

Assessment and Recommendations

NOTE

Please note that this publication contains a French and Spanish version of the assessment and recommendations of the review at the end of the book.

Veillez noter que cette publication contient une version française de l'évaluation et des recommandations de la revue à la fin du livre.

Sírvase notar que esta publicación contiene una versión en castellano de la evaluación y recomendaciones del estudio al final del libro.

*Despite having a vast rural territory,
Spain possesses relatively few
“predominantly rural” regions*

According to the OECD definition of rural areas at the municipal level, 92% of the Spanish territory is rural and it hosts 27% of the population. These figures are close to the “official” classification of rural areas, as defined by the recently published Law on Sustainable Development of Rural Areas (LDSMR), according to which, rural areas extend to 92.7% of the territory, although the figure for population reaches 42% (17 million people). At the regional level (TL3/NUTS3), Spain has 7 predominantly urban (PU) regions (provinces), 27 intermediate (IN) regions and 18 predominantly rural (PR). The prevalence of intermediate regions is noteworthy. The particular pattern of population settlement in Spain is characterised by a few large cities and a large number of medium and small cities, concentrated mostly in the coastal provinces. This gives Spain a low rank in comparison with other OECD countries in terms of the territory, population, and GDP of PR regions (45% of the territory, 13% of the population and 10% of the GDP).

*Rural areas were not able to grow as much
as the rest of the country during the long period
of vigorous national growth...*

Over the past two decades, Spain has experienced an almost uninterrupted period of economic growth during which it has achieved an important degree of convergence with the most developed countries in the European Union. In this period, Spain has passed from being a country of emigrants to one of immigrants, and it has significantly improved the levels of education and quality of life of its inhabitants. However, the pattern of concentration of population in the largest cities to the detriment of rural areas and small towns, as well as the backwardness of rural areas with regards to many economic and social indicators, evidence the strong urban bias of such growth. Predominantly rural – PR – regions GDP grew on average 2.5% per year from 1999 to 2004 compared to the 3.5% national average.

... instead were often caught into a vicious cycle of depopulation and poor economic performance...

The depopulation of rural areas in Spain during the last decades of the 20th century was more significant than in other OECD countries. The rural population declined from 13.5 million (half of total population) in 1950 to 9.78 million (one quarter of total population) nowadays. Mountain regions and dispersed settlements showed the strongest decline. While from 2001 to 2007, foreign migration, among other factors has contributed to stop or even reverse the negative trend in certain zones, the emigration of young people for decades from rural to urban areas, combined with negative natural population growth has caused relative aging and masculinisation of the rural population. Regression and decomposition analyses show that an adverse demographic structure and outmigration are among the factors that have contributed the most to the lower performance of rural regions, since the remaining population finds difficulties in generating endogenous growth.

... as well as significant social challenges, which include diminished social opportunities...

According to the last population census in 2001, there was a higher incidence of relative poverty (that is, below 60% of average national income) in rural areas (22% vs. 18% national), average lower levels of income (14% lower than the national average), and lower levels of human capital (3.4% illiterate and 18% without studies compared to 2% and 10% in urban areas). More recent information, available at the provincial level provides evidence of important advances in these fronts. Noteworthy, in terms of PPP adjusted GDP per capita, predominantly rural regions have been catching up. Indeed, some remote PR regions (Badajoz and Zamora) and accessible PR regions (Lerida, Huelva) rank amongst the provinces with highest GDP per capita growth over the period 1998-2003. Additionally, in terms of education performance, according to the OECD PISA 2006 evaluation, the performance of rural students was similar to that of urban students. From a territorial perspective a north-south divide is evident in terms of many social indicators, including income, education and unemployment.

... integration of immigrants...

One of the most relevant aspects of the recent demographic evolution in Spain is the growth of the foreign immigrant population. Although this phenomenon is increasingly urban, since most of new migrants seek opportunities in urban

areas, over the period 1993-2003 the immigrant population in rural areas multiplied by a factor of 17, reaching 62 000 migrants. Of the 7 647 local jurisdictions considered rural, only 1 777 had not received migrants by 2003. The impact of immigrants in rural areas is quite significant. Indeed, from 2000 to 2007, in many counties, immigrants contributed to “reverse” the declining population trend. In many others, although the population decline is not fully compensated, immigrants significantly reduced the population loss. However, this group is in general at higher risk of encountering diminished social opportunities.

