POSITION PAPER

on the future policies of economic, social and territorial cohesion and the effects of demographic change in rural areas, areas with severe and permanent demographic challenges and sparsely populated areas of the European Union

The definition of the economic, social and territorial cohesion policies after the end of the current programming period in 2020 is now one of the most important items of the European Union agenda. The seventh report on the economic, social and territorial cohesion of the European Union has highlighted the strong impact that the European Structural and Investment (ESI) Funds and their programmes have on the correction of social and territorial imbalances and inequalities and highlights the need to maintain and adapt them to the evolution of the EU and its new challenges.

This position paper was made under the political direction of MEP Florent Marcellesi and the technical direction of local assistant Miguel Martínez Tomey, with the support of their team. Its purpose is to make a positive contribution to the current process of definition of such policies for the next period after 2020 in whatever is relevant for address the demographic challenge in rural areas, a process that has gone on over the last decades threatening the very existence of an increasing number of local communities in the short and medium term. These policies should aim at coping with the serious consequences of such process, stopping long-lasting population loss and demographic imbalances and compensate for the negative effects of the low population density that affects an increasing number of rural areas in the EU.

A. Basis of this proposal

In June 2017, the Greens/EFA group in the European Parliament adopted a Position Paper on the future of Cohesion policy post-2020 setting out the need to ensure a more efficient and effective policy, designed to address the diversity of all EU territories and to work for the climate and the environment. According to this paper, the design and execution of this policy must be based on five horizontal principles:

- Multilevel governance;
- Bottom-up and integrated approach;
- Sustainable development and climate spending;
- Gender mainstreaming and gender budgeting;
- The forerunner principle, so that the highest possible standards for project
implementation be identified through the exchange of good practices and be subsequently applied to all comparable projects.

The European Parliament approved its Resolution of 14 November 2017 on Deployment of cohesion policy instruments by regions to address demographic change (2016/2245 (INI)). This document deals with the whole issue of demographic change, covering all geographic and social spheres. It is particularly noteworthy for accurately formulating many of the problems associated with the demographic challenge in general and, particularly, with regard to rural areas, the most affected being those which, by suffering from severe and permanent natural or demographic handicaps, have also ended up becoming sparsely populated areas. Therefore, we fully subscribe to the contents of the Resolution, which thoroughly reflects the nature of the problem and the direction towards which policies should be oriented after 2020 if we are to face this challenge successfully.

With a view to this objective, we would like to highlight some of the ideas put forward by the Resolution that we consider of particular relevance:

- Demographic change should be tackled in a coordinated manner through the action of all European, national, regional and local authorities and by pursuing adaptation strategies reflecting local and regional realities and delivering effective multi-level governance both in the architecture of these specific policies targeted at particular regions and in their implementation. Thus, the EU demographic policy should aim at being more comprehensive and better coordinated with Member States and horizontally.

- Smart specialisation strategies are very important for supporting regions and local territories in identifying high value-added activities and for building attractive innovation ecosystems on the basis of a genuine multi-functional rural development strategy that incorporates the circular economy into regional planning.

- One of the main objectives of an EU demographic policy should be to take into account all territories having to contend with demographic imbalances and the specificities of those territories, considering impacts on spatial, housing and transport planning and on other types of infrastructure and services in a context of sharp decline in working-age population, lack of investment, poor infrastructure, low connectivity rates, limited access to social services and lack of job opportunities.

- The gender dimension of demographic change should be taken into account in a cross-cutting manner, as regions experiencing demographic decline also suffer from gender and age imbalances due to out-migration.

- The challenges of declining and ageing populations will require objective, thorough and comprehensive reassessments of many established economic, social and political policies and programmes, which will need to incorporate a long-term perspective.

- Given that the mechanisms employed so far have not held back the increase of demographic imbalances, a review of existing policies and of the functioning of all such
mechanisms is required; a call is made on the Commission once more to propose a **strategy on demographic change**.

