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How the CAP takes the challenges of Lisbon strategies



International Meeting

**23 April 2008, Istituto Zooprofilattico Sperimentale della Sicilia,
Via G. Marinuzzi n° 3, Palermo**

***“ Improvement of living conditions in rural areas
and diversification of rural economies:
how the CAP is contributing to the
achievement of these objectives ”***



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Introduction

The project **"How the CAP takes on the challenges of the Lisbon strategy"**, promoted by Euromed Carrefour Sicilia, Europe Direct relay, is funded by the Directorate-General for Agriculture and Rural Development of the European Commission within the financing framework of the **"Support in favour of information actions on the CAP"** and by the Regional Ministry of Agriculture and Forestry, Department for Infrastructural Assistance.

The project entails activities to deepen knowledge of and exchange views on the CAP for professionals as well as information campaigns for the general public.

More specifically, the project includes:

1. An international workshop on "The rural development policy in the framework of the CAP: increasingly integrated strategies to ensure overall development of rural areas" which was attended by representatives from six EU countries (17th-18th December 2007) and broadcast via video-conferencing to several Sicilian rural districts;
2. An international workshop with a video-conferencing link (both to the EU countries and Sicilian districts involved) pertaining to "Cross-compliance of aids in agriculture: a resource for the development of quality agriculture" (20th February 2008).
3. An international workshop on "Improvement of living conditions in rural areas and diversification of rural economies: how the CAP is contributing to the achievement of these objectives" with the participation of experts from 6 European countries (22nd -23rd April 2008) and broadcast via video-conferencing to several Sicilian rural districts.
4. A large-scale initiative to disseminate information to the general public entitled "The new CAP in Agribus: food quality and safety, consumer guarantees, sustainable development and environmental protection": AGRIBUSCILIA, a travelling educational/informative room will be moved across many Sicilian squares to provide information on the project and CAP as well, by courtesy of Euromed.

Euromed Carrefour Sicilia, Europe Direct relay, would like to acknowledge Dr. **Dario Cartabellotta**, General Executive of the Regional Ministry of Agriculture and Forestry, Department for Infrastructural Assistance, and all his staff for the active support provided in favour of this initiative, which is part of a collaboration started some years ago.

Thanks to his contribution, it has been possible to bring Sicilian people closer to the "European dimension" and to a theme which is generally reserved for a specialist target group.

Moreover, we would like to express a sincere acknowledgement to the participants from the EU countries involved, who have contributed to enrich this initiative with ideas and points of view.

5. *The production of TV reports and programmes on the topics dealt with at the conferences.*
6. *Publication and dissemination of conference proceedings and results in printed form and in two languages as well as through some dedicated pages on the web site www.carrefoursicilia.it.*
7. *Information dissemination at different levels: dedicated web pages, publicity campaigns, radio programmes, newspaper articles, etc.*

Countries and Institutions involved

Italy:

Euromed Carrefour Sicilia - Europe Direct relay

Regional Ministry of Agriculture and Forestry, Department for Infrastructural Assistance

INEA - Italian National Institute for Agricultural Economics

Spain:

Maestrazgo Development Association

Ministry of Agriculture, Department for Analysis and Perspectives

Europe Direct Relay of Molinos

Portugal:

Europe Direct relay of Northern Alentejo

Latvia:

Rural Advisory and Training Centre, District of Jelgava

Romania:

Faculty of Agricultural Management, Banat University, Timisoara

Bulgaria:

University of National and World Economy - Sofia

Slovakia:

Faculty of Agriculture, Nitra Region

Dr. Dario Cartabellotta

General Executive, Department for Infrastructural

First of all, I would like to thank Euromed Carrefour Sicilia for having called on the Regional Ministry of Agriculture and Forestry, Department for Infrastructural Assistance, in presenting the programme "How the CAP takes on the challenges of the Lisbon strategy", directly co-funded by the Directorate-General for Agriculture of the European Commission.

The project is aimed at successfully implementing a whole series of communication actions on the Common Agricultural Policy (CAP) in order to raise the awareness among and provide information to players operating in the agricultural sector, on the one hand, and citizens, on the other.

Thanks to EU funding, we have the opportunity to include Sicily in the network of Europe's 27 Member States, which, more than in the past, require us to discuss a number of issues together with other EU countries. As a matter of fact, the greater the integration with other member states to jointly tackle specific issues, the more we realise that the CAP is a history of change, as it is written in brochures. Indeed, what used to be mainly a pricing and assistance policy, i.e. the 1957 CAP, has become today a project-targeted policy.

For decades, the Common Agricultural Policy has taken up two thirds of the EU budget with the aim of creating a single market, supporting EU-made products and protecting them against imports as well as providing grants and guaranteed prices to those farmers capable of increasing production to meet the demand of the EU population.

Undoubtedly, this policy has yielded good results. However, it soon became stiff, shifting towards production, or better, towards overproduction. The CAP had become a means to produce heaps of food, in compliance with a policy that could be summed up in the acronym 'HDSM', where H stand for heaps of food, D stands for distillation, S stands for storage and M stands for milk powder. Pushed by incentives, farmers were scarcely interested in the market's actual demand. Such lack of interest led to the production of huge amounts of cereals, butter, and fruit which were later destroyed. Hence, this situation brought about distortions in the market, especially to the detriment of developing countries, and concerns about the environmental impact of agricultural development: the CAP was thus becoming its own victim.

However, that stage is over now. In the meantime, the CAP has undergone major reforms. Today, it is completely different and we have other challenges to face.

The first challenge is clarifying the CAP's change in perspective: it is no



longer identified as a tool to make farmers richer, whose only task was protecting the territory, thus misinterpreting cross-compliance.

The Common Agricultural Policy has been deeply transformed with the aim of adjusting it to the ever-changing processes of world economy. We need to spread the idea that the CAP has become the tool of reference for our Rural Development Plans, particularly across the countries of the Mediterranean. It also includes pillars and issues that agricultural stakeholders have not only to deal with but also to fully understand to comprehend what the future of agriculture will be like.

In coming years, the farming sector will have to adapt to new situations and further changes concerning market evolution, market policies, business regulations, consumer preferences and needs as well as EU enlargement.

In compliance with the 1995 Barcelona Declaration, a free trade area will be established in the Mediterranean basin abolishing trade barriers among the EU and other Mediterranean countries. The Euro-Mediterranean agri-foodstuffs market should then pave the way for new opportunities.

But what are we witnessing today? A dramatic population boom, especially in those countries which are dependent on food imports. When we started talking about globalisation in our contemporary society, we were also convinced that countries such as China, Egypt, and India would have become key market areas, because we would have sold our finest wines to the few rich in those countries.

Today, those countries, for instance China, are actually contributing to raising wheat prices. This is not because 100,000 wealthy Chinese people drank our wine, but because 900,000 Chinese and Indians have depleted world wheat supplies, thus giving rise to a new crisis, caused primarily by the globalisation of markets.

Furthermore, we have also seen the growth of some countries of the Maghreb, like Morocco. The EU has entered into preferential trade agreements with these countries. Nevertheless, about 75% of their food supplies are still imported from other non-EU countries, while being just few kilometres away from us and from Europe.

Morocco too has ventured into trade with the US signing protocols with Washington. This bears witness to the fact that geographical vicinity is no advantage. Sicily is the "barycentre of the Mediterranean sea", but its favourable geographical position is not supported by any real facilitation.

Unfortunately, over the past few years, an opinion has been circulating that we should rid ourselves of family-run agribusinesses, a kind of economy which economists defined as "destructured". The South is even deemed to no longer need its hinterland to develop. At the same time,

the only way to prevent internal areas from an inexorable degradation requires us to find ways to reactivate them. These are thoughts circulating in Brussels. In fact, if we analyse the papers on the RDP pertaining to A and B areas, highly developed coastal areas, and to C and D areas, delayed-development or underdeveloped areas, we will realise that it seems that Sicily is cutting out its innermost triangle of land from its economic development, i.e. about 90% of its territory, except for a small part.

Facing these new concepts, we have to devise and test new tools to avoid that deterioration in urban areas and depopulation in the innermost ones trigger a whole range of environmental problems. Current changes will influence not only agricultural markets but also the local economy of rural areas. Only a rural development policy aimed at rebuilding and strengthening competitiveness in rural areas may help protect both the entrepreneurial and social fabric and the environment as well.

'Environmental challenges' are thus created, but they need to be contextualised: the scientific knowledge on which they rest must be first disseminated among people and then contextualised. You will not find a magazine or newspaper which does not deal with issues such as climate change, threats to biodiversity, polluting emissions and a whole series of problems that agriculture has to solve through the RDP.

For the first time, resources from axis 2 pertaining to the environment will not be allocated only to give farmers some extra euros. An obligation has been introduced for farmers to abide by precise managing criteria and to adopt suitable farming techniques to ensure good agronomic and environmental conditions, otherwise the grants allocated will be reduced or revoked.

It is not by chance that a whole series of themes or issues are the 'results', or better, the 'aftermath' of climate change.

Over the past few months, we experienced the problem of downy mildew in Sicily. We tried to adopt several solutions, among which pesticides, but nothing was successful. The problem, as previously said, is climate change.

Rainfall totalled 300 mm in the first decade of May. This, along with consistent rain and moisture content reaching the threshold value of 100%, are factors fostering downy mildew, which has never been such a crucial problem.

Climate change is "at our door" as globalisation-related issues are. The same can be said for phytosanitary barriers. What was once only a topic for exercises in our entomology books has now become a real danger as we have to face the 'red palm weevil' which destroys our palm trees. Indeed, this problem is linked to globalisation: pests are

introduced more easily due to the movement of goods. Climate change and globalisation make us deal with problems that might have some impact on our products too.

Moreover, the attention to water resources is growing too. This matter involves the entire Mediterranean basin, but we do not have suitable and effective tools to address it. As far as water is concerned, we can only pursue water saving, which is achievable through ordinary people and farmers. Within the agricultural context, greater water saving could be achieved, thus making water available for other purposes. However, it seems that water-related issues have been neglected in the EU initiatives, both in the Regional operational plan and in the RDP. For some complicated quagmire of EU standards, nowadays, at EU level, they only talk about water for potable uses and water savings. The time for great investments on water in the agricultural sector is now over and the problem is felt at a European level too. Moreover, we have to consider the issue of future safety requirements in agri-foodstuffs with an innovative approach. When dealing with food safety, new generations refer to specific events: let us think of the mad cow alert, the dioxin scare and all the other items pertaining to qualitative food safety. The older ones among you have certainly heard about quantitative food safety. A subject, the latter, which has regained the central role it once played, mainly due to the difficulties mentioned above.

Countries such as China and India are depleting world wheat supplies and this has given the grain market a lot of troubles. Wheat prices have steeply risen and other events that were unthinkable some time ago have occurred.

In the framework of the newly devised CAP, these events were identified not merely as obstacles but also as opportunities, as in the case of wheat producers, who have experienced an unprecedented rise in wheat prices.

The next topic regards biofuels. Let us make the example of Brassica carinata, which is considered the most bioenergetic crop. When hectares of land were converted to this crop for experimental purposes, this triggered harsh criticism, as if huge amounts of food produced in those plots were taken out of the mouth of people. The debate should then focus on the following question: do we have to feed people or to fill the fuel tanks of their cars? I remember that agrienergy was first introduced when people kept saying "the Kyoto protocol has been adopted and we now have to devise new techniques for carbon capture. We have to find new room for rural economy and push farmers to produce energy and respect the environment at the same time". What would happen then if we introduced such ideas in Sicily? The question would then become: why do we want to starve the world population by pro-

ducing biofuels?

Consider the ever-changing international and national scenario. We have a single obligation towards both, that is successfully creating perspectives for farmers in terms of environment, market and land use.

The kind of rural development we focused on at the conference moves in this direction. We shifted from the grant to the project, trying to improve the competitiveness of farms and to exclude those binding regulations that farmers have traditionally to comply with.

For instance, let's consider the "Market areas document". In compliance with this document, farmers had to show in advance that the crop for which they were asking EU funding could be channelled into specific market areas.

At that time, 100% of funding was allocated and decision-makers in Brussels did not want to entangle any area in initiatives without any channel of trade, pivoting only on those deemed successful at a market level.

For example, the director of the time, Mr. F. Crosta, had to work very hard to support the importance of the "Pachino cherry tomato" at market level. The whole EU considered it as a surplus product. For this reason, he said that Sicilian people use it as an appetizer: without his trick, today, we would not have such a well-developed economic sector connected to this product.

Binding regulations and 'claims' no longer exist, as it is shown by the good results obtained in Spain and Romania. More specifically, there are several agro-industrial businesses which are working well in Andalusia and quite differently from other companies such as Parmalat in Italy - that should have enriched Sicilian citrus fruit growers with the production of red orange juice. These small agro-industrial businesses and farms produce for the market and meet its demands.

This is the strongest point of the RDP along with the ESU - European Size Unit. We have long affirmed that the problem is the growth in size of our farms. Hence, we have to make it possible that for each hectare of artichoke field, for example, producers are equipped with a tractor, a processing machine, a certification process. Otherwise, we have to make it possible for whoever has a one-hectare artichoke field to work together with 10 other artichoke producers to set up a valid business in terms of size.

As my Spanish colleague stated in his speech, I too believe that our greatest challenge entails solving the lack of aggregation, because we Sicilians are used to think on our own.

Generally speaking, farmers' individualism is quite strong, whilst market globalisation, land use and environmental protection increasingly force us to build networks in order to achieve economies of scale.

Another important aspect is the project on land use which has been launched by Brussels. Reading the project guidelines on rural towns, we noticed that it is quite similar to the famous Royal Decree issued by Mussolini to establish the creation of rural towns in Sicily. 100 years later, everything is the same. At that time, the issues at stake were occupational degradation and the development of rural areas in Sicily. Nowadays, the issue at stake is once again rural areas characterised by structural weakness.

We hope that measures in favour of rural towns, activities in rural areas, and the improvement of rural tourism may bring about networks for creating jobs and the development of rural areas. Still, this should be done starting from the idea that, without human beings, we cannot carry out anything.

Sicily, our region, is much praised for its environmental, landscape, artistic, cultural and imaginary beauties but it strongly needs accommodation facilities, services and resources.

Now, the RDP is aimed at setting up services, facilities, small infrastructures and at renewing entrepreneurship. New approaches are being carried out to improve the standard of life in rural areas by diversifying the rural economy. The CAP targets rural development, fostering activities which are not too closely connected to agricultural production, but complementary to it. Alternative activities and actions are being created, such as pathways to health offered by green tourism, Mediterranean and healthy diets, sports, bird and animal watching, hunting activities, educational farms, sports in the countryside, extreme sports, hiking and horse riding holidays as well as conference and religious tourism.

Let us imagine that rural areas will be more and more strengthened by the creation of facilities, infrastructures and services and, then, let us try to offer what is not provided by big cities in C and D areas.

For instance, whoever wants to organise a conference, instead of choosing a big city as the conference venue, could try to do it in the churches of San Marco d'Alunzio. That is exactly what the Regional Ministry for Agriculture did some years ago, when 33 Slow Food stands were hosted in 33 Byzantine churches, of course, after obtaining the bishop's permission.

I believe we should start thinking about such ideas and implementing them, as the development of an area starts from small things.

Thank you.

Dr. Elisabetta Olivi

Head of Network, European Commission, Representative Office in Italy

The Importance of Information and Communication in Community Policy

In recent years the Commission has concentrated, in particular, on the information and communication policy of the Community's institutions and has made it a priority of its activities. A first observation is that the distance between European citizens and European institutions is still great especially since the knowledge of the EU's policies is still inadequate. By adopting Plan D on Democracy, Dialogue and Debate" in 2005, the Commission's ambition goes well beyond improving information on Community policies to directly intervene in the realm of participatory democracy as an essential element to bring citizens closer to European institutions.

Plan D was launched in 2005 to address the request of the European Council, which announced a time of reflection to assess how to proceed with institutional reform after the negative outcome of the referendum in France and the Netherlands on the European Constitution. According to this approach, it is not enough to consolidate conventional communication measures based on a flow of information from Brussels to the local level. On the contrary, an ongoing dialogue needs to be established by creating an interactive exchange between European institutions and citizens. Therefore, this plan underscores the need to know the opinions and needs of citizens to address these.

