



Thematic Working Group 1

Targeting territorial specificities and needs in Rural Development Programmes

Step 2 Report

EN RD Contact Point

30 March 2010



Connecting Rural Europe

The Thematic Working Group 1

The EN RD has established Thematic Working Groups (TWGs) which carry out specific analysis on the basis of the current rural development programmes focusing on specific thematic priorities. Working on the basis of a specific mandate they provide in-depth analysis of the EU Rural Development policy implementation and contribute to the understanding and diffusion of 'know-how' and experiences and improvement of its effectiveness. As of October 2010, TWGs have been established on the following topics:

- TWG1: Targeting territorial specificities and needs in Rural Development Programmes
- TWG2: Agriculture and the wider rural economy
- TWG3: Public goods and public intervention
- TWG4: Delivery mechanisms of EU Rural Development Policy

The overall objective of **TWG1** is to contribute, through relevant analysis and the diffusion of results, to an efficient targeting of territorial specificities and needs in Rural Development Programmes (RDPs) and to a more balanced development of rural areas across Europe.

Based on a predefined workplan the Group conducted its analytical work in 3 steps:

Step 1 analysed how EU Member States have defined or targeted rural areas in their RDPs for the 2007-2013 programming period, and what kind of indicators and definitions they have used for this purpose.

Step 2 addressed the issue of demarcation and complementarity between the different European Union and national funds in terms of meeting the development needs of rural areas and the targeting of specific territories for the application of measures and resources to meet identified areas.

Step 3 which is the final output of the analytical work, involves the production of an overall report bringing together the various elements (including significant commonalities and variations) with respect to:

- national approaches to the definition of rural areas;
- the analysis of territorial specificities and needs;
- the targeting of measures in relation to these specificities and needs;
- strategies for demarcation and complementarity between RDPs and other Community and national instruments.

Informed by the above, the Step 3 Report concludes by providing draft building blocks for a revised typology of rural areas, and a revised set of baseline indicators.

From autumn 2010 onwards a number of "products" based on the analysis and outcomes of the analytical work are being developed for widespread dissemination and discussion among EN RD stakeholders.

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Acronyms and Abbreviations

CF	Cohesion Fund
DG AGRI	Directorate General for Agriculture and Rural Development
EAFRD	European Agricultural Fund for Rural Development
EFF	European Fisheries Fund
ENRD	European Network for Rural development
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
Ha	Hectare
IR, PR and PU	Intermediate Regions (IR), Predominantly Rural Regions (PR), and Predominantly Urban Regions (PU) within the definition of regions offered by OECD
LAG	Local Action Group
LAU	Local Administrative Unit
LFA	Less Favoured Area
NUTS	Nomenclature of Territorial Units for Statistics
OECD	Organization for Economic Co-operation and Development
SAPARD	Special accession programme for agriculture and rural development
UAA	Utilised Agricultural Area

Summary

This report presents the results of research undertaken during Step 2 of the Thematic Group's work. The object was to analyse how Member States, in their Rural Development Programmes (RDPs), have:

- addressed the issue of demarcation and complementarity between the different Community and national funds, as they may be applied to meeting the developmental needs of rural areas;
- targeted specific territories for attention, assessed the relevant needs of these territories, and applied measures and resources to meet those needs.

The analysis of demarcation and complementarity focused upon the 35 national or regional RDPs which were studied in Step 1. The analysis of territories, needs and measures focused upon 19 RDPs, divided into 6 sets which each related to one category of specific territory - Less Favoured Mountain Areas; other Less Favoured Areas; Natura 2000 and environmentally valuable farm land; Specific development areas; Rural areas eligible for Axis 3 measures and Areas covered by Local Action Groups under Axis 4.

The conceptual basis for the work in Step 2 is focused on the relationship, within each Rural Development Programme, between five things - the definition of rural areas for the general purpose of the RDP; the targeting of specific territories; the relevant needs of these territories; the measures and resources that are applied within the RDPs to meet those needs; and the measures and resources from other Community and national funds that may be applied to meeting the developmental needs of rural areas, with the approach to demarcation and complementarity between the RDP and these other funds. This conceptual basis is described in Section 2.

The analysis shows strong awareness among Member States and regions of the potential for complementarity between the EAFRD and other major or funds or programmes in meeting the needs of rural areas. Almost all of them expect support to rural areas from the ERDF, the ESF and the EFF, and (in relevant countries) the Cohesion Fund. A minority also expect support from the LIFE+ programme. A number also expect to use other national and regional programmes. Various mechanisms are used to ensure effective coordination between the different funds, both at central level and at the level of local programming and delivery.

About half of the definitions of the specific territories studied bear a clear relationship to the definition of rural areas used by the states and regions for the general purpose of their RDPs. They include all of the 'specific development areas' and the 'areas eligible for Axis 3 measures'. The Less Favoured Areas, and the Natura 2000 areas and environmentally valuable farm land may also largely fall within the rural area as generally defined, but their territorial scope tends to be governed more by specific provisions in the Regulations. Of the LAG areas, three are confined to the rural areas as generally defined, while two – those for Ireland and for Andalucia – the LAGs are permitted to extend beyond the rural areas as generally defined.

The case studies also suggest that devolution of RDP powers to regions can permit the flexing of territorial definitions to reflect a sharper relationship between needs and measures.

A wide range of RDP measures is used in addressing the needs of specific territories, sometimes going beyond the scope of the measures that are normally associated with a particular type of territory. Funds from outside the RDPs are also used in many territories.

Systems of local delivery may permit not only the focussing of RDP resources on the needs of specific territories but also the harnessing of the energies of local people and organisations and resources from

European, national and provincial funds other than the RDP. The systems include not only the Local Action Groups under Axes 4 of EAFRD and EFF, but also other models, such as the Integrated Territorial Intervention territories in Portugal and the 'Pays' and Regional Natural Parks in France.

The case studies show, on average, a fair degree of coherence within the whole sequence of elements covered in the case study – the broad definition or concept of rural areas, the strategic goals of the RDP, the specific definition of the territories covered by this case study, the assessed needs in these territories relevant to the measures being applied, the measures and resources to be applied or allocated within the RDP, and the complementarity or demarcation with other instruments or programmes?

There is clearly a fair measure of relevance in the application of measures to the objectives for specific territories. But it was impossible to assess the efficiency or balance of the approaches to targeting territorial specificities and needs, as there was no access to the post-hoc evaluation of the RDPs or information about money applied from funds other than the RDPs.

A total of 17 examples of elements of relevant practice in the fields of territorial targeting were identified. These merit further study by the Working Group as having potential to be more widely publicised.

The conceptual basis stated in Section 2 has been validated by the Step 2 study.

In relation to the Working Group's programme, Step 2 has supplemented the Step 1 work, related to all member states, by analysing how Member States and regions have addressed the issue of demarcation and complementarity between the different European Union and national funds, as they may be applied to meeting the developmental needs of rural areas. Case studies have been used to analyse how a sample of Member States and regions have targeted specific territories for attention within the RDPs, have assessed the relevant needs of these territories, and have applied measures and resources within and outside the RDPs to meet those needs. Thus light has been thrown on the relationships which are crucial to an understanding of the Group's focal issue, namely the targeting of territorial specificities and needs.

Looking ahead, the Working Group has agreed that Step 3 should see the production of a report showing the overall pattern, including both significant common elements and significant variations, in national approaches to definition of rural areas, to analysis of territorial specificities and needs, to targeting of measures in relation to these specificities and needs, and to strategies for demarcation and complementarity between RDPs and other Community and national instruments. The work completed in Steps 1 and 2 does provide the raw material that is needed to achieve that purpose.

The Group envisaged that the Step 3 report would draw provisional conclusions on the apparent adequacy, efficiency and balance implied by this pattern of targeting of territorial specificities and needs. It is not considered that the findings in Steps 1 and 2 will yield meaningful conclusions on this subject. However, the Step 3 report will throw light on the potential building blocks for a revised typology of rural areas and a revised set of baseline indicators.

Contents of the report

Section 1 recalls the objective behind the **work programme of TWG1**, the scope of the first phase of that work, the sequence of work within that phase, the work completed in Step 1, and the specific aim and approach of Step 2.

Section 2 outlines the **conceptual approach** to the two main issues to be explored in Step 2, namely (i) territorial targeting of measures within the rural development programmes, and (ii) demarcation and complementarity between the different European Union and national funds as they may be applied to meeting the developmental needs of rural areas.

Section 3 describes, by reference to the same sample of member states and regions that were described in the Step 1 report, how these states and regions address the issue of **demarcation and complementarity** between the different European Union and national funds, as they may be applied to meeting the developmental needs of rural areas.

Section 4 describes, by reference to a series of case studies, how selected Member States or regions have **defined specific territories** within their Rural Development Programmes, how they have assessed the relevant **needs** of those territories, and how they have applied **measures and resources** to meet those needs.

Section 5 presents the **main findings of the work in Step 2**; relates these findings to those in Step 1; and states the **implications for the work in Step 3**, which will conclude the first phase of the Working Group's work programme.

The Annex contains, for each of the 35 RDPs in the set which was also analysed in Step 1, a summary (taken from the RDPs) of the broad approach to demarcation and complementarity between the EAFRD and other EU funds (mainly ERDF, ESF, CF, EFF and LIFE +). These summaries are based only on the texts of the respective RDPs.

1. Introduction

This introductory section recalls the objective behind the work programme of TWG1, the scope of the first phase of that work, the sequence of work within that phase, the work completed in Step 1, and the specific aim and approach of Step 2.

The **objective of the Group** is to contribute, through relevant analysis and the diffusion of results, to an efficient targeting of territorial specificities and needs in Rural Development Programmes (RDPs) and to a more balanced development of rural areas across Europe.

The **first phase of the Group's work** – March 2009 to March 2010 – is focused on laying a fieldwork of understanding of how Member States, in their RDPs, have addressed the issues of:

- identifying the specificities and needs of different territories;
- targeting the measures and resources in these programmes to suit these specificities.

This work is being addressed in **three main Steps**:

Step 1: Analysis of how Member States, in their RDPs, have defined or targeted rural areas for the 2007-2013 programming period, with the indicators or definitions that they have used for this purpose.

Step 2: Analysis of how Member States and regions have targeted specific territories for attention within the RDPs, have assessed the relevant needs of these territories, and have applied measures and resources in the RDPs to meet those needs. This Step also includes analysis of how Member States and regions have addressed the issue of demarcation and complementarity between the different European Union and national funds, as they may be applied to meeting the developmental needs of rural areas.

Step 3: Production of a report showing the overall pattern, including both significant common elements and significant variations, in national approaches to definition of rural areas, to analysis of territorial specificities and needs, to targeting of measures in relation to these specificities and needs, and to strategies for complementarity and demarcation between RDPs and other Community and national instruments. The report will offer examples of relevant practice in these fields, together with suggested building blocks for a revised typology of rural areas and a revised set of baseline indicators.

Work completed in Step 1: The work on Step 1 focused on analysis of 23 national and 12 sub-national or regional RDPs, which between them represent all 27 Member states. The main focus was on how Member States, in their RDPs, defined rural areas for the general purpose of these Programmes. The analysis showed that there is significant variation between countries in their approaches to this definition, and in their concepts of rurality; and that this variation reflects differences in topography, population density, administrative traditions and other factors.

The analysis in Step 1 also included a simple appraisal of the more specific definitions used by Member States in targeting rural areas for the application of individual measures in their RDPs. This provided a crude picture of the definitions which are most widely used among member states, and of the broad pattern of application of measures to action within those territories. As described below, this information has provided a starting-point for the analysis in Step 2 of how this relationship between specific territories and measures actually works.

What Step 1 did not include was an analysis of how the Member States and chosen regions have addressed in their RDPs the issue of demarcation and complementarity between the EAFRD and other European Union and national funds, as they may be applied to meeting the developmental needs of rural

areas. This is potentially significant in understanding what measures and resources, within and beyond the RDPs, are applied to meeting the needs of rural areas generally and of specific territories within them. For this reason, it was decided to undertake this piece of analysis within Step 2.

Below, a brief description of the scope of the two main elements in the Step 2 work is presented, namely:

- the analysis of demarcation and complementarity;
- the case studies focused on specific territories.

1.1. Analysis of demarcation and complementarity

The first element in the Step 2 work is an analysis of the statements made, in the 35 RDPs that were studied in Step 1, about the demarcation or complementarity – in pursuing the purposes of the RDP – between the measures and resources to be applied from (on the one hand) the EAFRD or matching national funds and (on the other hand) from other Community Funds or national funds. By 'other Community funds' we mean mainly the European Regional Fund, Cohesion Fund, Social Fund and Fisheries Fund. This part of the work focuses on the whole of the RDP, not merely on the specific territories covered in the step 2 case studies.

1.2. Step 2 case studies

The **purpose** of the second element of the Step 2 work, namely the case studies, is to analyse how Member States or chosen regional authorities have targeted specific territories for the application of measures under the RDPs; how they have assessed the needs of these areas; and how they have applied measures and allocated resources (from within and beyond the RDPs) to meet those needs. It was also desired to assess the coherence of the processes involved in this targeting; and to identify examples of elements of relevant practice in relating policies and actions to territorial specificities and needs.

The Working Group agreed that the main focus of the case studies should be on the **processes** involved in this territorial targeting, and on the **coherence** of those processes. The concern was to understand the processes by which areas, needs and measures come together, and to judge how coherent these processes are. For this reason, the report would not seek to gather wide but shallow information on what every Member State is doing to target 'rural' areas, to assess needs and to target measures to meet those needs. Rather the analysis would look in more detail at a sample.

For this reason, a series of '**issues**' were identified, by which is meant **sets of relationships between areas, needs and measures**, which would most merit deep analysis of processes. The analysis focused on issues that (from the evidence in Step 1) are found in many Member States and are most significant in terms of scale of resources applied, variety of needs addressed, linkage to demarcation issues etc. The following categories of issue were chosen:

- Less Favoured Mountain areas¹;
- Less Favoured Areas other than mountain LFAs;
- Natura 2000 and Environmentally valuable farm land;
- Specific development areas;
- Rural areas eligible for Axis 3 measures;
- Areas chosen for Local Action Groups under Axis 4.

¹ Mountain areas were the subject of a separate study of such areas conducted by the ENRD Contact Point. Some findings from that study have been brought into the present report – see Section 4.

These 6 categories formed a starting-point for choosing, from among the 35 RDPs covered by the Step 1 analysis, countries or regions which would offer revealing case studies within each issue. The concept was to undertake, for each issue, a number of case studies within contrasting countries or regions. In choosing countries and regions for the case studies, the following criteria were used:

- include as many countries as possible within the overall set;
- seek a fair balance between old and new Member States, and between north and south;
- include five countries – France, Germany, Italy, Spain, UK - which have sub-national RDPs;
- in each set, choose countries or regions which are significantly different in geographic location, population density or other key characteristics;
- include if possible, in each set of cases per issue, those which bring only one or very few measures into the mix, and those which apply a wider set of measures.

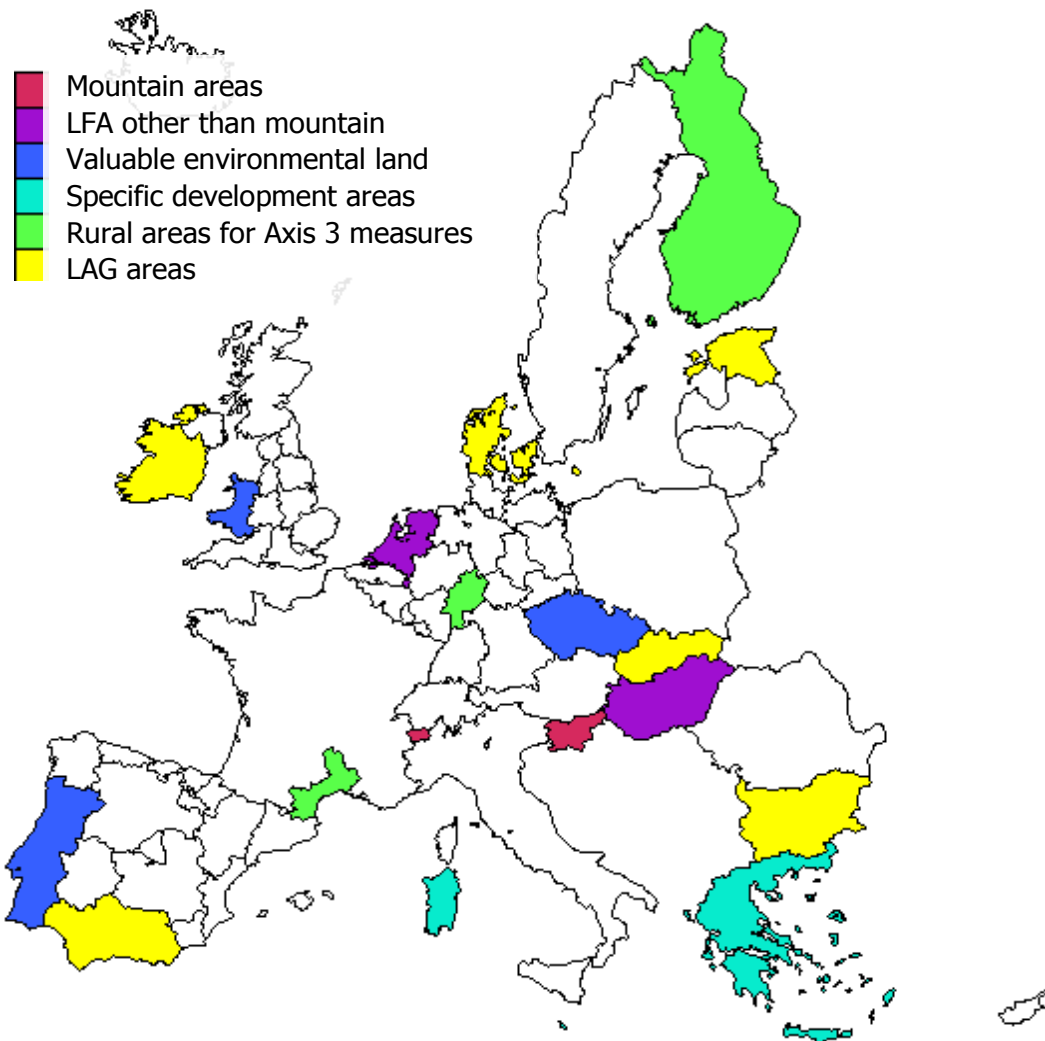
The full list of case studies appears in **Table 1** below, grouped according to the six issues. Each case is focused on a specific category of defined territory, as stated in the RDP, together with the measures which are shown as being applied to that defined territory. **Figure 1**, on the next page, shows the location of the case-study areas.

Table 1: The case studies, grouped by 'issues', with focus of study and RDP measures applied

Issue	Country or Region	Definition of the specific territories and measures applied to them
Less Favoured Mountain areas	Valle d'Aosta (Italy)	Mountain LFAs 123,132,133,211,214,215,311,313,322, Axis 4
	Slovenia	Mountain LFAs 121,122, 211,214
LFA other than mountain areas	Bulgaria	Less Favoured Area 121,212
	Netherlands	Less Favoured Area 121,124,212,214,221
	Hungary	Less Favoured Area 121,122, 212,214
Natura 2000 and Environmentally valuable farm land	Portugal	'Integrated Territorial Intervention areas' 214,216,225,227,323
	Czech Republic	Natura 2000 121,122,213,224
	Wales (UK)	Agri-environment areas 214, 216,311,312,313
Specific development areas	Greece	Small Aegean islands 121,123a,212,214
	Malta	The whole rural area, as defined in the RDP 111,114,115,121,123,124,125,132,133,142,212,313,323, 341,41,421,431
	Sardegna (Italy)	Rural areas with comprehensive development problems 311,312,313,321,322,323,341,41
Rural areas eligible for Axis 3 measures	Finland	Sparsely Populated Areas 111,123,124,311,312,313,321,322,323,331,41,421,431
	Languedoc-Roussillon (France)	'Organised rural territories' 311,312,313,321,341
	Hessen (Germany)	Areas which are eligible for Axis 3 measures 311,312,313, 321,323,331a,341a,413,421,431

LAG Areas	Ireland	Whole country 311,312,313,321,322,323,331,341a,41,421,431
	Denmark	LAG areas 123,311,312,313,321a,322,323c,41,421,431
	Estonia	LAG areas 311,312,321,322,323,411,413,421,431
	Andalucia (Spain)	LAG areas 411(six Axis 1 measures),412(one Axis 2 measure), 413(eight Axis 3 measures),421,431
	Slovakia	LAG areas ² 311,313,321,322,331,41,421,431

Figure 1: Location of the 19 case studies



² The original intention was that the Slovakia case study would focus on 'Growth poles', to which measures within the RDP can be applied where these growth poles fall with LAG areas. But the RDP provided no information about the assessment of needs of the growth poles, nor the measures or resources applied to them. It was therefore decided to focus the case study more generally on LAG areas.

It will be noted that 6 of the case studies relate to specific regions or sub-nations in France, Germany, Italy, Spain and the United Kingdom. These cases may allow us to assess the significance, for targeting of territorial specificities, of devolution of policies to sub-national or regional level.

1.3. Scope of the case studies

Each case study addresses the following questions:

- What “issue” will be exploring in this case?
- How did this country or region define ‘rural areas’ in general?³
- For this issue, what territories are defined? How are they defined? How does this definition relate to the overall definition or concept of ‘rural areas’ stated in the RDP?
- What needs, relevant to the RDP and to this issue, are stated in the RDP? How are these needs justified and quantified? What priorities are given to these needs?
- What measures are stated, to address these needs? What resources (both EU and national) are allocated within the RDP to support the application of these measures? What limits or restrictions apply to the allocation of these measures or resources to these defined territories? What indicators or targets are stated in the RDP related to these measures as applied to these defined territories?
- What is said in the RDP about complementary measures and resources from outside the RDP (e.g. other EU instruments) that will be applied to meeting those needs?
- What degree of coherence appears within this whole sequence of ideas – the broad definition or concept of ‘rural areas’, the specific defined territories, the relevant needs in these territories, the measures and resources to be applied or allocated?
- What does this appear to imply in terms of the relevance, efficiency and balance of the RDP?
- Does the relationship between defined territory, needs, measures and resources appear to represent elements of relevant practice, which may merit further study.

³ As revealed by the Step 1 analysis.

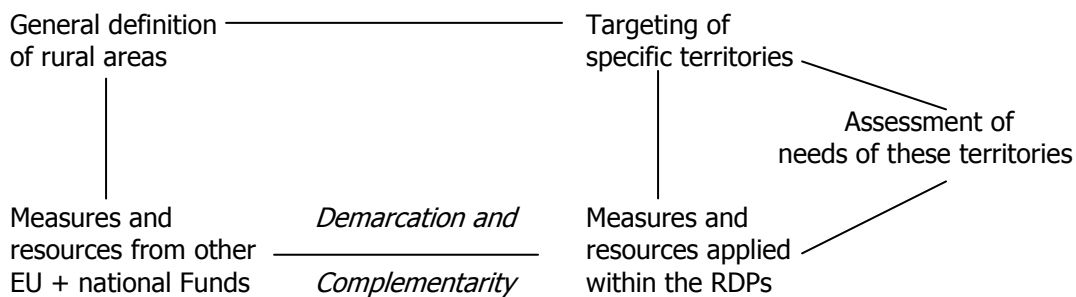
2. Conceptual approach

The conceptual basis for the work in Step 2 is focused on the relationship, within each Rural Development Programme, between five elements:

- the definition of rural areas for the general purpose of the RDP;
- the targeting of specific territories;
- the relevant needs of these territories;
- the measures and resources that are applied within the RDPs to meet those needs;
- the measures and resources from other Community and national funds that may be applied to meeting the developmental needs of rural areas, with the approach to demarcation and complementarity between the RDP and these other funds.

This relationship is shown schematically below:

Diagram 1: Relationship between elements within each Rural Development Programme



The conceptual approach to each of the five elements is described below.

2.1. General definition of rural areas

The Step 1 report describes the variety of definitions that Member States use to define rural areas for the general purposes of their RDPs. These definitions reflect differing concepts of rurality, such as:

- Areas below a defined threshold of population density;
- Areas which are not 'urban';
- Rural and peri-urban areas;
- Areas which have specific development needs;
- An intricate mosaic of areas.

Reflecting on these differing concepts of rurality, it is tentatively suggested in the Step 1 report a distinction between two broad types of definition of rural areas which appear to emerge from this analysis, namely:

- those which are **dual** (i.e. separating rural and urban needs and solutions) and
- those which are based on a **continuum** from urban to rural (with, often, links between urban and rural needs and solutions).

The work in Step 2 has thrown some further light on this distinction, and is expected to explore it further in Step 3, as part of the process of identifying building-blocks towards a revised typology of rural areas.

2.2. Targeting of specific territories

The work in Step 2 is focused squarely on the main theme of the Working Group's brief, namely **territorial specificities and needs**. Having clarified in Step 1 how Member States have defined rural areas for the general purpose of their RDPs, we now focus on how they define specific territories, how they assess the needs of those territories, and how they apply measures and resources to meet those needs.

This relationship – territories, needs and measures – is presented as a triangle in Diagram 1, for the reason that these three elements directly influence each other. Thus:

- some territories, such as Natura 2000 or Less Favoured Areas, are defined in direct response to EU Directives or regulations and to the RDP measures that relate to them;
- the size or geographic scope of some areas, such as LAG areas, are also affected by EU regulations related to specific measures;
- some territories are defined by reference to specific needs identified in the RDPs.

So, the focus in analysing how specific territories are targeted is on how they are defined, and with what clarity this definition relates (on the one hand) to the general definition of rural area, and (on the other hand) to the needs as assessed and the measures and resources that are applied.

2.3. Needs

The focus here is on those needs (as stated in the RDPs) which are relevant to these specific territories, and which may indeed cause or arise from the definition of those territories. The word 'needs' is in fact rarely used in the RDPs. As a proxy for it, it was a necessity to use wording relating to 'weaknesses' and 'opportunities' in the SWOT statements; to indicators and targets in the prescriptive chapters of the RDPs; and, most helpfully, to the **objectives** stated in Chapters 3 and 5 of the RDPs.

2.4. Measures and resources within the RDP

The focus here is on the measures which are stated in the RDPs as being applied to meet the needs of the specific territories. Sometimes, as with LFAs, these measures are specific to these territories and only applied to them. Sometimes, the measures are more widely applied, and it may be difficult from the evidence of the RDP alone to understand what proportion of the resources under those measures is applied to the specific territories.

Some of our case studies are narrowly focused on the application of a few measures. Others deal with many measures, addressing a variety of needs, and in these cases we seek to assess the degree of linkage between the measures and the achievement of an integrated approach.

2.5. Measures and resources from other funds

Many rural areas in the EU are known to benefit from the application of measures and resources not only from the EAFRD and its national equivalents but also other Community Funds or national funds. By 'other Community funds' are meant mainly the European Regional Fund, Cohesion Fund, Social Fund and Fisheries Fund. When focusing on how the needs of specific territories are met, it is required to bring into perspective any measures and resources that are applied from these or other EU or national funds.

For that reason, Step 2 has included analysis of how Member States and regions have addressed the issue of demarcation and complementarity between the different European Union and national funds, as they may be applied:

- generally, to meeting the developmental needs of rural areas in each country or region in the set of 35 RDPs that we analysed in Step 1, and
- specifically, to meeting the needs of the territories covered by the Step 2 case studies.

In this analysis, three key words have been used – demarcation, overlap and complementarity:

- **demarcation**, which means clear lines of separation between the EARDF and other Funds, as they apply to territories, to types of project supported, or to types of beneficiary
- **overlap**, which means the potential for two or more funds to be applied to the same area, the same type of project or the same type of beneficiary
- **complementarity**, which means a deliberate counterpoint or synergy between two or more funds, as applied to a particular territory or field of action, so that needs are more fully met than if only one fund applied.

Where the RDPs provide the necessary information, the mechanisms by which demarcation and complementarity are realised in practice have been appraised, at national, regional and local level.

2.6. Coherence and elements of relevant practice

In Section 4 and in the Findings in section 5, it is attempted to assess the level of coherence which, in each RDP covered in the case studies, appears to exist within the relationship between the five elements stated at the beginning of this section. By **coherence**, we mean a logical and proportionate link between:

- the definition of rural areas for the general purpose of the RDP and the targeting of specific territories;
- the targeting of the specific territories and the assessment of the needs of these territories;
- the assessed needs of the territories and the measures and resources that are applied within the RDPs and/or from other Community and national funds to meet those needs.

It was also required to comment on the apparent **relevance, efficiency and balance** within the relationship just described. It was found that the RDPs, which were the sole focus of the work on the case studies, only rarely provide any of the information that would permit fair judgement on these points. Brief comment are offered where possible.

Furthermore it was inquired to highlight those practices which appear to offer examples of **elements of relevant practice**. This has been done in Sections 4 and 5.

3. Demarcation and complementarity

This section reports on how Member States handle the demarcation and complementarity – in pursuing the purposes of their RDPs – between the measures and resources to be applied from (on the one hand) the EAFRD or matching national funds and (on the other hand) from other Community or national funds. By 'other Community funds' we mean mainly the European Regional Fund, Cohesion Fund, Social Fund and Fisheries Fund : also referred to is LIFE+. This analysis is based only on study of the 35 RDPs that were studied in Step 1. We have not had the opportunity to study the Operational Programmes through which Member States deploy the other Community funds.

In this Section, we use three main terms, which we define as follows:

- **demarcation**, meaning clear lines of separation between the EAFRD and other Funds, as they apply to territories, to types of project supported, or to types of beneficiary
- **overlap**, meaning the potential for two or more funds to be applied to the same area, the same type of project or the same type of beneficiary
- **complementarity**, meaning a deliberate counterpoint or synergy between two or more funds, as applied to a particular territory of field of action, so that needs are more fully met than if only one fund applied.

3.1. Community Funds

The starting-point, which applies to all Member States, is the broad division of European Union activity into major funds, each with its own broad thematic and geographic focus. Major funds taken into consideration in this report:

- the **European Agricultural Fund for Rural Development (EAFRD)** is focused on rural development and, in broad terms, relates in particular to areas defined in the RDPs as rural;
- the **European Social Fund (ESF)**, with its focus on development to human resources, applies to the whole EU territory, both urban and rural;
- the **European Regional Fund (ERDF)** and the **Cohesion Fund (CF)**, with their focus on regional development, infrastructure and economic convergence, can relate to both urban and rural areas, but only in the countries or regions to which they apply;
- the **European Fisheries Fund (EFF)** can apply to both urban and rural areas, but its main focus on the promotion of fisheries means that it is mainly applied to coastal and riparian areas with significant fishery interests;
- **LIFE+** (the only other EU programme which is mentioned in more than one of the RDPs that we studied), with its focus on environmental management, can apply to urban or rural territories which merit its attention.

These thematic and geographic distinctions between the different funds provide the broad basis for **demarcation** which member states must observe in developing their own programmes for application of each fund. This demarcation ensures the avoidance of duplication between funds, and is supported by the strict EU requirement that double funding must be avoided: the effect of this is that no project may benefit from more than one EU fund.

However, the scope of the different funds allows for a fair degree of **overlap** between funds, in terms of the geographic area, the type of project, or the type of beneficiary to which they may apply. This implies that, in principle, rural territories, types of project or beneficiaries can benefit from measures and resources not only within the RDPs (using the EAFRD and national funds), but also – if Member States so

choose – from the ESF, ERDF and CF (within relevant countries or regions), EFF (in relevant areas) and LIFE+.

This potential for overlap permits Member States and (in countries with federal or devolved administrations) regions to pursue - if they wish to do so – **complementarity** between funds in meeting the needs of rural territories. This has great interest for the purpose of this report. The social, economic and environmental well-being of rural areas may depend on support systems that are wider and deeper than can be addressed only by the measures within an RDP. That is why, for example, the government in Finland recognises the complementarity between what it calls 'narrow' rural development, i.e. what is included in the RDP, and 'broad' rural development, which includes policies and expenditures in such fields as transport and other infrastructure, education, social services etc.

The analysis, based only on the text of RDPs as approved in 2006/7, shows marked variation in the extent to which different Member States and regions have used this potential for complementarity in meeting the needs of rural areas, both generally and in relation to specific defined rural territories. In the rest of this section, the nature of this variation is analysed, by reference to the general statements in the 35 RDPs in the wider sample, and then examine how complementarity is managed in terms of coordination or integration. In the next section, containing the 19 case studies, is shown how the approach to complementarity affects the specific territories covered by the case studies.

3.2. Scope of complementarity

Annex 1 presents, in alphabetical order of member states (but in some states only by reference to sample regions), a summary of the statements in Rural Development Programmes of the potential application to rural areas of major programmes other than the EAFRD. The wording 'potential' application is used because the RDPs do not state the amount of funds which are available under these other programmes: however, as explained later in this section, indications are given in many RDPs of the approaches to demarcation or overlap between funds which will guide the practical complementarity.

Table 2, on the next page, shows – for each RDP in our set of 35 – the major funds from outside the EAFRD which, according to the RDP, may be applied in rural areas. This shows that:

- a. all the RDPs, except that of Hungary, expect support to rural areas from the **European Regional Development Fund**
- b. 11 RDPs, including one German and two Spanish regions, expect support from the **Cohesion Fund**
- c. 31 of the 35 RDPs expect support from the **European Social Fund**, the exceptions being Austria, Estonia, Hungary and Slovakia
- d. 32 of the 35 RDPs expect support from the **European Fisheries Fund**, the exceptions being Austria, Luxembourg and the Spanish region of Navarra
- e. 7 RDPs – those of the Czech Republic, Estonia, Hessen (Germany), the Netherlands, Slovenia, Sweden and Scotland – expect support from the **LIFE+ programme**
- f. 9 RDPs – those from Flanders, France, Bavaria (Germany), Greece, Romania, Slovenia, Andalucia (Spain), Sweden and Scotland – expect their rural areas to benefit from other **national and regional programmes**
- g. The widest range of programmes from which support is expected (5 or 6 of the six programmes or categories shown in the table) is found in the RDPs for the Czech Republic, Greece, Romania, Slovenia, Sweden and Scotland.

Table 2: Funds from outside the EAFRD which, according to the RDP, may be applied in rural areas

Member State or region	ERDF	CF	ESF	EFF	LIFE+	Other national or regional programmes	Total
Austria	✓						1
Belgium – Flanders	✓		✓	✓		✓	4
Belgium – Wallonie	✓		✓	✓			3
Bulgaria	✓	✓	✓	✓			4
Cyprus	✓		✓	✓			3
Czech Republic	✓	✓	✓	✓	✓		5
Denmark	✓		✓	✓			3
Estonia	✓			✓	✓		3
Finland	✓		✓	✓			3
France	✓		✓	✓			3
Germany – Bavaria	✓		✓	✓			3
Germany – Brandenburg	✓	✓	✓	✓			4
Germany – Hessen	✓		✓	✓	✓		4
Greece	✓	✓	✓	✓		✓	5
Hungary				✓			1
Ireland	✓		✓	✓			3
Italy – Sardegna	✓		✓	✓			3
Latvia	✓		✓	✓			3
Lithuania	✓		✓	✓			3
Luxembourg	✓		✓				2
Malta	✓	✓	✓	✓			4
Netherlands	✓		✓	✓	✓		4
Poland	✓		✓	✓			3
Portugal	✓		✓	✓			3
Romania	✓	✓	✓	✓		✓	5
Slovakia	✓	✓		✓			3
Slovenia	✓	✓	✓	✓	✓	✓	6
Spain – Andalusia	✓	✓	✓	✓		✓	4
Spain – Catalonia	✓	✓	✓	✓			4
Spain – Navarra	✓		✓				2
Sweden	✓	✓	✓	✓	✓	✓	6
U.K. – England	✓		✓	✓			3
UK – N. Ireland	✓		✓	✓			3
UK – Scotland	✓		✓	✓	✓	✓	5
UK – Wales	✓		✓	✓			3
Total	34	11	31	32	7	9	

3.3. The approach to demarcation between funds

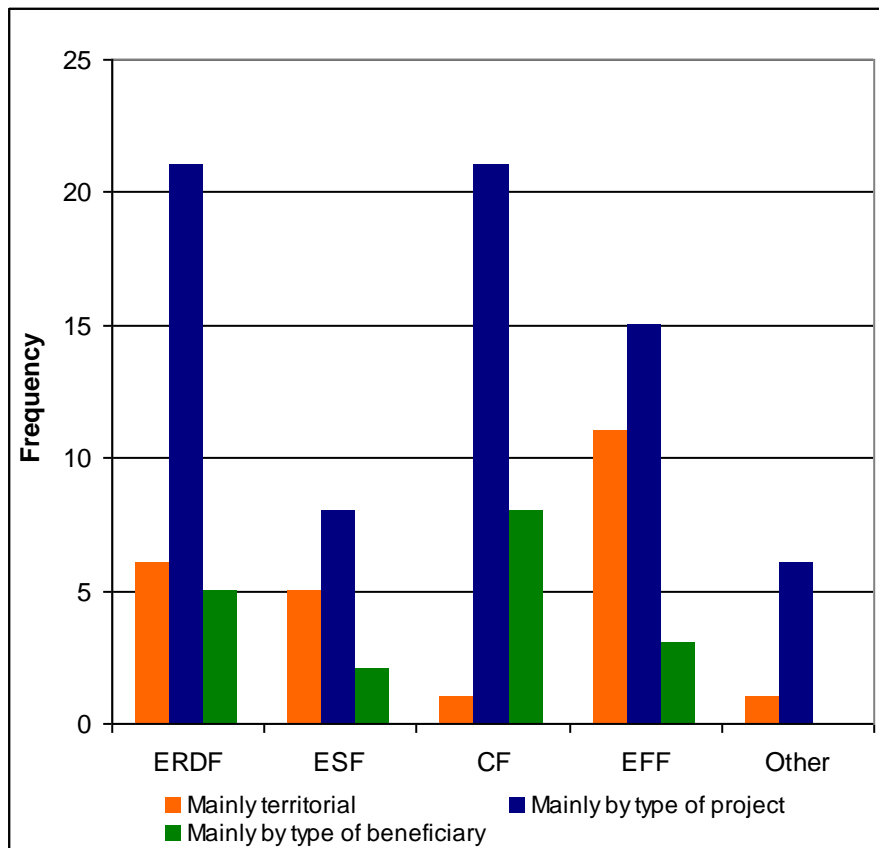
Complementarity between major funds, as applied to rural areas, does not mean that different funds can be used for exactly the same purposes. As explained earlier, that would breach the principle of avoiding duplication between, or double funding by, different EU funds. For this reason, a broad statement of complementarity between funds must be accompanied by clarity on the practical demarcation that will be used to ensure that these principles are met.

Funds may be demarcated, or may overlap, by reference to (a) their territorial coverage, (b) the type of project supported, or (c) the type of beneficiary. In **Table 3** and **Figure 2** below, is shown the number of RDPs, within our set of 35, which show each type of demarcation between the RDP and each of the other major funds. This shows that most of the RDPs provide for a territorial overlap between the RDP and the other funds, and that the demarcation relates mainly to the types of project, or the types of beneficiary, that the different funds support. This emphasis is particularly strong for the ERDF and the CF. The ESF appears less often, and with proportionately more territorial emphasis. For the EFF, a third of the RDPs show a territorial demarcation.

Table 3: The nature of demarcation in respect to Structural Funds

Fund	Number of RDPs for which demarcation is:		
	Mainly territorial	Mainly by type of project	Mainly by type of beneficiary
ERDF	6	21	5
ESF	5	8	2
CF	1	21	8
EFF	11	15	3
Other	1	6	-

Figure 2: The nature of demarcation in respect to Structural Funds



3.4. Potential for overlap

Table 4 below, showing the number of RDPs which offer the potential for overlap in all three fields of focus, confirms that a strong majority provide for overlap in terms of territory and type of project, but that about half have clear demarcation in relation to types of beneficiary. A typical example of this is that EAFRD funds may be open to small enterprises, while large enterprises may seek support from ERDF.

Table 4 : Potential for overlap between funds

Demarcation by	Number of RDPs with:	
	Exclusive Demarcation	Overlap possible
Territory	5	24
Type of project	10	24
Type of beneficiary	11	11

3.5. Managing Complementarity

In the rest of this section, it is described how states and regions manage complementarity in general, and by reference to the different Funds.

Many states and regions make plain that the RDPs fit within a family of programmes, often within the unifying context of the National Strategic Reference Framework. For example the RDP for **Bulgaria** states that:

Support under the RDP complements that which is co-financed by ERDF, CF, ESF and EFF. Guiding principles for co-ordination of these Funds are set out in three strategic documents:

- National Strategic Reference Framework, with its strategic aims of:
 - Improving basic infrastructure
 - Increasing the quality of human capital with a focus on employment
 - Fostering entrepreneurship, favourable business environment and good governance
 - Supporting Balanced Territorial Development (our emphasis added)
- National Strategic Plan for Rural Development
- National Strategic Plan for Fisheries and Aquaculture.

