranjsko-Kraška region (PRA region).

The state of public railway infrastructure (there is no private one) is deteriorating every year more and more due to insufficient financial resources for its development, maintenance and modernisation. Till now the National programme of railway infrastructure from 1996 has been realized only in 25 percent. After the Slovenian independence in 1991 only existent state was maintained but no modernization or construction of the new routs has been accomplished with the exception of new railway linkage with Hungary. As a consequence the safety on some critical points was assured with speed limitation. According to the Operative Programme of Environment and Traffic Infrastructure Development 2007 – 2013 new substantial investments are planned to improve the situation.

Official statistical data (Statistical office of Republic of Slovenia 2006) show that 65 percent of Slovenian households possess a computer and 54 percent have access to Internet (through private distributors). In 2005 56 percent of population aged 10-74 regularly used the Internet. Extremely high share (99 percent) of Internet users on the monthly basis prevails among the youngsters (aged 10-15). At the same time older (11 percent of aged 55-74) and less educated (25 percent) are highly excluded from the use of Internet. The most frequent users (40 percent of daily users) of Internet are found in Podravska region (PRA region) and Srednjeslovenska region (PRA region) whereas the lowest share is found in Prekmurje region (PRA region) with 27 percent of daily users and almost half of non-users.

In 2004 there were 480 beds in hospitals per 100.000 inhabitants in Slovenia which was below the EU average (566 beds per 100.000 inhabitants in 2004). Their number decreased to 476 in 2006 and to 470 in 2008. As figures in Table 29.6 show that PRA and PRR regions are significantly less equipped in this respect than IRA and IRR regions. The number of physicians per 100.000 inhabitants also shows worse picture of Slovenia than the EU25: in 2004 there were 223 physicians per 100.000 inhabitants, in 2007 this number increased to 247. Regarding comparison among regions statistical data show that in 2007 the Osrednjeslovenska region (IRA region) (418 physicians per 100.000 inhabitants) was best provided with physicians, followed by Posavska (PRA region) and Obalno-kraška (IRR region) regions with 231 physicians per 100.000 inhabitants. Notranje-kraška region (PRA region) with just 102 physicians per 100.000 inhabitants is in the worst situation in this respect.

Considering time to the nearest hospital (as well as airport and university) is very near to the EU average. But, there is considerable difference among the regions in Slovenia which is related to uneven distribution of these services. Slovenia as relatively small country has just one main international airport (in the centre of the country) and three universities (one in the middle, one in the western and one in the eastern part of the country). So, majority of regions have none of these services located in their vicinity.

Slovenia is rather unevenly populated as figures in Table 29.5 indicate. This is mainly due to its very heterogeneous land configuration and concentration of population in some small urban areas (jobs availability) in spite of the relatively long lasting (fifty years) polycentric development. In 2007/08 there were 56.3 tertiary students per 1 000 population in Slovenia. The highest number was recorded in Osrednjeslovenska region (IRA region) with 61.7 tertiary students per 1 000 population and the lowest numbers in Podravska in Pomurska region (PRA regions) with 49.6 and 45.0 tertiary students per 1 000 population respectively. In the rest of the regions there were between 51.4 to 59.0 tertiary students per 1 000 population.

In Slovenia a problem of access to basic social services exists particularly in remote hilly rural areas due to loss of basic social institutions (schools, medical stations, libraries, shops, etc.) because of population decline. According to the Constitution and polycentric urban system indicated at the beginning of this report all citizens have the right to equal access to basic social services, but in reality this is not fully accomplished. E. g. some recent research (Hlebec 2010) showed that some municipalities (13 out of 139, mostly located in remote rural areas) lack institutional care for the aged. Thus, those people in need of social services mainly can rely on assistance of family members and near community (charity organisations and church).

**Table 27.5** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | Average country | | |
| Density of motorways | | | 0.02 | 0.04 | 0.01 | NA | 0.02 | 0.04 | 0.04 |
| Density of trunk road | | | 0.16 | 0.21 | 0.15 | 0.10 | 0.15 | 0.17 | 0.17 |
| Density of railways | | | 0.05 | 0.09 | 0.05 | 0.04 | 0.05 | 0.10 | 0.10 |
| Area (km2)** | | | 7665.00 | 2555.00 | 17885.00 | 2555.00 | 30660.00 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_07* | | 0.38 | 1.72 | 0.06 | -0.43 | 0.24 | 0.93 | 0.92 |
| DENSITY | Density of population 2007*** | | 97.14 | 41.33 | 60.36 | 28.86 | 65.34 | 414.65 | 446.23 |
| Daily population accessible by car* | | | 9712.00 | 9712.00 | 9712.00 | 9712.00 | 9712.00 | 18078.54 | 19285.23 |

**Table 27.6** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Time to nearest hospital | | | 28.70 | 25.44 | 31.31 | 0.00 | 27.56 | 22.83 | 22.83 |
| Time to nearest university | | | 26.02 | 19.78 | 53.06 | 60.17 | 44.12 | 45.10 | 45.10 |
| Time to nearest airport | | | 57.56 | 31.07 | 99.86 | 119.26 | 85.17 | 83.44 | 83.44 |
| %households with broadhand access | | | NA | NA | NA | NA | NA | 49.07 | 48.00 |
| % households with internet at home | | | NA | NA | NA | NA | NA | 81.46 | 81.20 |
| Nº STUDENTS ISCED 0_6 | Nºstudents ISCED_0 per 1.000 inhabitants | | NA | NA | NA | NA | NA | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | | NA | NA | NA | NA | NA | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | | NA | NA | NA | NA | NA | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | | NA | NA | NA | NA | NA | 48.05 | 48.03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | | NA | NA | NA | NA | NA | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | | NA | NA | NA | NA | NA | 37.37 | 37.23 |
| BEDS IN HOSPITAL PER 100.000 inhabitants | Nº of beds in hospitals per 100.000 inhabitants_06* | | 528.86 | 612.20 | 397.91 | 362.20 | 445.53 | 1014.67 | 724.64 |
| | Evolution nbeds 2000_05 | | NA | NA | NA | NA | NA | 91.53 | 91.94 |
| | Density of hospitals | | 1.25 | 0.96 | 0.57 | 0.96 | 0.81 | 5.44 | 5.44 |
| | Hospital beds per head | | 4.37 | 3.08 | 3.85 | 4.36 | 3.94 | 4.98 | 4.98 |
| | Doctors per inhabitant | | NA | NA | NA | NA | NA | 171.35 | 171.35 |

* Values NUTS 3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

*** These values are only indicatives and aren't reals because in the calculation there are values NUTS2 and NUTS3.

## 8. Farm structural change

In Slovenia agriculture is predominantly founded on family farms, representing 99.8 percent of the total number of agricultural holdings and utilising 94.8% of the total utilised agricultural area (2005). The 1990s changes have accelerated the concentration and specialisation process in agriculture, but the average holding size still remains small (6.3 ha of agricultural land). In 2000, family farms and agricultural enterprises, surveyed within the framework of the census of agriculture, owned 848,058 ha of land in total. Calculated per holding unit family farms own nearly 10 ha of land on average, which is more than five times less than agricultural enterprises. The disparities in the land size owned show in the average size as well as in the size structure of holdings. Among family farms medium sized holdings prevail, the major share (27.3 percent) of which represent farms with 5 to 10 ha of land owned. In the size structure of agricultural enterprises nearly fifty percent are captured by holdings owning over 20 ha of land.

Agriculture, food industry and forestry in Slovenia are facing restructuring processes. Low productivity remains the predominant problem of agriculture. In 2005 the average economic size of holdings amounted to only 4.6 ESU, but it increased to 7.4 ESU in 2006 which is far below the EU average. Among the Slovenian regions IRA and IRR regions show the lowest values in this respect (Table 29.7). The causes can be found in the weak land and parcel structure, low professionalisation rate and relatively low labour intensity. Only 18.03 percent of farmers in Slovenia are working full-time which is far less then in EU-27 (35.50 percent). Namely, great majority of family farms in Slovenia particularly in IRR region are part-time and supplementary farms because income from farming is 2.5-times lower than the income per employed in other economic branches. According to data of the economic accounts for agriculture in 2004-2005 the gross value added of agriculture in Slovenia amounted on average to EUR 5,499 per productive man-work unit (PMWU), which is less than one third of the EU-25 value. This situation is related to general unfavourable land conditions for more extensive and industrialized farming in Slovenia (hilly areas, narrow valleys). Great majority of Slovenian farms are not sufficient (size, productivity) for securing one's livelihoods, therefore majority of farm members in Slovenia need to combine farming with employment in other sectors.

One of the reasons for the low productivity of agriculture is also the unfavourable age and education structure of the agricultural holding operators. According to the structural survey (SORS-AHS) in 2005 more than 50 percent of the operators on agricultural holdings were over 55 years old, the share of operators under 45 years was only 19 percent. Differences among Slovenian regions are not very high, but the most unfavourable age structure is observed in IRA and IRR regions (Table 27.7) which a consequence of unwillingness of younger generation to continue with farming due to other job options in the nearby towns.

In 2005 the share of operators with vocational or higher education was 46.8 percent. The share of agricultural holding operators with any agricultural education was only 27.8 percent. Younger farm operators have a higher level of formal education and are better trained for work in agriculture and are thus able to adjust to technological changes and market conditions more efficiently. The transfer of farms to younger farmers as well as training and more efficient use of already established advisory, education, and information and training systems throughout the country can make an important contribution to a greater innovation, structural changes and raised competitiveness of agriculture.

Characteristic for Slovenia are split-up agricultural units, which are, in addition to this, are mainly small and dispersed. Utilised agricultural area is divided into 720,000 agricultural units extending over more than 1,700,000 parcels. This makes 9 to 10 agricultural units per agricultural holding, which are generally dispersed on several locations. The unfavourable parcel structure is a considerable structural obstacle in further development of agriculture. In the last few years certain improvements have been noted, which are still being obstructed by the immobility of the agricultural land market and an inefficient land use policy. The extent of conducted land consolidation, which can efficiently contribute to solving the problem of agricultural land fragmentation, has been very limited in the past years. Hence, in the past 15 years only 5,000 ha have been consolidated, which represents only 1 percent of the total utilised agricultural area. The experience on supporting the land consolidation has shown that it can be effective only if the initiative to introduce land consolidation comes directly from farmers.

Another problem of Slovenian agriculture with negative impacts on the competitiveness is the great dependency of production on the natural conditions. The problem mainly relates to the extent, quality and environmental carrying capacity of the hydro-melioration systems. Climate change and more frequent longer lasting droughts on one hand and exuberant precipitation on the other cause great loss of income in agriculture. In Slovenia only a small percentage of agricultural land is irrigated.

In the last decade, in particular after Slovenia's accession to the EU, agrarian structure began to improve. This is visible especially in progressed parcel concentration and consequently in a larger average size of agricultural establishments. Nevertheless, the farm size structure in Slovenia is still incomparable to that in the EU, where similar structure can be found only in some Mediterranean countries (Greece, Italy and Portugal). The farm size and the production structure significantly govern the production type of farms in Slovenia. In general, the structural conditions are far more appropriate for labour and income intensive livestock production and less for specialised crop and mixed production.

Already for 135 years Slovenian agriculture and countryside have significantly been shaped by cooperatives. End of 2005 497 cooperatives were registered in Slovenia, thereof 145 in the filed of agriculture, hunting and forestry and 9 in the filed of fisheries. Cooperatives are active in farm and rural population supply, especially in remote places, and buying-in of over 90 percent of slaughter cattle, 81 percent of milk, and over 58 percent of grapes and potato. They are also an important purchaser of vegetables, cereals, wood, hop and other agricultural products. But their most important role is in the sale of plant protection products, seeds, mineral fertilisers and concentrated feeding stuffs. Within the range of their operation are also processing activities, e.g. of grapes, meat and milk.

Comparative advantages of Slovenia farms (their smallness) are their adaptability to fast changes in the food market and their willingness for pluriactivity (farm tourism, food and wood processing, maintenance of rural infrastructure, etc.). Due to relatively well preserved natural resources there are also good possibilities for development of ecological farming.

It is expected that the new Rural Development Programme of the Republic of Slovenia 2007 – 2013 will give the impetus for improvements in Slovenian agriculture. But any success will mostly depend on better governance of the agrarian institutions and on overcoming of strong individualism of Slovenian farmers.

**Table 27.7** Farm structural change indicators

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR +IS+LI+ MK+NO+ TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | | 49.86 | 52.00 | 46.73 | 45.65 | 47.86 | 33.42 | 33.89 |
| | 2 to 100 ESU | | 50.03 | 47.91 | 53.13 | 54.20 | 52.01 | 57.56 | 57.02 |
| | >100 ESU | | 0.12 | 0.09 | 0.14 | 0.15 | 0.13 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005 | | NA | NA | NA | NA | NA | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | | NA | NA | NA | NA | NA | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | | NA | NA | NA | NA | NA | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | | NA | NA | NA | NA | NA | 32.21 | 31.28 |
| HOLDERS | % Holders working full time 2005** | | 19.62 | 16.20 | 17.36 | 19.78 | 18.03 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 - 2005 | | NA | NA | NA | NA | NA | -0.01 | 0.33 |
| | Economic Farm Size (RDEU07) | | 4.20 | 3.20 | 4.38 | 4.80 | 4.27 | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | | 69.80 | 94.60 | 77.18 | 68.50 | 76.06 | 37.55 | 37.55 |
| | % holders > 55 years 2007 | | 59.55 | 60.51 | 58.04 | 57.63 | 58.59 | 50.19 | 50.61 |
| | % holders < 35 years 2007 | | 4.00 | 4.02 | 3.96 | 3.95 | 3.97 | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 – 2005* | | NA | NA | NA | NA | NA | 5.88 | 5.61 |
| | % change in holders < 35 years 2000 – 2005* | | NA | NA | NA | NA | NA | -34.00 | -33.95 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | | NA | NA | NA | NA | NA | 42.29 | 42.29 |

*Values NUTS 3 are replaced by values NUTS2

**Some values NUTS 3 are replaced by values NUTS2

## 9. Institutional Capacity

Public opinion aspect of legal culture as shown by the public opinion polls is rather disagreeable for Slovenia. In comparison with the EU-27 the trust into local institutions in Slovenia is considerably lower. As the Special Eurobarometer Survey n°307 (Autumn 2008) shows the trust into European institutions is higher in Slovenia (60%) than it is in the EU-27 (47%), the trust into the national government is rather similar in Slovenia and EU-27 (36% and 34% respectively), but the trust into the regional or local public authorities is considerably lower in Slovenia than it is in the EU-27 (39% and 50% respectively).

This low trust into local institutions is probably in correlation with the state of development of institutions which market system functioning needs. As values of GDP in table 29.8 show Slovenia is considerably below in comparison with other EU countries in respect to this indicator. Low GDP and correspondingly low institutional capacity is particularly the case of remote rural areas.

**Table 27.8** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | | 4330.66 | 1539.4 | 1843.62 | 815.2 | 2354.33 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | | 19456.13 | 20140.6 | 16155.57 | 15223.1 | 17235.09 | 20926.83 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | | 63.03 | 65.20 | 52.34 | 49.30 | 55.83 | 94.38 | 95.48 |

## 10. Climate change

Effects of climate change in Slovenia are already significant and measurable. In the last 50 years Slovenia has warmed by more than 1° C, which is faster than it holds true for the world and the European average. Temporal changes in annual precipitation in most areas of Slovenia are currently not statistically significant, but the observed precipitation regime in rainfall is in decline during the first half of the year and is growing in the second half of the year. Such changes also affect reduced water availability and more frequent and longer-lasting spring and summer drought. In Slovenia, the drought in the structure damage caused by natural disasters in 2003 reached more than 80%, 70% in 2000 and 60% in 2001. The agricultural drought was in place also in 2006 and 2007. In the forests the remedial timber harvest increased due to disasters in the years 1986 and 1996/1997 and fires in 1990. From 1990 to 2001 the total 7.2 million m³ of timber was cut down, of which 19% was due to insects (bark beetles) and almost 40% of sanitary felling were due to abiotic disorders such as wind damage. From 1999 to 2005 due to logging insects sanitary felling is continuously increasing. Frequent and severe natural disasters such as storms, heavy rain, flash floods and landslides are causing damage to buildings, infrastructure and agriculture and forestry.

In order to coordinate and guide the state policies on climate change the government of the Republic of Slovenia established the Government Office for Climate Change in June 2009, which also represents Slovenia in international climate negotiations. However, climate policy and action in specific areas are still the responsibility of individual ministries and other government bodies. Hence, the government has adopted a Strategy of Adaptation of Slovenian Agriculture and Forestry to Climate Change in June 2008 and Action Plans prepared by the Ministry of Agriculture, Forestry and Food. By adopting this strategy the government also identified the financial implications, which amount to an indicative 8 million for the year 2009, 10 million for 2010 and 15 million in 2011.

European Union Emission Trading Scheme (EU ETS) is organized in Slovenia in the Environmental Protection Act of 2004. In order to fulfil obligations of 8-percent reduction in emissions under the Kyoto Protocol, the Government of the Republic of Slovenia adopted the Action Plan to reduce greenhouse gas emissions by 2012. National Assembly of the Republic of Slovenia adopted the Declaration on an active role of Slovenia in developing a new global policy on climate change in November 2009. Government Office for Climate Change is preparing the Law on Climate Change and Long-term Climate Strategy by 2050. The adoption of the Law on Climate Change and associated carbon footprint along with long-term climate strategy is foreseen by summer 2011. Also the Strategy for Reducing Greenhouse Gas Emissions and Adaptation to Climate Change or Transition Strategy in Low-carbon Society is expected to be ready for adoption in 2011.

As shown by the analysis of the Eurobarometer survey in 2009 and public opinion survey performed by the national research agencies (e.g. Mediana) in 2009 and 2010, in Slovenia the basic information of the causes and consequences of climate change is at a relatively high level (compared to EU member states). However, high level of awareness does not follow the identical process of changing habits at personal and societal level, pertaining to adherence and implementation of greenhouse gas emission reductions and the achievement of support for the transition to new technologies.

The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## SPAIN

Report nº 25.28

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## CONTENTS

## 1. Introduction

The main concern with the results of the DG Regio Typology in the case of Spain is the geographical dimension of NUTs 3, too large to be considered a suitable territorial unit for analysis of most socioeconomic and territorial processes. Spain is divided in 52 NUTS 3 units corresponding to provinces. A standard *province* is several thousand square km. and, in most cases, includes a wide range of territorial types from metropolitan areas to extreme remote rural areas (Figure 8.1). Therefore, any label on most NUTS 3 units in Spain is, at least, simplifying the territorial reality of the province and certainly providing an ambiguous if not wrong picture of the region.

The two main concepts of this typology are "rurality" and "accessibility". Rurality is defined in relation to the percentage "rural" population (i.e. population living in municipalities below 150 inhab./km$^2$). Regions are classified accordingly as "predominantly urban" when the % or "rural population´" is less than 15%, "intermediate rural" when this percentage falls between 15% and 50%, and "predominantly rural" when the percentage is more than 50%. On the other hand, accessibility is measured considering the percentage of population in the region that lives in and out of the 45 minute drive threshold to a city of, at least, 50.000 inhabitants. The complex methodological process ensures a good approximation to both concepts of rurality and accessibility. However, it seems that the whole conceptualization behind the urban-rural typology is anthropocentric rather than territorial. Rurality is calculated as a result of % of population living in dense areas. If a Spanish NUT 3 region of 15,000 km$^2$ has 1.2 million population, and 1 million lives in the metropolitan area (3 municipalities), the resulting type for rurality will be "predominantly urban". However, more than 90% of this territory has very low population densities (below 20 inhab./km$^2$) and all indicators point to a quite rural area. Conversely, another NUT 3 Spanish region has 2 million population and a dense urban system composed mainly of medium-size towns where density is not necessarily above 150 inhab./km$^2$. As a result, this predominantly urban region is classified as intermediate rural.

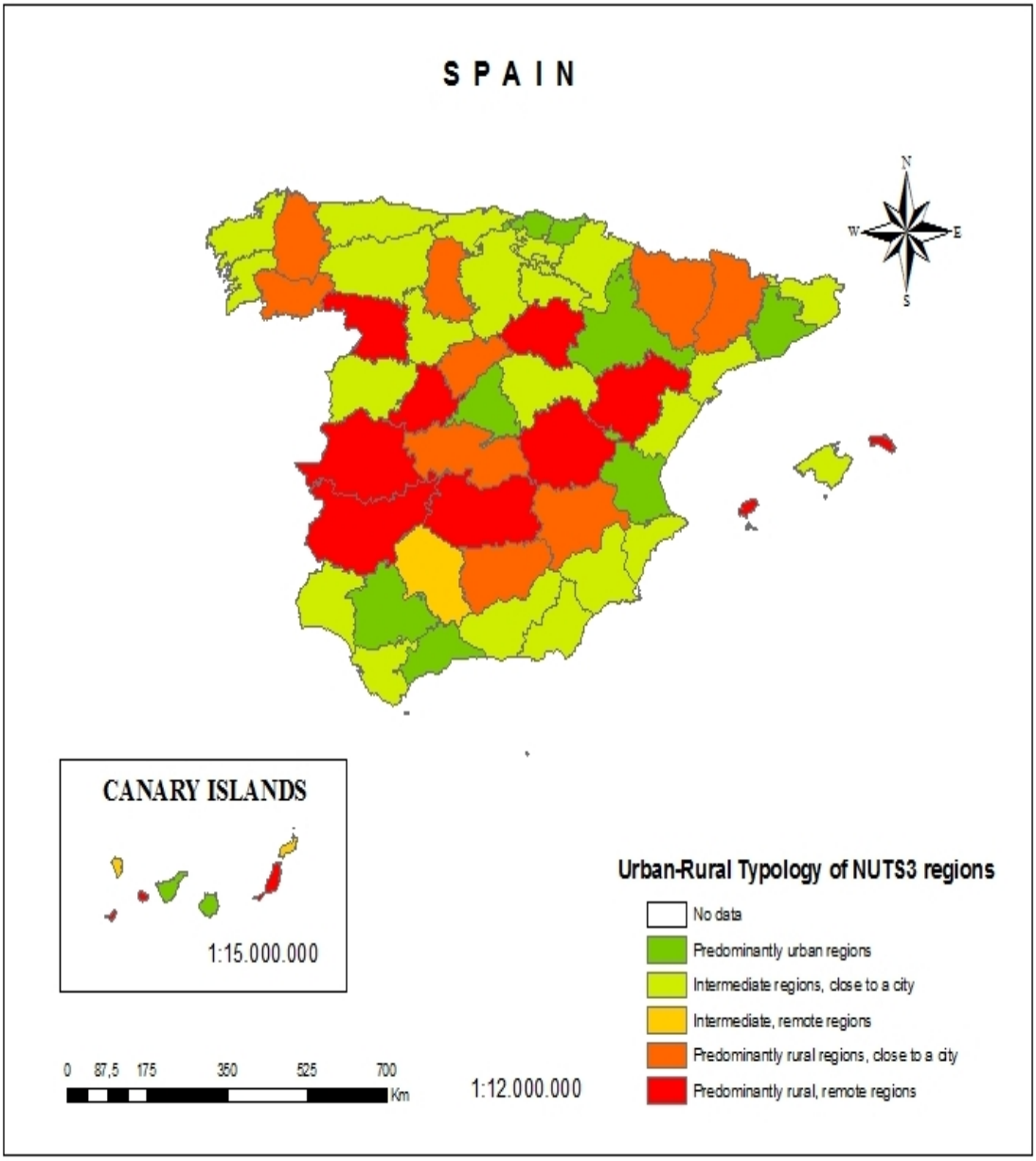
In any case, with the main exception of the "predominantly urban", most types in the typology for Spain are reasonable as long as we are aware of the high internal diversity of most NUT 3 units.

About 40% NUTS 3 regions in Spain are intermediate rural accounting for 35.6% of the territory. Predominantly rural remote regions are 22% over the total and 26.7% of the territory. Predominantly urban regions are 20% over the total with 14.3% of the territory. Intermediate remote regions are only 5% over the total and 3.8% of the territory.

A couple of general comments referring to the results of the DG Region modified urban-rural typology of NUTS 3 regions in relation to particular categories or regions (Figure 28.1):

- Some **predominantly urban** regions are as well reflected as they can be considering internal diversity (i.e. Madrid, Barcelona, provinces of the Bask country) while other predominantly urban regions are, in fact, more complex and mixed territories in which the weight of the metropolitan area is important but contains other intermediate and even predominantly rural areas (i.e. Valencia, Zaragoza, Sevilla, Tenerife, Gran Canarias).

