



Co-financed by the European Regional Development Fund

Inspire Policy Making with Territorial Evidence

Lessons from the ESPON ESCAPE project: experiences and perspectives on rural shrinkage

Gergely Tagai, Katalin Kovács

(Centre for Economic and Regional Studies, Hungary)

European rural policy at a crossroads? Rethinking needs, objectives, and measures

Virtual

21st April 2022, 12:00-15:45 (CET)

Introduction

- Rural depopulation is not a new phenomenon, but recent deepening and spreading of population decline in rural areas raised interest at EU level and across the member states
- Population change is also widely regarded as reflecting the overall condition and “performance” of rural areas
- There is growing visibility of rural shrinking and increasing awareness of new opportunities associated with technological, economic and social changes, calling for:
 - Direct tailored policy responses aiming at mitigating or adapting to shrinking
 - Identifying shrinking rural regions and getting acquainted with their challenges
- ESPON ESCAPE project - **E**uropean **S**hrinking Rural Areas: **C**hallenges, **A**ctions and **P**erspectives for Territorial Governance

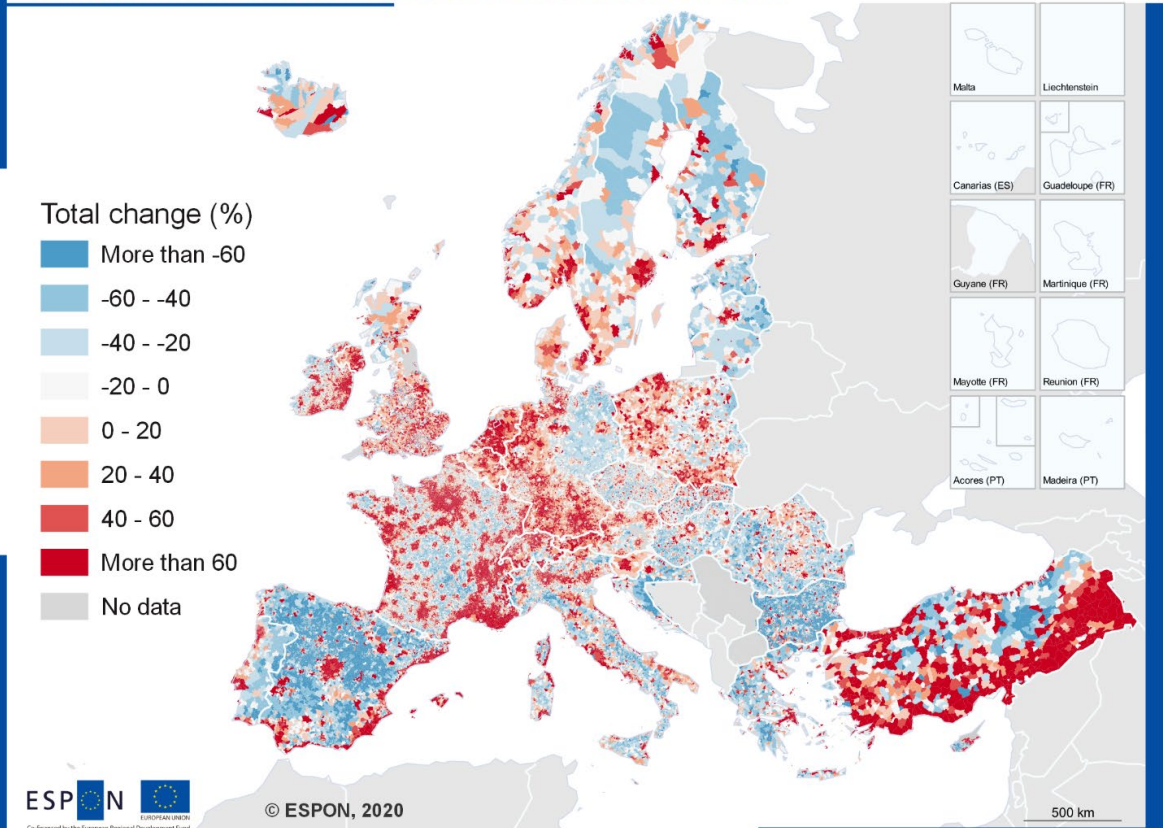
Aspects of simple, demographic shrinkage