- **ESI Funds must address demographic change more effectively** in the next programming period, by means of a greater, better targeted focus on demographic change as a priority area in final regulations and in guidelines to support Member States, regions and local governments, exploring the potential of ESI Funds for the purposes of addressing demographic change and devising and implementing association agreements and operational programmes. The **current framework is still very complex and burdensome** for smaller regional and local authorities and civil society stakeholders, which should have better access to capacity-building instruments to **participate in the design of** and to implement effective **policies** addressing demographic change. The European Parliament highlights the importance of providing a **far greater support** through the ESF for **small organisations which develop and run innovative social projects**, as well as **pan-EU transnational pilot projects** that address social and employment issues, so as to facilitate **innovative regional, cross-border, transnational and macro-regional cooperation** and hence respond to the challenges created by demographic change.

- **Regions faced with demographic challenges should be identified at NUTS 3 and LAU level**; the use of a scale sufficient to reflect territory-related problems may help target support to the most disadvantaged areas and avoid concealing socio-territorial, intra-regional and even supra-regional inequalities (something that happens in some Member States with subsidies at NUTS 2 level). EU maps should use a scale sufficient to reflect territory-related problems so that they may help target support to the most disadvantaged areas.

- The European Parliament calls for a **precise definition of the notion of ‘severe and permanent demographic handicaps’** referred to in Article 174 TFEU and Article 121 of Regulation (EU) No 1303/2013 that would enable demographic challenges to be statistically quantified. It also stresses the need for a more proactive and dedicated approach to demographic policy-making, and the design and use of policy tools.

- Having **reliable, up-to-date, disaggregated statistics** is essential for the purposes of a more efficient and objective political administration, particularly for a more detailed understanding of the intrinsic features of the EU’s various sparsely populated areas. For that purpose Eurostat should provide greater detail in statistics of relevance for devising a suitable European demographic policy.

- The future cohesion policy should allow for **greater flexibility in setting thematic objectives or co-financing rates** and consider a national strategy for demographic development as a new ex-ante conditionality.

- The **post-2020 multiannual financial framework** should give a forceful, decisive impetus to efforts to address demographic challenges and must incorporate the promotion of solutions using **targeted measures** such as a budget item in funding. In the same lines, investment in services and infrastructure reinforcing social and digital inclusion should be strengthened under the «second pillar» of the CAP, intended to
foster rural development and financed under the European Agricultural Fund for Rural Development (EAFRD), and for a reversal of trends towards social and economic decline and depopulation in areas with severe and permanent demographic handicaps. National, regional and local authorities are called upon to exchange experience, best practices and new approaches to preventing the negative consequences of demographic change. The trans-European transport networks (TEN-T) should serve areas with severe and permanent demographic handicaps as well.

- The single community-led local development (CLLD) methodology across all ESI Funds represents an added value for developing and implementing integrated and tailor-made bottom-up solutions and the use of CLLD should be made obligatory across all ESI Funds and not only for the EAFRD.

Together with the aforesaid and according to an inductive approach, we also consider relevant to this proposal the experience of economic and demographic regeneration of the Highlands and Islands of Scotland, a sparsely populated region resulting from its severe and permanent demographic handicaps. This case was studied by a group of experts from five NUTS 3 (Cuenca, Euritania, Licka-Senj, Soria and Teruel) from three Member States (Croatia, Spain and Greece) coordinated by the Government of Aragon during a study visit to that territory carried out in the framework of the TAIEX-REGIO instrument of the European Commission.

In the aftermath of the study visit, this group of experts prepared the report Successfully struggling population decline through a new model of territorial development. The experience of Highlands and Islands enterprise which compiles their findings and opinions. These are its main conclusions:

- Maintaining population in rural areas is only possible wherever a diversified economy connected with the flows and trends of the globalized world exists. European (EAFRD) and national rural development policies are essentially agrarian and, because of this, inadequate for maintaining a good demographic balance either in qualitative (young people, women, birth/death rates, migratory balance) or quantitative terms (contingents) in areas with natural and geographic handicaps. The primary sector and its complementary activities do not provide there enough income so as to ensure a sustainable demographic balance; their decreasing contribution to GDP and limited range of job opportunities force people (most particularly women and youth) to migrate to cities, stirring the negative feedback that leads to an even more sluggish economic environment in many rural communities.

