



European Commission



# **THE EU RURAL DEVELOPMENT POLICY: FACING THE CHALLENGES**

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All rural development programmes for the period 2007-2013 have now been drawn up and approved.

The rural development strategies of individual Member States and regions have been designed to respond to national and regional priorities and to add the most value at EU level.

This document aims to show how the new policy framework for the period 2007-2013 operates and sets out how the EU's rural development policy will be implemented.

Meeting the current and future challenges faced by Europe's rural areas and unlocking their potential requires an open debate between all stakeholders on different policy options: this document aims to nourish this debate.



# 1. Europe's rural areas: Diversity, strengths and challenges

## Diversity of rural areas

The EU's rural areas cover 91 % of its territory and contain over 56 % of its population<sup>1</sup>. As the map below shows, the extent of predominantly rural regions varies considerably between Member States. Intermediate regions, containing significant rural areas interspersed with small cities, predominate in most Member States. Relatively few areas have sufficient population density to be classified as predominantly urban. The EU's rural areas are characterized by significant diversity in terms of their socio-economic situations and natural and cultural heritage.

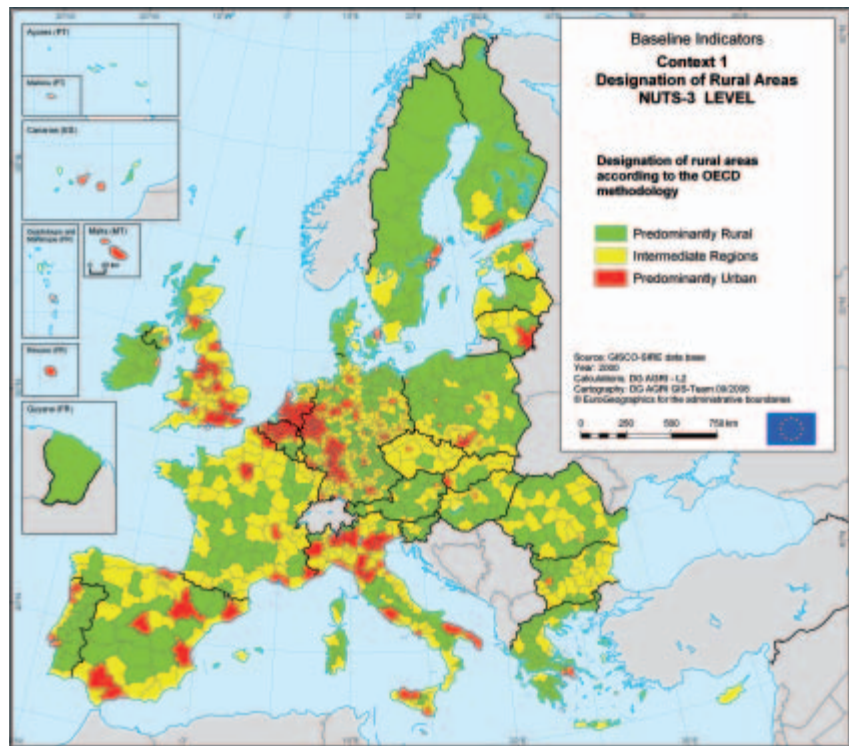
Some rural areas are amongst the EU's wealthiest regions in terms of GDP per capita. Others, in remote areas and in more recently acceded Member States, are among the poorest.

This in turn translates into differing demographic trends: a long established "urbanization" trend drawing population and economic activity out of more remote rural areas into urban areas, and a more recent "counter-urbanization" flow out of urban areas into accessible rural areas.

Accessible parts of significantly rural areas increasingly serve as residential areas for large towns: they may thus become commuter belts subject to increased environmental pressures without benefiting from the economic activity of their residents. Conversely, predominantly rural areas, mountain and peripheral areas are losing population due to a lack of economic and social opportunities. Overall depopulation of rural areas is a critical issue in recently acceded Member States, where emigration rates are highest. However, rural areas in the western periphery and in parts of Germany, central and northern Italy, are also becoming depopulated due to the effects of population ageing and/or the out-migration of younger age groups.

In terms of age structure, it is the rural areas of southern Member States where the population is ageing most markedly. Another important trend is the migration of younger women from sparsely populated Nordic rural areas and less developed rural areas of recently acceded Member States.

The diversity of rural regions is also expressed in different employment levels. Some rural regions, particularly in peri-urban areas, have experienced high rates of employment growth; however, at sub-regional level,



trends can vary considerably from those at a regional level, notably where labour moving out of rural agriculture has been absorbed into market towns and large villages.

The importance of the primary sector (agriculture and forestry) for employment also varies considerably between rural areas, depending on the extent to which the primary sector has been modernized and the availability of alternative income options. In most rural

<sup>1</sup> The term "rural areas" is used here to refer to areas of a predominantly rural and intermediate character. These terms are defined according to the OECD methodology, explained in the EU publication 'Agriculture and the EU: statistical and economic information 2007'.

areas the primary sector accounts for less than 10% of total employment. In a third of rural areas its share is less than 5% (around the EU-25 average). However, in some rural areas – particularly in the east and south of the EU – its share is over 25%.

Part-time farming is an increasingly important feature of rural areas, as agricultural production on family farms is combined with other economic activities.

### **Strengths of rural areas**

Rural areas are vital to the EU's economic and societal needs. Agricultural and forestry activities make rural areas the most important providers of food and important contributors to the production of fibres and construction materials. Furthermore, rural areas are increasingly important as centres of energy production from biomass and other renewable sources.

Rural areas are also significant in that they contain the largest share of the EU's water resources, notably freshwater reservoirs and their catchment basins.

Biodiversity is also closely linked to rural areas because of their relatively unspoilt and highly varied natural environments. Biodiversity is composed of genetic diversity (e.g. crop varieties and animal breeds), habitat diversity (including that due to different types of agricultural land use) and species diversity, encompassing all wild species.

New economic sectors are now developing in rural areas, such as the expanding sector of rural tourism and other activities linked to their natural and cultural assets.

### **Challenges for rural areas**

Rural areas are characterized by an intrinsic fragility in economic, environmental and social terms.

Agriculture and forestry continue to play a major role in maintaining natural resources and cultural landscapes as a precondition for other human activities in rural areas. However, inappropriate agricultural practices and land use can also have adverse impacts on the preservation of the rural environment, most notably on biodiversity, water and soil, and can contribute to climate change.

In Europe, the recent increase in the demand for agricultural and forestry products, along with past market policies and technological developments, has given rise to a process of intensification and specialization of farming systems, resulting in increased pressure on natural resources. The intensification of agricultural production may entail risks such as soil erosion and reduction of levels of organic matter in the soil; increased emission of greenhouse gases; unsustainable water use; water

pollution and biodiversity loss. Nevertheless, the growth of demand for agri-food and forestry goods also constitutes a key driver for the development of the economies of rural areas. In this context, the challenge lies in finding a balance between environmental, social and economic objectives when taking new opportunities.

Natural resources and varied landscapes may also be jeopardized by the abandonment of land use for agricultural purposes, currently a risk in Mediterranean and eastern European Member States. Large-scale marginalization and land abandonment have negative environmental effects: an increased risk of forest fires in areas where grazing has ceased or cultivated strips have been abandoned; soil erosion where terraces are not maintained; a decline in biodiversity.

Land abandonment is closely linked to the dynamics of depopulation, population ageing and emigration of young people. In order to address these challenges rural areas, particularly those which are more remote from urban centres, will need to diversify their range of economic and social opportunities to reduce disparities between urban and rural areas in terms of employment potential, income levels and access to services. The development of new transport, information and communication infrastructure is crucial to this and is one of the main reasons for the recent "counter-urbanization" flow of people and businesses out of urban areas into accessible rural areas.

Urban sprawl and the development of infrastructures and economic activities also place high pressure on ecosystems in rural areas. The fragmentation of farmland, forests and other habitats is among the most worrying threats to biodiversity in Europe. Widespread soil compaction conflicts with agricultural land use and has negative ecological effects on hydro-geological balance and biodiversity.

Rural areas will face additional risks of natural disasters due to climate change, e.g. recurrent droughts, storms, floods and fires, even in areas not previously affected by such phenomena. Rural areas will therefore need to improve their resilience to adverse climatic events. Farming systems may need to diminish their reliance upon irrigation or improve the efficiency of water use as water will become increasingly scarce in some areas, e.g. in Mediterranean regions, already competing for water with urban and tourist settlements. Forests will have to be managed in a way that reduces fire risks, without compromising either their productive potential or their ecological functions.

Finally, given the increasing competition on liberalized agricultural markets, farmers – particularly those in new EU Member States still engaged in the process of



restructuring semi-subsistence farms - need to improve their competitiveness in order for their holdings to be viable in a global economy. This involves implementing measures that enhance farm adjustments to market requirements, both in terms of physical restructuring, human capital development and continuous innovation.

