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Chapter 1

INTRODUCTION

In December 2006 the European Commission (EC) published its first call for project proposals under the Food, Agriculture and Fisheries, and Biotechnology theme of the new Seventh Framework Programme for Research and Technological Development ('Framework 7'). It included the topic *New sources of employment in rural areas*, for which proposals were invited for 'small collaborative projects' with the expected impact of 'allow(ing) a better targeting of rural development measures and future evolution of rural development policies in line with the Lisbon Strategy'. Five proposals were submitted from which the project entitled *New Sources of Employment to Promote the Wealth-Generating Capacity of Rural Communities* (acronym RuralJobs, see Fieldsend (2008a) for a short description) was selected for funding. This book presents the results of the RuralJobs research.

This section begins by reviewing some of the issues related to the definition of rural areas, rural employment and the relationships between rural and urban areas, and explains how these helped to determine the three hypotheses on which the research was based.

1.1. The new rural paradigm: rural development in a regional context

Imagine a NUTS2 region which includes historic woodlands, rolling wheat-fields dotted with poppies and windmills, estuaries and coastal villages. A region of small market towns, traditional, 'picture postcard' villages and tiny hamlets composed of houses largely built in the traditional materials of timber and brick, with clay tile or thatched roofs, and which are linked by quiet country lanes. A region where 72% of the land area is used for agriculture and which has 350 miles (560 km) of coastline, almost entirely rural, reputed to be the longest of any county in England (on account of its many river estuaries). A region well known for the area known as 'Constable Country' (named after the famous painter), which includes the historic Dedham Vale, an Area of Outstanding Natural Beauty.

It may come as a surprise to the reader to learn that this region is the county of Essex in the south east of England, immediately bordering London. In 2000 Essex had a population of 1.61 million (increasing to 1.66 million in 2005), of which 1.23 million lived in settlements of 10,000 or more (ONS, 2002). Despite the high proportion of land devoted to farming, employment in agriculture and related industries, as a share of total employment, declined from 1.7% to 0.9% over the period 2000-2006 (Eurostat). Many of those in employment, including those living outside of the main towns, commute daily to jobs in London. Under the Organisation for Economic Co-operation and Development (OECD) criteria (see below) Essex is defined as 'predominantly urban'. Yet settlements of 10,000 people or more cover just 8.3% of the land area (ONS, 2005). Notwithstanding the urban dominance in terms of both settlement structure and economic activity, Essex has a strong element of 'rurality'.

Most other European regions also have an element of rurality, to a greater or lesser extent (frequently even greater than in the case of Essex), and this book explores how this can be mobilised to support rural job creation and regional economic development.

1.1.1. Rural: an elusive concept

Although there have been many attempts to define 'rural', it is now widely accepted (e.g. Kerekes, 2010) that a single definition of 'rural' does not exist. Indeed, there is no internationally accepted definition of 'rural'; the most commonly used being the one proposed for regions by the OECD, which is based on a two-step approach (OECD, 1994):

- Firstly, local communities are identified as rural if their population density is below 150 inhabitants km⁻² (500 in the case of Japan);
- Then, regions (e.g. NUTS3 or NUTS2), are classified in one of three categories:
 - Predominantly rural region (PR): if more than 50% of the population of the region is living in rural 'local units' (with less than 150 inhabitants km⁻²; 500 in the case of Japan);
 - 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'.

The OECD defines 'local units' mostly but not always as LAU2 regions, for example 'grad' (Bulgaria), 'commune' (France), 'települések' (Hungary), 'commune' (Romania) or 'ward' (UK) (OECD 2010). But while it is appropriate to accept the OECD definition of rural at the NUTS2 or NUTS3 regional level, the 'predominantly' system cannot be applied at the local level where some kind of 'absolute' definition would be more appropriate.

In this regard most countries have felt it necessary to adopt a definition of rural for policy purposes and the definition adopted by a country can influence the way in which official data sets are compiled. This reduces the room for judgement on the part of the researcher. Criteria which are used by the various countries represented in the RuralJobs research include: settlement size; maximum settlement size within a territory; population density; income; share of agriculture; density of dwellings; tradition; official classification; and employment profile. Thus, for the RuralJobs case study area research, researchers in different countries tended to adopt, not entirely by free choice, differing definitions of 'rural'.

But residents' perception of the 'rurality' of their locality often differs from the official definition (Marston, 2009; Shucksmith *et al.*, 2006). Halfacree (1993) identified four broad approaches that rural researchers have taken towards defining the rural: (a) descriptive definitions; (b) socio-cultural definitions; (c) the rural as locality; and (d) the rural as social representation. Woods (2005) reviewed the shortcomings of each of these approaches. He concluded that 'the dominant approach in rural studies today is to see 'rurality' as a 'social construct' ... Researchers now try to understand how particular places, objects, traditions, practices and people come to be identified as 'rural' and the difference that this makes to how people live their everyday lives' (p.15).

Consequently it is not easy for several reasons to define 'rural areas' for the purpose of research. However, this difficulty was not considered by the RuralJobs consortium to be a serious methodological problem for several reasons:

Firstly, the close economic links between rural and urban areas, particularly with respect to the labour market, exemplified by the concept of 'labour market areas' (see Section 2.3.) means that it would have been inappropriate for RuralJobs to seek to draw

precise spatial boundaries around areas which could be defined as ‘rural’ and then considered in isolation from those defined as ‘urban’.

Secondly, notwithstanding the above, as the research still needed to focus on the employment issues affecting ‘particular places... and people’, some form of common understanding of ‘rurality’ was still necessary. As Hoggart *et al.* (1995) pointed out, rural areas share two sets of properties which give them a degree of homogeneity. These properties occur to a greater or lesser extent in most territories and therefore provided a common theme for ‘rurality’ between case study areas:

- They support relatively low population densities
- Natural capital is abundant and is determined by physical features such as topography

Finally, because in all countries included in the RuralJobs research the LAU2 level of territorial division exists. As this is the ‘local unit’ most commonly used by the OECD, it seems to be the most appropriate level at which to at least ‘formulate a view’ on which are the ‘more rural’ parts of a territory. The field research could therefore be conducted in the more sparsely populated LAU2 regions. Some official data sets are available at this level although their availability varies between countries, generally being more available in the EU-15 countries than in the New Member States (NMS).

1.1.2. A definition of rural employment

As there is no generally accepted definition of ‘rural’ there can be no simple definition of ‘rural employment’. Despite clear evidence that across Europe the proportion of the workforce employed in agriculture has been declining (e.g. Copus *et al.*, 2006), a view has persisted in some quarters that rural employment remains dominated by agriculture. Consequently, OECD (2006) notes that rural and agricultural issues have often been considered to be virtually synonymous and it has been assumed that agricultural and rural objectives could be pursued through a single set of policies designed to aid the transition of the agricultural sector. If ever that were possible, that situation has changed, principally because agriculture is no longer the dominant sector in rural regions, either in terms of output or employment.

Recognising that rural employment is not restricted to agriculture and related sectors, the RuralJobs research used the following definition of ‘rural employment’: ‘*any income-generating activity undertaken by an individual that takes place in a rural area*’. This definition covers both the self-employed and employees, and all sectors of the economy. Although the individual would normally be resident in the rural area, this is not always the case. For example, some farm workers in Essex who cannot afford to buy an expensive rural house live in social housing in the towns. The definition also covers ‘teleworkers’ who live and work in rural areas even if their job is nominally located in an urban centre.

Yet whilst it is clear that ‘rural employment’ is not necessarily sector-specific, it is also the case that many residents of rural areas commute each day to work in urban centres (e.g. EEDA, 2008). Rural and urban areas are frequently part of an integrated economy and cannot be treated entirely in isolation from each other: cities and small towns (‘market

towns’) can act as employment and service centres for their rural hinterlands. The territory which provides the ‘rural employment’ which is often measured in official data sets (residence-based employment) is often greater than the territory which is truly ‘rural’.

It is therefore necessary to draw a distinction between (workplace-based) ‘rural employment’ and (residence-based) ‘employment of rural people’.

1.1.3. Rural development based on local assets

Our understanding of how rural development can most effectively be implemented has evolved over time, as described by Terluin and Post (1999). Until the 1970s, the dominant model was exogenous rural development, driven initially by agricultural development intended to supply urban markets, and later by relocation of manufacturing firms from urban to rural locations. By the late 1970s this approach fell into disrepute and there was increasing interest in the concept of endogenous rural development, i.e. development based largely on local resources. The focus of rural policies shifted towards rural diversification, a bottom-up approach, support for indigenous business, encouragement of local initiatives and local enterprises and provision of suitable training. A criticism of the endogenous development model is that it supposes the existence of a local growth potential in each region that is waiting to be unlocked but does not define the core of that local growth potential. More recently, the concept of neo-endogenous rural development has gained ground, in which the control of the process is recognised as an interplay between local and external forces.

The balance of these forces will vary between regions (i.e. the socially defined territory) and within a region it can change over time. Oostindie *et al.* (2008) coined the term *endogeneity* in reference to this balance of endogenous and exogenous resources and the control exerted over that balance (i.e. whether regionally or externally based) and to the destination and use of the produced wealth (i.e. within the region or channelled to other locations). They suggest that endogeneity refers to the degree in which a regional economy is grounded on regionally specific resources and, simultaneously, develops them. They hypothesise that the more endogeneity is developed, the higher the competitive advantage of the region concerned will be. These endogenous resources are frequently characterised as ‘territorial capital’ which has several components such as natural, human, social, physical and financial ‘capital’ (DFID, 1999). Thus, as Oostindie *et al.* (2008) observe, the notion of endogeneity does not only refer to material resources. The concept equally refers to social resources, to local, intangible assets such as entrepreneurial and civic culture, patterns of cooperation between economic and social agents and institutional quality.

1.1.4. The OECD new rural paradigm

In response to the low and declining importance of agriculture in rural economies which are becoming increasingly diversified, and several other trends such as the increasing mobility of populations and new approaches to economic development (with greater focus on endogenous (local) assets and knowledge) and to governance, the OECD (OECD, 2006) formulated the principles of a ‘new rural paradigm’ (Table 1). This is characterised by a focus on *places* instead of sectors and a focus on *investments* instead of subsidies.

Table 1. The new rural paradigm. From (OECD, 2006).

	Old approach	New approach
Objectives	Equalisation, farm income, farm competitiveness	Competitiveness of rural areas, valorisation of local assets, exploitation of unused resources
Key target sector	Agriculture	Various sectors of rural economies e.g. rural tourism, manufacturing, ICT, industry etc.
Main tools	Subsidies	Investments
Key actors	National governments, farmers	All levels of government (supra-national, national, regional and local), various local stakeholders (public, private, NGOs)

The new rural paradigm reflects a move towards a more integrated approach to rural and urban development in a regional context in place of a mainly sectoral (i.e. agricultural) approach to the former (Ward and Brown, 2009). Several countries are increasingly seeking to develop a multi-sectoral, place-based approach that aims to identify and exploit the varied development potential of rural areas (OECD, 2006). It is now widely accepted (e.g. Baldock *et al.*, 2001) that this more integrated, territorial approach, sensitive to the diversity of rural circumstances, is needed to ensure regionally balanced development. This presents a great challenge for EU rural employment policies which still tend to be rooted in the Common Agricultural Policy, CAP (Scott *et al.*, 2007; Fischer Boel, 2008). EC (2004) states ‘The focus of European Union (EU) rural development policy will inevitably be conditioned by the context in which the policy has evolved’ (p.17).

All of the foregoing contributed to the development of the three hypotheses on which the RuralJobs research was founded, namely:

- That a territorial approach to improving the wealth generating ability of rural areas through the creation of new sources of employment is required, whilst recognising the unique dimension of agriculture and other land-based industries in the rural economy.
- Initiatives to create new sources of employment in rural areas must take account of the existence of markets for the products of labour, whether these are in the primary, secondary or tertiary sectors. Frequently, the largest markets are in urban areas.
- Rural areas in different parts of the EU are fundamentally different from each other in many respects and that a single, EU-wide ‘solution’ or ‘strategy’ for creation of rural employment is not appropriate.

1.2. The wider policy context

Sustainable development is the overarching long term goal of the EU and the EU Sustainable Development Strategy (EU SDS) provides the framework for this. It 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, during the course of the RuralJobs research, replaced the Lisbon Strategy for growth and jobs (EC, 2005a). (The expected impact of the research stated in the call for proposals would appear to reflect a growing desire by the EC to ‘make [the CAP] work for Lisbon’ (Eposti, 2008, p.5)). Europe 2020 is designed, over a ten year period, to turn the EU into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion (EC, 2010a). These three mutually reinforcing priorities are accompanied by targets for employment rate, percentage of Gross Domestic Product (GDP) invested in research and development, climate and energy, percentage of early school leavers and number of people at risk of poverty. Consequently the results of the RuralJobs research are discussed in the context of the new strategic direction. 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.24).

The call for proposals specified that the research should ‘take into account the European Guidelines for Employment, technological change and the shift to a knowledge based economy’. Alongside Europe 2020, the EU has adopted a simplified set of guidelines for the employment policies of the Member States (EU, 2010a):

- Increasing labour market participation and reducing structural unemployment;
- Developing a skilled workforce responding to labour market needs, promoting job quality and lifelong learning;
- Improving the performance of education and training systems at all levels and increasing participation in tertiary education;
- Promoting social inclusion and combating poverty.

1.2.2. More and better jobs

The EU is not just seeking ‘more’ rural jobs, but also ‘better’ rural jobs. This complies with the concept of ‘decent work’ that was first formulated by the International Labour Organisation in 1999 (Ghai, 2006). Amongst its other components, the decent work idea encompasses providing opportunities for work that is productive and delivers a fair income. Through its aim of more and better jobs, job quality is the central objective of the European Employment Strategy (EC, 2008a). However, according to the ‘Employment in Europe 2008’ report (EC, 2008a), ‘significant employment growth in the EU over the last decade has gone together with widespread concerns about the quality of a large share of European jobs’ (p.167). These concerns have related to the rising incidence of temporary work, increased exposure of jobs to competitive pressures and perceptions of deteriorating working conditions and higher work intensity. The report notes the existence of important synergies between job quality and overall economic and employment performance, and suggests that analysis of job quality should be centred round four dimensions:

- Socio-economic security (including levels and distribution of wages);
- Education and training;
- Working conditions (including work intensity);
- Reconciliation of working and non-working life/gender balance.

Based on a dataset of indicators covering the EU-27 in 2005-06, EC (2008a) identified four groupings of typical combinations of job quality:

- Nordic, including the Netherlands and the UK – high wages, good working conditions, high educational attainment and participation in training, high job satisfaction but also high work intensity;
- Continental, including Ireland, Cyprus and Slovenia – close to the average EU situation for most of the indicators used;
- Southern – relatively low wages, low participation in education and training, unfavourable working conditions and relatively large gender employment gaps;
- New Member States – low wages, unfavourable working conditions, but also relatively high educational attainment and low gender employment gaps.

As all of the above groupings were represented in the RuralJobs research, it was possible to look ‘beyond the employment/unemployment dichotomy’ and consider the dimension of job quality alongside the number of jobs in rural areas.

1.3. Approaches to promoting employment in rural areas

Many rural regions face problems of decline with out-migration, ageing, a lower skill base and lower average labour productivity that then reduce the critical mass needed for effective public services, infrastructure and business development, thereby creating a vicious circle. However, these points are to some extent ‘stereotypes’ (Copus *et al.*, 2011) and indeed there are many rural regions that have seized opportunities and built on their existing assets, such as location, natural and cultural amenities, and social capital.

The Wye Group Handbook: Rural Households’ Livelihood and Well-Being (UN, 2007) includes a brief introduction to ‘commonalities’ arising from the intrinsic characteristics of rural areas in OECD countries. It cites earlier work by the OECD that gives the following reasons for the success of well performing rural areas:

- Urban manufacturing and service industries started to relocate to suburban and rural green-field sites;
- Sustained endogenous development has also been observed, including dynamic SME clusters and industrial districts, development of diversified agro-industries, and rural tourism;
- Residential location decisions place increasing emphasis on quality of life factors, including proximity to open countryside and natural amenities;
- Increased demand on the part of urban dwellers for amenities in rural areas.

The document states: ‘The focus for promoting rural development and employment should be on transforming and developing new and distinctive economic functions. The

interests of the majority of rural citizens, and even most farm families, seem to be best served by a development strategy based on investments to build local assets' (p.51). A shift from a sectoral to a territorial policy approach could involve the following actions:

- Efforts to create new institutional arrangements at local and regional levels to define policy objectives priorities and strategies, and implement policies and programmes at these levels;
- A new focus on trying to improve the 'competitiveness' of rural areas;
- Attempts to divert resources from programmes which focused on subsidies to maintain existing rural activities to programmes which focus on support for investment in human and social capital, diversification of economic activity and the related creation of new enterprises, key infrastructure, the environment, and innovation;
- Efforts to reinforce rural economies, principally through diversification of economic activities;
- Enhancing business assistance, especially efforts to diffuse new technologies through R&D and the development of specialised regional institutes or centres;
- Developing human resources through vocational training;
- Developing and commercialising natural and cultural 'amenities';
- Creation of local products based on local identity and aiming at a market niche;
- New ways of providing public services in rural areas. - The increasing use of programme evaluation procedures both as a control and a learning mechanism.

1.3.1. Two key points

The strategy for developing the 'new and distinctive economic functions' of rural areas referred to by UN (2007) should take into account the significance of the two sets of properties of rural areas identified by Hoggart *et al.* (1995).

Firstly, as OECD (2011) observed for England, rural areas are typically made up of small settlements that have truncated economies and are highly dependent upon 'export-oriented' businesses for their viability. Thus, ECC (2009), for example, noted that money can flow into rural areas by several routes such as when:

- External people buy local products such as food, timber, manufactured goods, tourist services, energy and information;
- Local people work outside and bring back or remit salaries;
- Communities receive pensions, benefits and grants from central government [or from occupational pensions].

Urban centres, by contrast, are much larger settlements that have complex internal economic structures that allow a broader range of goods and services and greater self-sufficiency. To put it more crudely, the wealth generating capacity of rural communities depends to a great extent on their ability to 'empty the wallets' of those with an income from urban centres (see also Machlis and Field, 2000). Inevitably, some rural territories are better placed than others in this respect, and 'organised proximity' can be more important than geographical proximity (Copus *et al.*, 2011). Understanding the nature of urban-rural

linkages is crucial for effective rural policy making and this fact is reflected in the RuralJobs typology of EU NUTS3 regions, as discussed in Section 2.2.

Secondly, ‘natural capital’ (see Section 2.1.) is a potentially important component of this wealth generating capacity. Both points are key themes in this book.

1.4. Structure of this book

The structure of the remainder of this book is as follows. The methodology used in the research is described in Chapter 2, which also includes a summary of the present *state* of rural employment in the RuralJobs case study areas (Figure 2), to illustrate the diversity of sources from which the evidence base was compiled. The potential for new sources of employment in rural areas across the EU, as identified in the case study areas research, is then reviewed in Chapter 3 in the framework of the NACE six sector breakdown and in the light of the findings of other studies on future employment trends at EU level. Chapter 4 firstly reviews, in the context of the RuralJobs typology, the *driving forces* (Strengths and Weaknesses) identified in the field research as influencing the creation of new jobs in rural areas. Opportunities for rural job creation (and some Threats to existing jobs) in the case study areas are then reviewed by sector in the context of the identified Strengths and Weaknesses, thus illustrating how rural job creation is influenced by local circumstances.

Based on the clear evidence that ‘natural capital’ strongly characterises the profile of rural employment in a territory, the concept of ‘Rural Europe 2+2+’ is introduced in Chapter 5. From the ‘strategic orientations’ formulated in each case study area following the field research (see Appendix), a composite set of strategic orientations for rural job creation in the EU is then presented. These take into account the fact that rural areas across the EU will follow different routes to economic prosperity depending on their ‘assets’ (Strengths and Weaknesses) and the prevailing Opportunities and Threats. Policy implications are then discussed in Section 7 in the light of The EU’s emerging proposals for a new Common Strategic Framework (CSF) for the implementation of programmes designed to promote economic, social and territorial cohesion.

It is concluded that, through the implementation of the Rural Europe 2+2+ strategy and hence the creation of new sources of employment, rural areas in the EU can be part of a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion in line with the priorities of Europe 2020.

Chapter 2

RESEARCH METHODOLOGY

Prior to presenting an analysis of the research results, this chapter introduces the various components of the RuralJobs research methodology. Section 2.1. describes how the Driving forces-Pressure-State-Impact-Response (DPSIR) model, widely used in environmental studies, was applied to employment. The typology of EU NUTS3 regions adopted by RuralJobs is presented in Section 2.2., and the selection of case study areas is described in Section 2.3. In Section 2.4. the case study area research methodology is outlined.

2.1. The Driving forces-Pressure-State-Impact-Response (DPSIR) model

RuralJobs used the driving force, pressure, state, impact and response (DPSIR) model as a tool to show the link between driving forces which affect employment and economic prosperity, and policy responses (Fieldsend, 2010). In brief, the focus of the research, rural employment (jobs per person of working age), represents the *state* in the model. Employment has an *impact* on economic prosperity and other issues such as social cohesion, and these in turn influence policy (and other, such as socio-economic,) *responses*. These responses may be targeted either at the *driving forces* which in turn influence the *pressures* on employment, i.e. supply of labour (working age population) and supply of jobs (economic activity), or directly at the creation of more and better jobs. This approach was preferred to alternatives, such as the ‘pyramidal model of regional competitiveness’ described by Lengyel (2009), as it captures the ‘feedback loop’ whereby *responses* (such as policy responses) can be applied (particularly) to *driving forces* (Figure 1).

Driving forces can be categorised in several ways. For example, van der Ploeg *et al.* (2008) refer to social, ecological, human, economic and cultural capital, all of which can be summarised in the broad notion of territorial capital. RuralJobs has used the broadly similar, widely recognised approach described in DFID (1999), namely human, social, physical, financial and natural capital. DFID (1999) provides comprehensive definitions for each ‘capital’. Listed below for illustration are definitions of ‘capitals’ which are compatible with the DFID definitions, but simpler and employment-focused:

- *Human capital*: the skills and knowledge possessed by workers. Workers acquire these skills both through formal education and through on-the-job and life experiences;
- *Social capital*: the networks of relationships among persons, firms, and institutions in a society, together with associated norms of behaviour, trust, cooperation, etc., that enable a society to function effectively;
- *Physical capital*: any non-human asset made by humans and then used in production;
- *Financial capital*: money used by entrepreneurs and businesses to buy what they need to make their products or provide their services;
- *Natural capital*: a stock of natural resources - such as land, water, and minerals - used for production. Natural capital can be either renewable or non-renewable.

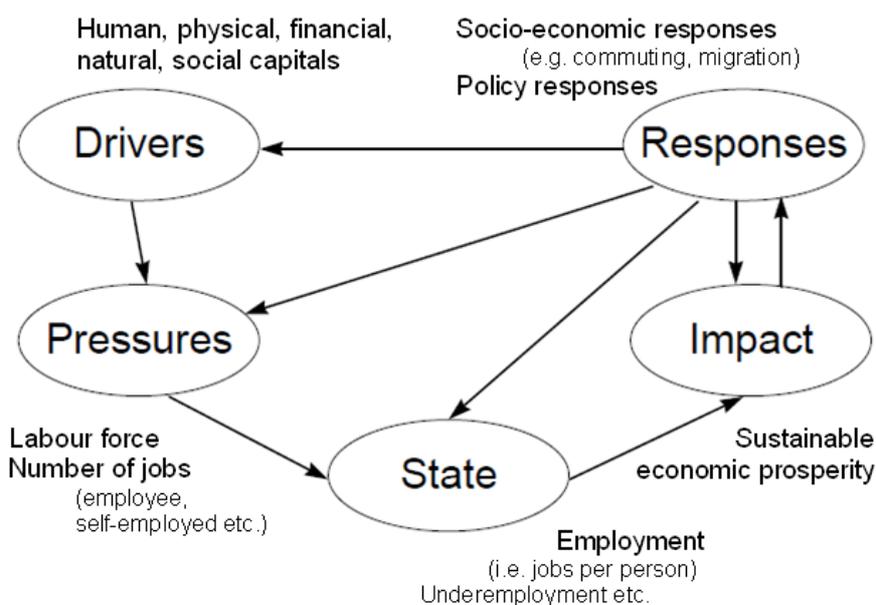


Figure 1. The DPSIR model applied to employment (adapted from Smeets and Weterings, 1999).

The practical relevance of the model was demonstrated by the compilation of a set of 40 indicators which was used as a framework for the case study area research. The Synthesis of Ex Ante Evaluations of Rural Development Programmes 2007-2013 - Final Report (metis GmbH, 2008) showed that when preparing rural development programmes many authorities considered the Common Monitoring and Evaluation Framework (CMEF) indicators to be insufficiently flexible. Thus, RuralJobs did not restrict itself to using indicators only from one source. Numerous other indicator sets exist and examples were taken from those which are considered to be the most relevant to rural employment in the EU, as follows:

- The OECD document ‘Creating rural indicators for shaping territorial policy’ (OECD, 1994), whilst now very old, is still widely cited in the literature;
- The Key Indicators of the Labour Market (KILM) provides a set of 20 indicators associated with the decent work initiative (ILO, 2007);
- The EU SDS (EU, 2006) provides the overarching framework covering quality of life, intra- and inter-generational equity and coherence between all policy areas;
- The Lisbon Strategy contributed to the overarching objective of sustainable development focusing primarily on actions and measures aimed at increasing competitiveness and economic growth and enhancing job creation (EC, 2005a);
- The European Employment Strategy (EES) is the main EU level tool to give direction to, and ensure co-ordination of, the employment policy priorities to which Member States should subscribe (EC, 2005b). The EES is accompanied by indicators for monitoring and analysis of progress (EC, 2008a);
- The European Agricultural Fund for Rural Development (EAFRD), of which monitoring and evaluation of progress is carried out in accordance with indicators in the CMEF (EC, 2006b).

Fourteen indicators (Table 2) of *driving forces* constituted an indicative list of topics which might arise during the interviews in the RuralJobs case study areas and, if so, which

were to be discussed in the case study area reports. For example, indicators 9 (land cover) and 10 (common bird index) relate to natural capital. Researchers were asked to present data (at LAU2 level where possible) for four indicators describing *pressures*, six describing *state* and four describing *impacts* (Table 3) in a form which demonstrates any differences between the performance of rural areas and urban centres (see Section 2.3). Employment

Table 2. Shortlist of indicators related to *driving forces* (human, social, physical, financial and natural capital) which affect employment and the economic prosperity of rural areas. Indicators 1 and 2 can be disaggregated by sex. CMEF: Common Monitoring and Evaluation Framework; SDS: Sustainable Development Strategy; OECD: Organisation for Economic Cooperation and Development; EEG: European Employment Guidelines; ESPON: ESPON project 4.1.3 (BBR, 2007). ISCED: International Standard Classification of Education.

No.	Name	Description	Source
1	Educational attainment	% adults aged 25-64 with medium (ISCED 3&4) and high (ISCED 5&6) educational attainment	CMEF
2	Lifelong learning in rural areas	Percentage of adults aged 25-64 participating in education and training	CMEF
3	Gross domestic expenditure on R&D	Gross domestic expenditure on R&D as a percentage of GDP	Lisbon Strategy
4	Gender pay gap	Difference between men's and women's average gross hourly earnings as a percentage of men's average gross hourly earnings (for paid employees)	EU SDS
5	Crime rates	Number of crimes per inhabitant	OECD
6	Business investment	Total gross fixed capital formation expressed as a percentage of GDP, for the private sector	EU SDS
7	Tax wedge on labour cost	Ratio of income tax plus employee and employer social contributions including payroll taxes less cash benefits divided by the labour costs for a single earner earning 67% of the average wage	EEG
8	Share of renewables in gross inland energy consumption	The percentage share of renewables in gross inland energy consumption	EU SDS
9	Land cover	Percentage of land area in agricultural, forest, natural and artificial classes	CMEF
10	Common bird index	An aggregated index integrating the abundance and the diversity of a selection of common bird species associated with specific habitats	EU SDS
11	Connectivity to railway stations	Proportion of population living within 30 minutes journey time by car to the nearest railway station	ESPON
12	Internet infrastructure	% population that is depending on switches equipped for DSL (digital subscriber line) and/or living in houses passed by an upgraded cable	CMEF
13	Tourism infrastructure in rural areas	Total number of bed places in all forms of tourist accommodation	CMEF
14	Child care	Children cared for (by formal arrangements other than the family) less than 30 hours a usual week / 30 hours or more a usual week as a proportion of all children of the same age group	EEG

Table 3. Indicators of *pressures* on rural employment, the *state* of rural employment and its *impact* on rural economic prosperity. The *state* indicators can be disaggregated by sex and age (15-24, 25-54 and 55 and over). In indicator 23 the sectors (agriculture, manufacturing and services) are defined according to ISCED, but more detailed information, such as employment in knowledge intensive services, for example, is also of interest. (a) A source for a definition of *number of jobs* has not been identified; (b) the definition of *jobs density* is taken from Hastings (2003); Eurostat definitions are taken from EC (2008a); CMEF: Common Monitoring and Evaluation Framework; KILM: Key Indicators of the Labour Market (ILO, 2007); OECD: Organisation for Economic Cooperation and Development; SDS: Sustainable Development Strategy.

