



**AALBORG UNIVERSITY**  
DENMARK

# European Rural Development Policies in Extremadura

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Master Thesis Project

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## Abstract

This paper explores the efficiency of rural development policies in the European Union. Concretely the programmes LEADER and PRODER in the Spanish region of Extremadura from 1991 to 2013. Extremadura is a predominantly rural region with low levels of development in socio-economic terms in relation to Spanish and European standards. During the second half of the twentieth century, the region experienced a massive rural flight to Spanish industrialised regions, namely Madrid, Catalonia and the Basque country, and to industrialised central European countries, like Germany, Switzerland and France.

The European Rural Development policy was created in 2000 as a “second pillar” of the Common Agricultural Policy (CAP). The main objective is to act directly in rural areas for the strengthening of economic, social, environmental and cultural development of rural Europe besides the direct payments to farmers carried out under the framework of the CAP. Currently, the rural development policy is structured in seven-years programmes of rural development based on the regional or national level. However, the initiatives of rural development LEADER and PRODER have been implemented since 1991 introducing a new approach to development. The LEADER methodology is based on the principles of integrated, sustainable and endogenous development as well as the policy implementation model “bottom-up”. The LEADER rural development programmes are designed and implemented by the Local Action Groups, formed by social and economic agents of the rural area. These programmes were pioneers on the field of rural development in the European Union.

The initiatives LEADER and PRODER have been implemented in Extremadura since 1991 with diverse results. The rural areas have experienced a relevant development, improving the quality of life and economic indicators. However, the unemployment rate is nowadays very high and therefore the rural exodus is still persistent.

The theory of webs is a new theoretical approach based on the social network theories that links the rural development to the development of the web of interconnections between the different elements (social, natural, economic, etc.) that form a rural area. This theory had been developed from the conclusions of the analysis of 62 rural development programmes in the European Union. Regarding this approach, some hypotheses are formulated and the theory is applied to the case in the analysis in order to identify the reasons of the low effectivity of LEADER and PRODER initiatives in Extremadura.

## Table of contents

1.	Introduction and Problem Formulation .....	6
2.	Methodology.....	7
2.1	Methodological Considerations .....	7
2.2	Case Study Research .....	10
2.3	Data Collection .....	11
2.4	Research Strategy.....	12
3.	Theory .....	14
3.1	Conceptual Framework .....	14
3.1.1	What is a rural area? .....	14
3.1.2	Rural Development, Endogenous Development and Integrated Rural Development .....	14
3.1.3	Rural flight .....	15
3.1.4	Globalisation vs. Localisation .....	16
3.2	Theory of Webs .....	16
3.2.1	Formulation of Hypotheses .....	21
3.2.2	Criticism to the Theory of Webs .....	22
3.3	Alternative Theoretical Approach .....	22
4.	Overview .....	24
4.1	EU Rural Development Policies .....	24
4.1.1	An EU Objective.....	24
4.1.2	Evolution.....	26
4.2	Extremadura.....	37
4.2.1	General Information .....	37
4.2.2	Economy .....	38
4.2.3	Rural Extremadura: Characterisation and Rural Flight .....	41
4.3	Implementation of Rural Development Initiatives in Extremadura .....	44
4.3.1	LEADER I (1991-1994) .....	44
4.3.2	LEADER II and PRODER I (1994-1999).....	45
4.3.3	LEADER+ and PRODER II (2000-2006).....	48
4.3.4	LEADER 2007-2013 .....	50
4.4	Results .....	50
5.	Analysis .....	55
6.	Conclusions .....	59
6.1	Perspectivation.....	60
7.	Bibliography .....	61

## List of Figures

Figure 1 Embed data (Adaptation from Creswell and Clark 2006, 7) .....	9
Figure 2 Deductive Research (Adaptation from Blackstone 2012, 2).....	9
Figure 3 Research strategy.....	12
Figure 4 Typology of rural regions: dynamics (Ploeg and Broekhuizen 2008, 5) .....	19
Figure 5 Theoretical dimensions of the web (Adaptation from Ploeg and Broekhuizen 2008, 7) ....	20
Figure 6 Evolution of the CAP (European Commission 2016 b).....	25
Figure 7 Milestones in the Evolution of the Rural Development policies .....	26
Figure 9 New structure of the CAP after 2003 reform (European Commission 2008, 6).....	34
Figure 10 Structure of the Rural Development Policy after 2005 (European Commission 2008, 8).....	35
Figure 11 Maps of Extremadura (Gobierno de Extremadura 2014 and 2010).....	37
Figure 12 LEADER I in Extremadura (REDEX 2016) .....	44
Figure 13 LEADER II (orange) and PRODER I (blue) in Extremadura (REDEX 2016).....	45
Figure 14 LEADER + (orange) and PRODER II (blue) in Extremadura (REDEX 2016).....	48
Figure 15 LAGs in Extremadura during LEADER 2007-2013 (REDEX 2016 b, 4).....	50

## List of Abbreviations

EPA	Encuesta de Población Activa   <i>Active Population Survey</i>
CAP	Common Agricultural Policy
CMO	Common Market Organisation
EAFRD	European Agricultural Fund for Rural Development
EAGGF	European Agricultural Guidance and Guarantee Fund
EEC	European Economic Community
EIB	European Investment Bank
ERDF	European Regional Development Fund
ERDN	European Rural Development Network
ESF	European Social Fund
ETUDE	Enlarging Theoretical Understanding of Rural Development
EU	European Union
EUR	Euro
EURES	EUropean Employment Services
FAO	Food and Agriculture Organization
GDP	Gross Domestic Product
INE	Instituto Nacional de Estadística   <i>Spanish National Statistics Institute</i>
IRYDA	Instituto Nacional de Reforma y Desarrollo Agrario   <i>Spanish National Institute for Agricultural Reform and Development</i>
LAG	Local Action Group
LAP	Local Action Plan
LEADER	Liaisons entre activités de Développement de L'Economie Rural   <i>Links between actions for the development of the rural economy</i>
NUTS	Nomenclature of Units for Territorial Statis
OECD	Organisation for Economic Co-operation and Development
PRODER	Programa Operativo de Desarrollo y Diversificación Económica de Zonas Rurales   <i>Operative Programme of Development and Economic Diversification of the Rural Areas</i>
PTA	Peseta
REDEX	Red Extremeña de Desarrollo Rural   <i>Extremaduran Rural Development Network</i>
REDR	Red Española de Desarrollo Rural   <i>Spanish Rural Development Network</i>
SME	Small and Medium Enterprise

## 1. Introduction and Problem Formulation

Extremadura is a region located in the South-West of Spain. With a density of population of 26 inhabitants/Km<sup>2</sup>, the region is considered a rural area according to the definition given by the OECD.

Traditionally Extremadura has been a region with low levels of development in socio-economic terms in relation to Spanish and European standards. Due to the living conditions, the lack of jobs and the low rents generated by the agriculture, Extremadura experienced during the second half of the twentieth century a massive rural migration (rural flight) to Spanish industrialised regions, namely Madrid, Catalonia and the Basque country, and to industrialised central European countries, like Germany, Switzerland and France in lower proportion.

The European Rural Development policy was created in 2000 as a “second pillar” of the Common Agricultural Policy (CAP). The main objective is to act directly in rural areas for the strengthening of economic, social, environmental and cultural development of rural Europe besides the direct payments to farmers carried out under the framework of the CAP. Currently, the rural development policy is structured in seven-years programmes of rural development based on the regional or national level. However, the initiatives of rural development LEADER and PRODER have been implemented since 1991 introducing a new approach to development. These programmes were pioneers on the field of rural development in the European Union.

Spain is a member of the European Union since 1986. Since that year, European Rural Development policies have been applied in the region of Extremadura. Nowadays, the Extremaduran GDP *per capita* represents 63.8% of the EU average and the unemployment rate is 29%. 11% of the jobs in Extremadura belong to the agriculture sector, this is a higher rate than Spanish and European averages. And the problem of the rural flight is still present in the region, provoking the depopulation of rural areas which has a negative impact on the economic development and the environmental conservation of the region.

This paper will try to identify the reasons behind the low success of rural development strategies regarding the rural flight.

*Why after more than 20 years of European Rural Development policies in Extremadura the Rural flight has not been stopped?*

## 2. Methodology

In this chapter the methodology that will guide the research is described. According to van Manen, “a methodology refers to the philosophical framework and the fundamental assumptions of research” (Creswell and Clark 2006, 4).

In the first section, the methodological considerations is exposed, the worldview on which the study is based, followed by the research design and the analysis structure. The second section contains a description of the structure of the paper and the research strategy. The methods that are used in the research are described in the third section. And finally, in the fourth section the data sources are described.

### 2.1 Methodological Considerations

#### *Pragmatism*

The worldview proposed in this study is pragmatism. It is an open worldview that can have different interpretations, but generally is defined “as a worldview that arises out of actions, situations, and consequences rather than antecedent conditions (as in positivism)” (Creswell 2014, 10). The researcher focuses on the search of solutions to the problems using all available tools. The scope is on the findings and not on the methods, thus mixed methods research is the most appropriate research design in this worldview.

Peirce, Mead and Dewey are the main authors from whose work emerged this worldview. Other relevant authors within the field are Murphy, Patton, Rorty and Morgan (Creswell 2014, 10-11).

Pragmatic researchers try to identify consequences by the exposition of a broad knowledge of the situation. Social actions and own ideas have a place in the pragmatic research prior to the application of methods, theories, etc. The study itinerary and the followed methodology will be guided by the preferences of the researcher (Cherryholmes 1992, 13).

Pragmatism is linked to mixed methods research design that combine qualitative and quantitative data in order to find knowledge about the problem. Thus, the pragmatic worldview is not limited by any particular philosophy. Researchers can choose the methods and research strategies that better fit to the study object without taking into account pre-defined statements by a concrete worldview (Creswell 2014, 11).

The reality, according to a pragmatic worldview, is not uniform, it is rather complex, therefore it is necessary to use different research methods, different systems for data collection and analysis in order to collect as much information as possible of the problem, both qualitative and quantitative (Creswell 2014, 11).

For the purpose of this research pragmatic worldview has been chosen because this paper will try to approach the rural development from all possible perspectives in order to reach the best understanding of the situation. Regarding the matter of rural development and the case that will set the scope on the Spanish region of Extremadura, the data available is limited and at some extents to see the whole picture it will be necessary to use both quantitative data (statistics), but also

qualitative (academic research, normative). Assuming that the rural is a complex object of study that needs to be approached from multiple perspectives, different methods will be applied. Furthermore, rather than focusing on the precedents to the current situation, the actions that are carried out and its effects will be object of study. Peirce, James, Mead and Dewey are the main authors within this philosophical worldview (Creswell 2014, 11).

The philosophical view previously explained is reflected on the research through the research design that is the link between the worldview that inspires the paper and the concrete methods that are used (Creswell and Clark 2006, 4).

### *Mixed Methods Research*

Following the pragmatic philosophical approach, the chosen research model has been mixed methods research. According to Creswell, this kind of research design is at the same time methodology and method. This means that as methodology, mixed methods research leads the study through collecting and analysing data from qualitative and quantitative sources in the different stages of the study. As method, it sets the scope on the collection, the analysis and the merging process of data of different nature (qualitative and quantitative). Mixed methods research relies on a general assumption; the combination of qualitative and quantitative data generates a better understanding of the situation and it leads in a better way to find solutions to the problem that is object of the study (Creswell and Clark 2006, 5). The research initiates presenting quantitative data that provides a general vision of the situation and after, qualitative data is exposed in order to interpret this reality and provide a whole picture of the reality that can lead to a better knowledge. (Creswell 2014, 19).

This type of research design has received other names regarding the author, “such as integrating, synthesis, quantitative and qualitative methods, multimethod and missed methodology” (Creswell 2014, 217).

The origins of mixed methods design are in the 1960s and 1970s with authors like Campbell and Fiske (1959), Sieber (1973), Jick (1979), and Cook and Reichardt (1979) in a *formative period* in which the utilisation of combined different kind of data (quantitative and qualitative) was introduced as well as different processes of data combination, and the combination of different methods like interviews and surveys. The next period of development of this research methodology model is the *paradigm debate period* that took place during the 1980s and 1990s with authors like Rossman and Wilson (1985), Bryman (1988), Reichardt and Rallis (1994), and Greene and Caracelli (1997). In this period the debate between different traditions (*purists*, *situationalists* and *pragmatists*) in regards of the combination of different methods took place. During the late 1980s and 1990s, *procedural development period*, mixed methods research design experienced the period of biggest repercussion with authors like Greene, Caracelli and Graham (1989), Morse (1991), Creswell (1994) and Tashakkori and Teddlie (1998). Different typologies of mixed methods were introduced in this third period of evolution. The last period in which different positions were exposed and the methodology was introduced in other fields of study and expanded to other countries (this research design was born and developed in the United States) took place during the decade of 2000, with



authors like Tashakkori and Teddlie (2003) and Creswell (2003) (Creswell and Clark 2006, 14) (Creswell 2014, 217-218).

The main strength of mixed methods research is the possibility of using combined data of different nature avoiding the weaknesses that the use of quantitative or qualitative data independently may present and given the availability of both quantitative and qualitative data it allows the use of both. At the procedural level, among other strengths, the possibility of a better understanding in relation to the effectivity of development strategies through the collection of all kinds of data is especially relevant for the topic of this paper (Creswell 2014, 218).

The type of mixed methods research that will be used in this research is the embedded mixed methods. The embedded mixed methods consists in a collection of data of different nature under the framework of a general project that is being carried out. It is the case of researches that are developed on the fields of education or health with the purpose of studying the effectivity of a plan or project that is being implemented. Depending if the data is collected before and after or during the experiment, it will be sequentially or convergent. This paper will analyse the effectivity and effects of development initiatives in European rural areas and all available data, derived from tests and studies of these programmes, will be merged and analysed (Creswell 2014, 227-228).

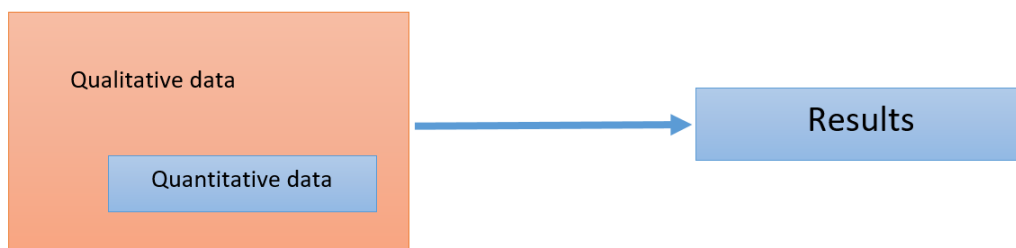


Figure 1 Embedded data (Adaptation from Creswell and Clark 2006, 7)

Finally, it must be remarked that mixed methods research requires to researchers an intensive work of data collection, being necessary to have knowledge about both qualitative and quantitative data, as well as the necessary analysis of both kinds of data.

### *Deductive Analysis*

The analysis will be done following a deductive structure. The deductive analysis begins with the selection of a theory that is perceived as suitable regarding the research problem, followed by the formulation of hypotheses. In the next step, data is collected (qualitative and quantitative in the case of this paper) in order to test the theory and its effectivity when applied to the research problem supporting the formulated hypotheses or not. Thus, the deductive approach goes from a general framework to the concrete problem. (Blackstone 2012, 2)



Figure 2 Deductive Research (Adaptation from Blackstone 2012, 2)

## 2.2 Case Study Research

The method that has been chosen to conduct this paper research is Case Study. This method is used in many areas of study, but mainly in evaluation, and consists on a comprehensive analysis of a programme, plan, event, procedure, persons etc. The cases are objects of study, part of a wider reality, that are delimited by the time and space (Ploeg and Broekhuizen 2008, 14).

In this paper, the research topic is the European rural development policies, a broad field of study, therefore the case focuses on a specific programme (programmes with LEADER methodology), a specific territory (the Spanish region of Extremadura) and a concrete period of time (from 1991 to 2013).

According to Yin, Case Study Research is recommended when the following conditions are present:

- The research problem is based on a *why* or *how* question
- The researcher does not have any influence in the development of the reality of study
- The research object is a current situation and not a historical event

The research in this paper meets these three conditions, a why question, an external study object (the rural development programmes implemented in Extremadura) and a “contemporary phenomenon” (these policies continue nowadays, that is why it is necessary to delimitate a time period of study) (Yin 2014, 2).

