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How the CAP takes the challenges of Lisbon strategies

International Meeting

17 / 18 December, Villa Malfitano, Palermo

"The rural development policy in the framework of the CAP: increasingly integrated strategies to ensure an overall development of rural areas"

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*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.



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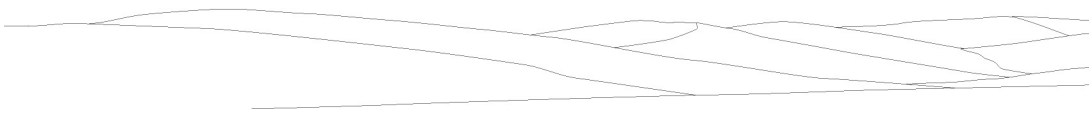
Introduction

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": AGRIBUSI-CILIA, 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.

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

~~The rural development policy in the framework of the CAP: increasingly integrated strategies to ensure an overall development of rural areas~~

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

Slovakia:

Faculty of Agriculture, Nitra Region



How the CAP takes the challenges of Lisbon strategies

Dr. Gaetano Cimò

Director Area Planning Department Posts Structural "RDP 2007-2013 Region of Sicily"

Good morning to all the attendees, to the speakers at this table and to the foreign partners. I would like to thank Carrefour for having invited me to this meeting.

I will try to briefly describe the key points of the Sicilian RDP so as to clarify the structure of the programme.

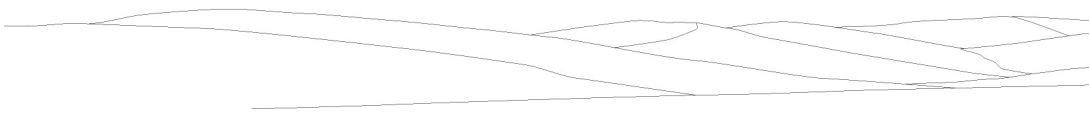
All the colleagues working on the planning activities in other regions are well aware that the 2007-2013 programming period entails a top-down approach. This means that, besides strategic guidelines, there are numerous EC regulations which the national strategy plans have followed. I believe that national programming activities are quite well-built in the states whom we are currently being confronted with. However, the approach is top-down for them too, as the way measures are formulated is strongly bound by Community regulations.

It is obvious that each Region, each area has to adjust the contents of the programme to the guidelines set out by the European Commission and, as it is our case, by the national government.

There are few but highly significant key words pertaining to the new programming activities. More specifically, decoupling, as the rural development policy is strongly conditioned by the CAP reforms, both the one related to the first pillar in 2003-2004 and the one which is presently under way through the CMO modification.

Cross-compliance is an extremely conditioning element: it is basically a pre-requisite for the participation of any business, especially as far as measures of Axis 2 in the new rural development programmes are concerned, i.e. the axis dealing with land protection and environment-related measures.

Another key word is multi-functionality which mainly refers to the third Axis of the new programming activities. This axis concerns the diversification of farms by means of off-farm activities and, on the whole, is aimed at the development of rural areas.



Besides the words mentioned above, there are some others which refer to the various axes of the RDP, and I will focus on them later on in my speech.

As you know, in compliance with the EU ruling, the Rural Development Programme is made up of three main axes plus a fourth one which representing a cross-cutting approach to the Programme: the Leader approach.

Axis 1 regards business competitiveness. Therefore, it is aimed at the development of businesses.

Axis 2 pertains to land and environmental protection.

Axis 3 pertains to the diversification of economic activities within the rural framework, i.e. in rural areas.

Axis 4 is the Leader approach.

I do not know whether the other Countries, whose representatives are attending the meeting today, have experienced other kinds of organisation and integration at local level, which are similar to the Leader approach. Such activities could be carried out with the support of development agencies or through other EU-funded programmes, such as Sapard, which provided for the involvement of local stakeholders as main characters in the development of their own territory.

However, let us try to go about things methodically, and to focus on the main aspects of the Sicilian RDP sticking to the time available for my speech.

- As to **Axis 1**, the Region is planning to cope with the regional sustainable development of agriculture and agri-food-stuffs industry by pivoting mainly on competitive, market-oriented businesses.

From such a standpoint, the programme is useful to support the development of human resources and, hence, skill acquisition and professional growth of entrepreneurs, farmers and agriculture workers in general. Furthermore, support will be provided to train technicians, professionals and civil servants who are in charge of the programme measures pertaining to technical assi-

stance.

It is evident that we have to use a systemic approach when dealing with rural development policies. In other words, we have to tackle every aspect and organisation within the development-fostering system which is made up of entrepreneurs, civil servants and local stakeholders.

The system of competitive businesses must not disengage itself from the promotion of high-quality products, particularly in Sicily. We have a very wide range of high-quality products in Sicily, acknowledged at European level. There are many in the wine, oil, and other agri-foodstuffs sectors; these are the flagship products of the Sicilian economy and must absolutely be promoted and fully enhanced from the marketing viewpoint.

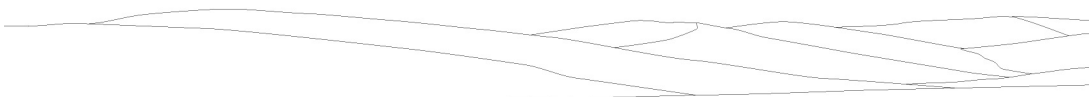
Besides the actions provided for by the single measures, the RDP set out 2 kinds of assistance packages to put together the measures and the stakeholders involved in order to foster the products mentioned above and to promote an integrated approach to competitiveness as for axis 1.

The first is an integrated supply chain package which can be entirely implemented within Axis 1. It combines more than one measure from this axis, starting from those which support investments in training up to those connected to business consultancy and investments which regard the improvement of business facilities and modernisation of enterprises. Of course, this means that we can range from more intangible aspects pertaining to services, such as training and consultancy, to more down-to-earth ones concerning infrastructures.

Stakeholders are allowed to network to put forward a set of interventions which can use resources from the programme measures. In this way, a kind of cross-cutting agreement is achieved within the same axis. Hence, both as for high-quality products and supply chains, some tools may be set up to enter agreements with the final segments of the network (such as on distribution, or even beyond the agro-industrial level, on the production of end products to be launched on the market).

The second package we are suggesting to introduce in the RDP is the so-called youth package. This is carried out through the





measure supporting the establishment of young farmers who are starting up a farming business for the first time and are under the age of forty.

In this case, the package provides not only that the installation allowance is granted but also that it is compulsorily combined to at least one investment measure. This is because we have verified that, in the present programming period, the installation allowance alone is not enough to support young farmers who are setting up a farm for the first time. Thanks to the package, the young farmer is also stimulated to reinvest the allowance in the farm activities. The minimum investment allowed is equal to two times the amount of the allowance granted.

Therefore, young farmers are given an installation allowance, on the one hand, and a grant which is 50-60% of the overall amount of the investment to be made. Hence, the allowance balances the share of private contribution, making the incentive more interesting.

In fact, young farmers succeed in repaying the part of private investment by using the allowance we grant them.

The package is a highly significant tool of the programme as it helps many young farmers to start not from the allowance alone, but to go further and try to modernise the farm and orient it towards the market.

In many cases, such an instrument could help to overcome the objective difficulty that farming holdings have to face so as to fulfil the minimum Community standards in terms of environment, hygiene and animal welfare. For example, these investments could be made so as to comply with EU regulations and to get off on the right foot, i.e. start the business activities abiding by the law.

Besides these main new elements, the measures of Axis 1, as already mentioned, are aimed at improving the professional skills of human resources who work in the agricultural sector, as well as at improving the relevant services, including advisory services.

More specifically, in accordance with the EC Regulation No. 1782/2003, advisory services are devised to meet the minimum requirements in terms of cross-compliance: support is provided

with priority to those businesses which have right to the agro-environmental premium of Axis 2.

Furthermore, there is a measure which contains infrastructural actions, some of which are inter-company ones and, thus, meant for individuals, and others which are public, such as the agro-meteorological information service set up by the Regional Ministry of Agriculture and Forestry, and other complementary services like IRRISIAS which offers a service relative to the optimal use of water resources for irrigation.

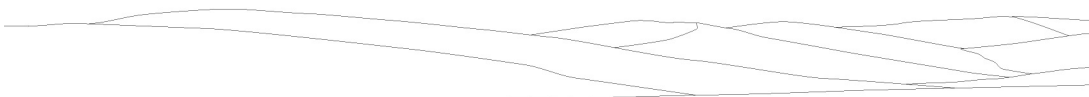
Among the measures aimed at enhancing the physical potential, the most important ones are those regarding investments in the farming and agri-foodstuffs sector. In such cases, there are some minimum requirements that businesses have to fulfil, not least that of a basic minimum profitability: as to businesses in normal conditions, this value is set at 12 ESU (European size unit) whilst it is set at 10 ESU in disadvantaged areas. As for young farmers, this value is further reduced to 8 ESU, also in order to enable those who established a business in the 2000-2006 programming period to participate in the investment measures of the present one.

- With regard to **Axis 2**, which refers to Land and Environmental Protection, the key words are: desertification, climate change, CO₂ reduction and biodiversity, which represent the objectives inspiring the Region's actions within the framework of this axis.

The objective of land protection includes both the problem of desertification and that of soil erosion. The latter is highly elevated especially in the innermost areas of Sicily as well as in the hilly and mountainous ones, that is, those where the Natura 2000 areas are prevalently found, those of high natural quality, to which priority will be given regarding, for example, agro-environmental measures.

With regard to biodiversity, the aim is that of supporting both private and public initiatives to preserve vegetable species threatened by genetic erosion and animal species in danger of extinction. This can also be carried out through private invest-





ment, for example, in the case of particularly valuable crops in a region owning an extremely rich plant gene pool.

A reference point is the 'farmer-guardian', i.e. a farmer whose task entails looking after particular types of vegetable species which are, in some cases, at risk of being neglected or are genetically important due to their organoleptic characteristics, to their typicalness, or to their land of origin. Let us try to support these farmers with allowances which help them face the managing cost of these crops and through real investments in equipment, systems or to create crop collection plots for varieties to be preserved.

Remaining on the subject of biodiversity, climate change and CO2 reduction, the Programme provides for a strong regional action on woodland increase to be carried out by means of forestry measures. If compared to the national and European average, wooded areas are quite poor in Sicily, covering about 12-13% of the region. The national average is more than twofold, being of about 28-30%.

It is therefore essential to increase the regional woodland for reasons pertaining to climate change, environmental protection and biodiversity. Moreover, this year has been particularly difficult due to the forest fires which raged above all in the Province of Messina. Due to a climatic factor, risk of forest fires is very high with respect to other countries, even with respect to the countries represented by our guests here today, and we must, therefore, intervene seriously so as to reduce the phenomenon by increasing prevention against it.

- Let us now shift to **Axis 3**, whose measures correspond to two important Community objectives, namely employment increase through the creation of new jobs in rural areas, and improvement of the quality of life in such areas.

The RDP focus mainly on the first objective, by financially supporting in a consistent way the measures connected to green tourism and the diversification of economic activities, both as for in-farm and off-farm activities. For instance, it could be used to boost trade services, which are useful for the creation of smaller

supply chain or to start handicraft activities linked to agriculture or else international tourism circuits connected to food and wine itineraries through the creation of regional 'wine or oil routes', with the aim of promoting rural areas, their traditional local productions as well as their typical features.

As to the Leader Approach, axis 4, five measures from axis 3 will be included which regard the diversification of economic activities and the improvement of services and quality of life.

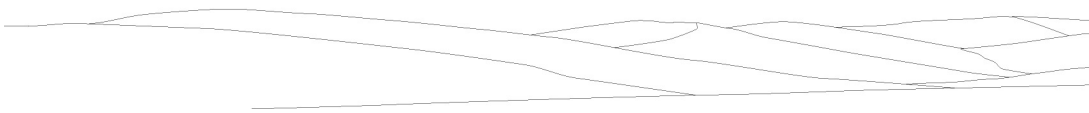
Among the actions provided for by the axis, services for the population will be implemented as well as basic tourist infrastructures, which are functional for the development of areas involved in the Leader approach. A bottom-up approach, typical of Leader, is used in such areas by means of local action groups. As in the present programming period, the groups will be bringing together both public and private stakeholders so as to define a joint strategy for the local development of area they refer to.

