

Cynulliad Cenedlaethol Cymru | National Assembly for Wales
Y Pwyllgor Newid Hinsawdd, Amgylchedd a Materion Gwledig | Climate Change, Environment and Rural Affairs Committee
Ymchwiliad i ddyfodol Polisiâu Amaethyddol a Datblygu Gwledig yng Nghymru | Inquiry into the Future of Agricultural and Rural Development Policies in Wales
AAB 03
Ymateb gan Economaidd a Chymdeithasol Ewrop
Evidence from European Economic and Social Committee

On 22 January 2015, the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on

Rural Development Programmes – Sticking Plasters or Green Shoots of Recovery?
(own-initiative opinion).

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 13 July 2015.

At its 510th plenary session, held on 16 and 17 September 2015 (meeting of 17 September), the European Economic and Social Committee adopted the following opinion by 192 votes to 3 with 10 abstentions:

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1. Conclusions and recommendations

- 1.1 The EESC welcomes the continuing commitment of the EU, Member States and regions to address some of the challenges facing rural areas through a wide ranging Rural Development Programme (RDP). It recognises the efforts of Commission and governmental staff in drafting and adopting the new programme. However, given the real crisis facing many disadvantaged rural areas, there is disappointment at the delay to submission, approval and start of the programme across several states and regions. We therefore recommend that the Commission, together with state and regional authorities, commissions an independent review of the process to avoid future new scheme delays.
- 1.2 The RDP depends for its success on the effectiveness of the Partnership Principle. The shared ownership of the programme between public and private stakeholders, the social partners and NGOs, under Treaty obligations and other commitments, is essential. The EESC notes that there have been improvements in engagement over previous programmes, but partnership is still variable across the EU.
- 1.3 The role of monitoring committees needs to be transparent. Members should be robust in scrutinising targets, with access to the financial guidelines. Membership should be inclusive with an ability to reflect clusters of interest, where appropriate.

- 1.4 In accordance with Regulation (EU) No 1303/2013, and in particular Article 5 thereof on partnership and governance, the EESC believes that the Commission should monitor its application during the preparation of partnership agreements and the implementation of programmes, including through participation in the monitoring committees.
- 1.5 The breadth of programmes based on local needs and priorities is welcomed, as is an increasing use of the Community-led Local Development (CLLD) model for inclusive community involvement. Best practice of efficient working in the use of the model should be disseminated.
- 1.6 The budgetary constraints imply a complementary, non-duplicative role to the remainder of the CAP budget. We recommend maximum use of governmental, private and voluntary co-funding sources, with a streamlined process for applicants. Managing authorities should facilitate access to Cohesion Policy and other European investment funds where projects fit wider criteria.
- 1.7 As already noted by the EESC¹, fifteen Member States have transferred funds from direct payments to RDPs, while in five other Member States the transfers have gone from the second to the first pillar. Both options are legitimate – since allowed by the co-legislators – but they do not have the same value: RDPs serve the objective of a more balanced territorial development within each EU region. A study of the coherence and effectiveness of this flexibility is recommended, including its impact on competition within the Single Market.
- 1.8 Prioritisation of spending will vary greatly across states and regions. This opinion stresses the importance of sustainable development of economic activity, the environment and social justice with a strong emphasis on adding value to land-based resources. We recommend that the Commission undertakes a mid-term analysis of progress against targets for the above priorities, whilst honouring existing commitments. Authorities should be able to make adjustments to enable new projects to achieve a successful completion of the programme and to learn lessons for any subsequent rural framework policy.
- 1.9 There is a serious concern that the RDPs will be unable to deliver improved territorial cohesion. The more remote and economically marginal areas, both within and between states and regions, lack the structural capacity to capitalise on the funds and support available. Further targeted resources, for longer periods are required, including cross border mentoring, twinning, capacity building for advisory structures and innovative private and social enterprise loans and investments.
- 1.10 The well-established LEADER model is respected and the EC funded Rural Development Networks are encouraged to further disseminate good practice.

¹ Information report on CAP Implementing Arrangements, EESC-2015-01409.