*... and accessibility and adaptability
of public services*

Accessibility has been a determining factor for social wellbeing. Periurban areas have had the strongest population growth (2.5% per year from 1991 to 2001) and better demographic balance (17% youth and only 14% elder). They also had the lowest unemployment rate (13% in 2001). There are marked differences between accessible and remote rural areas when it comes to basic public services, such as, secondary education schools, health centres or facilities for elderly people. Although in general the percentage of population without a secondary school or a health centre in the municipality where they live is limited; on a per capita basis, there are some marked regional deficits, particularly in the south. As for residences for elderly people, given the present and future requirements, the gap is greater. Most rural counties have less than 1 residence for elderly people per 1 000 inhabitants over 65 years old. In terms of “new” basic services, such as broadband, while there have been significant advances in the past decade, there remains a considerable rural-urban digital gap.

*The rural economy has experienced a structural
transformation, characterised by a marked decline
in agriculture employment, associated
with productivity increases...*

The reduction in the agricultural labour force (from more than 20% of all workers in 1975 to less than 5% in 2008), and the more intensive use of inputs (land, nutrients and water) resulted in productivity gains above the average of the EU, particularly since the second half of the 1990s. Growth in agricultural production between 1990 and 2004 (20%) was among the highest across OECD countries (3rd highest). During this period agriculture became also increasingly specialised and sophisticated, establishing certain niches such as organic and

ecologic agriculture. Moreover, under the adverse international economic climate prevalent since the second half of 2008, Spain's agro-food industry is proving to be more resistant than other industries, and than in other countries. Notwithstanding, as a source of employment and income, agriculture demonstrated that it could no longer be the backbone of the rural economy.

... and diversification, with positive outcomes for the most diversified regions...

The imminent end of the long period of economic growth that started in the early 1990's, and the strength of the ongoing international financial and commodity crisis, increases the necessity of finding new sources of economic growth and employment. In this context, the diversification of the rural economy has shown its potential as a source of employment and wealth creation, while also contributing to promote more balanced regional development. Over the last decade rural industry and services grew by 30% and 21%, respectively. The most diversified rural regions in Spain have higher GDP per capita, higher population growth, higher employment growth, and lower unemployment rates.

... markedly into sectors such as tourism...

Spain has become an international leader in rural tourism. The sector has contributed significantly to the valorisation of the rich and varied natural and cultural heritage present in Spanish rural areas, as well as to the creation of job and business opportunities for the rural population. While tourism in Spain has been growing at a rate of 3% per year in terms of overnight stays and 7% per year in terms of visitors (8% for nationals, 5% international), rural tourism in Spain grew around 20% per year from 2001 to 2007 both in terms of overnight stays and visitors, and both for national and international visitors. Over this period, close to 15 000 jobs were created and the supply of rural accommodations doubled from 6 000 to 12 000.

... and manufacturing

As for manufacturing, a mapping analysis identified 53 industrial districts (IDs) in rural regions in Spain, concentrated in the centre-south of the country, which employ almost 340 000 people. Additionally there are 58 "rural" IDs in intermediate – IN – regions and 26 in predominantly urban – PU – areas. The dominant specialisations are household goods, textiles and clothing, as well as the food and beverage industry. These three sectors account for 79% of IDs

in rural areas (41 IDs) and 78% of employment in IDs in rural areas (208 000 employees). Empirical evidence shows that despite slower than national average employment growth (1991-2001) in rural areas with IDs (28% vs. 31%); it is significantly higher than in rural areas without districts (17%). In this way, IDs have contributed to 23% of the growth of employment in rural areas, 44% more than their share of employment.

The country's vast natural resources and biodiversity present in rural areas are put under pressure by economic activity...

Rural Spain possesses a rich and varied natural heritage, unique in Europe and offers a variety of ecosystems and landscapes, from arid to subtropical, from Mediterranean to Atlantic and from continental to mountainous. However, the natural richness of rural Spain is coming under pressure from demographic and economic trends. Economic activity in rural areas creates some pressure on resources, particularly water, which is relatively scarce in Spain. Irrigated agricultural land (some 3.5 million hectares) consumes close to 75% of Spain's water resources. Recent efforts in improving efficiency have promoted a sustainable and respectful irrigation that brings some positive externalities such as landscape conservation and demographic stability. Air pollution, erosion, forest fires and climate change are additional issues of concern that threaten the rich stock of natural and environmental resources contained in rural Spain. To address these issues Spanish administrations have implemented a series of programmes and plans that intend to protect their natural heritage and attenuate these threats (see section on environmental policies below).