- As a consequence, rural communities become weaker, less dynamic, older and more masculinised; appropriate attitudes and qualifications for innovation and entrepreneurship get scarce, especially as these areas usually lack the sort of public and private investments, infrastructure and services necessary to establish and run a business successfully. Along with all this, the lack of human capital -in quantity and quality- of their environment deprives them of the minimum critical mass essential to take advantage of the opportunities offered by European and national programs and grants in order to achieve an inclusive, sustainable and intelligent growth.
- For any alternative, competitive, diversified economic development to take place and be fit for our times -therefore capable of retaining and attracting population in rural areas, especially the most economically and demographically fragile ones- it is necessary to ensure a great extent a set of essential premises, the absence or insufficiency of which makes senseless and unfeasible all the others:

• Provision of infrastructure, basic facilities and access to indispensable supplies in affordable and good quality conditions.

• Offer of affordable and good quality housing.

• Availability of basic services to the population (education, health care, social services) as well as nearby amenities (commercial areas, cultural life, leisure).

• Connectivity -broadband, good mobile phone coverage-, adequate communications and access to efficient public transport networks.

• Legal framework -in all fields, from taxation to management of natural resources- consistent with the realities and needs of rural development.

• Presence and generation of entrepreneurial attitudes in the local social environment with the ability to keep talent and attract entrepreneurs through appropriate opportunities and incentives.

• Presence of qualified manpower and education and training centres as well as some capacity to attract exogenous human capital through job opportunities.

- The Scottish experience shows that even in the most depopulated rural areas the economic and demographic decline can be reversed by:

• a holistic and economically diversified approach to rural development,

• strengthening of rural communities,

• promotion of local entrepreneurship (adapted to the unequal situation of each place),

• investment in connectivity and infrastructure, equipment and services,

• provision of educational opportunities adapted to the economic potential and needs of the territory,

• integration of instruments and funds; the collaboration between public and private entities of all kinds,

• presence and direct action in the territory of local development agents and community-led local development initiatives, and
• existence of **agencies or specific bodies for rural territories with severe and permanent demographic handicaps** that carry out territorial planning, development actions design, their follow-up and evaluation; they also undertake the bulk of the bureaucratic burden letting local action agents focus exclusively on implementation of actions on the ground (for the Scottish case taken as a reference the territorial development agency is Highlands and Islands Enterprise).

**B. Addressing the demographic challenge of areas with severe and permanent demographic handicaps and sparsely populated areas in future EU cohesion policies**

Based on the aforesaid, we submit to the consideration of the European Union Institutions several proposals for the next programming period of economic, social and territorial cohesion policy. Our intention is to help the European Union provide itself with a policy to address successfully the demographic challenge in the most disadvantaged rural areas through financial and political provisions. For this, we have tried to ensure that our proposals comply with two important requirements:

1. **To preserve the pre-existing acquis** of the current European regional policy in order to elaborate from that basis a more thorough policy on demographic challenge in rural areas. The commitments and objectives consolidated are a sound starting point to develop new provisions which maintain due consistency with the EU’s long-term general policy framework.

2. **To propose new statistical formulas** to define realistically, accurately and in accordance with Eurostat data the demographic and territorial challenges set out in Article 174 of the TFEU that have not yet been sufficiently elaborated in the subordinate legislation. By this, on one hand, these aspects of the Treaty would be given due compliance. On the other hand, clear and simple concepts and formulas based on the consolidated acquis can be easier to negotiate between the EU Institutions and Member States.

**1. Definition of areas with severe and permanent demographic handicaps (ASPDH)**

**Article 121.4 of the Common Provisions Regulation (CPR)** makes a definition of areas with severe or permanent natural or demographic handicaps which is limited to four situations: Member States eligible under the Cohesion Fund and other islands, mountain areas, sparsely (less than 50 inhabitants per km²) and very sparsely populated (less than 8 inhabitants per km²) and outermost regions. Such a definition means a **very restrictive interpretation of Article 174 of the TFEU** as it limits the scope of an imprecise general concept to only four cases which are cited in that article of the Treaty merely as examples, not as the only possible ones. As we have already pointed out above, the European Parliament considers this formulation to be insufficient and in its resolution of 14 November 2017, on the deployment of cohesion policy instruments by regions to address demographic change calls for a precise definition of the concept of "severe and permanent demographic handicaps". In doing so, it is
implicitly assuming that, while the natural handicaps may be satisfactorily reflected by
the inclusion of insular, mountainous and outermost regions, the casuistry of serious
and permanent demographic handicaps, in the face of the challenges of the
demographic change in the EU, is much broader than merely sparsely and very sparsely
populated areas as typified in article 121.4 of the CPR.