No.	Name	Description	Source
<i>Pressure indicators</i>			
15	Population	Number of inhabitants (by sex, and age: 0-14, 15-64 and 65+)	Eurostat
16	Population density	Number of inhabitants/km ²	CMEF
17	Number of jobs	Total number of workplaces, occupied + vacant (by agriculture, manufacturing and services if data are available)	(a)
18	Jobs density	Number of filled jobs in an area divided by the no. of people of working age resident in that area	(b)
<i>State indicators</i>			
19	Activity rate (Labour force participation rate)	Labour force (employed and unemployed) as a share of total population in the corresponding age bracket, expressed as a percentage	Eurostat
20	Employment rate	The number of employed divided by the population in the corresponding age bracket, expressed as a percentage	Eurostat
21	Unemployment rate	Unemployed as a share of the labour force (employed and unemployed) in the corresponding age bracket, expressed as a percentage	Eurostat
22	Long-term unemployment rate	Those unemployed for a duration of 12 months or more as a share of the labour force, expressed as a percentage	Eurostat
23	Employment by sector	Employment in agriculture, industry and services, each expressed as a percentage of total employment	KILM
24	Status in employment	Wage and salaried workers, self-employed workers, and contributing family workers, each expressed as a percentage of the total employed	KILM
<i>Impact indicators</i>			
25	Personal income	Per capita (real)	OECD
26	Inequality of income distribution	The ratio of total income received by the 20 % of the population with the highest income to that received by the 20 % of the population with the lowest income	EU SDS
27	Housing (crowding)	Persons per room	OECD
28	Motorisation rate	No. of passenger cars per 1 000 inhabitants	EU SDS

issues which can be difficult to quantify (e.g. underemployment, employment in the informal economy) through lack of official data (Table 4) were to be addressed in the reports in a qualitative way. Finally, the research also touched on major non-policy *responses* (such as commuting and migration) illustrated by the indicators listed in Table 5.

Table 4. Supplementary list of indicators of the *state* of rural employment. Indicators 30-34 can be disaggregated by sex. EEG: European Employment Guidelines; KILM: Key Indicators of the Labour Market (ILO, 2007); SDS: Sustainable Development Strategy; CMEF: Common Monitoring and Evaluation Framework.

No.	Name	Description	Source
29	Vacancies per unemployed	Ratio between the total number of vacancies compared to the total number of unemployed	EEG
30	Part-time employment rate	Total part-time employment as a percentage of total employment	KILM
31	Employment in the informal economy	The number of persons employed in the informal economy as a percentage of total employment	KILM
32	Time-related underemployment	The number of persons in time-related underemployment as a percentage of the labour force, or as a percentage of total employment	KILM
33	Employment; unemployment rate by highest level of education attained	Employment and unemployment indicators disaggregated by educational attainment	EU SDS; KILM
34	Labour market gaps for disadvantaged groups	Gaps on the labour market, such as difference between the employment, unemployment and activity rates for a non-disadvantaged group in percentage points and the corresponding rates for the disadvantaged group	EEG
35	Labour reserve	Inactive (i.e. not registered as unemployed) persons wanting to work as a percentage of the working age population (15-64). Annual average	EEG
36	Farmers with other gainful activity	% sole holders with other gainful activity	CMEF

Table 5. Socio-economic indicators of *responses* to the level of rural economic prosperity. ESPON: ESPON project 4.1.3 (BBR, 2007); CMEF: Common Monitoring and Evaluation Framework; SF: Structural Funds, 2000-2006.

No.	Name	Description	Source
37	Proportion of long-distance commuters	Number of commuters in a residence area working at more than 45 min. from their residence area / total number of employed residents	ESPON
38	Net migration	Annual crude rate of net migration, rate per 1000 inhabitants	CMEF
39	Business creation and development	Number of micro-enterprises supported/created	CMEF
40	Attractiveness of the area	No. of businesses/commerce settling in the area	SF

2.2. The RuralJobs typology of EU NUTS3 regions

It was anticipated that, by conducting field research in a representative selection of regions, it would be possible to identify general principles on current employment patterns and opportunities for, and constraints on, rural economic diversification which can be applied to different ‘types’ of rural area. The typology chosen for RuralJobs was applied at NUTS3 level (Raupelienė, 2009) and was based on an EU DG Regio study (Dijkstra and Poelman, 2008) which combines a new classification of remoteness, based on driving time to the closest city (of 50,000 inhabitants or more), with the OECD classification of rurality based on population density (OECD, 1994). RuralJobs combined this with the criterion of GDP per head, as used, for example in the EU Fourth report on economic and social cohesion (EC, 2007a), with a threshold of 50% of the EU-27 average.

The result is twelve ‘types’ of NUTS3 region of which four, accounting for 32% of regions, are predominantly urban. Of the remainder, regardless of level of GDP there are very few intermediate, remote regions, leaving six widely occurring ‘types’ of rural area:

- 15% of regions are ‘high GDP - predominantly rural - accessible’;
- 8% are ‘high GDP - predominantly rural - remote’;
- 29% are ‘high GDP - intermediate - accessible’¹;
- 6% of regions are ‘low GDP - predominantly rural - accessible’;
- 3% are ‘low GDP - predominantly rural - remote’ and
- 6% are ‘low GDP - intermediate - accessible’².

The choice of 50% as the GDP threshold, rather than 75% which is currently used by the EU at NUTS2 level in its cohesion policy to define ‘convergence’ and ‘competitiveness and employment’ regions, reasonably clearly divided the regions of the EU-15 and post-socialist NMS into separate groups (EC, 2007a). The RuralJobs literature review (Pakurár and Kovács, 2008) had demonstrated major differences in the characteristics of the rural labour market of the two types of region. An even more effective division would be achieved using GDP per person employed (EC, 2007a). The latter illustrates a clear difference with respect to productivity (as opposed to employment) in the EU-15 versus post-socialist NMS which would appear to merit closer study beyond the RuralJobs project.

The RuralJobs typology is an adequate framework within which to interpret the research results but it is recognised that the Dijkstra and Poelman (2008) study is work in progress. For example ‘centroids’ (population centres) were defined as all Urban Audit cities and Urban Morphological Zones with at least 50,000 inhabitants (Hugo Poelman, pers. comm., 1 September 2009). Consequently, some urban centres, such as the city of Bistrița in Bistrița-Năsăud county, Romania, are omitted, but RuralJobs felt that the merits of using a ‘recognised’ EU methodology outweighed its possible weaknesses.

Seven of the eight RuralJobs partners undertook field research in case study areas (Figure 2). Unfortunately, no case study area reports were received from the Lithuanian and Spanish partners before the deadline and these countries were excluded from the analysis presented in this book.

¹ Also includes 17 ‘significantly rural - remote’ regions.

² Also includes eight ‘significantly rural - remote’ regions.

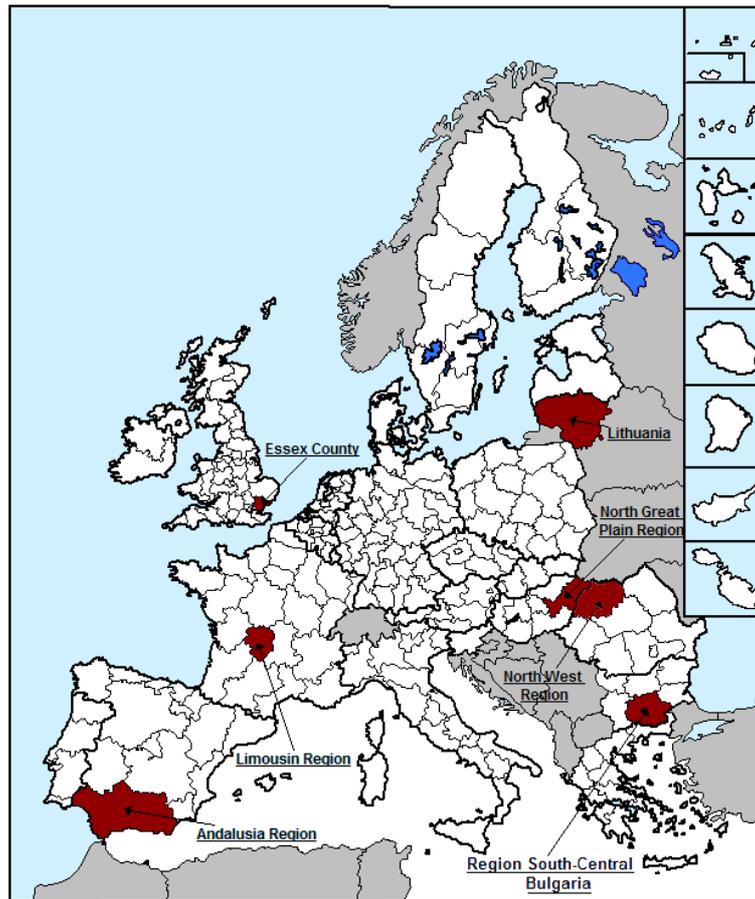


Figure 2. Locations of the RuralJobs research. The case studies described in this book were located in all of these regions except Andalusia Region and Lithuania.

2.3. The case study research areas

The RuralJobs review of earlier research (Sabau and Paquet, 2009a) noted many different approaches to defining the boundaries of study areas for field research. Frequently, administrative boundaries (NUTS2, NUTS3 or LAU1) were used. As the RuralJobs research was expected to ‘examine the interaction between different types of rural area (peri-urban, remote, high environmental/amenity value etc.) and the evolution of labour markets, travel to work areas and changing work patterns’, it was decided to use ‘labour

Table 6. Case study areas included in the RuralJobs research.

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

market' or 'employment' areas. Remarkably, in most countries represented in the research, evidence was available which allowed these areas to be defined, as follows: 'Travel to Work Areas' (TTWA) in the UK (Bond and Coombes, 2007); 'Local Labour Systems' (LLS) in Hungary (Radvánszki and Sütő, 2007); and 'agglomeration areas' in Bulgaria (Anon., 2007). In France, a 'Pays' is the result of a collective bottom-up approach with regional approval of its boundary. Only in Romania was it necessary to use an administrative territory (a NUTS3 region) as a case study area (Table 6). Inevitably, the methodology used to define labour market areas differs between countries. For example, in the UK the threshold number of workers for a TTWA is 3,500 - 25,000 while in Hungary different criteria apply in the LLS. Whilst this has not compromised the results of the research, progress towards a common EU-wide framework for defining labour market areas would be welcome.

Defining the 'type' of the RuralJobs case study areas was a relatively straightforward task owing to the simple nature of the criteria in the typology. The research covered the six most common 'types' of rural region (and one urban region):

- 'high GDP - urban - accessible' and 'high GDP - intermediate - accessible' (UK);
- 'high GDP - predominantly rural - accessible' and 'high GDP - predominantly rural - remote' (France);
- 'low GDP - intermediate - accessible' (Bulgaria);
- 'low GDP - predominantly rural - accessible' and 'low GDP - predominantly rural - remote' (Hungary); and
- 'low GDP - predominantly rural - remote' (Romania).

The key employment issues in each case study area, in particular urban-rural differences in terms of *pressures* (jobs and working age population), *state* (employment rates and related topics) and *impact* (economic prosperity), are summarised below in order to introduce the evidence base from which the conclusions in this book are compiled.

2.3.1. The Chelmsford and Braintree TTWA, Essex, UK

The Chelmsford and Braintree 'Travel to Work Area' (TTWA) is defined as a single labour market by Bond and Coombes (2007). In 2001 the TTWA had a population of 348,677, and it covers an area of 1313 km². It is located close to London (ca. 35 minutes from Chelmsford by train) and includes five towns, ranging from Chelmsford (population 97,451) to Halstead (population 10,000). Rural areas account for 37.7% of the population and 87.8% of the area. The TTWA is defined as 'high GDP - intermediate - accessible' in the RuralJobs typology as 100% of the population can access urban areas by car in 45 minutes or less. The population of the rural and urban areas increased by 6.2% and 5.0% respectively between 2001 and 2007 as did the percentage of people aged 65+, reaching 22.0% in rural areas and 17.2% in towns.

In 2001, rural and urban activity rates were 79.5% and 82.1%, and employment rates were 74.6% and 76.7%. Unemployment was around 3%. The major rural employment sectors (according to the 2003 UK SIC) in 2007 were: public administration, education and health (24.0%); distribution, hotels and restaurants (20.8%) and banking, finance and insurance (15.7%). Although 70-80% of the TTWA is good arable land, it can be farmed with just 1.7% of rural jobs. In rural areas there are many fewer jobs per person of working

age (rural jobs density in 2007 was 0.43 c.f. 0.74 in urban centres) and this difference is obscured in the employment data by commuting: 70% of rural workers commute over 5 km to work, and 12.6% commute over 40 km. A higher percentage (30.8% c.f. 26.7%) of rural residents are managers or professionals. The economic prosperity of rural and urban residents is similar and the mean number of cars in rural households was higher in rural areas (0.88 c.f. 0.81).

2.3.2. Thames Gateway South Essex, Essex, UK

Although the Thames Gateway South Essex (TGSE) sub-region is split between two 'Travel to Work Areas' (Bond and Coombes 2007), the territory is designated by the UK Government as a 'National Growth Area' and treated as a single entity. It is located on the north bank of the estuary of the River Thames and very close to London. It has just 38,095 rural residents out of a population of 633,687 and is dominated by the Southend-on-Sea urban area (pop. 266,749). TGSE covers 530 km² and although it is defined by RuralJobs as 'predominantly urban - accessible - developed', settlements of 10,000 or more cover less than 30% of the land surface. Even so, rural areas in TGSE are feeling increasing pressures related to urbanisation.

In 2005, employment rates at LAU1 level ranged from 75.3% to 78.2%. In rural areas there is approximately one job (or less) for every two people of working age but commuting levels are high and rural and urban employment rates are similar. The rural economy is very diverse: in terms of numbers of VAT-registered rural businesses by 'broad industry group', in 2006 the largest sectors were construction (23%), property and business services (19%) production (11%) and retail and transport (7% each). Agriculture accounted for 6% of rural businesses, but for only about 2% of employed rural residents. About 84% of rural residents are employed in services. 77% of VAT-registered rural enterprises employ less than five people. Rural land is used mostly for farming (arable and grassland), country parks and wildlife reserves.

2.3.3. Pays de Tulle, région Limousin, France

Pays de Tulle (PdT) lies entirely within the Tulle 'employment zone' (EZ, which in France is defined as a geographical area within which most members of the active population (normally not less than 25,000 active persons in total) live and work. PdT, with a population in 2006 of 49,789 and an area of 1253 km², is defined by RuralJobs as 'high GDP - predominantly rural - accessible'. Even so, its only town, Tulle (for which PdT serves as a catchment area), has just 15,734 residents; Brive-la-Gaillarde (population 50,009) and Limoges (population 136,539) lie outside PdT. Two out of three people live in a municipality with less than 150 inhabitants km². The population of PdT fell between 1962 and 1999, but there has since been a slight reversal in this trend, especially in rural areas surrounding Tulle, mainly owing to the in-migration of older people (the 65+ age group now makes up over 26% of the population); the population is ageing as young workers are still departing for more attractive centres.

In 2006 the activity rate in PdT was 73.0%, the employment rate was 68.6% and 4.4% were unemployed. Of persons aged 15+, 18.2% were employees, 12.1% were blue

collar workers and 11.3% held intermediate professions. Just 2.6% were farmers. The tertiary sector gives 83% of all jobs including many in the public sector. The number of employed residents aged 15+ increased from 20,576 in 1999 to 22,598 in 2006. Agriculture, industry and construction have declined since 1990 while commercial employment has increased. Four fifths of paid jobs are in activities oriented towards the needs of households in the area (the 'residential economy'). Rural unemployment is low as many unemployed move to the towns to get work. Of the 21,807 jobs in the PdT, 13,010 (including many local government jobs) are based in Tulle so many workers commute to Tulle where the jobs density is 1.87, c.f. 0.71 in PdT. Up to 13% commute out of the EZ to adjacent towns such as Brive-la-Gaillarde. The motorisation rate in rural areas is higher than in Tulle (715 c.f. 474 vehicles per 1000 residents).

2.3.4. Pays de Guéret, région Limousin, France

Pays de Guéret (PdG) approximates to the eastern half of the Guéret employment zone and is a 'high GDP - predominantly rural - remote' region. It covers 938 km² and in 1996 had a population of 37,540, of which two out of three lived in a municipality with less than 150 inhabitants km⁻² and 13,789 lived in the town of Guéret. It is estimated that over 97% of the territory is rural and that no part of PdG is located less than 50 minutes by car from Limoges. Since 1999 the urban and rural populations have stabilised after a period of decline as the slightly positive (+0.5%) annual migration balance offset the negative natural balance (-0.5%). Overall, the population is ageing: nearly 27% of the population is aged 65+. Areas of ageing population are concentrated in the north of PdG while younger, working age people live in the Guéret area or close to the main N145 road.

In PdG, the activity rate in 2006 was 72.0%, the employment rate was 65.2% and 6.8% were unemployed. The latter figure has declined (from 7.7%) since 1999, but this partly reflects the fact that younger workers migrate to larger towns to find work. The number of employed residents aged 15+ increased modestly from 16,261 in 1999 to 16,745 in 2006. The overall jobs density in PdG was 0.72 but was 1.96 in Guéret itself, which is clearly an employment centre for the territory. Nearly 85% of the labour force living in PdG works in PdG and there is no major commuting destination for employment outside PdG. Of persons aged 15+, 18.3% were employees, 12.1% were blue collar workers and 11.4% held intermediate professions. Just 2.7% were farmers although businesses in the agricultural sector represent nearly one third of all businesses in PdG. The tertiary sector provided 82% of all employment including a large percentage in the public sector, plus a significant retail fabric.

2.3.5. Pazardjik 'agglomeration area' (AA), Pazardjik Oblast, Bulgaria

The case study area, with a population in 2007 of 198,055 and covering 1907 km², consists of the six LAU1 municipalities in central Pazardjik Oblast. The main towns are Pazardjik (pop. 118,561), Peshara (21,653) and Septemvry (8,778). The case study area is defined as 'low GDP - intermediate - accessible' as 45.4% of the population live in rural LAU2 regions. Since 2000 the population has declined on average by 3.4%, but in the villages the average decrease was almost 5% (c.f. 2.5% in the towns) and in Belerovo

municipality was 6.5%. In 2007, 57% of the rural population was of working age (c.f. 64% in the towns), up from 53% in 2000 and 28% was over working age (c.f. 19% in the towns), down from 31% in 2000. The number of people under working age is declining and the population is ageing. Rural natural population balance in 2007 was -4.6% (c.f. 0.1% in the towns). 8-10% of the working age population is working abroad but some retirees have returned to rural areas to gain an income from farming.

The average level of unemployment declined from 22.4% in 2000 to 8.1% in 2007 but in the rural Lesichevo municipality the figure was still 17%, and the unemployed from remote rural areas are moving to Pazardjik and Peshara (unemployment rate ca. 4.5%) for work. Long-term unemployment accounted for 58% of all unemployment in 2007. In rural parts of the case study area in 2007 agriculture accounted for 45% of employment, wholesale and retail trade for 13%, food manufacturing for 12%, and tourism for 9%. Cultivated land accounts for 44% of the case study area although 25-30% of this land is presently abandoned. Rural women can find public sector jobs in the social, administration or education sectors. The average male salary in rural areas in 2007 was 36% less than in urban centres, reflecting a lack of attractive, well-paid rural jobs, although the 'black' economy is widespread and actual salaries are around 30-40% higher than official figures. Unemployment rates in villages located close to the towns lower as men commute to Pazardjik or even to towns outside the case study area e.g. Plovdiv.

2.3.6. Hajdúszoboszló LLS, North Gt. Plain Region, Hungary

The case study area, which actually consists of Hajdúszoboszló LLS and two neighbouring villages, covers 768 km² and in 2007 had a population of 43,691, of which 23,800 lived in Hajdúszoboszló. It is defined as 'low GDP - predominantly rural - accessible' as the density of all LAU2 regions is less than 150 persons km⁻² and 100% of the residents can access the city of Debrecen (population 207,270) by car in less than 45 minutes. Between 2001 and 2007 the population remained declined slightly, as did the percentage of working age (68.5% in 2007 c.f. 68.1% in 2001) but the percentage of older people increased (from 14.0% to 15.7%) and that of younger people declined (18.0% to 15.8%). Both the migration and natural balance (the latter particularly in Hajdúszoboszló) have been negative since the 1990s.

In 2001 the activity rate was 50.1%, the employment rate was 42.8% and the unemployment rate was 14.9%, with little difference between Hajdúszoboszló and the smaller settlements. NUTS3 level data (i.e. including Debrecen) were 49.7%, 46.5% and 6.4% respectively in 2001 and 50.1%, 46.1% and 7.9% in 2007. The inactive population includes a high number of 'discouraged workers', although a significant level of unregistered ('black') employment occurs. In 2004, 12.6% of employees worked in agriculture and forestry, 28.6% in industry and construction and 58.8% in services. Employment in agriculture reflects the good farming conditions but is expected to decline further. In 2001, 43.1% of employees worked in their own settlement and 28.4% (mainly younger workers) commuted outside the case study area. In the case study area in 2007 the number of inhabitants per dwelling was above the NUTS3 regional average of 2.44 but rural house prices are low and many houses lie empty. 2007 motorisation rates were comparable to the regional average of 260 cars per 1000 residents, c.f. 190 in 2001.

2.3.7. Karcag LLS, North Gt. Plain Region, Hungary

This case study area consists of Karcag LLS and two neighbouring villages. It covers 877 km² and in 2007 had a population of 46,170, of which 21,824 lived in Karcag and 12,224 lived in Kisújszállás. It is defined as 'low GDP - predominantly rural - remote' as the density of all LAU2 regions is less than 150 persons km⁻² and only around 40% of the residents can reach the city of Szolnok (population 75,474) by car in less than 45 minutes. Both the natural and migration balance have contributed to a 6% decline in the population (affecting almost all settlements) since 2001. Roma account for 8% of the population (13% in Karcag) and many are unskilled, long-term unemployed. The percentage of working age increased from 65.9% in 2001 to 68.1% in 2007 but the percentage of young people declined (from 19.2% to 16.8%).

Activity rate in 2001 was 45.2%, while that for the NUTS3 region (including Szolnok) was 49.5% in 2001 and 53.4% in 2007. Employment rate was 37.4% (c.f. regional rates of 45.9% in 2001 and 48.4% in 2007) and unemployment rate was 17.5% (c.f. 7.3% and 9.4%). Jobs were lost owing to the bankruptcy of the agricultural cooperative and the closure of factories which operated in the socialist era. In 2004, 10.5% of employees worked in agriculture and forestry, 33.5% in industry and construction and 56.0% in services. Many long-term unemployed are former agricultural workers with no formal skills. In 2001, 14.6% of workers commuted outside the case study area (often of necessity due to lack of jobs close to home), while for others commuting is not an option, and 70.1% worked in their own settlement. In 2007 the number of inhabitants per dwelling was substantially above the NUTS3 regional average of 2.33 but again rural house prices are low and many houses lie empty. 2007 motorisation rates were substantially below the regional average of 242 cars per 1000 residents.

2.3.8. Bistrița-Năsăud county, North West Region, Romania

The case study area covers an area of 5355 km² and in 2009 had a population of 317,205, of which 119,334 lived in rural areas. The urban centres and (2009) populations are Bistrița (84,471), Beclean (11,574), Năsăud (10,906) and Sângeorz Băi (10,912). As less than 50% of the rural population can access Bistrița (or any other major city) by car in 45 minutes or less it is 'low GDP - predominantly rural - remote'. However, as 86.5% of the employed live and work in the same place, the county is probably composed of several, accessible and (especially in the NE (mountain) and SW areas) remote, labour market areas. The rural population declined by 1.4% between 2002 and 2007 while the urban population increased by 1.0%. In 2008, 65.6% of the rural population was of working age, 18.3% below it and 16.1% above it, compared to 21.0%, 63.1% and 15.8% in 2002 and 76.7%, 15.6% and 7.7% in towns. Rural society is therefore both elderly and ageing. International migration was estimated at up to 30% and the working age population of the case study area as a whole is expected to decrease by 40% by 2050.

In 2002, rural activity rate was 73.2%, employment rate was 67.5% and unemployment rate was 5.7% (c.f. 66.3%, 56.6% and 9.7% in towns) but the rural data are largely due to the high level (72.6%) of agricultural (self-) employment in total rural 'employment' and are therefore misleading as semi-subsistence agricultural households do

not register as unemployed. In terms of ‘formal’ rural employment, of the 13,792 employees in 2007 the main sectors were education (20.2%), manufacturing (15.1%) trade (13.1%), and health and social care (8.2%). From 3.9% in 2002, the share of employees in agriculture fell to 1.7% and 65% of mining jobs were also lost in that period. In 2002 in some communes (especially close to Bistrița) up to 38% of employees commuted, mainly to the towns, while in others the figure was just 2%. In 2008 the number of cars per household was 0.36 in urban and 0.16 in rural areas.

2.4. The case study area research methodology

For the field research a common methodology was adopted for all case study areas. The source material for the research consisted of (a) information gathered from semi-structured interviews with local actors/key experts, (b) quantitative data sets and (c) previously published (mainly local) studies. Approximately 20 interviews were conducted in each case study area, and interviewees included representatives of (a) decision makers; (b) local government experts; (c) community organisations / NGOs; (d) other experts (e.g. academics, consultants); and (e) the business sector (e.g. Chamber of Commerce, Farmers’ Union). The interview transcripts were expected to be rich and diverse sources of information on rural employment issues in the case study areas. The ‘framework’ method (Brunt, 1997) was used by partners to ensure that this information was properly managed, analysed and presented, and thus effectively used alongside the quantitative data in the formulation of ‘preliminary conclusions’ at case study area level.

Subsequent analysis followed the approach shown in Figure 3. In terms of a *vision* for rural employment, RuralJobs partners were asked to consider whether the definition of ‘economic prosperity’ used by the EU Sustainable Development Strategy, i.e. ‘a prosperous, innovative, knowledge-rich, competitive and eco-efficient economy which provides high living standards and full and high-quality employment’ (EU, 2006) was appropriate in their case study areas. The *objective* associated with this vision would be ‘new sources of employment in rural areas ... in line with the Lisbon Strategy’. In other words, more and better jobs, notably knowledge-based jobs, in rural areas.

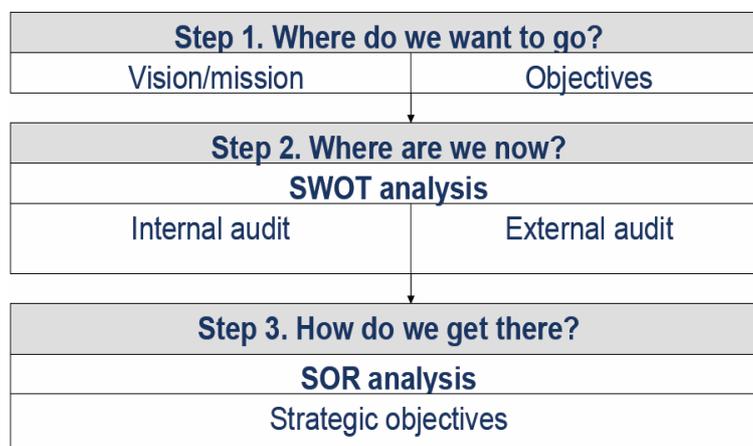


Figure 3. The three stage methodology used in the RuralJobs case study area research.

