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Rural development policies in the european union

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Résumé. Pour l'UE, et bien que l'agriculture ait progressivement perdu de son poids dans les économies nationales, le développement rural reste une priorité pour au moins trois raisons :

- l'importance des territoires ruraux, en terme de superficie (90% du territoire de l'UE) et aux plans démographique (plus de 50% de la population), social et économique (40% du PNB) ;
- les rôles dévolus à ces territoires (espace de production, de loisirs, de conservation de la biodiversité, ...);
- le fait que les espaces ruraux soient souvent "en retard de développement" si on les compare aux espaces urbains. Cette vision générale ne doit cependant pas faire perdre de vue la très grande diversité de situations qui existe au sein de chaque Etat membre et entre ces Etats et la distinction qu'il y a lieu de faire entre les territoires isolés, intermédiaires et péri-urbains.

Si la politique de développement rural de l'UE a été initialement une politique de structure centrée sur les exploitations agricoles et qu'elle reste encore aujourd'hui le "second pilier" de la PAC, le premier renvoyant à la politique des marchés agricoles, elle a progressivement intégré d'autres considérations, développé des approches territoriale et environnementale, pris en compte la multidisciplinarité et le caractère multifonctionnel des espaces ruraux.

Les principes généraux qui fondent aujourd'hui cette politique sont les suivants :

- l'existence d'un partenariat et d'une responsabilité partagée entre l'UE et les niveaux nationaux et régionaux, autant dans les conditions d'exécution de cette politique que pour son financement,
- la mise en place de stratégies de développement à long terme, accompagné d'un dispositif de suivi - évaluation permettant d'apprécier le degré d'atteinte des objectifs initiaux,
- la recherche d'une complémentarité avec les autres politiques de l'UE et donc d'une cohérence globale de ces politiques.

En terme d'objectifs, la politique de développement rural de l'UE pour la période 2007-2013 a pour ambition d'accroître la compétitivité de l'agriculture, de mieux prendre en compte la dimension environnementale et enfin d'améliorer la qualité de vie et promouvoir la diversification des activités. En référence à ces trois objectifs, chaque pays membre ou région peut sélectionner ses priorités parmi une liste de mesures d'appui prédéfinies et construire ainsi son programme. Une fois ce programme adopté, tous les acteurs ruraux peuvent solliciter une aide à la réalisation de leurs projets, sous réserve que ces derniers relèvent d'une des mesures d'appui retenues. Le programme Leader vient en complément de cette approche "top-down". Centré sur l'initiative locale, Leader s'appuie sur des groupes d'acteurs locaux associant le public et le privé et intéressés au développement de leur territoire. Les plans de développement local proposés doivent renvoyer aux objectifs principaux de la politique de développement rural. L'organisation de la mise en réseau de ces acteurs, au niveau national et européen, s'est révélée nécessaire pour permettre l'échange d'expériences, promouvoir les bonnes pratiques et construire de nouveaux partenariats. Après la publication récente par la CE des "Orientations stratégiques pour le développement rural", les stratégies nationales sont en cours d'élaboration. On peut aujourd'hui espérer qu'elles seront adoptées par la Commission fin 2006 pour une mise en œuvre des programmes dans les premiers mois de l'année 2007.

Abstract. *Although agriculture has gradually lost some of its weight in national economies, rural development is still a priority in the EU for at least three reasons:*

- *the size of rural regions in terms of area (90% of the territory of the EU), demography (more than 50% of the population), and social and economic features (40% of GDP);*
- *the functions fulfilled by these regions (production, leisure, conservation of biodiversity, etc.);*
- *the fact that rural areas are lagging behind in development in comparison with urban areas. However, this overall view should not result in losing sight of the very great diversity of situations within each member-state and between these states and the distinction that must be made between isolated, intermediate and peri-urban regions.*

Although the EU's rural development policy was initially a structure policy centred on farms and is still the CAP second pillar, with the first concerning the agricultural market policy, it has gradually incorporated other considerations, developed territorial and environmental approaches and taken into account the multidisciplinary and multifunctional nature of rural areas.