- 1.11 Strong emphasis on keeping jobs and creating new employment opportunities in rural areas is clear across programmes as is the importance of investments, knowledge exchange, training, mentoring, and closer ties with research establishments. Measures to incentivise young people to seek a future in rural areas are important, along with measures to facilitate the integration of all people with special needs or with physical or mental disabilities. Financial incentives that support generation renewal are crucial. Furthermore, rural schools and colleges need closer links with both traditional and changing skill-needs of their areas.
- 1.12 Succession planning needs to be addressed, integrating RDP opportunities for testing business models with national, regional rules on asset transfers. Mobility of labour is encouraged if supported by quality training and adherence to employment rights.
- 1.13 The contribution of women to the success of the programme should be specifically targeted and supported. Their role is crucial to ensuring that people can continue living in rural areas, not only in terms of the diversification and processing of farm products, but also in terms of the contribution they make to local territorial development by providing craft and rural tourism opportunities, not to mention as a key driver for innovation.
- 1.14 Measures to enhance the environment, its ecosystems and cultural landscapes, are welcomed. Support for local products, accurately labelled, for rural tourism and small scale and community renewable energy schemes should bring sustainable economic and community benefit. Rural regeneration can only happen if underpinned by efficient, profitable agricultural, forest and rural businesses. More effort will be required to improve understanding between farmers and forest owners producing food or renewable raw materials, environmental and recreational goods, and consumers from an increasingly diverse European citizenship.
- 1.15 Tackling the impacts of climate change on agriculture and forestry, and vice versa, are priorities in the programmes. Projects to capture carbon, improve water and soil quality, reduce emissions, enrich ecosystems and develop the circular economy are welcomed. Improvements have to be long term and measured scientifically over several agri-environment and other schemes, integrated with production.
- 1.16 Tackling social injustice depends on wider governmental and EU funds and policies, including provision of better Internet, transport and education services.
- 1.17 Village economic and community renewal is essential and the RDPs should also be tested for their inclusiveness of all rural citizens. Civil society involvement and entrepreneurship are vital to the sustainability of rural areas.

2. **Introduction**

- 2.1 Rural Europe is the life blood of all European citizens, not just those who live and work there. It provides secure food, timber, minerals and water supplies. It provides a diversity of habitat, renewable energy, recreational access, historical landscapes, crafts, and above all, multi-skilled and diversely cultured people. Some 115 million (23%) of EU citizens are categorised as living in rural areas.
- 2.2 However, there is much variation between rural areas in terms of economic prosperity and social cohesion. Some are affluent and dynamic, others fragile, depopulating and fractured. Many are asset rich and cash poor, characterised by sparse settlements with limited access to public services. This is especially true for the more remote and mountainous regions and islands. The gravitational pull of modern economic and social activity towards towns and cities is unrelenting. This makes it difficult for governments, especially if implementing unsuitable urban solutions, to ensure rural communities are sustainable. Mobility and free movement of people are vital principles for the European Union. However it has unintended consequences for the poorest rural regions as too many people, especially the young, leave in anticipation of better living prospects without ever returning.
- 2.3 Europe needs a vision to restore confidence in rural wellbeing, based on green growth, promoting the circular economy, a greater understanding of community needs and smarter support services. This opinion seeks to address why there is variability in success rates and what the prospects are of real improvements during the new funding programme. Are lessons being learnt for the three pillars of sustainable development, economic, environmental and social justice? Is there a real sense of ownership and partnership among all stakeholders?

3. **General comments**

- 3.1 Measures to rebalance rural-urban economic opportunity and stabilise social cohesion by Member States and regions are numerous and the EU has, through the first (Regulation (EU) 1307/2013) and second pillar (Regulation (EU) 1305/2013) of the CAP, as well as its Structural/Cohesion Funds, made continuous efforts to reverse the decline, though with limited and variable success. The current EU support for rural development, financed by the European Agricultural Fund for Rural Development (EAFRD), established by Regulation (EU) No°1306/2013, is estimated before inter-pillar transfer at EUR 95.6 billion, which represents 23% of the CAP budget.
- 3.2 The 2014-2020 programmes build on years of experience of what works and what does not. The Commission supports the European Network for Rural Development (ENRD) and the European Innovation Partnership for agricultural productivity and sustainability (EIP-agri) to promote good practices and innovative solutions and the EESC recommend that this work be enhanced at all levels. Lessons could also be learnt from the best practices of other funding providers.