The RDP contributes to the objectives of the operational programmes co-financed by ERDF, CF, ESF and EFF and benefits from synergies with them. For example:

- the Environment OP (co-financed by ERDF and CF) is complemented by RDP Axis 2 which seeks to protect natural resources and the environment of rural areas, and Axis 3 interventions in the rehabilitation and extension of water and sewage infrastructures;
- the Transport OP (co-financed by ERDF and CF) aims to develop major national roads and other transport infrastructure, which will improve accessibility of rural areas: RDP Axis 3 will complement this by supporting interventions in municipal roads;
- the Regional Development OP (co-financed by ERDF) aims to promote regional competitiveness and sustainable development, and to enhance the quality of life and working environment through better access to basic services : measures under this OP are complementary to RDP Axis 3 and 4;
- the Human Resource Development OP (co-financed by ESF) helps RDP objectives by taking active measures to tackle unemployment: the RDP supports that OP by investment in social infrastructure and ITC based services.

A similar sense of strategy is offered by the RDP for the German Land of **Brandenburg**:

The Berlin/Brandenburg RDP is based on the Lisbon and Gothenburg Strategies. It is harmonised with the strategies of the ESF and the ERDF, and (together with them) is oriented towards Brandenburg's future support strategy, which focuses on strengthening 'regional growth centres' and 'sector-related fields of competencies', and on meeting the challenges of demographic change.

3.6. Complementarity with specific Funds

Many RDPs spell out the complementarity between the RDP and the other main funds. A neat summary is provided in **Table 5** on the next page, taken from the RDP for **Latvia**.

Table 5: Example from Latvia of complementarity between RDP measures and other Funds

Latvia: Complementarity between RDP measures and other Funds			
EAFRD measures	Complementarity with measures supported by :		
	ERDF	ESF	EFF
Vocational training and information actions		✓	✓
Use of farm and forestry advisory services		✓	
Setting up of management, relief and advisory services		✓	
Modernisation of agricultural holdings	✓		✓
Improvement of the economic value of forests	✓		
Adding value to agricultural products	✓		✓
Infrastructure related to the development and adaptation of agriculture and forestry	✓		✓
NATURA 2000 payments and payments linked to Directive 2000/60/ECC	✓		✓
NATURA 2000 payments (to forest owners)	✓		✓
Diversification into non-agricultural activities	✓		
Support for creation and development of micro-enterprises	✓		✓
Encouragement of tourism activities	✓		✓
Basic services for the economy and rural population			✓
Village renewal and development	✓		✓
Conservation and upgrading of rural heritage	✓		

3.6.1. European Regional Development Fund

The ERDF is the Fund most quoted in the RDPs as providing measures and resources complementary to those in the EAFRD. The diversity of relevant ERDF support is well illustrated by the RDP for **Ireland**:

- **Accessibility:** ERDF emphasis is on public infrastructure, while EAFRD emphasis in Axis 3 will be on community-based services.
- **Risk prevention:** ERDF can support publicly funded and managed protection of water sources in rural areas and pilot treatment facilities in small rural villages to protect water intended for human consumption and to prevent risks to public water supplies. EAFRD provides on-farm privately co-financed pollution control, on-farm environmental protection and community amenity-type investments along waterways.
- **Renewable energies:** ERDF funding will support energy-efficient transport, public buildings and industrial premises, renewable energy demonstration projects, sustainable energy zones and innovation schemes. EAFRD supports renewable energy development and initiatives by rural

communities, which focus on use and adaptation of local resources and raw materials to provide innovative energy-efficient systems to local communities and small villages.

- **Natural and cultural heritage:** ERDF assists the restoration and upgrading of natural and cultural heritage sites in designated *urban* centres. EAFRD funding is targeted at rural areas, including villages.
- **Broadband:** ERDF funding focuses on local infrastructure through the further roll-out of networks and the Group Broadband Scheme for smaller rural communities, via regional and local authorities. EAFRD will support local actions to benefit from the availability of broadband infrastructure, e.g. through access to public e-services etc.

The RDP for **Andalucia** also illustrates the width of ERDF inputs to 'broad' rural development:

The ERDF programme objectives focus on the improvement of the quality of life in rural areas and the diversification of their productive structure. The ERDF programme (OP) complements the EAFRD actions in four main fields:

- The modernisation and increased competitiveness of the agrarian sector through the investigation of new resources that could be exploited and lead to employment creation and new business opportunities in rural areas (Axis 1 of ERDF OP).
- Diversification of the rural economy through the promotion of economic activities in the industry and service sectors (Axis 2 and 5 of the ERDF OP).
- Improvement of the natural environment through actions for the protection and regeneration of the natural environment and the promotion of biodiversity (Axis 3 of ERDF OP).
- Improvement in the quality of life through actions for the improvement of infrastructure and basic services in rural areas (Axis 4 and 6 of the ERDF OP).

3.6.2. Cohesion Fund

In the new Member States, and those parts of EU15 that are still eligible for it, the Cohesion Fund can bring significant resources to complement those in the EAFRD. This is illustrated by the RDP of the **Czech Republic:** The RDP (Axis 3) supports village renewal, basic infrastructure and basic social facilities in villages up to 500 inhabitants, and also water supply management and sewage water treatment plants for municipalities with up to 2000 (equivalent) inhabitants. The Cohesion Fund addresses investment in the areas of environment and transportation, including sewage water treatment plants for municipalities with more than 2000 (equivalent) inhabitants and for specially protected territories and Natura 2000 territories.

Another example is provided by the RDP for **Romania:**

The RDP (Axis 1) supports works to protect agricultural and forestry lands against floods along the brooks. The Cohesion Fund supports major investments by the National Waters Authority in the prevention of floods along national rivers.

3.6.3. European Social Fund

Many RDPs show the complementarity between EAFRD and ESF. For example, in **Denmark:** in the field of training, the ERDF and ESF support a broad range of sectors, while the RDP focuses mainly on the food and forestry sectors, but can also support people involved in creating local jobs or better living conditions. In the field of expanding the workforce, the ESF focuses on broad and varied support for the development of regional growth conditions, while the RDP focuses on more local job creation, plus advisory facilities for entrepreneurs.

A similar division of activity between the two funds is found in **Ireland:**

ESF will support training to facilitate a return to mainstream employment and strengthen the national labour market pool. EAFRD will fund limited local training of rural dwellers to maximise uptake of the LEADER methodology and facilitate involvement in measures under Axis 3.

... in the **Czech Republic**

ESF complements the measures of Axis III by supporting general education in the countryside, by building local administration capabilities, by integrating groups of the population, by re-qualification courses and by promoting the use of Internet networks.

... and in **England**

ESF will not fund activities that support agri-food schemes or the primary processing of agricultural and/or forestry products, nor will it focus on specific vocational training for individuals employed in enterprises engaged in these activities. However, ESF will be able to support training in basic and intermediate skills and other generic training for individuals employed in enterprises engaged in these activities.

Sardinia provides an example of ESF being used to fund activities which in many other states are funded by the RDP:

The ESF will finance all the training actions for the actors from the agricultural and forestry field, including the LAGs: the RDP will contribute only to the information activities.

3.6.4. European Fisheries Fund

The EFF differs from the other funds in three respects – it is focused on a single sector; it therefore relates mainly to places where fisheries are well developed; and it includes an Axis 4 parallel to that in EAFRD, with Action Groups. These characteristics affect the complementarity between EFF and EAFRD.

Scotland provides an example of complementarity or “dovetailing” between EFF and EAFRD:

Fisheries activities may often be located in rural areas. Such activities will be largely funded through the EFF, although there may be particular instances where funding may be provided through the RDP as part of an integrated rural development project, provided such proposals are admissible and there is no overlap in funding. In establishing priorities and assessing applications at a regional and local level, particular attention will be paid to ensure that Axis 3 and Axis 4 of the RDP and Axis 4 of the EFF programme dovetail in the provision of rural services.

In the RDP for **Bulgaria**, it is stated that:

The EFF supports sustainable aquaculture, thus contributing to environmental protection and development of the targeted fisheries areas. Because the Fisheries Programme envisages support of up to 4 potential fishery groups and the RDP will support about 50 LAGs in the rural areas, the RDP will complement the Fisheries programme for strengthening local governance and capacity building. The relevant LAGs will call down funds from EFF and EAFRD, through a separate local strategy for each fund. The two funds will also complement each other in respect of tourism development: EFF supports only fishing tourism, while the RDP (Axis IV) will support local stakeholders to develop tourist products based on the advantages of the rural territories.

3.6.5. LIFE+

Seven of the 35 RDPs state the intention to draw on the LIFE+ programme to complement the EAFRD funds.

For example, in the **Netherlands**, Life+ funds are mainly targeted at small-scale investments, such as repairs, in Natura 2000 areas: the RDP can support measures for management of these. The precise demarcation between the two funds is done in the measure fiches.

The RDP for **Scotland** shows how funds for rural development and for environment can complement each other. "Two further sources of funding for biodiversity are pertinent to the RDP. First, the LIFE+ programme will complement the RDP by filling funding gaps where special support is required to meet Natura 2000 and biodiversity targets. Second, Scottish Natural Heritage will continue to fund, outside of the RDP, some management agreements for Sites of Special Scientific Interest. Careful co-ordination will be maintained, as part of the 'On the Ground' approach, between the Scottish Executive and Scottish Natural Heritage to ensure that support through the RDP complements that provided by Scottish Natural Heritage."

3.7. Coordination

The demarcation, overlap and complementarity between major funds require effective coordination to ensure the optimum use of funds and the avoidance of double funding. All the RDPs in our set describe (some much more fully than others) the mechanisms by which such coordination is achieved. This may include mechanisms at national or regional level, such as inter-ministerial committees or cross-representation on Monitoring Committees; and also at local level, such as County Administrative Boards (as in Sweden) or even joint delivery mechanisms.

Table 6 shows the geographical level (as expressed by the EU statistical units) at which the different states or regions in our set handle the coordination between different Funds. Most of them, not surprisingly, handle the central control at either national level (normally NUTS0) or, in countries with devolved administration, at regional level. More interesting is the number of states or regions which delegate part of the control to authorities – or even Local Action Groups – at quite local levels. This may enable local decision-makers to ensure that the patterns of demarcation and complementarity suit the particular circumstances and needs in their territories.

Table 6: Geographic level at which demarcation and complementarity are controlled

Regional level	Not stated	NUTS0	NUTS1	NUTS2	NUTS3	LAU1	LAU2	LAG area
CENTRAL	8 CZ, FI, FR, IE, IT, PT, SI, UKL	8 AT BG CY DK EE ES61 GR RO	10 BE2 DE2 DE4 LT MT NL PL SE SK UKN	3 BE3 ES22 ES51	1 LU			
LOCAL					7 AT BE2 ES61 FR NL RO SE		6 CY DK EE GR PL UKN	

Note: States are shown by their normal letter code

Regions are shown as follows:

Belgium	BE2	Flanders	BE3	Wallonia		
Germany	DE2	Bavaria	DE4	Brandenburg	DE7	Hessen
Spain	ES22	Navarra	ES51	Catalunia	ES61	Andalucia
United Kingdom	UKEN	England	UKL	Wales	UKM	Scotland
		UKN				Northern Ireland

3.7.1. Central coordination

Coordination between two funds is in some countries achieved by combined departmental responsibility. Thus in **Flanders**:

The management of both the RDP and the EFF programme is overseen by the Ministry of Agriculture and Fisheries: complementarity between the two funds is therefore guaranteed.

In **Luxembourg**, where different Ministries are responsible for different Funds, a more complex mechanism is needed:

At implementation level, in order to avoid double funding risks, the Ministry of Agriculture, Viticulture and Rural Development will regularly keep in touch with the Ministries of Economy and Labour responsible for the ERDF and ESF funds. The three ministries have set up a coordination committee for the implementation of the RDP. Moreover, they have established a coordination system at the level of the monitoring committees for the different programmes: the EARDF Monitoring Committee includes representatives of the ERDF and ESF Programmes, and vice-versa.

Scotland provides an example of both coordination within a government department, and cross-membership of Programme Monitoring Committees:

The Managing Authority for both EAFRD and Structural Funds is the Scottish Executive, with responsibilities lying in Rural Directorate and Enterprise, Energy and Tourism Directorate respectively. The RDP and Structural Funds Programmes, along with the Scottish interest in the EFF (which will have a single UK Managing Authority) are being developed in parallel by the Scottish Executive, with particular attention given to complementarity or areas where project eligibility could overlap.

Complementarity between EAFRD funding and other programmes of funding will also be ensured through joint working and, in some subject areas, membership of the respective Monitoring Committees and project assessment committees. This approach will enable funding under each programme to be focused on its strategic priorities and will be particularly important where Structural Fund programmes contain a rural priority.

In **France**, where regional prefects have responsibility for the application of Axes 3 and 4 of the RDPs.

Complementarity is insured by a regional inter-funding committee which avoids double financing.

3.7.2. Local integration

Central coordination alone may not achieve the effective tailoring of measures and resources of different funds to the needs of specific territories. To achieve that may demand coordination also at a local level, and even integrated programming and delivery. A clear example of this is provided by the **Netherlands**.

The local development strategy of a LAG can go beyond RDP objectives and part of their ambitions could be realized through the structural funds. In this way, complementarity of funds can be created but demarcation criteria of RDP have to be respected. If the specific situation in the area and the intended development needs a further refinement of the demarcation criteria, this must be included in the local development strategy.

Denmark provides a striking example of how two funds, in this case EAFRD and EFF, can be closely integrated at local level:

The EFF supports projects involving the fisheries sector, while the RDP focuses on projects involving the rest of the food sector. Where an area dependent on fisheries coincides with an RDP Leader area, **a single common LAG may be set up on the islands or by special request** (our added emphasis) It is the LAG's responsibility to ensure that projects financed under the EFF programme and the RDP are kept separate. However, projects which include activities aimed at achieving the same overall objectives, but where the individual activities are eligible for support under both funds, may be supported from both funds. The measures under the EFF programme and the RDP are managed by the same units in the Ministry of Food, Agriculture and Fisheries.

This is in very strong contrast to the demarcation-dominated approach in **Slovenia**, where LAGs and Coastal Action Groups may overlap geographically, perhaps even with some of the same partners, but transparent demarcation rules are applied to all measures and budgets.

In **Ireland**, there is a broader pattern of integration through the LEADER Groups, many of which are well-established as local development companies, delivering not only measures within the RDP but also elements of other national programmes which can directly benefit rural people. For example, they deliver the Rural Social Scheme, which provides supplementary employment for part-time farmers:

Many part-time farmers in Ireland are on incomes so low that they merit social support. They may have the time available to do other work. The aim of the Rural Social Scheme, launched in 2004, is to provide income support for these farmers, in return for them doing work which will benefit rural communities. The programme is overseen by the national Department of Community, Rural and Gaeltacht Affairs. At local level, each scheme is managed by the appropriate LEADER group.

Participants in the scheme carry out social and environmental work within their own LEADER area. The projects to be worked upon are decided by the LEADER group, in liaison with local authorities and other local bodies who need the help. The work may include care of older people; community care for children in pre-school and after-school groups; energy conservation work for older people and those at risk of poverty; village and countryside enhancement projects; maintaining and improving walking routes used by visitors to the countryside; maintenance and care-taking of community and sporting facilities; and projects relating to not-for-profit cultural and heritage centres.

Even where such full integration is not possible, there may be close linkage between funds at project level, as illustrated by the RDP for the German Land of **Hessen**: Integrated local development strategies are supported in LEADER regions via the RDP exclusively. However, individual projects may be supported using resources from the ERDF, EFF and ESF. Where this happens, the demarcation criteria specified in the RDP apply: in this way, double financing is avoided, and synergy potentials benefiting the regions are realised.

In a slightly different way, the RDP for **Sardinia** provides for local management of demarcation: The RDP does not contribute to aquaculture activities, which are reserved for the EFF. If the LAGs and the Fishery action groups are operating on the same territory, the respective action plans should include the specific demarcation lines.

The RDP for **Wallonia** points to a critical aspect of coordination, namely effective systems for sharing information: the exchange of information about projects among the persons responsible for coordination of the use of the different funds is facilitated by the use of a unified projects' data-base system.

3.7.3. Conclusion from Section 3

The findings above show that there is much awareness, among states and regions, of the potential for complementarity between (on the one hand) the EAFRD and related national funds and (on the other hand) other Community and national funds. Demarcation and complementarity between funds are managed through coordination at national or regional level, and also often by integrated programming and delivery at local level. This application of funds other than the EAFRD, may be a significant factor in meeting the needs of specific rural territories: This potential is examined further in the case studies in the next section.

4. Territories, Needs and Measures

This Section describes, by reference to a series of case studies, how selected Member States or regions have defined specific territories within their Rural Development Programmes, how they have assessed the relevant needs of those territories, and how they have applied measures and resources to meet those needs.

The text below is in the following sequence:

- a description of the general approach, within the RDPs, to the issues that this report focused upon, namely the definition of particular types of territory, the assessment of the needs of those territories, and the statement of the measures and resources that will be applied to meeting those needs in those particular territories;
- a summary of relevant finding from the Mountain Areas study previously completed by the ENRD Contact Point, followed by two case studies of Less Favoured Mountain Areas;
- a summary of the findings of 17 further case studies, structured according to the five other types of territories on which the report focused – namely Less Favoured Areas (other than Mountain); Natura 2000 and environmentally valuable farm land; specific development areas; rural areas eligible for Axis 3 measures; and LAG areas;
- a collation of the findings of the full set of case studies related to the coherence of the RDPs and to the apparent examples of elements of relevant practice.

4.1. General approach

Step 1 report showed that Member States and regions use a very wide variety of definitions to identify territories that merit specific attention within their RDPs. The purpose, in this part of the Step 2 work, has been to take some of the most frequently used of those definitions, understand how they relate to the overall definitions of rural areas, and analyse the relationship between the definition of the territories, the assessment of the relevant needs of the territories, and the statement of the measures and resources (within and beyond the RDP) that are applied to meet those needs.

4.2. Definition of specific territories

The case studies are focused on five main types of territory:

- Less Favoured Mountain Areas
- Less Favoured Areas, other than Mountain
- Natura 2000 and environmentally valuable farm land
- Specific development areas
- Rural areas eligible for Axis 3 measures
- LAG areas.

Table 7 below shows the number of case studies in each category; the ways in which the boundaries of the territories have been defined; and the degree of clarity in the delimitation and presentation of these boundaries. This Table shows that most of the territories are defined by text and/or by reference to administrative or other boundaries, and also that two-thirds of them are defined by maps. It may be noted that only one out of the 5 sets of LAG areas is defined by maps, for the reason that few of the national or regional authorities, at the time that the RDPs were approved in 2006 or 2007, had decided the boundaries of the individual LAG areas. Most of the areas are delimited and presented with a fair or good level of clarity.

Table 7: How the specific territories are defined

	Territorial issue	Mountain LFAs	LFA other than mountain	Natura 2000 and Environmentally valuable farm land	Specific development areas	Rural areas eligible for Axis 3 measures	LAG areas	Total
	Total no. of case studies	2	3	3	3	3	5	19
Delimitation/ presentation method	textual description	2	3	1	3	2	4	15
	administrative or other boundaries		1	3	1	2	1	8
	maps	2	2	2	3	3	1	13
	other							0
Clarity of delimitation	rather poor				1	1		3
	rough but convincing		2	1		1	2	6
	detailed and convincing	2	1	1	2	1	2	8
clarity of presentation	rather poor				1		1	3
	rough but convincing	1	1	3	1	1	1	7
	detailed and convincing	1	2		1	2	2	8

4.3. Relation to the overall definition of rural areas

In Step 1 report, is described the way in which the states and regions defined rural areas for the general purpose of their RDPs. This general definition may or may not directly influence, or provide the context for, the distinct definition of the specific territory.

Table 8, on the next page, below shows the relationship between the definitions of the specific territory and of the rural areas in general, within the 19 case studies. 9 of the total, including all of the 'specific development areas' and the 'areas eligible for Axis 3 measures', show that the specific territory is obviously subordinate to, or a subset of the overall definition. Most of the others show no clear relationship between the two. A significant exception is that two of the definitions of LAG areas – those for Ireland and for Andalusia - extend beyond the rural areas as defined in the overall definition. These cases are explored further in the 'LAG area' set below.

Table 8: Relationship between definitions of specific territory and of rural areas in general

Number of cases		Mountain LFAs	LFAs other than mountain	Natura 2000 and Environmentally valuable farm land	Specific development areas	Rural areas eligible for Axis 3 measures	LAG Areas	Total
Link to the general definition of Rural Areas	no clear relationship, or nothing specified		2	3			2	8
	obviously subordinate to, or a subset of, the overall definition	2	1		3	3	1	9
	extending beyond the rural areas as defined in the overall definition						2	2

4.4. Priority given to the specific territories

Table 9 below shows the extent to which the specific territories were given priority in the RDPs. Over two-thirds, notably including all five of the LAG areas, were indeed given priority. The LFAs appear not to figure so often in RDP priorities. A further indication of priorities is provided by the analysis of needs later in this Section.

Table 9: Degree of priority given to the specific territories

Were these territories identified among the priorities in chapter 4 of the RDP?	Mountain LFAs	LFAs other than mountain	Natura 2000 and Environmentally valuable farm land	Specific development areas	Rural areas eligible for Axis 3 measures	LAG areas	Total
Yes	1	1	3	2	2	5	14
No	1	2		1	1		5

4.5. Assessment of needs

It is attempted, in the summaries of the case studies that follow, to summarise the needs, as stated in the RDPs, which are relevant to the specific territories, and which may indeed cause or arise from the definition of those territories. As mentioned in Section 2, the word 'needs' is in fact rarely used in the RDPs. As a proxy for it, it was needed to use wording relating to 'weaknesses' and 'opportunities' in the

SWOT statements, to indicators and targets in the prescriptive chapters of the RDPs, or (most usefully) to **objectives** stated in chapters 3 and 5 of the RDPs.

4.6. Statement of the RDP measures and resources that will be applied

Each case study analyses which **measures** are applied to meet the needs that are specific to the relevant territories. **Table 1** on page 7 shows that the full set of case studies embraces a wide range of RDP measures, sometimes going beyond the scope of the measures that are normally associated with a particular type of territory. For example in Wales, the Agri-environment areas attract not only Measures 214 and 216 but also Measures 311, 312 and 313.

Table 10 below offers a summary of the Measures covered in the six sets of case studies.

Table 10: Summary of RDP Measures included in the 19 case studies

Mountain LFAs	LFAs other than mountain	Natura 2000 and Environmentally valuable farm land	Specific development areas	Rural areas eligible for Axis 3 measures	LAG areas
122	121	121	111	111	123
123	122	122	114	123	311
132	124	213	115	311	312
133	212	214	121	312	313
211	214	216	123	313	321
212	221	224	124	321	322
214		225	125	322	323
215		227	132	323	331
311		311	133	331	341
313		312	142	341	410
322		322	212	410	411
		323	214	411	412
			311	412	413
			312	413	421
			313	421	431
			321	431	plus, in Andalusia
			322		6 Axis 1 m.
			323		1 Axis 2 m.
			341		8 Axis 3 m.
			411		
			412		
			413		
			421		
			431		

In many case studies, it has not been possible to assess accurately the **resources** applied through the RDP measures. The reason for this, as stated in Section 2, is that measures may be applied both within and beyond the specific territories, and it was not possible to judge what proportion of the resources are applied to those territories.

4.7. Funds from outside the RDP

Each case study analyses the funds from outside the RDP which are, in principle, available to meet the needs that are specific to the relevant territories. The wording 'in principle' is used because the RDPs do not indicate whether those authorities who manage the other funds have in fact allocated resources to these territories. For the same reason, it was not possible to assess how much money is allocated from those funds to these territories.

Table 11 below shows that all but two of the case studies show the application of funds from outside the RDPs: the exceptions are Slovenia (Mountain LFAs) and Bulgaria (Other LFAs). There are many references to ERDF and ESF, rather fewer to the Cohesion Fund and the Fisheries Fund. Very striking is the reference to the whole range of funds within the set focused on LAG areas: this is an indication both of the width of the activity in many LAG areas, and of the fact that the LAGs themselves may act as deliverers not only of RDP measures but also of some wider funds.

Table 11: Funds from outside the RDP which may be applied in the case-study territories

		Mountain LFAs	LFAs other than mountain	Natura 2000 and Environmentally valuable farm land	Specific development areas	Rural areas eligible for Axis 3 measures	LAG areas	Total
Total of case study RDPs which show that funds from outside the RDP may be applied to meeting the needs of the territories		1	2	3	3	3	5	17
Funds of programmes concerned	ERDF	1		1	2	3	4	11
	ECF		1		1		2	4
	ESF	1		3	3	2	5	14
	EFF			1		1	3	5
	Other EU funds						1	1
	Other National or regional programmes			1			1	2

4.8. Summary of the findings of the case studies

Mountain LFAs are a major category of disadvantaged rural territory, identified within the EAFRD Regulation and the focus of a specific measures, 211. In addition to the research for the present report, it was possible to draw upon findings from an ENRD Draft Working Paper, 'Mountain Areas / Mountain farming NSP and RDP Screening Results'. This report presents a summary of the results of an analytical review, conducted by the ENRD Contact Point, of Member States' support for mountain areas under EAFRD (2007-2013). The main purpose of the review was to provide an overview of the different RD support measures available in mountain rural areas, and to assess how these measures have been applied by different Member States. The study covered 17 National Strategic Plans (NSP's) and 62 Rural Development Programmes (RDP's).

Definition

Article 18 of EC Regulation 1257/99 defines Mountain LFAs as areas characterised by considerable limitations, due to high altitude, steep slopes, or a combination of these two factors. Areas north of the 62nd Parallel and certain adjacent areas are also included.

Extent

Mountain LFAs are found in 17 EU countries – Austria, Bulgaria, Cyprus, Czech Republic, Finland, France, Germany, Greece, Italy, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom. Excluding the figures for Finland and the United Kingdom, Mountain LFAs cover 16.4% of the Utilised Agricultural Area of the EU, plus significant areas of forest.

Needs and objectives

14 of the NSPs contain explicit references to mountain areas and/or mountain farms, and the problems that they face. These problems include demographic decline; remoteness and poor accessibility; abandonment or degradation of land, including erosion and deforestation; and lack of farm competitiveness. Opportunities identified include support for animal husbandry; protection of landscapes; development of agri-tourism; and diversification of farm activities. Objectives stated include actions to assist disadvantaged or handicapped areas; to counter depopulation of remote or peripheral areas; to improve the economic and social opportunities; to protect biodiversity; and to enhance the rural heritage.

Measures

All the 62 RDPs in the study apply to their Mountain LFAs the measure which is specific to those LFAs, namely Measure 211 Payments to farmers in Mountain areas. About half of them also apply Measure 212 Payments to farmers in areas with handicaps.

Many other Measures within the EAFRD are also applied to the Mountain LFAs. The mixture of measures (within a total menu of 30 measures) varies greatly from one RDP to another. The Measures most frequently used are shown below:

- 112 Setting up of young farmers, used in 21 RDPs
- 121 Modernisation of agricultural holdings, used in 27 RDPs
- 122 Improvement of the economic value of forests, used in 17 RDPs
- 125 Improving and developing infrastructure, related to the development and adaptation of agriculture and forestry, used in 16 RDPs
- 214 Agri-environment payments, used in 35 RDPs
- 221 First afforestation of agricultural land, used in 15 RDPs
- 226 Restoring forestry potential and introducing prevention actions, used in 26 RDPs
- 227 Support to non-productive investments in forestry areas, used in 22 RDPs
- 311 Diversification into non-agricultural activities, used in 19 RDPs.

As may be expected, these measures are mainly focused on support for and strengthening of agriculture and forestry, including a strong emphasis on agri-environment payments: but there is some emphasis also on diversification into non-agricultural activities and support for non-productive investments in forestry areas. Other Axis 3 measures are applied within a minority of RDPs.

Funding

The total funding devoted to Mountain LFAs cannot be assessed by reference only to RDPs, for the reason that most of the measures listed above also apply outside the LFAs and the budgets for them are not sub-

divided. But the total resources applied through the EAFRD are certainly significant. Measure 211 alone brings 5.5 billion euros to Mountain LFAs (EU27, excluding Finland), with some Member States devoting more than a fifth of their RDP budget to that Measure alone (Slovenia 21.1%, Austria 21.3%, France 25.4%).

Beneficiaries

It was not possible to have a full picture of the eligibility criteria for Measures applied to mountain areas. For Measures 211 & 212, the criteria, and the levels of payment, vary greatly between states. However, results indicate that the eligibility criteria used for measure 211 (in addition to altitude, and degree of slope) are more sophisticated where there is a higher proportion of mountain areas within a region, reflecting what appears to be an underlying objective to improve targeting of the measure.

Coherence

The NSPs in the study vary greatly in the detail and clarity of their analysis of the problems, constraints and opportunities in mountain areas, and the strategic priorities, approaches and methods of supporting these areas. This is then reflected in the degree of coherence found, within the RDPs, as between needs, objectives, measures and resources applied. Most NSPs and RDPs acknowledge the challenges facing the mountain areas: some RDPs prescribe a rich and relevant set of measures: others use a narrower range of measures, not fully related to the range of problems that are described. There is no systematic information on the resources that are devoted to mountain areas from outside the RDPs, so it is not possible to judge the adequacy of the total response to the problems and needs identified in the NSPs and RDPs.

These findings suggest that the current menu of EAFRD Rural Development measures (and sub-measures) available to respond to the needs of mountain areas seems to provide a sufficiently broad and flexible range of support options. It also underlines the critical role that Member States and regional administrations have in developing well-targeted RDPs which ensure optimal balance in the selection, use and application of relevant policies and measures to meet the needs of specific mountain areas. These programming choices and their implementation are most likely to determine the effectiveness and overall impact of rural development measures in mountain areas.

Italy, and Valle d'Aosta

The ENRD Draft Working Paper, 'Mountain Areas / Mountain farming NSP and RDP Screening Results', from which the above text on Mountain LFAs was drawn, includes a more detailed analysis of Mountain LFAs in Italy. The research done for the present study supplements this by a specific look at the RDP for Valle d'Aosta, one of the most mountainous regions in Italy. This case study draws on material from both these sources.

Definition

As explained in Step 1 report, **Italy** (when defining rural areas for the general purpose of its RDP) decided that the OECD methodology, if used alone, would not adequately reflect the diversity of its territory. So, it revised the methodology by reference to altitude (plain, hill and mountain) and to the presence of urban poles or specialised intensive agriculture. The outcome was a distinction between four types of zone, namely:

- Urban Poles
- Rural Areas with Specialised Intensive Agriculture
- Intermediate Rural Areas

- Rural Areas with Complex Problems of Development.

This classification was defined in the NSP and adopted also in the National Strategy Framework in order to identify the priority of the Cohesion Policies. Regions may adopt a more detailed articulation of the territory, provided that this reflects one of the above types of zone.

Over 54% of the national territory in **Italy** is defined as mountain areas, clustered into three main zones, namely the Alps in the North, the Apennine in the Centre, and several mountains in the regions of Southern Italy.

Valle d'Aosta region endorsed the Italian definition of rural areas. Its RDP states that the entire regional territory, apart from the urban settlement of Aosta, is a 'Rural Area with Complex Problems of Development'. Moreover, almost all the regional territory is Mountain LFA, defined by reference to altitude, physical disadvantage (steep slopes, poor soil quality), low agricultural productivity, extensive farming, and a strong diffusion of multi-activity models (with many part-time farmers). The Mountain areas are defined in text and on maps, in a detailed and convincing way.

Objectives

The NSP for **Italy** highlights some of the major problems affecting mountain areas. It cites the lack of adequate strategic forestry planning and management; the strong fragmentation of property in mountain areas; the increased abandonment of mountain areas and of mountain farming/pastoral activities, which leads to a spontaneous return to nature/forest landscape patterns, and diminishing biodiversity values; and the high risk of fire and of soil erosion in many mountain areas. To address these issues, the NSP proposes interventions focused mainly on maintaining farming activities in LFAs, preservation of biodiversity (particularly high value agro-forestry systems) and restoration of natural habitats.

The RDP for **Valle d'Aosta** outlines a vision for mountain areas of integrated and multi-functional rural development, based on protection or revitalisation of the environment (to which 70% of RDP budget is allocated). Within this vision, equal priority is given to maintaining farming activities as a fundamental presence of man in the mountain areas, and as a tool against their abandonment; improving overall conditions for farms, especially in areas with steepest slopes; preserving mountain pastures; improving access and use of linked structures and land; proper management forests, and improving their multi-functional role; and decreasing, through preventive action, the risk of natural hazards.

Measures

The RDP for **Valle d'Aosta** applies the following measures to the Mountain Areas:

- 211 Indemnity for mountain farmers: a major element, complementing measures 214 and 215
- 123 Adding value to agricultural and forestry products: a minor element
- 132 Support to farmers participating in quality certification systems: a minor element
- 133 Support to producers' associations for information and promotion about food quality systems: a minor element, but useful for sustaining quality produce
- 214 Agri-Environment payments: significant, complementing other measures
- 215 Payments for animal welfare used to support proper livestock raising methods, complementing measure 214.
- 311 Diversification into non-agricultural activities: a minor element, but useful for income diversification
- 313 Incentives for Tourism activities: a minor element, useful for economic regeneration
- 322 Village development and renewal: an interesting measure with wide potential.

The Axis 3 measures will be mainly delivered through Axis 4, which is stated to command 7.5% of the RDP budget and which will apply to almost the whole regional territory.

Resources

In **Valle d'Aosta**, 37.6 % of the RDP budget (€44.7 million) is devoted to Measure 211, which also attracts a further €31.5 million of regional funds. Measure 214, agri-environment payments, attracts 24% of RDP funds (€28.7 million), together with a further €20.2 million of regional funds. The other measures named above, taken together attract 23.4 of the RDP budget. Thus the total planned spending on the Mountain Areas over the RDP period is €98.3 Million.

Beneficiaries

Valle d'Aosta. Although each measure has its own distinct beneficiaries, limits to grant size and various types of restriction, all the measures address mountain farming because the entire regional territory is defined as such. Measure 211 is the one that shows more detail in its structure, trying to address the objectives summarised earlier.

Targets

Valle d'Aosta. Targets are stated for each measure. The most significant are:

- Measure 211 – 3,200 beneficiaries; 51,000 ha in the zone for fostering prevention of abandonment or marginalisation of land
- Measure 214 – 2,400 beneficiaries; 4,600 ha involved; 34,000 ha in the zone managed for overall territorial quality
- Measures 311, 313, 322 (taken together) – 5,000 beneficiaries; investment value €15.8 million; 240 jobs created.

Other Funds

The RDP for **Valle d'Aosta** refers to the availability of ERDF and ESF funds, stating that these will be complementary to the Axis 3 measures in the RDP. For example, the Employment Programme for the region will fund interventions in the rural economy, except those covered by measure 311. The RDP states that the almost full overlapping of the regional territory with LEADER classification offered the chance of carrying out a series of actions with a greater impact compared to the past, and increased integration with the interventions supported by the Structural Funds. However, the RDP does not show how this integration will be handled, nor does it state the resources that may come from the other Funds into the Mountain areas.

Coherence

The approach taken by the RDP for Valle d'Aosta appears quite coherent, because it analyses the constraints affecting the mountain areas, identifies the major needs, applies appropriate measures to address those needs in a rounded way, and commits a large parts of the RDP budget, plus additional regional funds, to the pursuit of those measures. It also foresees some degree of complementarity between the EARDF and the Structural Funds, and implies that this complementarity will be achieved through the mechanism of LEADER and local development strategies. But it does not explain how much money will come from the Structural Funds, nor precisely how these funds will be deployed.

Slovenia

Definition

The RDP states that nearly 90 percent of the national territory lies at altitudes exceeding 300 m; 86% of the territory lies within Less Favoured areas; and 72% is defined as Mountain LFAs. The Mountain areas, shown brown on the map below, include the Julian Alps, the Kamnisko-Savinjske Alps, Karavanke, Pohorje and also hilly areas in central and southern Slovenia which are mainly undulating karst territory with limited areas of good soil and much forest or birch woodland. They are characterised by high or medium altitude, the physical disadvantage posed by steep slopes, and the economic disadvantage of low agricultural productivity. They are defined by text and on maps, but in a rough but convincing way.

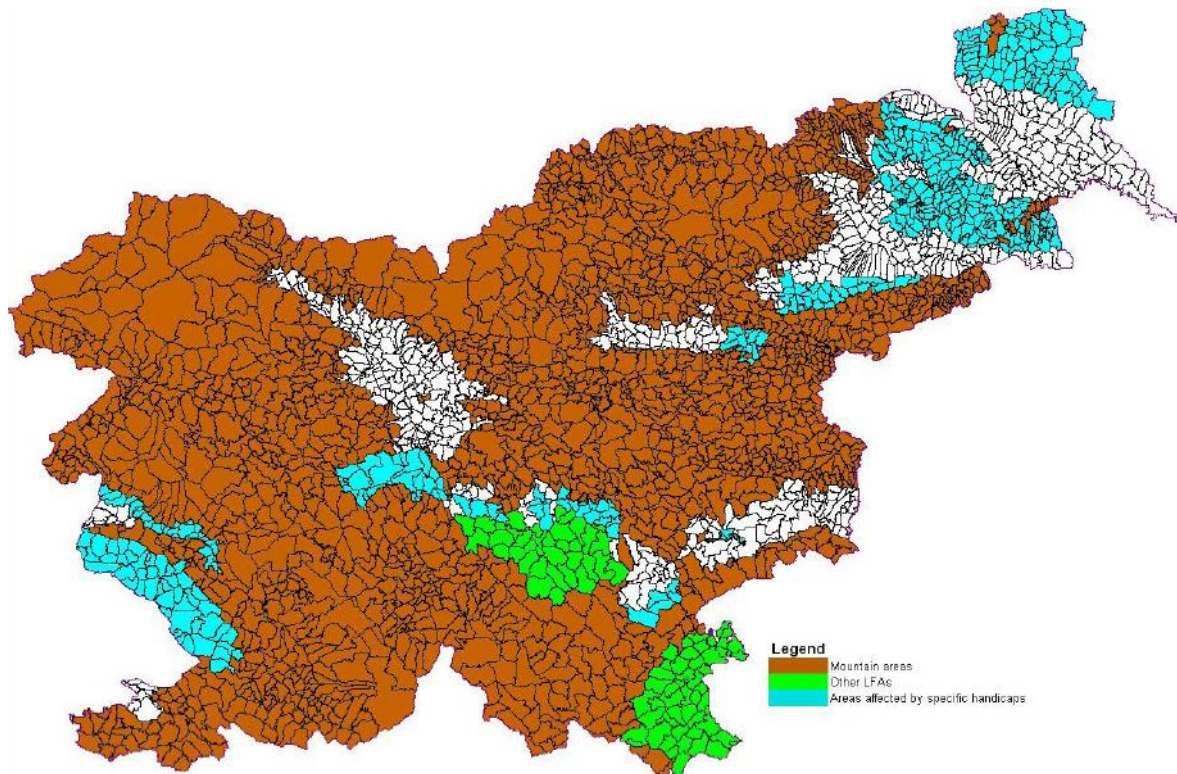


Figure 2: Less favoured areas

Objectives

In the SWOT analysis related to the Mountain LFAs, the RDP refers to problems of soil erosion, remoteness and poor accessibility, small size and lack of competitiveness of farms, and deforestation. It refers to the need to protect biodiversity and of landscape; to halt depopulation and the abandonment of land; to conserve and improve forests; and to enhance the quality of life for rural people in the mountain areas. The stated objectives of the Axis 2 measures include "Preserving agriculture in less favoured areas, through compensatory allowances to farmers in less favoured areas" and "Enhancing nature friendly agricultural practices, through agri-environmental payments".

Measures

To meet these objectives in the Mountain areas, Slovenia applies the following measure:

- 211 LFA payments
- 121 Modernisation of agricultural holdings

122 Improving the economic value of forests

214 Agri-Environment payments - see comment under **Beneficiaries** below

Funding

The funding for these measures includes €236.9 million (21.1% of RDP budget) for Measure 211, wholly attributable to Mountain LFA's; and the following figures, of which only an unstated part applies to those LFAs, for other Measures - €82.3 million (7.3%) for Measure 121, €24.9 million (2%) for Measure 122, and €305.2 million (27%) for Measure 214.

Beneficiaries

For Measure 211, all mountain farmers appear to be eligible: the payments per hectare are cut by 50% for holdings of over 100 hectares.

For Measure 214, 6 sub-measures out of the 22 envisaged seem to be directly addressing mountain farming. These are: Mountain pastures without herdsman; Mountain pastures with herdsman; Mowing of Steep slopes with inclination 35-50%; Mowing of steep slopes with inclination over 50%; Animal husbandry in areas which are the main habitat of large carnivores; and Sustainable rearing of domestic animals. Each sub-measure has a different maximum amount of payment/ha: all of them entail compliance with conditionality requirements. In overall terms, all of these sub-measures are expected to involve some 95,000 ha.

The beneficiaries for other measures are not stated.