## 2. Policy background: What are the key elements of the EU's rural development policy?

In order to respond to the diversity of situations and the scale of the challenges facing the EU's rural areas, EU rural development policy takes the following approach:

- First, EU rural development policy offers a **flexible approach**, based on the principles of subsidiarity and partnership. When designing rural development programmes (RDPs), Member States have a significant degree of flexibility in finding a balance between the sectoral dimension (i.e. agricultural restructuring) and the territorial dimension (i.e. land management and the socio-economic development of rural areas). From a menu of approximately 40 support measures, Member States select those best suited to address the specific strengths and weaknesses of individual programming areas.
- Second, to ensure the targeted use of resources, rural development policy has adopted a **strategic approach** involving three consecutive steps. First, the Council Regulation and Community strategic guidelines set priorities for rural development which reflect EU policy priorities, particularly the Lisbon and Göteborg strategies for growth and jobs and sustainable development. Second, each Member State submits a national strategy plan ensuring that its proposals for using Community aid for rural development is consistent with the Community strategic guidelines and that Community, national and regional priorities are coherent. Third, both Member States and the Commission will closely monitor and

evaluate the results of strategies and programmes.

- Third, a **thematic approach** means that measures are grouped around objectives (known at programme level as "axes"). Programmes are built around three thematic axes: economic concerns (competitiveness and employment creation), the environment and the countryside (biodiversity, climate change, sustainable resource use in agriculture and forests) and social aspects (quality of life). These are complemented by a horizontal axis: the 'Leader approach' which acts as a way of implementing rural development policy.
- Fourth, rural development policy is based on an **integrated approach**. This is demonstrated in its objectives, which reflect economic, environmental and social concerns for agriculture and the wider rural economy. Although any individual measure is attributed to the thematic axis to which it is expected to contribute most, the same measure may contribute to several objectives.

## 3. RDPs 2007-13: How is EU rural development policy delivering value for money?

### 3.1 Overview of programmes approved and total indicative budget

The 94 programmes submitted by Member States show three types of rural development programme (RDP) being implemented:

**National or regional RDPs:** A total of 88 national or regional RDPs were approved by the Commission. Most Member States chose to submit a single national RDP. On the other hand, some Member States (Belgium, Germany, Spain, Italy and the United Kingdom) chose to submit regional RDPs (2, 14, 17, 21 and 4 respectively). A third category of Member States (France, Finland, Portugal) presented sub-national programmes to be implemented in regions with territorial specificities - mostly islands - as a complement to national programmes (e.g. France: Ile de

la Reunion, Martinique, Guadeloupe, Guyane, Corse; Finland: Aland islands; Portugal: Madeira, Azores). All 'new' Member States opted for one national RDP.

**National Frameworks:** Two Member States (Germany and Spain) submitted National Framework Programmes designating a range of measures which can be implemented through regional programmes.

**National Rural Development Networks:** Four Member States (Germany, Italy, Portugal and Spain) opted to submit separate programmes for National Rural Development Networks. All other Member States will set up a network under the umbrella of their national or regional programmes.

Rural development policy also attracts significant private investment for rural development projects. Furthermore, Member States have the possibility to top up specific aid schemes with national financial resources.

### EU indicative rural development budget 2007-13, all sources

EU contribution (EAFRD):	€ 90.8 billion
National co-financing:	€ 57.7 billion
Private expenditure:	€ 64.8 billion
National top-ups:	€ 12.4 billion
<b>Total:</b>	<b>€ 225.7 billion</b>

### RDPs in 2007-13:

- Total of **94 Rural Development Programmes**
- **88 RDPs**, of which:
  - **Regional:** 2 for Belgium, 5 for France, 14 for Germany, 21 for Italy, 3 for Portugal, 17 for Spain, 4 for the United Kingdom.
  - **National:** all other RDPs are implemented at MS level.
- **2 National Frameworks** (Germany, Spain)
- **4 Programmes on National Rural Development Networks** (Germany, Italy, Portugal, Spain)

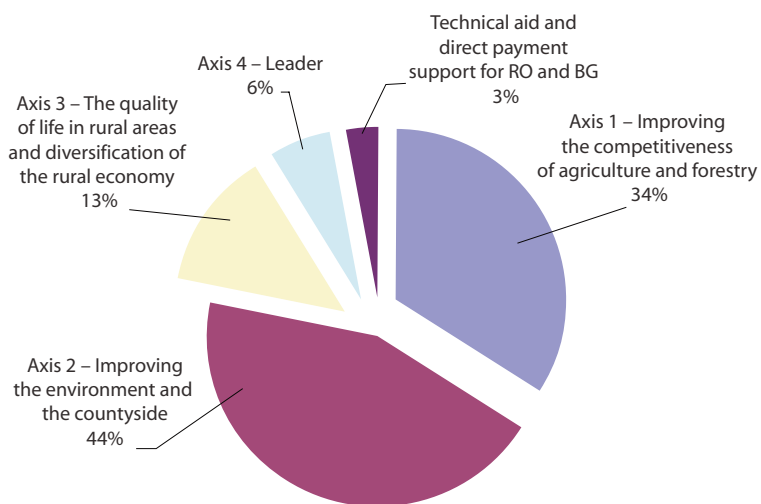
The EU's rural development regulation<sup>2</sup> calls for an appropriate balance between the axes corresponding to the core objectives defined in the Community Strategic Guidelines on rural development<sup>3</sup>. At least 10% of the total EAFRD contribution to RDPs shall be devoted to axes 1 and 3 respectively, and at least 25% to axis 2. At least 5% shall be reserved for axis 4. Derogations from this rule apply to recently acceded Member States which had not implemented Leader-type measures prior to accession and need to phase them in.<sup>4</sup>

The chart below shows the overall allocation of EAFRD resources by axis (all Member States combined).

A total amount of around € 226 billion will be made available over the period 2007 – 2013 for the 94 RDPs, including all public and private expenditure.

The EU's co-financing for these programmes, made from the European Agricultural Fund for Rural Development (EAFRD), amounts to € 90.8 billion, corresponding to 61% of the public expenditure. € 12.7 billion of this amount comes from compulsory and voluntary modulation (i.e. the transfer of funds from the Common Agricultural Policy's direct payments for bigger farms to rural development policy). EU funding is supplemented by € 57.7 billion of national co-financing. The co-financing rate varies significantly across Member States, especially between convergence and non-convergence regions.

**Figure 1: Total EAFRD expenditure 2007-13 by axis**



(Source: EU Commission, Directorate General for Agriculture and Rural Development, based on indicative approved budget)

<sup>2</sup> Council Regulation (EC) No 1698/2005, OJ L 277, 21 October 2005

<sup>3</sup> Council Decision 2006/144/EC, OJ L 55, 25 February 2006

<sup>4</sup> Bulgaria and Romania are allowed to use a proportion of their RDP funds to co-finance Complementary National Direct Payments (CNDPs) in 2007-2009.





### 3.2 Allocation of funds to the axes

As regards the distribution of funding between the four axes, Member States have made different choices in response to the specific situations and needs identified in their analyses.

For **axis 1**, 14 Member States have committed an above-average (i.e. over 34%) level of EAFRD resources. It is

notable that these include eight 'new' Member States. The Member States allocating the highest percentage to axis 1 are Belgium (48,1%), Latvia (46,8%) and Portugal (45,5%). Conversely, the Member States with the smallest percentage of resources in axis 1 (i.e. below 30%) are Ireland (10,3%), Finland (11,1%) and the United Kingdom (11,9%).