This means listening more and a greater dialogue. About what? Of course, on those Community policies that have a great impact on citizens and on the Common Agricultural Policy, which, alongside the regional development and structural intervention policy, is definitely among these and not just because it is the oldest Community policy, but also because it is the one that has had to be renewed the most and this process is still underway.

Health Check of the Common Agricultural Policy

In order to favour a wide and open debate, the European Commission set up a dedicated website and organized two large conferences to perform a health check of the CAP and reflect on how the EU agricultural policy needs to change to meet the challenges of the 21st century. The results of this far-reaching consultation process will be published on May 20th in a communication from the Commission.

The CAP is funded with public money and it does not simply support the income of farmers. It also ensures environmental protection, food safety and quality as well as the promotion of growth and employment in rural areas. That's why it is necessary to listen to the opinions of citizens to make changes reflecting the general public's opinion.

Three main questions were asked: how to make the system of direct aid more effective and simpler; how to adapt instruments originally designed by a Community of 6 Member States to today's world; how to tackle the new challenges ranging from climate change to biofuels, from the management of water resources to the safeguard of biodiversity. Extensive consultation has centred on these questions and this approach is now starting to yield its first results.

Public opinion in the EU seems to be in favour of the recent reforms in agricultural policy.

EU citizens have shown their approval to the recent changes in EU agricultural policy. This is the result of an opinion poll, the Eurobarometer, aimed at analyzing the general public's attitude towards agriculture and the Common Agricultural Policy (CAP). This survey carried out already a first time in 2006 confirms a widely positive opinion on the key elements of the CAP reform approved in 2003.

First of all, EU public opinion is widely favourable to one of the main elements of the new CAP, namely the one regarding the procedures for the granting of aid to farmers. A clear majority (52%) is in favour of the increase in funds for rural development and the system to pay aid directly to farmers rather than subsidizing products. This opinion is even more widespread today than it was in the previous survey (+3%) and it widely prevails over the opinion of those who view these developments as negative (12%).

In addition, the vast majority of Europeans supports the principle of cross-compliance by which farmers who fail to meet environmental, animal welfare or food safety standards will have their payments cut. These measures meet with the approval of 85-88% of those interviewed. The survey also shows that food prices have become the main concern over the past year: 43% of those interviewed consider guaranteeing convenient prices for food products as a political priority. This answer has grown by 8 percent compared to the previous survey and reflects the constant rise in world prices in the time between the two surveys.

In the public's perception, agriculture and rural areas still continue to play an essential role in the EU. Almost 9 out of 10 people (89%) believe that they are essential issues for Europe's future.

Rural development

Thanks to an active rural development policy the European Union aims at achieving important objectives for the countryside and those living and working there. As seen from the Eurobarometer results, public opinion fully supports this approach. Since 2007 there have been major changes in rural development policy with a new strategic approach aimed at:

- coordinating the various Community policies (economic, social, environmental, internal and external)
- identifying the priority rural development policies for the EU (sustainability in a broad sense, improvement of competitiveness)
- linking the CAP to the Lisbon strategy (growth and employment)
- accompanying the reform of market policy (decoupling, cross-compliance, modulation).

Like the entire cohesion policy and structural policy, in rural development the right to information is crucial for the effectiveness of Community policy.

I am referring here to the potential beneficiaries and to encouraging private enterprises to use funds showing to gain access to these.

It goes without saying that public opinion must share the belief that rural development is an essential instrument to modernize European agriculture as a whole and that without it the objective of growth and employment in the Europe of tomorrow would be seriously compromised.

If this is what is at stake, clearly the pursuit of the "right to information" could not be left to chance. A series of obligations have been defined to ensure the transparency of the mechanisms for the assignment of funds as well as the access of citizens to information on the objectives and results achieved by these funds.

EC regulation no. 1698/2005 of the Council on the support to rural development by the European Agricultural Fund for Rural Development (EAFRD) states under Article 76 not only that every Member State must provide for "information and advertising on national strategic plans, rural development programmes and Community contributions", but also that this information regards "the public" understood as "potential beneficiaries, professional organizations, manufacturers and trade unions, bodies for the promotion of equal opportunities and non-governmental organizations concerned including environmental organizations on the opportunities offered by the programme and the requirements to gain access to funds" and that it must be informed of "the

Community's role within the framework of the programme and the relevant results". Regulation no. 1974/2006 of the Commission dated December 15, 2006 with the provisions for the implementation of EC regulation no. 1698/2005 of the Council on the support to rural development by the European Agricultural Fund for Rural Development (EAFRD) defines the characteristics that the "Communication Plan" of any Local Development Plan must necessarily have. It specifies that the management authorities are called on to work together in a partnership with bodies operating in the territory and, in particular, the Commission Agencies in the various Member States and information centres on Europe such as the Europe Direct relays are expressly mentioned. Information measures addressed at the general public must be envisaged.

Regional authorities are responsible for implementing these measures. The agencies and Europe Direct relays are ready to support them in implementing this major information policy.

Today's workshop is an example of the actions that can tangibly improve the effectiveness of information to citizens.

Dr. Serena Tarangioli

Researcher for the Italian National Institute of Agricultural Economics (INEA)

Rural Italy and the Actions Set Forth in the 2007-2013 Rural Development Programmes

Having identified issues, objectives and specific strategies for intervention in rural areas within the framework of the CAP is definitely an extremely innovative element, which may potentially have a tremendous impact. These areas not always correspond to agricultural areas and hence have their own peculiar problems and needs. According to the regulatory make-up of the rural development policy, rural territories are identified according to the OECD methodology¹. It is essentially based on criteria of population density or, if the Member States deem it necessary, according to different methodologies.

¹The OECD methodology for classifying areas into urban and rural is based on population density. During phase 1, municipalities are divided into urban (>150 inhab./km²) and rural (<150 inhab./km²). Phase 2 envisages a NUTS 3 classification of the areas into 3 categories (predominantly urban, significantly rural and predominantly rural), depending on the percentage weight of the population residing in rural municipalities compared to the total of the provincial population.

One of the few Member States using an alternative classification method for rural areas is Italy whose intervention strategy for rural development measures is based on the principle of non-homogeneity of the notion of rural. For Italian law-makers a rural territory:

- is characterized by differentiating agricultural and agri-food systems;
- has different forms of integration with the urbanized and industrialized context;
- is marked by extremely diversified geomorphologic and territorial contexts.

For these reasons the Italian National Strategic Plan has identified 4 macro-areas (fig. 1) to describe the Italy's different rural contexts and to guide the intervention strategy of the Rural Development Programmes for the single contexts. The areas identified are the following:

- a) urban centres, mainly city and town areas, which in Italy have the peculiar feature of preserving a certain degree of rurality owing to the presence of major agri-food activities and of natural areas of great environmental, landscape and recreational interest;
- b) rural areas with a vocation for specialized intensive agriculture, namely plains and hillside areas where intensive and specialized agriculture is concentrated. These areas, although marked by high levels of competitiveness, require rural development measures to address infrastructural shortcomings, on the one hand, and to improve services and the quality of life of the local population;
- c) intermediate rural areas, especially hillside and mountain areas with high levels of diversification of economic activities that are centres of widespread development. Nonetheless, these areas are burdened by several social-economic problems such as lacking infrastructures in services to the population and to enterprises, ageing and depopulation, the need to diversify and renew economic activities;
- d) rural areas with comprehensive development problems, namely the hard core of Italian rurality, where, for physical and social reasons, agriculture does not provide prospects of survival in the course of time owing to the low profitability of production factors despite the fact that it is one of the most widespread activities. These areas are involved in abandonment processes in which the rural development policy is especially important to create job and living opportunities.

According to this division, Italy's entire territory has rurality elements requiring that action be taken with different instruments to achieve the

Community objective of creating jobs and conditions for growth through:

1. the improvement of the appeal of rural territories for enterprises and the population aimed at creating new economic activities and improving the quality of life;
2. the preservation and/or creation of jobs and income opportunities in rural areas.

In terms of "key actions", Italy's strategy envisages measures aimed at:

- 1 enhancing and safeguarding the landscape and the historical, cultural and natural heritage;
- 2 territorial marketing associating traditions, products and attractions of territories;
- 3 building infrastructures and ICT infrastructures;
- 4 creating services for the economy and citizens;
- 5 incentivising existing economic activities or those to be created.

Figure 1 - Italian rural areas



In terms of implementation, Italy's strategy is based on the territorial and thematic concentration of the measures supported by complementary measures (information and training) and technical assistance.

Actually, the negotiation for the approval of the single regional RDP has greatly downsized the strategic scope of the planning of axis III limiting it, owing to its strategic goals and to the scarcity of the resources earmarked, to mainly rural areas in Italian (intermediate rural areas and rural areas with comprehensive development problems). During negotiations the European Commission strongly underscored the need to take action with rural development measures in the weaker and more marginal territories of the Union and to earmark appropriate resources for these instruments because they are also essential measures to address the Union's extra-agricultural strategies (Lisbon Strategy).

Contrary to the Commission's expectations, Italy's Regions have continued, as during the previous programme phase, to consider rural development measures as marginal and to earmark few resources. On average, 10% of public funds² go to axis III. The budget reaches 16% considering also the intervention of the Leader approach, which is thematically centred on the axis III measures and reserved mainly to more marginal rural zones.

Table 1 - Financial weight of axes III and IV in the 2007-2013 RDP

	% Axis III	% Axis IV	% Rural development
Abruzzo	11.00	5.00	15.00
Basilicata	10.00	5.00	15.00
Bolzano	9.00	5.00	14.05
Calabria	10.00	5.00	15.00
Campania	15.00	5.00	20.00
Emilia Romagna	10.04	5.01	15.54
Friuli Venezia Giulia	10.00	5.05	15.50
Lazio	11.03	5.00	17.28
Liguria	12.05	0.00	12.47

²Financial allocations of 10% of the resources correspond to the minimum set by Regulation 1698/05 for axis III.

Lombardy	8.09	4.00	12.95
Marche	9.00	6.00	15.00
Moise	14.01	5.00	19.10
Piedmont	7.04	6.05	13.89
Puglia	15.03	6.03	21.55
Sardinia	1.04	13.06	15.00
Sicily	5.04	5.05	10.92
Tuscany	10.05	10.00	20.50
Trento	11.05	6.07	18.24
Umbria	9.00	5.00	14.00
Valle d'Aosta	6.08	3.09	10.76
Veneto	5.00	11.00	16.01
Total	9.07	6.06	16.34

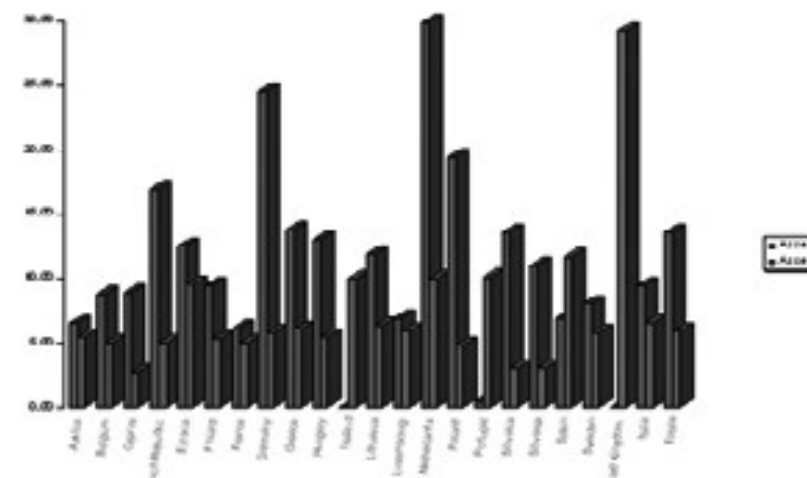
Source: 2007-2013 RDP

Axis III is earmarked more resources in the Regions of Southern Italy save for Sicilia (Campania and Puglia with 15% of resources) and in those of Northern Italy where the features of the settlements tend to spread the economic activities across the territory (Tuscany, Liguria, Abruzzo and the Autonomous Province of Trento).

Among Member States, Italy is the one that, at a strategic level, least relies (fig. 2) on measures for diversifying the rural economy, on those for improving the quality of life of rural populations and on the integrated approach of intervention for local development, despite the fact that the rural situation is marked by economic immobility, depopulation phenomena and by local realities rooted in the territory and exclusive in terms of traditions, culture, life and employment.

As for Italy, it is possible to note that the intervention envisaged in the various regional programmes has been concentrated above all on measures for enterprises (especially measure 311 - Diversification of agricultural activities), while an absolutely marginal role has been reserved to instruments focused on improving living and working conditions. Once again, the sectorial approach adopted for rural development policy is reaffirmed at the expense of the potential of these policies as instruments for local development.

Figure 2 - Axes III and IV in the programming of the 27 Member States)



The Leader Approach

Axis IV of the RDP is one of the main novelties of the 2007-2013 rural development policy. The lines of intervention adopt the same programmatic approach of the Leader Community Initiative to implement local intervention plans using the set of measures and resources envisaged in the single RDP. Leader is transformed from a programme into an intervention instrument, while preserving the constitutive characteristics of the method and potentially extending its scope of action to interventions for the competitiveness of enterprises. The Regulation also sets a minimum threshold of financial resources in the amount of at least 5% of the funds of the entire programme.

In terms of objectives, the Leader approach is aimed at improving Governance and mobilizing the endogenous development potential of the territories it is designed for. The instrument's function not only envisages the use of the RDP measures, but it also relies on specific horizontal measures aimed at allowing the programme and organization managing the intervention (the LAG) to work.

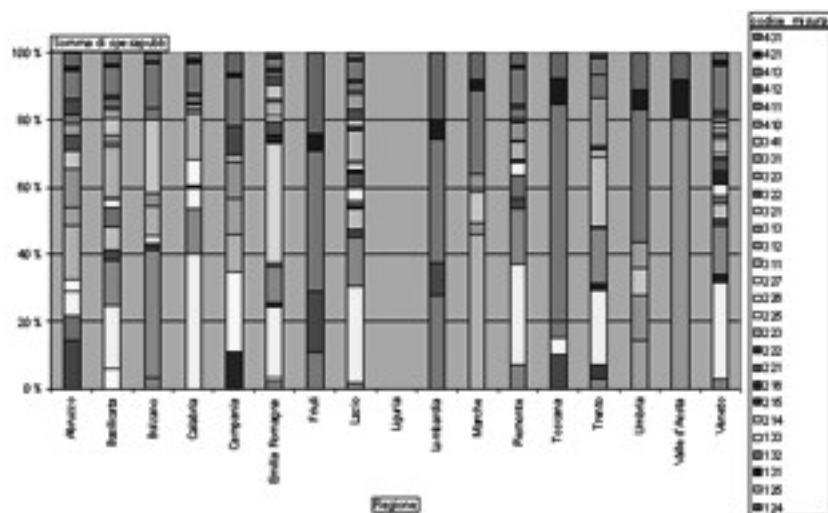
In Italy this new approach has been implemented using different models:

- the conservative one, namely a group of regions that continues to focus on the role of the Leader of experimentation and promotion of innovation in rural areas. It is a more "classical" approach promoted by the previous editions of the

- b) Community Initiative;
 a second group has adopted a sort of additive approach to Leader. These regions consider axis IV as a method of ordinary management of resources other than those traditionally available in the RDP because it is based on Leader's main characteristics and/or on some method variants. It is an attitude that tends to minimize the innovative role of the approach and to consider it as an instrument that best can ensure the intervention's effectiveness;
- c) the last group of Regions can be considered to be demotivated because it considers Leader as an approach already tried. It is given marginal importance both in terms of the instruments that can be used and of the resources earmarked just for the purpose of meeting the need to comply with an obligation set forth in the regulation.

The attitude of the single Regions can be inferred by comparing the financial resources earmarked for axis IV (table 1), on the one hand, and the measures available in Leader (figure 3), on the other.

Figure 3 - Measures activated with Leader³



³ The figure is indicative; many RDPs have left the identification of the measures falling under axis IV calls for proposals pertaining to the implementation of Leader.

Most Regions (for instance, Tuscany, Puglia, and Sardinia, which devote to Leader many measures) use the instrument in a classical way, namely to reach the objectives typical of leader through measures of axis III. A demotivated approach is shown by Southern Italian Regions, but also by the Autonomous Province of Bolzano and Valle d'Aosta, which adopt few measures and devote to Leader minimal financial resources.