In response to the need expressed by the European Parliament for a more precise
definition of the concept of "serious and permanent demographic handicaps", we
hereby propose a formula that takes into account the effects that this condition causes
over time in the population figures of local communities:

A severe and permanent demographic handicap happens when a local community
loses a significant (severe) percentage of its inhabitants in a far long enough period of
time (permanent) for it to be considered a structural handicap.

Obviously, the number of inhabitants of a community is not the only indicator of
demographic imbalances or disadvantages. But there is no doubt that the set of all the
factors that can account for the existence of demographic imbalances or
disadvantages (average age, sex ratio, total fertility rate, rate of natural increase,
migratory balance, etc.) end up having as a result a continuous loss of population.
More often this happens -undetected- in countries or regions with overall stable
population rates whose growth concentrates only in certain areas but not in the rest.
Therefore, it is the continued and considerable loss of population in certain areas and
communities what most clearly indicates the existence of a severe and permanent
demographic handicap, since this is its inevitable consequence.

Accordingly, we consider that this definition can be specified as follows:

- To avoid that the identification of the structural and permanent nature of the
demographic disadvantage be distorted by exceptional and transitory situations, we
propose that a sufficiently long time span be taken as a reference: the last fifty years,
counting back from the last population data available in Eurostat for all member
countries. For such purpose Eurostat should collect duly validated and disaggregated
data for the purposes of statistical analyses needed for defining policies aimed at
ASPDH.

- Likewise, we propose that the severity of the population loss be considerable enough
to show the depth of the actual demographic disadvantage. In this sense we propose
as a criterion a population loss of 40 % or more over the said fifty years, understanding
that such percentage means an average annual population decrease so considerable
(0.8 %) that it leaves no doubt about the seriousness of the existing demographic and
economic problem.

- Finally, we propose LAU 2 as the territorial statistical unit to be considered. The
European Parliament Resolution calls for this, stating that the use of an inadequate
statistical scale may prevent the identification, diagnosis and treatment of the
demographic challenge problems. Often, the overall population balance of the NUTS 2
and even NUTS 3 scales hides the mere existence of the problem of demographic and
territorial imbalance that is taking place, such as the alarming abandonment of rural areas and the concentration of population in a few nuclei within the same region which, however, can present a stable overall population balance. It is a phenomenon that occurs to a greater or lesser extent in almost all Member States. A diagnosis and treatment at LAU 2 level allows us to identify the problem where it is occurring, to better understand the functioning of the settlement network and the system of rural-urban relations and the effect that EU and national policies have on it. As a result, we would be able to act more effectively.

According to our proposal, considering the data now available in Eurostat, in the EU-27 for the census period between 1961 and 2011 (latest census data) 18,430 LAU 2 of 23 Member States would fit this definition. In these local communities 13,220,724 people still live. They account for 18.59 % of the LAU 2 and 3.02 % of the EU population. The countries that have a higher percentage of LAU 2 with severe and permanent demographic handicaps with respect to the total of their own country are Bulgaria (70.90 %), Spain (55.94 %), Cyprus (44.03 %), Estonia (40.71 %) and Hungary (37.88). Belgium, Slovenia, Luxembourg and the Netherlands do not have any. The largest states are also affected: Italy has 19.39 % of LAU 2 affected, France 8.90 % and Germany 7.31 %.

If we look at the percentage of population of each Member State that lives in those LAU 2 that show a serious and permanent demographic regression, we will see that they represent 14.46 % of the population of Bulgaria, 11.25 % of Croatia, 10.46 % of Malta, 8.90 % of Estonia or 8.52 % of France. In Austria, Poland, Ireland, Germany and Sweden they represent less than 2 % of their respective national populations. However, in absolute terms, they sum up to 2,335,499 people in Spain, 1,755,993 in Italy, 1,416,660 in Romania, 1,301,468 in Germany, 1,065,086 in Bulgaria, 804,561 in Hungary, 716,068 in France or 640,483 in Greece (see Annex 1).