- Various population dynamics across Europe
- Substantial and sustained depopulation process (significant proportion of population loss over one generation) – population shrinkage
- Across Europe almost 60% Predominantly Rural or Intermediate NUTS 3 can be considered as shrinking - 40% of the area of the EU, 1/3 of its population.
- Different sources of population decline: age structure and “natural decrease” (legacy shrinkage), out-migration (active shrinkage)

Structural typology of demographic shrinkage 2001-2016



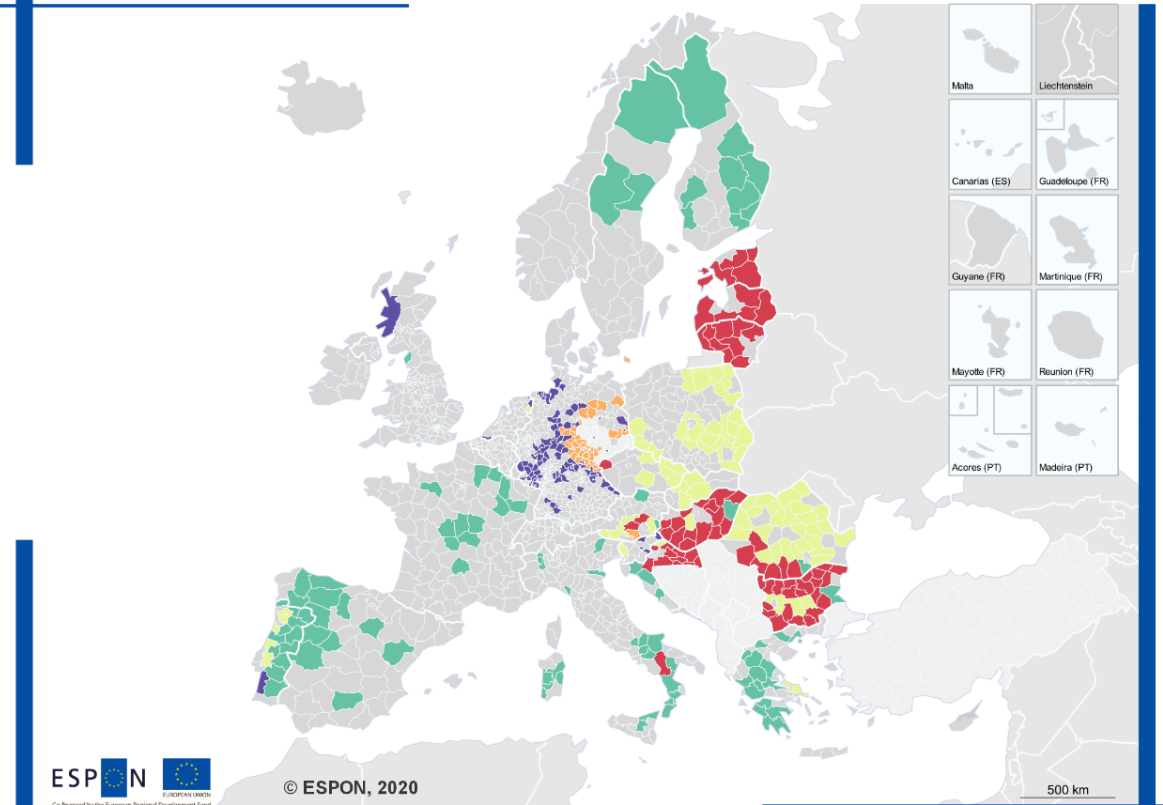
Total population change in European LAU2 units, 1961-2011



Rural shrinkage as a complex process

- Complex shrinking – a multi-faceted syndrome of decline, often but not necessarily leading to “vicious cycles” which tend to be self-perpetuating
- Embedding the chronological and structural dynamics of simple demographic shrinkage, reflecting the four dimensions of rural shrinking (economic restructuring, locational disadvantage, peripherization, disruptive events)
- East-West and the centre-periphery cleavages at continental level