In each case study area, a SWOT analysis of rural employment potential was conducted from the results of the field research. The *internal audit* i.e. the Strengths and Weaknesses, was based on the ‘assets’ of the case study area, i.e. the ‘driving forces’ which are internal to the DPSIR loop (Figure 4). The asset does not necessarily need to be *within* the territory. ‘Proximity to an international airport’ may be a Strength even if the airport is not within the territory. Also, the status of an asset relative to a neighbouring territory may also be relevant. For example, ‘unattractive landscape’ may be a Weakness especially if that in the neighbouring territory is particularly attractive. The *external audit* i.e. the Opportunities and Threats was based on factors influencing change in the rural economy (and therefore rural employment) in the case study area. Opportunities could be the basis of the ‘new sources of employment’, while Threats are factors which are leading to a decline in employment in rural areas.

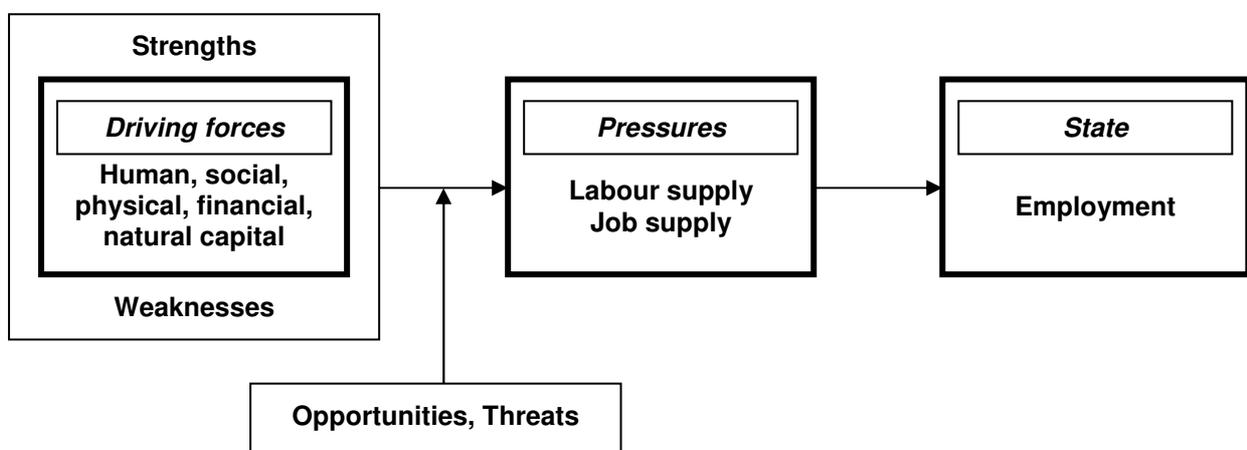


Figure 4. Relationship between the components of the SWOT analysis and the DPSIR loop.

From the comprehensive lists of Strengths, Weaknesses, Opportunities and Threats for each case study area, the most important factors with respect to rural employment creation and sustainable economic prosperity were identified for use in a Strategic Orientation Round (SOR) analysis (see Januszewska *et al.*, 2009 for methodology). Here, the *importance re. the employment development potential* of each interaction between Strengths and Weaknesses on the one hand, and Opportunities and Threats on the other, was quantified on a 0 and 3 to scale, and for the most important interdependencies an ‘operational objective’ was formulated. Where possible, similar operational objectives were merged and then the shortlisted operational objectives were clustered into a set of ‘strategic orientations’ which could be the focus for future rural employment strategies in the case study area. It is these strategic orientations which form the basis of the five ‘composite’ EU-wide strategic orientations for rural job creation which are described in this book and which are aligned with the five ‘capitals’ identified by DFID (1999).

Chapter 3

NEW SOURCES OF RURAL EMPLOYMENT IN THE EUROPEAN UNION

Cedefop (2010) provides a post-economic crisis prediction of medium-term (i.e. to 2020) trends in employment in the EU in the context of demand for skills. A continuing shift away from the primary sector (especially agriculture) and traditional manufacturing industries towards services and knowledge-intensive sectors is predicted. Although in many newer as well as some older Member States employment in agriculture and manufacturing is still relatively high, there are clear signs that this is changing rapidly. In the next decade the total share of jobs in the primary sector and utilities is expected to decrease from 6.5% to 5.1%, and in manufacturing and construction from 22.9% to 21.3%. By contrast, the share in the service sector is expected to rise from 70.7% to nearly 74%. A net balance of seven million extra jobs is expected to be created in the EU-27 between 2010 and 2020. However, even in those areas where employment levels are likely to fall there will be significant numbers of job openings as most people who leave the labour market will need to be replaced. The total ‘replacement demand’ between 2010 and 2020 is estimated at 73 million (Cedefop, 2010).

Superimposed on expected changes in the number of jobs are anticipated changes in skills demands. The overall number of jobs employing highly qualified people is projected to rise by almost 16 million in the next ten years, while the number of jobs employing people with low (or no) formal qualifications is expected to fall by around 12 million. Jobs requiring intermediate qualifications are likely to increase by almost four million. With respect to replacement needs, around 18 million will be for jobs where low or no qualifications are needed, around 21 million will be for jobs requiring high level qualifications and the balance (34 million) for jobs at intermediate level (Cedefop, 2010). The implication of these trends is an overall increase in the demand for skills caused partly by the creation of new, highly skilled jobs and partly by the upskilling of existing jobs.

Agriculture is no longer the backbone of the rural economy. In the past, the agricultural sector was often the engine for growth in rural economies and represented the predominant source of rural income, employment and output. Regarding the RuralJobs case study areas, this analysis could still be applicable to Bistrița-Năsăud county where, owing to semi-subsistence agriculture, 73.2% of ‘employed’ rural people still work in farming. However, the percentage working in agriculture and forestry in the EU-25 (i.e. the EU-27 excluding Bulgaria and Romania) case study areas ranged from 1.2% (Chelmsford and Braintree TTWA) to 12.6% (Hajdúszoboszló LLS). Even in the latter case study area 58.8% of people worked in the service sector.

Thus, as stated earlier, in this study the preferred definition of ‘rural employment’ is *‘any income-generating activity undertaken by an individual that takes place in a rural area’*. This definition covers both the self-employed and employees, and all sectors of the economy. Such an approach is consistent with the terms of reference for the RuralJobs research, which was expected to ‘identify labour market, demographic and economic trends

in rural areas across EU-27 and the potential for new sources of employment outside traditional primary and secondary sector activities’. An alternative definition of ‘rural employment’ could be ‘*any income-generating activity undertaken by an individual that lives in a rural area*’. This includes town-based employment opportunities for rural people that could be met by commuting or migration but, although discussed in some detail in Chapter 4, this otherwise receives much less attention in this study.

In turn, the issue of *job quality* can encompass economic unpaid family work and wage employment in both the informal and formal sectors. Labour underutilisation may be characterised, among other things, by lack of employment (unemployment or time-related underemployment), underutilisation of skill, low income and low productivity.

Evidence from the RuralJobs case study areas on new sources of rural employment is presented here in the framework of the Statistical Classification of Economic Activities in the European Community, commonly referred to as NACE, which is a European industry standard classification system (EC, 2008b). The full 31 sector breakdown can be rationalised into the six sectors used here. This approach suffers from a degree of inflexibility, as supply chains are as important as individual sectors and synergies, such as between short agri-food chains and tourism can be important, but it ensures that all areas of the economy are covered. The results are summarised in Table 7.

Table 7. Potential new sources of rural employment identified in each RuralJobs case study area in the framework of the Statistical Classification of Economic Activities in the European Community. See Table 6 for identities of case study areas.

NACE sector	Case study area							
	1	2	3	4	5	6	7	8
<i>Agriculture, hunting and fishing</i>								
• A. Agriculture, hunting and forestry	♦	♦	♦	♦	♦	♦	♦	♦
• B. Fishing	♦				♦			♦
<i>Industry</i>								
• C. Mining and quarrying	♦							♦
• D. Manufacturing	♦	♦	♦	♦	♦			♦
• E. Electricity, gas and water	♦	♦	♦	♦	♦	♦	♦	♦
<i>Construction</i>								
• F. Construction		♦	♦	♦	♦	♦	♦	♦
<i>Trade, transport and communication</i>								
• G. Wholesale and retail trade etc.	♦	♦	♦	♦		♦	♦	♦
• H. Hotels and restaurants	♦	♦	♦	♦	♦	♦	♦	♦
• I. Transport, storage and communication	♦	♦			♦		♦	
<i>Financial and business services</i>								
• J,K. Financial intermediation, real estate etc.	♦	♦	♦	♦		♦	♦	
<i>Other services</i>								
• L,M. Public administration etc., education							♦	
• N. Health and social work	♦		♦	♦		♦		♦
• O. Other community, social & personal service activities	♦		♦		♦	♦		♦
• P. Activities of households								

3.1. Agriculture, hunting and fishing

This topic covers the following NACE sectors: *Agriculture, hunting and forestry* (A) and *Fishing* (B). Cedefop (2010) anticipates the loss of more than 2.5 million jobs in the EU-27 in the primary sector, especially in agriculture, by 2020. The percentage of jobs would fall from 6.5% to 5.1% of the EU total, down from 7.4% in 2000. The sector was, however, broadly unaffected in terms of job numbers by the recent economic recession. In 2003, with ca. EUR 23,000, the sector had the lowest value added per hired employee (EC, 2007b).

The net decline in farm jobs is reported in all case study areas and is expected to continue but within this trend several positive aspects were noted. For at least two reasons farming will become increasingly knowledge-based. Firstly, due to the continuing adoption of production technology, for example in horticulture where computer-controlled machinery is taking over labour intensive tasks such as harvesting and, secondly, because of increasing sophistication in consumer demands. The latter includes producing the ingredients of functional foods, i.e. those claimed to have health-promoting or disease-preventing properties beyond the basic function of supplying nutrients (Anon., 2005; Fieldsend, 1996). An example of a new non-food crop in Thames Gateway South Essex is hemp which is used in car manufacturing. Thus, at least part of the ‘replacement demand’ for older farmers leaving the sector will be met by highly innovative entrants. This trend is noted to be well established in the case study areas in the UK and France. In Pays de Tulle, merger of farms into larger units may create some jobs for farm workers replacing family labour.

Most farms in the NMS are less well placed to exploit the opportunities described above, owing to their poorer capitalisation and structural problems including fragmentation of land ownership (Vizvári and Bacsí, 2003), but there are opportunities for greater ‘value added’ in production. These can include crop diversification, for example into vine growing, tobacco and essential oil crops in Pazardjik AA, and animal husbandry in the mountain areas. Farms specialised in animal husbandry (e.g. sheep, goats and cattle), medicinal plants and vineyards were mentioned regarding job creation in Bistrița-Năsăud county. In both of these case study areas, semi-subsistence agriculture is still widespread. A relative vitalisation of the sector, especially of the intensive production as vegetable-growing, fruit-growing and greenhouse production are observed in Pazardjik AA but their scale is still very low and they are not able to invigorate significant changes in the economic, social and employment development.

Organic production, perhaps associated with short supply chains, was suggested in all four NMS case study areas (in Pazardjik AA and Bistrița-Năsăud county assisted by the widespread non-use of artificial pesticides and fertilisers on small farms; 35% of producers in the former case). In the EU-15 the potential for this has already been widely reported (e.g. van der Ploeg *et al.*, 2008), and was noted in Pays de Tulle (where demand for local products is increasing). In the NMS demand is presently more limited (Fieldsend, 2009), although some ‘community supported agriculture’ projects have operated there since the late 1990s, at least (Hayes and Milánkovics, 2001). The proximity of a large, relatively wealthy, sophisticated (i.e. one that attaches value to locally-produced products) urban market (e.g. Budapest) is clearly an advantage. Goodman (2004) points out that this kind of agrarian-based rural development is of ‘uneven spatial and temporal intensity’. It has the potential to

support some job creation but EU farming will continue to focus mainly on the production of commodities e.g. cereals.

Naesager (2008), on behalf of EU Commissioner Fischer Boel, listed four ‘new challenges’ after the CAP Health Check: (a) fighting and adapting to *climate change*; (b) managing *water* better; (c) making the most of *renewable energy*; and (d) protecting *biodiversity*. RuralJobs research noted opportunities for new sources of rural employment linked to all four topics.

In Pays de Tulle and Pays de Guéret, as well as in several NMS case study areas (including Karcag LLS, Pazardjik AA and Bistrița-Năsăud county) the potential was identified for increasing fruit and vegetable (F&V) production, in the latter sometimes restoring production which collapsed after the political changes. This is potentially high value-added production which can support more jobs. Agriculture currently accounts for 70% of all water use (UNESCO, cited by RAE, 2010) and there is concern about developed nations importing ‘virtual’ water especially in the form of high water content agricultural produce. Although over 95% of global F&V production is consumed locally (EC, 2007b), in some high income countries over 50% of consumption is related to processed F&V. Thus, more, local F&V production would help to improve the EU’s ‘trade balance’ in *water*. To ensure increasing market share this would need to be implemented in an innovative way, such as by growing new crops or new, high quality cultivars, as demonstrated by New Zealand F&V growers whose exports have grown as a consequence from NZD 115 million in 1980 to NZD 2.6 billion in 2007 (NZTE, 2007). Alternatively, local varieties and breeds, such as Bistrița plums, forest-fruits and mushrooms could form part of a regional tourism strategy.

The above idea addresses only one aspect of the ‘new challenge’ of managing water better. There is a wider technological need to improve water use efficiency (biomass:water ratio) in farming, for example in the extensive irrigation system in Pazardjik AA. The recurring themes of technological change and innovation in farming demand a fresh look at agricultural knowledge and innovation systems (AKIS). Centres of innovation, such as universities, tend to be located in urban centres and of course physical ‘clustering’ of farming businesses is not possible. Alternative approaches to technology transfer need to be encouraged. Whilst in a region such as Essex, UK, this may involve greater use of delivery via ICT, Sonnino *et al.* (2008) correctly stress the potential importance of local knowledge and innovation systems (peasant or indigenous knowledge). In Bistrița-Năsăud county, for example, local advisory services for small, family farms are seen as an opportunity for rural job creation but this would have to be structured on the basis of local needs and a model transferred from the EU-15 would not necessarily be the most appropriate solution.

Regarding *renewable energy*, although the true carbon balance of biomass production, in its various forms, and its potential impact on food prices are disputed, it is estimated that the biomass industry could create around 200,000 jobs in ‘OECD Europe’³ alone by 2020 (Rutovitz and Atherton, 2009). Anania (2009) suggests that, to meet the EU goal of ‘green’ fuels⁴ accounting for 10% of total transport fuels by 2020 by using domestically produced biofuels only, 38% of agricultural land would be needed. Hence,

³ Czech Republic, France, Finland, Germany, Greece, Poland, Slovak Republic and the UK.

⁴ ‘Green’ fuels include sources of renewable energy such as sustainable biofuels as well as hydrogen and ‘green’ electricity.

marginal land which is currently unprofitable would be brought back into production and/or land currently used to produce food could be diverted to biofuel production. Abandoned land is estimated to account for 25-30% of all agricultural land in Pazardjik AA and much of it is potentially very productive. Land abandonment since 1990 is also reported in Bistrița-Năsăud county and has no doubt occurred in the Hungarian case study areas as well. Potential for biomass production was reported in Pays de Tulle, Pazardjik AA, Hajdúszoboszló LLS and Bistrița-Năsăud county.

Forests can contribute, via carbon sequestration, to fighting and adapting to *climate change*. Pays de Tulle, Pays de Gueret, Pazardjik AA and Bistrița-Năsăud county have substantial forestry resources which could be used in more sustainable ways. For example, in Pazardjik AA wood from the forests is used for biomass production. However, this wood is normally not waste material from the timber industry but cut trees, causing environmental problems. By better utilisation of residual materials such as chops, bark, branches etc. and restricting the use of trees for heating, the biomass industry in the area may expand. In Bistrița-Năsăud county there is a proposal to generate electricity from the large volume of sawdust from the sawmills. The potential for forests in creating more sustainable employment will only be met if exploitation is accompanied by systematic afforestation there. In Pays de Tulle, the tourist potential of forests, for example for walking, cycling, horse riding, etc. is recognised although there is a potential conflict with production-related activities such as timber for construction, panels, packaging etc. for which there is increasing demand. In the northern part of the Pays and in Pays de Guéret, the lack of organisation between the large number of landowners discourages exploitation, as it also does in Bistrița-Năsăud county.

Forests can contribute to increasing *biodiversity*, and agri-environmental schemes are also expected to do so. The latter are suggested as a source of new jobs in Thames Gateway South Essex, at least, but evidence suggests that although they may help to maintain the economic viability of farms they lead to little direct creation of sustainable jobs (Mills *et al.*, 2010).

Hunting and fishing are suggested as having some potential for job creation (often in connection with tourism) in the Chelmsford and Braintree TTWA (pheasant and partridge), Hajdúszoboszló LLS, Pazardjik (eco-fishing in reservoirs used for irrigation and hydroelectric power generation) and Bistrița-Năsăud county but (for example with fish farming in Bistrița-Năsăud county) the numbers of jobs involved are likely to be small. Sea fishing is not considered to be a source of more rural jobs in Essex (the only coastal case study areas).

3.2. Industry

Industry covers the following NACE sectors: *Mining and quarrying* (C); *Manufacturing* (D) and *Electricity, gas and water supply* (E). In turn, *Mining and quarrying* is divided into *Mining and quarrying of energy producing materials* (CA) and *Mining and quarrying, except of energy producing materials* (CB). *Manufacturing* is divided into fourteen sub-sectors, such as *Manufacture of food products, beverages and tobacco* (DA). In the period 2010-20 around two million jobs are likely to be lost in manufacturing and production across the EU (Cedefop, 2010).

3.2.1. Mining and quarrying

No case study reports include coal mining as a source of employment. In a ‘business as usual’ (BAU) scenario cited by Greenpeace (2009), the number of coal power jobs in OECD Europe is likely to decline from 260,000 in 2010 to 184,000 in 2020. Of these, most coal extraction, transportation and electricity generation jobs are likely to be in rural areas. While Greenpeace (2009) suggests that an even bigger reduction is achievable, and that it could continue beyond 2020, the BAU scenario (p.29) states that the number of jobs will recover to 255,000 in 2030. With increasing attention being attached to the importance of energy security in the EU and the risk of unexpected supply shocks, especially with respect to gas (Anon., 2009), the remaining large coal reserves in the EU may gain new importance. This point is followed up in Section 3.2.3.

In the Chelmsford and Braintree TTWA sand and gravel extraction is a fairly significant source of jobs but reserves are becoming exhausted and there is often local opposition to new extractions. There are potentially valuable granite deposits in Pazardjik AA, and a small rural extracting, processing and manufacturing industry has developed there around clay deposits. In Bistrița-Năsăud county much of the mining has been closed down since 2002 but the existence of mineral resources, for example polymetallic minerals, marble, argile and sand, provides opportunities for creation of rurally-based jobs in the extractive industry.

3.2.2. Manufacturing

In the EU the importance of the food industry in total manufacturing is growing and the value-added of this sub-sector (NACE code DA) is higher (and is growing faster) than that of most other manufacturing sub-sectors (NACE codes DB-DN). In 2003 it provided 2.2% of employment in the EU-15 (down from 2.4% in 1995 although it grew slightly in absolute terms), often in rural areas. The sector’s competitiveness is weak compared to some other countries and a decline in employment is anticipated, accompanied by increasing productivity. Evolving consumer demands, e.g. for more convenient and healthy food and ethical issues (e.g. animal welfare) highlight the need for continuing innovation (EC, 2007b).

In the Chelmsford and Braintree TTWA job creation in the agri-food chain will occur where Gross Value Added (GVA) is greatest (including in food processing) and GVA will be raised by increasing demand for convenience foods, functional foods and more eating out (as part of a ‘fork to farm’ approach). By 2020 employment in the agri-food chain could be 10% higher than at present, despite a continuing decline in farming jobs. Some job creation is occurring through on-farm diversification e.g. potato packing, small-scale grain and meat processing and production of food products (jams etc.), sometimes using redundant farm buildings and often to supply local markets. Other jobs are being created in independent businesses e.g. cider makers and microbreweries. It is likely, however, that most job creation will be in the ‘mainstream’ supply chain. Similar trends are occurring in Thames Gateway South Essex and 70% of farm income in the East of England region now comes from non-farming activity.

In Pays de Tulle and Pays de Guéret 22% and 17% of farms respectively have diversified into activities such as fruit juice production and finished products to meet an

increasing demand for local products (especially in the former region). In Pays de Guéret, at least, the processing domain remains very underdeveloped and the closure of the slaughterhouse has left a gap in the agri-food supply chain. The development of milling, meat and dairy processors in Karcag LLS would exploit the added value of locally produced products. Food processing in Pazardjik AA is concentrated in urban centres and its development will provide relatively few new rural jobs directly, but would add value in the regional agri-food chain and so stimulate upstream and downstream job creation. There is potential for food processing at family farm level in Bistrița-Năsăud county and this would support the capitalisation of local brands.

In line with the predictions for a net loss of jobs in other manufacturing sectors, little potential for rural job creation was noted in the case study areas. Cedefop (2010) notes that some activities in manufacturing have been transferred eastwards and southwards within Europe and that these patterns of change will continue in the immediate future. Indeed, in the Chelmsford and Braintree TTWA, competition in the low added value manufactured products sector from other regions able to produce such as caravans, window and door frames etc. more cheaply was identified as a Threat to current rural employment. By contrast, the growing interest in recycling and ‘the environment’ in general could lead to the ‘mining’ of landfill sites to recover valuable materials such as tin and glass. The sites could then be converted to leisure (lakes, country parks) or other uses. Manufacturing job losses are also reported in Pays de Tulle. In Bistrița-Năsăud county manufacturing increased from 10% of employment in 2003 to 15% in 2007 and there is potential for job creation in textile, clothing and footwear manufacturing, and wood processing as well as manufacture of agricultural equipment. In Pazardjik AA, opportunities include craftsman workshops and manufacturing furniture. Cedefop (2010) notes that, despite the decline in employment, manufacturing sectors will remain viable sources of jobs and crucial components of the European economy. With more than 34 million jobs in 2020 there will still be a significant ‘replacement demand’ and associated need for skills development.

3.2.3. Electricity, gas and water supply

As with the agri-food supply chain, the energy supply chain (well to wheel) for the most part starts in rural areas and ends in urban centres. Biomass as a source of jobs has already been discussed and indeed farmers are increasingly seeing themselves as ‘energy producers’ as their produce may be in the form of food energy, or fuel energy, or both. Energy production strategies in general are now normally developed in the context of mitigating climate change (e.g. Greenpeace, 2009). Biogas production from farm and food wastes (such as livestock manures and slurries) via anaerobic digestion can provide ‘green jobs’ in rural areas, sometimes but not always on-farm. The ‘digestate’ can be used as a fertiliser and soil conditioner. Potential for biogas production was noted in Karcag LLS and Defra (2010) estimates that bio-gas production will have a significant role in a renewable energy sector that will provide up to 0.5 million jobs in the UK alone by 2020, as part of a move towards a low-carbon economy.

Regarding other renewable energy technologies, wind was suggested in the Chelmsford and Braintree TTWA, Karcag LLS and Pazardjik AA, geothermal in Hajdúszoboszló and Karcag LLS, and solar in Hajdúszoboszló and Karcag LLS and

Pazardjik AA. The 'green economy', including renewable energy production, was judged to be a potentially major source of new jobs in Pays de Tulle and Pays de Guéret. Of the estimated 749,000 energy sector jobs in the EU-27 in 2010 in the BAU scenario cited by Greenpeace (2009), 342,000 are in the renewable energy sector (Rutovitz and Atherton, 2009). The figures are expected to increase to 854,000 and 533,000 in 2020, although Greenpeace (2009) suggests that even bigger increases are feasible. These figures include direct employment in construction, installation, manufacturing and development (CMI) and in operations and maintenance (O&M) only. Unlike biomass, where most of the jobs are in O&M, for wind, geothermal and solar, in the short term at least, most of the jobs are in CMI (and hence should be counted under Section 3.3. Construction). For example, Rutovitz and Atherton (2009) estimated that worldwide there would be 0.29 m CMI and 0.07m O&M wind energy jobs in 2010 rising to 0.36 m and 0.15 m in 2020.

The major non-renewable energy sources are coal, gas, nuclear and oil and the potential for rural job creation in the case study areas appears to be low. In Chelmsford and Braintree TTWA the site of a nuclear power station which closed in 2002 is being considered for the construction of a new facility. Its operation would create a number of knowledge-based jobs, mostly likely to be filled by incomers to the area. For OECD Europe, Rutovitz and Atherton (2009) estimate that under the BAU scenario the number of jobs in electricity generation from gas will increase from 83,000 in 2010 to 86,000 in 2020, while from nuclear, oil and diesel the number will decline from 64,000 to 51,000.

Rutovitz and Atherton (2009) do not explain why the number of jobs in electricity generation from coal should increase after 2010 but it is accompanied by a projected increase in output (p.50). TSO (2009) suggests that, with the adoption of carbon capture and storage technology, electricity generation from coal (and gas) could be part of a low carbon future. The North Sea offers many potential sites for carbon storage and there is potential for rural job creation in Thames Gateway South Essex around pipelines transporting carbon dioxide.

No case study area reports identify significant potential for rural job creation in the management of the water supply chain (cloud to coast) although the headquarters of a water supply company, located adjacent to a large reservoir, is a major rural employer in the Chelmsford and Braintree TTWA. RAE (2010) notes that a number of factors, not least population growth, urbanisation and climate change, make it necessary to improve current water management systems and to develop new sources, such as via recycling and desalination. In the NMS case study areas, the rural water supply in any case remains undeveloped. Thus, innovation, if not rural job creation, has an important role here as well. In Bistrița-Năsăud county, valorisation of the natural gas supply from the plain used for industrial and household consumption is suggested.

3.3. Construction

Construction is covered by NACE code F. Cedefop (2010) anticipates that the number of EU jobs in construction will remain almost constant at just over 15 million in the period to 2020, declining slightly from 6.8% to 6.7% of total employment. There will be big differences between countries, however, from a net loss of 379,000 in Spain to net gain of 136,000 in Romania. In the East of England region, Karcag LLS and in Bistrița-Năsăud

county the recent economic recession had one of the biggest impacts in terms of rural jobs on construction, reflecting Cedefop (2010) data which suggest that the increase in jobs since about 2004 was wiped out.

Intuitively, construction is perceived as an urban-based sector and no data on the urban-rural split in construction jobs in the EU are to hand. However, the significant potential in the energy supply chain for new rural construction jobs (wind turbines, solar parks etc.) has already been reviewed, and in all four NMS case study areas potential was identified in the water supply chain and also in waste management to make up for earlier lack of investment. RAE (2010) has implied, for the reasons mentioned above, that the requirement for construction jobs in the water supply chain (water storage and distribution, desalination etc.) will increase further. In terms of VAT registered businesses, construction is the biggest rural employer in Thames Gateway South East, and was considered to be the most important sector for rural job creation. Although much of this potential may be for work in urban centres for rurally-based businesses and people, demand for rural construction certainly exists. For example, climate change will increase the need for flood management systems including improving existing flood defences and structures; maintaining river channels; maintenance of drainage networks by landowners and maintaining road drainage systems, as well as floodwater storage schemes.

In Pays de Tulle in 2008 the creation of new construction companies seemed to be particularly high (3.5 times higher pro-rata than all other businesses), probably stimulated at least in part by the increase in the number of households and the need for housing. In response to the threat of climate change energy-saving construction methods are being adopted. The sector still has room for development in Pays de Guéret providing sufficient labour can be found. Employment of craftsmen, such as joiners and plumbers, is discussed in Section 3.6.

All case study areas in the NMS report the potential for more rural construction jobs associated with the improvement of (particularly) communications infrastructure, which is often still in very poor condition after years of neglect, as follows: Pazardjik AA: rural roads, and in some remote areas mobile phone services, Internet connections and electricity supply; Karcag and Hajdúszoboszló LLS: the road network, bus and railway stations, cycle tracks, cable television, broadband internet, plus sewage and waste management, and Bistrița-Năsăud county: roads, telephone and Internet connection, and sometimes electricity supply. Construction jobs would also be created in connection with investments in other sectors such as tourism (for example thermal bath investments and castle renovation in Karcag LLS) and in general village modernisation such as in Bistrița-Năsăud county. In the latter case, house building funded by local people working abroad has provided some jobs.

