

**Europe's Rural Futures –
The Nature of Rural Development II**

*Rural Development in an
Enlarging European Union*

Comparative report by Janet Dwyer, David Baldock, Guy Beaufoy,
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WWF

WWF is the world's largest and most effective conservation organisation. It has a global network of 27 National Organisations. The mission of WWF – the global environment network – is to stop the degradation of the planet's natural environment, and to build a future in which humans live in harmony with nature, by: conserving the world's biological diversity; ensuring that the use of renewable natural resources is sustainable; promoting the reduction of pollution and wasteful consumption.

The Land Use Policy Group

This group consists of policy directors from the Countryside Agency, Countryside Council for Wales, English Nature, Scottish Natural Heritage and the Environment Agency, working with the Joint Nature Conservation Committee. The LUPG advise on policy matters of common concern related to agriculture and other land uses, to co-ordinate research and make inputs to European and international policy-making. Website: www.lupg.org.uk.

The Countryside Agency

The Countryside Agency (CA) is the statutory body working to make life better for people in the English countryside and to improve the quality of the countryside for everyone. It is working to achieve: empowered, active and inclusive communities; high standards of rural services; vibrant local economies; all countryside managed sustainably; recreation infrastructure that's easy to enjoy; and, a vibrant and diverse urban fringe providing better quality of life. The CA's role is: statutory champion and watchdog; influencing and inspiring solutions through its 'know how' and 'show how'; and delivering where it is best placed to add value. Website: www.countryside.gov.uk.

Countryside Council for Wales

Countryside Council for Wales is the Government's statutory adviser on sustaining natural beauty, wildlife and the opportunity outdoor enjoyment throughout Wales and its inshore waters. With English Nature and Scottish Natural Heritage, CCW delivers its statutory responsibilities for Great Britain as a whole, and internationally, through the Joint Nature Conservation Committee. Web site <http://www.ccw.gov.uk>.

English Nature

English Nature is the Government agency that champions the conservation of wildlife and geology throughout England. It does this by: advising Government, other agencies, communities and individuals; regulating activities affecting the special nature conservation sites in England; helping others to manage land for nature conservation; and advocating nature conservation for all and biodiversity as a key test of sustainable development. Web site: <http://www.english-nature.org.uk>.

Environment Agency

The Environment Agency (EA) is the leading public organisation for protecting and improving the environment in England and Wales. We achieve this by regulating industry, maintaining flood defences and water resources, and improving wildlife habitats, in addition to our many other activities. We also monitor the environment, and make the information that we collect widely available. <http://www.environmentagency.gov.uk>

Scottish Natural Heritage

Scottish Natural Heritage (SNH) is a government body, established in 1992 and responsible to the First Minister for Scotland. SNH's task is to secure conservation and enhancement of Scotland's unique and valued natural heritage – the wildlife, the habitats and the landscapes that have evolved in Scotland through long partnership between people and nature. SNH advises on policies and promotes projects that aim to improve the natural heritage and support its sustainable use. Our aim is to help people to enjoy Scotland's natural heritage responsibly, understand it more fully and use it wisely so it can be sustained for future generations. Web site: <http://www.snh.org.uk>.

Institute for European Environmental Policy

The Institute for European Environmental Policy (IEEP) is a leading centre for the analysis and development of environmental policy in Europe. Our work focuses on European Union (EU) environment policy, and environmental aspects of other sectoral policies such as agriculture, transport, regional development and fisheries. We are also actively engaged in the development of in EU Member States and in central and eastern Europe. IEEP seeks both to raise awareness of European environmental policy and to advance policy-making along sustainable paths. Web: <http://www.ieep.org.uk>

The Centre for Rural Economy

The Centre for Rural Economy was set up in 1992 in memory of the 10th Duke of Northumberland. It is committed to applied research of the highest quality, oriented towards the achievement of a sustainable rural economy. The focus for its research is the socio-economic issues of institutional and policy design arising from the reforms of the EU Common Agricultural Policy towards rural development and environmental objectives. The Centre publishes Research Reports, Working Papers and a Newsletter. Web site: <http://www.ncl.ac.uk/cre>.

Leeds University

The School of Geography at the University of Leeds is one of the UK's largest and leading departments in geographical research with 38 academic staff, 30 research staff, and 25 support staff. Its research quality is recognised through research council, government and industrial funding as well as a stream of major research publications. It has particular research strengths in geocomputation and geodemographics, critical human geography, earth surface processes and environmental management. Web site: <http://www.geog.leeds.ac.uk>

IDRISI

Instituto de Desarrollo Rural Sostenible (IDRISI) is a non-profit organisation based in Extremadura (Spain). IDRISI is dedicated to the objective analysis and improvement of agricultural and rural policies, in order to take better account of environmental and social needs.

Foreword

Europe's Rural Futures – The Nature of Rural Development is part of the strategic programme of research and influencing work of the project's sponsors - the Land Use Policy Group (LUPG) and WWF Europe¹. Our aim is to understand the impacts of the Common Agricultural Policy (CAP) and its rural development instruments on the rural environment and countryside of the enlarged European Union. Our work aims to highlight relevant policy impacts from both an economic, social and environmental perspective and identify possible options for reform of the CAP's instruments and subsidy systems.

Both partners are seeking reform of the CAP and related rural development policies. Our aims are to achieve a sustainable rural development policy in Europe together with increased resources for implementation, primarily through the development and more integrated, better targeted use of the Rural Development Regulation (RDR) in the European Union (EU), and of SAPARD, in the Candidate Countries.

We are publishing the *Europe's Rural Futures – The Nature of Rural Development* report at a time when European rural development policy is at a crossroads. At the European scale two major policy debates are underway - the mid-term review of the CAP and enlargement negotiations. We expect the detailed legislative proposals for mid-term review to be published by early 2003, by which time we hope the enlargement negotiations will have been agreed. There are also two important policy processes at national level - the Candidate Countries must develop their rural development plans very quickly, for implementation by 1 January 2004, and existing Member States have to evaluate their rural development programmes by the end of 2003.

We designed *Europe's Rural Futures* to inform all these processes. We believe the findings point to the potential of the RDR, and of the Second Pillar approach under the CAP, to underpin sustainable development in Europe's rural areas. However, the report also highlights many ways in which the current measures need to be improved to achieve this in an effective and sustainable manner, in line with the broad set of objectives we associate with sustainable rural development.

This report is based on the most in-depth study undertaken so far on the planning and implementation of rural development programmes under the RDR and SAPARD. It has drawn on the findings of detailed national reports from eight countries and a European roundtable with key policy makers in the European Commission, Member States and Candidate Countries. All the reports, together with a summary of policy messages we have drawn from the research will be available on our websites (www.lupg.org.uk and www.panda.org/epo/agriculture). Annex VI highlights our main recommendations.

We would like to thank the whole team of consultants from 13 European countries and particularly Dr Janet Dwyer, Project Co-ordinator at the Institute for European Environmental Policy (IEEP), for producing such a comprehensive study within the challenging timetable set. We would also like to thank colleagues from the LUPG and WWF networks across Great Britain and Europe for their active participation and contributions to the study.

We hope that *Europe's Rural Futures – The Nature of Rural Development* will both support and influence the development of the RDR and associated rural development programmes to enable them to promote sustainable rural development. We want to secure the protection and enhancement of Europe's environment, biodiversity and diverse landscapes, the development of sustainable agriculture, rural businesses and thriving rural communities.



Mark Felton
Chair, Land Use Policy Group



Elizabeth Guttenstein
Head of European Agriculture and Rural Development, WWF European Policy Office

¹ WWF Europe includes the WWF European Policy Office and a range of WWF National Organisations and Programme Offices including the UK, Germany, Austria, Hungary, Poland, Sweden and Spain.

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Executive Summary

Purpose and scope of the study

This report presents the findings of a study ‘Europe’s Rural Futures’, commissioned by the Land Use Policy Group (LUPG) of Great Britain’s conservation, countryside and environment agencies and WWF Europe. The study was co-ordinated by the Institute for European Environmental Policy (IEEP), Centre for Rural Economy (CRE), Leeds University and IDRISI, working with a consortium of independent consultants in thirteen European countries. The core research was undertaken in six Member States and two Candidate Countries. Additional contributions were made by experts from five other European countries. Research was carried out between September 2001 and August 2002.

This pan-European research project on the rural development instruments of the EU was undertaken to promote a European debate on policies needed to support sustainable rural development, and to inform and influence the Mid-Term Review of the Rural Development Regulation (RDR), further reform of the Common Agricultural Policy (CAP) and other policies relevant to sustainable rural development. The research aimed to explore implementation of rural development programmes supported under the EU’s RDR1257/1999 and the SAPARD pre-accession instrument (1268/1999). The study examined the extent to which these programmes are promoting integrated and sustainable rural development, the protection and enhancement of biodiversity and the coherence of rural development policies with environmental legislation.

The evolution of the RDR and SAPARD – Rhetoric and Reality

At the time it was devised, the RDR was widely hailed as the new ‘Second Pillar’ to the CAP. Many see the Regulation as likely to be an increasingly important component of the CAP as it evolves through future reforms. However, the Regulation is also characterised by a set of tensions and problems that result from its complicated origins and the compromises that shaped its final form.

There were high initial expectations (among environmental organisations and some Member States, for example) for radical reform of the CAP into a policy for sustainable rural development, in which the RDR would play a key ‘piloting’ role. RDR proposals stressed that the instrument would be innovative, would contribute to the broad Cork agenda established in 1996 (see Annex I), and would promote integrated and sustainable development. This rhetoric raised expectations about the RDR and what it could deliver. In the Candidate Countries, a similar level of rhetoric and expectation surrounded the development of the SAPARD instrument for rural development.

In reality the RDR is focused on support for activities ‘close to agriculture’. This has also been reflected in the Commission’s approach to programme scrutiny and approval, and in the allocation of resources within the programmes. The instrument is promoted by the European Commission more as a Regulation for the transformation of agriculture than an all-encompassing measure for rural development. Similarly, the SAPARD measure has focused very much upon preparing the agricultural sector (and most notably, its administration) for accession and the implementation of the CAP.

In addition, the RDR was based on a relatively straightforward amalgamation of pre-existing measures, coupled with the adoption of the programming approach previously used for Structural Funds. Thus it is not a truly integrated instrument designed afresh to meet its new strategic goals. Similarly, SAPARD measures bear a strong resemblance to prior CAP measures, although their scope is slightly different and some measures are simplified. These points will undoubtedly affect the way in which rural development is pursued, under the two Regulations.

This study seeks to describe and then evaluate the early implementation of RDR and SAPARD against *a broad set of goals for sustainable rural development*. These goals share much in common with the early rhetoric surrounding both Regulations, but they are derived directly from the objectives of the study’s Sponsors. The goals emphasise balance and coherence; participation; integration; diversity, adaptability and subsidiarity; and respect for rural assets and resources. These are the themes taken up for evaluation in subsequent chapters of this report.

Scope and Resourcing of Plans

There are striking national differences in the patterns of proposed expenditure on the RDR and SAPARD which broadly reflect historical allocations to similar measures in the past and have not been fundamentally altered by the new Programmes.

There are marked differences between countries, from those for whom the Regulation is clearly seen as *a tool to promote environmental land management*, to those for whom it is essentially about *the modernisation of agriculture*. It seems that the richer regions of the EU tend to prioritise agri-environment and LFAs, whilst the poorer regions prioritise agricultural development.

Investments in agricultural holdings and in processing and marketing are the most highly prioritised measures in SAPARD plans. The dominance of these measures in practice is likely to be increased, as the implementation of other, more complicated measures has been postponed in many Candidate Countries.

As compared to the period before 2000, the main RDR budgetary increase overall is for agri-environment schemes, but the pattern of increase differs markedly between countries and regions.

Because RDR allocations were based largely upon historical spending patterns prior to 1999, countries with arguably the greatest environmental and rural development needs remain very short of funds, as they did not previously prioritise these measures. In some countries (eg UK and Netherlands), relatively low EU allocations to the RDR have been augmented by the contribution of high levels of national cofinancing (and modulation, in the UK) to the programmes, while in others this has not occurred.

A more detailed examination of RDPs and SAPARD plans in the core countries of this study illustrates how often similar-sounding strategic goals for sustainable development translate into quite different implementation models, depending very much on past experience with domestic and EU funding programmes.

Evaluation – coherence, balance, participation and integration

The adoption of a programming approach to the RDR and SAPARD appears to have promoted a greater coherence in the use of the various constituent measures. However, there are some notable examples of apparent incoherence (eg between environment and development measures). The main area lacking coherence is between RDR funds and other EU policies and funds.

The RDPs and SAPARD programmes contain some notable examples of improved integration in the design and delivery of measures. Many of these were engendered through processes essentially independent of the EU framework but they have been able to use it to their advantage. However, the dominant picture is of relatively weak integration between measures and between these Regulations and other national and regional rural funds.

Many RDR programmes are criticized by stakeholders for their continuing preoccupation with agriculture when the nature of many of Europe's rural areas can no longer be presumed to be agricultural, at heart. This is equally true in less developed economies where tourism dominates large areas, as it is in post-industrial economies where new kinds of rural business and/or commuting have developed strongly. Particularly in the most marginal areas, a more pluralist approach is already recognised as essential.

On participation, the RDP show more partnership in the *process of plan development* than generally occurred in the past. However, this is often not followed through into delivery, with many examples of relatively weak consultative arrangements for implementation, although with notable exceptions in the UK and France.

Innovation, local tailoring and flexibility

Innovation in RDPs across Europe has occurred both at the level of programme design and resourcing, and at the level of individual projects and initiatives. Many such occurrences demonstrate notable flexibility and tailoring of measures to meet local circumstances and potential.

It is notable that some of the strongest examples relate to developments which preceded Agenda 2000 – either coming from previous experience with EU Structural Funds or from essentially separate national or more local initiatives and processes. In these cases, the RDR has provided a vehicle to take such developments forward while

SAPARD may have offered an additional stimulus to action, although SAPARD programme funds are not yet supporting these kinds of action (and there have apparently also been negative effects – see Chapter 8).

These examples serve to illustrate the potential that the new Regulations can offer, given appropriate sensitivity and support at all levels. They can also be seen as an example which could be built upon much more widely, as the current programmes develop and as governments begin to think about their plans for the next programming period.

Environmental integration and respect for rural resources

It is clear from the countries examined that the RDR and SAPARD have the potential to make an important contribution to environmental protection and enhancement. There is evidence that the new Regulations have increased the relative importance given to environmental considerations in agricultural and rural development policies at national and regional levels.

Nevertheless, the programmes vary greatly in their treatment of the environment. Significant differences between programmes appear to reflect the different national situations in terms of the ‘state of the debate’ of rural policy and the influence of environmental authorities and NGOs. They do not reflect differences in the scale, diversity or urgency of environmental issues, in fact rather the opposite: countries and regions with the greatest environmental pressures seem to have produced a less satisfactory response, in terms of environmental measures.

Overall, more apparent weight is given to environmental issues and measures in Sweden, Austria, France, the UK and Germany than in Spain, Poland or Hungary.

In all plans there are very few objectives relating to environmental outputs, such as achieving Favourable Conservation Status for certain habitats or species or ensuring that water extraction is compatible with the recharge capacity of aquifers. The same is true of the indicators to be used in monitoring the programmes.

In relation to the environmental conditions affecting RDR measures, ‘minimal environmental standards’ are generally interpreted as existing legislation affecting agriculture. ‘Good Farming Practice’ is either an existing code or combination of codes, or in some cases new conditions introduced specifically for the RDR.

In some cases the environmental benefits expected from environmental measures are questioned. This issue emerges in relation to agri-environment measures in Austria, southern Germany, Spain and France. Some schemes are designed for ‘easy compliance’, requiring very little action from farmers. Other schemes have been criticised as a Pillar 1 approach. The measures in question may absorb a considerable part of RDP budget allocations.

Likely outcomes of the Programmes, and monitoring and evaluation

In the core countries studied, the new Regulations are predicted to deliver either preservation or change. At the ‘preservation’ end of the scale are Austria, Scotland in the UK and southern Germany, where programmes are dominated by agri-environment and/or LFA aids, which may help to protect environmental and social assets through continuing public subsidy.

At the ‘change’ end of the scale would be Poland, Hungary and Spain, where the pattern and/or the scale of change risk damaging the natural and cultural assets of rural areas – certainly in marginal areas that cannot compete effectively. In Poland and Hungary this would be lessened if *the entire* Programmes were implemented, due to the potential value of planned agri-environment and rural development measures.

France, Sweden, northern Germany, and the rest of the UK, combine a strong focus on environment with active promotion of new forms of development and diversification. Here, it seems likely that for marginal areas at least, the RDR could serve as an effective stimulus to more truly sustainable forms of rural development. In more intensively farmed areas, the picture diverges – Sweden’s programme is described as likely to stimulate mainly environmental management in these areas while the French and UK RDPs are expected to have less environmental effect in these areas but to increase competitiveness.

Many concerns exist regarding the potential environmental effects of the RDPs, particularly in countries for whom the measures are primarily seen as a stimulus to economic development. However there are good examples of where progress in environmental outcomes can be predicted.

Some countries report a tendency for programme expenditure to differ from plans due to budgetary constraints, such that actual spending is skewed towards the simplest options. The pattern is most marked for Candidate Countries but is not exclusive to them. This raises some concerns from a sustainable development perspective.

Monitoring and evaluation procedures in all the countries represent some change and mainly improvement on past models, but weaknesses remain. These include a lack of sufficiently holistic appraisal, measuring outputs not outcomes, being over-technical and lacking stakeholder involvement, and ignoring the environmental effects of non-environmental measures.

Progress and constraints on progress

It is too early to make a full evaluation of the RDR and SAPARD's progress in promoting integrated and sustainable rural development. However, both instruments show some clear signs of positive development. These include improving integration between agricultural and other interests in rural policy, stimulating more strategic approaches to farm-related development in certain countries, and supporting innovative and appropriate schemes and projects at local level.

The success of the Programmes has been hampered by three sets of constraints. *First* are budgetary constraints upon their development. *Second* are institutional constraints upon programme formulation and the steep 'learning curve' for the administrations in Member States and Candidate Countries. *Third* are practical constraints upon implementation.

The limited growth in the EU budget for the RDR relative to previous measures has reduced the scope for introducing new schemes. Low levels of co-financing have led to minimal use of many measures by resource-poor Member States, and there has been an unwillingness to rethink established ways of working when new money was so limited.

The RDR is both much more complex and much less integrated than it first appears. It is effectively an amalgam of many single measures with different criteria, rules and beneficiaries. Such complexity has created confusion amongst officials about what can and cannot be done and has made it difficult for Member States to design flexible and locally tailored packages and to integrate measures. It also confuses potential applicants.

The programmes are too dominated by agricultural measures, despite the rapidly changing nature of rural economies. They are almost inevitably administered by agricultural administrations with limited experience in delivering such a multi-faceted instrument (along the lines of the Structural Funds model) in ways that reflect local conditions.

The rigid accounting and reporting rules are extremely complex and unsuited to a multipurpose and potentially flexible tool such as the RDR. The annual budgeting and other constraints are inappropriate and are proving a disincentive to the development of integrated projects, complex multi-annual initiatives and partnership projects.

SAPARD programmes face many of the same constraints as the RDR, but these have been exacerbated in the context of preparation for accession. SAPARD's main achievement has been to help prepare central institutions in the Candidate Countries for administration of CAP finances. However, this has been at the expense of promoting much-needed, broader capacity building in rural development. Programmes are skewed towards measures which have been simpler to accredit, increasing their emphasis upon conventional agricultural modernisation with consequent risks to environmental and social assets in rural areas. The lack of accreditation of agri-environment pilot projects is a particular concern, as accession approaches.

Conclusions and Recommendations

This study confirms the importance of the central goals and aspirations of sustainable rural development as represented in the Second Pillar of the CAP and SAPARD and the value of a potentially flexible measure such as the RDR. However, there have been significant constraints on progress in implementing these measures. The

flexible, coherent, integrated and partnership-oriented approach that was originally envisaged has not widely been achieved, in reality.

In the medium to long term, the RDR requires a much more substantial funding base, with scope for significant growth. In addition, steps urgently need to be taken to redress the balance of funding to more fully match the relative levels of economic, social and environmental needs across the varied territory of rural Europe.

There is a clear need for changes to the RDR machinery in both the short and medium term. In the short term much could be improved by introducing more flexibility and coherence into the array of measures on offer and simplifying the rules governing their detailed use. These should be balanced by stronger strategic requirements in relation to overall programme balance, coherence and integration – notably environmental integration - in line with the European Sustainable Development Strategy.

The RDR is an innovative and ambitious instrument. Using it wisely requires skill and imagination. It is essential that the EU and Member States should recognise the importance of supporting technical assistance, capacity building and facilitation in the effective development and delivery of programmes. A European unit or body to exchange information and promote best practice would also seem warranted.

The findings are relevant to several of the Commission's proposals for the Mid Term Review (MTR) of the CAP, which give very welcome prominence to the Second Pillar. For example dynamic modulation would help address the need for more funds, but as currently proposed it will not raise sufficient resources to meet short term needs and to redress the current imbalance in underlying budget allocations. Some of the proposed new RDR measures are potentially useful but others could undermine its purpose, compromise its 'green box' status and divert resources from current, pressing priorities. A number of the strategic goals outlined by the Commission for the MTR could more effectively be promoted through the simplification and reform of existing RDR measures and procedures.

SAPARD has developed institutional capacity usefully in the central administrations of the relevant Candidate Countries. However it has not provided experience of local and regional implementation and monitoring to prepare these countries for the RDR. Additional measures for local capacity building and programme design and management will need to be a priority during the first years following accession.

Chapter 1 Introduction

Purpose and scope of the study

This report presents the findings of a study 'Europe's Rural Futures', commissioned by the Land Use Policy Group (LUPG) of Great Britain's conservation, countryside and environment agencies and WWF Europe. The study was co-ordinated by the Institute for European Environmental Policy (IEEP), Centre for Rural Economy (CRE), Leeds University and IDRISI, working with a consortium of independent consultants in thirteen European countries. The core research was undertaken in six Member States and two Candidate Countries. Additional contributions were made by experts from five other European countries. Research was carried out between September 2001 and August 2002.

WWF and the GB LUPG are working to identify and promote a new model of rural development for Europe that is more sustainable in environmental, social and economic terms. An important part of this will be to achieve a European policy framework that will enable and foster the evolution of such a model. In undertaking this study, the research team has been guided by a concept of sustainable rural development which involves the protection and enhancement of environmental capital; the fostering of viable rural economies; and the strengthening of rural communities and the cultural values that they possess. This concept is drawn from the broad principles embodied in key international agreements and statements, notably the Rio agenda. The sponsors' vision for integrated sustainable development is set out in more detail in Box 2.3 of this report.

This pan-European research project on the rural development instruments of the EU was undertaken to promote a European debate on policies needed to support sustainable rural development, and to inform and influence the mid-term review of the RDR, further reform of the Common Agricultural Policy (CAP) and other policies relevant to sustainable rural development. The research aimed to explore implementation of rural development programmes supported under the EU's RDR (1257/1999) and the SAPARD pre-accession instrument (1268/1999). The study examined the extent to which these programmes are promoting integrated and sustainable rural development, the protection and enhancement of biodiversity and the coherence of rural development policies with environmental legislation.

The research builds upon a scoping project 'The Nature of Rural Development: Towards a sustainable integrated rural policy in Europe'¹ which compared the meaning of rural development and the institutional structures for its implementation in ten European countries. It is also part of a programme of research and activities being carried out by WWF and LUPG which is outlined in Annex I of this report.

Aims

The principal aims of the project were to compare the approaches of various stakeholders to planning, implementation and monitoring of RDR and SAPARD programmes, and assess how far they can deliver a sustainable balance of economic, social and environmental benefits. Stakeholders included environmental, rural development and farming organisations and government authorities.

The project also aimed to promote examples of good practice (particularly in relation to creative approaches to implementing rural development measures, but also in planning and monitoring)

¹ *The Nature of Rural Development: Towards a Sustainable Integrated Rural Policy in Europe*, comparative pan-European (and 10 national) reports produced for WWF Europe and the LUPG agencies by IEEP and the CRE, 2001. Reports can be downloaded at: www.panda.org/resources/programmes/epo/publications/agpub.cfm.

in the countries selected. Case studies have been selected to illustrate issues raised during national research, examples of integrated rural development, and particularly creative use of RDR/SAPARD measures.

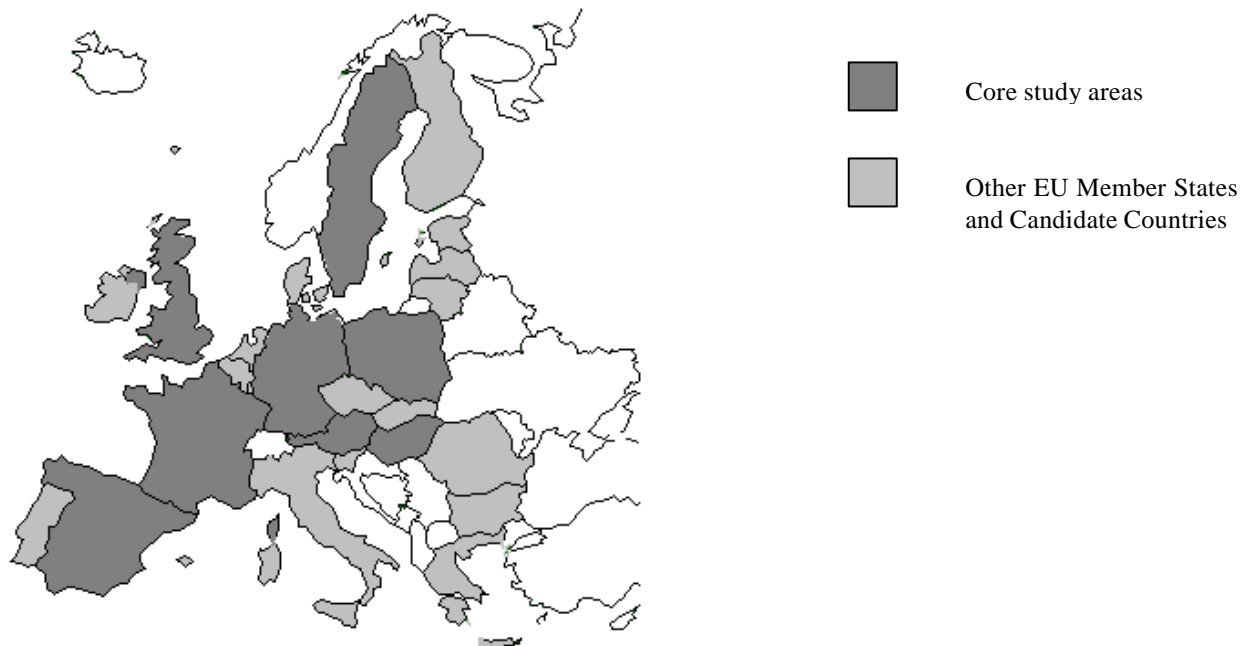
Method

The following national experts were commissioned to carry out in-depth national research, in co-operation with national WWF officers.

Austria	Robert Lukesch	OAR Regionalberatung International	lukesch@eunet.at
France	Henry Buller	University of Cheltenham and Gloucester	Henry.Buller@wanadoo.fr
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Hungary	Gusztav Nemes	Institute of Economics	gusztav_nemes@hotmail.com
Poland	Zbigniew Karaczun	Warsaw Agricultural University	karaczun@alpha.sggw.waw.pl
Spain	José Sumpsi Vinas	University of Madrid	jsumpsi@eco.etsia.upm.es
Sweden	Karl Bruckmeier	University of Gothenburg	karl.bruckmeier@he.gu.se
UK	Neil Ward	University of Leeds	n.ward@geog.leeds.ac.uk

The national research was carried out according to an Agreed Common Framework (see Annex IV). National researchers also undertook various national, regional and local case studies. Extracts from these case studies have been used in this report and the full texts are available from www.panda.org/epo/agriculture.

Figure 1.1 Core countries within the study area



Selected experts from other European countries were also invited to contribute to the study via participation in team meetings and seminars and comments on the draft comparative analysis. These were:

Denmark	Jørgen Primdahl	The Royal Veterinary and Agriculture University	JPR@kv1.dk
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Italy	Francesco Mantino	Istituto Nazionale di Economia (INEA)	mantino@inea.it
Portugal	Paulo Castro	Ministry of Agriculture	pvcastro@netc.pt
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A pan-European Roundtable was held in Brussels in April 2002 with the aim of validating emerging findings and gathering additional information and views from a wide range of stakeholders. Over 80 representatives of national and regional governments and agencies, environmental NGOs, farming NGOs, the EC and universities from across Europe attended this forum.

This comparative report presents a synthesis of the results of the national studies and contributions from experts and stakeholders. It analyses and evaluates the findings of the study against the sponsors' goals for sustainable rural development in Europe and compares the various approaches to planning, implementation and monitoring of RDR and SAPARD programmes across Europe. The final chapter contains conclusions and recommendations for the future of EU rural development policy and its application by the Member States and Candidate Countries.

Chapter 2 The Evolution of the European Rural Development Regulation and SAPARD: Rhetoric and Reality

Summary of Key Points

- At the time it was devised, the Rural Development Regulation was widely hailed as the new ‘Second Pillar’ to the Common Agricultural Policy (CAP). Many see the Regulation as likely to be an increasingly important component of the CAP as it evolves through future reforms. However, the Regulation is also characterised by a set of tensions and problems that result from its complicated origins and the compromises that shaped its final form.
- There were high initial expectations (among environmental organisations and some Member States, for example) for radical reform of the CAP into a policy for sustainable rural development, in which the RDR would play a key ‘piloting’ role. RDR proposals stressed that the instrument would be innovative, would contribute to the broad Cork agenda established in 1996, and would promote integrated and sustainable development. This rhetoric raised expectations about the RDR and what it could deliver. In the Candidate Countries, a similar level of rhetoric and expectation surrounded the development of the SAPARD instrument for rural development.
- In reality the RDR is focused on support for activities ‘close to agriculture’. This has also been reflected in the Commission’s approach to programme scrutiny and approval, and in the allocation of resources within the programmes. The instrument is promoted by the Commission more as a Regulation for the transformation of agriculture than an all-encompassing measure for rural development. Similarly, the SAPARD measure has focused very much upon preparing the agricultural sector (and most notably, its administration) for accession and the implementation of the CAP.
- In addition, the RDR was based on a relatively straightforward amalgamation of pre-existing measures, coupled with the adoption of the programming approach previously used for Structural Funds. Thus it is not a truly integrated instrument designed afresh to meet its new strategic goals. Similarly, SAPARD measures bear a strong resemblance to prior CAP measures, although their scope is slightly different and some measures are simplified. These points will undoubtedly affect the way in which rural development is pursued, under the two Regulations.
- This study seeks to describe and then evaluate the early implementation of RDR and SAPARD against *a broad set of goals for sustainable rural development*. These goals share much in common with the early rhetoric surrounding both Regulations, but they are derived directly from the objectives of the study’s Sponsors. The goals emphasise balance and coherence; participation; integration; diversity, adaptability and subsidiarity; and respect for rural assets and resources. These are the themes taken up for evaluation in subsequent chapters of this report.

2.1 Introduction

The Rural Development Regulation (RDR) was agreed in early 1999 as part of the Agenda 2000 package of reforms to the CAP. The Regulation brings together and builds on what were previously nine separate instruments. At one level, it is designed to be a more coherent and programmed version of a set of disparate measures aimed largely at agriculture, agri-environment and forestry. At another, it is the prototype of a new agriculture and rural policy, paving the way for an ambitious new agenda. The content and purposes of the Regulation need to be seen in the light of the evolution of the CAP. They reflect the different origins and development of the many component parts of the RDR.

Box 2.1 The History of the Rural Development Regulation

<i>1992-1996: From CAP Reform to Cork</i>	
1992	MacSharry CAP Reforms Agreed
1995	Commissioner Fischler’s Agricultural Strategy Paper produced
November 1996	Cork Conference and Cork Declaration
<i>1997-1999: From Cork to CAP Reform</i>	
July 1997	Commission publishes Agenda 2000 proposals
March 1998	Commission publishes draft legislation
11 March 1999	Farm Ministers agree CAP reform package
26 March 1999	Agenda 2000 reforms (including modifications to the farm ministers’ package) agreed by Heads of Government
17 May 1999	Text of Rural Development Regulation (1257/99) agreed
23 July 1999	Text of Rural Development Implementing Regulation (1750/99) agreed
<i>1999-2002: Implementing the Rural Development Regulation</i>	
8 Sept 1999	Commission Decision on allocations of EAGGF funds
2000	Rural Development Plans drawn up and submitted for approval
Late 2000	Programmes commence
July 2002	Commission publishes proposals for Mid Term Review of the CAP, including changes to the RDR

2.2 The Roots of the Rural Development Regulation: the 1992 CAP Reforms to Cork

Following proposals drawn up by the then Agricultural Commissioner, Ray MacSharry, the 1992 reforms to the CAP included a marked reduction in support prices for grains, oilseeds and beef in order to bring CAP prices closer to world market prices. There was also quasi-compulsory set-aside to reduce the over-production of arable crops; direct payments to arable and beef farmers to compensate for price cuts; as well as a newly named set of enhanced ‘accompanying measures’. The accompanying measures were agri-environment, which all Member States were obliged to implement, farmland afforestation and early retirement for farmers.

In 1995, Franz Fischler, MacSharry’s successor, took the next step in the reform process with a European agricultural strategy paper (CEC 1995). The balance of forces pulling on the CAP was shifting, making it difficult to defend the *status quo*. The prospect of EU enlargement to the east, to include countries with sizeable agricultural sectors with many social and economic

difficulties, raised the issue of how the CAP would need to adapt. There were also continuing pressures for more trade liberalisation. Rejecting both the continuation of the *status quo* and 'radical' liberalisation of the CAP, the paper advocated taking forward the spirit of the 1992 reforms, of cuts in market support offset by direct payments to farmers, with a stronger emphasis on the integration of social and environmental policy aims.

In November 1996, Fischler convened a major European conference on rural development at Cork to take the debate to a wider audience and try to engender more political and stakeholder support for his ideas on CAP reform and a more ambitious integrated rural policy. The declaration from the Conference, although not agreed by all participants, pointed towards a much expanded rural development programme to embrace the whole farmed countryside, rather than focusing on specific geographical zones. Many of the existing funds and schemes should be brought together to simplify the plethora of policy mechanisms. Subsidiarity was seen as an important mechanism in achieving the objective of an integrated rural policy, with an emphasis on regional programming and greater transparency and participation.

Commissioner Fischler talked about the need for a rural development policy that is truly integrated, not with a narrow sectoral focus on agriculture, but one that is tailored to local needs and conditions and that draws in a wide range of partners. Above all, he argued that the policy objective should be 'sustainable and integrated rural development'.

The participants at the Conference signed up to a common declaration, which is appended in full as Annex I. It talks of '*making a new start* in rural development policy' (emphasis added), and sets out ten points that should guide the development of rural development policy, as follows.

1. Sustainable rural development must become the 'fundamental principle' which underpins all rural policy.
2. Rural development policy must be multi-sectoral with a clear territorial dimension.
3. Support for diversification should enable private and community-based initiatives to become self-sustaining.
4. Policies should promote rural development that sustains the quality and amenity of Europe's rural natural and cultural resources.
5. Rural development policy must be 'as decentralised as possible', and emphasise participation and a 'bottom-up approach'.
6. Rural development policy, and notably its agricultural component, should be radically simplified.
7. There should be one single rural development programme for each region.
8. Rural development policies should encourage the use of local financial resources.
9. The administrative capacity of local and regional governments and community groups should be enhanced.
10. Programmes should be properly monitored and evaluated, with stakeholder involvement in these processes.

2.3 From Cork to the 1999 CAP Reform: Negotiating the Agenda 2000 Reforms

The RDR

The ambitious nature of the Cork Declaration generated dissent by several Member States and a political reaction from farming unions and most agricultural ministries who feared that rural policy would be promoted at the expense of support for agriculture. The Declaration was thus not endorsed by the Council of Agricultural Ministers and was sidelined by the EU Heads of State. Nevertheless, the Commission's Agenda 2000 reform proposals, issued in July 1997, linked together proposals for changes in agricultural policy and the Structural Funds with the plans for the enlargement of the EU and the framework for the medium-term budget for the Union. Substantial reorganisation of CAP funding mechanisms was proposed and a new emphasis was to be placed on simplification of rules and more decentralised application.

'It should be possible to ensure that the reform of the CAP, in addition to continuing with market and income support, is accompanied *throughout the Union by a broad range of rural development measures* without neglecting the goal of economic and social cohesion'

(European Commission, 1997, emphasis added).

Commenting on efforts to strengthen the environmental elements in the CAP and develop agricultural structures policy, the Agenda 2000 report argued that:

'rural policy in the Union still appears as a juxtaposition of agricultural market policy, structural policy and environmental policy with rather complex instruments and lacking in overall coherence' (ibid).

To address these issues, the new RDR would:

'lay the foundations for a comprehensive and consistent rural development policy whose task will be to supplement market management by ensuring that agricultural expenditure is devoted more than in the past to spatial development and nature conservancy' (ibid).

March 1998 saw the publication of a set of detailed draft regulations to 'put flesh' on Agenda 2000. The draft RDR aroused considerable interest amongst commentators. Intended to establish an integrated legal framework for farm and rural development and agri-environment measures, its key features at the time were as follows.

- It was to be co-financed by the Guarantee (rather than the Guidance) Section of the European Agricultural Guidance and Guarantee Fund (EAGGF) which traditionally funded only the CAP market regimes.
- It was to be applied across the whole of the European Union.
- European funds were to be allocated on the basis of multi-annual programmes prepared 'at the most appropriate geographical level' within Member States in a similar way to regional implementation of the Structural Funds.

This represented a significant shift in emphasis and funding responsibilities to make rural policy a more central feature of the CAP. Indeed, much was made of the fact that the proposals referred to rural development becoming the CAP's 'Second Pillar'.

Although a novel departure, the draft Regulation was broadly derived from existing CAP measures, including: structural adjustment of the farming sector; support for farming in less favoured areas; remuneration for agri-environment activities; support for investments in processing and marketing; and forestry measures. Indeed, none of the sets of measures were entirely new. The broadest measures were those promoting ‘the adaptation and development of rural areas’ (Article 33 in the final Regulation) which were derived from aids previously offered from the Structural Funds under Objective 5b (1994-9). Article 33 appeared to broaden eligibility for CAP supports to include the prospect of non-farmers and non-agricultural activities having access to the RDR budget. In addition, the Regulation included two new measures: Article 16 offered compensation for ‘areas with environmental restrictions’ as an extension to the basic Less Favoured Area chapter, and Article 32 offered payments for the maintenance of forests of ecological value where they were otherwise uneconomic to manage, within the broader ‘forestry’ chapter.

Negotiations over CAP reform were concluded in March 1999 by Heads of Government in Berlin. They reduced the budget agreed earlier by the Agriculture Council and thus placed restrictive limits on Pillar 2 spending. The main CAP budget (EAGGF Guarantee) was limited to €40.5 billion per annum with only 10 per cent of this allocated to the RDR (EAGGF Guidance was to provide a further five per cent of total EAGGF funds for the RDR). Further, Heads of Government disagreed as to how to stay within the agreed limit. Some accepted the principle of degressivity, reducing direct payments over time, and the Commission had tabled proposals along these lines (*Agra Europe*, Feb 1999). However, it proved difficult to agree a model that was acceptable to all Member States, because of differential impacts on each State’s share of the budget. In addition, a few States remained opposed to the very idea. Thus it was decided instead to limit expenditure by postponing reform of the dairy regime, reducing cereal price cuts and retaining set-aside.

The Agenda 2000 outcome was thus deeply compromised and must be judged a missed opportunity to transform the CAP (Tangermann, 1999). Effectively there was no ‘reform dividend’ at the EU level (ie no freeing up of funds from Pillar 1 to promote the integrated rural development agenda). However, crucial elements of national discretion were also incorporated into Agenda 2000 to reflect national and regional circumstances. Of particular relevance to the RDR was the option of using modulation to shift funds from first to second Pillar, within each Member State (Lowe et al 2002, Falconer & Ward 2000).

SAPARD

The SAPARD Regulation followed on from the conclusions of the European Council on 12-13 December 1997. These provided for a pre-accession strategy for the Central and Eastern European Countries (CEECs). The Community decided to support the economic and social reform process in these countries, and to prepare and facilitate integration of their economies to the Community economy. The Council proposed to resolve priority problems in adapting the economies of Candidate Countries in a sustainable manner and to facilitate their implementation of the *acquis communautaire*, not least the CAP. The significance that the Community attached to agriculture and rural development issues in the accession process can be seen in the fact that SAPARD was one of only two pre-accession instruments subsequently introduced (the other being the Instrument for Structural Policies for pre-Accession, ISPA)².

In June 1999, the EU Council of Ministers adopted Regulation 1268/1999 for special assistance for agricultural and rural development (SAPARD) in the ten CEECs, to be funded through external aid but in accordance with the procedures of the Guarantee Section of the EAGGF. The

² These instruments were to operate alongside a revamped PHARE programme.

funds available amount to €520 million annually (at 1999 values) over the period 2000-2006. In July 1999 the Commission adopted a decision on the allocation of the SAPARD funds between the CEECs. This allocation was based on the following 'objective criteria':

- farming population,
- agricultural area,
- GDP per capita in purchasing power, and
- the specific territorial situation in each country.

2.4 Content of the New Regulations

Aims and Principles

The **RDR** as adopted in Berlin aims to provide a single, coherent package of support to all rural areas in three main ways:

- by creating a stronger agricultural and forestry sector;
 - by improving the competitiveness of rural areas; and
 - by maintaining the environment and preserving Europe's unique rural heritage
- (European Commission, 1999c).

The RDR includes two broad types of measures. First are the so-called 'non-accompanying measures' that offer a mix of capital and annual payments to specific development projects or activities (aid for farm investments, support for young farmers, training, processing and marketing, forestry, and 'other rural development' measures). Second are the so-called 'accompanying measures' including land-based payments made on an annual basis (agri-environment, Less Favoured Area (LFA) compensation, aid for afforestation of farmland and early retirement aid).

The guiding principles for the policy are those of 'decentralisation of responsibilities and flexibility'. It is for the Member States to come forward with proposals for rural development programmes targeted at an appropriate geographical level. They are able to draw on a menu of rural development measures set out in the Regulation according to their needs and priorities. The Regulation itself, the Commission has argued, reflects 'a major step in the direction of the simplification of European legislation: a single text replaces nine previously existing regulations' (European Commission, 1999).

The two main objectives of **SAPARD** are set out in Article 1:

1. to contribute to the implementation of the *acquis communautaire* concerning the CAP and related policies;
2. to solve priority and specific problems for the sustainable adaptation of the agricultural sector and rural areas in the Candidate Countries.

In general terms the Regulation mirrors the provisions of the RDR. However certain measures in the RDR were not included in the SAPARD Regulation, namely those for the setting up of young farmers, early retirement and Less Favoured Areas and there was a greater emphasis upon expenditure on the public infrastructure to aid policy implementation, including compulsory aid for 'technical assistance'. In the case of agri-environment measures the SAPARD Regulation specifies:

'actions shall have the objective of developing practical experience of agri-environmental implementation at both administrative and farm levels; these concern pilot actions only, unlike for Member States.'

