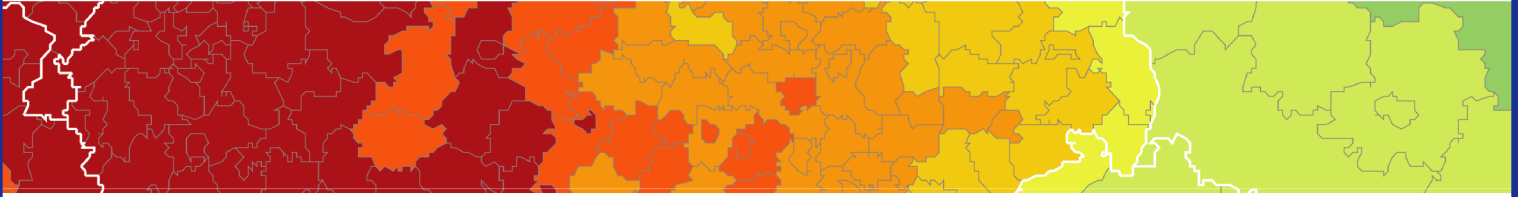




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ESCAPE European **S**hrinking Rural Areas:

Challenges, **A**ctions and **P**erspectives for Territorial Governance

Applied Research

Synthesis Report

Synthesis Report

This applied research activity is conducted within the framework of the ESPON 2020 Cooperation Programme.

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Abbreviations

CAP	Common Agricultural Policy
CLLD	Community Led Local Development
ESIF	European Structural and Investment Funds
ESPON	European Territorial Observatory Network
EU	European Union
LAU	Local Administrative Unit
NUTS	Nomenclature of Territorial Units for Statistics
OECD	Organisation for Economic Cooperation and Development

1 Rural Shrinking is moving up the Policy Agenda

Rural depopulation is not a new phenomenon. EU policy has responded, in various ways, and with different degrees of effectiveness, since the early years of the Union. However, during the past five years there has been strong renewal of interest across the institutional framework, including the European Parliament (Garcia Perez 2016, Margaras 2016, 2019), the Committee of the Regions (Gløersen *et al.* 2016, Herrera Campo 2017), and the Economic and Social Committee (Stenson 2017). It is also reflected in the establishment of an Intergroup on Rural, Mountainous and Remote Areas (RUMRA), and the appointment of Commissioner Dubravka Šuica, Vice President for Democracy and Demography.

A reassessment of the logic, implementation and effectiveness of European, national, regional and local policy approaches is timely. We are at a critical juncture: rural shrinking has become a very visible phenomenon, fuelling popular discontent. Simultaneously, there is increasing awareness of new opportunities associated with changes in technological, market and social contexts. The COVID-19 crisis will accelerate change and stimulate further debate. Repopulation of depleted rural areas, or at least better adjustment to the demographic status quo, are probably more feasible now than they have been for many decades. The first, very simple, step will be to acknowledge the increasing divergence between “accumulating” and “depleting” rural areas, and the need for tailored policy responses.