3.4. Trade, transport and communication

This grouping covers the following NACE sectors: *Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods (G); Hotels and restaurants (H) and Transport, storage and communication (I)*. Cedefop (2010) projects an increase of 3.4 million in the number of jobs in distribution, transport, hotels and catering in the EU between 2010 and 2020, with the share of all jobs increasing from 21.5% to 23.9%. Linked with this will be a significant expansion in the number of skilled jobs, especially in

retail and distribution. Approximately 200,000 jobs were lost in the sector during the economic recession (2008-2009), an impact noted in some case study area research, such as in the Chelmsford and Braintree TTWA where logistics was particularly severely affected.

3.4.1. Wholesale and retail trade etc.

In the Chelmsford and Braintree TTWA and Thames Gateway South Essex, the number of jobs in the 'traditional' rural retail trade (village general stores, pubs etc.) is declining for several reasons including competition from edge-of-town supermarkets and the 'clustering' of rural services has been proposed as a way of reducing this trend. By contrast, in recent years there has been a major expansion in farm shops and farmers' markets (associated with short supply chains) linked with a 'valorisation' of rural and its associated brands (such as 'wildlife friendly' meat products in Thames Gateway South Essex) which has allowed product innovation and production of greater value-added. Activities have included local food networks, food trails, festivals and fairs as well as tea shops and delicatessens. These supply chains are not however expected to supplant the mainstream food supply chain which is also offering more local/quality/ethical products. Creation of more jobs is expected in 'specialist' non-food rural shops which cater for the expanding tourism and leisure market (e.g. antique shops, art, crafts e.g. glass blowing, leather crafts and floristry, yachting supplies etc.). In both case study areas, redundant farm buildings have allowed businesses such as car repair businesses to move from towns to cheaper rural accommodation.

In Pays de Tulle and Pays de Guéret, retail trade has seen a drop in customer numbers for demographic reasons and in the latter both supermarkets and the rise of online shopping have heightened the need for neighbourhood shops to diversify and find new sources of added value. However, a return to the consumption of local products via short supply chains is allowing the exploitation of brands such as the home of Limousin cattle, 'milk veal' label, 'mountain' appellations etc. At present, short supply chains are developed very little in Pays de Guéret. In Karcag LLS organic farming could be linked with tourism via organic hotels, shops and bakeries, and there is potential for more competitive handicrafts. The potential for local products and supply chains in association with tourism is also recognised in Hajdúszoboszló LLS. In Bistrița-Năsăud county retail trade increased from 7% of employment in 2003 to 13% in 2007. Although this figure declined somewhat during the recession, and some family businesses (e.g. shops) have been set up by 'constraint-push entrepreneurs' seeing no other alternative, perhaps after redundancy, this sector is considered to be a source of new jobs in the case study area.

3.4.2. Hotels and restaurants

Cedefop (2010) anticipates a 0.9% per annum growth in employment in hotels and catering in the period 2010-2020, one of the strongest sector performances, although less than the 1.9% p.a. growth recorded in the ten years to 2010. In the agri-food chain restaurants and catering (as opposed to retailers) provide the high value-added 'offer' to the consumer. Food services are of growing importance: in the EU consumers spend one third of their food purchases in food services outlets (mainly restaurants and fast food outlets).

Catering has a market share in the EU of below 20% (EC, 2007b). In 2003 the value added per hired employee in hotels and catering (ca. EUR 27,000) exceeded only that of Agriculture (EC, 2007b).

It is convenient to deal with the entire rural tourism/leisure sector in this section. All case study area reports identify tourism and leisure as an important sector for rural job creation. In the Chelmsford and Braintree TTWA and Thames Gateway South Essex the nearby urban centres including London are the major source of customers. Although Essex is 'not particularly famous for anything', niche markets such as the 'silver pound', out of season holidays at the 'high end' of tourism: high-spending quality weekends e.g. museums, music concerts and festivals, adventure holidays, coastal and ecotourism provide job creation opportunities in hotels, 'bed and breakfast' and restaurants as well as activities such as boat trips, fishing and bird watching, and supporting infrastructure such as boatbuilding and tourism interpretation centres. Leisure activities (similar to tourism except that there is no overnight stay) includes children's play areas, paintballing, go-karting, fishing, golf courses, country parks, gardens, footpaths, cycling, equine, airfields, water based sports, activity centres and restaurants. Farm diversification in Thames Gateway South Essex includes hay production for horses.

In Pays de Tulle, the accessibility of the territory is now good and a significant tourist trade could be based on the pleasant rural environment, much in demand for walking, cycling, horse riding, etc., through improvements in the quality and quantity of tourist accommodation, promotion of a 'green offer' and targeting at groups such as the (relatively wealthy) active elderly. There are increasing numbers of jobs in the hotels and restaurants sector. Similarly, Pays de Guéret's location, close to the natural areas of Limousin, could make it an ideal centre for green tourism, for which demand is growing. These markets could be exploited by local farmers for example by providing on-farm accommodation.

In Pazardjik AA, cultural and natural-based individual and corporate tourism is presently not well developed but could capitalise on mineral and thermal water (spa and wellness resorts), landscape and mountains, archaeological sites and cultural heritage (crafts, artefacts, customs, traditions). Potential associated activities are craft workshops, furniture manufacture, art businesses etc. that are based on quality not quantity. Karcag LLS has seen a four-fold increase in the supply of hotel accommodation between 2001 and 2007, and an improvement in the quality of accommodation together with the development of the tourist infrastructure could result in more jobs, especially in wellness and spa tourism. Hajdúszoboszló is already an international spa destination but could be developed into a year-round service facility for a wider market including the young, families and the elderly. The number of German tourists has declined but new markets are being sought in Poland, Romania, Ukraine and Russia. An integrated 'offer' including other activities such as horse riding and closer links with the nearby Hortobágy National Park (a UNESCO World Heritage site) would help to expand the market. In Bistrița-Năsăud county, the National Reservation Muntii Rodnei could be the basis of tourism development together with other potentials including balnear resources (curative tourism), spa tourism, cultural tourism, agro-tourism, and mountain and ecological tourism. Here, tradition and locality can constitute local brands, but there is a pressing need to invest in infrastructure and few rural tourist establishments exist in the county at present.

3.4.3. Transport, storage and communication

By 2020, Cedefop (2010) anticipates 'significant increases' in the numbers of jobs in the distribution and transport sectors, the continuation of a trend observed over the period 2000-2010. Distribution would see 2,039,000 new jobs and there would be 684,000 new jobs in transport and telecommunications. In 2003 the value added per hired employee in transport, storage and communication, at around EUR 75,000 in the EU-15, exceeded all other sectors other than real estate, renting and business; and financial intermediation (EC, 2007b).

In Thames Gateway South Essex, Thurrock has become a major logistics centre due to its road and rail accessibility from a large hinterland, and logistics is expected to support more rural jobs in the Chelmsford and Braintree TTWA in the future. Redundant farm buildings, in particular, are commonly used for storage and packing, although the former provides few jobs. Good transport links to neighbouring urban centres from agricultural and forestry areas in Pazardjik AA, together with the low cost of rural land, are stimulating the development of the logistics and storage sectors there (warehouses, packing and distribution centres, and logistics centres), providing skilled construction, maintenance and operating jobs, a process which could be further encouraged via 'clustering' with processing companies.

Stansted Airport is the major rural employer in Essex (although located outside both case study areas) and has expanded considerably in recent years. In Thames Gateway South Essex, Southend Airport has also expanded, and in Karcag LLS Kunmadaras airport is believed to have potential for expansion coupled with the establishment of an industrial park. Unlike, for example, car assembly, an airport is a place-specific activity. In other words, it serves a particular area and cannot be moved to a lower-cost location. Creation of operational jobs in other transport modes and in communications was not mentioned in any case study area.

3.5. Financial and business services

The following NACE sectors are included here: *Financial intermediation* (J) and *Real estate, renting and business activities* (K). According to Cedefop (2010) the Business and other services sector, which already provides almost 59 million jobs in the EU, is projected to see a growth of around seven million jobs in the period 2010-2020, making it the largest growth sector. The percentage of jobs in the EU in this sector would rise from 21.5% to 23.9%. During the economic recession (2008-2009) approximately 300,000 jobs were lost in this sector, interrupting a period of strong jobs growth (Cedefop, 2010). A similar impact of the recession was noted in some case study areas, such as the Chelmsford and Braintree TTWA. In 2003 Financial intermediation has the highest value added per hired employee (ca. EUR 108,000), followed by Real estate, renting and business activities (EUR 100,000) (EC, 2007b). Here, the two sectors are discussed together.

In the Chelmsford and Braintree TTWA, since about 1998 there has been a big increase in the number of rurally-based businesses in Knowledge Intensive Business Services (KIBS). In 2007, KIBS accounted for 8.6% of jobs in the rural areas of the TTWA (up to 16% in some localities), compared to 8.4% in urban areas. Further strong growth is expected in activities such as accountants, software developers, IT businesses, insurance,

web design, media agencies, solicitors, architects, design studios, writers, printers and publishers, estate agents, structural and civil engineers, high-tech manufacturing and biotechnology companies, stimulated by the roll-out of high-speed broadband Internet. They tend to be small businesses (but not always so) and may be based in a converted farm building or an office suite on a rural industrial estate/business park. Their operations have a low impact on the environment. In Pays de Guéret the economic recession has prompted some businesses to cut their workforce and, as a result, more people have set up their own business (that trade over the Internet) in rural areas during 2009 (a trend also noted amongst professional workers (for example in accountancy and financial services) in the Chelmsford and Braintree TTWA).

Commercial services in Pays de Tulle saw a 9% increase in employment between 1990 and 1999 and there is scope for further expansion. In Pays de Guéret the number of jobs in businesses that trade over the internet is increasing. Activities such as marketing and business administration are gaining in importance in Hajdúszoboszló LLS and the ICT sector is developing. By contrast, in Bistrița-Năsăud county it is anticipated that it will be 10-15 years before IT infrastructure development contributes to the development of the digital economy: in 2007 Financial and business services accounted for only 0.5% of rural jobs.

Although 'teleworking' occurs in several sectors, the topic is discussed here for convenience. In the Chelmsford and Braintree TTWA and Thames Gateway South Essex increasing numbers of people with jobs in urban centres are working from home as businesses seek to cut their corporate accommodation costs and individuals reduce the time spent commuting. Whilst it can be pointed out that these are not necessarily 'new' jobs, they can have many impacts on rural areas which are similar to those of new jobs. A study cited by Taylor (2008) states that 65% of businesses expect working from home to be commonplace by 2018 and 73% suggest that work-life balance will be the key to job choice. This trend is most advanced in rural areas. In Pays de Guéret teleworking solutions are seen as a way of retaining people in the area and revitalising local shops and businesses. Teleworking via broadband Internet is just starting to develop in Hajdúszoboszló LLS and is also a breakout point in Karcag LLS where, for example, 25 people are employed by a rurally-based telemarketing centre.

3.6. Other services

This grouping includes *Public administration and defence; compulsory social security (L); Education (M); Health and social work (N); Other community, social and personal service activities (O); Activities of households (P) and Extra-territorial organisations and bodies (Q)*. It is dominated by public services and civil society and voluntary sector activities but does include some private sector activities. After a number of years of increase, Cedefop (2010) anticipates that the overall number of jobs in the EU in non-marketed services will increase more slowly over the next ten years (by just over one million from approximately 53 million in 2010). The share of total employment will remain almost constant at around 23.2%. This moderate growth results from different trends within this sector: considerable demand increase in health care and education will be partly offset by reduced demand in public administration due to expected public budget constraints.

3.6.1. Public administration and defence; compulsory social security; Education

In the Essex and Limousin case study areas, job losses in public administration are expected. For example, the high percentage (83%) of tertiary employment in Pays de Tulle can be explained by the considerable proportion of public employment (42% of total employment, a rise of three percentage points since 2000) in the area and the number of public sector jobs is likely to fall. In Pays de Guéret public employment levels are also high and the same trend is expected. Consequently, the level of many services in rural areas (such as job centres) has declined in Essex, as it has in Pays de Tulle and Pays de Guéret. In Pazardjik AA rural public service jobs (education, healthcare) have been lost as a consequence of the economic recession and in many remote areas, as also in Bistrița-Năsăud county, public services are not sufficient. Cutbacks or concentration of services on urban centres simply passes the cost of accessing services on to the rural customer, and innovative forms of rural delivery are needed. In the Chelmsford and Braintree TTWA child care clubs for school age children run as part of the local school, as an independent business or as a charity can be a focal point of support for working parents. Consulting and business services are almost lacking in Pays de Guéret. In Karcag LLS child care, adult education and retraining, business support and programmes for disadvantaged people provide opportunities for more rural jobs and the potential for e-public services was mentioned.

3.6.2. Health and social work

The growing elderly population in the Chelmsford and Braintree TTWA is relatively wealthy, many having incomes from private as well as state pensions, and so the ‘silver economy’ is becoming increasingly important. As well as being an expanding market for leisure and other services there will be an increasing need for specialist services which will provide rural jobs such as healthcare, home helps, transport, entertainment and ‘sheltered’ accommodation. By 2021, in Essex as a whole there will be 75% more over 85s than there were in 2009 and over a quarter of the population will be over 65 years old. To mitigate the expected huge increase in costs the proportion of the care service budget allocated to residential care is likely to be reduced through a series of measures including more home-based delivery by ‘telecare’ (Audit Commission, 2010). Physical access to health and social services (such as hospitals) from rural areas other than by car can already be difficult.

In Pays de Tulle and Pays de Guéret, the rural population, in particular, is ageing (partly through natural ageing and partly through retired incomers) and the demand for caregivers is increasing (they account for a higher percentage of jobs in rural areas) and the social and charitable economy is a potential, although limited, opportunity for new jobs. Pays de Guéret is covered by support services for elderly people living at home (home-delivered meals, home help, home nursing care, etc.) and such services are generally in plentiful supply and well organised. In terms of number of businesses the health and welfare sector occupies fourth place, reflecting the connection with the high percentage of elderly people. The decline in neighbourhood services (doctors, dentists etc.) in rural areas provides an opportunity for young graduates and people to settle in rural areas and to set up service companies there.

Although ageing populations were also reported in all NMS case study areas, sometimes linked with retired people returning to lower cost-of-living rural areas to live and perhaps take up semi-subsistence agriculture, such as in Pazardjik AA, elderly people are generally less wealthy and therefore constitute a smaller ‘market’ than in France and the UK. They are also less mobile than younger people in terms of changing their place of residence. The establishment of social care institutions in remote parts of the Hajdúszoboszló LLS is seen as an opportunity for job creation. In Bistrița-Năsăud county, ageing will lead to an increase in the need for social care and homes for the retired. The ageing of the rural society bring also new employment opportunities: home-care or household services (currently done by family members or neighbours), and business-based elderly-homes for single, wealthy old people. At present, the increasing numbers of social care jobs (e.g. housekeepers in families with older or handicapped people) are attracting women from the county to migrate to the EU-15.

3.6.3. Other community, social and personal service activities

This very mixed sector does include some private sector activities and is a convenient place to deal with local private sector trades. In the Chelmsford and Braintree TTWA, ‘cash rich, time poor’ people (such as those who commute to jobs in urban centres) are a big market for local tradespeople providing a range of services. These include gardeners, tree surgeons, carpenters serving the luxury market (e.g. spiral staircases and bespoke kitchens), marble worktops, furniture making, restoration and polishing, swimming pool maintenance, cleaners, builders and building maintenance, traditional skills (such as reed cutting, hedge laying and thatching, blacksmiths), plumbers, car repair/mechanic, electricians, kindergarten, beauty service, mobile hairdresser, pedicure, cattery, dog ‘sitters’ and dog grooming. For these there may be supply chains, for example thatchers need farmers who know how to grow thatching straw.

There is a need for good quality tradesmen in Pays de Guéret as existing businesses have full work schedules. Job offers for salaried gardeners have increased by 67% in two years and tradesmen by 500%. In Hajdúszoboszló LLS there are job opportunities for craftsmen such as plumbing and electrical work. Once rural people Bistrița-Năsăud county have more money to spend, new services will be needed, such as house construction and repairs, car repairs, television repairs, plumbers, hairdressers, utilities development, change in the energy system of houses and of farms, clean water assurance etc., which could be provided by rural micro enterprises. A shortage of such services in Pazardjik AA is also attributed to the limited demand, although the peri-urban zones located close to the mountains have the potential to attract people to live there rather than in the urban centres, thus creating a market.

3.6.4. Activities of households; Extra-territorial organisations and bodies

No case study area reports identified potential for rural employment creation in these small sectors.

Chapter 4

IMPLICATIONS FOR TARGETING OF RURAL DEVELOPMENT PROGRAMMES

The trends in rural employment identified by the RuralJobs field research are very consistent with those predicted by Cedefop (2010) to occur at EU level (i.e. rural and urban) over the next ten years. The results show that although agriculture and manufacturing will clearly continue to be of major importance, most new rural jobs will be created in services. Across the EU, jobs in most if not all sectors are present in rural areas. A key point arising from the research, however, is the need to maintain complete supply chains. This is especially evident in the agri-food supply chain where, for example, the absence of a local processing industry can depress the levels of upstream and downstream activities. It is also true in the renewable energy supply chain, where biomass production relies on the existence of local processing demand, and in tourism and leisure which requires a 'market' in the form of consumer demand, within which local demand is frequently a significant component.

The Fifth progress report on economic and social cohesion (EC, 2008b) used the NACE 30 sector⁵ breakdown to identify EU high growth sectors in terms of average annual change in employment and average change in GVA. Amongst 'drivers of economic growth', including sectors where an increase in one factor balanced any decline in the other, were the following:

- *Business activities* (K) and *Financial services* (J) had high productivity levels
- *Trade* (G); *Hotels and restaurants* (H) and *Transport and communication* (I) had either high employment or GVA growth and average productivity
- *Construction* (F) experienced strong employment growth combined with a fairly strong but below average GVA growth
- Three high and medium-high tech *manufacturing* sectors (DG, DL, DM) achieved high GVA growth despite a decline in employment

EC (2008b) considered two further sectors to be beneficiaries rather than drivers of economic growth, namely:

- *Activities of households* (P) which is a very small sector
- *Health and social work* (N) will, due to the ageing of the EU population, continue to grow and cover an important and growing share of total employment

By contrast, EC (2008b) notes that many sectors traditionally associated with rural areas have posted declines both in employment and GVA as an average of GVA in the EU-27, such as:

- *Agriculture* (A) and *Fishing* (B)
- *Mining and quarrying* (C)
- *Manufacturing of food* (DA), *wood products* (DD), *basic metals* (DJ) etc.
- *Electricity, gas and water supply* (E)

⁵ i.e. including the sub-sectors of manufacturing but excluding extra-territorial organisations and bodies.

The clear implication of these trends, if projected forward, is that future economic growth in rural areas would be lower than in urban centres, with direct impacts on employment and economic prosperity, leading to further population decline. Whilst this analysis was carried out before the economic recession, which is known to have caused particularly high job losses in sectors such as financial services, construction and logistics, these results are consistent with the predictions of Cedefop (2010) which noted that, despite the recession, ‘many of the underlying sectoral trends are so robust that they are not expected to change radically’ (p.55). It must be recognised, therefore, that 'genuine growth dynamic' in the EU is mostly founded on sectors such as financial services, trade, hotels and restaurants, and high and medium-high tech manufacturing.

EC (2008b) also points out, however, that the sectoral structure of regional economies varies widely across the EU. In 2005, *Financial and business services; Trade, transport and communication; and Construction* accounted for 47% of jobs in Regions of Competitiveness and Employment (RCE) and 39% of jobs in Convergence Regions (CR). By contrast, *Agriculture* remained important in CR, accounting for more than 15% of employment, five times the share in RCE regions. Specifically regarding employment in rural areas, EC (2006a) highlights regional differences, for example in the decline in agricultural employment and the special role of semi-subsistence agriculture as a ‘social buffer’ in some NMS regions.

A simple EU-wide analysis of opportunities for, and constraints on, new sources of employment in rural areas is therefore insufficient. Thus in Section 4.1. some of the *driving forces* (Strengths and Weaknesses) identified in the RuralJobs research as influencing the potential for employment in rural areas are reviewed together with the consequent non sector-specific Opportunities and Threats. Following this, Opportunities for rural job creation (and some Threats to jobs) in specific sectors are reviewed in Section 4.2. in the context of the identified Strengths and Weaknesses.

4.1. Non sector-specific factors affecting employment in rural areas

The factors affecting employment are summarised in Table 8 by case study area.

Table 8. Presence in each case study area of non sector-specific factors affecting employment in rural areas. See Table 8 for identities of case study areas.

Sector	Case study area							
	1	2	3	4	5	6	7	8
<i>Accessibility, remoteness and urban v. rural</i>								
• Strength / Opportunity	♦	♦	♦	♦	♦	♦		
• Weakness / Threat		♦	♦	♦			♦	
<i>Demographic trends, commuting and migration</i>								
• Strength / Opportunity	♦		♦	♦	♦		♦	♦
• Weakness / Threat	♦			♦	♦	♦	♦	♦
<i>Entrepreneurship, innovation, skills, business support and training</i>								
• Strength / Opportunity	♦		♦	♦	♦		♦	♦
• Weakness / Threat	♦	♦	♦	♦	♦	♦	♦	♦

4.1.1. Accessibility, remoteness and urban v. rural

By coincidence, perhaps, there was a consensus amongst the case study areas in Bulgaria, France, Romania and the UK that, for research purposes, rural areas were composed of the territory outside settlements of 9,000-10,000 people or more. By contrast, in Hungary, Hajdúszoboszló (pop. 23,800) and Karcag (pop. 21,824) were considered by RuralJobs to be rural (although the North Great Plain Regional Operational Programme (ROP) also uses a threshold of a daytime population of 10,000). In Karcag LLS, defined as entirely rural, only 26% of residents live in settlements of less than 12,000 people.

The link between ‘accessibility’ and settlements of 50,000 or more requires careful interpretation. The following ‘accessible’ case study areas included settlements of 50,000 or more: Chelmsford and Braintree TTWA (Chelmsford, pop. 97,451) Thames Gateway South Essex (Southend-on-Sea urban area (pop. 266,749) and others) and Pazardjik AA (Pazardjik urban area, pop. 118,561). Bistrița-Năsăud county also contains a large population centre (Bistrița, pop. 84,471). This case study area was defined by RuralJobs as ‘remote’ on the basis that less than 50% of the *rural* population can access the city by car in 45 minutes or less. In fact, 67% (i.e. approx. 212,000 people) of the population lives within 30 km of the city and evidence suggests that central Bistrița-Năsăud county (including its rural areas) is an ‘accessible’ labour market area while the rest of this large territory, with very low commuting levels between LAU2 regions, is ‘remote’. It should be noted, however, that the RuralJobs research was conducted in the ‘remote’ northern (mountainous) and southern (hilly) parts of the county. In four case study areas, therefore, there is a significant integration of the labour market between the rural areas and the urban centres of 50,000 or more, as discussed below.

By contrast, the largest settlement in the ‘accessible’ case study area of Pays de Tulle is Tulle (pop. 15,734) and in Hajdúszoboszló LLS is Hajdúszoboszló. Although ‘accessible’ to Brive-la-Gaillarde (pop. 50,009), almost 87% of the active population living in the Tulle employment area work in the employment area. Tulle is a major employment centre: its jobs density is 1.87 compared to 0.71 in Pays de Tulle as a whole. Similarly, Hajdúszoboszló LLS is bordered on three sides by the much larger Debrecen LLS centred on the city of Debrecen. Thus, in both cases, towns smaller than the RuralJobs typology threshold of 50,000 are strong employment centres for their rural hinterlands. In Tulle, the main reason is the high level of public sector employment there, while Hajdúszoboszló is the most important spa area in Eastern Central Europe. The latter may be reinforced by the fact that commuting the fairly short distance to Debrecen is described as ‘tiring’, which may be a cultural point or may reflect the relatively poor standard of the transport infrastructure in the case study area.

While the two other ‘remote’ case study areas, Pays de Guéret (France) and Karcag LLS (Hungary), differ from the ‘accessible’ case study areas in those countries in that the average driving time to the closest city of 50,000 inhabitants or more exceeds 45 minutes, they are otherwise similar in being centred on medium-sized settlements, namely Guéret (pop. 13,789) and Karcag.

This overview confirms the importance to policy of the potential significance of medium-sized settlements as centres of employment (and services such as financial services,

healthcare and secondary school education) for their rural hinterlands, and also the inappropriateness of a simple urban-rural divide. This is not a new finding. In the UK, for example, the potential of ‘market towns’, defined by their capacity to act as a focal point for trade and services for the surrounding countryside, and having populations approximately in the range from 2,000 to 20,000, (CA, 2003), has long been recognised (e.g. Courtney and Errington, 2000, Courtney *et al.* 2007). Their importance is emphasised in many strategies such as the current North Great Plain ROP in Hungary, and in the UK the ‘Market Towns Initiative’ was seen as good practice (Fieldsend and Boone, 2007). CA (2004) used the concept of ‘settlements in the rural domain’ for those with populations under 10,000. The RuralJobs research cannot elaborate extensively on present knowledge on this topic, but it may be appropriate to describe settlements under this threshold as ‘small’ and those above it as ‘medium-sized’ population centres in the ‘rural domain’. A similar threshold has been used elsewhere, for example by van Leeuwen and Nijkamp (2004) in the Netherlands.

At case study area level, ‘*Good accessibility to/from major markets and service centres*’ (by road, rail, air and sea) is a Strength in the Chelmsford and Braintree TTWA, as are ‘*Good service links*’, ‘*Close proximity to industry and markets*’ and ‘*Good transport links*’ in Thames Gateway South Essex. Here, ‘*Links with industry*’ is an Opportunity although ‘*Urbanisation*’ is a Threat. In Pays de Tulle ‘*Proximity of Brive-la-Gaillarde*’, reputed to be more dynamic, is an Opportunity together with ‘*Infrastructures to leverage the economy and employment*’ (including Brive-Lille high-speed train, high-speed line to Limoges, Brive Airport), which is linked to the Strength ‘*Quality of communication infrastructures*’ (road and air transport). A Weakness is that ‘*Aid for regional purposes is concentrated along the motorways*’ which accentuates the disadvantages of the rural areas which are not close to major roads. ‘*Genial geographic and transport location*’ and ‘*Relatively higher density of road infrastructure and networks compared to other parts of the country*’ are Strengths in Pazardjik AA. A Strength in Hajdúszobosló LLS is ‘*Good accessibility and infrastructural condition of the settlements*’. Thus all ‘accessible’ case study areas recognise the value of accessibility for rural employment.

Despite being ‘remote’, ‘*Easy (transport) access to the area*’ is a ‘minor’ Strength in Pays de Guéret (i.e. it is included in the case study area SWOT analysis but not sufficiently highly ranked to be taken forward to the SOR analysis) although ‘*Capture of purchasing power and business by neighbouring centres*’ (Montluçon (more dynamic), La Souterraine (more accessible)) is considered to be a Threat. In Karcag LLS a Weakness is that ‘*There are several settlements of difficult access in the area, the infrastructural conditions are weak*’. Infrastructure within the case study areas, and Opportunities for new rural jobs in its development, are discussed further in Section 4.2.4.

4.1.2. Demographic trends, commuting and migration

In the Chelmsford and Braintree TTWA the population of the rural areas increased more rapidly than that of urban areas between 2001 and 2007. Rural areas are seen as pleasant places to live and work, as shown by the following Strengths: ‘*Pleasant living environment*’ and ‘*High quality of life/lifestyle*’. Major population increases are planned for Thames Gateway South Essex. In Pays de Tulle since 1999 there has been a slight reversal in the long-term trend of population decline and the population has stabilised in Pays de

Guéret since 1999. In both cases there has been a slightly positive net in-migration rate including a significant number of retirees. A Strength of the former is *'Pleasant surroundings'* and of the latter is *'Pleasant living environment'*, both of which include the natural environment as well as physical capital and neighbourhood services. In Pazardjik AA in the period 2001-2007 rural population decline was greater than in urban areas. The slight decline population decline in the 'accessible' Hajdúszobosló LLS contrasts with a stronger decline in Karcag LLS where *'Depopulation, high rate of migration'* is a Threat. Rural population decline exceeding that in urban areas was also recorded in Bistrița-Năsăud county. In Karcag LLS (and in other NMS case study areas) the 'unfavourable village image' does not attract people to live there.