The general principles underlying this policy today are as follows:

- *the existence of a partnership and shared responsibility by the EU and national and regional levels for both the conditions of implementation of this policy and its funding,*
- *the setting up of long-term development strategies accompanied by a monitoring-evaluation facility to make it possible to appraise the degree to which the initial objectives are attained,*
- *the search for complementarity with the other policies of the EU and hence the overall coherence of these policies.*

In terms of objectives, the EU rural development policy for the period 2007-2013 is aimed at increasing the competitiveness of agriculture, better allowance for the environmental aspect and finally improving the quality of life and promoting the diversification of activities. With reference to these three objectives, each member country or region can choose its priorities from a series of predefined support measures and thus develop its programme. Once the programme has been adopted, all the rural players can request aid for the implementation of their projects on condition that the latter concern one of the support measures chosen.

The LEADER programme complements this top-down approach. LEADER is focused on local initiatives and centred on groups of local players combining the public and private sectors and those interested in the development of their area. The local development plans put forward must be related to the main objectives of the rural development policy. Organisation of the networking of these players at the national and European levels has been found necessary for it to be possible to exchange experiences, promote good practices and build new partnerships. National strategies are being drafted after the recent publication by the EC of 'Strategic Guidelines for Rural Development'. It can now be hoped that they will be adopted by the Commission at the end of 2006 for implementation of the programmes during the early months of 2007.

It is a great honour and pleasure for me to join you at this important conference and I should like to thank the CIHEAM for their kind invitation. Rural development clearly is a field of common interest, a field in which we can exchange and learn from each other's expertise and experience. It is in this sense that I should like to present you now the rural development policy of the EU.

I shall start with a few words of explanation why rural development is important for the EU and try to give you an idea of the diversity of rural situations and development problems we face. After that, I will speak briefly about the history of our rural development policy and give you an outline of its main principles. Then I shall introduce you to our rural development policy programme for the period 2007-2013, its core objectives and support measures, dwell a moment on the so called "Leader" bottom-up concept for local development and, finally, say a few words about the programming process.

I - Rural development as a major policy preoccupation

Although the EU has reached a high level of economic development and the economic importance of agriculture has declined significantly over time, rural development remains a major policy concern. I think there are at least three reasons for this:

First, rural society continues to play a very important role in demographic, social and economic terms. Rural areas and communities are spread across the whole of Europe. They exist in every Member State. Indeed, according to the OECD definition of rural regions – which is mainly based on population densities—predominantly and significantly rural regions cover around 90% of the territory of the EU. More than half of our population lives in these regions and over 40% of our domestic product (our wealth) is produced there. Average population densities vary from 38 inhabitants per square kilometre in predominantly rural regions to 125 in significantly rural regions and 614 in predominantly urban regions.

Second, partly because they cover such a large part of the territory, rural areas fulfil a number of vital functions, not only for the population that lives there, but for society as a whole. They provide the land base for the production of food and other renewable raw materials. They offer living space for flora and fauna and thus are a key to the preservation of an ecological balance. Depending on their geographical situation, they have more or less close inter-relationships with urban areas and fulfil important buffer, recreation and amenity functions. Last, but not least, they represent in many cases a cultural and natural heritage which society increasingly wants to be preserved.

Rural areas have their own specific economic, social and community structures, in which farming and forestry, handicraft, small, medium and large companies produce and trade, where services from the most local to the most international such as tourism are provided. These interact, compete, create and evolve.

Here, however, comes the third reason why rural development is a policy preoccupation. In fact, as compared to the overall economy, many rural areas are lagging behind in their economic development. On average, per capita income is significantly lower than in urban areas; unemployment rates are higher and there is, of course, a relatively stronger reliance on primary sectors like agriculture and forestry.