... at the same time, rural areas hold great potential in terms of dealing with pressing environmental and energy related challenges

Rural areas' natural resources are increasingly contributing to the solution of environmental challenges, notably through better conservation measures and as sources of renewable energy. Spain has made a clear bet to become a frontrunner in alternative energies by extensively diversifying and increasing the sources of renewable energy over the past two decades (reaching 7% of primary energy and 20% of electricity generation in 2007), while building a solid industry and technological base. In 2007, Spain is, after Germany, the second country in terms of installed wind power capacity (with 15 090 MW). Solar energy has also gained importance as a "rural" source of energy in large scale "solar orchards" now common in rural Spain, which use, or combine,

solar water heating, solar photovoltaic, and solar thermoelectric technologies. Biomass, biogas, and biofuels production has also increased significantly.

Until recently, Spain's rural policy relied fundamentally on EU programmes, implemented in a decentralised fashion, with an important bias towards agricultural support

Since the 1980s, Spanish rural policy has been essentially based on EU rural development programmes and structural funds, implemented in a decentralised way, through its autonomous communities (ACs). For the 2007-13 EU programming period, Spain utilises a national framework and 17 rural development programmes (RDPs). The national framework includes several horizontal measures that all ACs must include in their RDPs. Spain remains one of the most important recipients of rural development funds, accounting for 7.9% of the EAFRD transfers and 10.2% of the total public expenses dedicated to rural development under the CAP in Europe for 2007-13. However, the priorities reflected in the allocation of total public funds by objective in the different regions is evidence of a strong bias towards agriculture (52% of the total public funds are oriented for competitiveness of the agricultural sector – Axis 1 objectives – compared to an average of 34% for the EU). In contrast, 13% of total public expenses are dedicated to quality of life, diversification, and the LEADER initiative – Axes 3 and 4 objectives – while in Europe they add to 17.3%. The extremes are Navarre (68.2%), Basque Country (64.9%), and Canary Islands (64.3%) that carry some of the highest allocation to Axis 1 objectives in Europe. Twelve of the 17 Spanish RDPs give more than 50% of their total public expenses to Axis 1 objectives. Only one Spanish AC, Castilla la Mancha, defied the trend followed by its peers and allocated the largest proportion of its funds to Axis 2 objectives. The only other outlier is Cantabria that allocated 32.6% to Axis 3 objectives compared to the Spanish average of 11%.

Nevertheless, Spain embraced the EU LEADER initiative from its origins and extended it with its own PRODER programme...

On the other hand, Spain adopted the European Commission's LEADER initiative with relatively more enthusiasm than other European countries. Given LEADER's popularity in rural communities during its first edition in 1991-94, Spain created for the second programming period a sister programme (PRODER) that would expand the initiative to rural areas beyond those eligible for LEADER. For the programming period 2007-13 LEADER is

transformed from an initiative to a methodological and transversal axis by which measures from the three thematic axes can be implemented. Therefore, in Spain there will no longer be a distinction between LEADER and PRODER groups, since all will implement this transversal axis. Despite the bias mentioned above towards other axis objectives, in absolute terms, Spain accounts for almost 18% of the total public budgetary allowance made by EU members to Axis 4 of the CAP; and considering LEADER as a methodology (which incorporates measures 411, 412, and 413 which belonging to Axis 1, 2, and 3 objectives, respectively), in fact, Spain is the EU member that makes greatest use of the LEADER methodology within its Rural Development Programmes, by dedicating 10.3% of its total public RDP expenses. While the EU established 5% of EAFRD as minimum for implementation through LEADER, Spain in its National Framework establishes a minimum of 10% for all ACs. Once incorporated the national and regional funds, the ACs with the largest proportion of total public expenses for Axis 4 is Andalusia with 12.9%. The importance of the LEADER methodology in the Spanish regional RDPs ranges from the 12.9% of Andalusia's total public RDP budget to the 4.7% of Navarre.

