

SWEDEN

Rural Development

5.1 Strategic orientation of the Rural Development Policy

In the Government Communication on sustainable development, the Rural Development Policy is discussed primarily within the framework of “Building a sustainable society.” The function of regions and the interplay between cities and surrounding rural areas are discussed in this context. The policy instruments brought to the fore are the Regional Development Programmes (RDP), Regional Growth Programmes (RGP) and the Rural Development Policy. Transports and various forms of regional spatial planning are also emphasised.

The overriding objective of the Rural Development Policy must be economically, ecologically and socially sustainable rural development.¹ Various public initiatives must promote sustainable use of natural resources, enterprise, growth, employment in the environmental and land-based sector and other rural enterprises, as well as attractive environments for rural housing. Sustained lofty environmental ambitions will contribute to attaining the national environmental quality objectives with connections to the environmental and land-based sector. Community involvement will be supported and widespread participation from many groups in the rural development effort will be pursued and facilitated.

During the 2006-2010 term in office, the Swedish Government intends to draft a concrete strategy for strengthening rural development opportunities.

The Rural Development Programme for Sweden for the period of 2007-2013 is a key instrument for implementing rural development policy measures. The programme includes measures to achieve ecologically, economically and socially sustainable development in rural Sweden. Responsibility for funding the measures is divided between the European Agricultural Fund for Rural Development and public Swedish financing. Implementation of the new programme is based on a National Rural Development Strategy, which is a component of implementing the European Rural Development Strategy. The National Rural Development Strategy outlines the strategic orientation of the forthcoming Rural Development Programme.

5.2 Rural opportunities, weaknesses and needs

The notion of rural areas as a resource is based on an economic, social and environmental dimension that is highly significant to enterprise and people’s quality of life. In this context, the countryside offers several opportunities such as modern and efficient production in farming and forestry and a food industry that uses high-quality production methods with respect to environmental considerations and ethical treatment of animals to produce the goods society and consumers want. Farming and forestry are also playing a key role in the transition to sustainable social development. In this transition, it is critically important to rural development that women have the same opportunities for paid work and leisure as men, for otherwise women will move away. Rural assets also contribute to high natural and cultural heritage values in the landscape and a clean environment, including clean water (groundwater and streams).

However, certain parts of the Swedish countryside are demonstrating weaknesses such as a poorer business climate and developmental conditions due to factors including long distances. Farming in less favoured areas may be adversely affected by major changes in production methods and land use, for instance. The Rural Gender Equality Report also shows that women enjoy less favourable conditions than men in rural

¹ Government Communications 2005/06:87; 2005/06:220; 2005/06:MJU 13

areas in various respects.² Far fewer women initiate projects and are granted project support for instance. Key challenges for rural development are to improve conditions for both women's and men's enterprise and their opportunities to achieve fulfilling lives and be good stewards of the landscape.

5.3 The Rural Development Programme for the period of 2007-2013

The Swedish Government has adopted a strategy that identifies development areas and priorities that will guide the design and implementation of the Rural Development Programme for the period 2007-2013, based on the common EU strategy adopted by the European Council of Ministers.

Sustainable development and sustainable use of natural resources in line with stated environmental objectives is a general point of departure for the programme. There is great potential in the environmental and land-based sector for resource-efficient production with minimal environmental impact and the sector will play a key part in the transition to sustainable social development, including energy supply. Enterprises in the environmental and land-based sector also have a central role as stewards of a valuable natural and cultural heritage landscape, where maintaining pasture lands is a high priority.

Food production with various added values should be developed. Consumer demand for organically produced food has already risen. Local, regional and/or small-scale food production and processing also contribute to rural enterprise.

Innovative goods and service production related to farming, forestry and other environmental and land-based industries and rural areas should be developed to strengthen the economic base and rural growth and employment opportunities. Renewable energy, tourism and recreation, services and contracting are areas of potential development.