Now, as you certainly know, the agricultural support policy of the EU has undergone deep reforms over the last decade. This process still continues and generates increasing adjustment pressures for

agriculture. And major adjustments of the farm sector do, of course, have an impact on the rest of the rural economy. Even though, in Europe, agriculture is in many cases no longer the motor of rural economies, it remains an important sector to which many other activities are linked, directly or indirectly.

II - The diversity of rural areas in the EU

Behind the general picture of rural regions having lower incomes, higher unemployment rates and relatively stronger dependency on the primary sector than urban regions, lies a wide diversity of situations in rural regions between and also within the different Member States of the EU. There are indeed rural regions of the EU which would appear to contradict the picture I have given completely, with impressive economic growth and significant job creation. It would therefore be wrong to equate rural areas automatically with disadvantages in economic development and the labour market.

In more qualitative terms and somewhat stylized, we can distinguish in the EU between remote, intermediate and peri-urban rural areas.

Remote rural areas are in general characterised by particularly low population densities. Here, we find the lowest incomes, the highest unemployment rates, weak infrastructures and a limited and sometimes even declining provision of services of general interest. Altogether, these handicaps make it difficult to keep the younger and more qualified people attracted to the area, and we observe out-migration and depopulation in a number of cases.

The intermediate rural areas and communities are still relatively distant from large urban centres. However, the overall economic situation is generally better than in the remote rural areas with a varying mix of economic activities. Some of these areas are characterised by large scale farming.

Finally, the peri-urban rural areas and communities would tend to be well integrated with the urban centres. But land use – which is still largely characterised by farming – comes increasingly under pressure from competing activities, be they industrial, residential or recreational. As a consequence, the environmental, social and cultural heritage of these rural areas is increasingly under threat of being lost.

This qualitative and somewhat stylised presentation gives a broad idea of the diversity of situations and developments rural development policy in the EU has to address. The diversity has even been accentuated over time by the different enlargements of the EU.

III - Some words on the historical development

Against this background, rural development policy has evolved as part of the historical development of the EU's Common Agricultural Policy. It started off as an agricultural structural policy dealing with problems of the farm sector. But progressively, this purely sectoral approach was complemented by territorial elements. The policy looked more and more at the multiple roles of farming in society and placed the farm sector in the wider context of the rural economy. Today, it relies much more than in the past on a territorial and environmental approach, based on multi-disciplinary and multi-sectoral concepts of rural development. But it is also true that, despite these developments, its agricultural base still remains dominant. This explains why the EU's rural development policy is often presented as the second pillar of its Common Agricultural Policy, the first pillar consisting of agricultural market and income support policies.

IV - General principles of the EU's rural development policy

1. Partnership and shared responsibility

After some experiments in the first half of the 1980s, our rural development policy has been implemented systematically, since 1988, in the framework of multi-annual programmes. These are prepared and implemented in close partnership between regional, national and European levels. Both the EU and Member States provide part of the funding for the different support measures. This "co-financing" is the basis of shared responsibilities.

Programmes can be established at the national or the regional level. It is up to each Member State to decide which approach is more appropriate in its specific situation. Member States that opt for a national programme often include at least some regional chapters in their programme in order to account of the diversity of rural areas within their territory.

During the preparation and implementation of the programme, it is essential, according to our experience, that everybody who has a stake in the programme is involved through adequate consultation procedures, including local authorities, farmers and other rural people or their representatives. This helps to ensure that programmes really meet local needs and that there is a certain feeling of ownership by the local actors which, in many cases, is a key to success.

The contribution of European policy in this context is not only in terms of financial resources, but also in terms of governance. Thus, we try to promote the interaction of public partners together with non governmental organisations and civil society. We encourage the adoption of best practice in systems of finance and management. We disseminate information about successful development initiatives and we promote the exchange of experience as well as cooperation projects between regions and countries.