This is, in brief, the strategic structure of the RDP. From the programmatic-technical perspective, it must be supported by a kind of strong governance and by key operational instruments such as the communication and the training plan. Both plans should be targeted not only at experts, farmers and entrepreneurs, but also at civil servants. In fact, it is crucial to develop specific professional skills at the public administration level to pave the way for business-supporting initiatives.

The Communication plan will have to be very firm and much more definite than the one which has been implemented in the 2000/2006 programming period.

In fact, dissemination of information has been lacking, particularly at farm level, as information has been provided only to experts who, however, represent the information relay offices of a given area. If, on the one hand, we have to strengthen communication actions, on the other, our main target should be the training of entrepreneurs so that they can improve their skills, because they shall seize new opportunities and understand the constraints of the new programming period, from the rules on cross-compliance to the standards regarding environment, hygiene, animal welfare and agricultural sustainability.





Hence, we have to use all the instruments available so as to try to involve as much of the territory as possible in the development policies to be implemented. In terms of governance, this is something Euromed Carrefour Sicilia is actively participating in, by having organised this meeting.

A further activity which has begun is relative to the simplification of procedures. Furthermore, such simplification can be used to improve the procedure concerning calls for tenders about gathering and selecting projects; we are thinking of calls for tenders with an open, periodical deadline. Every six months, businesses will have the opportunity to submit projects whilst administrations shall examine them. All this obviously means great commitment because Administrations will have to stick to time available for assessing projects and businesses will have to submit projects which are operational, feasible and easy to be carried out within the defined time.

In the present programming period, we have found that the time span from the submission to the moment a project is started may also be up to 3-4 years, both due to a slow civil service and the delay in collecting the papers required from experts and businesses. This is obviously incompatible with the timing of Community spending because, as you all know, in the new programming period as in the current one, the $n+2$ rule puts at risk the Community and national financial resources to be allocated for the Programme. Currently, the Regional Administration is engaged in the new programming activities, but is also busy with the closing balance of the POR last financial year; therefore, the challenge we are facing is that of avoiding the risk of losing financial resources on 31st December 2008, and that of putting the new Programme into action within the time set.

Another of the critical elements is that relative to credit support. This is a very important factor, I believe it is also important for the colleagues from other European regions attending the meeting, and whom I invite to reflect on this aspect. During the current Programme, we have had several cases of abandonment of claim from entrepreneurs who were beneficiaries of the grant, but unable to repay the investment. Despite substantial grants (40-50-60%), businesses do not have the financial capacity to

repay their remaining share of money which is due. This is a big problem as it often arises after that time and money have been spent by the Administration to make their projects operational. Working hard up to the moment when the investment is about to be used and then realising that a business is 'dropping out' is a defeat for the programme and represents a critical issue in financial terms - also in the light of the peculiar moment agriculture and the agri-foodstuffs industry are facing. This is much more true when considering that the programme is designed on projects which develop over a period of time and on which expenses are determined according to the progress made. It is necessary, therefore, to support businesses by favouring their access to credit. In such a sense, a cooperation project is being launched with Ismea and banks at national level in order to support, in the form of guarantee, the credit to enterprises, as for the part relating to private part-financing.

Thank you for your attention.

Dr. Serena Tarangioli

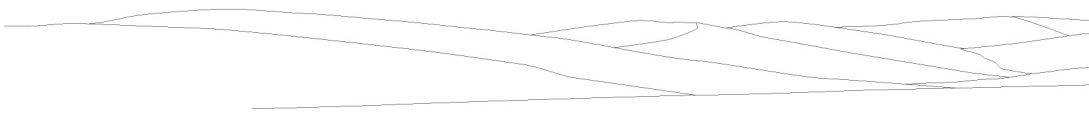
Research Worker for the 'Istituto Nazionale di Economia Agraria' (INEA)

Innovations in the rural development policy 2007-2013

The difficulties encountered in managing the 2000-2006 programmes, the long-lasting CAP reform process and the enlargement of the European Union to 10 new member states of Eastern Europe have played a key role in determining the new structure of rural development policies.

The 2003 CAP reform gave rise to a rethink of the policies connected to the first pillar which, as regards rural development policies, were translated into a stronger version in terms of strategy and funding¹, even if in a limited way. On the other hand, the accession of 10 new member states to the European Union has led to:

¹ The EC Reg. no. 1782/03 provides for the transfer of financial resources from the first to the second pillar of the CAP through the mechanism of modulation.

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- the process for simplifying planning and management procedures and strengthening those regarding control and evaluation in order to allow transparency;
 - the reinforcement of the strategic approach to the policies so as to fulfil the need for consistency and coordination between rural development initiatives across the 27 EU member states.

In terms of rural development, and through the Council Regulation No. 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), a new Fund was created to finance the second pillar of the CAP. The fund substitutes the dual financial system of the EAGGF, Guarantee and Guidance Section, which was used during the 2000-2006 programming period.

The new regulation simplifies the programmatic framework and, in many ways, is inconsistent with the current programming phase. According to the logic "one Fund - one Programme", the EAFRD provides for a single national or regional programme embracing the interventions once included in the ROP² and in the RDP² as well as the assistance criteria in compliance with the LEADER initiative.

The national or regional planning shall be integrated within a comprehensive and shared programmatic framework. Moreover, one of the innovations brought about by the 2007-2013 programming period is a greater strategic approach regarding assistance policies which should be translated into clear objectives, well-defined and coherent strategies as well as adequate actions allowing evaluation of the results.

Identifying a strongly strategic approach entails identifying some priorities which, although taking into account the objectives of each member State, define a joint development process for the

² Regional Operative Programmes (ROP) of the objective 1 Regions, which planned the 2000-2006 Structural Funds resources and entailed actions for socio-economic development co-financed

whole European rural territory. The strategic approach is developed by selecting a limited number of objectives which are closely connected to the political priorities of the European Union (economic development, employment growth and environmental sustainability) and by devising an intervention strategy both at European and national level.

Accordingly, the new regulation provides for the adoption, by the European Commission, of Community Strategic Guidelines (CSG) for rural development in the light of the Community political priorities. The guidelines make up a joint strategic framework which is binding on any action carried out in favour of rural development. It is not by chance, in fact, that its adoption is decided by Community ruling.

The Community Strategic Guidelines³ outline the main EU assistance actions and connect them to the Gothenburg strategic priorities concerning the environment and to the Lisbon strategy as for competitiveness and employment. In terms of specific priorities pertaining to the agricultural sector, the Commission devotes particular attention to:

- knowledge transfer and innovations in the agri-foodstuffs sector through investments in physical and human potential;
- protection of biodiversity, natural habitats, forest systems, water resources along with climate change prevention;- creation of job opportunities;
- improvement of local governance and enhancement of the local development potential in rural areas.

As to member states, they prepare a National Strategy Plan (NSP)⁴ defining the strategic guidelines of national agricultural policies in order to guarantee a coordination both with the Community strategy and between Community, national and

³ COM (2005) 304 dated July 5th 2005

⁴ The Italian NSP was declared admissible by the European Commission on 11/01/2007 and approved at the State- Region Conference on 1/08/2007.



regional policies.

Agenda 2000, however, focused only on three macro objectives of rural development, leaving the member state to establish the procedures to carry out the programme. In new programmes, the objectives corresponding to the three priority axes of intervention are attained through a specifically defined group of measures. This is something absolutely new as far as the management of Community policies is concerned. In fact, the choice of assistance tools is no longer made at planning level; this choice is made beforehand so as to better fulfil the requirements in terms of strategic approach.

With regard to the single measures, the regulation does not excessively change the range of admissible interventions, as it introduces some new measures⁵ (for example, cooperation for the development of new products, processes, and technologies in the agri-foodstuffs and forestry sector), rules out others (such as financial engineering) and includes new managing criteria for further ones.

The objective of Axis 1, i.e. improving the competitiveness of the agricultural and forestry sector, is achieved through three types of measures (plus 2 other measures regarding specific interventions for new member states):

- Measures aimed at promoting knowledge and improving human potential (training, early retirement, establishment of young farmers, agriculture advisory services);
- Measures aimed at restructuring and innovating physical potential (modernisation of farms, forest and agri-foodstuffs enterprises, productive afforestation, infrastructures, risk prevention, and extraordinary interventions);
- Measures aimed at improving the quality of agricultural production and products (achievement of quality stan-

5 In fact, some of the new measures provided for by the EAFRD regulation had already been proposed by Reg. no. 1783/03 amending Reg. no. 1257/99, but these were not entirely applied in Italy due to the NSP lack of sufficient financial resources for the relevant cost coverage.

dards, participation in quality systems, promotion of quality products).

Axis 2, pertaining to environment and landscape improvement, provides for the traditional agro-environment and animal welfare actions as well as protective afforestation and interventions in favour of less-favoured areas (including Natura 2000 areas).

Axis 3, concerning quality of life in rural areas and diversification of the rural economy, provides for some of the interventions referred to in Art. no. 33 of the EC Reg. no. 1257/99: diversification into rural tourism and other activities, services for the rural population, village renewal and conservation of the rural environment. Moreover, two extra measures are included, which are clearly inspired by the LEADER approach: training and information for actors operating in the fields of regeneration of rural areas, acquisition of skills and animation with a view to implementing rural development strategies.

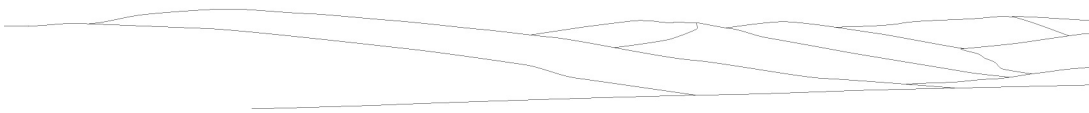
Furthermore, the regulation contains a fourth axis, i.e. the "LEADER approach", which does not cover specific measures but suggests ways and approaches to be followed, thus implementing the mainstreaming of the Community initiative through local assistance programmes in compliance with the measures set out in the three axes described above.

The EAFRD regulation follows the principle "one Fund - one Programme" in order to fulfil the need for simplification which has been often identified during the present programming period, on the one hand, and to prevent the European Commission from further burdening in terms of management and control, following the accession of 10 new member States, on the other.

Numerous strong points can be identified within the 2007-2013 programming framework. A single programme to manage rural development measures can:

1. rule out the EAGGF two-fold programmatic and budge-



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2. tary management;
ensure a joint strategic approach, which is integrated in terms of development of the agri-foodstuffs sector at all levels;
 3. allow an integrated management of all the policies for the benefit of businesses, especially of policies regarding competitiveness and agro-environmental ones;
 4. foster the territorialisation of rural development interventions thanks to the introduction of the principle regarding local development strategy (which goes hand in hand with the concept of Integrated Territorial Project in the current Objective 1 programming phase) and of the LEADER approach to rural development;
 5. make it possible to strengthen the socio-economic partnership which plays a major role both at planning and managing level, as it is the case in the management of regional operational programmes.

However, the choice to split the planning of rural development policies from that regarding cohesion gives rise to many doubts even though the regulation requires EAFRD to be integrated and complementary to other Community Funds and in spite of the fact that it has been reconfirmed in the recent revision of the Lisbon strategy objectives put forward by the EC. Nevertheless, the choice to make rural development independent of other policies, both in operational and budgetary terms, puts it at risk of being sectorised (Mantino, 2005).