*... which have had positive outcomes,
but proved insufficient to cope with the challenges
and opportunities of rural areas*

Although not without difficulties, the LEADER methodology has grown roots among rural actors and has left positive outcomes in rural areas. After 17 years of experience, many of the originally intended social aims of the LEADER initiative are finally beginning to install themselves in Spain's rural society. Among other things, it has provided a meaningful opportunity for local participation in rural development where none existed before, helped create a culture of community self-initiative, widened the opportunities for youth and women, increased the appreciation for rural areas and revalued much of the natural and cultural heritage contained in rural areas. Still there is room for a more productive relationship between LAGs and public officials that could increase the transparency and accountability of their procedures and actions. LAGs could even broaden their scope of action to become more substantially involve in the development of their territories (see recommendations on engagement of civil society below).

An important shift is occurring in the Spanish approach to rural policy, which had its origins at the regional level...

Notwithstanding the achievements of LEADER at the local level, both national and regional governments recognised, that such a narrow approach was insufficient to fully respond to the challenges and opportunities of rural areas. As a result, a number of Spanish regions made the first steps in going beyond European policies. The decentralisation of responsibility for issues related to rural development created a dynamic of institutional and policy experimentation in many autonomous communities. While this in principle produced a divergence in policy approaches, it allowed experimentation and the emergence of home grown best practices adapted to the Spanish context. For instance, the Basque Country introduced a “Law on Sustainable Development of Rural Areas” in 1998; many ACs such as Extremadura, Navarre, and Galicia created a *Consejería* (Ministry at the regional level) of Rural Development, with specific programmes oriented to the diversification and competitiveness of the rural economy and the mandate to coordinate with other *consejerías* in order to have strategic interventions. Many ACs, such as Castilla y León, the Basque Country, and Galicia now require coordination among different *consejerías* for rural policy. Many of them had Rural Development Programmes that were both broader and complementary to the EU rural development programmes, either explicitly (such as *Andalusia’s Nueva Estrategia Rural para Andalucía* – NERA) or implicit in their Regional Development Programmes.

... and is being currently mainstreamed at the national level

The Law on Sustainable Development of Rural Areas (LDSMR, promulgated on 14 December 2007, valid since 2 January 2008), defined six universal measures within the Spanish Strategic Plan that must be included in all regional RDP, and the merging of the Ministry of Agriculture, Fisheries, and Food (MAPA) with the Ministry of the Environment (MMA), creating the Ministry of Environment, Rural, and Marine Affairs (MARM) in April 2008. This is evidence of an important policy shift in the direction of building a “*política rural de estado*” (rural policy of state) aimed at coordinating efforts of different ministries and administrations in rural areas. The novel framework for rural policy places Spain at the forefront in terms of instruments for multi-sectoral and multi-level governance. The law envisages for the Spanish state the creation of a number of collegial institutions for the governance of rural policy (the Inter-ministerial Commission for Rural Development – CIMR – the Council

for Rural Development – CMR – and the Roundtable of Associations of Rural Development – MADR). The law also includes: the launching of a *broad* inter-ministerial and multiannual Sustainable Rural Development Programme (PDRS), which combines budget allocations of different ministries and regions. The PDRS will also count with financial resources of its own. The LDSMR defines; the definition a specific typology of rural areas for policy intervention. It also includes mechanisms for the participation of civil society.

The new framework faces significant governance challenges in terms of: 1) Horizontal coordination at the national level...

Spain is in the midst of an important shift towards expanding the scope of its rural policy from one that was the sole responsibility of the ministry of agriculture (the former MAPA today MARM) and the ACs, to an approach that engages the entire government administration. The so-called “broad rural policy” implies the coordination of efforts of many line ministries and national government entities whose actions affect rural areas in different ways. However, the CIMR, in its structure given by the decree, has a marked bias towards the MARM, which is allocated 5 of 19 seats in the commission, including the presidency. Experiences across different countries, and even within the autonomous communities in Spain, suggest that a strong ownership and overrepresentation of one sectoral ministry in such multisectoral commissions might hinder engagement and involvement of other parties at the same administrative level. Therefore, to avoid repeating the difficulties observed in other OECD countries, it might be relevant to reconsider the composition and leadership of the commission in order to make it more balanced and better suited for cross-ministerial collaboration or to provide it with “rural proofing” tools to make its recommendations implemented and evaluated.

... which requires “ownership” of the new rural development strategy from all participants...