(European Commission, 1999)

A novel feature for EC money spent outside the Community, was that the management of the programmes was conferred to the Candidate Countries on a fully decentralised basis with ex-post control by the Commission. Each CEEC was required to draw up a development plan for agriculture and rural development covering the period 2000-2006, in accordance with the principles of the approach used by Member States for RDR programmes.

Measures

The set of measures in the **RDR** (1257/99) is given in Table 2.1. The Implementing Rules for the Regulation, 1750/99 were originally issued in June 1999, but amended several times during the course of the following year, and were then replaced by a new unified set of rules in 2002, under Regulation 445/2002.

Member States faced a range of choices for implementation of the RDR:

- all Member States *had to* implement agri-environment schemes, for which EAGGF offers 50 per cent co-funding (75 per cent in Objective 1 areas). However, they can choose to implement highly targeted schemes focusing on particular objectives or geographical areas (as in the UK), or much broader schemes covering most farmed land (as in Austria and Finland);
- all the other measures in the Regulation are *optional*, and co-funded by EAGGF at rates between 25 and 50 per cent (50-75 per cent in Objective 1 areas);
- in addition to schemes funded with EAGGF contributions, Member States can decide to run RDR-type schemes which are funded entirely with their own money, termed 'state aids'. They must conform broadly to the same rules as the RDR and require prior approval by the EC through submission as part of the programmes.

Table 2.1 Measures Under the Rural Development Regulation and their Origins

Measure	Name	Origins
Chap. I, Art. 4-7	Investment in Agricultural Holdings	1993 Structural Funds Regulation, Objective 5a
Chap. II, Art. 8	Setting up of Young Farmers	“
Chap. III, Art. 9	Training	1993 Structural Funds Regulation, Objective 5b
Chap. IV, Art. 10-12	Early Retirement	1992 CAP reform, Accompanying Measures – Regulation 2079
Chap. V, Art. 13-21	Less Favoured Areas	1993 Structural Funds Regulation, Objective 5a
Chap. V, Art.16	Areas with Environmental Restrictions	NEW
Chap. VI, Art. 22-24	Agri-environment	1992 CAP reform, Accompanying Measures - Regulation 2078
Chap VII, Art. 25-28	Improving Processing and Marketing of Agricultural Products	1993 Structural Funds, Objective 5a
Chap. VIII, Art. 29, 30 & 32	Forestry	Article 32 is NEW, others were offered under 1993 Structural Funds, Objective 5b
Chap. VII, Art.31	Afforestation of Agricultural Land	1992 CAP reform , Accompanying Measures - Regulation 2080
Chap. IX, Art.33	Promoting the Adaptation and Development of Rural Areas	1993 Structural Funds Regulation, Objective 5b
- (i)	Land improvement	“
- (ii)	Reparcelling	“
- (iii)	Farm relief and management services	“
- (iv)	Marketing of quality agricultural products	“
- (v)	Basic services for the rural economy and population	“
- (vi)	Renovation and development of villages and protection of rural heritage	“
- (vii)	Diversification of agricultural activities	“
- (viii)	Agricultural water resources management	“
- (ix)	Development and improvement of infrastructure connected with the development of agriculture	“
- (x)	Encouragement for tourism and craft activities	“
- (xi)	Protection of the environment in connection with agriculture, forestry and landscape conservation as well as with the improvement of animal welfare	“
- (xii)	Restoring agricultural production potential damaged by natural disasters	“
- (xiii)	Financial engineering	“

Article 2 of the SAPARD Regulation (1268/99) sets out which measures are eligible for funding. These are listed in Table 2.2. These measures aim to contribute to implementation of the *acquis communautaire* concerning the CAP and related policies, and to solve priority and specific problems for the sustainable adaptation of the agricultural sector and rural areas in CEE. The SAPARD implementing legislation was published in December 1999 (Regulation 2759/1999) and in June 2000 Regulation 2222/2000 laid down financial rules.

Table 2.2 Measures of the SAPARD Regulation

Name
Investment in agricultural holdings
Improving processing and marketing of agricultural and fishery products
Improving the structures for quality, veterinary and plant-health controls, for the quality of foodstuffs and for consumer protection
Agricultural production methods designed to protect the environment and maintain the countryside (agri-environment)
Development and diversification of economic activities, providing for multiple activities and alternative income
Setting up of farm relief and farm management services
Setting up producer groups
Renovation and development of villages and the protection and conservation of the rural heritage
Land improvement and reparcelling
Establishment and updating of land registers
Improvement of vocational training
Development and improvement of the rural infrastructure
Agricultural water resources management
Forestry, including afforestation of agricultural areas, investments in forest holdings owned by private forest owners and processing and marketing of forestry products
Technical assistance for the measures covered by the Regulation, including studies to assist with the preparation and monitoring of the programme, information and publicity campaigns.

Most of the SAPARD measures offer payments for specific development projects or activities, similar to the ‘non-accompanying measures’ of the RDR (eg aid for farm investments, training, processing and marketing and forestry), plus some measures designed specifically for the situation in CEE (eg improving the structures for quality, veterinary and plant health controls and setting up of land registers). Only the agri-environment measure involves annual payments directly to farmers. This measure was intended to be a capacity-building exercise to be applied only in pilot areas with the aim of preparing the administration and farmers for implementation of national agri-environment measures after accession.

Candidate Countries were invited to submit SAPARD plans drawn up according to their national priorities and interests. Apart from Technical Assistance, none of the measures is compulsory and EAGGF match-funding available is up to 75% (for Technical Assistance it can be 100%).

2.5 The Evolution of Rural Development Policy Since Agenda 2000

RDR

Implementation of the RDR proceeded from Rural Development Plans submitted by Member States for approval by the Commission. These provided the framework and budgetary foundation for implementation of the RDR for seven years up to 2006. Some Member States submitted a single national plan, but the more federal countries mostly sent separate plans for individual regions. There was considerable variation in the contents of plans, for example in the weighting given to different measures and the use of Article 33. Over time, the Commission has provided significant guidance to the national authorities about what is permitted, both bilaterally and in more formal notes issued to the Member States. Certain aspects of the Regulation, including arrangements for monitoring and evaluation, have been developed substantially since 1999. A mid-term evaluation report is to be sent to the Commission by December 2003 and the preparations for such reports are now under way. This study effectively considers progress at an earlier stage than the mid-term evaluations.

Two aspects of policy development over the last three years should be emphasised, as follows.

a) Modulation

Under the ‘common rules’ Regulation 1259/1999, Member States can decide to cut CAP compensation payments to farm businesses and use the money thus generated to fund their rural development programmes under the RDR, in a new arrangement termed ‘modulation’.

Article 4 of Regulation 1259/1999 allows Member States to apply modulation on a discretionary basis, according to the labour force on the farm, the farm’s overall prosperity, and/or the total amount of aid received. Some Member States (the UK, France, then Germany, Portugal, Netherlands) have looked at modulation as an option for expanding resources for their RDPs, although only France and the UK have yet used it.

The constraints on the way in which funds raised through modulation can be used should be noted. These are spelt out in the Common Rules Regulation (1259/1999) and its Implementing Regulation (963/2001). In particular:

- modulated funds can only be used to support the ‘accompanying measures’ of the RDR;
- modulated funds cannot be used to displace national match-funding for RDR measures – they must be used to fund additional measures or new beneficiaries of aid, under these four measures;
- modulated funds are treated like EAGGF funds for the RDR – that is, they have to be co-funded by the MS;
- the maximum rate of modulation that Member States can apply is 20 per cent of total Pillar 1 direct payment receipts.

France suspended modulation in summer 2002 following a change of government, largely due to slower-than-predicted growth in spending under the French RDP. Portugal and Germany have legislated to apply the mechanism and the Netherlands in 2001 began a preparatory review, but all Member States other than the UK are now apparently awaiting the outcome of the Mid Term Review of the CAP before going any further.

b) A narrower, more agricultural vision?

As RDPs have been negotiated and agreed with the Commission, the rhetoric of broad, integrated rural development seems to have been refined by a pragmatic view that the RDR, as part of the CAP, remains primarily a structural adjustment policy for agriculture, with only limited use of its scope for providing support beyond the farm gate.

Implementation has revealed a largely agricultural, as opposed to a rural development, agenda, which is apparent in the emphasis from the Commission’s DG Agriculture on what its rural development policy is for (Box 2.5).

Evidence gathered from the national reports for this study emphasise how this agricultural focus has influenced Commission guidance to the Member States on the appropriate use of measures under the Regulation, particularly in constraining the application of Article 33 to activities which can be justified as supporting farm structural adjustment rather than anything much broader (such as the purchase of land for nature conservation, for example).

Box 2.2 The Commission's Rationale for the new Rural Development Policy

(May 2001)

To introduce a *sustainable and integrated* rural development policy governed by a single legal instrument to ensure better coherence between rural development and the prices and market policy of the CAP and to promote all aspects of rural development by encouraging the participation of local actors. In this spirit, the new rural development policy, *relating to farming and conversion to other activities*, aims:

- to improve agricultural holdings;
- to guarantee the safety and quality of foodstuffs;
- to ensure fair and stable incomes for farmers;
- to ensure that environmental issues are taken into account;
- to develop complementary and alternative activities that generate employment; with a view
- to slow the depopulation of the countryside and strengthen the economic and social fabric of rural areas;
- to improve living and working conditions and promote equal opportunities.

Source: European Commission, 2001c (<http://europa.eu.int/scadplus/leg/en/s60000.htm>) [emphasis added]

SAPARD

In parallel to the implementation of the RDR, a measure to provide support for Central and Eastern Europe has been put into place. However, the practical impact of SAPARD has been limited by a number of factors:

- the relatively small amount of resources devoted to it;
- an emphasis on the establishment of the correct agencies and systems of implementation within the Candidate Countries;
- delays in starting the programme.

Although SAPARD, together with ISPA, represent a step change in pre-accession assistance, the resources are still relatively modest. For Hungary, the SAPARD allocation is less than 6 per cent of the national agricultural budget; and for Poland it is 15 per cent. Table 8.1 in Chapter 8 presents relevant figures for all the Candidate Countries.

To gain access to those resources the Candidate Countries had to demonstrate that they had the appropriate structures and procedures to administer them. The elaboration of the detailed financial management and control provisions by the Candidate Countries proved more complicated and onerous than initially thought (in part, this was because those provisions which were primarily designed on the basis of rules applicable inside the Community, namely the EAGGF Guarantee provisions, also had to respect provisions of the general Financial Regulation for external aid).

One consequence is that it has proved a protracted and tortuous process setting up accredited SAPARD paying and implementing agencies and the start of SAPARD implementation has been seriously delayed. By July 2002 all the CEECs except Romania and Hungary had paying agencies accredited for certain measures and began to move into the implementation phase of SAPARD, some three years after the programmes had first been prepared.

2.6 Rural Development Policies and Sustainable Rural Development: How to Evaluate the New Regulations

At least at the level of rhetoric, the establishment of the RDR has been hailed as bringing a new approach to European rural development policy. This new approach is usually termed 'integrated' and/or 'sustainable' rural development.

A key objective of this study is to evaluate the extent to which the reality of the implementation of the RDR measures up to what might generally be expected to constitute a sustainable integrated rural policy for Europe. The sponsors of the study, the LUPG of the Statutory Conservation, Countryside and Environment Agencies of Great Britain and WWF Europe, each have their own visions for such a policy. These are given in Box 2.3.

Box 2.3 Sponsors' visions for Sustainable Rural Development

The LUPG vision (in summary)

1. Europe's rural areas are managed in ways that are socially, environmentally and economically sustainable and *the inter-dependence of these three strands* of sustainability is fully recognised.
2. Sustainable rural development is based on the principle that recipients of public support make a contract to provide a range of environmental and social benefits for the public.
3. EU rural policy covers support for sustainable agriculture, forestry and rural development and
 - *meets rural needs* in existing and accession Member States;
 - enables a large degree of *subsidiarity*, with EC policy providing a common framework for implementation, monitoring and auditing;
 - contains measures that are *integrated* as fully as possible;
 - is closely linked to support from the Structural Funds for areas with specific problems.
4. Rural development is pursued differently in different places. *Policies support natural, cultural and economic diversity.*
5. Processes associated with a sustainable European rural policy are designed to be flexible and to *minimise bureaucracy and maximise public benefits* from the supports.
6. A sustainable rural European policy takes a *participatory approach* to the development, design and implementation of the rural support programme in each Member State.

WWF's Principles of Sustainable Rural Development

Integration:

- promotes joined-up thinking, analysis and solutions;
- links environmental, social and economic considerations – so that equal consideration is given to each;
- takes local, national, regional and international perspectives on issues – to ensure that solutions are acceptable and beneficial to all stakeholders.

Equity:

- between present and future generations;
- between local and other stakeholders;
- between environmental, social, economic and institutional interests.

Adaptability:

- processes need to be tailored to local circumstances;
- they need to evolve through ongoing monitoring and evaluation.

Limitations:

- recognises that there are environmental limits to development;
- promotes a precautionary approach where decisions may have negative environmental impact;
- recognises stewardship as an ethical dimension of development.

There is clearly much commonality between the LUPG and WWF visions. Table 2.3 below summarises the key principles that underlie the sponsors' visions for sustainable rural

development. It also sets out the common principles that have shaped our comparative analysis. It thus forms the basis for our evaluation of experience of the RDR.

Table 2.3 Evaluating the Operation of the Rural Development Regulation

Principles	LUPG Vision	WWF Vision
Balance and coherence	The three pillars of sustainability – economic, social and environmental, are recognised and interdependent.	Ensures environmental, social and economic considerations are linked so that equal consideration is given to each.
Participation	Takes a <i>participatory approach</i> to the development, design and implementation of the rural support programme in each Member State.	Achieves equity between local and other stakeholders, between economic, social and environmental interests and between present and future generations.
Integration	Contains measures that are <i>integrated</i> as fully as possible; and is closely linked to support from the Structural Funds for areas with specific problems.	Achieves integration of local, national and international perspectives and promotes joined up analysis and solutions.
Diversity, adaptability and subsidiarity	Is pursued differently in different places to support natural, cultural and economic diversity. Demonstrates a large degree of <i>subsidiarity</i> , with EC policy providing a common framework for implementation, monitoring and audit. Processes are designed to be flexible and to <i>minimise bureaucracy and maximise public benefits</i> from support.	Processes need to be tailored to local circumstances, they need to evolve through ongoing monitoring and evaluation.
Respect for rural assets and resources	Meets rural needs in existing and accession Member States. Is based on the principle that recipients of public support make a contract to provide a range of environmental and social benefits for the public.	Recognises that there are environmental limits to development. Promotes a precautionary approach where decisions could have a negative impact on the environment. Recognises stewardship as an ethical dimension of development.

The chapters that follow make an assessment of RDR and SAPARD programmes and their implementation, based upon these broad principles.

Chapter 3 The Scope and Resourcing of Rural Development and SAPARD Plans

Summary of Key Points

- There are striking national differences in the patterns of proposed expenditure on the RDR and SAPARD which broadly reflect historical allocations to similar measures in the past and have not been fundamentally altered by the new Programmes.
- There are marked differences between countries, from those for whom the Regulation is clearly seen as *a tool to promote environmental land management*, to those for whom it is essentially about *the modernisation of agriculture*. It seems that the richer regions of the EU tend to prioritise agri-environment and LFAs, whilst the poorer regions prioritise agricultural development.
- Investments in agricultural holdings and in processing and marketing are the most highly prioritised measures in SAPARD plans. The dominance of these measures in practice is likely to be increased, as the implementation of other, more complicated measures has been postponed in many Candidate Countries.
- As compared to the period before 2000, the main RDR budgetary increase overall is for agri-environment schemes, but the pattern of increase differs markedly between countries and regions.
- Because RDR allocations were based largely upon historical spending patterns prior to 1999, countries with arguably the greatest environmental and rural development needs remain very short of funds, as they did not previously prioritise these measures. In some countries (eg UK and Netherlands), relatively low EU allocations to the RDR have been augmented by the contribution of high levels of national cofinancing (and modulation, in the UK) to the programmes, while in others this has not occurred.
- A more detailed examination of RDPs and SAPARD plans in the core countries of this study illustrates how often similar-sounding strategic goals for sustainable development translate into quite different implementation models, depending very much on past experience with domestic and EU funding programmes.

3.1 Overview

As previously mentioned, the RDR and SAPARD provide a framework for Member States and Candidate Countries on which they should build their Rural Development Plans. Discretion is left to Member States, or regions, in deciding how funds should be distributed between various measures. The analysis below shows the allocation of funds and the funding priorities at national and regional level, using a combination of data supplied centrally by the European Commission for all countries, and data taken from the individual RDPs in each of the core countries of this study.

Although this type of analysis is useful, it should be remembered that there are many ways of spending the funds. Regardless of the amount of funds allocated to particular measures, their

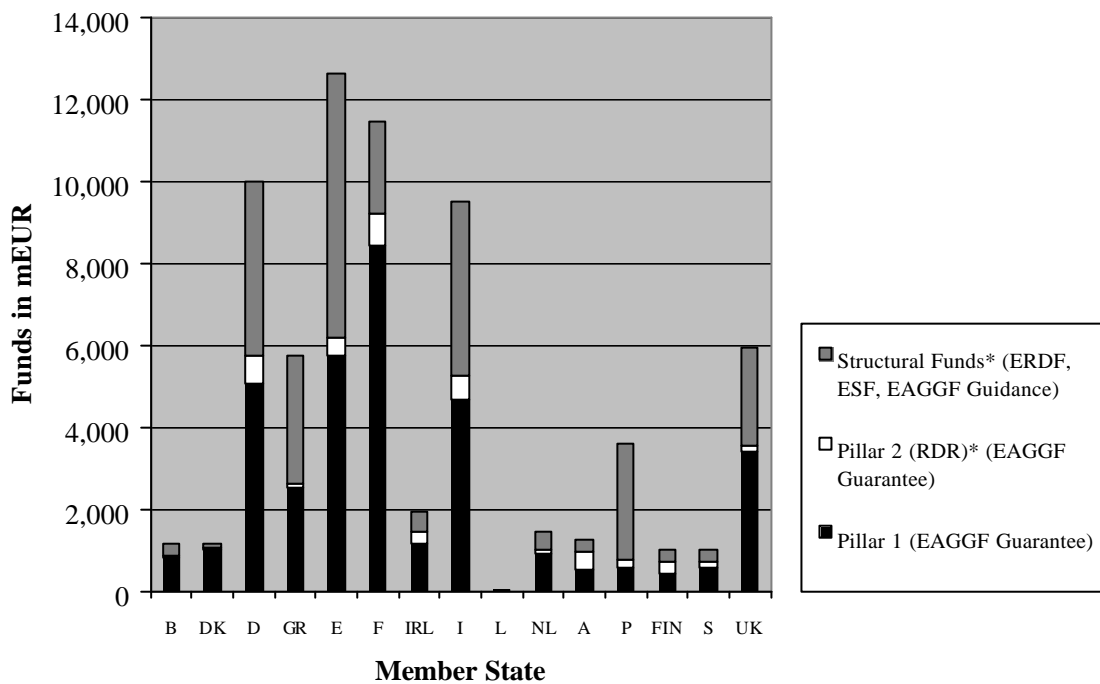
impact may vary considerably between countries due to differences in design and implementation. These issues are discussed in subsequent chapters.

3.2 Planned Expenditure on the RDR Measures in Member States

Scale

As a starting point for this examination, it is useful to set expenditure under the RDR in the broader context of all EU-cofinanced expenditure for agriculture and rural and regional development. Figure 3.1 shows how by comparison with the funding for Pillar 1 of the CAP and for the Structural Funds in the Member States, the funding allocated for the RDR is relatively small (with the notable exception of Austria).

Figure 3.1 Comparison of EU aids for Pillar One CAP payments, Pillar Two RDR and the Structural Funds (ESF, ERDF and EAGGF-Guidance) in the Member States



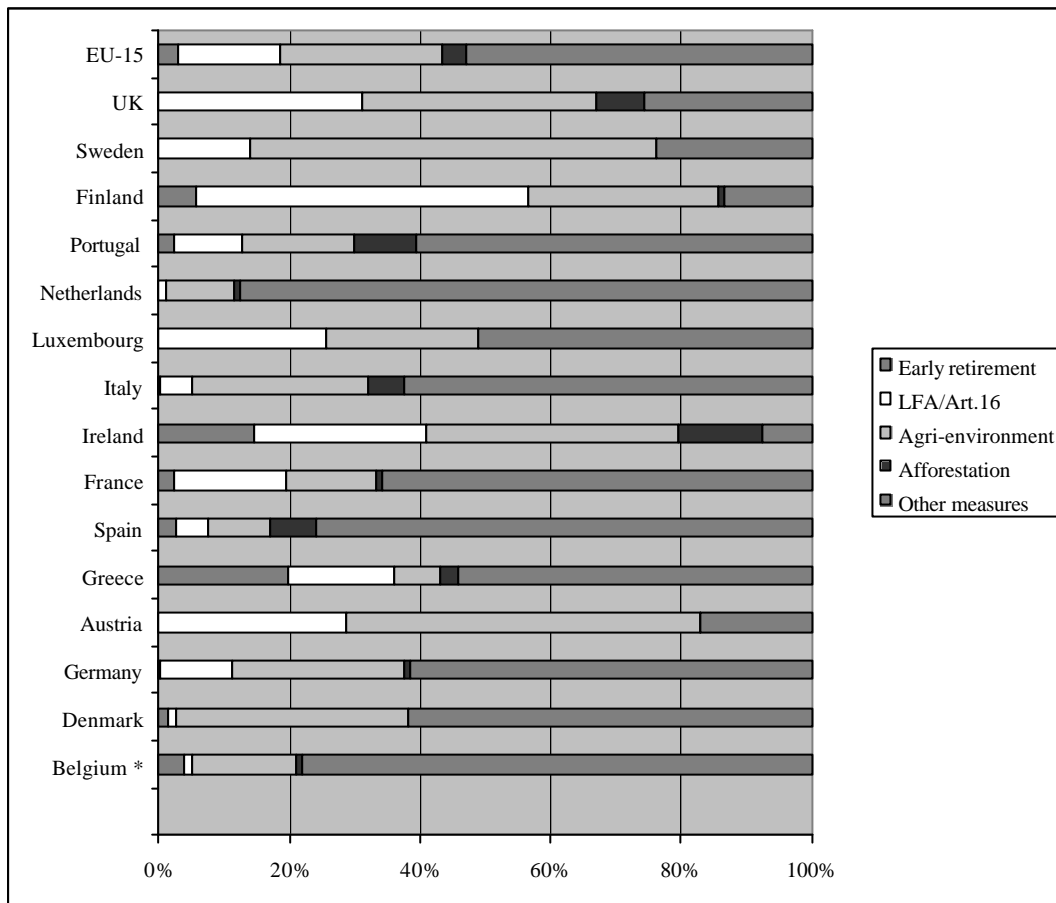
* annual average expenditure, 2000-2006

Source: Agra Europe (2002), European Commission (2001b) & European Commission (1999a)

Pattern in the use of measures

There are striking national differences in the patterns of proposed expenditure on the RDR (Fig 3.2).

Figure 3.2 Planned Allocation of RDR Spending in Member States 2000-2006



*without €1.7m Accompanying Measures for Flanders.

Source: DG Agri pers. comm.

Some countries have actively pursued a labour force adjustment policy, making use of measures for early retirement and supporting young farmers. A number of countries facing particular problems of small-scale and ageing farm populations, including Belgium, Spain, France and Portugal, have long used early retirement schemes. For most, there is now a diminishing emphasis on this measure while young farmers schemes remain more widely pursued. Only Ireland and Greece plan to use the early retirement measure as a major element under the RDR.

The patterns of use of the Less-Favoured Areas (LFA) measure also reflect differences in geography and policy history. The measure has limited significance to intensively farmed countries such as Denmark and the Netherlands. It has traditionally been used to help maintain farming in areas of extensive rough grazing in countries such as Ireland or the United Kingdom or mountainous areas such as in France, Greece or Austria. There have also been much higher levels of take-up and financial support for LFAs in northern Europe than in southern Europe. Planned use of the new Article 16 measure (Areas with Environmental Restrictions) is very low.

In the past, Member States in the south with great structural handicaps preferred to spend on the modernisation of holdings and the improvement of processing and marketing structures. More recently, these southern Member States have also taken up the afforestation measure introduced in 1992, which has largely been ignored by other Member States except Ireland and the UK.

For the intensively farmed countries of Northern Europe: Denmark, Belgium and the Netherlands, there has always been a strong emphasis in the use of the agricultural structural

funds for farm investment, training and the improvement of processing and marketing, and this continues.

A final, strong pattern that remains in place relates to the last round of Accession. Sweden, Austria and Finland joined the Community just after the 1992 CAP reforms. The farmers in these countries had been used to much higher commodity prices for their products than those applying at the time within the Community (although in Sweden, domestic policy reforms had cut prices significantly just prior to entry). To offset the effect of price cuts, these states were allocated large shares of the resources for the new Accompanying Measures. In consequence, all three countries developed significant agri-environment schemes and as a result more than three-quarters of their RDR budgets are now devoted to the Accompanying Measures, whereas the mean for the EU-15 is 47%.

One might conclude that there are strong and distinctive patterns of resource allocation within the Rural Development Programmes that reflect past policies which have not been fundamentally altered by the RDR.

Scope for Growth

One of the reasons why historic resource allocation patterns may not have changed greatly following the advent of the RDR is undoubtedly the limited scope for growth offered by the RDR. As has been outlined in Chapter 2, the budgetary allocations of many countries were not significantly affected by introduction of the RDR (Table 3.1) and there is only limited scope for growth between 2000 and 2006.

Table 3.1 EC contribution of EAGGF (Guidance and Guarantee) Funds for RDR Measures in Member States 1998-2006 (in € million)

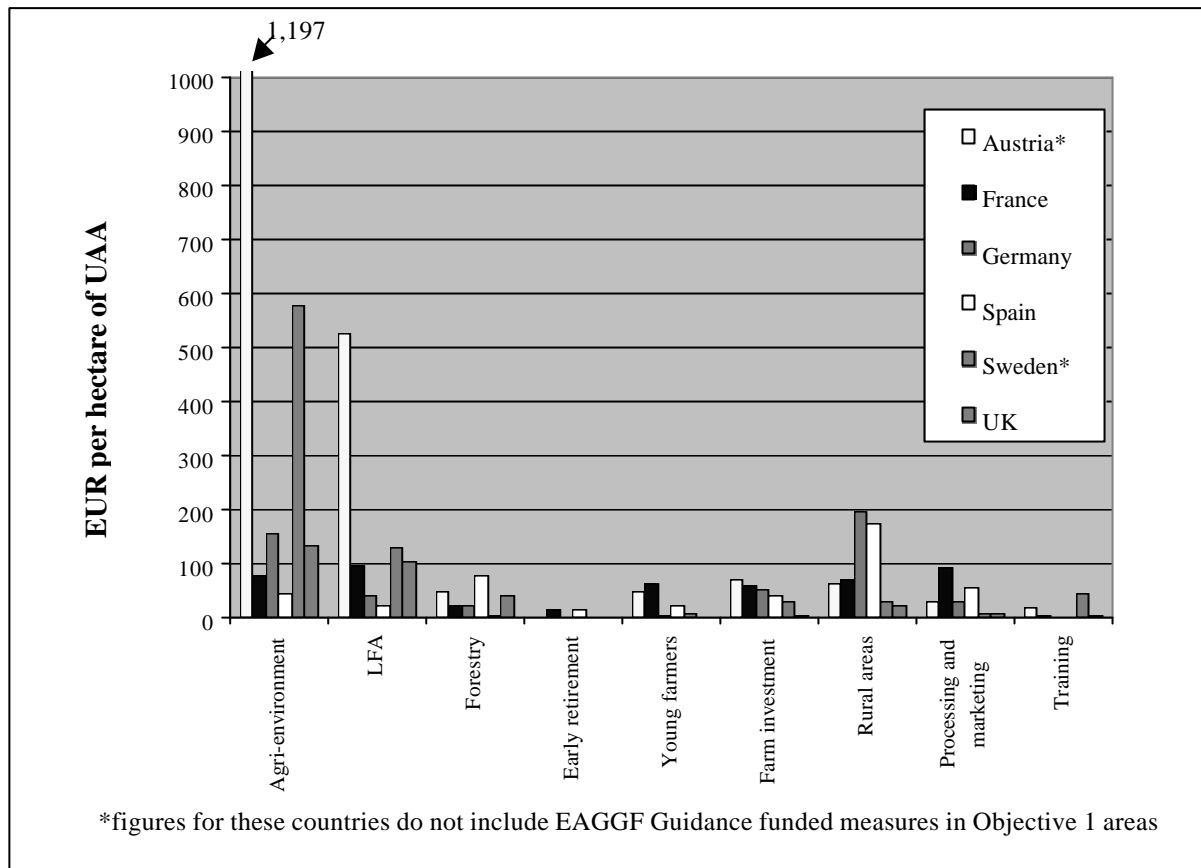
Member State	1998	2000	2001	2002	2003	2004	2005	2006
<i>Belgium</i>	-	56	58	59	60	61	63	64
<i>Denmark</i>	-	47	48	49	50	51	52	53
<i>Germany</i>	-	969	993	1,015	1,038	1,061	1,085	1,109
<i>Greece</i>	-	288	295	302	308	315	322	330
<i>Spain</i>	-	1,079	1,106	1,130	1,156	1,182	1,208	1,235
<i>France</i>	-	826	846	865	885	905	925	945
<i>Ireland</i>	-	335	343	351	359	367	375	384
<i>Italy</i>	-	925	948	969	991	1,013	1,036	1,059
<i>Luxembourg</i>	-	12	12	13	13	13	14	14
<i>Netherlands</i>	-	57	58	59	61	62	63	65
<i>Austria</i>	-	432	443	453	463	473	484	494
<i>Portugal</i>	-	518	531	543	555	568	580	593
<i>Finland</i>	-	315	323	330	338	345	353	361
<i>Sweden</i>	-	165	170	173	177	181	185	189
<i>United Kingdom</i>	-	181	185	190	194	198	203	207
EU-15	6,030*	6,206	6,360	6,502	6,647	6,796	6,948	7,103

*EAGGF-Guarantee funds for 1992 Accompanying Measures + EAGGF-Guidance for Objective 1, 5a, 5b + 6.

Source: Decision 26 June 2000 in OJ L165/33, DG Agri pers. comm. and European Commission (1999b)

More detailed analysis of selected Member States (Figure 3.3) brings out strong differences in the orientation of Rural Development Programmes.

Figure 3.3 Intensity of Planned Total Public Expenditure on RDR Measures of Selected Member States (in €per hectare Utilised Agricultural Area - UAA)



Rural areas = Article 33 (in Spain, this includes irrigation measures).

Source: ERF national reports

The contrast is particularly marked between Sweden and Spain, in what might crudely be characterised respectively as environmental and modernisation strategies. Some two-thirds of the Swedish budget for the RDP is allocated to environmentally-friendly and organic farming which gives the impression that the Swedish plan concentrates upon sustainable farming and uses few of the classic instruments of farm modernisation. In contrast, 57 per cent of the Spanish budget is allocated to the modernisation of agriculture and agri-food industries, including irrigation; farm investments, services, and support infrastructure; early retirement and support for young farmers; and processing and marketing. Some 17 per cent is allocated to afforestation and forest management, just 10 per cent to agri-environment.

Austria shows a broadly similar pattern to Sweden but, with its extensive mountain agriculture, gives more emphasis to LFA aid. The UK shows a similar pattern again, with around 46 per cent of all expenditure on agri-environment schemes, 31 per cent on LFA support, 8 per cent on afforestation and only 15 per cent on other rural development measures. By contrast, France shows a notable balance of measures between those for land management and those for farm investments, processing and marketing, young farmers and Article 33 aids ('rural areas' in the chart).

When RDP spend is aggregated for the whole country, Germany also sits somewhat in the middle: on the one hand, it has a significant allocation for environmentally-friendly and organic

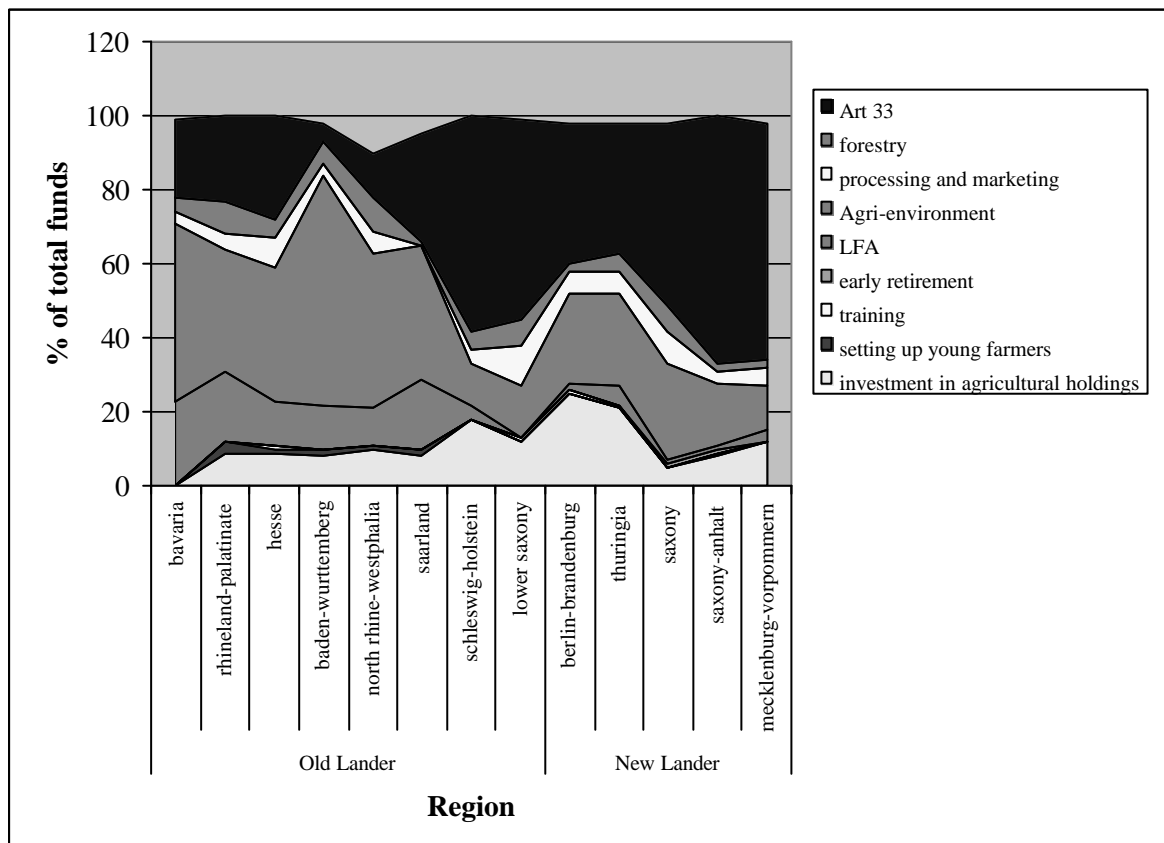
farming; on the other hand, it promotes significant investment in farming and rural infrastructure. In part, this masks different priorities and farming structures of the Old Länder (with strong environmental concerns) and the New Länder (with modernisation concerns). However, the modernisation of the former state and collective farms in the New Länder clearly poses different challenges to those that have been prevalent in Southern Europe, and it is notable how little use Germany makes of such ‘classic’ instruments of modernisation as support for early retirement and young farmers.

Regional Variation

Under Agenda 2000 Member States could draw up RDPs at ‘the appropriate geographical level’, broadly interpreted as either national or regional. The regional option was taken up by the UK, Belgium, Italy, Spain and Germany.

Figure 3.4 shows the allocation between measures in the German *Länder*, demonstrating how they have taken advantage of the opportunities that regional planning allows. The variation shows similarities to the picture at EU level, with poorer regions prioritising rural development (notably ‘village renewal’ using Article 33) while wealthier ones emphasise agri-environment and LFAs.

Figure 3.4 Regional prioritisation of rural development measures in Germany in selected Länder



After Schubert (2002)

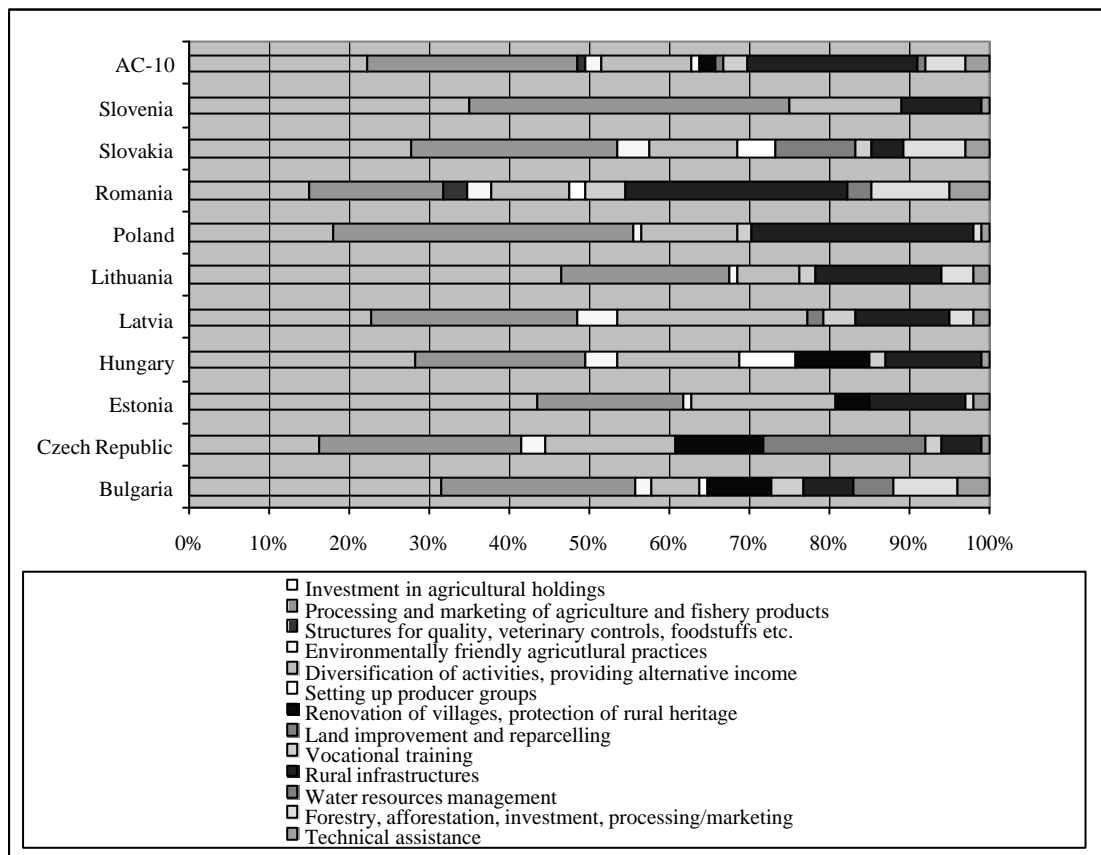
3.3 Planned Expenditure on SAPARD Measures in Candidate Countries

The relative distribution of funds in the SAPARD Plans agreed in 2000 is shown in Figure 3.5. Among the rural development measures available to the Candidate Countries through SAPARD,

investment in agricultural holdings and processing and marketing were most highly prioritised in the Plans. This was mainly due to the perception that these measures would be most likely to improve the economic situation of farmers and prepare rural areas for EU accession, and it also relates to a lack of capital investment in agriculture over the previous 20 years.

As in the Member States, Candidate Countries have commonly opted to devote the majority of resources to measures with which they already have experience of implementation. The more innovative and complicated measures, such as agri-environment, generally have not been highly prioritised. This may be partly because administrative experience and capacity is less readily available for such measures but there was also some pressure from the European Commission to prioritise measures which were less administratively demanding and thus SAPARD paying agencies could anticipate earlier accreditation for these than for other measures.

Figure 3.5 Proposed allocation of EU funds under SAPARD 2000-2006



Source: European Commission (2001b)

Importantly, the pattern of spending indicated in Figure 3.5 will not necessarily result in actual expenditure as some Candidate Countries have chosen to postpone the implementation of selected measures indefinitely, or have even abandoned them. This is discussed in more detail in Chapter 8.

3.4 Member State Expenditure pre and post Agenda 2000

Although the overall picture is one of continuity, Table 3.2 shows that most countries have used the scope of the Rural Development Plans (RDPs) to shift more resources towards the **agri-environment measure**. Total agri-environment expenditure in the EU-15 is set to nearly double from its 1994-9 level.

Among the countries planning a major increase in expenditure are some, including Belgium and Greece, that were slow to make use of the measure in the 1990s, as well as others such as Denmark and the UK that have long experience of these measures but still considerable scope for expansion. In contrast, two higher spending countries (Austria and Finland) propose relatively flat budgets for the agri-environment measure, partly because most of their farmland is already enrolled in such schemes.

Most countries plan a modest increase in LFA budgets. However, Belgium, Germany, the Netherlands and Sweden are cutting LFA expenditure while the UK, Finland and Austria propose quite major growth. Only Austria and some German Länder plan to use Article 16 compensation for areas with environmental restrictions.

Table 3.2 Expenditure on Agri-environment and LFA in Member States

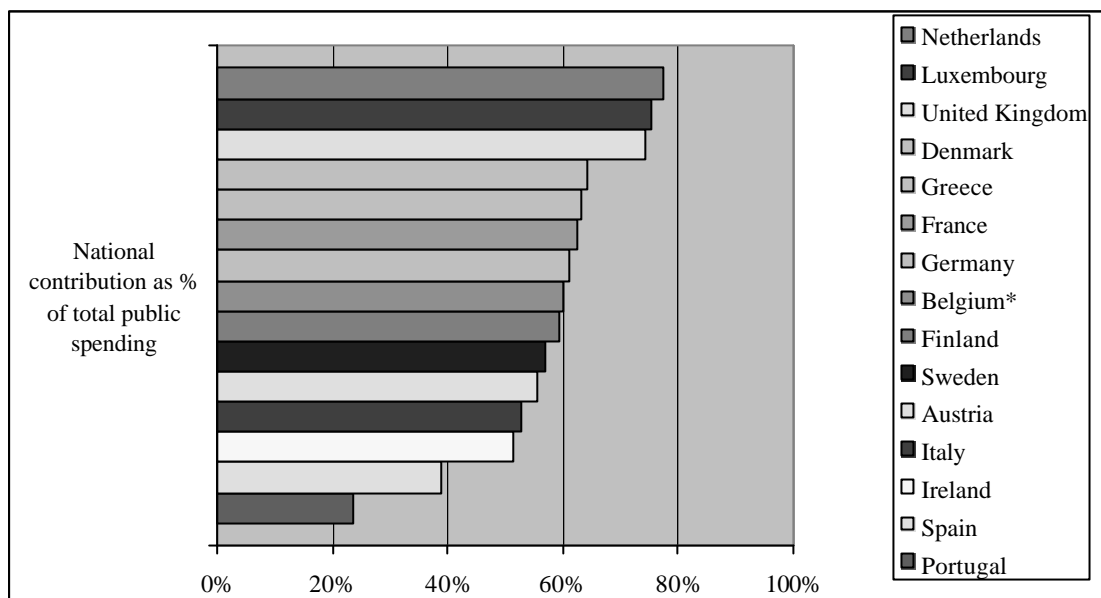
(all figures in €M)	Agri-environment			LFA		
	Average annual expenditure 1994-99	Average annual expenditure 2000-06	% Change	Expenditure in 1997	Average annual expenditure 2000-06	% Change
Belgium	3	24	789	8	2	-72
Denmark	12	50	327	na	2	-
Germany	419	696	66	391	295	-25
Austria	433	567	31	178	298	68
Greece	6	57	939	99	137	38
Spain	59	179	202	70	90	29
France	213	329	55	329	406	23
Ireland	93	292	215	168	199	18
Italy	325	563	73	na	102	-
Luxembourg	4	12	184	14	14	-2
Netherlands	17	31	88	5	3	-37
Portugal	62	125	101	55	76	38
Finland	222	241	9	271	425	57
Sweden	115	257	124	68	57	-16
UK	63	272	336	155	235	52
TOTAL	2,043	3,696	81	1,810	2,341	29

Source: DG Agri pers. comm. & European Commission (1999b)

3.5 Cofinancing and aid intensities in Member States

The different degrees of national co-financing shown in Figure 3.6 partly reflect the extent of Objective 1 regions in Member States, where EU cofinancing rates are generally higher. In addition some countries, notably the UK, Denmark, Luxembourg and the Netherlands had higher aspirations, particularly for their accompanying measures, than their EU contribution and compulsory minimum rate of co-financing would allow. As a result, they have invested additional state funds to support these measures.