The case study design can follow to different typologies, single-case design or multiple-case design. Single-case design is recommended in researches that study a single analysis and under five different rationales, *critical, unusual, common, revelatory* or *longitudinal* cases. On the other hand, Multiple-case study is more appropriated in those researches covering more than one case, for instance an educational research evaluating a new learning system through five different schools (Yin 2014, 51-53).

This research will analyse the implementation of rural development policies in Extremadura during the mentioned period as a whole without making differences between areas or periods because the research topic responds to the longitudinal rationale. Longitudinal rationale is applied when the case consists on an evolution of a concrete policy and the research will observe the conditions that affect the implementation of the policy as well as its results over the time setting different periods of the process. This periods may be fixed from before, which is the case of the programmes of rural development that will be presented differentiating the different stages of the implementation. If the chosen theoretical approach works in the concrete case, these time periods will reflect the propositions of the theory (Yin 2014, 51-53).

A single-case study can present one or more elements or units of analysis. Thus, regarding the units of analysis, the single-case study will be holistic or embedded. A holistic is the best type when within the case study sub-units of analysis cannot be identified, when it is a homogeneous object. However, if the case presents different sub-units of analysis, the model will be embedded. An example of embedded single-case analysis is a hospital that is object of a research and the analysis will focus on the different departments in order to find general conclusions. In the case of this paper, the object

of study will be analysed as a whole, but taking into consideration the different periods of implementation and the two different programmes (LEADER and PRODER), although the practical differences between them are irrelevant since both followed the same methodology, were implemented during coincident periods and were complementary (Yin 2014, 54-56).

### 2.3 Data Collection

Under the framework of mixed methods research, the literature is presented in a coherent way consistently with the theoretical approach that is about to be applied. In case of studies that start with an exposition of quantitative data, it continues including qualitative data that can provide a rationale support to the research problem and hypotheses (Creswell 2014, 30).

Quantitative data is the one that can be measured by the use of statistical procedures (Creswell 2014, 4). Qualitative data analysis follows procedures that imply interpretations and cannot be measured empirically, relying on text and image description. (Creswell 2014, 183)

In this paper, the literature and data are presented in chapter 4 (Overview) starting with a description of the evolution of European rural development policies since the creation of the EEC in 1957, followed by information about the region of study and the implementation of the development programmes in Extremadura. All this process is described using qualitative data which is supported by quantitative data, both primary and secondary sources.

Primary sources are those containing first-hand information and original data about a reality. Legislation, historical documents, interviews, surveys, experiment reports or audio and video records are examples of primary sources (University of Victoria 2016). In this research three kinds of primary sources are used: normative documents (European, national Spanish and Extremaduran legislation), statistics (namely from the Spanish Institute of Statistics) and publications released by the European Union and other entities related to the rural development policies.

Secondary sources are those that interpret, analyse, discuss, criticise or modify primary sources. Academic articles in journals, news or books are examples of secondary sources. (University of Victoria 2016) For a more complete understanding of the policy evolution, the situation of Extremadura, and the implementation of the programmes, secondary sources have been used such as Nieto (2007), Fitzgerald (1997), Fischler (2016), Rodríguez (2011), Gurria (2009) or García (2014).

The last section of the overview, "4.4 Results", is an exposition of different academic work where the process of implementation of the rural development policies in Extremadura, as well as its characteristics and impacts, are analysed. The studies of authors like Nieto (2014), Nieto and Cárdenas (2015), Esparcia (2000) and Gurria (2009), contribute to the Overview chapter presenting a more detailed picture of the situation with conclusions, analyses and interpretations of the reality of the more than 20 years of implementation of rural development policies in Extremadura. Mixed methods research allows the researcher through the combination of qualitative and quantitative data to acquire a better knowledge about the object of study.

## 2.4 Research Strategy

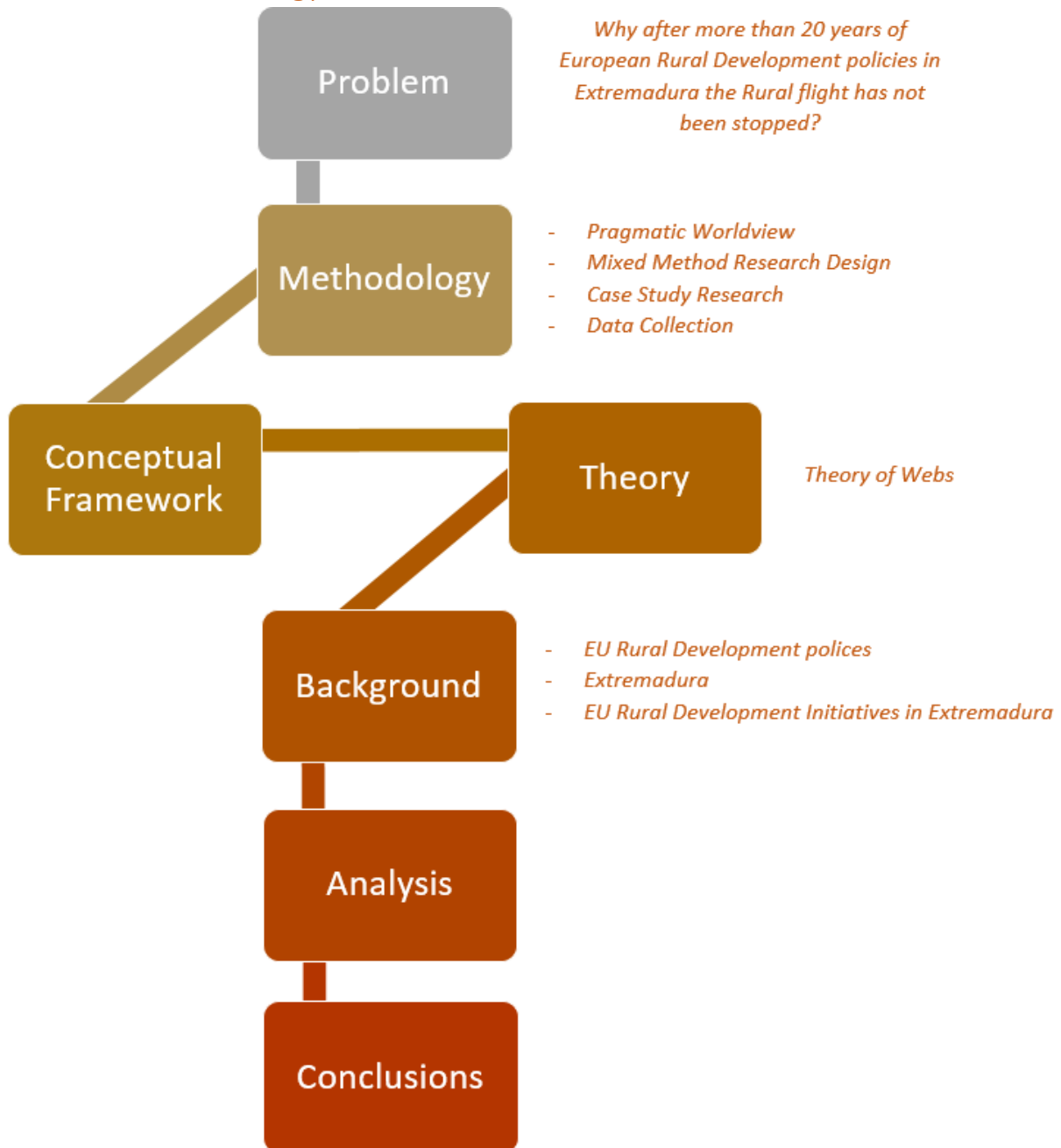


Figure 3 Research strategy

This paper starts with a brief introduction of the research topic, providing the reasons that have led the researcher to approach this matter. It starts with a short presentation of the Spanish region of Extremadura and the most relevant factors that condition its reality. A small reference to the European development policies and finally the problem statement connecting both elements, Extremadura and the rural development policies. This chapter pretends to create in the reader the necessary interest to going through the paper by the presentation of the key elements and the research question:

*Why after more than 20 years of European Rural Development policies in Extremadura the Rural flight has not been stopped?*

The second chapter presents the methodology that will be followed through the research with a first section of Methodological considerations (pragmatic worldview, mixed methods research and deductive analysis). Following this, the next section presents the case study research design and the motivations for choosing it. The section 2.3 describes the data collection data and the sources that have been used in the research work differentiating between Qualitative and Quantitative data.

In the third chapter the theories are exposed. In a first section, the conceptual framework is defined, these concepts will have a strong presence through the whole paper, such as rural area, rural development or rural flight. The theory that will be applied in the analysis is exposed in the second section, the theory of webs. The theory of webs is a new approach that links directly with the object of study because is a theoretical framework specifically developed for the field of European rural development polices. This theoretical approach is based on the theories of social networks and has developed a completely new way to analyse this object of study. Therefore, currently the literature development of this approach is limited and most of it is released by the authors that have designed the theory. Following, hypotheses will be formulated intending to give an answer to the research question basing on the theoretical principles. Furthermore, chapter 3 offers a section of criticism to the chosen theoretical approach (by applying general criticism to social networks theories to the specific approach) and a section presenting an alternative theory that could have been applied in the analysis, the theory of integrated rural development.

The fourth chapter, the Overview, contains in first place the evolution of the rural development polices in Europe since its origins until its current situation, followed by a section where the general characteristics of Extremadura, as well as the economic structure and the characterisation of the rural areas are exposed. The next section describes the implementation of LEADER and PRODER programmes in Extremadura during four different periods of action. Finally, the section "4.4 Results" presents an overview of the main researches that have been done previously on this topic and this region in order to have a better understanding of the situation.

In the Analytical chapter, the theory of webs will be tested through its application on the information that form the Overview chapter. The intention of the Analysis is to find evidences that can support or not the hypotheses that were formulated in the theoretical chapter trying to give an answer to the research question. As it is explained in the methodology this analysis will embed both qualitative and quantitative data.

In the Conclusion section, the main conclusions will be summed up providing an answer to the question that motivated this research work.

A small section with perspectivation will follow including possible use of the alternative theory proposed as well as presenting a line of investigation that can give a continuation to the present paper.

### 3. Theory

This chapter presents in the first section the conceptual framework. In the second section the theory that will be applied in the analysis to the research case, the theory of webs, is described, followed by formulation of hypotheses and criticism of the theory. Finally, an alternative theoretical approach, the theory of integrated rural development is presented. The theory of webs have been chosen over other theoretical approaches, such as the alternative presented here, due to its higher relation to the object of study reflecting all the aspects of the LEADER methodology.

#### 3.1 Conceptual Framework

##### 3.1.1 What is a rural area?

Rural area is a concept that has been defined in different directions attending to different parameters. The Organisation for Economic Cooperation and Development (OECD) identifies a rural area as “areas in which more than 50% of the population lives in rural communes. Rural communes are those with density of population below 150 inhabitants/km<sup>2</sup>” (European Parliamentary Research Service Blog 2012).

This definition provided by the OECD has only been used by some national and regional European Rural Development Programs during the period 2007-2013.

Some regions or members states have adopted a different definition due to various reasons such as the limitation of this definition to reflect the socio-geographical diversity of the European Union, the willingness for more precise differentiation between rural and urban areas, the adoption of former local definitions, or the intention to use an identification system oriented to policy priorities of the concrete development area. The result of this use of different parameters to identify a rural area, is that wider territories and more population are classified as rural (European Parliamentary Research Service Blog 2012).

In the case of Spain, the *Law of Sustainable Development of the Rural Areas* establishes the following definition of rural area. Rural area is the geographic area formed by the sum of localities with a population below 30,000 inhabitants and a density below 100 inhabitants/km<sup>2</sup>. According to this law, localities with a population below 5,000 inhabitants that are integrated in the rural environment are considered rural localities (Ley para el desarrollo del medio rural 2007, Art 3).

In 2000 the Government of Extremadura approved the concept of rural area of Extremadura as all the regional territory excepting the cities of Badajoz, Cáceres and Mérida (Consejería de Agricultura y Medio Ambiente 2001, Art. 2).

##### 3.1.2 Rural Development, Endogenous Development and Integrated Rural Development

The concept of Rural Development as well as other related concepts, must be explained for a proper understanding of the matter.

According to the Sector Policy Paper “Rural Development” released by the World Bank in 1975, rural development is the “process through which rural poverty is alleviated by sustained increases in the

productivity and incomes of low-income rural workers and households". With this definition, the World Bank emphasizes the relevance of raising incomes and outputs of local production instead of simply achieving a better distribution of the present resources among the population. However it adds that this must be an essential element of development strategies (World Bank 1975).

Another related concept is endogenous development, which addresses different theoretical researches that appeared in the decade of 1980. Endogenous development emphasizes the importance of the outcome of an economic system without the influence of external factors (Romer 1994, 3). Thus, this approach seeks to promote the internal capacities of a community in order to strengthen the society and its economy from inside to outside without external dependency with the purpose of making it sustainable in the time. According to Vázquez, endogenous development is an approach that encompasses a series of visions of development within the same theoretical and development policies scope based on the territory. There are different approaches of endogenous development that are compatible and complementary (Vázquez 2007, 206).

Integrated rural development is a methodological approach that seeks the inclusion of rural disadvantaged social groups into the dynamic of raising the living conditions. The scope for this objective is set on both economic and social intervention. This method proposes the assessment of the concrete situation on the factors listed below and the identification of weaknesses.

Factors to be assessed:

- a) Natural resources,
- b) Human resources,
- c) Social organisation,
- d) Economic structure,
- e) Technology,
- f) Institutional organisation,
- g) Services

It must be considered the interrelation between all these factors in order to elaborate a bundle of measures that designed according to the specific characteristics of a concrete area (Kuhnen 1977).

### 3.1.3 Rural flight

Rural flight, also called Rural Exodus, is a migratory model in which the inhabitants from rural areas migrate to urban areas. Generally, the forces that cause rural flight are voluntary and are based on better "job opportunities in cities, housing conditions, rural land tenure and inheritance patterns, rural social structure and cultural values, among other factors" (McCatty 2004, 9).

Nowadays, rural flight is a relevant phenomenon that implies the abandonment of rural areas as well as economic sectors linked to them, mainly farming. For the first time in history, in 2007 urban population exceeded rural population in the world. A FAO report from 2006 calculates that in the last half century, 800 million people have migrated from rural to urban areas (Bianco 2016).

In the European context, the main cause of rural flight was the industrial revolutions of the 19<sup>th</sup> century, mainly in England, and the second half of the 20<sup>th</sup> century in other western European

countries. This situation, coincided with an increment of the productivity in farms, which meant a decrease of necessary labour. In the last three decades of the 20<sup>th</sup> century, the weight of the agriculture in the economy of western European countries continued decreasing, falling from 10.28 to 3.31% on average for the initial six members of the European Economic Community (EEC) (Bianco 2016).

### 3.1.4 Globalisation vs. Localisation

When approaching the development policies it is important to distinguish between Globalisation and Localisation.

Globalisation is a concept that even though is relatively modern (it was first used in 1930 in the publication *Towards New Education*) (Kaurinkoski 2011, 125), has had several and sometimes contradictory definitions. However, for the purpose of this research it will be used the concept given by Viotti and Kauppi (2013), that defines globalisation as the progressive rise of the social, economic and cultural networks that go beyond states' borders and have relevant consequences on the political sphere. The advances in technology contribute to the development of this network of interactions. However, the effects of Globalisation are not homogenous to every society, country or social group (Viotti and Kauppi 2013, 4).

Due to the multiple side-effects that Globalisation presents, Localisation emerges in the USA as a new concept. The rise of economic globalisation produces that multinational companies take control of the market and due to its dimension beyond boundaries it is perceived by local society as a democratic deficit and damage to local economy. Citizens' movements during the decade of 1990 began to perform different actions against multinational companies in order to preserve local economy and to have political and economic influence in their communities (Pitchon 1997).

On the development policy field, Localisation is a new perspective that promotes a greater prominence of local agents in the management of the development programmes becoming them the protagonists of their own development process. Although it exists this dichotomy between global and local, recently it has been promoted the connection between local strategies through the use of new technology enhancing the globalisation of the localisation and therefore the exchange of best practices. (Nieto 2007, 25)

These principles will have a strong influence in the LEADER methodology.

### 3.2 Theory of Webs

The theoretical approach of webs is based on the Social Networks theories framework, which has its origins in the 1950s with the authors John Barnes and J. Clyde Mitchell. Barnes is the first who introduced this new concept in 1954 in the research *Class and Committees in a Norwegian Island Parish* (University of Twente 2016).