A critical factor for success in these types of collegial bodies, which might even overcome some of the difficulties expressed above, is the degree to which the different actors perceive ownership of the policy programme that is to be undertaken by the commission. In this context, it is important to actively involve the different ministries in the process of elaboration of the PDSMR so that each ministry finds those decisions aligned with their own specific policy programme and does not see them as being imposed by an external agent. Additionally, the PDSMR could integrate European programmes in a coherent

manner while going beyond them. Therefore, the new Sustainable Rural Development Programme at the national level and the corresponding plans of action by ACs could be elaborated in such a way that European programmes are put in the context of all policy interventions in rural areas. Policy interventions carried out by the different ministries and by the autonomous communities should be clear and transparent in order to show and promote policy coherence.

... 2) *Vertical coordination between the national and regional governments...*

Given the constitutional competence of regions in agricultural and territorial planning issues, rural policy-making in Spain is one of the most decentralised in Europe. The purpose of the new framework is to create a “rural policy of state” that would coordinate the efforts of the regional administrations and the national government. The instrument created for this purpose, the CMR, as defined by decree, is a *sui generis* collegial body which integrates the horizontal, multi-sectoral purpose of the law with the vertical relationship characteristic of the decentralised structure and functioning of the Spanish state. However, its current composition (with different ministries at the national level but only one representative from each region, which it is logical to assume would be the *consejero* in charge of rural development) anticipates a permanent tension between broad and narrow perspectives of rural policy. Whilst the representatives from the different ministries will imprint upon the council a broad multi-sectoral perspective, the *consejeros* in charge of rural development are not responsible to and cannot necessarily speak on behalf of other areas of their regional governments. A different outcome would result if the representatives of the regions were authorised to speak for all departments of regional government, or if the council had “rural proofing” tools to make recommendations to (and follow commitments of) the regional ministries (*consejerías*).

... *both for the allocation of funds, and for the homologation of instruments of diagnosis, planning, monitoring and evaluation...*

Although the distribution of funds amongst regional administrations and co-financing is anticipated to be a matter of tension, an opportunity emerges related to the generated capacity to form a broad budgetary exercise that would take into account state, regional, and private financing for rural development outside the RDPs in each territory. The advantage of extending

this exercise beyond European funds is that the authorities and the different actors involved in rural policy can assess the total and relative financial effort for rural development in their territory. Another opportunity that arises from adopting a “rural policy of state”, which will facilitate diagnoses, planning, monitoring, and evaluation of rural policy, is the capacity to harmonise official (economic, social, demographic) databases to the typology of rural areas defined by the LDSMR. This task would involve inviting the National Statistics Institute (INE) to be part in the debate on rural policy, probably by creating a position for the institute within one of the collegiate bodies, and explicitly instructing it to provide statistics for these categories.

... 3) Horizontal coordination at the regional level...

While the new framework of rural policy at the national level does not imply changes in governance structures within the autonomous communities, it is reasonable to expect changes in the organisation and mandates of institutions involved in rural policy at the regional level. In particular, changes in the same direction as the national government would be expected and desirable. In addition, the creation of commissions or councils where not only the public administration, but also all relevant rural actors are involved is a desirable outcome for those ACs that currently lack these institutions. This would facilitate the agreements necessary for creating a regional rural development programme for each of the types of zones required by the LDSMR. Finally, it would be desirable and useful for the purpose of planning, implementation, and evaluation, that the plans by zone and the broad rural programmes within each ACs follow a similar structure, content and a common set of indicators.

... and between neighbouring regions and municipalities...

One of the desirable positive outcomes of this state-wide vision would be increased collaboration for rural development between peer regions and peer municipalities. Often functional regions cut across municipal and other administrative boundaries. There are many opportunities in this regard, in terms of public service provision (see section on public services below). At the municipal level, collaboration between neighbouring municipalities within one autonomous community and with those of neighbouring autonomous communities could be further strengthened. One particular case of increasing importance is collaboration between urban and periurban municipalities, which need specific forms of governance and collaborative financing (see section on rural-urban linkages below).