The attitude of these Regions is determined, on the one hand, by the idea of a scarce impact of the method on the territory and local development and, on the other, by the desire to use other integrated approach instruments for local development. We are speaking here of Integrated Projects found in almost all RDP used to set in motion local development processes based on the participatory approach to the programming of local development without necessarily having to abide by the rules of the Leader method. There are many instruments but they can all be divided into 2 categories of intervention:

- area projects addressed at facing specific territorial issues (water resources, infrastructures, environment, etc.). Usually, they envisage mainly the participation of institutional entities and are funded, besides by the measures of axis III, also by Structural Funds and by State subsidies;
- integrated territorial projects aimed at the development of all rural areas and not only those which axis III or the Leader method apply to. They envisage a public-private partnership and are funded mainly with EAFRD resources.

Despite the presence of many intervention instruments for rural areas, the CAP continues to be, at least in Italy, a strictly sectorial policy. Measures for production diversification, incentivization and territorial enhancement are given a marginal role despite the fact that the overall economic development and the quality of life of rural areas are key issues even for sectorial development.

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Dr. Domenico Carta

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The programming period 2007-2013 of EU interventions places a special emphasis on the development options of rural territories, linked to the opportunities stemming from the multi-functionality of farms. The latter constitutes an acquired added value that is mainly generated by the following activities:

- Integrated services (such as landscape, environmental, cultural);
- Maintenance of environment and of rural heritage;
- Rural tourism and education;
- Selling of fresh and processed products.

Our region can particularly benefit from further development of multi-functionality and diversification thanks to the numerous strong points that have already been highlighted by the regional rural tourism development plan, such as:

1. historical and cultural value, and environmental and landscape relevance of rural areas;
2. areas characterized by traditional, genuine elements that are rooted in the territory, favorable climate;
3. PDO/PGI and organic products;
4. high-quality local cuisine;
5. rural buildings of architectural value and witnessing history;
6. high public investment in the field;

7. substantial tourist flow needing an integrated package of agritourism services (specific targets).

However, it is impossible to leave out the numerous weak points currently existing in Sicily, such as:

1. lack of infrastructure (road network, power and water supplies);
2. deterioration of the environment;
3. restaurant facilities that are unvaried, mostly of an average quality and not inspired by local wine and gastronomic tradition;
4. lack of training and skills of many involved;
5. lack of attention to environmental protection and animal welfare;
6. regional regulations that are insufficient and outdated;
7. shortage of control action;
8. lack of promotional activities.

With regard to the public funding that has been already finalized in the sector of diversification and multi-functionality, the main disbursement instruments of EU resources for rural development in Sicily are to be found in the Rural Development Plan 2000-2006 (mainly agro-environmental and forestry measures), in some measures of Axis 4 of ROP (Measure 4.15 for agritourism, rural tourism and education; 4.06, action 3 ecological network and others linked to it, namely the setting up of young farmers), and in the Leader Plus Programme.

Measure 4.15 has until now funded 452 initiatives for agritourism-42 for education (3 millions Euros committed) and 104 for rural tourism (29 million Euros committed)-with a total allocation of 104 million Euros and 598 recipient enterprises. A remarkable amount of funding is available for enterprises, although we have to record that the implementation stage, and consequently expenditures, are quite slow. In any case, one of the key points is the obligation to operate on existing buildings that were previously used for farming activities.

The past experiences represent a crucial element to approach the new programming, with the aim of avoiding the discrepancies and problems met during their implementation. In particular, as for the ecological network action of measure 4.06, it is to underpin that in general terms it is not possible to include private funding for non-productive investments on enterprises aimed at public use.

Furthermore, if those investments are intended for the recovery of rural

heritage, they must be carefully planned in an integrated way, in order to avoid single investments that would not have an impact on run-down areas with difficult access to facilities. Conversely, as for agritourism, the public funding must be aimed at setting up services of quality in valuable rural areas by discouraging initiatives based only on restaurants.

The logical continuation of the action of RDP 2007-2013 is embodied in Measures 216 (non-productive investments in rural holdings), 311 (diversification), 313 (promotion of tourist activities), 322 (development and renewal of villages) and 323 (protection and enhancement of rural heritage). In particular, with regard to the data provided on 31 December 2007 pertaining to the impact of the regional agritourism sector, the following table has been drafted, where the data for each Sicilian province are collected. The development dynamics of the most representative specific indexes can also be worked out from the following charts.

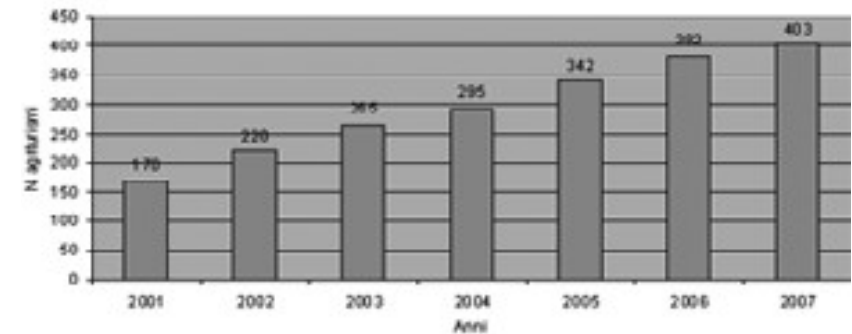
Agritourism Enterprises in Sicily

Data at 31 December 2007

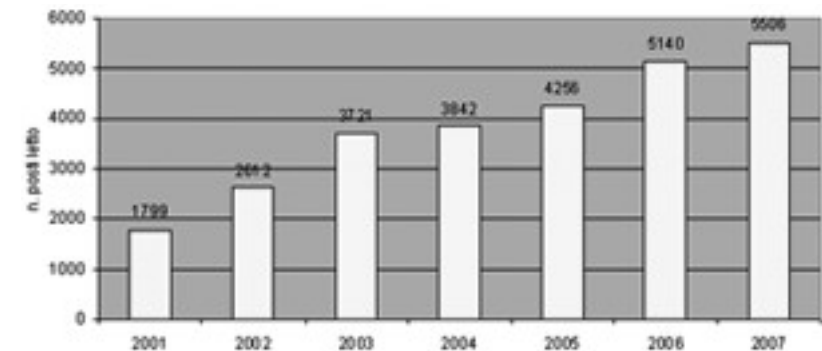
Law of reference: Sicilian Region Law of 9 June 1994 "Rules and Regulation about Agritourism"

Province	Approved businesses	Number of beds	Camping Areas	Campers (4 per area)	Number of dining seats	Wheat-bearing certified businesses	Average dining seats per business
Agrigento	19	312	24	96	508	7	27
Caltanissetta	14	171	16	64	619	0	44
Catania	52	653	33	132	1237	2	24
Enna	19	227	40	160	1033	4	54
Messina	91	1118	94	258	1961	1	22
Palermo	65	1142	35	140	5507	11	85
Ragusa	41	424	58	352	2200	2	54
Siracusa	71	1011	33	132	2205	13	31
Trapani	31	450	45	180	1239	3	40
TOTALE	403	5508	378	1514	18509	43	41

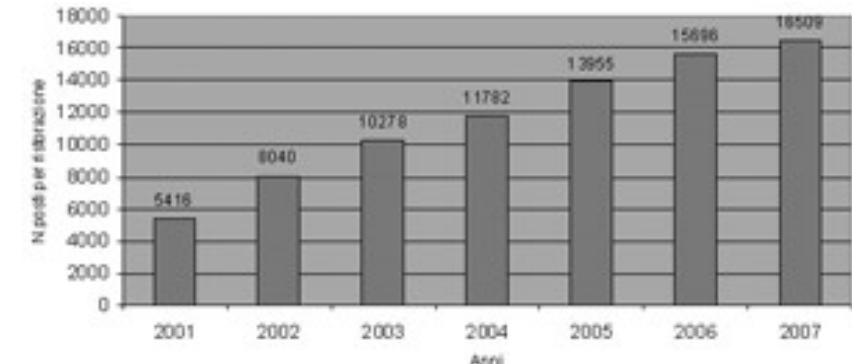
Approved agritourism businesses n. of businesses/year



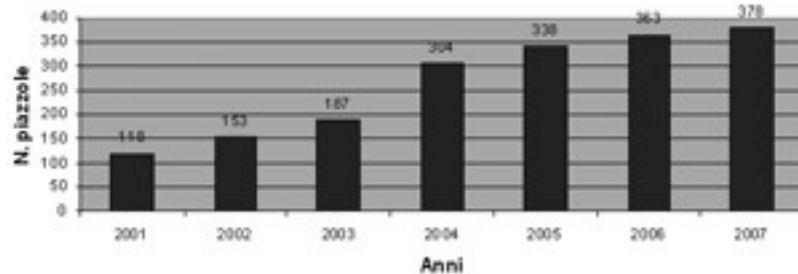
Number of beds n. beds/year



Restaurant seats n. seats/year



Camping Areas N. areas/year



As it is possible to conclude from the above-illustrated data, there has been a steady increase over time in the number of enterprises and in the services provided, although the sector has not taken off in the innermost areas (namely Caltanissetta and Enna).

In that regard, it has to be highlighted that the total number of authorized enterprises has increased by 130% (a yearly average of 23%) while the number of beds and of dining seats have tripled. There are also 9 educational businesses and farms accredited at a regional level.

However, in an attempt to carry out an analysis we cannot simply present an account of the weight and articulation of the supply. Rather, we must provide an account of the indications coming from the national statistical data, showing a decrease in the total turnover and of the average length of stay in agritourism lodgings, which is linked to the spread of competing businesses (Bed & Breakfasts, for instance).

In brief, the sharp increase in the domestic supply has not been matched by a proportional adjustment of the demand.

It is possible to establish that, after overcoming the first development stage -which has been supported by various factors- the system seems to be fully developed and strongly influenced in its future prospects by the quality of the services provided and by the characteristics of the territorial supply of rural areas.

In this respect, the possibilities for development of regional agritourism are dependent on suitable promotion and communication strategies, on the reliability of the qualitative parameters of the enterprises perceptible to visitors, and on the integration of services and opportunities available in rural areas.

Consequently, the Scilian Regional Government is moving in different tracks:

1. modernizing and revising the regional dispositions in the sector;
2. devising a regional agritourism plan 2005/2007;

3. introducing a new classification system for agritourism businesses based on strict quality parameters and connected to the characteristics of the rural holdings and to the environmental value of the areas (the wheat-ear instead of the hotel stars);
4. suitable financial support to the sector, with the disbursement of EU funding provided by the current programming;
5. passing new intervention instruments in the framework of the programming period 2007/2013.

Furthermore, a regional draft law is in the pipelines and it will implement the new Italian regulation (Law N. 96/2006).

With particular reference to Measure 311 Action A agritourism, the innovative elements regard the zoning (new establishments in Macro-areas C and D, only modernization of the existing buildings in Area B) and some types of intervention. As for the last point we can mention the expansion of the existing buildings, in compliance with existing regulations; the construction of service buildings, wooden bungalows; and investments for the quality certification of accommodation facilities.

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1.- From the Maestrazgo mountains, in Southern Aragon, we appreciate the invitation we have received from Palermo and I hope that my exposure could prove interesting for the people attending and wishing to know more about the proper use of the European funds.

2.- First, we will briefly present our territory. Maestrazgo is in the Southeast of Aragon and is part of the Iberian System, which are some mountains that run through inside of Spain and in our area, they begin to descend toward the Mediterranean Sea.

I am talking about an uninhabited land, which has suffered the effects of emigration towards more industrialized areas, through out the twentieth century.

Actually, the density of our population is similar to the density of population in a desert, besides the population is divided into small villages,

where the shortage of services is also very noticeable and the population is very aged too.

However, in the other hand, we have other positive values, as the rich natural and cultural heritage, because of the paucity of men acting on the territory, also our capacity to manage European funds, it is a virtue that has been recognized in several forums, like the entrepreneurial ability of the population to develop new activities.

3. - Here, we present our workspace. The Maestrazgo development centre is located in Molinos, a small town of about three hundred inhabitants.

The initiative worked out in the early nineties and it was developed over the coming years. The building is a large work area, which was restored with money from the government. . We have several areas of work, which are complemented.

Management of the community initiative LEADER, is the most important. The centre has hosted all the developed periods until the time, and continues to host the current period.

The approach and the philosophy of the LEADER program has greatly influenced in Maestrazgo development, especially in the organization of the civil society both in the cultural circle, as in the business. The dynamics of the Leader program has enabled uniting public and private interest to discuss joint projects and development strategies consistent with the conservation of the area heritage.

- Direct Europe CAIRE. The Aragonese centre of European Rural Information, belongs to the network of information that try to bring the European information to citizens. In Molinos, it manages this service since nineteen ninety-four, looking to transmit information through newsletters and electronic sharing of European documentation. Besides we solve doubts and consultations about the European political institutions and financial aid, we do it free. The European Union takes over fifty per cent of the annual budget and the hosting covers the rest of the expenditure.
- The association for Maestrazgo development not only manages the LEADER program initiative, it also seeks to manage cooperation programs with other territories, this question is highly valued by the European Union and develops different thematic programs for different territories can agree to run joint programs (EQUAL; Policies for social equality, ITERREG; For-cross-border cooperation).
- Management office of Maestrazgo Cultural Park is also located in Molinos. Local Government promotes The Cultural Park, it is

integrated in the protection of the cultural and natural heritage. Shares of heritage conservation and restoration are developed through an annual plan of invest. At the same time, cultural events are supported in this territory.

- This is project, which coincided in time with the management of LEADER II, the most prosperous stage of this Centre .There are numerous cultural tourism associations, rural tourism housing agro food products, cattle breeding, and so on, associated to the Cultural Park. The technical team of the Park is always looking for cultural heritage interaction between different policies, obtaining a joint development. The Centre for Maestrazgo development has a long journey. From its beginning in (1991) nineteen ninety-one, have been working many technical specialists in administration and management, geographers, historians, geologist librarians, managers of cultural heritage... Also the centre, has served as a place of practice for many young people that live in the area, they have developed their university practices in this centre, and later, some of the had worked there..
- As a conclusion, we can say that our centre has been a great source of innovation and progress in the area of Maestrazgo, it helps to develop integrated and innovative policies in this territory.

4. - Now we are going to focus on the management of LEADER PROGRAM funds, which are the bedrock of our work, and the evolution of Association for the development of Maestrazgo. The LEADER Community Initiative was created to experiment with a new approach for development of rural areas and help rural agents to consider the potential of their region in the long term.

Since the LEADER program encourages the implementation of integrated strategies for sustainable development, where is valued the quality and originality.

A group of local action agents manages the funds. Maestrazgo area has participated in all its periods:

LEADER I: (since nineteen ninety-one to nineteen ninety-four) Maestrazgo pioneered in Aragon. This plan was developed in nine municipalities that have a total of (5,400) five thousand four hundred inhabitants.

LEADER II; (since nineteen ninety-five to nineteen ninety-nine) The program was developed in (43) forty-three municipalities, these were chosen because of two reasons; the required need to overcome (10,000) ten thousand inhabitants and the adequacy of LEADER PROGRAM to

Maestrazgo territory. The territory had a total of (14,400) fourteen thousand four hundred inhabitants.

LEADER +; (since two thousand to two thousand and six) Because of the new division in areas, that was done in Aragon, LEADER program was adapted to the administrative region of Maestrazgo and Gudar-Javalambre. The municipalities that participate in the program were (39) thirty-nine and (11,500) inhabitants.

The new call in being implemented now. Next July, of files of LEADER + projects will be closed and we will begin to adopt the new cases of the new period. This period will maintain the territoriality of the LEADER +. It will not be a community initiative anymore and it will be integrated as a pillar in the rural development policy (2007-2013) two thousand and seven- two thousand and thirteen) for this reason, the European Union takes the initiative as one more.