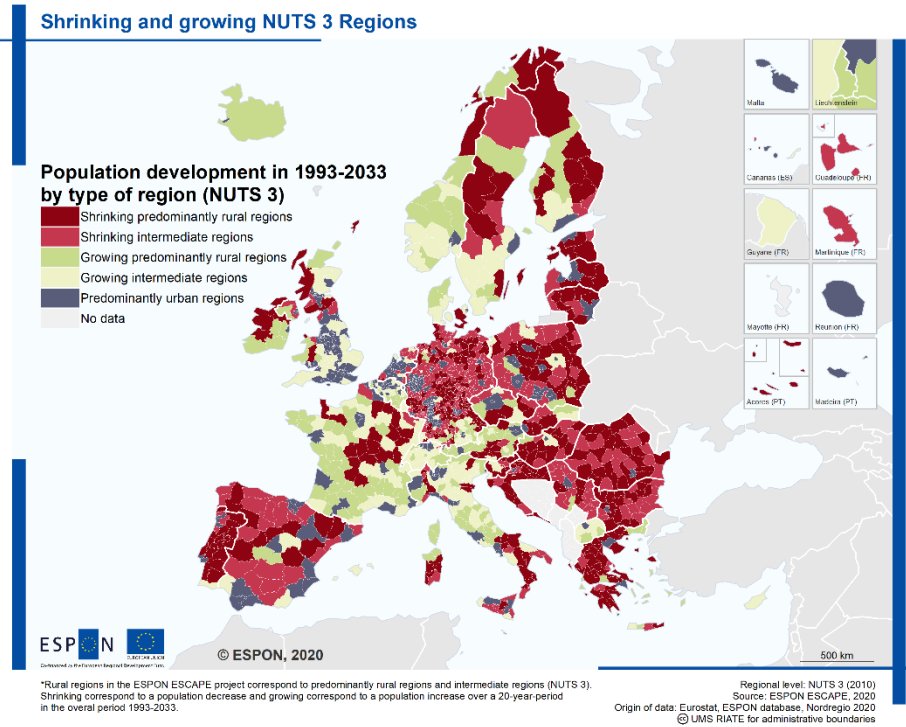
Depopulation is, of course, an issue which intrinsically deserves a direct policy response. However, as we explored the various, place-specific issues and processes which lie behind the demographic trends, it became clear that population change is also widely regarded as reflecting the overall condition and “performance” of rural areas. Net migration, in particular, is a very eloquent and sensitive indicator of rural well-being. This is because it captures the labour market equilibrium adjustment which accounts, in part, for the muted signals from mainstream indicators such as unemployment rates. In the context of recent calls for rural policy to broaden its focus from economic competitiveness to address disparities in well-being (OECD 2016, 2019, 2020), due regard for patterns of rural shrinking becomes important for two reasons:

- (i) Rural shrinking is itself symptomatic of a range of long-established well-being challenges for rural areas.
- (ii) Long-standing processes of human capital depletion erode the capacity of rural areas to respond to the expanding opportunities of the Post COVID-19 world, in which the dominant position of cities and towns as the locus of growth and innovation seems likely to be challenged.

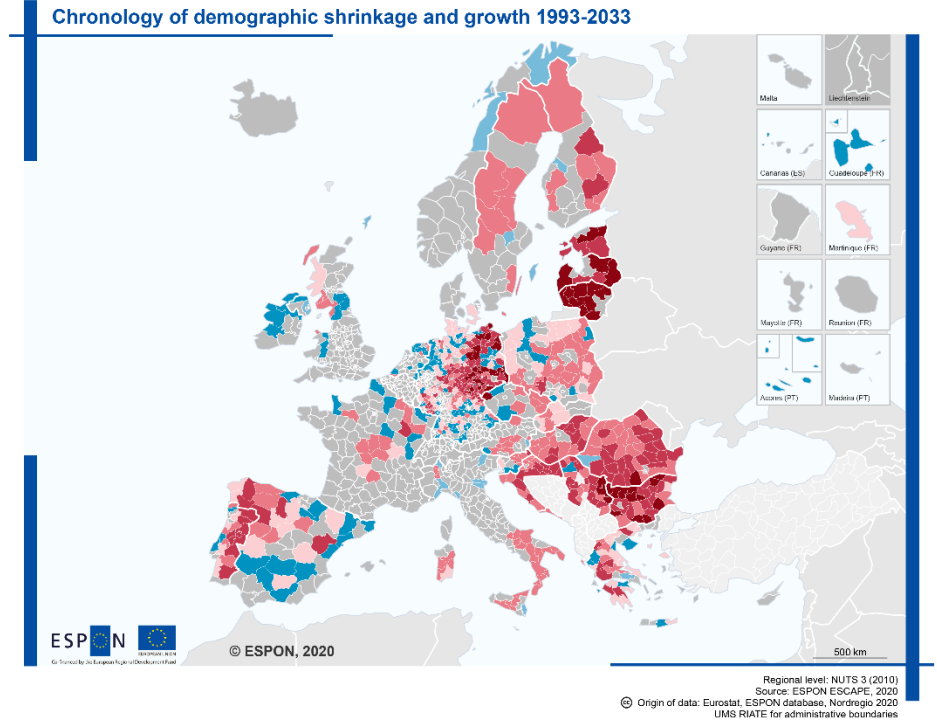
2 The Geography of Rural Shrinking

We have defined shrinking in terms of a sustained multi-generational trend (either in the recent past or projected in the future). This definition has been operationalised using published (Eurostat) data at NUTS 3, including all Predominantly Rural and Intermediate regions (Map 1).