Furthermore, the principle of integration experimented in Objective 1 regions, where structural funds jointly contribute to a common regional development objective, could be emptied of its meaning. However, it is important to underline how both the Community strategic guidelines for rural development and those pertaining to cohesion⁶ rest on the concept of integration among policies. More specifically, the first group by setting rural development objectives as a way to boost competitiveness,

⁶ Cohesion policy in support of growth and jobs. Community strategic guidelines 2007-2013. (COM (2005) 299 dated 05/07/2005).

employment and environmental issues, whilst the second group by describing the support provided to the development of rural areas by the cohesion policy as well as by emphasising the efficacy of policy integration.

In terms of strategic approach, which is potentially efficient, the strengthening of the integration principle, both territorial and programmatic, could be demonstrated. The introduction of the LEADER approach in the management of the rural development policies will allow bottom up interventions adjusted to the requirements of rural areas. On the other hand, the horizontal integration of the programme could help gather interventions sharing specific problems. Both levels of integration will be better explained in the following sections but this element is certainly an innovative one that, if used properly, could prevent the sectorialisation of rural development policies.

Strategic objectives in the Italian programme

The long-lasting debate between the Italian Ministry of Agricultural, Food and Forestry Policies (MIPAAF) and the Regions resulted in the approval of the National Strategy Plan containing the objectives and main assistance strategies which have been agreed upon as for the 2007-2013 rural development policy.

Before describing the objectives of the National Strategy Plan, it is useful to briefly outline the available resources according to regulatory objective and Region (Table 1) so as to measure and assess the choices made at national level and by the single regions.

Community funding for aid schemes for the agricultural sector and rural areas is about EUR 8.3 billion, plus national and regional part-financing resources. At national level, the quota of resources allocated is equal to 39% as for competitiveness in the agri-foodstuffs sector, to 43% as for improvement and protection of natural resources and to 14.7% as for quality of life and diversification of activities in rural areas, whilst the remaining part of



resources is used for technical assistance.

Table 1 - Resources for the 2007-2013 Programming period per objective and region

Programmes 2007-2013		EAFRD allocation	Axis 1	Axis 2	Axis 3	Tech. Assis.	Total	of which: Axis IV Leader
1	Abruzzo	168.911.000	44,00%	38,33%	13,67%	4,00%	100,00%	5,00%
2	Bolzano	137.575.000	24,95%	62,04%	13,01%	0,00%	100,00%	5,00%
3	ER	411.251.000	42,13%	43,15%	13,72%	1,00%	100,00%	5,11%
4	FVG	108.773.000	44,01%	38,65%	13,85%	3,50%	100,00%	6,50%
5	Lazio	288.384.002	48,80%	32,56%	14,88%	3,76%	100,00%	6,00%
6	Liguria	106.047.000	57,46%	25,06%	14,40%	3,09%	100,00%	30,41%
7	Lombardia	395.949.000	33,39%	52,31%	11,52%	2,78%	100,00%	5,00%
8	Marche	202.320.000	42,21%	38,79%	15,00%	4,00%	100,00%	6,00%
9	Piemonte	394.500.000	39,58%	45,01%	12,02%	3,38%	100,00%	6,51%
10	Toscana	369.210.000	39,23%	40,00%	19,77%	1,00%	100,00%	10,00%
11	Trento	100.652.000	33,93%	52,92%	12,65%	0,50%	100,00%	5,96%
12	Umbria	334.430.000	40,00%	43,00%	14,00%	3,00%	100,00%	5,00%
13	VdA	52.221.000	11,33%	69,91%	16,08%	2,67%	100,00%	5,87%
14	Veneto	402.457.000	45,40%	39,90%	11,20%	3,50%	100,00%	9,00%
15	Molise	85.790.000,00	44,78%	34,87%	17,35%	3,00%	100,00%	5,00%
16	Sardegna	551.250.000,00	28,00%	56,00%	15,00%	1,00%	100,00%	13,56%
Total Competitiveness		4.109.720.000,00	38,92%	44,62%	14,06%	2,41%	100,00%	7,99%
17	Basilicata	372.650.000,00	27,70%	54,60%	14,20%	3,50%	100,00%	6,00%
18	Calabria	623.341.000	42,15%	41,23%	14,62%	2,00%	100,00%	6,00%
19	Campania	1.082.349.000	41,65%	36,82%	17,53%	4,00%	100,00%	5,00%
20	Puglia	851.327.000,00	45,46%	30,00%	21,55%	3,00%	100,00%	6,28%
21	Sicilia	1.211.163.000,00	35,31%	52,68%	10,00%	2,00%	100,00%	5,00%
Total Convergence		4.140.830.000,00	39,40%	42,32%	15,42%	2,86%	100,00%	5,50%
Regional Programmes		8.250.550.000,00	39,16%	43,47%	14,74%	2,64%	100%	6,74%
National Rural Network		41.459.883,00				0,50%		
Total ITALY		8.292.009.883,00	38,96%	43,25%	14,66%	3,14%		

Source: 2007-2013 NSP

The objectives set out in the NSP follow the Community strategic guidelines faithfully and are closely connected to the most urgent problems of the agricultural sector and rural areas. In fact, the Italian strategy is innovative not because specific objectives have been identified but because all its actions and instruments are aimed at making aid schemes more effective (Monteleone, 2007).

Some approaches can be identified in the NSP which are crucial for rural development:

The rural development policy in the framework of the CAP: increasingly integrated strategies to ensure an overall development of rural areas

- Key actions identified within each priority objective. Although being not binding for the regions, they are aimed at coordinating the aid scheme within the national territory and implementing it in compliance with the Community objectives referred to in the CSG.
- Territorialisation⁷, which is essential for characterising actions in accordance with specific requirements and local problems.
- Internal integration between axes and measures for maximum effectiveness of aid schemes, promoting multi-measure aid packages so that beneficiaries will be aware that every action needed to achieve the objective will be carried out.
- Integrated approach. Like the previous one, this approach is devised to ensure integration of measures for effective results when it comes to specific issues related to sector or territory. Due to the new regulatory statements, the integration will be made according to a methodology inspired by the LEADER mainstreaming: in the case of specifically rural areas, i.e. those which maintain the territorialisation characteristics set out by the LEADER initiative, this shall pivot on a local development programme managed by a local action group.
- Cooperation between stakeholders and territories with the aim of strengthening the dissemination of practices and tools as well as cooperation for development between stakeholders and territories.
- Integration, complementarity and demarcation with other EU policies, in other words, a programmatic, concerted action between funds and policies which prevents interventions from overlapping and is aimed at

⁷ 4 specific kinds of area are identified within the NSP: A) urban clusters; B) rural areas devoted to specialised, intensive agriculture; C) intermediate rural areas, D) rural areas with general development problems.





sharing development objectives and fostering cooperation to achieve them.

Hence, integration is the NSP's watchword. It is both a concept and an approach which could ensure not only effective results, but also a broader approach contributing to all those objectives regarding economic and social cohesion which underlie the whole Community action.

The need for integration results from the obligation to achieve fixed objectives through reduced amounts of resources, which increases the need to:

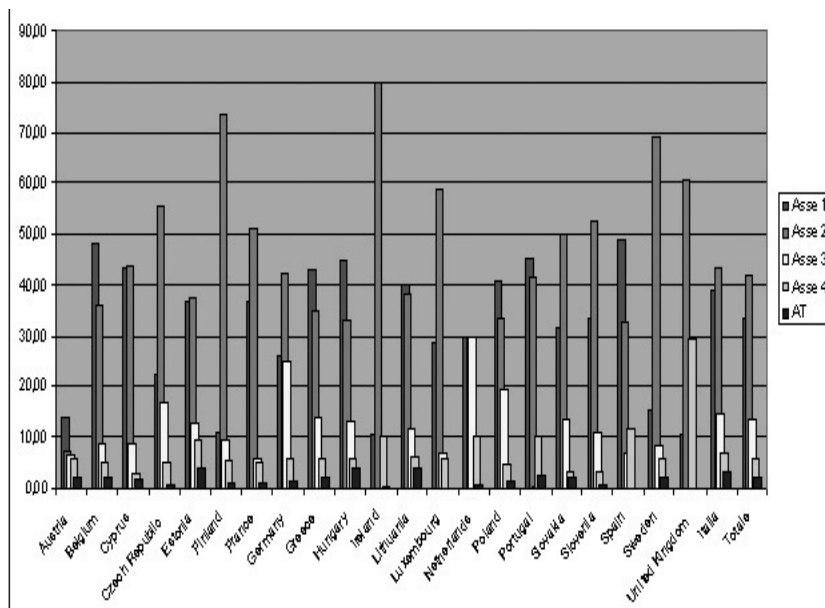
1. Concentrate resources on specific objectives;
2. Involve social and economic stakeholders in the development process;
3. Create new development models;
4. Devise innovative ways to use assistance tools so as to increase their efficacy.

Integration is, therefore, an instrument which triggers wider processes of economic development, combining efficiency and cohesion to pave the way for economic policy strategies which reward the collective behaviour of businesses and institutional actors. Furthermore, on the economic development level, it is an instrument which stimulates the setting up of integrated, dynamic and complete systems.

The Italian assistance strategy is in line with the main dynamics of the national agriculture sector, stifled by structural problems and international dynamics. These problems are shared by all the countries in Southern Europe. New member States face such troubles too and, as in Italy, the assistance strategy is mainly aimed at solving structural and employment problems of farms by means of the axis 1 measures, whilst axis 2 is used to address more general EU issues related to the environment (Fig.1). In all member states, a rather marginal role has been left to axis 3 and to the LEADER approach, which means that the rural develop-

ment policy is still too closely tied to a sectorial logic. In spite of the fact that the 2007-2013 programming phase has just finished, national objectives will soon have to be compared with the new strategic choices resulting from the reform process which started from the CAP Health Check. Such reform will strengthen environmental objectives focusing mainly on climate change, bio-energies, management of water resources and biodiversity. In economic terms, it will also reinforce rural development through the mechanism of compulsory modulation.

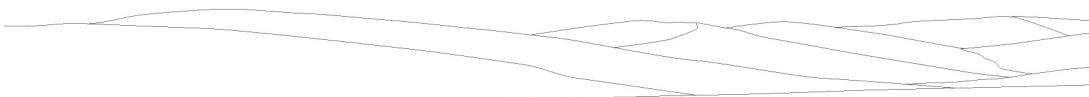
Figure 1 - Allocation of EAFRD resources per axis in the different EU member states



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Dr. Dario Cartabellotta

General Executive - Department for Infrastructural Assistance, Regional Ministry of Agriculture and Forestry

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.

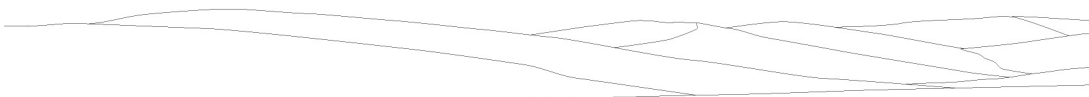
Thanks to EU funding, we have the opportunity to include Sicily in the network of Europe's 27 Member States, which, more than in the past, require us to discuss a number of issues together with other EU countries.

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.

The previous speakers, namely Mr. Cimò and Mr. Tarangioli, focused on the Rural Development Plan (RDP). As they pointed out, these tools no longer refer to 'grants for farmers' and they are now dealing instead with planning feasibility, market, environment and land use. 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.

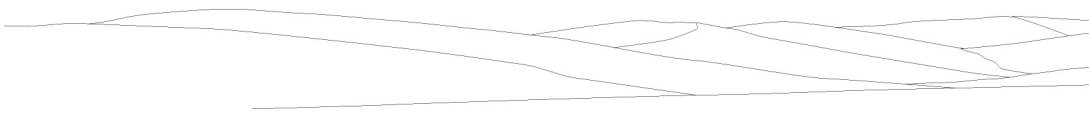
Morocco too has ventured into trade with the US signing protocols with Washington. This bears witness to the fact that geographical vicinity is no advantage. Sicily is the "barycentre of the Mediterranean sea", but its favourable geographical position is not supported by any real facilitation.

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.

