



*European Network for
Rural Development*

**Thematic Working Group 1: Targeting territorial
specificities and needs in Rural Development Programmes**

Case Study on Rural Areas Eligible for Axis 3 Measures

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Connecting Rural Europe

Rural Areas Eligible for Axis 3 Measures

In the current programming period, EU Member States and regions have chosen a variety of approaches in the use of axis 3 measures. These different approaches are closely linked with different socio-economic and structural characteristics of rural areas which have usually led to alternative definitions of rural areas for RDP purposes. Consequently, axis 3 measures have been utilized in a way that serves the aim of rural policy to focus on the development needs of these rural areas, in an effective manner.

Within this context, three case study examples are presented here which provide a variety of experiences in the use of Axis 3 measures; these study areas refer to – effectively - one EU Member State (Finland) and two regions, one in France (Languedoc-Roussillon) and the other in Germany (Hessen).

Definition

Finland

As the most sparsely-populated country in the EU, Finland did not use the OECD typology for defining rural areas for the purpose of the Finnish mainland RDP; instead, to design and implement a rural policy which effectively serves regional development needs, it opted for a classification of rural municipalities (LAU2) into urban-adjacent rural areas (89 LAU), rural heartland areas (142 LAU) and sparsely populated rural areas (143 LAU). All the above categories of rural area are eligible for Axis 3 measures; however, this case study focuses on sparsely populated areas, which are clearly defined in the Finnish RDP by reference to administrative boundaries and on maps, and occupy about 65% of the national territory.

Languedoc-Roussillon

In order not to exclude significant parts of the peri-urban zone (which includes a third of France's agricultural land and 35% of its farms) from rural policy intervention, France did not use the OECD definition for the purpose of its mainland RDP; instead, a concept of "peri-urban and rural crowns" was used as the basis for defining rural areas. Subsequently, three categories of space were defined, namely, predominantly urban space; predominantly rural space; and other rural communes. Based on this classification, the French authorities specified the second and third category, as well as part of the first (only peri-urban areas) as areas eligible for RDP intervention.

As a rural sub-category, the RDP identifies 'Organised rural territories', characterised by geographic, cultural and economic cohesion or social cohesion, as a domain for axes 3 and 4 intervention. These include so-called 'Pays' or Natural Regional Parks, each of which has an established local partnership and a local strategy focusing on environmental protection and related developmental activity. This case study focuses on the 'Organised rural territories' in the region of Languedoc-Roussillon.

In this region, thirteen Pays have been specified by the regional Prefect, characterised by significant differences in terms of population. The region also includes Natural Regional Parks, set up by groups of communes to pursue environmental protection and local socio-economic development. As partners, these communes sign a Charter of Partnership, which runs for 12 years and forms the basis for a Local Development Strategy.

Hessen

The significant heterogeneity of German rural areas, and the fact that responsibility for rural development rests with the *Länder*, have both led to exclusively regional definitions of rural areas for the purpose of RDP. In more densely populated *Länder* (such as Hessen) regional authorities utilize their "rural definitions" in the State Development Plan elaborated by the spatial planning authority). Rural areas tend to be defined as not containing densely populated area. The RDP for Hessen defines rural areas through reference to "context-related Baseline Indicators 1 and 2", subject to the exclusion of the Rhein-Main urban conglomeration and the city centres of Kassel, Fulda, Marburg, Gießen and Wetzlar. Further, areas eligible for Axis 3 measures are defined in Hessen as 'rural areas defined by reference to population density, structure of the economy and structure of employment'; these areas relate directly to, and form a large part of, overall rural areas in Hessen (as defined above), have administrative boundaries and are clearly defined by text and maps in the RDP.

Objectives

According to the Finnish RDP, sparsely populated rural areas suffer from depopulation, unfavourable age structures, agricultural decline and lack of non-farm employment opportunities. In response to these constraints, the RDP states the reverse of depopulation and the generation of new jobs as core development objectives. The scale of this priority is indicated by an RDP statement that measures aimed at rural economic diversification should have a "minimum of 80% of business financing allocated to rural heartland areas and sparsely populated rural areas, and a maximum of 5% allocated to urban areas". Similarly, measures aimed at improving the quality of life in rural areas should have "at least 70% targeted at rural heartland areas and sparsely populated rural areas".

In Languedoc-Roussillon, the regional element of the RDP states as main rural development objectives, the sustainment of economic activities in order to ensure a better repartition of population on the regional territory; the sustainment and valorisation of the natural and cultural heritage; the promotion of the local animation of local policies; the improvement of the economic and residential attractiveness of rural areas adapted to local strategy; and the creation of jobs through economic diversification.