Map 1: Shrinking and Growing NUTS 3 Regions



Map 2: Chronology of demographic shrinkage 1993-2033



Rural regions with population decrease in the period 1993-2033

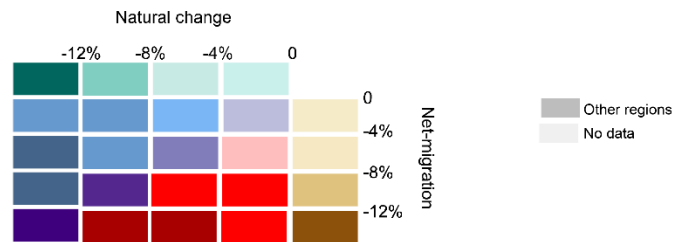
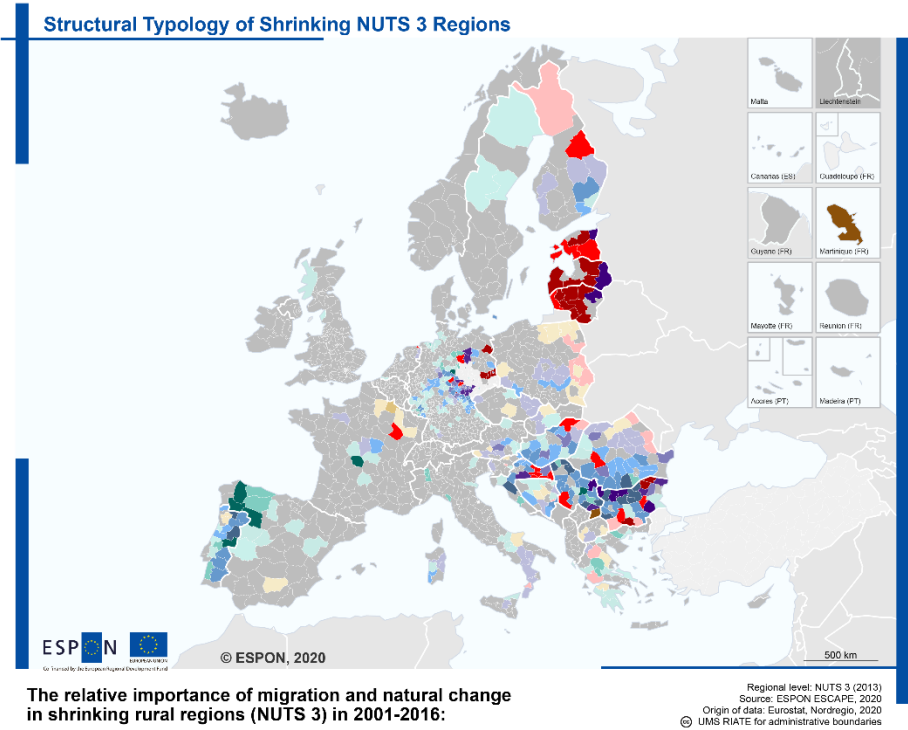
- Experiencing population decrease in both periods 1993-2013 and 2013-2033 at severe annual average shrinking rates (<-1)
- Experiencing population decrease in both periods 1993-2013 and 2013-2033 at moderate annual average shrinking rate (-1 to -0,5)
- Experiencing population decrease in both periods 1993-2013 and 2013-2033 at modest shrinking rate (>-0,5)
- Experiencing population decrease only in the period 2013-2033 at modest shrinking rates (>-0,5)