- 3.3 Although budgets are smaller than some of the other EU budgets, they can be smart and enlarged through governmental and other sources of co-financing. Programmes need to be complimentary to first pillar resources and linked to other funding streams, where appropriate, in a seamless bureaucratic infrastructure, which allows applicants a swift response, and mentoring support from advisory agencies and local planning authorities.
- 3.4 Components of the Programmes are flexible and local enough to build on the actual needs of communities. The LEADER model with the Local Action Groups brings a shared ownership and positive results, where they are most efficient and successful. Technical support for all stakeholders, coupled with mentoring and training is vital across all projects and initiatives.
- 3.5 However, the most disadvantaged areas struggle to deliver real improvements from short term programmes, given a lack of business resources, poor infrastructure, inexperienced community leadership and less access to other investments. For better territorial cohesion there should be greater attention given to these areas as under the previous Objective 1 of the Structural/Cohesion Funding Programmes.
- 3.6 The Commission has issued new financial regulations for this 2014-2020 period, which should be clearly understood and implemented by the managing authorities as well as the monitoring committees, without increasing the bureaucratic burden on project applicants. In this regard, the European Court of Auditors in its reports² regarding the 2007-2013 programming period and the 2014-2020 legal framework has made proposals for ensuring greater value for money.
- 3.7 There has been a serious delay in the preparation and approval process for many of the new programmes, despite promises of simplification. This is highly regrettable given the parlous state of many of the poorest rural areas and the desire for these programmes to urgently contribute to tackling low income, youth unemployment, poor public services and the impact of climate change. As of May 2015 some 57%³ of regional and state programmes still had to be approved, although it is hoped that the process can be completed by the end of the year.

4. **Consultation and stakeholder involvement**

- 4.1 The EESC underlines the importance of implementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council for establishing general provisions for the European Regional Development Fund, the European Social Fund, the Cohesion Fund the Agricultural Fund for Rural Development and the Maritime and Fisheries Fund. It points out the particular importance of Article 5 on partnership and multi-level governance, which stipulates that other

² Special Reports 22/2014, 23/2014, 4/2015, 5/2015.

³ European Commission - Press release 26 May 2015, Adoption of a further 24 Rural Development Programmes to boost the EU farming sector and our countryside.

public authorities, economic and social partners and other organisations representing civil society are to be included. Thus, the Commission should monitor how the regulation is applied when preparing Partnership Agreements and in implementing programmes, including through participation in the monitoring committees for programmes.

- 4.2 This opinion examines the level of engagement during preparation of the Rural Development Programmes, though its conclusions are limited by the shortage and the narrow geographical range of approved programmes. Three hearings⁴ were held along with a questionnaire more widely circulated. Early responses indicated a territorially variable but better, more mature, engagement process between governments and non-governmental organisations than for previous programmes. However, more effort should be made to disseminate good practices of engagement, including greater use of communication technology for continuous dialogue. Dialogue varies greatly within states and regions. The Partnership Agreements can be tokenistic, the CLLD methodology is only adopted in some areas, and real inclusive consultation ends nearer the beginning than the end of the process⁵. There are examples of good practice available and they are often found where similar engagement has led to better results with other policy initiatives⁶.
- 4.3 Governments alone cannot deliver the real change required to invigorate rural areas. They can provide the legislative and planning framework, the democratic accountability, better public services and catalyst funding. However, it is mostly private business, skilled employees and social and community enterprises that deliver for people and the environment. To be willing to invest time and resources, people have to be confident that a common vision for a better rural future can be delivered and not hindered by lengthy application processes.
- 4.4 To be successful, economic and social partners need resources to continuously engage with their members and governments. As plans vary and evolve there has to be a greater sense of shared ownership of policy and implementation. The monitoring committees need to have a broad based membership that is informed and able to scrutinise effectively. The EESC is committed to facilitating the development of better partnership models with civil and social partners⁷.

4 13 April in Brussels, 21 May in Bangor North Wales and 9 June 2015 in Helsinki.