The Hessen RDP states four main objectives, which apply to the whole regional rural territory. These include the decline of regional disparities; structural improvements in farming and food processing; the improvement of the environment through local level specific agri-environmental measures; and (most relevant to this case study) the maintenance and creation of value chains, in order to avoid out-migration of rural areas, using measures within axes 3 and 4.

RDP measures and resources

The Finnish RDP applies a range of measures from axes 3 and 4 in order to pursue rural policy objectives in sparsely populated areas. Axis 3 measures include 311 Diversification into non-agricultural activities; 312 Creation and development of micro-enterprises; 313 Encouragement of tourism activities; 321 Basic services for the economy and rural population; 322 Village renewal and development; 323 Conservation and upgrading of the rural heritage; and 331 Training and information. Axis 4 includes 111 Vocational training and information; 123 Adding value to agricultural and forestry products; 124 Cooperation for development of new products, processes and technologies in farm, food and forestry sectors; 214 Agri-environmental payments (all under 411 Implementing local development strategies); 421 Inter-territorial and transnational cooperation; and 431 Running the Local Action Group, acquiring skills and animating the territory. For these measures, the RDP devotes €5812 ml. (12.3% of the total RDP budget). However, this amount is not exclusively devoted

to sparsely populated areas, though it is explicitly stated that around 80% of Axis 3 funds should be allocated to rural heartland areas and sparsely populated rural areas.

In Languedoc-Roussillon, rural policy objectives in the Pays and Natural Regional Parks are pursued through measures 311 Diversification into non-agricultural activities; 312 Support for sustaining and creating micro-enterprises; 313 Promotion of tourism activities; 321 Basic services for the economy and the local population; and 341 Skills acquisition and animation with a view to preparing and implementing a local development strategy. Funding for these measures, related to the whole rural regional territory, totals €56.1 ml. (19.3% of the total regional RDP budget). However, the RDP does not indicate the proportion of these funds applying to 'Organised rural territories'.

In Hessen, rural policy objectives in the defined target area are pursued through measures 311 Diversification into non-agricultural activities (implemented only through axis 4); 312 Support for business creation and development (implemented only through axis 4); 313 Encouragement of tourism activities (implemented only through axis 4); 321 Basic services for the economy and rural population; 322 Village renewal and development; 323 Conservation and upgrading of the rural heritage (implemented only through axis 4); 331a Training and information measure for economic actors operating in the fields covered by Axis 3 (implemented only through axis 4); 341a Skills-acquisition and animation measure with a view to preparing and implementing a local development strategy; 413 Measures for improving the diversification of rural economy and improving the quality of life (i.e. 311, 312, 313, 323, 331); 421 Implementing cooperation projects; and 431 Running the local action group, acquiring skills and animating the territory. Dedicated funds amount to €230.2 ml. (34.8% of the total RDP budget), with a considerable €158 million devoted to Measure 322.

Beneficiaries

The Finnish typology is utilized to differentiate investment support aid in the case of measures 123, 311 and 312. Firms located in sparsely populated rural areas are eligible for higher support rates (ranging between 25 and 35% of investment costs), especially if they are small- or micro-enterprises. Beneficiaries include actors in agricultural, forestry and food sectors, including micro-enterprises (measures 111, 123, 124), farmers (214), members of farm households (311), rural micro-enterprises (312, 313) and private and public law bodies (321, 322, 323, 331). LAGs are responsible for implementing the above measures in sparsely populated rural areas.

In Languedoc-Roussillon, beneficiaries include farm household members with a support rate of 50% in LFAs and 40% elsewhere (measure 311); local authorities, associations, group of towns, pays and parks as contracting authorities with support rates set between 50 and 80% (measure 313); local authorities, group of towns, public establishments and associations (measure 321); and pays, parks, group of towns, local authorities, cooperatives and other collective structures for measure 341. In both the last two measures, the maximum public support rate is 80%.

In Hessen, beneficiaries for the different measures and public support rates (which differ according to action type, budget-size and sub-region of Hessen) are:

- 311: agricultural holdings; 10 to 30% of total cost.
- 312: Legal persons of private law; 30 to 50% of total cost.
- 313: Communities, natural and legal persons according to private law, water and soil-board and other equal boards; 30 to 70% of total cost.
- 321: Natural and legal persons according to private and public law; 30 to 70% of total cost.
- 322: public and private bodies of communities; 30 to 65% of total cost.
- 323 and 331: public and private bodies; 30 to 70% of total cost
- 341: public and private bodies and Local Action Groups; 70% of total cost.

- 413: Same beneficiaries as described to Axis-3-measures.
- 421 and 431: Local Action Groups; 70% of total cost.