Typology of complex shrinkage in shrinking rural and intermediate regions (5 classes)



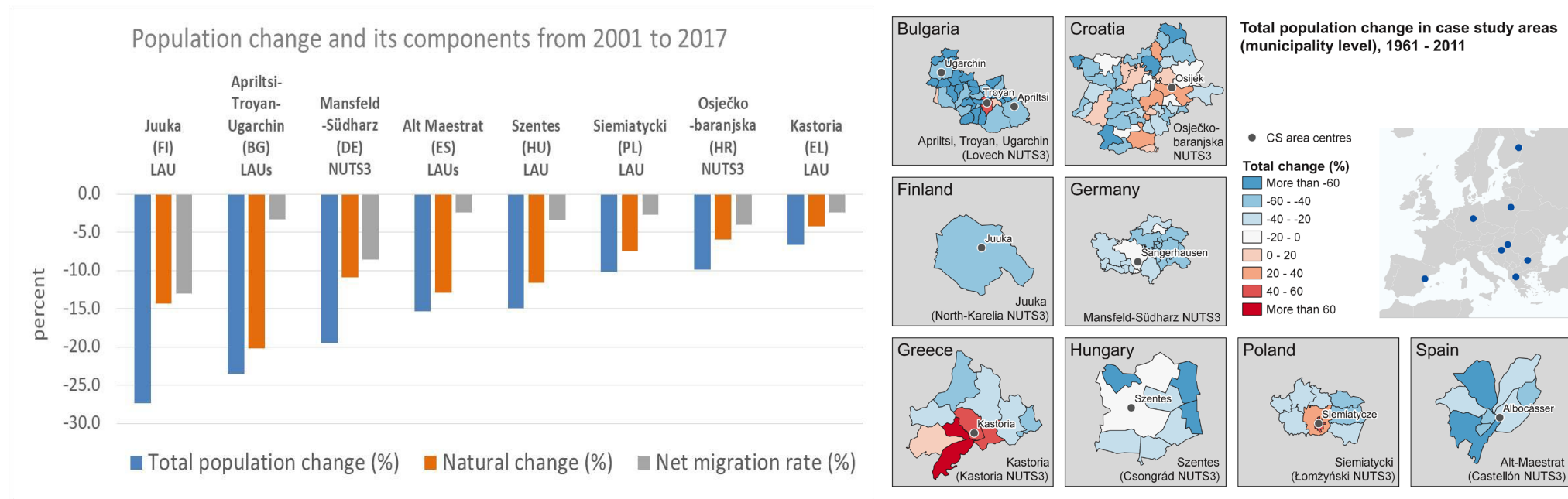
Label of clusters

- Agricultural, very low income regions with severe legacy and active shrinking
- Industrial, mid-income regions with severe legacy and active shrinking
- Agro-industrial, low income regions with moderate, mostly legacy shrinking
- Servitised, mid-low income regions with moderate legacy shrinking
- Industrial or servitised, mid-income regions with moderate, mostly legacy shrinking
- Other regions
- No data