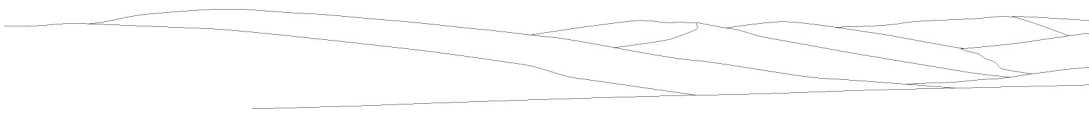
In the framework of the newly devised CAP, these events were identified not merely as obstacles but also as opportunities, as in the case of wheat producers, who have experienced an unprecedented rise in wheat prices.

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 producing 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. Cosmin Salasan

Banat's University of Agricultural Sciences and Veterinary Medicine Timisoara, Faculty of Agricultural Management. Romanian Academy, Research Centre for Sustainable Rural Development of Romania

Region overview

Being the largest county in Romania, with 8.696,7 km² counts 659.299 inhabitants with an balanced distribution 47,9% men and 52,1% women having a density of 75,8 inhabitants/km². As first agricultural county the density is normal to high, population living in 12 urban localities, 85 communes and 312 villages. The public roads density counts 33,4 km/100 km² while the railroads density 91,9 km/1000 km². For a number of reasons derived for the recent history and the passage over the transition period, the natural growth rate of the population is negative (-2‰). The national estimates are pointing out that by 2030 Romania could have less one quarter from its current population figures. The migration ratio is positive 2,4‰, yet the last two years figures are not included and the stream towards the Western Europe is still exceeding the indigenous migration.

Regarding the occupied population, the most part is now active in the tertiary sector (41,5%), industry (28%) and constructions (5,6%) while the total population active in agriculture still repre-

sents one forth (24,9%). We should mention here that even if this figure appears large, the real active population in agriculture is far under half of the value. Statistics are often taking into account together property (of agricultural land) and farming. With all these distributions of actives in the regional economy the unemployment rate amounted 2,3% (5,9% national) in 2005.

Agriculture in regional economy

The agricultural area represents 81% of total county area (869.665 ha) with 701.225 ha agricultural area out of which 532.506 ha arable land. The agriculture contribution to GVA decreases as share in total from 25% to 14%, all while the secondary sector's GDP goes from 40,3% to 36% and the tertiary sector's GDP grows from 37,8% to 49,5% over the time period 1995 - 2004. The national GDP grows from 3497,4 in 1998 to 6676,3 in 2004 (millions PPS). The transforming industries accounts 70% of the total Timis County production. The relation of these industries to the agriculture is relatively small as only food processing industries are overtaking the agricultural raw material, for a part of their activity, the rest being "imported" from other regions inland or from abroad. To have a better view of the agricultural households' activities we should mention that in the total households' income only 4,1% is generated in agriculture (data at national level) while agricultural holdings with other gainful activity grows from 4,2% to 22,1 between 2003 and 2005.

Current situation

In order to depict the current situation of the rural economy and the agriculture and place within the context the entire series of development challenges represented by the European framework a number of ten characteristics were retained, the choice being represented by their importance and potential impact:

- Monoactivity rural economy
- Structural issues - small and fragmented
- Farm/farmer status - juridical status
- De-capitalised farms
- Knowledge
- Education/formation

- Extension services
- Lack of community organisation
- Cultural issues related to biodiversity and environment
- Administrative capacity

Monoactivity rural economy

The agriculture dominates the rural economy. Not only it is the dominant activity but provides low incomes and unsatisfactory living standards for most rural families. Given the rural poverty and the low self-financing capacities the investments are limited and income diversification tends to become compulsory for the rural households. During the second half of the last century the only activity performed in rural was agriculture and the manner it was organized and supported generated together with other causes the current situation. Potentially speaking the natural resources and the human resources are present only their employment generates problems. The agriculture is still heavily "populated" mostly in the sense of subsistence or semi-subsistence and less as a main income generating activity. The frame of the European Agricultural Fund for Rural Development offers the possibilities for diversification yet there are other issues which will be treated here transforming the favourability into a challenge. Structural issues - small and fragmented

The farm structure comprises more than 1,5 million farms with 1 to 5 ha in Romania. Even medium farms have serious structural issues given the large number of plots and their small size. No regroupment initiative was taken into account by any governments until now. The legal basis for land exchange does not follow the needs of progressive farmers and the most used method to reduce the number of plots is to attract into a lease the neighbouring land. If consolidation of farms has to occur in a shorter period of time (than it happened in Europe, decades ago) then farmers do not need to invent ways of proceeding by themselves but should have appropriate instruments available. The absence of a functional land market in Romania for a long period of time also contributed to this unfavourable situation.

Dr. Javier Oquendo

President of Development Maestrazgo-Spain, I LEADER expert

Ángel Hernández Sesé - ADEMA technical team

Maestrazgo Development Association and Its Culture Park: A Management Model for Rural Development

'Maestrazgo is an isolated region - in fact, independent from Valencia and Aragón. It is a high plateau surrounded by mountains resembling truncated cones, like real natural castles...

Maestrazgo is a dry, cold, arid country; nonetheless, it has resources for its population.

It is a country for guerilla fighters...'

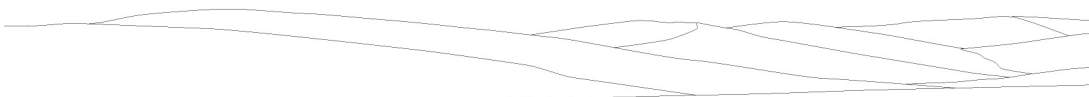
Pío Baroja, "La Venta de Mirambel"

Introduction

Introducing Maestrazgo means dealing with a region of contrasts, a place steeped in history which has long been chastened by the plague of depopulation. This has destroyed walls, pulled down roofs and sown loneliness at dusk and nighttime and only its silence has been left there to speak. This is the landscape depicted by abandonment, by the sombre language of migration. Sprouting from such devastation, the Centro para el Desarrollo del Maestrazgo (Maestrazgo Development Centre) opened new horizons with a project which gave birth to the Maestrazgo Parque Cultural, Maestrazgo Culture Park. Our report focuses on such course of action and can be subtitled 'Rebirth of a region'. The latter has pivoted around the social drive along with the local people's strong attachment to the territory.

In the Teruel Maestrazgo, the activities carried out thanks to EU initiatives are particularly significant. Indeed, various technical teams have succeeded not only in enhancing and stimulating the area but also in getting civil society involved in its development. As a result, a management model was set up and launched in the early 1990s.





More specifically, ADEMA inherited what had been created by CEDEMATE. Its framework of competence coincided with the comarca, i.e. the county's boundaries, as they were set by the Government of Aragon. The comarca is a large area (1,204.3 km²) with approximately 3,600 inhabitants living in 16 municipalities (they amounted to 3,637 in January 2004). The population density of 3 people per square kilometre means that the region is one of the less populated areas in Europe.

The Culture Park's organisational pattern is still valid. It includes a large territory, a legacy from the former LEADER II Programme: 43 villages belonging to 6 comarcas. These make up a patchwork of diversified places which reveal to the traveller their unique richness and where natural and cultural heritage are elements of their collective identity.

The park lies to the SE of the autonomous community of Aragon and borders on Valencia and Catalonia. It is a largely mountainous area covering 2,622 Km² with less than 14,000 inhabitants. Its imbalance is worsened by lacking road communications and a considerable distance between built-up areas. Local initiatives have been carried out here making it possible to rediscover its rich, diversified heritage in every detail. This was done not only to deepen the knowledge of the local heritage but also to enhance its features within a framework of sustainable development.

The key feature: its rich cultural heritage

The park encompasses large natural areas and peculiar examples of cultural heritage specifically recognized by law.

A large number of assets of cultural interest are included in the park: 10 historic sites, 21 monuments, 1 archaeological site, 2 important sites featuring rupestrian art - consisting of various shelters classified by UNESCO as World Heritage - along with 615 archaeological sites recorded to date, 70 paleontological deposits (officially acknowledged) and over 48 sites of geological interest. These have been considered as the foundation for a transnational cooperation project on Geotourism in Europe.

The Parque Cultural del Maestrazgo is not merely a cultural and natural interpretation of the territory. It also embraces high-quality food products, tourist services and facilities as well as the

balanced development of the area as a whole. From the beginning of the LEADER project, Maestrazgo has worked extremely hard to set up a management model enabling it to face future challenges hopefully.

The Development Centre as a catalyst for the area

On the initiative of the Municipality of Molinos, the CEDEMATE (Centro para el Desarrollo del Maestrazgo), Maestrazgo Development Centre was established in 1991. It was a non-profit organization made up of 18 units. The centre managed the LEADER project both involving the municipalities of Aguaviva, Aliaga, Cantavieja, Castellote, Ejulve, Mas de las Matas, Mirambel and Molinos y Villarluengo and promoting rural development, private entrepreneurship and employment creation as well.

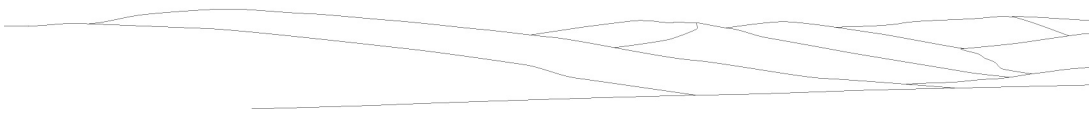
In those years, due to the technical team's commitment, CEDEMATE's real added value was that it succeeded in laying the foundations for a rural development project which would reach its climax during the LEADER II period. Moreover, having adopted an advanced approach to rural development, an effective management centre was set up and, as a result, new ideas were put forward, a number of initiatives were launched and the centre became a management reference point.

The promotion of the cultural and landscape heritage was one of the key pillars of rural development in the Maestrazgo LEADER initiative. This was carried out in an effort to bind it with the then cutting-edge use of new technologies, the implementation of national and international cooperation projects and the participation of local association stakeholders.

Indeed, CEDEMATE was the centre where the three LEADER strategic axes were implemented (application of integrated territorial rural development pilot strategies, and cooperation between rural areas and networking).

Under the LEADER II, other projects were further developed out of the centre, within the framework of 43 municipalities that later on provided the basis for the Maestrazgo Culture Park. Namely, Aguaviva, Alcorisa, Mas de las Matas, La Ginebrosa, La Cañada





de Verich, Castellote, Las parras de Castellote, Seno, Berge, Molinos, Los Olmos, La Mata de los olmos, Crivillén, Esterciel, Gargallo, Cañizar del Olivar, Castel de Cabra, La Zoma, Ejulve, Mezquita de Jarque, Cañada Vellida, Fuentes Calientes, Galve, Cuevas de Almudén, Jarque de la Val, Hinojosa de Jarque, Camarillas, Aliaga, Pitarque, Villarluego, Bordón, Tronchón, Torre de las Arcas, Miravete de la Sierra, Villarroya de los Pinares, Cañada de Benatanduz, La Cuba, Mirambel, Cantavieja, Fortanete, La Iglesuela del Cid and Mosqueruela y Puertomingalvo.

Although LEADER was the actual 'binding agent' in the Molinos Development Centre, every activity was accomplished from the perspective of integrated rural development.

CAIRE, the Aragonese Centre for European Information, was created in 1994. Consequently, Molinos was chosen by the European Commission as the venue for the 1995 Carrefours Annual Meeting (Translator's note, Information centres on EU policies in rural districts across Europe).

Origin And Evolution Of The Maestrazgo Culture Park

Along with heritage promotion, the Maestrazgo LIFE project aimed at forging a management model for the natural environment which was adapted to the area unique features and to its environmental and physical features. The expanse in question was the territory spanning the natural areas of Bajo Aragón, Cuenca Minera, Maestrazgo, Sierra de Gúdar, the Teruel plateau, etc.