5.- The features of LEADER method, called specifics, were identified during LEADER II, and these are the things that have characterized it, since its inception in (1991) nineteen ninety-one, and they have helped to form its own novel approach and achieve success in very different rural contexts:

- * The territorial approach to define the development politics, this means, that based on the particular resources, each region has to be more responsive with its local needs. The area of Maestrazgo wants to highlight its rich natural and cultural heritage in order to achieve its own development.
- * The Ascending Approach. This means that in all the phases of the program, searches of solutions and decisions, ranging from the bottom to up, this is to involve local agents taking into account at the same time, the realities of each territory. IN Maestrazgo, social involvement has been complete, even the development of LEADER has made a stronger social union.
- * The local Action Group. We consider this group as a form of horizontal cooperation, which are grouped together as partners, agents and local representative institutions. The main objective is to achieve a common strategy and innovative actions, necessary to implement these decisions, so, they will manage of the grants, which came from public funds, with local autonomy.

In Maestrazgo has always been more social agents than political agents, the Chairman of the local action has never been a politician.

- Innovation. The innovative nature of the actions promoted by the final beneficiaries, add value respect to others interventions in the area. Therefore, it is about seeking new solutions to pro-

blems and they required to be transferable to other areas. The Technical Development Centre is obliged to offer plus more than the public administrations, because of developing actions can be transferred to other areas. In addition, private developers have to carry out with this requirement.

- The comprehensive and multicultural approach. This approach involves contemplate jointly the potential of different sectors of the economy, society and local resources. This approach has influence over the expected results and in the impact, that favour groupings and synergies. This is the key for Maestrazgo can conceive the funds management in an integrated manner and in continuous coordination with the government
- Methods of management and financing. (financial decentralization) In the implementing program is always the same local action group that decides the what promoters of projects will be the ultimate beneficiaries of the subsidy, it marks the principle of subsidy in the management of European funds. This affect the flexibility of the program over the period of delivery and the type of projects that are going to be subsidized. Flexibility allows Maestrazgo to discuss its own development strategy and act accordingly.
- The network organization and cross-border cooperation. This tries to communicate with other groups, experiences and results, share knowledge and associate in joint projects with groups from other countries. The networking and the cross-border cooperation influence on the relations between the local level and the outside world in the flow of information, in the knowledge and in the start of joint actions. Cross-border cooperation is a formal and structured agreement that Maestrazgo has always used to develop projects at European level. A good example is the European Network of Geological Parks, of which, Maestrazgo is one of the founding partners.

6.- Financing themes by the leader initiative are varied, they are always looking for the economic diversification of rural areas by introducing new economic sectors.

- Management and operation in the development centre. (local action group) maestrazgo has a great management centre with several offices, which are full equipped and several technicians who are responsible for the aid management
- Formation of economic and social agents. Business association have benefited from these proceedings with the development of courses, seminars and grants to develop trips and visits to

- other regions of interest, both inside and outside Spain.
- Promotion of tourist activities and facilities. One of the shares on which it has been more affected, is the empowerment of small hotels campsites and housing for rural tourism. If you want to develop tourism, you have to provide accommodations.
- Small and medium business with endogenous resources. In the companies of this territory, there are few employees working. Different sectors have benefited from subsidies (carpentry, handicrafts, basic services to the population, telecommunications centres...)
- Valuing, processing and marketing of agro-food products. Agro-food has been an important instrument in the Maestrazgo development. One of the most important associations in this territory, sells local products related to a trademark common to all of them.
- Proceedings about the natural and cultural heritage. With the continuous interaction of the Maestrazgo cultural park we look for to improve our environment and to value our heritage. The proceedings on the geological heritage and the value of the landscapes has been promoted from the development centre and from several municipalities.
- Ensuring basic services to the population. Critical infrastructures, like small shops in small villages, not existing services, public support in telecommunications have been developed from Maestrazgo development centre.
- Cooperation between cross-border and territories. This has been one of the elements that has generated more positive dynamic in Maestrazgo, and that has allowed to publicize this territory.
- The local action groups can prioritize actions by defining their development strategy, so they decide where to invest the money according to the needs.

7.- We can do a little analysis of the results which gave the application of LEADER program in Maestrazgo area. What have been the main results of economic investment?

- Job creation and consolidation in our area.
- Improving basic services to the people, trying to get to all of them.
- Improved infrastructures and increasing in lodging accommodations.
- Creating a territorial trademark to market food products.

How the money has been spent over the years?

The LEADER I, developed over thirty projects. The total investment was twenty-three million euros.

Lastly, the program LEADER+ developed one hundred ninety projects, the total investment was nineteen million euros. In the current period (LEADER-LEADER) is planned a total investment about sixteen million euros.

8.- LEADER I (since nineteen ninety-one to nineteen ninety-four) This program marked the beginning of a new concept of rural policy development, based on a territorial, integrated and participatory approach. It had a very positive response from the private sector, which contributed in the investment. A key aspect of the new program is manifested in the situation of the basis for development at the local level, whereas the rural communities are formed as agents with greater capacity to identify and upgrade their own resources. The socioeconomic diversification thereby became a principle of LEADER I program. In the Autonomous Community of Aragon, only three rural areas were the recipients of the first LEADER program, among which was the region of Maestrazgo along with the regions of Jiloca-Gallicant and Sobrarbe-Ribagorza.

The centre for the development of Maestrazgo-Teruel, created 24 May in nineteen ninety-one, as a non-profit association, with the main objective of achieving the comprehensive development of this region. To locate their background, it is necessary back in time, to the existence of the School of traditional trades, which was created by the Town Council in Molinos, with the objective of being able to recover traditional crafts. The entities that composed CEDEMATE were the main nine representative organizations of the social economy of Aragon, along with the nine councils of the territory. At this stage, because of the serious crisis of all the economic sectors, that suffered the region, at the beginning of the nineties and the continuing process of depopulation, CEDEMATE, established as priorities the exploitation of endogenous resources, and the incorporation of the highest value-added, along with the creation of a representative trademark 'MAESTRAZGO', with which people could differentiate their goods and services, thus strengthening demand for them.

The management of the first LEADER program, along with other CEDEMATE programs of action, started with the objective of obtaining as a result job creation and rising per capita income, thereby renewing population of this region.

As concrete actions we can highlight

- Initial Diagnosis; technicians began their work analyzing in

depth the endogenous heritage resources and conducting surveys to people on jobs demands. In this way the program was adjusted to real needs.

- Training courses were developed, with special emphasis on the quality of tourism sector, tourist guides, hotels and gastronomy.
- Videotex network; A network of telecommunications centres to promote telecommunication and contact via videoconference between municipalities and a modern booking centre for tourism.
- Plan 'FUTURES. This was a plan to improve the tourism competitiveness, which was largely financed by the Spanish Government., from this plan resulted many improvements in trails, recreational amenities zones in sources and rivers, interpretation maps, areas to climb...

As a result of the LEADER program ; one hundred new jobs, including fixed jobs and temporary jobs.

9. - The LEADER COMMUNITY INITIATIVE. (Since nineteen ninety five to ninety-nine) This plan was developed with some main objectives, to encourage innovative activities, which were carried out by local agents, it did not matter if they were private agents or state agents, in all sectors of rural activity publicizing specific experiences of development, helping local agents to take their inspiration and put in common other projects realized in other rural groups. In Aragon there were a total of (30) thirteen rural areas , including the three territories that were pioneers in the earlier LEADER program, was formed as local action groups and covered much of the territory. The Centre for Maestrazgo development, started with the priority of develop innovate actions to respond to the activities of the LEADER program. This question responded to the need of justify the program continuity in Maestrazgo, because the beginning of the second phase had generated high expectation and people wanted to ensure the continuity in the area. The basic objective of the project was the creation and consolidation of jobs in economic sectors that were very important for the region, such as rural tourism and agric-food.

Then, many private projects were financed and the management of the centre was reaching to all municipalities. We can highlight certain actions with great leadership I this period:

- The rural innovation program in Maestrazgo area, it was developed to prepare the strategic lines that had to be submitted in LEADER II. We emphasize this plan because of its importance in the development of all subsequent actions of the period.. This was a broad consensus among social and political agents, and

it allowed beginning the most splendid period in Maestrazgo LEADER program. It was the period in which more hiring of technicians and more projects were developed.

- The consolidation of the partnership around a quality trademark, MAESTRAZGO trademark allowed a dynamism that was unknown in this region .For the products management were formed to business associations, The Employer Maestrazgo Association and The tourist Operators Association. In order to consolidate the business in this area through the promotion , support of the interest of the small business in the area, to be able market Maestrazgo products, with the same quality trademark, was create a distribution company, Traditional Food of Maestrazgo. The initiative arose from the same small business are installed in the region, seeking to improve streamline and guarantee the conditions of their orders. Also there is a website, created in (2002) two thousand and two, where products are marketed.
- During this period Cultural Maestrazgo Park project was consolidated, this, mainly happened because of the law that Aragon Government created about Cultural Geological Parks, this law gave prominence to this type of projects. The philosophy about this law was designed in Maestrazgo area , so development centre became an innovative hotbed. Maestrazgo Cultural Park intended to serve as the backbone support for the extensive space that comprises its scope, offering a coherent tourism image of this region, based on the collective identity of this territory. Achieving this, we consider crucial to ensure the value of the most significant elements of Maestrazgo cultural and natural heritage. The Government of Aragon and the forty-three municipalities that make up this region, are committed a investment series, these are annual, and it keeps the territory idea, with the same trademark and with the same strategy.
- The motivation that Maestrazgo was like a classroom about the knowledge and interpretation heritage, helped to create a network heritage interpretation. This network was linked directly to Maestrazgo Cultural Park. It was promoted by the Development Centre, but always taking into account the local interest promoted, whether councils or other social entities, associations or foundations. New topic centres were created about History, these based on rock paintings, military orders, Civil War and Carlist Wars. Also interpretation centres about traditional trades, festivals, traditional architecture and agricultural production.

Lastly, it also developed environment centres and rural interpretation centres, and centres about , palaeontology; this effort has resulted in an extensive network of cultural information, they improved the tourist offer in Maestrazgo area.

As a economic results, program LEADER II, created (200) two hundred jobs, (459 forty-five new companies, most of them related to MAESTRAZGO trademark.

10. - LEADER+ (Since two thousand to two thousand and six) this program was launched in two thousand, to encourage the original strategies for sustainable development and quality, for the experimentation of new forms of enhancement of natural and cultural heritage, to improve the employment the quality of life in rural communities. This function remained as a laboratory for discovery and experimentation with new forms of sustainable development and was integrated with forms of influence on the development policy of the European Union. It also changed some rules in management processes, like the requirement that local agents have to be more than fifty percent of the local action group, and the of work on specifics groups, like women and youth.

This new period marked a new starting point for Maestrazgo area, because LEADER program had to adapt to the new administration in Aragon, with the new division of the territory into administrative areas, and also, with the creation of two new management offices, differentiated within the same program, one for Maestrazgo and another for Gudar-Javalambre area.

Another priority of the program was consolidate all the business that had been generated in the previous stage.

As main objectives considered the jobs maintenance and the search of cooperation projects that allowed to transmit knowledge between the territories and co finance part of the technicians of own program LEADER.

We emphasize the following actions;

- Hug your land. This program consists on a framed strategy in the LEADER+ initiative, that means Maestrazgo area participated in an interregional cooperation project to welcome new settlers in rural areas. The project welcomed fifteen territories scattered throughout four independent communities, all of them affected by depopulation problem.
- To the new enterprising settlers, to whom this project was directed, , the initiative was granted for them, so they had to develop a viable labour project, in the municipality where they were going to settle, participating in the life and in the activities

developed these municipalities, while they were integrated with the rest of the population.

- European Geologic Parks Network. the decided and accepted definition by UNESCO, about Geological Park, says what a geological park is, it is a territory in which it is including a geological heritage, and development strategies are supported by European programs. At the present time, the network includes thirty geological parks in ten different European countries. The main objective of the cooperation in the network is the protection of the geological heritage and the promotion of sustainable development in selected territories. In June of year two thousand, was declared the European network of geological parks, in Lesvos (Greece), being Maestrazgo Cultural Park one of the founders partner. This project, over the years, has become more strong and has reinforced the idea of Cultural Parks, and the protection of the natural heritage in Maestrazgo. The development centre collaborates in its management with university experts and with DINIPOLIS Foundation . (and important budget in the province of Teruel, tie to the rest of dinosaurs) .
- Agenda 21. The development centre participate actively close to the region of Maestrazgo in process elaboration of local Agenda 21, with the development of this process, Maestrazgo area was added to an universal movement for sustainable development. The action plan was born from this territory and from its people clear perspective of future. Maestrazgo is a confronted alive reality of changes in the twentieth century, that changes want to put into play all the territory potentialities. In this region, we are conscious of our weakness but also of our strengths, the quality or our territory, our products and our services. This plan conjugates the improvement of the quality of life with the advantage of our natural resources, trying to generate new socio-economic possibilities for the next generations of people. We also are conscious of the environmental quality in Maestrazgo but it is vulnerable too, this must be improved in order to be our future.. Therefore, the objective of this plan is to improve our quality of life.
- Aragones centre of European Rural Information (CAIRE) year (1994) nineteen ninety-four it is located in Molinos and belongs to the National Geodetic control of European information. It is the result of an information program inside CEDEMATE, close to telematics network in Maestrazgo, VIDEOTEX. The CAIRO zone action belongs to the set of rural areas of Aragon. From year

(2005) two thousand and five CAIRO happened to integrate, like a member of the Europe Direct Network, becoming one of the three hundred and ninety-three information points distributed throughout all Europe, forty-two of them distributed in Spain. These information points work as intermediaries, at local level, between citizens and European Union. The initiative Europe Direct, pretends to support the Europeanization, that support and advice on communitarian questions, arriving to all the citizens of the European Union. CAIRE, in Molinos, offers several informative services and helps to the development centre. In all the territory managed by LEADER + program, three hundred and sixty jobs were obtained between new and the consolidate ones.

11.- the beginning of the new period of LEADER program is coming up, with some modifications respect to other periods. The sixty percent of the population from the twenty-seven Member States that form the European Union, lives in the countryside, this represents the ninety percent of their territories, from there born the vital importance of rural development.

Agriculture and forestry continue being decisive for right use of the Earth and the management of natural resources of European countryside; in addition, it lets the diversification of the economy in rural communities. Because of that, rural development policy has happened to be a general priority for the European Union. LEADER funds have become a support next to the three already existing ones, the greater competitiveness of the agrarian and forest sectors, the environment improvement, the rural approach, the enhancement of quality of life in the rural areas and the economy diversification in the countryside. The fourth axis, called LEADER, introduces the possibility of acting on the rural development at local level. Another characteristic is the reduction in the percentage of the Europeans funds in the rural evolution programs, among other reasons, for instance, the extension of the European Union.

In this case, now, there are other territories that need more investment, the Spanish Government and the Government of Aragon give more money to this programs, this way they assure the continuity of the projects. The basic priorities of this period, are based, mainly, on maintaining a perfect coordination with State administrations, to develop, even more, the tourist sector in Maestrazgo. Actually, this sector is being affected by a small crisis, because of the general evolution of the economy. The most important objective, along with the development zone, is to show this management model needs continuity in the future, for

the sustainable development of Maestrazgo area.

Finally, and to finish, I am going to set up some own reflections, I think, they are important for the management of European funds, these investments have to Maestrazgo area an inestimable number of opportunities and I wish the same for your territories. My reflections are the following:

- Maestrazgo area has recovered the hope to walk towards the future.
- Management has to be honest and meticulous, because funds are from the state.
- The program protagonists must be local agents instead of technicians.
- It is very important to generate a common project with the government administrations.
- Be mistaken to learn, innovating constantly.

That's all, I appreciate your attention and I hope the conference had been pleasant to all of you, and I wish you luck for the future. Thank you very much indeed.

Prof. Ricardo Ferreira

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Can the CAP contribute to improve life standards in rural areas and to diversify economy?