**Figure 28.1** DG Region modified Urban-rural typology of NUTS 3 regions: Spain




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

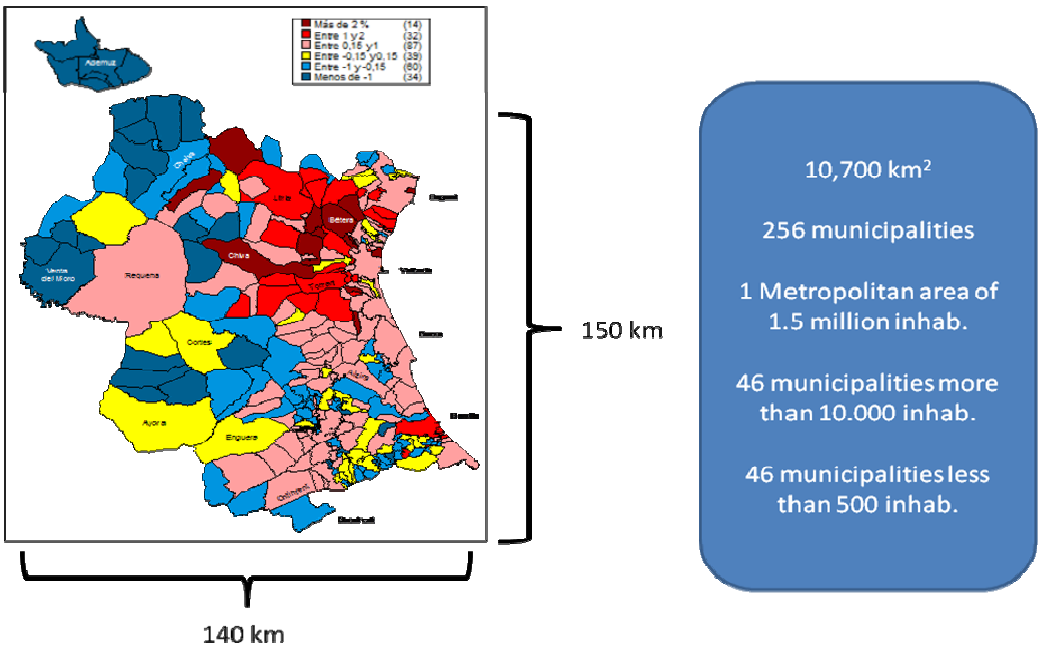
- **Intermediate rural** regions include 37% of the NUTS 3 units in Spain. All but one (Córdoba) are considered "close to a city". Again, the key factor for analysis is the high internal diversity in some of these regions. The typology contains "real" rural regions in which primary activities (and subsidiary sectors) account for an important share of employment and added value (i.e. León, Cantabria, Burgos, Navarra, Rioja, Almeria and Huelva). There are other provinces in which the concept "rural" does not fit so well. This is the case of areas with dense urban networks (Alicante, Pontevedra, La Coruña, Girona), or regions with the economic structure is based upon industry (Coruña, Pontevedra, Asturias, Tarragona, Castelló, Cádiz) or tourism (Girona, Alicante, Murcia).

- **Predominantly rural** regions match provinces with an important % of mountain areas (Huesca, Lleida, Soria, Teruel, Ávila. Lugo), less diversified agricultural

regions (Cáceres, Badajoz, Ciudad Real, Albacete, Cuenca, Toledo, etc.), and islands (secondary islands like Lanzarote, Fuerteventura, Hierro, Gomera, Ibiza and Menorca). In some cases, the proximity of an important metropolitan area (i.e. Madrid) has favored a degree of depletion (Ávila, Toledo); although more recently this could be shifted towards an advantage due to congestion and delocalization. These types of regions suffered depopulation over the XX century linked to agriculture modernization and industrial and urban growth. In the case of islands, the trend today is towards a specialization in tourism. Among those in the mainland, most regions share characteristics of inland regions, with extensive plains in dry climates or hilly terrain lacking location advantages to attract enough economic activity and population. As a result, city capitals of these regions are very small compared to medium-sized spots in intermediate rural regions. On the other hand, nowadays there is a greater institutional support in terms of extending transport infrastructures both by road and rail. This generates an improvement in accessibility that, at first, should favour the more remote or rural regions. However, most of these actions are encouraging mobility between major cities, creating major communication routes. Moreover, in many cases the improvement of accessibility in a predominantly rural region only serves to facilitate the transit "through" it rather than its internal articulation.

- **The particular case of coastal regions and islands.** With the exception of some islands, all coastal regions belong to the categories of “predominantly urban” or “intermediate rural”. In Spain, the territorial structure of coastal regions and islands is particularly dichotomous with population, infrastructures and economic activity concentrating in the coastal part of the region and extensive inland areas (mostly mountainous) showing the typical processes of remote rural areas (depopulation, ageing, loss of economic activity, etc.).

**Figure 28.2** An example of NUT 3 region in Spain (The variable shown at municipal (NUT 5) level is population evolution between 1975 and 2006)




**Source**: own elaboration

- ***Basic comments on the main Drivers, Opportunities and Constraints affecting different typologies of regions in the country***

  ***Predominantly urban regions***:
  - Drivers:
    - Concentration of population
    - Huge demand and supply of services and infrastructures
    - Education centers concentration
    - Diverse employment opportunities
    - Capitals' concentration
  - Opportunities:
    - Become national or international gateways
    - Become more competitive and sustainable (walkable streets, promotion of public transport, etc.)
    - Creation of social nets towards sustainable urban development (promotion of garden city configuration, etc.)
    - Investment opportunities
    - Intercultural exchange with immigrant communities
  - Constraints:
    - Referring to coastal/islands urban regions: loss of coastal line, threshold for the marine ecosystem, and danger to exceed the load capacity of those systems (vulnerable ecosystems)
    - Expensive way of life
    - Big problems of pollution, resources uses and waste generation
    - Increase of healthy problems
    - Insecurity feeling and decrease of quality of life
    - Increase of housing density
    - Social disparities that lead to poverty sectors of population
    - Creation of ghettos (social disintegration and distrust feeling among the population )

  ***Intermediate rural regions:***
  - Drivers:
    - Geographically, closed to cities (short journeys to job placements in cities)
    - Better quality of life than in cities
    - Less polluted regions
    - Less population density
    - Industrial jobs and employment opportunities onsite
  - Opportunities:
    - Become attractive regions to live (cheaper living conditions and quiet places)
    - Better transport infrastructures links with main metropolitan/urban centers
    - Construction of more Education centers (as universities) and sanitary centers (as hospitals)
    - Benefit from counter urbanization processes
  - Constraints:
    - Urbanization spreading model
    - Loss of traditional way of living and own identity
    - Transformation to more homogenous landscapes
    - Loss of natural environments
    - Loss of farming land and, hence, loss of traditional jobs
    - Decrease of productive lands

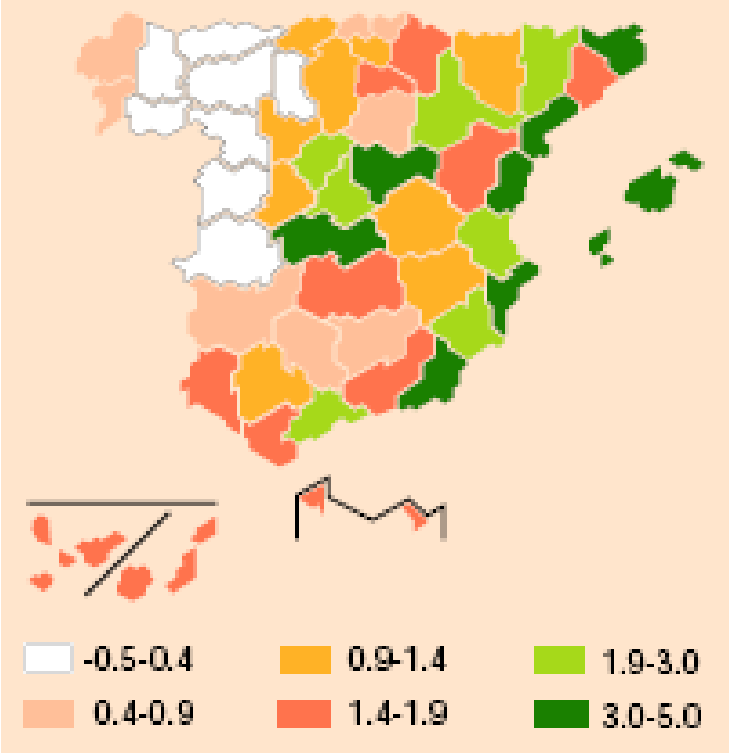
***Predominantly rural regions:***

- Drivers:
  - Ageing population and depopulation process
  - Out migration of youth population
  - Land desertion
  - Immigrants labour force (overall in agriculture)
  - Social investment towards the ageing sector of population (the most demanding in those areas)
- Opportunities:
  - Creation of business clusters
  - Multifunctionality processes, as: Rural tourism and nature activities
  - Strength and reactivation of local community movements
  - Creation of social nets between remote areas
  - Improvement of internal articulated transport in and between rural-urban areas
  - Internet and e-learning communication links
  - Telecommuting
  - Benefit from counter urbanization processes
- Constraints:
  - Low qualified human resources
  - Unemployment
  - Few services demand due to lack of population
  - Few public and private business investment
  - Few services (specially for youth)
  - Lack or inefficiency of transport facilities

## 2. Demography

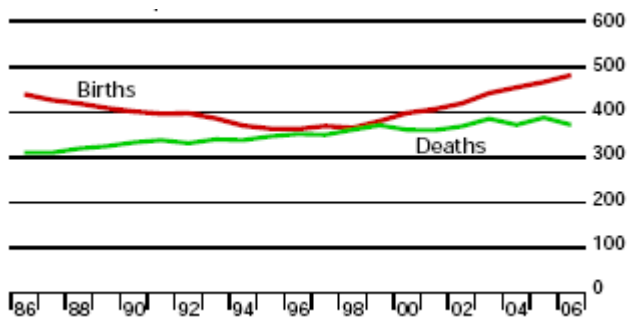
During the last years (2001-2007) the demographic structure of the country as a whole shows a reduction in the % of younger population (less than 15 years). This is a long term process linked to the continued reduction of birth rate and the subsequent ageing process. At the same time, population of 65 and older also registers a slight reduction (-0,5%) in this period. This is a new trend caused by the impact of the important immigration flow during the considered period. The total population of Spain remained very stable over the period 1970 – 2000 (39.5 – 40 million) due to the demographic slowdown. The percentage of non-national residents was about 2.5-3%. However, since late 1990s, the population has increased to 46.100.000 (INE 2009) with percentages of non-national resident up to 11,4% meaning an annual growth rate of 16.6% (Figure 28.3).

**Figure 28.3** Population growth as compared with the total population 01-01-2008




**Source:** INE 2008

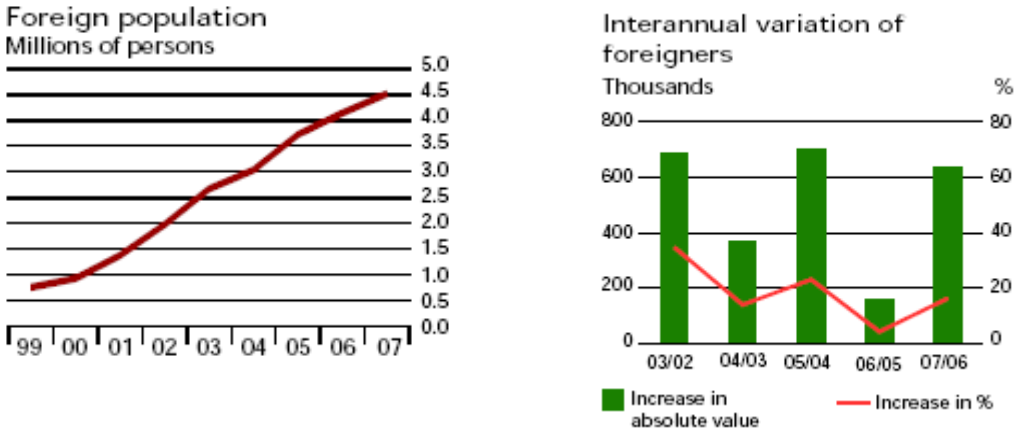
**Figure 28.4** Natural growth of the population. Spain 1986-2006




**Source:** INE 2008

Demographic consequences of the immigration flow are important in relation to the following: (i) an increase of the active population due to the profile of the immigrant; (ii) reversing the process of rural depopulation in many intermediate and predominantly rural areas; (iii) natural growth revitalization due to the differential behavior of immigrants in fertility rates.

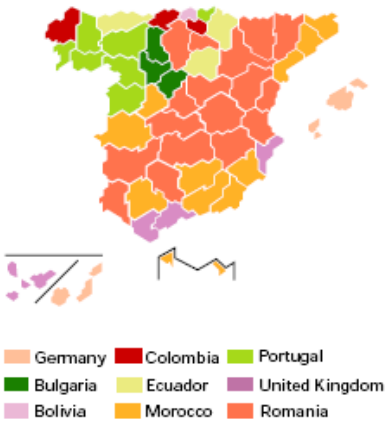
**Figure 28.5** Evolution of the immigration process in Spain




**Source:** INE 2008

**Figure 28.6** Characterisation of the immigration process in Spain

Predominant nationalities. 2007




| | Total foreigners | % del total | % females | Interannual variation % |
|---|---|---|---|---|
| Total | 4,519,554 | 100.0 | 47.0 | 9.1 |
| Morocco | 582,923 | 12.9 | 35.6 | 3.5 |
| Romania | 527,019 | 11.7 | 47.3 | 29.4 |
| Ecuador | 427,099 | 9.5 | 51.3 | -7.4 |
| United Kingdom | 314,951 | 7.0 | 49.2 | 14.6 |
| Colombia | 261,542 | 5.8 | 56.4 | -1.4 |
| Bolivia | 200,496 | 4.4 | 56.4 | 43.4 |
| Germany | 164,405 | 3.6 | 49.4 | 9.2 |
| Argentina | 141,159 | 3.1 | 49.8 | -6.1 |
| Italy | 135,108 | 3.0 | 40.9 | 16.7 |
| Bulgaria | 122,057 | 2.7 | 45.7 | 20.1 |
| China | 106,652 | 2.4 | 44.5 | 1.9 |
| Peru | 103,650 | 2.3 | 51.6 | 8.1 |
| Portugal | 100,616 | 2.2 | 38.3 | 24.8 |
| France | 100,408 | 2.2 | 50.0 | 11.5 |

**Source:** INE 2008

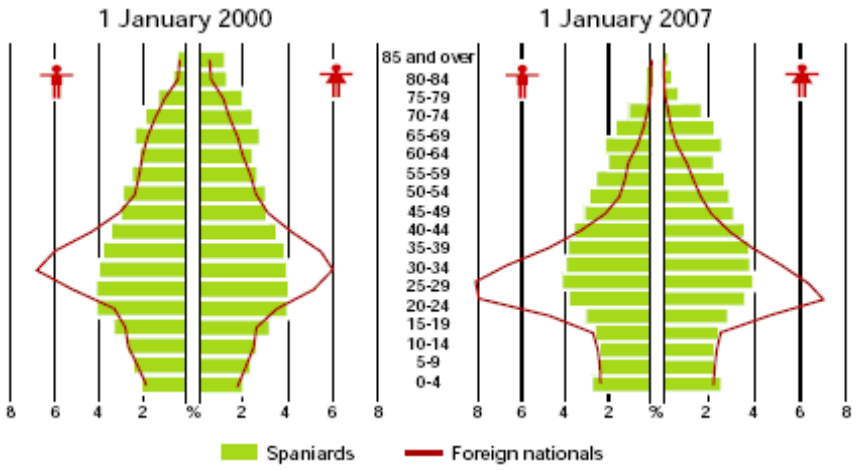
Mainly due to this immigration flow, the general evolution of the population in all types of areas is positive (an increase of 8.3%) for the period 2001-2007 (Table 28.1) unlike the European series in which there is a decrease of 4%. All categories of regions show this increase with some slight differences: Intermediate Rural Remote regions show the biggest growth (12,9%) while Predominantly Rural Accessible increase by 5.9%.

The population structure in main age groups is relatively similar for all types of regions. However, there are some significant differences:

(i) The group less than 15 year goes from 13.6% in the case of Predominantly Rural Accessible regions to 16.8 for Intermediate Rural Remote. There is not a logical relationship between degree of rurality and % of young population

(ii) The group more than 64 years shows important variations between 13.5% in the case of Intermediate Rural Remote regions to 21.9% and 19.3% for the Predominantly Rural Accessible and Predominantly Rural Remote, respectively. The correlation between rurality and ageing is more evident.

**Figure 28.7** Spanish and foreign nationals population pyramid




**Source:** INE 2008

The country dependency rate has experienced a strong growth (20%) between 2001 and 2007, a consistent trend with the overall European behaviour. By region, the PRA is presenting the highest value in both 2001 and 2007. These indices show the growing dependency on the income of the working age population and the increasing pressure on active population for the maintenance and improvement of public services and social protection system.

In relation to education, 59.3% of population 15 year and older holds a very low education attainment (ISCED between 0 and 2, from pre-primary education lo lower secondary). In this case the EU average is set at 33.6% so we can conclude that there is a significant shortfall in education. The intermediate education level (ISCED 3 and 4) shows a much lower percentage in Spain (18.5%) when compared to the EU27 average (47.1%). At the higher education levels, the percentages in Spain do not differ much from the EU figures, being above the average (21% and 18.5%). The fact that Spain holds a good public education system (especially for higher levels) provides additional arguments for the view that the cause of this low educational performance is related to cultural and social factors as well as to the economic structure (Figure 28.8).

Differences between typology categories are not relevant although there seems to be a slight correlation with accessibility with “remote” regions having higher early school leaving (ISCED between 0 and 2) and lower percentage of highly qualified population (ISCED between 5 and 6).

Another relevant process in relation to education is the incorporation of an important collective of non national residents in the education system during the years 2001-2007 in relation to the described immigration process (Figure 28.9). The adequate integration of this collective into the education process and the prevention of an even higher incidence or early school leaves stand as the main challenges.

**Figure 28.8** Early school leaving, 2006

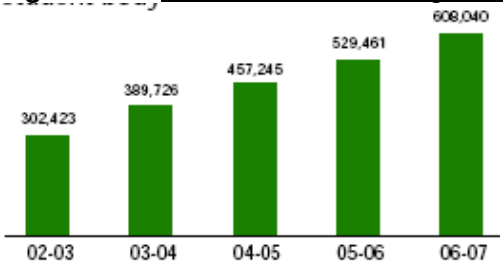
Early school leaving(1), 2006

| | |
|---|---|
| Malta | 41.7 |
| Portugal | 39.2 |
| Spain | 29.9 |
| Italy | 20.8 |
| Romania | 19.0 |
| Latvia | 19.0 |
| Bulgaria | 18.0 |
| Luxembourg | 17.4 |
| Cyprus | 16.0 |
| Greece | 15.9 |
| EU-27 | 15.3 |
| Germany | 13.8 |
| Estonia | 13.2 |
| France (p) | 13.1 |
| United Kingdom | 13.0 |
| Netherlands | 12.9 |
| Belgium | 12.6 |
| Hungary | 12.4 |
| Ireland | 12.3 |
| Sweden | 12.0 |
| Denmark | 10.9 |
| Lithuania (p) | 10.3 |
| Austria | 9.6 |
| Finland | 8.3 |
| Slovakia | 6.4 |
| Poland (p) | 5.6 |
| Czech Republic | 5.5 |
| Slovenia | 5.2 |

(1) Percentage of the population aged 18 to 24 years old that has not completed the second stage of Secondary Education and does now follow any type of education-training.
(p) Provisional data Source: Eurostat

**Source:** INE 2008

**Figure 28.9** Evolution of the foreign non university students




**Source:** INE 2008

The National Institute of Statistics established in 2007 a new tool called “Survey on the Participation of the Adult Population in Learning Activities” aimed to study the training and learning activities carried out by the adult population. The main result of this study is that three out of 10 persons aged 25 to 64 years old carried out some type of training activity. 6% participated in formal or regulated education (which leads to obtaining an official degree), and 27.2% participated in non-formal education. Seven out of 10 persons receiving training did so for reasons relating to work (70.7%) (INE 2008).

It is also noted a low percentage of farmers with basic and specific training (an 8% in the case of Spain when the EU27 average is 40%). The problem of low skills is

common for all categories of regions included in the typology. However, there are small differences (2.5%) between urban and remote areas. Moreover, and as a counterpoint, the 2007 European Union Rural Development (RDEU) noted that the percentage of adults in rural areas involved in learning processes is relatively high (10.6%) and, most importantly, this figure exceeds the EU27 average (8.6%)

**Table 28.1** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+ MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001 | % people aged 0 to 14 years | 15.80 | 14.19 | 16.79 | 13.63 | 14.84 | 14.70 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | 69.68 | 68.24 | 69.69 | 64.47 | 65.84 | 67.50 | 66.62 | 66.65 |
| | % people aged 64 years and over | 14.52 | 17.58 | 13.52 | 21.90 | 19.32 | 17.79 | 16.53 | 16.55 |
| | Age dependency rate | 20.85 | 25.85 | 19.57 | 34.06 | 30.01 | 26.68 | 25.09 | 25.09 |
| Population* | Population change 2001-2007 (Index pop. 2001=100) | 108.79 | 107.97 | 112.91 | 105.95 | 109.12 | 108.33 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | 15.68 | 13.79 | 15.92 | 13.27 | 14.29 | 14.31 | 16.68 | 15.97 |
| | % pop.15_64_2007 | 69.11 | 68.20 | 71.02 | 67.20 | 68.29 | 68.40 | 69.75 | 70.18 |
| | % pop. >64_2007 | 15.20 | 18.01 | 13.06 | 19.53 | 17.42 | 17.29 | 13.55 | 13.84 |
| | Age dependency rate | 44.77 | 46.68 | 40.86 | 48.85 | 46.62 | 46.31 | 44.08 | 43.17 |
| Education | %ISCED0/POP_07* | 2.79 | 3.08 | 1.09 | 2.99 | 2.27 | 2.73 | 1.39 | 1.51 |
| | %ISCED1/POP_07* | 5.05 | 5.74 | 2.51 | 5.63 | 4.47 | 5.14 | 2.97 | 3.19 |
| | %ISCED2/POP_07* | 3.61 | 4.34 | 1.78 | 4.45 | 3.64 | 3.92 | 2.06 | 2.25 |
| | %ISCED3/POP_07* | 2.09 | 2.58 | 0.91 | 2.61 | 1.98 | 2.26 | 2.28 | 2.49 |
| | %ISCED4/POP_07* | 0.03 | 0.07 | 0.03 | 0.08 | 0.02 | 0.05 | 0.14 | 0.16 |
| | %ISCED5/POP_07* | 2.48 | 3.51 | 1.22 | 3.41 | 2.27 | 2.89 | 1.77 | 1.92 |
| | %ISCED6/POP_07* | 0.08 | 0.14 | 0.05 | 0.14 | 0.09 | 0.11 | 0.05 | 0.05 |
| | % ISCED 0_2* | 56.77 | 58.75 | 61.09 | 60.63 | 61.59 | 59.38 | 33.62 | 36.65 |
| | % ISCED 3_4* | 19.57 | 18.43 | 18.92 | 17.57 | 18.24 | 18.51 | 43.29 | 47.14 |
| | % ISCED 5_6* | 22.55 | 21.67 | 19.34 | 20.52 | 19.03 | 20.97 | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment | 8.61 | 8.99 | 7.00 | 7.79 | 6.15 | 8.00 | 35.34 | 39.54 |
| | Life-Long Learning in Rural Areas* | 11.35 | 10.32 | 10.93 | 10.24 | 10.48 | 10.58 | 7.69 | 8.61 |

*Values NUTS 3 are replaced by values NUTS2

## 3. Employment

The labor market in Spain and, more specifically, its ability to destroy jobs, is one of the greatest interests among scholars and authorities. The positive evolution of unemployment coming down from an about 20% unemployment rate ad mid 1990s has been completely altered and reversed by the effect of the economic crisis. In fact, the unemployment rate has grown by over 10 percentage points in a single year and is likely to continue rising, reaching 20-22% in mid-2010. Unemployment trends from there will depend on the exit- the-crisis strategy that will consolidate in Spain and the accompanying global context. In any case, it seems likely that the economic structure that allowed for growth during the current decade and the subsequent drop, will remain unchanged.

The above description explains why most data in Tables 28.2 and 28.3 is outdated. Therefore, the section will include, first, a brief description of data in tables valid to explain the labour market situation in 2007. Then, a general description of the situation of the labour market at the end of 2009 will be included showing the reality of the current situation.

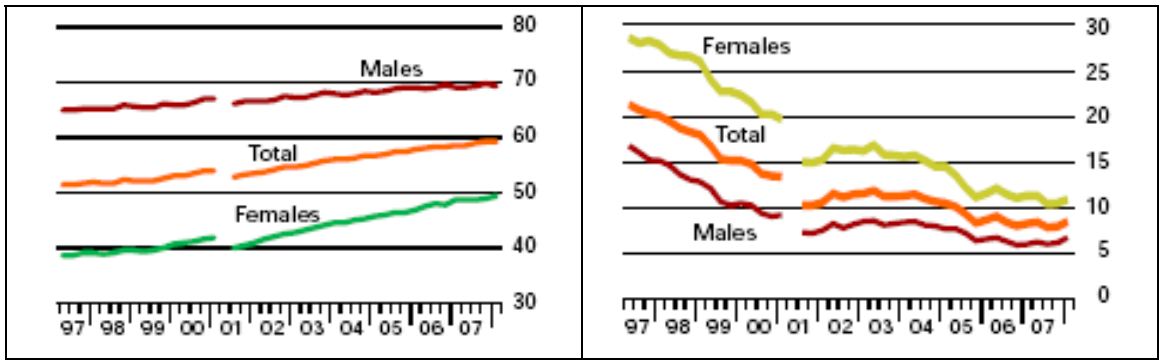
### *3.1 The Spanish labour market in 2007*

In table 28.2, the employment rate (percentage of total employed population over the total population) of the population between 15 and 64 years is 64.1% for 2007 compared to 66.4% in the EU27. We are in a context characterized by economic boom in Spain, achieving rates of quasi-structural unemployment (6-8%). The breakdown of employment data by gender shows found significant differences between the male employment rate (2% above the European average) and women employment rate (6% lower than the European average). By age group, the difference is greater in the case of adults between 45 and 64 years than in the case of youth of 15 to 24 years. This differentiation is due to the fact that the incorporation of women into the "official" labour market has been completed after the active period of the older generations. Thus, a good number of women of the generations that today are 50 or more year old have been engaged as housekeepers and/or in second level jobs (sometimes informal) in order to generate additional income (*ayuda*). Among the young, the differences are less pronounced, as it reflected the entry of women into the labour system (Table 28.2 and figures 28.10 and 28.11).

The activity rate in Table 28.3, which takes into account not only the population but the unemployed (actively seeking employment), there are also differences. There are other factors that can be added to the above, as the black economy still very important, and that affects mostly females.