Targets

The RDP states the aim to assist 33,000 farmers through compensatory payments; to protect biodiversity on a total of 226,000 hectares, and to protect 300,000 hectares from land abandonment.

Other funds

The RDP states that rural areas generally may benefit from funding from the ERDF, CF, ESF, EFF, LIFE+ programme and national funds other than the RDP. However, there is no indication of whether, and to what extent, these funds can benefit the Mountain LFAs.

Coherence

The RDP offers such limited information on the aspects summarised above that it is hard to judge the coherence of its approach to the needs of Mountain LFAs, which form a large part of the national territory. The needs and priorities are not fully described; the range of measures applied is narrow, and does not appear to address one of the stated objectives, namely improving the quality of life of those who live in mountain areas; the proportion of the RDP budget applied to these areas is unclear, except in relation to Measure 211; and no funds from other EU-supported programmes appear to go into the areas.

Conclusions on Mountain LFAs

Mountain areas, found in 17 of the 27 EU states, attract substantial attention from the relevant countries and regions. They present complex problems, including demographic decline; remoteness and poor accessibility; abandonment or degradation of land, including erosion and deforestation; and lack of farm competitiveness. Member States and regions recognise the need to ensure the continuance of farming in these difficult areas by offering direct support to farmers; to counter depopulation of remote or peripheral areas; to improve the economic and social opportunities; to protect biodiversity; and to enhance the rural

heritage. To this end, they apply a wide range of measures, mainly from Axes 1 and 2 of the EAFRD but (for a minority) including some measures from Axis 3. All the relevant RDPs show the commitment to Mountain LFAs of Measure 211, compensatory payments to mountain farmers, and this Measure alone will bring 5.5 billion euro to Mountain LFAs over the programme period. It is not known whether significant funds flow into these LFAs from sources other than the EAFRD.

4.8.1 Other Case Studies

A summary of the findings of the 17 further case studies will now be provided, taken individually but structured according to the five other types of territories on which the analysis focused – namely Less Favoured Areas (other than Mountain); Natura 2000 and environmentally valuable farm land; specific development areas; rural areas eligible for Axis 3 measures; and LAG areas.

Other Less Favoured Areas

The sample of three countries – Bulgaria, Netherlands and Hungary – was chosen to reflect a variety of socio-geographic circumstances within Less Favoured Areas. It excludes Mountain-area LFAs, because these were covered in a separate study by the ENRD Contact Point, relevant findings from which appear earlier in this Section.

Bulgaria

Definition

For the general purposes of Bulgaria's RDP, 'rural areas' are those municipalities (LAU1) in which no settlement has a population of more than 30,000. 231 out of Bulgaria's total of 264 municipalities are classified as rural.

The **Less Favoured Areas (other than mountain)**, which are the subject of this case study, are defined on a quite different basis, namely by reference to poor land productivity. Those settlements in which land productivity is assessed to be no more than 80% of the national average, and which fall outside the Mountain LFAs, are designated as 'Other LFAs'. These cover about 11,000 km² (c.10% of the national territory).

Objectives

These LFAs are not stated as a priority in the RDP. However, their objectives include the promotion of rational use of land, conservation of biodiversity and sustainable development of the land and other natural resources, the prevention of land abandonment and soil erosion, the maintenance of the attractiveness of the countryside and the reduction of depopulation. These objectives may be taken as a proxy for **needs**: no priority is stated among them, nor is any quantification offered.

RDP measures and resources

Only two **measures** are mentioned – 121 modernisation of farm holdings, which attracts higher levels of aid in LFAs than elsewhere; and 214 agri-environment payments. These measures are assumed to meet the objectives stated earlier.

Funding for these measures over the whole programme period is €572.3 million for Measure 121 and €38.9 million for Measure 212, respectively 13.4% and 0.91% of the RDP budget.

Beneficiaries

For Measure 121, the beneficiaries must be individual agricultural producers or groups of them, subject to certain criteria. They must produce a business plan, showing how the project will improve the overall performance of the holding(s).

For Measure 212, the beneficiaries are registered farmers with at least 1 hectare of land in hand: payment is at €50/ha for the first 50 ha, €20/ha for the next 50 ha, nothing above that, with a maximum of €3,500 per farm.

Targets

Measure 121 aims to support 5,300 holdings, of which 3,700 will introduce new products or techniques, and to generate a total volume of investment of €958 million. Measure 212 aims to support 10,000 holdings over the programme period, with an average 5% improvement in soil quality and 15% avoidance of marginalization and land abandonment. Impact indicators are stated relating to economic growth, labour productivity, protection of waters against nitrate pollution, organic farm production and generation of renewable energy.

Other funds

No funds from sources other than the RDP are anticipated.

Coherence

There is a coherent relationship between the defined territories, the stated objectives and the measures applied, and they appear to fit well within the overall approach to the RDP. However, the funding under Measure 212, at less than 1% of the RDP budget, appears small when applied to about 10% of the national territory. Measure 121, offering higher than normal rates of support to modernisation of farm holdings, looks like a coherent response to the needs of farmers in the LFAs.

Netherlands

Definition

For the general purposes of the RDP, the Netherlands define 'rural areas' as those that lie outside urban centres that have more than 30,000 inhabitants. These areas qualify for measures under axes 3 and 4. Measures under Axis 2 apply to areas specially designated for those measures: this includes the **Less Favoured Areas**, which are the subject of this case study and which all fall within the rural areas in the overall definition.

The RDP states that 'The Netherlands makes limited and highly critical use of the LFA designation, which is only used if the agricultural sector genuinely faces a competitive disadvantage due to external circumstances beyond the control of the farms themselves and if the area possesses qualities of European importance that need to be preserved'. LFAs are stated to be in four categories of land with specific handicaps – deep marshy pasturelands; flood plains (between rivers and embankments); stream valleys and valley flats (flood plains); and hill slopes. The total area designated is 252,796 ha, about 10% of the national territory. The areas are defined on maps, in a detailed and convincing way.

Objectives

The LFAs are not given priority in the RDP, but they reflect some of its objectives, including sustainable management of Natura 2000 areas, strengthening biodiversity, conservation and strengthening of valuable landscapes, extension of forests on agricultural land, sustainable and multi-functional

management of forests, restoration of water systems, good quality of ground- and surface water, and combating desiccation of nature and agricultural land.

Objectives specific to the LFAs include to prevent farmers from moving out of the areas, to preserve and improve valuable man-made landscapes, to protect and improve biodiversity, to combat climate change, to ensure improved soil quality change, to guarantee space for water storage, to protect the coastal areas against flooding, and to maintain/ develop the areas attractive for recreation and tourism. The first two of these objectives – to prevent farmers from moving out of the areas, to preserve and improve valuable man-made landscapes – have highest priority.

This statement of objectives very neatly reflects the long-established Dutch tradition of detailed and multi-purpose management of the land, brought right up-to-date by the reference to combating climate change.

RDP measures and resources

To pursue these multiple objectives, the RDP applies five **measures** from Axes 1 and 2 on the LFAs - 121 modernisation of agricultural enterprises, with focus on (a) young farmers and (b) sustainability; 124 cooperation for development of new products, processes and technologies in the farming, food and forestry sectors; 212 payments to farmers in areas with handicaps; 214 agri-environment payments; and 221 first afforestation of farmland.

Funding of the Axis 2 measures over the whole programme period is €76.9 million (3.5% of the RDP budget) for Measure 212; €412.2 million (18.7%) for Measure 214; and € 20.4 million (0.92%) for Measure 221. The money for measures 212 and 214 includes €236.6 million of top-up national funding, over and above the co-financing of the EAFRD money. Of these sums, only those for Measure 212 are definitely attributable to the LFAs: those for the other Measures apply also to other territories, and the share for LFAs is not explained in the RDP. No separate budget for the LFAs is stated for the Axis 1 measures.

Beneficiaries

For Measure 212, the beneficiaries are farmers with at least 0.5 hectares in the support scheme. Funding cannot exceed €150 per hectare, and is subject to conditions that farming must continue for at least 5 years, cross-compliance conditions must be observed, and (in most LFAs) farmers must commit themselves to an agri-environment contract under measure 214.

For Measure 214, the beneficiaries are farmers, who must comply with nature/landscape management contracts which fit the objectives for the specific area.

For Measure 221, the beneficiaries are entrepreneurs, who must meet cross-compliance conditions. Support for first afforestation is 80% of real costs, with a maximum of €7,000: the acreage has to be maintained for at least 5 years, and there are other conditions.

For Measure 121 and 124, higher maximum payments are made in the LFAs than elsewhere. For Measure 121, the beneficiaries are farmers, and there are restrictions on the costs that can be subsidised: the total support per farm in the LFAs cannot exceed €500,000 in a period of 3 years.

For Measure 124, the beneficiaries are (a) individual entrepreneurs participating in a cooperation project focussed on innovation activities, or (b) a cooperative of group of entrepreneurs: the total support per enterprise in the LFAs cannot exceed € 500,000 in a period of 3 years.

Targets

Measure 212 aims to support 6,780 holdings over the programme period, affecting 117,000 ha. Measure 221 has the target to plant about 1,880 ha of new forest, which will contribute c.10,058 kton CO₂ to climate-change targets. For Axis 2 generally, the aims include to halt the decline of biodiversity from 2010 onwards, so that the index for the population of farmland birds stays at the same level; and to maintain the current level of HNV farm and forest land at 2% of the national UAA.

Other funds

No funds from EU sources other than the RDP are anticipated. However, the LFAs will benefit from the national Investment Budget for 'rural' areas (ILG). This budget is composed of a range of national budgets, linked to programmes of different ministries, and is intended for land purchase, planning and management in 'rural' areas. Included are programmes for landscape management, biodiversity, water management, and climate. Implementation of the programmes is carried out at provincial level.

Coherence

There is a coherent relationship between the defined territories, the stated objectives and the measures applied, and they appear to fit well within the overall approach to the RDP. Particularly impressive, and offering the potential of **elements of relevant practice**, are:

- the combination of multiple objectives in integrated land management programmes;
- the use of conditions to secure cross-compliance and commitments to agri-environmental measures (though it not clear whether these conditions discourage farmers from taking part);
- the very substantial funding that is applied not only through the main EAFRD programme funds but also from top-up national resources, and specifically the national Investment Budget for rural areas.

Hungary

Definition

For the general purposes of the RDP, Hungary has created its own classification of territory, with three main categories of micro-regions - urban micro-regions; rural micro-regions with urban centres; and predominantly rural micro-regions. The second and third of these categories count as 'rural': they occupy 87% of the national territory, with 47% of the national population.

The **Less Favoured Areas (other than mountain)**, which are the subject of this case study, are defined by reference to Article 19 and 20 of the EAFRD Regulation. They include:

- areas with poor productivity, difficult land use, lower than average production, low density of population with high share of agricultural workers (Article 19): they total 395,402 ha, which is 4.25% of the national territory and 6.3% of the total utilized agricultural area (UAA);
- areas with special disadvantages, including severe soil acidity, severe soil salinity, extreme soil water management conditions and extreme physical soil characteristics, where farming shall continue in order to conserve and improve the environment, maintain the area and keep the tourism potential of that territory (Article 20): they total 488,156 ha, which is 5.24% of the national territory and 7.77% of the UAA.

So, the total area of LFAs is 883,558 ha, 9.5% of the national total territory and 14% of the UAA. These areas are defined by text in the RDP, in a rough but convincing way.

Objectives

There is no direct reference to **needs** in the RDP, and a reference to the “good environmental conditions experienced on LFA territories” suggests that the need may not be great. However, the **objectives** of the LFAs are stated to be “to improve the environment and the countryside by supporting landscape management ... and to preserve LFA territories and the traditional agricultural landscape.” More detailed objectives are also stated - to keep land under cultivation in areas with unfavourable conditions; to promote extensive cultures in environmentally sensitive areas; to enhance environmentally conscious farming; and to protect biodiversity. No priority is stated among them, nor is any quantification offered, except that a total of 170,000 ha of land may be affected by the measures.

RDP measures and resources

To pursue these objectives, the RDP targets LFA in three **measures** from Axes 1 and 2 – 121 modernisation of agricultural holdings; 122 improving the economic value of forests; and 212 payments to farmers in areas with handicaps. Two other measures - 214a agri-environment payments; and 214b preservation of the genetic resources of native and endangered farm animal breeds – may also apply.

Funding for these measures over the whole programme period is €23.6 million for Measure 212, wholly attributable to LFAs; and the following sums for the other measures, both within and outside the LFAs – €1,559.4 million for Measure 121; €12.3 million for Measure 122; and €1,137.1 million for Measure 214 a and b combined. The proportion of these sums that is attributable to the LFAs is not known.

Beneficiaries

For Measure 121, the beneficiaries are farmers.

For Measure 122, beneficiaries are forest holders who – based on a forest management plan – legally run forest farming on at least 50 hectares (for silvicultural measures, at least 20 hectares) of forest owned by private persons or municipalities, or any partnership of these two, and have been registered as a forest holder by the forestry authorities: support is in the form of capital grant.

For Measure 212, beneficiaries are registered agricultural producers, with at least 1 ha of pasture or arable land: no payment can be made if certain specified crops are grown.

For Measure 214a, beneficiaries are any registered natural or legal entities with at least 1 ha. of arable land grassland or reed-bed, or at least 0.3 ha of plantation, marsh, or moss: assessment of schemes takes account of the environmental sensitivity of the area and the role the area plays in the regions affected by landscape transition.

For Measure 214b, beneficiaries are farmers committed to preservation, through breeding, of the genetic resources of native and endangered farm animals.

Targets

Three of the measures – 121, 122 and 214 – apply both within and outside the LFAs, so it is impossible to understand from the RDP what targets apply specifically to the LFAs. For measure 212, the targets are to benefit 3,800 farmers in areas with handicap, across a total area of 170,000 ha; to avoid abandonment of 70,000 ha, by use of compensatory payments; and to support an increase of 65,000 livestock units over the programme period.

Other funds

Some funding may be applied through the national Operational Programme for Environment and Energy, using Structural funds. The amount of money is not stated.

Coherence

All the stated measures are designed to support farmers or foresters in their effort to continue their activities in areas with unfavourable conditions, to avoid land abandonment and to maintain environmental qualities. So, the RDP addresses the issue appropriately. However, it is impossible to judge whether resources are being applied on a scale that is proportionate to the need. The emphasis on protecting the genetic resources of native and endangered farm animals (such as the famous white horned cattle of the Hortobagy plain) is an interesting specialist aspect of agri-environment support.

Conclusion on LFAs

The three case studies provide a sharp contrast between (on the one hand) the land with poor productivity in Bulgaria and Hungary, where the aim is to enable farmers to stay on the land and continue farming in difficult circumstances while protecting environmental values in fairly simple ways, and (on the other hand) the lowland flood-plains and other environmentally sensitive lands in the Netherlands, where sophisticated systems of land management are needed to achieve multiple objectives. It is a tribute to the flexibility of the RDP Measures that they can bring benefit to both these types of LFAs; and that the constantly evolving agenda of objectives (or of 'public goods' that can be secured through skilled land management) can be pursued by these means.

Natura 2000 and environmentally valuable farm land

The sample of three countries was chosen to provide a variety of emphases within this broad issue. Portugal offers 'integrated territorial intervention', Czech Republic a tight focus on Natura 2000 areas, and Wales a broader look at agri-environment schemes.

Portugal

Definition

For the general purposes of the RDP, Portugal applied the OECD density criterion, but at the level of municipalities (LAU 1), rather than at NUTS 2 or 3, because municipalities are very heterogeneous and can include both urban and rural areas within a single administrative boundary.

The areas that merited '**Integrated Territorial intervention (ITI)**', which are the subject of this case study, are specific territories classified by their natural, landscape and/or heritage values. They include the Demarcated Region of the Douro River, and eight other distinct areas which form the Natura 2000 Network and which contain Special Protected Areas and National or Nature Parks. They contain a wide variety of natural and man-made habitats. Their extent is quite clearly defined by text and by reference to administrative and other boundaries. They have no direct relationship with the overall definition of rural areas.

Objectives

The RDP implies that the main needs or objectives of the ITI areas are:

- To make people aware that these areas have an additional value;
- To sustain natural and landscape values and agricultural traditional systems in Natura 2000 areas;

- To encourage environmental behaviour with additional positive effects.

RDP measures and resources

To pursue these objectives, the RDP focuses five **measures** - 214 Agri-environmental payments; 216 Non-productive investments in agriculture; 225 Forest environment payments; 227 Non-productive investments in forestry; and 323 Conservation of the rural heritage. In each ITI, these measures are aggregated into a single measure, called "2.4. Integrated Territorial Interventions". This has 11 sub-measures, of which two are general – support for ITI management, and management programmes – and the other 9 each relate to one of the nine ITIs. These nine specific sub-measures each draw down four of the normal RDP measures 214, 216, 225 and 227, except that the Douro area only uses the first two of these measures. Each ITI is promoted by a Local Support Structure which is different from LEADER LAGs. However, the ITI territories may fall partly within LAG areas, which implement Axis 3 measures. This brings Measure 323 into play, and also means that the ITI areas can benefit from local-based initiatives, with local development plans and strong participation of all partners in the local development process.

Funding for these measures over the whole programme period is €110.1 million (1.71% of total RDP budget) for Measure 214; €4.2 million (0.06%) for Measure 216; €14.1 million (0.22%) for Measure 225; €9.9 million (0.15%) for Measure 227; and €6,7 million (0.1%) for Measure 323.

Beneficiaries

Restrictions, related to the beneficiaries and the type and size of grant, are stated in the RDP.

Targets

Measures 214 and 216, both within and outside the ITIs, aim at a total of 25,200 contracts with up to 21,000 farmers, affecting up to 200,000 ha of land, with a total investment value of €4.2 million. Measure 225 aims to support up to 1,000 forest holdings, covering up to 6,000 ha. Measures 227 and 323 aim at total investment values of €9.8 million and €6.7 million, respectively.

Other funds

Some funding may be applied through the European Social Fund to support land register and mapping of conservation values; and through the LIFE+ programme. The amount of money is not stated.

Coherence

The Integrated Territorial Intervention territories and their needs and purposes are clearly defined. The integrated approach through local management plans and implementation packages for each ITI area is coherent, and well focused on environmental needs. However, it is not clear how the aim of raising public awareness is addressed. Also unclear is the amount, and the use, of funds from outside the RDP budget. The packaging of RDP measures into local development programmes for each ITI area may merit further examination as an example of elements of relevant practice in addressing the needs of specific territories.

Czech Republic

Definition

For the general purpose of its RDP, the Czech Republic defines as rural those municipalities (LAU2) with less than 2,000 inhabitants. Within this overall concept, rural areas are classified as suburban, intermediate or remote.

Natura 2000 areas, which are the subject of this case study and which are stated as a priority in the RDP, were delimited by individual Government Decrees. These areas cover 13.5% of the national territory. About one quarter of the total Natura 2000 area is used for agriculture, and the rest is mainly forest. The areas are delimited by maps and by administrative or other boundaries, in a rough but convincing way. The definition bears no relationship to that used to define rural areas generally.

Objectives

The RDP states objectives related to Natura 2000 sites as to protect biodiversity; to support special farming practices on protected sites; and to keep land under cultivation, in the face of the threat of land abandonment due to increased costs.

RDP measures and resources

To pursue these objectives, the RDP focuses four **measures** – 121 Modernisation of agricultural holdings; 122 Improvement of the economic value of forests; 213 Payments within Natura 2000 agricultural areas; 224 Payments within Natura 2000 forest areas.

Funding for these measures over the whole programme period includes €6.4 million (0.18% of the RDP budget) for Measure 213; and €12.2 million (0.34%) for Measure 224. Figures for the other two measures, which are only partly applicable to Natura 2000 areas, are not available.

Beneficiaries

Grant levels under measures 121 and 124 carry an additional 10% in Natura 2000 areas. Within these areas, payments under Measures 213 and 224 are confined to zones of National Parks and Protected Landscape Areas. Measure 213 offers 5-year contracts to farmers with at least 1 ha of UAA. Measure 224 is focused on 20-year contracts to support re-planting forest in the original composition (before logging), in order to save habitats.

Targets

Measure 121 aims to support, each year, 8 farms. No target is stated for measure 122. Measure 213 aims to support, each year, a total of 300 farms, affecting 4,000 ha. Measure 224 aims to support, each year, a total of 450 forest holdings, affecting 37,000 ha.

Other funds

The RDP states that the Cohesion Fund may support investment in water or sewage treatment plants, which could benefit the Natura 2000 areas: no budget is stated for this. Otherwise, the RDP records that there is a clear geographic or other demarcation that precludes other EU instruments or national programmes being applied to meeting the needs of these defined territories.

Coherence

In respect to Natura 2000, the national approach relies on regulatory (legal) measures, including the obligatory land management plans which are required for all Natura 2000 areas, while incentive-based measures encourage farmers and foresters to continue their activities. From this point of view, the RDP addresses appropriately the problems associated with farming and development in general in NATURA 2000 areas.

Wales

Definition

In defining rural areas for the RDP for Wales, the government drew a distinction between areas eligible under Axis 1 and 2, and those eligible under Axes 3 and 4. For Axis 1 and 2, it used the OECD definition of areas where the population density is below 150 inhabitants/km²: this covers the whole of Wales apart from the major population centres of Cardiff, Newport and Swansea. For Axis 3 and 4, it uses a more complex "Rural Definition", reflecting the type of settlement and the geographic context: this leads to recognition as rural, for this purpose, of areas defined by the smallest statistical unit, namely 'Output Areas', each of which includes an average of 125 households.

The **agri-environment areas**, which are the focus of this case study, are not defined by reference to territory, in that the agri-environment schemes are available to farmers throughout Wales on a voluntary basis. However, a degree of priority, in applying them, is given to farmers within Natura 2000 areas, which themselves comprise the Special Protection Areas and Special Areas of Conservation, as designated by the European Commission on recommendation by the UK government. These areas are delimited on maps and by reference to administrative or other boundaries.

Objectives

The government states, as one of the three priorities of the RDP, "To maintain and protect the environment and rural heritage": the importance of this is shown by the fact that 75% of the RDP budget is focused on Axis 2. Emphasis is given to "contributing to sustainable development by protecting landscapes, enhancing habitats and managing diffuse pollution"; and the RDP states that "within Wales, the environment underpins substantial economic activity".

This link between environment and sustainable development is then reflected in the more detailed objectives related to the agri-environment schemes. These objectives include - to increase biodiversity; to enhance local and regional landscapes; to develop niche, green and sustainable tourism; to diversify the economy into service and other sectors; and to generate employment associated with environmental management. The text of the RDP includes the following justification for the link between environmental conservation and economic well-being.

"Whilst environmental management helps to improve quality of life, it also sustains a vital tourism industry. Rural tourism makes a significant economic contribution to Welsh rural communities as a major source of employment (some 12%) and economic activity. Wales Tourist Board statistics show that rural tourism is worth around £350 million each year to rural communities.

"The employment associated with environmental management is particularly important to rural communities, since jobs tend to be dispersed across a wide area rather than concentrated on a single site. Furthermore, the nature of the work means that much of the revenue that is generated tends to stay within rural communities rather than leaking out into the wider economy. For example, between 2000 and 2003, the multiplier effect meant that £14m of direct spending on capital works under the Tir Gofal agri-environment scheme supported some 385 full-time job equivalents. Over 94% of this spending was retained within the Welsh economy".

RDP measures and resources

To pursue these objectives, the RDP focuses five **measures** – 214 agri-environment payments; 216 support for non-productive investments; 311 diversification into non-agricultural activities; 312 support for business creation and development; and 313 encouragement of tourism activities.

Funding for these measures over the whole programme period is €408.9 million (41.1% of the RDP budget) for Measure 214; €102 Million (10.3%) for Measure 216; €3.3 million (0.3%) for Measure 311; €14.6 million (1.5%) for Measure 312; and €20.6 million (2.1%) for Measure 313. The budgets for the Axis 3 measures are totals for spending within and outside the areas or farms which benefit from the agri-environment schemes.

Beneficiaries

The beneficiaries are, *for* Measure 214, owners or tenants of agricultural property; for measure 216, all farmers and other agricultural land owners in Wales who, on a voluntary basis, have entered all their land into 5 year agri-environment commitments; for Measure 311, the members of farm households who diversify into non-agricultural activities; for Measure 312, micro-enterprises with less than 10 workers and less than €2 million of turnover; and for Measure 313, all who live in those parts of Wales identified as rural under the "Rural Definition".

Targets

The agri-environment measures, as a whole, aim to support 21,173 holdings, affecting 2,852,435 ha. This will secure protection for widely varied habitats throughout Wales, and also of 1,750 Scheduled Ancient and 28,000 other historic features. It will sustain or create public access to 215,000 ha of open country and 11,500km of public rights of way. No specific targets are given for creation of jobs or other economic benefits.

Other funds

The RDP states that ERDF and ESF may support environmental enhancement where it is undertaken for a clear economic outcome, for example the use of innovative technologies to address the challenges of clean energy generation. No budget is stated for such work.

Coherence

There is a high degree of coherence between the different elements. The approach in Wales relies on incentive-based measures to encourage farmers to adopt and maintain environmental management activities. Measures 214 and 216, which are very well funded, will certainly stimulate action by farmers to protect wildlife habitats and landscape features: much of the money will go into the pockets of farmers or local contractors, and will thus sustain and possibly create employment in the rural areas. This may merit recognition as **elements of relevant practice**. It is less clear whether the complementary measures from Axis 3, with very modest funding, will have a significant impact.

Conclusion on Natura 2000 and environmentally valuable farm land

The three countries illustrate different uses of a total of six measures from Axis 2, supported in Portugal and Wales by elements of Axis 3 and in the Czech Republic by elements of Axis 1. All three approaches are very interesting. Portugal focuses on Protected Areas (such as National and Nature Parks and SACs) and has developed an integrated approach through local management plans and implementation packages for each specific territory. The Czech Republic focuses on Natura 2000 areas, with regulatory action and incentive-based measures which serve to encourage farmers and foresters to continue their

activities. Wales commits over half of its RDP budget to agri-environment measures: these measures support environmental stewardship, and bring income to farming communities, in many parts of the Principality.

Specific Development Areas

The sample of three countries was chosen to provide a variety of emphases within this broad issue. Greece provides a focus on small islands, Malta upon two small islands which together form a Member State, and Sardinia provides insight into a region of mountains and inland hills with severe socio-economic problems.

Greece

Definition

Greece uses the OECD definition to define its rural areas. Within this broad definition, it has distinguished three categories of rural area:

- *Dynamic rural areas* - located in plains, easily accessible to the cities, constituting the heart of agricultural production and exports;
- *Mountainous, disadvantaged or problematic rural areas*;
- *Island rural areas*: these are highly varied, by size, topography, degree of tourism development etc. They are all affected, to greater or lesser degree, by distance from mainland Greece and resulting high transport costs, ecological impacts, scarcity of resources, competitive use of land for tourism or agricultural activities, high irrigation needs, and high importance of coastal and off-shore fishing.

The **small Aegean islands**, which are the subject of this case study, fall within the third category above, which is itself a subset of the overall definition of rural areas. They are referred to as a distinct sub-category at certain points in the RDP, but are not clearly defined by text or in maps.

Objectives

For all island areas (i.e. not only for small Aegean islands), the RDP states or implies the following objectives - to halt the abandonment of farmland, and the desertification and erosion which arise from it; to provide the necessary infrastructure for transport, health, education and culture; to support the introduction of new information technologies, for which those who live in island areas are priority beneficiaries; to add value locally to farm and forest products; and to reduce the isolation of small Aegean islands. These objectives are not quantified by reference to small Aegean islands, nor are they given high priority in the RDP.

RDP measures and resources

The following **measures** from Axes 1 and 2 are applied to the pursuit of these objectives:

- 121(a) Modernisation of agricultural holdings, to improve their competitiveness
- 121(b) Modernisation of agricultural holdings, through the use of information and communication technologies
- 123(a) Adding value to the products of micro-enterprises and SMEs by supporting them in the field of innovation and technological equipment and improvement of quality, health and safety of their products
- 212 Support to disadvantaged areas other than mountains, with a focus on the promotion of sustainable production systems to address the isolation disadvantage of the islands.
- 214 Two sub-measures for:

- the maintenance of the traditional vineyard of South Thira
- the maintenance of extensive crops that are under threat of genetic erosion: this includes some crop varieties found in small Aegean islands.

It is assumed also, though it is not stated in the RDP, that these islands can also benefit from measures under Axis 3.

Funding for the Axis 1 and 2 measures over the whole programme period is €430 million (8.47% of the RDP budget) for Measure 121(a); €20 million (0.39%) for Measure 121(b); €300 million (5.91%) for Measure 123(a); €80 million (1.58%) for Measure 212; and for Measure 214, €3 million (0.06%) for support for South Thira Vineyards and €5 million (0.1%) for protecting genetic resources. Of the above measures and budgets, only 212 and 214 are specific to small Aegean islands: the others refer to all island areas.

Beneficiaries

The beneficiaries for these measures are:

- Measure 121(a) - farmers on small Aegean islands receive the maximum subsidy (75%), as opposed to mountainous areas (60%) and other disadvantaged areas (up to 50%).
- Measure 123(a) - all enterprises, irrespective of size, and they enjoy the maximum support (65%). Some requirements are more relaxed for farmers in these islands, taking into account the difficult conditions for producing and commercialising their products (e.g. small size of enterprises, arid land, distance from mainland Greece). Upper ceilings for support for adding value to forestry products can increase by 20% for micro-enterprises located in the Southern Aegean region (includes small Aegean islands).
- Measure 212 - these islands enjoy special levels of support during the period 2007 to 2009.
- Measure 214 - owners of vineyards on South Thira, provided they maintain traditional pruning and do not use chemicals.

Targets

The RDP does not state targets specific to the small Aegean islands.

Other funds

The RDP states that ESF may support people on the small Aegean islands through its life-long learning programme, but does not state the budget for this activity

Coherence

The evidence of the RDP, taken alone, suggests a low level of coherence in the relationship between objectives and measures. The objectives imply the need to diversify the local economies of the islands and to enhance the quality of life of people in these remote places, yet there is no specific mention of Axis 3 measures. Also surprising, in relation to islands of which some have fishing activity, is the absence of any mention of the Fisheries Fund being applied. As for the measures that are mentioned, the absence of budgets or targets specific to these islands makes it hard to judge whether the programme is likely to be efficient in meeting the objectives.

Malta

Definition

Malta takes the view that an international definition of rurality (such as that offered by the OECD) is unsuited to a small island nation, in which "all areas constitute a continuum from urban to rural and the activities associated with each other occur side by side. "Accordingly, they have developed their own definition of rural areas, namely those which have population density lower than 5,000 persons/km², at least 10% of the land in agriculture, and at least 35% of the area lying outside the designated Development Zone. On this basis, 47 municipalities (33 in Malta, 14 in Gozo), out of a national total of 68, are defined as rural: they contain 91% of the islands' territory, and 64% of the total population.

This case study is focused on **the whole rural area**, defined as stated above. This is clearly defined by text and on maps.

Objectives

The overall objective of Malta's rural development policy is to promote multifunctional agriculture within a wider framework of integrated rural development, so as to achieve the sustainable development of rural Malta. More specific objectives for the whole rural area are identified within the SWOT analysis in the RDP, under three broad headings – Agriculture; Agro-processing; Environment and Rural Areas. They are:

Agriculture

- To provoke a change in farmers' complacent attitude and to instill a strategic attitude
- To support investment in agricultural holdings that lead to increased productivity and competitiveness in a sustainable manner
- To provide focused training targeted to operators in the sector
- To provide advisory services
- To promote cooperative marketing techniques amongst producers
- To exploit the distinctive product attributes in order to develop quality products, possibly through collaboration between primary producers and agro-processors
- To improve marketing structures
- To encourage the transition to organic farming
- To promote diversification into niche production, in order to overcome the inability to compete in large scale production
- To promote increased collaboration between cooperatives or producer organizations, the Ministry for Rural Affairs and the Environment and academic institutions in order to tackle the gaps in the sector
- To formulate a national action plan to tackle land fragmentation
- To promote the rational use of water
- To promote sustainable agricultural practices, which care for the environment and landscape, and which create a link with artisan methodologies and traditional delicacies

Agro-processing

- To promote the long-term viability of the sector either by matching lower prices of imported products or by targeting up-market segments through production of niche products
- To promote innovation and development of value-added quality products and branding of Maltese products
- To promote Research and Development
- To exploit traditional Mediterranean ingredients and recipes as a marketing tool, and the development of new product lines to cater for evolving lifestyles

Environment

- Sustainable management of natural resources and preservation and conservation of natural habitats and rural landscapes
- Mitigation and adaptation strategies
- Increased harvesting of surface runoff and uses of TSE, and halting of uncontrolled groundwater abstraction
- Reduction of pesticide/fertiliser use and improved management of farm waste
- Educational and awareness programmes, and training concerning sustainable practices and climate change mitigation
- Completion of management and action plans to halt loss of biodiversity
- Collection of baseline and trend data on habitats and species, complemented by ongoing monitoring
- Enforcement of legislation affording protection of environment.

Rural areas:

- To conserve and upgrade the natural environment, and preserve and rehabilitate built and cultural heritage, as well as the distinct character of rural villages
- To manage tourism and recreational activities in a sustainable manner
- To keep alive rural crafts and traditional skills, not just as museum exhibits, but as activities that potentially render an economic return
- To provide open access to the countryside and more managed recreational sites
- To involve local councils and other rural stakeholders in the development of their locality
- To promote public awareness, communication and educational activities/campaigns to generate greater appreciation of natural and cultural heritage and to discourage malpractices
- To encourage the continuation of agricultural activity and enhance farmers' role as environmental stewards

RDP measures and resources

The following **measures** are applied to the pursuit of these objectives.

111 Vocational training and information actions

114 Use of advisory services

115 Setting up of advisory services

121 Modernisation of agricultural holdings, with three sub-measures:

- General modernisation and improvement of agricultural holdings
- Environmental investments
- On-farm investments in order to comply with newly introduced Community standards

123 Adding value to agricultural products

124 Cooperation for development of new products, processes and technologies in the agriculture and food sector

125 Infrastructure related to the development and adaptation of agriculture2 priorities - water scarcity, and farm accessibility.

132 Participation of farmers in food quality schemes

133 Information and promotion activities on food quality schemes

142 Setting up of producers' groups

212 Natural handicap payments in other areas with handicap

313 Encouragement of tourism activities

323 Conservation and upgrading of the rural heritage

341 Skills acquisition, animation and implementation

41 [411,412,413] Implementation of local development strategies

421 Inter-territorial and trans-national cooperation

431 Running costs, acquisition of skills, animation

Note: Measure 214, though in theory focused on the whole of Malta, has been excluded for the reason that it contains several sub-measures with a more specific and partly territorial focus (e.g. dry agricultural land; orchards or vineyards; support for organic farming; conservation of endangered breeds etc).

Resources

Funding for these measures over the whole programme period is shown below:

Measure No.	Public funding over whole programme period, €	% of RDP budget
111	1,160,000	1.206
114	3,000,000	3.12
115	600,000	0.624
121	13,460,000	13.996
123	7,000,000	7.279
124	1,000,000	1.097
125	5,200,000	5.407
132	1,200,000	1.248
133	670,000	0.697
142	990,000	1.029
212	14,500,000	15.078
313	11,536,667	11.996
323	21,000,000	21.837
341	450,000	0.468
411	780,000	0.811
412	520,000	0.541
413	1,300,000	1.352
421	500,000	0.520
431	775,000	0.806

Beneficiaries

The beneficiaries for these measures are:

- *Measure 111* - adult persons who are engaged in activities related to agriculture and food, including public officers having a regulatory function. The food sector training is limited to

managers or owners of micro-enterprises only (not employees, who are eligible for ESF training) and to "training of trainers".

- *Measure 114* - farmers who make use of advisory services offered by farm advisory consultants or of companies that have been included in the register of farm advisory consultants and companies. Priority is given to farmers who receive more than €15,000 in direct aid. Support I limited to 80% of the eligible cost and will not exceed €1,500 per farmer/service.
- *Measure 115* - private legal entities recognised as farm advisory services, so that the final beneficiaries are farmers who use these services. The rate of support shall be maximum of 100% of the total eligible cost, up to a threshold not exceeding €100,000 over a 5-year period. Support will be reduced by 20% every year.
- *Measure 121* - farmers and enterprises involved in agricultural production. Farmers must be registered as part- or full-time self-employed with Employment and Training Corporation: agricultural enterprises must be registered as legal entities. Grant level for all sub-measures is normally 50% of the eligible expenditure (up to €150,000); but, for actions related to the Nitrate Directive, 75% for application approved before 30 April 2008, and 50% for applications approved thereafter.
- *Measure 123* - micro- small and medium-sized enterprises within the meaning of Commission Recommendation 2003/361/EC. Enterprises not covered by Article 2(1) of that recommendation, but with less than 750 employees or with a turnover of less than EUR 200 million, are also eligible but the aid intensity will be halved. Support is granted only to actions that, in addition to enabling the agro-food sector to become more competitive, bring tangible benefit to the primary production sector and are oriented to exploit or enhance the intrinsic character of primary products.
- *Measure 124* - Support for actions implemented through cooperation between primary producers, with a focus on 'New products, new processes, new technology'. Maximum duration of project 3 years. There are restrictions on partners: at least 1 entrepreneur must be involved in primary production: only 1 holding or enterprise can act as applicant. Rate of support maximum 60% of the total eligible cost. Limit €120,000 per project over a maximum of 3 years.
- *Measure 125* - legal entities forming part of central or local government, including ministries, authorities, corporations and local councils, legally constituted farmers' groups and associations, and non-governmental organisations. Support will be given to actions which increase the harvesting of rainwater for irrigation from collection systems such as river valley dams and public cisterns and reservoirs; or increase the use of treated sewage effluent for irrigation; or increase accessibility to agricultural holdings by farmers including the upgrading of existing farm access roads and passageways (this third category will be implemented by LAGs).
- *Measure 132* - primary producers or farmers participating in European Community or National Quality Schemes. Support, within each scheme, of up to €3,000 per holding per year, for no more than 5 years.
- *Measure 133* - producer groups which produce agricultural products intended for human consumption and are certified as organic products under Council Regulation (EC) no 2091/91. Maximum rate of support 70% of the eligible cost.
- *Measure 142* - producer groups or producers' organisations recognized by the Director of Agriculture in accordance with the provisions of Article 19 of the Producers Organizations Act.
- *Measure 212* - farmers who have at least 1 tumolo (0.1124 ha) of utilisable agricultural land in all the territory of Malta. Farmers receiving support shall commit to farm the area covered by the compensatory payment for a minimum of five years following the first payment. Level of support based on the eligible UAA, payments €250/ha: no limit to the total areas that can be claimed for. All agricultural land in Malta is considered to be affected by some natural handicaps

- *Measure 313* - natural persons, public and private entities. Projects under this measure, which supports actions encouraging tourist activities in rural areas, must show how they build upon the rural dimension and the physical setting in which they will be located. Preference will be given to integrated projects, applying more than one action under this measure or Measure 323, and to projects which demonstrate how the tourism product of rural areas will be visibly enhanced through their investment.
- *Measure 323* – public entities, local government as well as non-governmental organizations and foundations whose primary interest, as stipulated in their statute, is the conservation of the environment and cultural heritage. The projects to be supported must have a public interest and must not incorporate a commercial purpose. These may include (i) the drawing up of studies and plans for the conservation, restoration, rehabilitation, protection and management of Natura 2000 sites and other areas of high natural value; (ii) environmental awareness and educational actions and events; and (iii) investments associated with the conservation, restoration and upgrading of the natural and man-made rural heritage. This third type may include specific actions that have been recommended as part of the management, conservation or rehabilitation plans; and also stand-alone actions, that do not necessarily emanate from approved conservation and management plans, which are implemented on a regional basis through local councils. Levels of support 100 % for type (i) projects, 90% for the others.
- *Measure 341* – support for studies of the area concerned; measures to provide information about the area and the local development strategy; training of staff involved in the preparation and implementation of a local development strategy; and promotional events and the training of leaders.
- *Measure 41* (with sub-measures 411, 412,413) is subject to conditions related to the formation of LAGs, namely:
 - A minimum of eight Local Councils must be involved in the public private partnership.
 - The number of inhabitants in the partnership must not exceed the 150,000. The only exception, although this is to be avoided, is in the case where only 1 LAG is established to cover all rural regions in Malta (foreseen are 3 LAGs - 2 in Malta, 1 in Gozo).
 - All the rural localities, as defined in the National Rural Strategy Plan, can participate in the Leader initiative, hence there can be 100% participation of rural areas.
 - The Local Development Strategy must be built on local public-private partnership, reflect the bottom-up approach adopted in decision-making, and have an integrated multi-sectoral approach
 - The Local Councils involved in the group must pertain exclusively to the rural territory covered by the proposed LAG
 - At least 51% of decision-making body must consist of representatives of the. The private or civil-society sectors
 - Only one action group per territory is allowed, and no overlapping of localities is permitted.