The two components of population change are 'permanent' migration and natural balance, and migration is listed by Fieldsend (2010) as a socio-economic (as opposed to policy) 'response' in the DPSIR model. Although there are contrasting demographic trends between the EU-15 and NMS case study areas, all case study areas noted a trend for younger people to seek education or work outside rural areas. Weaknesses include *'Poor access to further and higher education'* in the Chelmsford and Braintree TTWA, *'Exodus of young people for training and education purposes'* in Pays de Guéret and *'Lack of sustainable livelihood boosts the migration movement and affects the demographic situation'* in Pazardjik AA. Hajdúszoboszló LLS and Karcag LLS cite *'Aging population and high rate of migrations'* and *'Migration of young and highly qualified people'* respectively. It should be noted that many young people move to urban centres as they prefer an urban lifestyle (EEDA, 2008), and may move back to rural areas later in life either when they have a family or at retirement (Bosworth, 2010). However, irrespective of 'type' of case study area many young (and older) people would prefer not to move. The Threat to employment, via the creation of a 'low-skills equilibrium' is correctly recognised in Pazardjik AA: *'Departure of the young people from the rural areas and the increase of the permanent unemployment segment, which eventuates into degradation of indispensable working behaviour and weak interest from the entrepreneurs to set up business there'*.

Some Opportunities arising from migration of other groups were noted. In both Pays de Tulle and Pays de Guéret, *'Many incoming recently retired people have significant financial capital which can be mobilised for local projects'*. A certain number of 'Corréziens' have migrated out of Pays de Tulle for various reasons but keep a strong attachment to the place and can *'Mobilise potential (savings, capital, image) for the benefit of the territory'*. The *'Arrival of a new population of Mahorais'* has brought an influx of young people into Pays de Guéret.

Changes in the supply of workers do not necessarily lead to similar changes in employment rates owing to factors such as commuting and temporary (including international) migration. Fieldsend (2010) listed commuting as another socio-economic response in the RuralJobs DPSIR model. Commuting between rural areas and urban centres is mainly in the direction of the latter, and this serves to conceal the lack of jobs in many 'accessible' rural areas. For example, in the Chelmsford and Braintree TTWA, where the rural employment rate in 2001 was 74.6%, the jobs density was just 0.50, compared to 0.77 in urban areas. In other words, there was one job for every two people of working age. Commuting to urban centres within the case study areas as an important means of

maintaining rural employment was also reported in Thames Gateway South East, Pays de Tulle, Pays de Guéret and Pazardjik AA (in the latter '*Mobility and flexibility of the working force and its propensity to commute daily instead of permanent leave of the region*' is an Opportunity, and commuting flows have increased since 2000), and is evidently important (and noted as a Strength in the SWOT analysis) in the settlements in central Bistrița-Năsăud county. For example, about 70% of the 4,500 employees of the multinational company Leoni, based in Bistrița city, are recruited from surrounding rural areas. Commuting to larger urban centres outside the case study area is especially significant in the Chelmsford and Braintree TTWA and Thames Gateway South East (to London) and in Pazardjik AA (mainly to Plovdiv). In Hajdúszoboszló LLS approximately 24% of those in employment commute out of the case study area, and in Karcag LLS around 13% do so (some of them long distances from this 'remote' case study area).

The case study area reports discuss the various reasons for commuting, which range from a desire to have a particularly highly-paid job or a job in a particular specialism to having any job at all. There is no suggestion that commuting could or should be completely eliminated and indeed in some case study areas better communications infrastructure could help to 'connect the (job) offer with the (job) demand' (Sabau and Paquet, 2009b) by improving access to jobs. This can particularly apply to regions where employment in agriculture is declining rapidly. A report by the Foundation for the Development of Polish Agriculture (FDPA), cited by Weingarten and Baum (2005), stated that it is a 'fallacy to imagine that sufficient non-farm jobs can be created in rural areas to absorb those exiting the agricultural sector' (p.148), and the evidence from the case study areas supports this point. However, in areas like the Chelmsford and Braintree TTWA where around 12.6% of those travelling to work from rural areas can be classed as long-distance commuters (i.e. a journey time of 45 minutes or more), the carbon footprint is incompatible with the aspiration of a low-carbon economy, quite apart from the negative consequences on work-life balance. Furthermore, commuting is only an option for those rural residents with means of mobility and/or where the financial cost of commuting can be afforded.

The RuralJobs data demonstrate, however, that commuting patterns are often complex (see also EEDA, 2008), including journeys within and between rural areas and also 'reverse-commuting' from urban centres to rural areas. The latter was noted in Hajdúszoboszló LLS, where company leaders and managers commute to work from Debrecen as the 'quality of life' is perceived to be better in the city. In the Chelmsford and Braintree TTWA it is frequently associated with businesses (particularly knowledge-based) which are newly established in rural areas. Proximity of a skilled workforce can be an important component of the business strategy of an entrepreneur, and the lower population densities of rural areas make it much less likely that sufficient suitably-qualified people will be available. Thus, such businesses are often located where urban-based staff can be recruited. This point is often picked up by those opposing economic development in rural areas who stress that such developments do not create local jobs for local people. In time, however, jobs will indeed be created in rural areas. Firstly, the entrepreneur (if he/she does not already live there) and at least some of the employees will eventually move to live in the rural area. Secondly, as the business grows it will recruit lower-skilled staff (office staff, cleaners etc.) from the locality.

In Pazardjik AA even the urban centre may not provide adequate numbers of jobs: *'The main urban centre Pazardjik currently may not bid qualitative and attractive occupations for the workers from rural areas'* is a Weakness there. However, in remote case study areas the lack of commuting opportunities really exposes the lack of rural jobs. *'Scarcity of job offers in very rural areas'* and *'Low local incomes'* are Weaknesses in Pays de Guéret. The worst case scenario is where this coincides with a complete lack of local job creation potential, such as in Hajdúszovát, a mainly agricultural community in Hajdószoboszló LLS. Here, RuralJobs research shows that *'improvement in the labour market situation cannot be expected for several reasons'* such as geographical location and accessibility, and decline in the working age population can be expected to continue. In Bistrița-Năsăud county, according to the long-term demographic perspectives of the National Institute of Statistics, in 2050, the total population will decrease to 74.7% of the 2007 level and the share of working age population (15-64 years) will decrease from 69.4% to 55.7%. This means that over the next 40 years the working age population will decline by about 40%. In the period 2002-2004 the average population density in predominantly rural areas of the NMS was twice as high (68 c.f. 32 inhabitants km⁻²) as in EU-15 countries (Gorton *et al.* 2009). Weingarten and Baum (2005) assessed the *'chances for remote, non diversified rural areas ... to be rather bad'* (p.149). Taken together with the *'robust trends'* observation of Cedefop (2010), in some localities a social policy designed to manage the consequences of rural economic decline (such as providing adequate levels of old age pensions and healthcare) may be the only appropriate option.

Temporary (including seasonal) out-migration to access work was significant in some NMS case study areas. In Pazardjik AA international emigrants (mainly to Spain, Greece and Italy) for the period 2000-2007 is estimated at about 7-8% of the total population. In Feldru, a village in Bistrița-Năsăud county, the figure was thought to be as high as 30% of the economically active population (mainly to Spain and Italy) and *'High migration rate of the active population'* is a Weakness in the case study area. International migration can have social consequences and economic benefits. The relative macro stability, investment costs and income livelihood in Pazardjik AA are significantly contributed by the remittances of the emigrants. In Bistrița-Năsăud county the community attachment of the labour migrants is strong as they do not leave the village for good but buy a house or some land, working in the same time abroad. In both case study areas international migration has significantly contributed to reducing unemployment. Even if there has been a decrease in the flow abroad in the last two years, owing to the economic recession, it has not stopped. Although in the Essex case study areas the number of temporary in-migrants (mainly from Poland) has been relatively low, they have been recognised as important to the economy (Legrain, 2008). Free movement of labour, a fundamental right in the EU, has therefore led to more employment for those coming from rural areas, although the jobs themselves may not be rural jobs. However, in Bistrița-Năsăud county, at least, it is not general that international migrants come home and establish a business and the potential Threat to the viability of rural communities (*'International labour migration of the young people can lead to the depopulation of the villages'*) is recognised.

4.1.3. Entrepreneurship, innovation, skills, business support and training

'Many potential entrepreneurs in the area' is a Strength in the Chelmsford and Braintree TTWA. In Pays de Tulle, a Strength is the *'Strong, solid fabric of very small, small, and medium-sized companies'* but the 'dynamic' of the territory is sub-optimal, as *'Economic fabric with low potential for fast development (not many 'gazelles')'* is a Weakness and there is little entrepreneurial spirit. The potential for innovative growth is low and some companies, such as in general mechanical engineering, are too dependent on single customers. In Pays de Guéret the *'Dynamic fabric of SMEs and very small structures with a primarily local market'* is a Strength but there is also a *'Lack of structuring of local stakeholders and of innovative spirit'*. RuralJobs research in the UK and France noted concerns about business succession in rural areas, especially amongst companies in 'traditional' sectors (such as manufacturing and construction as well as agriculture). *'Non-takeover of companies and farms whose company director is old, without potential takeover managers, loss of know-how'* is a Threat in Pays de Tulle and Pays de Guéret. Regarding business support, *'Businesses have inadequate access to knowledge'* and *'Poor business support'* are minor Weaknesses in the Chelmsford and Braintree TTWA, reflecting a feeling amongst businesses that business support services do not understand their needs. *'Existence of business support creation mechanisms'* is a Strength in Pays de Tulle but *'Lack of forecasting tools to attract creators of businesses, to create a dynamic and import manpower'* and *'Large number of territorial echelons'* are Weaknesses, while in Pays de Guéret there are *'Numerous initiatives, infrastructures and schemes to attract businesses'*. Indeed it is commented that there are perhaps too many schemes.

In Pazardjik AA entrepreneurship is 'subdued' but *'High percentage of people with working experience in the EU, with entrepreneurial experience'* (who may set up a business on their return) is a Strength in Bistrița-Năsăud county. Lack of business support and cooperation is a general concern in the NMS case study areas, for example *'Administrative barriers which encumber the evolution of entrepreneurship'* in Pazardjik AA, *'Extreme bureaucracy further weakens the economy'* in Hajdúszoboszló LLS, *'Unfavourable political environment and inconsistency'* in Karcag LLS (where *'Strengthening multi-level regional cooperation'* is needed) and *'Unfavourable taxes and legislation for the business environment'* in Bistrița-Năsăud county. In the latter, *'Lack of development strategies and sustainable views in many communes'* along with *'Incapacity of local actors to create partnerships in order to attract funds and implement joint projects'* are Weaknesses. This incapacity is considered to be, besides the effects of the economic recession, the most important menace in the evolution of rural employment in the case study area. *'EU funding'* is an Opportunity for job creation and communes with a negative approach to cooperation will lag behind as more funding is channelled through the Leader programme and Local Action Groups. Many case study area reports, both from the EU-15 and NMS note a lack of rural business development sites (incubators) in their case study areas.

Two consequences of the loss of young people which can reduce the 'dynamic' of rural areas have already been mentioned. Firstly, an ageing population (this is noted as a Weakness in Pays de Tulle) and secondly (most noticeable in high GDP case study areas) in a lack of skills to meet demand. In the Chelmsford and Braintree TTWA *'High percentage of the young people capable of going on to graduate education'* is a Strength but *'Poor*

skills level of local workforce’ is a Weakness. Skills mismatches are reported in other case study areas. *‘Low skilled workforce’* is a Weakness in Thames Gateway South Essex, as is *‘Discrepancy between the job offers and the qualification of locally-available labour’* in Pays de Tulle, while *‘Skilled labour is scarce’* (and difficult to attract to the area) in Pays de Guéret. Whilst the fact that *‘Young people are keen to return to the area’* is a recognised Opportunity in Pays de Guéret, there are very seldom positions available for their level of qualifications. Similarly, a Weakness in Bistrița-Năsăud county is *‘Few jobs in the rural area for young people with higher education’*. In Karcag LLS, the highly skilled workers cannot find jobs therefore those who otherwise would be satisfied with lower wages, are also forced to leave.

More generally, the *‘Quality of the workforce’* (reliable, locally trained, stable in the company etc.) is a Strength in Pays de Tulle and Pays de Guéret although *‘Low workforce mobility’* is a weakness. Pazardjik AA has a *‘Relatively cheap and qualified workforce’* but *‘Stereotype of the people and faint social capital’* is a Threat. In Hajdúszoboszló LLS and Karcag LLS a Weakness is the *‘High rate of disadvantaged people dealing with employment difficulties’* (young people, elderly workers, Roma etc.) Consequences of this are *‘Generation growing up in a passive environment’* in Hajdúszoboszló LLS and *‘Situation of people living on the periphery becomes impossible’* in Karcag LLS. In this situation young people tend to have low aspirations and, reinforced by negative peer pressure particularly among males, they may even lack basic literacy and numeracy. For those with a desire to work, relocation from an unfavourable settlement to places that have more job opportunities is prevented by the fact that in Hungary housing prices are higher in the economically more developed settlements.

Several concerns were expressed about education and training, namely *‘Delivery of, and access to, training are not properly adapted to rural needs’* and *‘Educational results poorer than in urban centres’* in the Chelmsford and Braintree TTWA, *‘Mismatch between the training available and the actual job market in the area; lack of local vocational training infrastructures’* in Pays de Guéret, and *‘Education is not corresponding to labour market demands’* in both Hajdúszoboszló LLS and Karcag LLS (where *‘Education, professional trainings suited to labour market needs’* is an Opportunity). Frequently, the major problem is not the provision of training courses, but the fact that they are not in a form that rural people can conveniently access. Conversely, the low population densities in sparse rural areas inevitably make it difficult to create a ‘critical mass’ of demand. In some case study areas, such as those in Hungary, the willingness of employers to train their employees is low, while in Bistrița-Năsăud county the demand for skills is likely to increase but interest in professional training, especially amongst the unemployed, is currently quite low. On the other hand, the present scarcity of skilled jobs means that a vocational training graduate is not sure that he or she will be able to get a job in a rural area on the basis of the skills obtained during the training.

The economic recession has been identified as a Threat to rural employment in many case study areas: *‘Economic recession’* in the Chelmsford and Braintree TTWA, *‘Vulnerability of small rural enterprises’* in Thames Gateway South Essex, *‘Negative consequence of the economic crises’* in Hajdúszoboszló LLS, *‘Amplification of the negative effect of the international economic crises’* in Karcag LLS and *‘Many firms reduce their*

activity and release personnel because of the economic crises’ in Bistrița-Năsăud county. However, in the Chelmsford and Braintree TTWA, Pays de Tulle and Pays de Guéret there is evidence that rural businesses, owing to the fact that they tend to be smaller and often family operated, have been less likely than urban businesses to make staff redundant and indeed in the former case study area many small rural businesses are already considering expansion (see also CRC, 2010).

4.2. Sector-specific factors affecting employment in rural areas

In this section the most significant (normally the top five from each case study area) Opportunities for rural job creation (and some Threats to jobs) in the case study areas are reviewed by sector in the context of some sector-specific Strengths and Weaknesses. These factors are summarised in Table 9. Occasional reference is made in the text to ‘minor’ Opportunities or Threats, i.e. those likely to have somewhat less impact on job creation in the case study area.

4.2.1. The agri-food and forestry supply chains

Potential for new jobs in these supply chains, within the overall trend of job losses in farming, was noted in all case study areas. Demand for products of the agri-food supply chain was identified as an Opportunity in three EU-15 case study areas, as follows:

‘Diverse demand for agri-food products’ in the Chelmsford and Braintree TTWA. It is estimated that a net balance (accounting for further job losses in farming) of 940 new jobs could be created by 2020 in a labour market area of ca. 40,000 rural jobs. Job creation will be in the sectors where GVA is relatively high and that are skills and knowledge led, such as

Table 9. Presence in each case study area of sector-specific factors affecting employment in rural areas. See Table 6 for identities of case study areas.

Sector	Case study area							
	1	2	3	4	5	6	7	8
<i>Agri-food and forestry supply chains</i>								
• Opportunity / Strength	◆	◆	◆	◆	◆	◆	◆	◆
• Threat / Weakness	◆		◆	◆	◆		◆	◆
<i>Energy and water supply chains</i>								
• Opportunity / Strength	◆		◆	◆	◆			
• Threat / Weakness	◆	◆			◆			
<i>Tourism and leisure</i>								
• Opportunity / Strength	◆	◆	◆	◆	◆	◆	◆	◆
• Threat / Weakness			◆	◆	◆	◆		◆
<i>Financial services, manufacturing, construction, trade, transport and communication</i>								
• Opportunity / Strength	◆	◆	◆	◆	◆	◆	◆	◆
• Threat / Weakness	◆	◆		◆	◆		◆	◆
<i>Health and social work and other public services</i>								
• Opportunity / Strength	◆		◆	◆				◆
• Threat / Weakness	◆	◆	◆	◆	◆		◆	

processing, logistics and wholesaling. Demand will mainly be driven by the long-term trends towards eating out, ready meals and convenience meals. Local foods/short supply chains (farmers' markets etc.) are already quite well established. '*Mechanisation of agricultural/horticultural primary production*' was suggested as a possible Threat to rural jobs in the Chelmsford and Braintree TTWA, but while no doubt occurring, the low numbers of people employed in farming in the case study area mean that the overall impact of mechanisation on rural jobs in this particular case study area will be very small. On some arable farms the GVA per employee is already comparable to some of the best industrial sectors.

'*Changing demands for short supply chains for local agricultural production*' in Pays de Tulle, where a return to the consumption of local products via short supply chains seems to be increasing. Along with '*Increase in farm size*' (with the probable future need to employ farm workers), this may lead to more farming jobs in lieu of family labour on small farms. These new workers will need to be competent, qualified and adaptable. Two possible relevant Threats are, firstly '*No clear picture of the future of aid mechanisms, particularly the CAP*', reflecting the fact that uncertainty about changes after 2013 may affect investment decisions and, secondly, '*Poor image of agricultural jobs*'. '*Agricultural sector with little diversification*' is a Weakness which can limit the ability of farming to respond to new opportunities, as can '*Difficult access for new set-ups*', which can discourage innovative entrants. This latter problem also exists in the Chelmsford and Braintree TTWA.

In Pays de Guéret '*Existence of a small market (individuals, institutional catering) for local products via short supply chains, direct selling & local market gardening*' is an Opportunity. Here, short supply chains are still in their infancy but early initiatives, such as one targeting 'passing trade' along the main RN 145 road, are showing promise. Weaknesses are a '*Lack of organisation in the marketing and processing of local resources (beef products, timber)*' and a '*Lack of organisation of the downstream production phases to contend with mass retailing*'. Also, '*Difficulty in obtaining land*' reflects the fact that it is difficult for new farmers to start a business because of the low income on small farms and prohibitive cost of larger ones.

In Thames Gateway South Essex '*Environmental Stewardship (agri-environment schemes)*' is an Opportunity, perhaps reflecting the increasing importance of management of land as a 'public good' in this predominantly urban area.

Rural areas in the post-socialist NMS have had to cope with the transition after 1991 from central planning systems towards a democratic society, market economy and EU accession. The continuing impacts on rural employment were clearly shown in the case study area reports. In Pazardjik AA most of the agricultural cooperatives were broken up; the collective farms in Hajdúszoboszló LLS were also split up, and many former employees with no other skills have been unable to reintegrate into the labour market, a process also reported in Bistrița-Năsăud county. The percentage of economically active persons (including semi-subsistence farmers) in farming remains much higher than in the RuralJobs case study areas in the EU-15.

Despite the continuing loss of farming jobs the strong agricultural tradition is reflected in the fact that the agri-food chain is seen as an important Opportunity for rural job creation in the SWOT analyses of all four NMS, for example: '*Utilisation of the potential in*

the intensive agricultural production’ in Pazardjik AA, where high-value horticultural production could be developed. This Opportunity would build on the following Strengths: *‘Availability of productive arable land suitable for high-intensive crop growing’* and *‘Mastered and accrued traditions in agriculture, especially in horticulture and fruit-growing’* in Pazardjik AA; *‘Exceptional conditions of agriculture (climate, soil)’* in Hajdúszoboszló LLS and Karcag LLS, plus *‘Tradition based agricultural secondary and higher education’* in the latter; and *‘Agricultural potential (crop production, orchards and nurseries, hayfields and pastures, animal husbandry, horticulture, fisheries and apiculture)’* in Bistrița-Năsăud county.

Notably, no NMS case study area SWOT analyses actually specify *demand* for local agri-food products as an Opportunity. Indeed the lack of markets for local products was identified as a Threat in Pazardjik AA (*‘Lack of markets and devoid of existing channels for realisation of the production and non-loyal competitiveness of trade retail chains’*) and in Bistrița-Năsăud county (*‘Low domestic interest for rural tourism and local products’*). Since both case study areas have large urban centres, lack of markets is not due to remoteness. In fact, RuralJobs research suggests that in Hajdúszoboszló LLS there is potential for development of product chains and integration of local products in the tourist industry (*‘Increasing the competitiveness and the range of local products’* is an Opportunity) whilst in Karcag LLS organic farming could be linked with the developing wellness and spa tourism industry (*‘Creation of local agricultural products, establishment of domestic food industry’* is an Opportunity). Cold storage and developing milling, meat and dairy processors would add value to locally produced products but *‘Multinational companies put local entrepreneurs in a difficult position’* is a Threat.

The need to develop competitive commercial farms in Bistrița-Năsăud county is recognised, associated with which the workforce could migrate from crop production towards stock breeding, food processing and other upstream and downstream activities linked to agriculture, and *‘EU and national funds for the development of the agricultural sector (for example the programme for the installation of young farmers) and the development of agricultural services (inputs, equipment, consulting)’* is seen as an Opportunity whilst *‘The system of funding of agriculture’* is a Threat. These funds would need to address Weaknesses such as *‘The problem of storage and marketing of the agricultural production is not resolved’* but the process is obstructed by a further Weakness: *‘Farmers do not have the necessary knowledge to attract European funds’*.

A Weaknesses in Pazardjik AA, *‘Uncompetitive agriculture due to the fragmentation and lack of effective organisational production forms’*, highlights the key issue of fragmentation of land ownership causing production inefficiencies, lack of organisation amongst producers and the lack of ability to attract investment, particularly in Bulgaria and Romania. It was noted in Hajdúszoboszló LLS and Karcag LLS as a cause of economic inefficiency in farming but was not listed as a Weakness in the SWOT analyses. Land fragmentation has been accompanied by the emergence of semi-subsistence farming as a significant form of rural economic activity. The Bulgarian and Romanian reports stress the economic significance of semi-subsistence farming in these case study areas. In 2002, 72.6% of ‘employment’ in rural areas of Bistrița-Năsăud county was in farming, of which the big majority of persons were semi-subsistence farmers. In some peripheral parts of

Pazardjik AA, ‘the economic activity is reduced to farms producing for their own consumption and some trade services’. Across the EU and beyond, family (especially female) farm labour is often not formally recognised (Fieldsend, 2008b) and this is a particularly significant problem on small farms.

In Bistrița-Năsăud county ‘*Diversification of agriculture and pluriactivity at family farm-level (microfarms, orchards, animal husbandry, marketing, processing and logistics of agricultural products)*’ is an Opportunity. A lack of significant alternative sources of employment in the case study area means that a rapid reduction in the levels of semi-subsistence farming is unlikely. Some ‘microfarms’ may be able to benefit from the potential offered by short supply chains by adding value to their produce, for example through processing. It should not be assumed, however, that all semi-subsistence farmers are (a) economically dependent solely on farming and (b) actually part of the labour market (rather than being, for example, retirees). In Pazardjik AA about 73% of rural population is engaged in agriculture but only about 35% of them rely exclusively on agricultural production, as most are retired persons and obtain pensions, while another part of them possess secondary gainful activity. Here a family member of working age, often a woman with a comparatively good qualification, would have a main job outside of agriculture which is the main cash source for the family household.

Regarding the forestry supply chain, ‘*Increasing demand for forestry products*’ was noted as an Opportunity in Pays de Tulle and in Pays de Guéret which, in the former, can build on the Strength of ‘*Partially mobilisable forestry resources*’. Exceptional production conditions are offset by uneven terrain, divided land structure and underdeveloped potential. ‘*Significant wooded areas for sustainable exploitation (forestry, industry of wood) especially in the Northern and North-Eastern part of the county*’ is a Strength in Bistrița-Năsăud county and, although no specific Opportunity is listed, in the relatively sparsely populated mountainous area this could be a source of jobs for the population. A recognised Weakness is ‘*The uncontrolled exploitation of the forests*’; without a proper afforestation the forests (and their ability to provide jobs) will significantly diminish. The potential of forestry to support jobs in Pazardjik AA is discussed in the case study area report but does not appear in the SWOT analysis. The other RuralJobs case study areas do not contain significant areas of forest or woodland.

4.2.2. The energy and water supply chains

Although the demand for energy from biomass and biofuels (crops, woodland and forest) is increasing significantly, it was not specifically mentioned in any RuralJobs SWOT analyses. Primary production is often seen as part of the farming and forestry sectors, while the later stages of the supply chain are treated as part of the overall energy supply chain.

‘*Demand for electricity*’ was identified as an Opportunity in the Chelmsford and Braintree TTWA which, in terms of new rural jobs, could be met by nuclear power and wind energy. ‘*NIMBY attitude in rural communities to development*’ is a Weakness which can particularly obstruct ‘emotive’ developments such as these (see also Marsden, 1998).

In Pays de Tulle and Pays de Guéret, an important Opportunity is ‘*Increasing demand related to the green economy*’, a topic which includes new services, eco-industries

and renewable energies, as well as forestry products mentioned above. Many recent reports (e.g. Jolly *et al.*, 2010; Quirion and Demailly, 2008) have shown that the 'green economy' constitutes an economic opportunity in terms of potential jobs. According to IPPR, cited by SWRDA (2009) 'there is no accepted definition of what 'green jobs' actually are. The term has variously been used to refer to jobs in environmental services, new renewable energy plant and other low carbon energy sources, production of low carbon or environmentally-friendly products, installation of energy efficiency measures, environmental consulting and low carbon finance ... there is no single, generic 'green' skillset' (p.2). The term can thus cause confusion, and 'green jobs' are not exclusively 'rural jobs' as they include activities such as insulation of buildings in cities. However, through the renewable energy supply chain and other activities such as those that 'protect ecosystems and biodiversity; reduce energy, materials, and water consumption through high efficiency strategies; decarbonize the economy; and minimize or altogether avoid generation of all forms of waste and pollution' (UNEP, 2008, p.3), many rural jobs can indeed be 'green jobs'.

In Pazardjik AA, an Opportunity is '*Development of renewable energy sources, particularly solar energetic systems*', although '*Development of renewable energy sources is characterised with murky future because of high prices and issues concerning the allocation of the investment costs*' is seen as a Threat. The energy supply chain does not feature in the SWOT analyses of other NMS case study areas, but this does not mean that Opportunities do not exist. The Bistrița-Năsăud county case study area report notes 'There is a lack of innovative thinking even at the level of highly specialised persons ... Combating climate exchange, or renewable energy production were not mentioned as employment-generating alternatives, showing that local stakeholders are not familiar with the new trends of the global economy'.

Apart from '*Climate change - drought and flooding*', a Threat in Thames Gateway South Essex, the water supply chain was not mentioned in any SWOT analysis. Regarding depletive natural resources (included in this section for convenience), '*Exhaustion of sand and gravel resources*' was listed as a minor Threat to jobs in the Chelmsford and Braintree TTWA.

4.2.3. Tourism and leisure

A clear local demand for rural tourism and leisure was noted in most case study areas. '*Demand for short break tourism*' and '*Demand for leisure activities*' are Opportunities in the Chelmsford and Braintree TTWA where it is estimated that 570 rural tourism jobs could be created over the next five years. '*Attractive area to visit and stay*' is a Strength which covers natural (wildlife, landscape, coast) and cultural (buildings etc.) capital. A possible Weakness, '*Inadequate standard of facilities for tourists*', is not however a major concern. In Thames Gateway South Essex '*Farm diversification*' (into tourism) could be a specific Opportunity for farmers while '*Fly tipping*' (i.e. illegal dumping of rubbish), which reduces the aesthetic quality of the environment, could be Threat to rural tourism and leisure development.