Employment rate (Table 28.2) and Activity rate (Table 28.3) do not show significant differences among the types of regions considered. Employment rates are higher in rural areas showing the bigger impact of unemployment in urban areas. However, activity rate (considers the active population and not only the population as a whole) is higher in urban accessible areas.

**Figure 28.10** Activity rate and unemployment rate 1997-2007 (in %)




**Source:** INE 2008

**Figure 28.11** Main figures of activity and employment, by gender. Spain 2007

| Both sexes | | Interannual variation % |
|---|---|---|
| Total | 37,662.9 | 1.8 |
| Active population | 22,189.9 | 2.8 |
| Employed | 20,356.0 | 3.1 |
| Unemployed | 1,833.9 | -0.2 |
| Inactive population | 15,473.0 | 0.3 |
| **Males** | | |
| Total | 18,480.7 | 1.9 |
| Active population | 12,802.5 | 2.1 |
| Employed | 11,987.2 | 2.1 |
| Unemployed | 815.2 | 3.0 |
| Inactive population | 5,678.2 | 1.4 |
| **Females** | | |
| Total | 19,182.2 | 1.6 |
| Active population | 9,387.4 | 3.7 |
| Employed | 8,368.8 | 4.5 |
| Unemployed | 1,018.7 | -2.6 |
| Inactive population | 9,794.8 | -0.3 |

**Source:** INE 2008

The distribution of employment in the main economic sector is very similar to the EU27 average. Despite its tremendous relevance for territorial organization, primary activities only account for 8% of total employment, virtually the same percentage than the EU27. The secondary sector accounts for the 28.7% of employment, 2% more than the EU27 average. There are two main explanatory factors: on the one hand, the importance of labour-intensive industrial activities; on the other hand, the oversizing of the building sector. Finally, the tertiary sector, services, accounts for 63.2%, two points below the EU27 average. The importance of tertiary activities like tourism or administration in some regions is balanced by the reality of the more industrial regions.

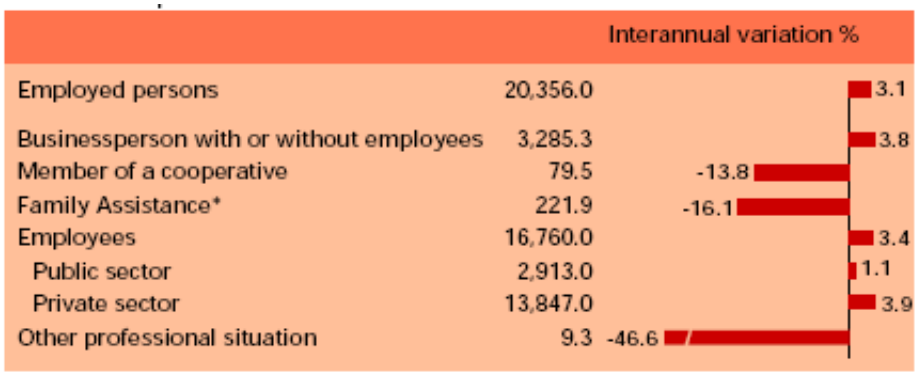
Some changes are occurring in the economic structure and production that are leading to an increase of self-employment in rural areas, due to rising unemployment. The development of new technologies in information and communication is facilitating the development and creation of micro-SMEs in rural areas. However, the problem of funding is in itself an obstacle or limitation to its development, due to the lack of information or access to credit.

**Table 28.2** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+ LI+MK+NO+ TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate 2007* | T15_64 years | 62.68 | 64.86 | 60.97 | 65.26 | 64.29 | 64.16 | 66.40 | 66.42 |
| | Tmale 15_64 y | 73.85 | 75.90 | 71.73 | 76.57 | 75.61 | 75.31 | 73.05 | 73.12 |
| | Tfemale 15_64 y | 51.27 | 53.43 | 49.83 | 53.47 | 52.40 | 52.59 | 59.72 | 59.70 |
| | Total 15_24 y | 35.88 | 37.98 | 36.07 | 38.11 | 37.28 | 37.32 | 39.66 | 39.67 |
| | Male 15_24 | 40.78 | 43.50 | 41.60 | 44.74 | 43.89 | 43.13 | 42.60 | 42.65 |
| | Female 15_24 | 30.77 | 32.14 | 30.33 | 31.14 | 30.37 | 31.23 | 36.61 | 36.59 |
| | T 45_64 years | 55.78 | 57.59 | 53.38 | 58.26 | 57.52 | 57.10 | 62.37 | 62.34 |
| | M45_ 64 years | 86.30 | 88.10 | 83.42 | 88.96 | 87.39 | 87.47 | 87.55 | 87.67 |
| | F45_64 years | 40.34 | 42.94 | 38.65 | 42.85 | 42.01 | 41.97 | 54.58 | 54.53 |
| | Total 45_54 | 69.00 | 71.66 | 66.50 | 72.50 | 70.88 | 70.82 | 78.30 | 78.38 |
| | Male 45_54 | 87.94 | 89.98 | 85.33 | 90.39 | 89.25 | 89.23 | 89.64 | 89.74 |
| | Female 45_54 | 53.40 | 56.94 | 51.23 | 57.08 | 55.49 | 55.63 | 71.20 | 71.25 |
| | Total 55_64 | 42.56 | 43.52 | 40.27 | 44.01 | 44.16 | 43.38 | 46.44 | 46.30 |
| | Male 55_64 | 84.67 | 86.21 | 81.50 | 87.53 | 85.54 | 85.71 | 85.47 | 85.59 |
| | Female 55_64 | 27.28 | 28.94 | 26.07 | 28.62 | 28.52 | 28.32 | 37.95 | 37.81 |
| %Employment in principal sector | %Emp_primary | 2.75 | 7.32 | 5.16 | 13.54 | 10.86 | 8.01 | 7.95 | 7.97 |
| | %Emp_secondary | 26.30 | 32.04 | 23.32 | 29.57 | 25.92 | 28.71 | 26.71 | 26.71 |
| | %Emp_tertiary | 70.95 | 60.64 | 71.52 | 56.88 | 63.22 | 63.29 | 65.33 | 65.31 |
| Unemployment evolution 2002_05 | Total > 15 years | 77.09 | 91.90 | 46.93 | 144.24 | 175.41 | 114.24 | 187.25 | 188.17 |
| | Total 15_24 years | 73.07 | 107.98 | 102.98 | 356.15 | 163.21 | 153.37 | 255.25 | 257.16 |
| | Total >25 years | 78.80 | 90.53 | 29.73 | 83.41 | 71.42 | 79.79 | 82.27 | 82.21 |
| | Male > 15 years | 84.75 | 91.37 | 34.65 | 80.38 | 71.88 | 81.04 | 82.45 | 82.35 |
| | Male 15_24 years | 81.11 | 165.95 | 93.21 | 348.82 | 103.75 | 161.93 | 168.42 | 168.75 |
| | Male >25 years | 88.28 | 88.43 | 78.37 | 82.03 | 89.44 | 87.10 | 84.06 | 84.00 |
| | Female > 15 years | 72.56 | 90.34 | 28.95 | 80.68 | 81.05 | 80.35 | 94.74 | 94.79 |
| | Female 15_24 y | 75.94 | 165.14 | 116.21 | 541.99 | 210.08 | 216.67 | 212.41 | 212.30 |
| | Female >25 years | 73.07 | 90.35 | 60.94 | 75.92 | 93.02 | 84.10 | 94.50 | 94.50 |

*Values NUTS 3 are replaced by values NUTS2

**Figure 28.12** Employed persons by professional situations, Spain 2007




* Persons who carry out unpaid work within a company owned by a relative they live with

**Source:** INE 2008

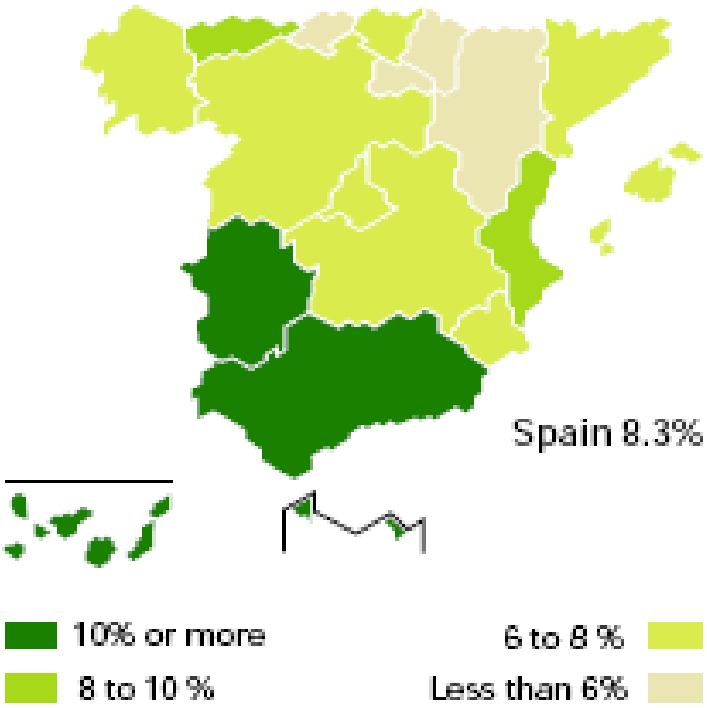
The unemployment rate in 2007 (Table 28.3), in spite of historically low values in all categories considered (age and sex) is still higher than the equivalent of the EU27 average. The national average on the total population over 15 years was 8.5%, just one percent above the European average. Once again, the gender gap is significant so that the female unemployment (10.5%) almost doubles the male (5.4%).

The evolution of unemployment during the first half of the decade recorded a mild increase of 14% in the period 2002-2005, in years of economic prosperity associated to the real estate boom in Spain (Table 8.2). During this period the evolution of unemployment rates across the EU27 is much more negative (88% increase).

Unemployment growth during this period is concentrated in the group 15 to 24 years, ie much of the first job applicants. This phenomenon is repeated in all kinds of areas considered except in the predominantly urban. At the same time, unemployment among those over 25 years is decreasing in all areas. This reflects a greater difficulty of insertion in small local labor markets, and the greater degree of informality of the rural economy which allows the persistence of a higher proportion of population (mostly women) working in form of black economy. In urban areas women also find themselves excluded of parts of the labour market due to several reasons (mainly women of childbearing age that poses a "risk for loss" for the company, at a cost that many employers are unwilling to assume).

Regarding the evolution of long-term unemployment (Table 28.3) there is a decrease in the first half of the decade of around 35%. This contrasts with the average for the EU27, where there is an increase of 11% in the same period. In this case, the accessible rural areas show a more positive, whereas, by contrast, the rate is higher in predominantly in urban areas.

**Figure 28.13** Unemployment Rate by region, 2007




**Source:** INE 2008

**Table 28.3** Employment indicators (b)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+ LI+MK+NO+ TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Unemployment rate 2007 | Total >15 | 10.19 | 8.19 | 11.17 | 6.58 | 8.43 | 8.55 | 7.61 | 7.63 |
| | Total Male >15 | 7.87 | 6.03 | 8.60 | 4.97 | 6.38 | 6.45 | 7.06 | 7.05 |
| | Total Female >15 | 13.62 | 11.16 | 14.93 | 9.43 | 12.65 | 11.92 | 8.61 | 8.59 |
| | Total 15_24 | 18.43 | 18.23 | 23.40 | 16.30 | 19.10 | 18.43 | 15.80 | 15.64 |
| | Male 15_24 | 16.11 | 16.21 | 18.97 | 13.18 | 15.47 | 15.66 | 15.77 | 15.64 |
| | Female15_24 | 22.00 | 22.07 | 28.93 | 20.66 | 24.35 | 22.73 | 17.81 | 17.56 |
| | Total >25 | 8.83 | 7.00 | 9.57 | 5.63 | 7.38 | 7.38 | 6.66 | 6.67 |
| | Male >25 | 6.35 | 5.12 | 7.33 | 4.14 | 5.32 | 5.36 | 6.14 | 6.13 |
| | Female >25 | 11.88 | 9.82 | 12.80 | 8.84 | 11.10 | 10.52 | 7.69 | 7.64 |
| Long term unemployment* | % long term unemployent rate_07 | 24.51 | 20.40 | 21.75 | 21.51 | 19.78 | 21.34 | 43.07 | 43.12 |
| | % long term unemployent rate_02 | 35.23 | 34.23 | 32.26 | 34.44 | 29.74 | 33.37 | 38.99 | 39.44 |
| | Evolution of long term unemployment2002_07 | 69.82 | 59.96 | 67.44 | 62.72 | 66.11 | 64.12 | 111.33 | 110.94 |
| Activity rate** | Activity rate M>15 | 16.58 | 11.18 | 1.98 | 3.79 | 4.12 | 9.13 | 8.93 | 8.43 |
| | Activity rate F>15 | 11.99 | 8.08 | 1.37 | 2.53 | 2.67 | 6.50 | 6.73 | 6.89 |
| | Activity rate 15_24 years_M | 1.52 | 1.11 | 0.23 | 0.43 | 0.48 | 0.91 | 0.88 | 0.89 |
| | Activity rate 15_24 years_F | 1.00 | 0.85 | 0.16 | 0.30 | 0.31 | 0.64 | 0.71 | 0.72 |
| | Activity rate >45 years_T | 40.99 | 41.34 | 39.98 | 41.61 | 41.63 | 41.30 | 45.92 | 45.88 |
| | Activity rate >45 years_M | 51.96 | 51.41 | 50.41 | 51.94 | 51.92 | 51.66 | 52.14 | 52.11 |
| | Activity rate >45 years_F | 30.40 | 31.48 | 29.84 | 31.39 | 31.29 | 31.12 | 40.06 | 40.02 |
| | Activity rate 45_64 years_T | 60.39 | 61.10 | 58.45 | 61.57 | 61.35 | 60.94 | 66.37 | 66.39 |
| | Activity rate 45_64 years_M | 76.12 | 75.65 | 73.35 | 76.53 | 76.16 | 75.87 | 74.59 | 74.62 |
| | Activity rate 45_64 years_F | 45.03 | 46.71 | 43.80 | 46.61 | 46.31 | 46.12 | 58.40 | 58.41 |

*Values NUTS 3 are replaced by values NUTS2

* *Some values NUTS 3 are replaced by values NUTS2

### *3.2. The Spanish labour market at the beginning of 2009*

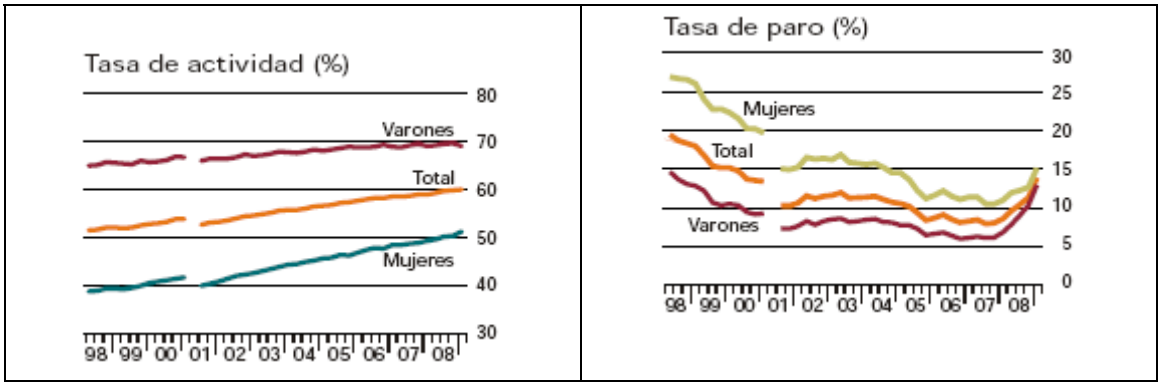
The characterization of a labour market is extremely difficult due to the high pace of change. For example, the picture offered in section 28.1.1 refers to data available in the EDORA project database and other EU databases. For most variables, the information refers to 2007 as the last available figure.

The important changes in the economy and labour markets during 2008 have outdated the analysis of labor market with data before 2008. For this reason, we complement the

previous section with an overall picture of the Spanish labour market at the beginning of 2009. This analysis is based in basic figures of the report “España en cifras 2009” of the National Institute of Statistics (INE 2009).

Already during 2008 the main parameters of analysis of the labour market (ie. activity and unemployment rates) show a clear change in trend (Figure 28.14). Coming from a clear increase in the case of the activity rate and from a clear decrease in the case of unemployment rate, the figures show that there is a stagnation of the activity rate and a rapid increase

**Figure 28.14** Activity rate and unemployment rate 1997-2007 (in %)

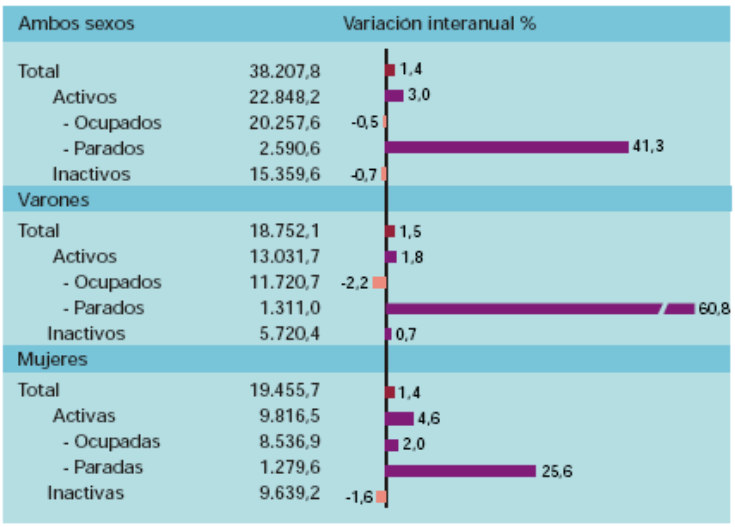



**Source:** INE 2008

As Figure 28.15 clearly highlights, the main impact of the global economic crisis on the Spanish labour market is on employment. The change in the unemployment rate between 2007 and 2008 has been +41%. Unemployment has increased by 60% in the case of men and only by 25% in the case of women. Even if the crisis has hit most economic activities, the main impact has been in economic sectors where male employment is very dominant (construction and subsidiary activities).

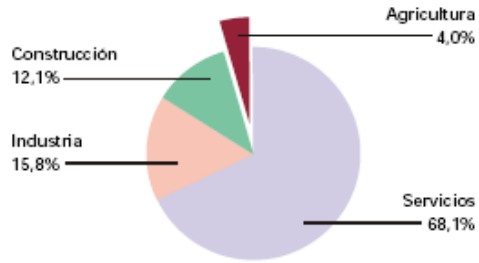
The structure of employment by economic sectors shows a further step in the tertiarisation process. Employment in primary activities reduces from 8% to 4% and the tertiary sector increases its share from 64 to 68%. The secondary sector comprises two main categories: industry (15.8%) and construction (12.1%). The dramatic reduction of jobs in the construction sector is not registered yet in these figures.

**Figure 28.15** Population 16th and over. Relation with labour market. 1000s persons. Spain 2008




**Key to Figure 28.15:** *ambos sexos* (both sexes); *variación interanual %* (% interannual variation); *actives* (active population); *ocupados* (occupied); *parados* (unemployed); *inactivos* (inactive); *varones* (male), *mujeres* (female)
**Source:** INE 2009

**Figure 28.16** Employment by activity sector, Spain 2008




**Source:** INE 2009

Since unemployment is the main problem of the Spanish labour market, it is relevant to observe the relationship between households (*hogares*) and economic activity. Figure 8.16 shows that in 62.3% of Spanish households all active members were working in 2008. At the same time, there is ¼ of families (24%) in which there is not any active member. These are families whose members are mostly retired. Main problems derive of households where all members are unemployed. This is the case of 3.8% of families.

**Figure 28.17** Families and activity. Spain 2008


**Source:** INE 2009

## 4. Rural business development

At the national level sectors with a greater number of companies (see Table 28.4) are, first, wholesale trade and retail (35%), then real state, renting and business activities (20%), and finally construction (17%). Available statistical data is for the year 2006 and reflects the strength of the real estate sector in both construction and housing market (real estate). The peak of construction can be assessed in a percentage of companies in Spain that virtually doubles the EU27 average. The relatively positive evolution of the population during this decade, associated to the immigration flow, has enabled the maintenance and, in some cases, recovery of service activities in many rural settlements. This, in turn, has enabled the creation of a number of small businesses. Another major area of business creation is the provision of services to people, driven largely through the adoption of social laws that fosters these services (care for dependents, children, elderly etc.).

Regarding the number of employees per branch of activity (Table 28.4) the most important are wholesale activities and retail trade (24.2%), construction (23.3%) and real state, renting and business activities (14.8%). Compared with the EU27 average, the most notable difference occurs in the manufacturing sector where the average of the EU27 reached 28.1% while the value for Spain is only 19.5%. The difference between types of regions lies in the fact that the highest percentage of manufacturing activity is in accessible rural regions (IRA and PRA) whereas the percentage falls clearly in remote rural areas (due to limited historical development of manufacturing and the dismantling of a significant traditional manufacturing activity due to the processes of depopulation) and predominantly urban areas (processes of tertialisation and industrial relocation to nearby, less congested and cheaper areas). In any case, the European average is not reached in any territorial typology in Spain.

For less accessible rural areas (IRR and PRR) the occupational structure differs only very little in relation to other regions: (i) hotel and hospitality businesses have a greater percentage (3 points above Spanish average and 5 above the European average), (ii) the services sector provides fewer jobs than in other regions, although the difference is minimal (1.5% less than the average Spanish) (iii) the manufacturing sector contributes less employment than in the other regions for the above mentioned reasons.

The presence and importance of jobs in high technology companies is a key indicator of innovation potential and therefore also points to the robustness of developmental processes. The information available on this subject dates from 2004 and should therefore be treated with caution. Spanish average stands at 4.1% of jobs in high technology companies against an EU27 average of 7.4%, which represents 61% of the EU average. Moreover, the percentage of jobs in high technology companies reduces as rurality increases and accessibility reduces. Thus, high-tech employment in remote rural areas accounts for only 36.5% for the RRP and 16.4% for the IRR.

Another important indicator of the use of new technology, innovation capacity, and market penetration is the existence of a high percentage of companies with own website. Almost half of EU27 enterprises have their own websites. This percentage drops to 42.3% in the case of Spain. The distribution according to territorial typologies recorded a higher rate for predominantly urban areas (46%), although the differences between areas are less relevant.

**Table 28.4** Rural business development indicators

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | | | |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | Average country | Average EU 27 +CH+HR+IS +LI+MK+N O+TR | Average EU 27 |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.03 | 0.10 | 0.00 | 0.16 | 0.15 | 0.10 | 0.30 | 0,30 |
| | % Manufacturing | 6.55 | 8.09 | 5.55 | 8.52 | 7.40 | 7.56 | 14.08 | 14,05 |
| | % Electricity, gas and water supply | 0.17 | 0.27 | 0.22 | 0.30 | 0.35 | 0.27 | 0.61 | 0,63 |
| | %Construction | 14.86 | 17.68 | 13.63 | 18.65 | 18.01 | 17.12 | 9.48 | 9,46 |
| | %Wholesale and retail trade | 38.19 | 33.33 | 36.58 | 33.98 | 33.86 | 34.70 | 23.02 | 21,83 |
| | %Hotel and restaurants | 10.98 | 11.43 | 13.55 | 11.44 | 13.01 | 11.80 | 6.52 | 6,15 |
| | %Transport, storage and communication | 8.80 | 7.98 | 8.76 | 7.98 | 8.19 | 8.23 | 8.69 | 8,46 |
| | %Real state, renting and business activities | 20.41 | 21.13 | 21.71 | 18.97 | 19.03 | 20.22 | 37.29 | 39,12 |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.08 | 0.43 | 0.00 | 0.52 | 0.49 | 0.36 | 0.58 | 0,52 |
| | % Manufacturing | 16.43 | 22.35 | 9.76 | 23.52 | 16.96 | 19.50 | 29.18 | 28,08 |
| | % Electricity, gas and water supply | 0.44 | 0.57 | 0.69 | 0.58 | 0.68 | 0.58 | 1.14 | 0,89 |
| | %Construction | 21.40 | 23.23 | 24.65 | 23.49 | 24.63 | 23.28 | 9.09 | 9,14 |
| | %Wholesale and retail trade | 26.76 | 23.17 | 26.35 | 23.52 | 23.79 | 24.25 | 26.14 | 26,93 |
| | %Hotel and restaurants | 10.40 | 9.44 | 15.47 | 8.50 | 13.09 | 10.60 | 8.27 | 8,37 |
| | %Transport, storage and communication | 7.54 | 5.94 | 7.39 | 5.93 | 6.84 | 6.54 | 8.65 | 8,52 |
| | %Real state, renting and business activities | 16.91 | 14.84 | 15.67 | 13.94 | 13.50 | 14.87 | 16.78 | 17,51 |
| Employment in high and medium technologies manufacturing activities_2004 | Employment in high and medium tech manufacturing activities_2004_Media | 5.21 | 4.65 | 1.26 | 4.79 | 2.74 | 4.15 | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_%EU 25 | 66.06 | 72.92 | 16.41 | 75.11 | 36.51 | 60.96 | 95.89 | 107,13 |
| %firms with own website | | 46,22 | 41.95 | 42.03 | 39.53 | 41.68 | 42.26 | 50.21 | 50.21 |

*Values NUTS 3 are replaced by values NUTS2

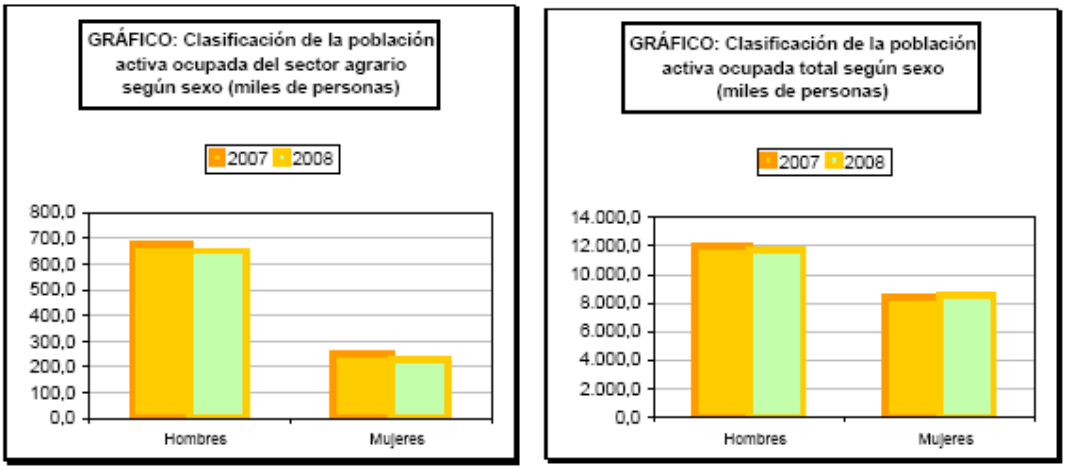
Apart from the quantitative analysis of available statistical data, what follows is a more qualitative opinion of authors in relation to several standard questions:

- ***Which are the features of the rural businesses (size, dominant activities, employment, profitability, innovation, use of IST, etc)?***. In most cases, rural business are SMEs, family owned and run, long term established and incorporating few or none innovations. Dominant activities are well seen in the quantitative analysis although agriculture should appear as "rural business". Employment in rural businesses is generally not demanding in terms of academic qualification. However, specific training is necessary in most activities. There are few places where profitability is the main reason for the functioning of rural businesses. In remote areas and predominantly rural regions, the loss of profitability is linked to the long established depopulation process; in intermediate rural regions, the situation is different and accessibility to market have brought bigger, modern and more competitive companies that

have less family background and more benefit margins. Innovation and use of IST are matters pending in the case of rural businesses, especially those based on family work. In most cases, the businessmen still confesses that such technologies are not necessary or suitable for his/her business.