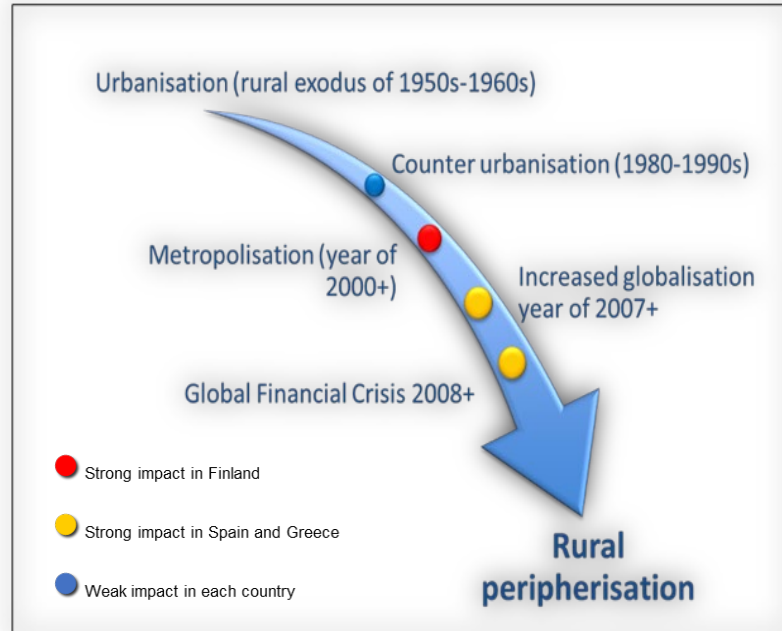
Regional level: NUTS 3 (2013)
Source: ESPON ESCAPE, 2020
Origin of data: Eurostat, 2020
© UMS RIATE for administrative boundaries

Rural Shrinking Under the Lens

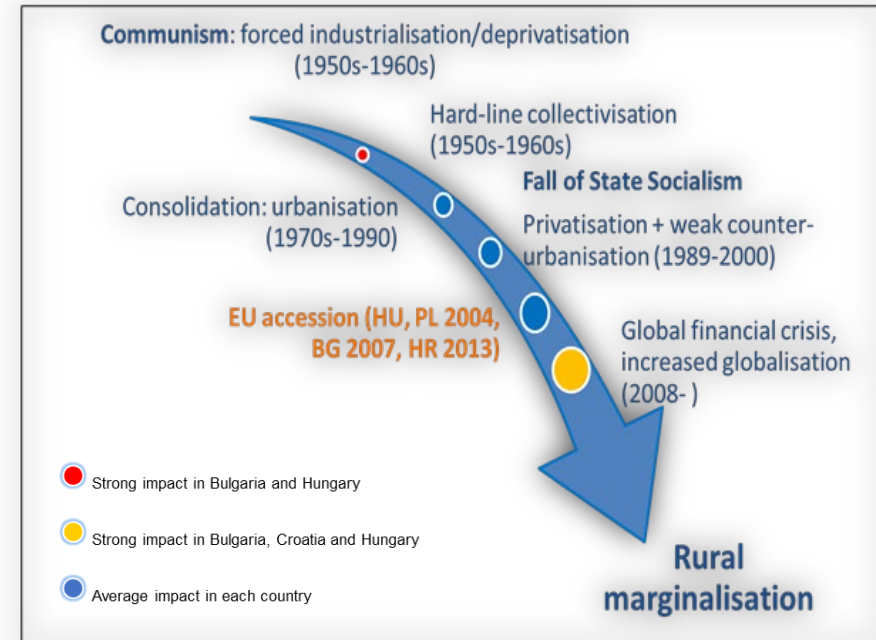
- Eight cases of rural shrinking across Europe representing different types of shrinking (active-legacy; complex types)
- Cases: 4 Transition countries, 1 East German region, 1 from the Northern and 2 from the Southern peripheries (Spain and Greece)



Triggers and models of rural shrinkage



- North and South
- Shrinkage is triggered by geographical position of rural areas and long-term spatial processes



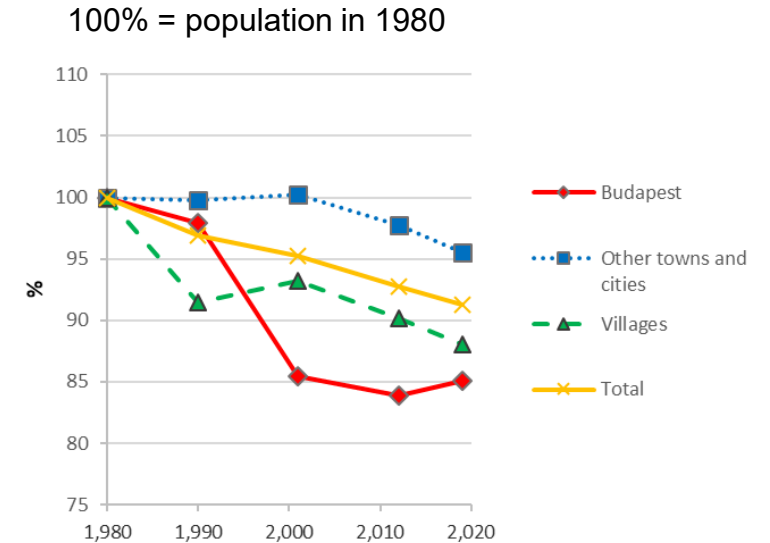
- East
- Peripherisation was aggravated by historical cataclysms aiming to eradicate existing social and economic structures
- Increased vulnerability of rural communities towards social and economic marginalization

