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Andrew F. Fieldsend

Research Institute of Agricultural Economics, Zsil utca 3-5, 1093 Budapest, Hungary  
andrew.fieldsend@aki.gov.hu

## Putting rural at the centre of the European Union's cohesion policy

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**Abstract:** *The European Union's cohesion policy and its Structural Funds are key delivery mechanisms to achieve the priorities of smart, sustainable and inclusive growth but there is evidence that rural areas may be receiving an inadequate share of this funding. In the period 2014 to 2020, intermediate and predominantly rural NUTS2 regions in eastern European Member States (EU9) and those regions in southern European Member States (EU7) with high agricultural employment rates are likely to be the main recipients of around of 80% of cohesion funds. This paper contrasts the economic prosperity and employment situation in rural and urban NUTS2 regions of the EU and, in the context of the findings of the EU Framework 7 project 'RuralJobs', argues that rural development actors should look beyond CAP funding and adopt an integrated approach which better mobilises Structural Funds, and national and private sector funding, to promote rural employment creation and economic prosperity.*

**Keywords:** *rural employment, natural capital, Structural Funds, CAP, European Union.*

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### Introduction

The European Union's Sustainable Development Strategy (EU SDS) has four key objectives, namely 'environmental protection', 'social equity and cohesion', 'economic prosperity' and 'meeting our international responsibilities', (EU, 2006). The EU SDS recognises the role of economic development in facilitating the transition to a more sustainable society. Economic prosperity is to be achieved by promoting 'a prosperous, innovative, knowledge-rich, competitive and eco-efficient economy which provides

high living standards and full and high-quality employment'. The EU SDS is complemented by the Europe 2020 strategy (EC, 2010a) which is designed to turn the EU into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion. EC (2010a) notes that 'cohesion policy and its Structural Funds ... are key delivery mechanisms to achieve the priorities of smart, sustainable and inclusive growth in Member States and regions' (p.20).

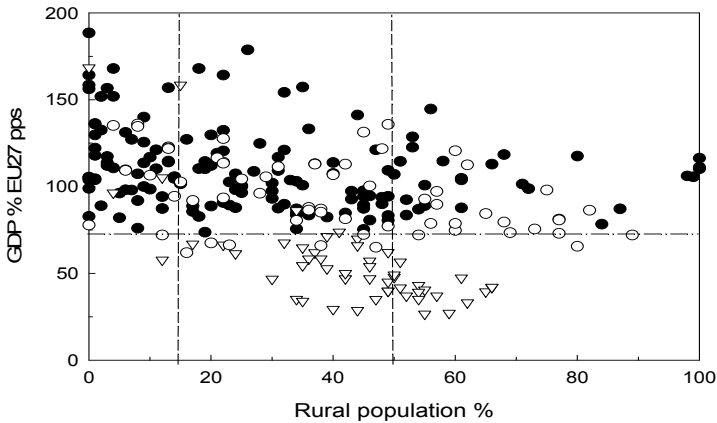
EU cohesion policy is designed to reduce the gap in the levels of development of the different regions of the EU, in order to strengthen economic and social cohesion (EC, 2007a). For the period 2007-2013 the available resources amount to just over EUR 347 billion at 2007 prices allocated as follows: EUR 201 billion for the European Regional Development Fund (ERDF), EUR 76 billion for the European Social Fund (ESF), and EUR 70 billion for the Cohesion Fund. Eligibility for most of the two Structural Funds (the ESF and the ERDF) is determined on the basis of the gross domestic product (GDP) per capita, measured in purchasing power parities and calculated for the period 2000 to 2002, of NUTS2 regions relative to that of the EU25. In brief, Structural Funds are allocated according to three objectives:

- Convergence, applicable to NUTS2 regions with a GDP of less than 75% of the EU-25 average;
- Regional competitiveness and employment, applicable to NUTS2 regions not covered by the convergence objective;
- European territorial cooperation, applicable to some NUTS3 border regions.