The Guadalupe River Park was intended to completely reclaim the river basin's upland and midland areas. Several environmental upgrade actions were carried out such as reforestation, improvement of the valley vegetation, lagooning and amelioration of distributaries flowing across built-up areas. This action plan led to the creation of three municipal consortia involving 21 municipalities.

New technologies played a fundamental role in the daily activities implemented by the Centre.

Each action brought about an interesting training model adap-

ted to the requirements of the action itself, which resulted in some inspiring proposals such as the Maestrazgo Classroom or the Rural training centre. Moreover, we should not neglect the important role that trainers played to teach new experts in rural development. The whole sector was reactivated due to the use of new technologies, the setting up 2 new telecentres (in Alcorisa and Mosqueruela) and the fact that some experts of the technical team devoted their attention only to that issue. CEDEMATE's 'positive inertia' deeply influenced the reshaping of the centre.

Nowadays, under the name of Asociación para el Desarrollo del Maestrazgo (ADEMA), Association for Maestrazgo Development, and with a reduced competence framework, it is still working on a joint project to achieve excellent outcomes through CAIRE, LEADER Plus (together with the neighbouring county of Gúdar-Javalambre), Equal-Teruel and Interreg IIIB (URGENTE).

We observed that programmes and actions carried out by the Molinos centre within the Maestrazgo Culture Park represent a management model in Aragon. This idea is so true that it has been, so to say, embodied in the Law on Natural Parks in Aragon.

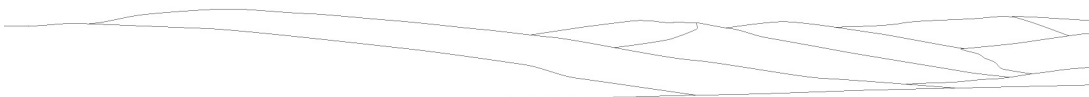
The most important result achieved is undoubtedly the ability to combine programmes connected to different initiatives, without losing sight of the much-needed perspective concerning complete territorial development.

This element has sparked off an intense debate on the issue of heritage and its connection with local sustainable development and it has further led to what is known as the Declaración de Miravete. It is a sort of heritage policy paper which was signed by representatives of municipalities and Local Action Groups on 30 December 1995 under the title of "Heritage and the future of Maestrazgo".

At the same time, a number of actions were undertaken, most of which out of local initiatives, making thus possible to channel such concerns.

In 1997, as the Bill on Culture Parks in Aragon was about to be





approved, the Parque Cultural del Maestrazgo was already listed in the census survey of the Transitional Provision.

Following meetings with municipality representatives, a Constituent Assembly of Aliaga was established on 29 May, 1998, before the presence of the Regional Minister for Education and Culture from the Government of Aragon. As a result, the municipality's representatives had to state officially their commitment to actively participate in the creation of the Culture Park, as it is provided for by the law.

The park was inaugurated on 13 July 1998. From then onwards, an inventory of heritage assets was drawn up following the guidelines relating to the park's development, in compliance with the methodology of heritage management.

Consequently, a number of parks and thematic units were set up which could rely on local stakeholders. More specifically, the Geological Park in Aliaga, the Paleontological Park in Galve, the Sculpture Park in Hinojosa de Jarque (a la memoria de los pueblos), the museum in Mas de las Matas and the Culture Park in Molinos were established.

Maestrazgo today

The promotion and strengthening of associationism is one of the most important achievements of the work done by CEDEMATE before and by ADEMA later on.

Hence, two outstanding associations are to be mentioned, as they changed the entrepreneurial mindset in the area: AETM, the Association of Maestrazgo Tourism Entrepreneurs and AEAM, the Association of Maestrazgo Agri-foodstuffs Entrepreneurs. These associations succeeded in bringing together entrepreneurs from the two sectors into joint projects thanks also to the centre's support and the effective work done by town councils and decision-makers.

Moreover, MAESTUR, the association for rural tourism in Maestrazgo is also worth mentioning. It is helping to improve the tourism sector day by day, besides functioning as a booking centre for Cantaviejas and providing advisory service.

Furthermore, we cannot neglect the accomplishments of Breeder associations such as AGROJI (Ojinegra breed) and

ANGORCA (Cartera breed), which are both members of the centre and reference organizations for quality systems and the promotion of autochthonous breeds.

The remaining associations participate in the centre's activities at different levels, but always according to the criterion that the private sector has the majority in the decision-making bodies, i.e. assemblies both in the past with CEDEMATE and now with ADEMA.

Brand creation projects

- Interreg IIIB URGENTE, a bet on land use management by bringing together rural and urban stakeholders.
- The Maestrazgo brand, a bet on quality and commitment to the region.
- Development, Management and Innovation Centre. It co-ordinates and manages park activities, defines and builds up the network of Land Use Analysis Centres as well as develop thematic axes.
- The bet on universities

Conclusions. Present and future.

ADEMA, the Association for Maestrazgo Development, relies on a team of young and skilled professionals and it has a contact person in the Maestrazgo de Teruel Development Centre. Its working scope has changed and the organization has changed too. Nevertheless, teamwork and passion for land always permeate the various initiatives implemented by the Molinos Centre. However, in spite of the hard work successfully carried out by the centre, Maestrazgo is still a crisis area, according to the following European

Commission evaluation criteria:

- Mountain areas characterised by considerably limited land use and by a significant increase in production costs;
- Areas threatened by depopulation where maintenance of environment is needed;
- Areas with specific disadvantages where survival of agri culture is essential to ensure environmental conservation





and improvement, landscape management and value of the tourism sector.

However, the people's approach is different from the one used in 1991, as shown by the achievements in the cultural, entrepreneurial and environmental domains. The current challenge consists in adopting and using the comarca management model. From such a standpoint, the work done by ADEMA and the Maestrazgo region has just started to yield its first fruits.

As to the Culture Park, it has been involved in the reshaping of CEDEMATE, its managing authority. A new period rich in hope started with the setting up of the Benefit Advice Centre and the Governing Council in 2005. Actions will be implemented for an area whose richness is represented by its people and history. Whoever has visited the Maestrazgo region will always remember its light, its colours, its landscape, and its soul...as something to bring back home in their suitcase.

The future holds the potential to provide an overall offer, making the most of the quality image within the region itself, combining high-quality tourism with the sustainable and balanced development of the county and turning difficulties into resources.

The challenges to be faced are musealisation, activity coordination and the real and integrated interpretation of the territory from every possible perspective. The starting point should be a Strategic Plan, enabling experts in rural development to study, promote and disseminate information on local heritage, among local people first and then among visitors.

All together, we will make this marvellous place where "silence speaks" reawaken, every morning, the fascinating 'Rebirth of a Region'.

Websites

www.maestrazgo.org (website of Parque Cultural del Maestrazgo and Development centre for the Teruel Maestrazgo)

www.turismomaestrazgo.com (website about Maestrazgo tourism development plan in the Parque Cultural del Maestrazgo)
www.aytoaliaga.com, www.parquegeologicoaliaga.com
(websites about the Geological Park in Aliaga, run by the Municipality of Aliaga)

Dr. Liene Feldmane

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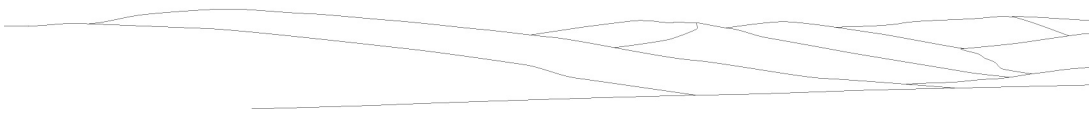
Rural Development Policy In Latvia

Latvia is an independent and sovereign republic in the north-east of Europe. It is one of the three Baltic States located on the eastern shores of the Baltic Sea.

Latvia occupies a territory of 64 589 km², of which the inland waters take up 2543 km² and dry land 62 046 km², including agricultural land 24 710 km², forest 29 503 km².

For now days there are 26 district municipalities and 526 local municipalities in Latvia, including 52 district towns and 7 republican significance cities, 36 regions and 431 parishes. According to the Law On Administrative-Territorial Reform, the administrative-territorial reform of the local municipalities will be completed by the 2009 elections of local municipalities, and regional and republican city municipalities will be operational in Latvia at the level of local municipalities.

At the beginning of 2007, about one third or 32.1% of Latvia's population lived in the rural areas (in 2005 it was about 50%). This is one of the advantages of the rural area as a place of residence, as it provides for more spacious living environment. On the other hand, low density is also a limiting factor as it determines high infrastructure setup and maintenance costs per capita. Over the last five years, the proportion of inferior quality road sections in the road network has increased by 10% on average, and the overall road condition continues to deteriorate. This impairs the mobility of the rural population and does not encourage business development. The proportion of service providers



in rural areas is just slightly above one quarter or 27% of the country total. More than 50% of Latvia's population consider that specifically the cultural and historical sites and cultural events are a factor influencing the living environment and making it attractive. Yet access to cultural services is difficult due to the out-dated infrastructure of the cultural institutions and poor condition of the cultural and historical heritage. Population, particularly young people cannot enjoy appropriate and high quality cultural services.

Underdeveloped cultural environment is one of the factors contributing to migration of the economically active part of the population to more attractive living environment, where as 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.

Income disparities, underdeveloped living environment, lack of access to various services, including cultural services and their low quality in combination with better life and personal growth opportunities in urban areas promote the migration of young people to the cities. Rural area has become scarcely populated. Latvia's accession to the EU triggered migration of the labor force (also other than young people) to other European Union countries. According to preliminary estimates, more as 2% of population worked in other EU countries, mainly in Ireland and United Kingdom.

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.

The whole territory of Latvia complies with Convergence objectives therefore the Rural Development Programme comprises the whole territory of Latvia as one region.

In the Plan project, on the basis of the rural economic, social, environmental analysis and the analysis of sectors, a man,

whose welfare increase is the general aim of development and whose potential is a foundation for reaching the goals of rural development, in both - socially economic development of territories, and in environmental area, is defined as a main priority. The Rural Development National Strategy Plan is most related to the objectives of Lisbon programme concerning promotion of economic activity and transmission of knowledge and technologies to the production. The next important link is within the area of human resource development.

The Plan project highlights an objective "prosperous people in sustainable populated countryside of Latvia" for the achievement of which the following four activity directions have been identified:

Area of **action 1**: Development of Capacities of Rural People

- To train farmers to increase their professional qualifications;
- To ensure that adequate advice is available on the cross-compliance in the field of agriculture;
- Setting up and use of forest advisory services;
- Raising initiative, knowledge and skills of rural people, in particular by LEADER approach.

Area of **Action 2**: Enhancement of Labour Generated Income in Rural Territories

- To promote the competitiveness of agriculture holdings by supporting investments, particularly, long term investments, such as animal buildings and for milk and meat sectors;
- Increase the competitiveness of agricultural and forestry micro enterprises, promoting their specialisation, restructuring, technological renovation and creation of new products.
- Due to intensification of agriculture and concentration of production and subsequent release of labour force, support has to be provided to enhance alternative income for rural population, especially in micro enterprises, which are most in need of such a support;



- Rural tourism as one type of off-farm activities should particularly be focusing on particularities of rural tourism, such as leisure activities typical to rural areas, agro-tourism, traditional food.

Area of **action 3**: Sustainable Management of Rural Natural Resources

- To promote measures which preserve nature values of rural areas, attractive landscape and biological diversity;
- As agriculture and forestry exercise a strong impact on environment in rural areas, compensatory payments for income foregone due to obligatory environment restrictions in NATURA 2000 territories should apply;
- Support to voluntary agri-environmental commitments aimed at preservation of biological diversity, improvement of sustainable use of natural resources, reduction of soil and water erosion, ammonium emission and climate change, improvement of water quality, protection of water and soil;
- Preservation of farming activity in less-favoured areas.

Area of **action 4**: Development of Rural Living Environment

- Support to development of local level roads and infrastructure for improvement of access of centres of municipalities and places of gathering of local people;
- Improvement and preservation of cultural heritage typical to rural areas, especially which is related to agriculture and forestry.