2. Strategic approach

Partnerships and shared responsibility are one of the core principles of the EU's rural development policy. Another principle is that rural development programmes should be "strategy led". This means they should be built on long term development strategies reflecting real needs and based on clearly defined objectives with corresponding monitoring and evaluation systems. In the EU, rural development policy is programmed for a period of 7 years. The amount of money available for support during this period is limited and determined in advance. It is therefore essential to have from the beginning a clear idea of what can and what should be achieved. Problems, needs and opportunities have to be identified on the basis of an in-depth analysis and progress has to be evaluated.

Our experience shows that it is important to foresee sufficient time for analysis and evaluation. Ex-ante and ex-post evaluation are a legal requirement for all EU expenditure. In the case of rural development, we have in addition, after three years, a mid-term evaluation which allows a first in-depth stocktaking of developments and serves as a basis for review of the programme strategy.

3. Complementarity and cohesion

A third principle of our rural development policy, which I should mention, is its complementarity with other policies. The European Union intervenes in some policy areas and not in others. At the conception, programming, implementation and evaluation stages, care is taken to ensure that EU level policies which are closely related in rural areas such as environmental, regional, employment and rural development policies complement each other as far as possible. At the same time, each Member State should seek to

ensure that rural development policy is complemented by other national policies such as education, health or social security.

A particular case of complementarity is, of course, the balance between rural development policy and the classical agricultural market and income support policy. As I already mentioned, the EU has undergone and continues to undertake significant reforms of its market and income support policy. Rural development policy plays an essential role in helping agriculture and rural areas to the new situations generated by successive reforms.

V - The core objectives of the policy

This is what I wanted to say about the main principles of our rural development policy. Now, how does all this work in practice? We are currently preparing the fourth generation of rural development programmes for the period 2007-2013. Let me take this as an example to explain how things are put into place.

Last June, our Member States adopted on the basis of a proposal from the European Commission and after consultation of the European Parliament and other EU institutions, a legal framework for the new period. It defines what the core objectives are, which support measures are available to reach these objectives and how the process of programme preparation, implementation, monitoring and evaluation shall be organised. Let me now highlight some of these aspects.

As regards the objectives, our post-2006 rural development policy will be centred on three core objectives:

- First: It shall contribute to increase the competitiveness of agriculture and forestry through support for restructuring, modernisation, innovation and quality production.
- Second: It shall help improve the environment through support for sustainable land management and the remuneration of environmental services.
- Third: It shall contribute to enhance the quality of life in rural areas and to promote the diversification of economic activities. This includes improved access for the rural population to basic services and infrastructures as well as the promotion of new employment opportunities outside agriculture.

Under each of these broad objectives, Member States or regions can choose from a range of pre-defined support measures to build their programmes. They should, of course, select those measures which are most suited for the purpose of their rural development strategy and combine them in a way that mobilises a maximum of synergies.

VI - The main support measures

Let us now have a rapid glance at these different support measures:

1. Objective 1: Improving competitiveness

Under the first objective, "improving competitiveness", we find mainly measures to promote structural change, modernisation and innovation, and to facilitate restructuring following the CAP reform and the enlargement of the EU. They concern both human and physical capital in agriculture and forestry. Support for vocational training, for the use of management and advisory services, for early retirement and for the setting up of young farmers can be found here as well as investment aids for the improvement of production, processing and marketing structures and for agricultural infrastructures.

Increasing competitiveness also means taking advantage of the opportunities offered through diversification. In this context, there is a focus on quality and value added production for which markets

exist or are emerging, as well as on cleaner and more environmentally friendly production techniques. Growing opportunities are also expected to emerge for non-food or biomass production as a renewable raw material for industrial or energy purposes.

Let me draw your attention in this context to a new measure which we have introduced for the period 2007-2013. We call it the "cooperation for innovation" measure. It allows for support to be granted to promote cooperation between farmers, foresters, the processing industry and third parties to develop new products, processes and technologies in the agriculture, food and forestry sectors.