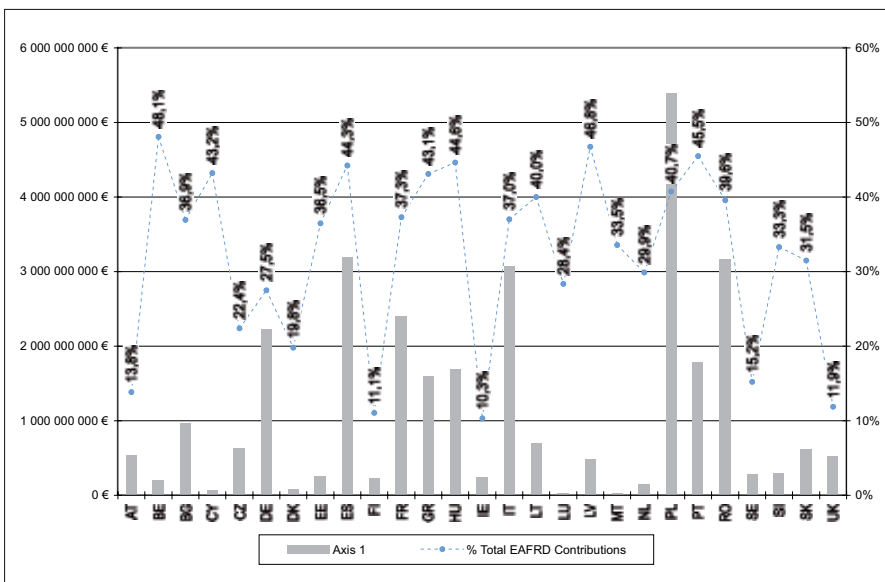
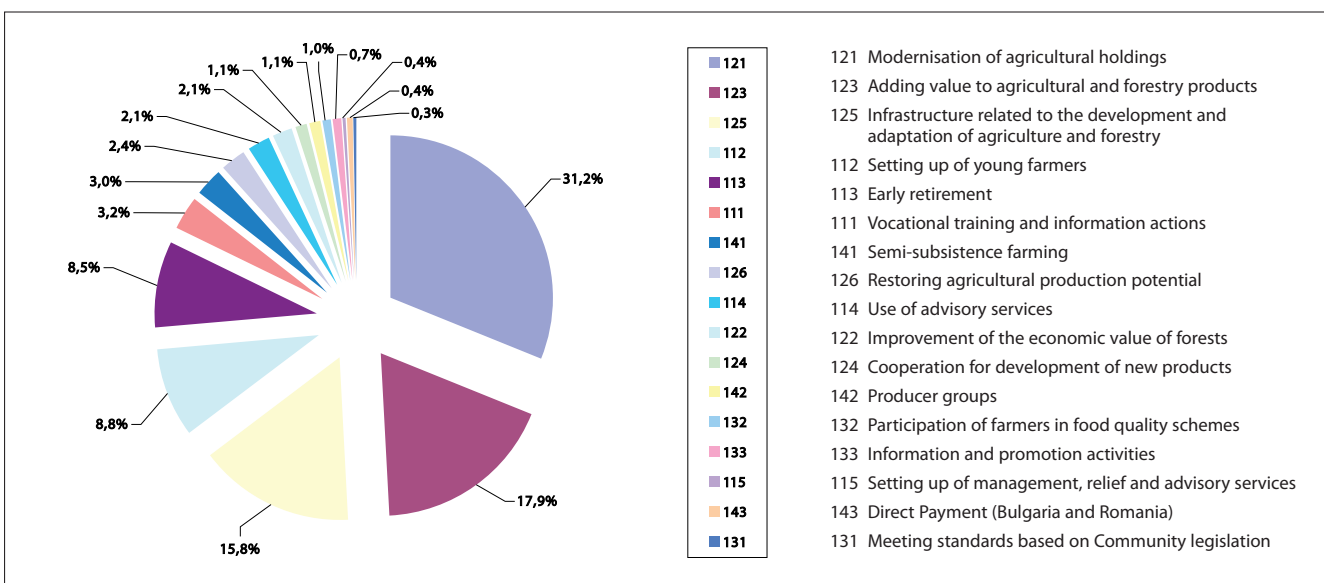


Figure a.1:  
Total EAFRD contributions allocated to axis 1 by country (absolute value and share of total expenditure)<sup>5</sup>

Figure a.2:  
Total EAFRD contributions allocated to axis 1 by measure (share of total expenditure)



<sup>5</sup> After deduction of the contribution to CNDPs (see footnote 4) the percentage of EAFRD funding for axis 1 in Bulgaria is 39,1% and in Romania 42,2%.

As regards **axis 2**, the Member States allocating the highest percentage of resources (more than 60%) are Ireland (79,6%), Finland (73,3%) and the United Kingdom (72,8%): i.e. those that allocated less for axis 1. The

Member States allocating the lowest percentage (below 35%) to this axis are Romania (23,4%), Bulgaria (24,4%) and Malta (26,1%). To some extent, these are also the Member States with a stronger emphasis on axis 1.

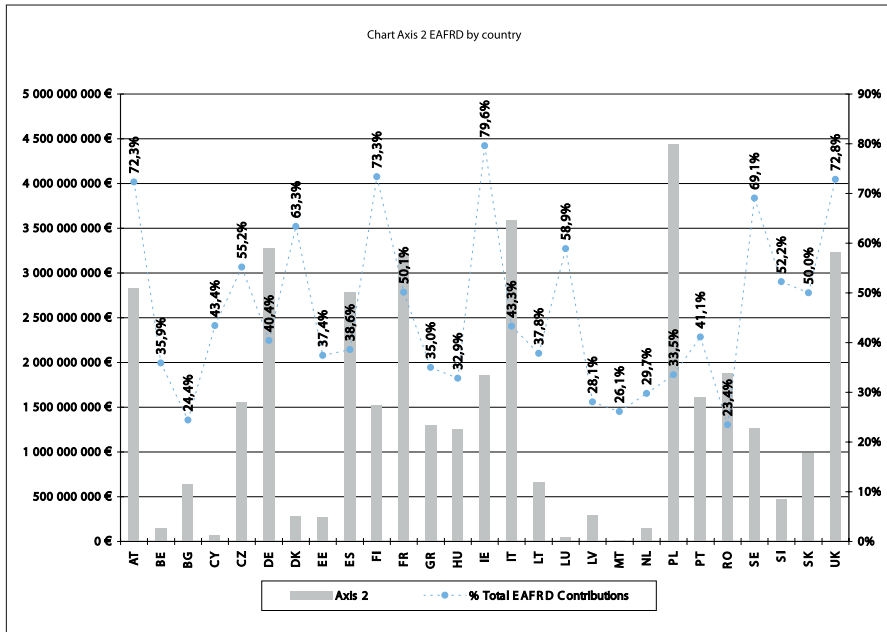
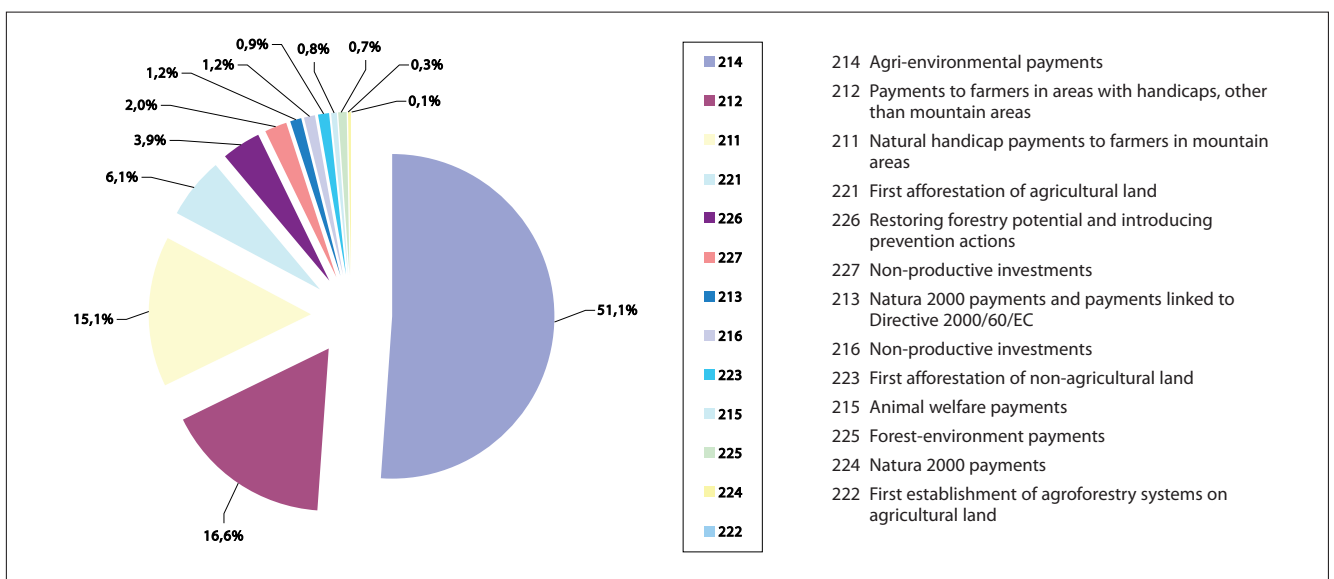


Figure b.1:  
Total EAFRD contributions allocated to axis 2 by country (absolute value and share of total expenditure)<sup>6</sup>

Figure b.2:  
Total EAFRD contributions allocated to axis 2 by measure (share of total expenditure)



<sup>6</sup> After deduction of the contribution to CNDPs (see footnote 4) the percentage of EAFRD funding for axis 2 in Bulgaria is 25,9% and in Romania 25,0%.



Member States allocating the highest percentage of funding to **axis 3** include more urbanized countries such as Malta (32,2%) and the Netherlands (29,8%), but also Bulgaria (26,9%). Although twelve Member States are below the minimum requirement of 10% when looking at the figure below, they in fact respected this requirement

when taking into account the implementation of axis 3 measures via the Leader method. For some of those Member States (Ireland, Portugal and Spain), the low percentage is closely linked to the fact that these Member States implement measures of axis 3 exclusively or almost exclusively via the Leader method.