- ***Which is the profile of the rural entrepreneur?***. The profile of the rural entrepreneur is mostly men with little formal training, self-employed or small business and high average age. This profile is accentuated in the case of primary activities and varies for other newer activities (rural tourism, green jobs, etc.).

**Figura 28.18** Active population in agriculture compared with total active population. Men and women, Spain 2007-2008




**Source:** Ministerio de Medio Ambiente y Medio Rural y Marino (2008)

- ***Which are the opportunity sectors for future rural business operation?*** Services to persons (care for children, elderly, disabled), services to companies (standard and advanced business services), new green deal employment (clean tech and clean energy businesses, sustainable agriculture, conservation-based enterprises, etc.), landscape conservation, heritage, rural tourism and leisure activities, quality food and other products.

- ***Which are the main constrains that need to be overcome?*** Reduced local labour markets, difficulties for provision of basic public and private services, lack of qualified labour, need to incorporate the effective use of IST (web pages, B2B, B2C, etc.), the potential role of cooperation, etc.

- ***Are there specific policies/programs/initiatives that could be labeled as "best practices" in rural business promotion***? Apart from the standard EU rural development policies the program for the promotion of less favoured areas.

- ***Which are the niches of activity in which rural companies are being created?***. *The most important are:* (i) *t*ourism and adventure when natural and cultural resources exist, and economic framework for conservation and development; (ii) agriculture and organic farming; (iii) agribusiness (transformation of agricultural products as wine, olives, meat, etc.); (iv) food-related industries (dairies, bakeries, restaurants, rural shops, etc.); (v) hotels,

lodges and restaurants; (vi) handicrafts; (vii) professionals cabinets (lawyers, managers, notaries); (viii) veterinary; (ix) textiles; (x) telecommuting.

## 5. Rural-urban relationships

Due to the lack of sufficient data, this section is based in the qualitative assessment of authors guided by a set of standard questions:

- ***Are there established or incipient initiatives for cooperation between urban and rural areas?*** Although the incidence of diverse policies and programs has created an important territorial cooperation net, in most of the cases this is referred to cooperation between rural territories. On the contrary, in the case of Spain, the cooperation between urban and rural territories is recent and poor. The usual relation dynamic between urban areas and rural territories is the subordination of the rural to the urban referring to the provision of public and private services, leisure and recreation, territorial organization, etc.

- ***Is the "territorial approach" developed? (ie. Territorial Employment Pacts, supra-municipal planning, etc.)***. The territorial approach has been presented in regional land use planning policies since the constitutions of the Spanish autonomous regions in 1982. Territorial management policies (the so called Spatial Planning Policy) considered planning as a supra-municipal function that should condition the development and orientation of local urbanism and land use. However, in most Spanish regions, the history of territorial management has been the one of failure, with long lasting processes and inability to coordinate powers of the multiple levels of government and government departments involved. The process is still on in most regions following, at least in theory, the philosophy in the European Spatial Development Perspective (ESDP). There are, however, some examples of development of the "territorial approach" (see next question) following implementation of EU programs (LEADER, Territorial Employment Pacts, URBACT, INTERREG, etc.).

- ***Are there rural-urban partnerships? If so, which are their goals and ways of operation? Where is the power located?*** The development of rural-urban partnership is due to the implementation of policies and programs from the European Union. The way of management usually consists on the constitution of a public-private partnership (normally lead by the public and urban part) and the aim usually is the implementation of the program that has received the resources. These programs generally imply the cooperation between local entities and supra-municipal, and even provincial ones, as well as among settlements of different characteristics. In the Spanish territory, a big amount of initiatives that exemplify various types of cooperation exists. As an example, according to Rodríguez Gutiérrez et al. (2005) the followed examples can be mentioned:
    - In Andalucía there are transport consortiums that include areas of big density of urban and rural centres where transport and its infrastructures are managed.
    - In Aragón, administrative territorial entities with a public profile have been constituted between the municipal level and the provincial (the regions). The Regional Councils are territorial government agencies that cover the supra-municipal scale and that group urban and rural municipalities of an administrative unit. Due to the territorial configuration of the region, with predominance of rural areas with low accessibility and scarce population density, these organisms enable to have a more appropriate spatial scale to the implementation of a lot of local policies and for the service supply. On the other hand, by way of an example, there are some initiatives denominated as 'Green Path'

with the aim to promote, manage and use as touristic resources the historic itineraries of importance in the region. As well, different local associations have been created to promote the historical itineraries as the 'Temple route Consortium' or the group of 'Cid Path', that include various communities and that have the objective to promote of these itineraries as touristic cores and of development.

- In Asturias, for instance, there exists the 'Consortium for the Rural Development of Asturias Orient' and the 'Consortium for the Central Mountain Development' to manage the program LEADER+. These organisms constitute the cooperative via of exit for territories seriously affected by the unemployment, emigration, ageing of population, after the decline of the mining activity.
- In Cataluña, there is the 'Association of European textile collectives'; it groups municipalities linked to traditions and profit this characteristic to link them towards textile activities.
- Navarra has a Touristic Consortium and an Urriobi Consortium (for the encouragement of the economic development). These cooperative structures are encouraging the rural development trough the introduction of new technologies as a respond to the scarcities and demands of the rural and urban zones.
- In the case of the Valencian Region, it is emphasized the 'Consortium for the territorial agreement to the creation of employment Pactem-North' that favour the creation of employment and PYMEs. Furthermore, the creation, at the beginning of the decade, of the Consortium of the Central Regions (CONCERCOST) is remarkable; it promotes a balanced and sustainable model of territorial development.

- ***Which is the importance/extent of suburbanisation processes?*** Suburbanisation processes have developed in most metropolitan areas and, to a lesser extent, medium-size cities and towns. Due to the dominance of municipal urbanism, in many cases, suburbanization has not contributed to increase the sustainability of territorial organization but has produced a good deal of negative effects (consolidation of expensive, demanding land use models, modification of previous territorial structure without consideration of long term effects, etc.).

- ***What are the main demands/uses over rural areas from urban inhabitants? How these are met?***
  Urban inhabitants demand from rural areas several goods and services: leisure, food and commodities. Some of these are provided through traditional forms of production (primary productions like agriculture, livestock, forestry, fishery, etc.). Some other newer demands are mostly linked to leisure (rural experience, landscape, new forms of tourism in rural areas, heritage, etc.) and quality food. These newer demands and uses are being covered through public, private or mixed initiatives, located in both urban and rural areas (depending on the activity and place) providing one or several of these products. Due to continued difficulties for entering regular marketing channels there are several outstanding examples of cooperative rural marketing using common brands or territorial labels. Rural areas are also demanded as new living places by a small portion of urban professionals that can exploit the benefits of telecommuting (Paniagua 2002).

## 6. Cultural heritage

Cultural heritage of Spanish rural regions is extensive and diverse. The imprint of history can be seen flourishing in many rural areas. Civil and religious architecture, literature, lifestyles and rural know-how, food, countryside are just some of the assets in rural areas.

In many cases, mainly in lagging and remote rural areas secular heritage has suffered the consequences of depopulation and socioeconomic devitalisation and is in poor condition or has not been adequately put in value.

This huge cultural heritage has (and is) being the attention of several public and private bodies that work from different administrations and geographical areas in order to recover and increase its value.

In terms of legislation, the Spanish cultural heritage is divided into several figures: monuments, historic gardens, historic, historic site and archaeological site. The above are the major resources in rural areas because they generate the main attraction.

The main institution working in the recovery and promotion of cultural heritage is the Spanish Cultural Heritage Institute (*Instituto del Patrimonio Cultural de España*). The purpose of this organization is the preservation and restoration of Spanish heritage assets. Doing so has established various state plans for protection and conservation of heritage: rebuilding plan for industrial heritage, cathedrals plan, plan for recovery and value of cultural landscapes, and plan for recovery and value of the defensive architecture (military).

The protection and preservation of cultural heritage is governed by Law 16/1985 of 25 June, of Spanish Historical Heritage, and the Royal Decree 111/1986 of 10 January in partial development of Law 16/1985 of 25 June of Spanish Historical Heritage. There are other laws and decrees to suit more specific problems, protect and regulate individual cases, as in the case of monumental cities, (i.e. Royal Decree 1424/1998, of 3 July, that constitutes and organises the Royal Patronage of the City of Toledo).

The Ministry of Culture, through the Institute of Cultural Heritage, cooperates with local and regional administrations as well as private entities, to meet and determine which assets should be subject to conservation and protection.

Table 8.4bis shows the breakdown of Cultural Interests Assets by category and autonomous community (NUTS2). The regions with higher number of monuments are the Balearic Islands, *Andalucia* and *Catalunya* with more than 2,000. With respect to historical towns and archaeological sites, the main regions are *Andalucia* and *Castilla-Leon* with more than 100 assets. Thanks to their history they have a high heritage that gives them a great cultural attraction and an economic development opportunity associated to the enhancement of the heritage, as well as job creation arising from cultural tourism.

**Table 28.4bis** Real estate registered as Cultural Interest Assets by category and Autonomous Community

| | *Monument* | *Historic garden* | *Historical complex* | *Historical site* | *Archaeological site* |
|---|---|---|---|---|---|
| **NUTS 2** | | | | | |
| Andalucía | 2461 | 17 | 163 | 15 | 159 |
| Aragón | 645 | 0 | 60 | 22 | 50 |
| Asturias | 289 | 0 | 25 | 2 | 6 |
| Balears | 2845 | 10 | 35 | 13 | 100 |
| Canarias | 352 | 12 | 58 | 41 | 134 |
| Cantabria | 221 | 4 | 25 | 4 | 43 |
| Castilla y León | 977 | 5 | 128 | 15 | 159 |
| Castilla-La Mancha | 676 | 0 | 35 | 6 | 44 |
| Cataluña | 2025 | 6 | 68 | 10 | 90 |
| Comunitat Valenciana | 896 | 4 | 30 | 16 | 53 |
| Extremadura | 190 | 1 | 41 | 7 | 14 |
| Galicia | 592 | 6 | 47 | 15 | 5 |
| Madrid | 383 | 24 | 20 | 6 | 41 |
| Murcia | 396 | 0 | 11 | 7 | 27 |
| Navarra | 131 | 0 | 17 | 2 | 16 |
| País Vasco | 265 | 0 | 16 | 0 | 3 |
| Rioja (La) | 107 | 1 | 8 | 41 | 1 |
| Ceuta | 19 | 0 | 72 | 0 | 1 |
| Melilla | 10 | 0 | 1 | 0 | 0 |

**Source:** Ministerio de Cultura. Subdirección General de Protección de Patrimonio Histórico.

It is also worth pointing out that cultural heritage consists not only of real state but also of those other features such as gastronomy, the local traditional celebrations, traditional productive activities, almost extinct crafts, and so on. Many rural communities are using the know-how of the population and local endogenous resources to establish routes, fairs, museums, etc.. These initiatives aim at attracting tourism and increasing the local economy. There are some important initiatives in this respect as the Leader Initiative and other regional programs to boost the rural heritage.

## 7. Services of General Interest

In relation to the availability and provision of Services of General Interest (SGI) there are contradictory trends depending on the particular service and the type of rural area considered. In general terms, the immigration flow during the current decade has allowed a certain demographic revitalization that, in turn, has made possible the recuperation of some local services. However, the effects of the long term depopulation trend in extensive lagging and remote rural areas are still evident in the lack of basic services (both public and private).

Although the Spanish Constitution contains an explicit recognition of equal rights for all citizens regardless of any personal status or place of residence, in many cases this expectation is not met with respect to the provision and accessibility conditions to some basic services. The territorial configuration of rural areas with low density, complicated terrain and longer distances in both time and miles are the explanatory factors.

The accessible rural areas have been the scenery of important territorial and social changes during last decades. Rural areas close to intermediate towns and metropolitan areas have registered the highest population growth due to the relative advantages (less congestion, lower prices of land, etc.). As a result, accessibility and provision of services have also changed. There has been an important diversification of service provision and an orientation towards urban resident demands.

The main problems in relation to accessibility and provision to SGI for rural residents and visitors are:

- Deterioration of basic service provision in lagging and remote rural areas due to socio-demographic devitalisation. Immigration during 2000s has contributed to counteract this trend but only partially and in some areas.
- Better accessibility in both accessible and remote rural areas due to improvements in transport and telecommunication infrastructures.
- Increased difficulties to access to SGI in remote rural areas due to longer distances. This is critical for two reasons: on the one hand, the increasing daily commuting times (to school, food and goods provision, gas station, etc.); on the other hand, by the life-threatening risks derived from low access to emergency services.
- Better provision and accessibility to SGI in intermediate and accessible rural areas due to nearness, increased population and economic activity

The main forms of provision of services in rural areas combine traditional forms of provision (multi-product stores, mobile providers offer the service one or more days a week, shared public service contracts with other peoples) with other more innovative ways to use the possibilities of new technologies.

In relation to the indicators provided in Tables 28.5 and 28.6 the main ideas are:

- SGI are concentrated in urban areas (less area size, more population density, larger length of km of transport infrastructures)
- In more remote areas there is a prevalence of the private transport (car) in contrast with more accessible areas, where there is a wide transport types (as private as public) but where the public transport is provided with better infrastructure (more investment, more demand due to more population concentration, etc.)
- Urban areas pose a higher percentage of households with broadband access than the rest typologies. In the case of internet access, the rates are similar between the different typologies. This is related to the customers' use and

consuming (in the case of PU, the broadband is mainly related to business and job centers, and in the case of rural areas is more related with individual and private use)

- Higher educational level is reached in IRA and IRR areas due to their proximity to universities or higher education centers.
- The number of hospital beds per 1000 inhabitants has a result below the European average in all kind of typologies. So, sanitary conditions are not enough covered in any of these areas.

In the table 28.5 about Services of General Interest, it is observed that the total Km as well in railway as road exceed the European average, and the areas where exist a less number of Km correspond to remote intermediate rural areas, in spite of the effort of the construction of communication infrastructures that have been realised to improve the connexion between the different population nucleus. In urban areas and intermediate closed to city, the peripherality index is bigger than in the rest, because there is a major friction and a major timing cost by car due to a higher number of nodes (population nucleus and localization of work centres). Hence, it is derived in continuous processes of commuting, that provokes a rise of the friction time. It is stated, as well, where there is a higher number of population displaced daily by car, as it can be observed in the table 8.5. The access time to the market centre is shorter in urban areas that in the rest of areas, as for the railway as for cars, thanks to a better shortage of infrastructures and equipments of services and transport communication. This situation is contrary to rural areas, where most of them depend on the private car to access to a good or service because of the lack of other efficient alternative transport means.

The evolution of the population density (see table 28.5) between 2001 and 2007 has been positive and more important in the remote intermediate rural areas, although this typology does not have a large importance due to its poor representation in the Spanish territory. But it is certain that its behaviour has been the opposite to the European average, where the density has decreased respect the year 2001.

According to households with broadband access, 45% of them are located in urban areas, comparing to more remote rural areas, where the rate represents 40%. However, if the access is to internet the differences between regions will be reduced, being the maximum the difference between a region and another of 2%. As a national average, the households with broadband access represent 86% respect to the 81% of the European average.

**Table 28.5** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|
| Variables | 1 | 21 | 22 | 31 | 32 | | | |
| 'Length of road network (km) 2001** | 13072.90 | 25775.79 | 1601.32 | 12692.32 | 14474.56 | 67616.90 | 357433.58 | 357433.58 |
| 'Length of railway network. km 2001** | 2797.88 | 4292.25 | 393.57 | 2094.47 | 2393.08 | 11971.26 | 160625.28 | 160625.28 |
| Area (km2)** | 76172 | 189353 | 20533 | 103701 | 142442 | 532201 | 5659749.8 | 4600910.40 |
| DENSITY Evolution density 2001_07 | 108.78 | 107.97 | 112.90 | 105.95 | 109.11 | 108.33 | 96.58 | 96.31 |
| DENSITY Density of population 2007*** | 1333.95 | 478.55 | 585.41 | 313.79 | 258.72 | 584.39 | 3712.44 | 4066.62 |
| Peripherality by car to population | 77.01 | 74.56 | 15.00 | 56.59 | 29.54 | 59.37 | 103.45 | 103.45 |
| Daily population accessible by car | 5313.91 | 6052.00 | 2392.00 | 5813.55 | 3993.38 | 5225.81 | 18078.54 | 19285.23 |
| 'Accessibility time to market by road 1997 | 296.12 | 318.05 | 331.70 | 346.62 | 357.34 | 326.60 | 302.46 | 302.46 |
| 'Accessibility time to market by rail 1997 | 298.39 | 326.77 | 337.23 | 357.41 | 365.83 | 334.33 | 313.92 | 313.92 |
| %households with broadhand access | 45.50 | 41.00 | 43.00 | 38.11 | 40.53 | 41.47 | 49.07 | 48.00 |
| % households with internet at home | 87.41 | 85.95 | 87.66 | 85.44 | 86.38 | 86.35 | 81.46 | 81.20 |

* Values NUTS 3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

*** These values are only indicatives and aren't real because in the calculation there are values NUTS2 and NUTS3.

At national level, the biggest number of students per 1,000 inhabitants is concentrated in the ISCED 1 (59) level and the ISCED 2 (45). At the European level, they are concentrated between level 1 and 3. Among regions, there exist differences, where in the levels 0 and 1exist a bigger importance in the urban areas and IRR. In the rest of categories, the differences are small, but for instance it is remarkable that in levels 5 and 6, the ones referred to IRA and IRR are set above other regions, because of their proximity to educational centres and the improvement of access communications to them.

The number of hospital beds per 1000 inhabitants (see table 28.6) has been reduced in all the areas between 2000 and 2005, being most difficult the respond to a possible demand in the IRR regions, with 8.7%, a tax below the National average (91%) and the European average (92%). Below the average, as well, are the PRR and PU areas, what provokes that the evolution of this sanitary shortage has been negative, not responding to the potential demand of the population to this service.

**Table 28.6** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº STUDENTS ISCED 0_6* | Nºstudents ISCED_0 per 1.000 inhabitants | 37.23 | 30.83 | 32.57 | 29.88 | 29.45 | 31.55 | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | 67.33 | 57.38 | 75.36 | 56.33 | 58.10 | 59.44 | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | 48.116 | 43.407 | 53.416 | 44.460 | 47.333 | 45.390 | 43.2167 | 43.2815 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | 27.820 | 25.764 | 27.295 | 26.066 | 25.701 | 26.198 | 48.0562 | 48.0396 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 3.0667 | 3.1061 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | 33.049 | 35.089 | 36.493 | 34.135 | 29.467 | 33.486 | 37.3761 | 37.2335 |
| | Nºstudents ISCED_6 per 1.000 inhabitants | 1.390 | 1.439 | 1.354 | 1.376 | 1.129 | 1.355 | 1.1045 | 1.1056 |
| BEDS IN HOSPITAL PER 100,000 inhabitants* | Nº of beds in hospitals per 100.000 inhabitants _00 | 424.525 | 368.714 | 405.400 | 375.167 | 402.377 | 390.332 | 740.1039 | 738.7630 |
| | Nº of beds in hospitals per 100.000 inhabitants _05 | 381.742 | 340.723 | 350.900 | 349.267 | 359.492 | 355.022 | 696.9147 | 704.8804 |
| | Nº of beds in hospitals per 100.000 inhabitants _06 | 371.283 | 337.032 | 327.067 | 349.178 | 349.338 | 348.056 | 1014.6730 | 724.6489 |
| | Evolution nbeds 2000_05 | 90.188 | 92.256 | 86.708 | 92.912 | 89.563 | 91.060 | 91.5367 | 91.9440 |

*Values NUTS 3 are replaced by values NUTS2

## 8. Farm structural change

### Main DOC in relation to agriculture?

The Spanish territory is diverse in agrarian products and so as in different production systems. The effects of some environmental problems (as water scarcity, nitrification, acid rain, soil erosion, urbanization massification, etc.) as well as social problems (farmer professional discredit, poor support to farmers, diverse kind of pressures from the food market, youth migration processes to better equipped areas, etc.) force the agriculture system to be in the background side of the economic framework of Spain. Furthermore, the increase trend of biotechnology and GMO products displaces traditional agrarian sectors and provokes chained problems, as pollution of diverse ecosystems, loss of biodiversity, health problems, etc.

The *opportunities* that this primary activity has are related to the preservation and conservation of traditions, a returning feeling of belonging to the land, becoming green and productive lungs of a community of regions. Ecological agriculture, as well as sustainable practices, can reinforce agriculture and attract young generations with formation to work the land, as partial as full-time, with the attractive of cheaper, healthier and less crowded places to life. The *drivers* to strength the agricultural sector depend, in some measure, in reinforcing efficient and sustainable agrarian policies and programs create educational channels of communication over the population to accredit the paper of this sector activity in the society as a profession, as well as reactivate the local community voice and spread a governance model among the citizenship.

### Specific policies/programs/initiatives that could be labeled as "best practices" in promoting agriculture?

Referring to the European scope, the CAP (Common Agricultural Policy) has promoted the reactivation of the sector. Thanks to this technical and intellectual framework, the Agricultural Ministry of Spain has created several best practices guidelines for different issues as (http://www.mapa.es/es/agricultura/agricultura.htm):

* Production of tobacco in Spain
* National Strategy for the fruits and vegetables sector (policies related to reduce chemicals use, terms and conditions of environmental actions for operative processes, etc.)
* Support programs to wine production (restructuration and reconversion of vineyards, etc.)
* Tariff only system for bananas (promotion of European banana and implementation of the system in Spain)
* Integrated production system (implies less waste and better profitability (as economical as environmental) of products
* Program of support measures and complementary to the market policies. Agro-environmental measures: minimum maintenance of agrarian surfaces, autochthonous species in risk of genetic erosion, fight against erosion in vulnerable ecosystems, farming integrated management, etc.)

**Significant variations in the above processes depending of the types of regions considered (ie. PU, IRA, IRR, PRA, PRR)**

In table 28.7, it can be observed that 87% of holdings between 2 and 100 ESU, while the ones below 2ESU reach a rate of 32%. This value is above the European average, which reach 23%. The PU and PRR regions posse the highest rates for this indicator. From 2000 to 2005, the number of holdings less than 2ESU has experienced an increase of 100% in the Spanish territory (predominance in IRR, PRR and PU). It can be due to the negative descend of the ones bigger than 100ESU (being reduced to the half) and the poor increase of 10% of holdings between 2 and 100 ESU. In table 28.7, it can be observed that the predominant holdings in 2005 are the ones with medium size, representing as an average around 71% over the total of holdings in Spain (i.e. farm structure in 2005 was not largely extensive but not based on subsistence agriculture either). This rate is above the European average (57%), contrarily to the other Spanish holding size rates which are below the European average. Remote rural areas (IRR and PRR) follow this kind of holding size due to the intrinsic characteristics of these environments (primary sector predominance, more space for such activities, familiar business structure, etc.) From 2000 to 2005, the number of holdings over 100ESU has experienced an increase of 100% in the Spanish territory (predominance in IRR, PRA and IRA). It can be due to the negative descend of the holdings less than 2ESU (being reduced almost to the half) and a poor decrease of 9% of holdings between 2 and 100 ESU. It can be asset that the Spanish farm structure is being transformed from small-medium size holdings to larger ones (predominant modern model of agriculture in Eastern countries of Europe, extensive agriculture, poorly sustainable)

**Table 28.7** Farm structural change indicators (a)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | 17.92 | 24.74 | 8.30 | 26.45 | 21.89 | 22.15 | 33.42 | 33.89 |
| | 2 to 100 ESU | 62.53 | 72.52 | 86.61 | 70.58 | 74.49 | 71.35 | 57.56 | 57.02 |
| | >100 ESU | 2.88 | 2.74 | 5.09 | 2.97 | 3.61 | 3.11 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005* | -24.59 | -16.11 | -17.82 | -17.94 | -17.25 | -18.35 | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | -50.18 | -34.94 | -65.61 | -31.95 | -46.55 | -41.55 | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005** | -14.47 | -8.29 | -6.83 | -10.78 | -4.40 | -8.90 | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005* | 92.73 | 126.41 | 154.89 | 131.88 | 116.04 | 121.33 | 32.21 | 31.28 |

*Values NUTS 3 are replaced by values NUTS2

**Some values NUTS 3 are replaced by values NUTS2

As shown on table 28.8 the economic farm size at national level is about 20, the half of the European average. Its value is similar among regions, except for IRR regions, that

reach 30. The percentage of farmers with OGA represents 37% in urban areas front to 27% in remote rural ones. This is due to a better accessibility of farmers to financial and banking services located in PU and IRA areas more than in remote rural areas (where there is scarcity of those services). Hence, the increase of electronic trade and business activities would be a boost to improve the labour & economic conditions of enterprises located in these areas.