The rural development initiatives have been carried out without taking into account a pre-established theoretical approach. This is the idea that was exposed in 2000 by a group of authors of Social sciences in an article in the publication *Sociologia Ruralis*. In 2006, the OECD also expressed the necessity of having "a new research agenda in rural development" since the traditional



theoretical schemes were unable to approach the new realities on the field of rural development that was a growing policy at many levels, European, national, regional and local. Alongside, social sciences were experimenting a transformation with the introduction of new elements for the study of new situations (Ploeg and Broekhuizen 2008, 1). In the last decade of the XX century, an important shift took place on the field of sociology regarding the research of social performance. In previous decades social life had been studied through the use of static and generic structure models. However, a new approach was introduced; social life cannot be studied as a static reality from outside. This model taken from the natural sciences is not valid in social research, since “Social life is both *explanans* and *explanandum*”, in other words, to explain the performance of the social group the analysis must take place from inside and must take into account all the elements that are interrelated and interconnected between them and constantly evolving (Ploeg and Broekhuizen 2008, 16).

Furthermore, departing from the idea that a vital rural world is necessary for the existence of the agricultural activity and vice versa, as well as the current relevance of diversification of the rural economy for the revitalisation of rural regions in Europe, the European Commission in the document 6<sup>th</sup> Framework Programme promoted the analysis of the new realities within the rural development. The document sets the interdependences and interactions between the different elements that form the rural areas (agriculture, natural resources, society, economy, etc.) as the core element of this new theoretical framework (Ploeg and Broekhuizen 2008, 1).

This new theory developed by a group of authors, co-ordinated by Jan Douwe van der Ploeg from Wageningen University (The Netherlands), is the result of an extensive research carried out under the project ETUDE (Enlarging Theoretical Understanding of Rural Development) which developed a theoretical and methodological framework through the analysis of 62 cases of rural development initiatives in 62 European regions (Ploeg 2009).

The core concept of this approach is the *web*, which is defined as “the pattern of interrelations, interactions, exchanges and mutual externalities within rural societies” (Ploeg and Broekhuizen 2008, 2). These interdependences and interrelations take place in the rural area between the farming sector, the social and economic environment and the dynamics of rural development. Thus, the interactions of these actors form the web that shapes the dynamic that they follow. The authors present a hypotheses: the economic development of a rural area will be delimited by the evolution of the web.

In regards of this theory, a rural area is the space where man and nature meet, interact and shape each other through both traditional rural activities, such as farming and forestry, and new rural modes of economic diversification of the rural economies, such as rural tourism or agriculture related manufactures. This process of interaction is called “co-production”. Co-production has an impact on the natural environment (influence on ecosystems), but also influences in the way that social, economic and institutional life are developed at the local level. It can be stated that the nature and man follow a parallel path of evolution in the rural area (Ploeg and Broekhuizen 2008, 2-3).

Over the last decades, European rural areas have experienced an important transformation due to a shift in the co-production dynamics. Firstly, the agriculture has declined and the rural areas have become a place where other activities take place, such as tourism or other services. This has been called the shift of rural areas from being a “place of production” to a “place of consumption”. Secondly, the relation man-nature has changed, especially in the case of new modes of agricultural exploitation, which in some cases have resulted in the abandonment of the natural resources (for instance, landscapes are abandoned to set a stabled livestock) or even the damage, (case of agriculture under plastic or intensive fishery for example) (Ploeg and Broekhuizen 2008, 2-3).

Ploeg argues that rural development goes beyond the economic growth. Rural development consists in the reallocation of the rural world in a prevalent position, re-appreciating its essential value in the life of society. Rural development is the result of connecting the rural economy and rural resources, being these two concepts related to the co-production concept (Ploeg and Broekhuizen 2008, 3).

The reposition of the rural is necessary due to the historical trajectory that have led to the current situation. In the post-war Europe of mid XX century, the depression of rural areas and the rapid industrial development in the cities, provoked a large rural exodus with the consequence of the abandonment of the agriculture in many areas and therefore the connection man-nature. The consequence is the search for new links and types of interrelation man-nature in order to recover the rural areas, this is rural development (Ploeg and Broekhuizen 2008, 3).

Five ideal types of rural regions were identified during ETUDE research:

- Specialised agricultural areas: areas with a strong agriculture system, intensive and mechanised. The rest of activities in the local economy are not in connection with the agriculture.
- Peripheral areas: where agriculture was never a relevant economic sector or it is falling at the moment, with rural exodus and impoverishment as main consequences.
- New rural areas: where both farming and other sectors of a diversified economy develop at the same time as part of the same evolution. A relevant characteristic in new rural areas is the important presence of *multi-product* companies.
- Segmented areas: in this cases, agriculture is developing as well as other sectors of the rural economy but without interconnections. Instead of multi-product companies, there exist enterprises that offer services without connections between themselves.
- New suburbia: areas where farming activity is falling. There are appearing new dynamics of establishment of the population and economic activities, due to the influence of big urban agglomerations.
- Dreamland: this is an extra category characterised by unforeseen rises and falls conditioned by changing parameters. It is the case of luxury touristic zones where the popularity of the area changes unpredictably and fast.

(Ploeg and Broekhuizen 2008, 4-5)

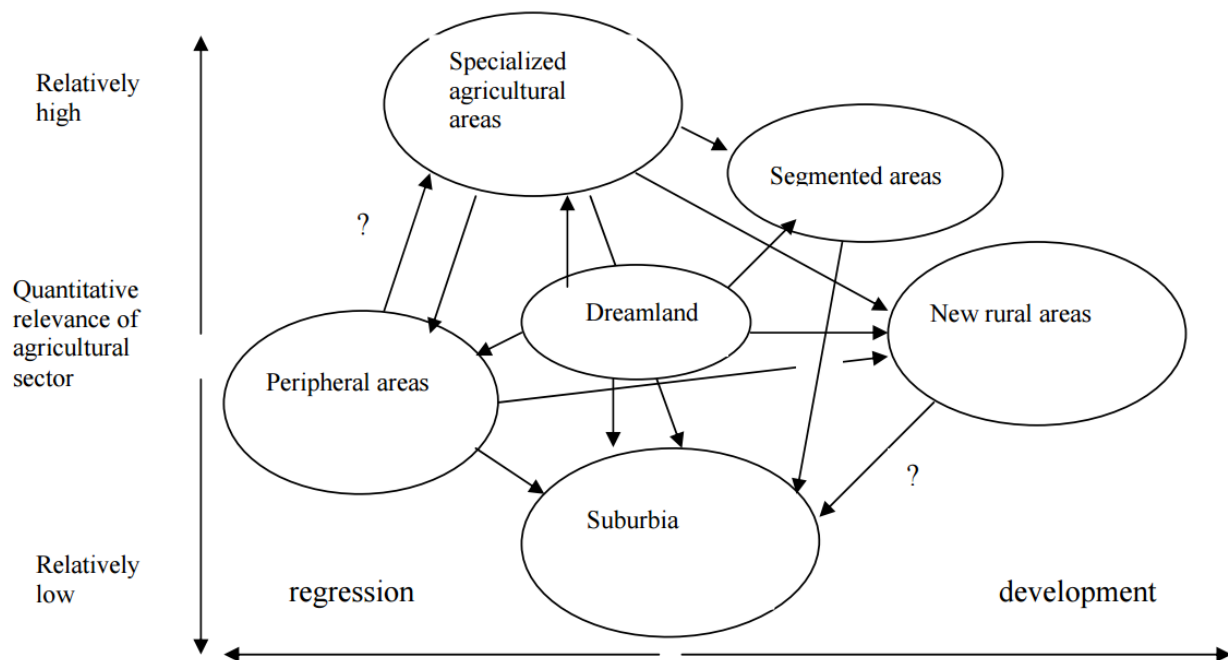


Figure 4 Typology of rural regions: dynamics (Ploeg and Broekhuizen 2008, 5)

The Figure above represents the dynamics that follow the types of rural regions listed before. According to this view, rural areas are in a constant evolution and reshaping due to the performance of the elements that form the web.

The web is the result of the interconnections between the elements that form the rural areas. When these interconnections increase, the density of it increases as well. Furthermore, this actors belong to different levels, regional and local, therefore the web is multilevel and the more interconnections between different levels the more widespread the web is. Depending on the concrete region, the web is different, it can be observed great differences in the composition and performance of different webs. Webs are not a static reality, they are rather in a constant evolution and the rises and falls of the rural area as a whole are determined by the performance of the web (Ploeg and Broekhuizen 2008, 6).

According to the theory of webs, rural development cannot exist if there is not a co-evolution of the web alongside. Therefore, policies and actions must be objective-oriented, the only ones able to influence the development of the web (Ploeg and Broekhuizen 2008, 6).

The web is composed by six different dimensions, which from a theoretical point of view can be identified, but from an empirical vision the separation of these dimensions is not possible due to the constant and multiple interdependences that are taking place between them. These categories of dimensions have been designed following the concrete characteristics of European rural areas.

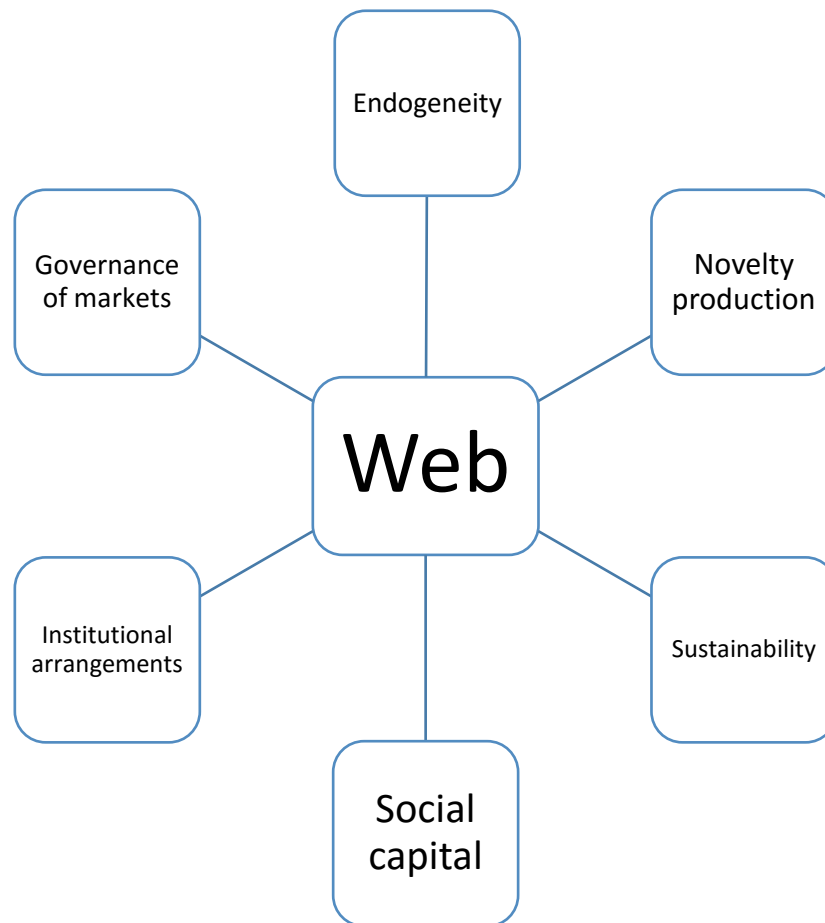


Figure 5 Theoretical dimensions of the web (Adaptation from Ploeg and Broekhuizen 2008, 7)

- Endogeneity: addresses the origin of the natural resources that are used in the relations of co-production. The degree of competitiveness of a rural area economy will depend of the degree of endogeneity.
- Novelty of production: ability of a rural area to introduce elements of innovation in the processes of co-production.
- Sustainability: addresses the capacity of restoration of resources and time survival of the model.
- Social capital: capacity to co-operate within the area in order to achieve common goals.
- Institutional arrangements: societal elements that set a framework within the co-production take place, establishing rules, limits, customs, etc. It can be identified at the local and regional institutions.
- Governance of markets: ability of the network to place in the markets and monetise the local products.

(Ploeg and Broekhuizen 2008, 7-9)

The web intends to become a useful element for the analysis of rural areas in order to identify and understand the success or failure of the rural development strategies. Thus, knowledge about best practices on rural development can be enlarged and there can be formulated hypotheses regarding the performance of each of the dimensions that form the web. The ETUDE programme by the

analysis of 62 study cases in different areas of Europe, had some conclusions regarding the performance and configuration of the web. In all the cases the six dimensions could be perceived, however, the great heterogeneity between webs makes that the presence of the dimensions can be completely different from one rural region to another. The only rural development strategies that succeed are those in which all the dimensions have an implication, being unsuccessful those plans or actions of rural development where the scope was singularly set on a concrete dimension. This analysis methodology has allowed as well to identify the reasons of failure in rural development strategies. (Ploeg and Broekhuizen 2008, 9-10)

The diversification of the rural economy in recent decades in Europe has followed two different paths, the first is the creation of new enterprises carrying out alternative activities to the traditional ones; agriculture, livestock, fishery and forestry. The second model of diversification has been the multifunctional enterprises, this is when farms diversify its activity by the introduction of new products and services. The second itinerary, has been proved to be more efficient due to savings in the cost of production as well as the rise in the productivity of the enterprise's capital. (Ploeg and Broekhuizen 2008, 18)

Another relevant concept to understand the performance of the web is the "capital", the different dimensions are in a higher or lower degree related to one or more kinds of capital, these are natural, social, economic and cultural. The sum of all kinds of capital form the territorial capital. (Ploeg and Broekhuizen 2008, 11)

Summing up, the theory of webs approaches the rural world through the concept of web, which is formed by all interrelations of co-production (man-nature) that take place in the rural region. After the application of this concept to the analysis of 62 cases in Europe, a theoretical framework has been developed. Six different dimensions have been identified as elements of the web, and five different ideal typologies of rural region have been described. This theory, links the rural development to the activity and development of the web, which must be approached as a sum of interrelated elements, that cannot be separated, and that can only be explained from inside due to particularities and constant evolution. The rural development is the result of the development of the web, therefore the application of rural development strategies goal-oriented that take into account the participation of all dimensions of the web as well as the concrete characteristics of this can lead to the repositioning of the rural within the wider society, the modification of the declining trends that the rural economies experience and finally the improvement of the quality of life.

### 3.2.1 Formulation of Hypotheses

According to the theory of webs and in connection with the research problem of this paper, hypotheses can be formulated.

Preliminary, the main conclusions extracted from the development of this theoretical approach, lead to answer the question "*Why after more than 20 years of European Rural Development policies in Extremadura the Rural flight has not been stopped?*" in the following ways:

- If the economic development of a rural area is delimited by the evolution, it might be that the failure factor in the Rural Development programmes implemented in Extremadura is the

performance of the web that is integrated by all interconnections between physical, societal and economic elements present in the region.

- Following the previous statement, the rural development is only produced if alongside there exists a development of the web. It might be that the rural web in Extremadura is not in evolution towards rural development.
- If only those rural development initiatives that imply all the six dimensions of the webs are successful, it might be that the lack of success of rural development actions in Extremadura is the lack of implications of every dimension forming the web.

In the analysis chapter, the theory will be tested and these hypotheses proved or rejected.

### 3.2.2 Criticism to the Theory of Webs

Although there cannot be identified specific criticism to the Theory of Webs, since it is a theory of recent creation, this theoretical approach is based on the theoretical field of social networks that has a longer academic development on the field of sociology. Therefore, the criticism of the theories of social networks, that approaches the social research by the study of networks of nodes, can be applied to the Theory of Webs.

The theories of social networks base the analysis on the study of the interrelations between nodes, however it does not take into account the space between the nodes, this is all the elements that are present in the reality of the network but do not take part of the interrelations (Mejias 2016). From the point of view of the rural development, this critic would mean that the Theory of Webs sets the scope of study on the interrelations between the elements that form the web, this is the elements of the rural region or community, however the study of external conditions, that are not a direct consequence of the interconnections that happen in the web, are ignored.

The reality is continuous, on the contrary the social networks are not. Although a network is very developed and ramified, there is always gaps between nodes, space that is not approached because it is not part of the network itself (Mejias 2016).

Vandenberghe argues that approaching the social life as a social network composed by nodes that are interrelated, has an effect of reduction of the complexity of human relations and dehumanises these interrelations observed as simply exchange relations, no matter which kind of capital is the object of this exchange (social, natural or economic). Thus, the reduction of social relation to an exchange scheme has as consequence that "the economy is no longer embedded in the society... society is embedded in the economy". (Vandenberghe 2002, 58) Following this idea, rural webs might fall in the mistake of not taking into account the particularities of human relations that go beyond the logics and rules of market exchange.

