

# **The Nature Of Rural Development: Towards A Sustainable Integrated Rural Policy In Europe**

A Ten-Nation Scoping Study for WWF and the GB Countryside Agencies (Countryside Agency, Countryside Council for Wales, English Nature and Scottish Natural Heritage)

Synthesis Report By  
David Baldock, Janet Dwyer, Philip Lowe,  
Jan-Erik Petersen and and Neil Ward

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WWF is the world's largest and most effective conservation organisation. It has a global network of 27 National Organisations (of which WWF-UK is one). The mission of WWF – the global environment network – is to stop the degradation of the planet's natural environment, and to build a future in which humans live in harmony with nature, by:

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- ensuring that the use of renewable natural resources is sustainable;
- promoting the reduction of pollution and wasteful consumption.

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Countryside Council for Wales is the Government's statutory adviser on sustaining natural beauty, wildlife and the opportunity outdoor enjoyment throughout Wales and its inshore waters. With English Nature and Scottish Natural Heritage, CCW delivers its statutory responsibilities for Great Britain as a whole, and internationally, through the Joint Nature Conservation Committee. Web site <http://www.ccw.gov.uk>.

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The Institute for European Environmental Policy (IEEP) is a leading centre for the analysis and development of environmental policy in Europe. Our work focuses on European Union (EU) environment policy, and environmental aspects of other sectoral policies such as agriculture, transport, regional development and fisheries. We are also actively engaged in the development of in EU Member States and in central and eastern Europe. IEEP seeks both to raise awareness of European environmental policy and to advance policy-making along sustainable paths. Web: <http://www.ieep.org.uk>

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The Centre for Rural Economy was set up in 1992 in memory of the 10th Duke of Northumberland. It is committed to applied research of the highest quality, oriented towards the achievement of a sustainable rural economy. The focus for its research is the socio-economic issues of institutional and policy design arising from the reforms of the EU Common Agricultural Policy towards rural development and environmental objectives. The Centre publishes Research Reports, Working Papers and a Newsletter. Web site: <http://www.ncl.ac.uk/cre>.

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# Executive Summary

## Introduction to the Study

1. This is the first, scoping study in a major project initiated by WWF and partners on the nature of rural development in Europe. The project aims to analyse rural development policies and practices in a range of countries with a view to developing a more robust model for sustainable, integrated rural development in the EU.

2. The scoping study has been supported by WWF and the British countryside agencies<sup>1</sup> and undertaken by the Institute for European Environmental Policy (IEEP) and Centre for Rural Economy (CRE) working with a consortium of independent consultants in ten different countries, from May to December 2000 (see Annex 1 for details). The countries chosen include six EU Member States, three accession countries and Switzerland, which has pursued its own approach outside the EU.

3. The aim of this initial scoping study has been to investigate **actors, institutions and attitudes towards rural development in Europe**, in order to help clarify key issues. Broad areas of interest were identified, as follows:

- The driving forces for rural change
- Institutions and institutional arrangements for advancing rural development
- National perspectives on rural development principles and goals
- The role of the environment in rural development policies and outcomes
- The role of social values (participation, equity, etc) in rural development
- The urban–rural interface and its implications
- The resourcing of rural development policy

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1. Countryside Agency, English Nature, Countryside Council for Wales and Scottish Natural Heritage

- Accountability versus flexibility and innovation in policy delivery – achieving the best balance between bottom-up and top-down processes and concerns.

4. An expert team in each of the ten countries explored attitudes and institutional behaviour through a series of semi-structured interviews with key officials, stakeholders and expert observers in the field. Draft national reports were discussed at one-day workshops within each country, bringing together a range of relevant stakeholders and experts. IEEP and CRE then produced this report to synthesise the results of the revised national reports, drawing out common themes and key areas of difference between them.

5. The structure for this summary is organised under five headings as follows:

- description of the driving forces for rural change in Europe
- analysis of approaches to rural development in the ten countries
- Comparison of structures, actors and instruments for rural development in Europe
- analysis and clarification of key issues – goals, the role of the environment, social values, the rural-urban interface, and policy delivery, resourcing and administration
- conclusions.

## **Driving Forces for Rural Change**

### **Economic and Social Drivers**

6. The economic functions of rural areas have evolved considerably in recent decades. In all countries there are common economic and social threads. Agricultural intensification is common on ‘good land’ or in more prosperous regions, and agricultural decline or abandonment on poorer or more marginal land. This has been accompanied by demographic and economic change which has reduced the dependency of rural inhabitants upon farming and other primary industries. However, new industrial and service activities have emerged, although not necessarily in those regions suffering the most from rural decline.