Figure 3.6 National contributions as a percentage of total public spending on the RDR in Member States 2000-2006

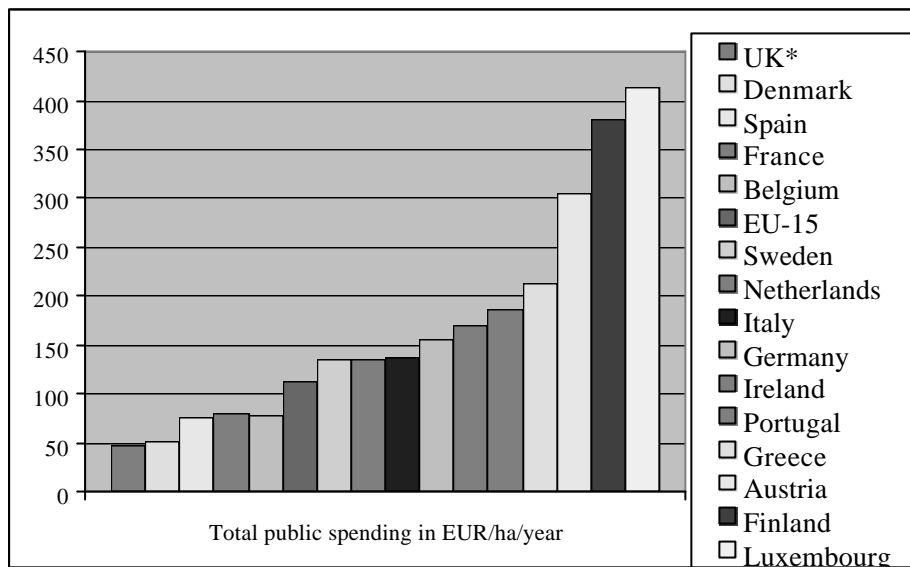


*without €1.7m Accompanying Measures for Flanders

Source: DG Agri pers. comm.; European Commission (1999b) & Decision 26 June 2000 in OJ L165/33

As the current allocations for Member States are based on previous discretionary spending on these measures, there is no clear relationship between EU allocations and the rural or agricultural area in each Member State. Even when national and regional cofinancing is included, the levels of aid intensity between Member States, expressed in funds per hectare of UAA, vary tremendously (Figure 3.7). This raises the issue of whether RDR funding should be allocated differently between the Member States in future, and if so, by what criteria the allocations should be calculated.

Figure 3.7 Average annual public expenditure per hectare UAA under the RDR



* includes modulation receipts

Source: DG Agri pers. comm.; DG Agri pers. comm. & DG Agri (2001)

3.6 Detail from National Studies: Geographical Scale and Types of Measures

Tables showing the allocation of funds by each country to individual measures in RDPs and SAPARD plans can be found in Annex II. The text below summarises key features.

Austria

In Austria one single national Rural Development Plan covers all rural areas outside the Objective 1 area of Burgenland. Measures in the Plan are divided into three categories: payments for services (such as agri-environment payments); ‘preserving substance’ (such as through investments in agricultural holdings and infrastructure); and improving competitiveness (such as investment in processing and marketing). In all, there are seven sets of measures. **Agri-environment measures** (60 per cent) and **LFA payments** (26 per cent) dominate the programme.

The Austrian **agri-environment programme** (ÖPUL) was first designed to prevent either over-intensification or farm closure following the agricultural policy changes that resulted from Austria’s accession to the EU in 1995. Agri-environment payments are intended to prevent land abandonment in less productive areas or support extensive production methods in productive areas. Under the Rural Development Programme, ÖPUL 2000 is a slightly amended version of its precursor.

The Austrian RDP contains an expanded **LFA scheme**, which has been supplemented by additional national financing of €72.7 million per year. These additional monies ensure a fixed basic payment for each eligible holding. In addition, Article 16 of the RDR (providing LFA payments for areas with environmental restrictions) is to be applied to Natura 2000 sites with management agreements.

In Austria, **Article 33 measures** account for only three per cent of the RDP, most of which is for diversification, and development of infrastructure (forest roads). It is intended that about 80 per cent of the beneficiaries of Article 33 funding will be farmers.

France

France also has a single national Rural Development Plan (the *Plan de Développement Rural National* or PDRN), although those regional authorities with Objective 1 or 2 designations have their own regional programming documents (DOCUP Obj 1 or Obj 2) that include rural development measures. Despite being a national framework, the PDRN is strongly decentralised because one principal mechanism for its delivery - the *Contrats Territoriaux d'Exploitation* (CTE) or 'land management contracts' - is essentially locally determined. Furthermore, the PDRN operates closely with the Objective 2 Programmes and in effect 'co-finances' a number of rural development measures run jointly by the central state and the regions.

Promoting sustainable and multifunctional agriculture is the central objective of the PDRN. To do so, the programme relies heavily on a complex instrument, the *Contrat Territorial d'Exploitation* (CTE) which integrates many of the 22 measures. Of the total PDRN budget, around 26 per cent is intended for the CTEs, over half of which will be under the agri-environment measure.

The PDRN contains five main priorities: (i) guiding farms towards sustainable and multifunctional agriculture; (ii) developing the added value and the quality of agricultural and forestry products; (iii) creating greater territorial balance and reducing economic inequalities through employment generation; (iv) developing and improving forestry resources and encouraging sustainable forestry; and (v) protecting and enhancing the ecological heritage. Together these priority goals employ 22 measures from the RDR.

The five largest spending measures in descending order are **LFA payments, processing and marketing of agricultural products, agri-environment schemes, setting up young farmers and farm investment aids**. Collectively, these five measures account for over 87 per cent of the total PDRN budget and 75 per cent of the total RDR budget (ie PDRN and EAGGF-Guidance funded Objective 1 measures). The **Article 33** measures account for around 17 per cent of the total RDR budget, but the bulk of this, €149.5 million, is under the Objective 2 programmes (accounting for 79 per cent of Objective 2 RDR allocations).

Germany

Under the German system of federal government, the preparation and implementation of RDPs is a function of the individual Länder. As a result, there are a total of 22 plans (ten for the old Länder, six for the accompanying measures in the new Länder, and six for the Operational Programmes in the new Länder).

The 3 priorities of the plans, agreed at national level, are:

- development of agriculture and forestry, which receives 33 per cent of funds;
- rural development which receives 23 per cent;
- environmental and compensatory measures, with 43 per cent of funds.

There are considerable deviations from the all-German averages with differences between the old and the new German Länder as well as between North and South (Figure 3.4). Generally the new Länder have allocated a greater share of the funding to the development of agriculture and forestry (c.10 per cent more) and to rural development (c. 10 per cent more), as compared to the old Länder. At the same time the new Länder provide a smaller share (c. 20 per cent less) for environmental and compensatory measures. In two northern Länder of Lower Saxony and Mecklenburg-Vorpommern most funds flow into the development of agriculture and forestry and only 20 per cent is allocated to environmental and compensatory measures. In Bavaria and Baden-Württemberg in the south, this situation is completely reversed.

Funding for **investments in agricultural holdings** (Article 4) happens largely in the new Länder, while funding for water resources management is only significant in a few Länder.

The bulk of the funding under the ‘rural development’ priority goes on village renewal under **Article 33**, with a much higher share in the new Länder than in the old Länder. Indeed, Saxony uses almost half of the total EU funding available for the RDP for village renewal measures. Village renewal has a long tradition in Germany and it represents a holistic, integrated strategy in itself.

The bulk of the funding under the ‘environmental and compensatory’ priority is for **agri-environment measures**, half of which goes to Bavaria and Baden-Württemberg where most of it is spent on the ‘basic measure’, requiring only minor adjustments above good agricultural practice. Likewise, Bavaria and Baden-Württemberg together attract almost 70 per cent of the total available funding for **LFAs**. In contrast, in the new Länder of Saxony-Anhalt and Lower Saxony this measure is not included in the RDP.

Finally, a handful of Länder - Schleswig-Holstein, Brandenburg, Lower Saxony, Saxony-Anhalt, North Rhine-Westphalia, Thuringia, and Bavaria - have made modest use of **Article 16** to provide payments for areas with environmental restrictions under Natura 2000.

Spain

In Spain, the RDR is implemented through a complex combination of horizontal programmes and regional programmes. The former are drawn up by the Ministry of Agriculture and implement the Accompanying Measures, plus farm investments, young farmers and irrigation projects (Article 33) in all regions except for Cantabria (Objective 1 in transition), Navarra and the Basque Country (which have a special constitutional status). The other RDR measures are covered by regional programmes, drawn up by the 17 regional governments. In Navarra, the regional programme also includes the Accompanying Measures, farm investments and young farmers. The Basque Country is unique in having one unified programme for all measures.

The measures proposed in the Spanish regional development programmes are essentially the same as in the previous funding period and the only new measure is **Article 32** (maintaining ecological stability of forests), but this is only in certain regions and on a very small scale.

Most of Spain’s 17 regions are designated Objective 1. Here, the regional RDR programmes are merged with Structural Fund programmes. Although RDR actions are funded only from EAGGF Guidance, they may be combined in measures that include ERDF funding for specific actions (eg the PRODER scheme, see Chapter 5). The non-Objective 1 regions also have regional programmes, funded from EAGGF Guarantee. One consequence is that an Objective 1 region such as Andalusia may have broadly the same measures as a non-Objective 1 region such as Aragón, but the programming and funding sources are quite different.

Spanish implementation of the RDR reflects a broad political consensus that much of Spanish agriculture needs considerable modernisation if it is to be competitive. This remains the priority for rural areas, alongside the development of infrastructure such as roads and irrigation. Much less importance is given to objectives such as diversification of the rural economy, environmental protection and improvement, or the maintenance of land management and populations in the most marginal areas.

Two horizontal programmes (for Objective 1 and non-Objective 1 areas) focus on improving agricultural structures and production systems and absorb over 27 per cent of the total public

funds under the RDR. The programmes consist of three measures: **farm investment; setting up young farmers; and water management in agriculture**. The water management measure (**Article 33**) has the largest total public allocation, at €261.81 million per year, which represents a ten-fold increase from the previous funding period. Its objective is to help finance the new National Irrigation Plan (NIP).

There is only a small increase in the **agri-environment** budget compared with the previous period, at just under 10 per cent of the total RDR budget. Much of this may be absorbed by schemes of questionable value, such as payments to move away from water-demanding crops like maize, and the ‘dry region sunflower in rotation’ measure which is effectively a Pillar 2 measure used for a Pillar 1 objective (ie to support the income of a particular cropping sector).

The budget allocation for **LFA** payments has increased by 39 per cent compared with the previous period but is still less than five per cent of the RDR total. This is despite the fact that over 80 per cent of the Spanish land area (and 70 per cent of the land proposed for Natura 2000) is within the LFA.

The measure for **farmland afforestation (Article 30)** has been given less weight than in 1992-9, when it was the single most important Accompanying Measure in monetary terms. The target for 2000-2006 was 150,000 ha compared with 800,000 ha for the previous period, although this has now been increased in response to demand. Other measures for forest planting, management and improvement (Articles 29-32) are included in regional programmes where they absorb almost 20 per cent of total public funds.

Under **Article 33**, the ‘protection of the environment’ sub-measure comes under the regional programmes and includes a range of nature conservation actions. The measure is allocated an annual average of €68.31million or 3.7 per cent of the RDR total. The impact of this is likely to be rather limited, particularly in the context of the enormous challenge posed by Natura 2000. For example, in Extremadura, the regional RDP envisages schemes affecting 50,000 ha, whereas Natura 2000 in this region could cover over 2,500,000 ha.

The **Article 33** sub-measures for farm diversification, tourism and craft activities, and marketing of quality products are implemented mainly through the PRODER scheme - an interesting attempt to promote bottom-up local rural development (see Chapter 5). The scheme is allocated a considerably larger budget than in the previous period, but still has less than five per cent of the RDR total budget.

Sweden

In Sweden, the RDP is a single national programme known as the ‘*Miljö- och landsbygdsprogram för Sverige 2000–2006*’ (LBU). The LBU encompasses all national and regional measures under the RDR. It signals more continuity than change for Swedish rural development - a second phase of ‘ecological transformation’ of Swedish agriculture that started after Sweden joined the EU in 1995. The current programme is notably more limited than the previous one because of a lower budget and lower levels of compensation payments to farmers. However, it remains dominated by environmental measures for agriculture and promotes rural development beyond the farm gate only to a limited degree. The LBU’s overall objective is ‘to support an ecologically, economically and socially sustainable development of agriculture, food production, forestry and rural areas’.

It has two priorities:

1. organic farming and ecologically sustainable rural development, notably containing **agri-environment** measures which take 65 per cent of the budget;

2. economically and socially sustainable development which focuses on rural development measures.

Although showing considerable continuity with the 1995-99 period, the LBU still seems an ambitious programme. For example, the proportion of arable land under organic cultivation is planned to double from 10 per cent to 20 per cent, giving Sweden one of the highest proportions of agricultural land under organic production in the EU.

Another notable feature of the Swedish RDP is the relatively high proportion of the budget that is allocated for **education and training programmes** – around five per cent of the total budget, of which three-quarters is to support Priority 1. This is seen as investment in ‘human capital’ and in the longer-term future of rural development. Efforts are being made to concentrate resources under Priority 2 on advisory programmes for diversifying farmers or advice for women to improve their chances of finding work in the rural economy and under Priority I, for advice on the reduction of nitrate leaching.

UK

In the UK, there are four RDPs, covering England, Scotland Wales and Northern Ireland.

The *England Rural Development Plan* (ERDP) is the largest, and comprises a national plan, with regional chapters for each of the eight regions of England. Like the ERDP, the Rural Development Plan for Wales includes both accompanying and non-accompanying measures. The Rural Development Plan for Scotland only includes provision for the three sets of accompanying measures even though only a proportion of the country is Objective 1. Northern Ireland is wholly covered by an ‘Objective 1 in Transition’ designation, so only accompanying measures are included in its RDP.

For the most part, the measures in the four Plans are a continuation of past schemes. In particular, LFA, agri-environment and forestry measures have been rolled forward from pre-1999 schemes. Together, these already existing schemes account for almost all of the programmes in Scotland and Northern Ireland, more than 80 per cent of the England Programme, and more than 90 per cent of the Welsh Programme. In general terms, the ERDP is geared more towards **agri-environment** than the others, while spending on **LFA** aid is more significant in Scotland, Wales and Northern Ireland. Planned spending on agri-environment measures accounts for around 20 per cent in Scotland, 25 per cent in Northern Ireland, 40 per cent in Wales and 60 per cent in England. Proposed spending on LFA aid comprises 40 per cent, 65 per cent, 50 per cent and 18 per cent respectively³.

In England, the accompanying measures and an energy crops scheme are programmed nationally. Other measures are administered at the regional level. These are the new Rural Enterprise Scheme (which includes **Article 33** measures), a **Processing and Marketing** Scheme, and a new Vocational **Training** Scheme. The Rural Enterprise Scheme is a relatively broad scheme providing project-based support for farming and non-farming activities in rural areas. The resources available are limited - rising to about 15 per cent of the total allocated funding by 2004/5 - and will partly be targeted at Objective 2 areas.

In Wales, accompanying measures also dominate the programme’s finances, although it also contains **processing and marketing, training and Article 33** measures. Significant changes to **agri-environment** policy took place in 1999 with the introduction of the Tir Gofal which

³ For a full description of the implementation of the LFA measure in the UK please refer to a case study that is an annex to the UK report (Ward 2002).

integrated several disparate elements of previous agri-environment schemes into a single, whole farm scheme. A second innovation has been the introduction of the 'Farming Connect' service, which ties the provision of grants to farmers with farm development and business planning and a review of environmental opportunities and training needs (see Chapter 5).

In Scotland, the RDP has a narrower focus on agricultural structures, and there has been the least innovation and change, in part because of the small allocation of resources to the Programme. In Northern Ireland, the Plan is seen primarily as an agricultural structures measure while RDR rural development measures are delivered alongside ERDF and ESF funds in the integrated Operational Programme.

Poland

The authors of the SAPARD Programme placed emphasis on those sectors which according to them, required the largest investment and will be crucial for the integration of Polish agriculture and rural areas into the Single Market. On this basis the following objectives were defined:

- improvement of the competitiveness of Polish agriculture and the agri-food sector on both domestic and international markets;
- adjustment of the Polish agri-food sector to the sanitary, hygiene and quality standards of the Single Market;
- encouragement of multifunctional rural development, especially via developing technical infrastructure and creating conditions for non-agricultural economic activities in rural areas.

At the time of writing, the Polish paying agency had only received accreditation to run four of its planned measures under SAPARD. These are **farm investments, training, support for rural infrastructure** and **processing and marketing**. If accreditation for the remaining measures is much further delayed this will increase the emphasis in the existing Plan on measures for agricultural and rural modernisation, rather than other purposes.

Hungary

Compared to other pre-accession programmes, SAPARD accounts for approximately 17 per cent of the annual pre-accession aid and less than half the value of each of the other main pre-accession instruments, ISPA⁴ and PHARE. Thus in financial terms agriculture and rural development do not dominate the pre-accession strategy for Hungary. Comparing SAPARD to earlier EU aid shows that it has not offered a significant increase in the resources provided for rural development. In addition, the aggregate budget of national rural development resources is three times the maximum annual budget for SAPARD.

The accredited National SAPARD Plan (NSP) contains nine measures altogether, including compulsory technical assistance. Nevertheless, as a result of the difficulties of setting up the required institutional system, the Hungarian government is only trying to accredit the Paying Agency for three measures at present – **farm investments, processing and marketing, and rural infrastructure**.

According to the NSP, the three main strategic priorities are:

- increasing the competitiveness of the agriculture and processing industries;
- focusing on environmental protection aspects;
- enhancing the adaptation capabilities of rural areas.

⁴ Instrument for Structural Pre-accession Aid

Seven specific objectives are also listed⁵. Four of these are directly related to the competitiveness of the agri-food industry; one to environmental protection; and two can benefit both farmers and the non-farming rural population. Job creation in rural areas is also considered to be important. In general, the main emphasis of the plan is on the agricultural sector, specifically focusing on the production of pork, poultry, beef and animal fodder. Other objectives, such as rural diversification or environmental protection seem to have secondary importance. Agricultural measures do not have geographical limitations; all areas are eligible. Rural development measures are limited to those settlements with a population density of or below 120 capita/km². These settlements cover some 84 per cent of the surface and 38 per cent of the population of the country, embracing the least developed rural areas.

Almost 60 per cent of the resources serve agricultural restructuring, one third is devoted to other sectors of the rural economy and less than five per cent is for agri-environment.

Conclusions from the national detail

These different accounts of rural development expenditure serve to illustrate a great variety of implementation models and approaches, even where the relative financial allocations between countries may appear similar at first sight.

Nevertheless, it is clear that allocation patterns and delivery methods draw heavily on past experience in all the countries studied, and that they largely reflect the purpose of support as 'close to agriculture' (with the exception of the new Länder in Germany). In this respect at least, therefore, it seems that plans and programmes have taken a rather pragmatic approach to the new Regulations which does not fully reflect the earlier rhetoric surrounding them, as described in Chapter 2. In particular there is a relatively low use of the **Training, Article 33 non-agricultural measures** and the **forestry measures** other than afforestation of farmland (for more detail on forestry measures, see Buller et al, 2002).

In the chapters that follow this, an attempt is made to assess the extent to which this apparent pragmatism is reflected in the Programmes' potential to promote sustainable rural development.

⁵ Special objectives are: increasing the market efficiency of agricultural production; establishing conditions of food safety, hygiene, environmental protection, animal welfare; increasing the proportion of products of higher quality and higher level of processing; reducing the burden on the environment; setting up producer groups; job preservation and creation in rural areas; enhancing the capability of rural areas to retain population.

Chapter 4 Assessing the New Regulations: Balance, Coherence, Integration and Participation

Summary of Key Points

- The adoption of a programming approach to the RDR and SAPARD appears to have promoted a greater coherence in the use of the various constituent measures. However, there are some notable examples of apparent incoherence (eg between environment and development measures). The main area lacking coherence is between RDR funds and other EU policies and funds.
- The RDPs and SAPARD programmes contain some notable examples of improved integration in the design and delivery of measures. Many of these were engendered through processes essentially independent of the EU framework but they have been able to use it to their advantage. However, the dominant picture is of relatively weak integration between measures and between these Regulations and other national and regional rural funds.
- Many RDR programmes are criticised by stakeholders for their continuing preoccupation with agriculture when the nature of many of Europe's rural areas can no longer be presumed to be agricultural, at heart. This is equally true in less developed economies where tourism dominates large areas, as it is in post-industrial economies where new kinds of rural business and/or commuting have developed strongly. Particularly in the most marginal areas, a more pluralist approach is already recognised as essential.
- On participation, the RDP show more partnership in the *process of plan development* than generally occurred in the past. However, this is often not followed through into delivery, with many examples of relatively weak consultative arrangements for implementation, although with notable exceptions in the UK and France.

4.1 Introduction

Chapters 4 – 7 aim to analyse the extent to which key principles of sustainable rural development, as defined by the goals of the sponsors for this study and set out in Chapter 2, are demonstrated in the programmes examined in the eight core countries studied. This chapter covers the key principles of coherence, balance and integration, and participation. Innovative approaches to tailoring and local flexibility are covered in Chapter 5, while respect for rural assets and resources is examined in particular for the environment, in Chapter 6. Chapter 7 then looks at likely outcomes of RDPs and the mechanisms for monitoring and evaluation.

4.2 Coherence and Balance

One new feature of the Regulations compared to previous periods is the requirement to **present all elements together as part of a coherent programme**. This is done in all the texts but there is considerable variation between countries in the extent to which it is followed through in implementation. A more integrated and coherent approach requires closer partnership between administrators and stakeholders in planning and implementation, to achieve a common understanding of objectives and streamlined delivery processes. In countries where agricultural

administrations have relatively little established involvement with other partners, this seems to have been particularly difficult to achieve, to date.

The RDR is not clear on how measures or objectives should be balanced. For example, the preamble talks of the importance of agri-environment schemes in coming years, and the need for rural development to be based partly on non-agricultural activities, but gives no indication of how much importance to give these aspects in relation to others. Article 2 of the Regulation states that aids will be focused on agriculture and the conversion of agricultural activities. This is followed by a list of objectives, again with no indication of whether a certain balance is required between objectives. Article 43.2 requires Member States to ‘guarantee the necessary balance between measures’, but this wording is open to different interpretations.

It is perhaps unsurprising, therefore, to find that among RDPs, there are significant variations in ‘balance’ as measured both by:

- balance between economic, social and environmental goals and predicted outcomes. The programmes range from the highly environmental, where economic goals are weak (eg Sweden), to the highly economic, where environmental goals are potentially threatened (eg Spain).
- balance in relation to the various key sectors and interests that shape rural development in each country. In many cases, the RDPs have a strongly agrarian focus to an extent which may not be appropriate to the economic, social and environmental character of their rural areas.

A summary of the picture at national level is given below, for the countries studied.

Austria

Critics of the Austrian RDP believe it lacks a territorial focus, and that a single programme cannot sufficiently take into consideration the diverse conditions prevailing in Austria’s rural areas. They can be affluent suburbs, tourism resorts, or dominated by large-scale industrial agriculture. This differentiation is missing in the RDP and thus affects the balance of the programme.

The Austrian RDP is almost exclusively directed to farmers. Some experts predict that about 3 per cent of funds will be paid to non-farmers. According to the basic philosophy behind the RDP, agriculture constitutes the spinal chord and the motor of rural development, and by supporting agriculture the whole rural area will benefit. This is certainly true for some regions, but it is questionable for other rural areas in Austria, for example those specialising in tourism or other industries.

There is also some evidence that the funding system creates imbalance among Austrian farmers. Evaluating the results of the first programming year 2000, Hovorka (2001) states that *‘the income disparity between favoured and less favoured areas is still increasing’*. There is considerable asymmetry in agri-environment payments: Only 884 farms (0.6 per cent of beneficiaries) receive almost six per cent of ÖPUL funds, a major part of which flows to the intensive agricultural areas in the north-eastern and eastern lowlands (BMLFUW, 2001).

France

In France, agriculture plays a central role in four of the five specified priorities of the National Rural Development Programme. As such, agriculture, its modernisation, its support and its multifunctional role within the rural economy, society and environment is very much the focus of support.

Nevertheless, the French PDRN shows some notable examples of balance and coherence, particularly when compared to the plans and programmes of other countries examined for this study. Firstly, the allocation of expenditure between measures shows a relatively even balance between planned economic and environmental spend. There is also a strong 'social' element in a number of significant measures such as support for young farmers and many of the DOCUP measures. Secondly, by channelling a significant share of RDP resources through the particular, integrated mechanism of the CTE, the PDRN promotes balance and integration between goals and measures at a very local level. The specific characteristics of the CTEs are examined in more detail in Chapter 5, as a good example of innovation and flexible delivery.

In addition, the PDRN, in combining farm investment policies with agri-environment policies, in bringing local agro-food policy networks into contact with farm structural policy divisions within the Ministry and in promoting a more integrated mechanism for local policy delivery, has undoubtedly led to a new culture of internal cooperation and coherence. The CTE reflect, in part, parallel institutional changes within the Ministry as it has begun to develop the concept of multifunctionality in agriculture.

Germany

The RDR has clearly reinforced the process of developing balanced and coherent programmes for rural areas in Germany. However, it is important to consider what has actually been achieved, as follows.

- *No news in the old target areas* - for the target areas of EU Structural Funds in 1994-99 (eg the new Länder [Objective 1] as well as the Objective 5b areas) the need to draw up coherent programmes already existed.
- *Inconsistent requirements in the Regulation* - there is a systematic separation in the new Länder of the accompanying measures (EAGGF Guarantee Section) from the measures financed under the EAGGF Guidance Section, resulting in two separate plans. While there is a requirement for consistency between the two plans, in reality there is no firm commitment to this in either the development phase or in programme implementation. There was no integrated *ex ante* evaluation of the two parts of the programme in the Objective 1 regions.
- *Departmental independence* - even within the RDP there is no certainty of a consistent approach. For example, political decisions were often taken prior to programming as to the share of funding to be allocated to the Department of the Environment and the Department of Agriculture respectively. Following this decision both departments planned independently 'their' areas of responsibility, partly in order to reduce the effort required for co-ordination and to avoid friction. It is only a slight exaggeration to say that ultimately the authors of the RDP had to amalgamate the end products of this procedure in such a way that the result looked like a coherent concept.
- *Appropriate geographical level* - in Germany the planning process is primarily located at the level of the Federal Government in the context of the general policy framework and at the level of the Federal States in the context of the RDP. While this gives the Länder an opportunity to interpret objectives set by the Federal Government with regard to their individual situations, there is usually no scope below this level for adaptation to, in some instances, strongly divergent local conditions. Agri-environment programmes, for example, are not adequately tailored to varying natural conditions and local requirements.

Spain

The structure established by the EU regulations, with different but overlapping programming systems for the RDR in Objective 1 and non-Objective 1 regions, leads to a lack of coherence.

Although many RDR measures are programmed alongside ERDF and ESF measures in the Objective 1 programmes, others are completely separate (eg the accompanying measures). Also, LEADER is not integrated into the RDR programmes, despite being highly complementary.

There is no attempt in the Spanish programmes to assess, or to pursue, a balance between social, economic and environmental objectives. The Spanish programmes can also be considered unbalanced in territorial terms, because of the nature of the measures and their budget allocations. Notable examples of measures which could be considered under-resourced, in relation to the scale of the issues in Spain, include the agri-environment scheme (<10 per cent of the total budget), the LFA scheme (<5 per cent), the promotion of quality agricultural products (<0.5 per cent), the latter in spite of the importance often given to this aspect of EU agriculture and rural diversification in national and EC documents.

The emphasis on farm investments, young farmers, irrigation and processing and marketing means that the majority of RDR support will tend to be absorbed by more dynamic farms, industries and areas. By contrast, Spain's most marginal rural areas are offered little support, despite being those most in danger of abandonment. This question of territorial balance has a direct bearing on the main environmental argument used by the Spanish Authorities to justify the Programmes, which is that they will prevent desertification of rural areas, and thus help to maintain the environment.

Article 41.2 states that, wherever possible, there should be one unified RDR programme per zone. In Spain, many Regional Governments apparently wanted to implement the RDR solely by means of regional programmes, ie without the three horizontal programmes. This might have been considered more in-line with Article 41.2 and, potentially, could have created more coherent and integrated programmes at the regional level. However, the State authorities insisted on horizontal programmes for certain measures to ensure homogeneity, territorial balance and equality of opportunities for farmers, ie a basic principle of the CAP.

There are fundamental contradictions in some programmes, such as Improving Agricultural Structures. On the one hand, the large number of small, unviable holdings is presented as a major problem, and rationalisation and modernisation of farm structures is favoured as the solution. At the same time, modernisation often leads to a decline in farm labour, yet the same programming document argues that the current numbers of farmers and employment levels must be maintained, adding that this is good for conserving the natural environment.

Sweden

The RDP is a national programme that is shaped by the centralised Swedish state and political system; the RDP does not take much account of regional differences in agriculture and rural development, although specific regionally limited measures are part of the programme.

There are three main problems as regards synergies or contradictions between objectives and measures of the RDP:

- (1) partly incompatible goals of social, economic and ecological sustainability,
- (2) unbalanced targeting between agriculture and forestry related measures, and
- (3) complicated financing mechanisms for the RDP measures that make it difficult to assess the compatibility of some objectives, targets and measures.

(1) What is written in the programme text about the balance, coherence and compatibility of measures (Jordbruksdepartementet, 2000) is not based on a systematic assessment of the relations between the measures in the programme, but mainly a general discussion of

compatibility between different EU-policies and programmes. At a more detailed level, it seems likely that examples of conflicting goals and measures will arise.

(2) An apparent imbalance of the RDP for the Swedish situation is the apparent neglect of measures for forestry development. Forests cover about 60 per cent of the area in Sweden, but measures related to forestry are not well represented in the RDP. The Article 32 measure is not funded until 2004 and only amounts to some €8 million in total. However, the poor financing of measures related to forestry may be because this is a profitable sector in the Swedish economy, representing 14.2 per cent of total exports by value for Sweden in 1997.

(3) The Swedish RDP is complicated by the fact that the measures in the RDP are not financed by the same mechanisms all over Sweden because of Objective 1 and 2 designations.

In relation to environmental goals, the RDP seeks coherence with a range of international commitments. In 1992 Sweden signed the Convention on BioDiversity, and a national study on the state of biodiversity was carried out from which a national programme was developed (Bernes, 1994). The RDP is the main tool to achieve the goals in this biodiversity-programme. The RDP also supports the maintenance and protection of wetlands (RAMSAR), which is also connected to the Birds Directive (79/409), through the measures 'Support to wetlands and small watersheds' and indirectly even the measure designed to reduce nitrate leaching.

But perhaps where the Swedish RDP most lacks coherence is in its lack of links to other important rural development initiatives and programmes. A case study illustrates this.

Box 4.1 Poor Coherence: Västra Götaland, Sweden



Key themes: *Community involvement, regionalisation and lack of integration of funds and measures.*

Description

In Western Sweden there are three main approaches to regional and local development: Regional Growth Contracts (RGCs), the Living Archipelago Programme and the Swedish RDP.

The RGCs are examples of innovative partnerships for rural development. The RGC for Västra Götaland, for instance, includes the following measures: business development, stakeholder dialogue, capacity-building, support for establishing IT and support for university based research in protected areas. The RGC for Skåne län aims to support economic growth in co-operation with regional authorities with a focus on agriculture and food production. The need for capacity building is addressed, as well as the need for modernisation of production. Organic agriculture is supported through the promotion of good production techniques, support for conversion and the creation of a market place, and co-operation between universities in the region is promoted. The RGC for Blekinge promotes enterprise and development of the economic infrastructure, organic agriculture, sustainable water management and IT development.

The West Coast Archipelago is also managed via the 'Living Archipelago' programme in Västra Götaland. This programme is one of a series of regional programmes for integrated development in archipelago areas, resulting

from a mandate of the Swedish government in December 1997. Such programmes have been also developed by the regional administrations in five other regions. Detailed measures cover issues such as eutrophication, nature protection, protection of the cultural environment, fisheries and water use. The measures are financed individually from different sources, which can be restrictive.

The Swedish RDP in Västra Götaland is administered and implemented by different units within the regional administration. There has been a lack of applicants for many measures due to the complicated application process and confusion amongst the local community over what is eligible for funding. There has also been lack of integration with the other rural development programmes and initiatives.

The RGCs create an opportunity for developing an integrated strategy using bottom-up methods. The partnership approach brings together state resources, the regional administration and municipalities and trade and industry, as well as other local stakeholders.

The Living Archipelago Programme in Västra Götaland provides a regional and local focus for measures and a method of integration in the system of physical planning at regional and municipal levels. More than the RDP and the RGCs (except for the economic dimensions) the Living Archipelago Programme implements a holistic approach to regional and rural development. The value of the Living Archipelago Programme can be seen in its regionality, integrated approach, and coordination of regional and local processes for territorial planning.

Key Points

Lack of integration between these programmes and the Swedish RDP has been due to insufficient communication with planners of other Swedish rural development initiatives. The RGCs and Living Archipelago Programmes would benefit by being further co-ordinated with the RDP, and could even act as instruments for regional fine-tuning of the national programme.

UK

There is a general and widespread view that some of the key aspects underpinning the RDR are the right ones for the UK. These include the programming approach, the scope for plans to be tailored to meet national (as in England, Wales, Scotland and Northern Ireland) and regional needs and the bringing together of agri-environment, Less Favoured Area and rural development measures within single integrated programmes.

However, at the level of individual programmes, there are some significant concerns about balance in the use of measures. In Scotland in particular, environmental and community groups are critical of the heavy emphasis of the programme upon LFA aid above all else, to the extent that there are no non-accompanying measures within the RDP and agri-environment only plays a secondary role. More widely, some concerns have been expressed about the generally strong emphasis upon agri-environment and LFA measures in all four countries of the UK, such that support for other rural development remains a very minor element in the programmes. However, this issue is overshadowed by the very strong consensus that the UK received a very inadequate share of the EU RDR budget allocation (of only 3.5 per cent, for a country with around 12 per cent of the UAA) due to its relative lack of use of these measures in the past, and that this is the major constraint upon the ability of the programme to achieve a balanced and coherent use of measures.

Faced with RDP budgets with little or no scope for growth over the period by comparison with what was spent in 1999 on similar measures, the four UK countries have opted to continue to build up their relatively small, but strongly supported agri-environment schemes as the main priority, even taking into account the significant, additional funding that has been made available through modulation of funds from Pillar 1 of the CAP. Only in England and Wales has there been scope to develop new schemes for training and rural enterprise, for example.

Poland

At the end of the 1990s a number of strategic documents were prepared, including a *Medium-term Strategy for Development of Agriculture and Rural Areas*, a *Coherent Structural Policy for Rural Areas and Agriculture Development* and the '*Pact for Agriculture and Rural Areas*'¹. Thus SAPARD has been developed against a background of growing consensus about the appropriate focus and balance of rural policy.

Within this broader context, it was assumed that SAPARD would support activities related to the development of agriculture, increasing its competitiveness and creating new jobs, but also for projects related to environmental protection, development of infrastructure in rural areas and afforestation.

According to the authors of the SAPARD Operational Programme, the most significant aims of Polish agricultural policy with which the Programme should be in line, are:

- the creation of adequate working and living standards in rural areas so as to allow rural people to achieve their economic, educational, cultural and social objectives;
- restructuring the agricultural sector by allowing the adaptation of agriculture to the changing economic and social situation;
- creating conditions for the sustainable development of rural areas, protection of the natural environment and the rural cultural heritage².

However, the Programme has in reality focused strongly on measures that will support agricultural production and make Polish agriculture and agri-food processing more competitive. Pilot agri-environment and afforestation programmes were included in the draft Plan but there are concerns that these may not ultimately be delivered. There has also been some criticism that the programme is too focused on giving support to a relatively small group of the most successful and competitive farms and processors, without giving sufficient attention to capacity building, particularly for producers in more marginal situations.

Hungary

Particularly by comparison with domestic rural development policies and experience, the Hungarian National SAPARD Plan is a sectoral, project based document; focusing on classical, intensive and competitive agriculture; mostly lacking social aspects; and providing little support to other sectors of the rural economy. It does not build on already accomplished achievements such as micro-regional programmes, existing partnerships, or the experience of local and regional level officials.

The justification and main objectives of each SAPARD measure, as well as the preamble of the National SAPARD Plan, emphasise the importance of the creation of jobs; diversification; support for young people; maintenance of the rural population and improvement of the environment. Nevertheless, the details imply a somewhat different picture. The most important indicators for the evaluation of applicants, especially for the five agricultural measures, are usually: economic viability; growth of competitiveness; the rate of return on investment and the number of jobs created. They concentrate on competitiveness, prioritising support for competitive companies, or those that can easily become competitive. The three rural development measures work somewhat differently. They show much more coherence amongst each other, although they are almost completely separate from the rest of the Plan. On the other hand they have very limited resources altogether, and cannot be expected to have a great effect on Hungarian rurality.

¹ An analysis of two first documents: '*Medium-term Strategy for Development of Agriculture and Rural Areas*' and '*Coherent Structural Policy for Rural Areas and Agriculture Development*' was conducted in Karaczun Z. M., 2000.

² These are aims defined in: the *Medium-term Strategy for Development of Agriculture and Rural Areas*, which was accepted by the Council of Ministers in April 1998.

There are some potential contradictions in the Plan. Examining the ex-ante appraisal of the plan, besides the agri-environment measure two more measures (agricultural investment, and processing) are recognised as having a direct positive connection with the environment³. Under the agricultural investment measure, compliance with the EU Nitrates Directive is a specific requirement. Also, in the measure for the processing industry, the compliance with a range of EU environmental and food safety regulations is specifically required. However, environmental assessment is not a criterion for assessing any of the measures. Thus it is hard to see how these requirements can be met and contradictions between the objectives and the expected results of the programme can be anticipated.

4.3 Integration of Goals and Measures

There is much evidence that truly sustainable rural development benefits from the close integration of measures and delivery systems, to promote as many ‘win-win’ outcomes as possible for the different goals of the programmes. The evidence suggests that the RDR and SAPARD have had some limited success in promoting integration, in the countries studied here.

Austria

In Austria, more integrated approaches which emerged in Objective 5b areas during the previous programming phase (1994-1999) are at risk of fading away because the RDP scarcely meets expectations to be a programme for the development of rural areas in the sense of integrated, trans-sectoral, territorial development.

Some measures are not delivered in an integrated way because of historical precedent. For example, for measures concerning projects related to the agro-industrial sector (processing and marketing) a rating system is used according to the rules of the national ERP fund (a regional development funding institution). This exception stems from times when the measure was not yet integrated into a coherent rural development programme (once called a ‘sector plan’).

France

To promote a multifunctional and sustainable agriculture, the French PDRN relies strongly upon a single, though complex, instrument, the CTE. These are an interesting example of innovation and thus they are discussed in more detail in Chapter 5. However, in the context of this chapter it is important to note that they represent a significant form of integration involving the mandatory combination of environmental and economic measures and tailoring them to local environmental and territorial needs.

In addition, the Objective 2 programmes in France are revealing, as did the previous Objective 5b programmes, growing links at the local level and under the banner of sustainability, between the actors and institutions of agricultural development and the actors and institutions of local government and territorial planning, including the *Pays* and the *Parcs Naturels Régionaux*. While some might see this as a return to the days when farming and the rural local government went largely hand in hand, others see it as a fundamental change based on a different set of ground rules embedded in an emerging sense of the multifunctional role of rural areas.

Spain

In general terms, the RDR programmes in Spain cannot be considered an integrated strategy for rural development. They appear more as a set of disconnected measures. Measures are not combined to pursue common objectives and the cross-cutting effects of different measures are not taken into account.

³ In practice this means having some connection with the Hungarian Agri-environmental Programme or the agri-environment measure of SAPARD, which is worth 5-10 per cent during the evaluation of the project proposal.

The approach of the programmes is highly sectoral and mono-functional (measures for the improvement of production, programmes dedicated to environmental actions etc). However, the local development PRODER programmes (see Chapter 5) combine measures from different Articles of the RDR in an integrated manner.

Sweden

The text of the Swedish RDP shows a good integration of goals and the use of different measures to promote these integrated goals – for example, using the training measure as a complement to agri-environment and Article 33 environmental protection measures, to ensure that those receiving grants and multi-annual payments for environmental actions have the appropriate skills to deliver them.

However, critics of the Swedish RDP cite particular issues in relation to poor integration:

- Insufficient discussion of the necessity and roles of agriculture and primary production for landscape development in rural areas. Although agriculture is the dominant theme in the RDP, there are no clear aims for the long term future of agriculture and no integration with other sectors of primary production in rural areas such as eg forestry, fishery, reindeer herding and hunting.
- The unclear relationship of the RDP measures to measures in other policies and programmes for rural areas (as shown by the case study in Box 4.1). The RDP may not become an effective moving force for integrated rural development, despite its apparent internal coherence and careful targeting of measures, but more as a consequence of insufficient ‘enabling environments’ in which other programmes and complementary measures exist to relocate the agriculture-specific RDP in a wider policy context of rural development. There is a risk that agriculture is left out of the bigger picture, in this context.

UK

The relative integration of measures and goals within the four RDPs covering the countries of the UK, and between RDPs and other rural funds, is partly a reflection of the extent to which these RDPs and the context within which they operate offer anything new. In Scotland the programme offers essentially separate measures to the agriculture sector, in a fashion which is hardly different from the pre-2000 period. And indeed, with the loss of Objective 5b funding in many Scottish regions (where EAGGF funds were delivered alongside ERDF and ESF through integrated programmes) one could say that agricultural funding is now less integrated with other rural funds than it was prior to 2000.