The available funding is allocated as follows: 81.5% (including the Cohesion Fund of just under EUR 70 billion) for the convergence objective, 16% for the Regional competitiveness and employment objective, and 2.5% for European territorial cooperation objective. Thus, over EUR 213 billion of Structural Funds are available for the poorer NUTS2 regions. However, it has been estimated by DG Regio that only 20% of all ERDF money will be allocated to rural areas in the 2007-2013 programming period (DIACT, 2008). This is despite the fact that 27.9% of the population of the EU27 lives in LAU2 regions defined by the OECD as rural (i.e. with a population density below 150 inhabitants per km<sup>2</sup>), and that these account for 82.8% of the land area (EU, 2010). According to the new EU urban-rural classification, 32.1% of the population lives in 'rural grid cells' which cover 96.2% of the land area of the EU27.

By contrast, the budget for the European Agricultural Fund for Rural Development (EAFRD), i.e. the 'Pillar 2' funding for rural development, is EUR 96 billion (EC, 2010b). Of this, EUR 76 billion is dedicated to supporting the agricultural sector through Axes 1 (competitiveness) and 2 (land management). Axes 3 (wider rural development) and 4 (Leader approach), which together are allocated EUR 18.5 billion, fund both agricultural and non-agricultural rural development projects. It is clear from this comparison that Structural Funds are a much larger (by a factor of over ten) source of funding for rural development, broadly characterised as a process to enhance the quality of life of rural residents and the

economic performance of rural areas, than is the Common Agricultural Policy (CAP), but that rural areas may be receiving an inadequate share of this funding.



**Figure 1. Relationship between the GDP per head (PPS) of EU NUTS2 regions expressed as a percentage of the EU27 value and the percentage of the population living in LAU2 regions defined by the OECD as rural\***

- mean of data from 2006-2008, with a population density below 150 inhabitants per km<sup>2</sup>

\*Filled circles: EU11 Member States (Austria, Belgium, Denmark, Eire, Finland, France, Germany, Luxemburg, the Netherlands, Sweden and the UK); open circles: EU7 Member States (Cyprus, Greece, Italy, Malta, Portugal, Slovenia and Spain); triangles: EU9 Member States (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia). Three regions with GDP levels exceeding 200% (Inner London, Brussels Hoofdstedelijk Gewest, and Luxembourg (Grand-Duché)) are not shown.

Source: Eurostat.

The EU Framework 7 project RuralJobs ([www.ruraljobs.org](http://www.ruraljobs.org)) developed a conceptual framework (Rural Europe 2+2+) for a rural employment policy for the EU based on two complementary ideas (Fieldsend, 2011). Firstly, although there is no simple definition of rural employment, creating jobs in rural areas which are driven in different ways by 'natural capital' (DFID, 1999) can be considered to be the rural dimension of a regional employment strategy. The drivers of rural employment which arise from the sustainable exploitation of natural capital consist of two groups of two, as follows:

- Production using (a) renewable (e.g. land, sunlight, wind, water and tidal power) or (b) non-renewable (e.g. coal, gas, oil and other minerals) natural resources. These uses are particularly relevant to the agri-food and energy supply chains but also provide raw materials for construction and other sectors;
- Consumption by (a) non-residents of the territory including visitors and (b) residents of the territory. The latter is a commonly overlooked aspect, but natural capital is an important factor in encouraging people (including entrepreneurs who set up their own businesses and the retired) to remain in, or relocate to, rural areas. The 'consumption' role of rural areas is therefore relevant not just to the tourism sector but also to several others such as Knowledge Intensive Business Services and health and social work.

Secondly, the other components of the ‘sustainable livelihoods framework’ developed by DFID (1999), namely the financial, human, physical and social capital in rural areas, must be developed in parallel with their natural capital. Thus, RuralJobs formulated five ‘strategic orientations’ which focus on the most important policy targets for employment creation across the EU. SO1 is to focus directly on the development of key growth sectors linked to natural capital. SO2-SO5 are as follows: SO2. Reinforce the local rural economy (e.g. by providing rural business advisory services); SO3. Improve skills and labour market participation in rural areas; SO4. Develop infrastructure and services; and SO5. Ensure proper implementation of the strategy through support actions (including encouraging community participation in rural economic development).