7. In the more densely populated and industrialised EU states such as the UK, Germany and France, agriculture’s relative decline in importance has been matched by counter-urbanisation in many areas, where local economies are characterised by new services or a pattern of commuting to neighbouring urban areas. In more sparsely populated and more ‘rural’, or less developed states (eg Sweden, Spain), depopulation of remote rural areas is still a major problem and commuting is less common.

8. In several countries, tourism has become a major feature, ranging from the environmentally-sensitive rural tourism of parts of Austria and Germany to the more extreme developments seen in Mediterranean states. Leisure and tourism are still widely regarded as significant development options for rural economies.

9. Probably the most important motor of rural change in Central and Eastern Europe has been social and economic restructuring, prompted by the political reforms of the last

decade. Rural areas remain economically depressed following the collapse of centrally planned economies in the early 1990s and there is a severe lack of infrastructure to facilitate development. Agricultural systems have experienced dramatic changes since the late 1980s. The dismantling of state structures of management and control, the privatisation and restitution of landownership and the sweeping market reforms of the early 1990s disrupted agricultural production in the short term and greatly diminished production intensity in the medium term.

10. Technological changes will continue to be an important motor of change in Europe's rural areas in the coming years, particularly information and communication technologies and new biotechnologies.

11. Many rural areas face long term challenges posed by an ageing population, as well as opportunities enjoyed by populations that benefit from continually rising living standards. There is a general trend towards a greater emphasis on amenity and quality of life, such as a new environmental ethic, as living standards rise. However, in some parts of southern Europe the transition from peasant forms of social organisation is still a significant process while, particularly among the CEECs, national and cultural identities are gaining new prominence.

### **Policy Drivers**

12. There is a strong commonality of influence in relation to the rhetoric and aspirations of rural development policies in all the countries. Most have been strongly influenced by the developing EU perspective on rural development. For EU Member States, this has translated into the policy instruments of the Structural Funds, the Community Initiatives (especially LEADER) and most recently, the Rural Development Regulation of the Common Agricultural Policy. For the accession countries it has emerged in the PHARE and SAPARD programmes. In Switzerland, where none of these policies has a direct impact, there has been a parallel rhetoric of integrated and sustainable rural development policy which is broadly locally responsive and environmentally and socially sensitive.

13. The aspirational orientations for rural development policies have exerted strong influence upon policy design at both national and local levels, sometimes to the exclusion of other perspectives (eg from local stakeholders who do not believe the European models are best suited to local conditions – a particular issue for accession countries). Within the EU, the importance of European co-funding for structural policies has led to a considerable influence in particular with regard to important infrastructure investments. In several EU countries, the LEADER approach is cited as particularly influential and successful despite its relatively modest resources.

### **Environmental Drivers**

14. Most countries share certain environmental concerns:

- progressive degradation in semi natural and farmed habitats, driven by a combination of intensification and abandonment;

- degradation of soils and water associated with intensive farming, including excessive water abstraction and pollution associated with irrigation in southern Europe;
- continued loss of land to built development and infrastructure, causing fragmentation of rural landscapes and habitats, especially in the developed zones of north west Europe;
- forest management concerns including inappropriate afforestation, insensitive commercial management and excessive felling, in different regions.

15. However, there is evidence of environmental progress, including a large increase in the area of land under agri-environment schemes and a boom in organic farming. High Nature Value farmed habitats are increasingly coming under systems of special protection and management, which may create a basis of new local economic development strategies.

16. In future, a growing influence of EU environmental policies upon rural development and agricultural funding seems likely. Nevertheless, many environmental problems remain to be addressed.

### **Approaches to Rural Development**

17. The evolution of European Community policy has followed, incorporated and influenced changing conceptions of rural development in Europe. The current approach has its basis in the EC's 1988 policy document *The Future of Rural Society*, which stressed the need for an approach that stimulates development from within. From the mid-1990s onwards, this approach has gradually influenced EU structural and rural policies, by combining the agricultural structures measures of the CAP with the partnership approaches to rural development employed in the Structural Funds.

18. In the EU, what constitutes 'rural development' is becoming encapsulated in the CAP's new Rural Development Plans, LEADER+, and the new Structural Fund programmes. A parallel process is underway in the CEECs through the SAPARD programmes. This is a highly particularised version of 'rural development' which reflects the current prevailing concerns of those responsible for EU policy.