5 Opinion on the *Evaluation of European Commission stakeholder consultations*, EESC-2015-02021 (not yet published in OJ, adopted on 2.7.2015).

6 Wales has an evolving maturity in its consultation processes stemming from a constitutional commitment in its Devolved Governmental Act which promotes sustainable development and works in partnership with its voluntary sector.

7 Lisbon Treaty Art. 11 and the Social Platform Riga declaration of March 2015.

5. **Sticking plasters or long term recovery?**

- 5.1 Our hearings⁸ in Brussels and in North Wales confirmed that programmes included targets for outcomes. These should be assessed by the Commission, the monitoring committees and stakeholders periodically for real progress and value for money. There should also be a study of whether the transfer of funds between pillars was effective or contributed to wider geographical and competitive distortion.
- 5.2 Three testing themes for sustainable development are identified: entrepreneurship and employment, environment and social inclusion.

Entrepreneurism and employment

- 5.3 Though the CAP budget is decreasing, the extra requirements for compliance being made by the Commission on first pillar payments are increasing. Therefore, it is imperative that the RDP supports investments for a competitive agriculture and forest sector including through greater added value products, improved marketing, strengthened short supply chains, branding and knowledge exchange. Universities and colleges have an important role to play within their own regions and in supporting the most disadvantaged regions through twinning and mentoring. They should collaborate with existing farmer and rural advisory services to draw down EU research funds to address specific local needs. The RDP should be a bridge between applicants and the European Investment Fund and Horizon 2020, helping science to be farm- or rurally applied. Though not directly funded by the RDP, there is a clear role for schools, especially in rural areas to address the relevant business needs of future generations. Farm open days, work experience and apprenticeships from other funding schemes are vital to inspire a well trained workforce⁹. Training, formal and informal, has to be vocational, business related and locally based, where possible¹⁰.
- 5.4 Agriculture and forestry industries move in a dynamic economic environment, characterised by globalisation, rapid technological progress and increasing societal demands. Innovations are an essential key to maintain the efficiency and competitiveness of farmers and forest owners. The newly created EIP-agri is a valuable tool that needs to be implemented quickly and widely. Streamlined funding conditions are needed to mobilise and facilitate innovation.
- 5.5 The Youth Guarantee and similar schemes need to be related in rural areas to RDP initiatives so that there is hope for progression and ambition. Investment and training support for young farmers and new entrants is essential. Projects to support and retain young people in rural areas must be a top priority. Young people should be encouraged to take ownership of

8 idem footnote 4.

9 The Welsh Agri-Academy is a good example of leadership training.

10 Opinion on *Vocational development and training in rural areas*, EESC-2014-06815 adopted by the Section on 2 September 2015.

measures to help themselves. Rural areas need a better succession planning framework¹¹ that is legally equitable, accessible and stimulates intergenerational transfers that are sustainable in matching youth with experience.

- 5.6 The role of women in agriculture is fully recognised. Their contribution to the design and delivery of rural projects is invaluable and as exemplified in Finland, targeted advisory support leads to the release of entrepreneurial potential¹².
- 5.7 Rural tourism, producing crafts and enhancing recreational and health fitness initiatives deserve support as does the promotional work of festivals, shows such as the Royal Welsh and in Berlin – the Green Week. Re-engaging town and country in a changing pluralist Europe is a must for rural business and consumers as well as better access to broadband internet services. The creation of regional value chains provides a major opportunity for crafts, agriculture, tourism and trade, and rural areas¹³. The EESC supports the proposed European Fund for Strategic Investments (EFSI) and its commitment to support rural projects.

Environment

- 5.8 The impact of climate change on agriculture and forestry has been studied in an opinion¹⁴. One of the solutions to increasing production by using less resources and improving resilience to climate change is to support sustainable intensification of the agriculture and forest sector. Modern land usage is encouraged to develop mitigating activities to combat climate change and increase biodiversity, especially through agri-environment schemes¹⁵. Recycling and the circular economy should be encouraged¹⁶, while renewable energy¹⁷ is a valuable rural asset which, if invested in wisely, will contribute economically, socially and environmentally in an increasing way. There is real scope for community ownership and investment if technological improvements can be made to storage, logistics and infrastructure.
- 5.9 The EESC highlights the importance of agri-environment climate measures being complementary to the greening of the first pillar. Targeting aid to specific criteria such as land at risk of erosion, clustering of land habitats, water catchment and support for species requiring particular management practices are beneficial. However, compliance requirements

11 Malcolm Thomas Review in Wales.

12 Opinion on *The role of women as drivers of a development and innovation model in agriculture and rural areas*, [OJ C 299, 4.10.2012, pp. 29-33](#).