The percentage of holders working full-time has been reduced, at national level, a 10% from 2000 to 2005, mainly due to its descend in PU, IRA and PRA areas. These figures reflect not only the progressive agriculture withdrawal of some holders due to their reduced profitability, but as a consequence of it they are searching for alternative and complementary incomes to the agrarian activity which will compensate the benefit losses. At the same time, in a lot of places, the agriculture is being transformed in a leisure activity for elderly people or for some who work in other main activities of other sectors at full-time and are dedicated, in their leisure time, to agrarian activities.

**Table 28.8** Farm structural change indicators (b)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR +IS+LI+ MK+NO+ TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| HOLDERS | % Holders working full time 2005 | 28.27 | 31.26 | 43.34 | 34.44 | 26.21 | 30.72 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 - 2005 | -18.92 | -16.27 | 23.23 | -14.06 | 0.86 | -10.55 | 0.00 | 0.33 |
| | Economic Farm Size (RDEU07) | 19.51 | 18.96 | 30.50 | 19.99 | 20.07 | 20.06 | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | 36.77 | 30.17 | 28.67 | 27.41 | 27.28 | 30.38 | 37.56 | 37.56 |
| | % holders > 55 years 2007 | NA | NA | NA | NA | NA | NA | 50.19 | 50.62 |
| | % holders < 35 years 2007 | NA | NA | NA | NA | NA | NA | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 - 2005 | 13.81 | 13.20 | 15.68 | 10.22 | 13.05 | 12.96 | 5.88 | 5.62 |
| | % change in holders < 35 years 2000 - 2005 | -43.97 | -44.37 | -42.06 | -38.00 | -45.20 | -43.36 | -34.01 | -33.96 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | 8.61 | 11.49 | 7.00 | 10.01 | 8.18 | 9.60 | 42.30 | 42.30 |

*Values NUTS 3 are replaced by values NUTS2

**Some values NUTS 3 are replaced by values NUTS2

In Spain, the percentage of farmers older than 55 years old represents the 13% front the European average which rate is about 6%. The number of holders younger than 35 years old has been reduced in 43% at national level from 2000 to 2005, which reflects the poor interest and attractive that generates the agriculture among the youngest population.

At national level, the percentage of farmers with basic and full education in agriculture is 9.6% respect the 42% that represents the European average. In Spain, only closed regions to the city posses a highest level of education, but as well, they have a low one too.

## 9. Institutional Capacity

### Characteristics of the governance system[1]

Spain is divided in 17 Autonomous Regions (NUTS2) and two autonomous cities, Ceuta and Melilla. The decentralized government system allows that each autonomous region will have assigned competencies in issues as management, administration and in a judiciary level from what the State has established in the Constitution and the Autonomous Statutes of each NUTS2. The administrative division of Spain is constituted by: General State Administration, autonomy regions and local entities. In the first case, there are entities called Ministries, for each established work category (Public Administration, Science and Innovation, Culture, Defense, Economy and Treasury Department, etc.)

According to the bodies division, there is the judiciary (constituted by the group of Courts and Tribunals, General Council of the Judiciary and the Supreme Court), the executive (Ministries Council, presided by the Prime Minister) and the Parliament (constituted by the Representative Council and the Senate, and where the General Courts are established)

### Types of interactions among levels of government

Mainly in rural areas, sometimes is unworkable and impossible to perform development actions due to the incapacity of a single local or municipal entity, as at economical level as social and political. Normally, in these areas the region size linked to population number makes unfeasible to undertake actions or infrastructures and services installation for their daily development.

These limitations have provoked the born of new territorial cooperation experiences in the Spanish territory[2]. In all the Autonomous regions legislation is gathered the possibility to create and group regions, but only some of them have chosen this option, establishing them and performing a legal framework and competencies in concrete issues. For instance, some NUTS2 where this process has been introduced are: Aragón, Cataluña, Castilla and León, Galicia and the Basque Country. In Galicia, the regions and regional foundations play an important role on the elaboration of 'Regional Development Plans' with a validity of four years.

Other kind of aggregation processes are the consortiums that include 'from various regions to provinces' to manage common services (waste collection and treatment, water supply, etc.) and supra-municipal projects and programs (LEADER y PRODER) and even to start up new public participation processes. There are as well consortiums for the management and conservation of protected nature reserves at regional scale, as some created in Cataluña.

### Main problems in relation to government and governance

The participatory interrelations between economical and social actors as well as the population in itself are inefficient and insufficient, overall regarding to the implementation (of the how and where) of public policies and services. Furthermore, the boundaries between the politics and the economics are blurred and it makes

[1] http://www.map.es/index.html

[2] Rodríguez Gutiérrez, F., Menéndez Fernández, R. and Cadenas Nevado, A. (2005): "Comarcas, Consorcios y otras experiencias innovadoras de cooperación territorial en España". Boletín de la A.G.E. nº 39 – 2005, págs. 177-199.

difficult to manage efficiently the private and public spheres. Governance models and government policies in Spain promotes the decentralisation, which benefits the 'region' (NUTS3) territorial model. At it is known, regional policies are not totally self-dependent and, in some cases, they work accordingly to quantitative parameters (demand per number of users, area of a territory, population density, etc.) and do not offer real solutions for a local territory.

**Specific policies/programs/initiatives that could be labeled as "best practices" in promoting better institutional capacity, particularly in rural areas**

A practical and real example of 'best practices' inside the rural development field is found in an initiative that include 250 regions of 3 NUTS3 of the Basque Country, where the different policies and strategies defined by the regional government and the promotion of the rural development come into play. The initiative has had its fruit in an entity called MENDIKOI S.A. (Integral Centre for the formation and promotion of the rural environment) and it is independent from the Agriculture and Fish Ministry from the Basque Country. Its main objectives are the improvement of the formation of rural population and to avoid the rural depopulation processes.

There are other initiatives that exceed the autonomic boundaries, as for instance the 'Spanish wine cities Net', 'Spanish Jewish quarter Net', dedicated to the protection and conservation of this historical and cultural legacy

**Significant variations in the above processes depending of the types of regions considered (ie. PU, IRA, IRR, PRA, PRR)**

As shown on the table 28.9, the GDP in PPS per inhabitant is higher in urban areas and the intermediate closed to the city (being set above the European average). Its predominance in this kind of regions is logical because these areas concentrate the majority of economic and financial activities, as well as population.

**Table 28.9** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP 2005 | GDP in Mio. Euro 2005 | 44178.08 | 14075.78 | 28274.30 | 6274.77 | 14836.92 | 19897.96 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | 23512.64 | 22606.42 | 19341.53 | 20180.40 | 20270.75 | 21740.02 | 20926.84 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | 95.23 | 91.58 | 78.37 | 81.74 | 82.12 | 88.07 | 94.38 | 95.48 |

## 10. Climate change

**Main perceived threats in relation to climate change for population, authorities, interest groups**

- Lack of water resources as a consequence of overexploitation and bad use of water.
- Droughts and floods. A lot of population nucleuses are being affected by torrential rainy periods, sometimes due to the location of settlements in flood zones.
- Deforestation and forest fires.
- Atmospheric pollution: pollution in very dense urban centres.
- Dependency of vehicles' use, transmitters of carbon dioxide, when nowadays exist other alternative formulas. There is poor political willingness and there is economical pressure by the producer countries of energetic resources, as petroleum.

**Scientific evidence pointing to climate change**

Extracted text from the report: 'Climate change in Spain. Current situation'. Summarise Document of November 2007[3].

- General trend of temperature increase in the whole Spanish territory, with increases between 1-2 degrees between 1850 and 2005. Not homogenous tendency, neither in a temporal scale not in the spatial one:
    - 'Along the twentieth century, there are three different cycles: one of thermal rise between 1901 and 1949, one drop from then till 1972 and a subsequent rise from 1973 till now, being this last period the one with higher and faster increase.
    - The warming has been more noticeable in spring and summer, and in higher temperatures.
    - By regions, the most affected ones by warming are the ones located in the half Oriental part of the Peninsula, covering a extend strip of the Mediterranean (from Girona to Málaga, including Castellón, Valencia, Alicante, Murcia and the South-East of the Peninsula). In the Canarian Islands, changes on the climate behaviour are evident from the thermal point of view, and similar to the ones observed in the Peninsula.

- In general terms, the sea level has been raised globally between 1961 and 2003 with an average rate of 1.8±0.5 mm/year (with important regional differences). In Spain the available data indicates that the sea level has risen between 2 and 3 mm/year in the North of the Peninsula, during the second half of the twentieth century. The observed tendencies in the Mediterranean point out softer values.

- It has been also observed a decrease of cold days and a rise of the warmer for what, if this tendency is being maintained, it is predicted a rise of the heat waves similar to the registered in summer 2003. Regarding the rainfalls, is more difficult to observe their changes due to their irregular spatial and temporal distribution.

[3] Fuente: http://www.mma.es/secciones/cambio_climatico/pdf/ad_hoc_resumen.pdf. Ampliar información sobre los efectos a nivel regional y en diversos temas.

In this article, it is stated that 'Spain, owing to its geographical situation and socioeconomic characteristics, is very vulnerable to climate change and it is already being affected by it. The impacts of climate change can have especially serious consequences, among others, regarding to the decrease of water resources and the coastline step backwards process, loss of biodiversity and alterations on natural ecosystems, increase about 13 times more of soil erosion processes and lost of lives and derived goods from the escalation of adverse events associated with extreme climate phenomena (as forest fires, heat waves and punctual floods)'

**Specific policies/programs/initiatives that could be labeled as "best practices" in counteracting the effects of climate change, particularly in rural areas**

- Spanish Strategy about Climate Change and Clean Energy:
    - Measures and policies to mitigate climate change
    - Measures to achieve compatible energy consumes with sustainable development
    - Increase public environmental awareness regarding clean energy and climate change
    - Coordination between autonomous initiatives in research and I+D +i projects
    - Promote the incorporation of municipalities in the 'Cities Net for the climate'
    - Establishment and monitoring of climate change indicators' system for municipalities that will determine the evolution and accomplishment (qualitative & quantitative) of the adopted measures.
    - Promote measures to advice, support, and financing of clean energy projects to Spanish institutions and enterprises, as at national, regional and local scale.
    - Sustainable mobility Plans
    - Saving measures and energy efficiency on the public lighting
    - Reduction of the use of nitrogen fertilizers

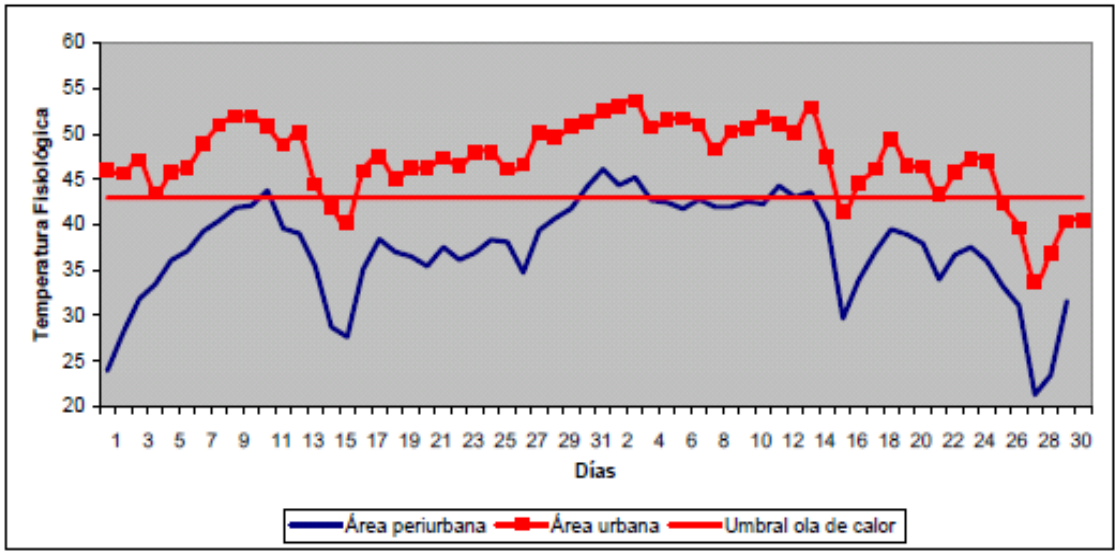
* Estrategia Española de Cambio Climático y Energía Limpia. Horizonte 2007-2012-2020
* Medidas urgentes de la Estrategia Española de Cambio Climático y Energía Limpia

**Significant variations in the above processes depending of the types of regions considered (ie. PU, IRA, IRR, PRA, PRR)**

Extracted from: *Impactos del cambio climático*. Boletín de la Institución Libre de Enseñanza. 2007, n. 66-67

'The IPCC forecast indicates a general thermal rise, noticeable in the Mediterranean in a warm period. This process, linked to the urban heat island effect determines that in the city heat waves are more intense and permanent, which raise the risk of mortality and morbidity. The example of Madrid is very representative, as shown on figure 1, illustrating maximum temperatures registered in an urban zone and an intermediate closed to a city zone during a heat wave from July to August of 2003.
Both curves from the Graphics correspond to the physiologic temperature, which is a thermal stress index resulting from the combined action of the air temperature, the one emitted from the asphalt and buildings, the humidity and the wind (Fernández García, 2001-2002).'

**Figura 28.19** Physiologic temperature in Madrid and its metropolitan area in Madrid during the months of july and august 2003

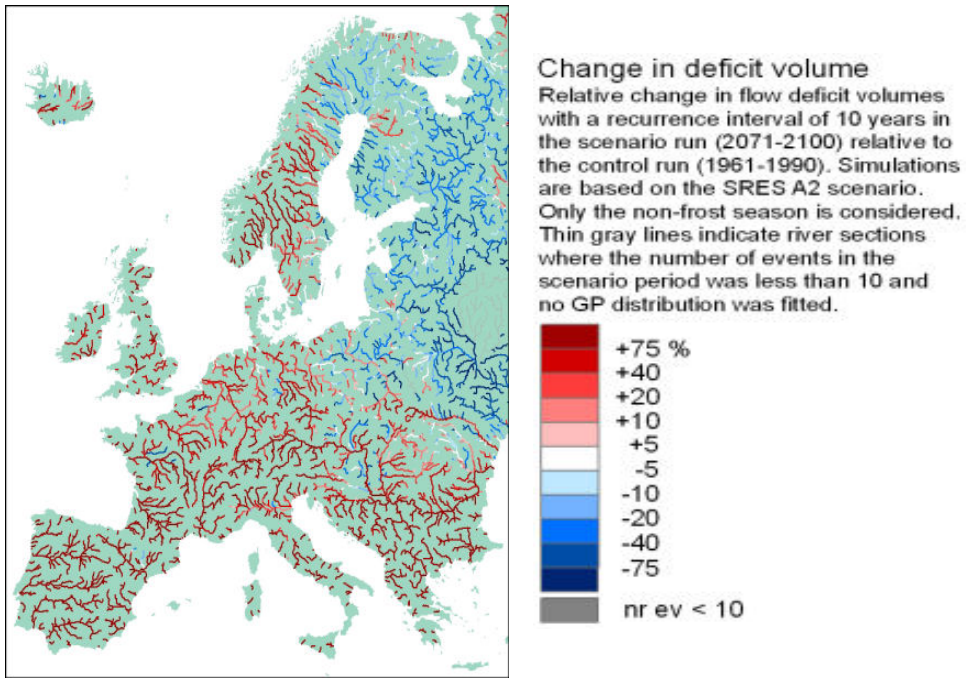



Nonetheless, rural areas face up not only with green gas emission reduction in agriculture (as methane and nitrous oxides) but they act as atmospheric carbon drains and producers of bioenergetics' products. There are multiple and complex implications of these processes depending of the production model (expansive/large state plantations or self-sufficient/sustainable farming) and the local governance management.

The predictions for the Spanish territory reflect serious problems of water scarcity among the territories. Rural areas are more vulnerable to suffer this drop on water resources if agriculture is the main economic activity of the region because of its intrinsic dependency. But urban areas face up important problems too due to higher demands and dependency of natural resources from rural areas, indeed the increase trend of population density over cities.

Relative change in flow deficit volumes with a recurrence interval of 10 years in the scenario run (2071-2100) relative to the control run (1961-1990). Simulations are based on the SRES A2 scenario. Only the non-frost season is considered. Thin gray lines indicate river sections where the number of events in the scenario period was less than 10 and no GP distribution was fitted (see Feyen and Dankers, 2009)

**Figura 28.20** Change in deficit volume




**Source: European Commission**

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The ESPON 2013 Programme

Applied Research Project 2013/1/2

# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## SWEDEN

Report nº 25.29

Petri Kahila
Nordregio - Nordic Centre for Spatial Development

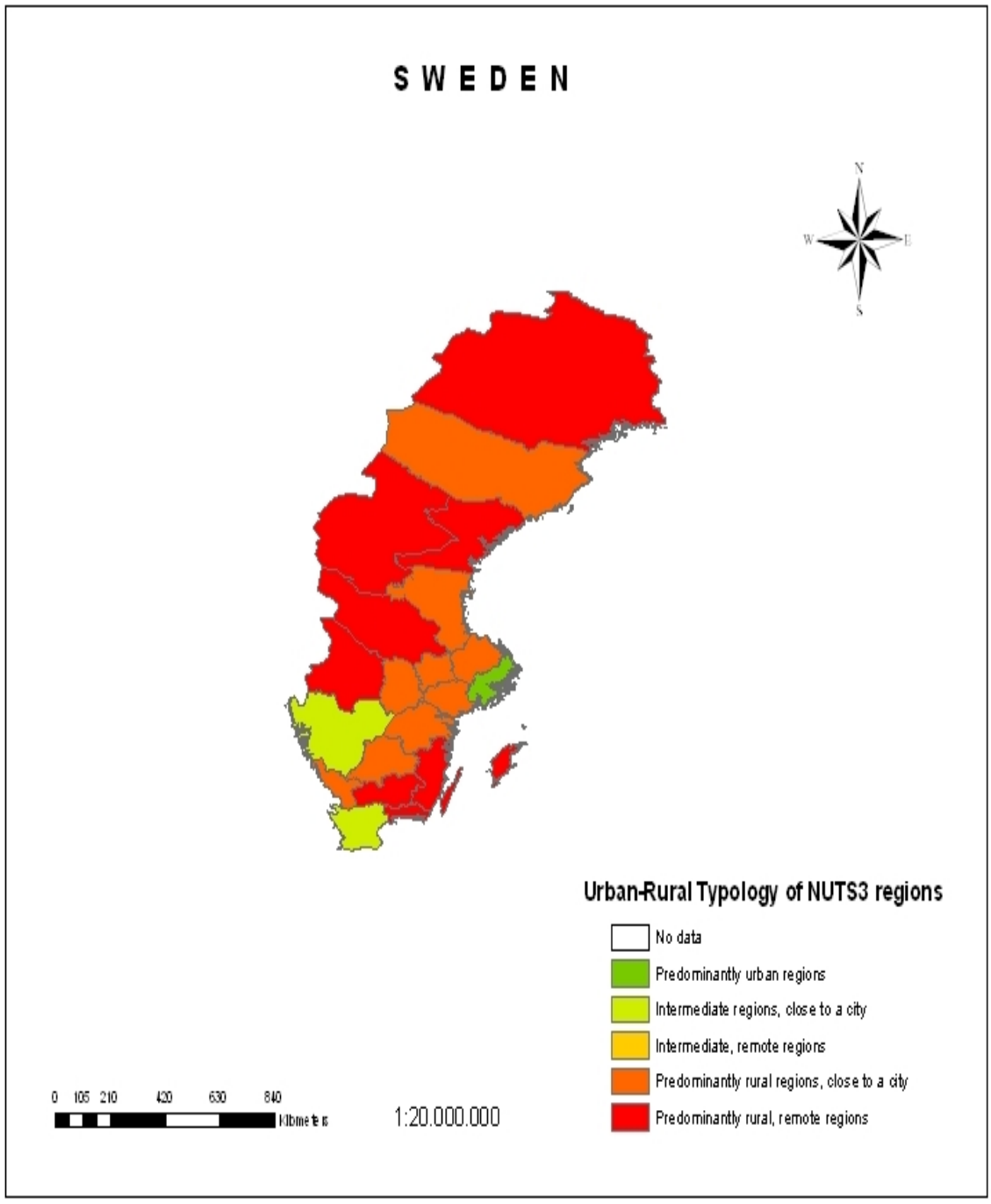
EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

**CONTENTS**

## 1. Introduction

Sweden has three larger cities. The only “predominantly urban” region in Sweden is the area where the capital Stockholm is situated (Figure 29.1). There are two “intermediate regions, close to a city”; in these ones the two remaining larger cities are located. The “predominantly rural regions close to a city” are mainly situated in connection to these three regions. The only exception is one rural region close to a city in the northern parts of the country. In this region a large part of the population is situated by the cost where the larger cities also are to be found. Almost half of the 23 Swedish NUTS 3 regions are classified as “predominantly rural, remote regions”.

**Figure 29.1** DG Region modified Urban-rural typology of NUTS 3 regions: Sweden




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

## 2. Demography

All types of regions in Sweden have experienced a population growth between 2001 and 2007, the change seen in "predominantly rural, remote regions" was however small (Table 29.1). In these regions the growth was the smallest while largest in the "predominantly urban region". All types of regions except for "predominantly rural, remote regions" experienced a growth at above national average. In both types of rural regions an increase can be seen in the share of people older than 65 whereas all types of regions saw a decrease in the population group under 15. In 2007 the average dependency rate was higher in Sweden than in the EU 27.

Some of the figures for Sweden country average educational level are higher than the corresponding EU 27. But there are expectations; when it comes to post secondary education the share of population with this education is lower. This also accounts for share of total population over 15 years with an educational level between ISCED o and 2, and 3 and 4. The share of population over 15 years with an educational level between 5 and 6 are above EU 27 average on the other hand.

**Table 29.1** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001* | % people aged 0 to 14 years | 18.57 | 18.38 | | 18.43 | 17.99 | 18.24 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | 67.24 | 64.07 | | 63.81 | 62.92 | 63.62 | 66.62 | 66.65 |
| | % people aged 64 years and over | 14.19 | 17.55 | | 17.76 | 19.09 | 18.14 | 16.53 | 16.55 |
| | Age dependency rate | NA | NA | | NA | NA | NA | 25.09 | 25.09 |
| Population* | Population change 2001-2007 (Index pop. 2001=100) | 105.20 | 103.82 | | 101.48 | 100.12 | 101.30 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | 18.15 | 16.97 | | 16.71 | 16.28 | 16.62 | 16.68 | 15.97 |
| | % pop.15_64_2007 | 67.76 | 65.50 | | 65.14 | 64.32 | 64.95 | 69.75 | 70.18 |
| | % pop. >64_2007 | 14.10 | 17.53 | | 18.15 | 19.40 | 18.43 | 13.55 | 13.84 |
| | Age dependency rate | 47.59 | 52.67 | | 53.52 | 55.48 | 54.00 | 44.08 | 43.17 |
| | Natural increase change_01_06 | 65.26 | -884.67 | | -63.13 | -51.88 | -130.44 | -5.99 | -6.09 |
| | Net migration change_01_06 | 90.88 | 35.90 | | 84.31 | 1345.67 | 620.60 | 7.09 | 8.97 |
| Education* | % ISCED 0_2** | 16.91 | 20.39 | | 20.31 | 21.07 | 20.48 | 33.62 | 36.65 |
| | % ISCED 3_4** | 41.22 | 42.87 | | 45.65 | 45.79 | 45.23 | 43.29 | 47.14 |
| | % ISCED 5_6** | 30.01 | 22.75 | | 20.34 | 18.72 | 20.34 | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment | NA | NA | | NA | NA | NA | 35.34 | 39.54 |
| | Life-Long Learning in Rural Areas | NA | NA | | NA | NA | NA | 7.69 | 8.61 |

*Values NUTS 3 are replaced by values NUTS2

**% ISCED by groups is calculated for population more 15 years.

## 3. Employment

As shown in table 29.2 in the “predominantly urban region” the highest rate of employment and also the lowest rate of unemployment can be found. This region does also have the lowest longtime unemployment rate but is however the only region in Sweden where the long term unemployment rate has gone up between 2002 and 2007. The country average employment rate in Sweden is above the EU 27 average concerning all age groups. The largest differences are to be found in the employment rates among females, also this account for all age groups.

The employment broken down into sectors shows that the share of employment in the tertiary sector is larger in Sweden while employment in the primary and secondary sector are less common compared to the EU 27. “Predominantly rural regions close to a city” have the largest share of employed in the secondary sector and also the smallest share of employed in the tertiary sector.