Knowledge, innovation and entrepreneurship must be supported. It is also important to enhance knowledge supply from universities, colleges and the research community. Initiatives that facilitate dissemination of relevant research results to advisers and farmers are needed. At present, several groups in society such as young adults, women and people of foreign background are underrepresented in the agriculture and forestry sector. These groups are needed in the environmental and land-based sector to improve gender equality and diversity and enhance economic and social conditions in rural areas.

The Rural Development Programme's development areas

The Rural Development Programme comprises an average annual budget of SEK 5 billion, of which about 47 per cent is provided by the EU Agricultural Fund for Rural Development and the remaining 53 per cent by Swedish public financing. The programme is organised in four development areas, or "axes". Axis 1 measures are intended to improve the competitiveness of the agricultural and forestry sector, reindeer husbandry and food production and processing, all based on sustainable use of natural resources. Rural economies need to be strengthened through improved and diversified entrepreneurship in the environmental and land-based sector as well as through the growth of new businesses and employment opportunities in rural areas. The environmental and land-based sector is still crucial to output and employment in rural areas. Enterprises in the sector also play a key role as stewards of Sweden's natural resources and maintainers of an attractive landscape. For that reason, the production that takes place in these enterprises and the resources they manage are key elements of programme focus. Enterprises must be supported during the ongoing transition to economically viable production that is consistent with consumer demand and public standards for sustainable use of natural resources and animal welfare. For agriculture, this means supporting transition to the new conditions occasioned by CAP reform. New green production and technology – in the field of renewable energy for example – is a key potential development area for the

² Ministry Communication 2004:39

agriculture and forestry sectors. Approximately 15 per cent of the programme's total budget will be allocated to Axis 1 measures.

Measures under Axis 2 are designed to preserve and improve an attractive landscape and thriving countryside, as well as facilitate transition to efficient and sustainable production with lower environmental impact towards efficient attainment of EU and Swedish environmental objectives. An integrated approach will be developed wherein the countryside is considered a resource for recreation, development and growth, a desirable home and a bearer of natural and cultural heritage.

Because the programme's environmental measures are essential to achieving national environmental quality objectives related to natural resources managed by the environmental and land-based sector, environmental measures account for the largest budget item in the programme. Key measures will be those designed to stimulate sustainable production and maintain the open agricultural landscape, thus creating the conditions for rich biodiversity and the invaluable cultural environment rooted in this landscape. The programme will prioritise initiatives to promote the public benefit of the environmental and land-based sector and reduce the adverse environmental impact of production. Other land managers will be able to receive payment where justified as a means of attaining the environmental quality objectives. The agri-environment payment measure will be the largest budget item in Axis 2. Other key Axis 2 measures include compensatory payments to farmers in less favoured areas aimed at maintaining an open and thriving agricultural landscape with preserved pasture land and preventing the closing down of farms in these areas. Compensatory payments may also be available in the forestry sector for selective measures based on active initiatives to enhance biological diversity and protect cultural heritage environments in Swedish forest districts.

Initiatives to reduce the loss of plant nutrients and the risks associated with use of plant pest control agents aimed at achieving good water quality are another prioritised area. The agri-environment payment measure also includes payments for organic production. Skills acquisition initiatives will be an essential foundation for environmental efforts in the environmental and land-based sector.

The orientation of programme measures and initiatives is consistent with the guidelines and priorities of the European strategy, including with respect to biodiversity (in accordance with Natura 2000 objectives) and conservation of agriculture with significant natural and cultural values. A high level of environmental ambition, which is an important priority for Rural Development Programme measures and initiatives, will forge opportunities to attain the objectives stated in the Göteborg conclusions on sustainable development. Initiatives to promote good water quality and reduced dependency on fossil fuels with the related reduction in carbon dioxide emissions are also consistent with Axis 2 objectives. About 73 per cent of programme resources will be allocated to measures in this development area.

