A new typology of European Rural and Intermediate regions.

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EDORA
(European Development Opportunities in Rural Areas)

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The Presentation:

1. The thinking behind the typology
2. The data and methodology
3. The broad brush European patterns
4. Focus on the NORBA area
5. Conclusions
PART 1: The Reasoning Behind the Typology....
Drivers and processes of rural change across the EU: ... The EDORA Project

...to describe the main processes of change which are resulting in the increasing differentiation of rural areas.

...to identify development opportunities and constraints for different kinds of rural areas...

...to consider how such knowledge can be translated into guiding principles to support the development of appropriate cohesion policy.
Why we need policies to strengthen Territorial Cohesion in Rural Areas?

Rural Policies are based upon generalisations. Such as...

- The rural economy is driven by land-based industries...
- Rural areas generally show negative socio-economic trends and “vicious spirals” of decline...
- Geographical remoteness is associated with decline and disadvantage.

These still hold good in some parts of Rural Europe, but in others recent changes mean that they are becoming out of date...
The ultimate goal...
Policy Guidance based on Empirical Evidence

- We need to challenge inaccurate stereotypes, ("rural myths")...
- in favour of *valid generalisations at an appropriate scale*...

**Macro Scale:** EU Policy reflecting and structured by
**Meta-Narratives** of change, and **Typologies** of regions

+ **Micro Scale:** Local development initiatives taking account of all (tangible and intangible) **assets**.
Two levels of Differentiation, Policy Design and Targeting...

Macro Level: Meta-Narratives and Typologies

Micro Level: - local responses determined by “Territorial capital”

Local/regional auditing of Intangible Assets

Micro-level endogenous place-based approaches.
Detailed Objectives:

Why make a (yet another) Typology?

- To take a typology beyond the urban-rural dimension - to integrate economic (sectoral) structure, and overall “performance”.
- To highlight the inadequacy of common misleading stereotypes about rural areas, as background to rural/regional policy debate.
- To get a picture of the broad geographic patterns produced by the 3 EDORA meta-narratives.
- To create a simple, but meaningful, (macro)regional framework for analysis of rural trends, consideration of future perspectives, and policy implications.
- To help regional and national policymakers to “benchmark” their regions in a broad European context.
EDORA typology cannot be (strictly speaking) a typology of Rural Areas – two reasons:

(a) (Theoretical) Rural areas do not function separately from adjacent urban areas – they are connected by a dense web of interactions.

(b) (Practical) Smallest practicable data units are NUTS 3(2), most of these contain sizable towns/cities.

It is a typology of Intermediate and Predominantly Rural Regions.

It covers EU27 + NO, CH, and TR.
Part 2: The Data and the Methodology
The EDORA Cube
(Something borrowed, something new!)

...more of a three-dimensional framework for analysis, rather than a one-dimensional classification.

The three dimensions are:
- Urban-Rural (remote/accessible)
- Economic structure (diversification).
- Accumulation – Depletion (performance).
- Simple step-wise multi-criteria methodology

Analysis in Excel, mapping in ArcGIS

The database used:

• 27 raw data variables (mainly from Eurostat REGIO)

• 12 (ratio) indicators used for Structural Typology

• 5 used for Accumulation-Depletion (Performance) Scores
<table>
<thead>
<tr>
<th>No.</th>
<th>Short Name</th>
<th>Description</th>
<th>Variables Used</th>
<th>Base Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ag1</td>
<td>PCPrimeE(Tot)</td>
<td>% Employment in Primary Activities</td>
<td>V18, V16</td>
<td>2006</td>
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<tr>
<td>Ag2</td>
<td>PCPrimeE</td>
<td>% Private Sector Employment in Primary Activities</td>
<td>V18, V17</td>
<td>2006</td>
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<tr>
<td>Ag3</td>
<td>PCPrimeG(Tot)</td>
<td>% GVA from Primary Activities</td>
<td>V11, V9</td>
<td>2006</td>
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<tr>
<td>Ag4</td>
<td>PCPrimeG</td>
<td>% Private Sector GVA from Primary Activities</td>
<td>V11, V10</td>
<td>2006</td>
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<td>Ag5</td>
<td>AWUPEmp</td>
<td>AWU as a % of Total Private Employment</td>
<td>V24, V20</td>
<td>2007</td>
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<tr>
<td>CC1</td>
<td>HotCat</td>
<td>% of employment in Hotels and Catering</td>
<td>V26, V25</td>
<td>2007</td>
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<tr>
<td>CC2</td>
<td>BPPC</td>
<td>Bed Places per Capita</td>
<td>V27, V1</td>
<td>2006-8</td>
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<tr>
<td>CC3</td>
<td>NSRES</td>
<td>Nights Spent by Residents per capita</td>
<td>V29, V1</td>
<td>2008</td>
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<tr>
<td>CC4</td>
<td>NSNON</td>
<td>Nights Spent by Non-Residents per capita</td>
<td>V30, V1</td>
<td>2008</td>
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<td>CC5</td>
<td>NSTOT</td>
<td>Nights Spent (Total) per capita</td>
<td>V31, V1</td>
<td>2008</td>
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<tr>
<td>CC6</td>
<td>ANA</td>
<td>Access to Natural Areas</td>
<td>V28</td>
<td>2008</td>
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<td>CC7</td>
<td>PCOGA</td>
<td>% of holdings with OGA</td>
<td>V32</td>
<td>2005</td>
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<tr>
<td>NR1</td>
<td>CEGKEMP</td>
<td>Ratio of Employ. in NACE CE to GK</td>
<td>V19, V20</td>
<td>2007</td>
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<td>NR2</td>
<td>CEGPEMP</td>
<td>Ratio of Employ. in NACE CE to GP</td>
<td>V19, V21</td>
<td>2007</td>
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<td>Ratio of GVA from NACE CE to GK</td>
<td>V12, V14</td>
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<td>V12, V15</td>
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<td>CFGPGR</td>
<td>Ratio of GVA from NACE CF to GP</td>
<td>V13, V15</td>
<td>2007</td>
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<td>AD1</td>
<td>NETMIG</td>
<td>Net Migration (rate)</td>
<td>V3, V1</td>
<td>2001-05</td>
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<td>AD2</td>
<td>GDPpercap</td>
<td>GDP per Capita</td>
<td>V7, V1</td>
<td>2007</td>
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<td>AD3</td>
<td>GDPCh</td>
<td>Average annual change in GDP</td>
<td>V8</td>
<td>1995-2006</td>
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<tr>
<td>AD4</td>
<td>TotEmpCh</td>
<td>Average annual change in Employment</td>
<td>V22</td>
<td>1995-2006</td>
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<tr>
<td>AD5</td>
<td>Unemp</td>
<td>Unemployment Rate</td>
<td>V23, V6</td>
<td>2008</td>
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</tbody>
</table>