**Table 29.2** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate* | T15_64 years | 76.00 | 73.50 | | 73.18 | 74.82 | 74.05 | 66.40 | 66.42 |
| | Tmale 15_64 y | 77.90 | 76.00 | | 75.77 | 76.91 | 76.38 | 73.05 | 73.12 |
| | Tfemale 15_64 y | 74.10 | 70.90 | | 70.46 | 72.59 | 71.59 | 59.72 | 59.70 |
| | Total 15_24 y | 39.00 | 42.25 | | 42.02 | 45.27 | 43.29 | 39.66 | 39.67 |
| | T 45_64 years | 79.75 | 77.25 | | 77.42 | 78.24 | 77.87 | 62.37 | 62.34 |
| | Total 45_54 | 87.20 | 85.45 | | 85.43 | 86.64 | 86.04 | 78.30 | 78.38 |
| | Total 55_64 | 72.30 | 69.05 | | 69.40 | 69.84 | 69.70 | 46.44 | 46.30 |
| %Employment in principal sector | %Emp_primary | 0.44 | 2.29 | | 2.83 | 4.51 | 3.38 | 7.95 | 7.97 |
| | %Emp_secondary | 15.03 | 24.28 | | 26.22 | 24.44 | 24.74 | 26.71 | 26.71 |
| | %Emp_tertiary | 84.54 | 73.44 | | 70.95 | 71.05 | 71.88 | 65.33 | 65.31 |

**Table 29.3** Employment indicators (b)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Unemployment evolution 2002_05 | Total > 15 years | 143.87 | 130.24 | | 108.63 | 128.51 | 120.89 | 187.25 | 188.17 |
| | Total 15_24 years | 170.40 | 193.57 | | 192.24 | 241.68 | 212.51 | 255.25 | 257.16 |
| | Total >25 years | 132.16 | 104.40 | | 75.06 | 86.75 | 85.59 | 82.27 | 82.21 |
| | Male > 15 years | 132.29 | 108.85 | | 83.51 | 104.08 | 97.06 | 82.45 | 82.35 |
| | Female > 15 years | 164.86 | 151.32 | | 95.67 | 128.70 | 118.42 | 94.74 | 94.79 |
| Unemployment rate 2007* | Total >15 | 5.60 | 6.50 | | 6.21 | 6.29 | 6.24 | 7.61 | 7.63 |
| | Total Male >15 | 5.30 | 6.05 | | 6.03 | 6.04 | 6.00 | 7.06 | 7.05 |
| | Total Female >15 | 5.90 | 7.05 | | 6.34 | 6.40 | 6.41 | 8.61 | 8.59 |
| | Total 15_24 | 20.10 | 19.90 | | 19.16 | 18.46 | 18.97 | 15.80 | 15.64 |
| | Total >25 | 3.90 | 4.40 | | 4.37 | 4.20 | 4.28 | 6.66 | 6.66 |
| Long term unemployment* | % long term unemployent rate_07 | 15.56 | 11.26 | | 16.24 | 11.93 | 13.89 | 43.07 | 43.12 |
| | Evolution of long term unemployment 2002_07 | 128.49 | 49.08 | | 75.92 | 63.01 | 70.34 | 111.33 | 110.94 |

*Values NUTS 3 are replaced by values NUTS2

## 4. Rural business development

Table 29.4 shows that there are some differences between the types of regions in regard to distribution of firms by sector of operation. In the “predominantly urban region” the real state, renting and business activities sector takes up a larger share of the firms than in the other types of regions, while the opposite holds for the rest of the sectors.

As in the EU 27 the manufacturing sector is where the largest share of the employed population is occupied when considering the country average. When divided into types of regions this is still true for the rural regions while in the “predominantly urban region” the largest share of the employed is to be found in the real state, renting and business activities sector.

The employment in high and medium tech manufacturing activities is high in Sweden both compared to the EU 25 and the EU 27. Within Sweden a difference can be found in the percentage of firms with own websites. The number in the “predominantly urban region” is 72,7 whereas the other region types have numbers between 56,99 and 58,05.

**Table 29.4** Rural business development indicators (a)

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR +IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.05 | 0.11 | | 0.21 | 0.26 | 0.21 | 0.30 | 0.30 |
| | % Manufacturing | 7.88 | 11.19 | | 13.16 | 14.47 | 13.28 | 14.08 | 14.05 |
| | % Electricity, gas and water supply | 0.14 | 0.36 | | 0.57 | 0.75 | 0.61 | 0.61 | 0.63 |
| | %Construction | 10.75 | 11.99 | | 13.62 | 13.28 | 13.18 | 9.48 | 9.46 |
| | %Wholesale and retail trade | 19.67 | 26.29 | | 25.15 | 26.11 | 25.41 | 23.02 | 21.83 |
| | %Hotel and restaurants | 4.27 | 4.52 | | 4.77 | 5.35 | 4.97 | 6.52 | 6.15 |
| | %Transport, storage and communication | 5.37 | 6.20 | | 6.49 | 7.06 | 6.65 | 8.69 | 8.46 |
| | %Real state, renting and business activities | 51.87 | 39.35 | | 36.03 | 32.71 | 35.68 | 37.29 | 39.12 |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.04 | 0.13 | | 0.64 | 0.67 | 0.58 | 0.58 | 0.52 |
| | % Manufacturing | 15.20 | 31.64 | | 35.16 | 35.76 | 34.13 | 29.18 | 28.08 |
| | % Electricity, gas and water supply | 0.80 | 0.96 | | 1.37 | 1.43 | 1.33 | 1.14 | 0.89 |
| | %Construction | 9.62 | 9.80 | | 10.49 | 10.22 | 10.27 | 9.09 | 9.14 |
| | %Wholesale and retail trade | 23.11 | 23.18 | | 20.73 | 20.89 | 21.14 | 26.14 | 26.93 |
| | %Hotel and restaurants | 5.66 | 4.18 | | 4.22 | 4.58 | 4.44 | 8.27 | 8.37 |
| | %Transport, storage and communication | 13.52 | 10.93 | | 9.92 | 10.83 | 10.58 | 8.65 | 8.52 |
| | %Real state, renting and business activities | 32.03 | 19.12 | | 17.40 | 15.50 | 17.44 | 16.78 | 17.51 |
| Employment in high and medium technologies manufacturing activities_2004 | Employment in high and medium tech manufacturing activities_2004_ Media | 9.25 | 9.25 | | 9.25 | 9.25 | 9.25 | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_ %EU 25 | 140.03 | 140.03 | | 140.03 | 140.03 | 140.03 | 95.89 | 107,13 |
| %firms with own website | | 72,70 | 58.05 | | 56.99 | 57.10 | 57.89 | 50.21 | 50.21 |

*Values NUTS 3 are replaced by values NUTS2

## 5. Rural-urban relationships

Unfortunately, the authors could not find relevant information for the analysis of rural-urban relationships in Sweden

## 6. Cultural heritage

Unfortunately, the authors could not find relevant information for the analysis of cultural heritage in Sweden

## 7. Services of General Interest

As becomes evident in table 29.6 the average density of road and rail networks is higher in Sweden than in EU 27. The table also shows that there are some differences to be found between the types of regions. The remote rural regions, where lower densities could be anticipated, have high road and rail densities nevertheless.
In all Swedish region types the population density has increased between 2001 and 2007. As an urbanization trend is evident the largest change can be found in the urban region and the smallest in remote rural regions. The density is still low in all types of regions compared to the EU 27 average.

In “predominantly rural, remote regions” the accessibility time to markets is the highest; the less rural an area is the shorter the accessibility time is. The pheripherality increases prominently with the levels of rurality and the distance to cities (ie. travel time from each regions centroid to all others over the road network taking into account additional factors such as lower average travel speeds in mountainous areas or border waiting times etc). When it comes to number of beds in hospitals the relation is the opposite; the more rural the higher the number of beds is. This data does however not tell us anything about the distances to the hospitals.

The educational level of the population is high compared to the EU 27 average in all but one category; the share of students with post secondary educational level is lower in Sweden.

**Table 29.6** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | 0.04 | 0.01 | | 0.01 | 0.00 | 0.01 | 0.04 | 0.04 |
| Density of trunk road | | 0.09 | 0.12 | | 0.07 | 0.07 | 0.07 | 0.17 | 0.17 |
| Density of railways | | 0.05 | 0.06 | | 0.04 | 0.03 | 0.04 | 0.10 | 0.10 |
| Area (km2)** | | 25388.80 | 50777.60 | | 228499.20 | 228499.20 | 533164.80 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_06* | 3.66 | 2.90 | | 1.46 | -0.62 | 0.81 | 0.93 | 0.92 |
| | Density of population 2006*** | 74.44 | 53.13 | | 11.68 | 7.84 | 16.97 | 414.65 | 446.23 |
| Daily population accessible by car* | | 2337.00 | 2337.00 | | 2337.00 | 2337.00 | 2337.00 | 18078.54 | 19285.23 |
| Time to nearest hospital | | 0.00 | 55.08 | | 70.37 | 126.04 | 89.42 | 22.83 | 22.83 |
| Time to nearest university | | 17.98 | 49.34 | | 97.71 | 156.30 | 114.42 | 45.10 | 45.10 |
| Time to nearest airport | | 20.13 | 55.08 | | 123.57 | 203.15 | 146.22 | 83.44 | 83.44 |
| %households with broadhand access | | NA | NA | | NA | NA | NA | 49.07 | 48.00 |
| % households with internet at home | | NA | NA | | NA | NA | NA | 81.46 | 81.20 |

* Values NUTS 3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

*** These values are only indicatives and aren't reals because in the calculation there are values NUTS2 and NUTS3.

**Table 29.7** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº STUDENTS ISCED 0_6* | Nºstudents ISCED_0 per 1.000 inhabitants | 53.58 | 45.26 | | 42.92 | 41.53 | 43.05 | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | 99.11 | 96.03 | | 95.26 | 92.26 | 94.23 | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | 42.82 | 46.44 | | 47.79 | 47.17 | 47.16 | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | 55.00 | 59.79 | | 61.58 | 64.35 | 62.28 | 48.05 | 48.03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | 1.13 | 1.21 | | 1.22 | 1.05 | 1.14 | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | 46.56 | 45.02 | | 51.06 | 41.85 | 46.33 | 37.37 | 37.23 |
| BEDS IN HOSPITAL PER 100.000 inhabitants* | Nº of beds in hospitals per 100.000 inhabitants_00 | 285.40 | 360.95 | | 366.72 | 410.12 | 380.90 | 740.10 | 738.76 |
| | Nº of beds in hospitals per 100.000 inhabitants_06 | 250.90 | 299.85 | | 303.05 | 300.44 | 299.14 | 1014.67 | 724.64 |
| | Evolution nbeds 2000_06 | 87.91 | 83.01 | | 82.63 | 73.25 | 78.53 | 91.53 | 91.94 |
| | Density of hospitals | 0.62 | 0.24 | | 0.15 | 0.10 | 0.16 | 5.44 | 5.44 |
| | Hospital beds per head | 1.75 | 2.77 | | 2.77 | 2.35 | 2.55 | 4.98 | 4.98 |
| | Doctors per inhabitant | NA | NA | | NA | NA | NA | 171.35 | 171.35 |

*Values NUTS 3 are replaced by values NUTS2

**Some values NUTS 3 are replaced by values NUTS2

## 8. Farm structural change

There is a larger share of economically medium and large sized holdings in and around urban regions. Overall there is a larger share of medium sized holdings in Sweden than in the EU 27 (Table 29.8).

Between 2000 and 2005 only in the “predominantly urban region” a general decrease in farms is to be found. In all types of regions a negative change in the share of small farms can be seen during the same period, while the share of large farms increased.

The percentage of holders working full time is lower in Sweden; the figure for rural areas is a bit higher though. There is a clear decrease in all region types between 2000 and 2005 which stands in contrast to the slight increase in holders working full time in the EU 27.

Economic farm size decreases with rurality in Sweden and is low overall while share of farmers with OGA is high. The smaller economic holdings decreased in numbers while the number of holdings of medium and larger economic sizes increased in recent years.

Share of farmers at an age over 55 years is marginally larger in Sweden and has grown at a higher speed than in the EU 25. The share of farmers under 35 years old is on the other hand slightly lower in Sweden but did also decrease at a slower speed.

The educational level of the Swedish farmers is not available.

**Table 29.8** Farm structural change indicators (a)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+ LI+MK+NO+ TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | 16.83 | 20.04 | | 22.92 | 36.05 | 27.98 | 33.42 | 33.89 |
| | 2 to 100 ESU | 79.70 | 73.93 | | 73.40 | 61.23 | 68.53 | 57.56 | 57.02 |
| | >100 ESU | 3.47 | 6.03 | | 3.68 | 2.72 | 3.48 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005 | 3.59 | -7.95 | | -6.37 | -7.16 | -6.38 | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | 30.77 | 47.95 | | 38.27 | 58.49 | 47.50 | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | 1.90 | -14.33 | | -13.83 | -23.22 | -17.15 | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | -36.36 | -26.69 | | -37.18 | -44.89 | -39.45 | 32.21 | 31.28 |
| HOLDERS | % Holders working full time 2005 | 22.09 | 24.67 | | 23.64 | 23.81 | 23.74 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 - 2005 | -2.56 | -20.66 | | -19.96 | -14.82 | -16.99 | -0.01 | 0.33 |
| | Economic Farm Size (RDEU07) | 28.80 | 28.70 | | 21.84 | 15.70 | 20.19 | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | 69.90 | 63.20 | | 67.01 | 62.81 | 64.98 | 37.55 | 37.55 |
| | % holders > 55 years 2007* | 50.89 | 52.29 | | 51.01 | 50.89 | 51.07 | 50.19 | 50.61 |
| | % holders < 35 years 2007* | 3.59 | 5.62 | | 5.12 | 5.60 | 5.30 | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 – 2005** | 12.39 | 7.68 | | 14.79 | 10.83 | 12.30 | 5.88 | 5.61 |
| | % change in holders < 35 years 2000 – 2005** | -44.85 | -20.35 | | -16.21 | -22.74 | -20.77 | -34.00 | -33.95 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | NA | NA | | NA | NA | NA | 42.29 | 42.29 |

*Values NUTS 3 are replaced by values NUTS2

**Some values NUTS 3 are replaced by values NUTS2

## 9. Institutional Capacity

Table 29.9 shows that the highest gross domestic product in PPS/ inhabitant in Sweden are to be found in the “predominantly urban region” which also is the capital region. In “predominantly rural regions, close to a city” the lowest levels can be found.

All region types does however have gross domestic products in PPS/inhabitant at a level above the EU 27 average and also above the EU average in 2005.

**Table 29.9** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+ LI+MK+NO+ TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | 85435.3 | 41250.35 | | 8268.41 | 5813.54 | 14032.07 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | 38573.5 | 25867.85 | | 23620.08 | 24551.03 | 24945.20 | 20926.83 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | 202.70 | 135.90 | | 124.11 | 129.04 | 131.09 | 94.38 | 95.48 |

## 10. Climate change

Unfortunately, the authors could not find relevant information for the analysis of climate change in Sweden

The ESPON 2013 Programme

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# EDORA

(European Development Opportunities
for Rural Areas)

## Country Profiles Report

## SWITZERLAND

Report nº 25.30

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EUROPEAN UNION
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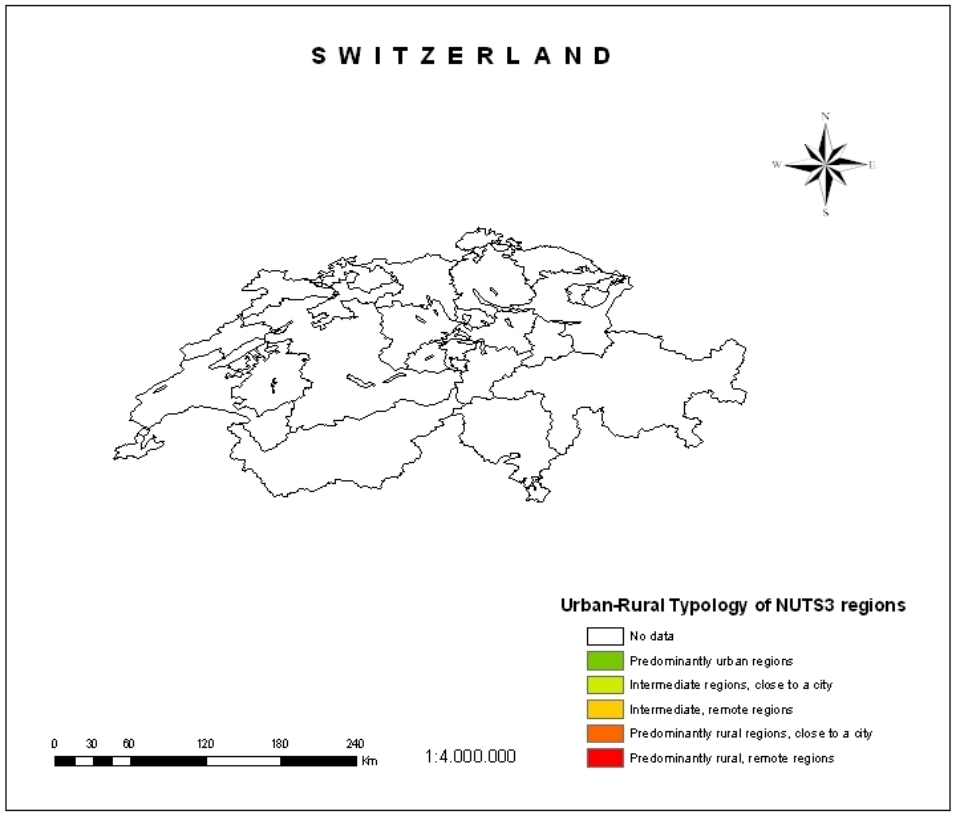
## 1. Introduction

The urban-rural typology is not available for Switzerland, but the recent Territorial Review of OECD for Switzerland was investigated to include the respective typology exercise for Switzerland (OECD 2011). In general, Switzerland is densely populated outside the high mountain areas which results in a substantial share of population living in urban and intermediate areas. The share of people in remote regions would also be rather low, despite the large area of mountains because only a small portion of the population lives there.

The OECD report considers for international comparison the cantons as regions, as well as the Grandes Régions that are constituted by an aggregation of several cantons. Using the NUTS 3 level (TL 3 level in OECD terminology), Switzerland consists of 7 predominantly urban cantons, 12 intermediate cantons and 7 predominantly rural cantons. In comparison to other countries Swiss regions are characterized to a large extent by intermediate regions (50% as against 30% for the OECD average). At the same time the share for predominantly rural regions is particularly small (9%).

Swiss regions show no depopulation tendencies in contrast to a substantial number of regions in other countries. This might be explained by limited inter-cantonal mobility and a relatively equal distribution of the different age groups over the country. The good economic performance in all categories of Swiss regions suggest that the narratives of change as outlined by the Synthesis Report (WP10 report; Lee et al. 2009) apply in several perspectives to Switzerland and allow a new view on the assessment of regional pathways.

**Figure 30.1** DG Regio modified Urban-rural typology of NUTS 3 regions: Switzerland




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

**Figure 30.1a** Urban-rural typology of TL3 regions: Switzerland (OECD report)

**Source:** OECD 2011, 25.

## 2. Demography

The population is slightly younger and the share of old people is lower than the EU average. However change in the period 2001-2007 shows that the ageing of society is a similar problem to other regions with a rather high dependency ratio.

Population is slightly increasing for all the country, but regional differentiation cannot be shown in the table due to the missing typology.

As indicated above, the OECD Territorial Review shows a positive population development for almost all Swiss regions for the period 1990-2007. This is very similar for the three regional types (PU, IR and PR) at an increase of about 11 to 13% (OECD 2011, 27). Ageing is at a significant growth rate of the population share of people aged 65 and more (plus 2% for most regions) and a medium share of 15% for all regions, except for Ticino area.

**Table 30.1** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+ IS+LI+MK +NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001* | % people aged 0 to 14 years | | | | | | 17.95 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | | | | | | 66.92 | 66.62 | 66.65 |
| | % people aged 64 years and over | | | | | | 15.12 | 16.53 | 16.55 |
| | Age dependency rate | | | | | | NA | 25.09 | 25.09 |
| Population* | Population change 2001-2007 (Index pop. 2001=100) | | | | | | 103.70 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | | | | | | 16.03 | 16.68 | 15.97 |
| | % pop.15_64_2007 | | | | | | 67.93 | 69.75 | 70.18 |
| | % pop. >64_2007 | | | | | | 16.03 | 13.55 | 13.84 |
| | Age dependency rate | | | | | | 47.21 | 44.08 | 43.17 |
| Education* | Natural increase change_01_06 | | | | | | -28.13 | -5.99 | -6.09 |
| | Net migration change_01_06 | | | | | | -7.15 | 7.09 | 8.97 |
| | % ISCED 0_2** | | | | | | NA | 33.62 | 36.65 |
| | % ISCED 3_4** | | | | | | NA | 43.29 | 47.14 |
| | % ISCED 5_6** | | | | | | NA | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment | | | | | | NA | 35.34 | 39.54 |
| | Life-Long Learning in Rural Areas | | | | | | NA | 7.69 | 8.61 |

*Values NUTS 3 are replaced by values NUTS2

**% ISCED by groups is calculated for population more 15 years

## 3. Employment

Employment indicators are missing in the table and should be inserted from national sources. Information from the OECD Territorial Review indicates the low unemployment rates in all parts of Switzerland. As to the territorial differences, the unemployment rate in PR is lower (at 3.15% in 2006) than in PU (3.96%) and in IR regions (3.91%).

Though no comparable data on employment activity is presented there, the report underscores the fact that labour force in Swiss regions is highly qualified and employment is highly knowledge intensive. With 49% of total employment in Zurich in knowledge intensive services one of the highest values across all the OECD area is attained.

**Table 30.2** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment rate | 15_64 years | | | | | | NA | 66.40 | 66.42 |
| | Tmale 15_64 y | | | | | | NA | 73.05 | 73.12 |
| | Tfemale 15_64 y | | | | | | NA | 59.72 | 59.70 |
| | Total 15_24 y | | | | | | NA | 39.66 | 39.67 |
| | T 45_64 years | | | | | | NA | 62.37 | 62.34 |
| | Total 45_54 | | | | | | NA | 78.30 | 78.38 |
| | Total 55_64 | | | | | | NA | 46.44 | 46.30 |
| %Employment in principal sector | %Emp_primary | | | | | | NA | 7.95 | 7.97 |
| | %Emp_secondary | | | | | | NA | 26.71 | 26.71 |
| | %Emp_tertiary | | | | | | NA | 65.33 | 65.31 |
| Unemployment evolution 2002_05 | Total > 15 years | | | | | | NA | 187.25 | 188.17 |
| | Total 15_24 years | | | | | | NA | 255.25 | 257.16 |
| | Total >25 years | | | | | | NA | 82.27 | 82.21 |
| | Male > 15 years | | | | | | NA | 82.45 | 82.35 |
| | Female > 15 years | | | | | | NA | 94.74 | 94.79 |
| Unemployment rate 2007 | Total >15 | | | | | | NA | 7.61 | 7.63 |
| | Total Male >15 | | | | | | NA | 7.06 | 7.05 |
| | Total Female >15 | | | | | | NA | 8.61 | 8.59 |
| | Total 15_24 | | | | | | NA | 15.80 | 15.64 |
| | Total >25 | | | | | | NA | 6.66 | 6.66 |
| Long term unemployment | % long term unemployent rate_07 | | | | | | NA | 43.07 | 43.12 |
| | Evolution of long term unemployment 2002_07 | | | | | | NA | 111.33 | 110.94 |

Values NUTS3 have been replaced by values NUTS 2 due to lack of data.

## 4. Rural business development

The great differences of sectors of operation suggest that there are differences in the definition of employment operation categories. What is reasonable is the high share of hotels and restaurants, and the high value for transport and communication. However, differences are as high that the definitions have to be checked for comparability.

A similar cautionary remark applies for activities in manufacturing (which seems to include construction).

**Table 30.4** Rural business development indicators

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006* | % Mining and quarrying | | | | | | 0.39 | 0.29 | 0,30 |
| | % Manufacturing | | | | | | 22.44 | 14.08 | 14,04 |
| | % Electricity, gas and water supply | | | | | | 0.59 | 0.61 | 0,62 |
| | %Construction | | | | | | NA | 9.48 | 9,45 |
| | %Wholesale and retail trade | | | | | | NA | 23.02 | 21,83 |
| | %Hotel and restaurants | | | | | | 26.62 | 6.52 | 6,14 |
| | %Transport, storage and communication | | | | | | 23.30 | 8.68 | 8,46 |
| | %Real state, renting and business activities | | | | | | 26.63 | 37.29 | 39,11 |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006* | % Mining and quarrying | | | | | | 1.92 | 0.57 | 0,51 |
| | % Manufacturing | | | | | | 52.46 | 29.18 | 28,07 |
| | % Electricity, gas and water supply | | | | | | 2.62 | 1.13 | 0,89 |
| | %Construction | | | | | | NA | 9.08 | 9,14 |
| | %Wholesale and retail trade | | | | | | NA | 26.13 | 26,92 |
| | %Hotel and restaurants | | | | | | 14.98 | 8.26 | 8,36 |
| | %Transport, storage and communication | | | | | | 17.89 | 8.64 | 8,51 |
| | %Real state, renting and business activities | | | | | | 10.13 | 16.78 | 17,51 |
| Employment in high and medium technologies manufacturing activities_2004* | Employment in high and medium tech manufacturing activities_2004_Media | | | | | | 6.99 | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_%EU 25 | | | | | | NA | 95.89 | 107,13 |
| %firms with own website | | | | | | | NA | 50.20 | 50.20 |

*Values NUTS 3 are replaced by values NUTS2

Employment in high tech businesses seems to be at an average level, but only one indicator is available here. However, the OECD Territorial Review provides more detail

on the regional situation for this indicator revealing the strong orientation of North West Switzerland towards high-tech manufacturing and knowledge-intensive services employment (with about 10% of total employment significantly above the average of 6%; OECD 2011, 36).