2. Definition of sparsely populated areas (SPA)

The concept of sparsely populated area is relevant in combination with that of areas with severe and permanent demographic handicaps. Two situations should be distinguished in this respect in the European Union: on the one hand the northernmost regions of Sweden and Finland, whose low population density has been historically a permanent fact determined by their extreme climatic and remote conditions. And, on the other, those areas of the rest of the EU that, for different reasons, suffer from demographic disadvantages that, in some cases, are so severe and permanent that they have reduced their population density to levels close to those of the northernmost Scandinavian regions, becoming for that reason sparsely populated areas and sharing demographic and economic problems in a similar way.

It should be recalled in this respect that Regulation (EU) No 1303/2013 laying down common provisions on the ESI Funds (CPR) distinguishes in Article 121 paragraph 4) between sparsely populated areas (NUTS 2 with a population density of less than 50 inhabitants per km2) and very sparsely populated areas (NUTS 2 of less than 8 inhabitants per km2). In addition, the Guidelines on regional state aid for 2014-2020 also consider to be sparsely populated areas NUTS 3 with a population density of less
than 12.5 inhabitants per km²). Despite this, the effects of this advantage seem to be very limited, since the scarce population density and the demographic imbalance (structure of the population pyramid) of the rural areas that almost always lie behind it continues to advance in these areas. At the same time, in a growing number of regions and Member States many other regions are also getting closer to the SPA statistical threshold.

If the criteria set for the Nordic regions have been fully validated throughout more than twenty years in operation, the same does not apply to the sparsely populated areas of the rest of the European Union. Contrary to what happens in the North, these are generally non-peripheral and usually cover a surface somewhat smaller. These regions can even be close to or surrounded by densely populated areas, circumstances which often lead to distortions in the statistical diagnosis that prevent identification. In some cases we find considerably large territories that have been systematically losing population (especially young and female) and economic activity for decades, gradually becoming demographic and economic gaps that negatively affect the functional sustainability of the territory and its management in parameters that get close to those of the Scandinavian regions. For such areas, it would be necessary to introduce greater coherence in the establishment of statistical criteria in order to address this challenge in a way that could be more adjusted to the reality on the ground and could take into account the different degrees of depopulation reached in each territory according to a series of thresholds that may be used to determine the intensity of the support they should receive as their population density continues to decline.

For all these reasons, we propose that, without prejudice to the treatment so far dispensed to the northern regions, a definition of sparsely populated areas for the whole European Union be set according to the following scale:

**SPA 1:** NUTS 2 with less than 50 inhabitants/km²

**SPA 2:** NUTS 3 with less than 20 inhabitants/km²

**SPA 3:** NUTS 3 with less than 12.5 inhabitants/km²

**SPA 4:** NUTS 3 with less than 8 inhabitants/km²

(SPA 2, 3 and 4 should be considered as such regardless of whether they belong to a NUTS 2 of less than 50 inhabitants/km² or not)

Setting different thresholds of low population density allows the continuation of the basic provisions currently in force in the EU legal system. At the same time, by adding these new categories policy measures can be gradually implemented to start counteracting in advance the negative effects of increasing sparsity. This facilitates the adoption of measures for currently unrecognized vulnerable areas before they reach a very critical level. In this way, the intensity of the aid can be adjusted according to the sparsity threshold reached.

According to our proposal, the 28 NUTS 2 currently considered in article 121.4 of the
CPR would fit into this definition and, whether or not they are part of them, those NUTS 3 that are below different thresholds of low population density: 20 inhabitants per km² (20 territories), 12.5 inhabitants per km² (10 territories) and 8 inhabitants per km² (6 territories).

These areas are located in 12 Member States: Bulgaria, Croatia, Spain, Estonia, Finland, France, Greece, Ireland, Italy, Latvia, Lithuania and Sweden (see Annex 2).

3. Determining aid for ASPDH and SPA

The proposal that we put forward in this paper does not call into question the maintenance of the general criteria for allocation of the ESI Funds based on the average GDP per capita of each Member State in relation to the total average in the EU. Therefore, the advantages to be granted to the ASPDH and SPA according to this proposal should not necessarily alter the current fund allocation scheme to each Member State and region in accordance with the regulatory framework of the ESI Funds.