19. A wide range of institutions in the ten countries is influenced by this European mantle, while they retain their own perspectives. In their own work they draw on a succession of European and more local models of rural development creating a rich variety of conceptual and operational preferences. Among the different prevalent concerns which underpin national approaches are agricultural modernisation; infrastructure development; maintaining regional populations; landscape protection and management; rural economic diversification; social and economic cohesion; and relieving rural disadvantage and deprivation. There is no single over-arching 'rural problem' for policy to address. Instead, it is increasingly agreed that rural development should build upon and conserve the varied, intrinsic assets of each area.

20. Countries divide between those with a strong national agenda and institutional pattern and those more influenced by the driving force of EU policy. Some have long traditions of their own in rural development policy (eg Austria, the UK and Sweden). Others

(eg Spain) have acquired a rural development role much more recently, generally in response to EU measures.

21. From the national reports, it is clear that an important axis is an agrarian versus rural perspective. Beyond simply confusion over terms is a more fundamental debate about the continuing centrality of farming, socially, culturally and environmentally, to the future of rural areas. There is also an axis around the issue of whether rural space is mainly for 'consumption' or 'production'. Traditionally rural areas have been seen as areas of production and places of work. Increasingly, they have come to be appreciated as places to live in and sites for leisure. The tendency is most marked in more advanced economic regions of the EU with large, middle-class commuter belts, but also in attractive peripheral areas.

22. In the design and delivery of rural development policies there are examples of both 'top-down' and 'bottom-up' approaches although all countries now have some level of public participation and decentralised control. Most typical is a pattern of partial regionalisation in which levels of real local participation vary.

### **Instruments and Structures**

23. The main instruments for delivering rural development policy in all countries studied here, with the obvious exception of Switzerland, are those derived directly from EU level policies and funding. This has influenced the direction of policies in each country and, through its close linkage to agricultural policy, has apparently served to maintain or increase the agrarian influence over this sphere of activity. Within central government, the agriculture ministry or its equivalent is usually the key actor in developing and delivering rural development policy.

24. In every country, the institutional map for rural development involves a hierarchy from the central government ministries down to the local or regional authorities. In the federal countries the regions/Länder/autonomous communities play a prominent part in the cascade of responsibility, and may be involved in devising as well as implementing policy. The role of local authorities, particularly municipalities and their Mayors, is variable. In the majority of countries they have become more active in the implementation of rural development measures in recent years, especially LEADER II. However, it seems there is no 'ideal model' for organising the formulation and delivery of rural development policy in Europe.

25. A core group of critical actors is generally led by central government ministries. Agricultural interests, particularly farm unions, are a major force in most countries, while a combination of private sector interests, environmental NGOs, forestry institutions, education and training bodies and others have a lesser involvement. In Central Europe the dominant actors are nearly all governmental and the critical influence of political parties and individual political leaders in shaping the direction of policy is still very apparent.

26. Few countries report that the ministry of the environment has been a key actor in driving rural development policy. In several cases they have been scarcely consulted in the



process of drawing up rural development plans. In this sense, integration has made alarmingly little progress.

27. At a local level, the new agenda has stirred the ambitions of some existing actors and provided resources for some valuable initiatives. Through this, the rural development debate has quickened at a time when many communities have become ready to assert a stronger view and seek fresh fields of engagement.

28. In 'federal' countries, the dialogue on rural development takes place alongside a wider debate on the role and the dynamics of regional policy. It is not always clear where regional policy ends and rural policy begins. In Austria and Germany there are established institutions for co-ordinating the work of central government and Länder authorities, while in other countries such as the UK and Spain, this is a dynamic and contested arena. However, even in unitary states such as France and Sweden, the devolution of power from the centre is also a strong theme in rural development policies.