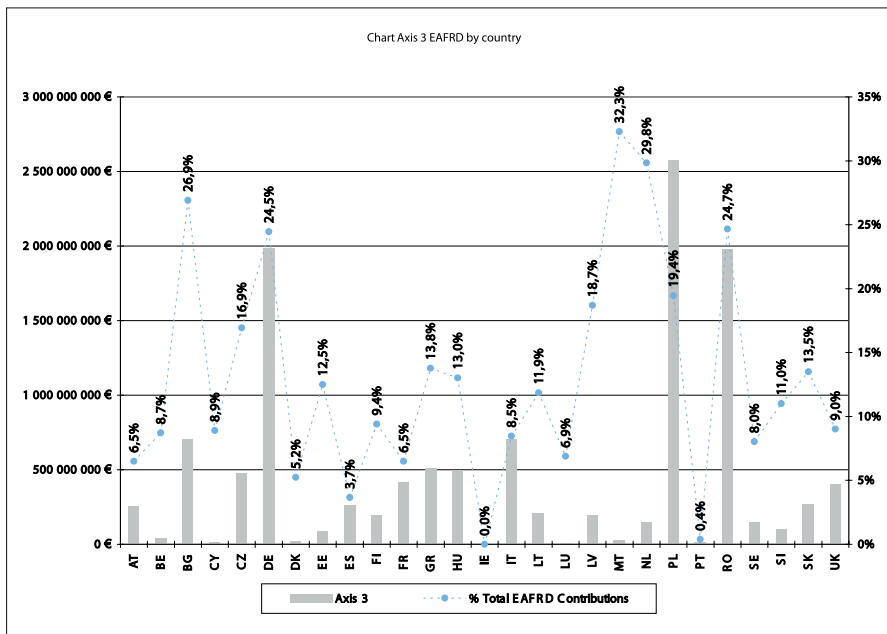


Figure c.1: Total EAFRD contributions allocated to axis 3 by country (absolute value and share of total expenditure)<sup>7</sup>

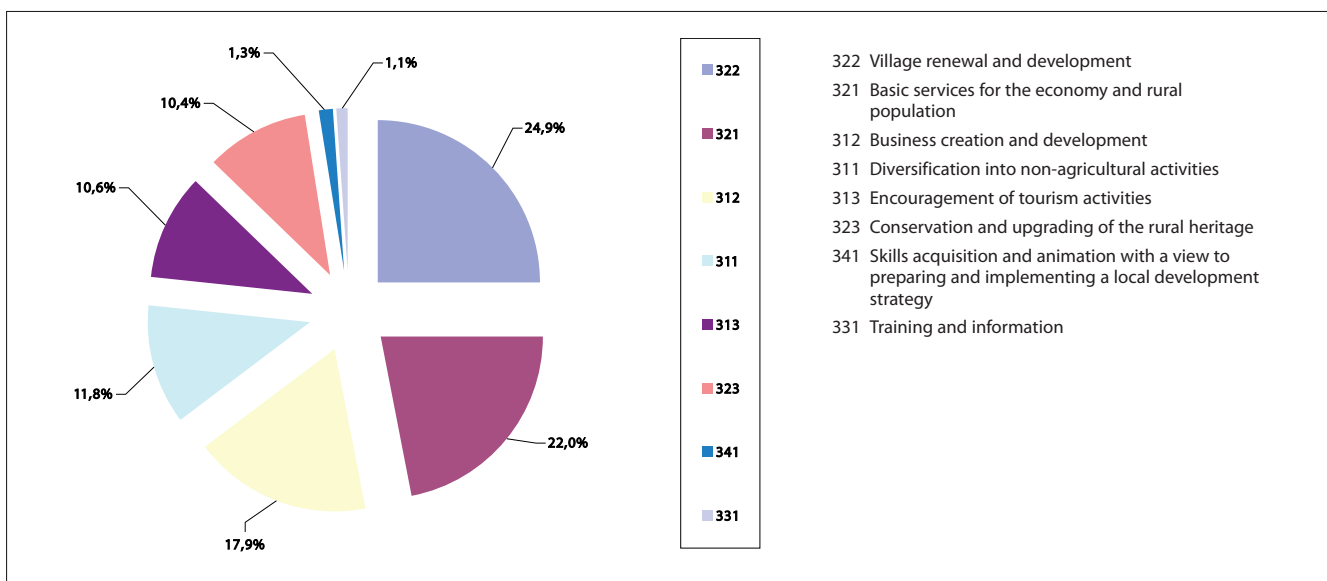


Figure c.2: Total EAFRD contributions allocated to axis 3 by measure (share of total expenditure)

<sup>7</sup> After deduction of the contribution to CNDPs (see footnote 4) the percentage of EAFRD funding for axis 3 in Bulgaria is 28,5% and in Romania 26,3%.

As regards Leader (**axis 4**), the following Member States allocated funding significantly above the average level: Spain (11,3%), Portugal (10,1%) and Ireland (10,0%). These three countries in particular have placed an emphasis on axis 3 measures in the implementation of Leader. Member

States allocating a lower level of funding to Leader are Romania (2,3%), Bulgaria (2,4%) and Latvia (2,5%). These Member States are allowed to allocate less to Leader as their relatively recent accession means they lack experience with the approach.

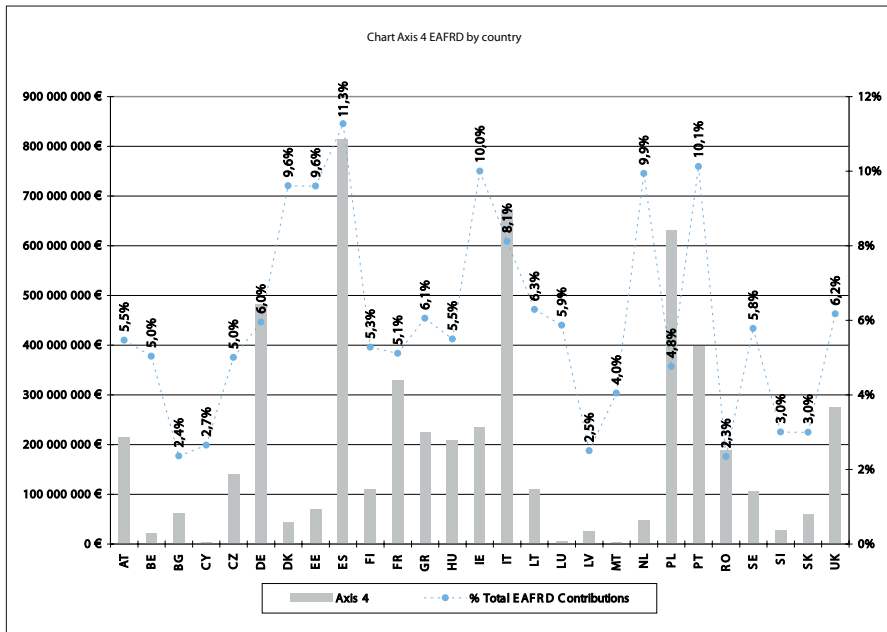
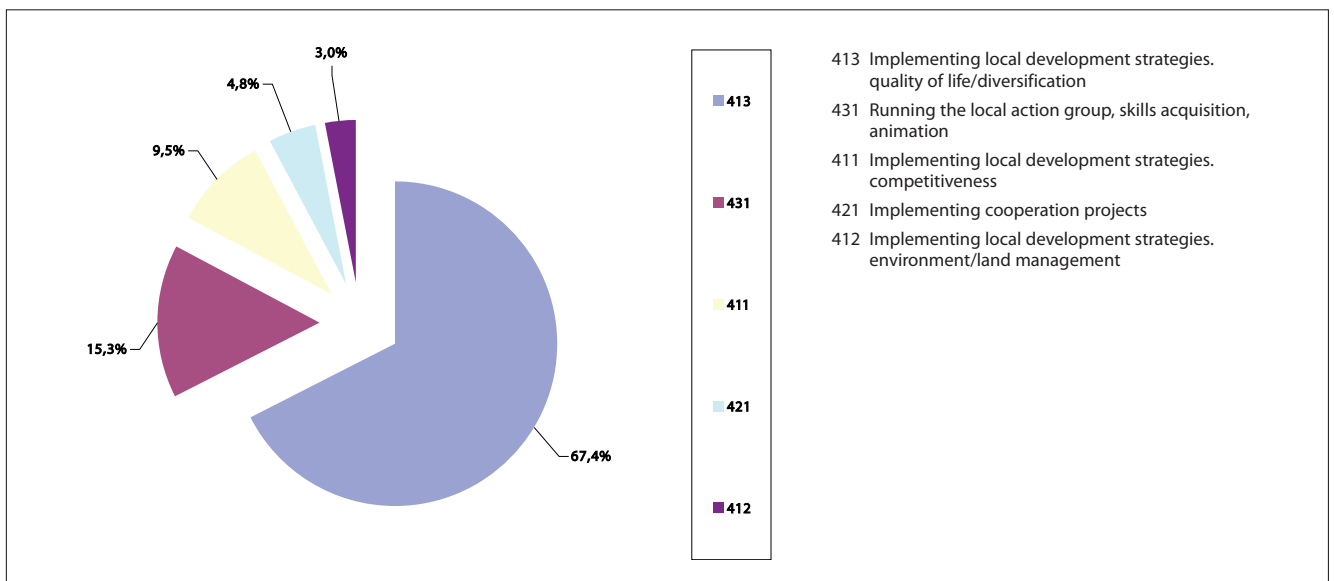


Figure d.1:  
Total EAFRD contributions allocated to axis 4 by country (absolute value and share of total expenditure)<sup>8</sup>

Figure d.2:  
Total EAFRD contributions allocated to axis 4 by measure (share of total expenditure)



<sup>8</sup> After deduction of the contribution to CNDPs (see footnote 4) the percentage of EAFRD funding for axis 4 (Leader) is both 2,5% in Bulgaria and Romania.