Rural Europe 2+2+ is consistent with the place-based development approach advocated by Barca (2009). The objective of this latter policy concept is to reduce persistent ‘inefficiency’ (underutilisation of resources resulting in income below potential) and persistent ‘social exclusion’ (primarily an excessive number of people below a given standard in terms of income and other features of well-being). Thus in rural areas the focus should be on the efficient use of natural capital facilitated by addressing weaknesses within the territory such as low skills levels and access to services (Fieldsend, 2011). Barca (2009) argues that in future EU cohesion policy there needs to be greater coherence with the territorial policy concept through integrated, place-based development strategies.

There has recently been a debate on whether rural development in the EU can most appropriately be addressed by the CAP or cohesion policy (IEEP, 2009). This has been resolved to the extent that ‘rural development’ will remain part of Pillar 2 of the CAP. This paper contrasts the economic prosperity and employment situation in rural and urban NUTS2 regions of the EU and, in the context of the findings of the RuralJobs research, argues that in the forthcoming EU programming period (2014-2020) rural development actors should look beyond CAP funding and adopt an integrated approach which better mobilises Structural Funds, and national and private sector funding.

## Methodology

All EU NUTS2 regions were included in the analysis with the exception of the four French *départements d’outre-mer* (Guadeloupe, Guyane, Martinique and Réunion), and the Spanish Ciudad Autónoma de Ceuta and Ciudad Autónoma de Melilla which are located in Africa. Most data were taken directly from the Eurostat website with the exception of data for percentage of population (a) living in LAU2 units defined as rural (OECD definition) and (b) living within 45 minutes driving time from centroids of cities with at least 50,000 inhabitants that were kindly supplied by Hugo Poelman (pers. comm., 7 May 2009) and that were the data source used by Dijkstra and Poelman (2008). These data were recalculated to NUTS2 level.

Regions are defined as predominantly urban (PU), intermediate (IR) and predominantly rural (PR) according to the percentage of the population living in 'local units' (usually LAU2 regions) with a population density below 150 inhabitants per km<sup>2</sup> (OECD, 2010). The final step of redefining regions with large urban centres was however not applied. Thus, six regions (Yugozapaden, Oberbayern, Aragón, Latvia, Łódzkie and Stockholm) remain defined as IR instead of PU and one (Västsverige) as PR instead of IR.

In lieu of the usual EU15-EU12 distinction which is becoming increasingly outdated, in this paper EU Member States are grouped as follows: EU11: Austria, Belgium, Denmark, Eire, Finland, France, Germany, Luxemburg, the Netherlands, Sweden and the UK; EU7: Cyprus, Greece, Italy, Malta, Portugal, Slovenia and Spain; and EU9: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia.

The RuralJobs research referred to in this paper was conducted in five contrasting NUTS2 regions across the EU. The case study areas were sub-NUTS3 level as labour market areas were used as the unit of study where possible (Fieldsend, 2010). There were two case study areas in France, Hungary and the UK, and one in each of Bulgaria and Romania (Table 1).

**Table 1. Case study regions included in the RuralJobs research**

Name of case study area	NUTS2 region and country
1. Pazardjik agglomeration area (AA)	South-Central Region, Bulgaria
2. Pays de Tulle	Corrèze, Limousin Region, France
3. Pays de Guéret	Creuse, Limousin Region, France
4. Hajdúszoboszló Local Labour System (LLS)	North Great Plain Region, Hungary
5. Karcag Local Labour System (LLS)	North Great Plain Region, Hungary
6. Bistrița-Năsăud county	North West Region, Romania
7. The Chelmsford and Braintree Travel to Work Area (TTWA)	Essex, East of England, UK
8. Thames Gateway South Essex	Essex, East of England, UK