Rural regions with population increase in the period 1993-2033

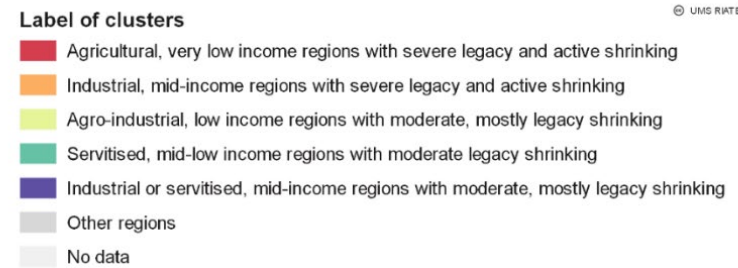
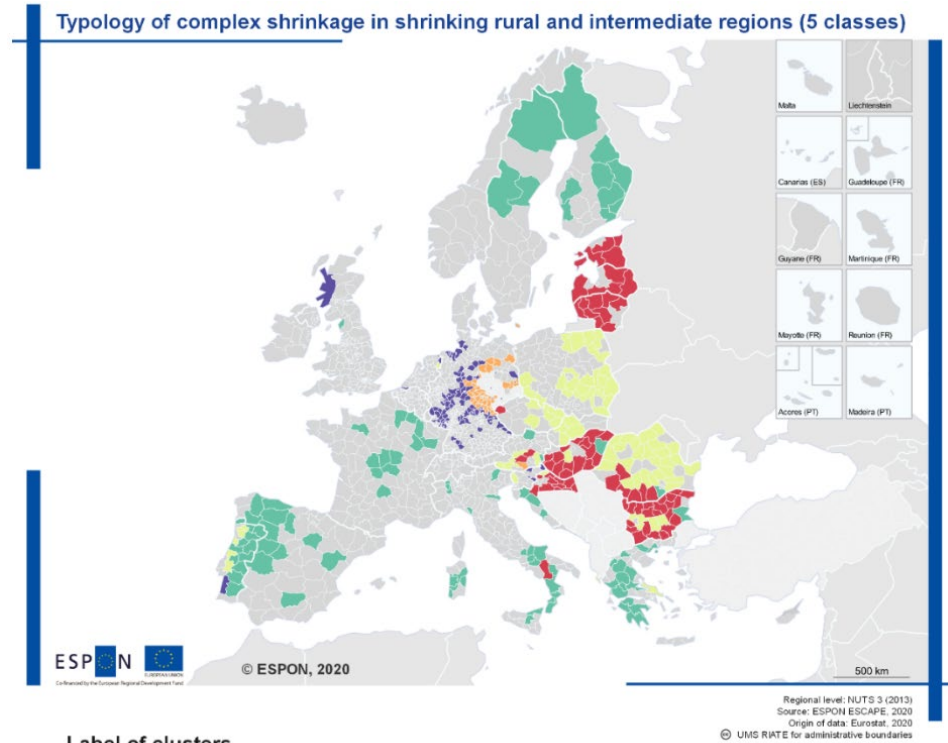
- Experiencing population decrease in the period 1993-2013
- Experiencing population decrease in the period 2013-2033

- No data
- Other regions

Map 3: Structural Typology of Shrinking NUTS 3 Regions



Map 4: Typology of "complex shrinking" in shrinking rural and intermediate regions



Rural shrinking is widely distributed across the EU. Almost 60% of Predominantly Rural or Intermediate NUTS 3 regions meet the criteria. These regions cover almost 40% of the area of the EU and contain almost one third of its population.

However, the chronology of the shrinking process (Map 2) and the relative importance of the two demographic components (Map 3) vary considerably between different parts of Europe. In terms of intensity, there is a very clear centre-periphery contrast. The most conspicuous concentration of shrinking rural regions is along the Eastern edge of the EU, stretching from Finland, through the Baltic States, and across the former socialist MS and into Greece. The “belt” of rural shrinking continues along the Mediterranean through Italy, Sardinia, to Spain and Portugal. In these areas “active” shrinking, due to out migration is dominant. Residual shrinking areas (where legacy effects are more in evidence) are found in the Atlantic fringe (Ireland and Scotland).

