



The regional law in Castilla-La Mancha (Spain) to combat rural depopulation

CASE STUDY

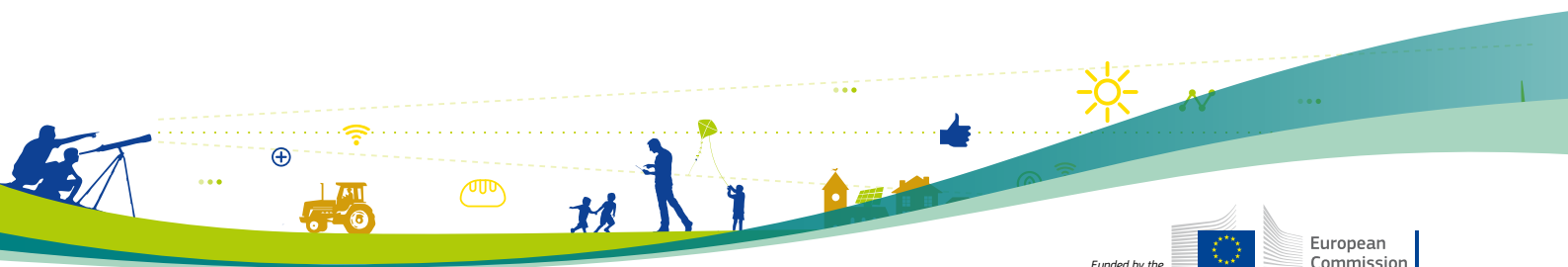
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1. INTRODUCTION

In June 2021, the Spanish region of Castilla-La Mancha has approved a **pioneering law to combat rural depopulation**. As a result of social consensus and with a vocation for continuity and long-term work, the main objective of the law is to tackle depopulation, guarantee equal opportunities and services for all and achieve **territorial and social cohesion in the region**. To this end, the law provides economic, social and fiscal measures, articulated in a **comprehensive, multi-sectoral and integrated regional law and strategies**. This case study complements the information provided in the ENRD Thematic Group [meeting](#) on Rural Revitalisation and elaborates on the distinct elements and measures of the law and the main expected results that support the revitalisation of rural areas. The document highlights key lessons that make this law an inspiring example for other regions in Europe.

The content of this document is based on the outcomes of the discussions of the ENRD Thematic Group Rural Revitalisation, and does not represent the views of the European Commission.



2. THE REGIONAL LAW: KEY FEATURES AND INSTRUMENTS

Castilla-La Mancha is a predominantly **rural region** in central Spain where **depopulation** is one of the main structural problems. The region has historically shown a **low population density**⁽¹⁾ and significant demographic dispersion, with 80% of its municipalities counting with less than 2 000 inhabitants. These smaller municipalities are the ones suffering the most from depopulation (and particularly women leaving), ageing and desertification.

In this context, **in 2015 the Regional Administration started a process to tackle depopulation** with the ongoing development and implementation of policy measures and actions aimed at guaranteeing access to basic services for citizens and the capitalisation of endogenous resources to offer better economic opportunities and quality of life. As a culmination of

this process, the regional [law 2/2021](#)⁽²⁾ to combat rural depopulation was approved by the Regional Parliament in May 2021 with the consensus of all political parties. The implementation of the law is pursued through two strategic instruments:



Figure 1 - Castilla-la-Mancha region

- ▶ The **Regional Strategy to Combat Depopulation**, targeting specifically the 721 municipalities which face extreme or intense depopulation or are at risk of depopulation. The strategy includes 210 actions and is endowed with a budget of EUR 3 322 million for the period 2021-2031.
- ▶ The **Regional Strategy for Rural Development**. This second strategy, unlike the previous one, covers all rural areas (including those that are more dynamic and do not have depopulation problems) and falls under the responsibility of the Regional Ministry of Agriculture. It is expected to be approved in 2022 and will set out long-term objectives for rural development (a regional rural vision). This strategy will link with the CAP and other regional policies, such as the Family Farming Act or the Statute for rural women. We do not elaborate further on this strategy in this document as it has not yet been adopted.



“ This pioneering law guarantees equal access to opportunities and basic services for the entire population, regardless of the place of residence. ”

*Mr. Jesús Alique,
Commissioner for the Demographic Challenge of the Junta de Castilla-La Mancha*

The law in Castilla-La Mancha includes distinct elements and features that can serve as an inspiration for other regions and territories across Europe and that are in line with the enabling factors for rural revitalisation identified by the [ENRD Thematic Group](#). Those elements, further described in the following paragraphs, are:

- ▶ Pre-zoning: different responses to different starting situations
- ▶ Targeted interventions: from taxation to investment measures
- ▶ An integrated approach to rural development
- ▶ Rural proofing
- ▶ Political leadership, coordination of stakeholders and a long-term vision

(1) Nearly 26 inhabitants/km² on average and densities of around 8 inhabitants/km² in 58% of its municipalities.