### 3.3 Alternative Theoretical Approach

The theory of integrated rural development was developed by Gusztáv Nemes (2005) from the Institute of Economics of the Hungarian Academic of Sciences.

This approach tries identify common failures or rural development initiatives and solutions in order to strengthen the efficiency. All elements intervening in the rural development process are taken

into account and two different levels of the rural development policies are identified: the *level of policies* and the *level local aspirations*. These typology reflects two models of rural development, the *central bureaucratic* (top-down) and the *local heuristic* (bottom-up) that should cooperate in the policy making and implementation, but that often results in impositions of the central bureaucratic through the development process. This lack of integration between the two models leads to the failure of the development initiatives (Nemes 2005).

“The tendency to disjunction between the two basic socio-political systems of rural development is the main reason for the failure of rural development policy” (Nemes 2005).

## 4. Overview

This chapter aims to provide a detailed description of the object of study. In the first section, EU Rural Development policies, the evidences of rural development as an objective of the EU will be explained, followed by the evolution of the rural development policies since 1975 with the creation of the European Regional Development Fund till the Rural Development Programme for the period 2007-2013. In the second section general information about Extremadura, the Spanish case study region, followed by a description of the economic structure and the characterisation of the rural areas of the region. Finally, the third section describes the implementation of rural development programmes with LEADER methodology during four different periods in Extremadura.

### 4.1 EU Rural Development Policies

Rural development has been an objective of the EU since the creation of the EEC, however it was not until 1975 when rural development was addressed specifically. This section presents the evolution of rural development as an objective of the EU policies.

#### 4.1.1 An EU Objective

Since the creation of the European Union, the development of the rural areas has been a priority for the European institutions. Although in 1957, when the Treaty of Rome was signed and therefore the EEC created, the concept of Rural Development did not even exist yet, the promotion of rural areas was already an objective, essential to reach a balanced economic development of the EEC.

In the Treaty of Rome the Common Agricultural Policy is created with the goal among others of “ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture” (EEC 1957, article 39.1.a). This is the origin of the Rural Development policies.

The interest of the funding member states of the EEC in promoting the development of rural areas is evident. However, in that time, rural areas are for the legislator mainly means of agricultural production, being the referred article the only reference to social aspects of the agricultural policies in the Treaty.

The CAP is the European policy for the promotion and support of the Agriculture. It was created in 1962 as a tool to assure the food supply to the European society after a decade of food-shortages after World War II.



## Historical development of the CAP (1962 →)

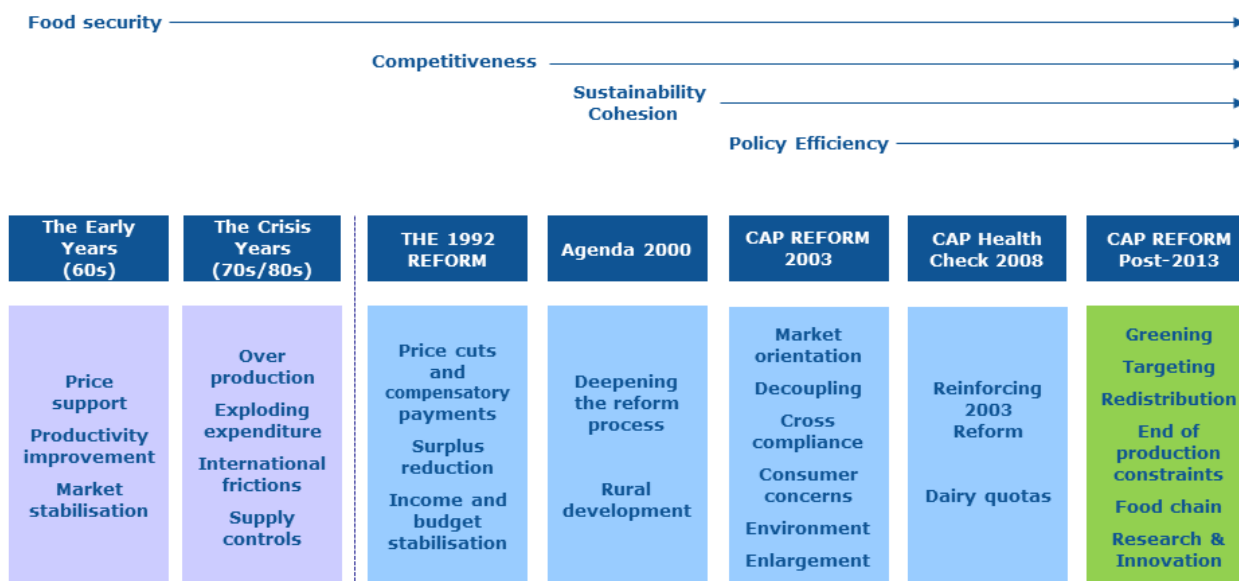


Figure 6 Evolution of the CAP (European Commission 2016 b)

Initially, the main goal was the food security, assuring food supply of the European population at reasonable prices with European products. Therefore, during the 1960s, the CAP relied on supporting prices with the purpose of improving the productivity, as well as stabilising the market. Sectoral market organisations were created for the regulation of the different agricultural products, such as oil, milk, different kinds of meat, etc (Niето 2007, 34).

During the 1970s and 1980s, some criticism emerged due to some negative consequences that arose during the initial period of the CAP. These are overproduction, high economic cost of the policy and international frictions caused by an autarchic system. The Mansholt Plan stated that the modernisation of farms was necessary in order to strengthen the competitiveness of the sector as well as the self-sufficiency of farmer (European Commission 2016).

The resources allocated to the agriculture did not have a relation with the social and economic development of the agricultural areas. These areas were still the least developed of the EEC with an increasing unemployment, rural flight, especially of best prepared young people, loss of services and environmental vulnerability (Niето 2007, 34).

Furthermore, the accession of new countries with a big agricultural sector and with social and economic characteristics different to those of the founder states (United Kingdom, Greece, Ireland, Portugal and Spain) made necessary a reform of the CAP. However, the Mansholt Plan was rejected (Niето 2007, 34).

Nevertheless, the necessity for reforms made possible the emergence of the Rural Development as a new concept that complements the agricultural development. In order to adjust the living

standards of rural areas to urban average, it was necessary to diversify the economy of these areas by promoting alternative economic activities such as tourism, services or industry (Nieto 2007, 34).

### 4.1.2 Evolution

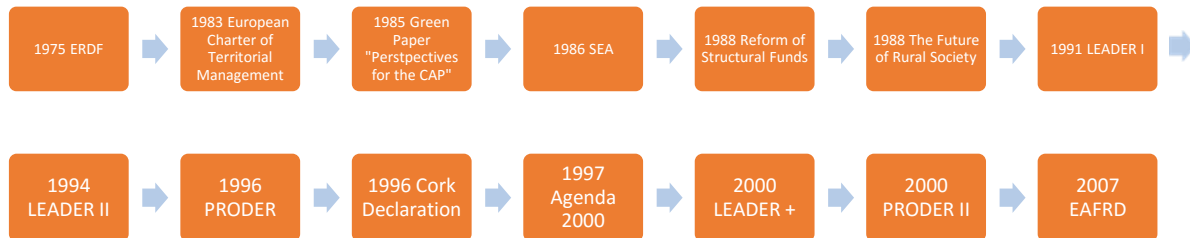


Figure 7 Milestones in the Evolution of the Rural Development policies

#### First steps

In 1975 it was created the European Regional Development Fund (ERDF) that serves as financial tool for the Rural Development initiatives among others. The general objective of the ERDF is to contribute to the socio economic cohesion and the regional unbalances (European Commission 2016 c).

In 1983 it was released by the European Council the European Charter of Territorial Management, which seeks through the territorial management, the balanced socio-economic development of the regions, the living standards improvement, the sustainable management of the natural resources and the environment protection as well as the rational use of the territory (Council of Europe 1983, 3).

In 1985, the Green Paper of the Commission “Perspectives for the Common Agricultural Policy” goes into detail about the new approaches of the CAP regarding the promotion of the diversification of rural economies (Commission of the European Communities 1985).

The Single European Act, signed in 1986, created the European Single Market and it sets as a priority goal the social and economic cohesion between the different territories of the Community through a harmonious development. The same article lists the Structural Funds as financial instruments of the European Investment Bank (EIB) for this policy area, these are the European Agricultural Guidance and Guarantee Fund – EAGGF and the European Social Fund – ESF, ERDF (European Economic Community 1986, Art. 130 A,B).

As it is referred before, the Iberian enlargement in 1986 brought to the EEC an increased number of regions with dissimilar characteristics on economic and social terms. Furthermore, the introduction of the Single Market meant a risk of deteriorating even more the situation of the least-favoured regions in the Community, due to the side-effects of the market liberalization. Thus, it was necessary a reform of the Structural Funds in order to strengthen their efficiency.

The reform, which was concluded in 1988, introduced a series of guidelines for the Regional Policy:

- a) Plans submitted by Member states linked to Funds' goals,
- b) Collaboration in the implementation of different institutional levels (State, region and municipalities),
- c) Possibility of combine with other policies of the Community,
- d) Focus on the least-favoured regions for resources allocation,
- e) Different instruments of the Community combined.

Another important change is the transition from supporting individual projects to the necessity of elaboration of programmes of regional development by the National authorities according to the objectives of the different funds. The programmes should be in line with general principles of environmental protection and competition policies at State and EEC level. The budget, in general for the Structural Funds and for the least-prosperous regions in particular, was doubled with the purpose of allocating up to 80% of the ERDF budget to Objective 1 regions. In this regard, the reform created a classification of objectives to the Structural Funds as listed below:

- Objective 1: development of least-favoured regions (ERDF, ESF, EAGGF)
- Objective 2: industrial conversion (ERDF, ESF)
- Objective 3: long-term unemployment reduction (ESF)
- Objective 4: promotion of youth employment (ESF)
- Objective 5 (a): modification of agricultural structures (EAGGF)
- Objective 5 (b): Rural areas development (EAGGF, ERDF, ESF)

Objectives 1, 5 (a) and 5 (b) are more specially related to rural development, but strictly 5 (a) is only focused to the agricultural activity and not to other elements of rural development. In case of objective 1, the eligibility criteria requires regions with GDP *per capita* below 75% of EEC average and special cases. For being eligible for Objective 5 (b) actions, the region must present a high share of agricultural unemployment, low agricultural rents, low levels of social and economic development as well as other factors such as loss of population (Fitzgerald 1997, 18-20).

In 1988, a communication of the Commission, "The Future of Rural Society" expresses clearly the shift from an agricultural economic policy oriented to another based on the diversification of the economy of rural areas as a principle for the Rural Development. In this context, the Commission classifies the rural areas according to three different characteristics:

- Rural regions under pressure of rising urban areas
- Declining rural areas
- Specially marginalised areas

In order to face these three problems, the Commission presents different specific measures but a common methodology. All actions in rural areas must be developed from a local perspective and must be based on the diversification of the rural economy. These are the main principles of the programmes LEADER and PRODER (Commission of the European Communities 1988, 5-8).

### LEADER I

The result of the evolution described previously, is the creation of a Programme as the main initiative for the Rural Development. The programme is called LEADER (*Liaisons entre activités de Développement de L'Economie Rural*, which in English means Links between actions for the development of the rural economy). The first phase of this programme was conceived as a pilot experience and 217 European rural areas took part. (Red Española de Desarrollo Rural 2016)

The LEADER I initiative is launched by the Commission of the European Communities in 1991 through the *Notice to Member States 91/C 73/14* for the period 1991-1994 basing on Article 11 of the previously approved *Council Regulation (EEC) No 4253/88 of 19 December 1988, laying down provisions for implementing Regulation (EEC) No 2052/88 as regards coordination of the activities of the different Structural Funds between themselves and with the operations of the European Investment Bank and the other existing financial instruments*. LEADER I is designed as a programme of assistance in form of integrated global subsidies for the recovery of the social and economic balance in European rural areas. According to the Communication, the methodology has an endogenous and local approach where the two main elements are the Local Action Groups (LAG) and the Local Action Plans (LAP) submitted by them (Commission of the European Communities 1991, Art. 2-3).

The LAG's are appointed by the Member State and are formed by local economic and social agents who must have an active participation in the activity of the groups. The group has a number of permanent staff responsible for the implementation of the LAP. Selected groups must have local character and represent a rural area with a population between 5 000 and 100 000 inhabitants within a territory smaller than the NUTS III<sup>1</sup> (Commission of the European Communities 1991, Art. 11).

The activities that can be recipients of subsidies in the framework of LEADER I are

- Technical Assistance for the Rural Development,
- Vocational training and promotion of the employment,
- Rural Tourism,
- Small enterprises, craftwork and local services;
- Manufacturing and commercialisation of agricultural, forestry and fishery production
- Up to 10% of the budget for other activities proposed by LAG's to promote Rural Development.

(Commission of the European Communities 1991, Art. 13)

All regions objective 1 and 5 (b) are eligible to participate in the Initiative (Commission of the European Communities 1991, Art. 11).

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<sup>1</sup> Nomenclature of Units for Territorial Statistics (NUTS) is a system for the geographical subdivisions in the European Union Member States for statistical purposes. The subdivision NUTS III is instrumental in the Structural Funds of the European Union.

The budget for the first phase of the Programme was EUR 417 million. The financing sources for LEADER I were ERDF, ESF and EAGGF-Guidance (Fischler 2016, I.14).

The European Regional Development Fund (ERDF) finances infrastructures, productive investments for promotion of employment, local development projects and assistance to SME's.

The European Social Fund focuses on the financing of actions to promote employment of unemployed people and disadvantaged social groups through the implementation of vocational training among other actions.

The EAGGF-Orientation promotes the economic diversification of the agricultural sector, modernization of agricultural structures and environmental preservation (Nieto 2007, 38).

The main principles of the programme are the prevalence of LAG's as core-elements of LEADER I, the implementation of LAP's for a specific rural area, Multi-sectoral approach based on the diversification of rural economy with the global goal of strengthening rural development, co-financing of the actions by the Commission, the Member State and/or the regional authorities and networking between recipient rural areas across Europe (Fischler 2016, I.15).

Regarding the criticism about LEADER I initiatives, the main weaknesses were the poor implication of the public Administration in some cases and the lack of connections between LEADER and other rural development initiatives in a global strategy (Fischler 2016, I.18).

### *Cork Declaration*

In 1996, the Rural development conference "Rural Europe – Future perspectives", held in Cork (Ireland) issued a declaration that sets the main principles of the Rural Development policies. The Cork Declaration is structured in 10 points as following:

- 1- Rural Preference
- 2- Integrated Approach
- 3- Diversification
- 4- Sustainability
- 5- Subsidiarity
- 6- Simplification
- 7- Programming
- 8- Finance
- 9- Management
- 10- Evaluation and Research

(Rural Development Conference "Rural Europe - Future Perspectives" 1997)

The most relevant aspects that the Declaration highlights is the settlement of Sustainable Rural Development as a priority objective for European policies, territorial dimension of rural development policies implemented in a multi-sectoral mode through the diversification of the economy, emphasis on the sustainable character of all actions carried out in the framework of rural development policies, methodology based on the principle of subsidiarity that consists in a

decentralised planning and implementation of the programmes with collaboration of all administrative level and a clear protagonist role of the rural communities (bottom-up), simplification of the legislation, programmes of rural development for each region as structure of the policy implementation, promotion of the use of local financial resources as complement, management of the actions from a local or regional level and evaluation of programmes and research based on results to improve techniques and procedures (Rural Development Conference "Rural Europe - Future Perspectives" 1997).

### *LEADER II*

In 1994, the European Commission released the Notice to Member States 94/C180/12, which established the guidelines for LEADER II for the period 1994-1999. LEADER II maintained the same principles and objectives of LEADER I in general. However, for the new period it was intended to strengthen the aspects related to innovation as well as networking.

LEADER II aimed to promote the innovative character of the Actions carried out in any field of the economy of the rural areas. In order to stimulate the spread of the knowledge generated in the successful experiences, the document proposed the creation of a European Rural Development Network (Commission of the European Communities 1994, Art. 6-7).

The allocated budget for this period was EUR 1,755 million and more than 1,000 rural areas benefited from the program (Fischler 2016, I.14).