## Results

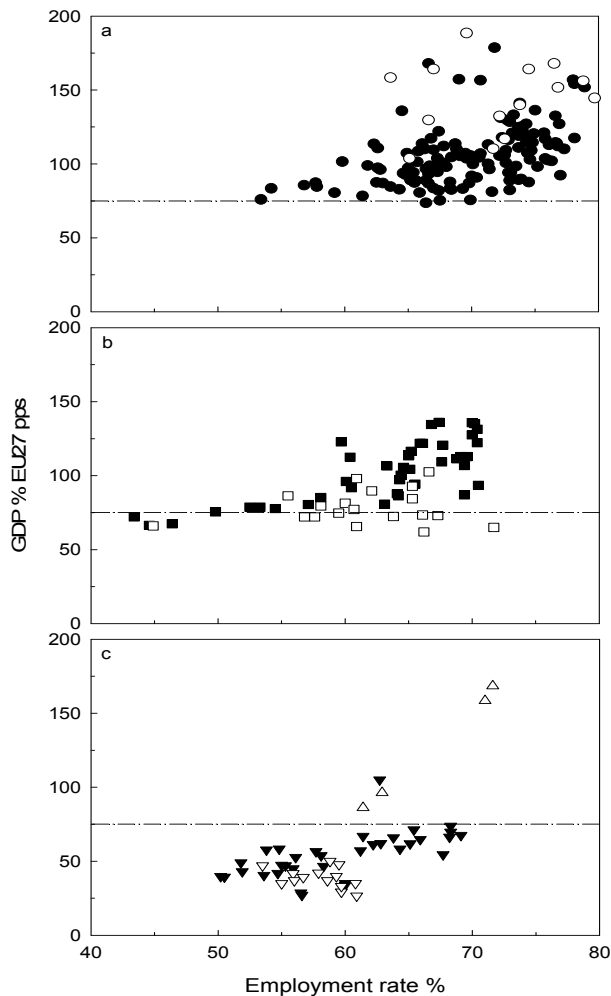
GDP per inhabitant, expressed in terms of purchasing power standards (PPS), is the most commonly used indicator of macro-economic activity and, by implication, of regional economic prosperity. Across the EU27, despite a high level of data scatter, Figure 1 suggests that there is a slight negative correlation between GDP (mean of data for the period 2006-2008) at NUTS2 level and the percentage of population living in rural areas. For example, only one PU region (i.e. with less than 15% of the population living in rural areas) is a 'low GDP' region, i.e. has a GDP which is less than 75% of the EU27 average (Slaskie in Poland). However, most low GDP regions are located in the EU9. Although no EU11 or EU7 PR regions may be defined as 'very high GDP' regions, i.e. have a GDP in excess of 150%, few have a GDP below 75%. PR regions are relatively

more common in the EU7 than in the EU11, but their GDP, while on average is lower than in the EU11, is clearly higher than in the EU9.

The three groupings of Member States show clear differences in terms of employment rate, GDP, and the relationship between the two (Figure 2). Employment rate exceeds 60% in almost all regions in the EU11 and GDP is (only just) less than 75% of the EU27 average in one (West Wales). In 17 regions, in-commuting is estimated to increase GDP by 6% (the precise choice of threshold is constrained by the source data) or more (EC, 2007c, p.36, 2003 data). Of these, 14 are shown in Figure 2a and the other three are Inner London, Brussels Hoofdstedelijk Gewest, and Luxembourg (Grand-Duché), which have GDP values in excess of 200%. Excluding these from the analysis, a function of the form  $y = 1.80x - 20.0$  can be fitted to the data ( $r^2=0.23$ ). According to Eurostat 2007 data, the Dutch NUTS2 region of Groningen may also benefit from in-commuting, from neighbouring Drenthe. There are a further three regions in the EU11 where GDP exceeds 150% and employment rate is under 70%. Two of these, Southern and Eastern, and Île de France, are locations of capital cities (Dublin and Paris) which tend to have high concentrations of economic activity (EC, 2007c), while Darmstadt includes the financial centre of Frankfurt.