By contrast, in Wales and England the ability to fund new measures and thus to design new delivery structures has spurred national governments into new forms of integration, some of which are discussed further in Chapter 5. In Wales this process has perhaps developed the furthest and this may well be because of the influence of Objective 1 Structural Funding for around half of the principality, which has stimulated the formation of new strategic partnerships in many areas. In England, the schemes within the RDP are essentially designed separately but there has been a growing commitment to target and deliver them in a more integrated way, by comparison with the past. The Rural Enterprise Scheme (RES) for example, seeks to deliver most of the rural development measures under Article 33 within one scheme. By the end of the programming period this new scheme will be one of the best funded measures in the RDP. However, it is proving difficult to integrate the component measures in practice. At the same time, the formation of more strategic partnerships at regional level seems likely to enhance the integration of RDP with other rural funding streams.

Northern Ireland is a somewhat different context – because it is an Objective 1 area in transition, its RDP only contains the accompanying measures and thus they are delivered separately from other rural development measures funded by EAGGF Guidance through the integrated Operational Programme.

Nevertheless, since both programmes are delivered through a similar public infrastructure in what is a small territory, the scope for practical integration between funds is increased.

Poland and Hungary

It is difficult to present a significant discussion of the issue of integration in relation to the SAPARD plans of these two countries since it has become clear that although the Plans themselves present one picture in relation to the selection and proposed delivery of measures, the actual operation of SAPARD in these countries is likely to involve a much reduced number and range of measures from the Plans, at least for the foreseeable future. It appears SAPARD will finance a small number of essentially separate measures supporting investment and modernization in agriculture. In this new context, there is much reduced scope to pursue integration between measures and goals (since in essence, a single goal is being pursued via a small number of very focused grants), and integration is not considered because the programming – which required a more integrated approach – was applied to the whole Plan, rather than just to this smaller portion of it.

4.4 Participation: Drawing up and implementing Programmes

Most discussions of sustainable rural development emphasise the importance of participation of all relevant actors in helping to determine how resources should be used, and then being involved in helping to ensure that they deliver against their goals. In the context of the RDR and SAPARD, the relevant actors would include:

- the public authorities responsible for all the key areas of rural policy potentially affected by the programmes;
- sectoral and business interests in rural areas; and
- NGOs for environment and social/community groups and representatives.

The adoption of the ‘programming approach’ to RDPs prepared under both the new Regulations has borrowed the model applied to the delivery of mainstream Structural Funds. Through this the EU has placed a new emphasis upon building a broader partnership to steer policies and measures which might previously have been seen as largely the preserve of the agriculture sector alone. In response, most of the core countries covered in this study appear to have taken some significant steps towards greater participation in RDPs, as a result. However on the whole, this has been more common in the process of plan preparation than in implementation, and stakeholders in many countries express concern about their lack of involvement in considering how the programmes are performing and how to improve them.

Austria

The Austrian RDP was drawn up ‘in house’ by the Agriculture Ministry, with informal consultations with agricultural representatives, but less intense involvement of social partners and environmental NGOs. Drawing up the Plan in effect began in 1997, when the Agricultural Ministry first set up nine parallel working groups to formulate the perspectives of ‘*Austria’s agricultural future*’. The core of the plan was developed between January and June 1999. Social partners were consulted to a limited extent. During the drafting of the RDP, there were consultations with the Ministry for Environment, at that time not yet merged with the Agricultural Ministry, and with the Agricultural and Environmental departments of the Land governments.

Environmental NGOs were consulted during the drawing up of the agri-environment measures. Dissatisfied with the potential environmental impacts of the proposed non-environment measures, WWF produced a parallel and critical ex-ante-evaluation of the non-ÖPUL (ie non agri-environment)

measures. This led to an improved treatment of environmental concerns, including the inclusion of Article 16 measures.

Two environmental NGOs are participating in the ÖPUL monitoring committee, although there is no monitoring committee for the RDP as a whole. Thus there are concerns about inadequate stakeholder involvement in the formal process of programme evaluation and modification.

France

The drawing up of the French response to the RDR was undertaken almost exclusively from within the *Ministère de l'Agriculture*. Statutory consultation took place with the Ministry of environment and spatial planning, though almost exclusively with respect to agri-environment policy and its inclusion in the CTE framework. Environmental NGOs were not, on the whole, brought into the formulation stage of the French Rural Development Plan.

However, the shift to the CTEs has involved a wider range of organisations, particularly at the local level, through the formation and functioning of new *Commissions Départementales d'Orientation de l'Agriculture*. These bring together social, business and environmental interests to work with agricultural officials, technicians and farm union representatives to define the economic and environmental measures that should be included in each county's CTE menu(s) and to zone these, where appropriate, as well as overseeing the awarding of CTEs to individual farm businesses.

Germany

The economic and social partners and the environmental authorities participated to varying degrees in the drawing up of the RDPs in the Federal States. The type of participation varied from the rather formal and superficial, to intense, and in some instances multi-level, exchange and feedback processes. Consultees have generally complained about the acute time pressures in drawing up the programmes and the limited options for participation. Nevertheless, at the *Länder* level, despite all the difficulties and deficiencies, the drawing up of the RDPs has improved the participation of various NGOs in rural development in Germany, widening it beyond the representatives of the agricultural authorities, prompted by the obligatory requirements for participation in programme planning set out in the Regulation.

The *Länder* and the Federal Government agreed jointly to establish a single national monitoring committee to accompany the implementation of the RDP (EAGGF/Guarantee). It comprises one representative of the Federal Ministry of Agriculture (Chair), one representative each from the Agriculture Ministries of the individual *Länder*, and one representative of the EU Commission. The committee meets approximately once a year. There is no provision for any direct participation of government environmental authorities, other ministries, or the economic and social partners. However, prior to the meetings of the monitoring committees there is an exchange between the economic and social partners and the Federal Ministry of Consumer Protection, Food and Agriculture. Consultation on implementation has been poor. The separation of the national monitoring committee and the preparatory meetings with the economic and social partners does not appear to have generated fruitful partnership working.

Spain

In Spain, the three main farmers' organisations were consulted on the preparation of the Programmes. Other NGOs were not involved, with the exception of the Women's Institute. WWF Spain, for example, was refused access to the plans before they were approved by the European Commission. National and regional environmental authorities had limited involvement, being kept informed through the Environmental Authorities Network (EAN).

Even for the Forest Management and Environmental Protection measures, which are co-financed by the Ministry of Environment, the participation of this Ministry seems to have been inadequate.⁴ For example, attempts from the Ministry of Environment to establish national guidelines for the Environmental Actions measure, in order to promote a coherent approach to supporting Natura 2000, were not taken up by the lead Ministries (Agriculture, Economy) and Regions. Similarly, the Ministry of Environment's proposed indicators were not included in the programmes.

The Monitoring Committees include the main farmers' unions as observers, and the EAN. No environmental NGOs are present. There are no other fora or mechanisms for taking account of stakeholder views in the monitoring and/or revision of programmes.

Sweden

The Swedish RDP was drawn up using the two traditional consultative mechanisms: a government report and a consultation of stakeholders. In 1998 the Government appointed a committee to report on how the future environmental programme for the agricultural sector could best attain the Swedish environmental objectives. This report was the foundation on which the Swedish RDP was built.

During the preparation of the RDP, intensive consultation also took place with a range of stakeholders: government agencies, political groups, environmental NGOs, local authorities, experts and so on, including a public hearing. Such consultation indicates the willingness of the Government to attain a broad consensus in the rural development community about the programme, its objectives and the measures. The process was seen by most of the actors involved as 'following the routines of Swedish policy formulation'.

In the implementation process the RDP does not foresee specific and detailed rules for co-ordination of authorities involved (the short formulation is '*Co-ordination between authorities will happen*'). Implementation remains the responsibility of the Ministry of Agriculture and the Board of Agriculture.

An Advisory Council has been established to oversee programme implementation - with a role in monitoring, adaptation and control of the programme and with the main actors of the rural development community as members. In contrast to the importance imputed to the Council in the programme, it meets too rarely, is too big and too passive to be seen as an active form of stakeholder participation. The Council has no formal influence on operational decisions concerning implementation (eg acceptance of applications and decisions about payments). It may have more influence with regard to revisions and changes of the programme that began with proposals for modification by the Board of Agriculture in 2001.

At the level of implementing individual measures there is some flexibility which allows limited forms of co-ordination and co-management between the regional administrations or their different departments (eg agriculture, nature protection, natural heritage management and fisheries) and stakeholders (farmers' and environmental organisations).

UK

The four Plans in the UK were drawn up separately by different devolved administrations, although always by agricultural officials. The England Rural Development Plan was drawn up after a wide consultation involving a national strategy group and regional stakeholder groups. In Scotland, the consultation process on the Plan was criticised for being very circumscribed and subject to prohibitively tight time-scales (there was just seven days for feedback). In Wales there was less contention about drawing up the Plan and the consultation process was structured around individual sets of measures - the

⁴ This is according to interviews with Ministry staff.

most extensive consultations being around the agri-environment measures - with less discussion about the overall structure of the programme. In Northern Ireland the plan was drafted by the Department for Rural Development with a degree of formal consultation with stakeholders.

In the ERDP the preparation and ongoing implementation of the RDP is overseen by a broad strategic partnership of stakeholders and officials from the public administration, covering economic, social and environmental interests. The partnership exists at both national and regional levels and involves an inner 'core' partnership of public authorities and agencies as well as a wider group involving NGOs and farming, community and other business interests. Views about the effectiveness of these groups vary, but most stakeholders appreciate that the arrangement is a step forward from the kinds of consultation that existed prior to ERDP. In the early meetings, group discussions were limited because of difficulties in providing relevant information on progress with the programme (partly due to administrative reorganizations and the foot and mouth disease outbreak). Now, meetings are given updated information on performance and are encouraged to feed in ideas for programme monitoring and ongoing development.

Similarly, ongoing participation has been facilitated through a wide range of 'working groups' on specific measures or issues relating to the Welsh RDP and the results of their deliberations are evident in the ongoing development of the Programme – notably in relation to the agri-environment and LFA schemes and the potential launch of a new scheme to aid young farmers.

Poland

In Poland, the preparation of the SAPARD plan represented a new phase in participative agricultural policy development. Prior to preparation of the SAPARD Operational Programme, relatively broad consultations were conducted with different social and professional groups. Moreover, regional consultations were carried out in each voivodship (region). It is a novelty that the Operational Programme includes information on the scope and results of the consultations, identifies people and groups which participated in them and presents their comments on the Programme. It is particularly significant due to the fact that although the practice to conduct social consultations on strategic documents has existed in Poland since the beginning of the 1990s, it is the first time that such reliable and detailed information on the consultation process was included in a state document.

On the other hand, the involvement in Plan preparation has been followed by the exclusion of stakeholders and their views from the final decisions about what will actually be implemented under SAPARD, which has apparently been a 'closed discussion' between the Ministry and the European Commission. As a result, given that so little of the original plan is actually being implemented, stakeholders now express considerable cynicism about SAPARD and its relevance to their interests. This is true for agricultural, environmental, social and wider rural economic interests. There is indeed a risk that this rather negative experience of 'participation' in EU policies could adversely affect the preparation of the draft RDPs for Poland under the RDR, in the run-up to accession.

The SAPARD Monitoring Committee consists of representatives of the European Commission, relevant authorities from the central level, regional authorities, representatives of self-governments, as well as one representative of environmental NGOs (ENGOs), and two representatives of the organisations whose focus is to provide support for development of rural areas. It is expected to meet every six months. However, since the Committee had not yet met when the national report for Poland was prepared, it is not possible to assess its effectiveness as a vehicle for participation.

Hungary

The Rural Development Unit (RDU) of the Ministry originally intended to base SAPARD on local participation and integrated programming. To catalyse this process in April 1999, RDU launched a programme for voluntary rural micro-regions⁵, with a budget of some €1 million (Mohácsi, 2001). More than 200 associations applied for the programme, covering 2500 settlements and almost the entire area of the country. Micro-regions were encouraged to create wide partnerships and write long term, integrated development programmes, based on local resources and external aid, sustainability and local participation.

The 'micro-regional SAPARD' generated a lot of enthusiasm, mobilised human capital and local resources and raised high expectations in rural Hungary. Networks and partnerships were set up, local actors learned to deal with 'EU type' vocabulary and procedures. However, these partnerships and programmes have largely been bypassed by the eventual outcome of the official SAPARD planning and implementation.

In connection with drawing up the official National SAPARD Plan:

- there was a wide range of consultations with professional agricultural organisations, but other ministerial departments could only comment on a rather advanced draft of the Plan;
- various environmental authorities were consulted, though civil organisations and NGOs were less involved or left out of the preparation of the Plan;
- political and budgetary fights, especially in 1999, were disadvantageous for co-operation and the preparation of the Plan;
- traditional agricultural interests were the most influential, though the EC and the 'rural development lobby' also had significant effects on the result.

As for the ongoing delivery of the SAPARD programme, it appears that the central institutions regard this process as essentially a mechanistic one, with the main focus upon ensuring that payments are made and monitored in accordance with EU paying agency rules. As yet, the arrangements for monitoring SAPARD are unclear but little emphasis has yet been placed upon participation, in this context.

4.5 Conclusions

The material assembled in this Chapter illustrates an interesting mix of some progress as well as numerous examples of missed opportunities. In part, this may relate to the short time available for planning programmes as well as to budgetary limitations. However it clearly also reflects a level of institutional unfamiliarity with the kinds of goals and measures potentially relevant to the programmes, and in some countries in particular, an apparent lack of identification with the agenda of sustainable development and instead, a focus on simple economic development of the agricultural sector to the potential detriment of other interests. Another important feature is the generally poor integration of RDPs with other related rural funding streams (both in terms of complementary goals and in the coherent use of measures).

⁵ In Hungary there is a centrally organised system of 'statistical micro-regions', based on the historical structure of public administration. This system has been used as the basis for data collection, domestic policies and all sorts of designation. The 'voluntary micro-regions', or 'SAPARD micro-regions', are usually smaller and often have significantly different boundaries. There is frequent confusion between these two categories, even in domestic debates.

Chapter 5 Innovation, flexibility and tailoring in Rural Development Programmes

Summary of Key Points

- Innovation in RDPs across Europe has occurred both at the level of programme design and resourcing, and at the level of individual projects and initiatives. Many such occurrences demonstrate notable flexibility and tailoring of measures to meet local circumstances and potential.
- It is notable that some of the strongest examples relate to developments which preceded Agenda 2000 – either coming from previous experience with EU Structural funds or from essentially separate national or more local initiatives and processes. In these cases, the RDR has provided a vehicle to take such developments forward while SAPARD may have offered an additional stimulus to action, although SAPARD programme funds are not yet supporting these kinds of action (and there have apparently also been negative effects – see Chapter 8).
- These examples serve to illustrate the potential that the new Regulations can offer, given appropriate sensitivity and support at all levels. They can also be seen as an example which could be built upon much more widely, as the current programmes develop and as governments begin to think about their plans for the next programming period.

5.1 Introduction

The individual Member States and Candidate Countries have taken different approaches to drawing up their Rural Development Plans and programmes. At EU level, the RDR was innovative in that it required a territorial focus across the entire area of the Member States and enabled closer integration of its constituent measures than had previously been possible. However, the extent to which these features have been taken up by the Member States varies considerably.

SAPARD offered a potentially broad range of measures to Candidate Countries, through an integrated programme approach enabling direct assistance to individuals in rural areas, which was a significant innovation in the context of EU funded measures. However the novelty of the financial arrangements – involving accreditation of EAGGF paying agencies – appears to have rather deflected and reduced the potential for innovation, flexibility and tailoring in the actual implementation of SAPARD.

Nevertheless, there are some notable examples among the core countries in this study:

- of delivery mechanisms that show particular ability to reflect local variations in conditions and needs and to attract innovative approaches to sustainable development; or
- of successes at the level of individual projects, which demonstrate local tailoring and integrated design and delivery of goals in an exemplary fashion.

These examples are the focus for this Chapter of the report.

5.2 Notable Examples

Austria

Although the Austrian RDP itself contains few innovations by comparison with its predecessor measures and schemes, and it is criticised by stakeholders as lacking a sufficiently strong territorial focus, there are some notable examples of integrated and appropriate local projects which have been able to make effective use of the RDP ‘toolkit’ to promote sustainable development. The example of the Nature Park Sölktäler is given below.

Box 5.1 Nature Park Sölktäler, Austria



Key themes: *Environmental sustainability and integration of measures and funding.*

Description

A large part of Nature Park Sölktäler is designated as part of the Natura 2000 network under the EU habitats Directive. There are around 100 agricultural holdings in the park, 53 per cent of which are organic. The landscape is typically alpine and agriculture is dominated by dairy cows. The park authorities aim to conserve the cultural landscape and discourage the afforestation of alpine grasslands. The park administration encourages the creation and maintenance of biotopes by farmers through agri-environment measures and provides support for diversification. RDR measures, LEADER+ funds and private donations are used to support this integrated, territorial approach.

The following RDR measures have been implemented:

- Article 33 has funded the identification and zoning of biotopes, coordinating the creation and maintenance of biotopes, establishing a biotope network and promotion of the park;
- Articles 22-24 fund agri-environment measures (the Austrian ÖPUL scheme). Funding is specifically offered for orchards, grassland areas with high diversity and extensively cultivated pastures. There is also support for the creation of new landscape elements such as hedges, tree lines, banks or forest fringes;
- Article 9 has supported a series of nearly 40 lectures, courses and excursions dealing with nature preservation topics, taking place in the five Nature Parks in the region. Responsibility for the overall management of this initiative lies with the Nature Park Sölktäler;
- LEADER + funds several activities under a ‘summer programme’ for tourism such as developing an interpretation path, quality local products and an excursion programme.

Key points

The Nature Park has cooperated with neighbouring parks and integrated many measures and funding mechanisms to deliver their aims.

The farming economy has been assisted by the provision of funds for agri-environment measures, marketing initiatives for quality agricultural products and the extension of farm activities into the tourism sector. The environmental awareness of farmers has also been raised through training courses.

France

The most prominent innovation in the French PDRN is the CTE. The CTEs grew from French agri-environment measures introduced after 1992. The French agri-environment programme comprised a combination of national measures, available over the entire national territory and 'local operations', drawn up by the regions in response to local circumstances. These local operations, which eventually numbered over 300, were largely considered a success both in terms of their acceptance by the farming community and in terms of their environmental and agronomic impact (far more so than many of the national measures). The innovation of the CTEs was to group these local operations into a series of generic component 'measures', and to link them into a wider multifunctional and rural development framework. The result is a national catalogue of around 80 generic agri-environment measures and over 150 generic contract types, tailored to particular agricultural or environmental circumstances. Appropriate measures from this catalogue are then combined with other measures available for farm development under the PDRN (notably farm investments, setting up young farmers and early retirement measures) to produce generic contracts at the *Département* (county) level, comprising both voluntary and obligatory components.

The CTEs have the following characteristics.

- they are contractual, between the farmer and the state, the one 'paying' the other for the delivery of both public and private goods.
- they explicitly link farm development to environmental management.
- they address the multifunctional role of farming in that they offer a package of measures designed to respond to the economic, environmental, territorial and social role of farming.
- they embody a 'bottom-up' approach in that individual contracts are constructed to fit local circumstances.
- they encourage collective local action - CTE can be drawn up and piloted by groups of farmers in response to specific local demands and concerns.

Inherent in the CTE approach is decentralised implementation. The *Département* prefects determine the measures to be employed in the CTE available in the county. Local Chambers of Agriculture have a key role in establishing local contracts and encouraging farmers to apply for collective CTE projects. Finally the *Commissions Départementales d'Orientation de l'Agriculture* (CDOA) must approve both the model CTE measures available and the individual CTEs within the *département*. These new bodies include local political leaders, farmers and representatives of the local agri-food sector, territorial development agencies and local environmental organisations.

Examples of local tailoring and flexibility through the CTE are given in Box 5.2.

Box 5.2 Local Tailoring: CTEs in France



Key themes: Innovation, environmental sustainability and bottom-up planning

Description

Examples of CTEs that have been developed by regional stakeholders at regional level show how they are easily tailored to local issues.

A CTE in **Ille et Villaine** in the north-western region of Brittany, an area particularly affected by surface water pollution linked to intensive pig farming, aims to link infrastructure development on farms to pollution reduction and improvements in animal welfare. Farmers can receive co-funding (from the RDR and State Aids) in return for undertaking measures such as housing pigs on straw bedding rather than on concrete or wooden slats, making natural light available within husbandry units and not using growth hormones or chemical growth stimulants.

A CTE in the mountains of the **Vosges** region of Eastern France was developed by a committee whose members are drawn from local government, the regional park (*Parc naturel régional 'Ballon des Vosges'*), local agricultural cooperatives and processors, the agricultural trade union, agricultural insurance and advisory organisations, banks and State officials. It aims to protect the local beef and dairy sector and the open landscape and species-rich grasslands associated with this form of upland husbandry. The CTE is menu based, and contains seven socio-economic measures (such as setting up of producer groups, conversion of the herd to a local breed and conversion to organic farming) and four territorial environmental measures (including the management of reed beds and open spaces). Farmers must include environmental measures in their CTEs.

A CTE has been specifically developed for the protection of the Little Bustard (*Tetrax tetrax*) in the département of **Vienne** in western central France. It was developed by BirdLife France in association with the *Vienne Chambre d'Agriculture*. The area provides the principal habitat for the current population of the Little Bustard which has experienced a rapid population decline due to changes in arable farming practices such as the removal of landscape features and early removal of crop stubble. The agri-environment measures in the CTE include harvesting with a centrifugal method to allow ground-living birds to run to safety, conversion of arable land to pasture, reduction in pesticide use, planting crops providing favourable bustard habitat and the conservation, creation and management of landscape elements such as small woodlands and/or isolated trees.

Key points

These examples of regional CTEs illustrate the flexibility of the French method of implementing the RDR. They also illustrate how regional stakeholders, including environmental NGOs, have been involved in the planning of measures from an early stage. Environmental sustainability has, in many cases, been given a high priority under the CTE scheme.

Germany

The launch of the Rural Development Programmes coincided with a period of intensive public and political debate about the direction of German agriculture triggered by the first case of BSE in Germany in November 2000. Chancellor Gerhard Schröder demanded that 'a thorough reform of the farming sector' be undertaken. The Federal Ministry of Food, Agriculture and Forestry was subsequently

restructured and became the new Federal Ministry of Consumer Protection, Food and Agriculture, consolidating consumer protection and food safety under one roof. Three elements form the core of the German ‘turnaround’ in agricultural policy:

1. a stronger orientation towards consumer requirements with regard to quality;
2. the ‘greening’ of agricultural land use;
3. support for the more integrated development of rural areas.

To a degree, the RDPs reflect these new elements. However, the practical options for a reorientation of agricultural policy are limited. The Federal Government finds itself caught between the European and the Länder level. While agricultural market policy can only be amended at the EU level, it is the Länder that are primarily in charge of rural development. Financial restrictions further limit the room for manoeuvre.

A key aspect of the ‘turnaround’ is the agreement to introduce modulation, a move for which the nature conservation organisations had strongly lobbied. Modulation will entail a reduction of direct payments (livestock and area-based payments) by 2 per cent from 2003, above a threshold of €10,000 in payments per recipient per year which will be excluded from the cuts. This first crucial step towards the reallocation of funds, it should be noted, has come about in response to an acute political crisis.

Two policy instruments found in the German RDPs are worthy of some further discussion, in considering innovative and flexible use of RDR measures.

1. Village Renewal: The objectives of village renewal are the stabilisation and strengthening of decentralised rural settlement structures through the improvement of village-based employment, housing, community facilities, services and amenities. Accordingly, the spectrum of eligible measures is rather broad and covers anything from infrastructural measures (wastewater treatment, village squares) to environmental measures (restoration and landscaping of village ponds and watercourses) to the support of cultural facilities. In some of the *Länder* it is a condition of funding that an overall strategy is devised which involves local stakeholders. Village renewal thus has the potential to promote sustainable rural development at the local level.

2. LOCALE – an example of innovation in Lower Saxony

Box 5.3 LOCALE



Key themes: *Integration of measures and funding and stakeholder participation.*

Description

LOCALE was set up as one of five regional initiatives to implement the Structural Funds (ERDF, ESF and EAGGF Guidance) in Saxony-Anhalt for the period 2000–2006. It essentially consists of two strategic elements:
- support for integrated, territorial development approaches below the Federal State level;

- increased participation of local stakeholders in the implementation of the OP.

The catalysts for developing a regional initiative such as LOCALE were positive experiences with Community Initiatives such as LEADER, the Territorial Employment Pacts and village renewal schemes; and European requirements for the use of funds (coherence, integration, participation etc).

To be eligible for LOCALE, applicants must devise a Territorial Development Plan for a 'functional, traditional and/or agriculturally cohesive rural area below the district level'. The Plan must include a SWOT analysis, budget and time schedule, statements of the development objectives for the area, monitoring methods and details of local stakeholders' participation. The Plan is then assessed by a regional decision-making body, including representatives of the Federal State, and may be submitted to the organisations administering the funds (eg Ministry of Agriculture, Ministry of Environment or Ministry of Industry and Commerce).

The five main objectives of the LOCALE initiative are as follows:

- to improve the employment situation in agricultural, agriculture-related, as well as non-agricultural enterprises and service providers;
- to improve the quality of life by developing cultural, socio-cultural, environmental and economically relevant infrastructure;
- to improve the environmental situation and to enhance environmental awareness;
- to improve the social integration and employability of disadvantaged sections of the population;
- to strengthen rural partnerships and to enhance regional identity and community life.

Projects applied for under LOCALE are given priority over those applied for outside of regional initiatives. Also, projects supported under LOCALE initiatives are given higher funding rates than other non-integrated projects.

By early 2002, 42 LOCALE Concepts had been selected. These Concepts contained approximately 920 individual undertakings at a cost of €88 million. The total planned investment has been estimated at around €340 million. Following the selection of the plans, applications have to be made to the relevant authorities (eg Ministry of Industry and Commerce, Ministry for Agriculture, Ministry for Employment) to fund the individual undertakings on the basis of agreed guidelines.

Key points

The success of funding through the LOCALE initiative cannot yet be assessed. However, the initiative demonstrates greater participation of local stakeholders in planning rural development; adaptation of rural development planning to regional characteristics; and dovetailing of individual projects and various support measures into a coherent approach.

Spain

The RDR has not produced a new approach to rural development in Spain and there appear to be few measures in the Spanish programmes which are new to the post-Agenda 2000 era. The PRODER scheme, however, does provide a good example of where a Member State has decided to use an established local delivery mechanism to implement various RDR measures in a relatively bottom-up and flexible way.

PRODER stands, in Spanish, for *Operational Programme for the Development and Diversification of Rural Areas*. The scheme was introduced as part of the 1994-1999 programming of Structural Funds for Objective 1 regions in Spain, as a horizontal Operational Programme run by the central Ministry of Agriculture. The idea was to replicate the LEADER approach (itself limited in coverage by the small budget), and extend it to more areas. Funding was from EAGGF Guidance and ERDF.

For the 2000-2007 period, the scheme is extended to non-Objective 1 regions. There is no longer a horizontal programme, rather, each Region has included a PRODER-type scheme in its regional programmes, sometimes under joint management with the Ministry of Agriculture. In Objective 1

regions, they may be packaged with non-RDR actions, funded by ERDF, thus extending the schemes to beneficiaries which are not related to agriculture. Outside Objective 1, they are funded only by EAGGF Guarantee.

As with LEADER, the PRODER scheme operates through Local Action Groups (LAG), although the regional and local governments have more control over PRODER than they do over LEADER.

As an example, in Aragon (non-Objective 1), RDR actions supported under the scheme include:

- Training (Article 9)
- Processing and marketing of agricultural products (Articles 25-28)
- Marketing quality products (Article 33)
- Diversification of farm (and related) activities (Article 33)
- Promotion of tourism and crafts (Article 33)
- Environmental protection related to the conservation of the farming economy and landscape, and improving animal welfare (Article 33)

For actions that generate no income, grants may be up to 100 per cent of costs. Some of the measures provided for under PRODER are also available outside the scheme, for example, processing and marketing, or environmental protection. In other words, the regional authorities may support these activities directly or via LAGs, depending on the situation. On the other hand, in the case of Aragon, Farm Diversification and Tourism and Crafts are exclusive to the PRODER scheme, and may be supported only via LAGs.

In Andalusia (Objective 1), the equivalent scheme for 2000-2007 is called the *Global Grant for Endogenous Development of Rural Areas*. It takes the form of a Global Grant under Article 27 of the Structural Funds Regulation (1260/1999). The scheme is intended to operate throughout Andalusia, although more of budget is allocated to districts with significant economic, environmental and equal-opportunity problems, according to a set of socio-economic indicators.

Funding for the local groups comes from both EAGGF Guidance and ERDF. Actions eligible for funding from ERDF are:

- Operational costs of the local groups
- Support services for crafts, commerce and hostelry
- Small industrial estates and fairs
- Improvement of town and village centres
- Construction of cultural centres
- Support for small businesses
- Studies and advice on rural development

Actions eligible for funding from EAGGF are:

- Actions related to farm diversification and/or in predominantly agricultural territories.
- Basic services and information provision to the population
- Co-operation projects
- Conservation of cultural heritage (buildings, villages)
- Productive activities compatible with environmental conservation and/or aiming at the protection, restoration and valorisation of natural resources and landscapes
- Development and improvement of infrastructure related to farm production (eg farm roads, livestock units, electricity supply)
- Promotion, improvement and diversification of the rural economy, in the agricultural, craft and tourist sectors

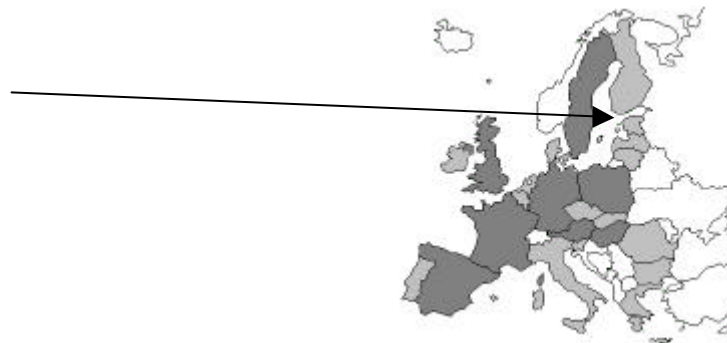
The importance given to PRODER in the regional programmes varies considerably. Thus Castilla y León, Andalusia and Asturias dedicate relatively significant budgets to the scheme while Castilla-La Mancha allocates a relatively small amount and excludes agricultural actions from support. In Aragon, the total budget available for measures under the PRODER scheme is €5.84 million in the period 2000-2007. This is just over 8 per cent of the total funds allocated to the regional RDR. In Andalusia, the total budget available for EAGGF-funded measures under this scheme is €133.64m in the period 2000-2007. This is nearly 18 per cent of the total EAGGF-Guidance budget for Andalusia of €755.214m. A further €6.54m are allocated to the scheme from ERDF.

Sweden

There are several aspects to the Swedish rural development programme (LBU) that could be seen as innovative within a broader EU context. *First*, the LBU emphasises the importance of equal opportunity for men and women. Indeed, special measures to support women in agriculture and rural development are envisaged, for example, through advice and training. *Second*, there is a strong general emphasis on capacity building. Measures for training are an important component of the RDP budget, and can be usefully combined with others such as those for environmentally sound agriculture. *Third*, the Swedish RDP includes in the general analysis of the rural situation in Sweden a set of issues extending beyond the remit of the RDR, including, for example, the importance of rural economic diversification beyond the primary sectors, the quality of living conditions in rural areas, and the key role of forestry (nearly 60 per cent of Sweden's total land area is covered by forest). Nevertheless, although important elements of the specific context for Swedish rural development, these issues do not reappear in the measures and the priorities funded under the RDP-budget.

At the level of individual projects, there are some good examples of innovative and integrated approaches such as in the box below.

Box 5.4 Eldrimner



Key themes: *Community involvement and integration of measures and funding.*

Description

Eldrimner is a rural resource centre for the transfer of applied and practical knowledge in the small-scale production and processing of rural products in the Jämtland region of Northern Sweden. The project is targeted to meet the needs of local small-scale entrepreneurs in the food-processing business and aims to create the best conditions for small-scale production and distribution in the region. The average farm size in Jämtland is smaller than the national average (21 ha in Jämtland, 34 ha national average) and the farms are remote and widely dispersed, restricting the viability of small shops and other outlets.

The project is financed through EU Structural Funds as Jämtland is part of an Objective 1 area. Eldrimner has a total budget of €410,000 for the project duration (2001-2003), with 60 per cent EU co-financing and 40 per cent financed by national means.

The Eldrimner project aims to facilitate the production and processing of organic, rural products in small-scale systems by providing a support system of knowledge and technology. Support can be provided by the project to individual producers for a limited time. A main purpose of the project is to demonstrate how sustainable rural development is possible through co-operation, networking, capacity building and the mobilisation of local people.

The main objectives of the project are to:

- provide a forum and meeting place for small-scale food producers;
- facilitate the start of new businesses and support existing producers;
- communicate knowledge between small-scale producers in the region and from other regions;
- educate beginners in the business and help develop existing small enterprises;
- support small-scale production that is locally developed and adapted; and
- support organic production.

These objectives are pursued through short courses at the centre on small-scale methods such as cheese making, pork butchering and the processing of berries and vegetables. Courses also cover marketing, economics and the legislation governing food production. The aim is to blend local tradition with new input, ideas and technologies from other rural regions and countries. Co-operation and exchanges have taken place with small-scale food-producers from France and Germany. The education centre also keeps an inventory of processing techniques, and has a small shop attached. The centre offers a mobile processing and refining unit which is available to rent at a subsidised price. Communication is enhanced through an annual fair which provides an opportunity for marketing products and gives producers and other actors an opportunity to network.

The organisations responsible for Eldrimner are the regional administration in Jämtland and the County Council. A board of representatives of local producers (who have the majority of votes), the regional administration, the Structural Funds officer and the project manager, controls the project.

Key points

The strength of Eldrimner lies not only in its local base and the mobilisation of local people and human resources, but also in its ability to build an international 'grassroots network' for rural development all over Europe, which allows the project to use and distribute special local knowledge from other countries that can be applied in the local refinement of agricultural products.

It is questionable whether such an integrated and locally-tailored project could have been funded outside Objective 1, using EAGGF Guarantee funds.

UK

In the UK, it is possibly the approach to financing the RDR that represents the most marked change from the past. In 1999 it was decided to take up the option to modulate CAP direct payments in order to expand the finances available for the RDR. The UK Government had long taken the view that compensation payments to farmers should be gradually reduced, and modulation offered an opportunity to begin to pursue this objective. In many respects, the Second Pillar idea seemed to embody many of the UK's aspirations for a broader rural policy that might eventually supersede what is seen to be a discredited and outdated agricultural policy. The UK, though, faced a very specific difficulty, under previous UK Governments there had been an unwillingness to spend significant amounts on such non-compulsory elements of the EAGGF. The UK was allocated only 3.5 per cent of the European RDR budget for 2000–2006. That would have left the Government without funds for any new or expanded measures under the RDR, and at odds with a groundswell of support from rural and conservation interests expecting significant expansion in this field.

Thus modulation has been applied from 2001, based on total direct payments received, beginning with a flat rate reduction of all direct payments of 2.5 per cent, rising gradually to 4.5 per cent in 2006. With co-funding from the UK Treasury, modulation will increase the total budget for the RDR by about 60 per cent in this period, including a doubling of the resources for agri-environment schemes in England.

There are other innovations among the UK RDPs. In Wales, 'Farming Connect' - an integrated initiative using Objective 1 ERDF funds alongside RDR funds - is providing integrated business and environmental advice and planning as a prerequisite for access to grants for farm investment, diversification and training under the RDR.

Box 5.5 Farming Connect



Key themes: *Innovation, integration of measures and funding and community involvement.*

Description

To maintain rural communities, language, cultural landscapes and the natural environment in Wales a support programme, Farming Connect, has been set up. It offers advice, training and financial assistance to help farms to develop integrated, more competitive and sustainable business strategies.

Farming Connect was established through a partnership involving the Welsh Development Agency (WDA), Welsh Assembly Government Agriculture and Rural Affairs Department (ARAD) and a wide range of other agencies. It is the result of detailed consultation with the both farming unions and other rural interests. The key elements of the service promote farm business development by providing independent advice as well as ensuring access to a wide range of training and technology transfer opportunities. The service deploys private sector consultants to help farmers draw up Farm Business Development Plans that can then be used to make applications for appropriate capital grants and training. The role of 'local facilitators' in working to develop networks of local farmers, demonstration farms, machinery co-operatives and training providers is seen as a crucial part of the overall process. In this context, Farming Connect is a specialist component of a wider initiative in Wales, known as Business Connect.

Farming Connect makes use of a number of tools. These include the business development planning, a range of capital grants, commercial demonstration farms, specialist advisory services, training opportunities, transfer of new technologies, environmental advice and pollution control advice. These components are funded by a mixture of national and European funding. The first step of participation in the scheme is the development of a Farm Business Development Plan (FBDP) which is prepared by a consultant of the farmers' choice and is provided free of charge. This activity is funded through a mixture of Objective 1 (Structural Funds) and national resources, channelled through the Welsh Development Agency. The FBDP indicates appropriate grants and training schemes for each farmer to participate in.

Farming Connect has been offered to over 6,000 farmers. By April 2002 3,873 farmers had applied for a Farm Business Development Plan, 230 plans had been completed and over 100 applications submitted for either Farm Improvement Grant or Farm Enterprise Grant under Articles 4 and 33 of the RDR as applied in Wales.

Key points

If the project is successful, it will provide farmers with extra income and enable more farmers to remain within agriculture. Training, technology transfer, and demonstration farm programmes should have a measurable impact on the quality of production, the extent of value added and the adoption of higher environmental standards.

At the level of individual projects and initiatives, there are good examples of innovative and integrated delivery of RDR measures. In many cases these initiatives have their roots in previous experience of EU Structural Fund programmes from 1994-99, which promoted the formation of strong partnerships for rural development at the local level.

Box 5.6 North York Moors Farm and Rural Community Scheme



Key themes Innovation, bottom-up planning and integration of funding sources and measures.

Description

The project area covers 9,000 ha at the northern edge of the North York Moors National Park, including five villages, 625 households and approximately 50 farms. The area depends heavily on upland livestock farming and tourism, being known for its open expanses of heather moorland and dales with small fields surrounded by walls and hedges. The majority of moorland within the project area is designated as Site of Special Scientific Interest and Natura 2000 site and requires sustainable grazing levels to manage it effectively.

Responsibility for the sustainable management of the park and implementation of the Farm and Rural Community Scheme (F&RCS) lies with the National Park Authority. It has been active in using a range of European and other funding sources to promote integrated projects, for example two Objective 5b projects: the Moorland Regeneration Project; and the River Esk Regeneration Project which began in the 1994-9 period.

The F&RCS is a pilot scheme developed by a partnership between four local communities, the Regional Development Agency, the National Park Authority and the Countryside Agency and advised or supported by the local, borough and regional councils and various other local stakeholders. The scheme aims to test ways of involving local communities in identifying their social, economic and environmental objectives; and to develop a scheme, based on the RDR, to achieve these objectives in an integrated way; and create stronger links between farmers and communities.

Activities have included:

- introduction of a locally tailored agri-environment scheme (funded by State Aids);
- awarding capital grants for projects such as the restoration of traditional buildings and boundaries, regeneration of hedgerow and tree planting (again, via State Aids);
- giving business advice to farmers that includes consideration of social, environmental and economic issues;
- making grants available to community groups for activities that enhance the local environment, contribute to the local economy and/or improve the social well being of the area (again, using State Aids);
- identifying a set of integrated objectives for the area, reviewing how existing mechanisms can achieve these objectives and developing a tailored package for integrated upland rural development;
- assisting local stakeholders to apply to a wide range of funding sources including ERDP.

Key points

The North York Moors Farming and Rural Community Scheme intends to make a strong contribution to integrated sustainable development by: encouraging the local community to be closely involved in identifying and

undertaking local development; by involving farmers and land managers; developing links between organisations and various sectors of society; and by integrating a range of funding sources. The initial results show that this approach brings strong community support, improves the landscape and environment, strengthens local businesses and creates employment.

Poland

The agri-environment pilot programme is an important innovation for Poland for two reasons. Firstly, Poland lacks instruments of this type and, therefore, the fact that agricultural lands are located in protected areas often leads to a conflict between agricultural production and the necessity to protect the environment which cannot easily be resolved without instruments such as these. Secondly, agri-environment programmes include a significant educational element. In the long run this should increase the involvement of farmers in carrying out activities for environmental protection.

The agri-environment pilot programme is planned to be carried out in several regions in Poland:

- The Narew and the Biebrza river valleys, which constitute the largest complex of wetland and peat areas in Europe, and are a refuge for numerous bird species. The Pilot Programme should cover 11,000 ha (47 per cent of the utilised agricultural area in the river valleys).
- The Lower Warta river valley, which has a unique breeding biotope of wading birds as well as migrating birds (60 per cent of Polish avifauna species). The Pilot Programme should cover 1,500 ha (35 per cent of the planned permanent grassland areas in the river valley).
- The Warminsko-mazurski region, ‘the Polish Green Lungs’, which is characterised by diversified landscape features, low urbanisation and a relatively low level of industry development. The area is endangered by water and wind erosion. The Programme would cover 13,500 ha.
- The Podkarpacki region, which is a diverse, mountainous area. The problem of abandonment of agricultural land has increased during recent years. The Programme would cover 4,000 ha¹.

Two basic components are planned. The first aims at biodiversity preservation (maintenance of meadows and pastures of high nature values as well as the preservation and shaping of rural landscapes). The second component aims at developing organic farming. All farmers with holdings larger than 3 ha will be eligible, participants will be obliged to take twenty hours of training and about 3,500 farmers should benefit.

Another innovation in the SAPARD plan are undertakings related to the afforestation of marginal areas. The Afforestation Pilot Project is planned in two regions: Swietokrzyskie voivodship (central Poland, a mountainous area) and Podlaskie voivodship (eastern Poland, lowlands).

However, the agri-environment measures have been removed from the SAPARD programme and the afforestation project has not yet been approved for implementation at the time of preparing this report. This is clearly a significant missed opportunity.

Hungary

In Hungary, the main examples of innovation and local flexibility are to be found not within the official SAPARD programme, but instead in the various unofficial or not-yet implemented plans and programmes surrounding SAPARD. As with Poland, the agri-environment pilot measures are highlighted as a particularly important example of innovation and local tailoring, although these have

¹ One of the barriers for implementing agri-environment programmes in Poland is the lack of a Code of Good Agricultural Practice. Although a draft Code has been prepared, due to numerous comments of the Ministry of Agriculture, it has not yet been adopted. The final version of this document is still being prepared and it is not clear when it will be completed. Nevertheless, some of the requirements of the Code have been transposed into legislation eg provisions relating to maximum fertiliser levels and requirements to have installations for proper slurry management.

not been approved for implementation under SAPARD and are instead being funded through national resources.

In addition, some of the results of the pre-SAPARD micro-regional development programmes have led to innovative and locally tailored actions despite poor articulation with the subsequent development of SAPARD.

Box 5.7 Cötkény



Key themes: *Missed opportunities, integration, environmental sustainability and stakeholder involvement.*

Description

The Cötkény Alliance was established in 1995, as one of the first micro-region associations in Hungary. The primary objective of the Alliance is to regain control and influence over the micro-region for the local population. Its three main aims are to:

- sensitively use and protect the areas of high nature value;
- ensure that local activities can support appropriate living standards, and the area does not lose its population;
- ensure that any profit arising from developments will mainly benefit the local population.