A data-driven clustering exercise focusing on the structural socio-economic characteristics associated with demographic decline (Map 4) revealed five broad types, and a broad E-W contrast in terms of degree of shrinking and degree of economic diversification.

Analysis of Local Administrative Unit (LAU) data shows that significant rural demographic issues are often masked at the NUTS 3 level due to the inclusion within the region of expanding cities and towns. Clearly NUTS 3 is not a sufficiently granular framework to fully capture the phenomenon.

3 Summary of Findings and Recommendations

ESPON ESCAPE’s research approach combined *Figure 1: Four Spheres of Change*

regional data analysis and mapping (summarised above) with eight carefully selected case studies, expert stakeholder interviews, and desk research.

Key findings are identified in each section of the main report. These are reproduced in Table 1 as thirty-four *Key Messages*. These provide the basis for twenty specific policy-related *Actions* (Table 2), relating to ten *Themes*, and four broad *Spheres* of change (Figure 1).



3.1 Spheres of Change and Themes

The four spheres of change, to which the findings of the ESCAPE project speak, cover the entire policy process, from the visions and goals which provide the overall strategic direction, through the collection and application of evidence, to practical implementation, monitoring and evaluation, within the context of an optimised framework of institutions and governance. These four spheres are interdependent, and all of them need to be addressed.

Table 1: The Key Messages of each section of the ESPON ESCAPE Report

Section 2: Concepts and Policy Context

1. *Similar demographic outcomes may result from very different socio-economic processes.*
2. *Four generic types of socio-economic process are responsible for shrinking: economic restructuring, locational disadvantage, peripherization, and disruptive events and political/systematic transitions*
3. *Policy objectives, and outcomes, may prioritize either mitigation or adaptation.*
4. *CAP Pillar 2 has moved away from exogenous, towards (neo)endogenous approaches*
5. *However, its goals relate less to demographic issues and more to economic growth.*
6. *Cohesion Policy has focused on less developed regions where lagging economies and shrinking coexist.*
7. *But it favours urban-centric development models which may exacerbate rural shrinking.*

Section 3 Geography

8. *Across Europe almost 60% (687) of Predominantly Rural or Intermediate NUTS 3 regions meet criteria of sustained (past or projected future) demographic decline. These regions cover almost 40% of the area of the EU and contain almost one third of its population.*
9. *These regions are mostly in the East and South of Europe, with scattered regions in the North and West.*
10. *The majority of shrinking rural regions are losing population due to “legacy” effects (due to their age structure, low fertility rates, and high mortality rates.)*
11. *Many, especially in the most intensely affected parts of Europe, are also experiencing “active” shrinking, due to net outmigration.*
12. *Analysis of Local Administrative Unit (LAU) data shows a more widespread and diverse pattern of shrinking, and substantial intra-regional variation.*
13. *Cluster analysis of available regional socio-economic indicators reveals five groups of regions and strong underlying East-West differentiation.*

Section 4 Case Studies

14. *Demographic shrinkage is often associated with a “vicious cycle” initiated by low economic performance, a dependence upon primary or manufacturing industry and low levels of entrepreneurship.*
15. *This drives selective outmigration, which, in turn leads to various human capital deficiencies and self-perpetuating labour market issues, notably a spatial mismatch between available human capital and job opportunities.*
16. *Shrinking demand leads to problems in maintaining service provision, and transport infrastructure, which further encourages the outflow of population.*
17. *The experiences of the eight case studies reveal broadly two “pathways” to shrinking, which combine several of the four generic processes (Section 2.2).*
18. *These seem to be associated with the same E-W differentiation identified by the cluster analysis.*

Cont...