In the EU7, where no regions benefit from in-commuting in terms of an increase in GDP by 6% or more, the relationship between employment rate and GDP is comparable to that which applies to most NUTS2 regions in the EU11 (Figure 2b). A function of the form  $y = 1.85x - 20.3$  can be fitted to the data ( $r^2=0.35$ ). Few regions have a GDP which is less than 70% of the EU27 average. There is however a much larger percentage of regions in the EU7 (mainly the south of Italy) with employment rates below 60%. Also, many EU7 regions, particularly in Greece and Portugal, have high rates of agricultural employment (10% or more) and GDP tends to be lower in these regions for any given employment rate.

By contrast, there is a quantitatively different relationship between employment rate and GDP in the EU9 (Figure 2c). GDP exceeds 75% of the EU27 average only in five regions, all of which include capital cities and in four of which in-commuting is estimated to increase GDP by 6% or more. The exception is Közép-Magyarország where the labour market area for Budapest approximately coincides with the territory of the NUTS2 region (Radvánszki and Sütő, 2007). Excluding the four regions with significant in-commuting, a function of the form  $y = 1.72x - 51.6$  can be fitted to the data ( $r^2=0.31$ ). Thus, for any given employment rate, GDP in these regions is substantially lower than in the EU11 and EU7. Even regions with employment rates approaching 70% have a low GDP and some, especially in Romania, combine employment rates of around 60% with a high proportion of employment in agriculture and GDPs under 40% of the EU27 average.



**Figure 2. Relationship between the GDP per head (PPS) of EU NUTS2 regions expressed as a percentage of the EU27 value and the percentage of the working age population in employment (mean of data from 2006-2008)\***

\* For (a) EU11 Member States; (b) EU7 Member States and (c) EU9 Member States. See Figure 1 for Member State groupings and excluded regions. Open circles in (a) and open triangles up in (c): NUTS2 regions where GDP is estimated to be increased by 6% or more owing to in-commuting (EC, 2007c, 2003 data); open squares in (b) and open triangles down in (c): NUTS2 regions where the percentage of agricultural employment exceeds 10% of all employment (mean of data from 2007 and 2008).

Source: Eurostat.

In the EU11, there is little difference between PU, IR and PR regions in the mean values for GDP (Table 2) or employment rate (Figure 3). If the 11 PU regions whose GDP is estimated to benefit from in-commuting by 6% or more are removed from the calculation, the mean GDP for this group falls to 103. The mean employment rate is close to 70% for all three groups of regions.



Employment in agriculture increases from an average of 1.4% of all employment in PU regions to 5.1% in PR regions, whilst employment in financial intermediation and real estate declines from 16.2% to 10.9%. In all three types of region, on average approximately 34% of jobs are in public administration and related sectors.

**Table 2. Mean values for EU NUTS2 regions, categorised by Member State group and the OECD regional typology\***

Member State group	OECD regional typology	Number of regions	GDP % of EU27 mean	Employment rate %	Rural population %	Accessibility to urban centres		
						Mean %	Max %	Min %
EU11	PU	53	125	69.4	5	100	100	94
	IR	71	106	69.4	32	95	100	42
	PR	27	105	71.2	69	58	98	0
EU7	PU	12	110	63.7	9	98	100	95
	IR	31	97	63.4	33	83	99	61
	PR	19	85	60.3	67	40	98	0
EU9	PU	5	117	64.4	9	98	100	94
	IR	32	54	60.7	40	82	100	58
	PR	15	40	56.2	57	75	96	62