The main limitations of the LEADER II initiative were the bureaucratic difficulties and the excessive dissemination of resources in some States, as well as poor networking between LAGs (Fischler 2016, I.18). According to the Commission, the result were in some cases not very effective plans due to some weaknesses, such as the delay in the selection of participant LAGs and therefore the implementation of the LAGs, establishment of not consistent LAGs, excessive administrative procedures and excessive dissemination of the financial resources (European Commission 2000, Art. 5).

### *PRODER I*

In 1996, it was passed by the European Commission the Decision C (96) 1.454 of June 18<sup>th</sup> that meant the creation of a complementary program to LEADER II at the national level in Spain for the period 1995 - 1999. PRODER, the Operative Programme of Development and Economic Diversification of the Rural Areas in Objective 1 Regions, is a development initiative with mostly the same objectives as LEADER II; the promotion of endogenous and sustainable development of rural areas through the economic diversification in order to fight the rural flight improving the living conditions of the local population and the environmental conservation.

The reason of PRODER is the big demand of participation in LEADER II by several rural areas throughout Spain after the successful experience of LEADER I. Thus, those rural bodies that were excluded in LEADER II could have an alternative programme with PRODER. The main differences between LEADER II and PRODER were the more relevant role of the Regional administration on the monitoring activities and the finances sources, which in PRODER were EAGGF-Guidance and ERDF, as well as State and Regional administrations and private initiative.

PRODER was an initiative of the Ministry of Agriculture, Fisheries and Food, that during the 1990s experienced a process of transferring competences both to the EU and to the Autonomous Regions. Therefore, according to Esparcia, the Ministry entered a process of search of a new role and status of the institution. The creation of PRODER following the LEADER methodology was one of the actions carried out by the Ministry in order to revitalise its role on the field of Rural Development. It meant as well an answer to the big demand generated by LEADER II. 240 applications were submitted to the Ministry of Agriculture to participate in PRODER and finally, 132 LAGs were approved (Esparcia 2000, 202).

The activities for the rural development that could be co-financed by PRODER are:

- Appreciation of the local heritage
- Promotion of tourism
- Support to SME's and craftwork and services activities
- Appreciation of the productive potential of agriculture and forestry
- Vocational training activities

The total budget of PRODER was PTA 84,823 million (~EUR 510 million) and a total of 96 LAGs took part affecting 1,764 Spanish municipalities (21, 8%) (Red Española de Desarrollo Rural 2016 b).

### *Agenda 2000*

The Agenda 2000 was planned at the Madrid European Council in 1995. In this Summit, the Heads of State and Government requested to the Commission the elaboration of a paper to assess a future enlargement as well as a study of the financial system of the European Union and a strategy for the future on this field taking into account the future Eastern enlargement.

The result was the Communication (97) 2000 of 16<sup>th</sup> July 1997 "Agenda 2000: For a stronger and wider Union". The paper analyses the upcoming development of the Union and policies, as well as the structural reforms necessary for the enlargement and opinion on the accession of the ten applicant states from Eastern and Central Europe. Furthermore the Agenda 2000 determined the financial strategy for the period 2000-2006 (Commission of the European Communities 1997, 4).

The Agenda 2000 introduces the Rural Development as a new specific action of the European Union as the second pillar of the CAP, differentiated to the first strictly agricultural based on the regulation of agricultural production through the Common Market Organisations (CMO). As part of the Agenda 2000, the financing sources of the rural development policies are restructured for the new period in the Regulation (EC) 1260/1999 of the Council 21 June. This Regulation created a new classification for the regions of the Union regarding the levels of development:

- Objective 1: regions with a GDP *per capita* below the 75% of the EU average. Promotion of the development of less-favoured areas of the European Union through the investment on infrastructures (transport, telecommunications, education and health) as well as the diversification of the economy in other fields. The 70% of the funds was allocated for these regions, which represented the 22% of the population of the EU.

- Objective 2: regions facing an economic or social restructuration (industry, services, decline rural areas, regions dependant of the fishery in reconversion, problematic urban areas, etc.). Promotion of the development of economic alternatives to the declining traditional activities. These regions represented the 18% of the European population. The 11.5% of the funds is budgeted for this Objective.
  - Objective 3: regions not included in Objective 1. All activities for the promotion of human resources (vocational training programmes, promotion of the employment, social economy, etc.) in regions not included in Objective 1. The 12.3 % of the budget was allocated for this Objective.
- (Council of the European Union 1999, Art. 3-5, 7)

### LEADER+

LEADER+ is the Rural Development programme for the period 2000-2006 and it is regulated by the *Commission Notice to the Member States of 14 April 2000 C 139/05*. As in previous periods, the main objective is the promotion of innovative initiatives with new sustainable and endogenous development approaches that can be tested as pilot experiences and can contribute to the rural development of the European Union. LEADER+ emphasised the innovative and experimental character that should have the submitted LAPs.

LEADER+ sought to promote the “long-term potential” of the participating rural areas, through original initiatives in line with the three following goals:

- Appreciation the natural and cultural heritage
- Strengthening the local economy in order to enhance job creation
- Improvement of local organisational skills

As in LEADER II, LEADER+ promoted the creation of networks between the different LAG across Europe, at regional, national and European level. The reason of this, is the cooperation between local development agents for the spread of successful experiences and best practices (European Commission 2000, Art. 8).

The eligibility criteria of the areas for the application of LEADER+ was different than in LEADER I and II. In this case all rural areas were eligible, but only a limited number of initiatives would be chosen in order to give proper financing to the best proposals. Each territory, at the regional or national level could restrict the programme to certain rural areas (European Commission 2000, art. 9-10).

The main financing source of the Programme was EAGGF-Guidance, as well as the national, regional, local administrations and the private initiative in some cases. The contribution of EAGGF-Guidance for the period was budgeted at EUR 2,020 million (Red Española de Desarrollo Rural 2016 c).

LEADER+ is structured in three categories of action:

- Action 1. Pilot strategies for the integrated rural development based on the rural area
- Action 2. Cooperation between the rural areas
- Action 3. Networking



The Action 1 is the most relevant regarding the share of 86.75% of the funds allocated for it. It consists on the classical LEADER approach, the LAPs implemented by the LAGs. The LAGs must be integrated at least at 50% by social partners and associations (European Commission 2016 d). 893 LAGs from all across EU 15 took part of the Initiative covering areas with a sum of 52 million inhabitants. Furthermore, more than 300 transnational and approximately 900 inter-territorial cooperation projects were launched linking LAGs from different regions or Member States (European Commission 2008, 16).

### *PRODER II*

The Initiative PRODER was relaunched for the new period of action 2000-2006 in Spain.

The objectives of PRODER II are the endogenous and sustainable development of the rural areas and the strengthening and diversification of their economy, as well as fighting the rural exodus and the conservation of the environment and natural resources.

The methodology followed in PRODER II is similar to the one in LEADER being the LAGs the main recipients of the funds. The LAGs should select projects to be co-financed by PRODER II in the rural area. The actions to be promoted in the framework of this programme are based on the Article 33 (*"Promoting the adaptation and development of rural areas"*) of the *Council Regulation (EC) 1257/1999 of 17<sup>th</sup> May on support for rural development from the EARDF and amending and repealing certain regulations*:

- "land improvement,
- re-parcelling,
- setting-up of farm relief and farm management services,
- marketing of quality agricultural products,
- basic services for the rural economy and population,
- renovation and development of villages and protection and conservation of the rural heritage,
- diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes,
- agricultural water resources management,
- development and improvement of infrastructure connected with the development of agriculture,
- encouragement for tourist and craft activities,
- protection of the environment in connection with agriculture, forestry and landscape conservation as well as with the improvement of animal welfare,
- restoring agricultural production potential damaged by natural disasters and introducing appropriate prevention instruments,
- financial engineering."

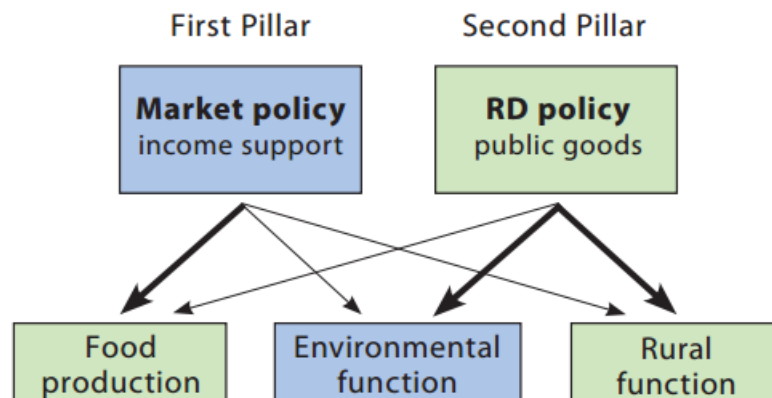
(Council of the European Union 1999, Art. 33)

162 rural areas benefited from PRODER II. The financing sources were the European Structural Funds as well as public and private contributions at the national, regional and local level. In the case of the European Funds, the areas in Objective 1 regions were financed from EAGGF-Guidance and those out of Objective 1 regions received resources from EAGGF-Guarantee. Furthermore there is a small participation of ERDF (Red Española de Desarrollo Rural 2016 d).

Dislike LEADER+, the initiatives carried out in the framework of PRODER II do not need to be innovative and potentially able to be implemented in other territories. The LAGs do not need to base their strategies on pilot experiences. Finally, the areas participating in LEADER+ are not eligible in PRODER II excepting those in the Autonomous Regions of Madrid and Andalusia (Red Española de Desarrollo Rural 2016 d).

### *CAP Reform 2003*

Following the establishment of the Rural Development as the second pillar of the CAP, the reform carried out in 2003 emphasised the complementarity of the two pillars through the mechanisms of “decoupling, “cross-compliance” and “modulation” that meant the mobility of funds between the two pillars. With the reform of 2003, the second pillar intervenes in the agriculture due to its environmental and rural component as well as the development of the rural areas. New goals are introduced in the field of Rural Development, such as promotion of animal welfare and technical assistance to farmers to meet European requirements. Furthermore, the rural development budget is increased at the expense of a reduction in the direct payments to big agricultural enterprises (European Commission 2008, 6).



*Figure 8 New structure of the CAP after 2003 reform (European Commission 2008, 6)*

The financing sources of the new CAP were a different fund for each pillar. For Pillar 1 it was created the European Agricultural Fund for Guarantee (EAFG) and for Pillar 2, the European Agricultural Fund for Rural Development (EAFRD) (European Commission 2004).

### *LEADER Axis in 2007-2013*

Following the reform previously described, the Agricultural Council adopted the *Regulation 1698/2005 of 20<sup>th</sup> September on support for rural development by the EAFRD*.

This regulation sets the basis of the new Rural Development policy. The new rural development policy keeps some elements from previous periods and introduces some innovations. In the first case, the EU Development Policy continues offering to the countries different measures among which they can choose for their rural development strategies. The main modification is a stronger promotion of the strategic approach of the rural development plans and the sustainable development (European Commission 2008, 8).

For the period 2007-2013, the policy is structured in three main objectives:

- “Improvement of the competitiveness of agriculture and forestry
  - Improvement of environment and the countryside by supporting land management
  - Improvement of the quality of life in rural areas and diversification of the economy.”
- (Council of the European Union 2005, Art. 4)

Each one of these objectives constitutes a thematic axis, plus a methodological axis, LEADER axis. Each axis must have a minimum share of the budget to ensure its operability. Member states can choose among a number of pre-defined actions from each axis regarding their needs or strategy. Thus, the countries have flexibility to adapt the rural development plans implemented in their territory to their specific particularities, finding a balance between the sectoral (promotion of agriculture) and the territorial components (land management and social and economic actions on rural areas) of the policy (European Commission 2008, 8).

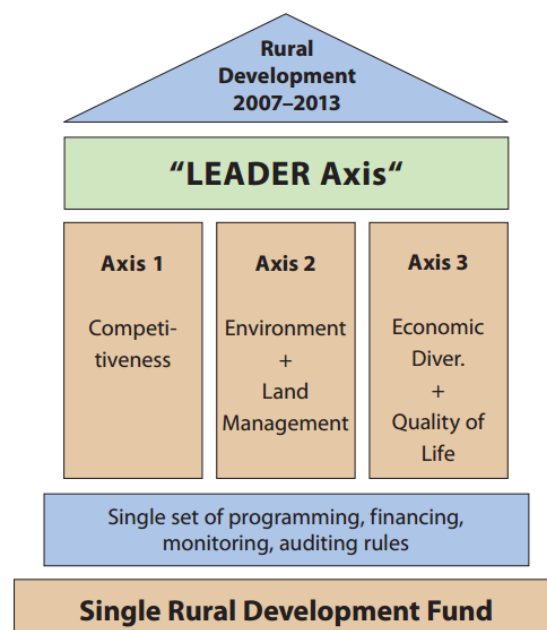


Figure 9 Structure of the Rural Development Policy after 2005 (European Commission 2008, 8)

In its fourth generation, LEADER methodology is mandatory in the rural development programmes of each European region. The new development programmes should include a LEADER axis in order to enhance the financing of the following actions:

- Development of LAPs by LAGs designed regarding the measures categorised in the three thematic axes
- Transnational and inter-territorial cooperation projects managed by different LAGs
- Functioning cost of LAGs and technical assistance for the elaboration of LAPs in order to achieve the stimulation of the area  
(European Commission 2008, 16)

With the Decision of 12 September 2006, the Commission allocated the total budget for the period 2007-2013 for Rural Development at EUR 90,983 million. This amount includes the “modulation”, that consists on the mandatory transfer from the pillar 1 (direct payment to farmers) to pillar 2. Furthermore, the States have the possibility to transfer bigger amounts from pillar 1 to 2 up to 20%. For the whole period the allocated budget for Spain was EUR 7,214 million.

Summing up, the rural development has evolved in the policy framework of the EU from being slightly referred in the Treaty of Rome in 1957 to becoming an important policy. The evolution of the policy made possible the creation of LEADER initiative in 1991 after some decades when the necessity of having rural development initiatives that could go beyond the agricultural sector was expressed in different forums. The Cork Declaration settled the principles that were about to inspire the LEADER methodology till nowadays, principles like sustainable development, bottom-up or integrated approach became key characteristics of the following rural development initiatives. The satisfactory effects of LEADER and the demand among rural European regions provoked the launch of LEADER II, which in Spain was complemented by PRODER I, following a similar design to LEADER but giving more importance to the innovative character of the initiatives and better financially endowed. The two initiatives were prolonged for the period 2000-2006 with LEADER+ and PRODER II. With the reform of the CAP in 2003, which had been promoted in the Agenda 2000, the rural development became part of the CAP as the “second pillar” and with an own financing fund (EAFRD). Thus, the Rural Development Policy promoted to the same level as the Agriculture. Finally in the period 2007-2013, the rural development system was reformed after the creation of the EAFRD with the division of the working areas in three different axis, plus a methodological axis, LEADER axis.

## 4.2 Extremadura

This sections presents the region case of study from a general point of view, including geographical and historical characteristics, followed by a description of the economic structure and finally a characterisation of rural areas.

### 4.2.1 General Information



Figure 10 Maps of Extremadura (Gobierno de Extremadura 2014 and 2010)

Extremadura is a Spanish region located in the Southwest of the Iberian Peninsula, bordering with Portugal to the West, and the Spanish regions of Castile-Leon to the North, Castile-la Mancha to the East and Andalusia to the South. The surface of the Region 41,634 km<sup>2</sup> and has a population of 1,104,499 inhabitants (INE 2011).

Extremadura is divided in two provinces, Cáceres and Badajoz, with a population of 691,799 and 412,701 inhabitants respectively (INE 2011).

The regional capital is the city of Mérida (Badajoz) with about 58,971 inhabitants. However the main two urban areas of the Region are the provincial capital, Badajoz and Cáceres. Badajoz with about 150,000 inhabitants is the biggest city of Extremadura and is located in the border with Portugal. Cáceres is the second urban area with a population of 95,617 inhabitants. Other urban areas in the Region are Plasencia in the North, the conurbation Don Benito-Villanueva de la Serena in the East and Almendralejo in the South (Llistosella 2003, 5867).

During the XX century, the Spanish Civil War (1936-1939) and the subsequent Franco's Dictatorship (until 1975) had negative effects on the situation of the Region. A significant event during this period was the enormous emigration provoked by the economic depression. During the 1960s and 1970s, Extremadura lost 50% of its population, which migrated to more industrialised areas of the country such as the Basque Country, Catalonia and Madrid; but also to industrialised European countries, such as Germany, Switzerland and France. It is estimated that more than 800,000 people left the region seeking better job opportunities and a better quality of life (Nieto 2007, 12).