The local development strategy of Cötkény was informed by the Cork declaration and perceptions of the future direction of EU agriculture and rural development policy. The initiative primarily builds on the ecological resources of the area, combining them with socio-cultural aspects, traditions and local economic development. The first pillar of the strategy builds on proposed EU programmes for the maintenance of natural habitats and cultural landscapes (such as agri-environment programmes etc); the second builds on sustainable tourism (eg eco-tourism, bird-watching, fishing, health-tourism, agro-tourism). The main aim is to keep local resources and local people in the area and to sell products (landscape, food, nature conservation) on the global market, whilst reaping benefits for the local population.

The strategy was developed through a bottom-up process, by a partnership of conservation authorities, local authorities, businesses and NGOs. It created high expectations amongst the local population. The project leaders built international connections and tried to access multiple funding sources to realise their plans. However, the lack of substantial EU and domestic funding (caused largely by the delay of the Hungarian Agri-environment Programme and SAPARD funds) has resulted in a failure of the programme and disillusionment amongst a significant part of the local population. Cötkény has managed to get some funding from domestic and international sources, but this has only been enough to support some 'showcase projects'. Grants are often insufficient, are offered at the wrong time for the wrong measures or have demanding conditions attached to them. It is, however, expected that significant resources will arrive in the near future, since the area has now been designated as a target region for the Hungarian Agri-environment Programme and the 'Vásárhelyi Plan': a large project to improve flood-control in the Tisza region. These are likely to bring an estimated €32 million of national and external funds to the region.

Key points

This local development project shows how some rural areas in Central and Eastern Europe are keen to develop alternative models of rural development, turning into practice EU rhetoric on sustainability, integration and local

participation. An obstacle to the realisation of the aims of Cötkény is the current lack of financial resources available for sustainable rural development initiatives. Although SAPARD funds have not yet reached Cötkény, the project leader believes they have learned from SAPARD how to write funding applications to the EU, which is likely to be useful in the near future.

5.3 Conclusions

This Chapter is rich in examples which illustrate the great potential for sustainable rural development in Europe that can be tapped through a positive application of RDR and SAPARD programmes. At the same time, it highlights some common factors that help to ensure such funds are used to best effect. These include:

- successful project initiation which often depends upon prior experience of similar kinds of integrated rural development measure or a strong local partnership between relevant stakeholders (which may have come about through other means);
- an ability to be sensitive to the particular needs and constraints facing different rural stakeholders and to combine these in a mutually beneficial way;
- a willingness to apply combinations of measures through single delivery structures which allows synergies to develop and can often make funds more readily accessible to those who can benefit most from them;
- a core of committed individuals, who may be project staff or volunteers, able to devote time and energy to ensuring that a project or scheme delivers successfully against its goals.

Chapter 6 Environmental Integration and Respect for Rural Resources

Summary of Key Points

- It is clear from the countries examined that the RDR and SAPARD have the potential to make an important contribution to environmental protection and enhancement. There is evidence that the new Regulations have increased the relative importance given to environmental considerations in agricultural and rural development policies at national and regional levels.
- Nevertheless, the programmes vary greatly in their treatment of the environment. Significant differences between programmes appear to reflect the different national situations in terms of the 'state of the debate' of rural policy and the influence of environmental authorities and NGOs. They do not reflect differences in the scale, diversity or urgency of environmental issues, in fact rather the opposite: countries and regions with the greatest environmental pressures seem to have produced a less satisfactory response, in terms of environmental measures.
- Overall, more apparent weight is given to environmental issues and measures in Sweden, Austria, France, the UK and Germany than in Spain, Poland or Hungary.
- In all plans there are very few objectives relating to environmental outputs, such as achieving Favourable Conservation Status for certain habitats or species or ensuring that water extraction is compatible with the recharge capacity of aquifers. The same is true of the indicators to be used in monitoring the programmes.
- In relation to the environmental conditions affecting RDR measures, 'minimal environmental standards' are generally interpreted as existing legislation affecting agriculture. 'Good Farming Practice' is either an existing code or combination of codes, or in some cases new conditions introduced specifically for the RDR.
- In some cases the environmental benefits expected from environmental measures are questioned. This issue emerges in relation to agri-environment measures in Austria, southern Germany, Spain and France. Some schemes are designed for 'easy compliance', requiring very little action from farmers. Other schemes have been criticised as a Pillar 1 approach. The measures in question may absorb a considerable part of RDP budget allocations.

6.1 Introduction

Under the Treaty of Amsterdam, the EU is committed to integrating the environment into all Community policies. As key instruments to promote sustainable development of rural areas, the RDR and SAPARD should ensure that environmental considerations and opportunities are fully integrated into all the plans. This study has made a preliminary investigation of the degree of environmental integration in the plans of the eight countries covered. Ultimately it is the environmental impact of measures funded in the plans which is of central importance. This issue is discussed further in Chapter 7.

The programmes vary greatly in their treatment of the environment. There are many different aspects to consider, including:

- General questions, such as the overall objectives and ‘development model’ promoted by the programmes, and the extent to which these incorporate concepts of environmental sustainability (eg sustainable use of natural resources).
- Budget allocations to environmental measures.
- More specific issues, such as the definition of minimum environmental standards or the design of particular environmental measures.

6.2 Assessment

The country matrices (see Section 6.4) summarise the main environmental aspects of the programmes according to a common set of criteria. The following text is a review of the design and content of the programmes, using the same set of criteria as in the country matrices and distinguishing where necessary between the requirements of the Regulations and the expectations of the project sponsors based on their understanding of ‘sustainable rural development’.

Balance of environment with socio-economic (objectives, measures, budgets)

The Regulations require a balance between measures, in accordance with strengths, needs and potential. However, the balance of the programmes varies greatly. The Swedish programme is intended as the main instrument for implementing the national biodiversity plan. The Austrian, French and UK programmes seem to give considerable weight to the environment, as an integrated element of programmes that are concerned essentially with supporting and re-orientating agriculture.

The Spanish programmes talk quite a lot about the environment, but offer relatively little in terms of concrete objectives and delivery mechanisms. The main focus is on modernisation of farming, food processing and associated infrastructure. In Hungary and Poland, the agri-environment scheme is relegated to a pilot role within programmes concerned mainly with competitiveness of the agri-food sector.

Description of the environmental situation

The Regulations require Programmes to include a quantified description of the current environmental situation. This requirement is rather weak, in that it does not mention the need to identify priority problems, or to analyse their causes. Nevertheless, the environmental descriptions should be comprehensive and genuinely quantified with supporting data, in order to provide a basis for setting quantified objectives. Although there are considerable variations between programmes, most provide a simple review of the main environmental issues in rural areas but very little analysis of the reasons for the problems. There is generally little quantification or prioritisation of problems. In some cases descriptions cannot be considered complete and certain important environmental issues are overlooked.

Environmental objectives

The new Regulations require programmes to propose strategies with quantified objectives and priorities. Effective environmental integration depends on the establishment of clear environmental objectives and priorities at the outset.

Most Plans do not set environmental objectives, other than at an extremely general level (eg ‘to maintain the rural environment’). Some environmental measures have numeric targets, such as achieving a certain coverage of organic farming (20 per cent of arable cultivation, in the case of Sweden), or for the establishment of management agreements in Natura 2000 sites (1 million hectares of farmland, in the case of France). There are very few objectives relating to environmental outputs (eg achieving

Favourable Conservation Status for certain habitats or species or ensuring that water extraction is compatible with the recharge capacity of aquifers).

Integration of EU environment Directives

The RDR requires programmes to show how they take account of '*all relevant Community and international environmental policy obligations, including those relating to sustainable development, in particular the quality and use of water, conservation of biodiversity...and global warming*'. SAPARD also requires reference to the *acquis* in respect of the environment.

Given that many Member States are not fulfilling all these obligations and Candidate Countries are required to do so, it could be argued that the programmes should be designed to support a more effective implementation of EU Directives, such as the Habitats and Birds Directives and the Water Framework Directive. This would be a basic way of building environment quality objectives into policies for sustainable rural development.

All national packages of programmes pay some attention to the Habitats, Birds and Nitrates Directives, presumably as a result of pressure from the EC concerning inadequate implementation of these Directives. The approach varies. For example, the Spanish response consists mainly of commitments to make progress with implementation, but the Plans offer little in terms of targets, measures and funds. Austria and France have included significant measures for supporting implementation, especially of Natura 2000, drawing on various elements of the RDR (Agri-environment, Article 16, Article 32, Article 33).

Although the Nitrates Directive receives some attention and support, references to the Water Framework Directive appear to be almost entirely absent. This could be because it was only formally agreed during 2000 when most plans were being finalised. Nevertheless, the Directive will have important implications for agriculture, notably in respect of conserving water resources (irrigation) and improving the quality of freshwaters (diffuse pollution by agriculture, especially nutrients and pesticides) as well as the overall ecological status of freshwaters (wetlands degradation, species and habitats). Agri-environment programmes in most of the countries studied (except the UK) involve a range of measures targeting improved water quality. In France, measures addressing water issues are the most popular agri-environment component in CTEs.

References to global warming and compatibility with commitments under the Kyoto agreement are absent from most Plans. Spain has exceeded dramatically the increase in 'greenhouse' emissions permitted under Kyoto, yet the only measure proposed in this context is that farmers in agri-environment and LFA schemes must ensure that their tractors comply with current emissions laws.

Good farming practice and minimum environmental standards

Beneficiaries of aid under Chapters V and VI of the RDR must comply with '*usual good farming practice*', while under Chapters I, II and VII, beneficiaries must meet '*minimum standards regarding environment, hygiene and animal welfare*'. These two different but overlapping concepts may introduce an element of confusion that is compounded by the 'common rules' Regulation 1259/1999, under which Member States must ensure that direct aids given under CAP market regimes are compatible with their meeting 'environmental protection requirements'. The way in which these provisions are implemented by Member States is of considerable environmental relevance. Perhaps the most significant potential gains are under the revised LFA scheme, which also has strengthened environmental goals in the RDR.

Here the programmes seem to take a broadly similar approach. Minimal environmental standards are interpreted as existing legislation affecting agriculture. Good Farming Practice is either an existing code or combination of codes, or in some cases new conditions introduced specifically for the RDR. For

example, Spain has introduced three new general conditions comprising a ban on stubble burning and on tillage up-and-down the slope, and upper limits on livestock density. Otherwise, the main variations in implementation seem to result from the different standards of environmental legislation affecting farmers in each country (eg more advanced in Sweden, Austria and Germany, less so in France, Spain and the UK).

Environmental measures and budgets

The RDR provides for several measures with potential to promote environmental improvement, including:

- agri-environment schemes
- LFA support attached to Good Farming Practice, with possibility for designating new areas subject to limitations resulting from environmental policy (Article 16)
- measures for maintaining forest of ecological value (Article 32)
- environmental protection related to farming (Article 33)

In addition, many less explicitly environmental measures have the potential to be applied in a way that promotes environmental benefits, including farm investment aid, food processing aid, farmland afforestation, farm services, local development, etc. By contrast, SAPARD only contains agri-environment schemes in a pilot role; although farm investment and rural infrastructure measures can include environmental measures. A fundamental issue, therefore, is how and to what extent the programmes make use of the available measures to promote environmental goals.

The only RDR measures that are exclusively environmental (Environmental Protection under Article 33 and Ecological Forests under Article 32) are allocated a very small percentage of budgets in most countries, and exist very much on the margins of the main thrust of rural development. The precise use to which these funds will be put is often not entirely clear (eg in Regional Programmes in Spain).

The agri-environment and LFA measures have a more mixed role, combining income support with environmental aims. Agri-environment measures dominate the Swedish, UK and Austrian programmes, figure strongly in some German ones, are less prominent in France and less again in Spain. Similar differences are apparent with the LFA measures. Here Spain stands out as allocating a very small proportion of the budget to LFA support (<5 per cent), even though over 80 per cent of national territory is within the LFA. SAPARD offers no LFA supports, and in Hungary and Poland it is not yet supporting agri-environment measures.

The choice of measures also varies. Article 16 is to be used for Natura 2000 sites in some German regions and Austria, whereas France uses agri-environment, Articles 33 and 32 in preference.

In some cases, there may be question marks over the environmental benefits that are expected from the environmental measures. This issue emerges in the case of certain agri-environment measures in Austria, Spain and France. For example, some schemes are apparently designed for 'easy compliance', requiring very little action from farmers. In Spain and France, schemes aimed at supporting sunflower production have been criticised as a Pillar 1 approach. The measures in question may absorb a considerable part of the national budget allocation.

Ex-ante evaluations of environmental effects

The Regulations require an assessment of potential environmental impacts. It is important for these assessments to be rigorous and to identify potentially damaging effects, in order to design appropriate mechanisms for their prevention. Member States and Candidate Countries are also required to describe expected environmental results, including benefits.

The quality of evaluations varies greatly. Some are quite thorough and include an objective assessment of negative, as well as positive, environmental effects (eg Andalusia). Some others are far less convincing, and almost exclusively refer to positive or neutral effects (eg Lower Saxony). Some programmes put a positive environmental gloss on measures such as roads, re-parcelling or irrigation, rather than recognising potentially negative environmental impacts. Many such measures are the same as have existed for many years and certain negative environmental impacts are quite clear. The information provided in the programme documents is often excessively vague and not supported by concrete data. It is surprising that the Commission is willing to accept some of these assessments.

Participation processes

As discussed in Chapter 4, most countries followed some sort of consultation process. Some included a high level of involvement from environmental bodies (eg Sweden) whereas some others included only agricultural and other economic interest groups, excluding environmental NGOs. Similarly, some Monitoring Committees include environmental NGOs (eg Poland, UK) whereas some others do not (eg Germany, Spain).

Environmental indicators

In accordance with the EU Regulations, considerable emphasis is being placed on the use of indicators for monitoring the effects and effectiveness of the RDR programmes. Indicators need to be sufficiently sophisticated to highlight changes of relevance to environmental *outcomes*. In practice, programmes tend to incorporate very general numeric indicators of *outputs* (eg hectares affected), instead, and these only relate to the specific environmental measures in the RDPs.

6.3 Conclusions

Significant differences between programmes' treatment of the environment do not obviously reflect differences in the types or significance of environmental concerns and opportunities in each country or region. Rather, they seem to reflect the 'state of the debate' in rural policy as regards the environment, including the relative institutional control of agricultural ministries and farming interests compared to the influence of environmental authorities and NGOs. Some countries and regions with arguably the greatest environmental pressures seem to have made less use of environmental measures.

It may be that environmental measures tend to be allocated big budgets where they coincide with farming interest, especially in maintaining extensive systems that have limited prospects for improving incomes, but that they are less popular in agricultural areas with strong productive and competitive potential. On the other hand, in a country such as Spain there is neither the public interest or financial resources for large-scale agri-environment schemes, so political opinion still favours investment in modernisation over the maintenance of marginal areas.

Incorporating environmental progress as an equal partner alongside socio-economic progress in rural development programmes requires a systematic approach, based on an evaluation of problems and opportunities and the determination of priorities and appropriate policy responses. These processes should involve environmental interest groups, including NGOs. Setting meaningful objectives and quantifiable targets is also essential to enable effective monitoring of programme results.

Given the considerable variation between programmes, in the interests of EU environmental cohesion, there seems to be a strong case for strengthening the requirements of the Regulation to ensure that all national and regional authorities pay a similar level of attention to certain fundamental aspects.

Nevertheless, it is clear from most programmes that the RDR has the potential to make an important contribution to environmental protection and enhancement. There is evidence that the new Regulation

has increased the relative importance given to environmental considerations in agricultural and rural development policies at national and regional levels. Likewise, the SAPARD planning process has certainly raised the profile of agri-environment issues in most Candidate Countries and it will be important to maintain momentum on this in the years to come.

6.4 Country Matrices – Assessing Environmental Integration

Table 6.1 Austria

	Evaluation
Description/analysis of the environmental situation	According to WWF, these do not provide a sufficient basis for monitoring and evaluating the environmental outcomes.
Ex ante environmental evaluation	Has been carried out by services from the Ministry itself.
Balance of environmental and socio-economic objectives	Apparently high presence of environmental objectives, although income support may be the main objective of the apparently environmental measures.
Quantified environmental objectives	Agri-environment programme has quantified targets, eg preservation of x ha of meadows, y ha of Alpine pastures, etc. But WWF says that the RDP overall does not have clear environmental objectives, and thus lacks measures to deal with specific issues (no targeted solutions for concrete problems).
Environmental measures and budgets	Agri-environment is 60 per cent of total RDP budget. LFA around 26 per cent. Article 32 is also used (maintenance of forests of ecological value), but the entire forestry budget is only 2.3 per cent of the total (afforestation 0.1 per cent). In practice, forest road construction seems to absorb most budget of Article 33 and forest measures (32 per cent in year 1). The two biggest agri-environment measures (35 per cent of available funds) are of little environmental benefit (designed for 'easy-compliance'). Organic farming has only 12 per cent of the budget, and at best will maintain current area. (Austria has biggest proportion of organic farming, but fall in the late 1990s, although slightly rising post-2000).
Integration of EU environment Directives	Article 16 is used to make LFA aid available in all Natura 2000 sites with management agreements (but note that farmland is only small part of Natura 2000 in Austria).
GAP and minimum environmental standards	Apparently these are defined quite comprehensively. Nitrate Directive codes are applied as the RDP standard, and they seem to have good affect in Nitrate Sensitive Areas.
Participation processes	RDR has led to slightly more participation and transparency, although the agricultural mainstream is still dominant. Plans were drawn up by Ministry of Agriculture, in consultation with Financial and Environment authorities. NGOs were consulted on the Agri-environment programme. WWF did a non-official evaluation on their own which they say led to changes: eg use of Article 16 for Natura 2000. WWF requested an overall RDP monitoring committee, this was rejected. NGOs are represented in the Agri-environment Monitoring Committee.
Environmental monitoring and indicators	WWF criticise the lack of objective and quantifiable environmental indicators. Thus there is no way of checking whether the massive agri-environment programme is delivering real benefits.

Table 6.2 France

	Evaluation
Description/analysis of the environmental situation	A comprehensive assessment of the environmental problems encountered in rural areas. Includes a discussion of causes and solutions, and links closely to requirements of domestic and EU environmental regulation.
<i>Ex ante environmental evaluation</i>	Not strong. Some attempt, but often highly speculative and takes little account of actual take-up rates and the poor showing, in environmental terms, of previous agri-environment schemes under EU Regulation 2078/92.
Balance of environmental and socio-economic objectives	Reasonable balance between environment and agricultural development though greater emphasis is undoubtedly placed upon agricultural development and the positive environmental externalities that may result. Socio-economic objectives in general take precedent, although the key innovation of the principal delivery mechanism (the CTE) is that socio-economic and environmental goals are united into a single instrument: that is the theory.
Quantified environmental objectives	Some significant targets relating to Natura 2000, eg 1 million ha of farmland, 800,000 ha forest, 800,000 ha other land to be incorporated into the network, with RDR support measures (CTEs, see below).
Environmental measures and budgets	Only 2.5 per cent increase in environmental budget within agriculture, compared with previous period. LFA and agri-environment are allocated 18 and 15 per cent respectively of total RDR budget. Some measures (eg sunflower scheme) of questionable environmental benefit. Through CTEs (Agri-environment, Environmental Protection or Forest measures), Natura 2000 management contracts will be made available for farmers and land managers, based on agreed Objective Documents being drawn up for each proposed Natura 2000 site. Where an owner has a Natura 2000 contract, additional aid is available for enhancing environmental quality in forests (Art 32). Aid for conservation of other forest sites is provided under Art 33.
Integration of EU environment Directives	Good planned integration of Natura 2000, though set back by political changes following presidential and legislative elections in summer 2002. Water issues are also addressed to some extent (eg through CTEs and cross-compliance to Irrigation Authorisation), this is generally unrelated to quantified targets or the Water Framework Directive.
GAP and minimum environmental standards	Definition of GAP is at a basic level, though it is obligatory for all CTE contracts and goes beyond conformity to existing legislation, plus option for regions to add more detail. Includes compliance with Irrigation Authorisations.
<i>Participation processes</i>	Little consultation at the design stage, but NGOs are involved locally in CTEs through <i>Commissions Départementales d'Orientation de l'Agriculture</i> . Also, the programme itself is a product of a national process of policy re-direction which has been exposed to considerable public debate. Considerable devolution of responsibilities and powers with respect to Objective 2 plans which give regions considerable autonomy. It is here that the Article 33 measures are particularly important.
Environmental monitoring and indicators	France has incorporated its own Sustainable Forest Development Indicators.

Table 6.3 Germany

	Evaluation
Description/analysis of the environmental situation	Environmental problems are described, though descriptions are not always complete or quantified. Causes and scope for improvement are not adequately identified. Environmental analysis of the previous period is very limited, making it difficult for new RDR programmes to learn from past experience.
Ex ante evaluation of environmental effects	Evaluations are mostly neither independent nor objective. Possible negative effects tend to be ignored.
Balance of environmental and socio-economic objectives	Well balanced on the general level. But there are notable differences between regions, and those with biggest environmental pressures from development tend to give relatively less importance to environmental objectives.
Quantified environmental objectives	In general there are no quantified environmental objectives. For those measures that are targeted towards the environment there are some objectives defined, but the targets are either general (not quantified) or quantified in relation to input (area, financial aspects). There are mostly no environmental targets / indicators referring to output or outcome, even for the environmental measures.
Environmental measures and budgets	Agri-environment measures are allocated over 30 per cent of the total Programme budget, but with big differences between regions. A large proportion of the agri-environment budget is for 'easy-compliance' schemes that are expected to deliver only limited environmental benefits. Measures for reducing the damaging effects of intensive farming are lacking. In some regions (eg Lower Saxony) programmes do not respond adequately to the environmental problems identified. Village renewal measures are good.
Integration of EU environment Directives	Nitrate pollution and biodiversity decline are reflected in environmental descriptions, but there are no programme objectives specifically related to the EU Directives. Some support for Natura 2000 through Article 16, but on a very small scale.
GAP and minimum environmental standards	GAP is applied to LFA and agri-environment measures. GAP is based on a broad range of existing legislation and includes minimum standards for conserving nature (since February 2002). Germany has not implemented the environmental cross-compliance option under Regulation 1259/1999.
Participation processes	Participation processes have improved considerably as a result of RDR implementation. This is mainly at regional, rather than local level, the exception being the new integrated initiatives eg LOCALE. No environment bodies (official or NGO) sit on the RDP Monitoring Committee
Environmental monitoring and indicators	This focuses on environmentally orientated measures. There is little consideration of indirect negative effects of other measures (eg investments in holdings).

Table 6.4 Spain

	Evaluation
Description/analysis of the environmental situation	The quantified descriptions and analyses of the environmental situation vary between programmes, but in general are extremely weak, mostly descriptive, and without supporting data. No evaluation of causes.
<i>Ex ante environmental evaluation</i>	Very variable between programmes.
Balance of environmental and socio-economic objectives	Considerable mention of the environment, but very little in terms of concrete objectives or mechanisms to deliver the claimed benefits. Mostly 'window dressing'.
Quantified environmental objectives	Very weak. No quantified objectives, except some very broad figures for land area to be affected by agri-environment measures.
Environmental measures and budgets	Some interesting measures, but no clear links to targets, such as Natura 2000 implementation. Budgets are only a small proportion of the total.
Integration of EU environment Directives	Minimal. Mainly commitments to send Natura 2000 site proposals to the EC and to avoid damage to sites. No discussion of the implications and needs of Natura 2000 or Water Framework Directive, or attempts to address them.
GAP and minimum environmental standards	The introduction of certain requirements in addition to existing legislation is significant, but the situation is now very confusing for farmers. GAP and minimal standards are rather incomplete. Regulation 1259/1999 cross-compliance is not implemented in Spain, in spite of major problems of non-compliance with regulations by farmers, especially in relation to water use.
<i>Participation processes</i>	Very poor. Environmental NGOs have been excluded from the process. Farm unions were consulted. Environmental authorities were consulted, but this was not very constructive. Ministry of Environment proposals for addressing Natura 2000 and for improved indicators were rejected.
Environmental monitoring and indicators	Indicators for environmental measures are very basic (numbers of hectares affected). There are no indicators to measure environmental results.

Table 6.5 Sweden

	Evaluation
Description/analysis of the environmental situation	Summarises main agri-environment problems, but without any causal analysis. No discussion of what is sustainable agriculture, or differentiation according to different systems. The description makes a simple division between organic and conventional, which is too simplistic. Weak on forestry, which may be more significant environmentally in Sweden (more problems to resolve).
<i>Ex ante environmental evaluation</i>	Not mentioned.
Balance of environmental and socio-economic objectives	The name of the programme is ‘Environment and Rural Development’, but in practice there is not much attention to the latter aspect. The programme is mostly agriculture-based, and with agri-environment and training as the main approaches.
Quantified environmental objectives	Organic farmed area to cover 20 per cent of arable (up from 10 per cent). This is a quantified target in terms of land area, but it does not indicate the environmental objective to be achieved.
Environmental measures and budgets	Apart from strong agri-environment measures, there is also strong emphasis on environmental training of farmers. There is also a measure for RAMSAR (‘Wetlands and Small Watersheds’). Weak on forests: there are measures for ‘competence building’ and ‘ecological stability’, but latter has an especially small budget and does not enter into action till 2004.
Integration of EU environment Directives	EU and international commitments on the environment are addressed in detail in the programme document. The RDR is the main instrument for promoting the goals of the national biodiversity programme, itself emerging from the international Biodiversity Convention.
GAP and minimum environmental standards	GAP incorporates basic legislation applicable to agriculture, but this is perhaps more rigorous in Sweden than many other countries: includes requirement for ‘caution’ in the use of fertilisers and biocides, and sufficient storage capacity.
<i>Participation processes</i>	There was intensive consultation in preparation phase, following the consensus approach and leading to numerous changes in programme design, sometimes making it too complicated. There is an Advisory Council for overseeing implementation and modification, but it is big and unwieldy and meets too rarely.
Environmental monitoring and indicators	Environmental authorities are represented on the Monitoring Committee.

Table 6.6 UK

	Evaluation
Description/analysis of the environmental situation	Good all round description in most RDPs, pinpoints issues appropriately.
<i>Ex ante environmental evaluation</i>	Considers most potential issues .
Balance of environmental and socio-economic objectives	Probably stronger on environment than on broader socio-economic aims partly due to stronger policy focus in previous years.
Quantified environmental objectives	Mainly expressed as outputs rather than outcomes, with the notable exception of quantified biodiversity targets borrowed from broader UK policy commitments under the Biodiversity Action Plans, and in England, Public Service Agreement Targets.
Environmental measures and budgets	Strongest focus on agri-environment schemes and these dominate budgets in England and Wales. Only Wales uses Article 4 for environment, proposed use of Article 33 protection of environment measure is weak in England but integrated with agri-environment in Wales (alongside Article 33 for public access as well).
Integration of EU environment Directives	No specific targeting of Natura 2000 sites but their importance is mentioned alongside other priorities for agri-environment funds. References to Water Framework Directive weak and protection of soil, water and air little mentioned in agri-environment schemes.
GAP and minimum environmental standards	Have proposed a relatively standard set for all of UK, going a little beyond minimum regulatory standards.
<i>Participation processes</i>	Generally good with the exception of Scotland, particularly for government agencies and Departments. Opportunities for NGOs to influence planning stage were rushed and rather limited.
Environmental monitoring and indicators	Focused mainly on outputs, as for objectives, and not holistic – largely ignore potential impacts of non-environmental measures.

Table 6.7 Poland

	Evaluation
Description/analysis of the environmental situation	Includes a description of environmental problems, including some quantification of problems and analysis of causes.
Balance of environment with socio-economic in objectives	Environment is very marginal and is not mentioned in the three overarching objectives of the Programme.
Quantified environmental objectives and/or targets	The Programme emphasises that environmental benefits are expected, but these are not specified and there are no quantified objectives.
Environmental measures and budgets	Only explicitly environmental measure is the Agri-environment pilot scheme, with 1.1 per cent of total Programme budget. However, the Government has since decided not to implement this measure. The 3 main measures also include an environmental function, eg grants for improved slurry handling, investments in waste-water treatment, although these are not related to any quantified environmental objectives and there is no mechanism to ensure that projects include these aspects.
Integration of EU environment Directives	Not directly.
GAP and minimum environmental standards	Not detailed in the SAPARD Plan.
<i>Participation of environment bodies</i>	A full consultation process was undertaken in preparing the Programme, but regarding NGOs the representation has been limited. The Programme Monitoring Committee includes an environmental NGO (one person).
Environmental indicators	The Programme does not include detailed environmental criteria for the monitoring and evaluation process. Individual applications for grant aid will be assessed partly in terms of the proportion of investment in environmental protection, although there are no specific criteria or mechanisms for this.

Table 6.8 Hungary

	Evaluation
Description/analysis of the environmental situation	Reviews the main issues, but ignores the land abandonment problem. No analysis or quantification of issues.
<i>Ex ante environmental evaluation</i>	A full environmental evaluation was not carried out for this programme.
Balance of environmental and socio-economic objectives	Although environmental protection is included as one of three broad objectives, the main focus in practice is on promoting a competitive agri-food industry. Environment, rural development and diversification are secondary.
Quantified environmental objectives	Only for the agri-environment measure, but this is not likely to be implemented under SAPARD.
Environmental measures and budgets	Agri-environment has only 4.2 per cent of the budget, as it is a pilot scheme (in practice, this measure is not expected to be implemented). Village renovation (9 per cent of the budget) may have some environmental benefits, but is also unlikely to be implemented in the near future.
Integration of EU environment Directives	Compliance with EU Directives is required (eg Nitrates) for farm investment and food industry, but no environmental assessment is required of applications under these measures, so the compliance conditions may be rather meaningless.
GAP and minimum environmental standards	Not detailed in the SAPARD Plan.
<i>Participation processes</i>	During the drafting of the official programme, some consultation took place with environmental authorities and also with NGOs, though latter mainly limited to agri-environment programme. However, civil society, NGOs and other interest groups were not much involved. However, the programming procedure, initiated under the 'side-programmes' (or the domestic version of SAPARD), involved many NGOs, interest groups and local actors.
Environmental monitoring and indicators	Not included in SAPARD programmes.

Chapter 7 The Likely Impacts Of Rural Development Programmes

Summary of Key Points

- In the core countries studied, the new Regulations are predicted to deliver either preservation or change. At the ‘preservation’ end of the scale are Austria, Scotland in the UK and southern Germany, where programmes are dominated by agri-environment and/or LFA aids, which may help to protect environmental and social assets through continuing public subsidy.
- At the ‘change’ end of the scale would be Poland, Hungary and Spain, where the pattern and/or the scale of change risk damaging the natural and cultural assets of rural areas – certainly in marginal areas which cannot compete effectively. In Poland and Hungary this would be lessened if *the entire* Programmes were implemented, due to the potential value of planned agri-environment and rural development measures.
- France, Sweden, northern Germany, and the rest of the UK, combine a strong focus on environment with active promotion of new forms of development and diversification. Here, it seems likely that for marginal areas at least, the RDR could serve as an effective stimulus to more truly sustainable forms of rural development. In more intensively farmed areas, the picture diverges – Sweden’s programme is described as likely to stimulate mainly environmental management in these areas while the French and UK RDPs are expected to have less environmental effect in these areas but to increase competitiveness.
- Many concerns exist regarding the potential environmental effects of the RDPs, particularly in countries for whom the measures are primarily seen as a stimulus to economic development. However there are good examples of where progress in environmental outcomes can be predicted.
- Some countries report a tendency for programme expenditure to differ from plans due to budgetary constraints, such that actual spending is skewed towards the simplest options. The pattern is most marked for Candidate Countries but is not exclusive to them. This raises some concerns from a sustainable development perspective.
- Monitoring and evaluation procedures in all the countries represent some change and mainly improvement on past models, but weaknesses remain. These include a lack of sufficiently holistic appraisal, measuring outputs not outcomes, being over-technical and lacking stakeholder involvement, and ignoring the environmental effects of non-environmental measures.

7.1 Introduction

This chapter looks at the likely impacts of the Rural Development and SAPARD programmes, covering:

- likely overall impacts – ie main patterns of effect expected, including socio-economic effects;
- environmental impacts, in particular; as well as

- arrangements for the monitoring and evaluation of impacts.

There are a number of reasons why a proper evaluation of the impacts of these programmes cannot be undertaken as part of this study. These include the early stage of implementation to date, the multitude and diversity of the programmes, the lack of quantified objectives against which to judge progress, insufficient baseline data and so on. However, despite this limitation a number of general considerations with regard to the potential impacts of the RDR and SAPARD can be outlined, drawing upon previous experience of their constituent measures and the opinions of experts including academics, stakeholders and officials.

The sections below summarise the emerging picture in the countries studied.

7.2 Strategic and Socio-economic Effects

Austria

The RDP's *direct impact* on rural development can be considered as relatively low. The RDR measures hardly support rural development in the proper sense (eg trans-sectoral projects and clusters, short and long distribution chains, product innovation etc.), and they do so even less with regard to local development agencies, technical assistance, project coaching, networking and knowledge management. The RDP can be seen as an instrument to slow down structural change and the decrease of farms, the social and territorial concentration of production and the rapid transformation of landscapes in rural Austria. Concentration of production and disintegration between extensive and intensive farmland will go on, and income disparities between these will continue to grow. That means that the programme will not counter the global trends, but slow them down to a certain degree.

Thus the RDP's *indirect impact* on rural development can be considered quite high because it invests in the resources and prerequisites of rural development: it should help to preserve landscape and settlement structures, to keep people in more peripheral and less accessible places, to allow small producers to get a decent income, to foster the integration of environmental concerns into the production process, to stimulate individual farmers to invest in vertical integration (processing and marketing), thus providing new opportunities for local and urban market niches, to facilitate integrated tourism destination management (cultural landscape, local produce, crafts, leisure services, accommodation, food), and to save costs through common investments and activities.

After two years of implementation, it appears that funds for setting up young farmers, training, forestry, marketing of quality products, village renewal, diversification and water resources tend to be less used than was expected in the RDP, whereas the simpler and more established RDP elements, agricultural investments, processing and marketing, infrastructure (roads) and environmental actions, tend to be overdrawn.

The main role for sustainable rural development will lie in the hands of *Regional managers*, LEADER+ managers and similar actors¹; to build up and facilitate the rural and transregional networks necessary to bring innovative actors together, to create critical masses of human capital, technological capability, production and market capacity and political influence. However, not all areas are endowed with personnel to build up these networks, not all areas are populated by local actors who are able and willing to invest in clustering activities, not all areas actually offer the socio-economic preconditions for improvements *now*. However, the potential is

¹ In some *Länder* and districts there are 'micro-regional resp. inter-municipal associations' for specific purposes (eg tourism) or integrated development, in the best case endowed with at least one managing agent.

there and funding for building up local and regional innovation systems can be achieved through sources outside the RDP (Objective 1, 2, INTERREG III a and b, other European and national schemes).

France

It is too early to assess the impacts of the RDR and the French PDRN/Objective 2 measures. There have been considerable delays in the implementation of many crucial elements of the French response to the RDR (eg CTEs, agri-environment schemes, Natura 2000 management contracts).

Nevertheless, the anticipated economic effects of the RDP are likely to be little different from the preceding programming period. Although the agricultural population is expected to continue to fall, the emphasis placed upon employment in the CTE will, it is hoped, contribute to an overall gain in rural employment, particularly in the most fragile areas. Furthermore, the various instruments and schemes designed to improve the quality of the rural environment (CTE, agri-environment schemes and Natura 2000) are expected to have a positive effect upon rural tourism and thereby create opportunities for local population and employment growth.

The RDR measures in France are also seen as compensating for future reductions in direct payments in a general fashion. More specifically, the RDP seeks to ‘correct’ the effects of the CAP in the more marginal or environmentally fragile areas. The Ministry of Agriculture estimates that the income effects of the PDRN measures may vary from 0 per cent to 25 per cent according to the farm type and the region concerned, with mountain farmers being in the upper bracket. Nevertheless, the Ministry recognises that the income effects of the PDRN measures in general will be far less than those of direct payments. Furthermore, as a large proportion of the CTE payments are investment, rather than income, payments, their effect on income is far less easy to evaluate in the short-term.

One of the intentions of the CTE is to promote employment creation in the agro-food sector (participants are obliged to maintain existing labour levels for at least the first two years of the contract). Some 934 jobs have been created under the CTEs since the policy began, 75 per cent of these salaried jobs and 25 per cent in farm families. Furthermore, 25 per cent of existing CTEs have been taken up by young farmers. Indeed, farmers under the age of 40 years make up the bulk of participants (*Ministère de l’Agriculture*, 2001). A recent study by CEMAGREF examined 581 CTE measures involving employment proposed in 51 French departments. Of these 107 (18 per cent) were likely to have a direct impact upon employment creation, 142 (24 per cent) were likely to improve the quality of existing employment and 332 (58 per cent) were likely to increase the added value of production maintained on the farm.

Germany

Table 7.1 General objectives of Rural Development Programmes in all Länder

Economic objectives	Environmental objectives	Socio-cultural objectives
<ul style="list-style-type: none"> • To improve rural economic structures and the competitiveness of the rural areas • To generate and maintain employment opportunities 	<ul style="list-style-type: none"> • To protect biotic resources (habitats, species ...) • To protect abiotic resources (soils, water, air ...) • To protect the landscape (maintenance of a diverse agricultural landscape; avoiding the abandonment of land) 	<ul style="list-style-type: none"> • To improve living and working conditions • To maintain the rural communities • To improve the attractiveness of the rural areas

The contribution of the RDP measures to achieving the economic objectives in Table 7.1 is likely to be relatively minor, as neither the competitiveness nor the employment situation of rural areas in Germany is dominated by the farming sector and yet the concentration of RDPs is on the agricultural and the agriculture-related sectors. Overall, the programmes, including village renewal measures, will only create a foundation on which the economic development of rural areas outwith the farming sector can take place. Considering trends in the sector over recent decades, one can expect at most a consolidation of employment levels or a slow-down in the decline of agricultural employment.

Taking Germany as a whole approximately 40 per cent of all the available EU funds flow into agri-environment and compensatory allowances for LFAs. Thus there will be a strong tendency for the RDPs to promote stasis in farm structures and the retention of existing farm practices. This tendency is particularly marked in the southern Länder.

Aid for agriculture and forestry should contribute to the modernisation, rationalisation, re-orientation, specialisation, and partly also the extension of agricultural holdings and agri-food enterprises, as well as improved production conditions (land consolidation, construction of roadways for farming purposes). This should improve competitiveness. However, the main expected employment effects are maintaining jobs or slowing down job losses and mitigating the impact of current generally negative income trends. The economic stabilisation of farm holdings also contributes to the maintenance of agricultural land use in Germany.

A number of evaluations have demonstrated that village renewal programmes have improved the attractiveness of the municipalities involved. This in turn has had a positive effect in attracting small enterprises, tourism and residential development. The socio-cultural effects of village renewal should also not be underestimated. A reinforced identification of the inhabitants with their municipality, the safeguarding of the cultural heritage, the maintenance of basic social functions and the reduction of outward migration are fundamental impacts.

The employment effects of the accompanying measures are not clear. On the one hand extensification of production may result in job losses. On the other hand, the support for organic farming may lead to employment gains. Compensatory allowances in LFAs contribute to the maintenance of agricultural land use by halting migration from the land and abandonment of farmland. Additionally, the maintenance of the cultural landscape is of particular importance in the LFA as a prerequisite for rural tourism.

Spain

Modernising agriculture and the associated agri-food industries is at the heart of Spanish policy. Economic diversification, quality products and the environment are all given lip-service, but little in the way of supporting measures or budgets.

The need to prevent ‘desertification’ is a theme which appears frequently in the programmes, yet there is no attempt to assess this problem or how best to tackle it. In fact, the more marginal areas most vulnerable to abandonment receive very little attention (weak LFA, agri-environment and diversification measures, exclusion of part-time farmers from LFA and most structural support). In practice, the ‘desertification’ argument seems to be used to justify a range of structural measures which will tend to support the farms and areas with competitive potential. Marginalisation may even be increased in certain areas and sectors, as a result. A clear example is the conversion of olive plantations to irrigation under the Water Management measure, to the disadvantage of marginal, upland holdings.

The Agricultural Structures Programme evaluates expected results in terms of employment, in quantitative terms. Thus, new irrigation projects are expected to generate 47,700 full time equivalent jobs, the measure for Farm Investments to consolidate 115,500 jobs and the measure for Setting-up Young Farmers, to consolidate 53,300 jobs. However, no justification is given for these figures.

Sweden

The objectives formulated for the single measures of the RDP can be expected to be mostly achieved within the programme period, however not all to the same degree (eg a low level of goal achievement has become visible for the regional measure of supporting reindeer herding). In some regions it seems that one likely consequence of the programme may be a kind of split development:

- in regions where the measures are ‘appropriated’ by active and interested rural stakeholders and actors, and where a supportive and enabling environment in form of complementary programmes exist that strengthen the tendencies of integrated rural development (such as the regional growth contracts for example), it is more likely that the RDP will grow into a programme in support of rural development;
- in regions where the measures are dominated by the implementing government agencies and by programme bureaucracies as parts of sector-specific authorities, one – unintended – consequence may be the further dominance of the agricultural sector and the furtherance of agricultural policy through the RDP.

It is more likely that the reduction of the RDP to a specific agricultural programme will happen where there is a dominant and specialised agriculture – that is, in the southern parts of Sweden which are more densely populated, with agriculture playing a larger role in the rural economy and the development of rural landscapes. In the northern, sparsely populated Objective 1 regions rural development may take more the character of integrated development because of the specific needs of such areas that are, for reasons of economic and social survival, dependent on a combination of measures including diversified economic activities, where agriculture can no longer play a dominant role.

If the programme fails to develop further during implementation, it will remain a continuation of former agri-environment policy. The RDP will not have the strong effect of integration and social and economic sustainability that is intended with the non-accompanying measures – although such measures, especially support for investments in agriculture and for young farmers, have been very popular among farmers.

UK

The achievements of all UK RDPs will be severely limited by lack of resources. Nevertheless, the England and Wales Programmes offer farmers help with developing business and other skills, and for the wider community there are opportunities to improve services and support community based projects. In all four countries there should be expanded job opportunities from farm diversification and/or agri-environment schemes.

In essence, the RDR is seen as making a useful, but limited, contribution to a wider agenda for rural change, driven particularly by the problems of BSE and Foot and Mouth disease that have beset the rural economy in recent years. This agenda has been developed through a series of major policy reviews in each of the devolved administrations in 2001-2, and is largely about increasing multifunctionality and environmental enhancement in land management, alongside a much stronger focus on the non-agricultural aspects of rural development.

7.3 Environmental effects

Not surprisingly, an analysis of the programmes indicates potential for negative environmental impacts as well as environmental benefits. Overall, it is clear that certain measures, such as irrigation projects, new farm and forest roads, farm modernisation and afforestation have most potential for creating such impacts. Most programmes include at least some actions of this sort, and in several cases they are the dominant type of measure. Much will depend on the specific characteristics of each action that is funded, and the extent to which environmental controls are applied at the design and execution stages, Past experience, and a continuation of previous delivery procedures in many countries, indicates that there may continue to be environmental risks associated with these measures.