Section 5 Governance and Policy

19. *Effective implementation of policies to address shrinking requires high functioning multi-level governance structures.*
20. *In the context of ESIF policy, strategic and innovative policy making capacity at the National level is essential, and sharing good practice lessons in the context of National Policies.*
21. *Nevertheless, devolution of appropriate strategy making and implementation capacity to local and regional levels is foundational.*
22. *Good communication across the governance system, and innovative partnership arrangements can strengthen policy impact.*
23. *Since full “repopulation” is often impracticable, and abandonment is politically unacceptable, most policy approaches will be hybrids of mitigation and adaptation.*
24. *Policy for shrinking rural areas needs to reflect broader societal objectives than economic growth, such as inclusion, spatial justice, and wellbeing, and support a Just Transition.*
25. *Holistic, integrated and locally-tailored strategies are required, which reflect the processes and pathways which lie behind demographic trends.*
26. *At the European and national levels these should be supported by the clear articulation of a constructive, forward-looking, medium/long term vision for shrinking rural areas.*
27. *Translation of the vision into practical guidance and support for local action, across a wide menu of interventions will increase its potential for real change.*
28. *A shared vision, ESIF coherence, and simplified administrative procedures, together with a framework for continuity of support (rather than short-term projects) will be essential.*

Evidence base principles and rationales for intervention

29. *Specific interventions and approaches in pursuit of a refreshed vision for shrinking rural areas must be evidence-based – reflecting an analysis of pathways to shrinkage.*
30. *Such pathways are intrinsically complex, and conditioned by spatial, and temporal (technological) contexts.*
31. *In developing such responses consideration should be given to specific and realistic goals, including partial mitigation and adaptation.*
32. *Theory of Change is an effective means to articulate and communicate the diagnosis.*
33. *Four generic policy rationales may be identified in the discourse: compensation for territorial disadvantage, relocalisation, global reconnection and smart shrinkage.*
34. *A four-step procedure for developing evidence-based policy, including diagnosis, elaboration of an intervention logic, learning from best practice, and appraisal, is proposed.*

3.2 Overview of the Recommended Actions

The *Key Messages* highlighted in this report underline the timeliness of a renewed vision for rural Europe. A very substantial share of rural regions is experiencing depopulation, others are projected to move into negative territory during the next couple of decades. It is therefore extremely important that such a vision recognises the contrasting needs of depleting and accumulating rural areas, acknowledging the specificities of both, building upon existing strengths, and responding early to new opportunities. In doing so we recommend a broadening of goals, beyond economic growth, to address (territorial) inclusion, spatial justice, and well-being. Furthermore, a Just Transition to a decarbonised economy and society presents opportunities for many shrinking rural regions, although many would benefit from strengthened capacity to respond.

The second sphere of change relates to need to strengthen the ties between evidence and policy approaches, avoiding “one size fits all” interventions, expressing sensitivity towards regional and local environments and pathways, and at the same time building upon signs that the future is likely to present new opportunities. In essence we are arguing for a policy environment which nurtures tailored neo-endogenous approaches driven by rationales which are explicitly derived from an understanding of the local processes of demographic change. A necessary corollary of the wider goals mentioned above will be the need to find better ways to measure success. Demographic indicators, together with a place-sensitive appreciation of the processes behind them, can add value to conventional economic measurements.

The third sphere of change, implementation, in part reiterates calls which have been heard through several decades, such as the need for systemic, integrated and coherent approaches, at all levels, (EU, National, Regional, Local), and the need for greater continuity when tackling inherently long-term demographic issues. It also argues for a departure from established principles of EU Rural Development policy, in proposing the formal recognition of differentiation between depleting and accumulating rural areas, so that the former may more consistently be the subject of the most appropriate interventions.

The final group of four specific actions are concerned with Governance, Empowerment and Capacity Building, responding to the widely held impression that shrinking presents challenges in terms of capacity for territorial adjustment and development, and the maintenance of sufficient influence in institutional terms.

The findings and recommendations of this report highlight two major knowledge gaps which are beyond the remit of ESPON ESCAPE. These are opportunities for further research:

- The potential for dis-agglomeration of economic activities to the benefit of remoter rural areas (outside Functional Urban Areas), which was already evident, but will likely be strengthened by changes in working practices as a result of COVID-19 restrictions.
- There is much that we do not understand about the potential of shrinking rural areas to support, and benefit from the decarbonisation of the European economy. Therefore, a second opportunity for further research would be to explore the potential for facilitating a stronger positive contribution of such regions to transition to a low carbon economy.