### 3.3 What can rural development do for "Improving the competitiveness of the agricultural and forestry sector"?

To enhance efficiency and competitiveness while promoting growth and jobs in rural areas, farmers, foresters and other land users can profit from a wide range of support measures to meet the challenges of structural change and increased competition in more open and globalized food markets. Overall, Member States plan to invest € 98.2 billion, of which € 30.9 billion from the EAFRD, on support under this objective (axis 1) during the period 2007-2013 (for detailed information, see the annex).

The economic performance of the agricultural and forestry sector is closely linked to its **modernization and restructuring**. In total, Member States have devoted an overall EAFRD amount of € 9.6 billion to the measure "modernization of agricultural holdings", with Poland (€ 1.3 billion), Hungary (€ 1.1 billion) and Italy (€ 1.1 billion) planning to allocate the highest EAFRD contribution to this area in comparative terms. "Improving and developing infrastructure related to the development and adaptation of agriculture and forestry" accounts for a total of € 4.9 billion of the EAFRD budget.

In the case of agricultural holdings, modernization means the introduction of new technologies and innovation, targeting quality, but also on-farm agricultural diversification, including renewable energy. The range of possible activities is large: support can be granted for the installation of biogas, wood-pellet or other biomass-heating plants on agricultural holdings, the improvement of irrigation systems and facilities for water treatment and recovery, restoration of derelict land etc. Another important area many Member States have emphasized is the modernization of technology on agricultural and forestry holdings, including investments in electronic hardware and software, precision farming equipment, electronic weighing scales, electronic ear tag readers and forestry planning equipment. Upgrading local infrastructure, particularly in recently acceded Member States, is also critical: investment will be undertaken in major telecommunications, transport, energy and water infrastructure over the coming years. Micro, small and medium-sized enterprises are particularly well placed to add value to local products and to enhance local growth potential. As the main beneficiaries of EU rural

development measures aimed at improving the processing and marketing of primary agricultural and forestry products, they can receive support for investments in improved efficiency, renewable energy, new technologies and new market opportunities, including local and niche markets, and for improving their overall business performance. The measure "adding value to agricultural and forestry products" has been allocated € 5.5 billion from the EAFRD. Romania plans to spend € 856.9 million of its EAFRD budget on this measure, Spain € 849.7 million, and Poland € 825 million.

Investing in **human capital** is another EAFRD priority. Focusing on training, information and the diffusion of knowledge activities is increasingly important to achieving cross-cutting objectives such as sustainable land management, environmentally sensitive agricultural methods and resource use or improving the quality of life in rural areas. Considerable support is being devoted to the development of management and organizational skills, practical and technical livestock husbandry skills, plant production, the use of new technology specific to agriculture and forestry, animal health and welfare and environmental land management skills, e.g. avoiding disturbance of protected species. Support for knowledge transfer (e.g. through seminars) will also provide an incentive to use innovative approaches. In addition, the setting-up of farm management, farm relief and farm advisory services and of forestry advisory services will help farmers and foresters to adapt to changing circumstances and improve management. Another key aspect of human capital is to foster the handover of businesses between generations. Two measures tackling this issue are the setting-up of young farmers and early retirement. The latter provides incentives for elderly farmers to give up farming and facilitates the transfer of land to the next generation of active farmers. Assistance granted for setting-up young farmers lowers the financial threshold for starting a farming business and lessens the debt burden. In total, the measures "vocational training and information actions", "setting up of young farmers", "early retirement", "use of advisory services" and "setting up of management, relief and advisory services" have been allocated € 7.2 billion. The Member States planning to spend the highest levels on investments in human capital are Poland (€ 2.2 billion), Spain (€ 951 million) and France (€ 777.1 million).

The EU's agriculture, forestry and its agri-food sector have great potential to develop more **high quality and value-added products** that meet the diverse and growing demands of Europe's consumers and world markets. The promotion of local quality products is often directly linked to improving the integration of the agri-food chain by adopting new technologies and business practices which address all aspects of economic efficiency, food safety and quality control and environmental management. An important new measure for beneficiaries is co-operation on the development of new products, processes and technologies. This complements other activities aimed at adding value to agricultural and forestry products and

improving a business's overall performance. Activities under this measure will provide the assets required for innovation and entrepreneurship and can include projects where producers join forces with processing enterprises, business promoters or research institutions to develop a new product, process or method and sales or distribution channels. The total EAFRD resources allocated to the measures "meeting standards based on Community legislation", "participation of farmers in food quality schemes" and "information and promotion activities" amounts to € 602.5 million, mostly in Italy (€ 192.3 million), Poland (€ 97.5 million) and Spain (€ 69.6) million.

### Some interesting examples (axis 1)

#### • Denmark:

It is planned to develop an environmentally-friendly straw briquetting technology in order to achieve greater heating efficiency, lower emissions and financial savings. An alternative fuel source is delivered by producing briquettes from crop residues and waste, especially maize straw and dried fibre extracted from manure.

Improving animal welfare is another key priority in terms of investment in Denmark. For instance, shoulder sore is a common disease affecting indoor sows and contributing to overall farm sow mortality. To address the problem, it is planned to support projects that foresee the introduction of new methods of fodder distribution in stables, the improvement of cooling systems to ensure appropriate room temperature, the installation of shoulder pads etc.

#### • Italy:

In the agri-food chain, Calabria's strategy targets investment in vertical integration along the value chain. Integrated projects, which will provide an excellent means of boosting aggregation and cooperation among members, are expected to involve agricultural entrepreneurs, processing and trading businesses, private organisations (co-operatives), public entities, research institutes, etc. Combined activities to be implemented include the improvement of production and drying techniques, the improvement of processing methods and the marketing of quality products, training and support services to managers of farming businesses etc.

#### • Netherlands:

The Netherlands includes support for knowledge diffusion through networking between farmers and researchers. The aim is that farmers making use of new technologies or knowledge pass their first practical experiences on to other farmers operating in the same sector through a network serving as a communication platform between farmers and researchers. The network will operate through the internet, meetings and printed information and has the potential to contribute to a more targeted distribution of knowledge.

#### • Portugal:

In Madeira, rehabilitation projects in the "levadas" will be eligible for investment support. "Levadas" are irrigation channels bringing large amounts of water from the west and north-west of the island to the drier south-east, which is more suitable for habitation and agriculture. Nowadays, "levadas" are also used to provide hydro-electric power. Financial assistance will be allocated to the rehabilitation of traditional irrigation infrastructure, with a particular focus on water-proofing aqueducts and reservoirs. The main aim is to improve recovery of water through a mechanism for water storage during the night and reduction of losses.

#### • UK:

Under the new Energy Crops Scheme in the UK, additional funding will be made available to support the establishment of around 60,000 hectares of energy crops. Support will be offered for under axis 1 establishing the energy crops miscanthus and short rotation coppices of various species (willow and poplar, in addition to slower-growing traditional coppice trees – ash, alder, hazel, silver birch, sycamore, sweet chestnut and lime). Moreover, the Rural Development Agencies will be supporting activities related to the delivery of biomass energy and its supply chain.



### 3.4 What can rural development do for "improving the environment and the countryside"?

To improve the environment and the countryside, rural development programmes focus on priority areas such as the preservation of biodiversity and valuable landscapes, sustainable water management, the mitigation of climate change and renewable energy. The rural development resources allocated to these priority areas should contribute to achieving EU environmental objectives, such as the Göteborg commitment to reverse biodiversity decline by 2010, achieving good water quality by 2015 and the Kyoto targets for mitigating climate change.

Farmers, forest managers and other rural area actors can benefit from a wide range of measures provided by EU rural development policy for these purposes. In total, Member States have planned an EAFRD amount of € 39.6 billion for axis 2 measures. This represents 43.6% of total EAFRD resources over the programming period 2007-2013.