## Issues

29. Some key issues have emerged from the studies, as follows.

- *Rural development goals*: the preoccupations of different institutions range from the traditional, such as the need to increase employment, reduce rural poverty and improve infrastructure, to a newer agenda which includes building social capital, tackling gender imbalance, seeding local enterprise, supporting organic agriculture and improving monitoring and evaluation.
- *Role of the environment*: sustainability is still not a key objective of rural development policies nor of the institutions that administer them. Many institutions have yet to recognise an environmental agenda for these policies or to grapple with long term environmental limitations or trade-offs inherent in a sustainable development approach.
- *Social values*: there is a growing sense that it is necessary to involve local people more directly in policy formation, without much knowledge of how this can be done in practice. Many organisations recognise a need to strengthen consultation and partnership but most experience to date suggests that this has not yet translated into policy planning and implementation. Important steps in this direction have been a particular feature of some of the countries studied (eg UK, France). There is a widespread sense that a new agenda and change in style requires more institutional adaptation than has yet taken place. Institutional reengineering is seen as critical by many of the actors most committed to a more integrated and sustainable rural policy.
- *Rural urban interface*: the need to co-ordinate a much broader range of policies affecting rural areas has begun to be recognised and incorporated in some of the countries in this study – eg Switzerland, Austria and Sweden – but many countries still lack sufficient trans-sectoral structures or traditions to enable this to occur.
- *Delivery, resourcing and administration*: in spite of the goal of the Agenda 2000 reform to achieve administrative simplification of rural development measures all national reports show that the EU rural development framework remains very complex. The

complexity of RDR and SAPARD programming procedures has proven a big burden for many countries and there are complaints that the RDR represents a ‘step backwards’ in relation to achieving integrated policy delivery, by comparison with previous structural fund policies and programmes in rural areas (notably Objective 5b). However, the combination of revenue spending and investment aid in RDR and SAPARD recognises that both types of funding are probably necessary to achieve current societal goals for rural areas. In the medium term there is clearly a need to move on from the current agricultural bias and somewhat rigid structures of many rural development policy measures but it is unclear how this can be balanced against increasing pressure upon the Commission to account for the deployment of EU funds.

## Conclusions

30. The public policy framework for rural areas has become increasingly Europeanised over the past decade. Within the EU, serious concerns remain about:

- the limited scope of policy reform to date, particularly in relation to agriculture;
- the extent of unresolved problems and issues relating to the goals of rural development;
- relatively low levels of stakeholder participation in policy formulation and review;
- the weak environmental and social aspects of many rural development policies; and
- the increasingly complex aspects of policy delivery and administration, which threaten to stifle the grassroots innovation and development that the policies seek to promote.

31. Among the applicant countries there is a strong feeling that they should be allowed and enabled to design and implement programmes that best suit their specific situation, rather than forced to follow an imperfect EU model. In Switzerland, a new phase of debate is in progress about whether rural policy should be separated from wider regional policies, in the face of continuing economic and social pressure to focus on the concerns of urban areas.

32. To promote sustainable rural development in Europe, this initial study suggests that policies will need:

- more effective public participation;
- more resources;
- more recognition;
- more use of innovative tools; and
- more learning from examples across countries.

At the same time, this study has identified positive examples of structures, institutional arrangements and policy approaches in the ten countries which suggest potential solutions to many of the problems identified above. A more detailed appraisal of a range of these examples would therefore seem to be a valuable area for future research.

# Introduction

## Purpose and Scope of the Study

This report presents the findings of an initial, scoping study of ‘The Nature of Rural Development’, commissioned by WWF – the global environment network – and the GB countryside agencies in 2000. The scoping study has been supported by WWF and the British countryside agencies<sup>1</sup> and undertaken by the Institute for European Environmental Policy (IEEP) and Centre for Rural Economy (CRE) working with a consortium of independent consultants in ten different countries, from May to December 2000 (see Annex 1 for details). The countries chosen include six EU Member States, three accession countries and Switzerland, which has pursued its own approach outside the EU.

WWF and the Land Use Policy Group of the GB countryside agencies are working to identify and promote a new model of rural development for Europe that is more sustainable in environmental, social and economic terms. An important part of this will be to achieve a European policy framework that will enable and foster the evolution of such a model. In undertaking the study, the research team has been guided by a concept of sustainable rural development which involves the protection and enhancement of environmental capital; the fostering of viable rural economies; and the strengthening of rural communities and the cultural values that they possess. In this, there is also a concern to ensure stakeholder participation in development policies and processes. This concept is drawn from the broad principles embodied in key international agreements and statements, notably the Rio agenda.

Rural Development has been an increasing focus of European policy over the past decade. It was initially pursued through the Structural Funds and related Community Initiatives as one aspect of regional development. The EU has now given it new prominence in its Agenda 2000 reform of the Common Agricultural Policy (CAP), with the birth of the

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1. Countryside Agency, English Nature, Countryside Council for Wales and Scottish Natural Heritage

Rural Development Regulation 1257/1999, and the SAPARD programme for accession states in central and eastern Europe. For the most part, the Member States and accession countries have responded positively to these developments.