Within the framework of the above activity directions measures will be implemented financed both, from national support and the EAFRD, the contribution of which will be channelled through four axes:

- Improving the Competitiveness of Agricultural and Forestry Sector:
Technological development of production and processing, increasing the value added and enhancement the role of the farms producing important goods

The rural development policy in the framework of the CAP: increasingly integrated strategies to ensure an overall development of rural areas

- Improvement of Environment and Rural Landscape:
Improvement of environmental and rural landscape must address three priority areas of the European Union level: biological diversity and conservation of ecologically valuable agricultural and forestry systems and traditional rural landscapes, water and climate changes.
- Improvement of Quality of Life in Rural Areas and Promotion of Diversification of Economic Activities:
 - Diversification and development of rural businesses
 - Improvement of rural infrastructure
 - Basic services to rural economy and population
 - LEADER
- Implementation of Local Development Strategies
Use the LEADER approach to ensure rural development by promoting the operation of local activity groups, securing better investment of rural development funding to address the needs of the rural population, by mobilizing and involving the existing rural development potential.
- Inter-territorial and trans-national cooperation
Promotion of cooperation both between the local activity groups in Latvia and on a wider scale will facilitate quality transfer and obtaining of experience across local activity groups, solving of topical problems as well as introduction of new and innovative cooperation ideas.
- Ensuring the operation of local activity groups, acquiring of skills, animation of territory and update of Local Development Strategies Activities to build the capacity of local leaders and representatives of local activity groups.



Financial Plan by Axes (in eur total period)

Axes	Public funding		
	Public funding total	EAFRD funding rate (%)	EAFRD amount
Axis 1	648 960 777	75%	486 720 583
Axis 2	665 040 438	80%	292 032 350
Axis 3	259 584 311	75%	194 688 233
Axis 4	32 534 798	80%	26 027 838
Technical assist	55 526 000	75%	41 644 500
Total:	1 661 646 324	-	1 041 113 504

Pursuant to Article 75 of the Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), the Ministry of Agriculture of the Republic of Latvia is responsible for efficient and correct management and implementation of the Program. The Ministry of Agriculture has been appointed to be the Managing authority pursuant to the Regulations of the Cabinet of Ministers No 267 "Administration procedure of the European Agricultural Guarantee Fund, European Agricultural Fund for Rural Development and the European Fisheries Fund".

National Rural Network

There are many discussions about requisite of National rural network, but the problem is that there are good vertically dialog between common aim organizations, but there are weak horizontal dialog in different levels in Latvia rural areas.

Therefore Ministry of Agriculture invite organizations on round table discussions about national rural network. The list of organizations and institutions is structured by the level of responsibility, represented sectors and the scope. Four levels are distinguished with the Network Cooperation Council taking the leading level.

Network branches/spheres of activity include the following:

- 1) Public services/ministries (Ministry of Agriculture, Ministry of Regional Development and Local Government, Ministry of Welfare, Ministry of Education and Science, Ministry of Economics, etc.) and institutions and organizations governed by those;
- 2) Agriculture, forestry and fishery sector organizations and institutions;
- 3) Territory administration institutions: local municipalities, district and regional councils;
- 4) Education, training, consultancy and research organizations and institutions;
- 5) Tourism sector organizations and institutions;
- 6) Organizations involved in implementation of the LEADER action;
- 7) Trade and other commercial services sector organizations and institutions;
- 8) Other organizations and institutions directly involved in the rural development.

Network operation is ensured, coordinated and controlled by network secretariat; functions of the secretariat include the following:

- 1) Create and develop network cooperation at both national and EU level;
- 2) Gather and evaluate topical information, coordination of provision of dissemination of information;
- 3) Gather and develop policy recommendations;
- 4) Evaluate efficiency of the network and particular network areas/represented spheres/responsibility level organizations relating network operation tasks, goals and financial management;
- 5) Coordinate research relating rural development/assessment of realization of the RDP, spheres covering network operation and needs of rural people/enterprises.

Till end of 2008 National rural network must be ready to start activity. Total funding for development of the Network operation, maintenance and the Network operation Action Program by 2013 is EUR 10 million.



National level organizations for rural development

The Latvian Rural Advisory and Training Centre

Latvian Rural Advisory and Training Centre (LRATC) status - a non-profit limited company, owned by the State (99 %) and the Farmers Federation (1 %). The LRATC was established as a training and advisory institution for farmers and rural entrepreneurs. There are 26 local agricultural advisory offices delivering advisory services in all main fields of agriculture activities and rural development in all 26 districts of Latvia.

Latvian Rural Advisory and Training Centre and the Latvian Association of Local and Regional Governments the Rural Advisory and Information Exchange System continued its work. LRATC co-ordinated and methodologically managed the work of municipal specialists in promoting rural development in 510 municipalities of Latvia, for which state budget covers all the expenditure.

The Latvian Association of Local and Regional Governments

Nongovernmental organization which associate local and regional governments.

Main aim -representation of local and regional interests, with promoting inhabitants partnership in public government and to improve democratic and performance of local governments.

The Cooperation Council of Farmers Organizations (CCFO)

Established in Year 2000 ensures an effective information exchange between the farmers' institutions and the Ministry of Agriculture.

This is consultative institution uniting non-governmental organizations of national agricultural producers and processors of different levels.

One of the tasks of the Council is to promote discussions between the farmers' organizations and the Ministry of Agriculture as well as other public institutions on topical agricultural issues.

Latvian Rural forum (LRF)

LRF was establish in April 27, 2005. There are 27 member organizations, which cover almost 80% of Latvia rural areas.

As an aim of LRF long term action plan is to develop independent and decision capable organisation for stimulation of

Latvian rural areas, consolidating civic society in rural areas, promoting local initiatives and representing interests of Latvian rural NGOs in national and international institutions.

Latvian Rural Forum- place for networking:

Horizontal cooperation:

- sessions "Hour of exchange":
 - Especially important in negotiations with Ministry of Agriculture and Rural Support Service (paying agency).
 - Mutual process of learning.
- Untraditional Games of Latvian Community Groups:
 - Teambuilding activities that strengthens spirit of LAG togetherness,
 - Recognition of LEADER Type activities in wider society.
- Vertical cooperation - representation of interests:
- negotiations with Ministry of Agriculture:
 - Working on Rural Development Plan 2007-2013,
 - Taking part in LAG rural development strategy evaluation commission,
 - Participating in National Rural Network development working group.
- Ministry of Integration:
 - Representation of rural population on Civic Society Council.

Project "Rural school - a heart of local development"

- new initiative for Latvia piloted in 20 rural schools and associates 12 LAG areas;
- crucial problem - closing down of small rural schools;
- possible solution - allocation of new functions for small schools - adults education, preschool child care, social and cultural centers etc., that are based on local needs.

LRF started initiative of transforming small rural schools into local development centers:

- attracting society attention to this issue,
- involving schools (especially pupils) in local development planning activities,
- fostering closer cooperation between school, local community and LAG.

LAGs (Local Activity Group):



- includes these initiatives in local development strategies;
- gives significant priority to the problem solution;
- involving different cooperation partners;
- attracting additional resources.

Local Activity Groups (LAGs) in Latvia in frame of Leader + approach

There were 28 LAGs in programming period 2004-2006, they covered almost 80% of rural areas of Latvia.

In period 2004 - 2006 17 LAGs were implementation of pilot integrated rural development strategies, but 11 - were learning "Acquisition of Skills".

LAG activity under national programme "Acquisition of Skills":

- Information (seminars, leaflet, website, conference);
- Training:
 - 1 LAGs x 40 h by 13 LAG facilitators;
 - 22 community groups x 40 h by 13 Community facilitators.
- Methodological support:
 - 8 LAGs x 20 h/week by 13 LAG facilitators;
 - 20 h/week by 13 Community facilitators.
- Cooperation activities.

LAG rural development strategies:

- Stage of implementation:
 - More than 350 applications received after first calls for proposals;
 - Max amount supported (max amount for one project 7 000 EUR):
 - o 240 (5 700 - 7 000 EUR)
 - o 54 (2 800 - 4 200 EUR)
 - Only NGOs can apply.

LAG networking in Latvia - how to grow up?

- o only several LAGs in Latvia have significant experience in cooperation, that helps to implement local development strategies successfully;
- o LAGs need some time in order to establish good cooperation links on local level;
- o LAGs have to be more active in advocating interests of rural population on national and European level;

~~The rural development policy in the framework of the CAP: increasingly integrated strategies to ensure an overall development of rural areas~~

- LAGs using Latvian Rural Forum as a tool have to wider range of cooperation partners including ministries like Ministry of Education and Science, Regional Development Ministry, Children and Family Affairs Ministry etc. in order to broaden understanding of rural development and to add social and cultural dimension to it;
- LAGs have to expand scope of cooperation partners outside Latvia, incorporating into Pan-European organizations, European programs and projects, in this way gaining the experience from other Member States.

Changes in frame of Leader approach:

	Planning period 2004 - 2006	Planning period 2007 - 2013
Min amount of inhabitants in one LAG	10 000	5 000
Max amount for one project	7000 EUR	20 000 EUR
applicants	NGO	NGO, local governments, entrepreneurs

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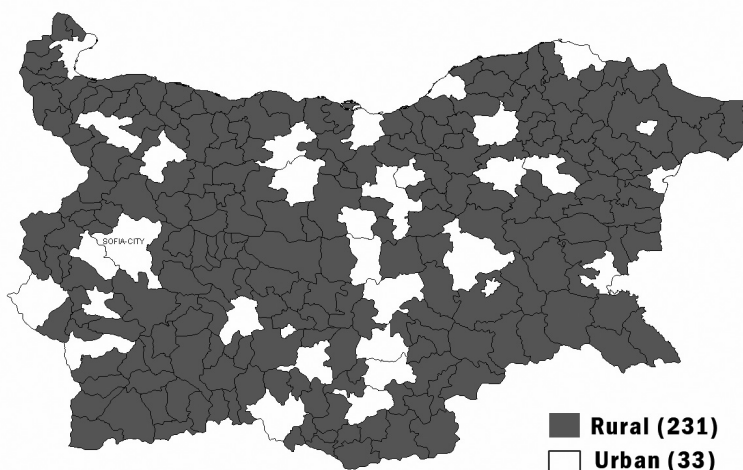
Introduction

The Republic of Bulgaria is located in the South East part of Europe and has a territory of 111 thousand square meters and population amounting to 7.8 million people. The administrative structure of the country consists of 6 NUTS 2 regions called in Bulgarian planning regions, 28 administrative regions (NUTS 3) and 264 municipalities (LAU 1).

Municipalities cover one or more villages depending of the size of the villages included in a municipality. The whole territory of Republic of Bulgaria has been classified under the "Convergence" Objective.

A national definition of rural areas has been introduced for the purposes of SAPARD programme in 2001. According to it rural areas are Municipality (LAU 1), in which no settlement has a population over 30 000 people. This definition is applied in the Rural Development Programme 2007-2013 for territorially based interventions. According to this definition, 231 municipalities or 87,5% of the total number of municipalities in Bulgaria are classified as rural areas. They cover 81% of the territory of the country and 42% of the population of Bulgaria. The allocation of the rural areas is shown on fig. 1.

Figure 1. Rural Areas at LAU 1 Level Using the National Definition



Source: Ministry of Agriculture and Food Supply

Source: Ministry of Agriculture and Food Supply

In comparison according to the OECD definition of rural areas applied for Bulgaria, there are 20 predominantly rural NUTS 3 regions, 7 - intermediate rural regions and only one predominantly urban region - the capital Sofia. Thus, predominantly and intermediate rural regions cover 98.8% of the territory and

account for 84.3% of the population of Bulgaria.

