



## Mountainous areas and rural development

**Given that farmers have a vital role to play in the conservation of our bio-diversity and traditional landscape, agricultural activities in the EU's mountain regions are essential not only to the economic activity and employment but also to the preservation and development of their fragile ecosystems. With numerous difficulties related to the climatic conditions, the nature of their terrain and the isolated position of most mountain settlements, Community rural development measures have since 1975 been targeted at assisting these regions and have been recently strengthened.**

**For the 30 million people who inhabit these areas, which account for some 30% of the Community territory, agriculture and its related activities are a key component of the rural economy. Their future lies in the creation of a competitive regional environment where quality and authenticity remain intrinsic attributes. Because the rural population has been in decline now for some time, and an integrated approach is needed, particularly in remote mountain regions, the EU rural development policy extends beyond agriculture. Diversification on and off-farm (for example encouragement of tourist and craft activities, training schemes, improvement of the infrastructure) aim to ensure overall sustainable development.**

### Rural development policy: shaped at the appropriate geographical level

In July 1997 the European Commission launched "Agenda 2000," a proposal to reform significant community policies and to prepare for enlargement to include the Central and Eastern European Countries (CEECs). It was adopted by the Council in 1999 and includes a reform of the Common Agricultural Policy (CAP), putting a stronger emphasis than before on rural development. In this framework, and in addition to instruments available within market organisations, some of them offering flexibility for mountain areas, it also defined different schemes that are targeted at, or well adapted to mountainous regions. The new programming period runs from 2000 to 2006.

Because every mountain region is different, it is essential that rural development programmes are tailor-made to take into account the specific characteristics of each area. The EU has therefore reinforced a decentralised approach to allow

programmes to be drawn up at the appropriate geographical level, after consultation with economic and social partners, agricultural and environmental authorities and bodies. Moreover the Community initiative for rural development "Leader+" is based on a bottom up approach and Local Action Groups (LAGs) have an important role to play.

### How does the rural development policy support our mountain regions?

Complementing the Common market organisations and heralded as the "second pillar" of the CAP, rural development policy aims to strengthen the agricultural and forestry sector, improve the competitiveness of rural areas, preserve the environment and rural heritage, and to promote the multi-functional role of agriculture. Council Regulation (CE) 1257/1999 on support for rural development from the EAGGF (European Agricultural Guidance and Guarantee Fund) lays down its framework, which includes a broad scope of measures (support for investment, setting-up of young farmers, training...), some of them being especially significant for mountain areas:

#### Agri-environmental measures

They support agricultural production methods designed to promote the environment and to maintain the countryside. Member States have to provide them throughout their territories in each rural development programme. Extensification of farming and management of low-intensity pasture systems are especially relevant in mountain areas in the protection of soil and genetic diversity.

#### Less Favoured Areas (LFA) and areas with environmental restrictions

Because land use in mountainous regions is limited and input costs significantly higher, farmers in these areas are entitled to compensatory payments through LFAs to ensure that they can continue sustainable agricultural practice with attention to environmental requirements. These payments are now made on an area basis (between €25 and €200 per hectare as averaged at programming level), and they assist farmers in the role they must play in managing their specific area and help to avoid certain environmental problems. Moreover, the total support to investments in agricultural holdings, limited to 40% of the volume of eligible investment, can be increased to 50 % in less favoured areas, and to 55% when these investments are undertaken by young farmers within a period up to five years after setting-up. It is up to the Member States to make full use of these possibilities.

## **Forestry**

Given the importance of the protection and socio-economic functions of forestry in mountain regions, the aid provided to this sector enhances the multifunctional role of forests in order to contribute to sustainable development of mountainous areas. Payments per hectare are provided to private owners, their associations or communal authorities for afforestation, investments to increase the economic, ecological and social benefits of forests, promotion of new outlets, prevention of physical risks such as erosion and avalanches, and restoring forestry production potential damaged by natural disasters. These measures will help to secure sustainable forest resource management and to maintain a viable level of local socio-economic activities while providing increasing benefits to society by strengthening the protective and ecological functions of mountainous forests.

