

# CHAPTER 1 – INTRODUCTION

## 1.1. Policy context

Rural development policy seeks to establish a coherent and sustainable framework for the future of Europe's rural areas.

In its early days, rural development policy was essentially sectoral (dealing mainly with agricultural structures) with limited territorial aspects.

Agenda 2000 established rural development policy as the second pillar of the EU's Common Agricultural Policy and brought rural development under a single regulation to apply across the whole of the European Union for the period 2000-2006. Besides agricultural restructuring, it addressed environmental concerns and the wider needs of rural areas.

The guiding principles are those of decentralisation of responsibilities - thus strengthening subsidiarity and partnership - and flexibility of programming based on a 'menu' of 22 measures (extended to 26 with the mid-term review of the CAP) to be targeted and implemented according to Member States' specific needs.

As a coherent package of measures it has three main objectives:

- (1) To create a stronger agricultural and forestry sector, the latter recognised for the first time as an integral part of the rural development policy;
- (2) To improve the competitiveness of rural areas;
- (3) To maintain the environment and preserve Europe's rural heritage.

In 2003, the mid-term review of the CAP added new measures to promote quality and animal welfare, and help for farmers to meet new EU standards. It also led to a strengthening of rural development policy via the provision of more EU money for rural development through a reduction in direct payments ('modulation') for bigger farms.

In September 2005, the Council of Ministers adopted a Rural Development regulation for the period 2007-2013. Rural Development will be implemented through one fund, one management and control system and one type of programming. The aims of the policy have been simplified and clarified around three clearly defined economic, environmental and territorial objectives:

- (1) improving the competitiveness of agriculture and forestry;
- (2) improving the environment and the countryside;
- (3) improving the quality of life in rural areas and encouraging diversification of economic activity.

## 1.2. Data sources and issues

Most of the information presented in this report can already be found in various sources and documents (Eurostat databases, European Environmental Agency, DG AGRI statistical and financial reports), but has been compiled in a structured way in a single document.

This report contains in general two types of information:

- (1) statistical and scientific information on the main features of rural areas,
- (2) administrative information on the status of the implementation of Rural Development Policy (physical and financial monitoring of the measures).

In order to ensure the highest relevance of the data to current issues in rural development, priority has been given to the set of common "baseline" indicators which has been proposed in the context of the Common Monitoring and Evaluation Framework (CMEF) for Rural Development Programs 2007-2013<sup>1</sup>.

Three important data issues need to be mentioned:

- (1) Weaknesses concerning the data availability,
- (2) The absence of a common fully satisfactory definition of "rural" areas,
- (3) The complexity of reporting the implementation due to the various financial instruments funding EU-27 RD policy.

### **1.2.1. Limited data availability**

- For rural development analysis, there is a need for a detailed geographical breakdown. This is obvious for the environmental aspects but is also necessary for the diversification and the quality of life in local economies.  
However, it should be stressed that the purpose of the information presented in this report is not to monitor, for example, the specific environmental situation in a particular area or the socio-economic development in a particular village, but rather to assess overall trends and diversity of situations.
- The need for detailed geographical breakdown has a secondary effect on the availability of time series as the delineation of many geographical units has evolved over times (e.g. some regions have been merged or split, or their boundaries have been modified). Building time series with a detailed geographical breakdown is therefore very resource intensive. Therefore time-development is provided only for a few indicators.
- Baseline indicators of CMEF for rural development 2007-2013 have been developed in an operational context, based largely on data availability (even if sometimes limited). Therefore, the list of selected indicators benefited from existing or ongoing work. Some other indicators have been extracted from the lists of Structural Indicators or Sustainable Development Indicators developed by Eurostat. Agri-environment indicators are largely based on the results of IRENA operation. This project was the basis for the Commission's Communication "Development of agri-environmental indicators for monitoring the integration of environmental concerns into the common agricultural policy"<sup>2</sup>.
- For some of the issues concerned, the data sources are not statistical series but the results of modelling or mapping techniques. Results are therefore closely linked to the methodology applied.