**Agri-environment payments** constitute a key measure for improving the environment and the countryside and Member States have therefore planned to allocate € 20.3 billion to this measure. This represents more than 51% of EAFRD funds under axis 2. Under this scheme, a farmer or other land user voluntarily signs an agri-environmental commitment for a period of at least 5 years. In return, he receives an annual payment compensating for the additional costs and loss of income resulting from this commitment. The commitments designed by the Member States to tackle specific environmental issues exceed a range of national and European mandatory standards in the area of the environment, animal and plant health and animal welfare.

Member States have drawn up a wide range of activities to respond to the site-specific needs of their territory. The objectives of these agri-environment payments can be to curb greenhouse gas emissions (e.g. reducing fertilizer use), to enhance carbon sinks (e.g. conversion of arable land into permanent pastures), to preserve water resources (e.g. limitation of the use of fertilisers, catch crops) or to conserve biodiversity (e.g. buffer areas). Some activities are focused on protected areas such as Natura 2000 areas or other high nature value areas.

Among these measures, payments promoting organic farming production are particularly relevant to improving

the environment as a whole and many Member States therefore support them. This scheme, based on a global approach at farm level and on low input production, has a positive impact on all aspects of environmental resources and animal welfare while providing consumers with a high quality product.

In areas designated as "less-favoured", agricultural production or activity is rendered more difficult because of natural handicaps, e.g. difficult climatic conditions or steep slopes in mountain areas, or low soil productivity in other less favoured areas. This situation entails a high risk of land abandonment and thus increased risk of biodiversity loss, desertification and forest fires. To mitigate these risks, the **Less Favoured Areas (LFA)** payment scheme is an important tool and the majority of Member States have attributed significant support to it. At EU level, the EAFRD amount dedicated to the scheme is € 12.6 billion, corresponding to 32% of EAFRD axis 2 resources. Under this measure, farmers who manage agricultural land in LFA and undertake to pursue their activity for a period of 5 years receive annual compensation for additional costs and income foregone related to the natural handicap.

Afforestation is acknowledged to be relevant to mitigating climate change and fighting against erosion and desertification. At EU level, 20 Member States support afforestation on agricultural land and have allocated an overall EAFRD amount of € 2.4 billion (6% of EAFRD axis 2 resources) to it. The measure **"first afforestation of agricultural land"** supports farmers for the costs of establishing a plantation and can also help them as regards the maintenance costs of the plantation for 5 years, plus the loss of income and additional costs resulting from afforestation for a maximum period of 15 years.

Other measures, though less significant in terms of the amount of resources, are also implemented by the Member States because of their high relevance to improving the environment and the countryside. The measure aimed at **restoring forestry potential and preventing natural disasters and forest fires** is one of these measures to which 16 Member States have allocated a total EAFRD amount of € 1.5 billion (about 4% of EAFRD axis 2 resources). By supporting infrastructure investments (such as forest firebreaks, water supply points), and preventive forestry practices (such as vegetation control), the measure contributes to

mitigating the risks of forest devastation and so has positive effects on preservation of biodiversity, conservation of soils, enhancing carbon sequestration and maintenance of the landscape.

**Support to Natura 2000 areas** contributes to effective management of the Natura 2000 network. The support granted annually to land users compensates for the additional costs and income foregone resulting from the restrictions on land use due to implementation of Natura

2000 management plans. 14 Member States have decided to allocate a total amount of € 582 million of EAFRD funds to this.

Finally, the measure related to **forest-environment payments** also contributes significantly to the sustainable use of forests, biodiversity preservation, preventing soil erosion and mitigate climate change. 14 Member States have chosen to allocate an overall amount of € 265 million of EAFRD funds to this.

## Some interesting examples (axis 2)

### • Germany:

In its National Framework, Germany proposes to support farmers for converting arable land into extensive pasture through an agri-environment measure. An additional extensively managed grassland area on a farm contributes to reducing soil erosion, mitigating risks of run-off and leaching of fertilisers and pesticides into the water, while ensuring areas of refuge for wild animals.

### • Malta:

Through an agri-environment measure Malta encourages farmers to diversify their crop rotation by introducing the cultivation of sulla. Sulla is a perennial plant formerly traditionally grown in Malta for animal fodder, cultivation of which has been abandoned because of technical difficulties in harvesting it. Reintroducing sulla in the rotation has a positive impact on soil quality by improving its level of organic matter and also on water quality, since the crop requires fewer inputs than most other crops now widely cultivated in Malta.

### • Slovenia:

In areas where large protected carnivores such as brown bears are present, Slovenia has an agri-environment measure aimed at ensuring the co-existence of animal husbandry and the conservation of protected species. Support relates particularly to measures of pasture control. This measure contributes to preserving biodiversity by favouring the continuity of appropriate farming systems in mountain areas.

### • Hungary:

A forest-environment measure is implemented with the dual objective of improving the ecologic and environmental value of existing forests and providing recreational services. A wide range of tools can be supported for this purpose, such as actions to repress aggressively expanding non-indigenous tree species, forest regeneration methods to preserve existing habitats and biodiversity, environmentally-friendly working methods and developments to enhance the public amenity value of forests.

### • Spain:

As regards preventing natural disasters, the prevention of forest fires in Spain is addressed by combining support for infrastructure-related activities (such as forest roads, water storage points, guard points) with support for management-related actions (such as clearing and pruning). This combination of "passive" and "active" activities constitutes an effective fire prevention system which helps to preserve biodiversity and the countryside as well as mitigate climate change.





### 3.5 What can rural development do for "quality of life in rural areas and diversification of the rural economy"?

The main aim of axis 3 is to ensure a 'living countryside' and to help maintain and improve the social and economic basis of rural areas. The actions under this axis focus on farm households and a number of actors outside agriculture. Supporting investment and innovation in the rural economy and rural communities is vital to raise the quality of life in rural areas through improved access to basic services and infrastructure and a better environment. Diversification of farm households towards non-agricultural activities, assistance for off-farm activities and strengthening the links between agriculture and other sectors of the rural economy play an important role in this context. Overall, Member States plan to invest € 27.6 billion, of which € 12.2 billion from the EAFRD, in under this objective (axis 3) during the period 2007-2013. This represents a significant increase of funding for diversification and quality of life compared to the previous funding period, where EAGGF funds allocated to measures going beyond the farm (rural economy/rural communities) made up only 10% of the programmed rural development budget. Member States have for this period on average attributed 13% of EAFRD funding to this objective. This is increased by the funding for axis 4 (Leader), where axis 3 measures are also implemented through local action groups. The most important measures regarding quality of life in financial terms are "basic services for the economy and the rural population" and "village renewal and development".

**Quality of life** is strongly linked to economic development, as new services for the population and vocational training generate employment opportunities. The measures available to improve quality of life therefore serve the goal of ensuring that rural areas remain attractive for future generations and businesses. They are particularly relevant to upgrading both the natural and the social environment through investing in cultural heritage, infrastructure for local services and population and village renewal. Upgrading small-scale local infrastructure in rural areas is a particular priority in recently acceded Member States.

Support under these measures is possible for investments

in small scale infrastructure (roads, sewerage systems, broadband, renewable energy and energy supply, energy networks etc.) as well as investments in the development of services (social, economic, medical etc.) and the buildings where they are located. Significant investments will also be made in telecommunication, information and communication technologies (ICT), transport, energy and water infrastructure over the coming years.<sup>9</sup>

As regards social services it is the responsibility of the Member States to define the types of services for which support will be needed in their local context. For instance, in many rural areas inadequate childcare provisions create specific barriers to employment opportunities for women: therefore, local initiatives to develop childcare facilities and infrastructure, potentially in combination with initiatives that encourage the creation of small businesses related to rural activities and local services, can increase the possibilities for women to gain access to the labour market.

The take-up and diffusion of ICT is also essential for the provision of local services and the promotion of e-inclusion. Economies of scale can be achieved through village ICT initiatives combining IT equipment, networking and e-skills training delivered through community structures. This will also encourage the development of tourism, which is a major growth sector in many rural areas and can build on cultural and natural assets.

The measure "village renewal and development" contributes to the conservation of rural villages using citizen-friendly methods of planning and implementation. Actions under this measure will preserve and adapt buildings and other infrastructure and adapt them to contemporary requirements. This contributes to the sustainable development of villages and therefore also serves the overall objective of enhancing quality of life. Village renewal projects are often designed by public bodies through a participative process and in partnership with local actors in civil society.

Member States have devoted a total EAFRD amount of € 2.7 billion to the measure "basic services for the economy and the rural population", with Poland (€ 1.1 billion), Germany (€ 391 million) and Bulgaria (€ 330 million) planning to allocate the highest EAFRD contributions. The

<sup>9</sup> In many Member States or regions major infrastructure is developed under the Structural Funds. In this way they complement the efforts of the EAFRD.

measure "village renewal and development" has been allocated € 3 billion of EAFRD resources. Romania plans to invest € 1.2 billion<sup>10</sup> of its EAFRD budget in this area, Germany € 642 million, Poland € 442 million and Bulgaria € 133 million.