The objectives of Axis 3 measures are to facilitate greater diversification of the rural economy, promote higher employment and quality of life for rural residents and ensure sustainable use of the combined resources of the countryside. Axis 3 measures are essential to ensuring the programme fosters favourable development of rural Sweden as a whole. This will require a diversified economy, greater focus on the resources of rural areas in terms of attractive environments for living and recreation, and sharper focus on local cooperation surrounding aspects including service and infrastructure.

The primary focus of measures will be to create favourable conditions for enterprise growth and a wider, diversified economy related to the combined resources of rural areas. Accordingly, Axis 3 measures will contribute to income-generating employment and sustainable use of the natural and cultural resources present in the countryside. Local entrepreneurship, enterprise, environmentally integrated production methods and R&D will be stimulated. The enterprise-oriented initiatives target agricultural enterprises that diversify their operations and rural small businesses and micro-businesses. Eligibility for grants will require business concepts and business plans that demonstrate competitive viability and sustainable growth opportunities. Axis 3 will also feature initiatives to devise local solutions for a good living environment and high quality of life in rural areas, including access to the services and infrastructure required to provide favourable conditions to people and businesses. The measures will be applied on the basis of a holistic perspective on rural development and integrated with other regional and local development carried out

within Regional Development Programmes and EU Structural Fund programmes. A relatively large proportion of Axis 3 measures will be implemented using the Leader method.³ The Leader method is aimed at supporting innovative methods for rural development based on local conditions. About 12 per cent of the total programme budget will be allocated to Axis 3 measures.

Axis 4 is oriented towards promoting efficient implementation of the Rural Development Programme through community backing, involvement and partnership. The ambition is to enable nationwide application of the Leader method. Efforts will be based on active involvement from the business community, NGOs and the public sector. The Leader method will mainly be applied to Axis 3 measures and initiatives but is also applicable to Axis 1 and Axis 2. Approximately 7 per cent of the total programme budget will be allocated to Leader-based operations.

5.4 Economic and social perspectives on rural development

Rural development has been analysed in numerous studies and the perspectives explored differ from case to case. The Swedish National Rural Development Agency publishes an annual yearbook aimed at compiling knowledge and facts about rural development.⁴

As defined by the National Rural Development Agency, the minimum population for classification as an urban area is 3,000 people, while more accessible rural areas are areas within a 5-45 minute car journey from urban areas, according to the same definition. Other parts of the country are categorised as rural and sparsely populated areas. The National Rural Development Agency's analysis shows that the population is declining overall in sparsely populated areas and more accessible rural areas, but there are regional differences. Sparsely populated areas in the Mälars Valley and Skåne are relatively dynamic. A relatively high percentage of the population of Småland live outside urban areas and cities. The overall demographic trend in rural areas is attributable to the negative birth rate and the negative migration rate. The National Rural Development Agency has determined that for many rural regions, reversing the migration rate in a positive direction will not suffice; in-migrating households must also be of "childbearing age" to reverse negative regional demographic trends. Statistics Sweden (SCB) produced a forecast for the Government Rural Development Committee based on two alternative development scenarios. Regardless of the scenario, the results of SCB's simulations show that (1) the population in forest counties is expected to decline, (2), sustained negative balance in age structures is expected in these areas and (3), comprehensive changes in migration patterns will be required to reverse the trend.

Table 2.1 shows migration patterns at the county level and population figures for 2005 for men and women. As shown on the totals line of the table, more women than men migrate across county lines. The table also allows comparison of men's and women's migration patterns by considering each group's absolute size. Once again, the conclusion is that women are somewhat more inclined than men to move across county lines. About 2.06 per cent of men and 2.13 per cent of women migrated across a county line in 2005.

Table 2.1 *Migration patterns across county lines in 2005 for men and women*

	<i>Population</i>	<i>In-migration</i>	Out-migration	<i>Migration index</i> ⁵
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³ Leader+ is a special rural development programme that complements the Environmental and Rural Development Programme.

⁴ An English summary of the yearbook is available from the National Rural Development Agency at www.glesbygdsverket.se.