## **Promoting the development and adaptation of rural areas (so called Article 33 measures)**

These are aimed at promoting a more integrated rural development policy throughout the Community; and do not fall within the scope of any other measure of the regulation. They include diversification off farm, renovation and development of villages and protection and conservation of rural heritage, protection of the environment in connection with agriculture, forestry and landscape, and land improvement. All are especially relevant for mountain areas.

## **Leader+**

The Community Initiative for rural development, LEADER+, which has its own programming, is designed to encourage pilot approaches to integrated rural development in selected local rural areas (typically where there are between 10 000 and 100 000 inhabitants) throughout the EU. It aims to contribute to a more sustainable social, economic and environmental development of rural areas with particular emphasis on four priority themes: use of know how and new technology, making the products and services of rural areas more competitive, improving the quality of life in rural communities, adding value to local products, and making the best use of natural and cultural resources. LEADER+ is implemented by Local Action Groups (LAGs) - private/public partnerships responsible for drawing up and implementing a development strategy for the local rural area they represent. As was the case under LEADER I and II, it is likely that several of the LAGs selected under LEADER+ (the selection process in most Member States is still underway or not yet launched) will be located in mountain areas.

LEADER+ also puts a strong emphasis on stimulation of joint co-operation projects between LEADER groups within the EU and beyond, and on networking to encourage the exchange of experience and sharing of ideas and approaches between rural areas. LEADER+ is jointly funded by the Community and Member States with a total allocated budget from the EAGGF Guidance fund of over €2 billion for the 2000-2006 programming period.

## **How are rural development measures (other than Leader+) programmed ?**

Four measures (early retirement, less favoured areas and areas with environmental restrictions, agri-environment and afforestation of agricultural land) are included in "rural development plans" on the whole EU territory. These documents include also all other rural development measures outside Objective 1 and 2 areas of the Structural Funds, and may include these measures in Objective 2 areas. In these areas, and at the choice of the Member State; these measures may alternatively form part of the programming of Structural Funds; in Objective 1 areas they have to be included in the programming of the Structural Funds. (95% of the EU's mountain areas are eligible under Objective 1 or 2). In all mountain areas, even those outside of these Objectives, the EU rural development policy offers opportunities to cater for the specific needs. Effective management of the mountain environment will be best achieved through this.

## **How are rural development programmes financed?**

All the above mentioned programmes are co-financed by the European budget (through the EAGGF) and the Member States. The source of the Community funding varies according to the regions and measures concerned. Community initiative Leader+ is funded by the Guidance section throughout the whole territory of the EU, and measures included in the mainstream programming of the structural funds in Objective 1 regions are also funded from the EAGGF Guidance. Other measures, inside and outside Objective 1 regions are funded by the EAGGF Guarantee section (annual average ceiling: €4.3 billion).

Programmes receiving EU funding are subject to ongoing monitoring and evaluation. Member States must submit provide annual progress reports on the implementation of their programmes and on the use of their allocation for rural development and structural funds in particular, so the Commission can monitor them

### **The International Year of the Mountain**

In 1998 the United Nations General Assembly designated 2002 as "The International Year of the Mountain". With activities scheduled to take place at all levels to promote the sustainable development of mountain regions, it will provide the opportunity to discuss and explore the problems that these regions face. Because many Member States are not using the range of options already available to them to their best potential, the Commission will be using the opportunity to host a seminar concentrating on the existing support schemes. National and regional authorities, National Government Organisations (NGOs), and social and economic partners will be invited to suggest how mountain regions could make better use of the existing policies.

### **European Parliament's initiative: report and resolution on "25 years of application of Community legislation for hill and mountain farming"**

On the 6 September 2001, the European Parliament adopted with amendments an "own initiative" report (reporter: Mr. Ebner) on 25 years of application of Community legislation for hill and mountain farming. The voted resolution calls for a complete plan for the sustainable development of the Union's mountain regions and those of the applicant countries, including safeguards for agriculture. In the coming months the Commission will transmit to the European Parliament the follow up given to this report.

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