(2) Full name: Law 27/2021: Economic, Social and Tax Measures to Combat Depopulation and for the Development of the Rural areas in Castilla-La Mancha.

Pre-zoning: different responses to different starting situations

The law articulates and coordinates various policies and instruments targeted to specific rural territories which show similar characteristics and needs. This is based on a detailed **zoning exercise** that classifies rural territories in clusters of areas with similar levels of socio-economic development and quality of public services (see figure 2). The methodology applied for the classification of areas took into account total population and population density, as well as other key statistics related to: ageing, the weight of the agricultural sector, land use, or the time distance to the nearest urban centre with more than

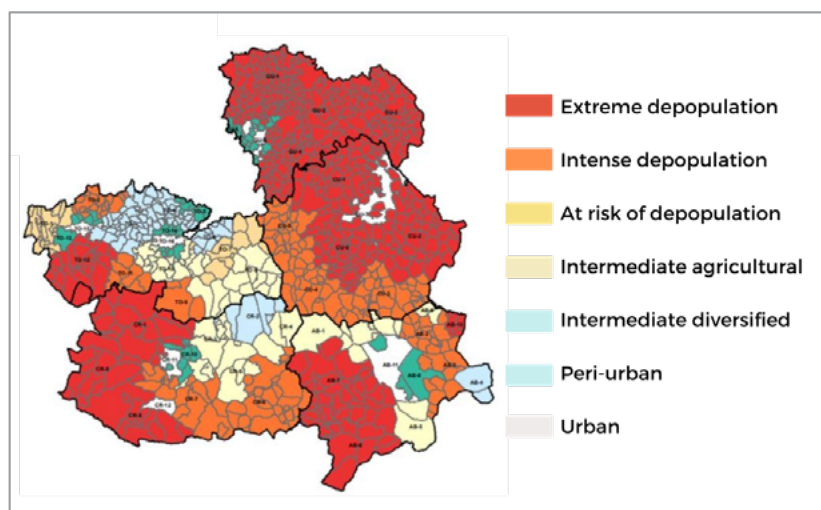


Figure 2 - Classification of the areas of Castilla-La Mancha, in accordance with the regional law to combat rural depopulation

30 000 inhabitants. The rural zoning exercise conducted has made it possible to **have a common classification of the various types of rural areas** now used by all regional administrations, funds and programmes, to design specific interventions according to the different needs, problems and opportunities of each of these territories.

An integrated approach to rural development

The law aims to overcome the traditional agri-centred approach for rural development. It is based on the assumption that the cohesion of rural territories affected by depopulation requires interaction among diverse activities and sectors (tourism, trade, industry, green, digital, silver and social economy, etc.). This exercise stems from a **360° analysis of the problems affecting rural areas** and incorporates cross-cutting measures to be implemented by all departments of the regional

government. Specifically, it promotes actions aimed at guaranteeing equal access to basic services: education, health and social services. It also places special emphasis on 'connecting' rural areas, both digitally and through new transport alternatives. Finally, it supports and encourages the development of economic activity, with specific incentives for the different areas, taking into account their degree of depopulation.

“ This law is not a document for the shelves. It is translated in two strategies that include very concrete measures and budgets. ”

*Mr. Francisco Martinez,
Regional Minister for agriculture and rural development*



Political leadership, coordination of actors and a long-term vision

A key enabling factor that led to the adoption of the Castilla-La Mancha's Law is the **strong political leadership behind it**, emanating from high-level political actors in the region. The leadership of the regional Vice-President, with the support of a dedicated Commissioner for the demographic challenge, was key to ensure the mobilisation and involvement of all regional government

departments (e.g. in agriculture, education, health or transport) in the development of the law as well as in the implementation of its first actions. The law was developed based on a thorough stakeholder consultation process and dialogue with civil society as well as with all political parties of the region. This resulted in the unanimous approval of the law in the regional parliament. This initial effort aims to guarantee the long-term continuity of the law, beyond political cycles.

Targeted interventions: from taxation to investment measures

The law includes the promotion of specific investments and, for the first time in Spain, tax incentives for people living in municipalities affected by depopulation, with different intensities depending on the type of area.

The following fiscal measures are foreseen:

- Deduction of up to 25% on personal income tax for residents of in areas of extreme depopulation.
- Tax deductions for the acquisition or rehabilitation of a permanent residence in sparsely populated areas, up to EUR 12 000 per year.
- Reduction of more than 50% in taxation on capital transfers and legal acts for acquiring a primary residence or premises for the establishment of company workplaces.
- Tax deduction of EUR 500 during the first two years on the region's gross tax liability for relocation of the main residence to sparsely populated areas for work purposes.