However, among the nations in Europe the policy goals of rural development are understood in different ways, and a variety of approaches has been pursued. Terms like ‘integrated rural development’ have a range of possible interpretations at national and local levels, and the motivation for different actors and stakeholders becoming involved in these initiatives can be equally diverse. The question therefore arises as to how such variety is likely to influence the development of these policies at national and European levels.

This scoping study has been undertaken to improve understanding of this variety of approaches and experiences of rural development. It aims to provide a comparison of a range of European countries including EU Member States and accession countries and also Switzerland in order to provide the perspective of a non-EU country with its own distinctive approach. An expert team in each of the ten countries explored attitudes and institutional behaviour through a series of semi-structured interviews with key officials, stakeholders and expert observers in the field. Draft national reports were discussed at one-day workshops within each country, bringing together a range of relevant stakeholders and experts. IEEP and CRE then produced this report to synthesise the results of the revised national reports, drawing out common themes and key areas of difference between them. The focus for this initial study has been upon *actors, institutions and attitudes to rural development*, which have shaped the policies developed in each country and influenced their outcomes in economic, environmental and social terms.

The work has been structured in order to identify key issues or questions for rural development, through an examination of some broad areas of interest in ten different countries. It is hoped that further work beyond this study will attempt to identify answers and solutions to these key issues through a similar multi-country approach.

### **Broad Areas of Interest for Rural Development Policy in Europe**

The study identified the following broad areas of interest to be examined in relation to actors, institutions and attitudes to rural development:

- the driving forces for rural change;
- institutions and institutional arrangements for rural development;
- the role of the environment in rural development policies and outcomes;
- the role of social values (participation, equity, etc) in rural development;
- the urban–rural interface in rural development;
- policy design, resourcing and delivery.

This synthesis report has therefore adopted a mixed approach in presenting the results of the national studies. It attempts to combine a comparative description of driving forces,

actors, institutions and attitudes, with an initial identification of some key issues for sustainable rural development. Thus subsequent chapters are structured as follows.

2. A comparison of economic, social and environmental driving forces for rural change in the ten countries.
3. A discussion of approaches to rural development which underpin the policies developed.
4. A description of the instruments and institutional structures involved in rural development in the ten countries.
5. An initial analysis of emerging issues based around five themes in rural development – goals, the role of the environment, social values, the rural-urban interface, and policy delivery, resourcing and administration.
6. Conclusions, including ideas for further work.

# 2

## The Driving Forces Behind Rural Change

Europe's rural areas have been experiencing significant socio-economic and environmental changes over recent decades. In this section, we briefly outline the main driving forces behind change in rural Europe. Together they provide the context, or starting point, for efforts to progress sustainable rural development.