After the end of the dictatorship, Extremadura was configured as one of the autonomous territorial divisions planned in the Spanish Constitution of 1978. In 1983, the Statute of Autonomy of Extremadura was approved. The executive power of the Region is held by the Government or *Junta* of Extremadura and the legislative by the Assembly of Extremadura. The region has wide legislative and executive competences on several policy fields, such as agriculture, rural development and health systems among many others (Assembly of Extremadura 2011, Art. 9, 15).

The geography of the territory is diverse, from the Central Meseta in the North that erodes gradually to the South where the flatlands predominate. The climate is Mediterranean-Continental but with some oceanic characteristics due to the lower altitude than the centre of the Peninsula and the lack of mountain barriers to the West. Two important rivers cross the Region, Tagus in the province of Cáceres and Guadiana in Badajoz. The main mountain chains are in the north the Central System, the Central Extremaduran Sierras in the centre, and Sierra Morena in the South (Llistosella 2003, 5868).

The valley of Guadiana in the north of the province of Badajoz is one of the most productive agricultural areas on the field of intensive fruit and vegetable growing due to an irrigation system developed in the 1950s and 1960s. This initiative was part of the *Plan Badajoz*, which included as well the restructure of the land ownership and the creation of several villages for the farmers that colonised the area previously sparsely populated. Apart of this area, the region is covered predominantly by *dehesa* (Rodríguez 2011).

The *dehesa* is a typology of landscape that is the consequence of human activity for centuries, it combines forestry, agriculture and grazing in a sustainable mode functioning as an “extensive and integrated agrosilvopastoral system”. This type of landscape is present in Extremadura as well as other areas of the Iberian Peninsula nearby, mainly the Spanish provinces of Salamanca and Huelva, and Alentejo and Algarve in Portugal. (Paleo 2010 , 149)

Extremadura is one of the European regions with the less damaged environment of the continent. The biodiversity of the region is very important, being the home for several species in danger of going extinct in other territories. Due to the relevance of its natural heritage, a third part of the regional area is under some degree of protection. There are different categories of natural areas such as the National Park of Monfragüe, the Natural Parks of Cornalvo and International Tagus or the *Red natura 2000* that includes an area of about 1,276,288 hectares (Senderos de Extremadura 2014).

## 4.2.2 Economy

### *Primary Sector*

In the last decades, the agriculture in Extremadura has suffered important transformations, due to the rural exodus in the 1960s and 1970s, the Spanish accession to the European Union in 1986 and the modernisation of the agricultural exploitations increasing the productivity as well as the incomes of farmers. The 11% of the active population works in the primary sector (the Spanish average is 5%) that generates the 6,43% of the regional GDP (EURES 2016).

Currently the economy of the rural areas is more diversified including agricultural industry and services. This phenomenon has been called the urbanisation of the rural areas (Valiente 2016, 1).

In the north, both irrigated and non-irrigated farming are present, while in the province of Badajoz there are important areas of irrigated farming due to the construction of several reservoirs in the basin of the river Guadiana. The forestry is mainly predominant in the north bordering with Salamanca and in the South the vineyards are relevant. Besides that, the production is based on the “Mediterranean Trilogy” (olive grove, vineyard and wheat). The production of olives is important especially in the South-East and the cereals are cultivated in the *dehesa* areas (Llistosella 2003, 5868).

The livestock has been traditionally extensive and in recent years the presence of industrial intensive livestock has become more important. In the last decades, the introduction of new techniques, such as a better veterinary coverage of the herd and the selection of fodder has caused an important raise of the production. The livestock activity is based on the following sectors: bovine (mainly for meat production), porcine (Iberian pork must be highlighted), ovine (meat production and lately oriented as well to milk production for manufacturing of traditional milk products at an industrial level), goats (in mountainous areas) and poultry (raising activity in recent years) (Llistosella 2003, 5868).

Finally, less relevant activities within the primary sector must be highlighted, for instance apiculture, fishery (Extremadura is the Spanish region with the largest internal coastal area and the touristic fishery is quite relevant) and the forestry exploitation (mainly cork production associated to the *dehesa* landscape) (Valiente 2016, 1-3).

### *Secondary Sector*

The industrial activity in Extremadura is limited and not very competitive. However the development experienced by the Region during the last decades, the industry has not followed a similar evolution. The main causes of this underdevelopment are:

- Geographic situation far away from the main urban areas of the country and the main development axis.
- Lack of big urban areas in the region that has capacity of attracting industrial investment.
- Small market due to a dispersed and aging population in a big territory.
- Transport network characterized by being disjointed, and insufficient. However in the last two decades a transport plan has been developed in Extremadura for a better connection with the main Iberian urban centres and within the region.

(Valiente 2016, 4)

The 20% of the active population is employed in the sector and it produces the 21.5% of the regional GDP (EURES 2016).

The most relevant industry is the food sector linked to the agriculture and the livestock. It is specially concentrated in three agricultural axis, the North Corridor (linked to fruit agriculture and tobacco), *Vegas del Guadiana* in the basin of Guadiana river (irrigated area with important production of



fruits, vegetables and cereals such as rice and corn) and *the south segment of the North-South corridor Via de la Plata* (wine production).

The energy production is important with the nuclear plant of Almaraz in the north, several hydroelectric power stations in dams along the basins of Guadiana and Tagus, and more recently the photovoltaic solar energy. Extremadura generates the 12% of the Spanish energy production consuming only the 1% (Valiente 2016, 4).

The construction, as in the rest of the country, raised during the decades of 1990 and 2000 until the beginning of the economic crisis of 2008 when the real state bubble burst. Nevertheless, due to the lower economic development of the region, neither the effect of the rise or the decline of the sector were of the magnitude than in other areas of Spain.

### *Tertiary Sector*

The services sector was specially developed during the 1980s in Extremadura, later than in other regions due to the lack of a previous industrialisation. Approximately, 60% of the active population is employed in this sector and 72% of the GDP (EURES 2016).

On the field of transport there is a long way to go in order to achieve levels of connectivity similar to other European regions. Thus, important investments have been done by the ERDF and the Cohesion Fund over the last 30 years. The main limitation is the fact of being a sparsely populated big territory. Nowadays two highways cross Extremadura, East-West connecting Merida and Badajoz with Madrid and Lisbon, and North-South connecting with Seville to the South and to the North till Gijón in the Northern coast of Spain. This is the same transport structure followed by the Romans 2000 years ago. The train network is old and although the train fleet is quite renovated the service is insufficient to ensure the working mobility between the different towns of the region. There is an ongoing project of construction of a high speed train line connecting Madrid, Plasencia, Cáceres, Mérida, Badajoz and Lisbon. Finally, at the only airport of the region, located in Badajoz, the service is limited to weekly flights to Madrid and Barcelona (Nieto 2007, 165).

The trade of the region is predominantly external and wholesale due to the export of agricultural products and products from the food industry (Valiente 2016, 5). The potential of the region on the field of commercialisation of agricultural products and placing them in the markets is limited, due to a sparsely populated vast territory. However, initiatives like the Association of Agricultural Cooperatives that group 230 agricultural cooperatives have tried to improve this situation by implementing a joint strategy in order to be more competitive in external markets (Cooperativas Agroalimentarias Extremadura 2016).

The education and health services are provided mainly by the Government of Extremadura. The region counts with a Public University founded in 1973 with faculties in Plasencia, Cáceres, Badajoz and Mérida. There are nine public hospitals disseminated through the whole territory.

And finally the Tourism, the most rising sector in the last decades and with biggest potential. The regional government has driven a strategy oriented towards the creation of quality touristic infrastructure in order to enhance the appreciation of the Extremaduran resources. The cultural-



historic-artistic heritage formed by an important number of historical and monumental towns, highlighting the two UNESCO World Heritage cities of Cáceres and Mérida. The rural tourism has grown considerably in the last decades mainly in the areas of the north of the region attracting visitors from other parts of Spain as well as internationals (Diputación de Badajoz 2016, 7-8).

#### 4.2.3 Rural Extremadura: Characterisation and Rural Flight

During the last decades, the economy of European states has developed towards sectors that generate a bigger added value at the same time that sectors with a lower productivity or profitability have been abandoned or transferred to third countries. It is the case of the agriculture.

As consequence of these changes, unbalances on the socio economic and demographic fields have been generated. Furthermore, the processes of urban concentration of the population have driven the investment to urban and industrialised areas. Thus, rural areas and concretely the agricultural sector have suffered a severe decapitalisation (Gurria 2009, 83).

In Spain these changes took approximately three decades (1950-1980), which meant a breakdown in the socio economic organisation of the rural regions. Since 1960 the agricultural sector has followed a declining trajectory which was intensified with the implementation of the CAP in the 1980s. According to Gurria, the CAP has not been in some aspects beneficial for avoiding the depopulation of rural areas, since some implemented measures have closed the agricultural sector gateway to young people (Gurria 2009, 83, 97).

Due to the agricultural based economy of rural areas of Extremadura, the changes previously described have led to emigration since there were not generated job alternatives for the workforce surplus. While in the 1950s, the 75% of the active population was employed in the agriculture, at the end of the century, this number did not reach the 15%. During those five decades the industry has had a slight rising development and the services have changed from 15% in 1950 to 60% in 2000 (Gurria 2009, 83).

The Extremaduran rural areas have experienced an evolution towards a services based economy, as other areas of the country, although the region still has double amount of active population within the primary sector. The main difference with the rest of Spain is that in Extremadura were not carried out industrial investments that could have meant an alternative to the workforce surplus originating from the agriculture crisis. It has been intended as well, by the regional Authorities, to combine the new services based economy with a Research and Development (R&D) based economy, but it requires high qualified workforce and it is not a solution of the agricultural workforce surplus that is mainly non-qualified (Gurria 2009, 84). Furthermore, the results of the new strategy for a R&D based economy are questionable given that the last Qualified Population Report shows that the unemployment rate within people with university degree studies was in 2015 16.07%, which means higher than the Spanish rate (12.41%) and the European average (5.67%) (EAE Business School 2016).

In 1950, one million people worked in the Extremaduran agriculture, in the 80's they were 400,000 people and nowadays this number does not reach 150,000. In the last decades this number has stabilised but workforce surplus remains being generated in the primary sector (Gurria 2009, 84).

Regarding the emigration, between 1950 and 1981, localities with less than 5,000 inhabitants reduced a 43.3% their population and in the case of localities with a population smaller than 1,000 this reduction was of 53.1%. The maximum levels of emigration took place between 1960 and 1975, during this period 800,000 people left Extremadura. 50,000 settled abroad (namely Germany, Switzerland and France) and the rest opted to migrate to more industrialised Spanish regions (Madrid, Catalonia and Basque Country). The economic crisis of 1973 supposed the deceleration of this dynamic (Gurria 2009, 87).

Since 1980 the loss of rural population started to decelerate; localities with less than 5,000 inhabitants had a decline in its population of 5.5% and the ones smaller than 1,000 lost the 8.5% of the population (Gurria 2009, 85).

This stability came in spite of the big pressure that agricultural workforce surplus has made towards the limited local job market. As a consequence of this, the unemployment rate shoot up. In previous decades, population that reached the age of work had chosen the emigration and therefore the unemployment rate was never significant. It must be noted that an aging population with negative growth rates has contributed as well to the reduction (Gurria 2009, 86).

A parallel phenomenon on the migratory field is the immigration experienced by the country during approximately the first decade of the XXI century. If in 2000 923,879 foreign people lived in Spain, in 2012, they were 5,736,258. Between 1998 and 2005, the foreign population rate of Extremadura raised a 520% representing this population 2.34% of the total (far from the Spanish average at 8.46%). Therefore it can be stated that the influence of the immigration was in Extremadura not so relevant like in other regions. This dynamic produced positive migration balance in the overall of Extremadura, but the transfer of population from rural to urban areas, mainly the two provincial capitals, was still persistent (García 2014, 4) (Gobierno de extremadura 2016, 38-39).

In more recent years the statistics show that Extremadura has suffered an important loss of population having its origin in the crisis of 2008. The migratory balance has been negative since 2010 reaching the highest values in 2015 with a loss of 2,957 inhabitants who migrated to other Spanish regions and 836 who migrated out of Spain (INE 2016 b) (INE 2016 c).

To have a precise vision of the population who has migrated abroad, it must be noted that in the years following the beginning of the economic crisis of 2008, some of the immigrants who had come during the previous decade returned to their countries of origin, for instance, in 2011 there was a reduction of 3.07% of the foreign population settled in Extremadura (García 2014, 5).

The factors previously exposed and the stabilisation of the rural population provoked a strong rise of the unemployment rate, becoming the most serious problem of the region. Many towns do not have other significant economic activity than the declining agriculture. However, although the massive rural flight had prevented this situation in previous decades, it cannot be considered the emigration as a positive factor. In fact the massive rural exodus of the 1960s and 1970s supposed the loss of essential economic and demographic activity (Gurria 2009, 94).

Until 1973 the unemployment did not exceed 3%, but since then it started to rise exponentially when the cities slowed down offering job possibilities and the agricultural workforce surplus stated

in their areas of origin. In 1988 the highest unemployment rate in the century was reached at 25% of the active population and since then it started to decline being in 2000 around 14%, one of the highest in Spain but closer to the average than in the previous decade (Gurria 2009, 94).

In rural areas, the agricultural unemployment is considerably higher than in urban areas, 20% and 5% respectively.

The construction has been a crucial sector in the reduction of the rural unemployment, being this a sector that can incorporate low qualified workforce. Since the integration in the EU (1986), important investments have been carried out in the rural areas equipping them with roads and social infrastructures (libraries, cultural centres, sport installations, etc.). Furthermore the implemented housing policy made possible to access to a house by the young generations at lower prices than the national average. However the bursting of the housing bubble produced the rise of the unemployment since 2008 reaching the highest rate in 2013 with 35.67% and slightly declining since then (in 2016 the unemployment rate is 29.13%) (INE 2016).

Since the 1990s, the incorporation of women to the working market has been gradual and it is almost exclusively concentrated in the services sector. Rural women have been traditionally more inclined to emigration than men (Gurria 2009, 96-97).

Finally, a relevant problem of unemployed people is the lack of qualification. In rural areas, the 85% of unemployed people do not have higher studies than the primary school (Gurria 2009, 96-97).

Currently the GDP per capita in Extremadura is EUR 16,166, it has experienced a rising evolution (in 1995 was EUR 7,400) but it is still far away from the Spanish average (EUR 23,300). The unemployment rate resulted from the last Active Population Survey (EPA) in 2016 is 29.1% (21% Spanish average), but in the case of people younger than 25 is 48.5% (46.5% Spanish average) and in younger than 20, 67.5% (64.1% Spanish average). These numbers mean favourable conditions for emigration, especially of younger generations (INE 2016 d) (datosmacro.com 2016) (datosmacro.com 2016 b).

Summing up, Extremadura, the region case study in this paper, is a Spanish region with lower levels of development than Spanish and European averages, and a strong rural character. Within the economy of the region, the agricultural activities and food industry linked to agricultural products have special relevance in spite of the decrease of the primary sector in recent decades. The service sector has become quite relevant and nowadays the 50% of the jobs are within it. The history of Extremadura in the XX century is marked by the emigration. The modernisation of the agriculture after 1950 generated a workforce surplus that migrated to industrialised areas. In the 1970s, the economic crisis in the cities supposed the slowdown of the rural flight, generating high unemployment rates in rural areas. In recent decades, different policy initiatives have failed when trying to reduce the unemployment. Nowadays, the unemployment rate is very high and still higher than the Spanish average, especially in rural areas; another indicators such as GDP per capita show as well the underdevelopment of the region. Finally, the loss of population due to rural flight is still present, but at lower levels than in the last century.

### 4.3 Implementation of Rural Development Initiatives in Extremadura

In this section an overview of the implementation of the European rural development initiatives LEADER and PRODER is presented, divided in four periods of action.

#### 4.3.1 LEADER I (1991-1994)



During the Implementation of LEADER I in Extremadura, four LAGs were approved to develop their LAPs. These LAGs were La Serena, Sierra de Gata, Comarca de Alcántara y Valle del Jerte.

The four areas encompass an area of 6,709 km<sup>2</sup>, 59 municipalities and 97,357 inhabitants (9% of the population of Extremadura).