In Pays de Tulle and Pays de Guéret '*Tourism*', particularly a '*Growing demand for green, nature-focused tourism*', is an Opportunity but the need for a highly innovative

'offer' which sets these areas apart from other, similar, areas is recognised. The demand for leisure services by the 'Active ageing' elderly population is part of this Opportunity. 'Pleasant surroundings' (including the environment) is a Strength in Pays de Tulle and in Pays de Guéret while relevant Weaknesses are 'Lack of image from outside the territory' (as with the two Essex case study areas, both regions have a rather negative image and people only seem to change their opinion when they visit the areas on holiday) and, in Pays de Tulle, an 'Unattractive and poorly co-ordinated tourism sector'. This covers both the lack of a single office for tourism, with branches across the territory, and the inadequate quantity and quality of tourist accommodation. In view of the low skilled and seasonal nature of many tourism related jobs, 'New potential sources of low-paid, insecure jobs' (in which employees have little interest) and 'Low prestige of manual jobs' may be relevant Threats in Pays de Tulle and 'Low local incomes' a Weakness in Pays de Guéret.

In Pazardjik AA 'Attraction of more people from the urban centres into rural areas, drawn by pure nature, open landscape and possibilities for recreation' is an Opportunity which recognises the proximity of a large urban market. Investment is needed to stimulate demand so 'Enticement of public-private investments designated to the natural and cultural sites of the region' is also an Opportunity but 'Inability to work with public funds and imminent political risks from their cessation' is a Threat. Several tourism-related Strengths are noted, namely: 'Availability of several points with mineral and hot water springs', 'Archaeological heritage of ancient origin, which is still unexplored' and 'Comparatively saved and preserved rural areas in relation to human capital, potential for provision of leisure labour force'.

'Utilisation of the opportunities of tourism and its development' is an Opportunity in Karcag LLS which can build on Strengths such as the 'Rich cultural and historical heritage' and 'Thermal water and related high level spa services'. 'Developed tourism' is a Strength in Hajdúszoboszló LLS but 'Seasonal employment' (in agriculture and tourism) is a Weakness. In Bistrița-Năsăud county 'Touristic potential' is a Strength which covers agrotourism, mountain and ecological tourism and cultural tourism, natural amenities, reservations, tourist establishments and pensions from the mountain area, historic monuments and cultural traditions. 'EU and national funds for the development of the non-agricultural sector from the rural area' is another Opportunity in the county but 'Low domestic interest for rural tourism and local products' is a Threat. The Bistrița-Năsăud county case study area report includes the quote 'Romanians do not like going to the countryside'.

4.2.4. Financial services, manufacturing, construction, trade, transport and communication

This section includes most of the sectors which, according to EC (2008b), are 'drivers of economic growth'. Note that almost all references here are to EU-15 case study areas.

'Knowledge-based, low environmental impact, businesses' is a major Opportunity for rural job creation in the Chelmsford and Braintree TTWA, with possibly a 20% increase in the number of jobs by 2020. The siting of such businesses is often determined by the relocation choices of their owners/directors and the case study area has many relevant

Strengths. *'Attractive business location'* covers factors such as lower start up costs, rents and rates, easier vehicular access and parking, easier or no commuting, low crime and a pleasant working environment. The relocation choices frequently also take into account the *'Pleasant living environment'* and the *'High quality of lifestyle'* of rural areas. As many of these businesses sell their products/ services over the Internet a major Weakness is *'Low broadband speeds'*. *'Lack of affordable housing'* and *'Poor rural transport infrastructure'* can reduce the availability of employees. The *'Large stock of redundant farm buildings'* can provide start-up business accommodation but *'Urban-centric economic planning and development strategies'* and *'NIMBY attitude in rural communities to development'* can make it difficult for entrepreneurs to get permission to set up such businesses in rural areas. Noted as a less serious Weakness was *'Lack of new or high quality commercial accommodation'*. *'Home based businesses/consultancies'* is another major Opportunity which relies on many of the same Strengths and Weaknesses.

It is not clear why Financial and business (and related) services are not mentioned in the Thames Gateway South Essex case study area report, given that it states that *'rural businesses are not as constrained as they were [regarding] the take-up of broadband'*, the number of such businesses has increased significantly in recent years, and *'Covered by ADSL broadband'* is a Strength of the case study area. However, *'Gaining planning permission'* *'House price inflation/ high property costs'* and *'Relatively high crime rate'* (probably originating from nearby urban centres) are Weaknesses which can discourage such businesses from setting up in, or relocating to, rural areas. Even when ICT services are available, take-up may be constrained in the first instance by lack of skills and other issues. The Financial and business services sector was not mentioned in any other case study area SWOT analysis.

'Home based working remote from the office' (*'teleworking'*) is an Opportunity in the Chelmsford and Braintree TTWA which is also encouraged by the Strengths of the *'Pleasant living environment'* and the *'High quality of lifestyle'* of rural areas, and discouraged by the Weakness of *'Low broadband speeds'*. In Pays de Tulle, with almost complete broadband coverage, *'Good information infrastructures'* (broadband) as well as the above-mentioned Strength of *'Pleasant surroundings'* should encourage rurally-based teleworking. In Pays de Guéret, although a Weakness is that *'There are still some areas with no Internet or mobile phone coverage'*, *'Internet-based businesses are developing'* (e-commerce, teleworking) is already an emerging Opportunity. By contrast, in Pazardjik AA it was estimated that only 14% of rural households have any kind of Internet access.

No SWOT analyses mention Opportunities for job creation in manufacturing and in the Chelmsford and Braintree TTWA *'Competition in the low added value manufactured products sector'* is a Threat. Amongst the accessible case study areas *'Demand for (goods) transport and storage'* is a minor Opportunity in the Chelmsford and Braintree TTWA and *'Foundation of economic clusters, integrating processing, stocking, logistic and trade'* is an Opportunity in Pazardjik AA. In Thames Gateway South Essex, *'Construction'* is an Opportunity but much of the construction activity is probably in the urban centres. *'Letting of rural properties'* (e.g. farm buildings) is also an Opportunity there as the similarities in terms of business activities between rural and urban (small) businesses means that many *'urban'* businesses could easily move to rural locations (and vice-versa) if suitable

accommodation were available. In Karcag LLS (and probably in other NMS case study areas), willingness to build new houses is low due to the low value of houses and the large number of empty properties. No NMS case study area reports mentioned the idea of using redundant farm buildings to accommodate rural businesses.

In the NMS case study areas, infrastructure improvements are an Opportunity for job creation, as follows: *'Significant resource which is available for amelioration and completion of the road infrastructure'* in Pazardjik AA (where a Weakness is *'The road infrastructure at 3 and 4 classes is in a despicable condition'*), *'Infrastructural development'* in Hajdúszoboszló LLS, *'Infrastructural and economic development'* in Karcag LLS and *'EU and national funds for the improvement of physical infrastructure'* (roads, utilities, etc.) in Bistrița-Năsăud county where *'Inadequate physical infrastructure'* is a Weakness. *'Poor rural transport infrastructure'* (including roads) is a Weakness in the Chelmsford and Braintree TTWA; although the current provision is clearly much better than in the NMS, higher demands are placed upon it leading to problems such as traffic congestion.

The relative prosperity of the RuralJobs case study areas in the EU-15 is reflected in the demand for trades services. In the Chelmsford and Braintree TTWA an Opportunity is *'Demand for services by 'cash rich, time poor incomers'*. This includes demand by the wealthy retired, who may have relocated to the case study area to live based on Strengths such as *'Pleasant living environment'* and the *'High quality of lifestyle'*. *'Demand for service products'*, including increased automation of household appliances (domotics), particularly amongst retired people (again attracted by *'Pleasant living environment'* (nature, safety)), is an Opportunity in Pays de Tulle and Pays de Guéret and *'Need for good quality tradesmen'* is also an Opportunity in the latter. The situation in the NMS case study areas provides a marked contrast. For example, in Pazardjik AA the fact that the *'Population from the urban centres cannot afford yet to look for new quality of life and to move broadly to the rural areas for living'* is seen as a Threat to job creation. In Karcag LLS, Weaknesses include *'Lack of capital within the population and in the economy'* and *'Indebtedness'*. The sector is not mentioned in the other NMS SWOT analyses but several reports remark that trade services are often part of the 'black' economy.

Regarding the retail sector, *'Competition from urban-based supermarkets, DIY stores, garden centres'* is a Threat in the Chelmsford and Braintree TTWA, (where *'Poor local services'* (including retail services) is a Weakness), as is *'Changing consumption patterns (periurban mass retailers, online shopping)'* in Pays de Guéret where *'Attractive supermarket sector'* is listed as a minor Strength. The retail sector is not mentioned in NMS SWOT analyses.

4.2.5. Health and social work and other public services

'Demand for services for the ageing population' (e.g. healthcare, care homes) is an Opportunity in the Chelmsford and Braintree TTWA, as is *'Demand for services in the silver economy'* in Pays de Tulle and Pays de Guéret, reflecting the increasing numbers of relatively wealthy elderly people in these case study areas. In Pays de Guéret *'Need for neighbourhood services'* (doctors, childminders, mini-creches etc.) and *'Expertise clusters organised around home automation'* (which particularly focuses on the home automation

sector for the elderly) are Opportunities and '*Good coverage by personal service organisations*' is a Strength. There is a similar or even greater 'need' for such services in the NMS but in financial terms the 'demand' is much lower as the elderly population is generally poorer owing to low or absent state pensions and fewer occupational pensions. However the Bistrița-Năsăud county case study area report did note the potential for 'business-based elderly homes for single, wealthy old people from urban areas'. A minor Weakness in the Chelmsford and Braintree TTWA is '*Lack of availability of childcare facilities*'.

The increasing demand for 'Knowledge Intensive Public Services' conflicts with the expected cuts in public sector employment in many EU Member States, not least as a consequence of the economic recession. For example, '*Reduction in the number of civil servants and intervention resources and response capabilities of local authorities*' is a Threat in Pays de Tulle and Pays de Guéret. Most case study areas list the lack or decline of health and related services as a Weakness or Threat: '*Poor local services*' in the Chelmsford and Braintree TTWA, '*Loss of local services*' in Thames Gateway South Essex, '*Disappearance of local services (doctors etc.)*' in Pays de Tulle, '*Disappearance of neighbourhood services (doctors etc.)*' in Pays de Guéret, '*Decadence of the social services, which to facilitate and retain people in the small residential places*' and '*Closure of schools and hospitals*' in Pazardjik AA, and '*Lack of resources in the healthcare system*' in Karcag LLS. At least part of this demand will be met by the voluntary and private sectors. For example, '*Potential for development and assistance to co-operative companies, the social and charitable economy (associations, integration companies), services to individuals*' is an Opportunity in Pays de Tulle and in Pays de Guéret '*Dynamic voluntary sector*' is to some extent a Strength. This type of job often appears to be located in urban areas simply because the association's registered office is there but the scope of activity can extend into rural areas. Innovative forms of service delivery, coupled with strategies to reduce future healthcare demands, such as more effective fitness and nutrition programmes, and less residential home care, will be needed (Audit Commission, 2010).

Some attempts to protect public sector services were noted in the research. In the Chelmsford and Braintree TTWA there is a 'presumption against closure' of rural schools and there are 'protected schools' in some remote settlements in Pazardjik AA. However, the remotest settlements tend to have the poorest services, such as in the northern part of Pays de Guéret, where consequently the population is still declining and in-migration is low. In Pazardjik AA, settlements more distant from the towns have limited access to both ambulatory and hospital aid, and the problem is extremely acute for old people and those needing emergency aid.

Chapter 5

TOWARDS RURAL EUROPE 2+2+

The ‘strategic orientations’ formulated in each case study area are the framework of a strategy for promoting new sources of rural employment which is based on an analysis both of factors influencing change in the rural economy (Opportunities and Threats) and of local assets (Strengths and Weaknesses). From these, a composite set of strategic orientations for rural job creation in the EU can be compiled. The RuralJobs research was expected to ‘identify employment growth areas where rural development programmes can be targeted to increase their contribution to employment creation’. Rural Europe 2+2+ identifies both rural employment growth areas (key growth sectors) and, in the framework of the DPSIR model, the points at which EU (rural) development programmes should be targeted.

5.1. Natural capital and rural employment

Historically, the economic contribution of rural areas to regions was clear: it was the provider of farm produce and other raw materials such as coal. Rural employment was evidently based on natural capital. In some regions it still is, but elsewhere this picture has been obscured by several trends such as the declining importance of agriculture in rural economies which are becoming increasingly diversified.

The RuralJobs research has reaffirmed that most if not all sectors provide employment in rural areas. Thus any attempt to define ‘rural employment’ by sector would be both fruitless and misleading as such a definition can lead to a restricted view of the potential for rural job creation. How, then, can the concept of ‘rural employment’ be interpreted for policy purposes? What, if anything, sets ‘rural employment’ apart from employment in general? In line with the analysis of Hoggart *et al.* (1995) that natural capital is common to rural areas, and the principles of the work on endogenous rural development, the RuralJobs research has also demonstrated that the one ‘capital’ which is overwhelmingly a feature of rural areas, ‘natural capital’, still strongly characterises the profile of rural employment and underpins the central contribution of rural areas to the functioning of the regional economy. This effect now goes far beyond the ‘traditional’ rural sector of agriculture.

There are in fact four drivers of rural employment which arise from the exploitation of natural capital. These can be structured by two complementary analytical directions, from which RuralJobs derived the name ‘Rural Europe 2+2+’, of which the first-level differentiation is between the ‘production’ and ‘consumption’ roles of rural areas.

There are two components of the ‘production’ role of rural areas:

- Production based on renewable resources. Foremost amongst these is land, which is used by the agri-food and forestry supply chains in a renewable way for the production of food, feed, fibres and fuel, and increasingly for new uses like pharmaceuticals. Other renewable resources include sunlight, wind, water and tidal power.
- Production based on non-renewable (depletive) resources. These include coal, gas, oil and other minerals including sand and gravel, clay, limestone, granite and marble.

Thus the 'production' role of rural areas is particularly relevant to the agri-food and energy supply chains, but also provides raw materials for construction and other sectors.

The two components of the 'consumption' role of rural areas are as follows:

- Consumption by non-residents of the territory including visitors. This is primarily via tourism and leisure but also includes the consumption aspects of agri-food chains such as geographical appellations, local products, animal welfare, environmentally-friendly production methods etc.
- Consumption by residents of the territory. This is a commonly overlooked driver of rural employment, but natural capital is an important factor in encouraging people to remain in, or relocate to, rural areas. Many people who locate to rural areas for 'consumption' reasons are entrepreneurs who set up their own businesses and create jobs (Bosworth, 2010), as opposed to those that move from towns to rural areas to take up semi-subsistence farming, where the driver behind the move is production. The wealthy retired can also create jobs by being a market for leisure and care services.

The 'consumption' role of rural areas is therefore relevant not just to the tourism sector but also to several others such as KIBS and Knowledge Intensive Public Services (KIPS) including health and social work (see also Jauhiainen, 2009). The RuralJobs research noted the potential in several case study areas for rural employment creation in both of these sectors.

Clearly there are interdependencies between the four components of Rural Europe 2+2+. For example, between the production and consumption facets of the agri-supply chain, between the consumption facets of the agri-supply chain and tourism, and between consumption by residents (in terms of general 'quality of life') and leisure.

The Rural Europe 2+2+ approach to rural employment creation is consistent with the 'rural web' concept formulated by van der Ploeg *et al.* (2008), who state that '[r]ural development is based on natural resources: it reproduces and further develops these resources. Through rural development the rural economy, in as far as it is grounded on sustainable use of natural resources, is strengthened. Only when the use and development of rural resources translates, directly or indirectly, into (new) economic activities and the associated production of Value Added, is there an alignment between rural development and rural economic growth' (p.4).

van der Ploeg *et al.* (2008) clearly make the point that the concept of web is not limited to the agricultural sector. However, they caution that '[r]ural development is not to be equated, in a unilinear way, to the growth of the rural economy. Not all forms of economic growth in the countryside can be defined as rural development. More often than not, indiscriminate forms of the former are highly detrimental to the latter' (p.4). This is correct, but this statement should not be interpreted too narrowly. As discussed, a development strategy based on 'traditional' rural activities only, such as the agri-food, forestry, energy and water supply chains which are declining both in employment and GVA as an average of GVA in the EU-27, will condemn rural areas to low economic growth and prosperity, leading to further population decline. On the other hand, development based on other sectors such as KIBS must also be 'sustainable' in that it must not damage the natural capital that attracts incomers to the territory.

5.2. Strategic orientations for rural job creation

The ‘composite’ strategic orientations for rural job creation formulated from the RuralJobs case study area research results (Appendix) are centred on the mobilisation of the natural capital of rural areas and thus form the framework for the implementation of Rural Europe 2+2+. Each includes a number of components which are widely applicable across the case study areas (Table 10). SO1 focuses directly on the development of key growth sectors in rural areas while SO2-SO5 identify other targets for EU development programmes.

SO1. Encourage the development of key growth sectors

Regarding *production based on renewable resources*, it is felt that there is still potential for rural job creation in the agri-food chain, especially in the NMS case study areas. The RuralJobs strategic orientations include following suggestions: ‘*Development of fruit-, vegetable- and vine-growing*’, including the production of high-quality and healthy foodstuffs, ‘*Support of the food processing enterprises’ creation, growth and sustainability*’, producing goods with high degree of added value and local characteristics and ‘*Utilisation of the region’s comparative advantages for high-quality processed food production, oriented to exports*’ in Pazardjik AA; ‘*There are exceptional agricultural conditions but the competitiveness and range of local products can be increased*’ in Hajdúszoboszló LLS; ‘*Promote the exceptional conditions of agriculture that provides great opportunity to create local products and develop local food industry*’ in Karcag LLS;

Table 10. Strategic orientations for rural employment creation and their components arising from the SOR analysis of each case study area. See Table 6 for identities of case study areas.

Strategic orientations and their components	Case study area							
	1	2	3	4	5	6	7	8
SO1. Encourage the development of key growth sectors								
• Production based on renewable resources	◆		◆	◆	◆	◆	◆	◆
• Production based on non-renewable resources								
• Consumption by non-residents	◆		◆	◆	◆	◆	◆	◆
• Consumption by residents	◆		◆	◆				
SO2. Reinforce the local economy								
• Improve business practices		◆	◆	◆	◆	◆	◆	
• Improve rural business support services		◆	◆	◆	◆	◆	◆	◆
• Improve the trading environment for rural businesses	◆	◆	◆	◆	◆	◆		
SO3. Improve the skills balance and labour market participation in rural areas								
• Improve skills in rural areas	◆		◆	◆		◆	◆	◆
• Promote labour market participation						◆	◆	
SO4. Develop infrastructure and services								
• Develop infrastructure in rural areas	◆				◆	◆	◆	◆
• Develop rural services	◆			◆				◆
SO5. Ensure proper implementation of the strategy through support actions								
• Mobilise the population around the strategic plan					◆	◆		
• Valorise rural areas as places to live, work and play	◆		◆	◆	◆			◆

and *'Promote, encourage and develop agricultural production and marketing'* in Bistrița-Năsăud county. Key themes for facilitating job creation thus include competitiveness, diversification, food processing development and value added.

In the EU-15 case study areas, much less emphasis is placed on job creation in the agri-food chain although this sector is mentioned in the Chelmsford and Essex TTWA and (as part of the green economy) in Pays de Tulle and Pays de Guéret. Also as part of the green economy, these latter are the only case study areas which identify, by implication, the forestry and renewable energy supply chains as activities for creation of new rural jobs. ***Production based on non-renewable resources*** is not included in the strategic orientations of any case study area.

In terms of ***consumption by non-residents of the territory including visitors***, all case study areas identify scope for rural job creation in the tourism and leisure sectors. Strategic orientations include *'Promote the tourism and leisure sectors'* in the Chelmsford and Essex TTWA; *'Improve the tourist offer'* in Pays de Tulle and Pays de Guéret; *'Elaboration of local tourism endowments connected with cultural and natural capital'* and *'Providing transparency of the procedure and following up clear programme for tourism development'* in Pazardjik AA; *'The competitiveness and the range of local tourism products can be increased'* in Hajdúszoboszló LLS; *'Promote better utilisation and development of tourism based on rich cultural and historical heritage'* and *'Promote the development of thermal water use and related high level spa services'* in Karcag LLS; and *'Create a rural tourism network'* in Bistrița-Năsăud county. The link between rural tourism and cultural and natural capital is clearly stated here. Some of the strategic orientations listed above for the agri-food chain also allude to the consumption dimension via topics such as local characteristics, healthy foodstuffs and local products.

The ***consumption by residents*** component of Rural Europe 2+2+ is only advocated in the EU-15 case study areas. In the Chelmsford and Essex TTWA, *'Promote the establishment, growth and sustainability in rural areas of businesses (including home based businesses/ consultancies) with low environmental impacts, particularly in the knowledge based services'* is suggested. Such businesses are recognised to be a key component of the 'genuine growth dynamic' of rural areas there. As the creation and transfer of knowledge is their main activity their impact on the environment is minimal and the 'attractiveness' of the environment is not compromised. As part of the process of creating such jobs in rural areas, it is suggested to *'Encourage farm diversification projects which lead to sustainable, low environmental impact, preferably knowledge-based, rural employment'*. Teleworking, by *'Promoting, particularly in the public sector, arrangements which allow employees to spend a greater proportion of their work time working from home'* is also suggested. All of these processes are already happening in the Chelmsford and Essex TTWA but could be encouraged further. All are equally applicable to rural areas of Thames Gateway South Essex and teleworking, at least, is beginning to develop in Pays de Tulle and Pays de Guéret.

Also relevant to 'consumption by residents', in Pays de Tulle and Pays de Guéret it is suggested to *'Take advantage of the characteristics of the population to develop the silver economy'* which covers the demand for products and services, and mobilisation of savings and of human capital of retired people. This suggestion could also be applied to the Chelmsford and Essex TTWA. In England, employment in KIPS has already 'increased

rapidly' over the period 1998-2005 (CRC, 2008), with the greatest growth of KIPS plus KIBS jobs occurring in 'Rural 50' (24.3%) and Rural 80' (22.1%) regions.

SO2. Reinforce the local rural economy

This strategic orientation, to some extent, develops the synergy between natural capital and financial capital. Several actions were identified which could help the establishment, growth and sustainability of rural businesses, as well as their competitiveness, thereby promoting job creation, either in employment or self-employment.

Firstly, there are several ways in which *business practices can be improved*. In Thames Gateway South Essex it was suggested to '*Set up a rural-urban private sector-led entrepreneurial learning network*' in which key private sector business 'champions' should, either by themselves or in partnership with universities and public agencies, establish learning networks to stimulate entrepreneurship through a range of business-focused activities. Other suggested examples of business cooperation are '*Encouragement of new forms and business initiatives*' creation in the rural areas' in Pazardjik AA; and '*Spread good cooperation practices between multinational companies and small rural enterprises*' and '*Promote the cooperation/clusters of SMEs to be competitive on the market*' in Hajdúszoboszló LLS.

Recognising the elderly profile of rural business owners in some sectors, which may be linked to lack of innovation and increased risk of closure of the company, '*Emphasise takeovers of existing businesses*' is suggested in Pays de Tulle and Pays de Guéret. '*Provide opportunities for diversification, knowledge on entrepreneurship and for becoming self-supplier*' was a suggestion from Karcag LLS. '*Promote local ideas to develop local products, agriculture and other sectors linked to rural development which can absorb unemployment among less educated people*' from Karcag LLS and '*Support of the development activity for high-quality and healthy food products*' from Pazardjik AA were points specifically targeting product innovation whilst '*Education improvement in relation to the products and services*' marketing' suggested in Pazardjik AA implies a need for marketing innovation. From Pazardjik AA, '*Reinforcement of the local capacity for EU funds assimilation*' recognises that businesses need to use EU (and other) funding more effectively.

Secondly, to support the above, *rural business support services should be improved*, including support provided at municipal level, particularly for small businesses. Rural businesses outside agriculture have almost the same needs as urban ones but isolation is an issue and rural businesses have less of an understanding and ability to access available support. '*Develop specific business support for rural enterprise*' is suggested in Thames Gateway South Essex to focus on rural issues such as access to and integration with urban markets, diversification, ICT adoption etc. The need to '*Strengthen existing support schemes*' is noted in Pays de Guéret while similar suggestions are '*Support from the side of the local authority and governmental regulation bodies*' in Pazardjik AA and '*Active employment policy tools have to be used on supporting SMEs*' in Hajdúszoboszló LLS.

Support for innovation includes '*Realisation of the projects to ensure an increase in local employment and to widen the market presence of local endogenous products and goods*' and '*Reinforcement of the control authorities*' effectiveness at a local level; support for the creation of products with declared origin; direct sales development' in Pazardjik AA.

Regarding funding, the suggestion from Karcag LLS to *‘Enhance the opportunities of rural settlements to attract capital with local policies’* and therefore support businesses for example via tax reduction, low rents, free land, etc., recognises that the problems caused by the lack of capital further strengthen the negative effect of the international economic crisis. European Agricultural Fund for Rural Development (EAFRD) *‘Investments and marketing support in the food-processing sector’* is suggested in Pazardjik AA. Help with absorbing funding is needed in Pazardjik AA (*‘Development of municipal level administrative services related to EU funds absorption’*) and in Bistrița-Năsăud county (*‘Develop local advisory services for accessing the EU rural development fund’*, including private consultancies funded by the beneficiaries and from public funds). Gorton *et al.* (2009) note that absorption of EU funds has been a particular problem in Central and Eastern Europe because of rules on co-financing.

Thirdly, there is a need to **improve the trading environment for rural businesses** in several different ways. *‘Strengthen economic synergies in Brive-Tulle’* (i.e. linking two urban areas so as to create an enlarged market (including activity areas, clustering) through collective and coherent governance) was suggested in Pays de Tulle to reduce territorial competition by giving them slight specialisations according to their assets. *‘Optimise economic synergies with neighbouring areas’* is a similar proposal from Pays de Guéret. In the Chelmsford and Braintree TTWA the suggestion to *‘Increase flexibility of spatial planning’* is intended to promote more economic activities with low environmental impacts in rural areas, for example via more small serviced office units and live/work units, more tourist activities/accommodation etc. Coupled with this, in Thames Gateway South Essex it is suggested to *‘Promote rural localities as places to accommodate new business enterprise’*, emphasising that such areas can offer access to urban-related benefits without the associated diseconomies such as congestion and higher local taxes, and to *‘Conduct an audit of rural premises in the sub-region’* to identify structures and areas that could accommodate future business growth, particularly amongst business service activities. A similar suggestion from Pays de Tulle is to *‘Promote reserved land’* for the development of agricultural structures and local production (short supply chains, organic production), for the development of the green economy (biofuels, green chemistry) and for the development of the silver economy.

In Pazardjik AA, *‘Support of the agricultural farms’ consolidation and market institutions development; creation of market-places, markets and stock markets’* was suggested. Regulation and bureaucracy need to be reduced, especially in the NMS. Suggestions are *‘Regulatory framework improvement, alleviation of permissive regimes, one stop services and development of e-services’* (via Internet) in Pazardjik AA; and *‘Reduce bureaucracy linked to SMEs and civil organisations’*, in order to reduce transaction costs of the economy and to make better allocation of funds, and *‘Reduce labour costs’*, so as the labour market demand can be increased, in Hajdúszoboszló LLS.

SO3. Improve skills and labour market participation in rural areas

Here, the synergies between natural capital and human capital are developed. This reflects the need to create more *and better* jobs in rural areas. In localities where there is a high proportion of low-paid, low skilled jobs, including part time and/or seasonal labour (such as many rural areas), children often have low aspirations. Reinforced by negative

peer pressure, they may even lack basic literacy and numeracy. This can lead to a 'low skills equilibrium' where employers do not relocate to an area because of lack of skills, and young people do not seek to acquire skills owing to lack of skilled job opportunities.

The need to **improve skills in rural areas** through higher quality and more accessible education and training programmes is widely recognised. In the Chelmsford and Braintree TTWA the suggestion to '*Improve rural delivery of education and training, including entrepreneurship/ business skills, to reduce the dependence on low-skilled jobs and/or urban centres*' recognises that the access to and suitability of training courses are bigger problems than the quantity of training that is available. Suggestions from other areas are '*Support key sectors through training; forecasting tools; and by networking the actors*' in Pays de Tulle; '*Encourage training courses specifically tailored to the needs of the area*' in Pays de Guéret; '*Education and professional training have to be improved to match labour market needs*' in Hajdúszoboszló LLS; '*Support tradition based agricultural education that is more suited to the needs of the labour market*', for creating local products, establishing local food industry etc. and '*Tailor education and professional training more to labour market needs*' in Karcag LLS; and '*Improve the low level of education and skills*' in Bistrița-Năsăud county.