## 5. Rural-urban relationships

Though the inter-regional disparities are relatively limited for the regions in Switzerland, there is a strong reliance on rural-urban interdependence and awareness of these relationships. This can be seen particularly through the relevance of commuting patterns and the wide-spread suburbanization processes affecting large parts of regions of all types. Some of the high level of interrelationship is due to the small scale structure of regions and territorial administration. This points to the issue that administrative boundaries hardly reflect functional realities. As an indicator for the increase of the inter-linkages on can address the rising commuting patterns as can be seen from increasing net commuting rates (positive and negative) for most Swiss cantons

The New Regional Policy (NRP) established recently in Switzerland puts the emphasis on contracts between the Confederation and the cantons and addresses inter-cantonal cooperation. It is the clear political intention of the NRP to act at a supra-cantonal level in order to enhance geographic coherence and economic functionality. Regions are defined as “groups of cantons” (and municipalities) and thus go beyond the (traditional) administrative boundaries. Most “regions” are inter-municipal associations that finance a joint regional management, and by definition include rural and urban parts in their area. It should be highlighted that only about half of the NRP budget is designated to cantonal programmes the other half being available for various inter-cantonal and international collaboration activities (OECD 2011, 70).

Three major mechanisms of horizontal co-operation that address urban-rural linkages are currently in use: (i) cantonal conferences, (ii) inter-cantonal concordats, and (iii) cross-border cooperation, which all played a role in enhancing horizontal cooperation, but, as the OECD points out, with the potential for the NRP to facilitate further cooperation across cantons for broader economic development (OECD 2011, 77ff.). Whereas some newer activities, like the Greater Geneva Bern Area (GGBa) promote the larger area of all Western Switzerland and have an international target, the experience of many inter-cantonal concordats is based on a narrow scope and technical implementation procedures at a rather low scale. The discussion under way suggests that the country is currently elaborating the national strategy and drawing conclusions from the different experiences.

## 6. Cultural heritage

Similar to the situation in parts of Austria, cultural heritage is of great relevance in Switzerland. These resources are the base for large parts of the regional economy, including tourism activities, but also providing attractive settlement areas, e.g. within mountain areas in reach of the big cities and agglomerations of central and western Switzerland.

A strong priority for sustainable development of regions and the preservation of natural and cultural resources can be addressed as best practices. These are widespread and shape the identity of the country.

## 7. Services of General Interest

The number of beds in hospitals is lower than the EU average and has decreased in recent years. This might indicate a good health situation in comparison to other regions.

For all the indicators no regional differentiation is shown.

**Table 30.5** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | | | | | | | NA | 0.04 | 0.04 |
| Density of trunk road | | | | | | | NA | 0.17 | 0.17 |
| Density of railways | | | | | | | NA | 0.10 | 0.10 |
| Area (km2)** | | | | | | | 41284.50 | 5659749.80 | 4600910.40 |
| DENSITY | Evolution density 2001_06* | | | | | | 2.81 | 0.93 | 0.92 |
| | Density of population 2006*** | | | | | | 448.76 | 414.65 | 446.23 |
| Daily population accessible by car* | | | | | | | 22179.73 | 18078.54 | 19285.23 |
| Time to nearest hospital | | | | | | | NA | 22.83 | 22.83 |
| Time to nearest university | | | | | | | NA | 45.10 | 45.10 |
| Time to nearest airport | | | | | | | NA | 83.44 | 83.44 |
| %households with broadhand access | | | | | | | NA | 49.07 | 48.00 |
| % households with internet at home | | | | | | | NA | 81.46 | 81.20 |

* Values NUTS 3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

*** These values are only indicatives and aren't real because in the calculation there are values NUTS2 and NUTS3.

**Table 30.6** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+N O+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº STUDENTS ISCED 0_6 | Nºstudents ISCED_0 per 1.000 inhabitants | | | | | | NA | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | | | | | | NA | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | | | | | | NA | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | | | | | | NA | 48.05 | 48.03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | | | | | | NA | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | | | | | | NA | 37.37 | 37.23 |
| BEDS IN HOSPITAL PER 100.000 inhabitants* | Nº of beds in hospitals per 100.000 inhabitants_05 | | | | | | 524.28 | 696.91 | 704.88 |
| | Evolution beds 2000_05 | | | | | | 87.94 | 91.53 | 91.94 |
| | Density of hospitals | | | | | | NA | 5.44 | 5.44 |
| | Hospital beds per head | | | | | | NA | 4.98 | 4.98 |
| | Doctors per inhabitant | | | | | | NA | 171.35 | 171.35 |

*Values NUTS 3 are replaced by values NUTS2

## 8. Farm structural change

Farm structure indicators are not shown for Switzerland in the table. The structure is characterized by small scaled farmers, with a large share of mountain farmers. Farmers have started to orient towards more environmentally friendly management systems, with high shares of integrated farming methods. Intensity of farming could thus be slightly reduced over recent years.

Due to the small scale structure the relevance of pluriactivity is very high and a great number of diversification initiatives have been elaborated and turned out to be successful.

Taking account of the production difficulties of large parts of the Swiss agriculture by its location in mountain areas national agricultural Policy is particularly developed. In a longer term perspective Switzerland was always aware of the EU policy development and started in 1993 to shift towards less government control, encouraging farmers to be more entrepreneurial, making farmers more environmentally friendly, and reducing border controls. This process is not finished and the coordination between agricultural policy and NRP should be enhanced. In particular impact on rural areas should be strengthened, e.g. by activities like the "Federal Network for Rural Development", created in 2006 and jointly financed by four federal offices (Economy, Agriculture, Environment and for Spatial development). The current 13 pilot projects should be enhanced by further action, including the "regional development projects" (PDR) which aims at encouraging bottom-up common projects between farmers and representatives of related sectors such as trade, tourism, the timber industry and forestry (OECD 2011, 85f.).

**Table 30.7** Farm structural change indicators (a)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | | | | | | NA | 33.42 | 33.89 |
| | 2 to 100 ESU | | | | | | NA | 57.56 | 57.02 |
| | >100 ESU | | | | | | NA | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005 | | | | | | NA | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | | | | | | NA | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | | | | | | NA | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | | | | | | NA | 32.21 | 31.28 |

**Table 30.8** Farm structural change indicators (b)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| HOLDERS | % Holders working full time 2005 | | | | | | NA | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 - 2005 | | | | | | NA | -0.01 | 0.33 |
| | Economic Farm Size (RDEU07) | | | | | | NA | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07) | | | | | | NA | 37.55 | 37.55 |
| | % holders > 55 years 2007 | | | | | | NA | 50.19 | 50.61 |
| | % holders < 35 years 2007 | | | | | | NA | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 - 2005 | | | | | | NA | 5.88 | 5.61 |
| | % change in holders < 35 years 2000 - 2005 | | | | | | NA | -34.00 | -33.95 |
| % farmers with basic and full education in agriculture attained (RDEU07) | | | | | | | NA | 42.29 | 42.29 |

## 9. Institutional Capacity

Though the data for GDP situation could not be provided for Switzerland in a standardized calculation method (Eurostat) GDP per capita of Swiss regions is higher than a large share of EU and OECD regions. The variation between the different regions shows that some areas dispose of a particular high GDP and the minimum value of Jura region is at the average of OECD regions. As systems of calculation might be slightly different to the Eurostat measurement the values cannot be directly compared, however, one can assume that the average for Swiss regions is quite clearly above the EU 27 average.

**Table 30.9** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI +MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | | | | | | NA | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | | | | | | NA | 20926.83 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | | | | | | NA | 94.38 | 95.48 |

## 10. Climate change

The main perceived threats of climate change are related to effects on winter tourism and thus geographically linked to the mountain areas. An international report warns almost half of Switzerland's ski regions are facing a lack of snow as a result of global warming (Agrawala 2006)..But the Swiss have less to fear than their alpine neighbours, according to the Organization for Economic Cooperation and Development (OECD). According to this source The effects would be most the lower-lying ski areas in the Bernese Oberland, central and western Switzerland were likely to be the most affected as they would have to cope with a 300-metre rise in the snow line. The higher altitude regions in Graubünden and Valais would remain around 80 per cent snow-reliable, even if the snow line rose by 600 meters.

The report by the European Environmental Agency (EEA 2009) on the regional effects of climate change for the Alps underline the high rise in the mean temperatures to be expected. As for the high Swiss mountains the effects on snow cover wnd winter tourism are (still) estimated to be moderate. Yet, other aspects from climate change arise out odf the EEA analysis. For example the rather dry area of the Valais canton has always been required to adapt to temporal low water availability. In the future, due to climate change, water resource issues will increase because there will be less glacial melt water to compensate for summer drought, with effects on groundwater capacity. Stakeholders expect that conflicts that can be solved today at local level might have to be resolved at regional level in the future (EEA 2009, 71).

**References:**

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## Country Profiles Report

## UNITED KINGDOM

Report nº 25.31

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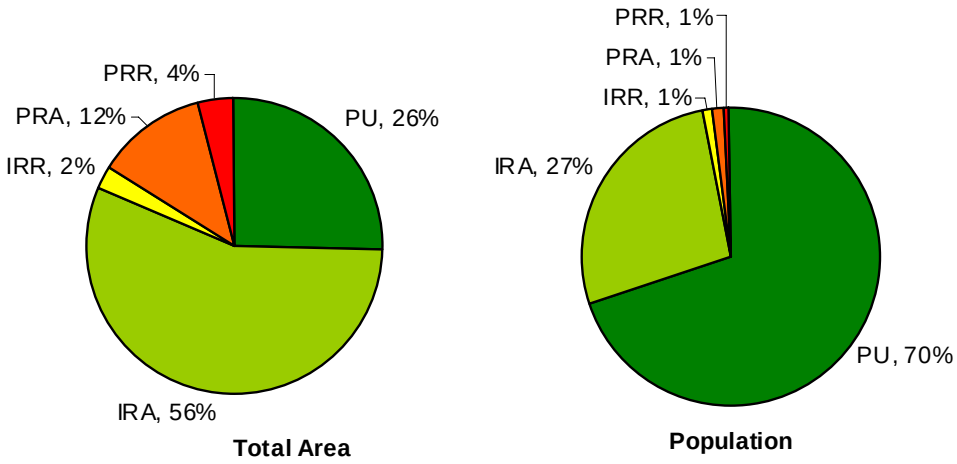
**CONTENTS**

## 1. Introduction

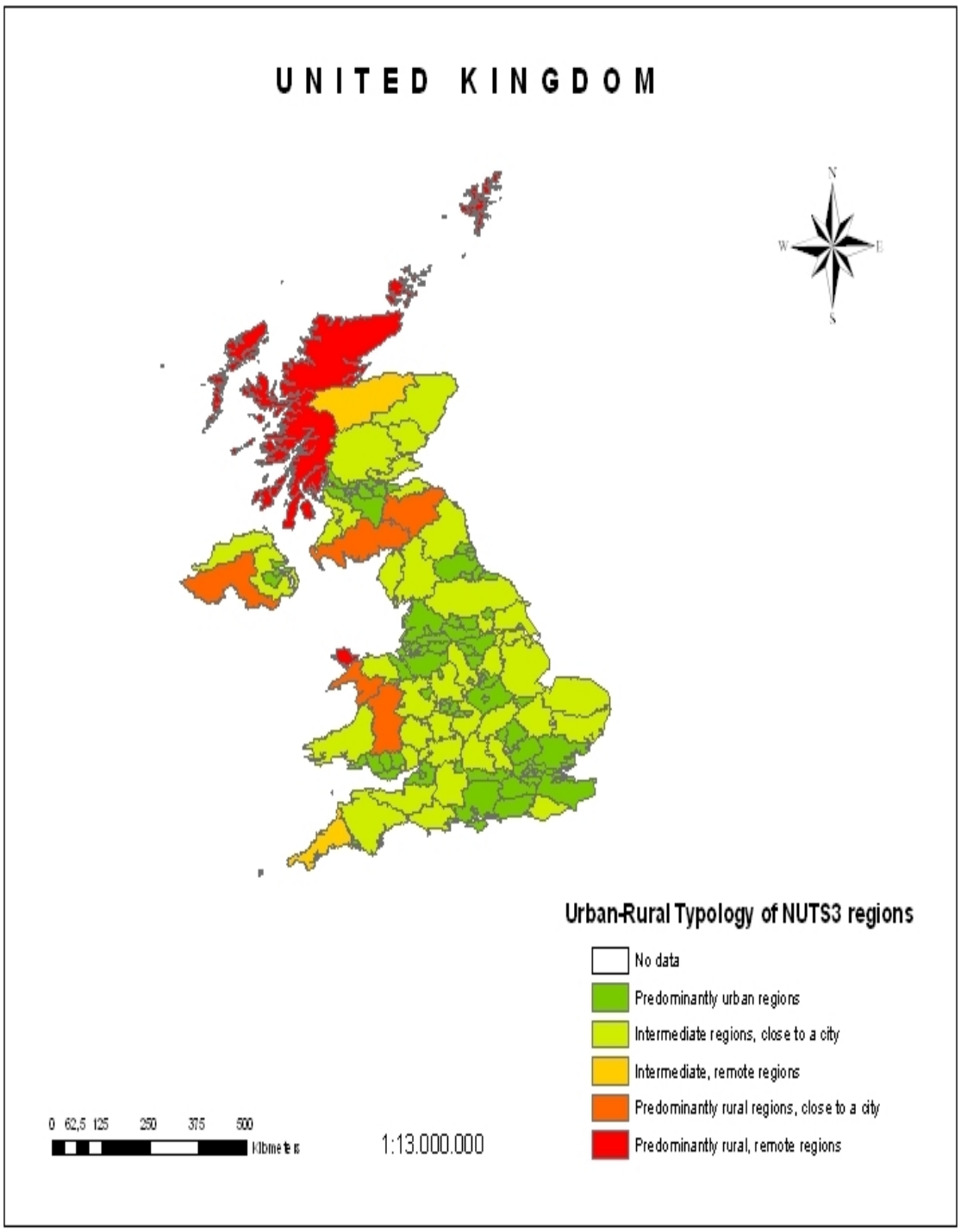
The Dijkstra-Poelman typology of NUTS 3 regions is applied with mixed results to the UK. Figure 31.1 shows that the classification is dominated (in terms of area), by Accessible Intermediate regions (IRA), which account for over half the area of the UK. A further quarter is covered by Predominantly Urban (PU) regions. Accessible Predominantly Rural (PRA) regions cover 12% of the UK's area, and the Remote types (IRR and PRR) share the remaining 6% between them. In terms of population the PU type dominates, incorporating 70% of the people of the UK. The IRA accounts for 27% of the population, and the three remaining types cover only about 1% each.

**Figure 31.1** Total Area and population by Urban-Rural Type. United Kingdom




Turning to the map of the typology (Figure 31.2) some parts make intuitive sense, others seem a little odd. This is mostly because the UK NUTS 3 regions are extremely variable in size, and have little or no meaning in functional terms. For example the classification of the majority of the Highlands and Islands of Scotland as Predominantly rural and remote is of course, entirely reasonable. However it should be pointed out that one of the regions thus classified, UKM63 (Lochaber, Skye & Lochalsh, Arran & Cumbrae and Argyll & Bute) has a boundary within a few kilometres of Glasgow, Scotland's largest city, whilst another region (UKM62, Inverness & Nairn and Moray, Badenoch & Strathspey) is classified as "intermediate remote", - presumably because it includes the city of Inverness, although it includes some very sparsely populated territory to the South and West of the Highland Capital.

**Figure 31.2** DG Region modified Urban-rural typology of NUTS 3 regions: United Kingdom




**Source**: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

The two regions south of the Central Belt in Scotland, the Welsh Borders and NW Wales, together with the West and South of Northern Ireland are all classified as "Predominantly Rural, close to a city". This seems reasonable.

At the other extreme of the typology, some of the regions classified as Predominantly Urban are clearly in the correct category, whilst others, such as Hampshire (UKJ33) the Isle of Wight (UKJ34) and West Sussex (UKJ24) would seem to have been mis-

classified, since, according to local knowledge they are rather similar to adjacent regions which fall into the “Intermediate, close to a city” group.

Another general impression (from a UK point of view) is that some of the “intermediate” regions, such as Norfolk, Dyfed, or Cornwall would generally be considered rather rural by English people. Indeed it is striking to note that England has no “Predominantly Rural” regions at all! Of course it is important to distinguish popular conceptions (which change rather slowly) from contemporary reality, and also to take account of the MAUP[1] issues associated with NUTS 3 regions, but even after such allowances it would seem that rural-intermediate discrimination in the typology is rather at odds with local knowledge in the UK context. This is of course a consequence of the fact that this is an EU, not a UK typology, and of the necessity for the authors (OECD as well as Dijkstra and Poelman) to make compromises over thresholds and criteria in order to achieve a reasonable “fit” across the EU.

In the UK there is a basic contrast in dominant drivers and Grand Narratives of change, between (on the one hand) the Intermediate close to a city regions and (on the other) the Intermediate Remote and Predominantly Rural (whether remote or not). In the former counter-urbanisation, both of population and economic activity, is dominant. The structure of the economy is increasingly similar to that of urban regions (strong tertiary sector, growth of knowledge-based secondary activities, decline of primary industries and resource-based manufacturing). The influx of “Incomers” often puts pressure upon local services, and causes house prices to rise out of the reach of long-term residents and especially young people employed in more traditional (and low paid) rural occupations. Some rural services, especially retailing and financial services are in decline as the majority of the population commute, and therefore take advantage of urban services close to their workplace. Public transport is in decline as the majority of the new rural households have at least one car. These developments place non-commuting and long-term residents (especially the elderly) at a further disadvantage. Although there are pockets where retirement migration of demographic ageing have created unbalanced age structures, the population of many accessible intermediate or rural areas is relatively young, due to in-migration of young families in pursuit of “lifestyle”.

In the more rural and remote areas a rather different situation may be observed: Rural-urban migration is still taking place. Often the destination is within the region, causing increased disparities in density, and a more polarised settlement pattern. In the case of young adults the destination is more likely to be major population centres, where higher education is available and better paid jobs are more likely to be found. Public service provision (especially health/elderly care, education and emergency services) is problematic and expensive. Private services, especially local retail outlets, are gradually withdrawing from these areas. Here the employment structure is changing too, (there are many examples of new tertiary and knowledge-based activities), but more slowly and selectively. Access to business services, and to clients and suppliers is a consideration for many kinds of economic activity. Freight costs can be a serious deterrent to certain kinds of entrepreneurship. Lifestyle considerations and cheap reliable labour may offset these disadvantages.

There is clear evidence in the UK of all three Grand Narratives established in Deliverable 2.12. The Urban-Rural narrative is already very evident in the description above. The impact of globalisation is rather less tangible and more diffuse. It clearly impacts upon the economy of the intermediate areas in much the same way as it does

[1] Modifiable Areal Unit Problem – the unintended consequences of boundary configurations.

on urban areas. In the more rural and remote areas it highlights the need for effective long-distance business networks, based upon good electronic communications and information technology, in order to keep in touch with technological innovations and global market trends. The agricultural grand narrative is also very much evident in the UK. Remote rural regions, such as the Highlands and Islands of Scotland, West, North and Mid-Wales, parts of the North of England, the SW Peninsular and N Ireland have all followed a “peri-productivist” or “post-productivist” development path in recent years. Small-scale farming is commonly associated with tourism, niche food products or natural heritage-based diversification, or pluriactivity and off-farm employment. Public good provision and “the consumption countryside” are key concepts here. In the more accessible and intermediate regions the situation is rather more mixed. Close to major employment centres “hobby farming” is often combined with full-time employment and commuting. The opportunities for diversification (leisure, recreation activities, tourism, equine activities, care farming etc) are also rather more abundant here. However some of the regions designated as “intermediate” by the modified OECD typology are also the heartland of large scale, commercial, “productivist” or “para-productivist” agriculture. This applies in particular, of course to parts of East Anglia and the South-East of England, and to Eastern Scotland.

## 2. Demography

The population total of the UK is gradually increasing. Net migration accounts for a greater part of this increase than natural increase. As already noted in the introduction most rural areas are gaining population through “counter-urbanisation”. This the population of the Intermediate Accessible areas increased between 2001 and 2007 by almost 5%, compared with a national average of a little over 2%. Only the most remote island and mountain areas are showing population decline, and the PRA and PRR areas showed average increases over the same period of 1% and 1.5% respectively. Some rural areas (such as Eastern Scotland and parts of East Anglia) have recently attracted attention due to high rates of immigration from the NMS12, associated with the availability of low paid jobs in farming and food processing. Demographic ageing is a particular problem in the remoter parts of the UK, due to age-specific out-migration, and in certain areas (often coastal areas) favoured by retirement migrants. On average the percentage of population in the PRR regions which was over 64 in 2007 was almost 18.5%, 2% above the national average.

The education indicators show that levels of education (both for farmers in particular and adults in general) are lower in the remote intermediate and remote predominantly rural areas than they are in the more accessible areas. Life-long learning rates are also rather lower. This reflects both selective out-migration and more limited education provision, and highlights a significant handicap for remoter areas.

**Table 31.1** Demography indicators

| DEMOGRAPHY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+NO+ TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Census population 2001 | % people aged 0 to 14 years | 19.07 | 18.44 | 17.26 | 19.10 | 18.28 | 18.86 | 16.75 | 16.70 |
| | % people aged 15 to 64 years | 65.33 | 64.10 | 62.64 | 63.08 | 62.86 | 64.84 | 66.62 | 66.65 |
| | % people aged 64 years and over | 15.60 | 17.46 | 20.09 | 17.83 | 18.86 | 16.29 | 16.53 | 16.55 |
| | Age dependency rate | 23.97 | 27.35 | 32.08 | 28.31 | 30.00 | 25.25 | 25.09 | 25.09 |
| Population* | Population change 2001-2007 (Index pop. 2001=100) | 101.99 | 102.39 | 104.84 | 101.05 | 101.51 | 102.09 | 96.58 | 96.31 |
| | % pop. 0_14_2007 | 17.91 | 17.46 | 16.28 | 18.21 | 17.52 | 17.77 | 16.68 | 15.97 |
| | % pop.15_64_2007 | 65.92 | 65.41 | 63.55 | 65.65 | 64.07 | 65.73 | 69.75 | 70.18 |
| | % pop. >64_2007 | 16.17 | 17.13 | 20.17 | 16.14 | 18.41 | 16.50 | 13.55 | 13.84 |
| | Age dependency rate | 51.77 | 52.93 | 57.36 | 52.36 | 56.08 | 52.21 | 44.08 | 43.17 |
| Education* | Natural increase change_01_06 | 8.88 | -2.14 | 7.14 | 44.00 | -12.50 | 6.52 | -5.99 | -6.09 |
| | Net migration change_01_06 | -0.09 | -137.21 | -7.91 | 47.08 | -39.97 | -38.90 | 7.09 | 8.97 |
| | % ISCED 0_2** | 20.96 | 19.74 | 16.53 | 20.99 | 22.50 | 20.58 | 33.62 | 36.65 |
| | % ISCED 3_4** | 33.24 | 33.48 | 33.10 | 32.89 | 33.20 | 33.30 | 43.29 | 47.14 |
| | % ISCED 5_6** | 20.40 | 20.87 | 18.35 | 21.45 | 16.29 | 20.53 | 17.03 | 18.54 |
| | % of farmers with basic or full educational attainment * | 19.33 | 26.72 | 9.95 | 25.38 | 20.80 | 20.81 | 35.34 | 39.54 |
| | Life-Long Learning in Rural Areas* | 27.57 | 26.49 | 14.99 | 25.28 | 4.22 | 25.93 | 7.69 | 8.61 |

*Values NUTS 3 are replaced by values NUTS2

**% ISCED by groups is calculated for population more 15 years.

## 3. Employment

The IRA regions of the UK have some of the highest rates of employment, well above the average for the country and for the EU. The IRR and PRA have lower rates. Perhaps surprisingly the PRR regions have a the highest average employment rate of all the types. This seems mainly due to high employment rates for older age groups.

**Table 31.2** Employment indicators (a)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | | Average EU 27 +CH+HR+IS +LI+MK+N O+TR | |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | Average country | | Average EU 27 |
| Employment rate* | T15_64 years | 70.79 | 73.05 | 72.55 | 69.84 | 74.47 | 71.59 | 66.40 | 66.42 |
| | Tmale 15_64 y | 76.67 | 78.62 | 77.30 | 75.40 | 79.30 | 77.31 | 73.05 | 73.12 |
| | Tfemale 15_64 y | 65.09 | 67.66 | 68.15 | 64.48 | 69.93 | 66.07 | 59.72 | 59.70 |
| | Total 15_24 y | 52.19 | 55.69 | 51.55 | 52.30 | 52.83 | 53.22 | 39.66 | 39.67 |
| | T 45_64 years | 68.60 | 70.56 | 71.05 | 66.02 | 72.44 | 69.28 | 62.37 | 62.34 |
| | Total 45_54 | 80.78 | 83.11 | 84.85 | 79.30 | 84.60 | 81.62 | 78.30 | 78.38 |
| | Total 55_64 | 56.43 | 58.02 | 57.25 | 52.74 | 60.28 | 56.93 | 46.44 | 46.30 |
| %Employment in principal sector | %Emp_primary | 0.64 | 3.39 | 3.53 | 9.15 | 9.58 | 2.17 | 7.95 | 7.97 |
| | %Emp_secondary | 20.79 | 22.37 | 20.32 | 22.39 | 18.70 | 21.20 | 26.71 | 26.71 |
| | %Emp_tertiary | 78.57 | 74.24 | 76.15 | 68.46 | 71.72 | 76.63 | 65.33 | 65.31 |
| Unemployment evolution 2002_05* | Total > 15 years | 207.34 | 228.77 | 153.00 | 116.89 | 101.28 | 208.45 | 187.25 | 188.17 |
| | Total 15_24 years | 156.16 | 173.98 | 267.74 | 206.70 | 120.43 | 163.84 | 255.25 | 257.16 |
| | Total >25 years | 84.81 | 74.98 | 101.45 | 87.25 | 88.65 | 82.18 | 82.27 | 82.21 |
| | Male > 15 years | 90.14 | 78.21 | 90.91 | 88.37 | 93.85 | 86.60 | 82.45 | 82.35 |
| | Female > 15 years | 108.23 | 97.35 | NA | 102.71 | 110.58 | 104.99 | 94.74 | 94.79 |

*Values NUTS 3 are replaced by values NUTS2

As may be expected, the PRR and PRA regions have the highest levels of primary sector employment, above the EU average, at over 9%. The IRA and PRA regions both have more than 22% of their employment in the secondary sector, above the UK average, and above the rate for the urban regions, but well below the EU average, which is close to 28%. The "weakest" manufacturing sector is in the PRR regions, where it accounts for less than 19% of employment. None of the Intermediate or Predominantly Rural groups of regions can match the UK average share of employment in the tertiary sector, of 77%, whilst in the urban regions the share reaches almost 79%. The smallest tertiary sector (less than 69%) is in the PRA type.