Some aspects from Portugal

The centre of this project is to discuss to what extent the Common Agriculture Policy can contribute to improve life standards in rural areas, by means of promoting a diversification of the economy. The scope of this presentation is not to discuss program lines and budgets. Instead we want to underline some aspects of what are the main guidelines that we consider essential to be present in order for this policy to be effective. This presentation is divided in three parts. First we shall present some aspects of what has been the rural policy in Portugal, emphasizing some key elements of the results. The goal of such is to comprehend some elements needed for the success of these policies. Secondly we shall present a few cases of interesting examples. These have not been selected by the project funded by Rural Development policies (some of which have only been funded for a particular activity) but by the enti-

re company business, being considered good examples of what type of projects are needed for rural development. Finally this presentation ends with a group of strong personal ideas of the conditions under which these policies may be effective

However, before entering on the subject itself, the question composing the title of this seminar can be answered. "Can the CAP contribute to improve life standards and diversify rural economies?". The answer for that is "Yes, it can. But..." Yes because it has been doing so. Because it represents very significant investments being made in rural areas. However, its effectiveness is conditioned by the emergence of good projects with the capacity to induce further added value into these regions. If the funds available are 'merely' spent, the effectiveness of the policy will be much limited and the answer would be much closer to a NO. The role for public bodies involved in this matter (including not only governmental agencies, but also information centres, LAGs, associations and NGOs) is to show to the potential interested good examples of projects, and to try to provoke the emergence of projects inducing added value into the economies.

Rural Development in Portugal 2006

In order to illustrate the Portuguese case, to conclude on the effectiveness of its results, we present some of the results provided by the official report of the AGRO¹ program of 2006. All the data here presented was obtained from such report.

In tables 1, 2 and 3 we present the execution levels of this program as it was on the report date.

Table 1 - AGRO execution; total 2000-06

Year	Assumed / programmed*	Executed / programmed*
2000	1,1	0,1
2001	29,2	6,3
2002	46,8	18,6
2003	66,3	32,1
2004	82,4	45
2005	98	56,2
2006	107,4	68,5

Table 3 - AGRO execution; axe 2 2000-06

Axe2	Assumed / programmed	Executed / programmed
2000	0	0
2001	30,6	1,2
2002	47,7	15,7
2003	64,4	29,1
2004	85,7	46,2
2005	102,9	61,7
2006	117,9	73

Three main ideas arise from these figures. First we notice that the programmed values have been allocated, which means that projects have been created. For itself this is a significant remark of success. However we also notice that there is a great distance between the Assumed and the Executed figures. Though we can expect these differences to be reduced due to the possible existence of projects not yet concluded on the date of the report, the executed percentage is rather small. These levels of execution raise serious doubts on the effectiveness of this policy. The third conclusion from the figures above is the absence of relevant differences in the execution levels between both axes. But furthermore we should observe the main indicators of results predicted in the official evaluation. These are resumed in tables 4, 5 and 6:

Table 4 - Agro Main Results

PROGRAM MAIN RESULTS	2000	2001	2002	2003	2004	2005	2006	Annual Growth Rate	Ave
Work productivity (€/ha/ha/ha/ha/ha/ha)	4.242	4.072	4.104	4.452	5.262	6.226	6.592	7,4	15,16%
Work productivity (€/ha/ha/ha/ha/ha/ha)	4.824	4.662	4.292	4.884	5.662	6.226	6,28	7,4	15,16%
Other indicators of production of other	25	26,8	28,2	29,1	28,7	24,8			29,1/24,8/28,5
Production of other (€/ha/ha/ha/ha/ha/ha)	429,1	4248	4472	4935	4702	4528	5502		4,4/21,9%

The first two rows in table four show us the main achievements in this policy. Indeed it is contributing to work productivity and income. Above all, these are, in my opinion, the main elements of rural development. We cannot expect development without growth. For such, the basis is to identify and promote projects that induce a significant increase in productivity. Annual growth rates between 7 and 8% are very enthusiastic, almost doubling the initial goals for these variables. Also from these figures it is interesting to observe the 4,4% annual growth in Agriculture exports. The mere fact that this is considered as a goal for this policy is quite relevant. A message must be clear to the economic agents in the sector that competitiveness is the basis for development. And export capacity clearly indicates it and should be seek constantly. More over to promote development for a particular region we must be able to create wealth to the region, which means that it must be able to sell out of its borders. However the numbers achieved are not very promising, not when compared with export growths in the whole economy. Maybe the policy could have been aiming at a more significant development in this case.

Table 5 - Axe1 - Main Results

Axe 1 Results	2001	2002	2003	2004	2005	2006	Aim
Productivity increase in supported units / agricultural production	8,16%	7,48%	8,17%	7,98%	7,10%	8,70%	7% - 14%
Income increase (total individual unit)	5,72%	7,03%	8,17%	7,03%	7,42%	8,00%	5,12% - 9,25%
Income / unit of environmental factors / total investment in the area	n.a.	6,48%	6,37%	7,11%	8,42%	11,30%	7% - 14%
Income / unit of individual objectives / total investment in the area	5,16%	6,48%	7,16%	7,11%	7,42%	8,70%	5,12% - 9,25%
Investment in environmental objectives / total investment in the area	n.a.	1,16%	4,30%	1,20%	1,20%	4,30%	0% - 10%
Young farmers installed (as a percentage of total)	0,33%	0,56%	0,75%	0,60%	1,10%	1,19%	1,71% - 2,9%
Young farmers installed over beneficiaries of operations	11,4%	10,3%	7,7%	11,1%	11,4%	10,9%	7,7%
New forest area (as a percentage of total)	6,27%	3,46%	6,37%	1,60%	1,76%	1,50%	2,20%
Strengthened financial capacity (total, net formal)	1,30%	1,50%	1,30%	1,60%	1,60%	1,50%	1,20%
Increase in labor units in the supported farms	29,59%	35,00%	37,30%	37,10%	45,40%	49,39%	3,00%

From the results shown in table 5, the first line may be the most interesting one. By comparing the product increase in supported units with product increase in the sector, we get a clear image of the effectiveness of this policy. Though these values are clearly positive, this means that the rural development policy is contributing to the development, they are not very high. And that erases some doubts over the real effect of this policy. A second issue that must be stressed is the fact that several of the measures turn out to have reached lower values than expected originally, especially in what concerns investment levels. Again this is a negative sign of the effectiveness of this program. However we must point out the important effect that is shown for jobs. It is of greater relevance for rural development the existence of jobs, especially for youngsters. On this issue it is clear the fact that the number of young farmers installed is below what was expected. Furthermore we identify the fact that the number of young farmers installed (which we saw being low) compared with the beneficiaries of cessation is quite large.

Table 6 - Axe2 - Main Results

Axe 2 results	2001	2002	2003	2004	2005	2006	Aim
Time dedicated by farmers	-	5,50%	8,70%	8,30%	9,50%	8,80%	5%
Number of farmers / potential farmers	-	8,60%	20,70%	33,80%	57,30%	70,80%	30-70%
Women farmers / total farmers	46,88%	49,70%	48,50%	53,40%	53,30%	54,50%	-
Courses w/ environmental goals / total courses	n.a.	25,00%	26,10%	33,00%	33,30%	35,00%	1-80%
Projects or innovation / projects on demonstration	44,88%	44,00%	41,30%	40,80%	41,90%	43,88%	5-30%
Specialized institutions / total institutions w/ courses	2,00%	2,20%	4,00%	4,00%	4,50%	5,00%	20%
Beneficiaries of agricultural aid / total farmers	8,00%	33,30%	41,70%	43,00%	48,90%	50,00%	40%-60%
Investment in environmental factors / total investment in the area	n.a.	10,30%	7,30%	10,30%	11,40%	13,88%	10%-20%
Investment in infrastructures / total investment in the area	7,50%	15,70%	14,50%	11,70%	9,70%	11,88%	12%-15%
Financial investment / total investment in the area	n.a.	81,80%	89,50%	87,70%	88,30%	88,88%	82%-85%

The only reading that can be made is that the number of older farmers ending their activity is much lower than expected. This discrepancy is clearly larger in the number of ceasing farmers than in the new young farmers. This is clearly a structural problem that the program is showing not to be effective: the renewal of farmers. This is a very important issue that must be faced directly by politicians, the need to introduce in the agrarian sector younger and better prepared managers.

This axe is mainly related to human capital and professional formation. From these figures we should stress two different aspects. The first is the number of learners involved. It is very significant, especially when it is referred that in 2006 almost 71% of the potential learners were receiving some type of formation. This is a very important achievement, seconded by the percentage of women involved, which in the long run will have a very important role for the development of a better rural society.

However, it is not important to have people involved in formation just for having them occupied. It is of greater concern that these courses are, and will be, of good quality and relevant for the development of rural societies. Furthermore it is important that supported projects do not singly create courses, but also enhance the necessary conditions for having in the future the possibility of similar courses existing independently from policy supports. Some of the results shown in table 6 erase the question if these measures are being effective or just more formation courses. Namely the environmental orientation (seen in number of courses and in investment), the investments in infrastructures, and the number of specialized institutions, present lower values than the original goals, which may indicate a spending too much centered in just paying salaries to people imparting courses.

Summarizing this part, we can refer that on the one hand YES, rural development policies have been contributing to improve life standards in rural economies in Portugal. However, on the other hand, we must refer that much more can also be done. Development is based on growth. We can talk about keeping cultural heritage, traditions, environments, gastronomy and so on, but nothing of such is relevant if we do not generate wealth to keep people out of the cities with decent life standards. Hence, a strong emphasis must be placed on finding good projects that promote added value in the regions, based on the possibility of exporting the regions specificities (obviously taking advantage of cultural heritage, tradition and so on).

There is a clear role for policy makers, information centers, associations,

and other bodies, which is to provoke the emergence of projects which can on a permanent basis generate added value. These are the ones on which rural development is really based on. This can and should be done not only by generating good policies but also by disseminating good practices and by promoting association among agents.

Some examples of interesting projects

Being the theme of this seminar how can the Common Agricultural Policy contribute to improve life standards in rural areas and to diversify the economy, I considered useful to share some cases of what I consider to be good examples of the type of projects that should be seek for. On the selection I did not focus on the way that funds have been or not used on these projects. Some of them have been supported for just one particular set of equipments. It is not the exact way these companies have used public funds that matters. Instead we should look at their core business and how similar ones can be used to, in fact, improve life standards by diversifying the economy.

Quizcamp

The first example to present is the case of QuizCamp. This is a company that produces and sells agro-food products giving them a new charm. Consequently getting a higher added value from traditional agriculture products. From its webpage we can read it in their own words: "Quizcamp's mission is to give its clients a better quality of life, providing healthy food products originated in the country side, produced following the most demanding standards of food security, offering a set of experiences and ludic and pedagogical associated activities."

This company is not only preparing their products differently, but also marketing them carefully, with a connection with a delicatessen stores network. Furthermore they present a new concept of the "minigarden". This concept is explained in their own words: "A system of modular vases, allowing intensive growing of plants, by anyone, anywhere. Usable for decoration, aromatic plants, flowers, small fruits, etc. (...) Have you imagined having breakfast collecting the strawberries on your balcony? Or receiving friends in your living room with a wall covered with flowers with a incomparable aroma and unique decoration effect?" The way this product is presented is clearly aiming at urban clients, who are willing to pay a much higher price for a simple concept of vases with seeds. This case is interesting because it gives us a clear lesson. Development can erase from looking at traditional and common products from a different perspective, trying to find out what is the market willing to pay for.

Further information can be obtained in their website at www.quiz

camp.com.

Granfer

Granfer is a large fruit central. Its services include processing and packaging fruit for distribution. During the past 3 years, this company has improved its production lines in order to achieve the highest international quality standards. Renovation has included equipments, production lines and refrigeration systems. I include this example because it shows the necessity to keep on the region the added value services beyond the mere agriculture production. Furthermore, their emphasis on the issue of achieving the highest international quality standards underlines the need for being competitive. To have real development in rural areas we must be able to promote projects like this, which include the high added value phases of production, settling them in the regions. Further information about Granfer can be obtained directly from their webpage at www.granfer.pt

Frulact

Frulact is a company that produces food products combining fruit and milk derivatives. Their product line includes, for example, yogurts covered with fruit jams packed individually. Is the kind of products for which final customer will pay a very high amount for one single unit.

This company is also an interesting case to study for their strategy for internationalization. They are actually present in Morocco and Tunisia. It has been awarded with several prizes for their achievements: The SME Excellence in 98, 99, 2000 and 2001, the Innovation in Agro-Industry 2003, the Export Oscar from the Portuguese-French Chamber of Commerce, and the SME Innovation COTEC-BPI 2007. But the most interesting point for rural development is the fact they located their units in the middle of regions with a strong potential in fruit production. This way, not only the company is guaranteed with supplies for their production lines. Furthermore it induces a high potential for development in the sector in that region.

Further information on the company can be obtained from their website at www.frulact.pt

Incopil

Incopil is basically a factory of condiments. Their main product is dried powered pepper (paprika). This company is now a leader in its market. But the interesting subject about this company is their history. It emerged as a response to increasing competition in the markets by uniting the efforts of fourteen producers, who previously were competitors.

Its success is clearly due to the reunion of several old producers which

were too small to be competitive in the market on their own. This is a very interesting example because it shows us one of the key elements for our rural areas to have success. In most cases, in rural areas the economy is characterised by too small producers who, on their own, are not capable to be competitive in the markets. Incopil shows us that the solution can pass by the capacity of producers to associate and promote common marks instead of having each one trying to enforce its own.

Further information on Incopil can be found in their website at www.gastronomias.com/incopil/empresa.html

Mora Fluviarium

A Fluviarium is a new concept. It's an aquarium which focus on the different habitats that can be found in a river through its complete course. Mora is a small village in Alentejo in Portugal where this concept was presented with the creation of the Fluviarium which focus on the classic Iberian river as the Guadiana.

In their own words we can obtain a good presentation: "Welcome! Mora Fluviarium invites you to river trip - a paradigm of an Iberian river. You may observe different types of habitats and the living beings in those. You'll get to know species, some of which disappeared from our rivers..." Though having been funded with regional development policies and not rural development, this is a good example of how one single project can have a major impact on the entire region. When completing one year of existence the Fluviarium had counted 210 thousand visitors. Considering that the local population is merely 5.797 inhabitants (2001 census) it is obvious the enormous impact that this project has on the village. This example is important to show us that municipalities and other local or regional authorities can also have an important role to play by promoting key projects with a large predicted impact.

Further information about the Fluviarium can be found on their own site www.fluviaiomora.pt. Not only the site but the place itself its worthwhile a visit.

Some Personal Ideas

To conclude this presentation I want to point out some personal ideas that I believe should be kept in mind when considering rural development. Above all, these are just that: personal ideas, should not be read as rules but only as items to be discussed.

Tradition, history and heritage must be emphasised.... BUT

When people talk about rural development, there are a few keywords that are continuously repeated: heritage; traditions; typical products;

gastronomy; rural tourism, etc. This is not only in Sicily or Alentejo, but everywhere. However, in my opinion, though we must learn to use the advantages from tradition, we must go beyond. People will not live only from artisan works, jams, and mushrooms. There may be some good examples of people promoting their own jobs around these subjects. But that is not the key element to keep our youngsters in the regions. When we talk about rural development we must take into consideration the need to develop projects that will bring wealth into the region, enough to pay good salaries to get people to stay in the region.

Having competitiveness some other aspects should be considered:

- Rural tourism must be professionalised - We cannot expect a great impact in rural areas from rural tourism units which are not professional enough to be competitive. Tourism is a business like any other. So is rural tourism. Though it is sold with an image of a family environment, the client is expecting a good quality service. Rural tourism may have an impact in local development only if it is competitive enough to bring clients into the region. And we all know that many do not.
- Minimum dimensions should be kept - In most cases, with the example of the rural tourism, a business will not be profitable if it has not a minimum dimension. And if it is not profitable it will not be a lever for development. We cannot expect that a tourism unit with only four rooms is sustainable. We cannot expect great development from a business centred in one single person who produces jam and at the same time has to be on the market selling it.
- Partnerships are essential - In most cases producers are working on their own. But there is the need to achieve dimensions to take the most advantages from regions potentials. IN many cases the only solution to enter in some markets is to have a group of producers associated. Instead of competing with each other, common benefits can be found when collaboration is possible.

People are the basis

Rural areas are not spaces, countryside or even traditions. It is about people. Rural development must be made for the people but, above all, counting with the people. The only solution to develop any region is to find its competitive advantages and explore them. For such it is vital to have motivated and well formed youth. A huge renovation of farm managers is essential. In most cases we do not even have managers, just owners. There is the need for an entire set of farmers with university

degrees. But also, maybe even more important, open-minded. They must be able to constantly seek the ways to increase the competitiveness of their production units. And the only way for such is if they do not conform with producing a certain product or with a certain technique just because it has always been that way. Youngsters should have the opportunity to leave their home regions to other regions and countries for certain periods. There is always something to be gained from exposure to other cultures.