However, the same measures could have significant scope for delivering benefits, by supporting actions such as improved slurry and waste handling, improved efficiency in the use of energy and water and other environmental improvements, on farms and in processing plants. Unfortunately, programmes do not usually include targets for such measures, either in terms of environmental results or take-up. Consequently, their effectiveness depends largely on demand from applicants. These measures are a major part of programmes in most countries and more environmental benefits could be secured by effective targeting, conditions, and monitoring related to quantified targets.

Environmental effects highlighted in the country studies are shown in Table 7.2. It should be stressed that this indicates potential environmental effects of measures, but the scale or relative importance of the effects cannot be assessed.

Table 7.2 Potential Environmental Effects by Country

Country	Positive	Negative
Austria	Maintenance of values associated with extensive livestock systems. Improved state of groundwater (nitrate pollution).	Threats from new rural roads and afforestation of grasslands. Continuing biodiversity loss in unprotected areas.
France	Potential improvements in water quality, though no take up yet in western regions, big pollution problems persist in Brittany. Benefits from management and maintenance of Natura 2000 sites, though CTE take-up is slow. CTEs oblige combined farm development strategies with environmental management, thus far greater degree of this (both coverage and management) than previously. However, the very slow take-up of the CTEs and their recent temporary suspension may reduce the otherwise significant environmental potential of these instruments. LFA policy has turned markedly more environmental and less social.	Overall thrust of the RDP continues to be primarily agricultural with little money moving specifically beyond the farm gate. Environmental measures, though more significant than in previous periods, have been of secondary importance. The link between the RDP and existing EU environmental regulations is often weak. The commitment of the new government to environmental measures and the implementation of the Habitats Directive is in doubt.

Germany	<p>Improved slurry storage and spreading, resulting in reductions in emissions of nitrates, phosphates and ammonia.</p> <p>Reduction of pollution with pesticides through technical improvements.</p> <p>Improved energy efficiency through rationalisation measures eg in farm buildings (reduction of CO₂ emissions and other greenhouse gases).</p> <p>Creation/maintenance of landscapes and grazed habitats eg through grassland management that is adapted to local conditions.</p> <p>Generation of renewable energy.</p> <p>Restoration and maintenance of village environment and heritage.</p>	<p>General effects of continued intensification, including reparcelling, irrigation, new roads.</p> <p>Increased greenhouse emissions as well as nitrogen surplus resulting from increases in or consolidation of livestock numbers.</p> <p>Effects resulting from the use of heavy farm machinery (tractors, tillage, harvesting) such as soil compaction, damage to soil structure, and erosion.</p> <p>Decline in agricultural biodiversity as a result of short crop rotations and focus on limited numbers of cultivars.</p> <p>Loss of habitats and landscape structures from the adaptation of farmed landscapes to the needs of machinery</p> <p>Soil sealing from new roads and buildings.</p>
Spain	<p>Some Agri-environment and Environmental Protection measures should produce positive effects, although on a small scale and not linked to specific objectives.</p> <p>Afforestation measures may produce some local benefits, although there is no mechanism to target planting onto areas with most need.</p> <p>The Water Management measure should achieve some more efficient use of water for irrigation, and consequent water saving.</p> <p>Fire prevention measures should be beneficial for forests.</p> <p>If enforced, GAP should help to reduce specific bad practices: ploughing up-and-down slopes, over-grazing.</p>	<p>Irrigation projects have potential to damage several Natura 2000 sites, including those with priority habitats and species for which Spain still has not proposed sufficient sites (Iberian lynx, riverine forests, steppe birds).</p> <p>Farmland afforestation has destroyed considerable areas of open habitat in recent years. This may continue, although the surface area involved should be less.</p> <p>Negative impacts expected in forests from new roads, insensitive management (eg scrub clearance) and replanting.</p> <p>Farm investment aids will promote more intensive resource use: new buildings, bigger machinery, reservoirs.</p> <p>Increased productivity in the more competitive areas (promoted by investment aid, irrigation) can be expected to increase the abandonment risk in marginal areas (eg olives).</p>
Sweden	<p>Nature conservation in line with the national biodiversity programme. Benefits from conversion to organic production.</p>	<p>Fails to address environmental problems associated with forest management (not a negative impact, but missed opportunity).</p>
UK	<p>Should see significant growth in area of land managed more sustainably through agri-environment and organic schemes.</p> <p>Other measures also offer positive environmental potential, eg forestry and the various diversification/training and investment schemes in England and Wales, subject to the delivery mechanisms being able to pick up and promote this potential effectively.</p>	<p>Risk that despite positive consultative arrangements in England and Wales, and in view of lack of them in Scotland, bureaucratic inertia, limited funds overall, and fear of disallowance will encourage the use of most funds for single-issue/simple measures rather than more complex and synergistic solutions with greater environmental potential.</p> <p>Lack of appropriate facilitation to help realise potential at local level could be a constraint.</p>

7.4 Effects of SAPARD

Given the much earlier state of implementation of the SAPARD programmes in general, and the fact that they were not yet implemented in Poland or Hungary at the time of writing of the national reports for this study, it has not proved possible to undertake a similarly detailed evaluation of likely socio-economic and environmental impacts as has been possible for the six Member States examined in this study. Instead, a more general evaluation is given, based upon expert opinions of the likely effects of programmes, once implemented.

Poland

An evaluation of SAPARD may be based on its impact on removing barriers to sustainable development (Table 7.4). There is no common view on SAPARD, but expert opinions are mainly negative. However, this may be attributed not so much to SAPARD's undoubted weak points but more as a result of the very high expectations that it would solve most of Polish agriculture's basic problems. The Programme was introduced to farmers as a state intervention instrument that would make Polish rural holdings competitive with EU farms (Szafraniec, 1998). Farmers' expectations were raised even higher by announcements stating that SAPARD financial resources would soon be available to most agricultural producers (Stanislaw, 2001). However, limited resources and an extremely complicated procedure for applying for them meant that only a very small number of beneficiaries will have access to SAPARD funds. The disappointment is made even greater by the delays in Programme implementation.

Table 7.4 The impact of the SAPARD Programme on reducing barriers to the sustainable development of rural areas in Poland – a prognosis²

Barriers for sustainable development	Type of impact
Poverty and the extremely bad economic situation of the majority of people living in the rural areas.	Improving the situation of a small group of beneficiaries, increasing the differences between rich and poor agricultural holdings. The majority of the rural population will not be impacted.
High unemployment rate and a lack of jobs in rural areas outside the agricultural sector.	Possibilities to create new jobs outside the agricultural sector in particular regions.
Lack of familiarity and abilities among farmers for mutual co-operation and an unwillingness to establish agricultural co-operatives and producer groups.	Possibly of some kind of positive impact – some components of the Programme provide for undertakings which necessitate co-operation among farmers.
Low level of education among country dwellers.	Positive, but not a very significant impact.
Lack or an extremely bad state of technical infrastructure of rural areas.	There is a possibility for SAPARD to have quite a significant positive impact.

Perhaps SAPARD should therefore be considered as an instrument that assists the endeavours of the Polish government to support rural development or modernise the country's agriculture, rather than as a basic instrument implementing changes. Due to a significant delay in starting the Programme, it is impossible to evaluate to what extent its implementation will assist in achieving sustainable development aims and to what extent it will be an instrument preserving the hitherto prevailing conventional model of agricultural development.

Anticipated environmental effects

The Agri-environment pilot scheme should have started to engage farmers in nature conservation within protected areas, but has been cancelled. Investment in improved slurry handling, waste and waste-water treatment facilities should lead to some reduction in water pollution.

However, agricultural intensification may have negative environmental effects. In livestock farms new investment will encourage farmers to change their breeding technology, from litter systems to litter-free. This means that more water will be needed and more liquid manure will be produced in place of dung. Also, the development of infrastructure in rural areas may have impacts on nature and landscapes, although EIA mechanisms are intended to prevent this.

² The Delphic method was used when preparing the prognosis. The evaluation criteria were the following: inclusion of certain activities in the SAPARD Operational Programme, the amount of resources for particular activities, the possibility of negative direct or indirect impact occurrence.

In conclusion, the implementation of the Programme may have a positive impact on achieving the sustainable development of rural areas. Resources provided from the Programme are likely to create possibilities for improving the social, economic and environmental situation of Polish agriculture. However, it is also possible that only those investments which are targeted on the intensification of agricultural production are implemented, in which case the likely outcomes are much less positive.

Hungary

The EU has communicated two different and apparently contradictory messages through the SAPARD instrument and approaches to its implementation - centralisation and decentralisation. Together with domestic forces this has resulted in parallel processes of centralisation and decentralisation in Hungarian rural development.

Both these processes are needed and should be co-ordinated and complementary. Without central planning and implementation it would be impossible to build the large-scale infrastructure (motorways, sewage systems, etc.) that is considered one of the main requirements for catching up with Western economic development³. Central institutions and bureaucracy are required to access the much needed development aids and programmes available from the EU. Therefore, the construction of the *central system of rural development* (institutions, networks, procedures, etc.), which is strongly supported by SAPARD, is obviously essential, as the EU and domestic actors have recognised.

However, the construction of a *local system of rural development* (again, institutions, networks and procedures but of a different kind) is no less important. Experience across the world shows that improved infrastructure, capital investment or economic development in themselves can rarely solve socio-economic or environmental problems. In addition, ‘development’ and ‘globalisation’ can easily be the prime sources of these problems. Channelling resources into the areas of highest need and using more local so-called ‘endogenous’⁴ resources are necessary to solve these problems. This is well illustrated by a consideration of the potential environmental impacts of SAPARD in Hungary (Table 7.5).

Table 7.5 Anticipated Environmental Effects of Hungarian SAPARD Plan

<p>Positive: Improvements in the food processing industry may help reduce pollution, although this sector is a minor polluter in Hungary. The main threat is land abandonment, which could be slowed slightly only if the whole SAPARD programme is implemented (especially the agri-environment and the rural development measures).</p>	<p>Negative: If only agricultural measures are implemented (which seems possible), this will reinforce intensification, implying various threats for the environment.</p>
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An endogenous rural development approach is ultimately what is required. For this approach local networks, trust, mutual relationships, local development institutions, associations, and the empowerment of local actors are essential. These cannot be created centrally, however, but they can be greatly helped by providing financial resources, technical assistance and a generally supportive environment. SAPARD fails to recognise these needs.

The future of Hungarian rural development depends on how co-operation might be improved between the two approaches. As is currently the case, this is likely to be influenced both by

³ Though, according to environmentalists and alternative economists, this type of development if uncontrolled, poses a threat for our environment, economy and society.

⁴ For an explanation of this term, see the phase 1 report from this work (Baldock et al, 2001).

domestic and international circumstances. If co-operation does not improve and top-down core policies remain in the long term, Hungary will follow the path that current Member States have taken, intensifying agricultural production and reproducing many mistakes of previous and current CAP regimes. Sustainable rural development would have very limited resources, since many more local resources would remain unused, and more top-down (so-called 'exogenous') resources could not be delivered efficiently enough. In the end, Hungary would continue to lag behind Western European countries, at least in terms of its rural sector.

7.5 Monitoring and Evaluation of Programmes under the New Regulations

One important feature of programmes under the RDR and SAPARD Regulations is the requirement for Member States and Candidate Countries to monitor and evaluate their performance, both at mid-term and following the completion of the programming period. If lessons are to be learned from the experience of these new Regulations in time to influence the next programming period, it is critical that the mid-term evaluations (MTEs), in particular, should provide an opportunity to do this in a suitably holistic and strategic way. In addition, as with any new piece of legislation it is valuable to consider how implementation can be developed and improved over the programming period. The cost-effectiveness of the programmes can be usefully enhanced by ongoing monitoring and reporting of a more regular kind, at national or more local levels; and, as people become more familiar with the measures and problems identified. This study therefore made a brief examination of the extent to which strategies or plans for the monitoring and evaluation of the programmes would be consistent with the goal of promoting sustainable rural development.

At the time of study in the core countries analysed, the evaluation methodology for MTE of the RDR measures was being formulated and put into practice. The European Commission had produced detailed guidelines for monitoring and evaluation and Member States were responding to this with their own detailed proposals on indicators and other measures that would be reported on, at MTEs.

Austria

There is no monitoring committee for other programme measures than ÖPUL (discussed in Chapter 6) and there is no systematic and continuous monitoring of the programme effects on agricultural holdings or rural areas in general. *Ex ante*, mid-term and *ex-post* evaluations have been and will be entrusted to 'independent evaluation experts' (BMLF, 2000 p.363). In practice these are research institutions under the umbrella of the BMLFUW, eg the Institute for Agricultural Economics and the Institute for Mountain Farming. The Federal Institute for Environment will carry out parts of the work for the mid-term evaluation for the first time. The costs for evaluation are not included in the RDP budget, but covered by national funds.

An 'unauthorised' *ex-ante* evaluation of the environmental impact of non-ÖPUL (ie non agri-environment) measures of the RDP in the version submitted to the European Commission in September 1999 was carried out by WWF (Lughofer et al, 2000) on its own initiative. The effects of this report are judged differently by the parties. WWF insists that their quite critical report led to environmental amendments of the RDP, but the Agricultural Minister states that

'with regard to the methodological and conceptual problems and the incomplete consideration of the real content of the ÖPELR (RDP) the report could not be accepted as relevant for the evaluation of the programme by the BMLFUW.'

(Molterer, 2002).

France

Establishing a suitable evaluation strategy for the CTE has been problematic. There are some concerns that the evaluation methodology requested by Brussels will run counter to the holistic approach of the CTE. CTE are composed of a series of generic measures, combined together to meet the particular circumstances not only of individual farms but also of agricultural regions characterised by specific environmental, agronomic, social and territorial elements. Their underlying philosophy (whole farm plans, individually tailored to local circumstances following a diagnostic survey) suggests that their evaluation should be similarly holistic, taking on board the collective nature of the component measures. However, their structure, as assemblages of generic measure-types suggests that a more cost effective approach to evaluation would be to consider each component measure independently.

This latter strategy is the one favoured by the EU Commission. The former is favoured by the French government and the bulk of actors concerned by CTE implementation. In the absence, as yet, of a viable evaluation methodology adapted to the first approach, it seems likely that the second will prevail.

Germany

After making a detailed assessment of the coverage of the environment in monitoring and evaluation arrangements in all German RDPs, the general trend is that, despite some positive aspects, the overall picture is rather unsatisfactory.

It is only a slight exaggeration to say that in Germany, evaluation is generally not regarded as a control instrument. Instead, it is anticipated that the selection of the 'correct' support measures will automatically result in desired effects on the ground. Additionally, there are often fundamental doubts as to the usefulness of evaluations in assessing true impacts, for example employment effects. These widely held convictions result in a reserved attitude towards evaluation. In turn, this leads to a situation where the evaluation of the RDP is seen as an obligation imposed from 'above' which has to be fulfilled in order to 'get the funding' without any expectation of optimising the domestic approach to the process. Colloquially, the approach to evaluation can be described as being 'as much as is necessary – as little as is possible.'

In relation to the environment two further issues can be identified. Firstly, the environmental authorities show little interest in evaluating environmental effects in areas which do not fall into their own sphere of responsibility (eg investments in agricultural holdings). The reasons for this are the high cost set against often limited resources, high potential for conflict with little internal support, and a general suspicion that in any case little influence can be exerted. Thus their aim is to draw more funds into their own departments and the focus is on sectoralism rather than integration. Secondly, there are methodological difficulties in evaluating the environmental effects of complex programmes.

The Länder and the Federal Government agreed to jointly establish a single national monitoring committee to accompany the implementation of the RDP (EAGGF/Guarantee). The committee meets approximately once a year and decisions are taken by unanimous vote.

Spain

The mid-term evaluation report will be contracted out by the Ministry and Regions to private firms and/or universities, and produced according to the EC guidelines.

Some of the programmes include an interesting selection of indicators for monitoring effects (eg Aragón and Castile-León). These could facilitate the evaluation of the programmes at later stages. However, the programmes also include qualitative objectives that are difficult to measure

with indicators, especially when taking into account the difference in time scales between causes and effects and the existence of multiple factors not related to the programmes. The environmental indicators are mostly inadequate. For the Environmental Actions measure, the standard indicators included by the Ministry of Agriculture are 'hectares restored' and 'number of species protected' (regional authorities can add to these). More detailed indicators proposed by the Ministry of Environment were not included in the programmes.

Sweden

The monitoring process is not described in detail in the RDP. The responsibility for monitoring is delegated to the Board of Agriculture for the agricultural measures and to the Board of Forestry for the forestry related measures (Jordbruksdepartementet, 2000).

In the annual review of the programme by the Board of Agriculture (Jordbruksverket, 2001) a detailed assessment of the foreseeable achievement of operational objectives (in terms of deviation from the number of participants and amount of budget planned) is formulated for each measure. The general impression is that for most measures the level of goal achievement is relatively high.

It seems that evaluation of the programme is to become the work of closed expert circles. Mid-term and *ex-post* evaluation will be carried out by independent experts, however, the general responsibility for the implementation is within the Ministry of Agriculture. If the evaluation questions in the European Commission's proposal are not sufficiently specific to evaluate the RDP, additional indicators will be formulated; indicators that do not fit into the Swedish context will be modified or omitted. Environmental aspects of the programme have been specifically highlighted, in this context. A recent review of the EC's monitoring guidance document by the Institute for Food Economics (*Livsmedelekonomiska institutet*: SLI) has resulted in a selection of questions and indicators that can be applied in the RDP-evaluation, altogether about 100 questions and indicators.

The sophisticated discussion and methodology of evaluation studies does not trickle down to the stakeholders who are often not interested in assessing the complexity and strategic approach of a programme, but are interested in specific effects and impacts (according to their aims). Yet despite its complexity, the evaluation methodology being used is still not measuring rural development and its changing nature, but only addresses fragments of this complex process. Although the criteria foreseen in the planned evaluation support broader and more ambitious aims, it is not sure that these aims can be achieved, unless the evaluation procedure is reviewed and methodologically redirected towards more interdisciplinary and participatory methods of evaluation.

UK

Arrangements for monitoring and evaluation of the four Rural Development Programmes are being made separately in England, Scotland, Wales and Northern Ireland. However, practical experience of implementation is shared between the four administrations. The Department of Environment, Food and Rural Affairs (DEFRA) has recently co-ordinated the preparation of a set of proposals for simplifying the Rural Development Regulation and modulation, in order to improve the efficacy of the RDR in the UK.

In England, national and regional consultation groups receive reports on progress with ERDP. The current level of monitoring is largely numerical (eg numbers of projects, spending) so cannot give a clear flavour of the variety and type of projects that are going ahead and the contribution that these are likely to make. However, work began on a strategy for the mid-term evaluation of the programme in December 2001 within DEFRA, and this has been discussed

within the consultation groups. Independent consultants will be appointed through a tendering process in December 2002 to carry out the evaluation.

In Wales, a cross-departmental Programme Monitoring Committee has been established within the public administration, to oversee the monitoring, implementation and development of the RDPW. In Scotland there is no overall monitoring committee for the programme and responsibility falls to the Scottish Executive and the Forestry Commission – the implementers of the programme. Responsibility in Northern Ireland is similarly centralised at present, although some consultative arrangements are ‘under consideration’. A joint monitoring committee to cover both Objective 1 and RDP programmes was not considered to be desirable by the administrators of the Structural Funds in Northern Ireland.

On the whole, the structures for implementation, monitoring and evaluation in England and Wales are widely supported. However in England, some national and regional officials see the requirements for monitoring and reporting as unnecessarily cumbersome and the consultation groups have been reformed twice in attempts to give them more focus and structure. By contrast, the smaller stakeholder group in Wales is generally viewed as having permitted more fruitful discussion and more rapid progress.

Poland and Hungary

It is too early to comment in detail on the monitoring and evaluation of SAPARD in these countries because arrangements have not yet been agreed in detail. However, it is known that both the Country itself and the European Commission will monitor each Programme, based upon a set of indicators derived from the SAPARD plan and specific to each country.

In Poland, a Monitoring Committee is responsible for the evaluation and approval of selection criteria for the projects financed under each measure, and for periodic evaluations of progress in achieving the objectives of the programme. The Committee consists of representatives of the European Commission, relevant authorities from the central level, regional authorities, representatives of self-governments, as well as one representative of environmental NGOs (ENGOs), and two representatives of the organisations whose focus is to provide support for development of rural areas.

Conclusions on Monitoring

Although it is clear that the RDP and SAPARD arrangements represent a general step forward in achieving a more comprehensive and comparable assessment of the measures involved, significant weaknesses remain. These include a lack of means to measure the combined effect of measures against all goals in the programme, the lack of consideration of unintended effects of measures beyond their performance against simply quantified outputs (eg jobs created, hectares managed), the poor involvement of stakeholders to ensure more participative and thus more profound evaluations, and the lack of monitoring to pick up the environmental impacts of non-environmental measures. It is to be hoped that these issues can be addressed to some extent as mid-term evaluations proceed, as well as influencing future EC guidance on monitoring and evaluation.

Chapter 8 Progress and Constraints on Progress

Summary of Key Points

- It is too early to make a full evaluation of the RDR and SAPARD's progress in promoting integrated and sustainable rural development. However, both instruments show some clear signs of positive development. These include improving integration between agricultural and other interests in rural policy, stimulating more strategic approaches to farm-related development in certain countries, and supporting innovative and appropriate schemes and projects at local level.
- The success of the Programmes has been hampered by three sets of constraints. *First* are budgetary constraints upon their development. *Second* are institutional constraints upon programme formulation and the steep 'learning curve' for the administrations in Member States and Candidate Countries. *Third* are practical constraints upon implementation.
- The limited growth in the EU budget for the RDR relative to previous measures has reduced the scope for introducing new schemes. Low levels of co-financing have led to minimal use of many measures by resource-poor Member States, and there has been an unwillingness to rethink established ways of working when new money was so limited.
- The RDR is both much more complex and much less integrated than it first appears. It is effectively an amalgam of many single measures with different criteria, rules and beneficiaries. Such complexity has created confusion amongst officials about what can and cannot be done and has made it difficult for Member States to design flexible and locally tailored packages and to integrate measures. It also confuses potential applicants.
- The programmes are too dominated by agricultural measures, despite the rapidly changing nature of rural economies. They are almost inevitably administered by agricultural administrations with limited experience in delivering such a multi-faceted instrument (along the lines of the Structural Funds model) in ways that reflect local conditions.
- The rigid accounting and reporting rules are extremely complex and unsuited to a multipurpose and potentially flexible tool such as the RDR. The annual budgeting and other constraints are inappropriate and are proving a disincentive to the development of integrated projects, complex multi-annual initiatives and partnership projects.
- SAPARD programmes face many of the same constraints as the RDR, but these have been exacerbated in the context of preparation for accession. SAPARD's main achievement has been to help prepare central institutions in the Candidate Countries for administration of CAP finances. However, this has been at the expense of promoting much-needed, broader capacity building in rural development. Programmes are skewed towards measures which have been simpler to accredit, increasing their emphasis upon conventional agricultural modernisation with consequent risks to environmental and social assets in rural areas. The lack of accreditation of agri-environment pilot projects is a particular concern, as accession approaches.

8.1 Introduction

It is clear from the analysis in Chapters 2-7 that there has been a significant gap between the prevailing rhetoric that surrounded the launch in 1999/2000 of the Rural Development Regulation as the CAP's 'Second Pillar' and the SAPARD pre-accession instrument, and what has been achieved in practice through the design and implementation of the programmes. The focus of this chapter is on the notable achievements and the particular constraints that hamper the Rural Development Programmes.

There are some clear signs of achievement:

- the Regulations have clearly stimulated *new and more integrated approaches to policy design* in some countries during the planning phase in 1999-2001;
- for the RDR, bringing together so many different measures under one Regulation has promoted a more co-ordinated application of these measures, in some countries;
- Member State and Candidate Country administrations have been stimulated to think more carefully about what should constitute 'multifunctionality' in agriculture, how this can be woven into ongoing structural change, and how best to support it. In this process, a wider range of stakeholders has become involved;
- there are good examples from several countries of novel and more integrated and sustainable approaches to rural development which have been able to secure support from the RDR, at least.

However, these early 'gains' for the new Regulations must be set against a set of weaknesses or constraints, which can be divided into three main types.

- *First* are budgetary constraints upon the development of the programmes.
- *Second* are institutional constraints upon programme formulation and the steep 'learning curve' for the administrations in Member States and Candidate Countries.
- *Third* are practical constraints upon programme implementation.

It may be the combined effect of these constraints which has led to some of the rather negative evaluation of the programmes, as presented in previous chapters. This would include their relative lack of integration, balance and coherence, poor participation, and sometimes inappropriate. Thus it is important to examine each of them. A separate discussion on achievements and constraints of SAPARD is also presented.

8.2 Achievements to Date

The requirement under the Regulations to prepare coherent programmes for delivering all the constituent measures in the context of a global, strategic assessment of objectives, needs and opportunities has clearly stimulated *new and more integrated approaches to policy design*. In particular, the drawing up of Rural Development Plans has helped to build links between agricultural policy making and other interest groups in the rural policy arena, including other parts of the public administration and stakeholders other than the traditional representatives of the farming industry. This can be seen in some of the countries and/or regions analysed in this report such as France, England and Wales (UK), Poland and Austria.

The bringing together of many different measures under one Regulation has promoted a more co-ordinated application of these measures in some countries. For example, some Member States have been able to use the RDR 'toolkit' to help promote and deliver new rural strategies and approaches through the imaginative combination of measures suited to particular local conditions – such as the CTE in France (see Chapter 5), and the Strategy for sustainable farming

and national biodiversity plan in Sweden (see Chapter 6), as well as the many examples at project level as presented in Chapter 5.

There is also evidence from a number of countries that the Regulation has required Member State administrations to think more carefully about what should constitute ‘multifunctionality’ in agriculture, and how best to support it against the backdrop of continuing structural change in rural areas. Examples would include the strategic approach of the French Programme, the development of initiatives such as the LOCALE project in German Länder, the *Farming Connect*’ approach in Wales and the micro-regional development initiatives in Hungary such as Cötkeny (all reported in Chapter 5).

In these senses, therefore, the new Regulations have begun to represent something of a new approach to rural, but particularly agricultural, policy making. This approach is more territorial, more cross-sectoral and perhaps more integrated than what has preceded it, across the generality of the farmed area of Europe. At the same time, however, it has done so in a way which is clearly more sectoral than was the case within the EU under the former Objective 5b programmes of the Structural Funds, a point highlighted in both Austrian and UK experience. Many stakeholders remain highly critical of the overly narrow agrarian focus of some of the programmes (highlighted in Sweden, Austria, Spain and Scotland, and in the Candidate Countries).

It seems likely that the more integrated approaches to programme implementation actually result from tendencies emerging somewhat independently within countries and regions, rather than having been stimulated by the Regulations themselves. This may explain why a Member State such as Spain, with a more traditional approach to rural policy, is assessed as having failed to grasp the new agenda of sustainable development through the RDR. This raises the question of whether the Regulation is sufficient to generate new approaches, or whether some other form of stimulus is needed.

In sum, there is undoubtedly much potential to build upon the early achievements of the programmes to date, both in the remaining years of the current programming period but perhaps more importantly, in the context of a new round of planning and programming – for Candidate Countries in 2003 and for all the Member States beyond 2006.

However, for this to happen requires much greater information sharing and exchange of best practice between Member States and Candidate Countries, in relation to rural development experience under the new Regulations. At present there are clear differences of understanding and interpretation between countries over what can and cannot be done. These would be clarified by more exchange, and thus more ambitious use of the instruments could be promoted. A case study from Austria may serve as a good example of what can be made possible, despite all the apparent constraints of the RDR

Box 8.1 Saving the Great Bustard in Marchfeld, Austria



Key themes: Integration of measures and funds, innovation, environmental sustainability, community involvement.

Description

This successful initiative is part of a five-year programme for protection and recovery of the Great Bustard (*Otis tarda*), once a common bird on the agricultural plains of Central Europe, but now close to extinction in Marchfeld, in the productive heartland of Austria. The project customises agri-environment and CAP payments to respond to the specific needs of the bustard, managing a flexible, made-to-measure contracting system over large areas. The project also monitors the birds and offers support and advice to farmers and other stakeholders. All efforts are linked to trans-national exchange and co-operation within a nine-country agreement. In addition, the project operates a fund supplied by private sponsors for conserving the bustard. 250ha have been put under contract since 2000, contributing to biological and landscape diversity within an area of intensive agricultural production, not only bustard conservation. Project management, including monitoring and advisory services, are funded via Article 33, farmers' training (obligatory for participants) is funded via Article 9 and payments to farmers via Articles 22-24 (agri-environment schemes). The *Distelverein*, a local partnership between agricultural and environmental stakeholders, plays an important role as a supporter of the project.

When the Austrian rural development plan under the RDR took effect, local actors perceived that in its existing form it would not be helpful for the aims of the bustard programme, because:

- it would be possible to receive ÖPUL payments to maintain fallow for 5, 10 and 20 years and to keep extensive fields, but not to receive compensation payments for crops at the same time on the same fields.
- ÖPUL payments alone would not act as a sufficient incentive for farmers to refrain from intensive production.
- the combination of set-aside payments with ÖPUL payments was permitted for energy crops (eg sunflowers), but these crops are inappropriate for bustards.

Having perceived the imminent risk of the bustard's extinction in Lower Austria, the project coordinator, the Land government departments for agriculture and nature protection, the BMLFUW and other supporters, including *Distelverein*, proposed and implemented a made-to-measure subsidy scheme for the bustard habitat areas. The project introduced the following innovations:

- the ceiling on ÖPUL payments was eliminated for certain zones.
- it was made possible to combine compensation payments for crops and ÖPUL payments and, in exceptional cases, set-aside payments.

The project co-ordinator plays the role of facilitator amongst a network of farmers, other advisory services and public authorities, with the aim of protection and recovery of the bustard. In addition to the customised ÖPUL measure, the project manager uses a fund financed by private sponsors to cope with specific challenges, specifically if a pair mates or a hen breeds in fields situated outside the target zones. In these cases the project manager negotiates individual arrangements with the farmers in order to secure the habitat the birds chose.

Key points

The main reason for the apparently broad acceptance of the project among farmers and other rural residents is due to the advisory service offered by the project coordinator. If farmers in the area sight mating or breeding bustards they can call his mobile phone. One of the most interesting aspects of this

project is the accountability of local people for the monitoring of the species' evolution. People actively seek advice and support from the project manager, who is embedded in an organisational structure with a long-standing reputation in the area.

8.3 RDR Budgetary Constraints

As a result of the Agenda 2000 agreement, the RDR was allocated only modest funds for the period 2000-2006 (see Chapter 2 and Table 3.4 in Chapter 3). Thus for many countries, the scope to launch new schemes or projects under the Regulation was highly constrained by existing financial commitments to its constituent parts.

The RDR budget is now widely recognised to be insufficient for the Regulation to achieve its own objectives of promoting sustainable rural development and the multifunctionality of farming. EU Agriculture Ministers meeting in Spain in May 2002 recognised a strong case for increasing the resources devoted to the RDR, in future (European Commission, 2002).

In the national reports for this study, the lack of significant new money under the RDR is frequently cited as a major constraint upon Member States' abilities to design policies and measures afresh, in the new context of the Regulation and the rural development programmes.

Another equally significant issue is the low co-financing rates for most measures, which may be a contributory factor leading to sub-optimal or even minimal use by resource-poor Member States, while others with more resources have had to supplement schemes and programmes through significant injections of national monies (as noted in Chapter 3).

8.4 Institutional Constraints and Institutional Learning for the RDR

As multi-annual programme-based instruments, both the RDR and SAPARD highlight the need for institutional learning, whereby public administrations can develop the capacity to deal with new and more complex policy 'toolkits' with equally sophisticated financial and accounting procedures. However, RDR plan preparation has everywhere suffered from relatively centralised, rushed planning, leading to rather unambitious programmes. The problem has been exacerbated by the budgetary limitations, which have apparently led many Member States to conclude that it was not worth investing in a major revision of established measures when the additional budget was so small.

Furthermore, many agricultural administrations have traditionally been unused to operating Structural fund-type, multi-annual programmes tailored to deliver a variety of goals within a given territory. Historically, they have been more concerned with sectoral policies and relatively inflexible and centralised financial instruments. This applies to officials within national and regional ministries but also within DG Agriculture of the European Commission.

This has meant:

- programmes and measures are sometimes insufficiently tailored to local circumstances (eg inadequate account is taken of the needs of marginal areas in Spanish RDPs);
- measures are often planned and delivered by agricultural administrations without drawing upon the expertise and knowledge of other key stakeholders (eg in Sweden, Austria and Spain);
- delivery processes are too centralised and thus distanced particularly from non-agricultural target groups, interests and concerns in rural communities (eg UK, Austria, some elements of programmes in Germany);

- considerable confusion exists among planners and implementers about what they **can** and **cannot** do under the Regulation, in relation to eligibility, approach and accounting requirements, leading in several cases to a very cautious approach which can stifle innovation and integration (reported to some degree in all countries studied);
- there is insufficient attention to the need for capacity building and proper support from administrations to help local actors to make best use of measures. This is illustrated clearly by a case study in La Vera, Spain.

Box 8.2 La Vera, Spain



Key themes: *A missed opportunity.*

Description

CAP production subsidies are the main economic motor of rural development in La Vera. The CAP subsidy for tobacco production has been estimated to support 80 per cent of economic activity in the district. However, this subsidy seems certain to be phased out by the EU over the coming years. To date, the regional authorities have developed no strategy for preparing the district for this dramatic policy change.

La Vera has considerable potential for alternative development, for example through the development of quality products, diversification of agricultural products and rural tourism, yet little policy effort has been dedicated to these. The impact of more innovative RDR schemes, such as agri-environment and PRODER is marginal in this district. At the same time, the important natural value of the district is being eroded as a result of uncontrolled changes in land-use and inappropriate farming practices causing soil erosion and run-off into rivers. Again, the policy response is insufficient, in terms of environmental protection and improvement.

La Vera faces a double challenge: to maintain the current level of economic activity when tobacco subsidies are withdrawn and create a more balanced distribution of wealth, through the development of a broader economic base; and to steer development towards a more sustainable model, which conserves natural values and resources. A policy instrument such as the RDR, that consists mainly of a collection of subsidies and compensation payments to different sectors, is not able to meet this challenge. Two essential elements are missing: the organisational structures to deliver these aid packages in a way that produces the desired results; and the capacity and motivation of the local population to respond to the policy measures and objectives. Underlying these weaknesses is a dependency mentality, developed during the years of dictatorship and consolidated since the 1980s by the apparent security of CAP and other subsidies.

Key points

The RDR measures have not been exploited in the district. Farming practices in CAP-supported sectors could be improved using cross-compliance, and in other sectors through a more vigorous implementation of the agri-environment scheme. If the LFA scheme were opened up to part-time farmers, with the obligation to maintain or adopt certain farming practices, this could benefit the maintenance of employment and a diverse upland landscape, although the amounts received by each holding would be very small at current rates.

However, the piecemeal adoption of various RDR measures would not be able, on its own, to turn around the situation in La Vera. A more strategic, integrated, territorial approach is needed, based on an objective assessment of constraints and opportunities and with the full participation of the local population. For such a process to be implemented, there needs to be investment not only in farms, physical infrastructure and businesses, but also in people who will make things happen, and who will actively promote the objectives of sustainable development: farm advisors, facilitators, rural *animateurs*, whether they are employed by local authorities, NGOs or co-operatives. In some cases, the bottom-up process requires a powerful top-down stimulus and facilitation to make it happen.

The institutional learning aspects of SAPARD, which are considerable, are discussed in section 8.7.

8.5 Practical Constraints upon RDR Programme Implementation

Complexity and Lack of Integration

The RDR is very much a child of the CAP. It operates within the broad objectives, principles and funding rules applied to the CAP as a whole, many of which are complex. These rules and principles are focused on upholding the principle of a single market in EU agricultural products, so that:

- all farmers in Europe receive equal treatment;
- most support is targeted clearly to farmers themselves, and not to others in the food production chain.

In the RDR, many individual measures retain the conditions and criteria that they had when they were entirely separate. Some measures are particularly constrained by conditions designed to ensure their compatibility with the principle of the single market, which limit support to the agriculture sector and which seek to avoid promoting products which are already in surplus within the EU. Other more recent measures have fewer such conditions. This means, for example:

- support for processing and marketing in the RDR is divided between three separate measures, one for primary agricultural products, a second for forestry products, and a third for 'the marketing of quality products', each with different sets of conditions;
- the maximum and minimum grant rates between measures vary, as do the conditions that have to be fulfilled by the beneficiaries of grant aid;
- support for training is explicitly limited to vocational training for farmers and foresters, rather than to a wider section of the rural community. This seems inconsistent with the rather broader interpretation allowed for other measures.

As a result, the RDR is a fairly complex amalgam of a range of essentially separate measures, which must each be implemented according to specific, different criteria. The Regulation makes it clear that Member States can choose to combine several RDR measures into single instruments, in their own programmes, such as the French have done with CTEs. However, where this is done, the combined instruments must still meet the conditions applied to their constituent parts, and any expenditure must be individually reapportioned to the separate RDR measures, for accounting purposes.

Measures and Eligibility

There are significant differences in eligibility conditions between the measures.

- Most, but not all, of the measures specifically target farming and other primary land uses. In particular, Article 4 (farm investment), Article 9 (training) and Article 25-29 (processing and marketing aid) are limited to registered farm holdings, training for farmers and other persons involved in agricultural and forestry activities ‘and their conversion’, and primary agricultural products, respectively. In addition, LFA aids and agri-environment aids can only be paid to ‘farmers’ and by definition, the aids for young farmers and early retirement are sector-specific. Forestry aids under the RDR can be granted to private and municipal forest owners and their associations.
- By contrast, aid under Article 33 ‘for the adaptation and development of rural areas’ can be paid to other kinds of beneficiary including non-farm businesses, other organisations and individuals.
- Generally speaking, Article 33 offers the most scope for national and sub-national variation in what and who is aided and why, since this measure has fewer specific conditions. However, in an attempt to control Member States’ use of the different measures, the RDR specifies that Article 33 aids can only be used for actions which are not already covered by one of the preceding measures under the RDR. This ensures transparency but prevents any more flexible use of aid.
- Article 4, farm investment aid, requires that the agricultural holdings receiving aid must be economically viable, must comply with minimum environmental, hygiene and welfare standards and must be farmed by someone with ‘adequate occupational skill and competence’. Detailed criteria are given by which these conditions must be verified. Also, Article 4 cannot support investment which would lead to an increase in production ‘for which no normal market outlets can be found’, which includes any major CAP product in surplus. The maximum rates of grant are 40 per cent, or 50 per cent in LFAs (or 45 per cent and 55 per cent respectively where recipients are ‘young farmers’). These conditions apply whatever the purpose of the aid given, including diversification and environmental improvements.
- Articles 25-29, processing and marketing of agricultural products, require similar tests to Article 4 concerning financial viability, minimum standards and normal market outlets. Also, investment must contribute to improving the situation of the basic agricultural production sector in question and guarantee producers an ‘adequate share’ in resulting benefits. Importantly, the investment can only cover agricultural products listed in Annex 1 to the Treaty of Rome, which covers items that are regarded as primary agricultural products and excludes anything which is ‘too far’ beyond the farm gate. And finally, investments ‘at the retail level’, or in processing or marketing products from countries outside the EU, are explicitly excluded. Aid rates are limited to 40 per cent, or 50 per cent in Objective 1 areas.

These conditions increase the complexity of delivering the measures in locally appropriate ways and can present a highly confusing picture to potential applicants. Under the strategic programming approach now applied to the use of these measures, it could be argued that many of these details should no longer be necessary.

Legal Status of Rural Development Plans

Once a Plan is drawn up, submitted to the Commission and approved, it forms a legally binding contract between the Member State authority and the EU. This contract clearly specifies what will be funded under the programme and what will not, and by how much. Given the innovative and wide-ranging nature of the activities that it can potentially support, the legally binding nature of the plan can itself become a constraint upon its effective delivery. Under the RDR, there is some scope for shifting funds between individual measures in the programme in any one year, up to a minor proportion of the total programme value, but there is no scope to deviate from the

basic schemes and their conditions without seeking an official amendment to the Plan. This needs prior approval via the Commission and the STAR⁵ Committee, and can only be made once a year.

Accounting and budgeting principles

As explained in Chapter 2, the RDR is, in most parts of the EU, funded from the EAGGF-Guarantee budget (in Objective 1 areas non-accompanying measures are funded by EAGGF Guidance funds). The EAGGF Guarantee budget is designed largely to pay regular sums to farmers and farm-related businesses for relatively straightforward ‘claims’ (eg made on the basis of the numbers of livestock held or area of crops grown on each farm). As a result, it is a budget which is *set and monitored annually*. All RDR measures must operate on this same annual timetable, with allocations and payments made in each year of the programme. In addition, financial returns for all RDR measures must be made once a month to the European Commission, covering actual expenditure, commitments and forecast spending.

If Member States fail to spend what they anticipated they would spend in any single year, the unspent EAGGF money cannot be rolled forward to the next year. It goes back to the central EU budget in Brussels. Unlike the majority of Pillar 1 measures, the RDR includes measures with an innovative, developmental or ‘investment’ character, that might be best suited to planning and accounting over a longer period. It is also based on voluntary schemes, and farmer uptake can be unpredictable. Thus schemes and projects frequently experience time lags in implementation and variations in the anticipated pattern of spending, particularly if a project or contract runs over several years and involves separate stages of development. Annual budgeting is thus far more of a difficulty for the RDR than for the rest of the CAP.

Annual budgeting may also act as a disincentive for Member States to operate schemes and fund projects involving subsidiary co-financing from local organisations or local government administrations. This is because under their RDPs, they are committed to spend a pre-agreed sum of EU money on *each element* of the programme *each year*, and they are also locked in to a *pre-agreed level of EU co-financing*, as set out in the RDP, for each measure (and even each Article 33 sub-measure). It will therefore be much easier to ensure that all EU funds are spent exactly as planned if all domestic co-financing is provided centrally through the main delivery process for the programme (ie using central and/or regional government funds). If domestic co-financing is dependent upon a variety of different partners agreeing to fund specific local projects, as and when they arise, such spending is likely to be less predictable in advance. In contrast, such partnership working and funding arrangements have become common practice in relation to the EU Structural Funds and national rural development policies, in many countries.

The distinctive EAGGF Guarantee budget rules also act as a disincentive to implementing the RDR through integrated arrangements with the EU Structural Fund programmes. There is an incentive to deliver non-accompanying measures separately to accompanying measures in Objective 1 areas, and an incentive to deliver all agricultural-funded measures separately to other rural development measures (funded by ERDF and ESF) in Objective 2 areas. This has led to complex and/or un-co-ordinated approaches to the use of EU funds for rural development, at the local level. In France, the decision to include Guarantee funded RDR measures in the single programmes for Objective 2 areas *as well as* in the RDP for these areas appears to have led to considerable administrative and planning difficulties.

⁵ The STAR committee is a committee of officials from agriculture ministries in the Member States that scrutinises and approves RDPs. It is supported by officials from DG Agriculture of the Commission.

It is evident that the logic of the Guarantee fund favours less complex, schematic, large scale funding procedures such as direct payments. All in all, the Guarantee fund rules do not favour integration into Structural Funds, more so since the monofund principle has been established. It was already difficult under Objective 5b to manage financing from different funds. Projects had sometimes to be divided into parts in a more or less artificial manner. But there was at least an obligation for co-ordination. This obligation no longer exists.