### **1.2.2. The definition of "rural" areas**

Although "rural" areas have been analysed in many countries for decades, there is no single commonly internationally accepted definition. The main reasons are as follows:

- (1) the various perceptions of what is (and what is not) rural and of the elements characterizing "rurality" (natural, economic, cultural, etc),
- (2) the inherent need to have a tailor-made definition according to the "object" analysed or policy concerned,

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<sup>1</sup> [http://ec.europa.eu/agriculture/rurdev/eval/index\\_en.htm](http://ec.europa.eu/agriculture/rurdev/eval/index_en.htm)

<sup>2</sup> COM(2006) 508 final In December 2006, the "Agriculture and Fisheries Council" adopted Council conclusions that give a broad mandate to the Commission for continuing the work on the indicators along the lines proposed by Com(2006) 508 final.

- (3) the difficulty to collect relevant data at the level of basic geographical units (administrative unit, grid cell, plot, etc).

For statistical reporting, whatever the methodology adopted, the determining factor is the availability of statistics for the selected regional units. For the EU, it implies that the methodology must be able to define the "rural" character of the NUTS regions as most socio-economic data are usually only available at this level.

The Commission has consistently used the OECD methodology, e.g. in the Strategic Guidelines for RDP 2007-2013 and therefore this report defines rural areas using the OECD methodology. However, it should be noticed that the results of this methodology are sometimes considered as imperfectly reflecting the rural character of areas, particularly in densely populated regions<sup>3</sup>. For this reason, the OECD introduced in 2005 changes in the methodology to take into account the existence of urban centres (see Box 1).

This revised OECD methodology is applied for the first time in this report.

**Box 1.1: OECD methodology to define rural areas**

The OECD methodology is based on population density (OECD, Creating rural indicators for shaping territorial policy, Paris, 1994).

It is based on a two-step approach :

First, local units (e.g. municipalities) are identified as rural if their population density is below 150 inhabitants per square kilometre.

Then, regions (e.g. NUTS 3 or NUTS 2), are classified in one of the 3 categories:

- Predominantly Rural region (PR) : if more than 50% of the population of the region is living in rural communes (with less than 150 inhabitants / km<sup>2</sup>)
- Intermediate Region (IR) : if 15% to 50% of the population of the region is living in rural local units
- Predominantly Urban region (PU) : if less than 15% of the population of the region is living in rural local units.

Changes introduced in the second step of the methodology (OECD, Regions at the glance, Paris, 2005):

- if there is an urban centre > 200.000 inhabitants (in EU) representing no less than 25% of the regional population in a "predominantly rural" region, it is re-classified as "intermediate"
- if there is an urban centre > 500.000 inhabitants (in EU) representing no less than 25% of the regional population in an "intermediate" region, it is re-classified as "predominantly urban".

An "urban center" in Europe is defined as a local unit LAU2 (e.g. municipality) with a population density above 150 inhabitants per Km2 and total population above 200.000 inhabitants.

Characterisation of the rural character at regional level, where most of the statistics are available, allows drawing easily a picture of the different types of areas at national level.

As for the first step, the method requires information on population and areas at local level, the characterisation can only be made with a long periodicity (in general every 10 years when a population census is made).

The OECD methodology is the only definition of rural areas internationally recognised. However, the results of this methodology are sometimes considered as imperfectly reflecting the rural character of areas, particularly in densely populated regions. The methodology is therefore sometimes adapted or replaced by another approach.

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<sup>3</sup> For this reason, several initiatives have been launched in the European Commission (Eurostat, Joint Research Centre, DG Regional Policy, DG Agriculture and Rural Development) with a view to develop an alternative methodology.