Nonetheless, we raise the need to introduce one single exception to this rule of principle in favour of the few SPA areas defined in our proposal for which we deem necessary to implement the same kind of specific measures and additional funding that has been being allocated so far to the outermost and northern sparsely populated NUTS 2 regions. At present such additional funding represents only 0.44% of the resources for the Investment for growth and jobs goal (point (e) of Article 92(1) of the CPR), a percentage that only would have to be increased very slightly for this purpose.

Such an exception should apply without prejudice to the maintenance of the scheme implemented hitherto in the very sparsely populated areas of Finland and Sweden by virtue of their Act of Accession, which would remain fully in force and, where appropriate, be susceptible to be improved according to the views expressed throughout this position paper.

Another aspect of the implementation of the funds for which we propose a modification for the next programming period is the modulation of the co-financing rates. Unlike the provisions of Article 121, according to which the co-financing rate from the Funds to a priority axis may be modulated to take account of the coverage of areas with severe and permanent natural or demographic handicaps, we propose that in the next CPR such modulation be an obligation for the ASPDH and SPA managing authorities to be applied to those areas of their territory that are more sparsely populated and demographically handicapped, and not just a totally free option, letting only the additional percentages of aid to be set freely by them for each case. Such an obligation for the Member States is consistent with the provisions of Article 175 of the TFEU and would make it possible for the authorities to foster initiatives to be co-financed in territories that barely benefit from funding for innovation and economic diversification projects outside the scope of the CAP. These are usually rural regions that have traditionally suffered from a large investment deficit and a continuing economic and demographic decline, so they often lack sufficient critical mass to be able to participate in major European innovation programs and benefit from their aid.
to cope more effectively with their great challenges.

Once the territories with serious and permanent demographic challenges are defined and identified, together with the sparsely populated areas in their different degrees, we propose that the agreed advantages be modulated in accordance with the definitions and thresholds put forward in this paper for ASPDH and SPA in the following way:

-A higher percentage of co-financing for those projects implemented in LAU 2 considered as ASPDH.

-A higher percentage of co-financing (cumulative to that granted to LAU 2 considered as ASPDH wherever such circumstance occurs) for those projects implemented in a SPA 1.

-A higher percentage of co-financing, cumulative to the previous ones, for those projects implemented in a SPA 2.

-A higher percentage of co-financing, cumulative to the previous ones, together with the maintenance of the treatment currently applied to NUTS 3 with less than 12.5 inhabitants per km² by the Guidelines on regional state aid, for those projects implemented in a SPA 3.

-A higher percentage of co-financing, cumulative to the previous ones, together with the maintenance of the treatment currently applied to NUTS 2 with less than 8 inhabitants per km² by the Guidelines on regional state aid, for those projects developed in a SPA 4. Furthermore, we propose that an additional and finalist financing (to be invested exclusively in their SPA 4) be applied in favour of any Member State that has ZEP 4 territories, similar and proportional to that received by Sweden and Finland for having very sparsely populated areas (less than 8 inhabitants per km²) according to article 92.1.e of the CPR.

4. Policy measures

Demographic change is already one of the great strategic challenges of 21st century Europe. For rural areas, this is mostly a consequence of the very limited capacity of many rural communities to generate a diversified economic development providing fair income and job opportunities for all. In the face of such harsh reality, it is essential to overcome our traditional -almost exclusively agrarian- vision of development in rural territories and, therefore, to change the EU policy approach of the ESI Funds, especially (but not exclusively) the EAFRD and the national rural development programs linked to it. Our current approach to rural development is mostly outdated, short-sighted and cannot bring about the welfare, inclusive development and economic opportunities indispensable for attracting new activities to the most disadvantaged rural areas, fix population and give them hope that there is any future lying ahead. As a result, most of the youth (especially women) from the more vulnerable rural areas emigrate to more dynamic cities and regions to make a living and never come back nor are replaced in similar proportion by newcomers. For the most
fragile, ageing, masculinised, sparsely populated, remote areas with natural and demographic handicaps, this is a matter of pure survival. A considerable number of communities that have lost a large part of their people or even became derelict over the last fifty years give account of this still ongoing trend. The EU and its Member States have a decisive role to play in adopting policies to reverse the process of rural depopulation, restore the demographic imbalances (if not the population loss) and compensate the negative effects of sparsity.