Policy needs in tackling rural shrinkage (mitigation and adaptation)

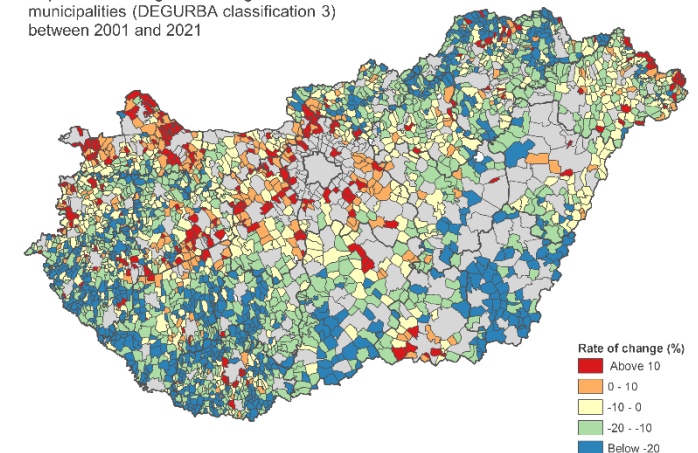
- Rural shrinkage is regarded as a complex and heterogeneous problem
- Current EU policies are too focused on promoting regional economic development and do not address underlying causes of rural shrinkage
- A more targeted and coordinated response at the EU and national levels
- Reducing negative connotations around the issue of rural shrinkage
- Closing the gap between EU policy and local intervention
- A concept of Functional Rural Areas could better address the geographies of rural development phenomena
- More policy guidance for regions regarding different mitigation and adaptation strategies available for coping with rural shrinkage
- Longer term EU projects and simplified EU funding processes

The Hungarian experience of shrinkage

- Long-term experience with shrinkage – overall population loss since 1981
- Up to 2020 – 1 million inh. population loss
- Future projections until 2050: further 1,5 – 2 million people loss
- Shrinkage is not only a rural phenomenon – smaller municipalities and bigger cities (Budapest, regional centres) face severe population decline
- In rural Hungary only suburban areas (Budapest, regional centres) and territories with specific position (Western-Hungary, Lake Balaton) grow
- Rural shrinkage hits the most (inner and external) peripheral areas and territories facing peripherization



Population change in Hungarian rural municipalities (DEGURBA classification 3) between 2001 and 2021



Triggers of rural shrinkage in Hungary

- (First) demographic transition – the decline of fertility and mortality rates, *BUT* with poor health status and lower life expectancy
- Radical political turns with profound social and economic consequences
- From 1950s (Stalinist dictatorship) to 1970s (consolidation of State Socialism): collectivisation of peasant property (large-scale farms), extensive industrialisation, administrative reform and forced concentration of municipalities → waves of rural population outflow to urban areas
- During Post-Socialist transition selective outmigration (young professionals) from rural areas due to the drop in employment opportunities
- (Second) demographic transition – durably low birth rates and high degrees of diversity in family status, *PLUS* growing effects of negative natural change (ageing and legacy effects)
- Rising emigration due to the Global Financial Crisis (2008-2011), impact of EU accession, opening of Western labour markets (Germany, United Kingdom, Austria)