Moreover, some additional incentives and support measures are foreseen, specifically targeting areas at risk of depopulation as well as areas with intense and extreme depopulation, such as ringfencing budgets, enhanced aid intensities, and specific selection criteria.

Rural proofing

The law recognises the need for policies, plans and programmes to intervene since the early stages of depopulation, to limit negative impacts and boost positive ones in vulnerable territories. **Rural proofing** is introduced in the law as a compulsory measure to identify and assess the impacts on rural areas of new regulations, plans or programmes - through 'demographic impact reports' - and define measures to correct potential imbalances. The territorial

impact assessment informs the overall policy planning process of the public administration. The demographic impact report is structured in a number of blocks including: context, ex-ante situation, analysis of the measures, impact, and recommendations to improve the policy planning. The report should as a result indicate whether the proposed regulation/policy has a negative, positive or neutral impact.

3. THE PATHWAY TO THE LAW

The law is the result of previous efforts attempting to address long-term systemic problems of the many rural areas in the Castilla-La Mancha region. A first milestone in the pathway to the law was the approval in 2016 of the **Integrated Territorial Investment (ITI) 2014-2020**, which made it possible to focus the implementation of the European Structural and Investment Funds on the areas of the region with the greatest problems of depopulation and socio-economic decline.

The formal starting point for the development of the law was the **Rural Pact to combat depopulation** signed in February 2020 between the President of the Region and the main civil society stakeholders (trade unions, LEADER network, representatives of local stakeholder organisations, association of municipalities, etc.). This triggered the implementation of actions to involve stakeholders in the development of the law through interviews, working groups, consultations and surveys. In addition, Advisory Councils and various bodies from the regional administration participated in the elaboration of the law, providing their sectoral input and know-how.

4. EXPECTED CONTRIBUTION TO RURAL REVITALISATION

Under the slogan "**Villages to live in**", the Regional Strategy to Combat Depopulation – the only strategy being implemented under this law at this point – aims to attract and retain people in rural areas by creating a favourable environment for living, entrepreneurship and investment. The strategy mobilises EUR 3 322 million from regional, national and EU funds, including the NextGenerationEU fund. The strategy will contribute to the revitalisation of rural areas by:

- Supporting the provision of **basic public services** (education, health, social services, transport) that are close by and of good quality;
- Guaranteeing **digital and physical connectivity** (mobility) to all territories;
- Favouring **work-life balance** with adequate support for families, including access to childcare, housing, cultural and leisure activities; and
- Promoting **economic activity** through the diversification of the economy, agriculture modernisation as well as investing in research and innovation.



“ The law demonstrates that a modern, solidarity-based and integrated rural policy can be implemented at regional level with existing instruments and funds. ”

*Mr. Luis Peralta,
Coordinator of the Regional LEADER network*



5. GOVERNANCE, MONITORING AND EVALUATION

The governance model for the implementation of the law and of the key strategy to combat rural depopulation, is based on i) internal mechanisms, ii) open governance mechanism and iii) spaces for listening and for dialogue with the social parties and policy makers:

- ▶ **Internal governance mechanisms** are based on regular coordination meetings between the Commissioner for the demographic challenge and all regional ministries involved in the implementation of the law and strategy. The Commissioner supports capacity building among civil servants and contracted personnel to implement the actions needed in rural areas.
- ▶ **Open governance mechanism:** the Regional Council has just been created and counts with the involvement of representatives from all Regional Government Departments, Provincial Councils and local bodies, as well as key socio-economic actors (e.g. trade unions, business, rural development, the third sector, public universities and rural women associations).
- ▶ **Spaces for dialogue and active listening,** with groups of experts, meetings with public and private agents, as well as with other actors interested in combating depopulation.