For all these reasons we propose the following policy measures:

- To introduce, within the goal of inclusive growth set up by the Europe 2020 Strategy, a new objective or thematic axis aimed at diversifying economic activity in rural areas, promoting entrepreneurship and strengthening local communities, so that rural areas, especially ASPDH and SPA, can become economically more dynamic and diversified and demographically balanced, thus successfully joining the great trends of intelligent and sustainable growth of our times.

- To further elaborate the Common Strategic Framework (CSF) on the way in which demographic change should be addressed in rural areas in general and especially in ASPDH and SPA (sections 5 and 6).

- To establish the obligation to adopt strategies and national and regional plans to cope with the demographic challenge addressing in a differentiated and specific way their effects and challenges for the economic and demographic viability of rural areas, especially the most vulnerable.

- To reshape the EAFRD to prioritize economic diversification in rural areas. In the current Regulation 1305/2013 on EAFRD this matter is hardly the subject of marginal attention in terms of strategic approach and policy measures (limited to articles 19.1.a.ii and 1.b and 20) something which presumably also goes hand in hand with a modest financial share. Being aware of the importance of the EAFRD in its current configuration to compensate some of the unequal effects of the CAP, we propose that this reorientation should not be done at the expense of the current system, but rather be complemented by the reinforcement of the «second pillar», boosting policies aimed at "diversification into non-agricultural activities and strengthening of local communities in rural areas" with its corresponding financial allocation to make it capable of accomplishing successfully and autonomously such a critical objective.

- In order to get the most out of these funds and ensure the highest quality and effectiveness of the projects implemented in ASPDH and SPA, the role of Leader groups and community-led local development (CLLD) mechanisms should be further strengthened by:

  a. The application of the Leader approach on all ESI Funds not limiting it only to the EAFRD.

  b. Support for the constitution, without prejudice to the respective national rural networks, of intermediate structures (for example, territorial
development agencies) to help design and implement regional strategies in response to the demographic challenge, to plan and coordinate actions, to reinforce, complement and provide technical and administrative assistance to the local action groups and local and regional authorities, to supervise and evaluate the activities carried out and to undertake the bureaucratic burden that now hobbles the work of local action group partners, among other tasks.

- Ideally, Integrated Territorial Investments (ITI) should be approved for any of the territorial areas included in the proposed definition of ASPDH according to each regional and/or national demographic challenge strategy.

REFERENCES


# ANNEX 1

## 1. AREAS WITH SEVERE AND PERMANENT DEMOGRAPHIC HANDICAPS (ASPDH)

<table>
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% LAU 2 in each Member State (EU-27) considered to be areas with severe and permanent demographic handicaps
% population in each Member State (EU-27) living in areas with severe and permanent demographic handicaps
% LAU 2 (EU-27) considered to be areas with severe and permanent demographic handicaps per Member State
% population (EU-27) living in areas with severe and permanent demographic handicaps per Member State
## 2. SPARSELY POPULATED AREAS (SPA)

### NUTS 2

<table>
<thead>
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<th>Pop./km²</th>
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<td>5 Norra Mellansverige</td>
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### NUTS 3

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### SPA 1: NUTS 2 with less than 50 inhabitants/km²
- Guyane
- Övre Norrland
- Mellersta Norrland
- Pohjois- ja Itä-Suomi
- Norra Mellansverige
- Aland
- Alentejo
- Länsi-Suomi
- Småland med öarna
- Castilla-la Mancha
- Castilla y León
- Extremadura
- Aragón
- Dytiki Makedonia
- Eesti
- Latvija
- Sterea Ellada
- Ipeiros
- Etelä-Suomi
- Peloponnisos
- Corse
- Border, Midland and Western
- Valle d'Aosta/Vallée d'Aoste
- Östra Mellansverige
- Severozapaden
- Anatoliki Makedonia, Thraki
- Limousin
- Lietuva

### SPA 2: NUTS 3 with less than 20 inhabitants/km²
- Lappi
- Jämtlands län
- Norrbottens län
- Guyane
- Kainuu
- Västerbottens län
- Licko-senjska zupanija
- Soria
- Pohjois-Karjala
- Teruel
- Dalarnas län
- Evrytania
- Etelä-Savo
- Västernorrlands län
- Pohjois-Pohjanmaa
- Guernica

### SPA 3: NUTS 3 with less than 12.5 inhabitants/km²

### SPA 4: NUTS 3 with less than 8 inhabitants/km²