The local development strategies supported through this measure will define measures and outline the actions that the LAG will implement in its territory. This may include some types of action under Measures 125, 313 and 323. For example, Measure 313 may support the setting up of trails that interlink various sites of tourist value, or the provision and one-time restoration of small-scale recreational amenities, such as leisure parks; and measure 323 may support investments associated with conservation, restoration and upgrading of the natural and man-made rural heritage.

LAGs may decide whether to include *Measure 421* in the local development strategies, and how much of the budget they will allocate to it.

- *Measure 431* will be mostly geared to the training of leaders (members of the LAG decision-making body) and of staff involved in the implementation of the strategy, the organization of promotional events, and the ongoing implementation of the local development strategy.

Targets

Targets are stated for all the measures, in a manner too detailed to reproduce here.

Other funds

The RDP states that ERDF, ESF, CF and LIFE+ may all contribute support to rural areas. There is a clear statement that an integrated approach should be implemented, but the scale of resources for these other Funds is not stated.

Coherence

It is difficult to judge the coherence based only on screening the RDP. The overall objective of Malta's rural development policy is to promote multifunctional agriculture within a wider framework of integrated rural development, so as to achieve the sustainable development of rural Malta. It seems to be focusing on integrated activities throughout; and it provides for local development strategies, to be developed by LAGs, towards prioritising local needs. The RDP budget is almost equally divided between Axis 1, 33.5%; Axis 2, 26.1%; and Axis 3, 32.3%. However, the allocation to measures is less balanced, in that the Axis 1 funding is allocated to 10 measures, whereas in each of Axes 2 and 3 only three measures are supported. There is very substantial funding under Axis 3, but limits to the scope of that axis in supporting diversification of the rural economy, apart from action under Measures 313 and 323 to support tourism and cultural heritage. Moreover, very few measures are implemented through LAGs; and Axis 4 has the smallest amount of funding, for the reason that there was no previous experience with LEADER and it was seen as a novelty. There is no indication of how much resource from the other EU Funds is allocated to the rural areas.

An overall judgment, based on the RDP alone, may be that there is a fair measure of coherence, but that the case study does not provide any clear-cut examples of **elements of relevant practice**.

Sardegna (Italy)

Definition

Italy, with its extremely diversified territory, decided that the OECD basis for defining rural areas had to be adapted for its purpose. In defining rural areas for the general purpose of its RDP, it therefore classified municipalities (LAU2) according to the altitude zone (plain, hill and mountain) at province level. Taking this and other factors into account, it distinguished four types of zone, namely:

- A. Urban Poles
- B. Rural Areas with Specialised Intensive Agriculture
- C. Intermediate Rural Areas
- D. Rural Areas with Complex Problems of Development.

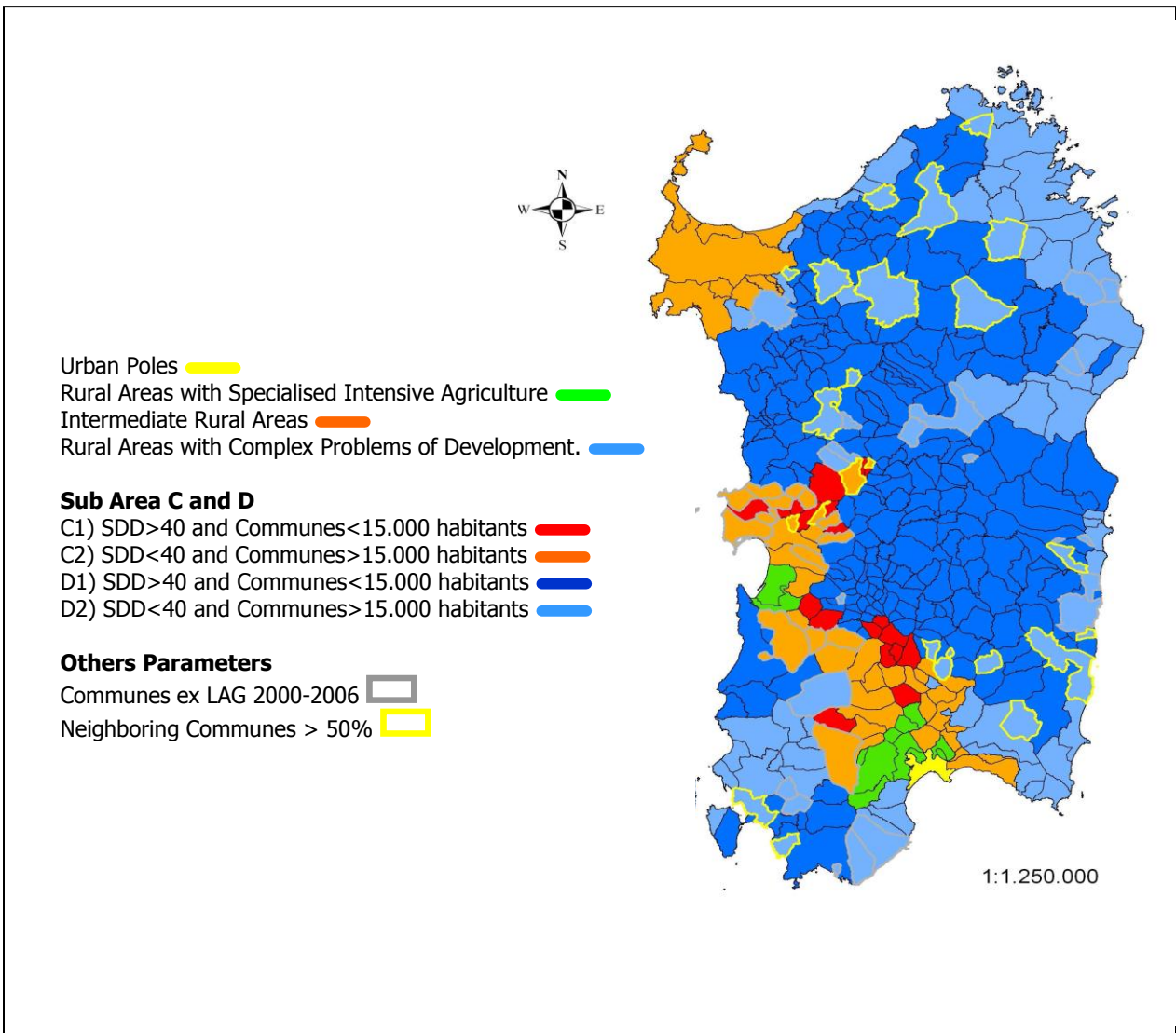
Zones B, C and D together constitute the Rural areas, for the general purposes of the RDPs. This classification was defined in the NSP and adopted also in the National Strategy Framework in order to identify the priority for Cohesion Policies.

This case study is focused on the fourth type of zone, **Rural Areas with Complex Problems of Development**. Sardegna was chosen for this case study, because a high proportion of its territory falls

within that zone. Regional Councils, which have the responsibility for preparing RDPs, are required to start from the national zoning pattern, but may adopt a more detailed articulation of the territory. In the RDP of Sardegna, in order to reflect the specific character of the region, Zones C and D are each divided into two parts by reference to an assessment of 'demographic malaise'. This assessment takes account of factors including loss of population over the period since 1951; the index of births over deaths in the ten year up to 2001; the indices of ageing and of dependence index; and the % of the population that was aged 65 or more, or less than 5 years old, in 2001. The outcome is a four-part zoning, with the following elements:

- C1 Intermediate rural areas with high levels of demographic malaise
- C2 Intermediate rural areas with good or moderate levels of demographic malaise
- D1 Rural areas with complex development problems with high levels of demographic malaise
- D2 Rural areas with complex development problems with good or moderate levels of demographic malaise.

Taken together, the two zones with high levels of demographic malaise – C1 and D1 – are the equivalent for Sardegna of the national zone D, and therefore form the focus of this case study. All the Communes with high level of demographic malaise are located in areas C and D: they total 164, which is 45% of all the communes in Sardegna. They are located mainly in mountain and hilly inland areas, and have an average population per commune of less than 3,000. They are defined in a detailed and convincing way by text and by reference to maps and administrative boundaries.



Objectives

Within the NSP, the rural areas with complex development problems are defined as “less dense populated areas of the country, characterized by low presence of local development processes in all sectors and by abandonment”. With extensive agriculture and a great variety of natural habitats, they contain much land with high natural value, which largely falls within the Protected Areas of Italy. Most of the population is employed in farming, while the other sectors, such as handcrafts and tourism, are less dynamic. Agriculture does not have a strong future, because the land is of low productivity. The process of abandonment of land is intense. The social-economic base is fragile, with high rates of unemployment, low levels of income and of saving, and gaps in rural services compared to other parts of Italy, and an ageing index higher than the national average. The infrastructure of schools is below the national average, with consequent impact on the quality of life and on social-economic vitality.

The RDP for Sardegna builds on this national diagnosis by stating the following objectives related to the areas that are the subject of this case study - to improve the attractiveness of the rural territories for people and for enterprises; to revitalise the productive tissue and to maintain vital and dynamic local communities; to halt depopulation; to maintain existing, and create new, job opportunities; to increase

employment among women and young people; to sustain the occupation, and the productivity, of the farm holdings; and to reduce social isolation and exclusion.

RDP measures and resources

To pursue these objectives, the following **measures** will be used:

- 311 Diversification towards non-agricultural activities
- 312 Support for creation and development of micro-enterprises
- 313 Stimulation of touristic activities
- 321 Basic services for the economy and rural population
- 322 Development and renewal of villages
- 323 Protection and beneficial use of the rural heritage
- 341 Acquisition of competences, animation and implementation
- 41 Implementing cooperation projects

Measures 311, 323 and 341 are partly by implemented by the Regional Council and partly by the LAGs. Measures 312, 313, 321, 322 and 41 are wholly implemented by LAGs. Measure 41 is simply the vehicle through which Measures the Axis 3 measures are mainly implemented. In Sardegna, the Leader approach is only used within these specific zones.

The RDP shows a gross **budget** for these measures, with €18 million (1.44% of the total RDP budget) for Measures 311, 323 and 341 and €169,9 million (13.56%) for Axis 4 and the other Axis 3 measures. Since the Axis 3 measures will be implemented mainly through Leader groups, and they did not produce their local development strategies and budgets till after the RDP was approved, it is not possible to tell how this total is allocated between the individual measures.

Beneficiaries

The beneficiaries are as follows:

- Measure 311 - members of farming families
- Measure 312 - micro-enterprises according to the provisions of EC Reg. 169/2005
- Measure 313 - public bodies or their associations, bodies for the management of touristic services and (for action 4) private bodies.
- Measure 321 - public bodies and their associations
- Measure 322 - for action 1, public bodies and their associations; for action 2, private citizens or owners of buildings.
- Measure 323 - public bodies and their associations and for action 30 private persons.
- Measure 341 - Sardinia Regional Council

Targets

Targets are stated for three of the measures:

- Measure 311- increase of €1 million in gross added value of non-agricultural origin in the beneficiary holdings, €20 million of total volume of investments, and 11,400 more tourists

- Measure 323 - €6 million in total volume of investments, and 195,000 people using improved services
- Measure 341 – 4,000 participants in training activity and 1,800 successful completions.

Other funds

The RDP states that ERDF and ESF may bring support to these areas, but does not indicate the scale of resources from these funds.

Coherence

The definition of areas is precise and clear, as well as the identification of the major needs and objectives. The Axis 3 measures that are devoted to these areas seem to be well-related to the stated objectives, and a substantial amount of money is allocated to them. Moreover, the fact that most of this spending is to be implemented by Local Action Groups, within the framework of local development strategies, suggests an integrated attack on the severe problems that are described. It may be assumed, but it cannot be certain from the evidence of the RDP alone, that other RDP measures (from Axes 1 and 2), and possibly some resources from ERDF and ESF, will also benefit these areas. So, there is a fair degree of coherence, and certainly a clear effort to analyse the special needs of these troubled territories and to suit the measures to them.

This case study suggests that Italy can offer an example of elements of relevant practice in the two-stage analysis, national and then regional, of the specificities of regions and their needs, and in the focused attack on the needs of these disadvantaged areas.

Conclusions on specific development areas

These three case studies all focused on islands in the Mediterranean, are in sharp contrast with each other. The small Aegean islands and the Sardinian backlands are both affected by loss of population, narrowly-based economies, difficult farming conditions, poor social infrastructure, and some degree of isolation and social exclusion. In both places, there is a focus on adding value to local products and diversifying the local economies through tourism and other activity. Malta is a more complex case, in the sense that it is focused on the whole rural area of a small but densely populated pair of islands, with an intricate interlock between urban and rural areas.

Rural areas eligible for Axis 3 measures

The three case studies in this set were chosen to provide a variety of experiences in the use of Axis 3 measures. Finland, with the lowest average population density of any EU member state, offers the example of sparsely populated areas; France of 'organised rural territories'; and Hessen of 'areas which are eligible for Axis 3 measures'.

Finland

Definition

Finland is the most sparsely populated member state of the EU. For this reason, it decided not to use the OECD definition, by which the whole country would be defined as either predominantly or significantly rural. Since the first national rural programme in 1990, Finland has evolved a three-part classification of rural municipalities (LAU2), dividing them into urban-adjacent rural areas, rural heartland areas and sparsely populated rural areas, in order to focus rural policy on specific regional needs and to ensure effective delivery of policy. The RDP shows the following updated classification, based on multi-variable analysis (which was described in our Step 1 report):

- Urban areas – a total of 58 municipalities, which includes the centres of major urban areas, and other urban areas with comparable characteristics and three categories of rural areas, namely:
- Urban-adjacent rural areas – a total of 89 municipalities
- Rural heartland areas – a total of 142 municipalities;
- Sparsely populated rural areas – a total of 143 municipalities.

All three categories of rural area are eligible for Axis 3 measures. But this case study is focused on **sparsely populated areas**, which are distinguished from the other categories through the multi-variate analysis mentioned above. These areas form a clear sub-set of the national definition of rural areas. They are clearly defined by reference to administrative boundaries and on maps. **Figure 3**, on the next page, in which the sparsely populated areas are shown in blue, shows how extensive these areas are.

Objectives

The RDP states, as a priority, the objective 'to slow down the decrease in the population of sparsely populated rural areas and rural heartland areas and to contribute to an improvement in employment at the same pace in the whole country'. The scale of this priority is shown by the statement in the RDP that measures aimed at diversifying the rural economy should have a "minimum of 80% of business financing allocated to rural heartland areas and sparsely populated rural areas, and a maximum of 5% allocated to urban areas." Similarly, measures aimed at improving the quality of life in rural areas should have "at least 70% targeted at rural heartland areas and sparsely populated rural areas."

Turning specifically to **sparsely populated rural areas**, the RDP offers a summary of their weaknesses: "Sparsely populated rural areas are in a vicious circle: the young move away, services are declining, agriculture decreases, new jobs are too few to offset the loss of traditional jobs, the number of elderly increases and the economic capacity of municipalities cannot cope with the change. The short growing period and other natural conditions restrict the development potential of primary production."

The RDP does not state **needs** as such. The nearest to such a statement is the SWOT analysis, which shows the following characteristics of sparsely populated areas.

Weaknesses and threats:

- Natural conditions restricting agriculture and fragmented farm structure
- Sparse population, distorted age structure, long distances
- Weak profitability of the food industry and SMEs
- Limited employment opportunities especially in sparsely populated rural areas
- Weak development in productivity and capital intensity
- Payments account for large share of farmers' income

Strengths and opportunities:

- Emphasis on the environmental and landscape values of rural areas
- Positive entrepreneurial attitude and commitment to rural development
- Strong local culture
- Extensive expert and training system and good development skills
- Comprehensive communication networks

For the present purpose, it may be assumed that the **objectives** of the RDP for these areas are to offset the weaknesses, avoid the threats, and build on the strengths and opportunities.

Figure 3: Typology of rural areas in Finland 2006

Summary of the division of Finnish rural areas into three types 2006, Finnish rural typology 2006 and list of towns and municipalities in mainland Finland with more than 23,000 inhabitants and with 20,000–23,000 inhabitants.

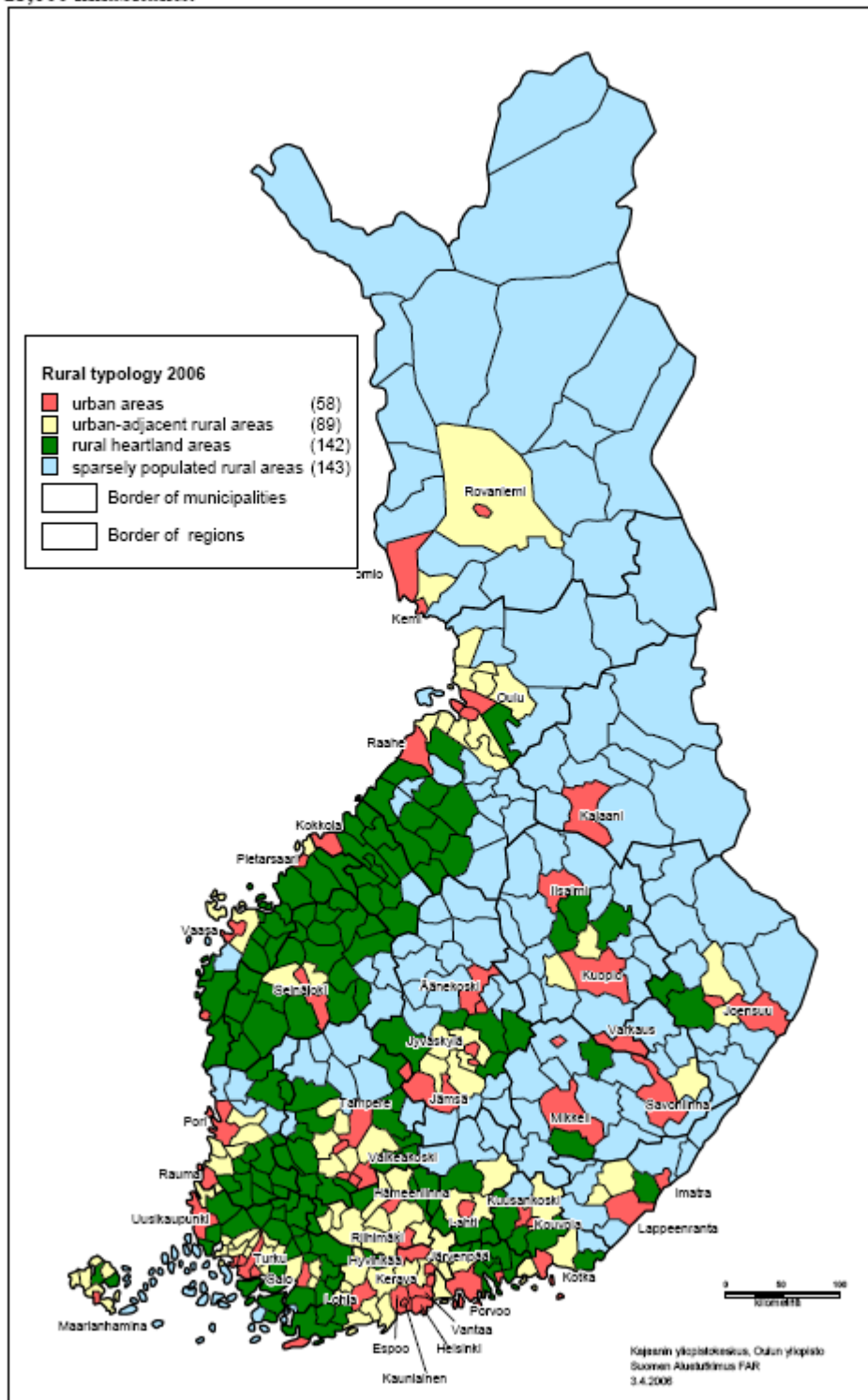


Figure 1. Finnish rural typology 2006

RDP measures and resources

In pursuit of these objectives for the sparsely populated areas, the RDP applies the following **measures** from Axes 1, 3 and 4;

- Vocational training and information actions, including (1) General vocational training and information actions, (2) Improving the competitiveness of agriculture, an (3) Upgrading competence
- 123 Adding value to agricultural and forestry products
- 124 Cooperation for the development of new products, processes and technologies in the agriculture, food and forestry sectors
- 311 Diversification into non-agricultural activities
- 312 Creation and development of micro-enterprises
- 313 Encouragement of tourism activities
- 321 Basic services for the economy and rural population
- 322 Village renewal and development
- 323 Conservation and upgrading of the rural heritage
- 331 Training and information
- 41 Implementing local development strategies
- 421 Inter-territorial and transnational cooperation
- 431 Running the local action group, acquiring skills and animating the territory

Funding

The RDP shows the following budgets for these measures:

Measure No.	Public funding over whole programme period € Million	% of total RDP budget
111	38.5	0.6
123	107.5	1.6
311	170.0	2.6
312	158.0	2.4
313	26.0	0.4
321	38.0	0.6
322	20.0	0.3
323	6.0	0.1
331	15.0	0.2
41	169.0	2.5
421	24.0	0.4
431	40.0	0.6

Measure 41 is the vehicle through which activities eligible for support through the Leader approach are implemented. Of the EAFRD contribution for axis 4, a maximum of 20% is allocated to activation and acquisition of skills at the local level (operational funding) and a maximum of 80% is allocated to the implementation of local development strategies. The budget figure for Measure 41 includes only the funding for Axis 1 and Axis 3 (measures included in this case study) and not funding for Axis 2.

The figures in the table above are not exclusively devoted to sparsely populated areas. For Measures 111 and 123, the figures include sparsely populated areas, urban-adjacent rural areas and rural heartlands areas. For the Axis 3 figures, it is possible to work out what proportion is allocated to rural heartland areas and sparsely populated areas. The RDP states that measures aimed at diversifying the rural economy should have a "minimum of 80% of business financing allocated to rural heartland areas and sparsely populated rural areas", and that measures aimed at improving the quality of life in rural areas "at least 70% should be targeted at rural heartland areas and sparsely populated rural areas." On this basis, it can't be calculate that funding targeted at rural heartland areas and sparsely populated rural areas includes about €136 million for Measure 311, €126.4 million for Measure 312, €20.8 million for Measure 313, €26.6 million for Measure 321, €16 million for Measure 322, and €4.8 million for Measure 323.

Beneficiaries

The beneficiaries for these measures are:

- Measure 111.1 - Educational institutions, municipalities, associations, organisations, cooperatives and enterprises
- Measure 111.2 - Individuals and businesses engaged in agriculture, development body whose functions or mission include service production for enterprises, municipalities, associations and cooperatives
- Measure 111.3 - Individuals, enterprises and groups of entrepreneurs
- Measure 123 - Agricultural holdings or micro-enterprises and SMEs
- Measure 311 - Members of farm households, municipalities, associations, organisations and cooperatives
- Measure 312 - Rural micro-enterprises, municipalities, associations, organisations and cooperatives
- Measures 313, 321, 322, 323 and 331 - Municipalities, associations, organisations and cooperatives.

Support under these measures is restricted by reference to the **size of grants**, as follows:

- Measure 111 maximum €150,000 per project
- Measure 123 Maximum €500,000 per investment if relates to first-stage processing in agriculture. For other investments, maximum of €200,000 a year for three fiscal years. In projects backed by an action group, maximum €150,000
- Measures 311,312,313,321,322,323 331. For projects backed by an action group, maximum € 150,000
- Measures 321, 322, 323. For coordination projects, maximum €150,000.

Targets

The RDP does not state indicators or targets for these measures as applied specifically to sparsely populated areas. All targets and indicators relate to the whole of the rural areas.

Other Funds

The RDP states that ERDF, ESF and EFF may support activity in the sparsely populated areas. It gives no indication of the scale of resources from these programmes. However, it does state that "... in eastern and northern Finland, where the rural development challenges are the greatest, more funding is available under the European Regional Development Fund (ERDF) and European Social Fund (ESF) than in other regions, which also supports the development work in rural areas." LAGs, which cover the whole of the

sparsely populated areas, can negotiate funding from ERDF, ESF or EFF to assist in implementing their local development strategies.

The RDP does not mention other **national** funding, despite the fact that Finland applies – through its Rural Policy, which is wider in scope than the RDP – the concept of ‘broad’ rural development, which relates to coordination between different policies and government funding.

Coherence

There appears to be a high degree of **coherence** between the different elements. Financial resources are focused on the rural areas (i.e. sparsely populated areas and rural heartland areas) which most need development because of out-migration, limited employment opportunities, poor infrastructure. Even if the total amount seems low, the majority of funding under Axes 3 and 4 is directed at sparsely populated areas and rural heartland areas. All of the measures applied to sparsely populated areas can be implemented through Local Action Groups, which according to the RDP have the duty to “... implement strategic, systematic rural development **driven by local needs** in accordance with the bottom-up principle, which provides each rural area with precise solutions for improving the opportunities for employment and earning a living.....The bottom-up orientation is key to the Leader approach. This approach is founded on **each area and its needs**”. As described earlier, LAGs can enlist the support of ERDF, ESF and EFF in their development work.

The provisions in the RDP appear to be **relevant** to the needs of sparsely populated areas. As to the **efficiency** of measures and resources applied, it is difficult to make a judgment since the budgets refer to **all rural areas**. As to the **balance** of the programme, the 8.8 % of the RDP budget that is committed to Measures 111 and 123 and Axis 3 seems low given the needs of the sparsely populated areas. However, this is difficult to judge without more information on what is being spent in these territories under ERDF, ESF or EFF.

The use of LAGs not only to deliver Axis 3, but also as a means by which resources outside EAFRD are focused on meeting local needs, is an **element of relevant practice** that merits further study.

Languedoc-Roussillon, France

Definition

In defining rural areas for the general purpose of its mainland RDP, France (only) chose not to use the OECD definition, mainly for the reason that rural areas so defined would exclude significant parts of the peri-urban zone, which includes a third of France’s agricultural land, 35% of its farms and the homes of 39% of the metropolitan population. It developed a concept of “peri-urban and rural crowns”, as the basis for defining rural areas for the RDP. From this starting-point, it defined three categories of space:

- *predominantly urban space*, which is composed of an urban employment pool (defined as having a potential of at least 5000 jobs) and its “peri-urban crown” (composed of communes where at least 40% of working people live in the commune and have a job in the “urban pool”);
- *predominantly rural space*, which is composed of a rural employment pool (defined as having a potential of at least 500 jobs) and the “the crown of the pool” (composed of communes where at least 40% of the population is working in this rural pool);
- *other rural communes*.

The RDP applies to predominantly rural space, other rural communes and peri-urban crowns, but not to the urban employment pools.

The Step 1 fiche on France showed that the RDP identifies a category of 'Organised rural territories', which is the focus of this case study. Under national rules, these territories must each have a geographic, cultural and economic cohesion or social cohesion. They include so-called 'Pays' or Natural Regional Parks, each of which has an established local partnership and a local strategy focused on environmental protection and related developmental activity.

The application of Axes 3 and 4 of the EAFRD in each region of France is decided by the Prefect of the Region. This case study focuses on the '**Organised rural territories' in the region of Languedoc-Roussillon**, in which Axis 3 represents a significant parts of the EAFRD budget. The Prefect has recognised thirteen **Pays** with a range in size of population from the largest (Pays "Garrigues & costières de Nimes") with 240,336 inhabitants in 41 communes and surface area of 929 km² to the smallest with 37,974 inhabitants in 89 communes and surface area of 1426 km². In addition, it has **Natural Regional Parks**, which are set up by groups of communes to pursue the two linked purposes of protecting the environment and heritage, and promoting the socio-economic development of the area. The partners sign a Charter of partnership, which runs for 12 years and may be renewed: this forms the basis for the local development strategy. Many of the Pays or Regional Parak partnerships also serve as LAGS under Axis 4 of the EAFRD.

These territories are defined in text, and stated as a priority, in the Regional RDP for Languedoc-Roussillon. They fall within the overall definition of rural areas (? except those parts of the largest Pays which may count as urban).

Objectives

The regional RDP states the following general objectives for the rural areas in the region:

- to sustain economic activities to ensure a better repartition of population on the regional territory
- to sustain and valorise the natural and cultural heritage
- to promote local animation of local policies
- to improve the economic and residential attractiveness of rural areas adapted to local strategy and with a structuring effect.
- to create jobs by diversification and creation of new activities.

The articulation of specific objectives for each Pays or Natural Regional Park rests with the local partnership.

RDP measures and resources

To pursue these objectives, the RDP applies the following **measures**:

- Measure 311 Diversification into non-agricultural activities
- Measure 312 Support for sustaining and creating micro-enterprises
- Measure 313 Promotion of tourism activities and enhancing the quality of the structure according to the regional objectives for the territory.
- Measure 321 Basic services for the economy and the local population
- Measure 341.2 Local development strategy. This includes skills acquisition and animation to enable the different actors to focus on an integrated territorial project, embracing social, economic and environmental goals. A priority is also given to commercialisation of the local food supply chain.

Funding for these measures, related to the whole rural territory of the region, is shown below: the RDP does not indicate the proportion of this that may be applied to the 'Organised rural territories'

Measure No.	Public funding over whole programme period, €	% of total RDP budget
311	13,872,000	3.6
312	4,800, 000	6.1
313	25,650,000	6.6
321	4,780,000	1.2
341.2	6,990,000	1.8

Beneficiaries

The beneficiaries and limits for the different measures are as follows:

- Measure 311 - members of farm households. Size of grants between minimum of €5,000 and maximum of €200,000 per year for three years.
- Measure 313 - local authorities (Region, Department) or groups of communes, and also **Pays and Natural Regional Parks** as contracting authorities (*maître d'ouvrage*). Size of grants (within a range of 50 to 80% for public support) between a minimum of €15,000 and maximum of €200,000 a year for three years.
- Measure 321 - local authorities, group of communes, public establishments and associations. Grants (80% of public support) with maximum €100,000 from EAFRD and the possibility of funds from outside the EAFRD.
- Measure 341.2 – **Pays, Natural Regional Parks**, groups of communes, local authorities, cooperatives and collective structures. Grants (80% of public support) with maximum 50% from EAFRD, plus possibility of funds from outside the EAFRD.

Targets

The RDP provides no targets or indicators specific to the 'Organised rural territories'.

Other Funds

The RDP states that ERDF and ESF may apply to the organised rural territories. Two Inter-regional programmes, related to the 'Massif central' and the 'Pyrénées', could support the strengthening of the tourism sector. The RDP provides no details, and no indication of funding from these sources.

Each French region has regional programmes, which may provide support to rural areas, including the organised rural territories. These include:

- *Regional plan for Economic Development*, which states a strategy to help the creation and development of enterprises, the mobilisation of human capital, and territorial coherence.
- *Strategic Action Plan of the State in the Region*, of which the objectives are to support the attractiveness of territories, strengthen their competitiveness, reduce their vulnerability, consolidate social cohesion, and focus the resources of the State on the needs of territories
- *Contract of Project State-Region*, which describes the actions applied by the State and Region in the territory: it gives priority to valorisation of human capital by supporting higher education, research in innovation sectors (including ICT) and training, support to enterprise and the

agricultural sector especially viticulture, support to the transport infrastructure, and strengthening social cohesion by supporting health and cultural infrastructure.

Only the third of these, the Contract of Project State-Region, provides funding. The RDP does not indicate what resources may flow to the organised rural territories from that Contract.

Coherence

This French approach to local development is interesting in several respects - the choosing, by local authorities and others, of an area which has 'geographic, cultural and economic or social cohesion'; the creation of a local partnership, with (in the case of the Natural Regional Parks) a 12-year charter or agreement between the partners; the production of a local development strategy; and the close link between the two purposes of protecting the environment and heritage, and promoting the socio-economic development of the area. The word 'Pays' itself, with its sense of the special, local valued place, is evocative of territorial specificity. Also interesting is that the 'Pays' may stretch beyond the defined rural area, in order to benefit from the inter-dependence of two and countryside in particular sub-regions.

Many of the Pays or Regional Parak partnerships also serve as LAGs under Axis 4 of the EAFRD. This enable them to focus EAFRD funds on the rural parts of their territories, while bringing in funds from other sources to the whole of their areas, which may be partly urban.

These points give a basic coherence to the concept of organised rural territories. What cannot be judged, simply by reference to the Languedoc-Roussillon RDP, is the adequacy of the measures and resources that are applied, from within and beyond the AEFRD, to address the needs and meet the stated objectives of these territories.

Nevertheless, this case study offers two examples of **elements of relevant practice** which merit further study:

- The '**Pays**', particularly those which embrace significant rural and urban areas
- The **Natural Regional Parks**, which are already celebrated in the European family of Protected Areas as models of a partnership-based approach to multi-purpose management of fine rural areas where traditional farming and other activities have created remarkable landscapes, ecosystems and cultural heritage, and where the sustaining of that heritage is in symbiosis with the social and economic well-being of the local population.

Hessen (Germany)

Rural areas in Germany are extremely heterogeneous; and responsibility for rural development rests with the Länder. For these two reasons, there is no national definition of rural areas for the purpose of rural development. Each region has developed its own definition. In the more densely populated Länder – of which Hessen is one – the regional authorities make use of the definitions in their *Landesentwicklungsprogramm* (State development plan elaborated by the spatial planning authority). Accordingly, rural areas tend to be defined as the areas which lie outside the *Verdichtungsraum* (densely populated area, which is variably defined)

The RDP for Hessen states that Rural areas are defined by reference to "context-related Baseline Indicators 1 and 2", subject to the exclusion of the Rhein-Main urban conglomeration and the city centres of Kassel, Fulda, Marburg, Gießen and Wetzlar.

The focus of this case study is on the **areas which are eligible for Axis 3 measures**, which the RDP calls 'Rural areas defined by reference to population density, structure of the economy and structure of

employment'. These areas relate directly to, and form a large part of, the overall rural areas as defined above. They are clearly defined by text and maps, and by reference to administrative boundaries.

Objectives

The RDP states four main objectives for the whole programme. These all apply to the territories which concern us, but Objective 2 is of greatest relevance.

1. To decrease regional disparities, with a focus on the northern and middle parts of Hessen
2. To maintain and create value chains, in order to avoid out-migration of rural areas, using measures within Axes 3 and 4
3. To improve the structures of agricultural holdings and food economy for safeguarding competitiveness in a middle and long-term perspective on a growing global market
4. To improve the environmental situation in sub-regions by developing regional agri-environmental programmes well adjusted to the particular needs of the each sub-regions.

RDP measures and resources

To pursue these objectives, the RDP applies the following measures:

- 311 Diversification into non-agricultural activities
- 312 Support for business creation and development
- 313 Encouragement of tourism activities
- 321 Basic services for the economy and rural population
- 322 Village renewal and development
- 323 Conservation and upgrading of the rural heritage
- 331a Training and information measure for economic actors operating in the fields covered by axis 3
- 341a Skills-acquisition and animation measure with a view to preparing and implementing a local development strategy
- 413 Measures for improving the diversification of rural economy and improving the quality of life
- 421 Implementing cooperation projects
- 431 Running the local action group, acquiring skills and animating the Territory

Funding for these measures over the whole programme period is €21 million (3.3% of total RDP budget) for Measure 321; €158 million (23.8%) for Measure 322; €0.7 million (0.1%) for Measure 341; €47 million (7.1%) for Measure 413 (which is the vehicle for implementing Measures 311, 312, 313, 323, and 331); €1.4 million (0.2% for Measure 421; and €2.1 million (0.3%) for Measure 431

Beneficiaries

The beneficiaries for the different measures are as follows:

- 311 - Agricultural holdings
- 312 - Legal persons
- 313 - Communities, Natural and legal persons, water and soil-board and other equal boards
- 321 - Natural and legal persons
- 322 - public and private bodies of communities and private persons
- 323 and 331 - public and private bodies
- 341 - public and private bodies, including Local Action Groups
- 413 – The same beneficiaries as the Axis 3 measures
- 421 and 431 - Local Action Groups

Targets

Targets are stated but without numbers

Other funds

Integrated local development strategies are supported in defined LEADER regions via the RDP exclusively. However, individual projects may be supported using resources from the ERDF, ESF and EFF. The RDP provides no indication of the scale of resources from these or other programmes.

Coherence

The need to counteract out-migration in the northern and middle parts of Hessen is met by the strategic objectives. The rural areas eligible for Axes 3 and 4 measures, however, also cover southern parts of the programme area. In southern parts there exist also the need for increasing gross value added (GVA) through use of these measures, but the out-migration is not as severe as in the northern and middle parts of the region. The provisions in the RDP, notably the focus on maintaining and creating value chains in order to avoid out-migration of rural areas, appear to be relevant to the needs of the defined territories, notably linked to the problems of the northern and middle parts of Hessen. Analysis only of the RDP does not allow any statement on efficiency and balance of the RDP regarding the focus of this case study: it would require an assessment of alternatives to make a judgement on this. The case study does not offer an example of elements of relevant practice.

Conclusions on rural areas eligible for Axis 3 measures

The three case studies in this set were chosen to provide a variety of experiences in the use of Axis 3 measures. Finland offers a coherent approach to meeting the very severe needs of sparsely populated areas in a systematic, integrated way in accordance with the bottom-up principle, driven by LEADER groups which can call on resources within and outside the EAFRD. Languedoc-Roussillon illustrates the French approach to local development, focused on areas which have geographic, cultural and economic or social cohesion, the creation of local partnerships, the production of local development strategies, and the close link between protection of environment and heritage and promotion of socio-economic development. Hessen offers an example of the use of Axis 3 measures, implemented through LAGs, to address the problems of out-migration in rural areas by creating and maintaining value chains and other initiatives.

This group of cases offers three examples of **elements of relevant practice** that merit further study:

- from Finland, the use of LAGs not only to deliver Axis 3 in a locally differentiated way, but also as a means by which resources outside EAFRD are focused on meeting local needs
- from France, the **Natural Regional Parks**, as models of a partnership-based approach to multi-purpose management of fine rural areas where traditional farming and other activities have created remarkable landscapes, ecosystems and cultural heritage, and where the sustaining of that heritage is in symbiosis with the social and economic well-being of the local population
- also from France, the '**Pays**', as examples of local partnerships pursuing development strategies specific to their chosen territory, including some which embrace significant rural and urban areas (however, there is currently in France a major debate about possible abolition of the Pays as an administrative element in the French state structure).

LAG Areas

Local Action Groups (LAGs), set up under the LEADER Axis 4 of the EAFRD, are by their very nature well suited, in principle, to providing a clear focus upon the need of specific territories and to bring resources to bear on meeting those needs through their local development strategies. In practice, Member States vary greatly in the extent of their past experience of the LEADER approach and their current use of it. For that reason, it was chosen five case studies within this issue – three from old member states, two from new ones.

In each case, the focus is on LAG areas i.e. all the territories which may (in the course of the 2007-2013 period) fall within the scope of Local Action Groups. At the time the RDPs were approved, some member states or regions had not decided how much of their rural territory would be covered by LAGs, and in most countries the precise boundaries of LAG areas were only defined later. For this reason, some of the text in the case studies will lack precision.

Ireland

Definition

In defining rural areas rural areas for the general purpose of their RDP, Ireland chose to include a number of small to medium sized towns: this was justified by the close proximity of these towns to the greater Dublin area, with the consequent threat from urban sprawl, or by their location in key regional areas where a priority is to stabilise the population. With this inclusion, the defined rural areas embrace 59% of the national population. It is sub-divided into five types of rural area:

- “Strong” areas, with settlements that are peri-urban in nature and have the highest population densities among the rural areas
- “Changing” areas, characterised by having the lowest level of self-employment outside agriculture at 13% of the available labour force
- “Weak” areas, where population decline has been significant and those aged 65 and over exceeds 15% of the total population
- “Remote” areas that represent the highest proportion of part-time female workers at 29% of the total female population at work
- “Culturally distinct and highly diversified areas”: these vary across the country.

Areas covered by LAGs, which are the focus of this case study, in fact cover the whole of the defined rural territory. Ireland made very active use of the LEADER Initiative from its beginnings in 1991, and had a well-established pattern of LAGs covering the whole rural territory long before the drafting of the current RDP.

In the current programming period, the LAGs cover all of rural Ireland. Moreover, they are no longer simply partnerships set up to deliver EAFRD measures. They are local development companies, delivering both EAFRD measures and other national and EU-funded programmes. The background to this is that, when the Programmes for 2007-13 were in draft, the government decided that it would make sense to bring together the LAGs, the area partnerships for social inclusions, and the urban partnerships into combined local development companies, some of which run into the urban areas of Dublin, Cork, Limerick and Galway. These companies apply the Axis 3 measures in the defined rural areas, while delivering other types of action in both rural and urban areas.

There is no cross-reference within the RDP between the LAG territories, or the needs and measures described below, and the typology of 5 types of rural area mentioned above. Such cross-references may

appear in the local development strategies and business plans of the LAGs, but these are outside the scope of this study.

Objectives

The SWOT identifies the following weaknesses or threats that need to be addressed:

- ICT uptake and broadband usage by rural communities is low
- Out-migration from remoter rural areas to large towns and cities results in rural isolation
- Over-reliance on more traditional employment sectors
- The inward economic pull of 'Gateways' and 'Hubs'
- Community identity has suffered due to increased commuting activity and outward migration
- Reduction in services and enterprise opportunities due to the disproportionate costs of transport and fuel.