Policies aiming at tackling shrinkage in Hungary

- In Hungary almost every public policy impacts directly or indirectly the issue of demographic decline – greatest impact of regional and rural development policy (EU funds)
- **Regional policies affecting rural shrinkage**
 - *Economic Development and Innovation* (Operational Programme), 8,813 m € in 2014-2020 – increasing capability of rural areas to retain population and resist attraction of urban centres via job creation
 - *Human Resources Development* (Operational Programme), 3,069 m € in 2014-2020 – reducing motivation of rural inhabitants to leave by building stronger local community and better public services (health, education)
 - *Territorial and Settlement Development* (Operational Programme), 3,970 m € in 2014-2020 – reducing outmigration in shrinking areas by the improvement in quality of life and employment possibilities
- **Rural development policy (CAP Pillar II)**
 - 19 measures under 6 priorities with 4,168 m € in 2014-2020, BUT only 4 measures with 606 m € was relevant concerning rural shrinkage via job creation, small-scale infrastructural improvements and development of basic services
 - LEADER: place-tailored rural development programme, *BUT* poor funding and bad governance with delayed implementation

Policies aiming at tackling shrinkage in Hungary

- Direct national policies addressing demographic decline
- **Family Protection Action Plan** (from 2016)
 - Tax policies: personal income tax exemption for women with 4 children and people aged 25 years or less, family tax benefits
 - Housing and car: 'first home programme', reduction of mortgage loans, family car purchase programme
 - Other: (interest free) 'baby loan', establishing new crèche-facilities, childcare allowance for grandparents
- **Hungarian Village Programme** (from 2019)
 - Slowing down negative demographic trends through better service-provision, enhanced connectivity and significant financial support for access to housing
 - 483 m € both in 2019 and 2020 for rural settlements with less than 5,000 inhabitants
 - Great popularity (*BUT* informally a compensation for municipal development resources taken away):
 - Tailored to needs of rural areas where these had not been met in the last decades
 - Simplicity and swift implementation
 - Addressing shortages of human capital and public service provision in rural areas

Broadened and more suitable policy support needs for tackling rural shrinkage

- Policy tools missing or in a pilot phase
- Integrated Territorial Investment (ITI) – territorialised development-concept based on organic relationships between towns and their surroundings
- Smart Village Programme – pilot programme in 2018 for restoring the demographic balance of local communities, and counter ageing and shrinkage with a sustainable micro-regional economic model and an attractive environment for potential newcomers
 - Digital Village Programme from 2021 – digital platform for rural housing and investment opportunities (‘Let’s move to the countryside’), drone technology in settlement management
- Hungarian Town Programme from 2020 – direct government support based on individual decision for rural towns with 5,000-20,000 inhabitants

Acknowledgements and references

- The research was carried out as a part of ESPON 2020 Applied Research project „European Shrinking Rural Areas: Challenges, Actions and Perspectives for Territorial Governance” - (ESCAPE)
- See the full report with project results:
 - ESPON ESCAPE Main Final Report at <https://www.espon.eu/sites/default/files/attachments/ESPON%20ESCAPE%20Main%20Final%20Report.pdf>
 - Detailed analysis on complex shrinking: ESPON ESCAPE Final Report Annex 02 - Measuring mapping and classifying simple and complex shrinking at <https://www.espon.eu/sites/default/files/attachments/ESPON%20ESCAPE%20Final%20Report%20Annex%2002%20-%20Measuring%20mapping%20and%20classifying.pdf>
 - Hungarian case study report: Final Report Annex 9 - Case Study Szentes, Csongrád, Hungary at https://www.espon.eu/sites/default/files/attachments/ESPON%20ESCAPE%20Final%20Report%20Annex%2009%20-%20CS%20Szentes_Hungary.pdf
- Special acknowledgements to
 - Julien Grunfelder (Nordregio) and Simone Piras (James Hutton Institute), co-authors of ESPON ESCAPE Final Report Annex 02
 - Bálint Koós, Annamária Uzzoli, Monika Mária Váradi (Centre for Economic and Regional Studies), co-authors of ESPON ESCAPE Final Report Annex 9