(Lukesch, 2002)

Limits on subsidiarity

The EAGGF Guarantee funding rules and their interpretation by the Commission have acted as a strong disincentive to devolve scheme administration to local levels, which can constrain the tailoring of measures to local needs, as follows.

Land-based Schemes

Any measures under the RDR which involve land-based, annual payments to farmers have to be subject to rigorous cross-checking of claims against those submitted under the CAP market regimes, to ensure against fraud and double counting. This condition applies to agri-environment, LFA and afforestation schemes, which are significant elements in most RDPs. This condition tends to favour whole programmes being delivered by the agricultural administration, particularly where accompanying measures dominate the programmes.

Locally-tailored Rural Development Schemes

The Rural Development Regulation incorporated some elements of previous Structural Fund programming practice, but initially it did not clarify the full extent to which Structural Fund rules could be applied to the delivery of those RDR measures to be funded from EAGGF Guarantee. Since many of the EU and national officials dealing with RDR implementation were more familiar with EAGGF Guarantee rules than they were with Structural Fund programmes, it appears that initially, they tended to take a rather restrictive view of the extent to which 'Structural Fund-style' approaches were acceptable under the RDR. Changes to the RDR implementing rules during 2000 and 2001 show how this view shifted, over time.

EAGGF Guarantee funds can only be disbursed direct to the beneficiaries through 'accredited paying agencies'. The CAP financing rules (1258/1999) state that the number of paying agencies should be kept to an absolute minimum in each Member State and the Commission has encouraged this strongly through its audit visits and guidance. In a number of Member States there is only one paying agency for EAGGF Guarantee funds. This implies *relatively limited scope for other organisations to get directly involved in delivering RDR funds*. However, under the Structural Fund programmes, prior to 2000, the 'beneficiaries' eligible for EAGGF support were defined as either:

- the intended, ground-level businesses or other actors who are ultimately the target of any project; or
- public or private sector bodies running a project *on behalf of such groups* (eg local authorities, co-operatives and/or local agencies and public-private sector partnerships who run initiatives which themselves support individuals).

In many countries, under the Objective 5b Structural Fund programmes 1994-1999, EAGGF Guidance money supported 'delegated grant schemes', whereby a local organisation or partnership obtained EU co-funding to design and run a local grant scheme tailored to the needs of local farmers and others, as long as the scheme and its grants remained consistent with the broad aims of the strategic programme and its measures. This style of support is also common to the ERDF.

Apparently based upon Pillar 1 CAP experience, in the early stages of RDR plan preparation, guidance was given by officials in the European Commission that all RDR beneficiaries should be private businesses or groups, except where other beneficiaries were *explicitly permitted* by the Regulation (eg for forestry, where municipalities are explicitly listed). However, under an amendment to the implementing rules (2075/2000, made only in September 2000), it was clarified that ‘beneficiaries’ can include those running local projects on behalf of target groups and these can be both public and private sector bodies, except where this is explicitly *excluded* under individual RDR measure conditions. Furthermore, the same amendment also clarified that when funds are disbursed this way, depreciation, overheads and contributions in kind can form part of the eligible costs of these bodies.

Many of the national reports conclude that the RDR has led to a loss of subsidiarity in the delivery arrangements for its rural development measures. It seems only a few Member States (most notably Spain, with PRODER) made use of the late amendment to the implementing rules in order to enable the continuation of the delegated grant scheme delivery arrangements that were formerly established under Structural Fund programmes.

Accounting procedures and penalties

EAGGF Guarantee budget accounting procedures and penalties have been set up to cope with the payment schemes of the main Pillar 1 market regimes which are not delivered as part of a coherent and pre-agreed multi-annual programme. As a result, it could be argued that they are excessively detailed for the requirements of the RDR. Distinctions have to be made between all measures and sub-measures under the RDR and also between payments made from the original RDR allocation and payments made using modulated funds, as well as payments made entirely using national money.

The penalties that can be incurred by Member States or individual beneficiaries in the event of any incorrect use of RDR funds are significant, in that the EU can decide to ‘disallow’ any proportion of the total CAP receipts. This has led officials within Member States to be particularly cautious about their ability to approve any RDR schemes and projects which do not readily fit one of the basic measures of the Regulation. This caution extends to projects, which involve any potentially ‘ineligible’ items (eg promotion of agricultural products or research and development, which are covered by separate EU Regulations, and project administration or overheads borne by public sector bodies, even when additional to their normal duties, for fear that they would be regarded as ineligible).

Many of these issues emerge in the national reports, in different ways. The examples below give illustrations.

In general, there is a very narrow definition of eligibility. Activities such as renewable energy power generation and tourism are apparently excluded by the Guarantee Fund rules. In addition, overly detailed prescriptions of operations linked to area based payments or agri-environment payments can hamper the intelligent application of measures. In one region, the local vine growers faced drought problems because of the late date for ploughing the winter green cover. The permission for an earlier date of ploughing (30/4 instead of 31/5) was given by the Federal Ministry, but had to be formally notified to DG Agri in Brussels first. It is questionable if this procedure is really necessary given the localised nature of the problem.

(Lukesch, 2002)

Although the French PDRN was approved relatively early, a number of subsequent issues have emerged in the implementation of the Plan, that have been the subject of protracted discussions with the European Commission. The first relates to the original French intention to replace all but a few national agri-environment measures by the CTE instrument. The European Commission (and to some extent, the French Environment Ministry) felt this fell counter to EU rules regarding farmer access to agri-environment payments by making such payments conditional upon the two-dimensional structure of the CTE. As a result France has had to construct a parallel set of agri-environment measures outside the CTE framework.

The application of the RDR in France has raised a number of significant procedural issues that are still being resolved. The legal basis for non CTE agri-environment payments has yet to be formalised. The guidance notes for each of the CTE measures have yet to be published in their entirety. The articulation of the Objective 2 programmes with the RDP is still being worked out as measures come on stream. Other difficulties include EU approval of the use of modulation money; meeting the EAGGF Guarantee Section obligations for financial controls and transparency which represent significant transaction costs for the Ministry and its agents; and encouraging local government to become more involved in the rural development opportunities offered by the RDP and Objective 2.

(Buller, 2002)

The **constraints upon the use of modulation money**, as discussed in Chapter 2 – the need for separate funding of only additional measures or beneficiaries, the inability to replace EU cofinancing and the limitation to accompanying measures only, are a problem for both countries that have used this mechanism to date. It is also widely reported to be a significant disincentive to other Member States who have considered using this means to increase their RDR budget.

8.6 SAPARD Progress and Constraints

Budgets

SAPARD has been limited by its relatively small resources, an emphasis on the establishment of the correct agencies and implementation procedures, and (related) delays in starting the programme. Although SAPARD, together with ISPA, represents a step change in pre-accession assistance, the resources are still relatively modest (see Table 8.1).

Institutional arrangements

The decision to use decentralised management for SAPARD programmes and the institutional arrangements for financial management and control of the funds did constitute major developments in Community/Candidate Country relations. ‘Decentralisation’, it should be noted, refers to the allocation of responsibilities between the EU and the Candidate Countries, not the internal arrangements within these Countries. The Commission, in particular, considers that medium and long-term benefits will flow from this approach (Wilkinson, 2000).

Table 8.1 SAPARD budgets for CEECs compared to national agriculture budgets and Utilisable Agricultural Area

	UAA in Candidate Countries <i>In '000 ha 1999</i>	Annual SAPARD budgets <i>in m EUR 2000-2006</i>	National agriculture budget <i>in m EUR 2001</i>	SAPARD funds/ha UAA/yr	Annual SAPARD as % of National Budget
Bulgaria	6,203	52	148	8.4	26%
Czech Republic	4,282	22	391	5.2	5%
Estonia	1,434	12	44	8.5	22%
Hungary	6,186	38	744	6.2	5%
Latvia	2,486	22	89	8.8	20%
Lithuania	3,496	30	180	8.6	14%
Poland	18,435	169	1,067	9.2	14%
Romania	14,781	151	332	10.2	31%
Slovakia*	2,442	18	349	7.5	5%
Slovenia	500	6	213	12.7	3%
CEECs average	6,025	52	356	9	14%

* Figure for 2000

Source: European Commission Scadplus and Regular Reports for 2001

There has been a significant build-up of administrative structures and capacities in the form of the SAPARD agencies and bodies such as the Polish Agency for the Modernisation and Restructuring of Agriculture (ARMA) which have been enlarged and equipped to deliver the SAPARD programme. Lessons have also begun to be learnt by the Candidate Countries and the Commission that will undoubtedly be useful in pursuing the RDR in the different contexts presented. The potential significance of this experience is enhanced by the fact that it is only with SAPARD (and not with PHARE or ISPA) that the decentralised approach to management and programming has been pursued. SAPARD thus paves the way for future EAGGF programming. The programming requirements for both instruments are similar and typically are being carried out by the same administrative units. However, many of the future structural measures post-accession will be financed from the EAGGF Guidance Section and thus the rules should allow more flexibility than SAPARD.

Against these potential achievements must be set important criticisms. Considerable amounts of domestic resources have been put into establishing the structures to implement the SAPARD, in advance of any expenditure of EU funds and with no funding yet of practical projects on the ground. The set-up administration costs seem disproportionate to any likely practical benefits from the programme. This provokes considerable frustration and cynicism in a situation in which people in the Candidate Countries are becoming ever more conscious of the burdens of EU membership, but less certain about the advantages to be gained.

Equally strong criticism relates to the actual focus of capacity building. The emphasis has been on the establishment within the Candidate Countries of centralised and hierarchical structures of financial accountability for managing CAP payments. The capacity-building requirements for sustainable rural development go far beyond this narrow focus and include the building up of local and regional institutions and the strengthening of civil society to participate as active and critical partners in the development process. The emphasis on capacity building at the central

level has been accompanied by neglect of these other levels. Arguably, also, this emphasis is misplaced: many Candidate Countries have a background of strong central state structures but weak local and non-state structures.

If SAPARD is to be effective as an exercise in capacity building and institutional learning, certain mechanisms are needed. There should be more emphasis on evaluation, and specific mechanisms to convey and transfer the lessons learned to the broad group of interested actors within the Candidate Countries and beyond (including the European Commission). There also needs to be greater scope to adjust the policy and legal framework in the light of experience gained, which would strengthen the policy significantly.

Participation successes and disappointments

The SAPARD process has had some wider impacts that have been beneficial. The preparation of the SAPARD plans was a relatively open and transparent process that required Ministries of Agriculture to engage in external consultations. These typically involved other Ministries, key economic interest groups and some NGOs. The Commission apparently used the negotiations over the draft plans to ensure that adequate consultations had been conducted with, for example, environmental authorities (DG Agriculture, pers comm.).

The early promise of the SAPARD programme as well as some of the expectations engendered by the prospects of EU membership have also encouraged a great deal of interest in the emerging rural policy amongst local, regional and environmental organisations. In some countries, including Hungary and Poland (see Chapter 5), local and regional development associations were established to bring forward rural development projects and environmental NGOs and farming groups were stimulated to get involved in preparing agri-environment schemes. Though there is a considerable risk of disappointment amongst those whose hopes and expectations have been unduly raised through this process, enthusiasm and resources have been mobilised and new issues and interests have been brought into the arena.

Skewed implementation

The practical difficulties in taking forward the SAPARD plans, in part due to the lack of resources, have also resulted in a growing gulf between the SAPARD Regulation and its stated intentions, and what is really being implemented. In order to achieve accreditation, all countries have postponed implementation of the more complicated measures in their SAPARD plans as shown in Table 8.2.

Table 8.2 Selective Accreditation (A) and Non-accreditation (X) of SAPARD Measures*

Available measures	Bulgaria	Estonia	Slovenia	Lithuania	Latvia	Slovakia	Czech Rep	Poland	Hungary	Romania
Investments in agricultural holdings	A	A	A	A	A	A	A	A	X	X
Processing and marketing of food and fishery products	A	A	A	A	A	A	A	A	X	X
Improving structures for quality controls							A			X
Production methods to protect the environment and landscape	X	X		X	X	X	X	X	X	X
Diversification of economic activities	A	A	A	A	A	A	A	X	X	X
Farm relief and management										

services										
Setting up producer groups	X					X			X	X
Renovation of villages	X						A		X	
Land improvement and repara-celling						A	A			
Establishment and updating of land registers										
Vocational training	X			A	A	X	X	A	X	X
Development of rural infrastructure	X	A	A	A	A		A	A	X	X
Water resources management	X									X
Forestry	X	X		X	A	A				X
Technical assistance	X	X	X	X	X	X	A	A	X	X

**as at June 2002*

NB a blank space indicates this measure was not proposed in the SAPARD plan.

The countries are listed in order of receiving accreditation of their first SAPARD measures.

Source: National SAPARD plans and press releases from the Commission Press Room (2001 & 2002)

According to the SAPARD unit in DG Agriculture of the European Commission the measures that were selected for accreditation had to be limited due to lack of capacity for implementation at national level. All countries can, however, submit further measures for accreditation at a later date. The technical assistance measure is unique in that it can be implemented before accreditation and the Commission will back-date payments.

The agri-environment measure was not prioritised for early implementation but, instead, was postponed in all cases. The Czech Republic was the first to receive accreditation for the measure under SAPARD this year. It is difficult not to conclude that neither the Commission nor the Candidate Countries place priority on the agri-environment measures in implementing SAPARD. However, it is seen as a key measure for preparing to take full advantage of the RDR after accession and is also the only measure in SAPARD that embodies an entirely new concept. Lack of knowledge on the issue and the relatively complex administration involved are given as the main reason for the delay by DG Agriculture, pointing out that the majority of staff have no experience with this type of policy. But it is exactly this sort of gap that many environmental stakeholders believe SAPARD should be addressing as a priority. In the event, some countries have made progress with agri-environment measures using state funds instead of waiting for the bureaucracy of SAPARD to be worked out.

Inadequate 'policy reach'

Significant concerns have arisen not only over the delay and the emphasis on building up centralised structures but also on the priorities now pursued in the SAPARD programmes. The emphasis has been largely on preparing for the internal market. Typically the largest shares of resources have been to the measures of investments in agricultural holdings and improvement of the processing and marketing of agricultural and fishery products. Further, the funding requirements mean that the chief beneficiaries will be larger commercial operators. A broader approach aimed at improving the skills, conditions and endogenous capacity of rural people has not been favoured. Some illustrations from the national reports for Poland and Hungary make this point clearly and show how it relates both to EU-level and national level constraints.

In **Poland** it appears that not all of the Programme's intended beneficiaries will be able to receive financial support from SAPARD. Training for farmers that is presently conducted by ARMA shows that due to the complicated procedure of submitting applications, only a very small number of producers will be able to receive support from the Programme. The situation is caused not only by EU requirements but also by the fact that Poland prepared what has been

claimed to be the most complicated and demanding rules for obtaining SAPARD support amongst all the Candidate Countries (eg a farmer applying for support will have to fill in a 20 page application and attach 15 detailed annexes to it). It has been estimated that, if the rules are not simplified, as few as 2,500 farms will receive SAPARD assistance in Poland (Gajewski, 2002).

Box 8.3 Limitations of the investment in agricultural holdings measure in Hungary

Without money it is extremely difficult to obtain SAPARD support⁶ and domestic programmes tend to be much easier to access. Beyond fulfilling SAPARD eligibility criteria, producers have to bind themselves to the same activity, continuously fulfilling all EU requirements, for at least five years. If they fail (eg they cannot maintain jobs created) the support, plus interests, can be withdrawn and a fine imposed. Applicants for SAPARD have to demonstrate that their business is viable and is at least close to being competitive. At the same time, they have to prove that they could not do without EU support.

SAPARD only pays when a project is completed, therefore they have to have sufficient cash available to pay for the necessary machinery or equipment. On top of this, SAPARD cannot be combined with any other public support, therefore they cannot have an advance payment from another source. Getting a bank loan is also difficult - short-term interest rates are still high in Hungary (well over 10 per cent), so a loan would be expensive, further reducing the value of the support. In addition, banks require some security. For most disadvantaged rural producers the only sufficient security is their homes. However, when they apply for SAPARD support, the Paying Agency also requires a safety deposit and puts a mortgage on the applicant's property. According to SAPARD financial rules this has to be a mortgage on the so called 'first right'. Hungarian banks would rarely give a significant commercial loan if they only have a 'second-right' claim to the applicant's property.

SAPARD support is only 30 per cent of the investment, and machinery has to be obtained according to the strict purchasing rules of EAGGF⁷. In contrast, under the domestic support scheme, 20-25 per cent of any investment in machinery can be applied for, without going through complicated procedures, accepting future obligations or putting a mortgage on one's property. This money can also be combined with other public support (regional development schemes, for example). Together can significantly exceed the 30 per cent provided by SAPARD. As a consequence, small producers without significant financial and bureaucratic capital are most likely to stick to the domestic schemes.

According to interviewees, most resources under this measure are likely to go to large, competitive agricultural companies and entrepreneurs. This is also supported by the very high upper limit of EU resources which can be given to a single company⁸. Similar results are predicted under the measure: 'improvement of the processing and marketing of agricultural and fishery products'. This measure only supports investment and not marketing activities in Hungary. This means that, for example, the development of a cooperative marketing strategy for special local or regional products will not be eligible for support. Support for 'retail level industry' is ineligible. In line with the Ministry's strategy, most resources from this measure will go to a few large processing companies. Its main purpose will be to help them invest in compliance with hygiene and food-safety requirements of the *acquis*.

⁶ According to the opinion of a county level official of Ministry of Agriculture and Rural Development, which has been working on domestic investment schemes for years, if all rules of the Plan are applied, it will be impossible to spend the money at all. According to the eligibility criteria and the indicators (which favour young farmers, less favoured areas, small companies etc.) nationally there are less than 10 producers who could apply and hope to get a good score during the evaluation procedure. Nevertheless, these producers would not have the required funds to co-finance the purchase of expensive machinery.

⁷ Above a certain value items have to be purchased through an open tender, giving equal chance to all EU companies. This means more costs, time and possibilities to fail.

⁸ This limit, €1 million, is by far the highest amongst all measures, and in the Hungarian circumstances it is a very significant amount of money for any agricultural company.

8.7 Conclusions

RDR

With its broad, strategic goals and wide range of measures, the Rural Development Regulation has undoubtedly potential as an instrument for sustainable rural development, particularly as it relates to the agriculture sector and its changing role and function within rural areas and rural economies. Central to this potential is the way in which the programme approach has begun to bring new interests and expertise into the traditional domain of agriculture ministries and farming organisations. There is much evidence to suggest that at both strategic and operational levels, an expanded partnership of rural stakeholders may be the key to realising the sustainable development potential of this instrument. Nonetheless, there is a serious mismatch between RDR rhetoric and reality – the Regulation and its funding fall short of a truly integrated, flexible and trans-sectoral support measure.

Inadequate funding for the RDR and a restrictive limit on growth are a major issue throughout the EU. This has acted as a disincentive for Member States to respond to the ambitious rhetoric surrounding the development of the Regulation and has constrained its ability to deliver properly balanced and integrated programmes, especially in some countries.

In addition, it seems insufficient time, attention and resources have been devoted to capacity building at all levels of the public administration, to enable a proper consideration of the strategic requirements of the new Regulation (eg planning, monitoring, ongoing development) and a more thorough examination is needed of how this might require changes to its components and their operation. This criticism applies equally to the European Commission and to Member States and their Regional administrations. It is also relevant to the evolving relationships between these different levels in the planning and delivery of the RDPs. The commitment of staff and resources to learning and information exchange is vital.

The RDR is strongly linked to the CAP, and its measures are a combination of previous CAP and farm structural policy instruments, each with their own separate terms and conditions reflecting their origins as separate policy instruments designed at a time when policy priorities and concerns were rather different. This makes it difficult to deliver them in an integrated way that is tailored to local needs and capable of meeting the broader RDR agenda.

Moreover, under Agenda 2000 the agreement that the RDR would be subject to the established accounting rules of the EAGGF Guarantee section has engendered considerable problems and confusion. The rules surrounding the EAGGF Guarantee funds introduce more difficulties for using RDR measures in an integrated, flexible and locally-tailored way.

SAPARD

The SAPARD is most appropriately seen as preparing institutions for EU membership which has been a deliberate objective of the European Commission. Thus the focus of capacity building has been largely on the establishment of central structures within the Candidate Countries to handle the financial management and administration of the SAPARD programmes. As a result, it is expected that there will be benefits post-accession in the handling of EAGGF monies and in administering programmes under the Rural Development Regulation.

Sustainable rural development, though, requires effective local and regional institutions. SAPARD has, arguably led to the neglect of these other levels. The paradoxical accompaniment to ‘decentralisation’ from Brussels has thus been the reinforcement of centralisation.

The emphasis within SAPARD programmes has been largely on preparing for the internal market with most resources earmarked for farm investments and improvements in processing and marketing that will mainly benefit the larger commercial operators. These two measures have also typically been given priority in seeking partial accreditation to get SAPARD programmes underway.

Agri-environment is a very minor component of SAPARD and one whose implementation in all cases has been delayed, and in some cases apparently shelved indefinitely. The risk is that some Candidate Countries will miss the opportunity to acquire vital experience in devising and running pilot agri-environment schemes prior to accession. From a sustainable development perspective, any delays in introducing full-scale agri-environment schemes post-accession could be particularly unfortunate. Accession, with the investment and market access that it brings, can be expected to accelerate structural change in agriculture and rural areas. Agri-environment measures need to be in place to counter potential loss or damage to the rich natural assets of many Candidate Countries. In particular, there is an urgent need for agri-environment supports in areas of high nature value that are in danger of abandonment.

In summary, therefore, the considerations in this Chapter point to an urgent need to focus attention now on modifying the new Regulations and their implementing rules and procedures so as to strengthen their coherence and increase their ability to deliver against their strategic goals. These points are examined further in Chapter 9.

Chapter 9 Conclusions and Recommendations

Summary of Key Points

- This study confirms the importance of the central goals and aspirations of sustainable rural development as represented in the Second Pillar of the CAP and SAPARD and the value of a potentially flexible measure such as the RDR. However, there have been significant constraints on progress in implementing these measures. The flexible, coherent, integrated and partnership-oriented approach that was originally envisaged has not widely been achieved, in reality.
- In the medium to long term, the Regulation requires a much more substantial funding base, with scope for significant growth. In addition, steps urgently need to be taken to redress the balance of funding to more fully match the relative levels of economic, social and environmental need across the varied territory of rural Europe.
- There is a clear need for changes to the RDR machinery in both the short and medium term. In the short term much could be improved by introducing more flexibility and coherence into the array of measures on offer and simplifying the rules governing their detailed use. These should be balanced by stronger strategic requirements in relation to overall programme balance, coherence and integration – notably environmental integration - in line with the European Sustainable Development Strategy.
- The RDR is an innovative and ambitious instrument. Using it wisely requires skill and imagination. It is essential that the EU and Member States should recognise the importance of supporting technical assistance, capacity building and facilitation in the effective development and delivery of programmes. A European unit or body to exchange information and promote best practice would also seem warranted.
- The findings are relevant to several of the Commission's proposals for the Mid Term Review (MTR) of the CAP, which give very welcome prominence to the Second Pillar. For example dynamic modulation would help address the need for more funds, but as currently proposed it will not raise sufficient resources to meet short term needs and to redress the current imbalance in underlying budget allocations. Some of the proposed new RDR measures are potentially useful but others could undermine its purpose, compromise its 'Green Box' status and divert resources from current, pressing priorities. A number of the strategic goals outlined by the Commission for the MTR could more effectively be promoted through the simplification and reform of existing RDR measures and procedures.
- SAPARD has developed institutional capacity usefully in the central administrations of the relevant Candidate Countries. However it has not provided experience of local and regional implementation and monitoring to prepare these countries for the RDR. Additional measures for local capacity building and programme design and management will need to be a priority during the first years following accession.
- Some reflections on the appropriate role of the RDR in future are made at the end of this chapter.

9.1 Introduction

This final chapter draws together the main conclusions from the study. It summarises the key conclusions from the comparative analysis presented in this report. A series of changes is recommended to the Regulation itself, and to the ways in which it is being implemented. Learning lessons from the 1999-2002 period is particularly important given the rapidly approaching need for the Candidate Countries to begin to draw up rural development plans and programmes prior to accession in 2004 and also the need for Member States to be considering plans for the next financial period beyond 2006.

Specific recommendations are focused upon short to medium term changes in the design and delivery of the RDR within the Member States, particularly with the current Mid-Term Review of the CAP and the 2003 mid-term evaluation of RDPs in mind, but also considering the process beyond 2006 when current programmes come to an end. Further recommendations highlight the particular needs of Candidate Countries in the run-up to accession and the years immediately afterwards.

The Chapter ends with some concluding remarks considering key issues in the development of EU rural development policies that will need to be resolved in the medium to longer term.

9.2 Conclusions from the Comparative Analysis

Chapter 2 of this study explained the background to the development of the RDR and SAPARD. This emphasised the high level of aspiration surrounding their development and launch in the late 1990s. In particular, the RDR was to be the pilot for a new model of agricultural support which could stimulate broad and sustainable rural development as well as affirming the 'European model of agriculture' and the concept of multifunctionality.

While the RDR and SAPARD were under development, The Land Use Policy Group and WWF Europe, the sponsors for this study, were also developing their own visions for sustainable rural development. Like the RDR itself, these visions drew particular inspiration from the Cork Declaration promoted by Commissioner Fischler. Both these sources are described and analysed in more detail in Chapter 2.

In attempting to conclude how far the RDR and SAPARD have proved able to live up to expectations, we have evaluated the instruments against the sponsors' goals for sustainable rural development, many of which reflect the goals set out in the preamble to the RDR. We also examine their performance in relation to the broad goals set out in the Cork Declaration on rural development. These exercises then lead into the framing of recommendations for improvement and reflections on the longer term future of the Regulations and their role in EU rural policy.

Evaluation against the Sponsors' visions for SRD

Chapter 2 of this report summarised the key principles which underlie the sponsors' visions for sustainable rural development. This set of principles has shaped the format of our comparative analysis and it thus forms the basis for our evaluation:

- balance and coherence
- integration
- participation
- diversity, adaptability and subsidiarity
- respect for rural assets and resources, and meeting real needs.

In sum, then, what can we conclude about RDR and SAPARD performance in respect of these basic principles?

Balance and coherence: Many concerns remain, on this point. There are some examples of internal incoherence and it appears that in many cases, this issue was not fully thought through in the limited time available for putting plans together. There is some good evidence of the potential of the RDR to support the rural environment, communities and broader rural economic development, in notable examples from a number of countries (eg CTEs in France, village renovation in Germany). However the overall focus remains very strongly upon the agricultural sector. In most of the countries studied this is analysed as a serious constraint upon the Regulations' ability to promote balanced and sustainable outcomes.

Integration within and between programmes: Many programmes exhibit a relatively low degree of integration between their constituent measures, although there are notable exceptions such as France and some signs of improvement compared to previous farm structural policies. The design of the RDR itself, particularly the split between accompanying and non-accompanying measures, and the accounting requirements, may work against the development of integration. Both RDR and SAPARD include some important ingredients to promote multifunctionality, such as support for environmental management, diversification and tourism. However, there is insufficient emphasis upon delivering against complex and integrated goals such as this and thus a risk that the outcome of programmes will be narrower, more single-output and more piecemeal, than is required. Integration between these programmes and other rural funds and programmes is also poor and again, this is not helped by the EU framework within which they operate.

Participation: The plans and programmes show some positive developments in this direction, but there is a lack of sufficient follow-through from planning into implementation and feedback, leading to ongoing enhancement of the programmes over the period. Stakeholders at both national and more local levels should be fully involved in monitoring progress and advising on scheme annual reports and modifications, as well as the Mid Term Evaluations in 2003. Stakeholders should include all those potentially affected by RDR measures, including community and environmental groups as well as farmers and foresters' organisations.

Diversity, adaptability and tailoring: The need for training, reskilling and capacity building, particularly among rural actors themselves, needs to be brought out much more strongly in the programmes in most countries. In the RDR there is a step backwards by comparison with Objective 5b, where these aspects received more emphasis. One critical aspect is the apparent difficulty of using RDR funds to support technical advice and facilitation. Another is the restriction of Article 9 funds for training only to farmers and foresters, which is inconsistent with the common need to support diversified and wider community projects.

Respect for rural assets and resources: Across rural Europe there remain serious concerns about the prevailing trends of decline in natural resources and the quality and diversity of the rural environment, in many areas. Against this backdrop, the tools in the RDR and SAPARD can make a positive contribution but their scale and the priority accorded to them by Member States, Candidate Countries and the Commission, remains modest by comparison to environmental needs. It is particularly disappointing to see a generally low application of RDR support in relation to the environmental needs of Mediterranean areas, Europe's forests, and the protection and enhancement of water resources in many countries.

Meeting the goals set at Cork?

It is interesting to consider how far the Rural Development Regulation and SAPARD have helped to promote the aspirational agenda of the Cork Declaration, promoted and supported

strongly by Commissioner Fischler prior to the Agenda 2000 reforms. The Declaration talked of *'making a new start* in rural development policy' and set out ten points that should guide the development of policy. Almost six years later, how has the EU fared? Box 9.1 attempts an initial evaluation.

Box 9.1 Meeting The Goals Set at Cork?

Principles

1) *Sustainable rural development must become the 'fundamental principle' which underpins all rural policy.*

At the level of rhetoric, the term 'sustainable rural development' is now commonplace across rural policy and features in many RDPs and SAPARD plans. However, there is much less acknowledgment of the practical implications of the phrase, for example in the formulation of instruments and their implementation.

2) *Rural development policy must be multi-sectoral with a clear territorial dimension.*

The Second Pillar, although called the 'Rural Development Regulation', is more than 90 per cent orientated towards financial support for agriculture and farm-based activities rather than wider rural development. The same criticism can also be made of SAPARD. The territorial dimension has not been given sufficient emphasis by the Member States, in part due to the centralising tendency of the EAGGF Guarantee budget rules.

3) *Support for diversification should enable private and community-based initiatives to become self-sustaining.*

The investment aids for diversification in the RDR are generally well-targeted at schemes with at least the potential for self-sustaining development. However, this is not the case with SAPARD, where aid conditions are criticised for limiting access to larger farms and businesses who are perhaps least in need of assistance.

4) *Policies should promote rural development that sustains the quality and amenity of Europe's rural natural and cultural resources.*

Agri-environment measures are compulsory within RDPs and more than a third of total resources is allocated to these measures. However, many concerns remain, including:

- the risk that large-scale, undemanding schemes prove insufficient to protect biodiversity
- a tendency in some resource-poor regions to neglect environmental measures in favour of economic development spending
- relatively few examples of agri-environment schemes and rural development measures working in a complementary way to promote sustainability
- a lack of use of agri-environment measures under SAPARD, to date.

5) *Rural development policy must be 'as decentralised as possible', and emphasise participation and a 'bottom-up approach'.*

With the exception of LEADER+, rural development policy suffers from an overly prescriptive and top-down approach. This is particularly so with the RDR and SAPARD that are constrained because funds and measures are still rooted in a 1960s sectoral and productivist CAP-culture. Nevertheless in some countries it has proved possible to use the RDR to support more decentralised delivery structures.

6) *Rural development policy, and notably its agricultural component, should be radically simplified.*

Although the RDR is one instrument formed from nine previous ones, most of the complexities and conditions contained in the nine parent Regulations survive. The RDR is an amalgam, rather than a simplification, and SAPARD mirrors this amalgam although the number and range of measures is rather different. Further, the accounting and reporting rules for the EAGGF Guarantee budget add layers of complexity to scheme administration.

7) *There should be one single rural development programme for each region.*

The unresolved dilemma of the relationship between the RDR and the Structural Funds still means that rural development is covered by different and, all too often separate, programmes in many regions. Even under the RDR itself, there are instances of multiple, territorially overlapping plans and programmes, as in Spain. In the Candidate Countries, the difficulty of including more complex measures such as agri-environment in SAPARD has encouraged the parallel development of nationally-funded programmes alongside SAPARD

8) *Rural development policies should encourage the use of local financial resources.*

Budgeting and accounting rules make it more likely that centralised public finances are used to co-finance the RDR and SAPARD, rather than local authorities or agencies. However, most measures require private contributions as well, and in this, local financing is more common

9) The administrative capacity of local and regional governments and community groups should be enhanced.

The RDR and SAPARD are too restrictive in their scope for the support of animation and capacity-building at regional or more local levels. The role of human capital is insufficiently appreciated and the scope for local governments and community groups to administer programme spending is very limited. However, some countries have adopted a stronger regional approach to the RDR than previous agricultural policies, so in these cases, there has been enhancement.

10) Programmes should be properly monitored and evaluated, with stakeholder involvement in these processes.

Current evidence is that stakeholder consultation has often not extended beyond the plan formulation phase. However, provisions in the Regulations should make for improved monitoring and evaluation by comparison with former agricultural structures policies. Nevertheless, targets and indicators remain generally crude and overly linked to economic rather than environmental or social outputs, atomistic rather than strategic, and thus lacking the ability to measure true progress towards sustainable rural development.

Overall Verdict: some progress, but there is much scope for improvement.

9.3 Recommendations for Change within Member States and Candidate Countries

Integration

There is a need to learn from existing best practice in the integration of measures and funding between RDR and SAPARD and other European funding programmes, such as those under the Structural Funds, as well as national programmes. Administrations should devote time and resources to this issue, and consider more internal cross-compliance or linkage of measures to improve coherence and sustainability.

Improved delivery

At national and regional levels there is an important need to set up ongoing feedback mechanisms, which will enable the tracking of scheme outcomes and identification of obstacles, and thus generate ideas to enhance effective delivery.

Participation

Countries or Regions should work further to involve all relevant stakeholder groups in the ongoing implementation and monitoring of the programmes, to ensure that performance is measured against holistic goals for the rural economy, environment and society. For example, environmental and socio-economic stakeholders should be represented on monitoring committees for the programmes.

Subsidiarity

Member States should review the use of existing measures in relation to specific regional and more local needs, and increase their coherence and sensitivity to territorial aspects. In particular, there is scope for the RDR to enable greater subsidiarity and thus promote innovation in delivery – developing some of the lessons of the LEADER approach by supporting more bottom-up delivery processes. Candidate Countries should prioritise the implementation of more locally tailored measures within their programmes, including agri-environment and rural development measures beyond agriculture.

Meeting real needs, balance and coherence

There is a vital need to identify and set more strategic, integrated, balanced and meaningful targets for programmes which go beyond the mechanistic measurement of jobs created or areas of land managed and focus on indicators of sustainable development. These should cover social, economic and environmental outcomes and examine the effects of all the measures in the programmes in each of these respects, both singly and in combination with one another.

National and regional administrations should, with the help of some EU-level co-ordination and exchange, build a broader consensus about exactly what these programmes are, and what they are not. This should clarify how they relate to broader rural policies and what their precise role should be in relation to other rural measures and funds, including Structural Funds, EU sectoral support, and domestic policies. It should be done through an inclusive process involving all the stakeholders, so that expectations are realistic and balanced.

9.4 Recommendations for Change at the EU Level

These recommendations include a brief consideration, where relevant, of the Commission's proposals for the Mid-Term Review of the CAP as published in July 2002 and currently under active discussion in the Council.

Meeting real needs

The first priority should be significantly to increase funds for Pillar 2 of the CAP. At the same time, enabling more territorial sensitivity and building more sustainability criteria into the use of Pillar 1 aids would also support Pillar 2 aims, so that the two pillars can become more coherent. It will be difficult for the RDR to achieve its aspirations while Pillar 1 of the CAP still dwarfs it in expenditure and supports unsustainable land management practices in some parts of Europe.

It should be a priority to increase the RDR budget as part of the CAP MTR in 2003 in ways which enable increased funding for both accompanying and non-accompanying measures and without the need for additional Member State co-financing, at least during the existing programming period.

The MTR proposals are helpful in these respects. However, the proposed rate of *dynamic modulation* remains too gradual and too low, if environmental and socio-economic needs are to be adequately addressed through the Second Pillar. A more fundamental enhancement of Pillar 2 funding needs to be secured as part of any MTR changes.

The entire RDR budgets for Member States, including the Candidate Countries following accession, should be allocated according to a more objective assessment of relative needs for rural development and environmental and social management or support, in each country. A useful but crude attempt is made in the proposed RDR allocations for Candidate Countries. However, whilst the Commission's MTR proposals adopt a more objective approach for the reallocation of modulated funds to existing Member States, these do not include sustainability criteria and, even if implemented, would not affect the bulk of funding under Pillar 2. A similar objective approach should at least be extended to any unspent allocations, in the short term.

The weaknesses in programme coherence, balance and integration, as well as adequate participation, should be addressed through stronger guidance at EU level to the Member States about exactly what is required. These principles should seek co-ordination not only with Pillar 1 of the CAP but equally, with other Community policies including those for regional development and for the environment. Ideally, other relevant Directorates General within the Commission should be involved in helping to prepare guidance for the Member States on these important issues. In particular, more detailed guidance is clearly needed to ensure RDPs are consistent with environment and sustainable development principles and that they contribute effectively to key Community environmental priorities such as the proper implementation of the Natura 2000 network and the promotion of targets under the Water Framework Directive.

Diversity, adaptability and subsidiarity

There is a need to shift away from annual budgeting for the RDR and SAPARD, ideally to a full-period allocation, as with the Structural Funds. This would promote better integration between RDP and Structural Fund measures and make it easier to develop innovative actions and integrated delivery mechanisms at local level. It would also allow for lagged expenditure profiles for more innovative schemes and projects by enabling a roll-over of budgets between years, where needed. Mid-term evaluation of programmes would still act as a check on overall progress, as it does for the Structural Funds.

The Commission should allow more flexibility in the co-financing rates used for individual measures and sub-measures, subject to an overall limit on the EU contribution and/or an overall, average co-financing rate for each broad group of measures or even each RDP, over the programme's lifetime. This would greatly simplify scheme administration and thus support subsidiarity.

The EAGGF Guarantee audit and disallowance rules should be made simpler and more proportionate to the scale of the programmes, to reduce administrative burdens on Member States and Candidate Countries and promote greater subsidiarity in implementation.

More weight should be given to supporting proposals from Member States for more devolved administration and delivery of measures and schemes, such that paying agencies can more easily devolve authorisation and payment under appropriate delegation and reporting arrangements.

It appears essential and urgent to re-examine the extent to which the adoption of more of the characteristics of EAGGF-Guidance rules and procedures for the specific delivery of RDR and SAPARD under EAGGF Guarantee budgets could ease some of these particular problems, and take immediate action on this where possible.

Integration in delivery

More integrated delivery should be promoted through a simplification of the rules for individual RDR/SAPARD measures, subject to the whole programme being required to deliver against agreed targets and outcomes. This should give beneficiaries simpler access to funds for a range of rural development purposes and make it easier for Member States to design and operate integrated schemes to deliver the RDR menu in a more flexible way.

Better integration of measures in programmes could be promoted through some kind of EU-level co-ordination and exchange mechanism, such as a semi-independent 'RDR support' unit or body which received Commission funding to promote best practice and beneficial exchange in relation to realising the full potential of the RDR.

Integration and adaptability in Measures

The current large number of narrow and prescriptive measures should be simplified to provide a smaller number of broader measures covering an enhanced range of issues, including technical assistance, demonstration and promotion as well as the existing range of the RDR. This should prevent the overlapping of some measures, and also make monitoring and reporting less bureaucratically burdensome. For example, there would appear to be no good reason why support for marketing and processing all quality primary products cannot be offered through a single Article. A similar argument applies to support for investments in environmental protection on rural land. To avoid the risk that broader measures lead to problems of interpretation during programming, supporting guidance and best practice examples could be provided.

EU cofinancing should be explicitly provided for appropriate and targeted facilitation (ie dedicated staff, and public-private capacity building initiatives) to support effective programme delivery against RDP goals. In addition, there should be no bar on funds being used, within the context of the broader programme goals, to support appropriate experimental or demonstration projects.

Several new RDR measures appear in the Commission's MTR proposals. While some are potentially useful (such as new support for promotion of agricultural products, which is currently ineligible) others could undermine its purpose, compromise its 'Green Box' status and divert resources from current, pressing priorities. For example, the measure for food quality assurance appears to offer little of direct benefit to sustainable rural development and it is difficult to see why it should be an obligatory part of Pillar 2. Other proposed new measures and modifications are potentially helpful but, as with the food quality measure, there is also a risk of creating still more pressures on tight budgets with the consequence that RDR outcomes fall even further short of aspirations.

Balance and coherence in the planning phase

The tight timescale for the production of the Rural Development Plans in 1999-2000 meant that the process was less inclusive and gave less time for effective 'needs' assessments to set appropriate targets than it should have, and thus the outcome of the programmes is unlikely to demonstrate the full potential of the RDR and SAPARD. Lessons should be learned from these difficulties experienced in preparing the Plans to such tight timetables in 1999/2000, particularly as the Candidate Countries embark on the same process. If accession proceeds early in 2004 as planned, it may be beneficial to permit a delayed launch of new RDPs, to enable adequate strategic planning to take place, including time for proper assessment and bilateral discussions of programme balance, coherence and integration.

In recognition of the rushed initial planning of programmes, the Commission should take a more flexible approach to ongoing programme development and modification in the pursuit of more sustainable outcomes, between now and 2006. For example, minor modifications should not need formal submission to the STAR Committee if they are in line with overall programme goals, and could be permitted more often than once a year.

Steps should be taken immediately following the Mid-Term Evaluations to encourage proper planning for the next phase of programme implementation, beyond 2007.

Balance and coherence in monitoring and evaluation

In guiding Member States as they conduct Mid-Term Evaluations of programmes, the Commission should place greatest emphasis upon the strategic evaluation of programme outcomes against economic, environmental and social goals. It should not allow only the simple reporting of programme outputs against single measures and partial goals. In particular, the effects of economic measures on the environment and rural community should be carefully assessed, and vice versa.

The Commission must also make an explicit commitment to act on the results of the Mid-Term Evaluations of programmes and propose appropriate changes to the RDR in time for the new programming period in 2007.

Enlargement considerations

Looking ahead, the Candidate Countries can draw relatively few positive lessons for rural development from their current SAPARD experience. They will need to look more broadly for examples of good practice in rural development eg in LEADER and other local level, innovative

and more integrated approaches, as well as some of the positive examples within RDPs under the RDR. Again, an EU level support mechanism could help in this regard.

The EC issues paper on enlargement suggests that if Candidate Countries join the EU in 2004 they will not receive Structural Funds of the kind currently available for regional development in the Member States. Unless it can be urgently reformed (see above), EAGGF Guarantee funding for rural development and agricultural support will not be adequate to support marginal areas in order to sustain their natural and cultural values through appropriate economic development.

9.5 Concluding Remarks

This study has only begun the process of evaluating the nature and the potential of the Rural Development Regulation as an instrument to promote sustainable development within the EU, and of its influence upon the Candidate Countries via the SAPARD pre-accession instrument and the process of enlargement.