In addition, the rural development strategy is designed to build on the following strengths:

- The LEADER approach is fully established and covers the whole rural territory
- The population is highly educated, with a dynamic age and economic profile
- A good base exists for enterprise development of natural resources
- Infrastructure at the macro level is rapidly improving
- There is a strong tourism and cultural identity.

These weaknesses and strengths are reflected in the **objectives** stated in the RDP for the relevant measures, all with high priority, namely:

- Promotion of quality of life, and diversification of local economies (Axes 3 and 4)
- Promotion of rural enterprise (measure 312)
- Development of local infrastructure and services essential to community well-being (measure 321)
- Enhancement of villages and countryside (measure 322)
- Environmentally friendly initiatives and conservation of areas of high natural and cultural value (measure 323)
- Training, skills acquisition and animation (measures 321 and 341)

These objectives are supported by specific aims, including that the proportion of national population that live in rural areas should remain at 59%, the unemployment rate of 4.3% should not rise, the proportion of part-time farmers who have other gainful employment should rise from 42% to 50%, self-employed should rise from 16.9% to 20% of the working population, and Internet take-up should rise from less than 5% to 20%, over the programme period.

RDP measures and resources

To pursue these objectives and aims, the RDP applies the following **measures**:

- 311 Diversification into Non-Agricultural Activities
- 312 Support for Business Creation and Development
- 313 Encouragement of Tourism Activities
- 321 Basic Services for the Economy and Rural Population
- 322 Village Renewal and Development
- 323 Conservation and Upgrading of the Rural Heritage
- 331 Training and Information Measure for Economic Actors in the Fields Covered by Axis 3
- 341a Skills-Acquisition and Animation Measure with a view to Preparing and Implementing a Local Development Strategy
- 41 Implementing Local Development Strategies

- 421 Cooperation
- 431 Running the Local Action Group, Acquiring Skills and Animating the Territory

All Axis 3 measures are implemented through the LEADER (Axis 4) approach.

Funding

The RDP provides the following budget for these measures:

€16.66 million (0.2% of the RDP budget) for Measure 311; €48.26 million (0.7%) for Measure 312; €45.4 million (0.6%) for Measure 313; €49.61 million (0.7%) for Measure 321; €54.2 million (0.8%) for Measure 322; €21.55 million (0.3%) for Measure 331; €34.63 million (0.5%) for Measure 341; €4.1 million (0.1%) for Measure 41; €10.7 million (0.2%) for Measure 421; €80.73 million (1.1%) for Measure 431; and €7.9 million (0.1%) for Technical Assistance. The total expenditure through the LAG is €425.5 million of public finance (6% of the RDP budget). The precise set of measures applied by each LAG depends upon local priorities as set out in the local development strategy.

Beneficiaries

The RDP does not state beneficiaries of, or restrictions on funding from, the measures above. These are shown in the local development strategies prepared by the LAGs.

Targets

The RDP states ambitious targets. For example the aim is to support 10,000 micro-enterprises, and to create 7,000 jobs and €16.4 million of added value through Measure 312; to generate a total of €320 million of investment through Measures 313, 321, 322 and 323; and to bring benefit to 2.5 million people through Measure 323; and to offer 250,000 days of training through Measure 331.

Other Funds

The RDP expects ERDF and ESF to provide support to rural areas. It does not indicate the scale of funding from these sources, nor whether the application of this funding will be influenced or administered by the LAGs. According to information available from other sources it is known that many of the Irish LAGs are well-established as local development companies, delivering not only measures within the RDP but also elements of other national programmes which can directly benefit rural people. In Section 3, example of the Rural Social Scheme is given, which provides supplementary employment for part-time farmers. Some LAGs also deploy Axis 4 of the EFF: for example, the South Kerry LAG has applied RDP funds to building an enterprise centre, and EFF funds to training of new entrepreneurs in the centre. It is significant that Axis 3 is administered by the Department of Community, Rural and Gaeltacht Affairs, whereas axes 1 & 2 are administered by the Department of Agriculture and Food.

Coherence

This is a coherent programme. Its objectives are clear, and the actions are well structured and offer synergies and opportunities for integration. LAGs cover the whole of the rural areas, which means that each part of rural Ireland is the subject of a local development strategy and (in the LAG) a dedicated rural development agency. The balance of the RDP budget programme is tilted towards Axis 2 (80%), whilst Axes 3 and 4 together receive just 10% of the RDP budget. But the ability of the LAGs, as local development companies, to call down funds from outside the RDP, means that they may have the ability to meet the socio-economic needs of rural Ireland.

This pattern of long-established LAGs, each acting as rural development agency for its territory, and between them covering the whole of rural Ireland, can be seen as an element of **relevant practice** that merits further study.

Denmark

Definition

In defining rural areas for the general purpose of their RDP, Denmark decided that they must have a more subtle indication, than the OECD definition could provide, of which rural areas had the greatest need to boost development. So they opted for a classification system based on 14 indicators, which were selected in order to describe the structural, economic and demographic situation in different parts of the country. These indicators are described in the Step 1 fiche for Denmark. The outcome was that the 98 Danish municipalities were divided into four different classes – Peripheral; Rural; Intermediate; Urban. The first three classes, a total of 63 municipalities, count as Rural for the purposes of the RDP.

The same classification system provided the basis for deciding which areas should have LAGs. The RDP states that “The ... system shows that the need for development support is greatest in ‘Peripheral’ and ‘Rural’ municipalities. The Local Action Groups can be established in these municipalities. In ‘Intermediate’ municipalities, Local Action Groups can also be established: (however), these groups are deemed to have more resources and the state will not make national public funds available for these groups. They must therefore obtain the national public contribution themselves.”

The RDP includes a map - reproduced as **Figure 4** on the next page - which shows where LAGs may be set up. This is supported by named municipalities - 16 in the peripheral zone, 30 in the rural zone, 17 in the intermediate zone – which may be included in LAG areas. The RDP also provides that “... the Islands organised under the Small Islands network can be included under the Leader approach”. It is stated that, within these zones, “a local action group must cover at least the geographical area of a municipality. The area must have a minimum of 5,000 and a maximum of 150,000 inhabitants. In specially justified cases, the Ministry may grant exemptions from these criteria, including in connection with the setting up of local action groups for a number of small and medium-sized islands.”

So, **the LAG areas**, which are the subject of this case study, are a sub-set of the national definition of rural areas. They command a clear priority in the RDP. Their boundaries do not appear in the RDP because they will depend on submissions made by the LAGs when seeking recognition by the Ministry, but the criteria for choosing these boundaries are clear.

Objectives

The RDP does not state objectives for the rural areas that can be covered by LAGs. However, the following objectives are clearly implied by the statement of opportunities and challenges related to Axis 3:

- Maintain and generate more local jobs in rural areas
- Promote local niche products
- Promote development of local initiatives
- Promote natural, cultural and recreational assets
- Promote distance learning, teleworking and the use of new digital technology in both the private and public sectors
- Reinforce local solidarity and cooperation
- To discourage outward migration
- Promote opportunities for young, well-educated people to move out from urban areas

The RDP also includes the following key statement of the Government's approach to Axis 3 and LEADER: "Development in the rural areas necessitates thinking in terms of totalities that ensure that the various individual initiatives are part of an overall strategy, which helps create good framework conditions for the rural areas. The challenges in the various rural areas are not necessarily the same. A decision has therefore been taken to apply the "Leader" approach to much of the initiative under Axis 3. As a result, local actors are activated and **local needs and opportunities** are taken account of. Under Axis 3, the local action groups are consequently given an opportunity to apply a broad range of instruments, and it is up to the individual action group to decide in what strategic areas to operate."

RDP measures and resources

To pursue these objectives and aims, the RDP applies the following **measures**:

- 123 Adding value to agricultural and forestry products
- 311 Diversification into Non-Agricultural Activities
- 312 Support for Business Creation and Development
- 313 Encouragement of Tourism Activities
- 321a Basic Services for the Economy and Rural Population
- 322 Village Renewal and Development
- 323c Conservation and Upgrading of the Rural Heritage
- 41 Implementing Local Development Strategies
- 421 Implementing cooperation projects
- 431 Running the Local Action Group, Acquiring Skills and Animating the Territory

Note: Measure 41 is simply the vehicle through which the first seven measures in the above list are implemented within the LAG areas. LAGs may also "give support to other activities such as pilot projects that may contribute to fulfill the objectives of Axis 3". Measures 421 and 431 provide general support to Measure 41.

Funding. The RDP provides the following budget for these measures:

€6.4 million (0.77%) for Measure 123; €6.4 million (0.77% of the RDP budget) for Measure 311; €3.2 million (0.38%) for Measure 312; €12.7 million (1.54%) for Measure 313; €19.1 million (2.31%) for Measure 321a; €9.5 million (1.14%) for Measure 322; €6.4 million (0.77%) for Measure 323c; €0.001 million (0.0%) for Measure 421; and €14.1 million (1.7%) for Measure 431. The total expenditure through the LAG is €77.8 (9.4% of the RDP budget).

Beneficiaries

The beneficiaries for the measures are:

- Measure 123 Food-related enterprises; micro-enterprises in the forestry sector
- Measure 311 Owners or tenants of agricultural property; members of farm households
- Measure 312 Micro-enterprises, other than those related to tourism.
- Measure 313 Enterprises, individuals, public authorities, cooperatives.
- Measures 321a, 322 and 323a Enterprises, individuals, public authorities, cooperatives, LAGs

Targets

Targets were stated for all the measures. For example, aims were to generate 14,000 more tourist visits through Measure 313; to provide Internet access to 14,000 further people through Measure 321; to bring the benefit of improved services to 70,000 people through Measure 322; and to create a net total of 344

jobs, and net added value of €123 million, through the full range of measures. These targets have been updated since the RDP was approved.

Other Funds

The RDP states that the ERDF, ESF and EFF may bring support to rural areas, but does not indicate the scale of resources from these or other funds. As mentioned in Section 3, Denmark takes a flexible approach to achieving complementarity between the different EU funds. Projects which are eligible for support under several regulations can, in some cases, receive support from several funds. Enterprises involved in the food and forestry sectors can gain support not only from the RDP but also, for example, for innovation and skills acquisition under the ERDF and ESF. The most striking example is the link to the Fisheries programme, funded by EFF. Where an area dependent on fisheries coincides with an RDP Leader area, a single common LAG may be set up on the islands or by special request. It is the LAG's responsibility to ensure that projects financed under the EFF programme and the RDP are kept separate.

Where a project includes activities which are aimed at achieving the same overall objectives, but which are eligible for support under either fund, a decision is made either that the whole project will be supported under one fund or that it will be divided into sub-projects each of which calls on one of the two funds.

Coherence

There is, in principle, a high degree of coherence between the different elements. It is not possible from the RDP alone to judge efficiency of the programme. As to its balance, the 9.36 % of the total RDP budget that is committed to Measure 123 and Axes 3 and 4 barely meets the minimum that Denmark was obliged by the Regulation to so commit. The absence of quantified needs, and the lack of information on what is being spent in the defined territories under ERDF, ESF or EFF, mean that it will not be possible to judge whether these territories are receiving a share of total EU-supported public funding that is proportionate to their needs vis-à-vis the country as a whole.

Among the RDPs covered in the Step 1 analysis that for Denmark is striking in three key features, which relate coherently to each other:

- a. determination to focus the territorial elements of the programme (measure 123 and Axes 3 and 4) on the areas which most need development because of falling or age-unbalanced population, narrow economies, weak infrastructure etc;
- b. implementation of these measures, in the needy areas, through Local Action Groups, with a specific focus on the needs of each area and harnessing of local resources and an integrated approach through the LAG partnership;
- c. a very open process of complementarity and overlap between the RDP and the programmes which draw on ERDF, ESF and EFF funding, including some LAGs which cover both rural development and fisheries.

What cannot be judged from the RDP alone is whether this focused and multi-funded approach works well in practice, or whether the resources applied are commensurate to the needs.

The factors mentioned above suggest that this should be seen as elements of relevant practice which merits further study.

Estonia

Definition

In defining rural areas for the general purposes of the RDP, Estonia chose not to use the OECD definition as it does not reflect properly the definition of Estonian rural area ("the population density of most cities

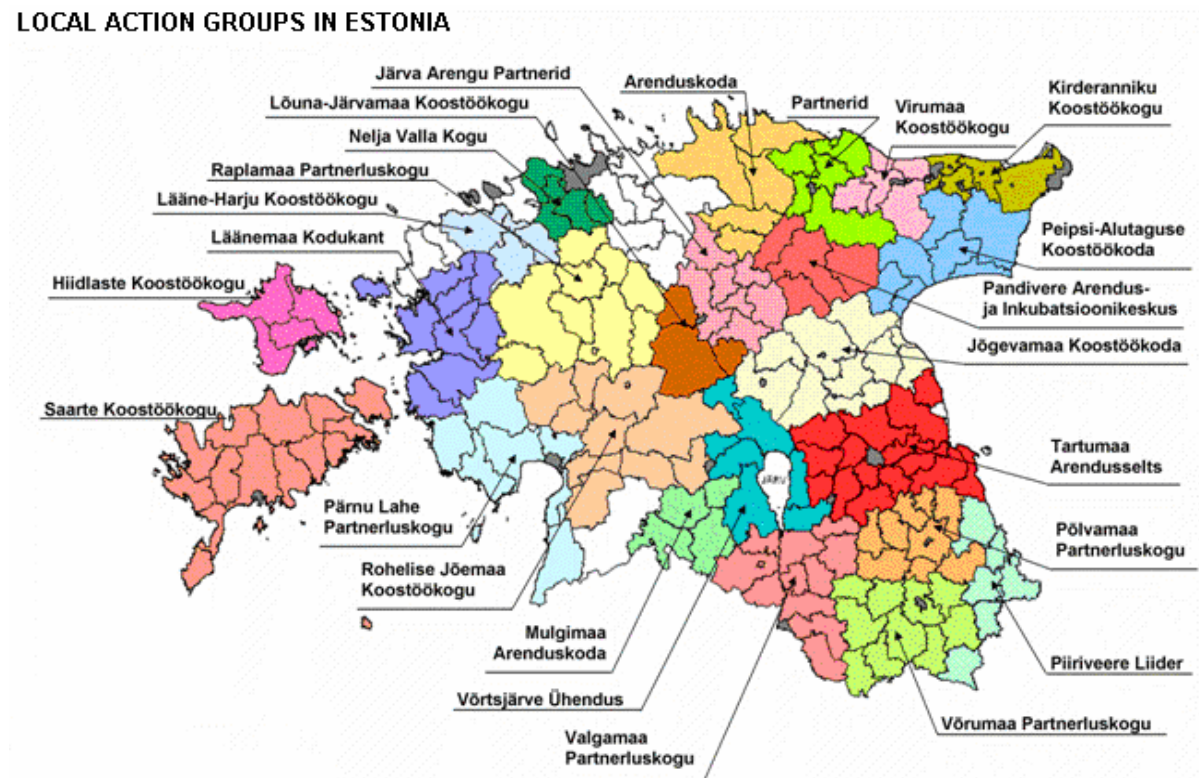
and towns under rural municipalities is less than 150 inhabitants/km²). Instead, it uses actual administrative division, according to which all municipalities are regarded as rural areas. In past years, several towns have become rural municipalities as a result of merging with neighboring or surrounding municipalities. "According to data provided by Statistics Estonia, as of January 2006, there were 447,663 residents in rural municipalities (33.3% of Estonian population)." The average population density of rural municipalities was 10.6 inhabitants/km². In addition in case of LEADER, small cities with a certain size of population (up to 4000) have been considered to be rural.

It is intended that **LAG areas**, the focus of this case study, will cover all or most of the defined rural area of Estonia. The RDP provides that each LAG area should contain between 10,000 and 100,000 population, though justified exceptions may be allowed; and that the territory must provide the critical mass of human, financial and economic resources that is needed to implement a sustainable development strategy.

The territory should comprise rural municipalities and towns in the same geographic region and with common economic, cultural and social interests. The borders of the territory should coincide with the borders of the local government units which are members of this action group. These units may not belong to more than one LAG. LAGs are required to bear in mind, when preparing and allocating resources within their strategies, "indicators of regional differences (e.g. population density, receipt of taxes, employment, enterprise)".

At the beginning of the programme period, much of the country was already covered by a total of 24 LAGs, as shown in **Figure 5** below. Our understanding is that these groups were expected to continue in the new period, and that the gaps (shown white on the map) might be filled by at least one further LAG.

Figure 5: Local Action Groups in Estonia, as at 1 January 2007



So, the LAG areas relate to the general definition of rural areas, but can extend beyond those areas to include towns with up to 4000 inhabitants. They are clearly defined by reference to municipal boundaries and to maps. They have a clear priority within the RDP.

Objectives

The RDP does not state needs as such. The SWOT analysis points clearly to the following objectives for the rural areas in general:

- To improve the quality of life (including better availability of infrastructure and services, finding new possibilities for the use of abandoned buildings) in order to increase the number of rural inhabitants;
- To support an increase in local initiative, including involvement of local people in the development of niche production and local decision-making.

Objectives specific to Axis 3 or to LEADER are stated or implied as follows:

- To improve the situation of enterprises, in particular micro-enterprises, with preference to non-agricultural production, using local resources, rural tourism, handicraft and service enterprise, which are directly linked to improvement of the quality of life
- To support diversification of particularly small agricultural holdings
- To support investments into making use of abandoned agricultural facilities and buildings, and creation of employment opportunities
- To maintain sustainable rural services
- To preserve, restore and improve living environment of villages
- To attain the functioning of LAGs in the biggest part of rural areas
- To contribute to the inhibition of the increase in regional differences
- To promote local initiative in the improvement of the quality of life.

RDP measures and resources

To pursue these objectives and aims, the RDP applies the following **measures**:

- 311 Diversification into Non-Agricultural Activities
- 312 Support for Business Creation and Development
- 321 Basic Services for the Economy and Rural Population
- 322 Village Renewal and Development
- 323 Conservation and Upgrading of the Rural Heritage
- 411 Implementing Local Development Strategies
- 413 Implementing LDS/Quality of life
- 421 Implementing cooperation projects
- 431 Running the Local Action Group, Acquiring Skills and Animating the Territory

Note: The RDP makes no distinction between the Axis 4 measure (411, 413, 421, 431), except in the budget (see below). A single LEADER measure, comprising Articles 61-65, will be implemented, in order to give LAGs greater freedom to make decisions according to local needs. Leader is implemented horizontally, but priority is given to Axis 3 measures.

Funding

The RDP provides the following budget for these measures:

€71.4 million (7.71% of the RDP budget) for Measure 312; €47.6 million (5.14%) for Measure 322; €15.4 million (1.66%) for Measure 411; €61.7 million (6.6%) for Measure 413; €5.1 million (0.56%) for Measure

421; and €3.4 million (0.37%) for Measure 421. These measures are all implemented through the LAGs, which thus command a total budget of €204.6 million (22.1% of the RDP budget).

The RDP budget provides no funding for Measures 311, 321 or 323: but State aid to small and medium enterprises (similar to that under Measures 311, 312, 321, 322 and 323) was available up to 31.12.2008

Beneficiaries

The beneficiaries for these measures are:

- *Measure 311* - micro agricultural producers. Support rates vary between municipalities, and are higher for projects in remote areas located further away from county centres. Maximum grant €300,000.
- *Measure 312* - rural micro-enterprises. Support rates vary between municipalities. Maximum grant €300,000, or €20,000 for purchase of used equipment. Undertakings belonging to a group may apply for support up to €300,000 per group
- *Measures 321 and 322* – non-profit organisations, foundations, SMEs. Support rates vary between municipalities. Maximum grant €300,000, or maximum annual support per applicant €60,000. Applicants can ask for bridge financing from the Rural Development Foundation.
- *Measure 323* – non-profit organisations, foundations, SMEs. Support rates vary between municipalities. Maximum grant €300,000 (€9,586 EUR for demolition of agricultural buildings), or maximum annual support per applicant €60,000. Applicants can ask for bridge financing from the Rural Development Foundation.
- *Axis 4* - LAGs, entrepreneurs, municipalities, associations. Maximum support payment for investments €200,000.

Targets

Targets are stated for all the measures. The aims for Measures 311 and 312 include support to 500 beneficiaries and 100 rural tourism actions, to increase the number of tourists by 10%, to achieve an annual increase of 10 to 15% in non-agricultural gross value added in supported businesses, and to create 250 jobs. Other aims include to support 200 villages under Measure 322; and to bring benefit to 60,000 people and to create 100 jobs through Measures 321, 322 and 323.

Other funds

The RDP states that support to rural areas may come from the ERDF, ESF, CF, EFF and LIFE +. "Activities for the increase in employment, for the promotion of the development of enterprise and for the improvement of the living environment etc. are planned from the resources of all the funds referred to. The activities affected with the assistance of structural funds also support the improvement of the situation in rural and coastal areas". Also, the Small Projects part of the national Regional Development Planning Programme can support initiatives such as facilities or supporting infrastructure for recreation and tourism, or events and public activities which will help to diversify the local economy. However, no indication is given of the scale of funding from these sources, and the RDP requires that "Local development strategies must include demarcation principles regarding other support funds".

Coherence

Judging from the RDP, the Estonian approach to the role of LAGs in rural development is coherent. Almost all rural areas are served by LAGs, and their areas can extend beyond those areas to include towns with up to 4000 inhabitants. They are expected to focus on the specific needs of their areas, and to operate in an integrated way, with a unified programme of measures from Axes 3 and 4. They have

considerable funds, totally €204.6 million, which is 22.1% of the RDP budget. Axis 4 alone attract over 9% of the budget, nearly four times the minimum requirement of 2.5% for Axis 4 stated in the Regulation, the highest proportion among the new member states. The LAG areas can also benefit from other EU and national funds, though it is not known the scale of these funds. From the RDP alone, it is not possible to judge the practical impact of all this, and the targets stated in the RDP seem rather modest in the light of the high budget. However, the integrated approach, the focus on specific local needs and the complementarity with other EU and national funds makes this an example of elements of relevant practice that merits further study.

Andalucia (Spain)

Definition

In Spain, the responsibility for preparing and implementing RDPs rests with each Autonomous Region (Comunidad Autonoma). In the National Strategy, the first level of OECD definition (rural municipalities with density below 150 inhabitants per km²) was retained, while the second level (regional typology) was omitted and rural municipalities were summed up to a total figure of rural areas in each Autonomous Region. This approach was used because "the OECD definition does not always correctly reflect rurality, particularly in the zones with the highest population density". However, this national approach is not binding on the Regions, and each Region develops its own definition of rural areas for the general purpose of its RDP.

Andalucia, whose LAG areas are the subject of this case study, used the OECD definition, without modification, in defining rural areas. In doing so, it recognised the wide diversity of territories in this large region, ranging from isolated rural areas to peri-urban areas under increasing urbanisation pressure; and the difficulty in distinguishing rural from non-rural areas, since there are many municipalities that contain rural and urban aspects.

In addressing the role of LAGs in the new programme period, the regional RDP recorded that up to 2007 there were 50 LAGs, operating under either LEADER+ or the national PRODER initiative. Taken together, they covered about 50% of the region's population. Excluded from that coverage were many rural areas with needs and weaknesses. The Regional Council noted that, under the EAFRD regulation, Axes 1, 2 and 3 would apply to the whole territory of Andalucía; and decided that it would be logical to apply Axis 4 in the same way. So, the RDP provides that the whole rural territory of the region will be covered by LAGs (called 'Rural Development Groups' in Andalucía). This will involve the setting up of new LAGs and/or review of the territorial coverage of existing ones.

This complete coverage of the rural areas by LAGs does not mean that their activity will be applied in a uniform way across the regional territory. The RDP states that "**the interventions of Axis 4 will be elaborated in accordance with the different grades of rurality of each area**". The definition of the territorial coverage of LAGs can include areas with a population of more than 50,000 inhabitants. However, no area with more than 50,000 inhabitants will benefit in its totality from the application of the Leader method. Interventions in such areas will apply to certain municipal districts, according to their needs and rurality. In this context, there will be LAGs whose territorial coverage exceeds 150,000 inhabitants, but each concrete intervention will apply to parts of this territory.

There is no map available in the RDP delineating the areas covered by LAGs for the 2007-2013 period. The territories of individual LAGs will only be known once they have submitted and received approval for their proposals from the competent authority Regional Council for Agriculture and Fishing.

Objectives

The RDP states the following objectives relevant to Axis 4.

- Design and implementation of local development strategies that involve and empower the rural population through Local Action Groups.
- Economic diversification in rural areas, promoting a dynamic and plural socio-economic environment.
- Promotion of employment in rural areas, with special emphasis on increasing the effective participation of women in the socio-economic development of these areas.
- Improvement of the structural dimension of farms and of the support infrastructure for the agrarian and forestry sectors.
- Improvement and innovation in products and productive processes and commercialisation of the agri-food and forestry industry.
- Promotion, conservation and improvement of forest areas, reinforcing their multi-productive and multi-functional character and preserving their environmental values and benefits (the focus in LAG areas is on the need to support non-productive investments).
- Improvement of the quality of life and revitalisation of rural areas, endowing them with services and equipment that facilitate environmentally sustainable social and economic development.
- Improvement of capacity building and training for the rural population, to achieve human capital that is capable to diversify the local economic structure and better quality of life.

Chapter 3 of the RDP also states that any policy implemented without taking into account the actual local actors would reduce the positive impact of its benefits. Therefore, the Region aims to take advantage of the benefits of a bottom-up and participative approach, by involving the rural population from the identification of its needs and opportunities through to the design and implementation of its proposals. This approach challenges the traditional organisational and bureaucratic model by suggesting another more flexible one that is adaptable to the needs of the region.

RDP measures and resources

The RDP for Andalucia takes an unconventional approach to the description of measures. Effectively, it brings measures which are normally in Axes 1, 2 or 3 into Axis 4 for those territories where the LAGs will implement the rural development programme. Thus Axis 1 measures fall within Measure 411, Axis 2 measures within Measure 412, Axis 3 measures within Measure 413. In this way, the Axis 4 strategy is seen to have "a multi-sectoral and bottom-up focus, resulting in integrated interventions addressed directly to the rural beneficiary society". The wide range of measures is expressed in the following way:

41 Local development strategies that are "simply the vehicle through which measures 411, 412 and 413 are implemented".

- 411 Competitiveness: this embraces measures corresponding to Axis 1, including :
 - Training, information and dissemination of knowledge
 - Modernisation of agricultural holdings
 - Increase in the value added of forests
 - Increase in the value added of agrarian products (agriculture and livestock) and forestry products
 - Cooperation for the development of new products, processes and technologies
 - Infrastructure related to the adaptation of agriculture and forestry
- 412 Environment /sustainable land use : this includes measures corresponding to Axis 2, namely:
 - Support for non-productive investments in agriculture and forest land

- 413 Quality of life/diversification : this embraces measures corresponding to Axis 3, including:
 - Diversification of the rural economy
 - Support to the creation and development of micro-enterprises
 - Promotion of tourism activities
 - Provision of basic services to the rural economy and population
 - Renovation and development of rural areas
 - Conservation and improvement of rural heritage
 - Training and information of economic agents that develop their activities in the spheres covered by Axis 3
 - Capacity building, training and studies
- 421 Cooperation
- 431 Functioning of Local Action Groups, capacity building and promotion

Funding

The RDP provides the following budget for these wide-ranging measures - €20 million (0.45% of the RDP budget) for Measure 411; €8.4 million (0.19%) for Measure 412; 210 million (4.74%) for Measure 413; €15 million (0.34%) for Measure 421; and €15 million (0.34%) for Measure 431. The total amount available to LAGs is €268.4 million, which is 6.06% of the RDP budget.

The RDP states the criteria that will be used in allocating these funds to the different LAGs. These criteria include:

- The degree of rurality of each area, determined by a number of factors related to demographic dynamism, socio-economic orientation, access of the population to basic services and to new technologies, social cohesion, environmental potential and environmental deficiencies etc.
- The coherence between the local development strategies and the needs of LAG territories and requirements of the EARDF regulation. This coherence will take into account aspects like the diagnosis of the socio-economic situation of the area, the definition of objectives and their contribution to correct socio-economic imbalances, the promotion of conditions that facilitate equal opportunities between men and women, the incorporation of environmental aspects, etc.
- The efficacy of the management of PRODER in Andalucía.

Beneficiaries

The RDP does not state categories of beneficiary.

Targets

Very few targets are stated. The most significant are that the total activity of all LAGs will create and maintain 1955 jobs for men under 30, 2,245 jobs for men over 30, 1640 jobs for women under 30 and 1345 jobs for women over 30; and that 1,100 people will successfully complete training activities.

Other funds

The RDP states that funds may come into the rural development within the LAG areas from ESF and EFF.

The Regional Operational Programme for **ESF** can support the Leader methodology through actions that promote local networks and associations, the implementation of local initiatives, and actions in the field of transnational cooperation. It may also benefit the LAG area through training of small entrepreneurs and workers and the promotion of an entrepreneurship culture in rural areas; improvement of the natural environment through awareness raising actions towards enterprise and workers; improvement in the quality of life and rural economy through training, employability and inclusion actions; and support to

training and research in order to generate knowledge, products and processes that combine progress and sustainability of the agrarian sector.

The **EFF** complements Axis 3 of the RDP by co-financing economic diversification in rural fishing areas, managed through the LAGs.

LAG areas can also benefit from the following **regional programmes**:

- The strategy for competitiveness of Andalucía 2007-2013
- The innovation and modernisation plan of Andalucía
- The environmental plan for Andalucía 2004-2010
- The forest plan of Andalucía
- The sustainable development strategy of Andalucía
- The general tourism plan of Andalucía.

Of these, only the first two explicitly state complementarity with Axis 4 objectives and needs. However, the content of measures 411, 412 and 413 covers themes that are complemented by the other programmes listed here.

The RDP gives no indication of the scale of resources that might come from the above funds and programmes.

Coherence

In general, there is a high degree of coherence between the different elements. The strategic goals of the RDP address rural areas of Andalucía. These are the same as LAG areas, since it has been defined that LAGs will cover all rural areas of Andalucía. The territorial coverage of LAGs is now much more than in the earlier programme period. All rural areas will be covered by the participative and bottom-up approach of the Leader Axis of the RDP: and, within those areas, the activity of the LAGs will be focused on the parts judged to have the greatest need. The 'bundling' of measures from all four Axes means that there is potential for a thoroughly integrated approach, of clear relevance to the needs of more fragile rural areas. Moreover, there appears to be strong complementarity between the RDP and the operational programmes for ESF and EFF, including the potential for some LAGs to implement rural development and fishery support in an integrated way.

However, there is no visible complementarity between the RDP and the ERDF Operational Programme for Andalucía. The total funds devoted to Axis 4 are substantial, but still only amount to 6% of the RDP budget, despite the fact that the LAGs are said to be deploying measures from all four Axes over a large parts of the country. The lack of information on what is being spent by other EU Funds and national programmes means that it is difficult to judge whether the LAG areas receive a share of total public funding that is proportionate to their needs.

Despite these reservations may merit further study as an example of elements of relevant practice in enabling all rural areas with different needs and weaknesses to benefit from the Leader approach, building on the past experience of LEADER+ and PRODER in Andalucía and bringing all Axes of the RDP into focus in an integrated way. Also interesting is the provision for some LAGs to implement rural development and fishery support in an integrated way.

Slovakia

Definition

In defining rural areas for the general purpose of its RDP, Slovakia used the OECD definition, without modification. Arising from this, three main types of region are defined - Mostly rural regions; other rural regions; and Mostly urban regions.

In relation to **LAG areas**, which are the focus of this case study, the RDP provides that the territory covered by a LAG must be a coherent rural territory formed on the principle of common interests, with a total population in the range between 10,000 and 150,000, and boundaries which coincide with those of the villages that are partners in the LAG. Villages of over 20,000 inhabitants are not eligible for support through the LAG. However, LAGs can cover also municipalities which are 'growth poles' (see definition below) and municipalities falling outside the Convergence objective, provided that they form an integral part of a LAG registered in the Convergence objective areas.

'Growth poles' were defined by the Ministry of Construction and Regional Development in the national Strategic Reference Framework 2007-2013. There are two kinds of growth poles – 'innovation growth poles', which are the regional capitals and former county capitals; and 'cohesion growth poles', which are municipalities where registry office, municipal office, elementary school (type 3) with more than 100 pupils are located, or which have an elementary school (type 3) and a secondary school, or which do not have these features but do have more than 1500 inhabitants. Their significance for the purpose of this analysis is that outside LAG areas the growth poles are supported through the ERDF operational programme, but inside the LAG areas they can be supported by the RDP through the LAGs.

The LAG areas are defined only by text. They do not appear to relate to the general definition of rural areas or the distinction between 'mostly' and 'other' rural regions. They are given priority in the RDP. There will be 2 selection rounds for LAGs, with 13 LAGs to be chosen in the first round and at least 12 in the second round to be held in late 2009 or early 2010. It is expected that the total of at least 25 LAGs will cover 12,000 Km², with a total population of 350,000.

Objectives

The RDP describes the "development needs of the rural areas", by reference to three main fields - rural economy, rural environment and rural community. The needs of LAG areas as such are not separately mentioned, so from the overall set of needs those that appear most relevant were extracted. Expressed as objectives, these are:

1. Promotion and support of the development of enterprises making use of crafts skills in rural areas
2. Promotion and support of the development of enterprises engaged in agro-tourism
3. Promotion and support of the ability of local communities and social organisations to bring the "bottom-up" approach into the development projects in rural areas
4. New investment in the preparation of training for rural people, predominantly of lower age
5. Creating the conditions for the generation of employment opportunities
6. Diversification of rural economy to reduce its dependency on primary agricultural production
7. Higher investments in technical services and civil amenities in rural areas
8. New investment in the infrastructure necessary for the enhancement of the rural tourism
9. New investment in the reconstruction and modernisation of historical buildings in rural areas
10. Higher investment levels in the improvement of infrastructure and services in the rural areas
11. Improvement of access to information and to new and innovative technologies through the promotion of the training and information services

No priorities are stated for these objectives, nor are there indicators to quantify them.

RDP measures and resources

To address these objectives in LAG areas, the RDP provides for the following measures:

- 311 Diversification into non-agricultural activities
- 313 Encouragement of tourism activities² parts:
- 321 Basic services for rural economy and population
- 322 Village renewal and development
- 331 Training and information for economic actors operating in the fields covered by Axis 3
- 341 Skills acquisition, animation and implementation of integrated development strategies
- 41 Local development strategies
- 421 Implementing Inter-territorial and trans-national cooperation projects
- 431 Running the LAG, acquiring skills and animating the territory

The local development strategies are implemented through the Axis 3 measures shown above.

Funding

The RDP provides the following budget to support these measures.

Measure No.	Public funding over whole programme period, €			% of total RDP budget
	Convergence regions	Other regions	Whole	
311	117,360,000	4,800,000 *	122,160,000	4.77
313	33,672,000	2,062,000	35,734,000	1.39
321	53,548,000	0	53,548,000	2.09
322	124,945,349	0	124,945,349	4.88
331	8,280,000	2,318,000	10,598,000	0.41
341	9,600,000	1,454,856	11,054,856	0.43
41	50,018,655	2,148,455	52,167,110	2.04
421	3,726,000	0	3,726,000	0.15
431	18,631,460	0	18,631,460	0.73

*under the 1st modification of RDP, the non-convergence region (*Bratislava) will be excluded from support under this Measure.

Beneficiaries

The beneficiaries for these measures are as follows:

- *Measure 311* - legal and natural persons doing business in agriculture for whom annual earnings/income from primary agricultural production amount to at least 30% of total earnings/income. Aid intensity: up to 50% for Convergence regions, up to 20% for other regions. Key areas for support are recreational and accommodation facilities; reconstruction of agricultural facilities for agri-tourism; production and sales facilities for non-agricultural activity, and recreation and leisure facilities open to the general public

- *Measure 313 A* (Tourist accommodation) - natural persons engaging in tourism: for applicants operating in agriculture, their annual earnings/income on primary agricultural production must be below 30% of total earnings/income. Aid intensity: up to 50% for Convergence regions, up to 30% for other regions. 95% of funding under this measure is allocated to support for reconstruction and modernisation of accommodation facilities with maximum capacity 10 beds. Support may also be given to development of camping accommodation and supplementary leisure facilities such as sauna or swimming-pools.
- *Measure 313 B* (Marketing of rural services) - legal persons or associations of entities active in rural tourism. Aid intensity: 100% for both Convergence and other regions.
- *Measure 321* – Municipalities, including growth poles, but excluding certain settlements with Roma population to be addressed under the Regional Operational Programme. Maximum aid intensity 100%, only in Convergence regions. The aid is focused on construction, reconstruction or modernisation of recreational zones, children’s playgrounds, sports grounds, market areas, municipal buildings and social facilities.
- *Measure 322* - Municipalities without a town status, or growth poles, but excluding certain settlements with Roma population to be addressed under the Regional Operational Programme. Aid intensity: maximum 100%, only in Convergence regions. The aid is focused on construction, reconstruction and modernisation of local technical infrastructure (e.g. transport, water supply), or improvement of public spaces and parks.
- *Measure 341* - Public/private partnership represented by civil associations. Aid intensity: maximum 100% for Convergence and other regions.
- *Measure 41* - The final beneficiaries of project implementation within each LAG area shall be defined in the local development strategy. Aid intensities : the rate of support from the individual public sources in the case of axis 3 measures implemented through the Leader approach is 80 % from the EU and 20 % from the SR in the Convergence objective areas (in other areas 55 % from the EU and 45 % from the SR). Aid intensity from public sources for individual projects is regulated by the provisions of the Axis 3 individual measures.
- *Measure 421* – LAGs selected by the MA to implement integrated local development strategy. Aid intensity: 100 %
- *Measure 431* - LAGs selected by MA for implementation of local development strategy. Aid intensity: 100 % of eligible costs. Limitations of cost: max 20% of the total public expenditure for the strategy can go towards running cost: within that amount, 80% to be used for running and administrative activity of the LAG, 20% for skills acquisition.

Targets

Targets are stated for each measure. The aims include total investment volume of €503 million; €3.3 million increase in non-agricultural gross value added in supported businesses; €12 million increment in net added value in purchasing power parity (i.e. economic growth); net increase of 1,245 full-time-equivalent jobs; 150,000 people benefiting from improved services; provision of Internet access to a further 20,000 people; and 2,800 people successfully completing training activity.

Other funds

The RDP states that the CF and ESF may bring support to LAG areas, but give no detail and no indication of the scale of such funding. There is some complementarity between the EAFRD and the Fisheries Fund, in that the Fisheries programme aims to sustain existing and/create new job opportunities, while the RDP (both generally and through the activity of LAGs) may facilitates participation of fish breeders in efforts to improve the quality of life and to diversify the rural economy, particularly in relation to growth of rural tourism: but, again, there is no indication of the scale of activity, and certainly no hint of the e linked

activity between Axis 4 of EAFRD and that of EFF that is found (for example) in Denmark and in Andalusia.

Coherence

It is difficult to judge coherence on the bases only of the RDP text. However, the indications are not impressive. The RDP does not encourage integrated rural development as such. Most of the funding is devoted to Axis 2. Relatively small funds are committed to Axes 3 and 4, those for Axis 4 being just above the required minimum. The diversification of rural economy is supported only via tourism activities, and LEADER activity is confined to implementation of Axis 3 measures. There is a clear demarcation line related to funding from ERDF, CF and SF, and no proof of significant benefit from the theoretical complementarity with EFF. There is no information on allocation of other EU structural funds or other national funds to the targeted territories. Within a LAG territory, support can extend to growth poles and non-convergence regions, but the RDP gives no indication of where this may apply.

Conclusions on LAG areas

These five case studies – three from old member states, two from new ones – provide some sharp insights into how Local Action Groups under Axis 4 of the EAFRD can focus development effort upon the needs of specific territories. The LEADER Initiative, in its three phases – LEADER 1, 2 and + - was a sustained and widespread effort by the EU to stimulate the focussing of development activity on the specific needs, and the collective energies, of rural territories at sub-regional level. Axis 4 of the EAFRD represented the vehicle for the mainstreaming of LEADER, under the direct control of Member states and (in some countries) of Regional authorities. This mainstreaming presented a quite different challenge for (on the one hand) the old member states, most of which had gained before 2007 extensive experience of how LEADER could work; and (on the other hand) the new member states, who had at most two or three years of experience of LEADER+. This contrast is most sharply shown by comparing Ireland, which in the 1990s used LEADER as a nationwide and successful tool to animate the rural areas and now has LAGs covering 99% of its territory, with Slovakia, which only in 2007 invited bids for setting up a first group of LAGs.

However, it would be far from the truth to say that all of the old member states have LAGs throughout their territories, or that new member states make limited use of Axis 4. These five cases disprove that idea. Estonia, a new member state, has LAGs covering almost the whole rural area, and puts 9% of the RDP budget (almost four times the minimum required by the Regulation) into Axis 4. Denmark, with its sharp analysis of the differential needs of rural areas, applies Axis 4 only to the neediest areas: the earlier case study of Sardegna revealed a similar approach. As for Andalusia, they have LAGs covering the whole rural area, but require them to focus expenditure on the most need territories.