The low rural activity rates in the NMS case study areas show the need to **promote labour market participation**, particularly amongst vulnerable sectors of society. Suggestions are to '*Support the reintegration of disadvantaged people, e.g. Roma, young people, etc.*' and '*Promote job creation for young and disadvantaged people at EU and national level*' in Hajdúszoboszló LLS, where '*The main target of the active employment policy tools has to be the high rate of generations growing up in a passive environment*'; and to '*Promote non-discriminative employment of rural people, particularly Roma*' in Karcag LLS.

SO4. Develop infrastructure and services

The focus here is on developing the synergies between natural capital and physical capital.

In both the EU-15 and the NMS, the need to **develop infrastructure in rural areas** is noted. The following suggestions apply to transport and communications infrastructure: in the Chelmsford and Braintree TTWA to '*Promote the universal coverage of Next Generation Access Broadband*' via all available technologies and to '*Improve transport links to improve access to jobs and education/training, to rural service 'nodes' and for leisure/tourism activities*'; in Pazardjik AA to implement '*Transport infrastructure improvement (roads etc.)*' to facilitate access to quality services; in Hajdúszoboszló LLS '*The tourism and the area's infrastructure have to be developed at the same time and built on*'; in Karcag LLS to '*Promote infrastructural development in the most disadvantaged settlements*' to boost the local economy; and in Bistrița-Năsăud county to '*Develop physical and ICT infrastructure*'. The high price of houses in the Chelmsford and Essex TTWA (and also in Thames Gateway South Essex) makes it necessary to '*Provide substantially more affordable homes in rural areas*' so that residents of all ages have the option of living and working in their community.

There is also a need to **develop rural services** across the EU, particularly services which are traditionally provided by the public sector such as healthcare, ensuring adequate

service levels by adopting innovative solutions where possible in view of the increasing costs of such services. *'Promote the co-location of retail with other businesses (such as tourism and leisure attractions) and services (e.g. healthcare)'* to create rural service 'nodes' and *'Improve service (such as healthcare) delivery to the locality or to the home'*, where possible via new forms of integrated delivery, are suggested in the Chelmsford and Essex TTWA; *'Optimise access to local services'* is a suggestion from Pays de Guéret; and the need for *'Development of public services in rural areas'* exists in Bistrița-Năsăud county, covering health, education and social assistance to the elderly.

SO5. Ensure proper implementation of the strategy through support actions

Here the link between natural capital and social capital-related issues is explored.

There is a need to *mobilise the population around the strategic plan* which is particularly evident in the NMS. In Pazardjik AA, the suggestions for *'Projects realisation on the base of local initiatives'* ('Leader' approach) and for the *'Increase of activity of local inhabitants and facilitation of the administrative barriers on the concession procedure of tourism sites and natural favourites'* recognise the potential contribution to rural job creation of 'bottom-up' initiatives arising from the community. In Hajdúszoboszló LLS the need to *'Ensure continuous communication between rural development experts and residents'* is recognised.

There is also a need to *valorise rural areas as places to live, work and play* which is at present mainly recognised in the EU-15 case study areas only, although an even bigger perception problem seems to exist in the NMS. This is linked to the development of the 'consumption dynamic' associated with rural areas. In the Chelmsford and Braintree TTWA it is suggested to *'Promote rural areas as a place for high quality, short-break tourism and leisure'* on the basis of their good accessibility from urban centres and their built, cultural and natural heritage including their biodiversity, coast and estuaries, and to *'Promote rural areas as a source of high quality, healthy foods'* (and related services, e.g. restaurants). Two ideas in Pays de Tulle are, firstly, to *'Value local direct selling'* and, secondly, to *'Mobilise the local population to improve the attractiveness of the territory'* by working on the image and the quality of life of the territory and by calling on local investment. In Pays de Guéret it is necessary to *'improve the image conveyed by the territory'* and to *'encourage local sales and value creation, and promotion of products and short supply chains'*. *'Concentration of the efforts for synergic valorisation'* is suggested in Pazardjik AA. *'Stimulating the settlement of young and middle-aged population in rural areas'* could be done in Bistrița-Năsăud county by providing cheap houses and building land for urban young people with town-based jobs whilst *'Crisis situation management'* would deal with flood control etc.

5.3. Different routes to rural economic prosperity

The research conducted by RuralJobs was expected to 'take into account the European Guidelines for Employment, technological change and the shift to a knowledge based economy'. This is consistent both with the aspirations of both the EU SDS and Europe 2020. The research has shown that 'technological change and the shift to a knowledge

based economy' are indeed occurring in rural areas of the EU, across a range of sectors from agriculture (where mechanisation is continuing to replace jobs) to KIBS (where the number of jobs is increasing rapidly in many areas). However, it has also shown that the rate of change varies across the EU.

The route to 'economic prosperity' as described by the EU SDS seems to be entirely appropriate to rural areas of the Chelmsford and Braintree TTWA (high GDP, significantly rural, accessible) and Thames Gateway South Essex (high GDP, predominantly urban, accessible). For the most part, the economic situation of these rural areas, and the regions of which they are part, fit the description closely. Rural employment rates are already higher than the Lisbon targets of 70% for overall, 60% for female, and 50% for older workers' employment. However, although no other case study area reports commented on the appropriateness of the description of economic prosperity contained in the EU SDS, it is clear that it is far removed from reality in some areas, particularly in the NMS. In many rural parts of Bistrița-Năsăud county (low GDP, predominantly rural, remote), for example, semi-subsistence farming is still, in terms of employment, the main economic activity. Transforming such rural areas into 'innovative, knowledge-rich economies', even as part of the regional economy in which they are located, in the short to medium term, at least (i.e. before 2020), is simply not possible.

Two issues arise from this. Firstly, Rural Europe 2+2+ includes, but is not restricted to, employment based on agriculture and related sectors and, secondly, the most appropriate approach to exploiting natural capital a sustainable way varies between different 'types' of rural area. These issues are discussed in the following sections.

5.3.1. Rural Europe 2+2+ and rural economic resilience

There is an increasing body of literature on the topic of the economic resilience of regions (e.g. Simmie and Martin, 2010). This concept can cover not just the ability of a regional economy to recover from a shock but also its degree of resistance to the shock in the first place. Ecosgen (2009) has developed an Index of Economic Resilience which measures resilience across five domains: industry mix, the workforce, enterprise, labour market and economic dynamism. The topic is relevant to rural areas which can often be economically dependent on only a few sectors. Whilst agriculture is the most frequently cited in this respect, the most striking example from the RuralJobs research relates to mining. In 2006 the lead-zinc ore mines around the village of Rodna in Bistrița-Năsăud county were closed and thousands of miners were sent to early retirement or unemployment. While in 1989 there were 4000 employees in the commune, of which 2560 were in mining, 1000 in geological prospecting and 600 in forestry, by 2009 out of the active population of 3800 only 675 were employed (Kerekes *et al.*, 2010).

Rural Europe 2+2+ does not focus directly on employment creation in specific sectors, but on developing the sectors most appropriate to any particular rural territory through mobilising opportunities provided by natural capital as part of a wider regional development strategy. In most instances this will mean promoting a broad mix of sectors. In order to fully mobilise these opportunities, issues relating to the workforce, enterprise, labour market and economic dynamism need to be addressed. Hence, Rural Europe 2+2+ contributes to the strengthening of the economic resilience of regions and their rural areas.

5.3.2. 'Production' and 'consumption' in rural areas

The concept of the 'consumption countryside' is now well established (Lowe and Ward, 2009; Marsden, 1998; Marsden, 1999; Shucksmith *et al.*, 2006; van der Ploeg *et al.* 2008). Shucksmith *et al.* (2006) noted that a 'consumption dynamic has emerged through falling agricultural employment, increasing farm diversification, repopulation of rural areas by service classes, outmigration of young people and a widening gap between the rich and poor' (p.7). This has led to new forms of commodification of the countryside for [mainly] urban consumption such as short food-supply chains, organic agriculture and ecological awareness which in turn has fostered new forms of rural tourism such as ecotourism. Many of these aspects of consumption have been internalised into the concepts of 'multifunctional agriculture' (van Huylenbroeck *et al.*, 2007) and 'public goods' (Cooper *et al.*, 2009). Although financial remuneration for 'pure' (i.e. 'non excludable' and 'non rival') public goods is difficult or impossible to achieve, the consumption dynamic has provided rural areas with many opportunities to add value to their economic activities.

The 'consumption dynamic' has become increasingly important to rural job creation. Rural Europe 2+2+ has shown that the two components of the 'consumption' role of rural areas are consumption by non-residents of the territory including visitors, and consumption by residents. Although all case study area reports identify the potential, on the basis of the former, for job creation in rural tourism, some expressed concern that this potential was not necessarily recognised by local actors. In Thames Gateway South Essex, a predominantly urban region in the UK, the lack of tourism strategies from some rural local authorities was disappointing. In Pazardjik AA in Bulgaria local authorities are sometimes too inert in dealing with the natural resource matter; tourism as a driver for development appears only in the Strategy Plan of Bratsigovo municipality. Several NMS case study area reports record lack of demand by residents for local products and identify foreign visitors or the export of goods with value-added (such as geographical appellations and animal welfare) to outside the territory as potential markets.

Terluin and Post (1999) strongly stressed the importance to rural economic prosperity of recognising the value of local amenities, amongst which they list unspoiled nature, attractive landscapes and historic villages, but which could also include culinary products and other cultural capital. In their research, they noted that almost all of their case study regions had some sort of valuable rural amenities, but that it is not primarily the existence of amenities that matters, but the degree to which these amenities are effectively valorised in an economic process that contributes to generating added value. RuralJobs SO5 highlights the importance to rural job creation of valorising natural capital.

There is increasing evidence in EU-15 countries of the importance to rural job creation of the consumption of natural capital by residents. Bosworth (2010) described the process of 'commercial counter-urbanisation' in the north east of England. It may be a two-stage process, with a decision to start a business sometimes occurring some years after a residential move. Up to two thirds of new rural firms are created by people moving from urban to rural areas and for each self-employed in-migrant an average of 1.9 additional jobs were created. This process, which may also be termed 'Rural Renaissance', is fundamentally different from counter-urbanisation in that the rural area is the place of both residence and economic activity.

Rural Renaissance can take other forms, sometimes following on from counter-urbanisation. Many businesses and local authorities are encouraging employees to work from home, thus cutting both their corporate accommodation costs and CO₂ emissions from commuting. The economic activity may therefore *de facto* be transferred to a rural area. Home-based working remote from the office (teleworking) can help to keep more money from salaries earned in urban areas in the rural community as the incidence of ‘trip-chaining’ (Champion *et al.*, 2009), i.e. linking commuting with shopping, leisure activities etc. is reduced.

Notwithstanding the above, it would be an exaggeration to suggest that rural has changed entirely from being a place of ‘production’ towards being a place of ‘consumption’ as rural areas retain, and always will, an important production role, not least through agriculture. Local economies should not neglect their economic bedrock. Thus, whilst in many rural areas in the EU the potential for job creation in sectors defined by EC (2008b) as ‘drivers of economic growth’ is high, in many others (such as in many rural parts of Bistrița-Năsăud county) the focus should be on sectors or characteristics judged to be critical features of their local rural economies. In the short term, and probably medium term as well, such rural areas can contribute to a competitive knowledge economy mainly through developing their two ‘production’ roles (production based on renewable resources, and production based on non-renewable resources). Ways in which this can be achieved include innovation in primary production and capturing more value added by locating more of the supply chain in rural areas (Sonnino *et al.*, 2008). The RuralJobs research has also shown the potential importance of synergies between sectors in achieving this objective.

The case study area research demonstrates that there is a strong local desire in the NMS to retain or to attract people to live in rural areas and to set up businesses. In the case of Bistrița-Năsăud county this includes migrants returning from working abroad. To ‘stimulate the settlement of young and middle-aged population in rural areas’ is a strategic orientation from Bistrița-Năsăud county which has been integrated into RuralJobs SO5. Apart perhaps from Pazardjik AA, where it was observed that ‘significant opportunities are connected with the development of the peri-urban zones located on the foot and slopes of mountains that may attract more people to prefer living there instead of the urban centres’, the ‘consumption’ of natural capital by residents is not yet seen as a driver of in-migration by local actors. Indeed, even in Pazardjik AA local stakeholders ‘still perceive development in terms of the traditional sectors’.

The importance of the ‘consumption dynamic’ relative to ‘production’ hence differs between regions, as already noted in the UK by Marsden (1998). The RuralJobs research has illustrated markedly different attitudes towards the ‘consumption countryside’ across the EU, varying from ‘Pleasant living environment’ in Essex, UK and ‘Pleasant surroundings’ in région Limousin, France to an ‘unfavourable village image’ in the North Great Plain region of Hungary and ‘Romanians do not like going to the countryside’ in Bistrița-Năsăud county. This evidence suggests that the reasons behind the differences in the relative importance in terms of jobs of ‘production’ and ‘consumption’ are probably quite complex.

The relative influence of, on the one hand, social attitudes or perceptions towards village life and, on the other, quality of life considerations in discouraging in-migration into villages in the NMS (such as into the villages in Hajdúszoboszló LLS in Hungary which are

accessible to Debrecen) is not known. Shucksmith *et al.* (2006) show that while in the richest Member States of the EU there is little evidence of significant urban-rural differences in quality of life, in the poorer Member States of the east and south rural areas have a much lower level of perceived welfare and quality of life, particularly in the (then) candidate countries including Romania and Bulgaria. The quality of life components used included housing; education and internet use; and access to work and services. Such topics are covered by RuralJobs SO4. Clearly, for the oft-mentioned 'new values placed on rural space' to be fully mobilised in the NMS for the benefit of rural employment, substantial improvements in the rural quality of life are necessary.

5.4. The DPSIR model for employment and Rural Europe 2+2+

The results from the RuralJobs case study area research confirm the validity of the DPSIR model developed by Fieldsend (2010). High employment rates contribute to economic prosperity. Costanza *et al.* (2009) justly critique the inappropriate use of GDP as a measure of national (and, by implication, regional) well-being, something for which they observe it was never designed. It does not measure the well-being of people, as opposed to economies, never mind inequalities in well-being. RuralJobs has identified indicators such as personal income, inequality of income distribution, and housing (crowding) as measures of direct *impact* on the economic wellbeing of communities (Table 3).

Where the number of jobs in a rural territory is insufficient, the working age population may respond by commuting to urban centres or by temporarily or permanently migrating. Both are legitimate ways of 'connecting the (job) offer with the (job) demand' (Sabau and Paquet, 2009b) which occur widely across the EU. In the case of the former *response*, high residence-based rural employment rates may thus conceal a serious lack of rural jobs, as measured by jobs density. Commuting is closely associated (although not inextricably linked) with counter-urbanisation, the demographic and social process whereby people move from urban areas to rural areas. Thus with counter-urbanisation the rural area is the place of residence while the urban centre is the place of economic activity. The importance of international migration to rural economic prosperity confirms the need for flexicurity, part of European Employment Guideline 7: Increasing labour market participation and reducing structural unemployment (EU, 2010a).

Commuting is normally only a solution for those who live in 'accessible' rural areas (i.e. those who live in a labour market area which includes a population centre of significant size, such as a market town or a city) and who are mobile and/or can afford the cost of travel. The RuralJobs research shows that whilst in the EU-15 case study areas motorisation rate tends to be higher in rural areas than in towns, in the NMS the opposite is the case. In the latter, travel costs as a percentage of salaries tend to be higher, and infrastructure is generally poorer. Thus, the ability of rural residents in NMS to access jobs by (daily) commuting tends to be lower. However, where the intrinsic ability of rural areas to support employment is low, such as in the Pazardjik AA and Bistrița-Năsăud county, commuting can help to maintain their social and economic viability and therefore population levels.

Policy responses can be targeted at the *pressures* of working age population or number of jobs (Figure 1). For example, government proposals in several EU Member

States to raise the retirement age will lead to an increase in the supply of labour. The supply of jobs can also be directly increased by government intervention, such as through subsidies for job creation (the 'Út a munkához' (Road to Employment) programme in Hungary being an example of this; Anon., 2008) although in many instances the jobs are not economically sustainable after the funding ends. The RuralJobs strategic orientations do not include any policy responses targeted at directly manipulating supply of labour or jobs.

Policy responses can also be targeted directly at the *state* of employment (i.e. employment rate and associated factors such as underemployment) by 'connecting the offer with the demand', one approach being through the funding of job centres. By their very nature, in rural areas there are fewer job opportunities available at any one time in the immediate geographical locality of the worker. RuralJobs experience in, for example, Pays de Guéret, that a concealed labour market exists in rural areas and operates by word of mouth, confirms reports in the literature (e.g. Defra, 2005). Thus, while rural areas (particularly sparsely populated areas) have the biggest need for measures designed to 'connect the offer with the demand', the cost of delivery means that it is here that the biggest cutbacks are occurring. Delivery of such services over the Internet is not an adequate solution, particularly where broadband speeds and/or computer ownership rates are low. RuralJobs SO4 specifies the need for innovative solutions such as co-location of services in rural service 'nodes' as a means of maintaining adequate levels of such services in rural areas.

The RuralJobs strategic orientations for new sources of employment in rural areas are mainly targeted at the *driving forces* in the DPSIR model, namely natural, financial, human, physical and social capital, and to the interactions between them. There is no simple definition of rural employment but Rural Europe 2+2+ recognises that creating jobs in rural areas which are driven in different ways by natural capital can be considered to be the rural dimension of a regional employment strategy. An integrated approach to exploiting natural capital in a sustainable way together with the development of the other capitals of the territory can create jobs, and encourage working age people either to stay in, or relocate to, rural areas. Thus, in line with the principles outlined by Sabau and Paquet (2009b), Rural Europe 2+2+ can increase (a) the demand for workers and (b) the supply of the workforce and, (c) through actions such as skills development, help to connect the offer with the demand.

Chapter 6

RURAL EMPLOYMENT AND REGIONAL DEVELOPMENT

The OECD classification system for regions (i.e. predominantly urban, PU; intermediate, IR; and predominantly rural, PR) provides a systematic, if crude, assessment of their rurality. Within this system many kinds of rural space exist and the future development trajectories of different types of rural area will differ. A common theme, however, is the continuing importance of natural capital to rural employment, whether through farming, mining, rural tourism or by attracting incomers who set up new businesses and therefore create jobs. An EU-wide framework for rural job creation is therefore appropriate. Rural Europe 2+2+ has shown that the financial, human, physical and social capital of rural areas must be developed in parallel with their natural capital. This chapter discusses in the context of EU policy some ways in which this might be achieved.

In lieu of the usual EU-15-EU-12 distinction which is becoming increasingly outdated, in this chapter EU Member States are grouped as follows: EU-11: Austria, Belgium, Denmark, Eire, Finland, France, Germany, Luxemburg, the Netherlands, Sweden and the UK; EU-7: Cyprus, Greece, Italy, Malta, Portugal, Slovenia and Spain; and EU-9: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia.

6.1. Rural areas, EU Structural Funds and the Common Agricultural Policy

Many respected academics have questioned the appropriateness of the continuing close link between the CAP and 'rural development' measures. At EU level Shucksmith (2010) relates how the term 'rural development' has acquired a new and highly contested meaning through the establishment of the CAP's second pillar, the rural development regulation (RDR). The CAP remains primarily a structural adjustment policy for agriculture and Shucksmith (2010) cites Bryden and Hart (p.342) who wrote 'the profound weakness of the [new] RDR becomes readily apparent when the scope of its menu of eligible measures is compared with what needs to be addressed if failing rural areas are to be turned around economically and demographically'. Gorton *et al.* (2009) describe how in the NMS non-farming related interests are poorly represented and have struggled to be effectively included in RDR measures.

Marsden (1998) highlighted the need for a more regionally and spatially orientated rural development policy and Marsden (1999) suggested that '[o]ne possibility is a new Rural Development Objective and Fund, seeking to integrate elements of CAP, Regional and Social Funds, and implemented through Rural Area Programmes at regional/local levels (and perhaps incorporating Community Initiatives). They might also involve more refined definitions of priority areas through a new typology of rural areas at EU level, and methods of defining priorities from a cohesion point of view' (p.517). In the current (2011) context the relevant 'elements' of the CAP would be Axes 3 (wider rural development) and 4 (Leader approach), and possibly Axis 1 (competitiveness), of Pillar 2. Pillar 1 and Axis 2 (land management) of Pillar II cover direct payments to farmers and fall outside the scope of

employment policy. The former has been more effective in maintaining farm employment rather than creating new jobs (EC, 2006a) while agri-environmental payments (Axis 2) have led to little direct creation of jobs (Mills *et al.*, 2010).

Recently, there has been a debate in the context of the forthcoming EU programming period (2014-2020) on whether rural development can most appropriately be addressed through 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. The opportunity remains, however (EC, 2011), for rural development actors to adopt an integrated approach to using EU Structural Funds alongside CAP, and national and private sector funding, to promote rural employment creation and economic prosperity. To introduce this idea, an overview of the two EU policies follows including the currently (2007-2013) available funding under each.

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, 2007c), by mobilising the full potential of each region. 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 EU-25. 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 EU-27 lives in LAU2 regions defined by the OECD as rural (i.e. with a population density below 150 inhabitants km⁻²), and that these account for 82.8% of the land area (EU, 2010b). 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 EU-27. In other words, a disproportionately small proportion of Structural Funds is allocated to rural areas.

By contrast, the budget for the EAFRD, i.e. the Pillar 2 funding for rural development, is EUR 96 billion (EC, 2010c). Of this, EUR 76 billion is dedicated to supporting the agricultural sector through Axes 1 and 2. Axes 3 and 4, 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 CAP, but that rural areas may be receiving an inadequate share of this funding. This possibility can be explored further using readily available NUTS2 level data.

6.2. Economic prosperity and employment in EU NUTS2 regions

Most data used in the following analysis are taken 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 have been recalculated to NUTS2 level. All EU NUTS2 regions are included 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. As described earlier, regions are defined as PU, IR and PR according to the percentage of the population living in 'local units' with a population density below 150 inhabitants km⁻² (OECD, 2010). The final OECD 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.

6.2.1. Regional economic prosperity (GDP) and rurality

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 economic prosperity at regional level. Across the EU-27, despite a high level of data scatter, Figure 5 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 EU-27 average (Slaskie in Poland). However, most low GDP regions are located in the EU-9. Although no EU-11 or EU-7 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 EU-7 than in the EU-11, but their GDP, while on average is lower than in the EU-11, is clearly higher than in the EU-9.

6.2.2. Regional economic prosperity (GDP) and employment rate

The three groupings of Member States show clear differences in terms of employment rate, GDP, and the relationship between the two (Figure 6). Employment rate exceeds 60% in almost all regions in the EU-11 and GDP is (only just) less than 75% of the EU-27 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, 2007a, p.36, 2003 data). Of these, 14 are shown in Figure 6a and the other three are Inner London, Brussels Hoofdstedelijk Gewest, and Luxembourg (Grand-Duché), which have GDP

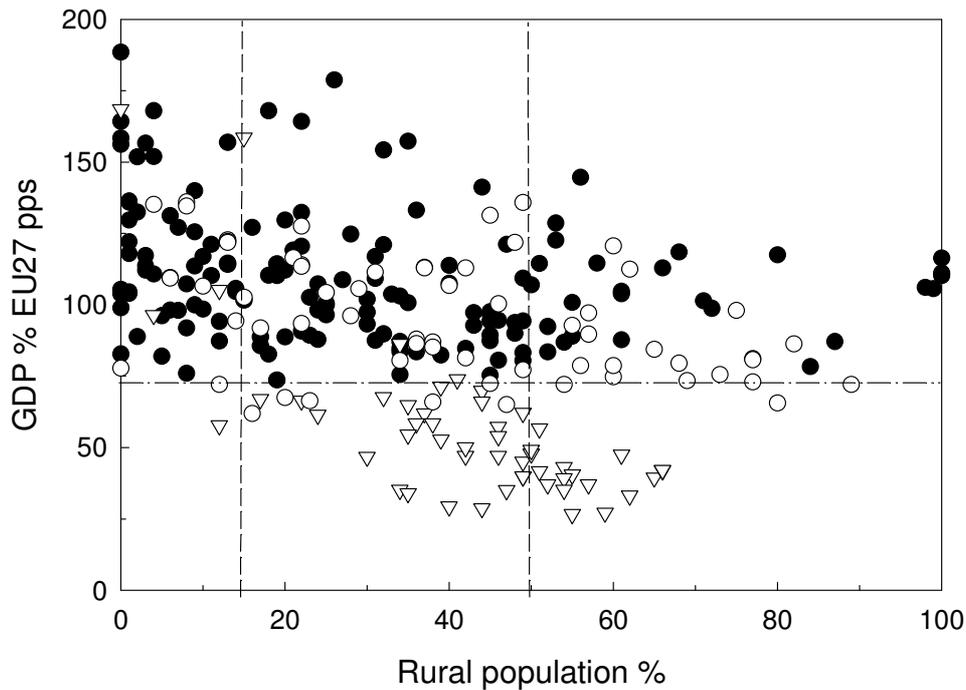


Figure 5. Relationship between the GDP per head (PPS) of EU NUTS2 regions expressed as a percentage of the EU-27 value (mean of data from 2006-2008) and the percentage of the population living in LAU2 regions defined by the OECD as rural (i.e. with a population density below 150 inhabitants per km²). Filled circles: EU-11 Member States (Austria, Belgium, Denmark, Eire, Finland, France, Germany, Luxemburg, the Netherlands, Sweden and the UK); open circles: EU-7 Member States (Cyprus, Greece, Italy, Malta, Portugal, Slovenia and Spain); triangles: EU-9 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 Luxemburg (Grand-Duché)) are not shown. Source: Eurostat.

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 EU-11 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, 2007a), while Darmstadt includes the financial centre of Frankfurt.

In the EU-7, 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 EU-11 (Figure 6b). 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 EU-27 average. There is however a much larger percentage of regions in the EU-7 (mainly the south of Italy) with employment rates below 60%. Also, many EU-7 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 EU-9 (Figure 6c). GDP exceeds 75% of the EU-27 average only in five regions, all of which include capital cities and in four of which in-commuting is estimated to

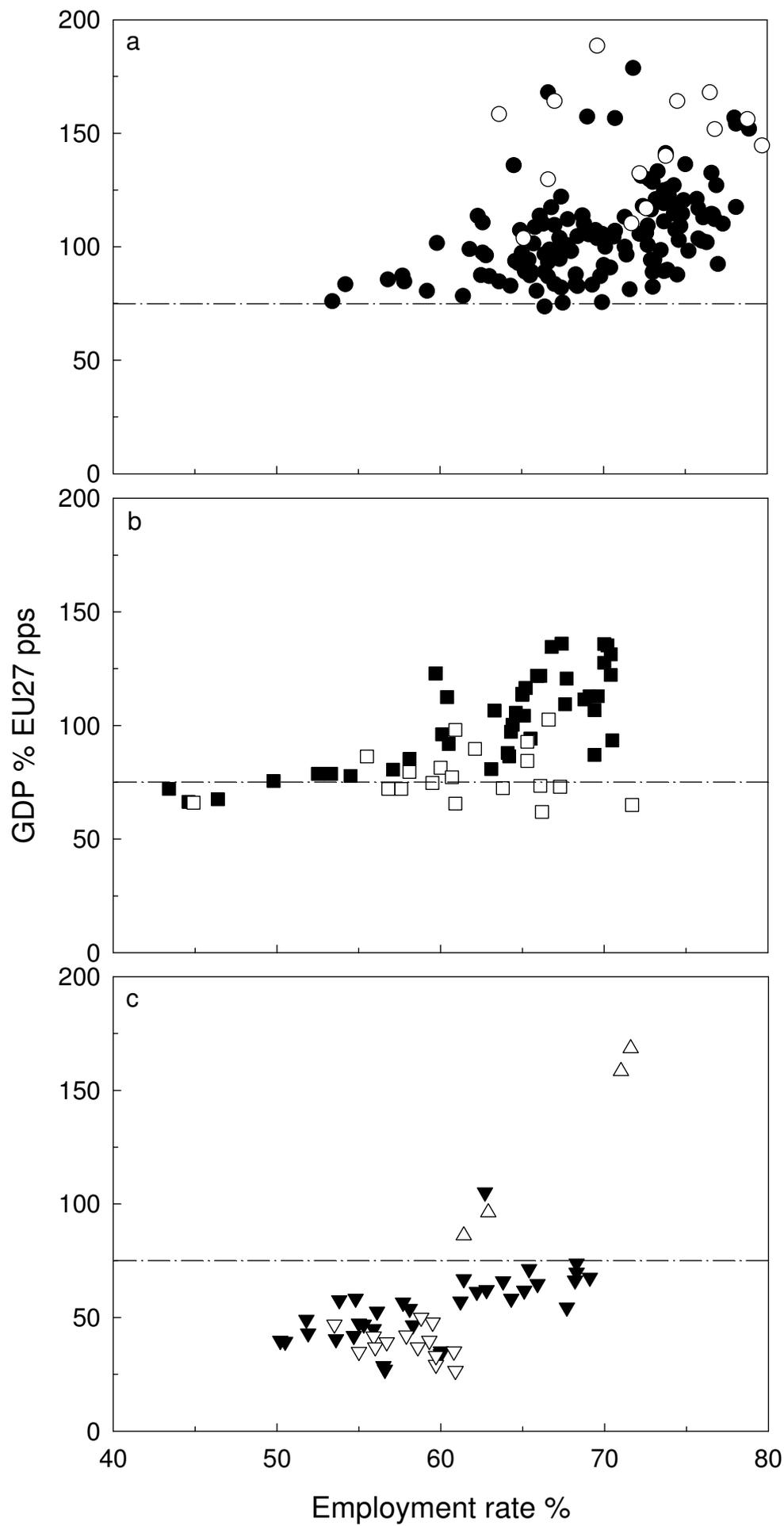


Figure 6 (opposite). Relationship between the GDP per head (PPS) of EU NUTS2 regions expressed as a percentage of the EU-27 value and the percentage of the working age population in employment (mean of data from 2006-2008) for (a) EU-11 Member States; (b) EU-7 Member States and (c) EU-9 Member States. 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.