### 2.1 Social and Economic Changes

#### Population

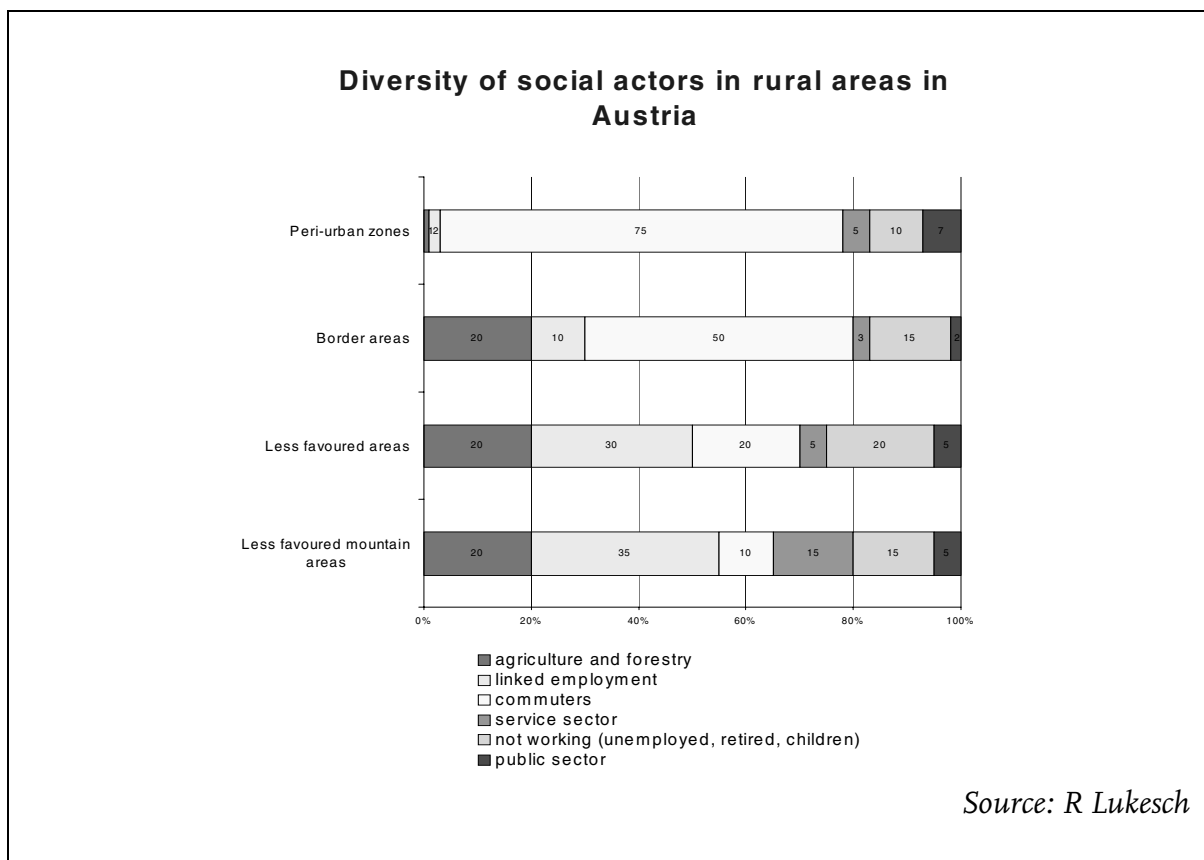
Low population density is one characteristic common to Europe's rural areas, but what counts as 'low' differs markedly from region to region. Densities of more than 100 people per km<sup>2</sup> can be found in rural parts of southern Germany while in the most northern counties of Sweden there are less than 4 people per km<sup>2</sup>. Similarly, the proportions of national populations that live in rural areas differ greatly: from under 10% in the UK, 25% in France and Spain, to over 30% in Austria.

Until the 1970s, the dominant population trend across Europe was urbanisation – the concentration of populations in larger urban centres, driven by the concentration of employment there. The rural concomitant of this trend was rural depopulation, and particularly the loss of younger and more economically active people. This was partly a result of the 'pull' of growing urban economies, but also as technological changes allowed agriculture to shed labour. Since the 1970s, the overall pattern has become more complex. Depopulation is the dominant trend in many parts of rural Europe, particularly in more geographically peripheral areas and in part of the CEECs. Because it tends to be younger people that move away, problems of an ageing and less economically active population are heightened. In contrast, other rural areas are experiencing population growth, largely

through urban out-migration. This sometimes leads to considerable pressure on open countryside. In Germany, strong interregional migration links these two processes: while West Germany's population grew by 4.8 million between 1980 and 1997, that of the Eastern Länder fell by 1.1 million. At least two forms of counterurbanisation can be distinguished. The movement of predominantly middle class families to accessible rural areas that occurs in many prosperous regions of Western Europe contrasts with the departure of often unemployed workers from some of the industrial cities of the CEECs who are attracted by the possibilities of a subsistence income and cheaper housing.

Some more accessible parts of rural Europe, particularly those closer to larger urban centres, have experienced counterurbanization as more affluent people choose to move from towns and cities into rural areas, either to commute to work, to retire, or to work in new or growing business sectors in the countryside. Migration patterns can be complex, with causes of migration being either economic in origin, or to do with changes in lifestyles and social aspirations. Rapid political and economic changes such as those experienced in many CEECs in the 1990s can also have dramatic consequences in terms of population distribution. While depopulation continues, particularly in more remote rural areas, it is no longer a universal rural phenomenon in Europe. However, for many parts of southern Europe and the remoter mountainous regions of central and northern Europe, one of the key challenges for sustainable rural development is likely to continue to be population decline.

**Figure 2.1**



## Social Factors

In some parts of southern Europe, the transition from peasant forms of social organisation is still a significant process. In many countries, changing gender relations are altering the nature of, and aspirations around, local rural development strategies. For example, in Sweden, a country with a strong welfare-state tradition and women's movement, women dominate the public sector, which is a major employer in rural areas. Women are also very prominent in rural development organisations and gender equality is a major feature of development programmes. In some countries, particularly among the CEECs, national and cultural identities are gaining new prominence.