... and 4) Engagement of – rural and urban – civil society

With the creation of the Roundtable of Rural Development Associations (MADR, for its initials in Spanish), the LDSMR formalises an instrument of participation of rural unions and associations, that previously existed but without legal status. This is an important achievement. However, the relative rigidity determined by decree, in the type and number of associations that are eligible to participate, might create conflict in the future as new associations seek to have voice in rural development matters. Within these associations the participation of the two existing national LAG networks deserves special mention. Their formal participation in the roundtable provides a stronger legal status in the Spanish context to the LEADER LAGs, since these networks are their national representation. Taking advantage of the “legal” status that national level is granted to them in the Roundtable, LAGs could advocate for having a unified representation where the different territories are represented. At the regional level, efforts could be made in order to have a stronger and constructive relationship between regional governments and LAGs. The new institutional framework built for rural policy could serve to discuss means to increase transparency, accountability and performance evaluation of the LAGs’ actions and decisions. At the same time further responsibilities could be assigned to the LAGs in recognition of their closer position to rural citizens’ needs. In principle, they could be an important source of information to fill the knowledge gaps that central governments and even regional governments often have about the needs of rural society.

Policy priorities include:...

Based on the Law on Sustainable Development of Rural Areas (LDSMR), the Program for Sustainable Rural Development (PDRS) will, for the first time, design multisectoral policies to cope with the challenges of rural areas. In this context, four priorities are important to be considered: 1) dealing with depopulation, ageing, and social challenges in rural areas, 2) further diversifying the rural economy and making it internationally competitive, 3) fostering rural-urban linkages and promoting a balanced development of peri-urban areas, and 4) addressing environmental concerns and promoting a sustainable development of rural areas.

... 1) *Coping with depopulation, ageing and social challenges in rural areas...*

While demographic and social challenges are at the core of rural policy objectives in the framework of the LDSMR, attaining such objectives is complicated by the fact that given its sectoral bias towards agriculture, rural policy has not traditionally been linked to social policy. Moreover, many of the policies oriented to attain social objectives such as “anchoring population” either have a sectoral focus (such as irrigation) or do not fully address the social aim. Dealing with depopulation, ageing, and diminished social opportunities in rural areas requires a focus on the factors that influence the decision of whether to remain or leave rural areas. These notably include two areas of policy: i) availability and accessibility of public services, (from the most basic such as housing infrastructure, education and health services to more advanced such as availability of information and communication technologies, ICTs); and ii) opportunities for specific groups, including women, youth, and immigrants in rural areas.

- **Innovative approaches for public service delivery** require flexibility in different ways. i) Flexibility is required to match services to the specificities of every region by encouraging innovation and identifying best practices for different types of regions. ii) Flexibility is needed in terms of “who” provides the services by allowing for greater community participation and involvement of private and the third sector through mechanisms such as Public-Private Partnerships (PPP). At the same time, institutional mechanisms should be developed that facilitate the provision of public services –particularly health services- in the nearest facility, irrespective of the autonomous community of residence. iii) Flexibility regarding “how” services are provided. Alternatives include co-localising services for mobility of users through specific transportation facilities, launching “mobile” services and utilising ICTs to bring services to the people. Particular emphasis is needed in extending services for elderly population seeking to prevent or postpone as much as possible health and disability problems. They should be regarded as assets for rural areas, and their participation in the labour market and in rural community affairs encouraged. Finally, despite the impact of initiatives such as Telecentres, the continuation and expansion of efforts to bridge the digital gap is of vital importance for improving the quality of life and attracting businesses to rural areas.
- **Opportunities for specific groups.** Rising opportunities for women include the harmonisation of job and family life in rural areas and the promotion of greater involvement of women in local government duties and community development. For the rural youth, it is important to invest in human capital,

taking measures to reduce the high dropout rates of rural areas, and improving the access and relevance of higher education in rural areas. For immigrants living in rural areas which, in some regions, have compensated depopulation and improved the existing age structure, integration efforts should start from childhood through to the labour market. In the context of the new migration regulations, rural policy and immigration policies could be coordinated to better match supply and demand of jobs in rural regions.

... 2) Fostering diversification and increasing the competitiveness of the rural economy...

Although diversification of the rural economy has proven benefits and is regarded as a priority in the 2007-13 European CAP and in the LDSMR, current support within the RDPs is very scarce. Even though ACs have other sectoral measures besides RDPs that support diversification, the new rural policy framework should help build a solid strategy that places greater priority and invests more resources oriented to: i) promoting entrepreneurship to enhance the competitiveness of rural areas; ii) providing specific support to sectors with high potential; and iii) promoting a new role for financial institutions in rural development.