These five cases, plus the earlier case studies of Sardegna, Finland and Hessen, also show much variation in the range of measures applied by LAGs. In all eight of these countries or regions, the LAGs can apply Measures 311, 321, 322, 41, 421 and 431. In Ireland, Estonia, Slovakia, Sardegna and Hessen, the other measures they use are all from Axis 3. In Denmark, the LAGs can also use Measure 123, while thsos in Finland can apply measures 111, 123 and 124. Far wider than these is the scope of delivery by the LAGs in Andalusia, which can deploy six measures from Axis 1, one from Axis 2 and eight from Axis 3.

As to funding, the significance of LAG activities within the total scope of rural development in each country or region is revealed by how much of the RDP budget they can deploy – from 6% in Ireland and Andalusia to 9.4% in Denmark, 16.9% in Slovakia and 22.1% in Estonia. Varied also is the extent to which the LAGs can call down funds from sources outside the RDP. The LAGs in Ireland are local development agencies, delivering social programme in addition to RDP measures. Some LAGs in Denmark

deliver both RDP and the EFF programme. LAGs in Andalusia can call on a number of regional programmes, and in Estonia on State aid to small and medium enterprises.

Taking those points together, one may conclude that Axis 4 is not only a means of delivery, notably (but not only) of measures from Axis 3. It is also a very significant means by which - if member states or regions so choose - they can focus resources upon the particular needs of specific territories. Moreover, the participative process which is central to the LEADER approach can help to ensure that these needs are well understood and that the energies and resources of local people and organisations are harnessed (alongside European and national funding) to the meeting of these needs.

Conclusions from Section 4

A collation follows of the findings of the full set of case studies related to the coherence of the RDPs and to the apparent examples of elements of relevant practice.

Coherence

It was requested to assess, for each case study and only on the basis of the text of the relevant RDP, the apparent level of coherence within the whole sequence of elements covered in the case study - the broad definition or concept of rural areas, the strategic goals of the RDP, the specific definition of the territories covered by this case study, the assessed needs in these territories relevant to the measures being applied, the measures and resources to be applied or allocated within the RDP, and the complementarity or demarcation with other instruments or programmes. For each relationship between these elements, the researchers were asked to indicate in the box the degree of coherence, on the following scale, High =3, Fair=2, Low=1, Nil=0.

Table 12 below indicates, for each set of case studies, the **average** degree of coherence as assessed by the researchers (mark of 3 for high degree of coherence, 2 for a fair degree, 1 for a low degree, 0 for nil coherence). This suggests that there is, taken overall, a level of coherence higher than 'fair' but not excellent. The relationships related to resources (the lowest two lines on the Table) are hard to assess because of the difficulties (in some cases) in allocating RDP budget figures to specific territories, and the lack of information about money applied from funds other than the RDP.

Table 12: Average levels of assessed coherence in relationships between key elements

	Mountain LFAs	LFA other than mountain	Natura 2000 and Environmentally valuable farm land	Specific development areas	Rural areas eligible for Axis 3 measures	LAG areas	Total
broad definition or concept of rural areas and the strategic goals of the RDP	2.5	2.3	2.7	2.0	2.3	2.6	2.4
strategic goals of the RDP and assessed needs in these territories relevant to the measures being applied	2.0	2.7	3.0	2.3	2.7	2.6	2.6

assessed needs in these territories and the RDP measures and resources to be applied or allocated	2.0	2.0	2.3	2.0	2.3	2.0	2.0
RDP measures and resources applied and the complementarity or demarcation with other instruments or programmes	1.5	3.0	1.7	2.0	2.0	2.2	2.1

Elements of relevant practice

From the case studies, the following apparent examples of elements of relevant practice were identified, which may merit further study

- From the **Netherlands**, by reference to LFA problem areas:
 - the combination of multiple objectives in integrated land management programmes;
 - the use of conditions to secure cross-compliance and commitments to agri-environmental measures (though it not clear whether these conditions discourage farmers from taking part);
 - the very substantial funding that is applied not only through the main EAFRD programme funds but also from top-up national resources, and specifically the national Investment Budget for rural areas.
- It would be more sensible to take this out. As mentioned in previous comment on Hungary, this is only a submeasure of the agri-env measure 214 concerning the protection and preservation of endangered farm animals. As such this has no direct reference to LFAs in Hungary. From **Portugal's** programmes of Integrated Territorial Intervention (ITI), the packaging of RDP measures into local development programmes for each ITI area, enabling it to address the needs of each specific territory.
- From **Wales**, the widespread and well-funded approach to agri-environment schemes, which will certainly stimulate action by farmers to protect wildlife habitats and landscape features, and will sustain and possibly create significant employment in rural areas.
- From **Italy**, the two-stage analysis, national and then regional, of the specificities of regions and their needs.
- From **Finland**, the use of LAGs not only to deliver Axis 3, but also as a means by which resources outside EAFRD are focused on meeting local needs.
- From France, the '**Pays**', including those which embrace significant rural and urban areas, as a means of focusing local energy on development (it was informed, however, that there is currently in France a major debate about possible abolition of the Pays as an administrative element in the French state structure).
- Also from France, the **Natural Regional Parks**, as models of a partnership-based approach to multi-purpose management of fine rural areas where traditional farming and other activities have created remarkable landscapes, ecosystems and cultural heritage, and where the sustaining of that heritage is in symbiosis with the social and economic well-being of the local population.
- From Ireland, the pattern of long-established **LAGs, each acting as rural development agency** for its territory, delivering not only measures within the RDP but also elements of other national programmes which can directly benefit rural people.

- From Denmark, the **focusing of territorial elements of the RDP** (measure 123 and Axes 3 and 4) on areas which most need development because of falling or age-unbalanced population, narrow economies, weak infrastructure etc.
- Also from Denmark, the very open process of **complementarity and overlap** between the RDP and the programmes which draw on ERDF, ESF and EFF funding, including some LAGs which cover both rural development and fisheries.
- From Estonia, the **nationwide use of LEADER**, with over one-fifth of the RDP budget, the integrated approach, the focus on specific local needs and the complementarity with other EU and national funds.
- From Andalucia, the **packaging through Axis 4 of many measures from Axes 1, 2 and 3**, and the focusing of this integrated package upon the neediest districts.

5. Main findings

In this final section, the main findings from the Step 2 research are summarised. These findings have a particular focus on the relationship, within each Rural Development Programme, between five things - the definition of rural areas for the general purpose of the RDP; the targeting of specific territories; the relevant needs of these territories; the measures and resources that are applied within the RDPs to meet those needs; and the measures and resources from other European Union and national funds that may be applied to meeting the developmental needs of rural areas, with the approach to demarcation and complementarity between the RDP and these other funds. This conceptual basis is described in Section 2.

5.1. Demarcation and complementarity

The analysis shows strong awareness among Member States and regions of the need for clear **demarcation** between EU funds, but also of the potential for **complementarity** between the EAFRD and other major or funds or programmes in meeting the needs of rural areas. Almost all of them expect support to rural areas from the ERDF, the ESF and the EFF, and (in relevant countries) the Cohesion Fund. A minority also expect support from the LIFE+ programme. A number also expect to use other national and regional programmes.

Most of the RDPs provide for a **territorial overlap** between RDP and the other funds. The demarcation shown in the RDPs relates mainly not to territories, but to the types of project, or the types of beneficiary, supported by the different funds. This emphasis is particularly strong for the ERDF and the CF. The ESF appears less often, and with proportionately more territorial emphasis. For the EFF, a third of the RDPs show a territorial demarcation.

The demarcation, overlap and complementarity between major funds require effective **coordination** to ensure the optimum use of funds and the avoidance of double funding. All the RDPs in the set describe (some much more fully than others) the mechanisms by which such coordination is achieved. This may include mechanisms at national or regional level – such as inter-ministerial committees or cross-representation on Monitoring Committees – and also at local level – such as County Boards or even joint delivery mechanisms.

5.2. Focus on specific territories, needs and measure

Turning to the **case studies** – with their focus on specific territories, needs and measures – a key finding is that less than half of the **definitions of specific territories** bear a clear relationship to the definition of rural areas used by the states and regions for the general purpose of their RDPs. Those that do have such a clear relationship include all of the 'specific development areas' and the 'areas eligible for Axis 3 measures'. The Less Favoured Areas, and the Natura 2000 areas and environmentally valuable farm land may also largely fall within the rural area as generally defined, but their territorial scope tends to be governed more by specific provisions in the Regulations. Of the LAG areas, only one is clearly a sub-set of the overall definition and confined the rural areas as generally defined.

In two places - Ireland and Andalucia – the LAGs are permitted to extend beyond the rural areas as generally defined. Similar territorial flexibility appears in the cases of Languedoc–Roussillon (the 'organised rural territories') and Sardegna (rural areas with comprehensive development problems). In both of these, the delivery of RDP measures and other resources – by local partnerships in Languedoc–Roussillon, and by LAGs in Sardegna – can extend into urban areas which are normally excluded from the defined rural areas.

The case studies also suggest that **devolution of RDP powers** to regions can permit the flexing of territorial definitions to reflect a sharper relationship between needs and measures, though further study would be needed in order to judge whether that sharper focus is actually achieved. This is illustrated by the examples of:

- **Wales**, which used the OECD definition of rural areas for the application of Axes 1 and 2, and a more complex definition for Axes 3 and 4;
- **Sardegna**, which takes the national definition (itself unique to Italy) and adapts it substantially in order to focus on those inland areas which have the most severe demographic problems;
- **Languedoc–Roussillon**, where RDP funds can flow through 'Pays' which may stretch beyond the defined rural area, in order to benefit from the inter-dependence of towns and countryside in particular sub-regions;
- **Andalucia**, where LAGs cover the whole of the defined rural areas, but focus their interventions on the neediest areas "in accordance with the different grades of rurality of each area".

The case studies show that a wide range of **RDP measures** is used in addressing the needs of specific territories, sometimes going beyond the scope of the measures that are normally associated with a particular type of territory. For example, areas defined for agri-environment purposes may attract measures not only from Axis 2, but also from Axes 1 or 3.

Funds from outside the RDPs are, in principle, available to assist action in specific territories. The case studies provide references to ERDF and ESF, rather fewer to the Cohesion Fund and the Fisheries Fund. Very striking is the reference to the whole range of funds within the set focused on LAG areas: this is an indication both of the width of the activity in many LAG areas, and of the fact that the LAGs themselves may act as deliverers not only of RDP measures but also of some wider funds.

Some of the case studies suggest that systems of **local delivery** may permit not only the focussing of RDP resources on the needs of specific territories but also the harnessing (in order better to meet those needs) of the energies of local people and organisations and resources from European, national and provincial funds other than the RDP. This was indeed the vision that drove the LEADER initiative, and LAGs under Axis 4 of either the RDP or the EFF are today the most widespread form of agency for such local delivery. They all have local development strategies, which should articulate the needs or objectives for their areas in a more specific way than the national Programmes and which should enable them to focus the resources of the RDP and of other Funds, to the degree that the member states or regions permit.

The five case studies of LAG areas, and those for four other places where LAGs deliver at least some of the RDP measures (Malta, Sardegna, and Finland), show that there is much variation in the scope of activity that LAGs are permitted or expected to deliver. Those LAGs which have the greatest flexibility, as in Denmark, Finland, Ireland and Andalucia, can call down varied external resources to support the local community in addressing its own needs. Most remarkable, in that respect, appears to be the system in Andalucia, where the LAGs can deliver 17 RDP measures and call on significant other regional and provincial funds.

LAGs are not the only mean of local delivery revealed by the case studies. Very interesting are the examples offered by Portugal and by Languedoc-Roussillon. The Integrated Territorial Intervention territories in **Portugal** have a mainly environmental purpose, but they each benefit from a local management plans in which their needs and objectives are clearly defined, and from local delivery of an integrated package of measures. **Languedoc-Roussillon** offers two models of local delivery, the 'Pays' and the Regional Natural Park. Each of these involve the choosing, by local authorities and others, of an

area which has 'geographic, cultural and economic or social cohesion'; the creation of a local partnership, with (in the case of the Natural Regional Parks) a 12-year charter or agreement between the partners; the production of a local development strategy; and the close link between the two purposes of protecting the environment and heritage, and promoting the socio-economic development of the area. The word 'Pays' itself, with its sense of the special, local valued place, is evocative of territorial specificity.

Some of the Pays or Regional Parks are also LAGs, but their double nature gives them scope to call down resources beyond the EAFRD and (where relevant) to operate in urban as well as rural areas.

The findings related to the specific types of territory covered in the five sets of case studies will now be examined.

Less Favoured Mountain Areas, found in 17 of the 27 EU states, attract substantial attention from the relevant countries and regions. They present complex problems, including demographic decline; remoteness and poor accessibility; abandonment or degradation of land, including erosion and deforestation; and lack of farm competitiveness. Member States and regions recognise the need to ensure the continuance of farming in these difficult areas by offering direct support to farmers; to counter depopulation of remote or peripheral areas; to improve the economic and social opportunities; to protect biodiversity; and to enhance the rural heritage. To this end, they apply a wide range of measures, mainly from Axes 1 and 2 of the EAFRD but (for a minority) including some measures from Axis 3. All the relevant RDPs show the commitment to Mountain LFAs of Measure 211, compensatory payments to mountain farmers, and this Measure alone will bring 5.5 billion euros to Mountain LFAs over the programme period. It is not known whether significant funds flow into these LFAs from sources other than the EAFRD.

The three case studies focused on **Less Favoured Areas** provide a sharp contrast between (on the one hand) the land with poor productivity in Bulgaria and Hungary, where the aim is to enable farmers to stay on the land and continue farming in difficult circumstances while protecting environmental values in fairly simple ways, and (on the other hand) the lowland flood-plains and other environmentally sensitive lands in the Netherlands, where sophisticated systems of land management are needed to achieve multiple objectives. It is a tribute to the flexibility of the RDP Measures that they can bring benefit to both these types of LFAs; and that the constantly evolving agenda of objectives (or of 'public goods' that can be secured through skilled land management) can be pursued by these means.

The three case studies focused on **Natura 2000 and environmentally valuable farm land** illustrate different uses of a total of six measures from Axis 2, supported in Portugal and Wales by elements of Axis 3 and in the Czech Republic by elements of Axis 1. All three approaches are very interesting. Portugal focuses on Protected Areas (such as National and Nature Parks and SACs) and has developed an integrated approach through local management plans and implementation packages for each specific territory. The Czech Republic focuses on NATURA 2000 areas, with regulatory action supported by incentive-based measures which encourage farmers and foresters to continue their activities. Wales commits over half of its RDP budget to agri-environment measures: these measures support environmental stewardship, and the income of farming communities in many parts of the Principality.

The three case studies focused on **Specific development areas** are all drawn from islands in the Mediterranean, and are in sharp contrast with each other. The small Aegean islands and the backlands of Sardegna are both affected by loss of population, narrowly-based economies, difficult farming conditions, poor social infrastructure, and some degree of isolation and social exclusion. In both places, there is a focus on adding value to local products and diversifying the local economies through tourism and other

activity. Malta is a more complex case, in the sense that it is focused on the whole rural area of a small but densely populated pair of islands, with an intricate interlock between urban and rural areas.

The three case studies focused on **Rural area eligible for Axis 3 measures** present varied approaches to the use of Axis 3 measures. Finland offers a coherent approach to meeting the very severe needs of sparsely populated areas in a systematic, integrated way in accordance with the bottom-up principle, driven by LEADER groups which can call on resources within and outside the EAFRD. Languedoc-Roussillon illustrates the French approach to local development, focused on areas which have geographic, cultural and economic or social cohesion, the creation of local partnerships, the production of local development strategies, and the close link between protection of environment and heritage and promotion of socio-economic development. Hessen offers an example of the use of Axis 3 measures, implemented through LAGs, to address the problems of out-migration in rural areas by creating and maintaining value chains and other initiatives.

The five case studies focused on **LAG areas** provide some sharp insights into how Local Action Groups under Axis 4 of the EAFRD can focus development effort upon the needs of specific territories. The LEADER Initiative, in its three phases – LEADER 1, 2 and + - was a sustained and widespread effort by the EU to stimulate the focussing of development activity on the specific needs, and the collective energies, of rural territories at sub-regional level. Axis 4 of the EAFRD represented the vehicle for the mainstreaming of LEADER, under the direct control of Member states and (in some countries) of Regional authorities. This mainstreaming presented a quite different challenge for (on the one hand) the old member states, most of which had gained before 2007 extensive experience of how LEADER could work; and (on the other hand) the new member states, who had at most two or three years of experience of LEADER+. This contrast is most sharply shown by comparing Ireland, which in the 1990s used LEADER as a nationwide and successful tool to animate the rural areas and now has LAGs covering 99% of its territory, with Slovakia, which only in 2007 invited bids for setting up a first group of LAGs.

However, it would be far from the truth to say that all of the old member states have LAGs throughout their territories, or that new member states make limited use of Axis 4. These five cases disprove that idea. Estonia, a new member state, has LAGs covering almost the whole rural area, and puts 9% of the RDP budget (almost four times the minimum required by the Regulation) into Axis 4. Denmark, with its sharp analysis of the differential needs of rural areas, applies Axis 4 only to the neediest areas: the earlier case study of Sardegna revealed a similar approach. As for Andalucia, they have LAGs covering the whole rural area, but require them to focus expenditure on the most need territories.

These five cases, plus the earlier case studies of Sardegna, Finland and Hessen, also show much variation in the range of measures applied by LAGs. In all eight of these countries or regions, the LAGs can apply Measures 311, 321, 322, 41, 421 and 431. In Ireland, Estonia, Slovakia, Sardegna and Hessen, the other measures they use are all from Axis 3. In Denmark, the LAGs can also use Measure 123, while those in Finland can apply measures 111, 123 and 124. Far wider than these is the scope of delivery by the LAGs in Andalucia, which can deploy six measures from Axis 1, one from Axis 2 and eight from Axis 3.

As to funding, the significance of LAG activities within the total scope of rural development in each country or region is revealed by how much of the RDP budget they can deploy – from 6% in Ireland and Andalucia to 9.4% in Denmark, 10% in Ireland, 16.9% in Slovakia and 22.1% in Estonia. Varied also is the extent to which the LAGs can call down funds from sources outside the RDP. These LAGs in Ireland are local development agencies, using both RDP measures and social programmes. Some LAGs in Denmark deliver both RDP and the EFF programme. LAGs in Andalucia can call on a number of regional programmes, and those in Estonia on State aid to small and medium enterprises.

Taking those points together, it is concluded that Axis 4 is not only a means of delivery, notably (but not only) of measures from Axis 3. It is also a very significant means by which - if member states or regions so choose - they can focus resources upon the particular needs of specific territories. Moreover, the participative process which is central to the LEADER approach can help to ensure that these needs are well understood and that the energies and resources of local people and organisations are harnessed (alongside European and national funding) to the meeting of these needs.

5.3. Coherence

It was required to assess, for each case study and only on the basis of the text of the relevant RDP, the apparent level of coherence within the whole sequence of elements covered in the case study - the broad definition or concept of rural areas, the strategic goals of the RDP, the specific definition of the territories covered by this case study, the assessed needs in these territories relevant to the measures being applied, the measures and resources to be applied or allocated within the RDP, and the complementarity or demarcation with other instruments or programmes? For each relationship between these elements, the researchers were asked to indicate the degree of coherence. The findings, summarised at Table 10, suggest that there is, taken overall, a level of coherence higher than 'fair' but not excellent. The relationships related to resources are hard to assess because of the difficulties (in some cases) in allocating RDP budget figures to specific territories, and the lack of information about money applied from funds other than the RDP.

There is clearly a fair measure of **relevance** in the application of measures to the objectives for specific territories. But it was impossible to assess the **efficiency** or **balance** of the approaches to targeting territorial specificities and needs, because no access was available to post-hoc evaluation of the RDPs or information about money applied from funds other than the RDPs.

5.4. Elements of relevant practice

A total of thirteen examples of elements of relevant practice which appear to merit further study and possibly wide publicity, were identified. They are:

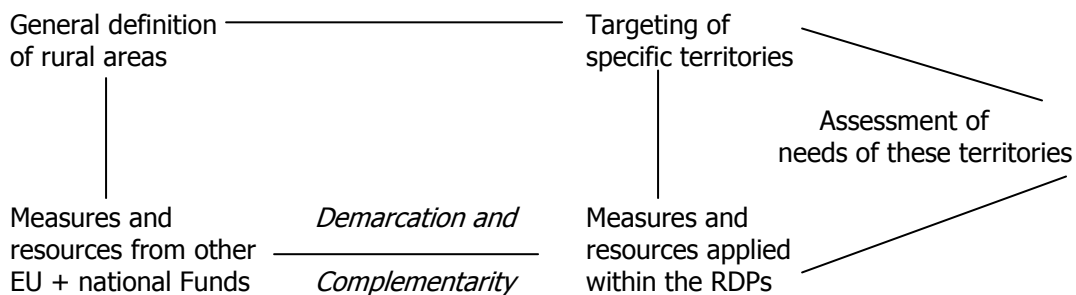
- From **the Netherlands**, by reference to LFA problem areas:
 - the combination of multiple objectives in integrated land management programmes
 - the use of conditions to secure cross-compliance and commitments to agri-environmental measures (though it not clear whether these conditions discourage farmers from taking part)
 - the very substantial funding that is applied not only through the main EAFRD programme funds but also from top-up national resources, and specifically the national Investment Budget for rural areas.
- From **Portugal's** programmes of Integrated Territorial Intervention (ITI), the packaging of RDP measures into local development programmes for each ITI area, enabling it to address the needs of each specific territory.
- From **Wales**, the widespread and well-funded approach to agri-environment schemes, which will certainly stimulate action by farmers to protect wildlife habitats and landscape features, and will sustain and possibly create significant employment in rural areas.
- From **Italy**, the two-stage analysis, national and then regional, of the specificities of regions and their needs.
- From **Finland**, the use of LAGs not only to deliver Axis 3, but also as a means by which resources outside EAFRD are focused on meeting local needs.

- From France, the '**Pays**', including those which embrace significant rural and urban areas, as a means of focusing local energy on development (it is informed, however, that there is currently in France a major debate about possible abolition of the Pays as an administrative element in the French state structure).
- Also from France, the **Natural Regional Parks**, as models of a partnership-based approach to multi-purpose management of fine rural areas where traditional farming and other activities have created remarkable landscapes, ecosystems and cultural heritage, and where the sustaining of that heritage is in symbiosis with the social and economic well-being of the local population.
- From Ireland, the pattern of long-established **LAGs, each acting as rural development agency** for its territory, delivering not only measures within the RDP but also elements of other national programmes which can directly benefit rural people.
- From Denmark, the **focusing of territorial elements of the RDP** (measure 123 and Axes 3 and 4) on areas which most need development because of falling or age-unbalanced population, narrow economies, weak infrastructure etc.
- Also from Denmark, the very open process of **complementarity and overlap** between the RDP and the programmes which draw on ERDF, ESF and EFF funding, including some LAGs which cover both rural development and fisheries.
- From Estonia, the **nationwide use of LEADER**, with over one-fifth of the RDP budget, the integrated approach, the focus on specific local needs and the complementarity with other EU and national funds.
- From Andalucia, the **packaging through Axis 4 of many measures from Axes 1, 2 and 3**, and the focusing of this integrated package upon the neediest districts.

5.5. Review of the conceptual basis

In Section 2, the conceptual basis for this study was stated. This was centred on Diagram 1, which is repeat below.

Diagram 1: Relationship between elements within each Rural Development Programme



The conceptual basis has been validated by the Step 2 study, in that (moving clockwise round the diagram from the top left):

- The **relationship between the general definition of rural areas and the targeting of specific territories** is revealingly different according to the types of territory or the measures concerned. As explained earlier, those measures which have their own clearly defined target – such as LFAs or Natura 2000 areas – may be seen as ‘free-standing’ from the definitional scope of rural areas in the RDP. Those territories which command the attention of a wider range of measures tend to relate more closely to the general definition. These reflections, when more fully explored, will assist the process in Step 3 of offering building blocks for a revised typology of rural areas.

- The triangular **relationship between the targeting of specific territories, the assessment of the needs of these territories, and the measures and resources applied within the RDPs** proved to be an apt way to choose, analyse and compare the 19 case studies. The triangle can be entered at any of the three corners. The starting-point may be the statutory Measure and the territorial definition to which it relates; or the territory with which the agency is concerned; or the needs, and objectives which are prompted by those needs. Analysis may then, so to speak, chase round the triangle, as the perception of needs leads to addition of further measures or to adaptation of the territory. This process is most vividly illustrated by the example of Sardegna, but is revealed in almost all the case studies.
- The **relationship between that triangle (territories, needs and RDP measures) and the measures and resources from other EU and national funds** provides, through the case studies, a sharp illustration of how the EAFRD sits within the broader field of policy. The case studies show what the dry words 'demarcation' and 'complementarity' can mean in practice, and how wide is the variation between (on the one hand) tightly restricted and exclusive of RDP measure and (on the other hand) highly flexible use of funds from many sources.
- Finally, the **relationship between the general definition of rural areas and the measures and resources from other EU and national funds** has proved to be revealing. Sections 3 and 4, and in more detail the Annex, show how governments differ in their approach to demarcation, overlap or complementarity between the EAFRD and other funds.

Contribution to the Working Group's programme

It is now summarised the stage that has been reached in the Working Group's programme, and the work still to be done to complete the first phase of that programme.

Step 1: In Step 1, it was analysed how Member States, in their RDPs, defined or targeted rural areas for the general purpose of their RDPs for the 2007-2013 programming period, with the indicators or definitions that they used for that purpose. The definitions that they used to define specific territories for the purpose of applying particular measures were also gathered: this provided a starting-point for the choice of case studies in Step 2.

Step 2: In Step 2, the Step 1 work was supplemented, related to all member states, by analysing how Member States and regions have addressed the issue of demarcation and complementarity between the different European Union and national funds, as they may be applied to meeting the developmental needs of rural areas. Cases studies were also used to analyse how a sample of Member States and regions have targeted specific territories for attention within the RDPs, have assessed the relevant needs of these territories, and have applied measures and resources within and outside the RDPs to meet those needs. This has enabled to throw light on the relationship between five elements which are crucial to an understanding of the Group's focal issue, namely the targeting of territorial specificities and needs. These elements are:

- the definition of rural areas for the general purpose of the RDP
- the targeting of specific territories
- the relevant needs of these territories
- the measures and resources that are applied within the RDPs to meet those needs
- the measures and resources from other Community and national funds that may be applied to meeting the developmental needs of rural areas, with the approach to demarcation and complementarity between the RDP and these other funds.

In the process, a significant number of initiatives or approaches which appear to be elements of relevant practice, meriting further study and possibly wider publicity were revealed.

Step 3: The Working Group has agreed that Step 3 should see the production of a report showing the overall pattern, including both significant common elements and significant variations, in national approaches to definition of rural areas, to analysis of territorial specificities and needs, to targeting of measures in relation to these specificities and needs, and to strategies for demarcation and complementarity between RDPs and other Community and national instruments. The work completed in Steps 1 and 2 provides the raw material that is needed to achieve that purpose.

The Group envisaged that the Step 3 report would draw provisional conclusions on the apparent adequacy, efficiency and balance implied by this pattern of targeting of territorial specificities and needs, including the building blocks for a revised typology of rural areas and a revised set of baseline indicators. Most likely the findings in Steps 1 and 2 will not yield meaningful conclusions on the adequacy, efficiency and balance implied by the targeting of territorial specificities and needs that were studied. This is stated because it was found impossible, from the evidence of the RDPs alone, to judge whether the actions related to specific territories were adequate, efficient or balanced in addressing the needs of those territories. It is believed that this can only be assessed by a combination of post-hoc evaluation and study of the resources that are applied from both within and outside the RDPs.

However, the Step 2 report will throw light on the building blocks for a revised typology of rural areas and a revised set of baseline indicators.

Annex 1: Demarcation and complementarity

The Annex, contains, for each of the 35 RDPs in the set which was also analysed in Step 1, a summary (taken from the RDPs) of the broad approach to demarcation and complementarity between the EAFRD and other EU funds (mainly ERDF, ESF, CF, EFF and LIFE +). These summaries are based only on the texts of the respective RDPs.

It is in alphabetical order by member states, of which five – Belgium, Germany, Italy, Spain and the United Kingdom – are represented at sub-national level. France is represented by both national and regional material.

Austria

ERDF: The RDP in Austria is a national horizontal programme. By contrast, the funds from ERDF, some of which can be used to support economic development in rural areas, are deployed through programmes at the level of regional (federal states). To assist demarcation and avoid overlap between them, the RDP includes a demarcation table providing an overview of measures according to the nine Austrian federal states. This states demarcation criteria, most of which are on a thematic basis (i.e. related to types of project), though some are territorial (e.g. Measure 313 small-scale tourism infrastructure in Salzburg; Measure 322 cultural heritage in Oberösterreich) or related to size of project (e.g. Measure 313 small-scale tourism infrastructure in Steiermark; M 321 biomass heating plants in several federal states). On the economic side, the RDP is exclusively targeted at micro-businesses. There is special emphasis regarding the axis 3 support of non-agricultural micro-businesses, which is limited to certain 'especially rural' areas in order to reach a concentration of RDP resources on small regions in great need of development, and to reach a schematic demarcation from Austrian structural fund programmes.

ESF, CF and EFF: The RDP says nothing about demarcation of the EAFRD from these funds.

Belgium - Flanders

The RDP in Flanders sets out strict demarcation between funds, in order to avoid double financing is prevented. However, the intention is to achieve complementarity between the European programmes. Due to the densely populated character of Flanders, demarcation has no territorial basis: it is drawn rather on a thematic basis.

Structural Funds. The cohesion policy in Flanders pays specific attention to sustainable economic rural development with a focus on encouraging knowledge-based economy, innovation and entrepreneurship, and on improvement of the spatial and economic context. Several priorities served by RDP axis 3 have an interface with the ERDF. As a general rule, measures supported by the RDP will not be supported by ERDF or ESF, and vice-versa. The main focus of ERDF is on activities with a clear economic objective and individual entrepreneurship, whereas the RDP through Axis 3 will support more general area-based initiatives. Through Measure 331 (training and information), the RDP will support smaller intermediary service provision, complementing the larger economic projects supported by the structural funds. The ERDF will support activities which in other countries may be supported through RDP Measure 312.

The Minister of Agriculture and Fisheries will be represented on the supervisory committees of both programmes, to ensure this complementarity and avoidance of double funding.

The **EFF** and the RDP have hardly any interfaces due to their clearly different objectives and target groups, except for aquaculture. Projects and activities that concern the shift from agriculture to aquaculture will be supported by the EFF and not the RDP. The management of both RDP and EFF is overseen by the Ministry of Agriculture and Fisheries, so that complementarity between the two funds is assured.

National public funding: The Flemish Agricultural Investment Fund (VLIF) may support activity under some parts of Axis 1 and also under Measure 311 Diversification.

Provincial funding may also be used to co-finance Axes 3 and 4 of the RDP

Belgium - Wallonia

The RDP for Wallonia aims at complementarity between the main European funds.

Structural funds: The main priorities identified for the use of structural funds are:

1. creation of activities and employment
2. development of human capital, know-how and research
3. social inclusion
4. balanced and sustainable territorial development.

According to its specific areas of action, each fund will contribute to these priorities - the ERDF and EAFRD to priorities 1, 2 and 4, the ESF to priorities 1, 2 and 3. Since the general strategic framework is the same for the ERDF, the ESF and EAFRD, there could be risk of double funding, particularly for some measures of Axes 1 and 3 of the RDP, but application of clear demarcation principles would avoid it. For example:

- for measure 123, increasing the added value of agricultural and silvicultural products, the ERDF is used in case of products listed in Annex 1 of the Treaty, or if the enterprise concerned is not a micro-enterprise: otherwise the EAFRD is used,
- for measure 312. support to the creation and development of micro-enterprises, the EAFRD support is restricted to enterprises active in the second stage of wood transformation, in foodstuff for products not listed in listed in Annex 1 of the Treaty and also to those enterprises investing in sustainable use of energy (to reduce energy consumption during the production process, develop the use of renewable energy, or install cogeneration facilities): the ERDF will only be used in other circumstances.

The **EFF** will contribute to the same priorities as the EAFRD, but concerns only investments in aquaculture.

Coordination: Complementarity and consistency in the use of funds will be ensured by the responsible Managing authorities. The cabinet of the Minister-President of the Walloon government will coordinate the Monitoring Committees of the structural fund programmes, including representation on the RDP Monitoring Committee. The team in charge of the RDP's coordination will be represented on the Monitoring Committees of the other funds. Exchange of information about projects among those responsible for coordination of the different funds will be assisted by use of a unified projects' data-base system. Thanks to this information system, all ministers and administrations concerned are kept informed at any time about the projects submitted, their content, the different advices received, and the decision of the regional government to select them or not.

Bulgaria

The support under the RDP (co-financed by EAFRD) complements the interventions co-financed by ERDF, CF, ESF and EFF and benefits from synergies with them. As a whole group, the Operational Programmes address the Lisbon and Göteborg agenda of sustainable growth, competitiveness and employment by actions for modernising and developing of infrastructure, protecting environment, improving business environment, knowledge and innovation, and improving quality of human resources.

The guiding principles for co-ordination of the RDP and other Community Support Instruments are set out in three strategic documents:

- National Strategic Reference Framework (NSRF), with its four main goals:
 - Improving basic infrastructure;
 - Increasing the quality of human capital with a focus on employment;
 - Fostering entrepreneurship, favourable business environment and good governance;
 - Supporting Balanced Territorial Development.
- National Strategic Plan for Rural Development (NSP);
- National Strategic Plan for Fisheries and Aquaculture.

The elaboration of those documents was done in close collaboration between responsible bodies and in consultation with relevant Bulgarian social and economic partners.

ERDF and CF: The RDP complements several of the Operational Programmes funded by the ERDF and CF. Thus:

- the Environment OP is complemented by RDP Axis 2 which seeks to “protect natural resources and the environment of rural areas”, and by Axis 3 support for rehabilitation and extension of water and sewage infrastructures.
- the Transport OP aims to develop major national roads and other transport infrastructure, which will improve accessibility of rural areas: RDP Axis 3 will complement this by supporting improvements to municipal roads.
- The Regional Development OP (RDOP) aims to enhance the quality of life and working environment through better accessibility to the basic services, and to promote “regional competitiveness and sustainable development. These aims complement those RDP Axes 3 and 4. The RDOP will support tourism development, while the RDP supports tourism product and infrastructure development and implementation “through concerted multi-sectoral actions”. The RDOP will support investment in rural municipalities, consistent with RDP Axis 3.
- RDP axis 1 and 3 interventions complement the Competitiveness OP’s Priority 1 (development of a knowledge-based economy and innovation) and 2 (increasing efficiency) by supporting the development and modernisation in the agriculture, food and forestry sectors, including the development of micro-enterprises in rural areas. This OP also complements the RDP by providing support for non-agricultural small and medium-sized enterprises.

ESF: The RDP complements the Operational Programmes funded by the ESF. Thus:

- The Human Resource Development OP contributes towards RDP objectives, taking “active labour market measures targeting unemployed and unemployment threatened”. The RDP complements this by support for social infrastructure and ITC based services.
- The Administrative Capacity OP contributes to the RDP goals by improving the capacity to elaborate and implement effective local programmes and projects, particularly through its Axis 4 regarding the strengthening of local governance and local capacity building.

EFF: The RDP complements the Fisheries and Aquaculture Operational Programme (OPFA). The OPFA supports, sustainable aquaculture, thus contributing to environmental protection and development of the targeted fisheries areas. The OPFA and the RDP have parallel Axes 4. Through these Axes, the OPFA may support up to 4 fishery Action Groups and the RDP will support about 50 LAGs. Where LAGs are eligible for support under both EFF and EAFRD, they will produce a separate local development strategy for each fund: in this way, the RDP will complement the OPFA by strengthening local governance and capacity building in these LAG areas. OPFA and RDP also complement each other on tourist development: OPFA will support only fishing tourism, while the RDP will encourage local stakeholders to develop tourist products based on the advantages of the rural territories.

Demarcation between all these funds will be assured by national rules; by mechanisms for administrative co-ordination at programme level; and by use of the Information System for Management and Monitoring in order to avoid double funding and promote effective management and monitoring.

Cyprus

The RDP states the aim of securing complementarity between the main Funds. The EAFRD, ERDF, ESF and EFF are seen to complement each other in three main fields - knowledge society and innovation, productive environment and revitalisation of urban and rural areas. Complementarity in each of these three fields is described below:

- **Knowledge economy and innovation.** The main difference between the funds is that the ERDF focuses actions on the non-agriculture and forestry sectors, the ESF focuses on education and training, the EFF focuses on the fishing sector and the EAFRD focuses on the agriculture and forestry sector. So, the demarcation between them is mainly sectoral or thematic.

ERDF targets mainly SMEs and infrastructure. It supports infrastructure for research and technological development; SMEs for the transfer of knowledge and improvement of cooperation networks; enterprise and research networks and creation of innovation poles; innovative SMEs (except those in the agriculture and fishing sectors); ICT support services to citizens; human resource development in the field of research and innovation (education of researchers); and infrastructure in the education sector.

ESF focuses on education and training. It supports the development of special services for employment and training in coherence with the restructuring of the economy (e.g. links between universities and enterprises, training programmes for entrepreneurs, etc.); interventions for the improvement of the administrative capacity of the public sector; and measures to increase participation in long-life training, reduce early school leaving, reduce segregation due to gender in the access to education and training and increase participation to basic professional and tertiary education.

EFF focuses on innovative technologies in fisheries. It intervenes in this field via pilot projects for improving the effectiveness of tools used in fisheries and the introduction of innovative technologies in fishing cultivation.

The **RDP** focuses on modernisation and innovation in agriculture and forestry. It intervenes in this field only through the Axis 1 measures for modernisation and restructuring of agricultural holdings and the promotion of innovation and new technologies.

- **Productive environment.** The main difference between the ERDF and ESF is that the former supports infrastructure investments while the latter doesn't. The main difference between EAFRD and

ESF is that training of farmers under EAFRD is strictly related to their profession while training under the ESF is related to the acquisition of skills in fields other than agriculture or forestry. So, the demarcation between the funds is mainly sectoral or thematic, or by size of project (large scale vs. small scale investments).

ERDF supports chiefly investments in SMEs, enterprises run by women or young people (except for those producing forestry and fisheries products).

ESF focuses on training. It supports long-life learning systems in microenterprises and SMEs; design and promotion of innovative work organisation methods (e.g. health & safety at work); modernisation and support of institutional structures in the labour market (e.g. restructuring of the public employment service); anticipatory measures in the labour market (e.g. training of unemployed, flexible working arrangements, etc.); incentives to enterprises for on-the-job training of students and support to technical professional education.

EFF focuses on the fishing sector. It finances subsidies to young fishermen, capacity building and early retirement in the fisheries sector; support to investments in fish cultivation; investments in manufacturing and trade of fishing products.

The **RDP** addresses the productive environment strictly in agriculture and forestry. It supports manufacturing and innovation for agricultural and forestry products; installation of young farmers; training, information and awareness raising to farmers.

- **Revitalisation of urban and rural areas.** The main difference between the ERDF and EAFRD is that the former supports investments in villages located above 500 metres altitude and the latter those located below 500 metres altitude; while the ERDF support large scale and the EAFRD small scale infrastructure in rural areas (for instance the ERDF finances main road networks and the EAFRD secondary road networks). So, the demarcation between the funds is mainly territorial and by size of project (large scale vs small scale investments).

ERDF supports integrated investment projects and infrastructure for rural revitalisation (e.g. implementation of Natura 2000 projects stemming from their management plans, public infrastructure in areas located above 500 metres altitude); investments in non-agriculture and non-fishing SMEs; tourism promotion through SMEs; upgrading of regional and local roads (except secondary road network); provision of services to citizens (ICT, health); large scale cultural infrastructure.

ESF focuses in particular on social and labour market integration. It concentrates on gender issues and equality of opportunities; social integration of immigrants and disadvantaged groups and reduction of discrimination in the labour market; long-life training, reducing early school leaving, reducing segregation due to gender in the access to education in disadvantaged areas and in the tourism sector.

EFF focuses in the revitalisation of fishing areas. It supports the protection of water flora and fauna, sustainable development of fishing areas especially through diversification and protection of the environment in fishing areas.

The **RDP** through Axis 3 focuses on small scale infrastructure and the bottom-up approach (Leader) in order to revitalise rural areas. It supports village renewal, maintenance of rural heritage, local action plans through LAGs, promotion of tourism activities, upgrading of secondary road network, provision of basic services to the rural population in low altitude areas (below 500 metres), soil and water protection and improvement of biodiversity.