Common among many rural areas are the long term challenges posed by an ageing population, as well as the opportunities enjoyed by populations that benefit from continually rising living standards. Similarly, we might identify a general trend towards a greater emphasis on amenity and quality of life concerns, such as a new environmental ethic, as living standards rise. However, quality of life expectations can also favour further outmigration, especially of skilled people, where rural services, transport links, education and health are not of the same standard as in urbanised areas. Such trends can be observed especially in the least populated areas of economically weaker regions, in southern Europe in particular. All these trends shape the context for rural development in the different regions of Europe.

## Economies

All rural areas of Europe begin from distinctly different starting points in terms of their development. There are substantial regional differences in rural GDP and a sharp divide between the western countries and the CEECs. The urban/rural divide is much sharper in the CEECs, which have seen the collapse of much of the formal economy in rural areas; industrial output per head in the rural areas of Latvia is a quarter of that in the urban areas. In contrast, it is possible to find some rural regions in every EU Member State that figure among the most economically dynamic in their country. Unemployment in many of the more developed EU Member States (such as Germany, France and the UK) is lower in rural than in urban areas, although this is not the case in the mountainous areas of Austria or the forested counties of Sweden. In other Member States, unemployment in rural areas tends to be either similar to or somewhat higher than in urban areas. Unemployment rates are also significantly higher in the CEECs, particularly in rural areas. Official unemployment is 27% in the Latgale districts of Latvia, for example, while the actual level is considerably higher.

There are major variations in the economic importance of rural areas. In some countries the agri-food sector accounts for more than 20% of exports (eg Hungary), in others for less than 5 per cent. Agricultural employment ranges from under 2% of the national workforce in the UK to more than 10% in Greece, Ireland and Portugal. In some CEECs, there has been a dramatic decline in the numbers employed in agriculture in the last decade – dropping from 17.5 to 7.9% in Hungary since 1990.



The economic functions of rural areas have changed considerably in recent decades. There has been an inexorable decline in primary sector employment and traditional rural industries have been squeezed. However, new industrial and service activities have emerged, although not necessarily in those regions suffering the most from rural decline.

All the EU countries have suffered losses of primary sector employment over several decades. There are now few regions in the EU where agriculture contributes more than 10% of the regional value added and these are concentrated in Greece, Portugal and Ireland. Agriculture now accounts for only 5% of employment in the EU (Eurostat, 1998). Forces of mechanisation have widely affected not only agriculture, but forestry, fishing and mining too; and expansion of production has encountered problems of over-exploitation and over-supply. At the same time, processing and manufacturing activities once closely linked to the primary sector (such as farm machinery manufacture, food processing, the leather industry, timber processing, etc.) have undergone significant economic and geographical concentration and face growing competition from outside the EU. Many service activities traditionally found in rural centres have also experienced intensified competition from urban centres. The consequence of all these developments has been the loss of much localised employment from rural areas and regions.

### **Agriculture and Forestry**

Agriculture and forestry are by far the most important land uses in European rural areas. Agriculture accounts for over 40% of the EU's total land area, although the proportion in Member States varies from less than 10% of national territory in Sweden and Finland to over 70% in the UK and Ireland. Likewise, while about 36% of EU land is forested, this varies from under 8% in the UK to 60% in the Scandinavian countries. In Central and Eastern Europe the pattern is similar, with agriculture dominant in southern and central countries and forestry among the Baltic states.

The dominant trends in agriculture over the past half-century have been the intensification and specialisation of agricultural production, encouraged by technological developments and subsidised commodity prices. Within the Common Market for agricultural products there has also been a concentration of production in favoured and central regions and a marginalisation of production in less favoured and peripheral regions. Thus some 80% of the EU's intensive agricultural production occurs in coastal zones of the North Sea and the English Channel, in a corridor stretching from Brest to Copenhagen and around Rouen and Rotterdam. On the other hand, Less Favoured Areas (LFAs) cover more than half the total farmed area in the EU.

In the CEECs, agricultural systems have experienced dramatic changes since the late 1980s. The dismantling of state structures of management and control, the privatisation and restitution of landownership and the sweeping market reforms of the early 1990s massively disrupted agricultural production in the short term and have greatly diminished the intensity of production in the medium term. The decline in output was most pronounced in livestock production as consumers switched to cheaper staple products and export markets were lost. In most countries, cattle and sheep numbers fell to about half their former level and there was a decline of 30–35% in pig and poultry populations.