Nevertheless, it indicates:

- that the instrument has very considerable potential, particularly in relation to the promotion of a more multifunctional approach to rural land management and rural community development;
- that it remains focused upon agriculture through its genesis within the framework of the Common Agricultural Policy and that this is likely to remain the case for as long as the policy is largely controlled and dictated by agricultural interests at national and EU level;
- that it urgently requires a more flexible and strategic approach to planning, implementation, audit and ongoing development, in order to realise its potential – putting more emphasis upon overall goals of sustainable development and less upon the conditions of individual instruments;
- that its current resources fall far short of needs, particularly in relation to the rural environment and the sustainable development of marginal areas, and when set against the prevailing forces of current economic trends and Pillar 1 of the CAP.

In discussion of our emerging findings with the sponsors for this study, a variety of strategic long-term questions have been posed, such as:

- Is this model the right one for rural Europe?
- Should it be holistic rather than sectoral?
- Should it link more closely to Structural Funds?
- What are the spatial implications – for diffuse spend or concentration?

Our findings would suggest that this model has much to offer to rural Europe, but it is only a part of what is required to achieve sustainable rural development. Currently it is only one among a range of domestic and EU instruments available to the Member States to promote this goal, and it can only be effectively used when the whole range of instruments is planned and delivered in a more coherent way.

If the RDR is to become a more central and substantial instrument in future – for example, if the scale of EU Structural Funding were to diminish significantly while that for the RDR expands as more funding is diverted from the market regimes – then the Rural Development Regulation will need to change. This study emphasises how such an instrument would need to be:

- broadly based, not so focused on agriculture above all other rural economic and social activity;

- open to more long-term planning and implementation to enable more short-term flexibility and more support for capacity building to generate more sustainable forms of expenditure at local level;
- given a still stronger territorial dimension, so that funds can be more sensitive to the different pressures and potentials across the great variety of rural Europe;
- steered and guided by an EU framework designed to promote more sustainable outcomes in economic, environmental and social terms and thus less concerned to constrain the use of funds for purely sectoral reasons;
- designed to provide a real incentive to create more integrated and accessible measures and delivery structures at local level.

Nevertheless, the long term potential role of the RDR as a cornerstone for promoting sustainable rural development in Europe also has a broader political dimension which cannot be analysed purely through a study of this kind. It raises issues about the appropriate balance of EU policies as a whole. For example, should sustainable rural development be part of agriculture, or part of regional development policy, or be free-standing as a separate and substantial budget line at EU level, or should it simply be the strategic result of a range of sectoral policies?

It also raises issues of competence, as regards where certain goals require a pan-European framework and budget and where national or regional scales of policy making may be more appropriate. At present, it is clear that the European Council and the Commission have had a strong role in controlling and constraining the detailed process of rural development policy as defined by the RDR and SAPARD. The SAPARD experience may be an extreme example of this, but the point is relevant to the RDR too, as is made clear in Chapter 8 of this report.

Many studies of successful examples of sustainable rural development have emphasised the value of a so-called ‘endogenous’⁹ approach to development and the need to find a way to support decentralised development through essentially centralised processes. Thus, questions of competence must also be coupled to considerations of subsidiarity. In the example of the LEADER Community Initiative we have a good illustration of how an EU policy instrument can be both pan-European and yet focused upon promoting endogenous development. However, LEADER remains something of a ‘pilot’, despite more than a decade of experience in its use.

Looking ahead beyond the current phase of RDR programmes and any changes resulting from the MTR of the CAP, it seems clear that there is still much to be learned at EU level, about the most appropriate framework to support sustainable rural development. A few points about such a framework can be highlighted.

- It should more fully incorporate the best features of LEADER but it must be capable of operating more widely.
- It should pay more respect to the wide variety of rural resources and be more attuned to the varied nature of modern rural communities and economies, and it must be designed to address key needs at local, national and European levels.
- It must place less emphasis at EU level on the individual design of aids and instruments and more emphasis upon meeting strategic goals in a balanced and coherent way.
- Finally, it must be designed as a more dynamic framework, to reflect the process of learning and ongoing policy development and adaptation that will continue to be necessary, in this field.

We hope that the findings of this study will promote further consideration and action, along these lines.

⁹ For an explanation of this term, see the phase 1 report from this work (Baldock et al, 2001).

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Annex I The Cork Declaration - A Living Countryside - 9th November 1996

The European Conference on Rural Development

- Having met at Cork, Ireland from 7th to 9th November, 1996
- Aware that rural areas - which are the home of a quarter of the population and account for more than 80 per cent of the territory of the European Union - are characterised by a unique cultural, economic and social fabric, an extraordinary patchwork of activities, and a great variety of landscapes (forests and farmland, unspoiled natural sites, villages and small towns, regional centres, small industries);
- Believing that rural areas and their inhabitants are a real asset to the European Union, and have the capacity to be competitive;
- Mindful that by far the largest part of rural Europe is covered by agricultural land and forests, which have a strong influence on the character of European landscapes, and that agriculture is and must remain a major interface between people and the environment, and that farmers have a duty as stewards of many of the natural resources of the countryside;
- Recalling that agriculture and forestry are no longer predominant in Europe's economies; that their relative economic weight continues to decline, and that, consequently, rural development must address all socio-economic sectors in the countryside;
- Conscious that European citizens pay growing attention to the quality of life in general, and to questions of quality, health, safety, personal development and leisure in particular, and that rural areas are in a unique position to respond to these interests, and offer grounds for a genuine, modern development model of quality;
- Recognising that the Common Agricultural Policy will have to adapt to new realities and challenges in terms of consumer demand and preferences, international trade developments, and the EU's next enlargement; that the shift from price support to direct support will continue; that the CAP and the agricultural sector will have to adjust accordingly, and that farmers must be helped in the adjustment process, and be given clear indicators for the future;
- Expecting that the justification for the compensatory payments of the 1992 CAP reforms will be increasingly challenged;
- Persuaded that the concept of public financial support for rural development, harmonised with the appropriate management of natural resources and the maintenance and enhancement of biodiversity and cultural landscapes, is increasingly gaining acceptance;
- Recognising that, while successive reforms of the Common Agricultural Policy and European rural development policies have improved transparency and effectiveness, a number of inconsistencies and overlaps have developed and legal complexity has grown;
- Determined to promote, in all possible ways, local capacity building for sustainable development in rural areas, and, in particular, private and community-based initiatives which are well-integrated into global markets;
- Announces the following ten point rural development programme for the European Union:

Point 1 - Rural Preference

Sustainable rural development must be put at the top of the agenda of the European Union, and become the fundamental principle which underpins all rural policy in the immediate future and after enlargement. This aims at reversing rural out-migration, combating poverty, stimulating employment and equality of opportunity, and responding to growing requests for more quality, health, safety, personal development and leisure, and improving rural well-being. The need to preserve and improve the quality of the rural environment must be integrated into all Community policies that relate to rural development. There must be a fairer balance of public spending, infrastructure investments and educational, health and communications services between rural and urban areas. A growing share of available resources should be used for promoting rural development and securing environmental objectives.

Point 2 - Integrated Approach

Rural development policy must be multi-disciplinary in concept, and multi-sectoral in application, with a clear territorial dimension. It must apply to all rural areas in the Union, respecting the concentration principle through the differentiation of co-financing for those areas which are more in need. It must be based on an integrated approach, encompassing within the same legal and policy framework: agricultural adjustment and development, economic diversification - notably small and medium scale industries and rural services - the management of natural resources, the enhancement of environmental functions, and the promotion of culture, tourism and recreation.

Point 3 - Diversification

Support for diversification of economic and social activity must focus on providing the framework for self-sustaining private and community-based initiatives: investment, technical assistance, business services, adequate infrastructure, education, training, integrating advances in information technology, strengthening the role of small towns as integral parts of rural areas and key development factors, and promoting the development of viable rural communities and renewal of villages.

Point 4 - Sustainability

Policies should promote rural development which sustains the quality and amenity of Europe's rural landscapes (natural resources, biodiversity and cultural identity), so that their use by today's generation does not prejudice the options for future generations. In our local actions, we must be aware of our global responsibilities.

Point 5 - Subsidiarity

Given the diversity of the Union's rural areas, rural development policy must follow the principle of subsidiarity. It must be as decentralised as possible and based on partnership and co-operation between all levels concerned (local, regional, national and European). The emphasis must be on participation and a 'bottom up' approach, which harnesses the creativity and solidarity of rural communities. Rural development must be local and community-driven within a coherent European framework.

Point 6 - Simplification

Rural development policy, notably in its agricultural component, needs to undergo radical simplification in legislation. Whilst there should be no renationalisation of the CAP, there must be greater coherence of what is presently done through many separate

channels, a limitation of EU law on general rules and procedures, more subsidiarity in decisions, decentralisation of policy implementation and more flexibility overall.

Point 7 - Programming

The application of rural development programmes must be based on coherent and transparent procedures, and integrated into one single programme for rural development for each region, and a single mechanism for sustainable and rural development.

Point 8 - Finance

The use of local financial resources must be encouraged to promote local rural development projects. More encouragement must be given to using financial engineering in rural credit techniques in order to mobilise better the synergies between public and private funding, reduce financial constraints on small and medium size enterprises, promote productive investment, and diversify rural economies. Greater participation by the banking sector (public and private) and other fiscal intermediaries must be encouraged.

Point 9 - Management

The administrative capacity and effectiveness of regional and local governments and community-based groups must be enhanced, where necessary, through the provision of technical assistance, training, better communications, partnership and the sharing of research, information and exchange of experience through networking between regions and between rural communities throughout Europe.

Point 10 - Evaluation and Research

Monitoring, evaluation and beneficiary assessment will need to be reinforced in order to ensure transparency of procedures, guarantee the good use of public money, stimulate research and innovation, and enable an informed public debate. Stakeholders must not only be consulted in the design and implementation, but involved in monitoring and evaluation.

Conclusion

We, the participants at the European Conference on Rural Development assembled in Cork, urge Europe's policy-makers:

- to raise public awareness about the importance of making a new start in rural development policy;
- to make rural areas more attractive to people to live and work in, and become centres of a more meaningful life for a growing diversity of people of all ages;
- to support this ten-point programme and co-operate as partners in the fulfilment of each and every one of the goals, which are embodied in this declaration.
- to play an active role in promoting sustainable rural development in an international context.

Annex II Relevant publications of WWF Europe and the LUPG

General/Rural Development

All the national reports from the Europe's Rural Future – the Nature of Rural Development I & II are available from the WWF website (www.panda.org/epo/initiatives/agridev.cfm)

Beaufoy, G, Atance, I & Sumpsi, J (2002) *Europe's Rural Futures - The Nature of Rural Development II - Rural Development in an Enlarging European Union: Spanish Report*. WWF: Brussels.

Bruckmeier, K & Høj Larsen, C (2002) *Europe's Rural Futures - The Nature of Rural Development II - Rural Development in an Enlarging European Union: Swedish Report*. WWF: Brussels.

Buller, H (2001) *The Nature of Rural Development I –Actors, Institutions and Attitudes to Rural Development: French Report*. WWF: Brussels.

Buller, H & Kolosy, K (2002) *Europe's Rural Futures - The Nature of Rural Development II - Rural Development in an Enlarging European Union: French Report*. WWF: Brussels.

Eckerberg, K & Wide, J (2001) *The Nature of Rural Development I –Actors, Institutions and Attitudes to Rural Development: Swedish Report*. WWF: Brussels.

Karaczun, Z (2002) *Europe's Rural Futures - The Nature of Rural Development II - Rural Development in an Enlarging European Union: Polish Report*. WWF: Brussels.

Karaczun, Z (2001) *The Nature of Rural Development I –Actors, Institutions and Attitudes to Rural Development: Polish Report*. WWF: Brussels.

Knoepfel, P & Rodewald, R (2001) *The Nature of Rural Development I –Actors, Institutions and Attitudes to Rural Development: Swiss Report*. WWF: Brussels.

Land Use Policy Group (2002) *Response to the European Commission's Mid-Term Review of the Common Agricultural Policy*. LUPG website: <http://www.lupg.org.uk>

Lukesch, R & Asamer-Handler, M (2001) *The Nature of Rural Development I –Actors, Institutions and Attitudes to Rural Development: Austrian Report*. WWF: Brussels.

Lukesch, R & Asamer Handler M (2002) *Europe's Rural Futures - The Nature of Rural Development II - Rural Development in an Enlarging European Union: Austrian Report*. WWF: Brussels.

Nemes, G (2001) *The Nature of Rural Development I –Actors, Institutions and Attitudes to Rural Development: Hungarian Report*. WWF: Brussels.

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Rivza, B & Ancans, S (2001) *The Nature of Rural Development I –Actors, Institutions and Attitudes to Rural Development: Latvian Report*. WWF: Brussels.

Schubert, D & Todd, A (2001) *The Nature of Rural Development I –Actors, Institutions and Attitudes to Rural Development: German Report*. WWF: Brussels.

Schubert, D (2002) *Europe's Rural Futures - The Nature of Rural Development II - Rural Development in an Enlarging European Union: German Report*. WWF: Brussels.

Sumpsi-Vinas, J (2001) *The Nature of Rural Development I –Actors, Institutions and Attitudes to Rural Development: Spanish Report*. WWF: Brussels.

Ward, N (2001) *The Nature of Rural Development I –Actors, Institutions and Attitudes to Rural Development. UK Report.* WWF: Brussels.

Ward, N (2002) *Europe's Rural Futures - The Nature of Rural Development II - Rural Development in an Enlarging European Union: UK Report.* WWF: Brussels.

Forestry

Buller, H, Winter, M, Morris, C, Powell, J, Dwyer, J and Hjerp, P (2002) *An enhanced role for Forestry in Sustainable Rural Development.* CCRU, University of Gloucestershire: Cheltenham.

Water

Jones, T & WWF European Freshwater Programme (2001) *Elements of Good Practice in Integrated River Basin Management – A Practical Resource for Implementing the EU Water Framework Directive.* WWF: Brussels.

Jones, T & WWF European Freshwater Programme (2000) *Implementing the Water Framework Directive: Proceedings of Seminar 1 - Water and Agriculture.* WWF: Brussels.

Further useful documents relating to the Common Implementation Strategy for the Water Framework Directive, will be available from the Spring of 2003 on the European Commission intranet CIRCA at <http://forum.europa.eu.int/>.

Public access to this can be obtained by contacting the European Commission, DG Environment WFD Team: tel +32 2 298 44 01; fax +32 2 296 88 25; email: env-wfd-circa@cec.eu.int

Natura 2000

Beaufoy, G (1999) *Natura 2000 Opportunities and Obstacles.* WWF Austria: Vienna.
[updated in 2000].

WWF EPO (2001) *A Race to Protect Europe's Natural Heritage: European Snapshot Report on the Status of Implementation of the Habitats Directive.* WWF: Brussels.

Ten Brink, P, Richartz, S and Monkhouse, C (2002) *Promoting the benefits of Natura 2000: a socio-economic evaluation. Background report for European Conference on 'promoting the socio-economic benefits of Natura 2000, Brussels, 28-29 November 2002.* IEEP: Brussels.

Enlargement

Avis, C et al (2001) *Results of an Independent NGO Evaluation of SAPARD - National Plans and Processes in Czech Republic, Hungary, Romania and Slovakia.* WWF DCPO: Vienna.

Guttenstein E & Torkler P (2002) *Enlargement & Agriculture - Enriching Europe, Impoverishing our Rural Environment.* WWF: Brussels.

Annex III Glossary of abbreviations

ARMA	Polish Agency for the Modernisation and Restructuring of Agriculture
CA	Countryside Agency
CAP	Common Agricultural Policy
CCW	Countryside Council for Wales
CEE	Central and Eastern Europe
CEECs	Central and Eastern European Countries
CoGAPs	Codes of Good Agricultural Practice
CRE	The Centre for Rural Economy at Newcastle University
CTE	French 'Land management contracts', <i>Contrats Territoriaux d'Exploitation</i>
DEFRA	Department of Environment, Food and Rural Affairs
EAGGF	The European Agricultural Guidance and Guarantee Fund - the CAP budget.
EC	European Commission
EIA	Environmental Impact Assessment
EN	English Nature
ENGO	Environmental Non Governmental Organisation
ERP	European Recovery Program
ERDF	European Rural Development Fund
ERDP	England Rural Development Programme
EU	European Union
GDP	Gross Domestic Product
GFP	Good Farming Practice
IDRISI	Instituto de Desarrollo Rural Sostenible
IEEP	Institute for European Environmental Policy
IRD	Integrated Rural Development
ISPA	Instrument for Structural Policies for pre-Accession
LAG	Local Action Group
LBU	The Swedish Rural Development Plan
LFA	Less Favoured Area
LUPG	Land Use Policy Group of Great Britain's Conservation, Environment and Countryside Agencies
MS	Member States
MTE	Mid Term Evaluation
MTR	Mid Term Review
NGO	Non-Governmental Organisation
NIP	National Irrigation Plan
NSP	National SAPARD Plan
OPUL	Austrian agri-environment scheme <i>Österreichische Programm zur Förderung einer umweltgerechten, extensiven und den natürlichen Lebensraum schützenden Landwirtschaft</i>
PDRN	French Rural Development Plan - <i>Plan de Développement Rural National</i>
PRODER	Operational Programme for the Development and Diversification of Rural Areas (a local, relatively bottom-up delivery mechanism used to deliver various RDR measures).
RDR	Rural Development Regulation 1257/99
RDU	Rural Development Unit
SAPARD	Special Accession Programme for Agriculture and Rural Development
SLI	The Swedish Institute for Food Economics
SNH	Scottish Natural Heritage
WTO	World Trade Organisation
UAA	Utilisable Agricultural Area

Annex IV Europe's Rural Futures/NORDII Project: Agreed Common Framework for the National Studies

The investigation presented in each national report needs to cover **five broad areas of inquiry, as set out below**. Each step is likely to correspond to a separate section in the final country report.

STEP 1 -A brief review of the context of RDR implementation (not exhaustive, but illustrative)

Sources: phase one national reports and national/EU financial data (some of this may not be available centrally and may need collecting via contact with different officials)

- Summarise the key findings of the phase one national report by clarifying
 - the precise status and role of the RDR in relation to wider national rural development policy (how important is it? Is it consistent with national rural policies or seen as a very distinct 'agriculture sector' initiative? Does it represent a consensus view among stakeholders or a strongly sectoral/partial view? How was your country characterised in the synthesis report for phase 1 –eg agrarian/rural discourse, top down or bottom up, etc? In your view, how much would the views presented in the phase one report be shared by the main actors involved in rural development in your country?)
 - How were the plans drawn up? (who was involved, who was influential, how much broad consultation or stakeholder involvement, were stakeholders happy about the process, which groups or issues were ignored, which issues were most heavily contested, what were the best and worst features of the process)
- Briefly (at a strategic level, not in great detail) compare the resources allocated to the RDR measures, per country and per capita or per hectare if possible, with:
 - the pattern and amount of resources allocated to Structural Fund programmes (ERDF and ESF) in your country (EU and national) or, for Candidate Countries, EU expenditure through other structural assistance programmes (eg PHARE, ISPA etc), and details of which areas in your country are designated as Objective 1 or 2 (what proportion of the country is covered by each designation?)
 - expenditure in your country on CAP agricultural support as a whole
 - expenditure by the national and/or regional governments on separate rural development or agri-environmental measures

Is there evidence that funding follows traditional patterns of expenditure in your country, or is it addressing new objectives or needs? How do the different funds complement or contradict one another? What do these patterns indicate about the relative importance of RDR vis a vis other influences upon sustainable rural development in your country?

This short section of the report should clarify how the RDR/SAPARD relates to other rural development/environmental policies – whether it is the main instrument or only a minor influence, whether it plays a distinctive role (and what this role is) or whether it overlaps with other policies, or whether there is a relative scarcity of policies and funds and RDR/SAPARD is too small to have much impact on this problem.

STEP 2 -Analysis and evaluation of the texts of RDR plans/SAPARD plans themselves

Sources: RDR/SAPARD plans, supplemented with interviews with experts, officials and stakeholders when attempting the qualitative evaluation

- How many plans there are in each Member State and what areas do they cover (including a clear understanding of where some plans only cover 'accompanying measures' because they are in Objective 1 areas, while Objective 1 plans cover 'other rural development'), and whether the plans overlap geographically (eg a national plan and some regional plans with complementary measures). The pattern should be mapped, if possible.

For federal countries or those with a large number of plans, analyse a contrasting sample of these plans in more detail. Ideally three plans should be looked at, from contrasting areas (eg Objective 1 areas versus non-Objective 1, different kinds of rural area/rural development and environmental challenges). For countries with a single national plan for non Structural Fund (SF) areas and several different plans for the

SF areas, ensure you analyse the national plan and offer a comparison with one or two of the SF area plans.

For each plan studied in more detail:

- Summarise the different national/regional *objectives of the plan* – note whether these are sectoral, geographical, integrated or otherwise defined;
- Describe plan *priorities* at national and regional levels,
- List the *measures* used (as defined by chapter and article numbers in Regulation 1257/1999)
- Compare the objectives of these measures as described in the Regulation against the objectives of the plan – are they complementary/similar, or very different?
- Note any particular ‘*schemes*’ or ‘*projects*’ that these measures, or certain combinations of measures, are being delivered within (eg CTEs in France which deliver *a combination of* different RDR measures together in an integrated way),
- Note the money allocated to each measure or sub-measure (noting EU/national/regional shares) and give some indication of how this allocation is related to the broader objectives, priorities or ‘*schemes*’ in the plan. Note whether EU co-financing rates vary much between different measures or areas;
- Characterise the targets that have been set within the Plans – types, geographic scale, timescales for achieving them. Are they sophisticated or crude measures (give examples)? Do they integrate different objectives, or is there a separate set of targets for each separate measure or objective? Try to assess them qualitatively – will they effectively measure achievements against the objectives of the plan, or will they only give very partial/sectoral measures?

The analysis should also include some more specific agri-environmental information:

- a specific evaluation of the Plans’ *environmental* content (goals, priorities, measures and targets, linkages between these, any tensions between them, gaps or weaknesses)
- for RDPs, a description of, and a brief, critical evaluation of, the definition of ‘usual good farming practice’ as set out within the plans (as required under Regulation 1750/1999 in relation to agri-environment and LFA measures) - does it represent a broad attempt to define UGFP in relation to environmental concerns, or are there significant gaps or weaknesses?
- details of any environmental safeguards that have been built in to non-environmental components in the plans (eg use of investment aid being subject to environmental sustainability tests or EIA, etc)
- a note of any explicit links in the plans between their aims and the requirements of key EU environmental legislation – eg Nitrates Directive, Natura 2000 sites, Water Framework Directive.

Qualitative Evaluation:

From the information gathered and in discussion with stakeholders and experts, the report needs to evaluate:

- the extent to which the plans appear consistent with a balanced and sustainable approach to rural development in each country, within its wider rural policy context.
- whether the plans give adequate recognition to the variability of rural areas that they cover, trying to meet appropriate needs in different areas and being sensitive to different environmental issues in different parts of the country/region.
- how well plans integrate different goals and interests in rural development, whether they are coherent or whether they contain any potentially conflicting or overlapping elements, or any big gaps in their coverage (are certain important interests or issues overlooked?).
- where the money is likely to go, in relation to rural sectors and farm types or sizes – does it cover an appropriate range of groups/sectors/issues? – is the money being used where it is most needed? The sectors that are of most interest to the sponsors are farming, forestry, other rural businesses and rural communities. It may also be important to judge whether the resources for the plans will be adequate to meet their goals.

A particular focus on the environmental evaluation of the plan is also needed:

- considering whether it gives adequate recognition to the requirements of EU environmental legislation through safeguards and by promoting synergies wherever possible, and
- how the balance of spending and measures relates to the key environmental issues relevant to the geographical area covered by the plan.

STEP 3 -Analysis and evaluation of the processes for Implementation, and Monitoring and Evaluation, of the RDPs/SAPARD plans

Sources: mainly interviews with officials and stakeholders, supplemented with some explanatory text in the plans themselves, and other related documentation (eg minutes of national/regional steering groups, etc), where this can be obtained simply/within the resources available

- *Describe the process of implementation* – including who is responsible for delivering the measures, promoting them to farmers and others, approving applications for money and making the payments, making any decisions about who should get the money (eg where a scheme is ‘competitive’), and helping people to apply for the funds?
- Are individual projects which apply for funding subjected to any ‘objective assessment’ of their merits – how does this work? Are there any steering arrangements to involve partnerships of stakeholders in the decision making process? At what scale?
- How much public administration is being devoted to delivering the programme (staff, money, special public advice/extension/promotion arrangements)?
- Are the different measures or schemes being delivered in an integrated way, or quite separately? Are the plans and related documentation (including annual reports) publicly available?
- Are the structures and procedures for implementation simple or very complicated, and why? What do different stakeholder groups think about the appropriateness of these structures (criticisms/praise, ideas for improvement)? Are the delivery structures easily accessible at local level?
- *Who will monitor the programmes and their achievements?* Do stakeholders have a role and are they happy with it? Is there a specific environmental element in monitoring the programmes? Is there any wider sustainability assessment (looking at economic, environmental and social sustainability)?
- What resources will be devoted to monitoring and/or evaluation? How will monitoring relate to the Mid Term Reviews?
- Are the administrations planning any special consultations about programme performance, in the run up to mid-term?
- *Resourcing the plans from horizontal measures under Regulation 1259/1999* – for RDPs, is **modulation** being used, is it going to be used? If so, how will it apply and what will the modulation money be spent on? Is **cross-compliance** (if applied) likely to provide any money for RDPs, and how will this work?
- Have the programmes been modified since they were launched? How and why? Will these changes help to improve the programmes’ performance in environmental or rural development outcomes, or are they purely administrative? Are there any lessons to be learned from the modification process?

Qualitative Evaluation:

- What are the likely good and bad points about these details, in relation to their ability to delivery the sponsors’ goals for sustainable rural development and environmental integration (eg for Natura 2000 sites, water resources, forestry)?
- How effective are the structures and arrangements for implementation at present? Are there major problems or issues about implementation/programme administration that concern either officials or stakeholder groups – what are these?
- What implications do these problems or issues have, for the likely success of the programme, and for wider sustainable rural development?

Additional Environmental Evaluation Questions –

- The European Commission tried to put pressure on countries to improve their implementation of environmental legislation, by indicating that their plans wouldn’t be approved unless they did this. Did your country get a specific letter from Commissioner Fischler on this subject, when the plans had been submitted to Brussels for approval? Did the letter stimulate any changes at national or regional level – ie did the Commission’s aim succeed, here?
- Are environmental organisations/administrations integrated into the programme implementation and monitoring processes in an appropriate way to ensure environmentally sustainable outcomes?
- Are implementing officials, and those who receive support, sufficiently aware of EU and national environmental Regulations (and timetables for implementation of these) and environmental opportunities to guard against inappropriate use and to encourage ‘win-win’ projects and outcomes (ie beneficial in environmental *and* socio-economic ways)?
- Are there examples where environmental authorities’ involvement has led to benefits in the design or functioning of the implementation process, from the perspective of sustainable rural development?

STEP 4 - Overall estimation and appraisal of the likely Outcome of the Programmes,

in relation to sponsors' goals for sustainable rural development and environmental integration

Sources: any predictive studies, any previous evaluations of schemes or initiatives which were carried forward into the RDR plans, appraisals of likely impacts in the plan documents themselves, views of independent experts, stakeholders (especially environmental NGOs and farming and community groups) and key officials.

These should be used as far as possible within the resource constraints of the project but this step will also require the development of a logical argument/appraisal drawing upon your own expertise and understanding of the plans and their delivery, as built up through steps 1-3 and refined with help from WWF national teams and the IEEP/CRE co-ordination team, where relevant. In particular, focusing on the notion of 'change' as an indicator of progress towards sustainable development and environmental integration or developments that work against these goals, is likely to be central to the analysis (ie how much and in what ways has the RDR changed the policy mix/climate/likely outcomes in relation to these goals?).

- Are the programmes targeting the right issues/sectors, in the right places? Are they big enough or too big, are they involving the right interests, is there appropriate technical support – ie which are the strengths and weaknesses of the programmes, in relation to what they are likely to deliver?
- Is the balance between economic, social and environmental outcomes likely to be appropriate? Is it likely to be integrated or will these three strands be pursued quite separately? Will opportunities for synergy be recognised and taken, or not recognised, or simply not be able to be dealt with even if they are recognised? Will conflicts between goals (eg at local level) be recognised and dealt with in a balanced way, or will they damage the performance or the sustainability of the programme?
- Looking at both past performance of measures in the programmes (where possible) and considering future performance, what will the likely impacts be upon key environmental assets – freshwater habitats and water resources, forests, Natura 2000 sites and species, also landscape, historic features, soil & air quality, public enjoyment/leisure
- Similarly, what will the likely impacts be upon key social and cultural assets in rural areas – rural communities and their viability, traditions, cultural knowledge, etc.
- What case studies can be identified, from the RDP/SAPARD programmes or from other important and relevant rural development programmes/initiatives, to illustrate 'good practice' or 'key weaknesses/problems' of RDR/SAPARD that could be relevant to other areas, other countries, or to the EU as a whole?

For one to three specific **case-study examples**, national teams should provide a brief description of the case and explain its relevance to these wider questions.

STEP 5 - How could the programmes be improved, in future? - Proposals for Change

Sources: To generate proposals for change, interviews with stakeholders, officials and experts should highlight some areas/ideas. However, these will need to be tempered by your own evaluation of what is likely to be most helpful, developed in discussion with the co-ordinating team at IEEP/CRE and with WWF national teams, where possible. The focus should be on proposals that will relate directly to the sponsors' goals for sustainable rural development and environmental integration.

- These proposals need to include identifying as far as possible what measures or actions need changing, at what level, through which policy instruments or processes, and what the changes would be expected to achieve.
- What changes might be made to the plans or to the RDR/SAPARD Regulation? – content, requirements, balance, resourcing, etc
- What changes could be made to the processes involved? – planning, implementing, monitoring, modifying, funding, who should be involved
- What other external factors need to change, to enable the programmes to succeed in promoting sustainable rural development (eg other CAP changes, other institutional changes, changes to other rural policies or processes, including accession rules or arrangements)

Annex V Allocation of funds to measures in rural development plans in core countries

Table V.1 Measures under the Austrian Rural Development Programme

Priorities		% of public funding	Measure (% of public funding)	% of public funding
I	Adjustment of the agricultural sector	5.8	Art 4 Farm investments	3.5
			Young farmers	2.3
II	Vocational training	0.9	Art 9 Training	0.9
III	Less Favoured Areas	26.3	Less Favoured Area allowances	26.3
IV	Agri-environmental measures	60.1	Agri-environment measures	60.1
V	Processing and marketing of agricultural products	1.5	Processing and marketing schemes	1.5
VI	Forestry	2.3	Farmland afforestation	0.1
			Additional measures in forestry	2.2
VII	Adjustment and development of rural areas	3.1	Article 33 measures:	
			Marketing of quality agricultural products	0.2
			Village renovation and heritage conservation	0.1
			Farm diversification	1.4
			Water management in agriculture	0.1
			Farm infrastructure	1.1
Environmental and animal protection	0.3			

Table V.2 Budgetary Allocations in France's Plan de Développement Rural National

Figures in Million Euro, 2000-2006

Measure	PDRN	Obj 2	Total	%
Farm investment Art 4	1 552.9	244.0	1 796.9	11.7
Young farmers	1 882.3	0	1 882.3	12.2
Training Art 9	116.8	0	116.8	0.8
Early retirement	380.2	0	380.2	2.5
Less Favoured Areas	2 893.1	0	2 839.1	18.4
Agri-environment	2 305.9	0	2 305.9	15.0
Processing and marketing	2 490.0	325.7	2 815.7	18.3
Farmland afforestation	120.4	0	120.4	0.8
Other forestry measures	525.2	0	525.2	3.4
Article 33: of which				13.5
Land improvement	16.2	91.0	107.2	0.7
Land reparation (<i>remembrement</i>)	106.7	134.0	240.7	1.6
Farm relief/other services	0	29.4	29.4	0.2
Marketing of quality agricultural products	55.8	269.1	324.9	2.1
Basic services for rural population and economy	0	319.1	319.1	2.1
Village renovation and heritage conservation	33.5	191.9	225.4	1.5
Farm diversification	55.8	179.0	234.8	1.5
Water management in agriculture	33.5	85.6	119.1	0.8
Rural infrastructure development	0	79.8	79.8	0.5
Tourism and crafts	0	165.5	59.0	0.4
Environment and animal protection	180.0	482.8	200.6	1.3
Reconstitution of agricultural potential following natural disasters	0	108.8	108.8	0.7
Financial engineering	0	13.5	13.5	0.1
TOTAL	12 694.4	2 723.5	15 417.9	100

Table V.3 Measures Funded under the Rural Development Programmes in Germany

Development of agriculture and forestry - 33% of funds	Rural development - 23%	Environmental and compensatory measures / afforestation - 43%
Farm investments (Art 4-7) Young farmers (Art. 8) Training (Art. 9) Processing and marketing (Art. 25 – 28) Forestry (Art. 29, 30, 32) Reparcelling (Art. 33, Par. 2) Farm services (Art. 33, Par. 3) Marketing of quality agricultural products (Art. 33, Par. 4) Water management in agriculture (Art. 33, Par. 8) Farm infrastructure (Art. 33, Par. 9)	Basic services for rural population and economy (Art. 33, Par. 5) Village renovation (Art. 33, Par. 6) Farm diversification (Art. 33, Par. 7) Tourism and crafts (Art. 33, Par. 10) Restoration following natural disasters, and prevention instruments (Art. 33, Par. 12)	Support for Less-Favoured Areas (Chapter V) Compensation for environmental restrictions (eg under Habitats Directive) (Art. 16) Agri-environmental measures (Art. 22-24) Afforestation (Art. 31) Environmental and animal protection (Art. 33, Par. 11)

Table V.4 Germany Priority I - Development of Agriculture and Forestry

Measure	%	% of total RDPs
Infrastructure	9	3
Investment in agricultural holdings	32	11
Processing and marketing	17	6
Reparcelling	15	5
Water resources	14	5
Forestry	9	3
Other measures	4	1

Table V.5 Germany Priority II - Rural Development

Measure	%	% of total RDPs
Diversification	3	1
Tourism/crafts	3	1
Other measures	2	0
Natural disasters/prevention	4	1
Village renewal	88	20

Table V.6 Germany Priority III -Environmental and Compensatory Measures

Measure	%	% of total RDPs
LFA	18	8
Areas with environmental restrictions	1	0
Agri-environment	70	30
Article 33 environmental protection	7	3
Afforestation	4	2

Table V.7 Allocations under the RDR by Measures in Spain

<i>Measures For Modernisation Of Farming And Food Industries</i>		% of budget¹⁰
Article 33	Water management in agriculture (irrigation)	14.2
Article 25-28	Processing and marketing	12.5
Article 4-7	Farm investments	8.8
Article 33, p.3	Farm services	5.9
Article 33, p.9	Farm infrastructure	5.9
Article 8	Young farmers	4.6
Article 10-12	Early retirement	3.7
Article 33, p.2	Reparcelling	0.9
Article 33, p.1	Land improvement	0.2
TOTAL		56.7
<i>Measures For Other Forms Of Land Management</i>		
Article 29-32b	Forest planting and management	9.8
Article 22-24	Agri-environment	9.7
Article 29-32 ^a	Farmland afforestation	7.2
Article 13-21	Less Favoured Areas	4.8
Article 33, p.11	Environmental protection	3.7
TOTAL		35.3
<i>Measures For Diversifying The Rural Economy</i>		
Articles 9, 25-28 and 33	PRODER	4.6
Article 33, p.10	Tourism and crafts	1.1
Article 33, p.5	Basic services for rural population and economy	0.9
Article 33, p.6	Village renovation and heritage conservation	0.4
Article 33, p.4	Marketing of quality agricultural products	0.4
Article 9	Training	0.3
TOTAL		7.7

Table V.8 Swedish RDP Allocation of Funds to Measures

<u>Measure in the RDR</u>	Total public funds in M EUR, 2000-2006	Proportion of RDP
Agri-environment*	1768.29	69.30
Compensatory allowances in LFA	402.35	15.77
other forestry**	0.14	0.01
Article 32 - ecological stability in forests	6.47	0.25
Investment aid	87.57	3.43
Setting-up aid young farmers	25.88	1.01
Processing and marketing	27.06	1.06
Training	130.73	5.12
<i>Article 33:</i>		3.38
Diversification	11.06	0.43
Marketing of quality products	16.59	0.65
Tourist and craft activities	16.59	0.65
Development of infrastructure	5.53	0.22
Renovation and cultural heritage	5.53	0.22
Environmental protection	30.78	1.21
Total	2551.63	100.00

*includes a significant amount from existing contracts under Reg 2078/92

** all existing commitments under Reg 2080/92

¹⁰ per cent of total allocated budget (EU + Spain)

Table V.9 UK Rural Development Programme Allocations

'Region'	Budget (M Eur)	Accomp Measures	Non-accomp measures
England	2,700	Agri-environment (46% of UK RDPs) LFA (31%) Afforestation (8%)	Article 4 investment Article 9 training Article 33 Processing and marketing
Wales	750		Same as England
Scotland	1,000		None
N Ireland	400		None

Table V.10 The allocation of resources in the Polish SAPARD Programme final version

Measures	<i>Budget in million EUR</i>	<i>%</i>
Priority axis I: Improvement of the market efficiency of the agri-food sector		
Measure 1 - Improvement in processing and marketing of food and fishery products: for animal production and fruit and vegetables	1 195.52	45
Measure 2 - Investments in agricultural holdings – to restructure milk production, modernise livestock production and promote diversification	554.89	21
Priority axis II: Improvement of conditions for economic activities and job creation		
Measure 3 - Development of rural infrastructure*	445.96	16
Measure 4 - Diversification of economic activities in rural areas – includes capital grants for investments in diversification and marketing and promotional activities	362.77	14
Complementary axis		
Measure 5 – Agri-environment measures and afforestation (pilot projects in selected areas)	30.56	1
Measure 6 - Vocational training – for core business skills and diversification	34.15	1
Measure 7 - Technical assistance – focused on increasing efficiency in implementation, monitoring and control, and effective targeting of beneficiaries	32.46	1
TOTAL	2 656.31	100

*Includes: Water supply for rural households, including water purification; wastewater purification and disposal; solid waste management; roads in rural areas; energy supply and rural telecommunications. Beneficiaries under this measure will be, in particular, municipalities and associations of municipalities.

Table V.11 Measures of the Hungarian National SAPARD Plan

Title of measures	% Share in budget	Total public funding in 1000 EUR
<i>Agricultural measures</i>		
Investments in agricultural holdings	28.46	100.81
Improvement of vocational training	1.79	6.33
Improvement of the processing and marketing of agricultural and fishery products	20.53	72.72
Agri-environment	4.27	15.11
Setting up of producer groups	7.35	26.04
Agriculture (total)	62.40	221.01
<i>Rural development measures</i>		
Renovation of villages	9.06	32.09
Economic activities providing alternative income	15.46	54.77
Improvement of the rural infrastructure	11,98	42.44
Rural development (total)	36.5	129.26
Technical assistance	1.10	3.85
<i>Total</i>	<i>100</i>	<i>354.15</i>

Annex VI Summary of sponsors' key recommendations

LUPG and WWF Europe have identified 12 key recommendations from the findings of the Europe's Rural Futures project.

- **The RDR is an innovative tool with considerable potential to support sustainable rural development throughout Europe, particularly in promoting a more integrated and multifunctional approach to rural land management, environmental integration and, economic and community development.** It provides a good framework for integrated planning of rural development across Europe and includes a broad menu of relevant measures.
- **However, although there are some good examples, this potential is generally not yet being fully realised. Planning and implementation of the RDR and SAPARD do not reflect the ambitions of the Commission's objectives for the purpose and value of the CAP's Second Pillar.** Reasons for this include: lack of time for planning; complex administrative procedures; inadequate funding; and limited incentives for countries to re-think and redesign existing policies to fully reflect the scope of this new instrument and its requirements.
- **To deliver against their own broad set of objectives, the RDR and SAPARD need to be less focused on agriculture and should use the range of measures available more effectively.** Given its origin within the CAP, the RDR will always have a strong role in supporting agricultural restructuring. But, currently the RDR and SAPARD are too focused on agriculture and, in most countries, implementation is controlled by agricultural interests. Broader rural, environmental, economic and community concerns need to be integrated. The full range of RDR measures should be used to support this.
- **It is essential that RDR resources are increased and scope provided for significant growth. Without this the RDR will be unable to effectively support the range of objectives it has set itself, particularly in marginal areas, where agriculture faces sharp decline.** Current RDR resources fall far short of needs. The huge scale of Pillar One funds overshadows the limited RDR resources and reduces the incentive to participate in Pillar Two schemes. This makes it difficult for many Member States to expand or develop RDR schemes to address priority needs.
- **The Commission's Mid-Term Review proposals for compulsory dynamic modulation of Pillar One payments, if adopted, would help to increase RDR resources but would still be too modest, on their own, to address the needs identified** In addition, the proposals to add new RDR measures seem unlikely to improve its effectiveness. They would be likely to absorb significant funds for mainly agriculturally based measures and might deflect the RDR from its broader strategic goals. Some proposals might be pursued more effectively by better use, streamlining and, possibly, broadening the scope of the existing measures.
- **The Commission and Council urgently need to redress the balance of funding between regions to more fully match the relative levels of economic, environmental and social needs across the varied territory of rural Europe.** This implies adopting new objective criteria for allocating RDR resources at national and/or sub-national levels, based on sustainable development indicators. They should also ensure that the selection and balance between measures reflects the relative social, economic and environmental needs of each territory.
- **The Commission urgently needs to enable a more flexible and strategic approach to planning, implementation, audit and ongoing development of RDR programmes. It should give more emphasis to achieving the overall goals of sustainable development and environmental integration.** The Commission should aim to reduce the current detailed conditions for individual instruments, and enable and encourage Member States to use measures flexibly and innovatively to meet identified environmental, economic and social needs.

- **The Commission should use the Mid-Term Review (MTR) and the RDR Mid-Term Evaluation processes to propose and encourage changes in the design and use of the RDR to address the above concerns.** At present, the RDR's complexity is undermining the effective delivery of programmes to meet sustainable rural development goals.
- **Better integration is needed between different RDR and SAPARD measures, and between the Rural Development Programmes and other European and national legislation and instruments (eg the Structural Funds).**
- **Candidate Countries should see the increased rural development spending proposed in the Issues Paper for the future Member States as an important opportunity to be grasped. The Council should lead the way by adopting compulsory modulation for current Member States and supporting the Commission's proposals for the Candidate Countries.** The SAPARD programmes have helped to develop central institutional capacity in Candidate Countries but have not given these countries sufficient regional and local experience of implementation or monitoring to prepare for delivering the RDR. This will require further investment of time and resources at EU and national levels.
- **The Commission and Candidate Countries should ensure that the rural development programmes developed for post-accession adopt a broader scope than has been achieved under SAPARD programmes and should include provision for effective facilitation and capacity building to enable EU funding to be used to its full potential.** The programmes need to include substantial agri-environment programmes along with schemes for the broader rural economy and for social and environmental purposes. Significant support for facilitation, technical support and training are key to strengthening the capacity of local and regional actors to design and implement new measures and meet the requirements of EU legislation.
- **Existing Member States also need to prioritise facilitation, technical support and capacity building in their RDPs to ensure the effective and sustainable use of RDR funds.** In too many cases this support has not been given and, as a result, programmes are unlikely to deliver truly balanced and sustainable outcomes. We suggest that the Commission considers facilitating a mechanism for exchanging experience and good practice in implementation.