13 Opinion on *Agriculture and crafts*, [OJ C 143, 22.5.2012, pp. 35-38](#).

14 Opinion on the *Implications of climate and energy policy on agricultural and forestry sectors*, [OJ C 291, 4.9.2015, pp. 1-7](#).

15 Glastir (Wales), Stewardship (England), Glas (Ireland), Kulep (Bavaria).

16 Opinions on *Green Economy*, EESC-2014-05003 [OJ C 230, 14.7.2015, pp. 99-106](#) and on *Fostering creativity, entrepreneurship and mobility in education and training*, EESC-2014-06567 (not yet published in OJ, adopted on 27.5.2015).

17 EESC Study on the role of Civil Society in the implementation of the EU Renewable Energy Directive – Final Report, EESC-2014-04780.

must not become additional burdens. An accurate scientific baseline is required to measure progress while understanding the longer term time scale required for real improvements¹⁸.

- 5.10 The landscape of rural Europe is primarily the result of human activities, fashioned by generations of activity in the quest for work in producing food, timber and shelter. Its diversity is appreciated by European citizens. The RDPs have a role to play in ensuring the sustainability of such cultural landscapes through ensuring skills transfer and transparently funded rural activities that contribute to such a valuable mosaic.

Social inclusion

- 5.11 Injustice in a rural context is difficult to define and target. As referred to earlier, it is about scattered settlements, low population numbers, age imbalances, poor public services for transport, health and social services. It is about low income, isolation and poor quality housing and technology services. There is the special problem of ill treatment and exploitation of workers in some areas¹⁹, especially migrants that requires greater efforts to help with their integration and to enable access to appropriate vocational training.
- 5.12 The TFEU, article 39, establishes, as one of the most important objectives of the CAP, a fair standard of living for the agricultural community by increasing productivity, encouraging technical progress and ensuring sustainable development of agricultural production and the optimum utilisation of the factors of production. The TFEU makes provision for considering the particular characteristics of agricultural activity, which result from the social structure of agriculture and from structural and natural disparities between the various agricultural regions, when framing the CAP.
- 5.13 Rural development programmes help to create and consolidate direct and indirect jobs in both the agricultural and agri-food sectors and also contribute to a lesser extent to the economic diversification of rural areas. However, regional development programmes can realistically make only a limited contribution to tackling the structural problems and shortcomings in public services in rural areas.
- 5.14 Other government budgets and policies that are rural proofed or, better still, specifically designed for rural issues, are required including schemes for community transport, energy efficiency in homes and re-training opportunities to encourage innovation. Nevertheless, rural development programmes should also be assessed for their contribution to social justice using the indicators provided for in EU legislation and other indicators that should be included for a more effective evaluation, such as those for encouraging social enterprises and social farming projects which tackle disability, create employment and use redundant farm land and

¹⁸ See evidence from Bangor University – hearings in Bangor 21.5.2015.

¹⁹ Opinion on *Cross-border agricultural labour*, [OJ C 120, 16.5.2008, pp. 19-24](#).

buildings. Much more effort is needed to support and encourage the inclusion of disabled rural people to play a fuller role in their communities.

- 5.15 Villages are vital hubs for community solidarity. Village renewal, through encouraging small businesses and social enterprises, supported by philanthropy and volunteering should be a key priority for strengthening communities²⁰ as demonstrated in Finland and prioritised, for example, in the Wales RDP²¹.

Brussels, 17 September 2015

The President
of the
European Economic and Social Committee

Henri Malosse

²⁰ Wales Council for Voluntary Action – Active Inclusion Fund and Village SOS – Big Lottery – Wales, WCVA.

²¹ Wales RDP (MO7).