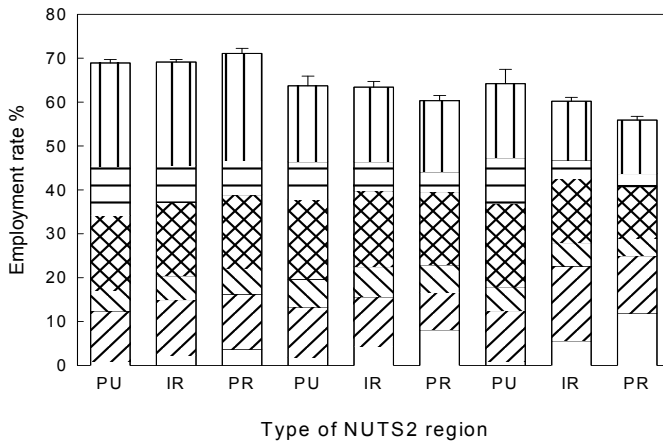
\* For GDP per head (PPS) as a percentage of the EU27 mean, employment rate of the working age population, and percentage of the population living in LAU2 regions defined by the OECD as rural. Also mean, maximum and minimum values for the percentage of the population living within 45 minutes driving time from centroids of cities with at least 50,000 inhabitants.

Source: Eurostat.

There is a more noticeable decline in mean GDP between PU, IR and PR regions in the EU7 (Table 2), and also evidence of a decline in employment rates (Figure 3), which are several percentage points below those in the EU11. There is a more marked increase in agricultural employment, from 2.9% in PU regions to 13.4% in PR regions. Employment in financial intermediation and real estate declines markedly from 13.5% to 7.5%, whilst in public administration and related sectors it is almost constant at around 27%.

In the EU9, GDP declines from 117% in PU regions to just 40% in PR regions (Table 2) whilst employment rates decline from 64.4% to 56.2% (Figure 3). Differences in employment by sector are marked: agricultural employment increases from 1.4% to 21.2%, and employment in financial intermediation and real estate declines from 16.2% to 5.3%. Uniquely, there is a strong decline in public administration and related sectors employment, from 26.3% in PU regions, to 22.1% in IR regions and 21.8% in PR regions. In terms of absolute numbers of jobs, this is compounded by the lower employment rates in the latter.

The mean percentage of the population living in rural areas of PR regions is lower (57%) in the EU9 than in the EU11 (69%) and EU7 (67%), but this is reversed for IR regions (Table 2). In all PU regions, according to the data supplied by Hugo Poelman, almost the entire population can, as might be expected, access urban centres. In PR regions, the mean value is 58% in the EU11, 40% in the EU7 and 75% in the EU9, although there is considerable variation within each group of Member States.



**Figure 3. Percentage of working age population employed by broad industry sector in EU predominantly urban (PU), intermediate (IR) and predominantly rural (PR) NUTS2 regions (mean of data from 2007 and 2008)\***

\* See Figure 1 for Member State groupings. Plain: agriculture (NACE codes A,B); hatched: industry (C,D); opposite hatched: construction (E); cross hatched: trade, hotels and restaurants, transport (G-I); horizontal lines: financial intermediation, real estate (J,K); vertical lines: public administration etc (L-Q). Error bars = +1 SE.

Source: Eurostat.

## Discussion

At the (NUTS2) regional level, the route to ‘economic prosperity’ as described by the EU SDS is broadly appropriate not just for predominantly urban regions across the EU27, but probably for most regions in the EU11. RuralJobs research in rural areas of Essex, UK and Limousin, France has shown that the economic situation of these areas, and the regions of which they are part, fits the description closely. Most EU11 regions qualify for Structural Funds via the Competitiveness and employment objective (Figure 2a) and their populations can access a relatively plentiful supply of jobs, notably knowledge-based jobs, including (via daily commuting) from, if not in, rural areas.

However, it is clear that the description is far removed from reality in some other rural areas, particularly in the EU9. Here the GVA in many sectors traditionally associated with such areas is low. Although commuting to work in

urban centres can again be a means of increasing rural employment rates, in some regions, for example, in Pazardjik AA even the urban centre may not provide adequate numbers of jobs. It can be argued, however, that rural areas make a contribution to regional sustainability in excess of their economic contribution in the form of open space for recreation etc. Rural communities (not just farmers) are the custodians of rural areas. Thus, decisions on the provision, or withdrawal, of rural public services cannot be based on financial criteria alone. Quite apart from the fact that withdrawal of rural public services simply passes the cost of access onto the user, who may have to travel to an urban centre, such decisions can only be made in the context of the wider contributions of rural areas to regional sustainability.