Major demographic characteristics of rural areas

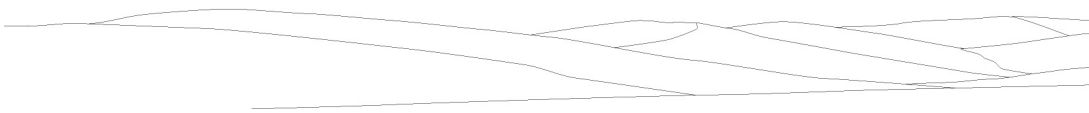
The population of rural areas is 3.2 million. The population density is estimated at 35.8 inhabitants per km² or half the national average (69.9 inhabitants per km²). The average number of people per rural municipality is 13 800, but it has to be mentioned that there are 18 rural municipalities with population above 30 000 and almost one third with population less than 5 000 people (table 1).

Table 1 Distribution of Rural Population by Size of the Settlement

Population of the rural settlement	Share of settlements %	Share of population %
up to 500 residents	68.00.00	14.04
500 - 999	15.07	14.05
1 000 - 1 999	9.02	16.06
2 000 - 2 999	2.08	8.07
3 000 - 4 999	1.09	9.04
5 000 - 9 999	1.04	13.04
10 000 - 29 999	1.01	23.01

Source: NSI (MAFS calculations).

In respect to the ethnic structure of the population, 76.1% of the population in rural areas identified themselves as Bulgarians, 14.8% - as Turks and 7.0% - as Roma. The rest are other minorities. In respect to the population growth in rural areas, a strong negative tendency is observed. Only for the period 2001-2004, the average annual rate of decline is estimated at minus 10.5 per 1000 (‰) compared to minus 2.1‰ in urban region. There are two major determinants of this decline in population: higher death rate (16.8‰ average for 2001-2004 against 12.4‰ for vice higher than the national average. In 34 rural municipalities, the unemployment rate exceeded 30%. Low level of diversity in the rural economy practically limits substantially the job opportunities which cause a substantial part of male population to seek seasonal jobs outside the region. Substantial problems in



rural municipalities are the high level of long-term unemployment and high rate of unemployment among young people. As a result the income per capita in rural areas is much lower than in urban regions as the main sources of cash income are pensions and other social payments. The poverty rate in the villages is four times higher than in urban regions, and 66% of the poor population lives in rural areas.

Strategic objectives of National Rural Development Programme

On the basis of weaknesses in the agricultural and rural areas development, the National Strategy Plan for Rural Development pointed out the following major objectives for the period 2007-2013.

- To develop a competitive and innovation based agriculture, forestry sector and food processing industry.
- To protect the natural resources and environment of rural areas.
- To improve the quality of life and diversify job opportunities in rural areas.

These three strategic objectives address the needs in the development of agriculture and rural area. But it has to be mention that the NRDP has not been approved by the EC.

The first one refers to agriculture and aimed at increasing the competitiveness of agriculture, forestry and the food processing industry on the basis of:

- Modernisation of physical assets/production factors;
- Investments for compliance with EU standards;
- Supporting adjustments of farming structures to market
- And promoting knowledge and improving human capital.

Bulgaria has some experience in this field gained under SAPARD programme and having in mind the results from this programme it could be expected that further activity in this field will lead to increase in productivity in agriculture, forestry and the food processing industry and will contribute substantially for achievements of EU standards in respect to the food security and safety. The second objective is associated with the development of agricultural methods consistent with the protection and preser-

vation of the environment. They aim at:

- compensating the producers in the mountainous and other less favoured areas for keeping their land in good condition;
- preventing the abandonment of land;
- and improvement of forest resources and restoration of forest potential.

Expectations are that focusing in these directions the two operational objectives will be reached: first, some environmental problems and threats will be solved; and second depopulation of some regions will stopped.

The third objective is connected with improvement of the quality of life and diversification of job opportunities in the rural areas. They address the major demographic problems of rural areas mentioned above:

- Declining quality and accessibility of basic services and
- Lack of job opportunities;
- High dependency on agriculture.

In respect to that, the measures under this axis refer to:

- Improvement of access to major services and infrastructure (schools, medical care, administrative services, access to the main town in the region, etc)
- Developing income generated activity outside agriculture.

Solving these major problems in rural areas is essential for rural population and for creating conditions for business development.

Funding of NRDP

According to the financial envelope for the rural development the total amount of money for rural development for the period 2007-2013 amounts to 2.6 billion euro. Allocation of this amount per years is shown in table 2.



Table 2 Funding of NRDP (mill €)

	EU	National	Total
2007	244,06	59,46	303,52
2008	337,14	82,03	419,18
2009	437,34	106,22	543,56
2010	399,1	96,61	495,71
2011	398,06	96,36	494,42
2012	397,7	96,27	493,97
2013	395,7	95,79	491,49
Total for the period	2 609,10	632,75	3 241,84

Source: MAFS

The budget allocation between the three major strategic objectives is shown in table 3. The distribution of the resources among the key areas of rural development is based on the identified needs of the agri-food sector, environment and rural population in Bulgaria and complies with the Community priority. The biggest part of the money are allocated for increasing the competitiveness of agri-food sector (40% of the total amount), followed by improvements of quality of live in rural areas (30%) and land preservation and keeping some areas populated (26%). In addition in allocating the money the administrative capacity and existing experience is taken into account.

Another specific point in money allocation is that Bulgaria will use the option to provided by the EC to use part of the money from second pillar to support direct payment, or for so called National Complementary Direct Payments well known as "top-ups". This is to compensate to some extend the lower level of direct payments to farmers over the first three years.

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Table 3 Draft budget allocation among axes according to Regulation 1698/2005 (mill €)

Axes	% of total budget	EU contribution	national budget	Total
Axis 1	40%	985,45	246,36	1 231,81
Axis 2	26%	640,54	140,61	781,15
Axis 3	30%	739,09	184,77	923,86
Axis 4**	2,50%	61,59	15,4	76,99
Technical assistance	4%	98,55	24,64	123,18
Measure & National Complementary Direct Payments**		145,47	36,37	181,84

** Funds for measures LEADER are part of the money allocated to the three axes

Measures foreseen for the period 2007 - 2013

Measures included in the Axis 1 "Improving the competitiveness of the agricultural and forestry sector" are listed below:

- 111 Training, information and diffusion of knowledge
- 112 Setting up of young farmers
- 121 Modernisation of agricultural holdings
- 122 Improving the economic value of the forests
- 123 Adding value to agricultural and forestry products
- 141 Semi-subsistence farming
- 142 Setting up producer groups
- 143 Provision of farm advisory and extension services

All 8 measures shown above will start at the beginning of the planning period. The last measure is according to Annex VIII Section I D of the Act of Accession of Bulgaria and Romania and covers only the period 2007-2009.

All measures under this axis are very important for Bulgaria particularly having in mind:

- substantial drop in agricultural production over the transition,
- complete de-capitalisation of the sector over the first 10 years of transition which is not offset yet, although the support under SAPARD,
- large share of subsistence and semi-subsistence farms in the country and
- age structure and in particular quality of the labour force in agriculture.

In addition Bulgaria has good experience from SAPARD implementation in this field. The results achieved shows that it is worth to spend the biggest amount of money under this objective. This will help farmers and processor to comply with the increased requirement to quality and food safety.

Special attention is devoted to measure 141 "Semi-subsistence farming" which will contribute substantially to the farm sector restructuring and will allow farmers that are willing to do the business properly to do the job.

The measures under axis 2 are:

- 211 Natural handicap payments to farmers in mountain areas
- 212 Payments to farmers in areas with handicaps, other than mountain areas
- 214 Agri-environmental payments
- 223 First afforestation of non-agricultural land
- 226 Restoring forestry potential and introducing prevention actions

The first two measures have been introduced as a pilot project in 2005. A lot of work has been done also in preparing the agri-environmental payments and restoration of forestry potential. In selecting the measures to be applied at the beginning of planning period it has been taken into account the BG preparation for their implementation.

5 measures have been chosen inter the axis 3. These measures are:

- 311 Diversification into non-agricultural activities

- 312 Support for the creation and development of micro-enterprises
- 313 Encouragement of tourism activities
- 321 Basic services for the economy and rural population
- 322 Village renewal and development

The preparation for implementation of these measures started a few years ago but only the third measure was implemented under SAPARD. The other measures have been chosen to address the basic demographic problems of rural regions: diversification of economic activities; renewal of village basic infrastructures; and providing basic services and access to them.

The measures under Leader approach are directed to

- development and implementation of local initiatives
- inter-territorial and trans-national cooperation

Bulgaria will use the fazing in option and 7 additional measures (4 measures under Axis 1; 2 measures under Axis 2; 1 measure under Axis 3) will start at later stage (2010). The main reasons for using this option are:

- the need of increasing the capacity for implementation
- finishing the work for defining the areas under NATURA 2000

It has to be mentioned that the one of the measures that will start in 2010 will just replace measure 143 Provision of farm advisory and extension services which is transitional one, with the permanent measure with the same effect

Some conclusions

Conclusions drawn at this stage could be summarized as follows:

- Bulgaria has chosen the realistic approach to the measures included in the NRDP
- The SAPARD experience helped a lot in preparation of the NRDP - fazing in approach will better serve the strategic objectives
- Although the first step in setting up the National Rural Network has been done there still is a lot of work ahead before it starts to operate properly



Ricardo Ferreira

Professor of Agricultural Economics and Policy at the Polytechnic of Portalegre and coordinator of Europe Direct Alto Alentejo-Portugal)

Alentejo, in Portugal, is a Convergence Region in terms of the Regional Policy of the European Union. Therefore, we cannot talk about the potential evolution of the region for the period 2007-13 considering only the Rural Development Policy. To understand the policy goals, and the opportunities for the region erasing from EU support we must take into account both policies together. Furthermore, in many cases, the convergence regions are mainly composed by rural areas. Reason for which we must take into account, when applicable, both at the same time.

A characterisation of Alentejo

Alentejo is a wide region in the south of Portugal. It occupies 34% of the total area of the country. It is a under populated region , composed mainly by rural areas. But it is at the same time a region very rich environmentally. It has a very well preserved natural environment, with 263 km of coast line, the largest existing cork tree area, several Natura 2000 locations and natural parks. I use to say frequently "it is the best place for your vacations: good sunny weather; good food; good wine; gentle people; culture and history...".

At the same time Alentejo is a region changing fast. This is the reason of the highest potential for development, but also the biggest threats if is not pursued with care. One of the elements inducing changes in the region is the recent construction of the Alqueva barrage. It's basin is the largest artificial lake in Europe. Clearly it induces an enormous potential for growth in both tourism and agriculture. At the same time, an enormous potential arises from the role that Alentejo may play in the future logistics map in Europe . Example of such is the inclusion of the region in 4 of the 30 European Priority Projects for the Transeuropean Network of Transportation.

Trying to summarise the SWAT analysis in the Regional

Operational Programme, we must say that the biggest strengths are the geography (location, climate, culture, territory planning) and some economic sectors (agro-food; cork; tourism). The biggest weakness is demography (scarcity of people, companies, too small cities, low educational level). The biggest opportunities are some structural projects (TGV; Beja airport; Alqueva barrage; logistics) and some sectors to develop (agro-food and renewal energies). On the biggest threats the abandonment of rural areas and a potential bad planning in growth are on the top of the list.

Strategic National Plan for Rural Development 2007-13

The plan for rural development in Portugal, PRODER, for the period 2007-13, was published by the Decision C(2007)6159, December 4th, of the Commission. Its main goals are clearly to increase competitiveness of agriculture and forestry; promote the sustainability of rural areas and natural resources; develop socially and economically rural areas. To achieve this goals four axis have been planned:

Axe 1 - Competitiveness of agriculture and forest

Axe 2 - Environment and Rural Landscape

Axe 3 - Life quality in rural areas and diversification of rural economy

Axe 4 - LEADER approach

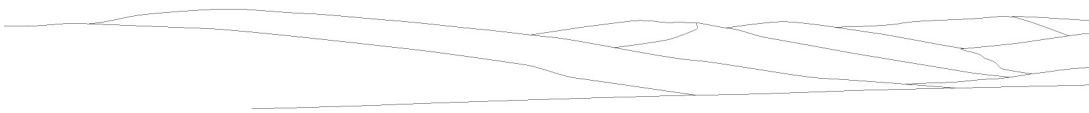
When considering the funding distribution aimed for these years, we can observe clearly that axis 1 and 2 will be the main elements of rural development policy. These two together are expected to represent 75 to 95% of total funding. Competitiveness and Environment will thus be the main flags for rural development for the next years.