Indicators in italics are only used for filling “gaps” in the database.

CC Indicators grouped into three “composite” indices. (Tourism, Access to Nat. Areas, Peri-Prod.). If 2 or more indices exceed the EU (rural) average the region is “Consumption Countryside”

Peri-productivist agriculture

Tourism capacity / intensity

All 5 A-D indicators combined into a single index (z scores), Regions classified into 4 groups, using mean and +/- 0.5 SD.

Remaining regions are considered “Diversified”. If GVA from Private Services is greater than GVA from Manufacturing, then the region is “D(PS)”, and vice versa – “D(S)”. If these three Ag indicators are all >EU27 (rural) mean – the region is “Agrarian”. Indicators in italics are only used for filling “gaps” in the database.
Structural Typology: Defining the Agrarian Regions...

The indicators:
(i) Percentage of Private Sector GVA from Primary Industries.
(ii) Percentage of Private Sector Employment in Primary Industries.
(iii) AWU as a percentage of Total Private Sector Employment.
Structural Typology: Defining the Consumption Countryside Regions....

Number of Indicators Exceeding the EU27 Average

- No Data
- 0
- 1
- 2
- 3
- PU Regions

These are the Consumption Countryside regions...

The Indicator Groups:
(i) Tourism capacity and intensity
(ii) Proximity of natural public goods
(iii) Peri-productivist agriculture
Structural Typology: Defining the Diversified - D(PS) and D(S) - Regions....

N.B. Agrarian and CC regions are defined first, - diversified regions are the residual.
Part 3: The European Maps - Broad Patterns
Dijkstra-Poelman (Rurality)

Urban-Rural Types (NUTS 3 Regions)

- No Data
- Predominantly Urban
- Intermediate Close to a City
- Intermediate Remote
- Predominantly Rural Close to a City
- Predominantly Rural Remote
Performance (A-D) Types (Intermediate and Predominantly Rural NUTS 3 Regions)

No Data
PU Regions
Depleting
Below Average
Above Average
Accumulating

Unweighted mean of the following indicators (all normalised according to the EU27 (Non-Urban) NUTS 3 mean and standard deviation):
(i) Annual rate of net migration
(ii) Per Capita GDP (in PPS)
(iii) Annual rate of change in GDP
(iv) Annual percentage change in total employment
Some Generalisations which emerge from the EDORA Typologies

- Agrarian regions are mainly concentrated in an arc stretching around the eastern and southern edges of the EU27.

- The rest of the European space is a patchwork of Consumption Countryside, Diversified (Secondary) and Diversified (Private Services).

- Agrarian regions and Diversified (Secondary) regions tend to be relatively low performers, (Depleting).

- The Consumption Countryside regions and the Diversified (Private Services) group are both high performers, and seem likely to continue to “accumulate” in the future.
What can the D-P and Structural Typologies tell us about Performance? **Cross-Tabulation Analysis:**

**Common combinations of D-P and Structural Types**
- Diversified (Mkt Serv.) + IA
- Diversified (Sec.) + IA
- Consumption Countryside + IA/PRA
- Agrarian + PRR/PRA

**Cross-Tabulation of D-P and Performance Types**
- 60% of population of IA regions lived in *Above Average* performing or *Accumulating* regions
- All other D-P types had a majority of population living in *Below Average* or *Depleting* regions

**Cross-Tabulation of Structural and Performance Types**
- Almost 50% of Agrarian region population lived in *Depleting Regions*, only 12% in *Positive Performance* categories.
- More than 2/3 of Consumption Countryside population lives in *Positive Performing* regions.
- The same is true of the Diversified (market services) regions.
- But only 55% of Diversified (Secondary) population lives in *Positive Performing* regions.