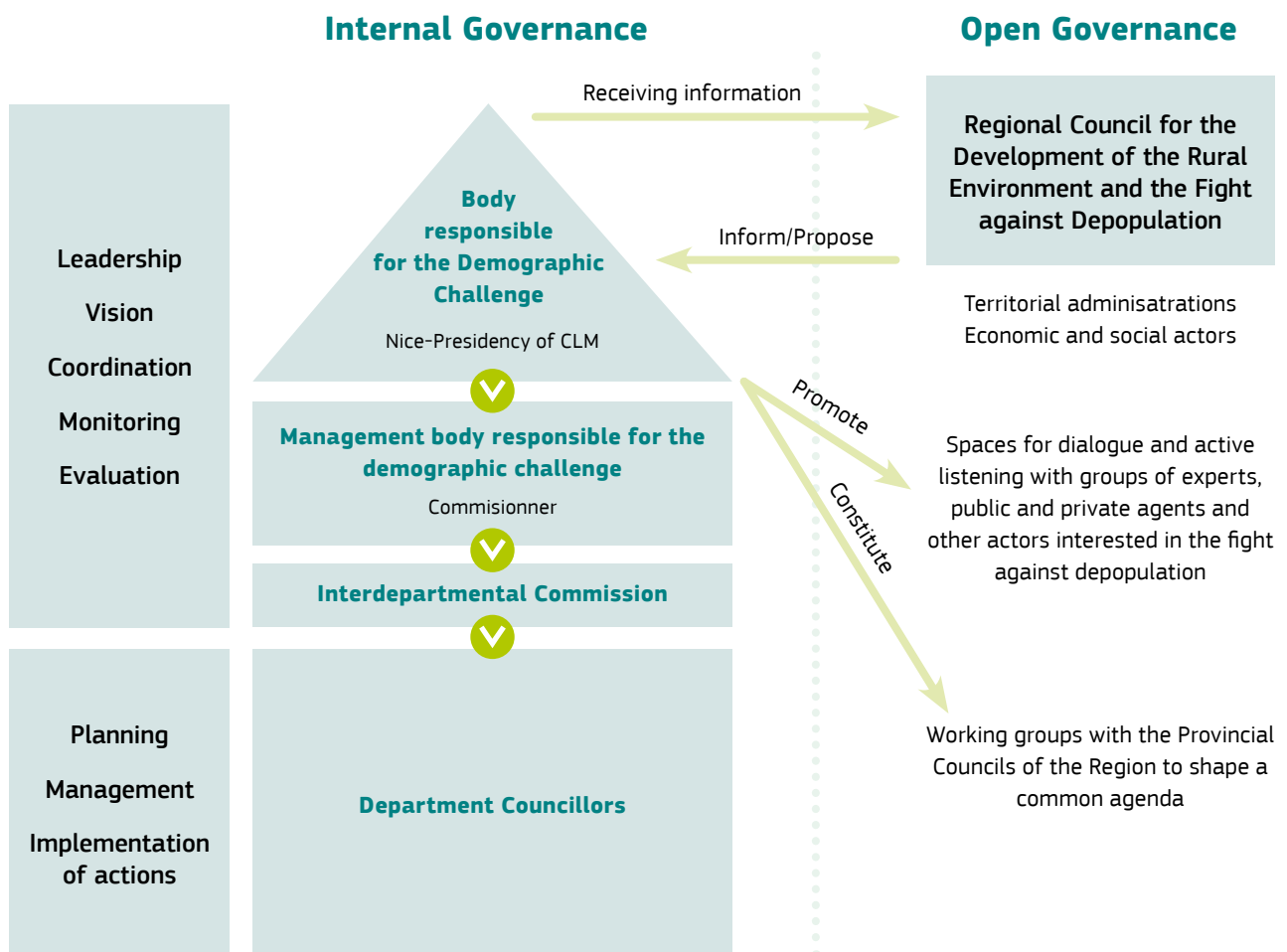


Figure 3 - Governance structure of the strategy to combat depopulation in Castilla-La Mancha

The **monitoring and evaluation of the progress of the law and strategy** is linked to their governance system. An Interdepartmental Commission will continuously review the implementation of the planned measures and their evolution. Mid-term reviews will be conducted every four years (in 2025 and 2029), each of them followed by a report to be sent to the Regional Parliament for analysis. A final evaluation is also planned.

6. KEY TAKE AWAY MESSAGES: WHAT CAN WE LEARN FROM THE CASTILLA-LA MANCHA EXPERIENCE?

- ▶ Rural depopulation can best be tackled through **an integrated and multisectoral strategic plan with a defined associated budget**; such approach allows for elaborating strategic interventions in coordination with all government departments and involving **all relevant policies and funding tools**.
- ▶ **Strong political will and continued high-level leadership** are essential to ensure the success of strategic, multisectoral and integrated approaches to the structural problems of areas suffering from depopulation.
- ▶ An in-depth **analysis of the rural territory and a classification of rural areas** (using multiple criteria) is an essential starting point to understand their different needs and articulate targeted interventions.
- ▶ **Policy interventions should be specifically targeted to areas suffering from depopulation**, facilitating their access to existing support and taking into account the specific limitations and challenges present in those territories, such as greater costs of setting up businesses or the limited provision of certain basic services (e.g. through the definition of selection criteria in accessing funds, enhanced taxation regimes for these areas, etc.).
- ▶ Adequate **governance structures** are important to ensure horizontal coordination among all relevant policy departments as well as to encourage participation and dialogue with civil society actors in the monitoring and evaluation of the strategy (vertical coordination).
- ▶ **Rural proofing** can ensure that the impact of laws, regulations and programmes on areas suffering from depopulation is taken into consideration. It can also help design better policy responses.