Joint Research Centre (JRC)

Conference on

Combating poverty and social exclusion in rural areas

Session: Contribution of Rural Development policies to social inclusion

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Outline of intervention

Opening comment on the final report on Commission's study Poverty and social exclusion in rural areas

• Extreme heterogeneity of the rural poor
  Brief summary of findings of IPTS study on semi-subsistence households in three New Member States

• What can RD programmes offer these households?
• What scope for RD measures to address social exclusion?

• Where does social farming fit into the picture?
Two perspectives on rural poverty

‘Poverty OF
(when rural areas are compared with other areas)

- lower average incomes,
- fewer services,
- lower life expectancy,
- worse housing,
- less health care,
- older,
- greater gender imbalance etc

‘Poverty IN
(when comparing the poorest strata in rural areas with other rural inhabitants)

- women,
- youth,
- elderly,
- low educated/skilled,
- ethnic minorities,
- unemployed,
- ‘working poor’ etc
The poorest within rural areas face particular, identifiable constraints or handicaps

Do these constraints identify homogeneous sub-groups each of which could be targeted by specially designed measures?

What kind of policy is best suited to help them: (sectoral) incentive-based policies (e.g. RD measures) or (social) income transfers (e.g. housing aid, child benefit payments)?
Contribution of Rural Development policies to social inclusion

Results from IPTS study on semi-subsistence households

Cluster analysis identified four distinct groups of semi-subsistence households:

• **rural non-farm oriented households**
  - most educated, smaller, highest share of non-farm income,
  - least market access, largest range of products, live in more remote regions – yet 96% have off-farm work; the most viable group when only earned income is taken into account

• **rural pensioners and deprived households**
  - oldest, smallest households, lowest education & net farm income,
  - no earned off-farm income, transfer payments = only o-f income;
  - smallest farms, highest purchased inputs per unit animal output

• **larger-scale semi-subsistence farm households**
  - higher share of farm income in net household income,
  - largest farms; aim to maximise farm production, continuity for next generation; receive the highest share of farm subsidies,
  - are close to town centres

• **newcomer rural households with undeveloped potential**
  - lowest share of own consumption, low number of farm products,
  - relatively young, lack of farming expertise; remote from urban centres, yet aim to maximise off-farm income - and leisure time
Analysis: for these different groups, 7 scenarios were simulated – all contained SAPS (Pillar 1) but having different combinations of 4 RD measures

**Rural diversifiers** – recommendation: no specific policy measure needed now BUT prepare the ground for a poverty-free retirement

**Rural pensioners** (non-viable in most scenarios) – recommendation: effective & generous social security most benefit

**Farmers** (most farm development potential) – recommendation: farm investment aids most beneficial & other sectoral policies

**Rural newcomers** – recommendation: measures to improve their employability off-farm AND/OR training as farmers (advice on investment and production strategies, marketing ideas..)
Conclusions

• One-size-fits-all policies are not appropriate even for semi-subsistence households.

CAN THIS CONCLUSION BE GENERALISED TO OTHER VULNERABLE GROUPS?

• Yet others will gain from measures targeted to them as farmers but also from measures aiming to improve off-farm labour possibilities and rural infrastructure in local economy.
What can RD programmes offer "socially excluded" households?

And lack of awareness is probably positively correlated with degree of social exclusion

- IPTS study found very low awareness of programmes from which semi-subsistence households could gain
- Pillar 2 measures are voluntary, incentive-based measures ⇒ a certain level of education/skill necessary to give a household the motivation and confidence to participate
- RD measures directly target "farmers" - not rural households without a farm base (e.g. casual hired workers, unemployed/elderly village-dwellers etc). The latter can benefit from RD measures only via spillover from RD programmes into local labour markets, non-farm activities and/or services

Evidence on potential gain is incomplete and variable
Where does social farming fit into this picture?

- exciting and inspiring new development
- offers a new opportunity for diversification of on-farm income-earning activity…
- … although often with significant start-up costs (e.g. see evidence from NL on the SOFAR web site)
- could be stimulated within the current RD programme by measures under Axis 3
Important questions for discussion

• is a policy action needed here? If yes, of what kind?

Until now, no direct policy stimulus, yet rapid development where conditions (cultural, institutional, market demand) have been right. Is there a market-failure argument that would justify a policy stimulus?

• is there scope for social farming in remote rural areas?

Distant from main client populations, unlikely to arise spontaneously because demand is lacking. But would supply-side policies remedy this?

• can it be an answer to within-sector rural poverty and social exclusion?

Only partial- Household needs a farm base in order to diversify in this direction - Farmers likely to opt for SF probably already enjoy higher-than-average level of education, social inclusion, motivation