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 EU-11 and EU-7. 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 EU-27 average.

6.2.3. Employment rate and rurality

In the EU-11, there is little difference between PU, IR and PR regions in the mean values for GDP (Table 11) or employment rate (Figure 7). If the 11 PU regions whose GDP is estimated to benefit from in-commuting by 6% or more are removed from the calculation,

Table 11. Mean values for EU NUTS2 regions, categorised by Member State group and the OECD regional typology, for GDP per head (PPS) as a percentage of the EU-27 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.

Member State group	OECD regional typology	Number of regions	GDP % of EU-27 mean	Employment rate %	Rural population %	Accessibility to urban centres		
						Mean %	Max %	Min %
EU-11	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
EU-7	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
EU-9	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

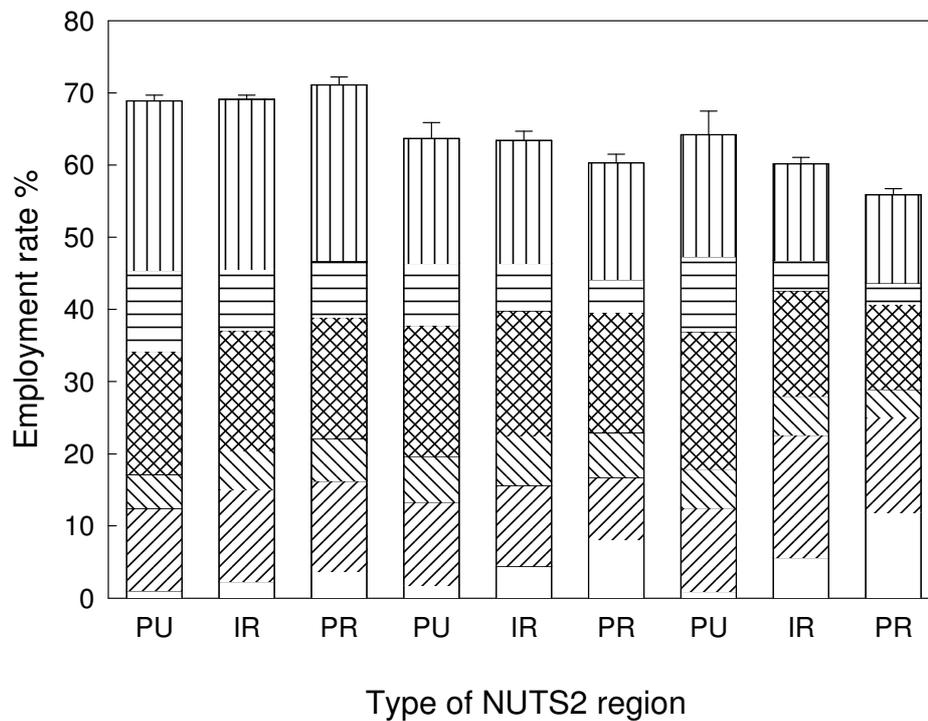


Figure 7. Percentage of working age population employed by broad industry sector in EU predominantly urban (PU), intermediate (IR) and predominantly rural (PR) NUTS2 regions (mean of data from 2007 and 2008). Plain: agriculture (NACE codes A,B); hatched: industry (C,D); opposite hatched: construction (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.

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.

There is a more noticeable decline in mean GDP between PU, IR and PR regions in the EU-7 (Table 11), and also evidence of a decline in employment rates (Figure 7), which are several percentage points below those in the EU-11. 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 EU-9, GDP declines from 117% in PU regions to just 40% in PR regions (Table 11) whilst employment rates decline from 64.4% to 56.2% (Figure 7). 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 EU-9 than in the EU-11 (69%) and EU-7 (67%), but this is reversed for IR

regions (Table 11). 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 EU-11, 40% in the EU-7 and 75% in the EU-9, although there is considerable variation within each group of Member States.

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

In the current programming period, most EU-11 regions already qualify for Structural Funds via the Competitiveness and employment objective (Figure 6a) 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. 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 5) and those regions in the EU-7 with high agricultural employment rates (Figure 6b) will be the main recipients of around of 64% of Structural Funds and most of the Cohesion Fund. In these regions the scope (and need) for increasing employment and economic prosperity is greatest. Whilst employment rates in many EU-7 regions are low, in many EU-9 regions productivity rates are also low (Figure 2c, EC, 2007a, p.40). In Romania the latter is compounded by the fact that those whose only occupation is semi-subsistence agriculture do not register as unemployed (Kerekes *et al.*, 2010). 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 EU-7 and EU-9 regions (Anon., 2010). By contrast, in most EU-11 regions the increase would probably be 5% or less. Hence the new programme 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 5) including several with high agricultural employment rates (Figure 6b).

Policy makers may attempt to justify focusing investment in urban centres, in line with the present estimated split in the urban-rural allocation of Structural Funds, on the basis that urban 'growth poles' can disproportionately drive regional growth, a concept that can be traced back to the work of Perroux (1955). But, as Copus *et al.* (2011) note, there has been a disappointing lack of evidence of quantifiable 'spread effects' to support this approach. Indeed, such an urban-focused strategy not only neglects the potential economic contribution of rural areas, it can contribute to their economic and social decline as funding is disproportionately targeted at urban centres. Whilst it is true that 'accessible' rural areas

in the EU are frequently zones of growth, in many parts of the EU rural areas are not part of a city region (see e.g. Radvánszki and Sütő, 2007) and in several remote areas population levels and economic activity are declining (EC, 2006a).

The short to medium term limitations of some rural areas should not cloud our recognition of the potential contribution of EU rural areas in general to regional employment and economic prosperity, and thus to meeting the targets of Europe 2020. The list of rural growth sectors identified by RuralJobs is similar to that provided by CRC (2010): 'Low carbon economy' including environmental and renewable technologies; Food and drink; Tourism; Business and professional services; Digital and creative industries; Health and social care sectors; ICT; Construction; Retail and advanced manufacturing.

Rural job creation can be based on knowledge and on product and process innovation linked with skills development of the workforce, as recognised by RuralJobs strategic orientations SO2 and SO3. Many innovative initiatives are related to the environment, including bioenergy, showing them to be emergent sectors of innovation (Rapido, 2008). Both 'expert' and 'lay' knowledge have a role to play in innovation (Tovey and Mooney, 2006; see also Oostindie and van Broekhuizen, 2008), and the rural economy can contribute not just to resource efficiency and green growth, but also to competitiveness. Yet Hepworth *et al.* (2004) stated 'Regional economic strategies suffer from 'double vision': a competitive knowledge economy vision for urban areas and a sustainable community vision for rural areas' (p.53). What is needed is a unified regional vision of the knowledge economy and sustainable development. Any regional strategy, such as those designed to disburse EU funds in the period 2014-2020, should therefore include a distinct rural component which highlights the potential contribution of natural capital, and thus rural areas, to achieving a competitive knowledge economy in line with the principles of Rural Europe 2+2+.

This book has strongly stressed the fact that the GVA in many sectors traditionally associated with rural areas is low. Even where these sectors dominate, it can be argued that the contribution of rural areas to regional sustainability exceeds their economic contribution in the form of open space for recreation etc. Two points arise from this:

Firstly, the supply of 'public goods' such as landscapes, by farmers (see Cooper *et al.*, 2009) can encourage the 'consumption dynamic' of rural areas. RuralJobs cannot contribute to the debate on the extent to which farmers should be rewarded from public funds for the supply of public goods other than to note that (a) many farmers have diversified into non-farming activities such as tourism (for example in the East of England region 70% of farm income now comes from non-farming activity) and (b) the growth dynamic fuelled by Rural Renaissance will increase the demand for redundant farm buildings to be used as business premises by rural entrepreneurs. Thus the provision of public goods can directly lead to more business opportunities for farmers.

Secondly, 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. This point is of particular relevance to IR and PR regions in the EU-9 where employment in public administration and related sectors is especially low.

6.4. Implementation of rural employment programmes

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. Territorial cohesion has been added to the goals of economic and social cohesion by the EU Lisbon Treaty and 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. In the implementation of such a strategy, the following issues should be addressed.

6.4.1. Alignment of programmes

The need identified by Marsden (1999) for a more integrated approach to rural development (employment) policy and funding remains, 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.

However, further steps are needed to ensure an adequate focus on rural areas. To aid coordination, Rural Development and Structural Funds should be managed at the same geographical level. In line with the principle of subsidiarity, Member States are best placed to select the most appropriate level, although it may be noted that current Structural Funds are frequently managed at NUTS2 level. The increasing integration of ‘urban’ and ‘rural’ economies strengthens the case for ‘mainstreaming’ rural job creation into a single regional programme. For this to be successful, such programmes should be designed from the start with rural in mind: ‘rural proofing’ applied to an urban-focused programme as an after-thought, using a ‘tick-box’ approach, is not sufficient. Finally, whilst management of all funding in a region by a single body is an option (such as in England by the former (NUTS1) Regional Development Agencies), management of different funds by separate organisations working in close partnership may be an approach preferred by some Member States.

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, 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 European Social Fund, via ‘mainstream’ training programmes which are properly designed to ensure that their delivery in rural areas is effective. 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.

6.4.2. 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. Valorisation of local amenities in rural areas is associated with conflicting attitudes towards change and a major (sometimes bitter) debate on the role of the countryside in which a ‘living’ countryside and a ‘working’ countryside are portrayed as mutually exclusive alternatives. Whilst mostly evident in ‘accessible’ EU-11 regions such as Essex, in Karcag LLS residents opposed the setting up of an organic abattoir as it may discourage tourism. In order to maintain vibrant rural communities, a balance between the ‘living’ and ‘working’ roles of rural areas must be achieved where employment is provided without damaging natural

capital and the perception of 'rurality'. Where workplace accommodation already exists RuralJobs research has shown that it is often viewed by the local community as an asset.

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 EU-7 RuralJobs 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. 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.

6.4.3. Some methodological issues

The RuralJobs research identified several weaknesses in the evidence base required to ensure that rural employment creation programmes are as effective as possible. More research is needed to formulate a definition of labour market areas (LMA) which can be applied across the EU. The concept of a self-contained LMA is one in which all commuting occurs within the boundary of the area. Although in practice it is not possible to divide territories into entirely separate LMAs as commuting patterns are too diffuse, leading to elements of subjectivity in the methodology (including defining the appropriate minimum and maximum thresholds for numbers of jobs and workers), LMAs have been invaluable to RuralJobs and have also been used by other researchers (e.g. by Simmie and Martin (2010) in their work on economic resilience of regions). By contrast, EU-wide definitions of 'urban' and 'rural' would not be helpful. There is no clear dividing line between 'urban' and 'rural' areas, and most territories have some element of 'rurality' which can be a target for policy. The rather arbitrary definitions officially adopted in some NMS and used for classifying territorial data have been unhelpful to the RuralJobs research.

Fieldsend (2010) confirmed that a comprehensive set of definitions of indicators exists within strategies and programmes relevant to employment in rural areas in the EU. However, data availability at local level varies widely across Member States, being

generally good in France and the UK and weak in Romania. For example, data for *Common bird index* (Table 2), one of a limited number of indicators for practically measuring the ‘attractiveness’ of rural areas (in this instance via biodiversity), are not available in Romania. 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.

In several case study areas in the EU-9, in particular, it was 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 (see 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 regional and rural development strategy.

6.5. Concluding remarks

This book has shown that a ‘one size fits all’ approach across the EU to promoting rural employment is not appropriate owing to the different spatial, social and economic circumstances existing in different areas. Rural areas of the EU-15 countries and post-socialist NMS differ in their socio-economic characteristics, not least due to the higher importance of farming and the historical legacy of socialism in the latter. In ‘accessible’ (to cities and to a lesser extent to market towns) rural areas, daily commuting to jobs in urban centres is more feasible than it is in ‘remote’ rural areas. In territories with low population densities, service costs are higher in rural areas and local authorities can lack the financial resources to meet expectations, thus impacting on both the availability of jobs and the attractiveness of such areas as places to live.

On the other hand, employment based on the sustainable exploitation of natural capital is a feature that is common to all rural areas. This employment can be based on the ‘production’ and/or ‘consumption’ roles of rural areas.

In RuralJobs deliverable 2.4., Sabau and Paquet (2009b) drew three major conclusions with respect to optimal conditions for the creation of rural employment:

- The potential for the creation of activities is highly dependent on the territorial characteristics. These include geographico-historical background, local dynamism and local policy regulation and taxation
- The potential worker’s capital varies from a territory to another. The match between a job position and the job seeker is not only based on his/her skills but also the working and living conditions in the area
- The way the demand and the offer of work interrelate is not automatic. The role of agencies can be crucial, training and anticipation of employment trends is essential and self-entrepreneurship can be significant.

The RuralJobs research has shown these conclusions to be correct and the issues that they cover have been incorporated into the Rural Europe 2+2+ strategic orientations for rural job creation. These strategic orientations demonstrate the need for better coordination of EU, national and private sector funding, and should be applied within a framework of regional development and social and territorial cohesion. The EU's emerging proposals for a new Common Strategic Framework for the implementation of the ERDF, the ESF, the Cohesion Fund, the EAFRD and the European Maritime and Fisheries Fund provide a timely opportunity for rural development actors to ensure that after 2013 the potential contribution of rural areas to regional economic prosperity can be maximised.

It can be concluded that, through the implementation of the Rural Europe 2+2+ strategy and hence the creation of new sources of employment, rural areas in the EU can be part of a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion in line with the priorities of Europe 2020.

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Appendix

STRATEGIC ORIENTATIONS FROM THE CASE STUDY AREAS

◆ Chelmsford and Braintree TTWA, Essex, UK (High GDP - intermediate - accessible)

SO1. PROMOTE NEW BUSINESS ACTIVITIES IN RURAL AREAS

- Promote the establishment, growth and sustainability in rural areas of businesses (including home based businesses/consultancies) with low environmental impacts, particularly in the knowledge based services, tourism and leisure, and agri-food chain sectors
- Promote, particularly in the public sector, arrangements which allow employees to spend a greater proportion of their work time working from home
- Promote the co-location of retail with other businesses (such as tourism and leisure attractions) and services (e.g. healthcare) to create rural service ‘nodes’
- Encourage farm diversification projects which lead to sustainable, low environmental impact, preferably knowledge-based, rural employment

SO2. DEVELOP RURAL SKILLS, INFRASTRUCTURE AND SERVICES TO SUPPORT RURAL BUSINESSES

- Promote the universal coverage of Next Generation Access Broadband for future rural business and household needs via all available technologies
- Improve transport links (including more shared options such as community transport schemes) to improve access to jobs and education/training, to rural service ‘nodes’ and for leisure/tourism activities
- Improve rural delivery of education and training, including entrepreneurship/business skills, to reduce the dependence on low-skilled jobs and/or urban centres
- Provide substantially more affordable homes in rural areas so that residents of all ages have the option of living and working in their community

SO3. IMPROVE AND VALORISE RURAL AREAS AS PLACES TO LIVE, WORK AND PLAY

- Promote rural areas as a place for high quality, short-break tourism and leisure on the basis of their good accessibility from urban centres and their built, cultural and natural heritage including their biodiversity, coast and estuaries
- Promote rural areas as a source of high quality, healthy foods (at all points in the supply chain from primary production to retail) and related services (e.g. restaurants)
- Improve service (such as healthcare) delivery to the locality or to the home, where possible via new forms of integrated delivery
- Increase flexibility of spatial planning to promote more economic activities with low environmental impacts in rural areas, for example via more small serviced office units and live/work units, more tourist activities/accommodation etc.

◆ **Thames Gateway South Essex, Essex, UK** (High GDP - urban - accessible)⁸

PR1. CONDUCT A COMPREHENSIVE AUDIT OF RURAL PREMISES IN THE SUB-REGION

- A region-wide assessment of the availability of rural premises should be undertaken to identify existing structures and areas that could accommodate future business growth, particularly amongst more ‘footloose’ business service activities

PR2. PROMOTE RURAL LOCALITIES AS PLACES TO ACCOMMODATE NEW BUSINESS ENTERPRISE

- In conjunction with the outcomes from PR1, rural localities should be adequately promoted to start-up businesses, with a strong emphasis on the view that such areas can offer access to urban-related benefits without the associated diseconomies such as congestion and higher rates

PR3. DEVELOP SPECIFIC BUSINESS SUPPORT FOR RURAL ENTERPRISE

- In the light of the finding that a diverse range of industries and a significant proportion of TGSE businesses exist in the rural-urban fringe, a set of business support structures that focus specifically on rural issues (e.g. access to and integration with urban markets, ICT adoption, diversification etc.) should be developed and implemented

PR4. SET UP A RURAL-URBAN PRIVATE SECTOR-LED ENTREPRENEURIAL LEARNING NETWORK

- Key private sector business champions of the different sectors in the sub-regions should establish networks of entrepreneurial learning either by themselves or in partnership with universities and public agencies to stimulate entrepreneurship through a range of business-focused activities in the region

◆ **Pays de Tulle, région Limousin, France** (High GDP - predominantly rural - accessible)

SO1. REINFORCE THE LOCAL ECONOMY

This involves both working on the existing situation, to take over companies and make use of short supply chains, and reinforcing the Brive-Tulle partnership:

- Favour local takeovers of companies
- Value local direct selling
- Strengthen economic synergies in Brive-Tulle

SO2. ENCOURAGE THE DEVELOPMENT OF KEY GROWTH SECTORS

Three branches of industry seem to make it possible to grasp identified opportunities:

- Develop the green economy
- Take advantage of the characteristics of the population to develop the silver economy
- Improve the tourist offer

⁸ This study prepared ‘policy recommendations’ rather than ‘strategic orientations’.

SO3. TO ACT IN A TRANSVERSE WAY IN SUPPORT OF THE STRATEGY

Implementation of the strategy implies that efforts will be made on the economic support functions. This involves sector-based actions to analyse the offer, identify demand, and specialist training of workers. It also involves a positive dynamic to federate the population around the collective plan to relaunch the attractiveness of the territory:

- Support key sectors through training; forecasting tools; and by networking the actors
- Mobilise the local population to improve the attractiveness of the territory by working on the image and the quality of life of the territory; and by calling on local investment
- Promote reserved land for the development of agricultural structures and local production (short supply chains, organic production), for the development of the green economy (biofuels, green chemistry), for the development of the silver economy

◆ Pays de Guéret, région Limousin, France (High GDP - predominantly rural - remote)

SO1. FOCUS ON SECTORS THAT ARE EXPECTED TO BE GROWTH SECTORS

Three branches of industry seem to make it possible to grasp identified opportunities:

- Develop the green economy
- Take advantage of the characteristics of the population to develop the silver economy
- Improve the tourist offer

SO2. MAINTAIN AN ATTRACTIVE LOCAL ECONOMIC, SOCIAL AND ENVIRONMENTAL CONTEXT TO ENSURE IDEAL CONDITIONS FOR GROWTH

The only way to boost local economic development is to provide a favourable environment, which entails a common minimum foundation of required services and facilities. This involves working on the existing conditions, in the case of a business takeover, and promoting short supply chains.

- Emphasise takeovers of existing businesses
- Encourage local sales and value creation, and promotion of products and short supply chains
- Optimise access to local services and economic synergies with neighbouring areas

SO3. ENSURE PROPER IMPLEMENTATION OF THE STRATEGY THROUGH SUPPORT ACTIONS

- Strengthen existing support schemes
- Encourage training courses specifically tailored to the needs of the area
- Improve the image conveyed by the territory

◆ Hajdúszoboszló LLS, North Gt. Plain Region, Hungary (Low GDP - predominantly rural - accessible)

SO1. INCREASE THE COMPETITIVENESS AND THE RANGE OF LOCAL PRODUCTS BY SUPPORTING SMALL RURAL ENTREPRENEURS

- There are exceptional agricultural conditions but the competitiveness and range of local products can be increased

- The tourism and the area's infrastructure have to be developed at the same time and built on tourism the competitiveness and the range of local products can be increased
- Spread good cooperation practices between multinational companies and small rural enterprises

SO2. ENCOURAGE DECISION MAKERS TO HARMONISE EDUCATION AND PROFESSIONAL TRAINING WITH LABOUR MARKET DEMANDS

- Education and professional training have to be improved to match labour market needs
- Support the reintegration of disadvantaged people, e.g. Romas, young people, etc.
- Ensure continuous communication between rural development experts and residents

SO3. SUPPORT SMEs TO INCREASE THEIR LOW LABOUR DEMAND

- Active employment policy tools have to be used on supporting SMEs
- Reduce bureaucracy linked to SMEs and civil organisations in order to reduce transaction costs of the economy and to make better allocation of funds
- Promote the cooperation/clusters of SMEs to be competitive on the market
- Reduce labour costs so as the labour market demand can be increased

SO4. PROMOTE RURAL RETENTIVE ABILITY WITH JOB AND SKILL DEVELOPMENT FOR YOUTH AND OTHER DISADVANTAGED PEOPLE

- The main target of the active employment policy tools, as strength, has to be the high rate of generations growing up in a passive environment
- Promote job creation for young and disadvantaged people at EU and national level

◆ **Karcag LLS, North Gt. Plain Region, Hungary** (Low GDP - predominantly rural - remote)

SO1. JOB CREATION IN DIFFERENT SECTORS

- Promote non-discriminative employment of rural people, particularly Roma
- Enhance the opportunities of rural settlements to attract capital with local policies (e.g. tax reduction, low rent prices, free land, etc.). The problems caused by the lack of capital further strengthen the negative effect of the international economic crises
- Promote local ideas to develop local products; agriculture and other sectors linked to rural development can absorb unemployment among less educated people

SO2. DEVELOP INFRASTRUCTURE AND TOURISM

- Promote better utilisation and development of tourism based on rich cultural and historical heritage
- Promote the development of thermal water use and related high level spa services
- Promote infrastructural development in the most disadvantaged settlements to boost local economy

SO3. ENCOURAGE THE CREATION OF SUSTAINABLE SMALL ENTREPRENEURSHIPS AND SUPPORT LOCAL PROCESSING INDUSTRY

- Provide opportunities for diversification, knowledge on entrepreneurship and for becoming a self-supplier, because the future is not expectable
- Promote the exceptional conditions of agriculture that provides great opportunity to create local products and develop local food industry
- Support tradition based agricultural education that is more suited to the needs of the labour market, for creating local products, establishing local food industry etc.

SO4. SUPPORT EDUCATION & PROFESSIONAL TRAINING TO MEET LABOUR MARKET DEMANDS

- Tailor education and professional training more to labour market needs

◆ Pazardjik ‘agglomeration area’ Pazardjik Oblast, Bulgaria (Low GDP - intermediate - accessible)

SO1. AID FOR THE LOCAL ENTREPRENEURSHIP

Aiming at the creation and development of enterprises for the production of quality goods and services in the spheres of agricultural and food-processing sectors, services, tourism and vacations, and processing industry with low value-added extent.

- Reinforcement of the local capacity for EU funds assimilation
- Support the creation, growth and sustainability of the food processing enterprises producing goods with high degree of added value and local characteristics
- Development of the fruit-, vegetables- and vine-growing, including the production of high-quality and healthy foodstuffs
- Utilisation of the region’s comparative advantages for high-quality processed food production, oriented to the exportation
- Projects realisation on the base of local initiatives (‘Leader’ approach)

SO2. BUSINESS AND INNOVATIONS SUPPORT CAPACITY BUILDING ON A MUNICIPAL LEVEL, ON THE BASE OF BETTER LOCAL RESOURCES AND EU FUNDS UTILISATION

- Support from the side of the local authority and governmental regulation bodies
- Investments and marketing support in the food processing sector, under the corresponding measure from the Programme for Rural Areas Development 2007-2013
- Development of municipal level administrative services related to the absorption of EU funds
- Regulation framework improvement, alleviation of permissive regimes, one stop services and development of e-services (via Internet)
- Support of the development activity for high quality and healthy food products

SO3. LOCAL ENTERPRISES, PRODUCTS AND SERVICES COMPETITIVENESS’ INCREASE

- Support of the agricultural farms’ consolidation and market institutions development; creation of market places, markets and stock markets
- Reinforcement of the control authorities’ effectiveness on a local level. Support for the creation of products with declared origin. Direct sales development
- Transport infrastructure improvement (roads etc.) to aid access to quality services
- Education improvement in relation to the products and services’ marketing

- Encouragement of new forms and business initiatives' creation in the rural areas

SO4. SUPPORT FOR THE DEVELOPMENT OF ACTIVITIES BASED ON THE LOCAL ENDOGENOUS CONDITIONS

- Elaboration of local tourism endowments connected with cultural and natural capital
- Increase of activity of local inhabitants and facilitation of the administrative barriers on the concession procedure of tourism sites and natural favourites
- Providing transparency of the procedure and following up clear programme for tourism development and concentration of the efforts for synergic valorisation
- Realisation of the projects, which to ensure increase of the local employment and to widen the market presence of local endogenous products and goods

◆ Bistrița-Năsăud county, NW Region, Romania (Low GDP - predominantly rural - remote)

SO1. DEVELOP PHYSICAL AND ICT INFRASTRUCTURE

Agricultural production, tourism, industry and trade are currently hindered by the low accessibility and the low development of infrastructure

SO2. IMPROVE THE LOW LEVEL OF EDUCATION AND SKILLS

In the rural area the quality of basic education should be improved, vocational training should be extended and periodically reshaped in order to meet labour market demand

SO3. STIMULATE THE SETTLEMENT OF YOUNG & MIDDLE-AGED POPULATION IN RURAL AREAS

To ensure a higher proportion of working age and fertile population in rural areas, cheap houses and building land could be provided for urban young people with jobs in the towns

SO4. DEVELOPMENT OF PUBLIC SERVICES IN RURAL AREAS

30-40 jobs in public services to the local population (health, education, social assistance to the elderly) financed from public money could be created at Bistrița-Năsăud county level

SO5. DEVELOP LOCAL ADVISORY SERVICES FOR ACCESSING THE EU RURAL DEVELOPMENT FUND

Around 20-30 jobs could be created in private consultancies, financed partially by the beneficiaries and partially from the Rural Development funds

SO6. PROMOTE, ENCOURAGE AND DEVELOP AGRICULTURAL PRODUCTION AND MARKETING

These measures would maintain agricultural jobs and increase their quality

SO7. CREATE A RURAL TOURISM NETWORK

To encourage the development of mountain-, rural-, ecological-, spa-, cultural and short holiday-tourism, a local tourism network could be created with around 20 jobs

SO8. CRISIS SITUATION MANAGEMENT

Around ten crisis management specialists could be employed by groups of communes