Formation is essential. Not only college but also lifelong learning. However the authorities must be very selective in the selection of formation programs. To have people involved in formation courses just to present better statistics is not only useless, it also has a negative effect on the general acceptance of the need to lifelong learning.

Entrepreneurship, Innovation, Capacity to cooperate are key elements to promote

In the end what is aimed is the search for good and modern business. The world is getting smaller and everyone is more exposed to competition. Rural areas will not develop from the authorities' decisions or projects. Real development must emerge from modern people with the capacity to search for new way to do business.

Economy is the main element

Obviously development is a much more comprehensive concept than growth. However we can not forget that there the latter is included in the previous. When we hear people talking about rural development, most of the times emphasis is given on preserving traditions and so on. Generally economic concepts as profit, competitiveness are not much emphasised. But there will be no development if not creating wealth. The basis of development is to get conditions for people not to migrate outwards. Going beyond any political issues, we must state clearly that Profit is not a bad word!!!! It's essential.

Having the concepts of productivity and competitiveness in mind, priority should be given to projects that aiming at:

- Finding regional comparative advantages - To achieve development we must not merely look to any new business. Nor to merely putting emphasis on the regions' specificities. What we must find are ways for the local agents to profit from those regional comparative advantages. If one region is famous for a special type of cheese than it must preserve that cheese but by finding ways of creating wealth with it.

- Productivity; competitiveness - Rural development projects cannot be just interesting examples of pilot small projects. We must permanently introduce the concepts of competitiveness. We aim at finding ways to develop rural areas in a sustainable way. That means those projects must be autonomous from any support after implementation. If you are supporting projects which are not capable to survive without public funds, then we are merely spending tax payers money and not promoting development.
- Above all: Export basis - For a region to grow it is necessary to get more money into it. We cannot base the region development in projects focusing on local markets. The projects that will contribute the most to development are those which are capable to sell out of the region products based on its comparative advantages. Not only because that way wealth is being brought inside, but also because selling outwards is the way to get more effective on the business. For example there is only a small advantage of having a Sicilian cheese certified as protected denomination of origin, if it is only sold in Palermo. People in Palermo already know that particular cheese comes from Sicily. Certification there is not much effective. That cheese must be sellable in New York or London. There, the certification will be a surplus and a higher price can be obtained.

Environment will be a key issue

The environmental question includes much more than preventing pollution. It can be seen as being conservative in the exploitation of territory. It includes preserving species (with special emphasis on autochthones), preserving spaces with a very careful territory planning, and preserving cultural heritage. These should not be looked for just because it is a nice political message to present. It must be done it is the way to maintain the advantages of rural areas. All regions and areas are different, but if we try to generalise we will see that rural comparative advantages are centred on environmental issues. If we need to profit from those advantages we must preserve them.

Environment gives us a full set of amenities to be explored. Rural development should be centred in making them profitable and exportable. But even more, it provides us several new ways of creating wealth from elements that we have never considered. Rural tourism, the quality food concept, or the energy business, are just some of them. Many are still to be found.

Above all we must realize that we live where others want to spend their retirements or vacations. There must be a reason for their wishes. We just must learn how to take advantages from living in privileged areas. And to be happy about it.

Prof. Cosmin Salasan

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Improving life standards in rural areas and the diversification of the rural economy in Romania

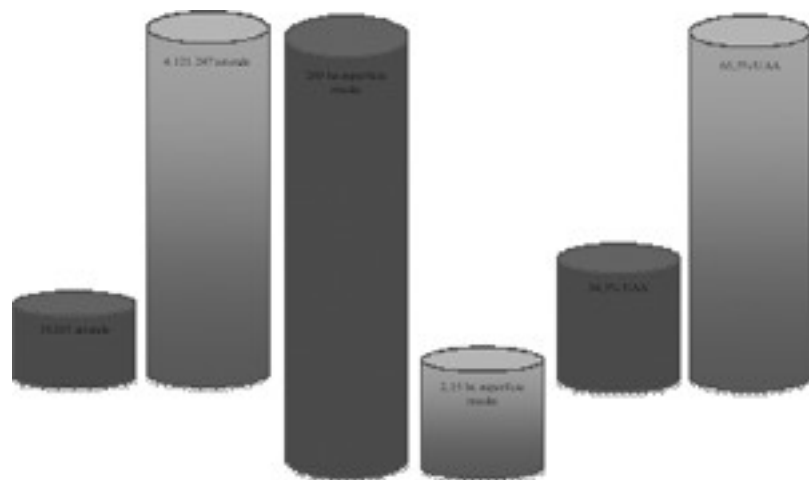
Considering its natural capital together with the economical development paths along its recent history (at least during the last century) Romania has a clear agricultural vocation. During four decades (1948 - 1991) this vocation was exploited in an industrial manner under a centralized economy and the general state of rural communities degraded continuously. Moreover, agriculture became a "dirty" job for those unable to get a job in the other economical sectors. The continuous degradation of the general life conditions generated by the lack of interest in infrastructure development, basic services and education led to delayed start (or re-start) of the private family farming and the re-consolidation of the rural households after 1990. This brief historical overview explains to certain extent the current status of the Romanian rural entering the Common Agricultural Policy framework.

The earlier mentioned vocation has not changed during the last (almost) two decades neither the attention of the policy makers in Romania, which completes the earlier described picture. Namely, no efforts were made to formulate concrete steps for a rural and agricultural transitional policy towards joining the European Union. The lack of coherent interventions on an opening market faced the farmers and the rural actors with an unfair competition.

Concerning the Romania's rural area we have to point out a number of characteristics, which will help the reader, understand the challenges defined in this paper. As the second largest new member state (6% of the EU territory) has a GDP that represents less than 1% of the total EU GDP. The rural area represent 87,1% of the national territory (compared

to 80% at EU level) and has 45,1% of the population living in this area. According to the statistics, 32% of the active population is employed in agriculture and forestry and the sector produces 12,1% of the GDP and 13,6% of the total GVA. The productivity is very low (labour/land ration equals 63 AWU/100 ha) and the agri-food trade balance is still negative and widening (1,3 billion euro in 2005). The farming in Romania has two main (and relatively opposite) dimensions: few (agricultural) legal entities, mostly large commercial farms, (18,263 averaging 269 ha, accounting for 34.5% of UAA), and an impressive number of individual farms, mostly subsistence and semi-subsistence holdings (4,121,247, average size 2.15 ha, accounting for 65.5% of UAA). Around 3 million of the holdings covering approximately 30% of agricultural land are considered as subsistence only.

Graphical presentation of the farm number, average area and share of total UAA



Other key figures for the Romanian rural point out that 30% of the national territory is represented by mountains and Less Favored Areas represent 12% of the territory giving a total of 42% of LFA accounting 34,5% of UAA. Further, Romania has a rich natural environment and high biodiversity, including the Carpathian Mountains, the Danube Delta Biosphere Reserve and 300,000 ha of virgin forest. Natural and semi-natural ecosystems cover around 47% of the national territory. Approximately 2.4 million ha of the country's semi-natural grassland is

classified as of High Nature Value (HNV).

The rural areas' population has a rather low density and faces poor quality infrastructure (the water supply network connects only one third of the rural inhabitants, one tenth are connected to a sewerage system and only 10% of rural roads are of adequate standard). Basic social infrastructure is also considerably less developed than in urban areas, including here the health and education systems. The rural economy is highly dependent on agriculture and forestry, with low development of alternative activities, and lower incomes than urban areas.

The last three paragraphs originating in the brief factsheet of the National Rural Development Programme of Romania available through the website of the DG Agri pictures out a delayed agriculture and forestry which are dominating the rural economy. The NRDP has specific support measures under Axis 1 which aim to improve the management in agriculture and forestry, to improve the competitiveness in agriculture by farm investments, and to restructure and to modernize the processing and the marketing of agricultural and forestry products. Considering the current state of the agriculture the Axis 1 has its central role in producing the expected structural changes in the sector in order to help the farmers and the forestry operators together with the integrators of the agro-food products face the competition from the open common market.

Only as we mentioned earlier most of the investments in modernization, especially when the current performance is far under the EU average in agricultural production will aim to intensify the production and could create on medium and long term an increasing pressure over the environment. Moreover, unbalanced development (through investments) can widen the gap between the two farming dimension and discourage farmers to continue on small scale. This unfortunate possible development has an important social dimension, with people giving up agriculture and through the environment maintenance, but also will demotivate the rural youth to remain or return to villages. There is still a defined "hope" that the available labor will move within the support of the Axis 3 and proceed to the rural economy diversification releasing the social pressure which potential can affect the rural area at the same time with an economical vacuum.

This earlier mentioned defined "hope" manifest itself via the diversification and development of the rural activities, including the tourism and via the serious improvement of the physical infrastructure. As if the agriculture is in poor condition for more than two thirds of the country then the possibility for improving the life standards in villages must be else-

where, in different activities. The entire Axis 3 of the NRDP refers to the quality of life in rural areas and the diversification of the rural economy. This axis aims to diversify the non-agricultural economic activities in agricultural households and encouraging the small entrepreneurs in rural area. The creation, the improvement and the diversification of the tourism facilities and attractions together with the creation and the modernization of the rural basic physical infrastructure have a central position in this axis. The total allocation for the mentioned core intervention areas amounts more than two billion euro for the entire programming period with three quarters infrastructure and one quarter tourism.

The diversification of rural economic activities is also supported via the transitory support for semi-subsistence farms and the measure addressing the vocational training, information actions and diffusion of knowledge.

Although investment needs in the rural area are still very high, in the pre-accession period the SAPARD Programme had a positive economic and social impact through the measure on diversification into non-agricultural activities. In accordance with the Monitoring Report - March 2007 - out of the 1.112 projects contracted within this measure, 73,7mil. Euro, 337 projects were finalized generating and maintaining 1.011 jobs, it is also estimated that until the end of finalization period for the rest of the projects approximately 3.336 jobs will be set up and maintained. By SAPARD Measure 3.4 "Development and diversification of economic activities generating multiple activities and alternative income" investments in rural tourism and other types of tourism (equestrian, mountainous, etc) were supported. These kinds of investments had the biggest weight in this measure. Thus, the monitoring report drafted in March shows that in the period August 2002 - September 2006, 727 projects on the tourism sub-measure were contracted with an approximate value of 64 millions Euro out of which 121 were finalized. From the total number of contracted projects approximately 13,000 accommodation bed places resulted and the finalized projects created approximately 726 jobs.

The support for the creation and the development of micro-enterprises in rural area via the NRDP aims to support by 2013 almost 10.000 enterprises, creating ~30.000 jobs. This will impact in approximately 2% employment growth rate in secondary and tertiary sectors in rural area only by this type of support. Furthermore, the encouragement of the tourism activities aims to add 2,52% employment growth rate by crea-

ting another ~40.000 jobs for more than 7,5 million tourist visits expected. Certainly, as we speak about rural areas the projected tourism activities have a breakdown by type, including agro-tourism, rural tourism and leisure tourism.

The third intervention path and probably most important in order to sustain and support the previously described measures to diversify the rural economy refers to the village renewal and development by improving the basic services for rural economy and population and upgrading of rural heritage. This measure, from far the most demanding in terms of financial allocation is also one of the largest supported in this respect, the total public expenditure exceeding 1,5 billion Euro. Over 5 million rural inhabitants from more than 1.000 communes are to benefit of the impact of actions and projects undertaken by this measure, accounting 50% of the target population. In physical terms this means more than 3.000 km of roads, more than 6.000 km of pipelines for water supply and 5.000 km of sewage pipelines. It also estimates over 4.000 jobs created.

All along the pre-accession period a series of rural infrastructure projects have been accomplished through the SAPARD Program (2.558 km of built and modernized roads, 4.918 km of water supply network, 863 km of sewerage networks) as well as projects focused on handicraft activities (19 handicraft units supported, within which 155 handicraftsmen work) the needs for village renewal and development remain quite important. The number of communes benefiting of support for basic infrastructure projects (roads, water and sewerage) was 821, of which 441 for roads, 295 for water and 85 for sewerage.

There is a serious challenge that the Ministry for Agriculture and Rural Development undertakes via the Management Authority for the National Rural Development Programme - the capacity to sustain these changes especially when the developments are occurring in parallel. Axis 1 and 3 do not compete with each other but aim to have a kind of complementary action, different that the programmes complementarities. This situation can release from agriculture a number of current operators, which will not have the financial capacity to implement the support granted via the first axis in order to grow and maintain the growth in agricultural or forestry activities and which will lose motivation to continue farming given the potentially low level of incomes. The angular stone of the programme is represented for this category by the possibility to develop parallel non-agricultural activities within the rural diversification measures. There is still one item to solve - the pre-finan-

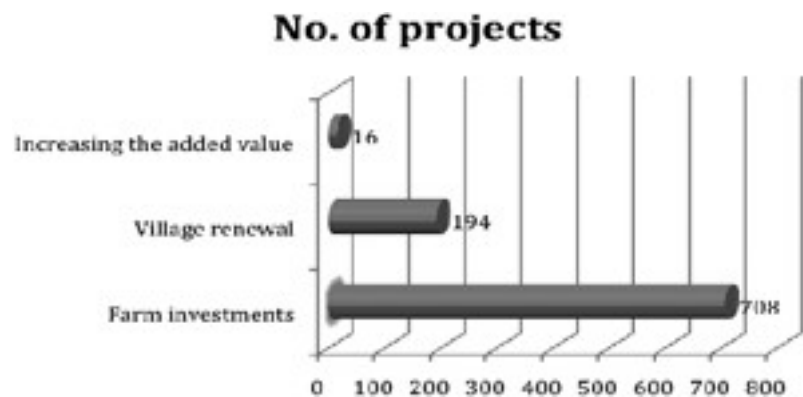
cing capacity of these applicants! Assuming certain number of them will not be able to support the implementation by advancing the expenditure within the Axis 1 it is highly probable that they will lack this capacity for the measures in Axis 3 as well.

Concerning the infrastructural improvement expected to occur by the end of the current programming period (2013-2015), the measure addressing the village renewal started already in March this year (2008) together with the measure for farm investments for the modernization and the measure for increasing the added value of the agricultural and forestry products. The first projects' call organized between the 3rd and the 28th of March gathered 918 projects amounting more than 700 million euro (728,71 million euro) for all the three opened measures:

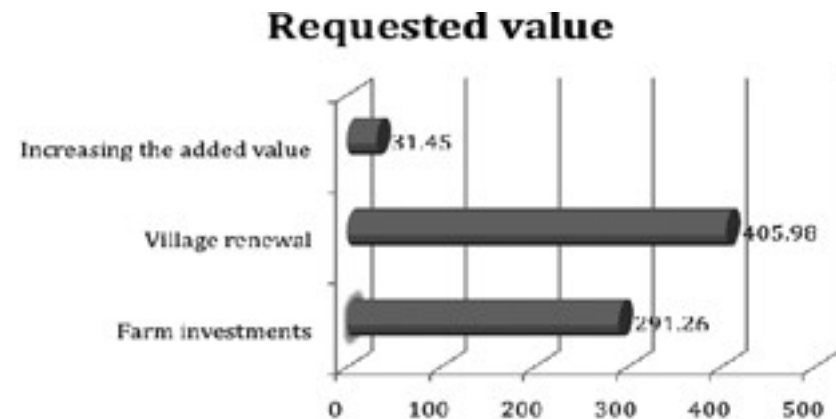
- 708 projects requesting 291,26 million euro for farm investments
- 194 projects requesting 405,98 million euro for village renewal, and
- 16 projects requesting 31,45 million euro for increasing the added value

The initial expectations regarding the monthly financial allocations, 194,31 million euro were from far over passed by the first round of projects submitted.

Number of projects submitted in March 2008 under NRDP in Romania



Requested value of projects submitted in March 2008 under NRDP in Romania



We should make a comment regarding the administrative preparations for the implementation arrangements regarding the village renewal measure, which mainly addresses the local communities. As the complementary funds from EAFRD are based on the principle of certified expenditure returned to beneficiary there must be a sufficient financial capacity to advance the expenditures. Specifically for the measure regarding the village renewal and the capacity of the local communities to pre-finance the infrastructural works, the measure provides that up to 20% of the eligible requested amount can be offered as advanced payment. Only the county administration was not aware of this possibility and therefore important amounts absolutely necessary to initiate the projects are not yet available. Let us have a gross estimation about the first round of projects submitted: 405,98 million euro means 81 million euro potentially as pre-financing. Imagining that one county has only 10 projects contracted this year with a normal requested amount of 2,5 million euro each, the total will amount 5 million euro advanced from the county budget and which was not previewed for this purpose. We believe that special emergency arrangements can be made to enable the rural communities to act timely and according to the project's declared schedule in implementation of the contracted projects.