### *Alignment of programmes*

In the period 2014-2020, the EC foresees an amount of EUR 376 billion for economic, social and territorial cohesion, including EUR 68.7 billion for the Cohesion Fund. Regarding Structural Funds, it is proposed that regions will receive support within three defined categories (EC, 2011):

- Less developed regions, whose GDP is below 75% of the EU-27 average, will continue to be the top priority and will share EUR 162.6 billion.
- Transition regions, whose GDP is between 75% and 90% of the EU-27 average, will share EUR 38.9 billion.
- More developed regions, whose GDP per capita is above 90% of the average, will share 53.1 billion.

Thus, IR and PR NUTS2 regions in the EU-9 (Figure 1) and those regions in the EU-7 with high agricultural employment rates (Figure 2b) will be the main recipients of around of 64% of Structural Funds and most of the Cohesion Fund. The scope (and need) for increasing employment and economic prosperity is greatest in these regions. Whilst employment rates in many EU7 regions are low, in many EU9 regions productivity rates are also low (Figure 2c, EC, 2007c, p.40). Using 2007 data, the increase in GDP per head resulting from raising employment rate (20-64 years) to the Europe 2020 target of 75% was estimated to exceed 25% in many EU7 and EU9 regions (Anon., 2010). By contrast, in most EU11 regions the increase would probably be 5% or less. Hence the new convergence objective must recognise the particular importance of rural territories and communities in the regions it targets. The 'Transition' category would cover 51 regions and more than 72 million people, and is eligible for around 15% of Structural Funds. Almost all of these would be IR and PR regions (Figure 1) including several with high agricultural employment rates (Figure 2b).

There is a need for a more integrated approach to rural development (employment) policy and funding, and the EU's proposed legislative package (EC, 2011) includes a Common Strategic Framework (CSF) which sets common rules governing the ERDF, the ESF, the Cohesion Fund, the EAFRD

and the European Maritime and Fisheries Fund. 'Investment for growth and jobs' and 'European territorial cooperation' will be the goals. The funding programmes themselves will be better aligned with each other to increase their impact. This must not mean trying to target individual programmes even more precisely, as this can create inflexibility and funding gaps, and indeed the CSF defines a set of 11 thematic objectives in line with the Europe 2020 strategy that will be common to all five funds. For the ERDF, the ESF and the Cohesion Fund, the development of 'multi-fund' programmes will be an option for Member States (EC, 2011). Implementation will be via Partnership Contracts with Member States which set out an integrated approach for territorial development. Programmes should be investment-orientated and objective-focused rather than subsidy-orientated and beneficiary-focused so as to maximise their favourable impacts on the region as a whole, including with respect to employment. The proposed 'ex post' conditionality provisions (EC, 2011) are intended to strengthen the focus on performance and the attainment of the Europe 2020 objectives.

A consequence of a separate rural development programme is that many rural development actors tend to only target these funding streams instead of the larger sources of 'mainstream' funding (such as Structural Funds and national and private sector funding) which could be used to the benefit of rural areas. For example, the improvement of human capital, skills and adaptability, as described in RuralJobs SO3 (Fieldsend, 2011), is necessary in support of rural job creation. This should be funded not only from the vocational training measures of the EAFRD but also from the ESF, via 'mainstream' training programmes which are properly designed to ensure their effective delivery in rural areas. For example, trainers should come out to rural areas (the larger villages or at least market towns) and/or part-day training should be offered so that smaller employers can afford to release their employees. In view of the linkages between urban and rural areas, eligibility of funds should not be constrained by urban-rural boundaries. Individual projects would define their territories of intervention.

### ***Mobilising the population around the strategic plan***

The Partnership Contracts proposed for the 2014-2020 funding period are expected to be prepared by Member States with the involvement of partners in line with the multi-level governance approach, to ensure the ownership of planned interventions by stakeholders and to build on the experience and know-how of relevant actors (EC, 2011). Each Member State will be expected to organise a partnership with the representatives of competent regional, local, urban and other public authorities, economic and social partners, and bodies representing civil society, including environmental partners, non-governmental organisations, and bodies responsible for promoting equality and non-discrimination.