- **Entrepreneurship support** policies, which have mostly been laid out in a uniform fashion across political and administrative boundaries, need to be adapted to rural contexts. Efforts to instill an entrepreneurial spirit within the societal framework of rural areas must include changes within its educational system, promoting an adequate perception of entrepreneurship as a viable and valid career option, promoting higher receptiveness to change and reducing risk aversion. Support programmes could lay the ground for greater social interaction among existing entrepreneurs, magnify the role of the entrepreneur in the community, and celebrate successes of existing rural entrepreneurs. Particular emphasis should be put on promoting female entrepreneurship and on restructuring the system of gender relations in order to change the general perception that Spanish rural society has of the role women should play in rural areas.
- **Specific support to sectors of high potential** is needed. For rural tourism, this entails concentrating efforts more on the quality than the quantity, on information, communication and collaboration amongst operators, on reducing seasonality and increasing differentiation. Support to rural manufacturing clusters should be planned on a case-by-case basis, to strengthen the innovation capabilities of the regions and the creation and transfer of knowledge. The growth of knowledge intensive service activity firms (KISAs) in rural areas highlights the need to increase the availability of

adequate amenities and services, which have proved to have significant impact on promoting rural entrepreneurship and economic activity by making rural areas attractive and desirable places to live and create businesses.

- **Financial institutions** have played a crucial role in the development of rural areas in Spain, which are comparatively better served than in other countries given the prevalence of savings banks, credit unions, and bank branches. However, as do all rural institutions, they have had a strong bias towards agriculture. The new rural policy framework could further involve financial institutions as critical partners in the development of rural areas in all sectors. They can provide financial and technical knowledge in rural areas, as well as advisory services and expertise to their communities. They can also influence attitudes towards entrepreneurs and entrepreneurship. To encourage this behaviour the administration can invite financial institutions to play a greater role within the implementation of the LDSMR, giving them voice in the MADR and promoting greater involvement and collaboration, from both an advisory and financial management stand-point, with the LAGs at the local level.

*... 3) Exploiting rural-urban linkages
and promoting the balanced development
of periurban areas...*

Given its territorial configuration, an increasingly important element for rural policy in Spain involves addressing rural-urban linkages, which are more explicit and extreme in periurban areas. The new rural policy should go further in paying specific attention to the challenges of periurban areas such as: i) changes in land use; ii) covering the growing demand for public services, iii) improving the governance in these areas; and iv) taking advantage of rural policy instruments in periurban contexts.

- **Land use changes** could be managed in ways that promote an ordered and reasonable growth of residential, industrial, commercial zones and infrastructure. There is need for improving the management of protected areas in urban and periurban areas, which currently suffer high urban pressure. Policy should maintain well-conserved areas to improve the quality of life and strengthen the economic relationship of the city with close periurban and rural areas.
- **Covering the growing demand for public services in periurban areas** requires a regional response since rural municipalities facing higher demand have to provide new services without having the ability to fund them. New arrangements have to be made to avoid creating high debt burdens in periurban rural municipalities and to promote innovative

service delivery through partnerships between municipalities and the private and third sector.

- **A specific multi-level governance framework** is required for periurban areas, given the superposition of key competencies and the multiplicity of stakeholders. It would be desirable that these agreements are made between the regional and municipal governments and that they allow effective participation and induce collaboration between the relevant stakeholders. Such a framework should help to improve spatial and regional planning between urban areas and surrounding areas. Such a framework could also allow effective participation and induce collaboration between the relevant stakeholders.
- **Rural development policies in periurban areas** should be adapted to a more diversified context and promote rural-urban linkages. The LEADER model of development is usually successful in periurban areas, although it lacks instruments to deal with spatial planning. In periurban contexts more than in others, convergence between environmental policy and rural development is needed.

... and 4) Addressing environmental concerns

Recent institutional and legislative changes in the fields of environment and rural policy [the LDSMR and the Law on Natural Heritage and Biodiversity (LNHB), as well as the creation of the MARM in 2008], constitute an opportunity for the coordination of these fields, on issues of common ground such as: i) biodiversity management and conservation; ii) natural resource (water and soil) management; iii) renewable energy production in rural areas, and iv) reduction of risks related to climate change.