Dr. Liene Feldmane

Rural development expert, Latvia

Improving life standards in rural areas and diversification of rural economy: how the CAP can contribute to reach these goals

Politic of rural development contribute to save country side as we know it. As agriculture is modernized and economy of EU became more guided on services, agriculture is not more so important source of working places. That's why now paying attention on farmers role in rural development, including forestry, biodiversity, diversification of rural economics with target to create alternative working places and protect environment in rural areas.

At the same time CAP is accommodating and lends financial support to new possibilities for farmers to grow plants for biofuel or biomass for producing electricity. But still agriculture is the main economic activity in the rural areas. Employment growth in other sectors has been sluggish, as the basic sectors of the rural economy have comparatively limited alternatives. The rate of jobseekers in the rural areas was lower than in the urban areas: 6.7% and 6.9% respectively.

A lower rate of jobseekers in the rural areas could be partly explained by the fact that the notion of employed comprises also persons for whom working at their individual farms and producing for their individual consumption is a substantial source of subsistence. Actual unemployment is considerably higher in the rural areas, as the rural areas are prone to some forms of hidden unemployment; e.g., the share of family members employed without payment in the rural areas, the share of part time employed.

The growing unemployment in the pre-retirement group of the rural population aged 50 years and older is a major problem. According to land balance data of the Republic of Latvia as of 1 January 2006, the area of agricultural land was 2.46 million ha or 38.5% of the total district area, including arable land took up 1.8 million ha or 72.9%, orchards 29 thousand ha or 1.2%, grasslands 226 thousand ha or 9.2% and pastures 410 thousand ha or 16.7% (In 2005 the arable land was 2% more than in 2006, but the pasture was 2% less in the same time). The total area of drained agricultural land is 1.6 million ha.

Subject to soil peculiarities, all territory of Latvia is suitable for grain cultivation. In each region it is possible to choose the variety/species of

grain which can be successfully grown in the particular climate and soil areas. Grain production is the main crop farming sector in Latvia.

Dairy farming is one of the basic agricultural sectors in Latvia, accounting for about 25% of agricultural production in Latvia. Despite the positive tendencies observed in the last years, the dairy-farming sector remains rather fragmented: about 50% of all dairy farms are small (up to 5 cows) and these farms hold about 39% of all dairy cows of Latvia. Only about 27% of cows belong to farms with the number of cows over 50.

Flax growing sector is the only traditional producer of natural fibre in Latvia, and all Latvia is suitable for the purpose in terms of agro-climatic conditions. During the last years, the sowings areas in Latvia gradually decreased; therefore, flax producers got comparatively big support payments. Yet this has not stimulated the increase of sowing areas. In 2006, flax sowing areas have decreased by 31.2% in comparison with 2005. Among other crop farming sectors, potato growing ranks third in terms of the agricultural land use to create the total value added of the agricultural sector. The area of potato and total yield has a tendency to decrease. In 2006, most of the area was used to grow potatoes for food and fodder, about 2000 ha were used for processing into starch and chips, 300 ha to grow certified seeds material.

Low intensity of agricultural activity at the countryside lays favourable impact on biological diversity; however there are large, abandoned areas of agricultural land, overgrowing with shrubs and weeds. This results in reduction of prevalence of grassland plant species that need occasional grazing, especially in swampy lands and wetlands where machinery cutting is impossible and the area is not needed for grazing land. Grasslands, alongside with overgrowing or transformation in arable land or perennial grasses, are endangered by potential afforestation because of their low productivity.

There are still lots of small farms and many people are producing agricultural products for themselves in Latvia. Many farmers sold land, but other are thinking and trying to grow exclusive production or have multipurpose farm and home made production.

We have not statistical information about this kind of farms, but here you will get some examples. For example - recently is to grow berries especially forest berries like cranberries, bilberries, cloudberries, only this kind of production is hard to transport. There for you can go and pick up berries by yourself. Story about one farmer family - they started with

strawberry growing, but the land was not so much and they cannot offer production to supermarkets as much as they wished. So they need to look for other opportunities. At first friends and relatives were coming and picked up berries for themselves, later came more people. It pushed owners to make small cottages for guests. There was a sauna which started to offer to guests too. This way step by step nowadays this is well known as Strawberry farm, because they offer food from strawberries even diet, SPA procedures, massages using strawberries of course all the year.

Very often you can see agricultural animal zoo - many kind of animals in one farm mostly used for extensive and biological farming. Popular is fur-bearing animal farms.

One more story about farmers who finished agricultural farmer being, nowadays they have hotel for dogs. This hotel is special one - they started with puppies' business and they take only their dogs in hotel. Small farm owners are active in rural tourism, offering rooms for seminars and other meetings. Others offer to try historical traditions like to bake bread, sauna and sauna traditions. Make open farms - place where you can learn and take a part in agricultural works.

The attractiveness of the rural districts is increased by their abundant cultural and historical heritage, traditions and still present craftsman skills. Investment into cultural infrastructure, including preservation of the cultural and historical heritage and cultural services ensures the availability of the minimum basket of cultural services in rural areas. Skilful use of the cultural resources promotes sustainable development. Underdeveloped cultural environment is one of the factors contributing to migration of the economically active part of the population to more attractive living environment, whereas high quality living environment also serves as a basis for economic and social activity in rural districts and promotes employment, business, education, local capacity and life quality. Latest information technologies provide excellent opportunities for development of rural tourism and other types of non-agricultural business. Poor access to the internet in the rural areas is a discouraging factor. Only 11% of rural population uses the internet as opposed to 29% of urban population, and only 16% of all users reside in rural area. Another factor is insufficient skills of rural business people to use these systems. Infrastructural problems is the biggest reason why big producing units and investors are not coming to country side, but stay maximum close to urban areas.

But at the same time there is popular handicraft business, especially for older people, like embroidery, weaving, knitting, basketry and potter's ware. As well home made production is developing - historical traditional food - pickled cabbage, horseradish, homemade bread, wild plants tea, beer, cake baking and others.

Example - rural woman established bakery where she bakes fresh and tasty bread, a small shop is near by and people can buy various kinds of bread and pastry. In addition she has created and opened Bread Museum with interesting exposition of bread history and baking tools. Home made food production is marketable for rural people as well as townies. For this rural business great support was financing from Rural Development Plan activity "Support for Semi-subsistence Agricultural Holdings". There was possibility to get 1000 Euro 5 years seriatim - it is not a big money, but enough for small farm, barn renovation or agricultural land cultivation or herd enlargement. Some rural entrepreneurs used this financing as well for agriculture change to some other kind of economy in rural areas.

We hope that at this planning period support from Rural Development Programme will help small farmers and untraditional entrepreneurs in rural areas. As sub-programme 3.1 "Diversification of rural economy providing alternative income". Within the framework of the sub-programme, several significant measures have been implemented to increase and diversify rural employment, increase employment opportunities outside the traditional agriculture and promote the use of renewable energy resources, thus decreasing unemployment, raising the income of rural population and providing more alternative income and employment opportunities. Good results have been achieved in the field of alternative fuel production. This relates to the overall economic restructuring to focus more on environmental requirements, as well as to a rapid growth of residential housing (private houses). As the commonly used infrastructure (gas supply) in the newly-developed villages is often poorly developed, individual heating systems have become increasingly more popular. Demand for alternative fuel is also growing.

The objective of axis 3 is to promote improvement of the quality of life in rural areas by supporting the development of the local roads and the infrastructure required by the local initiative groups, to diversify the economic activities as well as to preserve and develop the cultural heritage of the rural territories.

A range of local initiative and human resource development activities have been implemented in Latvia as a result of national and bilateral

cooperation programmes. These have created a basis for better understanding the bottom-up approach and helped to accumulate experience in working in local and regional level partnerships. The key players involved in these activities were the Ministry of Agriculture, Regional Development Agencies, local governments and NGOs.

Single Programming Document Objective 1 programme 2004-2006 measure 4.6 Local action development (initiative LEADER + type measure) was aimed at supporting sustainable local level rural development by raising the capacities (skills) of the local population and institutions, in order to develop LEADER approach, find new and better ways of addressing lasting and difficult-to-solve problems and use the opportunities, draw conclusion concerning the future rural development policy directions and gain a better understanding of the bottom-up approach.

The specific measure objectives were as follows:

- 1) develop capacity and effective administration skills at a local level to ensure the development of the LEADER + type approach in the local development context;
- 2) encourage rural community involvement in local rural development strategy development and implementation;
- 3) establish local action groups to implement local rural development strategies and projects.

At the end of 2006, the Ministry of Agriculture selected 28 partnerships that met local action group (LAG) criteria. 11 of the selected LAGs got training and methodology support; as a result, local development strategies 2007-2013 will be developed. 17 of the selected LAGs prepared integrated rural development pilot strategies that meet all the quality criteria and received financing for implementation of those strategies until 30.06.2008.

28 local action groups comprise 83% of the territory of Latvia qualifying for LAG formation. The operational territory of those LAGs envelops 724 243 inhabitants or 71% of those living on territories meeting the LAG formation criteria and 32% of Latvia's population.

In frame of LEADER approach social active people get new ideas and support to make their own business. For example Association of Rural Women of Latvia in collaboration with a bank had project - micro credits for rural women as start capital for entrepreneurship. Project worked in way - make small group (2-4) women who had idea what they would like to do. They choose first lady who get's this money (about

1000 EUR) and start's her business, but others are supporting her. After the action she gives money back to group and the second lady can start a business and so on, till all the group start they own business. Then money goes to next group. In this project many rural women becomes entrepreneurs - giving landscape designing, hairdresser, dressmaking, event organizing, education, jurist and book keeping services, growing mushrooms, opened sport hall and small agricultural activities.

Interesting are country traditions houses. For example - rural women has published a book about Latvian wedding traditions and created the Wedding museum. Her mother and father were involved in wedding ceremonies as an official wedding register and photographer, they also collected relevant information. Lady has developed it as a small business (assisting weddings, knowledge about ceremonies, practical advice). There are many good examples, but sometimes people are doing some interesting things, but no one knows about it. T

herefore Rural Network will be established in Latvia and it will help in experience exchange and good practices popularization. Also for working out rural development strategies for Leader programme, entrepreneurs are coming together in LAGs from different sectors and making dialog first of all between themselves and it gives hope that they can find common language about how to improve living conditions in rural areas where they are from and at the same time profit they businesses. At the end - CAP is working on improving life standards in rural areas in general, here I showed you that CAP programmes are working on small entrepreneurs not only as financial support giver but through example Leader activities it gives spiritual power and mutual support from "colleagues" and like minded.

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Multifunctional Bulgarian Agricultural Holding - Opportunity For Rural Economy Diversification

The purpose of the paper is to assess the condition of the Bulgarian holdings with multifunctional activity and on the basis of evaluation of good practice examples from different regions of the country to sug-

gest trends for rural regions diversification.

1. Multifunctional agricultural holding in Bulgaria.

During the last years research work of agrarian economists in our country gradually moved from the relatively narrow problems of expected outcomes from CAP implementation and compatibility of Bulgarian food products towards rural economy diversification. Special attention is drawn to opportunities for alternative occupancy in rural regions and to integrated development of rural regions.

The first results of our scientific works and of Census of the so-called non-agricultural activities held in 2003 show that only 4, 41 % of the total number of agricultural holdings carries out such activity. These agricultural holdings are almost 24 % of the holdings with size higher than 1 ESU and 63, 2 % of the registered agricultural producers during the same year. These data, as well as the results from different surveys depict the large interest of Bulgarian producers to the linked with agriculture and rural regions activities.

In Bulgaria during 2003 prevail agricultural holdings which deepen their participation in the agro-industrial chain processing agricultural products and/or realizing direct sales, mechanized services and other. They total 52 % (Figure 1). Among them biggest is the spreading of food processing (47,33 %), followed by producers offering mechanized services (33,54 %).

On second place are producers who chose different ways to use the resources of the agricultural holding and their household - 36 %. These persons develop activities like rural tourism, timber processing, production of renewable energy, fish-breeding, crafts and other. Together with other lateral activities (12,64 %) these agricultural holdings are the base for rural economy variegation, diversification of income sources of their own households and concede several necessary for the population services.

Data from Figure 1 were confirmed by the results from survey of agricultural holdings with multifunctional activity on the territory of 5 municipalities in Bulgaria held in the summer of 2007 (Kanchev, Doitchinova, Miteva, Stoyanova, 2008). According the survey (Figure 2) prevail producers who use the effects of integration of agriculture with agro-industry (38 %).

Considerable is the relative share of the holdings which at the same

time use the effects of integration with processing activities and services and simultaneously with this diversify their activity towards provision of different services, tourism (33 %) and other. On third place - 24 % of agricultural producers give their contribution for rural economy diversification but only 5 % produce for specific markets.

The comparison between five research regions discovered higher attitude towards multifunctional activity of producers from municipalities located close to large towns and in rural regions where grain crop production prevail. As main motives were indicated larger demand of quality agricultural products and variable services as well as the need to decrease the seasonality in the incomes and expenditures of agricultural holdings.

The research depicted considerable potential for multifunctional activity development. From 108 interviewed producers at the moment 50% developed multifunctional activities. At the same time 74 % from the occupied with agricultural activities express their intention to develop others, mainly in the area of agrarian tourism, direct sales and service provision.

Figure 1. Distribution of agricultural holdings per types of multifunctional activity

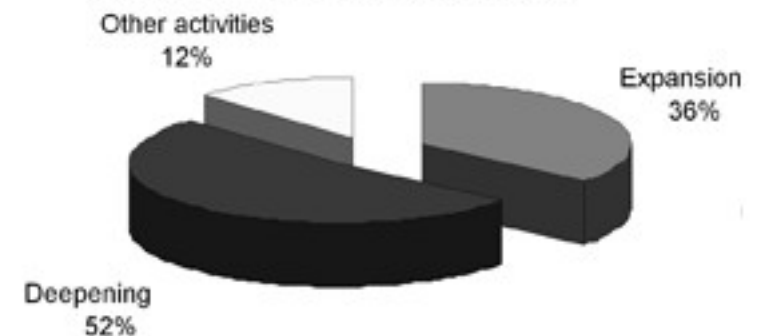
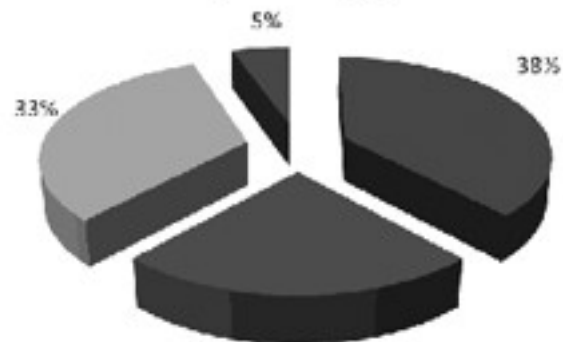


Figure 2. Distribution of agricultural holdings per strategy



2. Good practices for agricultural holdings development

Despite the great variety of multifunctional activities and opportunities to be combined with the production process from the point of view of the main direction for agricultural holdings development the scientific team formulated five main types of multifunctional holdings (Table 1).

Table 1. Types of agricultural holdings with multifunctional activity depending on strategy for development

Strategy for development	Type of holding with:
A) Expansion of capacity via services and vertical integration	Multifunctional activity in agro-industrial chain
B) Expansion of non-agricultural activity	Multifunctional activity in regional context
B) Expansion via multifunctional activities towards agro-industrial chain and non-agricultural activities	Multifunctional activity in regional context and in agro-industrial chain
Γ) Expansion via direction in specific agricultural cultures meant for production of bio-fuels or specific markets (organic production)	Multifunctional activity directed to protection of environment and consumers' health
Δ) Expansion of usage of resources and results from agricultural production process	Use the results from the agricultural production process for increase the quality of life of household members or micro-environment or work places in the enterprise

Strategies of Type ?