### **1.2.3. *The various financial instruments funding EU-25 RD policy***

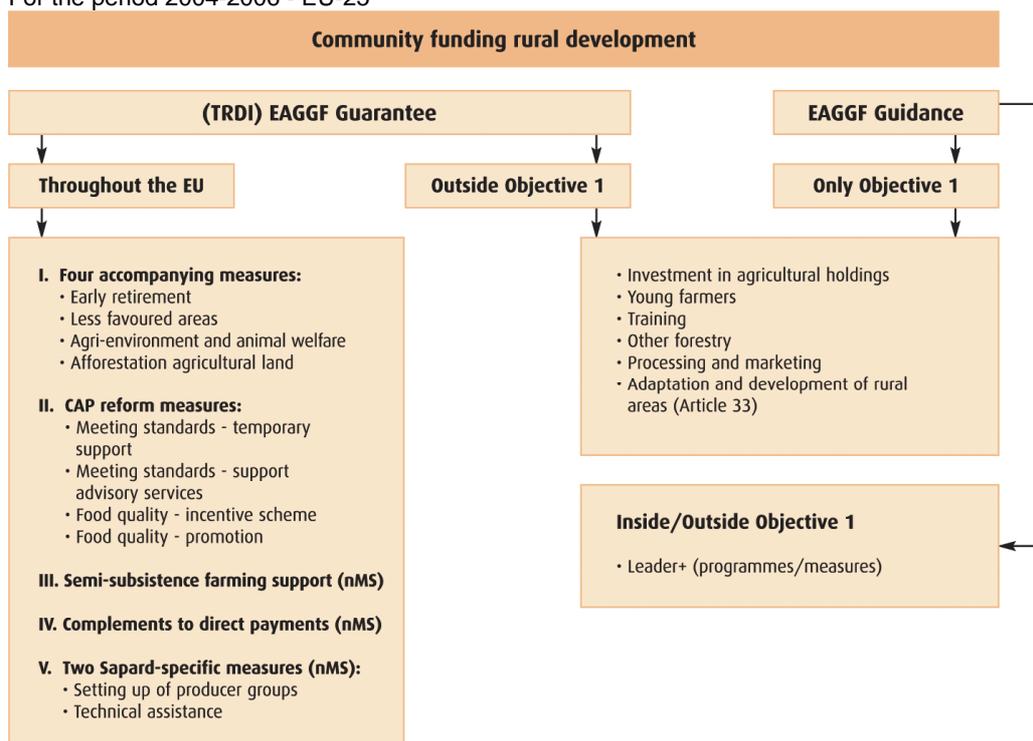
Due to the evolution of policy needs concerning rural development and to the enlargement of the European Union, rural development policy has been implemented through different financial instruments over the period 2000-2006 (see an overview in Box 1.2).

As the monitoring and financial information available for these various instruments are different, it is not possible to describe in a unified manner the implementation of RD policy.

For this first report, it has not been possible to consolidate all the information from the different instruments to give an EU-27 global picture for all aspects. A first part provides information on the monitoring of the measures funded by the Guarantee section of EAGGF for EU-25 in 2005, as very detailed information is available. It also gives some information from the monitoring of SAPARD in Bulgaria and Romania over the period 2000-2006. A second part is dedicated to the financial implementation of the various instruments over the period 2000-2006.

**Box 1.2: Community funding rural development**

For the period 2004-2006 - EU-25



Source: [DG AGRI \(2003\) - Fact Sheet Rural Development in the European Union](#)

For the period 2000-2006:

		2000-2003	2004-2006
EU-15	Outside Objective 1	EAGGF Guarantee for all measures (excl. Leader+)	
	In Objective 1	EAGGF Guarantee	
		EAGGF Guidance	
CY & MT	Outside Objective 1	SAPARD	TRDI
	In Objective 1		TRDI
			EAGGF Guidance
8 other NMS	Outside Objective 1	SAPARD	TRDI
	In Objective 1		TRDI
			EAGGF Guidance
BG & RO		SAPARD	

Leader+ (programmes/measures) are funded everywhere by EAGGF Guidance

EAGGF: European Agricultural Guidance and Guarantee Fund

SAPARD: Special Pre-accession Programme for Agriculture and Rural Development