In LEADER I it was allowed to rural organisations, public or private to manage a LEADER initiative without the requisite of being constituted as LAG. The only requirement was to submit a development plan on a concrete sector (rural tourism, SMEs support, agricultural, etc.) and they received the denomination of *thematic* LEADER. However in Extremadura there were not applicants of this kind.

Figure 11 LEADER I in Extremadura (REDEX 2016)

Normative framework:

- Council Regulation (EEC) No 4253/88 of 19 December 1988, laying down provisions for implementing Regulation (EEC) No 2052/88 as regards coordination of the activities of the different Structural Funds between themselves and with the operations of the European Investment Bank and the other existing financial instruments.
- Notice to Member States 91/C 73/14) laying down guidelines for integral global grants for which the Member States are invited to submit proposals in the framework of a Community initiative for rural development

### 4.3.2 LEADER II and PRODER I (1994-1999)

Leader II y Proder I (1994-1999)

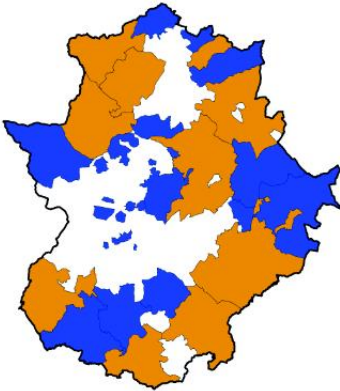


Figure 12 LEADER II (orange) and PRODER I (blue) in Extremadura (REDEX 2016)

**LEADER II** was implemented through different stages. The initiative was divided in three measures regarding the actions carried out by the LAG.

- Measure a) – Acquiring skills
- Measure b) – Rural innovation programmes
- Measure c) – Transnational cooperation
- Measure d) – Networking

Measure a) was created in order to provide Technical assistance and capacity building to those new LAGs from territories where the previous LEADER phase had not been implemented. In Extremadura, seven LAGs were appointed to carry out a territorial study and to elaborate their LAP.

Measure b) was the tool for those advance LAGs that mainly had financing needs for the implementation of an innovative rural development action.

Measure c) was conceived for those LAGs with capacity enough to participate in transnational rural development actions, an aspect that was pretended to be strengthened during this second phase of LEADER.

Finally, measure d) provided financial resources to the LAGs of a territory in order to create a network that could allow the knowledge and best practices exchange between different rural areas (Commission of the European Communities 1994, Art. 9-14) (Nieto 2007, 48).

To be eligible, the applicant LAGs should belong to a European region objective 1 or 5b. Extremadura was objective 1 since its GDP in 1994 was the 54% of the EU average (Nieto 2007, 48).

During 1995, the process of selection of LAGs was carried out, following the normative released by the Commission and the regulation approved for Extremadura by the regional Department of Agriculture. Six LAGs were selected within measure b) and c):

- ADISGATA (Sierra de Gata)
- Alcántara - ADECA
- ARJABOR (Campo Arañuelo, Jara and Ibores)
- Campiña Sur
- La Serena
- SOPRODEVAJE (Valle del Jerte)

In 1996, four new LAGs acceded to measures b) and c) after completing the process in measure a):

- ADESVAL (Valle del Alagón)
- ADICOMT (Miajadas-Trujillo)
- ADERCO (Olivenza)

- Tentudía

These 10 LAGs represent 18,002 km<sup>2</sup>, 172 municipalities and 311,989 inhabitants.

The General Direction of Agricultural Structures of the Government of Extremadura elaborated the Programme of Regional Development of Extremadura basing on the Innovation Programmes that were approved in the ten LAGs. Furthermore, a Commission was created within the General Direction in order to monitor, assist and report the activity of the LAGs.

At the national level, the Ministry of Agriculture and Fisheries elaborated the Framework National Plan with the purpose of grouping all the rural development initiatives in a common strategy. The Ministry as well created an organism, called IRYDA, for the supervision and assessment during the initiative's implementation (Nieto 2007, 55-57).

The objectives of LEADER II were translated into six concrete actions:

- Promotion of the primary sector activities with biggest productive potential.
  - Diversification of new agricultural systems
  - Promotion and consolidation of the rural touristic sector, both historic-artistic and natural.
  - Promotion of the manufacture, especially when related to the agriculture and craftwork.
  - Promotion of the employment and training of less favoured social groups such as women, young people, old people, etc.
  - Connection with productive areas at a European or international level.
- (Nieto 2007, 50)

The Initiative was co-financed by the European Funds (40%), National Administrations including State, Regional and Local levels (27%), and private sector (34%).

Normative framework:

- *Notice to Member States 94/C 180/12 of 1 July 1994, laying down guidelines for global grants or integrated operational programmes for which Member States are invited to submit applications for assistance in the framework of a Community initiative for rural development*
- *Decision of the Commission (95) 1309/7 of 27 July 1995, regarding the financial assistance approval to the Guidance section of European Agricultural Guidance and Guarantee Fund (EAGGF), the European Regional Development Fund (ERDF) and the European Social Fund (FSE), for a global grant under the framework of the Community Initiative LEADER II in the Autonomous Region of Extremadura, eligible territory within Objective 1 in Spain.*
- *Regulation of the Department of Agriculture and Commerce of 22 of July 1994, laying down the rules for processing grants of the Initiative LEADER II.*

**PRODER**, was a complementary rural development programme to LEADER II. The methodology of the programme was similar to LEADER II and the requirements to LAGs followed the same scheme as well. The Operative Programme of Extremadura, states that the main objective of PRODER I is to find economic alternatives in the rural areas that, together with the traditional agricultural activities, allow for improving the lifestyle and welfare of the population.

Twelve LAGs were selected in Extremadura, including the three rural areas that were awarded with LEADER II measure a) and finally did not accede to measures c) or d):

- DIVA (Valle del Ambroz)
- ADICOVER (Vera)
- ADESCOVA (Valencia de Alcántara)
- Jerez –Sierra Suroeste
- ADECOM (Lácar)
- La Siberia
- APRODERVI (Villuercas)
- ADISMONTA (Sierra Montánchez – Tamuja)
- ADISA (Salor and Almonte)
- Sierra Grande – Río Matachel
- Zafra – Río Bodión
- ADIC (Hurdes)

This twelve LAGs encompass a territory of 13,034 km<sup>2</sup>, 139 municipalities and a population in 1995 of 273,829 inhabitants.

The implementation of PRODER I is structured in two levels, national and regional. On the national level the Ministry of Agriculture, Fisheries and Food and on the Department of Agriculture and Environment (Nieto 2007, 69-90).

Normative framework:

- *Decision of the Commission C (96) 1454, of 18 June 1996, regarding the financial assistance approval to the Guidance section of European Agricultural Guidance and Guarantee Fund (EAGGF) and the European Regional Development Fund (ERDF), for the Operative Programme for Development and Economic Diversification of Rural Areas, that are integrated in the Community Framework for Assistance to structural interventions in the Objective 1 Spanish regions for the period 1994-1999.*
- *Regulation of the Department of Agriculture and Commerce, of 23 September 1996, for the establishment of application norms in Extremadura of the Programme of Development and Diversification of Rural Areas.*

### 4.3.3 LEADER+ and PRODER II (2000-2006)

Leader + y Proder II (2000-2006)

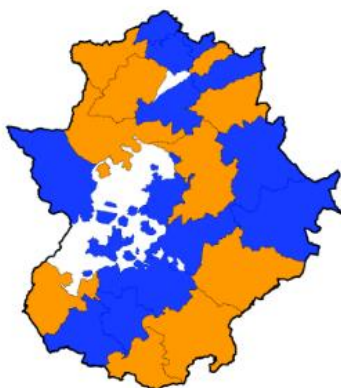


Figure 13 LEADER + (orange) and PRODER II (blue) in Extremadura (REDEX 2016)

In LEADER+ all rural areas were eligible, therefore the Regional Government defined the concept of Rural Area of Extremadura as all areas excepting the two provincial capitals (Badajoz and Cáceres) and the regional capital (Mérida) (Consejería de Agricultura y Medio Ambiente 2001, Art. 2).

The Department of Agriculture and Environment had the role of managing authority according to Article 9 of the *Regulation CE 1260/1999*. Among its functions are monitoring and channelling funding (Consejería de Agricultura y Medio Ambiente 2001, Art. 8). In 2003, due to a restructure of the regional Government, the managing authority competences were transferred to the new Department of Rural Development.

Ten LAGs were approved in Extremadura, the same that had been awarded in LEADER II. The only change was the composition of one of the LAGs, Alcántara became Tajo-Salor-Almonte including more municipalities (Nieto 2007, 104).

The area of implementation was 18,002 km<sup>2</sup> and 172 municipalities where in 1995 lived 311,989 people.

The Initiative was co-financed by the European Funds (39.9%), State Administration (6.65%), Regional Administration (6.65%) and private agents (40.15%). (Consejería de Agricultura y Medio Ambiente 2001, 7)

Normative Framework:

- *Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds*
- *Commission Notice to the Member States of 14 April 2000 laying down guidelines for the Community initiative for rural development (LEADER+)*
- *Decision of the Commission C (2001) 2159, of 5 September 2001, approving the regional Community Initiative Programme for LEADER+ in the Autonomous region of Extremadura.*
- *Royal Decree 2/2002, of 11 January, laying down norms for the application of the Community Initiative LEADER+ and the Programs of Endogenous Development, included in the Operative Integrated Programmes and the Programmes of Rural Development (PRODER)*
- *Order of the Department of Agriculture and Environment of 1 October 2001, regulating the public call for the selection of Rural Development Programmes in Extremadura under the framework of the Community Initiative LEADER+ for the period 2000-2006*



**PRODER II** was the complementary programme to LEADER II following the experienced of PRODER I.

The eligible criteria for LAG applications was the same as in LEADER+, being eligible all those rural areas of Extremadura with the exception of the three capitals and those where a LEADER+ initiative had been approved.

Fourteen LAGs were selected, being most of them coincident with the previous period, with the modification in number of municipalities of Villuercas-Ibores, Barros Oeste-Sierra Grande, the disappearance of Salor-Almonte (after its integration in LEADER+) and the selection of three new LAGs: Mofragüe, Trasierra-Cáparra and Vegas Altas del Guadiana (Consejería de Agricultura y Medio Ambiente 2001).

Thus, the area of implementation of PRODER II and LEADER+ comprised all the territory of Extremadura with the exception of the cities of Badajoz, Cáceres and Mérida (that were not eligible), as well as Plasencia.

The financing sources were the EAGGF (34.23%), State Administration (4.5%), Regional Administration (11.14%) and the private initiative (50%) (Nieto 2007, 117).

Normative framework:

- *Council Regulation CE no 1257/1999 of 17 May 1999 regarding the grants for rural development of the European Agricultural Guidance and Guarantee Fund (EAGGF)*
- *Council Regulation CE no 1260, of 21 June 1999, laying down the general guidelines about Structural Funds*
- *Decision of the Commission of the European Communities C ES 16.1.P.O.010, of 29 December 2000, approving the Operative Integrated Programme for the Autonomous Region of Extremadura*
- *Royal Decree 2/2002, of 11 January, regulating the application of the Community Initiative LEADER PLUS and the Programmes of Endogenous Development of the LAGs, included in the Operative Integrated Programmes of Rural Development (PRODER)*
- *Order of the Department of Agriculture and Environment of 27 December 2001, approving the call for selection of candidate Local Action Groups to grants of the Program of Rural Development of Extremadura under the framework of the Programme of Development and Diversification of Rural Areas (PRODER II) for the period 2000-2006*

#### 4.3.4 LEADER 2007-2013



Figure 14 LAGs in Extremadura during LEADER 2007-2013 (REDEX 2016 b, 4)

The last period of LEADER that has been completed is 2007-2013. During this period as it is exposed in the Evolution section, the structure is different and within a general Rural Development Programme for the Autonomous Region of Extremadura, the lines of action are categorised in three different axis. Each of the axis must include a number of development actions following LEADER methodology.

In this period, all LAGs of the region participated in LEADER. Twenty four LAGs, which include all municipalities of the region excepting the cities of Plasencia and the provincial and regional capitals. (REDEX 2016 b)

#### Normative Framework:

- Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development.
- Law 45/2007, of 13 December, for the Sustainable Development of the rural environment.
- Decree of the Department of Agriculture and Rural Development 6/2911, of 28 January, regulating the system of grants under LEADER methodology and the management procedure, for the programming period of 2007-2013

#### 4.4 Results

In this section, the results of the different programmes implemented in Extremadura using LEADER methodology will be presented. Different authors have studied and analysed at national and regional level the effects of rural development policies.

Over the last decades, Extremaduran rural areas have experienced an evolution on many fields, from the generation of a more dynamic social and economic environment, the economic diversification, the appreciation of natural and cultural resources and the implementation of the concepts of integrated, sustainable and endogenous development. Furthermore, due to the implementation of LEADER methodology, rural localities have acquired capacity for working together on a supra-municipal level being able to carry out actions that independently the different rural municipalities could not (Esparcia 2000).

However, all these changes cannot be presented as a result of LEADER initiatives. In fact, there are other parallel factors that have contributed as well. First, the development of the cities and the transport, mainly roads infrastructure, have allowed a certain level of working mobility which has been helped to raise the job diversification of the rural areas. Nowadays, many people in

Extremadura, especially those with high academic qualification, the ones working on the services sector and employees at the regional Public Administration, travel daily to work to any of the regional cities. This phenomenon has generated a new source of rents in the rural communities and it has widened the diversification of the job market. Secondly, social benefits, such as the agricultural rents and pensions, and agricultural subsidies, have contributed to settle the population in the rural areas (Nieto 2014, 33-34).

The result is a very fragile demographic stabilisation in the short-term, which is actually regressive due to the negative social growth result of an aging population. Therefore, the author Ana Nieto talks about "Regressive Stability". Nevertheless, the rural flight towards regional urban areas as well as to other Spanish regions and abroad is persistent (Nieto 2014, 33-34) (INE 2016 b) (INE 2016 c).

Territorially, Extremadura has gone from 4 LAGs in 1991 to 24 currently. These LAGs cover the 90% of the area of the region and the 70% of its population. All the municipalities but the four largest cities are included in a Rural Development Plan. Since 1991, approximately EUR 443 million have been invested in the region, co-financed by the European Funds (40%), National governments (15%, including State, Region and Local levels) and an important participation of the private sector (44%) (Nieto and Cárdenas 2015, 524-526).

The sectors in which most investment has been carried out is the Tourism, SME's, craftwork and commercialisation of agricultural products, with a share of 68% of the resources by nearly 9,000 projects (Nieto and Cárdenas 2015, 524-526).

LAGs have based their development strategies on the necessities of their area. In the beginning most of the strategies were focused on rural tourism, which was seen as a way for the diversification of the rural economy. Thus, In LEADER II and PRODER I, 25% of the investments was dedicated to actions of appreciation of natural and historic-artistic resources. In following periods, the investment on SMEs and agricultural products projects became more relevant. (Nieto and Cárdenas 2015, 524-526)

In 12 of the 24 LAGs significant results can be appreciated, turning around the negative trends that were threatening the area. However, in the case of the rest, the effects are not so relevant, what can be consequence of its strong underdevelopment on the fields of economy and demography, and other cases were the social and economic conditions were already favourable before the arrival of LEADER and the effects cannot be perceived. Extremaduran rural development areas can be classified in four groups:

- The areas that have presented the most relevant results are those where the LAGs have held a more leading role, with a bigger participation of the private sector, local and regional administrations (state and European institutions have participated in the same proportion in all the areas). In these territories, the largest part of the investments have been done on SMEs and appreciation and commercialisation of agricultural products, including agricultural industry, with an important female participation. In these areas there was already certain levels of commerce and industrial structure which made possible to channel LEADER and PRODER funds to productive economic sectors in terms mainly of job creation. These areas

are located in the Basin of Guadiana River and/or present good environmental conditions and better infrastructures most of them in the province of Badajoz.

- Areas under regressive social and economic conditions with strong structural underdevelopment and adverse physical characteristics. In these areas most of the resources were destined to the promotion of rural tourism and the results are not positive since the negative structural conditions have not been affected. However it has been observed that the rural touristic investment is less efficient on terms of productivity and job creation than other activities. These areas are located in mountain zones of the region as well as pen plain with limitations for the agricultural activity.
- Areas that 20 years ago presented a negative growth and economic depression have carried out investments mainly on SMEs and appreciation of natural and cultural heritage. The results have been the demographic stabilisation and the economic diversification. These are areas situated in the periphery of the province of Badajoz and surroundings of the city of Cáceres.
- Areas with a strong irrigated agricultural sector where investments have been done mostly in appreciation of the agricultural production and tourism. However, in these areas that already presented stability on the demographic field, the initiatives of rural development have had very limited effects. These are the areas are located in Cáceres province and part of the basin of Guadiana river.