In financial terms the most important measures related to **diversification of the rural economy** are "support for the creation and development of micro-enterprises" and "diversification into non-agricultural activities".

The main aim of support through measures related to diversification of the rural economy is the creation of non-agricultural jobs and off-farm income opportunities and the dissemination of innovative practices and start-ups in EU rural areas.

EU support can cover, among other activities, the creation

of businesses engaged in the second-stage processing of foodstuffs, handicraft enterprises, enterprises providing business services (information technology, marketing etc.), tourism, recreational and social services. It can also fund business networks, as well as marketing and promotion of quality products.

The measure "support for the creation and development of micro-enterprises" has been allocated € 2.2 billion of EAFRD funding. The Member States that plan to spend the highest comparative amount on this measure are Poland (€ 768 million), Romania (€ 307 million) and Hungary (€ 225 million).

The overall EAFRD amount spent on the measure "diversification into non-agricultural activities" reaches € 1.4 billion, mostly delivered in Italy (€ 285 million), Poland (€ 259 million) and the United Kingdom (€ 117 million).

### Some interesting examples (axis 3)

#### • France:

In order to conserve and improve rural heritage, an integrated instrument for areas of mountain pasture has been included in the programme for the French mainland. Studies, environmental awareness, maintenance, rehabilitation and promotion-related investments are eligible. This instrument supports the multi-functional role of fragile mountainous areas, such as farming, biodiversity and rural tourism.

#### • Poland:

The Polish RDP aims to improve the level of provision of rural services through the measure "basic services for the economy and rural population". Support is provided for the creation of water/sewage systems, municipal waste collection, segregation and disposal systems as well as the production and distribution of renewable energy.

#### • Hungary:

Hungary supports the creation of multiple service centres providing community and business services, including the renovation of buildings. The measure will also support the setting-up of micro-transport services and communication equipment for local social care services.

#### • Germany (Baden-Württemberg):

The German region of Baden-Württemberg supports micro-businesses owned by women that have an exemplary ("lighthouse") character in terms of reconciling family and work for women. Women usually have to start their business activities on a part-time basis in order to balance family and professional life and because they also face difficulties in acquiring capital for business creation, creating business contacts and gaining entrepreneurial know-how during the period they devote to raising children. The RDP therefore includes a sub-measure only open to women in the measure "support for the creation and the development of micro-enterprises".

#### • Luxembourg:

Projects which will be supported under the measure "village renewal and development" are based on "communal development concepts". In consultation with the relevant public entities, but also in co-operation with private rural actors, rural communes commit themselves to implementing different integrated communal development initiatives, such as village renewal and revalorization, conservation and restoration of buildings important to local cultural heritage and the protection and promotion of "village identity". Projects carried out under these concepts will contribute to removing structural, aesthetic, functional and cultural deficits in villages (especially in relation to tourism).

<sup>10</sup> This figure refers to the total for measures 321, 322 and 323 which are merged into one in the Romanian RDP.



### 3.6 Delivering targeted support: the Leader method (axis 4)

At EU level, the Leader method is a prominent policy instrument to enhance local rural governance and structures and thereby enhances the effectiveness and efficiency of RD policies. Leader is based on a bottom-up approach and strongly advocates the creation of new public-private partnerships in rural areas. It integrates local constituents into the decision-making process, strengthens the self-governance potential of rural areas and increases local stakeholders' "ownership" of EU-funded projects. Leader encourages socio-economic players to work together, to produce goods and services that generate maximum added value in their local area.

One key priority in the Leader framework is **boosting regional governance capacity**. Leader actions can activate and mobilize local actors by supporting pre-development projects (such as diagnostic and feasibility studies or local capacity building) which will improve these areas' capacity to access and use not only Leader funds but also other sources of support. The population at large is involved, including economic and social interest groups and representatives of public and private institutions. Leader also has a strong focus on **capacity building** for all actors involved in its implementation. Local actors are enabled to participate in decision making about the most suitable development strategy and in the selection of the priorities to be pursued in their local area.

Leader has now become an obligatory part of the rural development programmes with the scope for implementing a much broader range of rural development activities than previously. Only 21 programmes out of 90 confine themselves to implementation of axis 3 measures via the Leader method, thus remaining within the "traditional" scope of activities tackled in previous generations of the Leader initiative, i.e. economic diversification and quality of life. All other Member States also implement measures of one or both of the other two objectives of rural development policy via the Leader method. This shows that Member States clearly intend to invest in this method and strengthen it, having recognized Leader's potential to be applied also to new areas of activity (competitiveness of agriculture and environmental protection). Leader will therefore continue to play a role in supporting innovation through rural

development programmes, thereby unleashing the innovative potential of rural areas. Each local action group is given the opportunity to opt for either a thematic focus or for a strategy based on broader-based activities, depending on their local needs and priorities, the budgetary resources available and the capacity of local partnerships to involve new categories of partners (especially farmers and environmentalists).

In total, Member States have allocated an EAFRD amount of € 5.5 billion to axis 4 measures. This represents 6% of total EAFRD resources over the programming period 2007-2013.

€ 3.7 billion of the EAFRD funding foreseen for Leader will be used for actions implementing measures for diversification and quality of life, while € 522 million and € 165 million respectively is programmed for actions in the areas of competitiveness and environmental protection.

Leader has also a territorial co-operation component, which supports joint actions implemented by several rural territories. The budget which the Member States have programmed for inter-territorial and trans-national co-operation projects is € 265 million EAFRD funding. The Member States which have planned the highest amounts for co-operation are Italy (€ 45.7 million), Spain (€33.8 million) and Germany (€ 30.2 million).

## Some interesting examples (axis 4 – leader)

### • Austria:

The RDP foresees different innovative Leader actions expected to result in increased competitiveness. For example, support can be awarded to the development and pilot implementation of virtual information, communication and innovation platforms for rural actors which will provide the opportunity to exchange experience and know-how.

### • Finland:

Under the special agri-environment sub-measure for the management of traditional biotopes, payments may be granted to beneficiaries other than farmers in accordance with the Leader approach. This is the first attempt to apply Leader to agri-environmental schemes. Priority is given to traditional biotopes classified as valuable and to traditional biotopes included in the Natura 2000 network as well as to (small-scale) physical infrastructure with non-productive investment support.

### • France:

Martinique is applying the Leader approach to a new area of intervention. The efficiency of axis 1 measures, such as support to young farmers, farmland protection and collective irrigation initiatives, is expected to be improved thanks to synergy with the local development strategy

### • Italy:

In the regions of Marche, Sicily and Friuli-Venezia Giulia, the sub-measure "territorial marketing" has been included under the measure "local development strategy" to contribute to increasing employment and income in rural areas. Support will be awarded to the promotion, marketing and territorial certification of the local area. The activities that can be supported are: territorial marketing operations, area-based promotional activities relating to the cultural, natural or historical heritage of the area, area-based certifications for sustainable development and social and ethical aspects.

### • Ireland, UK and Spain:

Under the rural development programmes of many Spanish regions and for the first time in Ireland and Northern Ireland (UK), all axis 3 measures will be delivered through the Leader approach alone. Local action groups will act as implementing bodies for a set of rural development measures, adapting rural policy-making as regards economic diversity and quality of life to the specific needs of their rural territories.

## 3.7 Instruments to support and assist implementation

Various support tools have been developed to further increase the value added resulting from implementation of EU rural development programmes. Their main aim is to ensure better programme governance, thereby facilitating more effective and efficient outcomes of policy interventions:

### (1) Monitoring Committee

It shall monitor the effectiveness with which RDPs are implemented and carry out monitoring of each RDP by means of financial, output and result indicators.

### (2) Common Monitoring and Evaluation Framework (CMEF)

To better assess the extent to which the objectives set out in the RDPs are being met and to evaluate the efficiency and effectiveness of policy delivery and budgetary spending on rural development, the monitoring and

evaluation of RDPs has been strengthened. The main instrument is the Common Monitoring and Evaluation Framework (CMEF), which defines a coherent and strategic set-up for monitoring and evaluation systems. Member States have to clearly identify and quantify the baseline situation, to determine targets and to measure progress.

### (3) European Network for Rural Development

Exchange of good practice and sharing evaluation results can contribute significantly to the effectiveness of rural development. In this respect, the European network for rural development (ENRD) plays a central role in facilitating contacts.

- *National rural networks* support and bring together the organizations and administrations active in rural development at national level. These are financed from technical assistance at programme level. National rural networks should be put in place by the end of 2008 in all Member States.



- *The ENRD* provides assistance at EU level, with the aim of inter-acting with the national networks, administrations and organizations active in the area of rural development. The main tasks of the ENRD are to:

- collect, analyse and disseminate information on EU-level rural development measures and good rural development practices;
- provide information on developments in rural areas;
- exchange information and expertise (meetings and seminars of rural development actors);
- support national networks and trans-national cooperation.

#### (4) Technical assistance

Technical assistance is foreseen to facilitate implementation of programmes: preparation, management, monitoring, evaluation, information and control activities. Up to 4% of programme funding can be used for this.