Table 2: Summary of the Specific Actions Recommended by the ESCAPE project

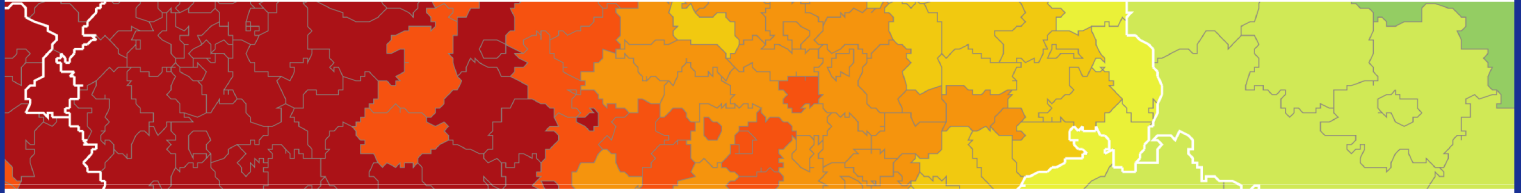
Spheres of Change	Themes	Specific Actions (Key messages, upon which these are based, in parenthesis)
A: Vision and Goals	<i>1. Vision</i>	a) Develop a vision for rural areas which acknowledges the fundamental distinction between “accumulating” and “depleting” rural areas (26)
	<i>2. Goals</i>	b) Elevate the priority within rural and regional policy, of goals addressing inclusion, wellbeing, spatial justice, and Just Transitions (5, 24)
B: Evidence, Diagnosis, and Policy Rationale	<i>3. Evidence Base</i>	c) Establish a European Rural Observatory to assemble evidence, and to articulate and disseminate policy relevant interpretation of rural change (29)
	<i>4. Application of evidence to policy</i>	d) Acknowledge that most shrinking is due to legacy effects, rather than active migration, and accept implications for policy (10, 11) e) Recognise complexity of processes and pathways to shrinking, including SE -NW Europe differences (1,2, 9, 13, 17, 18, 25) f) Consider alternatives to urban-centric growth models where these are inappropriate (7) g) Embrace economic/spatial restructuring; diversification, servitisation, digitisation, industry 4.0, COVID effects etc (14, 32) h) Encourage the use of Theory of Change in policy design, facilitating a direct response to place specific processes of socio-economic change (29, 30, 32, 34)
	<i>5. Hybrid Approaches</i>	i) Promote an evidence-informed balance between mitigation and adaptation (3, 23) j) Establish realistic and specific objectives, not simply (economic) growth or repopulation (31) k) Require evidence-based assessment of human capital gaps, service provision “pinch points”, and similar responses to the wider impacts of shrinking (15,16)
	<i>6. Systemic Responses</i>	l) Foster integrated approaches to policy – at all levels of governance (25) m) Nurture enhanced coherence across ESI fund administration and implementation (28)
C: Implementation	<i>7. Scale, Focus and Duration</i>	n) Favour tailored responses at appropriate scale (regional or local) (12) o) Acknowledge the strong differentiation between depleting and accumulating rural regions, perhaps through formal policy designation (analogous to Cohesion Policy’s “Less Developed Regions”. (8, 9, 13) p) Facilitate longer-term interventions required to address longer-term processes (28)
	<i>8. Guidance and Capacity Building</i>	q) Provide guidance and support for MS when developing ESIF programmes (27) r) Support local capacity development and facilitate strategic input to design and financing of initiatives or interventions, based on national policy good practice. (20,27)
D: Governance Empowerment and Capacity Building	<i>9. Multi-Level Governance</i>	s) Support functioning multi-level governance (devolution of competence to appropriate level of governance, good communication, innovative partnerships etc) (19, 21, 22)
	<i>10. Local Empowerment</i>	t) Empower shrinking rural areas, giving them an equal voice, and fair access to resources and policy benefits, relative to neighbouring regions where the population is growing (19, 21, 22)

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