Targets

In Finland, targets set up in the case of measures which are largely specific to sparsely populated rural areas are as follows:

- Measure 311: 5000 beneficiaries; 3700 jobs generated.
- Measure 312: 4000 micro-enterprises assisted; 4500 jobs generated.
- Measure 313: 600 units supported in the tourism sector.
- Measure 321: 400 projects funded.
- Measure 322: 1200 projects; 1000 villages to benefit.
- Measure 323: 800 plans approved.
- Measure 331: 300 applications approved; 50000 persons participating in training activities
- Measure 41: 7000 projects approved; 5000 beneficiaries; 2000 jobs generated.

In Languedoc-Roussillon, targets specified are:

- Measure 311: 300 beneficiaries.
- Measure 313: 130 units supported in the tourism sector.
- Measure 321: 300 projects funded.
- Measure 341: 14 animation actions.

In Hessen, targets specified are:

- Measure 311: 332 projects; 247 jobs generated.
- Measure 312: 210 projects; 250 jobs generated.
- Measure 313: 245 units supported in the tourism sector.
- Measure 321: 536 projects funded; 71 jobs created.
- Measure 322: 260 projects.
- Measure 323: 70 plans; 15 jobs created.
- Measure 331: 1200 applications approved.
- Measure 341: 3460 participants.

Other funds

The Finnish RDP states that ERDF, ESF and EFF may provide support activity to sparsely populated areas, especially in Eastern and Northern Finland, where rural development challenges are the greatest. In fact, LAGs, which cover the whole of the sparsely populated areas and deliver most of RDP measures there, can also negotiate funding from ERDF, ESF or EFF to assist in implementing their local development strategies. However, resources from these programmes are not specified. Also, the RDP does not refer to other types of national funding, despite the fact that Finland applies – through its wider Rural Policy – the concept of 'broad' rural development, which relates to coordination between different policies and government funding.

Similarly to the Finnish example, in Languedoc-Roussillon, the regional element of the RDP states that ERDF and ESF may apply to the organised rural territories. Also, inter-regional programmes for 'Massif Central' and 'Pyrénées' can also support the strengthening of the tourism sector, while further development funds may originate from the 'Contract of Project State-Region', which gives priority to valorisation of human capital by supporting higher education, research in innovation and training, support to enterprise and the agricultural sector especially viticulture, support for transport, health

and cultural infrastructure. The RDP gives no indication of the scale of funding from any of these non-EAFRD sources.

In Hessen, integrated local development strategies are supported in defined Leader regions, exclusively through the RDP exclusively. However, individual projects may also be supported through resources from the ERDF, ESF and EFF; however, the RDP provides no indication of the scale of resources from these programmes.

Coherence

In Finland, coherence between strategic objectives, measures and funds appears to be high. Financial resources are focused on most disadvantaged rural areas (i.e. sparsely populated areas and rural heartland areas) which face several development constraints, and the vast majority of axes 3 and 4 funds is directed at these areas. Measures applied to sparsely populated areas can be implemented through Local Action Groups, which "... implement strategic, systematic rural development driven by local needs in accordance with the bottom-up principle, which provides each rural area with precise solutions for improving the opportunities for employment and earning a living.....The bottom-up orientation is key to the Leader approach. This approach is founded on each area and its needs". Further, LAGs can enlist the support of ERDF, ESF and EFF in the context of an integrated development approach.

In Languedoc-Roussillon, the local development approach which defines rural areas in terms of cohesion characteristics, creates local partnerships, and produces local development strategies pursuing environmental and socio-economic benefits at the territorial level, is arguably coherent. On the other hand, by reference to the Languedoc-Roussillon RDP, it is not possible to judge the adequacy of the measures and resources that are applied, from within and beyond the EAFRD, to address the needs and to meet the stated objectives of these territories.

Finally, the provisions in the Hessen RDP appear to be relevant to the needs of the defined territories, notably linked to the problems of the northern and middle parts of this region.

Conclusion on Rural Areas Eligible for Axis 3 Measures

The above three examples provide a variety of experience in the use of axis 3 measures. Finland offers a coherent approach to meeting the severe needs of sparsely populated areas in a systematic, integrated way in accordance with the bottom-up principle, and through the use of resources within and outside the EAFRD. Languedoc-Roussillon illustrates the French approach to local development, focused on areas which have geographic, cultural and economic or social cohesion, the creation of local partnerships, the production of local development strategies, and the close link between protection of environment and heritage and promotion of socio-economic development. Hessen offers an example of the use of axis 3 measures, implemented through LAGs, to address the problems of out-migration in rural areas.