### 3.8 Quantified policy targets by Member State

DG Agriculture and Rural Development has compiled information on the quantified indicators provided by Member States from the 88 national or regional rural development programmes. To date, some sets of indicators have not been provided by Member States and the quality of data is not always compatible with the requirements specified in CMEF guidance documents. This reduces the scope for comparability. Further improvements will be needed, particularly for impact indicators, and, to a lesser extent, for result indicators. Datasets are almost complete for output indicators, where data also show a significant degree of standardization in terms of units of measurement. Member States will receive support for improving the system through the Rural Development Evaluation Network and the Help Desk for Evaluation, which will provide a platform for the exchange of best practices and guidance.

Due to the remaining inconsistencies, it is as yet impossible to aggregate impact indicators across all Member States in order to define targets at EU level. However, targets have been quantified for result indicators where figures could be based on a satisfactory number of rural development programmes. Otherwise, output indicators have been used if available. The number of RDPs on which figures are based has been indicated in the footnotes.

### Targets of Rural Development Programmes

#### Human Capital:

Several measures under both axes 1 and 3 will enhance human capital in rural areas. Professional training is of crucial importance in developing human capital.

According to current target figures, Member States expect that a total of 2.25 million persons engaged in the agriculture, food and forestry sectors will successfully attend a training activity funded under axis 1 during the programming period<sup>11</sup>. In addition, 0.44 million economic actors<sup>12</sup> who are active in rural areas will be successfully involved in training and information actions under axis 3.

As mentioned before, another key aspect of human capital is to foster handovers between generations. This is tackled by two measures under axis 1. Member States expect that, on the one hand, about 86 000 farmers and agricultural workers will receive incentives for early retirement<sup>13</sup>, thus releasing more than 906 000 hectares of farmland<sup>14</sup>. On the other hand, the setting up of 176 000 farms by young farmers will be supported<sup>15</sup>.

Another relevant measure in this area is the support granted for the use of advisory services, covering statutory requirements in terms of environment, good agricultural practices and work safety. According to Member States' figures, about 1.16 million farmers<sup>16</sup> and 82 000 forest owners<sup>17</sup> will be supported in meeting the costs arising from the use of advisory services.

#### Physical capital and innovation:

The introduction of new products and techniques is a result indicator for several investment support measures under axis 1. New products and techniques will be introduced in 216 000 farms<sup>18</sup>, 45 000 forest holdings<sup>19</sup>, 17 000 enterprises processing agricultural and forestry products<sup>20</sup> and in 9 000 holdings through cooperation initiatives<sup>21</sup>. In addition, 60 000 enterprises<sup>22</sup> will be helped to add value to agricultural and forestry products.

<sup>11</sup> Figure based on data from 77 RDPs.

<sup>12</sup> Figure based on 56 RDPs.

<sup>13</sup> Figure based on 64 RDPs.

<sup>14</sup> Figure based on 62 RDPs.

<sup>15</sup> Figure based on 81 RDPs.

<sup>16</sup> Figure based on 77 RDPs.

<sup>18</sup> Figure based on 59 RDPs.

<sup>19</sup> Figure based on 47 RDPs.

<sup>20</sup> Figure based on 65 RDPs.

<sup>21</sup> Figure based on 57 RDPs.

<sup>22</sup> Figure based on 87 RDPs.

Axis 1 also finances the improvement of infrastructure. Support will be provided to 42 000<sup>23</sup> infrastructure projects related to the development and adaptation of agriculture and forestry. A key issue in enhancing the competitiveness of the agricultural sector is the market orientation of farms. Under axis 1, support will be provided for better market orientation of 111 000 semi-subsistence farms<sup>24</sup> in recently acceded Member States. In these countries, the setting-up of 2 000 producer groups<sup>25</sup> will be supported.

#### **Less Favoured Area payments:**

The output indicators suggest that 1.41 million holdings<sup>26</sup>, farming 18.15 million hectares<sup>27</sup>, will receive payments to prevent land abandonment in mountain areas. 1.59 million holdings<sup>28</sup> covering a surface of 33.52 million hectares<sup>29</sup> will be supported in areas with other handicaps.

#### **Environment & Forestry:**

In terms of the level of public expenditure, agri-environment is the most important measure of rural development. For this reason, the expected output is also substantial: 2.96 million farms<sup>30</sup> will be supported by agri-environment payments for environmental commitments going beyond mandatory standards, covering a total area of 38.89 million hectares<sup>31</sup>. Almost 600 000 hectares of agricultural land will be afforested<sup>32</sup>, involving 117 000 farmers<sup>33</sup>.

#### **Diversification, basis services and quality of life:**

Axis 3 includes a set of measures aimed at diversifying economic activities in rural areas. As a result of these measures, it is foreseen that 71 000 new jobs<sup>34</sup> will be created through diversification of farms into non-agricultural activities, 114 000 new jobs<sup>35</sup> will be produced through support for the creation and development of micro-enterprises, and 185 000 new jobs<sup>36</sup> will be created through expansion of tourism activities.

Services to the rural population and quality of life in rural areas are mainly delivered through axis 3. Member States expect that 35.77 million people<sup>37</sup> will benefit from the improvement of basic services. In addition, about 39,000 projects will be financed for village renewal and development<sup>38</sup> and 33 000 projects for conservation and upgrading of rural heritage<sup>39</sup>.

<sup>23</sup> Figure based on 79 RDPs.

<sup>24</sup> Figure based on 84 RDPs.

<sup>25</sup> Figure based on 86 RDPs.

<sup>26</sup> Figure based on 78 RDPs.

<sup>27</sup> Figure based on 76 RDPs.

<sup>28</sup> Figure based on 78 RDPs.

<sup>29</sup> Figure based on 78 RDPs.

<sup>30</sup> Figure based on 80 RDPs.

<sup>31</sup> Figure based on 85 RDPs.

<sup>32</sup> Figure based on 71 RDPs.

<sup>33</sup> Figure based on 73 RDPs.

<sup>34</sup> Figure based on 70 RDPs.

<sup>35</sup> Figure based on 61 RDPs.

<sup>36</sup> Figure based on 61 RDPs.

<sup>37</sup> Figure based on 63 RDPs.

<sup>38</sup> Figure based on 71 RDPs.

<sup>39</sup> Figure based on 79 RDPs.

## 4. Outlook

Europe is endowed with diverse and attractive rural areas, rich in landscapes and history, which greatly contribute to Europeans' quality of life, including amongst the urban population. This valuable heritage deserves active preservation and benefits from the support of the second pillar of the EU's CAP.

The EU's rural development policy enables targeted, proactive actions to facilitate and promote restructuring, modernisation and innovation in both agriculture and the wider rural economy. It helps to ensure an active contribution from farmers and other rural actors to the achievement of environmental goals and allows them to be remunerated for public goods they deliver in this respect.

The new rural development policy 2007-2013 is strongly orientated towards flexibility of programming and is based on strategic analysis at national and regional level to maximize value. The programming exercise works in a decentralized way, in a framework of partnership between the EU and the Member States and regions concerned. This allows rural development programmes that are tailor-made to the situation of a specific area or country.

The fact that rural development programmes are co-financed, as an expression of shared responsibility, mobilizes considerable additional resources at the level of Member States, regions and, in some cases, even municipalities. Partnership between different levels of governance and local actors, together with bottom-up approaches, strengthens the commitments of the rural areas concerned to make their rural development programmes a success.

At the same time, the setting up of European and national networks for rural development, as platforms for exchanging best practice and expertise on all aspects of policy design, management and implementation between stakeholders, helps policy delivery and improves governance. The added value of the programmes is maximized by defining clear, realistic and measurable objectives and indicators and by implementing a common monitoring and evaluation system.

Yet a number of questions still need to be addressed and are taking centre stage in current discussions on rural development: how to take better account of the specific characteristics of peri-urban rural areas and understand the role of small or medium-sized towns in rural regions, how to boost the provision of ICT and recreational services, and how the future EU policy needs to be shaped to respond to demographic, socio-economic and environmental trends in rural areas.

In addition, as recognized in the Commission Communication on the CAP "Health Check", which advocates strengthening the second pillar, the EU's rural development policy is of utmost importance in meeting the new challenges ahead. Rural areas will be expected in future to adapt and to contribute to mitigating the effects of climate change. Furthermore, the challenge of improving the utilisation of natural resources entails in particular the need to support better water management systems and promote water saving initiatives. Increasing pressure on water resources may also lead to biodiversity decline. Providing environmental services in the area of bio-energy is another major challenge for the agricultural and forestry sector, as biomass production will continue to grow.

The EU's rural development policy is not static, but continuously adapting its content, delivery method and financial support to make a tangible contribution to the achievement of economic growth and sustainable development goals in rural areas: in order to do this, an open dialogue with experts and stakeholders from all sides is crucial to ensuring that the CAP meets a changing society's needs.

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