(Nieto 2014)

There have been observed by some authors some limitations in the implementation of rural development initiatives under LEADER methodology.

When in 1991 the first LEADER initiative was launched, it meant a “shock to the Spanish system”, according to Javier Esparcia (2000). A first shock, because it was the first time that a policy was designed to be implemented by local groups integrated by social, economic and institutional actors of an area managing public resources. This is especially relevant when the role of these targeted areas had been supplier of human and natural resources for the development of other territories during the 1960s and 1970s. A second shock was the methodology based on concepts like territorial approach and endogenous development which were new for the Spanish system (Esparcia 2000, 200-201).

Initially the LAGs were integrated mainly by institutional actors and the presence of other economic and civil representatives was a minority. However, in later periods of LEADER and PRODER, the presence of non-institutional actors has become more relevant, although there are some factors that have interfered in the role of LAGs and therefore restricted the bottom-up approach (Esparcia 2000, 201).

Around the implementation of LEADER there are groups that had specific interests in the process.

It is the case of the Government of Spain, whose competences on rural development are managed by the Ministry of Agriculture (and its different denominations in each cabinet). The Ministry of Agriculture was in the 1990s in a period of identity crisis, as it is exposed in section 4.1.2, due to the transfer of competences to the European and the regional levels. In this case, the Ministry created

PRODER as a complementary programme to LEADER II and a decentralisation process adopting LEADER methodology in other fields of policy action (Esparcia 2000, 202).

At the second level, the regional administration. It must be noted that the Autonomous Region had been constituted in 1983. The Government of Extremadura saw LEADER as a tool to make more visible its influence in rural areas of the region and promote itself as a useful institution for the region. Thus, the initiatives of rural development are carried out following a traditional top-down dynamic, although the function of the regional authority is only coordinating the LAGs (Esparcia 2000, 203).

At the municipal level, as it has been previously explained, local authorities had in the beginning of LEADER an over-representation in the LAGs. In fact, local authorities perceived the EU rural development initiative as a source of financing (Esparcia 2000, 203).

During the first steps of LEADER the principles of endogenous, integrated and sustainable development and the bottom-up approach were not backed by the authorities. All the procedures of building up the LAG or elaborating the LAP were perceived by local actors as bureaucratic formalities necessary for the access of European funding. LEADER was not seen as a tool for the long-term strategy through participation and endogenous development due to a deficit of culture of democratic participation. In later periods, the population has started to be aware of the benefits that LEADER approach initiatives could bring to their territories and the participation has raised (Esparcia 2000, 203).

Some of the LAGs focused on some concrete sector, breaking the territorial approach, or responded to the interests of an institutional member of the territory. In these cases, the goal was the own interest of a sector or institution instead of the development of the area (Esparcia 2000, 203).

The last agent implicated in the implementation of LEADER is the networks of rural development created at national, regional and international level, that were conceived for the coordination and cooperation between groups and other networks. However, some of these networks were controlled by economic sectors (lobbies) or institutions that shifted their objectives towards their strategic interest (Esparcia 2000, 203).

Thus, the first period of LEADER was dominated by projects that were presented by the LAGs without any awareness of the principles that inspire the programme or the methodology to follow. Most of these projects were not coherent in the plan, without having a connection between them. Finally, all the process was led by the regional and local authorities seeking a propagandistic goal more than the rural development of the areas.

It was in the second period, when some changes took place. The experts that formed the technical staff of the LAGs were more prepared and had more information after the first period, the awareness of the local population raised, some of the projects of LEADER I had positive effects and the LAGs assumed a more relevant leading role. All these factors made possible the launch of LAPs in Extremadura trying to get rid of the mistakes of the previous period (Esparcia 2000, 204).

Finally it must be remarked that in the study of the effect of LEADER, there is not a comparative framework that could make possible a proper analysis. Due to this lack of framework, an area where LEADER was not present at all, all studies will present problems of certainty in the identification of the effects of LEADER approach implementation (Esparcia 2000, 206).

Summing up, Extremaduran rural areas have experienced certain levels of development over the last decades. However, this is not fully consequence of LEADER approach initiatives, the increment of working mobility between rural and urban areas and the social benefits have slowed down the rural flight with the result of “regressive stability”. Nevertheless, the rural flight is still persistent in Extremadura but at lower levels than the last century. The impact of LEADER and PRODER has been heterogeneous between different rural areas, being possible to identify four typologies regarding the effects of the initiatives. In general, during the first periods, the investments were mostly done in rural tourism, evolving to investments in SMEs and agricultural-related industry in following periods.

Javier Esparcia (2000) states that the arrival of LEADER in Spain was a shock due to the new concepts of LAG, endogenous, sustainable and territorial development, etc. In the beginning, the process was led by local authorities, which together with the lack of democratic culture, and the specific interests of National, regional and local governments as well as lobbies and networks of rural development meant serious difficulties for the implementation of the bottom-up approach. However, in following periods, factors like the bigger awareness among the population and the expertise of LAGs’ technical staff made possible a better implementation of the initiatives according to LEADER approach.

## 5. Analysis

In this section, the analytical part of the paper, the theory will be tested over the case study in order to support or reject the formulated hypotheses regarding the problem formulation. The theory that is presented in this paper is the Theory of Webs, a theoretical approach based on the social network theories that links the rural development to the development of the web of interconnections between the different elements (social, natural, economic, etc.) that form a rural area. The object of study in the European rural development policies and the case study focuses on the LEADER and PRODER initiatives implemented in the Spanish region of Extremadura. The problem formulation deals with the effectivity of these rural initiatives in relation with the rural flight: *Why after more than 20 years of European Rural Development policies in Extremadura the Rural flight has not been stopped?* The hypotheses that have been formulated at the end of the theoretical part are:

- *The failure factor in the Rural Development programmes implemented in Extremadura is the performance of the web.*
- *The rural web in Extremadura is not in evolution towards rural development.*
- *The lack of success of rural development actions in Extremadura is due to the lack of implication of every dimension forming the web.*

As it is explained in the theoretical part, the theory of webs links the development of a rural area to the performance of the web. Therefore, the interconnections that take place between the elements that form the web will determine the development of the area itself. The different rural activities result of the relation man-nature are called by this theory co-production. Due to a series of transformations of the rural areas, the reposition of the rural becomes necessary. Thus, in Extremadura, after decades of agricultural changes generating big masses of workforce surplus and the massive rural flight result of this, in the 1980s the reposition of the rural was set as a priority by different institutions, given the state of changed man-nature relation and necessity of generation of consumption activities that could incorporate this workforce surplus. The LEADER initiative is an answer to this need of reposition of rural areas. The diversification of activities within the rural becomes necessary in order to revitalise the web. The LEADER design addresses the parameters of the theory of webs, the LAGs are the sum of societal, economic and institutional agents that elaborate, manage and implement the rural development programme. An adequate performance of the LAG (web) will generate good development initiatives, but in cases of LAGs that do not count with the implication of all sectors of the society or are led by the particular interests of a concrete actor the results will not be satisfactory in terms of rural development according to this theory. This is the case that was experienced during the implementation of the first periods of LEADER and PRODER, when these initiatives were perceived as simple sources of financing by local authorities and other groups of interest, such as regional and national authorities, lobbies and the rural development networks (Esparcia 2000). All together with the lack of an indispensable democratic culture within the rural areas to cooperate in the development of the LAP, generated an inadequate dynamic of the web, in fact because the LAGs did not represent the real rural area web. Furthermore, this dynamic was not either suitable with the LEADER approach itself, since it is based on the bottom-up and territorial principles among others.

Regarding the effectivity of the LEADER initiatives, Nieto (2014) characterises four different typologies of rural area. This classification is based, according to the theory of webs, on the different searches for repositioning the rural that have been carried out by the different territories. The effect of LEADER initiatives will reflect the evolution of the web, therefore this typologies must not be interpreted as static realities since rural areas are in constant evolution. Thus, a connection between this characterisation and the five ideal types of rural region provided by the theory can be done.

- a) Areas with strong LAG leading role, investment in SMEs and agricultural products industry and commercialisation. Important female participation. This areas can be identified as *New rural areas* where the agriculture as well as other diversified sectors follow a similar evolution. However, there is not data that could confirm the presence of multifunctional enterprises.
- b) Areas with strong demographic and economic underdevelopment that are located in zones with adverse conditions for the agricultural activity and where most of the investments have been done in rural tourism with irrelevant results. This type can be connected to the concept of *Peripheral rural area* that is characterised by the absence of relevant agriculture, rural flight and impoverishment.
- c) Areas that before LEADER presented negative demographic and economic conditions and through investment in SME development and appreciation of touristic resources have reverted their situation. Located in the surroundings of the city of Cáceres and province of Badajoz, these areas might be identified as *New suburbia*, mainly due to the development of new economic dynamics that have led to settle the population. In Extremadura, there are not big urban agglomerations, although these areas are whether in the surrounding of a city or well connected with urban areas.
- d) Areas with a strong agriculture and good demographic and economic conditions that were already present before LEADER and most of the investments have been done in rural tourism and agricultural products transformation and commercialisation with irrelevant results. This type meets the characteristics of *Specialised rural areas*, with strong agricultural activity which is not connected to other economic activities in the area.

Thus, regarding the development of the web, the economic development of the rural area as well as the migratory stabilisation is achieved or not. Areas like a) and c) follow positive dynamics in their rural development, these areas present the characteristics of LEADER methodology such as bottom-up, integrated rural development, innovative and diversified activities and sustainable development. In the case of areas b), the fragile demographic and economic situation generate a web with low density (few interconnections) and therefore the development of the rural area is expected to be slower. Furthermore, the investments focused in rural tourism, which has been proved that generates less jobs than other rural activities (Nieto and Cárdenas 2015). According to dynamics of ideal rural regions (Figure 4) (Ploeg and Broekhuizen 2008, 5), and regarding the difficulties for agriculture the bad connections with urban areas, the only possible evolution is towards *New rural areas*, by finding a balance between agricultural activities that could be introduced (maybe apiculture or forestry) besides to the introduction of new activities that could evolve at the same time through the creation of multi-functional companies. In the case of regions



d) although presenting positive characteristics on demography and economy, there might be an evolution toward *New rural areas* by investing in the diversification of the activities of agricultural enterprises in order to avoid rural flight or attract new population.

The theory of webs identifies six different dimensions within a web. This six dimensions can be perceived from a theoretical vision, and are based on the different elements that are present in a rural web. All these dimensions can be identified in a rural web, although the big heterogeneity of rural areas makes that the presence of the dimensions is can vary greatly from one web to another. If applying to the reality of Extremadura, the six dimensions can be identified in the following way:

- *Endogeneity*, which addresses the origin of the resources, is quite relevant in Extremadura, given that the main economic activities are based on agriculture (agriculture, food industry, etc.). Furthermore, the region produces energy (hydro-electrical, solar and nuclear) and it is rich in natural and cultural heritage that is economically exploited by the tourism. In this regards, LEADER and PRODER have promoted the development of action within this areas under the principle of endogenous development.
- *Novelty production*, which is another essential principle of LEADER approach, addresses the innovation capacity of the web. The region has searched for innovative ways to improve the economic and demographic conditions of the rural areas, it is the case of the development of an economic model based on Development and Research, with limited results and that cannot give an answer to the agricultural workforce surplus. Another innovation that have resulted more effective is the development of touristic activity, both natural and cultural. The tourism has been the most rising sector in the Extremaduran tertiary sector over the last decades and an important part of LEADER and PRODER investments have been done on this field. Nevertheless, the effectivity of this sector to generate jobs have been proved to be limited.
- *Sustainability*, addresses the capacity of the economic model to restore resources and survive over the time. In Extremadura, with an economic model based on traditional agriculture techniques, the sustainability has been a strength. However in recent decades, new models of agriculture and livestock have emerged, being less sustainable and changing the relation of co-production man-nature. The food industry is the main activity within the secondary sector, one of the most sustainable industries possible. The commerce based on agricultural products and the rural tourism are as well sustainable activities able to regenerate fast the resources. Finally, the production of sustainable energy must be mentioned. LEADER initiatives have promoted the sustainability of the action that have been developed in the region.
- *Social capital* addresses the capacity of a web to cooperate in order to reach common goals. In the results section the evolution of the LAGs is described, being first led by public authorities due to the lack of democratic culture, and then evolving towards more authentic LAGs guided by the principles of bottom-up design, territorial approach and endogenous development.
- Institutional arrangements, that addresses the normative framework within the web develops, can be identified in Extremadura in the regional Government holding the role of

managing authority in the LEADER initiatives and local authorities that have a relevant role in the LAGs.

- *Governance of markets* is the competence to place product in the market monetise them. Although the commercialisation of agricultural product is an important economic activity in Extremadura, the sparsely populated character is an obstacle to place products in external markets following common strategies, although there have been developed some initiatives.

After this identification of the dimensions of the web in the context of Extremadura, it can be seen that LEADER approach programmes have focused predominantly some of these dimensions without taking into account others. Dimensions like *novelty production* and *governance of markets* have received less attention from LEADER rural development initiatives. According the theory of webs, a development initiative can only be successful if implies all dimensions, otherwise the results are limited, which is the case of many development actions carried out in Extremadura under the framework of LEADER initiatives.

## 6. Conclusions

This paper has tried to identify the reasons of the lack of effectiveness of European rural development policies in the Spanish region of Extremadura. In order to delimitate the case of study, the LEADER and PRODER development initiatives between the creation of LEADER in 1991 till 2013 have been chosen. The scope has been set on the rural flight as a factor of relevance for the rural development.

In the analytical section, the theory of webs has been tested over the case study in order to prove or reject the hypotheses that were formulated in the theoretical part. Following, the main conclusions of this analysis are exposed.

The performance of the LAGs (web), especially during the first periods of implementation, was inadequate with a wrong application of LEADER methodology due to a lack of democratic culture among the population, the utilisation of LEADER initiatives as financing source to attend specific interests of groups, which affects the principle of integrated development, and the excessive implication of local authorities altering the bottom-up model.

Regarding the typology of ideal rural areas given by the theory of webs, it can be stated that some of the Extremaduran rural areas have performed better than others, the degree of rural development have been demarcated by the development of the web in each case. However, the webs are in constant evolution and cannot be perceived as static realities, the theory of webs provides solutions for the development of the less favoured areas and the evolution that might follow.

Regarding the six dimensions of a rural web that the theory of webs enumerates, there can be seen as some of the dimensions have not received so much attention by LEADER and PRODER initiatives like others, concretely *novelty production* and *governance of markets* that address innovation and commercialisation of products. Thus, the initiatives have not been fully successful.

In conclusion, the development of Extremadura between 1991 and 2013 is undeniable. The region has experienced a relevant evolution in terms of rural development that have resulted in an improvement of the quality of life and some economic parameters such as GDP per capita or economic growth. However, nowadays the levels of unemployment are very high, especially among young population, as well as the rural flight, which has experienced an important slowdown but is still persistent. After this research, the answer to the problem that was formulated initially (*Why after more than 20 years of European Rural Development policies in Extremadura the Rural flight has not been stopped?*) is that the rural flight has not been stopped in Extremadura because the rural initiatives LEADER and PRODER, especially in the first periods, were implemented without following the main methodological principles of these initiatives and therefore the performance of the web was inadequate. Secondly, the low degree development of some rural areas after the implementation of LEADER and PRODER is the result of the low development of the web. Finally, the focus of LEADER and PRODER initiatives has been set on some dimensions of the web rather than others, such as the innovation and the commercialisation of products, and therefore the results have been limited.

## 6.1 Perspectivation

This research has analysed the performance of European rural development policies in Extremadura. In this case the scope has been set on the rural development programmes LEADER and PRODER, but a similar research could have been done regarding the CAP as well as other rural development initiatives carried out at the European, national and local levels. Furthermore, the LEADER initiative is being implemented currently under the framework of the Rural development programme for Extremadura for the period 2014-2020.

A similar research design can be used to analyse the rural development policies carried out in other European rural regions.

An alternative theory has been presented, the theory of integrated rural development, which could have been applied to the case study as well. In that theory, the rural development policy is understood as the cooperation of two levels, *central bureaucratic* (top-down) and *local heuristic* (bottom-up).

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