2. Objective 2: Improvement of the environment

So much for the support measures linked to the competitiveness objective, Ladies and Gentlemen. Let me now come to the main measures under the second objective, "improvement of the environment". They aim at the protection of natural resources, at the preservation of traditional rural landscapes and at the enhancement of biodiversity. Adequate land management, which takes account of the specific environmental conditions in a given area or region, is the key in this context. In order to prevent the abandonment of agricultural land use under difficult conditions, specific payments are foreseen to compensate handicaps in mountain and other less favoured areas or so-called Natura 2000 areas where particular environmental restrictions are imposed on farming and forestry. In the framework of specific agri-environmental measures, farmers and foresters can receive payments for the provision of environmental services that go beyond their legal obligations and generate extra costs or income losses for them.

Altogether, support measures under the environment objective should contribute to sustainable rural development by encouraging farmers and foresters as the main land occupiers in rural areas to keep up land management so as to preserve the natural space and landscapes. This is important not only for environmental reasons, but also as a basis for the development of economic activities like rural tourism, a sector that continues to have quite a promising development in Europe.

3. Objective 3: Quality of life and diversification

This leads me to the third objective, the improvement of quality of life and the diversification of economic activities in rural areas. Under this objective have been grouped support measures which should help to maintain and, where needed, to develop and improve the social and economic fabric in rural areas. Investment in the broader rural economy and rural communities would, in many cases, appear to be vital to enhance the quality of life in rural areas, via improved access to basic services and infrastructures and a better living environment through village renewal.

Making rural areas more attractive also requires promoting sustainable growth and generating new employment possibilities. Facilitating access to up-to-date information and communication technologies, including training, can be a key factor in this context.

Diversification of the economic activities in rural areas includes the development of non-agricultural activities on the farm as well as the promotion of off-farm activities and strengthening the links between agriculture and other sectors of the rural economy.

Non-agricultural activities on the farm are for example the creation and the management of camping grounds, bed and breakfast facilities, holidays on the farm, horse riding, the processing and direct sale of farm products as well as on-farm restaurants.

Off-farm diversification includes support for the development of rural tourism as well as for the creation and development of micro-enterprises with a view to promoting entrepreneurship and strengthening the economic fabric. Micro-enterprises are enterprises with up to 9 employees and a yearly turnover of up to 2 Mio €. They are often a motor for job creation in rural areas.

Although many support measures under the third objective would not appear to affect agriculture directly, we should not underestimate their importance for farmers and their families. Our experience in Europe clearly shows that agriculture generally develops and prospers when the overall economic environment in the rural areas does well. We would be ill-advised to overlook these interdependencies.

This, Ladies and Gentlemen, is what I wanted to say about the three core objectives for rural development in the EU and the main support measures linked to them. The core objectives have to be addressed as thematic priorities in each rural development programme. To use a picture, the three core objectives represent the main axes around which Member States or regions build their rural development programmes. And the pre-defined support measures represent the building blocks among which they can choose for their programme construction. Once the programme is finalised and approved, farmers, foresters and other rural actors, including public authorities, can ask for support for their projects or activities under each of the measures which has been retained in the programme as a building block. The support under each measure is subject to certain conditions and is “co-financed” by the EU and the Member States concerned. In some Member States the national part of the co-financing is shared between the national and the regional level.

VII - The “leader” concept

Now, I have not yet spoken about one other core element which has to be included in each rural development programme. It is what we call the “Leader concept”. Whereas classical rural development support policy is based on a top-down approach – although in a number of cases a quite decentralised one – the Leader approach works bottom-up and is centred on local development.

Public and private partners at the local level form a local action group. This public-private partnership consists in general of one or several municipalities together with local entrepreneurs, farmers, foresters and other people interested in the development of their communities and the improvement of the local environment. At least half of the partners in a local action group have to come from the private sector.

The local action groups prepare their local development plans and introduce them into a selection procedure. The best plans are then selected by the regional or national authorities for support. They must refer to well-identified sub-regional rural territories and should contain an integrated multi-sectoral approach based on the interaction between actors and projects of different sectors of the local economy.