In summary, the complementarity between the funds is very clearly described and based primarily on a thematic distinction between funds (e.g. EFF targets the fishing sector, the ERDF all sectors except agriculture and forestry, the ERDF finances infrastructure and the ESF training, the EAFRD finances training of farmers in issues related to their professions while the ESF finances training in other non-agricultural issues, etc.). The next level of demarcation is mainly sectoral or by size of project. There is some territorial demarcation, especially between ERDF (high altitude areas) and EAFRD (low altitude areas).

Czech Republic

The Czech RDP sets out the demarcation and complementarity between the different funds, with mechanisms to ensure that double funding does not occur. The complementarity between the RDP and each other fund is shown below.

EFRD will contribute to the creation of a stable environment for addressing unemployment, the development of innovations and information technologies for the countryside. It will complement RDP Axis 1 by support to the processing industry, including second-stage food processing; Axis 2 by support for projects which increase regional biodiversity; and Axis 3 by support to small and medium-sized enterprises, in the area of tourism and services, as well as in transportation and technical infrastructure in rural regions. The **RDP** will support the diversification of agricultural economic activities, establishment of micro-enterprises with up to 10 employees (including second stage food processing, rural tourism and care of the rural heritage).

CF supports investment in the areas of the environment and transportation, including sewage treatment plants in specially protected territories and Natura 2000 territories and other territories related to municipalities with more than 2000 equivalent inhabitants. The **RDP** will support renewal and development of villages; basic infrastructure and social facilities in villages with up to 500 inhabitants; and water supply management and sewage water treatment plants for municipalities with up to 2000 equivalent inhabitants.

ESF complements RDP Axis 3 by supporting general education in the countryside, building local administration capabilities, integrating groups of the population, re-qualification courses and promoting the use of Internet networks. The **RDP** will support training exclusively in the context of local development activities (diversification, micro-enterprises, rural tourism, trades, local services and rural heritage).

EFF: Support provided from the EFF complements a number of RDP measures in the areas of a wider relationship to the terrestrial fishery. EFF focuses on improving competitiveness of the fishery sector, including improving quality of fish products. It should lead in job creation in the fishery sector and consequently in rural areas with high share of aquatic resources. EFF also promote conservation of cultural heritage associated with fishponds and traditional fishing. Managing aquatic resources in a sustainable way will enhance biodiversity, landscape and the recreational potential of the agricultural and aquacultural landscape.

LIFE+ is connected with RDP Axis 2 by support of projects focused on biological diversity.

Denmark

The approach in Denmark is focused on complementarity between the main funds. The ERDF and ESF programmes have no geographic or sector-based restrictions, but support improved framework conditions

for the economy as a whole (ERDF) or for training activities (ESF). The EFF programme focuses on the fisheries sector and areas dependent on fishing. The RDP focuses on competitiveness in the food and forestry sectors, improving the environment and countryside, and quality of life and economic activity in rural areas. Axis 3 activities are focused mainly on selected geographical areas, implemented through Local Action groups.

As a general rule, any action under the RDP is not restricted by the opportunities offered by the ERDF, ESF and EFF. Actions taken under the various funds must complement each other in order to achieve maximum interaction. Projects which are eligible for support under several regulations can, in some cases, receive support from several funds. An exception to this rule is that the fishing regulation requires that only one fund may provide support for sustainable development of fishing areas.

ERDF: The ERDF programme operates in three fields - innovation, sharing and acquiring knowledge; creating and expanding new enterprises; using new technology.

In this field, projects involving *innovation* in the food and forestry sectors are financed under the RDP, whereas projects to promote framework conditions for innovation and skills acquisition in general are only financed under the ERDF and ESF programmes. However, enterprises involved in the food and forestry sectors can also take part in this broader action. The same applies for *sharing and acquiring knowledge*, in which the RDP supports projects in the food and forestry sectors, and may also aid skills acquisition for people involved in creating local jobs or better living conditions. There may also be some overlap in support in the fields of *creating and expanding new enterprises* and of *using new technology*.

This action in the RDP is targeted at designated rural development municipalities where Local Action Groups (LAGs) are set up. Through the LAGs, the RDP can finance specific new enterprises; support advisory facilities for entrepreneurs; support the setting up of an ICT infrastructure; and prioritise the distribution of broadband to their local area, as part of the strategy for creating attractive living conditions and more jobs. In all this, the RDP support may be on a more local basis, and a smaller financial scale, than that under the ERDF programme.

ESF: The ESF programme focuses on training, and expanding, the workforce. In the field of *training*, the ERDF and ESF support a broad range of sectors, while the RDP focuses mainly on the food and forestry sectors, but can also support people involved in creating local jobs or better living conditions. In the field of *expanding the workforce*, the ESF focuses on broad and varied support for the development of regional growth conditions, while the RDP focuses on more local job creation, plus advisory facilities for entrepreneurs.

EFF: The EFF programme focuses on measures for adapting fishing fleets and fishing effort; aquaculture, processing and marketing; measures of collective interest; and sustainable development of fishing areas.

In this field, the EFF supports projects involving the fisheries sector, while the RDP focuses on projects involving the rest of the food sector. Where an area dependent on fisheries coincides with an RDP Leader area, a single common LAG may be set up on the islands or by special request. It is the LAG's responsibility to ensure that projects financed under the EFF programme and the RDP are kept separate.

Where a project includes activities which are aimed at achieving the same overall objectives, but which are eligible for support under either fund, a decision is made either that the whole project will be supported under one fund or that it will be divided into sub-projects each of which calls on one of the two funds. The measures under the EFF programme and the RDP are managed by the same units in the Ministry of Food, Agriculture and Fisheries.

Estonia

The basis for demarcation and complementarity between funds is set out in the "State Strategy for use of Structural Funds 2007-2013". This states that:

"Efficient co-ordination between the different operational programmes is important, as several activities of the operational programmes of different structural funds complement one another. There are close connections between the EAFRD, the European Fisheries Fund and structural funds, regarding the supported activities. If in a region (in the case of Estonia, in the whole country) structural funds are directed at several fields, the EAFRD and the European Fisheries Fund are targeted at the support for agriculture and rural development. In spite of that, activities for the increase in employment, for the promotion of the development of enterprise and for the improvement of the living environment etc. are planned from the resources of all the funds referred to. The activities affected with the assistance of structural funds also support the improvement of the situation in rural and coastal areas."

ERDF: Axis 2 of the RDP complements the activities of the Living Environment Development Operational Programme, which is funded by the Cohesion Fund and the ERDF and which focuses on water management, waste management, biological diversity and the sustainable use of natural resources, environmental awareness, environmental monitoring, improvement of the competitiveness of regions and the development of local public services will be eligible under the "Living Environment Development Operational Programme" again using the resources of the ERDF.

Axis 3 of the RDP complements the regional development programme, which supports the preparation of strategies for the evaluation, determination and efficient use of region-specific resources, determination and development planning of development complexes for the preparation of specific investment projects. Demarcation with the support referred to will be ensured on target group level. The RDP supports the development of small facilities and infrastructure for recreation and tourism, the creation of events and public activities for the animation of local economic and business environment. Demarcation between the two funds is ensured by reference to target groups.

EFF: Axis 4 of the RDP complements Priority IV (Sustainable development of fisheries areas) of the EFF programme. Demarcation between the two is secured by a rule to preclude support for diversification from fisheries to agriculture and vice versa, in particular in product groups without normal market outlet or with limited resource (catch and production quotas).

LIFE+ and other specific nature conservation programmes will support RDP efforts to sustain biological diversity.

Finland

The approach in Finland recognises overlap, and some complementarity, between major funds. The programmes for each fund were prepared simultaneously, so that the RDP could not state any final decisions on the division of tasks at either national or regional level.

Geographically, the **EAFRD** funding concentrates on sparsely populated rural areas and rural heartland areas. Funding is channelled to development of rural micro-enterprises, tourism, the production of bio-energy and the service sector, as well as cultural and environmental actions. The strategic focus of the regional **ERDF** programmes is on the improvement of the operating conditions for competitive and innovative enterprises, internationalisation of enterprises, networking, balanced regional development and promoting factors that contribute to the regional amenities. The **ESF** programmes focus on improving employment and competence, developing the working life and promoting entrepreneurship. The main aim

of the **EFF** programme is to develop profitable business activity in the fisheries industry (professional fishing, aquaculture, fish processing and wholesale trade of fish), based on the sustainable use of fish resources.

The RDP indicates some **provisional demarcation between the funds** in relation to specific sectors:

Funding for business activities: The **RDP** is focused on SMEs or smaller enterprises operating on farms. As a rule, the other funds do not finance enterprises operating on farms. In rural areas, EAFRD support for the creation and development of microenterprises operating outside farms is targeted so as to exclude urban centre areas. Particularly in the major regions of Western and Southern Finland, the EAFRD has also been restricted in urban-adjacent rural areas. **ERDF** programmes for business development in rural areas are directed mainly at growth enterprises and enterprises larger than micro-enterprises; and normally exclude those involved in the first-stage processing of agricultural products. However, there are situations where ERDF funding is directed in rural areas at micro-enterprises (wider market potential, export potential, etc.). The national objective is to prevent anybody from slipping through the net of the financing of small and micro-enterprises. Moreover, regional objectives and the regional programmes of the other funds and their priorities differ considerably, and therefore strict and absolute principles should not be presented for the division of tasks at the national level.

Tourism: The **RDP** primarily finances farm and nature tourism, as well as rural micro-enterprises in the tourism sector and their development actions. The **ERDF** finances larger enterprises in the tourism sector and tourism centres. The **EFF** finances fishing tourism only in areas where a fisheries action group is operating.

Production of bioenergy: Increasing the use of renewable bioenergy is an objective in all programmes. In connection with bioenergy and other regional sector-specific projects, the **ERDF** supports the establishment of energy units across the local level, broad technology projects, the preparation of broad operational programmes, etc.

Other joint sectors: The **ERDF** programme targets the development of rural services in connection with broad environmental and infrastructure actions, actions that improve telematic connections, roads and accessibility in general, as well as basic services, such as the processing of waste and water management. The **ESF** programme includes significant investments in the financing of training and particularly in well-being at work and maintaining the working ability of rural entrepreneurs (including ageing farmers).

France

The French approach aims at complementarity between the major funds, while recognising the differences between them in territorial focus. ERDF and ESF apply to the whole territory of mainland France (the 'hexagon'). The EAFRD relates only to the defined rural areas, and the EFF is focused only on fishing zones. However the ERDF, the ESF and the EAFRD have similar purposes, particularly in economic development and employment such as support for micro-enterprise and development of human resources.

In the RDP, the complementarity is expressed in the following way:

- "Actions of the same nature in different zones of intervention: while the ERDF and the ESF have vocation to intervene on the whole territory, the EAFRD is dedicated to the rural space. So the three programmes will allow concomitant similar actions on all the issues areas in the hexagonal territory, for example development support for micro-enterprise in urban zones (ERDF) and in rural zones (EAFRD).

- Complementary actions in common zones of intervention: for example help to economic reconversion for people from rural space who are looking for a job (ESF) and lifelong learning (professional training) of the economic actors of the same space (EAFRD);
- Joint actions: to allow the realization of a large-scale operation: so ERDF can finance infrastructures in relation with the conservation of the biodiversity in Natura 2000 areas and EAFRD finances the operations of management of these places.”

A committee of common follow-up was commissioned, to provide dynamism and to optimise these complementarities for every region of the hexagon and with respect to the Community regulations. Double funding of the same operation is avoided by a so-called programming committee: it relies as much as needed on computer systems dedicated to the management of these funds.

At the level of axis 3 in Languedoc Roussillon the complementarity is stated in the following way:

- Support for enterprises: for the projects of creation of non-agricultural micro-enterprise: ERDF will support projects concerning innovation, while EAFRD supports projects for economic development and the creation of employment in rural areas.
- Territorial Animation: ERDF will support the implementation of policies led by the organized territories, while EAFRD supports actions related to land settlement for small territories and for the reduction of farming and viticulture.
- Training: ESF will support individual training, the acquisition of supplementary skill and the reintegration in the agricultural domain, while EAFRD supports short action of training / information focused on technico-economics aspects in connection with agricultural enterprises, the thematic of the axis 3 and collective training sessions.
- In the mountain areas within the region, it is also possible to use European funds for inter-regional cooperation within the framework of the policies for the Massif Central and the Pyrenees.

Complementarity is insured by a regional inter-funding committee which avoids double financing.

Germany - Bavaria

The German National Strategy Plan for the development of rural areas states that the main coordination must take place at programme level. Responsibility for programmes rests with the Länder.

The Bavarian development programme has a primary task to reconcile the CAP reforms, the Gothenburg sustainable development objectives, and the focus of the EU structural funds focus on the revised Lisbon Strategy for growth as well as employment. Complementarity between the funds is ensured by taking into consideration SWOT analyses, evaluation results and economic and social partners' comments as the basis of programme design.

Programmes other than the DP support the RDP's objectives by action related to

- Stabilising family farms by improving competitiveness
- Securing and creating jobs through increased value added in production and processing
- Developing new labour markets (renewable raw materials)
- Maintaining typical Bavarian cultural landscapes through land use/cultivation
- Protection of especially valuable habitats and species (especially for developing Natura 2000 and 'BayernNetz Natur' areas)
- Sustainable development of villages and rural areas, including cultural aspects.

This complementarity between the RDP and other EU funds is ensured by negotiation between the different programme teams; and by including representatives of two Bavarian ministries and of the EFF and EAGF administrative authorities in the RDP monitoring committee.

ERDF: Demarcation criteria are applied at the level of specific Measures in two fields:

- Flood control: EAFRD resources are available only for flood control measures related to 2nd- and 3rd-order water bodies, but the EFD programme supports measures related to 1st-order water bodies, and water bodies located in border areas. Double financing is avoided through a federal-state-wide electronic project database.
- Village renewal: demarcation between the Bavarian Village Renewal Programme and the Urban Development Programme is secured through an administrative agreement with the Supreme Building Authority of the Bavarian State Ministry of the Interior.

ESF: Demarcation between ESF and RDP Axis 4 is secured in the following way. ESF support is available throughout Bavaria, while Axis 4 applies only to LAG areas. Axis 4 can only apply to cases where support ESF support is not available.

EFF can support aquaculture-related environmental measures, which cannot be supported by the RDP.

For **RDP Axis 4**, there is a clear territorial demarcation between areas which have LEADER groups supported under that Axis and the regional management structures in other areas supported by the 'Bavarian Innovative Alliance', which is funded by the Ministry of Economy, Infrastructure, Transport and Technology.

Germany -Brandenburg

The Berlin/Brandenburg RDP is based on the Lisbon and Gothenburg Strategies. It is harmonised with the strategies of the **ESF** and the **ERDF**. All three programmes contribute to the Brandenburg's strategy, which focuses on strengthening 'regional growth centres' and 'sector-related fields of competencies' on the one hand, and on meeting the challenges of demographic change. Cross-sectoral coordination within the strategy is the responsibility of the State Chancellery.

The RDP provides a table which states the type of demarcation criteria related to fields of support.

- Infrastructure - thematic, territorial and size/extent-related
- Tourism: thematic – territorial and size/extent-related
- Business support - thematic, territorial and size/extent-related
- Science and research - thematic
- Natura 2000 areas - thematic.

ERDF: The **RDP** is targeted at agriculture, forestry and food industry enterprises as well as micro-businesses (less than 10 employees), and complementary infrastructure and services of typically rural character. All economic development measures beyond that are supported via the **ERDF**, which in Brandenburg is focused on: (1) strengthening the business sector's competitiveness and innovation capacity, (2) development of innovation- and technology-oriented infrastructure, and (3) support of infrastructure-related potentials for a sustainable economic development. In the future, the ERDF will focus on 'regional growth centres' and 'sector-related fields of competencies'. In line with the 'theory of growth poles', it is assumed that stabilising growth centres will have positive effects on the surrounding rural areas. Such growth centres are to be integrated in the local development strategies for LEADER areas, and this will affect the selection of these areas.

Through Axis 4, the RDP will complement the **ERDF's** regional development strategy, which is mainly based on the concept of 'sector-related fields of competencies'. Besides food and wood-processing industry, this also concerns tourism as another field regarding regional potential. Provided that a close coordination is ensured, the respective projects may complement one another at the concept level e.g.

the counterpoint between 'regional growth centres' and LEADER, as well as in the above-named thematic fields.

ESF: The ESF programme is focused on (1) strengthening strategic business development, (2) supporting lifelong learning, (3) stimulation of actor cooperation and networking, (4) advancement of innovations in labour market policy. These priorities are implemented via five main fields of support. Relative to Axis 3 of the RDP, the ESF programme is focused (1) improving 'human resources', (2) increasing "businesses' and employees' adaption and employment capacities" [sic], (3) overcoming labour-market-related and social exclusion, as well as (4) creating gender equality throughout the federal state. ESF will support activities in environmental education (such as a voluntary 'ecological year') that are not supported by the RDP. It will also support initial training/education, while the RDP supports advanced training and qualification specifically tailored to the needs and location factors of rural areas.

EFF: Beyond its core tasks, the EFF also contributes to rural development by supporting freshwater fishery. RDP measures, such as agri-environment schemes and cross-compliance, ensure the protection and pollution control of water bodies, which are the production basis of freshwater fisheries. The two funds are complementary, in that EFF does not support the care and maintenance of ponds, while the RDP does not usually support measures related to the implementation of fishery policy.

CF: As programme planning was still in the initial phase, no detail is given on the demarcation between the Cohesion Fund and the RDP. As a basic rule, measures in the fields of agriculture, forestry and food industry are supported by the RDP, and not within the Objective 3 framework. By way of territorial demarcation, Objective 3 support is provided only in marginal rural areas close to the German-Polish border, and only for measures implemented through German-Polish cooperation. In cases of potential overlap, the approving authorities in charge are obliged to examine and decide which support instrument should be chosen for promoting cross-national cooperation.

Germany- Hessen

The following EU structural policy programmes are implemented in Hessen in the 2007-2013 period:

- Objective 2 operational programmes: (a) regional competitiveness (part of **ERDF**); (b) employment (part of **ESF**)
- Objective 3 operational programmes (European Territorial Cooperation): (a) transnational cooperation in Western Europe; (b) interregional cooperation (both part of **ERDF**)
- Fisheries support programme (part of **EFF**)
- Rural development plan (**EAFRD**)

The programmes listed above are integrated in a common framework, and it is stated in the RDP that the Community's Strategic Guidelines are allowed for in terms of consistency and coherence in all respects.

A working group of administrative authorities was established before the different programmes were prepared. As a result, there is a clear demarcation between the various support instruments, and the funds' administrative authorities are reciprocally involved in the programmes' monitoring committees. Coordination is also secured through ongoing fund-related reporting within the monitoring framework.

ERDF: The Objective 2 ERDF programme is aimed at improving business- and infrastructure-related location factors. Demarcation between this programme and the RDP is stated in the RDP:

- The following thematic fields are excluded from ERDF support: improvement of agricultural and forestry structures; Water Framework Directive; diversification: agriculture-related services provided

by farmers; tourism businesses offering accommodation; tourism-related services; facilities related to basic services for the rural population; biomass use for energy generation.

- Territorial limitations regarding ERDF support related to business start-up and development; small tourism-related infrastructure: no support for Natura 2000 projects
- Limits to size or extent of projects apply in the fields of tourism: RDP support is limited to maximum of €150,000 for public projects, €45,000 for private projects.

The Objective 3 ERDF programme needs to be harmonised with trans-territorial and -national cooperation within RDP Axis 4. Overlap is excluded. Objective 3 projects need to be elaborated, implemented and financed jointly by partners from at least two countries.

ESF: The Objective 2 ESF programme is aimed at contributing to social and economic cohesion through improving employment and working conditions as well as increasing the employment rate.

EFF: Objectives of the Common Fisheries Policy relevant to Germany are allowed for in the National Strategy Plan. The Hessen EFF programme aims at (a) a further development of sustainable aquaculture and freshwater fishing, (b) processing and marketing of fishery products, and (c) creating and securing a good ecological and chemical condition of water bodies used by fishery. In rural (especially structurally weaker) areas, the EFF supports development and complements the RDP. Double financing is avoided by clear thematic demarcation. .

Axis 4 of RDP: Integrated local development strategies in LEADER areas (especially their elaboration as well as the cross-thematic and - sectoral regional management) are supported only by the **RDP**. However, individual projects may be supported by the **ERDF**, **EFF** and **ESF**. Demarcation criteria, specified in the RDP, are used to avoid apply double funding, and synergy is this realised.

LIFE+: Overlap is avoided. However, RDP measures might be used as a framework for supporting LIFE projects.

Greece

The Greek government seeks complementarity between funds in rural development rural areas. This complementarity does not follow strictly territorial criteria. This is justified because the rural areas are so extensive and varied, the coastline so long and the islands so numerous that needs cannot be met by use only of the ERDF and the EFF, which are the two funds dedicated exclusively to rural areas.

Two sets of criteria – general; and specific - are used to determine complementarity between funds. They include territorial, financial and administrative criteria.

In relation to rural areas, the **general criteria** for complementarity provide that:

- **CF and ERDF** focus on interventions for improving accessibility of rural areas and environmental infrastructure
- **ERDF** further focuses on large scale investments, protection of cultural heritage, upgrading the health and social security system, promotion of digital convergence, improvement of competitiveness and the business environment
- **ESF** focuses on upgrading public administration, improvement of the educational system and interventions in human resources.
- **EFF** focuses on the sustainable development of fisheries areas.

Within this general pattern of complementarity, there are some elements of strict demarcation, namely:

- Only **EAFRD** covers modernisation of agricultural and forestry holdings (Axis 1), value added of agri-forestry products and entrepreneurship actions for first transformation and commercialisation (only for micro-enterprises and SMEs)
- Only **ERDF** covers investments in water supply, waste and biological treatment
- Only **EFF** covers investments in the fields of water-cultivation, fishing in internal waters, sea fishing, first transformation of fishing products (with restrictions applying to the size of enterprises).

Specific criteria are grouped into five themes: infrastructure, human resources, natural environment, economy, and fisheries. Each theme is described below.

Infrastructure: Complementarity in support for infrastructure in rural areas observes the following rules:

- Financial criteria apply to infrastructure for tourism and cultural heritage, services for the improvement of the quality of life, restoration and development of villages and accessibility infrastructure. EARDF can finance investments of up to €300,000 (€1 million for restoration of villages and €50,000 for accessibility infrastructure). Any higher investments will be financed by the ERDF
- ERDF will cover exclusively the restoration of traditional settlements, infrastructure for information and communication technologies (ICT) and all other infrastructure in rural and fishing areas
- EFF will exclusively support infrastructure in small fishing shelters.

Human resources: Support for human resources in rural areas rests with only two funds, EARDF and ESF. Professional capacity building is supported by EARDF for all Axis 2 measures; and by ESF for measures 112, 121, 123 and 214. Information, awareness raising and training actions are supported by EARDF in relation to all rural development strategies and policies, forest strategy, innovation in rural development strategies, organic farming and bio-energy; and by ESF in relation to business administration and organisation and ICTs for rural development.

Environment: Complementarity in environmental interventions in rural areas uses sectoral and financial criteria:

- EARDF supports monitoring of genetic resources for production purposes, fire prevention actions, small scale renewable energy investments for farm use, technologies/products for the ozone layer protection, delineation and cartography of forest areas and protection of Natura 2000 areas (implementation of sustainable agri-forestry practices and agro-forestry measures for the protection of species).
- ERDF and CF support fire prevention equipment, large scale commercial renewable energy investments, mechanisms/tools/institutions for environmental management, spatial planning investments and protection of Natura 2000 areas (protection mechanisms and pilot projects, actions and studies for the protection of specific species, accessibility infrastructure).
- EFF supports environmental actions in fishing areas.

Economy: Complementarity in support for economic development in rural areas follows financial, geographic and sectoral criteria:

- For diversification activities of farmers, EARDF supports the creation and development of micro-enterprises and SMEs, the support of quality systems, small scale tourism investments (up to €600,000) and diversification towards the secondary and services sectors (up to €300,000); and RDF supports investments in these fields that exceed these financial ceilings.

- For diversification activities of non-farmers, EARDF will support municipalities of less than 3,000 inhabitants, investments of up to €300,000 and specific sub-sectors of transformation, trade and services; and ERDF supports larger scale areas and investments.

Fisheries: Support for fisheries rests with two funds - EARDF and EFF. For Axis 3, the demarcation will be by type of applicant, with RDP supporting public investments and EFF supporting private ones. For Axis 4, the demarcation will be territorial, with each specific area being supported only by one of the two funds.

National and regional programmes: Support for rural development can also come from the national programme "Environment and sustainable development 2007-2013" and the five regional operational programmes, especially with respect to Axis 2 environmental interventions, support to mountainous, disadvantaged and island areas, Natura 2000 support, agri-environmental and forest-environmental measures.

Hungary

In the elaboration of the RDP an integrated approach has been taken into consideration. There is a clear demarcation line between the RDP and other Operational Programmes (OP). The RDP supports projects which contribute to the integrated development of rural areas. Its geographic scope is defined below. The implication is that other Funds do not cover the same areas, with the possible exception of the EFF.

Geographic scope of the RDP: Settlements with a population of less than 5,000 permanent residents, or a population density of less than 100 inhabitants/km², excluding the settlements of the agglomeration of Budapest. For Axis 3 measures, aiming at increasing the quality of life, settlements with a population of less than 5,000 inhabitants or with a population density of less than 100 inhabitants are eligible, excluding the cities and micro-regional centres, but including the outskirt areas of non-eligible settlements. Axis 4 can apply to settlements with a population of less than 10,000 permanent residents, or a population density of less than 120 inhabitants/km², including the outskirt areas of non-eligible settlements can be supported under the RDP. The settlements of the Budapest agglomeration are in all cases excluded.

EFF: The Fisheries OP and the RDP have a different focus, but they can reinforce the effect of each other. The Fisheries OP supports the modernisation of existing, and creation of new, fish production and storing capacities; acquisition and renewal of fisheries implements, building and modernisation of fish processing facilities; research and quality control; promotion campaigns and actions; and pilot research projects.

The combination of the above principles is said in the RDP to ensure synergy, complementarity between strategies, and the avoidance of dual funding.

Ireland

The RDP for Ireland is managed by two different Ministries - Axes 1 & 2 by the Department of Agriculture and Food, Axes 3 and 4 by the Department of Community, Rural and Gaeltacht Affairs. This influences the demarcation between the RDP and other funds.

In broad terms, there is clear demarcation between the RDP and other EU-funded programmes, and the RDP stipulates that operating rules will ensure that there is no double-funding. However, the following provisions show a good deal of geographic overlap, with ERDF and ESF supporting stated activities in the LAG areas.

- **Accessibility** — ERDF supports public infrastructure, while RDP Axis 3 can support community-based services.
- **Risk prevention** — ERDF can support publicly funded and managed protection of water sources in rural areas; and also pilot treatment facilities in small rural villages in order to protect water intended for human consumption and to prevent risks to public water supplies. The RDP supports on-farm privately co-financed pollution control, on-farm environmental protection and community amenity-type investments along waterways.
- **Renewable energies** — ERDF will support energy-efficient transport, public buildings and industrial premises, renewable energy demonstration projects, sustainable energy zones and innovation schemes. The RDP supports renewable energy development and initiatives by rural communities, which focus on use and adaptation of local resources and raw materials to provide innovative energy-efficient systems to local communities and small villages.
- **Natural and cultural heritage** — ERDF assists the restoration and upgrading of natural and cultural heritage sites in designated urban centres. The RDP is targeted at rural areas, including villages.
- **Broadband** — ERDF funding focuses on local infrastructure through the further roll-out of the MANS networks and Group Broadband Scheme for smaller rural communities, via regional and local authorities. The RDP supports local actions to benefit from the availability of broadband infrastructure, e.g. through access to public e-services.
- **Training** — ESF will support training to facilitate a return to mainstream employment and strengthen the national labour market pool. The RDP will fund limited local training of rural dwellers to maximise uptake of the LEADER methodology and facilitate involvement in measures under Axis 3.

Some LAGs also deploy Axis 4 of the EFF: for example, the South Kerry LAG has applied RDP funds to building an enterprise centre, and EFF funds to training of new entrepreneurs in the centre.

A committee has been established to ensure satisfactory co-operation and demarcation between EU-funded programmes.

Italy

Note: this text is based only on the RDP of Sardegna.

For the demarcation and complementarity between the RDP and other Funds, the regional RDP sets out the following demarcation lines, which accord with principles in the National Strategic Plan.

The RDP will provide support in the following main sectors:

- **Rural infrastructures:** the ERDF will fund the secondary and tertiary network in favour of the agricultural and forestry holdings, and connections to the main network; and water transport in general, the great water network and the local one, and also connections between urban and rural areas.
- **Research:** the RDP will fund industrial research in the agro-industry sector, innovation, experimentation and the transfer of results from the research to the holdings.
- **Logistics:** the RDP will fund the rationalisation of transport conditions, stocks and processing of products within farms and agro-industry companies; and will contribute to the realisation and rationalization of logistics poles, transport and integrated logistical services, including ICT.
- **Energy:** the RDP will fund structures for producing energy from renewable sources (micro-wind, photo-voltaic, sun) of small dimensions (up to 1MW). Bigger structures, as well as the biomass or thermodynamic structures, will be financed under ERDF.

- **ICT:** ERDF will finance the telecommunication infrastructures and the connection services, while the RDP will be involved in the promotion and the use of services based on ICT in marginal rural territories. i.e. in the areas C1 and D1 (see the case study in Section 4)
- **Basic services:** the ERDF will support improvement of the health and social services, while the RDP will support economic diversification of the farms in areas C1 and D1.
- **Tourism:** the RDP will contribute in the improvement of the local agro-food products and, for Leader areas, the improvement of the small accommodation structures (not classified as hotels), and the requalification of the centres of the villages; the ERDF will finance the related activities in the less-favoured areas and the interventions in re-qualifying the hotel structures.
- **Training:** the ESF will finance all the training actions for the actors from the agricultural and forestry field, including the LAGs; the RDP will contribute only to the information activities.
- **Aquaculture:** the EFF will handle all support to the aquaculture sector. If the LAGs and the GACs are operating on the same territory, the respective action plans will set out the demarcation between the two funds.

Latvia

The RDP for Latvia focuses on the assessment of measures and resources to guarantee the complementarity with other activities co-financed by the EU. It sets criteria for this complementarity, defining which kind of projects are supported by each fund; the area of focus of each measure; and the specific actions and which fund is associated to them. The Table on the next page, taken from the RDP, shows the relationship between the RDP measures and other funds.

The RDP makes specific reference to the complementarity between RDP Axis 4 and EFF Axis 4, in relation to Local Action Groups and local development strategies. Where the two funds overlap in territorial terms, detailed provisions will ensure complementarity and avoid double funding without excessive bureaucratic procedures.

Latvia: Complementarity between RDP measures and other Funds			
RDP measures	Complementarity with measures supported by :		
	ERDF	ESF	EFF
Vocational training and information actions		✓	✓
Use of farm and forestry advisory services		✓	
Setting up of management, relief and advisory services		✓	
Modernisation of agricultural holdings	✓		✓
Improvement of the economic value of forests	✓		
Adding value to agricultural products	✓		✓
Infrastructure related to the development and adaptation of agriculture and forestry	✓		✓
NATURA 2000 payments and payments linked to Directive 2000/60/ECC	✓		✓
NATURA 2000 payments (to forest owners)	✓		✓
Diversification into non-agricultural activities	✓		

Support for creation and development of micro-enterprises	✓		✓
Encouragement of tourism activities	✓		✓
Basic services for the economy and rural population			✓
Village renewal and development	✓		✓
Conservation and upgrading of rural heritage	✓		

Lithuania

The National Strategic Reference Framework (NSRF) for Lithuania has three priorities which they aim to achieve through synergy between the different major Funds. Clear demarcation between the funds is used to ensure they are in line with the National Strategy for Rural Development and to fulfil the objectives defined in the NSRF.

The Priorities in NSRF are 1. Competitive Economy 2. Information Society and 3. Social and territorial cohesion. The RDP, supported as appropriate by the Structural Funds, will focus on:

- Increase in competitiveness of agriculture and forestry (NSRF Priority 1)
- Human Resource development in agriculture and forestry (NSRF Priorities 1 and 2)
- Improving quality of life (NSRF Priority 3)
- Improvement of environment and landscape (NSRF Priority 3).

The RDP is focused on issues relating most closely to agriculture, while ERDF and ESF focus on projects that have a wider remit and are of benefit to the wider rural community. This includes training, re-skilling and strengthening education systems.

Demarcation has been identified in a thematic way and varies according to the activity and applicant. For example, support for:

- human resource development is under RDP and ESF, with demarcation by type of applicant
- water management is under RDP and ERDF, with demarcation by type of applicant
- roads are under RDP and ERDF, with demarcation by type of applicant and geographic area
- innovation is under RDP and ERDF, with demarcation by activity supported.

The RDP specifies three priorities for Axis 1, three priorities for Axis 2, two priorities for Axis 3 and one Priority for Axis 4. These priorities more or less align to the NSRF Priorities. Against these, Lithuania has set up criteria for the demarcation within each Priority under each of the RDP Axes. The demarcation is specific to each Priority rather than by Fund or Axis.

The main demarcation criteria are:

- type of beneficiary (for example farmers, natural or legal persons, municipalities)
- type of activities supported (for example agricultural, non-agricultural)
- the amount of support for implementation of a project (for example up to EUR 200.000, over EUR 200.000)
- the location of project implementation (for example rural area, urban area, LFA)
- physical characteristics of the object supported (for example farm roads, public roads).

Fisheries: National Strategy Plan for Fisheries will be funded by the EFF, with support from the ESF and the RDP. Together, they will support the development of a sustainable competitive fishery sector and

increase the competitiveness of the processing sector through investment in modern technology. Capacity building to promote diversification activities outside fishing will be supported, as will bottom-up approach to project development.

Coordination: A National Paying Agency has been established to ensure that a control and monitoring system is set up and followed to avoid double financing of projects. There will also be a Single Monitoring Committee, with representatives from all the Structural Funds, which will ensure co-ordination between the funds on decision-making and selection criteria.

Luxembourg

Luxembourg wishes to ensure complementarity between EAFRD, ERDF and ESF. Main priorities have been defined in the programmes, with ERDF concentrating on diversification of the economic tissue, research and innovation, and ESF on the labour market structural problems. The Operational Programme for "Regional competitiveness and employment" excludes ERDF or ESF support for any action purely agricultural in character, which relates to the RDP. As the EFF is not used there is no need for eventual coordination, and the RDP will not support aquaculture or fisheries activities.

At implementation level, in order to avoid double funding, the Ministry of Agriculture, Viticulture and Rural Development will regularly keep in touch with the Ministries of Economy and Labour responsible for the ERDF and ESF funds. The three Ministries have set up a coordination committee for the implementation of the RDP. Moreover, they have established a coordination system at the level of the monitoring committees of the different programmes: the EAFRD Monitoring Committee includes representatives of the ERDF and ESF Programmes, and vice-versa.

There is a territorial overlap, in that the EAFRD is applicable only to rural areas, as defined in the RDP, but ERDF and ESF are also applicable to these areas. Demarcation lines between the EAFRD and other funds are clearly drawn for Axes 1 and 2, and on a case by case basis for Axes 3 and 4 of the RDP.

Within Axes 1 and 2, the demarcation line is based on the nature of applications. If the applicant is a farmer or an organisation agricultural in character, then the project is co-financed by the EAFRD.

With regard to **Axis 3**, projects are first subject to a first checking, to control if they respond to selection criteria and also if they have not been already submitted to other programmes. The Commission for assessment of applications under Axis 3 of the RDP includes representatives of the ERDF and ESF. There are clear demarcation lines for some measures. For example, the ERDF cannot support some actions which fall within the scope of the RDP, such as diversification towards non-agricultural activity (Measure 311), village renewal and development (Measure 322), or conservation and enhancement of rural heritage (Measure 323. Some actions may seek support from either the RDP or ERDF, depending upon the size or type of project: for example, the RDP can support small infrastructures at local or communal level for tourism, while the ERDF supports larger infrastructures and services depending on regional or national public initiatives.

Projects submitted under **Axis 4** of the RDP are checked to see whether they have already been submitted in the framework of other national or Community programmes. If a project could be supported by different programmes, it may receive priority within the RDP, provided that it is in line with the Leader principles and is complementary to other programmes applicable to the same region. The Ministry for Agriculture, Viticulture and Rural Development will work with other relevant Ministries to ensure proper demarcation.

Malta

The RDP outlines a clear approach to demarcation and complementarity. The demarcation is drawn between EAFRD funding and related OP, as well as on the level of Measures under Axes 1, 2 and 3. Through consultation with the authorities responsible for the drafting of the National Strategic Reference Framework (NSRF) and the National Strategy Plan for Fisheries (NSF), the areas of potential overlap have been determined and a number of demarcation criteria established regarding Axes 1, 2 and 3 measures (especially Measures 111, 123, 313, 323 and 341).

For the operational programmes funded through ERDF, CF, ESF and EFF, the situation is as follows.

ERDF and CF: Operational Programme I "Investing in Competitiveness for a Better Quality of Life" (Cohesion Fund and ERDF) has two objectives:

- Objective 1 Sustaining a growing, knowledge-based competitive economy
- Objective 2 Improving Malta's attractiveness and the quality of life.

The central theme of this Operational Programme is to improve the country's competitiveness through the generation of a better quality of life. The objectives aim at supporting entrepreneurship, promoting export development, mobilizing investment in the Research, Technological Development and Innovation Programme, sustaining the tourism industry and promoting culture. Objective 2 (see above) is underpinned by four Axes:

- Axis 3 developing the Trans-European Transport Network
- Axis 4 upgrading services of general economic interest,
- Axis 5 safeguarding the environment (including risk prevention)
- Axis 6 urban regeneration and improving the quality of life.

These Axes refer to diverse but interrelated dimensions to secure a better quality of life for the Maltese population, and to improve the attractiveness of Malta as an ideal investment location and a country with a good quality of life. Objectives 1 and 2 and the Axes are underpinned by technical assistance and administrative capacity building measures.

ERDF will focus on (a) investments targeted at increasing the efficiency of the general operations of enterprises, tourism attractions linked to Urban Regeneration Schemes, or projects that form part of the National Tourism Strategy as part of the "branding" exercise; (b) investments in built heritage in urban areas, and in rural areas only when associated with World Heritage sites or sites of national importance. It may also support implementation of those management plans for NATURA 2000 sites which are considered to be important in communities dependent on tourism and related to areas identified as Tourism Zones – which include Valletta and the Grand Harbour; Mdina, Rabat and Dingli; Sliema, St Julians and Paceville; Bugibba, Qawra and St Paul's Bay; Gozo; and Coastal areas. The RDP will complement this last activity by support to the preparation of these management plans.

ESF: Operational Programme II "Empowering people for more jobs and a better quality of life" (ESF) has a prime objective to raise the overall employment rate. This will be achieved through (a) Investing in human capital and (b) Strengthening labour market structures. ESF will focus on training with a link to labour market, creating new employment opportunities (private sector enterprises, professional development of employees): its scope excludes farmers and cooperatives, which may be supported through the RDP. Activities under measure 341 of the RDP are strictly related to LEADER. And there will be no other EU funding for such activities.

EFF: Malta's National Strategic Plan for Fisheries (2007-2013) states several objectives and priorities for the sustainable development of the fisheries sector. These objectives include development of the fleet,

promotion of the aquaculture sector, development of the processing and marketing sectors, development of fisheries' infrastructure, development of human resources in the fisheries sector, and sustainable development of fisheries areas. The EFF and EAFRD have little in common in that both objectives and target groups differ significantly. The possible exception to this demarcation is aquaculture in land-based systems, where a combination of agriculture and aquaculture development is pursued in particular for leisure/recreational purposes. However, such initiatives will not be funded through the EAFRD. There exists a possibility for overlap between the EAFRD and the EFF, under axis 4 of the EFF which focuses on the sustainable development of fisheries areas. The local strategy for EFF limits the application of RDP Axis 4 to infrastructural works in specific coastal areas in favor of existing fisheries communities, and only if these works are done in conjunction with other funding instruments and private participation; and is states that co-funding from EFF for such initiatives using the RDP shall not be possible.

Netherlands

The point of departure for the use of the RDP fund as well as for the EU structural funds is the implementation of the integrated Lisbon strategy and the Gothenburg agreements. There is strict demarcation between the major funds, in order to avoid double funding.

The implementation of the Dutch RDP has a sectoral and a territorial track. Support for measures in axis 1 has no territorial demarcation. Axis 2 concerns measures in specific areas such as LFA's, Ecological Network, and Natura 2000 areas. Support for Axis 3 and 4 measures is exclusively for "rural" areas i.e. the non-urban parts of the Netherlands, including villages and small cities with a maximum of 30,000 inhabitants.

Generally speaking, the ERDF concentrates on larger-scale projects with a broader type of actors and a focus on regional competitiveness, while the RDP has a focus on small-scale local level projects linked to the agricultural community. ESF is focussed on courses designed to develop more general knowledge and skills, while the RDP is meant for education and training specifically relating to objectives of and measures under axis 1.