⁵ The migration index is defined here as $200 \cdot \frac{In - migration}{(In - migration + Out - migration)}$, that is, if the index is greater than 100, in-migration is greater than out-migration and if it is less than 100, out-migration is greater than in-migration.

	Men	Women	Men	Women	Men	Women	Men	Women
Stockholm	928 361	961 584	16 435	17 200	15 853	16 559	102	102
Uppsala	150 254	154 113	5489	5942	5234	5629	102	103
Södermanland	129 765	132 130	3944	4023	3827	3908	102	101
Östergötland	207 817	208 486	4983	4958	5391	5306	96	97
Jönköping	164 320	165 859	3901	3999	3834	4143	101	98
Kronoberg	89 468	88 975	2426	2640	2730	2836	94	96
Kalmar	116 313	117 631	2966	3071	3153	3330	97	96
Gotland	28 300	29 188	891	999	995	1021	94	99
Blekinge	75 780	74 916	2025	1928	2054	2015	99	98
Skåne	575 895	593 569	8624	9467	7785	8270	105	107
Halland	142 094	143 774	4184	4439	3671	3772	107	108
Västra Götaland	760 137	768 318	11 742	12 524	11 138	12 267	103	101
Värmland	135 855	137 433	2513	2653	2838	2965	94	94
Örebro	135 422	138 699	3055	3381	3333	3663	96	96
Västmanland	130 279	131 112	3296	3254	3294	3468	100	97
Dalarna	137 716	138 039	3083	3288	3358	3387	96	99
Gävleborg	137 555	138 439	2987	3041	3158	3229	97	97
Västernorrland	121 458	122 278	2613	2715	2882	3011	95	95
Jämtland	63 394	63 634	1583	1857	1902	1927	91	98
Västerbotten	128 901	128 751	3310	3476	3155	3590	102	98
Norrbottn	127 466	124 274	2398	2327	2863	2886	91	89
Total	4486 550	4561 202	92 448	97 182	92 448	97 182		

It should also be noted that in-migration and out-migration are strongly correlated with each other and with county population statistics. The calculated migration index in the last column of the table shows that Stockholm, Uppsala, Skåne, Halland and Västra Götaland Counties have the strongest relative net migration inflows. It is noteworthy that these counties are home to the largest metropolitan regions in Sweden, but also to many of the most dynamic rural districts and active agriculture in the country. Without drawing far-reaching conclusions about the connections, it appears that thriving farming districts are found in regions that also have thriving metropolitan regions.

The demographic trend may also be regarded from the perspective of business and labour market development. Analyses show relatively unambiguously that economic growth has been highest in the private service sector for the last decade. Employment in the industrial sector declined steeply in the severe recession of the early 1990s. The subsequent economic recovery was primarily attributable to employment growth in the service sector. Employment in the public sector has remained essentially stable since the mid 1990s. Industrial sector output increased in many respects in the 1990s and 2000s, but the trend was accompanied by high growth in labour productivity. In other words, the labour factor of output has been replaced by capital in large parts of the industrial sector.

This progression has to a certain extent been disadvantageous to parts of rural Sweden because these regions have by tradition been oriented more towards the industrial sector than have the metropolitan regions. Proximity to purchasing power provided by an income-earning population is often a competitive disadvantage for rural areas in this respect. As a result, the recovery of the Swedish economy starting in the mid 1990s was stronger in the metropolitan regions than in rural areas. That local labour markets are becoming sparse and limited in size and breadth is sometimes viewed as a kind of “geographical handicap.”⁶ There are natural built-in advantages linked to the size of a market with respect to local labour markets. Large labour markets offer greater opportunities for effective “job matching” (the capacity for skilled labour to find suitable employment) than small labour markets. This may be significant for instance when several members of the same household are seeking suitable employment. In these cases, the larger market seems more appealing because it can offer a wider range of opportunities. A corresponding

⁶National Rural Development Agency’s terminology.

argument applies to enterprises seeking labour with particular skills, which are usually easier to find in a large market than in a small one.