Example of Strategy ? is an agricultural holding in Silistra municipality with specialization in grain crop production on 700 ha. The holding carries out agrochemical services, trade with fertilizers, provides consultancy services and produces bread and pastries. The holding is registered in Silistra town although part of the agricultural land is located in the territory of other municipalities. The production structure is typical for the region - wheat (around half of the land), sunflower and maize (for seed production and corn).

Part of the land is leased, the contracts are for seven years and lease payment is 75 euro/ha. When having good year additionally is provided 5 l vegetable oil or 10 kg flour per ha.

During the last years the owners actively looked for opportunities to modernize the applied technologies - one combine harvester is bought under SAPARD project and two tractors using programs of Fund "Agriculture". At the moment the agricultural holding has three tractors, two combine-harvesters, sprayer, fertilizer-sprayer, warehouse and silo for grain keeping. Constantly occupied are 10 persons, from who 4 machine operators. The family working force is of 3 persons - two parents with master degree in agronomy and their 28-years old son - with master degree in marketing.

The production cycle from grain to bread is closed, as grain is processed in their own mill which secures flour for the three bakeries of the company located in the near-by villages.

The managing owner is 55 years old and is defined as a representative of the diversified type of farmers, who as a rule give priority to servicing and processing activities linked with agriculture which put additional value to the value of the main product. The relative share of non-agricultural activities is in the limits of 60-70 % from household income.

Another example from the same type with relatively bigger spreading is specialized cattle farm in Brezovo municipality, Plovdiv region which combines mechanized services. The holding is registered as an agricultural producing on the name of its owner - George Rusinov.

The holding was established in 1992 with 8 cows and 3 calves received after the liquidation of the local agricultural cooperative in the village Boretz and started the activity in a shed designed for sheep. Later the shed was reconstructed and was installed a central milk pipe distribution and gathering system. In 2007 were bred 71 cows and 35 calves with the purpose from the next season 100 cows to be bred in the holding. Was licensed a milk gathering facility - at the beginning ??? category, after fulfilling the requirements - first category. The milk-yield is around 4000 l.

The fodder is producer over 200 ha of mainly leased land with the help of one combine and three tractors. In the holding are engaged 4 household members, are hired 2 herdsmen and 3 tractor-drivers, as well as different number of part-time workers when packing in bales.

The relative share of the non-agricultural activities is the limits between 15-20 %.

The owner is 43 years old with high zoo-technical education, he is actively looking for information and consultations, participates in different seminars. In 2006 he was awarded the title "Farmer of Thrace". Agribusiness entrepreneurship type with attitude to change the specialization to calves fattening and preserving the requirements of the so-called organic farming.

Another similar holding is a specialized cattle farm in Tutrakan municipality which provides mechanized services as well. In the agricultural farm in Sianovo village are bred 40 cows and 33 calves. The sheds were bought after the liquidation of the agricultural cooperative and were reconstructed. The milking is with central milk pipe distribution and gathering system (the milk yield is over 4000 l average per year); the cleaning is mechanized via band throwing manure. A milk gathering facility was licensed.

The fodder is producer on own and leased land. The working processed are done with own tractor and for gathering the harvest are used combine-provider services. The tractor is applied for mechanized services as well - more often for provision of transport services.

The personnel comprises of 4 family members (the two families of Nedevi brothers) and 4 full-time workers.

They are used credits from trade banks and receive subsidies offered by Fund "Agriculture".

The agricultural producer is between 35 - 44 years old with high technical education and long practical experience in agricultural production. According to his assessments the relative share of non-agricultural activities is ranged between 20-30 % from holding income.

Strategies from type B

Example for activity diversification is the established specialized sheep farm combined with rural tourism. The holding is registered as "Zlatno runo" Varshilov partnership. In the farm are bred 1200 sheep, including 900 sheep-mothers. Was built an edifice for rural tourism with capacity for 10 tourists. At the moment are building a dairy farm on altitude of 1400 ? over sea level for yoghurt production.

The personnel consists of 4 family members and 8 full-time workers.

The relative share of the income from rural tourism is estimated on below 10 %.

The managing owner is a representative of the multifunctional ecological farmer type, aged between 54 to 65 years with higher animal-breeding education.

Another example of strategy B is of agricultural holding specialized in production of vine planting material and grape, combined with wood processing and production of furniture and rural tourism. It is located close to Semchinovo village, Septemvri municipality on an 11.8ha of own irrigated land. Was registered as a Sole Trader Rumien Michev. The main activity of the agricultural holding is wood processing and furniture production combined with vine planting material production, production of grape and vegetables. The relative share of income from non-agricultural activities ranges between 70 and 80 %.

The furniture production is contract based and they furnish hotels, cafeterias, private and office building.

Part of the vines is young and is still not grape-giving. When defining its variety structure was taken into consideration the future intention for building a wine cellar together with other family members. The brother of the agricultural holding owner has higher engineer education in agro-industry and currently is developing hotel business in a neighbor municipality.

Part of the equipment (tractor and tractor-driven equipment) of the agricultural holding is obtained via project on SAPARD program.

Rural tourism activity consists of providing three rooms to organized tourists from EU (mainly from Germany).

The owner of the business is aged between 35-44, with higher technical education (machine engineer) and preliminary professional experience working in the agricultural holding of his parents. The farmer is classified as a representative of the multifunctional technological type. He is a member of an organization of producers of vine planting material, as well as of group for rural tourism promotion in Semchinovo village, which unites households offering rooms to organized tourists.

Strategies from type C

An example of strategy C is an agricultural holding with narrow specialization in vine-growing, which do own wine production with own and bought grape, direct sale of small series of boutique wine and metal-work services. It is located in Brestovica village and is registered as wine-cellar Bonini.

The holding was specialized in production of grape and metal-works services for more than 10 years. In 2005-2006 was built and installation for production of wine and vessels for wine fermentation and preservation with capacity of 100 t. All machines and equipment are elaborated by the workers from metal-work facility. In 2006 were produced 30 t

high quality wines. In the same year they participate in Vinaria Fair where their wine took the second place in the "Rubin" variety.

The relative share income from non-agricultural activities is over 80 %.

The managing owner is 52 years old with higher engineer education. The lack of knowledge and experience in wine production was the reason to hire a specialist who elaborates the assortment list.

The owner is among the group of farmers from multifunctional technological type and he is highly motivated to restore the interrupted 60 years old family tradition in wine production and trade. For this purpose was restored the cellar for wine maturing and was built a tasting hall.

The intentions of the producer are directed to increase of its own vine massive and to build stable contract-based relations with grape producers from the region for securing constant high quality of the raw material. The strategy for development is aimed at production of small series of high quality boutique wine for the local and international market and as a long-term prospect - participation in different networks and initiatives for wine tourism.

Semptemvri municipality - Agricultural holding with mixed animal husbandry specialization, producing hand-made yellow cheese, making direct sales, developing rural tourism, fish-breeding. It is situated in the country, between the villages Vetren Dol and Lozen. The holding was established in 1992 when the Tahtakov's inheritors received buildings erected in the 30-ies in which was the biggest in Bulgaria mill for red pepper and other spices.

The holding developed using the land near the buildings as mixed animal husbandry farm breeding cows, sheep and pigs. For a short period of time (3 years) were bred pedigree cows and pigs. One of the buildings was reconstructed and was built and licensed milk gathering facility and small dairy farm.

The existing residential building was renovated and expanded and were equipped guest rooms (6 rooms with 20 beds) and restaurant with capacity of 50 places. It is surrounded by a channel used for fish-breeding to satisfy restaurant needs and the desire of guests to catch fish.

In 2007 "Tahtakov NC" Ltd. was bred 44 cows, 14 calves and 35 sheep-mothers. On 15 ha of own land is cultivated part of the fodder, and the grain fodder is bought. From the produced milk in the dairy farm is hand-made yellow cheese sold directly or via retailers in Sofia. The restaurant and tourist facility work on an advance booking system. Full-time engaged are 2 persons from the household and 4 hired workers and for the restaurant temps are used. Thus people working in other restaurants in Pazardjik or in the near-by villages are temporarily hired. For the development of the activity several credits from the trade banks were taken, are used credit lines from Fund "Agriculture" as well as sub-

sidies for breeding pedigree animals, milk production and other.

The relative share of the non-agricultural activities varies between 50 and 60 %.

The managing owner is over 60 years old with higher education as construction engineer. Until 1992 she did not possess any experience linked with agriculture but actively looked for consultancy help, read appropriate literature and participated in different forms for education, provision of information organized by the municipality and state.

Strategies from type D

Family agricultural holding in Brezovo municipality is specialized in the so-called organic farming and production of essential-oil cultures and cultivated herbs combined with fish-breeding. The holding is in a process of certification started in the spring of 2007. In holding are cultivated 0.5 ha of oil-bearing rose, 0.8 ha of different herbs and 0.3 ha of vineyard.

For the development of the fish-breeding is hired a municipal reservoir where 3 species of fish are bred. Under these conditions the relative share of the non-agricultural activities is around 40-50 %.

In the agricultural activity participate 3 household members and one is specialized in fish-breeding activity.

The owner is 44 years old and his intentions are linked with an increase of plots for organic farming and fish-breeding.

Strategies from type E

Agricultural holdings using the additional production of the agricultural production via development of linked with agriculture activities which increase the quality of life of the household itself and its income exist in all regions of the country. This is practically expressed in production of bio-fuel for heating, use of solar energy for water heating and other activities, use of wind energy for production of electricity.

It is necessary to promote the successful decisions in the area of usage of non-traditional energy sources and of waste products from the agricultural production process in household life by ecological organizations and by professional NGOs of agricultural producers. If other rural households in the region are interested these activities can create occupancy and to become sources for additional income for enterprising persons.

These examples depict the large variety and possibilities for combining agriculture with other activities in typical rural regions of the country.

3. Opportunities and prospects

The transition from multifunctional agriculture requires creation for conditions for vast community support and regulations at least in three aspects. The later can be summarized as:

- . Advice and institutional measures;
- . Regulators and law measures
- . Economic instruments

The first group of measures is linked mainly with improvement of the informational business environment. To this end it is of particular importance to expand the scope of activity of the National Advisory Agricultural System and establishment of preconditions for provision of information to agricultural producers and implementation of good production practices by the largest number of producers in the region. Together with the variable informational and educational seminars which traditionally were organized during the last years mainly in the big towns the regional offices of NAAS should activate their activity in the municipalities and particularly in the large villages with potential for development. For this it is necessary actively to use the opportunities offered by the Measure "Consultancy services for improvement of the human potential in the agrarian sector via transfer of knowledge and abilities improvement.

For consultancy services should be used the opportunities offered by the National Centre for Agrarian Science and its agro-technological parks which could develop and maintain appropriate for the region types of cultures, technologies for their breeding and other. Agricultural producers should be informed for the recommended fertilizers norms and for other technological decisions which take into consideration the legislative limitations for the different type of activities.

The instruments of the agrarian policy should be used to secure high quality and healthy foods and to create conditions for improvement and preservation of landscape and environment quality as well. For this agricultural producers will be financed by Measure "Adding a Value to agricultural and forest products" which purpose is to improve the economic status of the enterprises in food-processing and forestry sector via better use of the production factors. This is possible to be obtained via implementation of new products, processes and technologies which led to improvement of quality and food safety and preservation of the environment. The measure supports investments in tangible and non-tangible assets which improve the overall work of the enterprise and can referred to: processing and marketing of products; development of new products, processes and technologies for products; investment for implementation of Community standards; adding of value to forest products linked with the use of the wood as raw material - for working operation before the industrial processing.

The help for investment in non-agricultural activities, as envisaged in the Program for Rural regions development will facilitate their penetration or their expansion in sectors with high potential for market increase. This

will create additional income for agricultural producers and will re-direct work force to more productive activities and thus will diminish the problem with the insufficient occupancy.

The development of the integrated rural tourism is another activity which is object of support by the state policy. In order to facilitate the opportunities for direct and non-direct income and occupancy from provision of tourist services in rural regions it is needed to support the establishment and marketing of competitive tourist products and the development of local networks of service providers, owners of the products. Investment support is needed for the establishment of appropriate amenities for the visitors.

In the Program for Rural regions Development 2007-2013, the National Agro-ecological Policy will be implemented via the Measure "Agro-ecological Payments" which is one of the measures of Part1 ("Measures aimed at sustainable use of agricultural land") of Priority Area 2 ("Improvement of environment and rural nature - management of land") of Regulation 1698/2005 for development of rural regions.

The second purpose of the Strategy for development of the rural regions in Bulgaria for the period of 2007 - 2013 from the National Strategic Plan is linked with development of agricultural methods aimed at preservation of environment, compensation of producers from mountainous and other non-favored regions for preserving the land in good condition and deterring the migration from these regions. Is directed towards obtaining the European strategic priority "Improvement of environment and rural nature".

The Measure "Agro-ecological payments" consists of 5 sub-measures which reflect the specific purposes. In 2007 the measure started implementing the following sub-measures and activities: Organic Farming (Organic crop production and organic bee-keeping); Agricultural lands with high natural value; Landscape characteristics (Traditional cultivating of orchards); Traditional animal husbandry (Preservation of endangered local species, Mountainous animal breeding); Preservation of soil and water (Implementation of crop rotation for soil and water preservation; Control of soil erosion).

The measure Payment for natural limitations for farmers in mountainous regions is designed to compensate the additional expenses and lost income of agricultural producers due to the limitations for agricultural production in the respective area. The geographic coverage of the measure are mountainous regions with average height over sea level of 700m; with average slope of the ground of minimum 20%; with average height over the sea level between 500 and 700 ? combined with an average slope of the ground of minimum 15%; are united villages or group of villages neighbors of the mountainous of which minimum 75%

of the ground has boundaries of mountainous land. The group of villages which is united should be with total area less than the average area of village in the country.

For these conditions can qualify 38,13 % of the villages in the country. More than half of them (55,06 %) are situated over 700 m of the sea level. Differentiated level of payments depending on the size of holding which decrease from 100 Euro per ha for land up to 50 ha, to 40 Euro for the holdings with land between 50 and 100 ha. The holdings bigger than 100 ha can not apply for compensations.

The second purpose of the strategy for rural Regions Development for the period 2007 - 2013 from the National Strategic Plan is linked with development of agricultural methods aimed at preservation and keeping the environment, compensation for producers from mountainous and other non-favored regions for keeping the land in good condition and deterring the migration from these regions. It is directed to reach the European strategic priority "Improvement of the environment and rural nature".

As natural limitations which influence negatively the income of agricultural producers are the yields and income from the low productive agricultural land in these regions.

Geographical coverage - Coverage of the non-favored regions different from the mountainous. Low productive agricultural land on the territory of the village - the average land category indicator should be lower than 80% of the average category for the country - fifth - thus the measure is applicable for regions with land category from sixth to tenth. Are included regions with specific limitation - villages close to the foreign border of the EU. The support will be done in a form of a compensation payment per ha aimed to compensate the losses of agriculture realized in non-favored regions. Differentiated level of payment depending on the size of the holding ranging from 50 €/ ha for holding till 100 ha, from 20 €/ ha for holdings from 100 to 200 ha and zero compensation for bigger holdings.

Despite its relatively small territory Bulgaria includes parts from 3 biogeographical regions - alpine, black sea and continental. The varied relief, geology, specific microclimatic conditions and the millenary human activity on the territory of the country define the vast biodiversity of species, natural places, most of them with considerable value. Bulgaria is among the first five countries in Europe per riches of biodiversity. For its preservation of prime importance are the activities of the National ecological network (NATURA 2000). The Measure Payments under NATURA 2000 for agricultural lands is designed to stimulate the users of agricultural lands which are included in the ecological network NATURA 2000 to apply specific measures and activities securing the pre-

servation, maintaining and/or restoration of favorable condition of wild species and animals and natural places.

The obligations of beneficiaries of NATURA 2000 are to preserve the obligatory requirements for management according the Good Agricultural and Ecological Conditions; to preserve the limitation for land use included in the land plans of NATURA 2000; to execute the limitations imposed with the Plans for Management of Protected Zones. The beneficiaries receive compensations to cover the expenses linked with execution the limitations imposed in the Plans for Management of Land included in NATURA 2000 if there is a plan or the limitations imposed in the Orders announcing these place as part of NATURA 2000.

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