Barca (2009) advocates ‘promoting experimentalism and mobilising local actors’, in part via innovative territorial actions. Thus, amongst other ideas, there is a case for extending the Leader programme, which at present is essentially a territorial measure in an otherwise sectoral programme (the CAP), to include some Structural Funds. In fact, EC (2011), noting the need to strengthen and facilitate community-led local development, proposes such a development by giving responsibility for the implementation of local development strategies to Local Action Groups (LAGs) representing the interests of the community. Ideally, LAGs should be expected to implement integrated programmes which draw funding from both from EU and national government sources as well as from the private sector. Topics could range from assisting rural firms to create and market products based on local identity, through the installation of local, high-speed broadband networks, to measures designed to welcome new populations, including entrepreneurs, to rural areas.

There is increasing debate in the literature on the relative roles of government and governance in rural development. The RuralJobs case study areas in Essex are classic examples of what Marsden (1998) terms as the *preserved countryside*, characterised by strong anti-development and preservationist attitudes and decision making. However, participatory actions, such as the preparation of Village Design Statements (VDSs) (e.g. Anon., no date) have already prompted impressive levels of participation (80-90%) in some areas. In such exercises, which can be termed ‘place shaping’ (Shucksmith, 2010), the opposition to change tends to be less trenchant partly because the community feels a degree of ‘ownership’ of the plans which affect it. Shucksmith (2010) believes that the Leader approach is of considerable relevance to both governance and place shaping. He suggests that Leader can involve not just horizontal partnerships (i.e. with other territories) but can also encourage multi-level governance by operating at a sub-regional level between the villages and (NUTS1) regional bodies.

Despite the undoubted success of Leader, difficulties remain. In several EU9 case study areas, instances of lack of trust, unwillingness to cooperate, corruption amongst decision makers and even recipients of funding ‘pocketing’ the money rather than using it for its intended purpose, were noted in the RuralJobs research. This is not a new finding and is certainly not limited to these case study areas. Böcher (2008), for example, cited weaknesses in the implementation of Leader+ in Germany, especially in the poorer Länder. In Essex, concern was expressed about the administrative burden and costs of implementing Leader and it was felt that new LAGs spend 3-4 years out of seven working out what they want to do and then have only two years to disburse funding. Identifying what are the good projects to fund can be very difficult, and another challenge has been securing private sector funding and participation. A significant role for ‘traditional’ agencies in promoting rural employment therefore remains, especially via a strategic approach to the funding of larger projects which address longer term needs through proactive project commissioning.

In several case study areas in the EU9, in particular, the RuralJobs research noted that local stakeholders are often not familiar with new trends in rural employment, or with the range of initiatives that are available to stimulate job creation. Greater dialogue between regions, both at institutional and LAG level, is needed. An example of how this can be achieved is the RUR@CT network ([www.ruract.eu](http://www.ruract.eu)) of (mainly) NUTS2 regions from across the EU. These regions are working together within the framework of a network of exchange of good practices and transfer of experience intended to further exploit the innovative factors of integrated rural development. Presently coordinated by région Limousin and funded by the participating regions, such an initiative should be mainstreamed by the EU as part of its future rural or regional development strategy.

There is also a big difference in the number of available local studies on rural development and rural employment issues. Whilst in France and the UK, extensive evidence bases are available, in Bistrița-Năsăud county just one study, commissioned by the County Chamber of Commerce and Industry, was available, and this did not have a specifically rural focus.

The recognition of the need for better coordination of EU, national and private sector funding is consistent with the aspirations of Europe 2020. Rural development actors should look beyond CAP funding and adopt an integrated approach which better mobilises Structural Funds to promote rural employment creation and economic prosperity in line with Rural Europe 2+2+. In this way, rural areas in the EU can become part of a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion.

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