**Summary:** Rough ranking in terms of performance (low-high): **Agrarian**, **Diversified (Sec.)**, Consumption Countryside, **Diversified** (Mkt Serv.)
Part 4: Focus on the NORBA area...
Rurality and Remoteness...

Urban-Rural Types (NUTS 3 Regions)
- No Data
- Predominantly Urban
- Intermediate Close to a City
- Intermediate Remote
- Predominantly Rural Close to a City
- Predominantly Rural Remote

% Area (a) Rurality/Accessibility (Dijkstra-Poelman)
- Baltic
- Nordic
- EU27

% Population (a) Rurality/Accessibility (Dijkstra-Poelman)
- Baltic
- Nordic
- EU27

% GDP (a) Rurality/Accessibility (Dijkstra-Poelman)
- Baltic
- Nordic
- EU27
Agrarian Indicators

Number of Indicators exceeding the EU27 Mean (NUTS 3 Regions)

- No Data
- 0
- 1
- 2
- 3
- PU Regions

- Agrarian regions dominate LV and EE
- E Finland is close to qualifying too
- Most of SE and NO and all of DK has all 3 indicators below the EU average

The indicators:
(i) Percentage of Private Sector GVA from Primary Industries.
(ii) Percentage of Private Sector Employment in Primary Industries.
(iii) AWU as a percentage of Total Private Sector Employment.
Consumption Countryside Indicators

Number of Indicators exceeding the EU27 Mean (NUTS 3 Regions)

- No Data
- 0
- 1
- 2
- 3
- PU Regions

The Indicator Groups:
(i) Tourism capacity and intensity
(ii) Proximity of natural public goods
(iii) Peri-productivist agriculture

- NO and SE, and most of FI qualify on all 3 groups of indicators
- S Finland, LT, EE and parts of DK only pass on 2 criteria (fail on tourism)
This pattern is largely “academic” – since most NORBA regions already defined as Ag. Or CC.

Most of SE/FI regions have relatively strong Secondary sector.

Most of Baltic and NO regions have less developed Secondary sector – so Private Services are highlighted.
Synthetic Indicator of Performance

Performance Scores (NUTS 3 Regions)

- No Data
- > -1.00
- -0.99 - -0.50
- -0.49 - -0.25
- -0.24 - 0.00
- 0.01 - 0.25
- 0.26 - 0.50
- 0.51 - 1.00
- >1
- PU Regions

Unweighted mean of the following indicators (all normalised according to the EU27 (Non-Urban) NUTS 3 mean and standard deviation):
(i) Annual rate of net migration
(ii) Per Capita GDP (in PPS)
(iii) Annual rate of change in GDP
(iv) Annual percentage change in total employment

• Most of Nordic regions have positive scores (above EU average)
• Most of Baltic regions (especially inland) have negative (below average) scores.
• NO “harmonisation” issue?
Some conclusions....

• The three generalisations are quite inadequate as a basis for rural cohesion policy – the rural reality is far more complex, and “mixed” – not always negative.

• Substantial contrasts between Nordic and Baltic regions, and between individual countries.

• Some “broad-brush” (European macro region) patterns can be identified, which need to be accommodated within rural/regional policy.

• More specifically the Structural Typology speaks on the difficult issue of the relative roles of CAP and Cohesion Policy....
  – These should be seen as complementary, not competing...
• CAP must have significant territorial cohesion impacts in “Agrarian” and “CC” regions, probably negligible in Diversified regions.

• Perhaps this Territorial Cohesion role should in future be reflected in the calculation of Direct Payments (Pillar 1) and Pillar 2 budget allocation?

• In the diversified regions the key issue is to mobilise local territorial assets (mostly intangibles) – multi-fund local development approaches seem promising.

<table>
<thead>
<tr>
<th>Relative Level of Territorial Cohesion</th>
<th>Impact of CAP Pillar 2</th>
<th>Type or Macro-Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agrarian Regions</td>
<td></td>
<td>Programme Coordination and Targeting</td>
</tr>
<tr>
<td>Consumption Countryside Regions</td>
<td></td>
<td>Endogenous Tailoring of Regional Programmes</td>
</tr>
<tr>
<td>Diversified (Market Services) Regions</td>
<td></td>
<td>Micro-scale Patterns of (Intangible) Assets, Regional Audits</td>
</tr>
<tr>
<td>Diversified (Secondary) Regions</td>
<td></td>
<td>Individual Region</td>
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</tbody>
</table>

Relative importance of Agriculture
Thank you for your attention....

http://www.nordregio.se/EDORA

Coordinator: andrew.copus@uhi.ac.uk
Thank you for your attention...

For more detail see EDORA Working Paper 24, available for download from EDORA project website: www.nordregio.se/EDORA