- **Biodiversity management and conservation** requires different management approaches involving the relevant stakeholders for forestry and agriculture protected areas. Support to farms located in protected areas could include actions such as: a) promotion of products related to biodiversity conservation; b) enhancing relationships between agricultural practices and good quality and safe productions; c) promotion of transformation industry to produce value-added products; and d) promotion of on-farm tourism and educative activities. As for forestry land, relevant experiences are found in different regions. Specific measures under the PDRS and regional programmes could be developed regarding sustainable management of forests and biodiversity conservation, while disseminating regional experiences and good practices.
- **Natural resources management** strategy should intensify existing water saving efforts in agriculture. The National Irrigation Plan (PNR) has resulted

in a trend towards efficient use of water, saving about 2.8 thousand hm³/year, equivalent to close to 5% of the total storage capacity of Spain. This savings have been mostly through the adoption of more efficient drip irrigation which reaches 41.6% of irrigated land. It is necessary to continue these efforts maintaining coherence with the Framework Directive on Water. The horizontal measure for management of hydro resources in the RDPs goes in such direction, projecting to save during the programming period 1.8 thousand hm³/year. Water use policy should balance territorial needs by adjusting demand to supply and compensate socially sustainable production areas through rural development actions. Stronger actions must be adopted in order to assure restoration and effective protection of wet ecosystems. Water management, forestry, fire prevention, and agricultural practices should consider their effects on soil erosion.

- **Renewable energy production in rural areas** could be guided by an integral policy that considers spatial planning and environmental assessment as well as development strategies that balance energy production, environmental values, and tourism. Municipalities should be advised on how to best take advantage of renewable energy projects. LAGs could consider participating in a strategy oriented to strengthening the rural inputs of renewable energy and increasing the local benefits for the region. Spain could strengthen its comparative advantage in the most cost-efficient and less adverse renewable energy alternatives limiting as much as possible substitution of food production with energy production.
- **Reducing the risks related to climate change** requires that short and medium term actions be incorporated in the PDRS and regional programmes. This could include water management and moderation of water demand, land management and prevention of soil erosion as well as changes in farm infrastructure and practices.

Summing up

Spain's recent long period of vigorous growth did not sufficiently reach rural areas as evidenced by the resulting pattern of population concentration in larger cities to the detriment of rural areas and the backwardness of rural areas with regards to many economic and social indicators. However, paradoxically, as the period of dynamic national growth comes to an end and the national economy confronts the effects of the current international financial crisis, rural areas can become a new source of employment and wealth creation, while contributing solutions to environmental challenges. This requires a new approach to rural policy, which takes advantage of the

application of EU rural development programmes but goes beyond them. The new Law on Sustainable Development of Rural Areas (LDSMR) and the merging of the Ministry of Agriculture, Fisheries, and Food (MAPA) with the Ministry of the Environment (MMA), evidence the intention to shift policy towards better coordinating the efforts of different ministries and administrations to fully address the challenges and opportunities of rural areas. For such aims to become reality, important governance priorities are: i) the provision of “rural proofing” tools and balanced representation to the newly created Inter-Ministerial Commission (CIDRS) and the Council for Sustainable Rural Development (CDRS) in order to obtain true commitment and engagement from the authorities involved; ii) the homologation and institutionalisation of instruments of diagnosis and evaluation across the different regions without limiting innovation; and iii) the active engagement of civil society in the process. Based on the LDSMR, the Program for Sustainable Rural Development (PDRS) will for the first time, design multisectoral policies to cope with the challenges of rural areas. In this context, four priorities are important to be considered: i) dealing with depopulation, ageing, and social challenges in rural areas; ii) further diversifying the rural economy and making it internationally competitive; iii) fostering rural-urban linkages and promoting a balanced development of peri-urban areas; and iv) addressing environmental concerns and promoting a sustainable development for rural areas.

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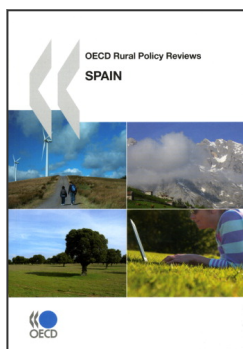
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From:
OECD Rural Policy Reviews: Spain 2009

Access the complete publication at:
<https://doi.org/10.1787/9789264060074-en>

Please cite this chapter as:

OECD (2009), "Assessment and Recommendations", in *OECD Rural Policy Reviews: Spain 2009*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264060074-2-en>

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