Unemployment rates are generally lower in intermediate and predominantly rural regions. Strangely they are recorded as lowest of all in the remoter regions. It seems likely that this reflects the importance of multiple job holding in these areas, and may in fact mask under-employment. Similarly, long-term unemployment is lower in remote regions because of the availability of seasonal employment. However it reaches a peak of 24% (above the UK average of 22% and above the PU figure of 23%) in the PRA regions.

**Table 31.3** Employment indicators (b)

| EMPLOYMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Unemployment rate 2007* | Total >15 | 5.79 | 4.37 | 3.90 | 4.88 | 3.75 | 5.23 | 7.61 | 7.63 |
| | Total Male >15 | 5.98 | 4.78 | 4.80 | 4.96 | 5.40 | 5.59 | 7.06 | 7.05 |
| | Total Female >15 | 5.12 | 4.65 | NA | 4.78 | 5.70 | 4.98 | 8.61 | 8.59 |
| | Total 15_24 | 15.03 | 13.36 | NA | 13.44 | 14.90 | 14.49 | 15.80 | 15.64 |
| | Male 15_24 | 16.72 | 14.33 | NA | 14.14 | 16.70 | 15.98 | 15.77 | 15.64 |
| | Total >25 | 3.74 | 3.15 | 3.05 | 3.22 | 2.83 | 3.51 | 6.66 | 6.66 |
| Long term unemployment* | % long term unemployent rate_07 | 23.19 | 21.08 | 13.63 | 24.32 | 15.88 | 22.15 | 43.07 | 43.12 |
| | Evolution of long term unemployment 2002_07 | 114.39 | 109.30 | 57.60 | 95.25 | 101.94 | 111.59 | 111.33 | 110.94 |

*Values NUTS 3 are replaced by values NUTS2

## 4. Rural business development

The key point about business structures is that in broad terms (sectoral profile etc) rural businesses are very similar to urban ones, although the size profile of rural areas will tend to lack the very large firms present in some urban areas. The main difference in terms of sectoral structure is the absence from rural areas of high level financial and business services. There are of course some distinctively rural kinds of entrepreneurship; traditional crafts, arts, leisure and recreation activities, wildlife and landscape conservation, artisanal food processing etc.

Innovation is hard to assess, although the AsPIRE project[2] showed large differences between rural regions, not just between Urban and Rural. IST infrastructure is not available in a few of the more remote and hilly areas – this is a longstanding controversial issue – such areas always seem to be playing catch-up in terms of broadband speed.

It is very hard to generalise about the profile of rural entrepreneurs. There is some research suggesting that the most innovative and fast growing SMEs in rural areas of the North of England are urban-rural migrants. In the most remote rural areas of Scotland (and perhaps in a few parts of rural England and Wales) the conspicuous characteristic is the strong tradition of pluriactivity and multiple job holding.

In terms of new opportunities for rural business, there is a lot of discussion about the potential for alternative energy generation, although planning regulations are increasingly tough on "inappropriate" developments. A less well known trend is for conversion of farm buildings into offices for small private service businesses. Light manufacturing is also increasingly common in the countryside in small industrial estates.

In terms of constrains to rural business development, a key issue is that the vast majority of new jobs created by in-migration of small businesses do not match the skills of the "indigenous" population. So there is not so much a situation of new forms of employment coming in and taking in ex-agricultural unemployed – the picture is more that new businesses come in, bringing with them ex-urban employees looking for "the good life" of the country. So it's a labour market segmentation issue. Also the incomers often cause house-price inflation, effectively excluding local people from the market.
As far as programmes or initiatives supporting rural business development are concerned, the UK is currently in a state of flux, with the dismantling of English New Labour regional development structures in favour of more limited interventions based within a more localised level of public administration. In Scotland too, there has been recently been substantial restructuring of the Local Enterprise Company network. It is perhaps too early to judge the consequences for rural business support. It seems, however, that a substantial amount of support for rural businesses comes from informal or third sector organisations, largely outside the formal policy structures, of which there are many. In Northern Ireland Interreg IIIA and IVA have been proactively encouraging rural business networking in the border area[3].

In terms of variation in economic activity between the different types of rural area, the accessible areas are mainly characterised by counter-urbanisation of entrepreneurship

[2] Copus A K ed (2004) Final Report, Aspatial Peripherality Innovation and the Rural Economy (AsPIRE) EU Fifth Framework Programme Project Number QLK5-2000-00783
http://www.sac.ac.uk/research/projects/landeconomy/featured/aspire/
[3] See for example www.eastborderregion.com or www.icban.com.

and employment. Also more activities based on day-tripping and regular leisure activities of urbanites (eg horse related activities, golf courses etc). The remote areas have both traditional pluriactivity, traditional crafts, resource-based processing (e.g. fish), overnight, or short-break tourism, and quite a lot of longer distance migrants seeking to begin a new life with business ideas of variable levels of viability and practicality!

The eight-fold classification of economic activities shown in Table 31.4 allows a slightly more detailed picture of the economic structure of rural areas of the UK to be drawn, and for more subtle rural-urban differences to be highlighted.

There are both striking clear similarities and striking differences between the “profiles” of urban and rural groups of regions. For example the wholesale and retail trade category absorbs the largest share of employment (about 27-28%) in all five types of region. Mining and quarrying is the least important category in the PU, IRA and PRA regions, closely followed by electricity, gas and water supply. In the intermediate and rural regions. In the remote parts of both the Intermediate and Rural region groups mining and quarrying is more important, accounting for almost 1% of employment, and the energy and water supply activities are the least important category. Perhaps the biggest differences between the urban and accessible regions and the remote groups is in the business services (real estate, renting and business activities) and hotels and restaurants. In the case of the former the shares of employment in the urban and accessible regions are 6-8% higher than those of the remote regions. In the case of the hospitality related activities the “gap” is similar, but of course, reversed, emphasizing the importance of tourism to the economy of remote areas. This is not, however the full explanation of the relative prominence of hospitality services in the remote regions. It is also a “mechanical” consequence of the relative weakness of other sectors, including business services, as already noted, and also manufacturing, which accounts for only about 15% in remote regions, compared with 19-20% in accessible and urban regions.

**Table 31.4** Rural business development indicators (a)

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.13 | 0.19 | 0.49 | 0.22 | 0.54 | 0.17 | 0.30 | 0.30 |
| | % Manufacturing | 9.18 | 9.09 | 8.52 | 8.62 | 8.53 | 9.09 | 14.08 | 14.05 |
| | % Electricity, gas and water supply | 0.13 | 0.17 | 0.38 | 0.20 | 0.51 | 0.16 | 0.61 | 0.63 |
| | %Construction | 12.79 | 13.69 | 15.27 | 14.29 | 15.03 | 13.24 | 9.48 | 9.46 |
| | %Wholesale and retail trade | 27.95 | 28.19 | 29.87 | 30.97 | 29.55 | 28.23 | 23.02 | 21.83 |
| | %Hotel and restaurants | 9.20 | 9.87 | 14.90 | 11.00 | 14.78 | 9.79 | 6.52 | 6.15 |
| | %Transport, storage and communication | 5.68 | 5.95 | 6.94 | 6.07 | 8.13 | 5.90 | 8.69 | 8.46 |
| | %Real state, renting and business activities | 34.96 | 32.86 | 23.63 | 28.63 | 22.91 | 33.41 | 37.29 | 39.12 |
| EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006 | % Mining and quarrying | 0.23 | 0.33 | 0.95 | 0.36 | 0.97 | 0.31 | 0.58 | 0.52 |
| | % Manufacturing | 18.28 | 19.63 | 14.88 | 19.64 | 15.80 | 18.55 | 29.18 | 28.08 |
| | % Electricity, gas and water supply | 0.63 | 0.71 | 0.62 | 0.75 | 0.77 | 0.66 | 1.14 | 0.89 |
| | %Construction | 8.52 | 8.68 | 10.87 | 9.81 | 11.75 | 8.80 | 9.09 | 9.14 |
| | %Wholesale and retail trade | 27.57 | 27.75 | 28.64 | 28.42 | 26.73 | 27.63 | 26.14 | 26.93 |
| | %Hotel and restaurants | 10.73 | 11.61 | 20.14 | 11.93 | 18.78 | 11.53 | 8.27 | 8.37 |
| | %Transport, storage and communication | 8.81 | 8.22 | 7.38 | 7.75 | 8.65 | 8.57 | 8.65 | 8.52 |
| | %Real state, renting and business activities | 25.19 | 23.02 | 16.39 | 21.30 | 16.44 | 23.90 | 16.78 | 17.51 |

*Values NUTS 3 are replaced by values NUTS2

Employment in medium and high technology manufacturing is above the UK average in IRA regions, but below it in the other three intermediate and rural groups of regions (Table 31.5). It is substantially lower in the remote rural areas.

**Table 31.5** Rural business development indicators (b)

| RURAL BUSINESS DEVELOPMENT | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables* | | 1 | 21 | 22 | 31 | 32 | | | |
| Employment in high and medium technologies manufacturing activities_2004 | Employment in high and medium tech manufacturing activities_2004_ Media | 5.93 | 6.07 | 5.21 | 5.43 | 4.85 | 5.90 | 6.88 | 7,42 |
| | Employment in high and medium tech manufacturing activities_2004_ %EU 25 | 97.96 | 100.86 | 85.88 | 85.20 | 80.94 | 97.36 | 95.89 | 107,13 |
| %firms with own website | | 58,58 | 57.79 | 48.35 | 55.52 | 50.02 | 57.70 | 50.21 | 50.21 |

*Values NUTS 3 are replaced by values NUTS2

## 5. Rural-urban relationships

Suburbanisation is extremely widespread – especially in the South of the UK. This is despite a relatively sophisticated development control process (administered by local county or district councils). In recent years central government has sought to address housing shortages in “overheating” areas by setting regional house building targets which the planning community has to accommodate in their plans. This will lead to fairly large developments in some areas.

The main demands for and uses of rural areas from urban inhabitants are for leisure and recreation (mainly met by private sector SMEs). Second home ownership is common in some areas. The countryside is seen by higher income groups as a source of fresh food and “delicatessen” products. Demand is sometimes met by direct marketing from farms, or short supply chains, but the vast bulk of food still goes through the mass production, supermarket route.

The UK has relatively centralised administrative and economic development structures, even after devolution (Cardiff and Edinburgh take on economic development functions instead of Westminster). Under New Labour England had regional development agencies covering rather large (NUTS 1 scale) areas. The “city region” concept, and assumptions about rural areas benefitting from “spread effects, were often important features of the strategies of these agencies. However this regional development structure has been dismantled by the current coalition government, economic development functions being partly taken on by local government.

There is a long history of local economic development in the Highlands and Islands, starting with the Highlands and Island Development Board in the 1960s, and later on Highlands and Islands Enterprise – the umbrella body coordinating a number of “Local Enterprise Companies”. Recently there seems to have been a backward step towards centralisation, with the LEC level disappearing from the organisation. Rural-urban partnerships have not been a conspicuous feature in Scottish regional development tradition.

## 6. Cultural heritage

The cultural resources of rural areas of the UK would include Gaelic and Welsh Language, together with other regional dialects and cultures (with associated music and literature). Local traditional building styles, landscape features such as dry stone walls, layered hedges, coppicing are also important, as are traditional local foods and drinks. All of these are to exploited by tourism generally, and more specifically through also through local festivals. Arts and crafts production also uses regional cultures to define styles etc. Welsh and Gaelic are used in education, and this sustains regional distinctiveness, which is a place-based asset.

The St Magnus Festival – every June in Kirkwall (Orkney Islands) is an excellent example of a high quality event which promotes a remote area as a cultural centre (see http://www.stmagnusfestival.com/) Similarly, Shetland has a folk festival http://www.shetlandfolkfestival.com/. The Gaelic music community has the annual "Mod" (http://www.savegaelic.org/gaelic/royal-national-mod.php), and the Welsh have their "Eistedffod" (http://www.eisteddfod.org.uk/english/).

Demand for these cultural assets is mainly tourism related, both directly and indirectly through arts and crafts with regional cultural associations. Regional cultures are also part of the attraction for lifestyle migrants from cities – seeking "authentic" rural experiences. In terms of comparisons between different types of rural areas, although there are of course "pockets" of distinctive culture in accessible parts of the UK, the more peripheral areas would generally seem to have a stronger set of cultural assets.

## 7. Services of General Interest

For several decades the UK has taken a lead in privatising public services, and introducing various public/private hybrids, with mixed success. Despite this most services still have a (near) universal service obligation, protecting most rural consumers (but see below for caveats).

The degree of "universality" of service access/delivery varies according to service – for example broadband speeds are usually lower in rural and remote areas. Post deliveries are often later in the day, and post boxes are not emptied at weekends. Rural consumers are often not connected to "main drainage" (piped sewage disposal) and must maintain expensive private septic tanks or disposal plants. Small rural post offices are constantly under threat of closure, as are local general stores and petrol stations. Rural bus services are privatised and have been cut back a lot over the past couple of decades. Many small rural schools have been closed, resulting in long daily commutes, or in extreme cases weekday boarding for children from very remote areas.

Innovative solutions to the difficulty of providing services in rural areas include; mobile shops, mobile banks, community owned services, "one-stop shops" combining several services, community transport initiatives, and so on. There have been many pilot initiatives and experimental solutions, a review has recently been published by the Scottish Government[4].

Access to services is not just an issue in PR and Remote areas. The level of service provision and access falls off quite rapidly with distance from large towns/cities. Although it's a more extreme issue in remote areas the population also tends to have realistic (lower) expectations and more self-reliant resilience.

The selection of indicators in tables 31.6 and 31.7 can only provide a rather partial view of the situation relating to service provision in rural Britain. The density of transport infrastructure clearly reflects differences in traffic volumes. Similarly the average travel time to universities and airports is determined by patterns of transport infrastructure and the size of "catchment" required to generate sufficient demand for a viable installation (given the variation in population density). The fact that the percentage of households with broadband and internet access is greater in the remote regions than in the accessible ones suggests that the use of the internet is effectively being used to offset locational disadvantage, and that communications infrastructure is adequate to support this.

[4] http://www.scotland.gov.uk/Resource/Doc/46997/0029694.pdf

**Table 31.6** Services of general interest indicators (a)

| SERVICES OF GENERAL INTEREST | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|
| Variables | 1 | 21 | 22 | 31 | 32 | | | |
| Density of motorways | 0.05 | 0.02 | NA | 0.01 | NA | 0.04 | 0.04 | 0.04 |
| Density of trunk road | 0.26 | 0.11 | 0.08 | 0.06 | 0.06 | 0.20 | 0.17 | 0.17 |
| Density of railways | 0.18 | 0.06 | 0.04 | 0.02 | 0.03 | 0.13 | 0.10 | 0.10 |
| Area (km2)** | 52795.70 | 115596.90 | 4997.10 | 25480.50 | 7905.50 | 206775.70 | 5659749.80 | 4600910.40 |
| DENSITY Evolution density 2001_06 * | 1.92 | 2.78 | 4.79 | 2.78 | 0.91 | 2.17 | 0.93 | 0.92 |
| DENSITY Density of population 2006*** | 1805.72 | 174.97 | 113.52 | 35.35 | 46.25 | 1168.42 | 414.65 | 446.23 |
| Daily population accessible by car | 28121.03 | 23227.15 | 1741.50 | 11957.80 | 30.00 | 24451.19 | 18078.54 | 19285.23 |
| Time to nearest hospital | NA | NA | NA | NA | NA | NA | 22.83 | 22.83 |
| Time to nearest university | 15.02 | 38.53 | 66.21 | 78.38 | 216.60 | 33.98 | 45.10 | 45.10 |
| Time to nearest airport | 31.84 | 57.62 | 74.05 | 99.64 | 238.05 | 51.69 | 83.44 | 83.44 |
| %households with broadhand access | 61.54 | 61.79 | 77.00 | 53.25 | 74.50 | 62.17 | 49.07 | 48.00 |
| % households with internet at home | 87.47 | 85.37 | 92.00 | 80.50 | 92.00 | 86.93 | 81.46 | 81.20 |

* Values NUTS 3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

*** These values are only indicatives and aren't real because in the calculation there are values NUTS2 and NUTS3.

**Table 31.7** Services of general interest indicators (b)

| SERVICES OF GENERAL INTEREST | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| Nº STUDENTS ISCED 0_6 | Nºstudents ISCED_0 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 29.59 | 29.46 |
| | Nºstudents ISCED_1 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 61.66 | 60.76 |
| | Nºstudents ISCED_2 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 43.21 | 43.28 |
| | Nºstudents ISCED_3 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 48.05 | 48.03 |
| | Nºstudents ISCED_4 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 3.06 | 3.10 |
| | Nºstudents ISCED_5_6 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 37.37 | 37.23 |
| | Nºstudents ISCED_6 per 1.000 inhabitants | NA | NA | NA | NA | NA | NA | 1.10 | 1.10 |
| BEDS IN HOSPITAL PER 100,000 inhabitants* | Nº of beds in hospitals per 100.000 inhabitants_05 | NA | NA | NA | NA | NA | NA | 696.91 | 704.88 |
| | Evolution nbeds 2000_05 | NA | NA | NA | NA | NA | NA | 91.53 | 91.94 |
| | Density of hospitals | NA | NA | NA | NA | NA | NA | 5.44 | 5.44 |
| | Hospital beds per head | NA | NA | NA | NA | NA | NA | 4.98 | 4.98 |
| | Doctors per inhabitant | NA | NA | NA | NA | NA | NA | 171.35 | 171.35 |

*Values NUTS 3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

## 8. Farm structural change

There are many different kinds of agriculture in the UK, from agribusiness to “crofting”, with “family farms” between. Each of these confronts different drivers, opportunities and constraints. In most parts of the country there is an increasing polarisation, more and more micro-businesses, and a gradual increase in size of the largest holdings by amalgamation. Alternative energy is potentially a big diversification opportunity for farmers in upland and coastal areas. Constraints include the issue of pollution and waste disposal, increasingly complex and expensive food safety and animal welfare regulation, and vulnerability of small producers in a market controlled by the supermarket chains. Direct marketing, artisanal processing, regional specificities etc are all opportunities open to some, especially in the more accessible rural areas..

Table 31.8 illustrates farm structural differences between the different types of intermediate and rural areas. Unfortunately farm structural trends cannot be reliably adduced from these figures, due to definitional and boundary changes.

**Table 31.8** Farm structural change indicators (a)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| % HOLDINGS 2005 | < 2 ESU | 50.96 | 38.29 | 37.40 | 30.52 | 41.20 | 45.93 | 33.42 | 33.89 |
| | 2 to 100 ESU | 35.14 | 47.52 | 53.89 | 56.96 | 55.82 | 40.71 | 57.56 | 57.02 |
| | >100 ESU | 7.80 | 14.19 | 8.71 | 12.52 | 2.98 | 9.60 | 8.33 | 8.38 |
| %CHANGING Nº HOLDINGS 2000-2005 | % Change in number of total holdings 2000-2005 | 33.81 | 22.47 | 18.43 | 9.63 | -0.48 | 27.35 | -9.53 | -9.19 |
| | % Change in number of holdings less 2 ESU 2000-2005 | 93.72 | 84.20 | 73.21 | 58.82 | 29.44 | 85.83 | -2.22 | -0.65 |
| | % Change in number of holdings 2 to 100 ESU 2000-2005 | -3.58 | 2.40 | -3.51 | -9.46 | -18.49 | -2.66 | -13.91 | -13.73 |
| | % Change in number of holdings over 100 ESU 2000-2005 | -11.34 | -6.76 | 5.71 | 12.77 | 18.75 | -7.18 | 32.21 | 31.28 |

Outside urban regions (where many “holdings” are in fact part-time “hobby farms”) the largest percentage of very small holdings is in the remote rural areas. At the other extreme the PRA regions show the smallest incidence of such holdings. Large farms (>100 ESU) are most common in the accessible intermediate and accessible rural areas. They are almost non-existent in the remote rural areas.

Full-time farm holders are most common in the PRA group of regions (Table 31.9) and least common in the remote rural regions. The largest average farm size (49 ESU) is in the accessible intermediate group, closely followed by the accessible rural group (41

ESU). The smallest average farm size (15 ESU) is in the remote rural group. Almost half the farmers of the remote rural regions have “other gainful activities” (OGA). In the intermediate regions, (both accessible and remote) the proportion is close to the EU average, at about 40%. It is significantly lower (34%) in the more specialised accessible rural regions. All types of regions showed quite serious signs of ageing in the farmer population. There are some signs that this is more rapid in remote regions than in accessible ones. There is also clear evidence that farmers in the more accessible regions tend to have a higher level of education than those in the remote regions. All these indicators tend to support the association between accessible and intermediate regions with productivist forms of agriculture, and remote rural regions with “peri-“ or “post-”productivism, as suggested in the introduction to the UK profile.

**Table 31.9** Farm structural change indicators (b)

| FARM STRUCTURAL CHANGE | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS +LI+MK+ NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| HOLDERS | % Holders working full time 2005* | 29.10 | 32.62 | 34.4023 | 46.28 | 30.93 | 30.94 | 35.42 | 35.50 |
| | % Change in Number of Holders working full time 2000 – 2005* | -10.64 | -10.59 | -8.6264 | -2.14 | -13.80 | -10.41 | -0.01 | 0.33 |
| | Economic Farm Size (RDEU07) | 30.69 | 49.11 | 29.5000 | 41.36 | 15.00 | 35.63 | 41.93 | 41.93 |
| | Farmers with OGA (RDEU07)* | 41.90 | 41.42 | 40.9500 | 34.30 | 47.03 | 41.67 | 37.5 | 37.55 |
| | % holders > 55 years 2007*** | 59.85 | 58.92 | 58.40 | 53.04 | 56.35 | 59.14 | 50.19 | 50.61 |
| | % holders < 35 years 2007*** | 2.67 | 3.02 | 3.89 | 4.01 | 4.41 | 2.93 | 6.35 | 6.32 |
| | % change in holders > 55 years 2000 – 2005** | 13.43 | 14.59 | 17.3139 | 13.37 | 16.27 | 13.95 | 5.88 | 5.61 |
| | % change in holders < 35 years 2000 – 2005** | -37.27 | -37.65 | -36.3614 | -40.24 | -32.89 | -37.28 | -34.00 | -33.95 |
| % farmers with basic and full education in agriculture attained (RDEU07)** | | 26.14 | 27.43 | 19.9000 | 25.38 | 20.80 | 26.43 | 42.29 | 42.29 |

*Values NUTS 3 are replaced by values NUTS2

**Some values NUTS 3 are replaced by values NUTS2

## 9. Institutional Capacity

UK has a relatively centralised system of governance, with only weak local democracy. Rural development is controlled from Westminster, Cardiff, Edinburgh, and Belfast. The devolved Scottish Government and Welsh Assembly have responsibility for most aspects of economic development, planning, and service provision. Some service provision (schools, wast collection, roads etc) is delivered by local councils. Other services (water, gas, electricity) are delivered by private companies.

The dominant type of interaction among levels of government is top-down in mainstream government, though there have been efforts to change this (e.g. in the context of Leader, and various local or national partnerships, often also involving the third sector).

Examples of "best practice" in governance would include the plethora of local development partnership initiatives, community asset purchases (e.g. in Scotland through the recent Land Reform Act).

**Table 31.10** Institutional capacity indicators

| INSTITUTIONAL CAPACITY | | PU | IRA | IRR | PRA | PRR | Average country | Average EU 27 +CH+HR+IS+LI +MK+NO+TR | Average EU 27 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | | 1 | 21 | 22 | 31 | 32 | | | |
| GDP DISPERSION OF GDP_2005 | GDP in Mio. Euro 2005 | 16372.99 | 10946.3 | 10146.5 | 3704.52 | 1115.7 | 14106.22 | 9722.69 | 9856.11 |
| | GDP in PPS per inhabitant 2005 | 26366.1 | 22087.52 | 17342.7 | 18497.24 | 14474.9 | 24631.44 | 20926.83 | 21110.46 |
| | GDP in euro per inhabitant in percentage of the EU average 2005 | 132.04 | 110.62 | 86.80 | 92.64 | 72.50 | 123.35 | 94.38 | 95.48 |

## 10. Climate change

The main perceived threats in relation to climate change are flooding, and water shortages, (mainly in the South of the country). Coastal erosion and sea level rise are matters of concern in some low lying areas. One specific response to these threats has been an online flood warning system operated by the environment agency.
(http://www.environment-agency.gov.uk/homeandleisure/floods/31618.aspx )