The provinces, responsible for implementing axes 3 and 4 of the RDP and the structural funds programmes, can prevent double financing when assessing projects. A distinction will be made on the basis of the content of the RDP and structural fund programmes subject to a number of general, territorial and substantive principles. In order to decide whether a project is to be funded by the RDP or the structural funds, the following process is pursued:

- Starting point are the Council Regulations and the conditions formulated in the national strategies and the operational programmes of the Structural Funds on the one hand, and the national strategy plan (NSP) and RDP on the other. Most often, this gives a decisive answer.
- For the undecided cases, the MA will assess the aims/characteristics of the project. In general the RDP will be used at local level to support small-scale projects and targeted at the agricultural community; while the structural funds (ERFD) will be used for large-scale projects and investments focused on regional competitiveness and their beneficiaries will be a broader range of actors.
- If at this stage there are still some cases that could apply for support of both RDP and ERDF, the following projects are only eligible for RDP support: a) projects that fit in with Measure 124 (cooperation with regard to innovation) in case the total public costs eligible for subsidy are less than €1,428,572; b) projects that fit in with Measure 311 (diversification); c) projects that fit in Measure 312 (establishment/ development micro-enterprises) for enterprises with BIK-codes 923, 935, 92629, 92642, 92724:(927241- 927244); d) Projects that fit in with measure 313 in case the total of public costs eligible for subsidy are less than €500.000; e) Projects that fit in with Measure 321 (basic

services); f) Projects that fit in with Measure 322 (village renewal and development); g) Projects that fit in with Measure 323 (conservation and improvement 'rural' heritage) as far as the total public costs eligible for subsidy are less than €500.000.

EFF: There is little overlap with the EFF and the RDP, except for aquaculture. Projects and activities involving a transition from agriculture to aquaculture fall under the EFF. Innovative developments in the chain could lead to activities that combine agriculture and aquaculture, in which case the main objective of the project will be decisive in determining the source of support, although aquaculture projects that are supported from the RDP must not conflict with the conditions of the EFF. Sports fishing does not fall under the EFF but may be co-financed by RDP Axis 3 if it involves diversification.

One axis of the EFF (axis 4) is intended for measures aimed at the sustainable development of fisheries areas. These measures are very similar to the measures under axis 3 of the RDP. The measures under EFF axis 4 have to be implemented by local groups and in that respect are very similar to the Leader approach of the RDP. The precise demarcation between the two has to be elaborated in the development plan in which a clear distinction has to be made between which part concerns the RDP and which part concerns the EFF.

LIFE+: Actions which receive support from another European fund cannot apply for support of Life+. Co-financing of Life+ is mainly targeted at small-scale investments in Natura 2000 areas (e.g. repairs). The RDP may support management of Natura 2000 areas by landowners. The precise demarcation between LIFE+ and the RDP is done in the measure fiches.

Axis 4: The development strategy of a LAG can go beyond RDP objectives, and part of their ambitions could be realized through the structural funds, thus achieving complementarity. But demarcation criteria have to be respected. In case the specific situation in the area and the intended development needs a further refinement of the demarcation criteria, this must be included in the development strategy.

Poland

Objectives and measures aimed at rural development are included in a number of national and regional documents and programmes. In addition to the RDP, they are found in the following documents:

- At the **national level**, the National Regional Development Strategy, the National Spatial Planning Concept, the National Development Plan, the National Cohesion Strategy, the Integrated Operational Programme for Regional Development, the National Environmental Programme, the National Environmental Policy, the National Afforestation Programme, the Strategy for the Reconstruction of Main National Roads in Poland, and some other sectoral strategies; and also national operational programmes, which include the OP for the Development of Eastern Poland, OP for Infrastructure and the Environment, OP for Human Capital (ESF) OP for the Innovative Economy, and OP for Technical Assistance.
- At the **regional level**, Development Strategies for each of the 16 voivodships and 16 Regional Operational Programmes.

There are certain similarities between objectives defined in these many documents, mostly with regard to infrastructure, but they complement each other rather than overlap. A clear demarcation line is drawn in the RDP between the potential overlapping measures, mostly on the basis of territory, project value or type of beneficiary. In order to eliminate double funding, a document entitled "Demarcation lines between Operational Programmes of Cohesion Policy, Common Agricultural Policy and Common Fisheries Policy" has been approved.

In relation to the measures under Axis 1, 2 and 3, a demarcation plan has been implemented according to specific measures:

- Vocational training for persons employed in agriculture and forestry (demarcation with ESF, according to beneficiaries)
- Increasing the added value to basic agricultural and forestry production (demarcation with ERDF, according to products covered in Annex 1 EC Treaty)
- EFF will provide support to promotion of sustainable aquaculture, protection and improvement of condition of natural environment under Natura 2000 network, where measure directly relate to fisheries management and restocking of endangered species

Axis 3 and Axis 4 are affected by territorial demarcation.

Portugal (referring to the Mainland RDP only)

Relationships between the different major funds are defined at a strategic level in the Resolution of the Council of Ministers no. 25/2006 on the implementation of the National Strategic Reference Framework 2007-2013 (NSRF), and Resolution n. 425/2006 approving the guidelines on the National Strategic Plan for Rural Development.

Coordination between the funds is assured by:

- Participation of the Minister responsible for rural development in the Ministerial Commission for Coordination of the NSRF;
- The technical body for coordination and monitoring of the NSRF, which ensures the consistency of interventions in their compliance with this strategy, as well as the interconnection between operational programs, principally with EAFRD; and
- The adoption of an inter-ministerial body for strategic coordination with the governance model defined by the Resolution of the Council of Ministers no. 147/2006 (which approves the guidelines included in the National Strategic Plan for Rural Development).

The main principle pursued is a clear demarcation between funds, while recognising the potential for overlap. Where an activity could be funded either by the RDP or by another Fund, procedures are in place to avoid double funding.

For RDP Axes 1, 2 and 3, demarcation is based on the distinct role of different funds. Thus, in general terms, ESF and ERDF focus on support to public goods and services, while EAFRD supports non-public goods and services and has a specific focus on farm holdings. As for fisheries, the EAFRD can only support investments associated with inland water fishing and non-commercial recreational aquaculture, while commercial aquaculture and its production structure are supported by EFF. Complementarity between the different funds will be achieved through demarcation by territory, for the purposes of axis 3, type of intervention, nature of the investment, nature of the applicants, size of investment, and territorial impact of the investment.

In order to fix a clear demarcation of the financing responsibilities between the different funds, the RDP Mainland defines specific situations that can be financed by the EAFRD. These include:

- Support for the maintenance of agroforestry systems in all classified Natura Network areas, namely within Integrated Territorial Interventions (ITI);
- Interventions in rural territories regarding tourism in rural areas and Nature Tourism;
- Treatment of agricultural and agro-industrial effluents, either in on-farm interventions or in interventions in the interface of public systems of effluent treatment, including collection and pre-treatment
- Financing of micro-enterprises in rural areas;

- Financing of support to agri-food Industries in activities mentioned in Annex I to the Treaty; in the case of Forestry, this support is restricted to microenterprises and first processing products.
- Regarding vocational training and qualification, EAFRD responsibilities include financing specialized training oriented to the acquisition of specific knowledge aimed to meet the needs identified in the project of setting up young farmers or enterprise/organization staff covered by strategic chain plans or other integrated sector or territory interventions, directly articulated with support measures to the investment or with the application of production methods compatible with sustainable agricultural and forest management. The remaining interventions, in particular regarding initial qualification, lifelong learning, and vocational improvement or advanced training, either related to the agricultural sector or not, fall within the scope of **ESF**.

The RDP also defines the scope of RDP action and its complementarity with other Funds in relation to restoration of the environment, basic support services for the population, rural heritage, tourism, aquaculture, forestry industries, rural paths and electrification, Alqueva irrigation project and the Natura 2000 network.

EFF: In order to ensure complementarity with EFF, enterprises classified by the Portuguese Classification of Economic Activities as related to the fishing sector shall not have access to RDP Axis 3. In addition, communication procedures will be adopted between LEADER groups and those responsible for managing the measures financed by the EFF in overlapping areas.

Romania

Under the Convergence Objective, through the NSRF, seven main Operational Programmes (OPs) will be implemented in Romania. Of these, five are funded through **ERDF and CF**, namely the OPs for Regional Development; Transport; Environment; Increase of economic competitiveness" (ERDF) OP: and Technical Assistance. Two are funded through **ESF**, namely the OPs for Human Resources Development; and for Administrative Capacity Development.

Romania will also benefit from support through the following programmes foreseen by the NSRF, under the European Territorial Cooperation Objectives:

- Cross-border cooperation, through distinct OPs, with Hungary; Bulgaria; Serbia; Ukraine and Moldavia; Hungary, Slovakia and Ukraine; and the Black See Basin
- Trans-national cooperation in the South– East European Area
- Inter-regional cooperation, through separate programmes with INTERREG IV C; URBACT II; ESPON; and INTERRACT II.

The RDP states that the intervention of EAFRD imposes the setting up of the demarcation from the Structural Instruments in the context of each Operational Programme (OP). Thus, in order to avoid possible overlaps of the support, the scope (at the level of axis 1), the type of intervention (at the level of axis 2) and the scope (at the level of axis 3) were considered as a demarcation principle. For a series of measures of Axes 1, 2 and 3, other specific demarcation criteria were considered, related to the following areas - transport infrastructure; water infrastructure; waste management; prevention of floods; nature protection; production of electric/thermal energy out of renewable sources; SMEs; consultancy services; guarantee funds; management of standards; tourism infrastructure; cultural patrimony; infrastructure related to social services; vocational training; and early retirement.

ERDF and CF: The demarcation between the RDP and ERDF and CF can be illustrated by the following examples:

- **Transport infrastructure** - demarcations based on the classification of roads, as stipulated in the national legislation, whereby ERDF supports investments related to the county roads and urban streets (Regional OP) and national roads (Transport OP); CF invests the trans-European Road Network; while the RDP supports minor rural roads.
- **Water/used water infrastructure** - demarcation is based on the Regional Master Plans: RDP supports water/waste water infrastructure projects from rural localities with under 10,000 equivalent population, except rural localities which are included in the Regional Projects financed under SOP Environment (ERDF, CF) and the water/waste water infrastructure projects for rural spa resorts which will be supported by ROP (ERDF).
- **Waste management** - ERDF and the CF (SOP Environment) support integrated management systems at county level which will also cover rural localities from the counties supported through SOP Environment and annexed to this programme; while then RDP (Measure 322) supports investment in waste transfer stations and related management equipment in the rural parts of counties not supported by SOP Environment
- **Prevention of floods** - RDP (Axis 1) will support constructions and modernisation of works of protecting agricultural and forestry lands against floods along the brooks from areas with risk of floods and affected by floods; while CF (SOP Environment) supports major investments by the National Waters Authority in the prevention of floods along the national rivers.
- **Nature protection** – RDP (Axis 2) targets the granting of compensatory payments for the users of agricultural lands located within the areas assigned by Natura 2000; preservation measures will be included in the management plans elaborated in the context of the ERDF intervention (SOP Environment by priority axis 4) production of electric/thermal energy out of renewable sources; and ERDF (SOP-EEC) can support enterprises that produce electric/thermal energy from bio-fuel (except enterprises that process agricultural products stipulated in Annex 1 to the Treaty) and enterprises obtaining energy from other renewable sources (except both enterprises that process the products from Annex 1 to the Treaty and micro- enterprises from the rural area).
- **SMEs' for productive activities** - ERDF (SOP EEC) can support micro-enterprises of the high-tech spin-off type throughout the Romania, except those which carry out processing of agricultural and forestry products; small and medium enterprises carrying out productive activities, except those involved in the processing of agricultural products and in the food industry; intermediary and large enterprises carrying out productive activities, except those involved in the processing of agricultural products and in the food industry. ERDF (ROP) can support micro-enterprises in the urban area except those carrying out activities of processing agricultural and forestry products and except the high-tech spin-off ones; small and medium enterprises carrying out tourism activities.
- **Tourism infrastructure** - ERDF (POR) shall support projects of tourism infrastructure in the urban area, as well as in Spa resorts (within the rural and urban area); large scale investments¹⁰⁹ in tourism infrastructure in the rural area, the total cost of project being of minimum 1,500,000 Euro; and national centres for tourism information and promoting within large tourism areas.

EFF: Demarcation between EAFRD and EFF is based on territorial and beneficiaries. The RDP targets persons involved in agricultural, forestry and agri-food activities throughout Romania, and non-agricultural ones within the rural areas, except those whose basic activity is fishery and aquaculture. The Fisheries Fund) targets the promotion of a competitive, dynamic, modern fishery sector and the ensuring sustainable fishery, targeting only the persons involved in this sector.

Slovakia

The four main EU supported programmes implemented on the territory of Slovakia vary in their focus, and a clear line of demarcation between them is drawn within the RDP (usually based on the different types of beneficiaries or of supported activities). The RDP promotes those rural development activities that complement the support policies under the Structural Funds and the EFF. The RDP includes a table showing the demarcation lines between the RDP and other Funds.

ERDF provides aid for secondary processing of products not included in the Annex 1 to the EC Treaty. Coordination between ERDF and EAFRD is necessary also regarding Village Renewal and Development: the RDP supports communities NOT classified as growth poles, but also growth poles in territories covered by approved LAGs. The ERDF supports communities classified as growth poles except those located within the LAG territories. Separated and segregated Roma settlements and communities represent a specific issue, support for which is described in more detail within the ROP.

CF: RDP complements the CF especially through measures targeted at job creation by diversifying agricultural activities or in tourism. It also supports improvement of community infrastructure in communities not classified as growth poles.

EFF: The Fishery Industry OP, co-financed by the EFF, complements the RDP by supporting modernisation and diversification in its sector. The RDP facilitates participation of fish breeders in achieving compliance with the programme targets in the area of improving the quality of life and diversifying rural economy, specifically enabling them to participate in the growth of rural tourism. EFF supports modernisation, innovation and restructuring in aquaculture, stressing sustainable development and focus on domestic products.

Slovenia

The Slovenian RDP provides for clear demarcation between the EAFRD and other EU Funds. Conformity and prevention of overlapping will be based on clear rules and on a mutual exchange of information on individual tenders among the responsible Managing Authorities. At the same time, the RDP expects support from a full range of other Funds towards the rural areas.

ERDF and CF: Axis 1 of the RDP supports activities in farming, agri-food and forestry, which are not subject to aid in the OPRR (Operational programme for strengthening regional development potentials). Axis 1 measures associated with the production and sale of agricultural products are investment-linked (purchase of equipment, licenses and patents also), while the OPRR endorses research and development projects, hence there is no risk of overlapping.

In the field of Axis 3, the RDP will support small enterprises in rural areas, while OPRR support goes to larger companies in urban settlements as well as micro-enterprises operating in urban areas. In the field of ICT, the RDP support will be limited to ICT equipment, while the OPRR will support the establishment of multi-band ICT networks, with access provided for specific users (educational, research and cultural institutions). In the same way, the RDP will support projects of village renewal centres and construction of local multi-purpose buildings, while OPRR supports regional facilities. Similar demarcation, based on size of project, will apply in the field of sustainable energy.

Action under Axis 4 to implement local development strategies is stated to be complementary to the OPRR and to OP ETID (Operational programme for environment and transport infrastructure development), which is funded under the Cohesion Fund. OP ETID supports state institutions in their work on

infrastructure by (railways, freeways, state and regional roads etc) or municipalities on environmental projects which are beyond the scope of LAGs.

ESF: The RDP will support education and training aimed at promoting development and strengthening institutional competence at local level, while the ESF supports training at regional level.

EFF: The RDP does not overlap with the priorities of the European Fisheries Fund. The Operational programme for the development of fisheries sets out the following objectives - providing for sustainable and competitive fisheries; modernising and expanding aquaculture; modernising and expanding processing; promoting fish, fish products and the fisheries sector; providing suitable conditions for the work and safety of fishermen by means of establishing suitable infrastructure and the maintenance of piers and unloading docks; and (through its own Axis 4) promoting the development of coastal fishing areas and achieving long-term prosperity through diversification and integration of fishing with tourism, cultural heritage and national heritage. A Coastal Action Group (CAG) is expected to be selected for overseeing the implementation of Axis 4 measures

Demarcation between RDP and EFF is assured in two main ways. First, by reference to beneficiaries: the EFF is targeted at a select group of beneficiaries, namely fishermen, aquaculture and the fish processing industry, and this group is not entitled to RDP support. Where LAGs under the RDP and LAGs under the EFF overlap geographically, perhaps even with some of the same partners, transparent demarcation rules for measures and financing will be devised.

LIFE+: The RDP notes that Slovenia will gain about EUR4.5 million per year through the LIFE+ programme, increasing gradually to EUR5.5 million by the end of the programming period. Some overlap might occur with the RDP.

National forestry programme: The RDP will contribute to enhancing the economic efficiency of forest management, improving the competitiveness of the forestry sector, and enhancing the value and improving the quality of forestry products as well as in increasing the use of wood biomass for energy purposes in order to combat climate change (Kyoto Protocol). These activities will complement those under the National Forest Development Programme, which will focus on conserving, enhancing, developing and maintaining private forests for their ecological, protective and recreational purposes; and also the training and information activities in the field of agriculture and forestry carried out by a joint public body managed by the Chamber of Agriculture and Forestry and the Slovenian Forest Service.

Spain

Andalucia

The objectives of the RDP are consistent with the **Community Strategic Guidelines** (CSG) in the field of economic, social and territorial cohesion for the 2007-2013 period. More specifically, the following links exist between the CSG and the RDP:

- The promotion of synergies between growth and the environment is reflected in Axis 1 and 3 and more explicitly in Axis 2 of the RDP;
- Investment in human capital is manifested in the training and cooperation measure of Axis 1 and 3 of the RDP;
- The promotion of enterprise innovation is found in the restructuring measure of Axis 1 of the RDP as well as the diversification actions of Axis 3;
- Efficient energy use is reflected in the Axis 1 measures concerning modernisation of agricultural holdings and adding value to agricultural products.

The main overall difference between Community Funds is that the ERDF and the Cohesion Fund focus more on the sustainable use of agricultural land and the conservation of natural heritage, whilst the ESF is distinguished for its influence on knowledge and human capital.

ERDF: The ERDF programme focuses on the improvement of the quality of life in rural areas and the diversification of their productive structure. The ERDF complements the RDP actions in four main fields:

- The modernisation and increased competitiveness of the agrarian sector through the investigation of new resources that could be exploited and lead to employment creation and new business opportunities in rural areas (Axis 1 of ERDF OP),
- Diversification of the rural economy through the promotion of economic activities in the industry and service sectors (Axis 2 and 5 of the ERDF OP);
- Improvement of the natural environment through actions for the protection and regeneration of the natural environment and the promotion of biodiversity (Axis 3 of ERDF OP);
- Improvement in the quality of life through actions for the improvement of infrastructure and basic services in rural areas (Axis 4 and 6 of the ERDF OP).

Axis 4 (Leader) of the RDP is the only one not reinforced by the ERDF OP, which is explained by the instrumental character of this Axis that promotes the use of a specific management and implementation model for rural development projects at local level.

CF: The most distinguished element of the Cohesion Policy is the territorial focus through adaptation to the specific needs and priorities of each area. This corresponds to the RDP strategy elaborated on the basis of a diagnosis of the concrete situation of the Andalusian rural environment and the implementation of local development strategies using the Leader approach (Axis 4).

ESF: The ESF programme focuses on improvement of the quality of life in rural areas of Andalucía and the promotion of knowledge and improvement of human capital. The ESF OP complements the ERDF actions in five main fields:

- The modernisation and increased competitiveness of the agrarian sector through the promotion of adaptability of rural economic activity to market requirements. This is achieved both through training of small entrepreneurs and workers and the promotion of an entrepreneurship culture in rural areas (Axis 1 of ESF OP);
- Improvement of the natural environment through awareness raising actions towards enterprise and workers (Axis 1 of ESF OP);
- Improvement in the quality of life and rural economy through training, employability and inclusion actions;
- Support of the Leader methodology through actions that promote local networks and associations, the implementation of local initiatives (Axis 2 of ESF OP) and actions in the field of transnational cooperation (Axis 4 of ESF OP);
- Support to training and research in order to generate knowledge, products and processes that combine progress and sustainability of the agrarian sector.

EFF: The EFF complements Axis 3 of the RDP by co-financing economic diversification in rural fishing areas, managed through the LAGs.

The RDP is also complemented by **other regional policies and programmes**, namely, the restructuring plans for the cotton and tobacco sectors, the strategy for competitiveness of Andalucía 2007-2013 (stresses technological, human and physical capital), the environmental plan for Andalucía 2004-2010 (focuses on sustainable development and territorial planning), the forest plan of Andalucía (focuses on compatibility between forest production and protection of the natural environment), the

sustainable development strategy of Andalucía (addresses climate change), the innovation and modernisation plan of Andalucía (focuses on access to information and communication technologies and innovation in rural areas), the organic farming plan 2002-2006 and the strategic plan for organic agriculture in Andalucía 2007-2013 and, finally, the general tourism plan of Andalucía (stresses compatibility between tourism development and the environment).

Catalonia

The general aim is to ensure complementarity between the RDP and other EU funds.

ERDF: The objectives of ERDF in Catalonia are to improve the conditions for competitiveness of the Catalan economy and to promote information society; to enhance sustainable development, particularly to reduce environmental risks and to promote renewable energy; to improve access to social transport services; and to stimulate local and urban development and the social and territorial cohesion. These objectives of ERDF overlap in rural areas with those of the RDP. The RDP can support innovation in agriculture and improvement of quality of agricultural and food products (overlap with ERDF objective i), utilisation of forest areas (overlap with ii), diversification of rural economy, LEADER and strategy for selected territories. To avoid double/financing, a coordination committee between the respective managing authorities is established.

ESF: The objectives of the ESF in Catalonia are to promote entrepreneurship and to improve adaptability of labour, firms and entrepreneurs; to improve the ability to be employed, inclusion social and equality between men and women; to improve human capital; and to promote international and inter-regional cooperation. These objectives overlap in rural areas with those of EAFRD. Since EAFRD aims at agriculture, the programmes complement each other thematically. Avoiding double-financing is ensured by close cooperation between programmes; and a Commission representing both programmes meets once year to resolve possible issues.

CF: The Cohesion fund, with its transport and environmental objectives, complements the RDP on a basis of thematic and territorial demarcation (small scale infrastructure and rural focus in RDP and the opposite in CF). Application by one beneficiary to both funds is unlikely, because the minimum financial size of the Cohesion Fund projects is beyond the capacity of actors applying for RDP measures. However, for better guarantee of no double financing, a coordination committee between funds is established.

EFF: In respect to EFF, the complementarity and demarcation is effectively territorial in nature. EAFRD applies to agricultural and rural areas, and EFF to fishery zones. The Ministry of Agriculture is responsible for both programmes, and can secure complementarity between them.

Navarra

The EAFRD, ERDF and ESF can all be used for the economic development of rural areas in the Autonomous Region of Navarra. Demarcation and complementarity are expressed in thematic terms, while territorial aspects are not mentioned at all.

ERDF: While the overlap of ERDF and EAFRD is negligible, ERDF does complement EAFRD in support for innovation in small enterprises and for the spread of ICT in terms of technical capacity and use. In the field of support to small enterprisers, double financing is avoided by exclusion of food processing enterprises from ERDF support: also, in the case of agro-tourism enterprises, the Department of Agriculture, Livestock and Food will ask for information from the Department of Culture and Tourism before the contract is settled.

ESF: The general objectives of ESF to create jobs, to integrate excluded persons and to enhance labour skills, are similar to those of EAFRD. Agricultural and food processing enterprises are excluded from ESF support, as is agricultural training from the ESF training programme.

CF: The Cohesion Fund CF is not mentioned in the RDP. The Fund does apply to Navarra, but it appears to concentrate on completely different issues.

Sweden

For demarcation, the RDP specifies the roles of ERDF, ESF and EFF by reference to each EAFRD measure. For example, for encouragement of tourism activities, it states that ERDF will support large-scale strategic projects, while EFF support is limited to fishermen and fisheries areas.

Synergy between priorities and measures targeted towards regions and rural areas will be further developed in the programme period. So, co-ordination between **EAFRD, ERDF, ESF, CF and EFF** will become stronger, in order to ensure that double funding and overlap do not occur.

The National Strategy of Regional Competitiveness, Entrepreneurship and Employment aims to harmonise regional development policy and EU cohesion policy in Sweden. The priorities identified at national level synergise with regional development programmes. The Structural Fund programmes will be developed in partnerships based on those existing at County level. Priorities are identified as Innovation and Renewal; Skills Supply and Increased Labour Supply; Accessibility; and Strategic Transboundary Cooperation. Sparsely populated areas of northern Sweden and metropolitan areas seem to need special attention.

Local partnerships play an advisory role to ensure that the demarcation is applied appropriately at regional level. This will also ensure that the same type of action is not implemented and financed in the same geographical area from more than one programme. Applications are submitted to the County Board where they are scrutinized and checked. If they are in a 'grey area' (i.e. bordering on other funds) then people responsible for these funds are consulted. Regular consultations are carried out with all other authorities concerned including Board of Fisheries, Swedish Agency for Economic and Regional Growth (Nutek) and ESF Council.

There are links between the RDP and **other financial instruments**, for example LIFE+, the EU Framework Programme for Research and Technological Development, and the 7th EU Framework Programme for Competitiveness and Innovation. Projects funded through LIFE+ will not be eligible for funding under RDP and vice-versa. No delineation problems are stated between either of the other two programmes and RDP.

United Kingdom- England

In England, the programmes funded by the four EU funds – EAFRD, ERDF, ESF and EFF - are generally focused on different, though complementary, priorities.

RDP: The RDP is focused mainly on the environment and countryside. Around 80% of the EAFRD contribution to the RDP will be spent on Axis 2, and there is no scope for overlap between this and the activities supported under the three structural funds. However, there is some scope for overlap, particularly between the RDP and the ERDF programmes on Axis 3, on Leader and in some areas targeted by Axis 1.

RDP expenditure will be targeted towards rural areas, particularly those areas, sectors or communities where there is a demonstrable and significant need. It will be focussed on supporting rural economies at the local level. This includes interventions in agriculture, such as supporting innovative farm diversification

and woodland enterprises. It will also include enabling growth of existing micro-enterprises and encouraging start-ups, and improving skills and employment opportunities for individuals in the rural workforce where this support cannot be provided elsewhere.

ERDF: Interventions under the ERDF Programmes will generally be much larger in scale than any interventions under the RDP. The ERDF will support broadly focused regional and sub-regional activity, contributing to improved regional economic performance or as part of national employment and skills programmes. This may include interventions that help to develop the knowledge-based economy at a strategic level, enable small and medium-sized enterprises to become more competitive and more efficient in their use of natural resources, build sustainable communities, and increase employment by breaking down barriers to work

ESF will not fund activities that support agri-food schemes or the primary processing of agricultural and/or forestry products; nor will it focus on specific vocational training for individuals employed in enterprises engaged in these activities. However, ESF will be able to support training in basic and intermediate skills and other generic training for individuals employed in enterprises engaged in these activities. These principles will apply equally to the EFF in respect of fish and shellfish products and processing.

EFF will support the overall aim for fisheries management in the UK, which is to achieve a fishing sector that is sustainable, profitable and supports strong local communities, managed effectively as an integral part of coherent policies for the marine environment. It will focus on providing a long-term sustainable future for the fishing industry through promoting investment in innovation and technology, ensuring environmental best practice, developing efficient supply chains with strong links between fishermen, growers, processors and customers and improving port infrastructure and operations. It will also help to tackle social exclusion and promote long-term prosperity in communities traditionally dependent on the fishing industry where this support cannot be provided elsewhere

Coordination: At national level, the RDP Managing Authority works with the Managing Authorities for the other programmes to ensure effective coordination and complementarity between programmes. For example, Defra (the Ministry responsible for the RDP) is represented on the ESF Programme Monitoring Committee (PMC). The ERDF regional programmes will each have a regional PMC, on which Defra will be represented by the regional Government Offices.

At regional level, England's Regional Development Agencies (RDAs) are responsible for implementing Axes 1, 3 and 4 of the RDP, and the socio-economic elements of the RDP (with the exception of the Regional Development Agency for London, which does not receive any EAFRD support). They also have major role in delivering the ERDF programme. Given this double role, the RDAs will ensure coherence in the day-to-day management of the socio-economic support under the RDP and the ERDF programmes. They will ensure that work carried out at the regional level under the two funds is complementary. Robust project development and selection processes will ensure that any duplication is avoided. Each region in England has an Operational Programme for the ERDF, which will set out defined demarcation criteria for the ERDF and EAFRD. Demarcation can be either by sector of activities, the type of operation, the size of operation (e.g. tourism infrastructure above a certain size) or the type of beneficiary (farmer/non-farmer). For some activities, it may also be possible to demarcate in other ways, for example by defining the split between capital and revenue expenditure or defining geographical boundaries.

The RDAs will also have a leading role in the delivery of the ESF at the regional level. This role is secured by their membership of the Regional Skills Partnerships (RSP), which also include the Learning and Skills Councils and other key planning and funding agencies responsible for employment and skills provision.

The RDAs will work closely with Leader Groups as they implement their Local Development Strategies under Axis 4 of the RDP. Leader Groups will be aware of the need to ensure that there is no duplication of funding in project selection. RDAs will be responsible, with the Leader groups as appropriate, to ensure demarcation on the ground.

United Kingdom: Northern Ireland

The Northern Ireland RDP confirms that the support under the RDP is complementary to the objectives of the Structural Funds and the Common Fisheries Policy.

EAFRD: The RDP will focus primarily on the farming, agri-food sectors and rural communities, and is shaped thematically around the 4 regulatory axes, with no mention of territorial demarcation. Three separate Programmes have been developed to run alongside the RDP to ensure demarcation - the Sustainable Competitiveness Programme, funded through ERDF; the NI European Social Fund, funded through ESF; and the European Fisheries Fund, funded through EFF.

ERDF: The Sustainable Competitiveness Programme (€306m), funded under the ERDF, is much larger than the RDP (€170m). It focuses on support to large capital structures. It has three 3 priorities – 1. Sustainable Competitiveness and Innovation; 2. Sustainable Enterprise and Entrepreneurship and 3. Improving accessibility and protecting and enhancing the environment.

ERDF Priority 1 will focus on increased participation in Research and Development: this will be complementing EAFRD in relation to the introduction of new technology. ERDF Priority 2 is complementary to Axis 1 and Axis 2 of EAFRD. Axis 3 is delivered by Leader and there will be clear separation to ensure no overlap between EAFRD and ERDF funds. ERDF Priority 3 includes actions supporting renewable energy which can and will be focused on large scale projects, whilst Axis 3 of EAFRD will support small scale projects in the same field. Priority 3 also funds 'next-generation' broadband. Clear demarcation will be present to target EAFRD and ERDF funding appropriately.

ESF: The NI European Social Fund Programme (€165m) has 3 priorities – 1. Helping people into sustainable employment; 2. Improving workforce skills and 3. Technical assistance. There will be no overlap with actions under the EAFRD programme. The only common area is training. Under the EAFRD, training will be targeted at farm businesses ensuring that they are up to date with the latest techniques to maximise returns. In contrast the ESF programme will aim to develop a skilled and adaptable workforce by improving their qualifications and skills, particularly those without basic skills or low or no qualifications.

EFF: The European Fisheries Fund Programme is the smallest programme at €18m. Its aim is to ensure a sustainable and profitable fishing sector, whilst supporting strong local communities. It will invest in innovation and technology, ensuring environmental best practice and developing strong links within the supply chain. Demarcation between EFF and EAFRD will be achieved by EFF concentrating on the fisheries sector, which will not be supported through EAFRD. Any overlap is most likely in Axis 3, but there will be clear separation of instruments at local level to ensure this does not occur.

Administrative arrangements have been made to ensure complementarity and demarcation by each Programme Monitoring Committee, including representation from all the other Monitoring Committees. At a project level criteria will be established to ensure no duplication between the instruments.

United Kingdom: Scotland

The Scottish Executive is committed to ensuring complementarity and clear demarcation between the different European funds.

EAFRD funding will be focussed on supporting diversification of rural economies at the local level. This includes support for innovative farm diversification, for woodland enterprises, and for direct product development by individual companies or by collaboration within the food supply chain. More widely, it will encourage creation of new, and growth of existing, micro-enterprises, and improvement of skills and employment opportunities for low-paid rural workers where this support cannot be provided elsewhere.

ERDF and ESF: European Structural Funding will primarily address rural issues as part of a wider activity contributing to improved economic performance or as part of integrated employment and skills programmes. This will include interventions that help to develop the knowledge-based economy at a strategic level, to enable small and medium sized enterprises to become more competitive and more efficient in their use of natural resources, to build sustainable communities, and to increase employment by breaking down barriers to work and increasing skill levels for all. Structural Funding will also cover support for wider innovation capacity of enterprises, for example the building of laboratory facilities and purchase of new testing equipment and research and development skills training, but not specific research and development projects and prototype development or testing.

In the field of biodiversity, including Natura 2000, the EAFRD and Structural Funds will have complementary roles. The RDP will support land-based measures that sustain ongoing conservation and enhancement of biodiversity, in keeping with the principles of sustainable development. The ERDF will provide business development support for projects that may be related to Natura 2000 or other designated sites, but will not fund ongoing management of these sites.

In relation to Axis 3 and Axis 4 of the RDP, scale is a major factor in determining whether projects would qualify for EAFRD or Structural Fund support. Projects funded by the EAFRD will focus on small-scale infrastructure and small and micro-businesses, and support for local community infrastructure projects, while projects of more regional significance may be considered for funding using Structural Funds. Under Axis 3, the RDP may support upgrading of existing tourist accommodation and developing small-scale tourist visitor infrastructure: this will complement ERDF funding aimed at improving business practices and developing new products. The RDP will also support action to add value to rural goods and services, build capacity in local communities, promote public enjoyment and understanding of the countryside, and promote the restoration and enhancement of historic architectural and archaeological features in the landscape. These actions will focus on specific areas of need, identified through regional priorities for the RDP, and will be addressed through measures which will be examined for complementarity with the other funding streams such as ERDF and EFF.

As for Axis 4, the wide-ranging membership of LAGs will assist in guarding against overlaps in funding. Since Axis 4 is cross-cutting over the other 3 Axes, LEADER has the potential to contribute to outcomes and priorities across the three Axes. There will be co-ordination between the Managing Authorities for EAFRD and ESF which lie in different Directorates of the Scottish Executive, and with the Strategic Delivery Bodies, namely Scottish Enterprise and Highlands and Islands Enterprise. Activities to be co-financed under Axis 4 will be checked for consistency with such activities as are included in the Scottish ERDF regional programmes and in particular against the specific demarcation tables included in these programmes.

EFF: The European Fisheries Fund will provide support to develop and manage viable and sustainable marine and inland fisheries, including aquaculture, while safeguarding the environment. The overall aim is to create a fishing sector that is sustainable, profitable and supports strong local communities, managed as an integral part of coherent policies for the marine environment. EAFRD funding for biodiversity through land-based activities will provide measures that would not otherwise be open to fishing communities. Synergy with EFF is therefore most likely in coastal areas where activities supported under RDP could benefit marine communities. There may be particular instances where funding in such areas may be provided through the RDP as part of an integrated rural development project, provided such proposals are admissible and there is no overlap in funding. In establishing priorities and assessing applications at a regional and local level, particular attention will be paid to ensure that Axis 3 and Axis 4 of the SRDP and Axis 4 of the EFF programme dovetail in the provision of rural services.

Coordination: In Scotland, the Managing Authority for both EAFRD and for European Structural Funds is the Scottish Executive, with responsibilities lying in Rural Directorate and Enterprise, Energy and Tourism Directorate respectively. The SRDP and Structural Funds Programmes, along with the Scottish interest in the EFF (which will have a single UK Managing Authority) are being developed in parallel by the Scottish Executive, with particular attention given to complementarity or areas where project eligibility could overlap.

Complementarity between EAFRD funding and other funds will also be ensured through joint working and, in some subject areas, membership of the respective Monitoring Committees and project assessment committees. This approach will enable funding under each programme to be focused on its strategic priorities and will be particularly important where Structural Funds programmes contain a rural priority. For the EFF there will be a UK wide operational programme with the Marine Directorate of the Scottish Executive responsible for implementing in Scotland the operational programme. As with the other Programmes, complementarity will be secured through joint working and close co-operation including where appropriate membership of committees established to monitor or assess the implementation of EFF in Scotland.

Environmental funds: Two further sources of funding for biodiversity are pertinent to the SRDP. First, the **LIFE+** programme will complement the SRDP by filling funding gaps where special support is required to meet Natura 2000 and biodiversity targets. Second, **Scottish Natural Heritage** will continue to fund, outside the RDP, some management agreements for Sites of Special Scientific Interest. Careful co-ordination will be maintained, as part of the 'On the Ground' approach, between the Scottish Executive and Scottish Natural Heritage to ensure that support through the RDP complements that provided by Scottish Natural Heritage.

United Kingdom: Wales

The RDP for Wales states the government's commitment to ensuring complementarity and clear demarcation between the different European funds.

EAFRD: The RDP funding focuses on supporting diversification of rural economies and improving the quality of life at the local level. The ERDF and ESF Funds will primarily address rural issues as part of wider regional, sub-regional or national activity contributing to improved economic performance or as part of integrated employment and skills programmes. The European Fisheries Fund will provide the support to develop and manage viable and sustainable marine and inland fisheries, including aquaculture.

Structural Funds: The ERDF and ESF Funds will complement the RDP Axis 2 activity by supporting environmental enhancement where it is undertaken for a clear economic outcome. In the socio-economic

field, the RDP activity under Axes 3 & 4 will occur within a single local authority area or through similar projects taking place in adjacent local authorities, whereas the ERDF and ESF will act on a wider strategic and spatial level. There is considerable scope for adding value to ERDF and ESF Funds through the smaller scale RDP projects, with a focus on enhancing non-vocational skills, developing alternative sources of income, and addressing general social and cultural needs. There is also considerable scope for adding value to RDP activities through the ERDF and ESF Funds, for example by funding physical infrastructure as part of integrated regeneration programme that is not possible under the RDP itself.

EFF: There is scope for complementarity between EAFRD and EFF in both the environmental and socio-economic fields. The EFF will focus on marine protection issues. There is potential for synergy between the activities of different landowners on adjacent areas and links with community focused environmental and biodiversity improvements; and for collaboration on wider environmental programmes related to climate change, water quality/quantity, air pollution, waste management etc. Synergy with EFF is most likely in coastal areas where activities supported under Axis 2 could enhance marine-focused activities. On the socio-economic side, the EFF will focus on people in the fisheries sector and their families, while the RDP support through Axes 3 and 4 the wider personal and community needs and developments outside that sector, such as craft development or tourism.

Example: Information Technology. The approach to complementarity between funds may be illustrated by the example of ICTs. The **ERDF** will encourage firms to embed and fully utilise ICTs; will address social and other barriers to ICT uptake and exploration by firms, citizens and communities; and will promote common platforms to encourage fair and open access to technologies. **ESF** will support acquisition of ICT, generic and occupational skills in the workforce; and training linked to the successful exploitation of ICTs by SMEs and community organisations. **EFF** will support encouraging computerised management of fishing activities. **EAFRD** will support the take-up of ICTs by the agriculture and forestry sectors; encouraging agri-food businesses to embed and fully utilise ICTs; will work at the local level to encourage communities and individuals to utilise ICTs; will support rural micro-enterprises to engage with and fully utilise ICTs; and will support investment in local and community projects (e.g. village halls, community centres, etc.) to encourage linkages to ICTs.

Coordination: The RDP provides a detailed Co-ordination Table, showing which fund will support which activities and at which spatial level. The Co-ordination Table is organised around the five main 'priorities' (and related 'themes') identified by the ERDF Convergence Operational Programme, namely 1. Building the knowledge based economy, 2. Improving Business Competitiveness, 3. Developing strategic Infrastructure for a modern economy, 4: Creating an attractive business environment, and 5: Building Sustainable Communities

To ensure that overlap cannot occur between measures of the EAFRD and the other funds, the RDP sets out three key measures:

- Cross membership of the respective Programme Monitoring Committees for the RDP, the ERDF and ESF Funds and the EFF.
- A specific statement in the ERDF and ESF Funds' eligibility rules that farmers and those engaged in primary processing of agricultural, fisheries or forestry products are not eligible for support from the ERDF or ESF for these activities.
- External guidance for potential ERDF and ESF Fund project applicants, developed jointly with staff working on the RDP and the EFF programme for Wales.

To eliminate the potential for double funding and to maximise complementarity at a project level, further communication will be made between the respective teams at application stage. As part of the process,

applicants will need to show how their project fits with the relevant strategies and programme including the ERDF and ESF Funds and the EFF. In addition, specifically for activities under Axes 3 & 4, to eliminate the potential for double funding and projects working against each other, all applications for support under Axes 3 and 4 will be subject to rigorous, cross-Departmental appraisal in addition to the consideration of compatibility/demarcation with the ERDF, ESF and EFF.