Regional Operational Programme 2007-13

The Regional Operational Programme was designed following the strategic study for the region "Uma Visão Estratégica para o Alentejo no Limiar do Século XXI ". It is based in 6 different axis:

1. Competitiveness, Innovation and Knowledge
2. Urban Development



- 
3. Connectivity and territory articulation
 4. Environment Qualification & Rural Area Valorisation
 5. Governance & Institutional Capacity
 6. Technical Assistance

When we observe the funding distribution, we notice that axis 1 and 3 are the leading elements of this regional policy. When further looking into the specific goals of these, a few aspects are kept in our minds: Micro and Small Companies; External Markets; Research and Development; Strategic sectors; Innovation ICT and networking. This clearly indicates the basic element for the development of the region: To achieve a developed region we must promote competitiveness in the local actors, mainly the companies.

A Final Remark

Alentejo has always been pointed out as the poor, less developed, region of Portugal. Even common jokes in Portugal, are always told about this region. However, it has today the highest potential for development.

Both rural development and regional policies are emphasising the competitiveness issue. The idea is to grow innovative and strength companies, mainly SME's. That will be the basis for a developed region with high living standards in the future. However, central, regional and local authorities must be very careful in such development. A good territory planning must exist not to allow for externalities which could endanger our natural advantages. We may not lose our actual living quality:

"It is the best place for your vacations: good sunny weather; good food; good wine; gentle people; culture and history..."

Have you ever been in Alentejo? You should. We're waiting for your visit!

Mary Fazikova

Head of the Department of Regional Development of the Faculty of Agriculture of the Region of Nitra -consultant of the regional government (Slovakia)

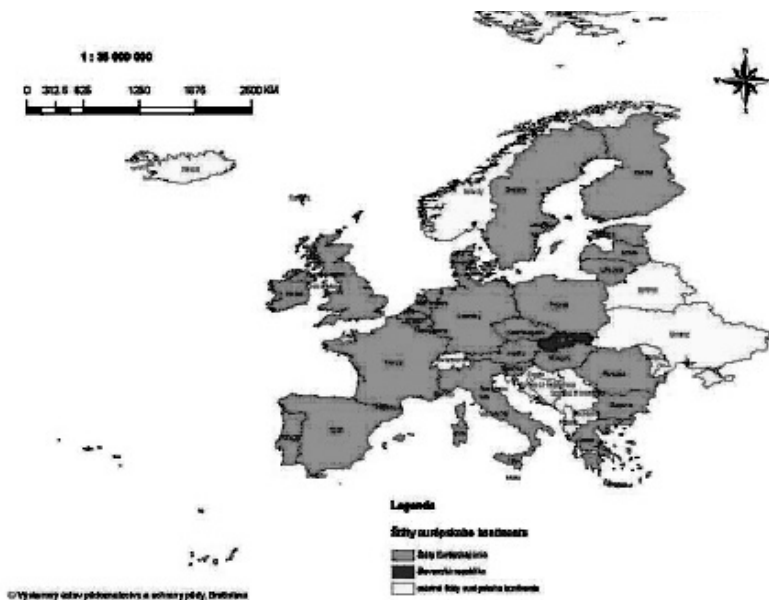
Basic characteristics of the Slovak Republic

Number of inhabitants living in Slovakia: 5 380 000

The size of the country (in km²): 49 036

Density of settlement (inhab. km²): 110

Geographic position of Slovakia



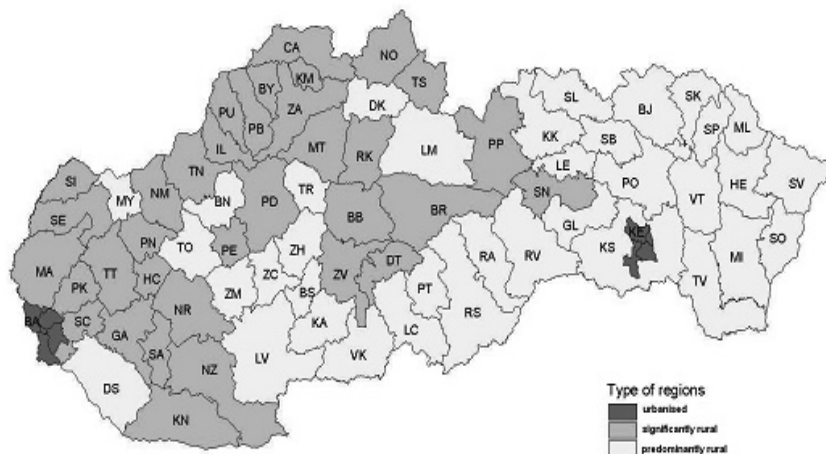
Basic geographic characteristics

- 60% of the surface is mountainous
- 40 % of the surface are lowlands
- the highest pick "Gerlach" 2 665 m a.s.l
- the lowest place 94 m a.s.l.
- very variable natural conditions

Rurality of the country – NUTS II level

- 86,6 % of people lives in the significantly rural regions
- 13,6 % of people lives in the predominantly urban regions

Rurality of the country – NUTS III level



made by Mgr. Peter Lacina

Basic characteristics

	Predominantly urban regions	Significantly rural regions	Predominantly rural regions
Share of the area (%)	12,44	44,27	54,48
Share of the inhabitants (%)	12,36	49,47	38,15
Density of settlement (inhab.km ⁻²)	632,8	122,6	76,8

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Basic economic characteristics

	Predominantly urban regions	Significantly rural regions	Predominantly rural regions
Share of enterprises (%)	34	44	22
Economical activity index	7,87	2,6	1,7
Microfirms (up to 9 employees) (thous.)	22,7	27,5	13,5
Small firms (up to 49 employees) (thous.)	2,9	4,8	2,7

Basic economic characteristics

	Predominantly urban regions	Significantly rural regions	Predominantly rural regions
Competitive industries	-financial services -transportation -telecommunications -trade	-industry -building industry -tourism	-agriculture -building industry -tourism
Economic structure	diversified	diversified	monostructural
Decrease the number of jobs	no	24 %	67 %
Industries with increase the number of jobs	Financial services Real estate	-building industry -trade -tourism	-public administration



Socio - economical development

	Predominantly urban regions	Significantly rural regions	Predominantly rural regions
Unemployment rate (%)	7,2	14,3	17,8
Share of long-term unemployment (%)	44,0	35,7	58,6
Industries with highest share of long-term unemployment	agriculture	agriculture	agriculture
Average wage (€)	578	437	362

Demographic potential

	Predominantly urban regions	Significantly rural regions	Predominantly rural regions
Ageing index	133	113,7	96,1
Natural increase (‰)	- 0,09	- 0,81	+ 0,84
Migration increase (‰)	- 3,21	+ 13	+ 8
Share of adult people with basic education (%)	38,8	59,4	62,0

Settlement structure

	Predominantly urban regions	Significantly rural regions	Predominantly rural regions
Average size of the settlement (inhabitant)	236 000 – 400 000	2 200 – 2 800	900 - 1200
Share of peripheral settlements (%)	0	13,5	29,9

Infrastructure equipment

	Predominantly urban regions	Significantly rural regions	Predominantly rural regions
Share of settlements connected to public water-pipe system (%)	100	89	59,6
Share of settlements connected to public sewerage system (%)	100	22,4	15





SWOT analysis of the rural areas

Strengths:

- High recreational and tourism potential
- Rich cultural and historical heritage
- Enough free labour force
- Predominant share of population with secondary education
- Possible development of services
- Diversification of agriculture

SWOT analysis of the rural areas

Weaknesses:

- Negative population tendencies
- Insufficient technical infrastructure
- Shortage of jobs
- Unfavorable demographic structure
- Slightly developed capacities of human resources

SWOT analysis of the rural areas

Opportunities:

- Decreasing of dependency to agriculture
- Increasing number of tourists
- Development of the economical branches connected to rural tourism
- Increasing potential to create partnerships
- New jobs creation

SWOT analysis of the rural areas

Threats:

- Low labour force mobility
- Low purchasing power of rural people
- High share of people in post-productive age
- Continuing brain-drain from rural areas

The strategy for rural areas in the Slovak Republic

The principles of the strategy:

- sustainable development – to maintain and renew the natural and cultural resources, the ecological stability of

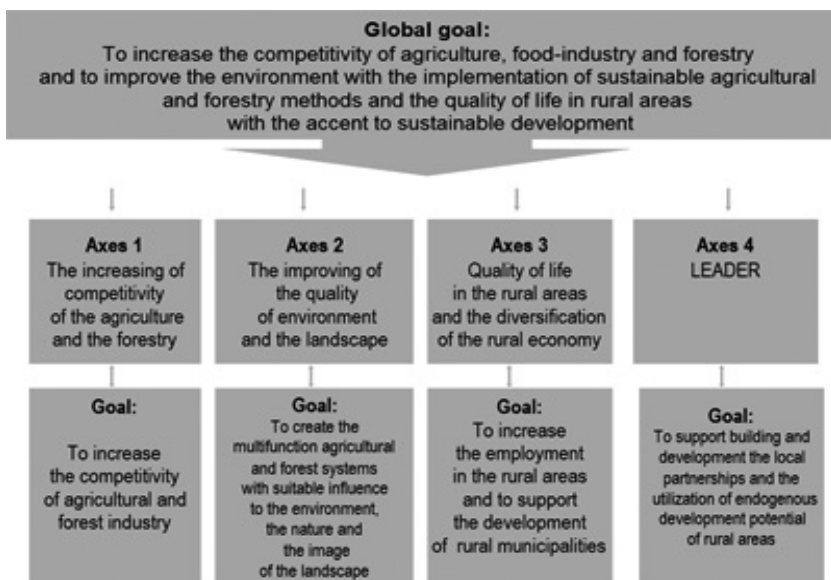
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the country and to increase the environmental feeling of the people

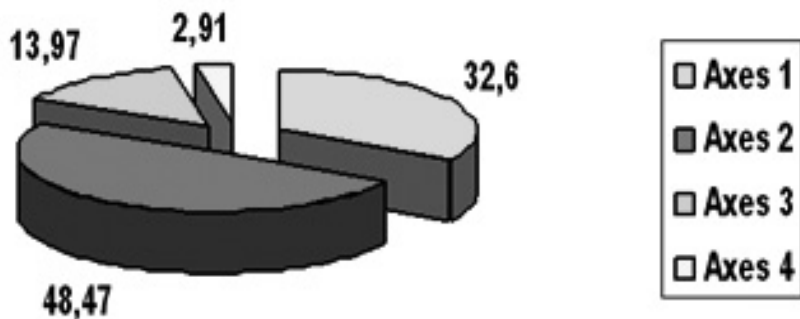
- equal opportunities – equal opportunities for men and women in each measure
- long-term effect – long-term efficiency of expended resources
- partnership – the principle respected in the process of creation and implementation of the plan
- informatisation – support of the interconnection and information

The key priorities of the National Conception of rural development

1. The development of economical activities suitable for rural areas.
2. The preservation of environmental and cultural funds.
3. The increase of quality of life of rural people.

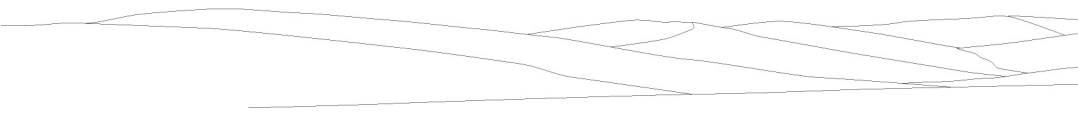


The share of the axes on the total public funds (%)



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