The local development plans must contribute to achieve the three core objectives of the rural development policy. But in order to leave room for innovative ideas and approaches, they do not have to use the pre-defined support measures. Support can be granted for the implementation of the local development strategies, for the operational costs of the local action groups, for cooperation projects between them as well as for capacity building and animation necessary for the preparation of local development strategies.

When one looks at the independent evaluation studies we have commissioned on our rural development policy instruments, the results of the Leader approach are quite positive. Of course, there have been failures. But altogether, Leader is judged to be efficient because it is adaptable to very different socio-economic contexts in rural areas, brings key actors together, mobilises voluntary effort and is responsive to small scale activities and projects to promote local development. It is judged effective because it closes the gap between a top-down programme and the local people, conveys responsibility to local actors and links public authorities with the local economy and society. It contributes to capacity building in rural areas and there are many examples where Leader has contributed to the creation of new jobs and to the improvement of incomes in rural areas. In one sentence: the Leader approach, if well implemented, can provide a lot of local mobilisation and development for little money.

The local action groups under Leader and other actors of rural development are linked together and assisted in their work through a national rural network. A European network will bring together the national networks as well as organisations and administrations in the field of rural development at the EU level.

In our experience, this networking is essential to bring rural development actors together, to exchange expertise and experience, to promote and diffuse best practice, to generate new ideas and to build new partnerships for cooperation projects. It clearly has a strong mobilising and multiplying effect and is a key to success.

VIII - The main programming steps

Let me still say a few sentences about the main programming steps. Directly after the adoption of the legal framework for rural development support last June, the European Commission proposed a number of common strategic guidelines for the period from 2007 to 2013. These guidelines define specific priorities – or perhaps should I better say: specific accents – with respect to the three core objectives, accents which all Member States and regions should respect in their programmes. For example, in the case of the competitiveness objective, particular attention should be paid to the transfer of “Know-How” to and the formation of human capital in rural areas through training and the diffusion of information. As regards the environment objective, particular attention should be paid to the preservation of biodiversity and, in this context, to the maintenance of agricultural and forestry systems with high nature value, to the protection of water and to climate change mitigation. Finally, concerning the objective of economic diversification and improved quality of life in rural areas, a particular accent should be put on the creation of new employment opportunities.

We believe that it is important to have a broad and transparent policy debate on these guidelines and to reach a common agreement, early in the programming, on what the priorities are for the next period and on where we want to focus the EU money.

Although the strategic guidelines have not yet been formally adopted, the discussions so far indicate that there is a broad consensus around the suggestions made by the European Commission.

The EU strategic guidelines are the basis for the elaboration and discussion of national strategies. How can the common EU priorities be best translated to the national situation with its specific strengths and weaknesses, problems and opportunities? Which other priorities are important from a national point of view? How can the agreed objectives be reached in the most efficient way and how should progress be measured? How will the intervention of the rural development fund best be combined with interventions from other funds and policy instruments?

All these questions have to be addressed in the national strategy plan. The preparation of this plan should be based on a broad consultation of stakeholders at the national and regional level. Once it is finalised and adopted, the national strategy plan forms the basis for the third step, the programme preparation. The programmes have then to be approved by the European Commission, after the consultation of all Member States in a specific Committee for rural development. We hope that the programming process including programme approval can be completed by the end of 2006, so that Member States and regions can start with the programme implementation early 2007.

In conclusion

I shall stop here, Ladies and Gentlemen. I hope I have been able to give you both an overview of and an insight to our rural development policy. Of course, I am at your disposal for any questions you may have. And I look forward to listening to you, to discussion with you and to learning from you about your concepts and approaches. I hope this conference is only a first contact and that we shall still have many other

opportunities to deepen and extend our exchange. And if you are interested in learning more about this or that aspect of our policy, please do not hesitate to contact me in Brussels. You are always welcome. There are so many things we can do together.

Thank you very much for your attention.