Crop production fell by up to a third compared to 1989 but there has been an increase in average yields and production in most countries recently. Overall, a great deal of capital and labour have been withdrawn from the agricultural sector. Without support for marginal areas or farmers, processes of marginalisation are leading to extensive land abandonment, particularly in regions where growing conditions are poor and which are peripheral. These developments have been exacerbated in some cases by the way the privatisation of land has been handled. Privatisation of the state owned and collective farms generally has resulted in a dual farm structure. Often there is a large number of small semi-subsistent family farms, subject to rapid amalgamation in some areas, which exist alongside a group of larger units comprising co-operatives, limited companies and state farms.

To some extent, the pattern of change in European forestry in recent decades has mirrored that in agriculture, with a general trend towards intensification of forest management and increasing specialisation in forest outputs. Also, this has in turn engendered a critical appraisal of the impacts of the sector upon the environment and a move in recent years to redress the balance by seeking more multipurpose forestry which delivers environmental and social benefits, including initiatives to add value to forest products and conserve local distinctiveness and biodiversity. In the accession countries, a degree of privatisation of former state forest has occurred, which has led to some of the same stagnation in management activities as has affected agriculture. It is probably fair to say that in many respects, the changes in forestry and woodland management have been less swift and potentially less damaging than in farming because of the longer product cycles involved. They have also been tempered by the continuing significance of state ownership and management in this sector, in both EU and accession countries. One external factor which has had a particular influence on the state of forests in Europe has been air pollution from urban and industrial sources, which continues to be a concern in many countries.

### **Other Sectors**

New economic functions have emerged for rural areas. Indeed, new firm formation rates and employment growth have tended to be higher in small towns and rural areas than in large urban centres. There has been a net increase in employment in all non-metropolitan regions of the EU with the exception of Greece and Finland (OECD 1996). In some cases growth is due to the decentralisation of productive activities, but very often it is due to indigenous industrialisation. Furthermore, in more accessible rural regions, certain service activities have also relocated to rural areas, thereby accentuating an employment pattern already heavily weighted towards the service sector.

Tourism has become a major growth sector for many rural regions. In some regions it has come to play a key role in maintaining rural livelihoods and landscapes. Austria is a prime example, with 15% of its GNP from tourism. The Austrian Alps have a highly developed tourism economy which is strongly related to the agricultural sector and helps to support a complex system of small-scale pluri-active farmers providing accommodation, tourism enterprises, handicrafts, etc. In other parts of Europe, the development particularly of mass tourism has seen a radical transformation of local economies, landscapes and settlements, as has been the case in what, in the 1950s, was the small Spanish fishing village of

Benidorm. There is no doubting, however, that leisure and tourism are still widely regarded as a significant development option for rural economies in much of Europe, particularly as active holidays (skiing, hiking, cycling, climbing, etc) gain in popularity. For example, some 69% of project proposals under the LEADER I programme in Spain were tourism-related (Barke and Newton, 1994).

Since the opening up of the CEECs to Western visitors, tourism has developed quickly there too. The number of international arrivals showed a sharp increase of 180% in the period 1985 to 1996 (compared with 60% for Europe as a whole). The outlook shows a continuous growth of tourism of about 60% between 1996 and 2010 which is also stronger than the predicted growth of about 50% for Europe as a whole (EEA, 1998). For example, over twenty million tourists visit Hungary each year, which makes it the eighth most visited country in the world (ahead of countries like Austria and Switzerland). However, although the cultural and natural qualities of rural Hungary offer considerable tourist potential, rural areas have largely not yet benefited because of the lack of infrastructure.

### **Technological Change**

As in the past century, technological change will continue to be an important motor of change in Europe's rural areas in the coming years. Recent years have seen increasing interest in the possible implications of new Information and Communication Technologies (ICTs) and new biotechnology such as new crop varieties, leading recently to the planting of genetically modified crops albeit on a small scale at present. ICTs have the potential to alter the geographies of both work and trading. Some have interpreted this as the potential 'death of distance' with the implication that rural areas will be able to compete more effectively in the 'new economy' associated with ICTs. However, it is just as plausible for the ICT revolution to reinforce the competitive advantages of some larger urban centres to the detriment of peripheral rural areas. New biotechnology and developments in agriculture also have the potential to alter the geography of agricultural land uses in Europe, as well as the nature of agricultural input use. Many have postulated a further polarisation in Europe between areas of intensive, increasingly specialised production with more widespread adoption of 'integrated farming', and more marginal, extensive agriculture. In parallel, the effects of climate change and of measures to reduce greenhouse gas emissions may create both new constraints, and also new opportunities, for agricultural land uses.

### **Political Factors**

Probably the most important motor of change in the rural areas of Central and Eastern Europe has been the process of social and economic restructuring, prompted by the political reforms of the last decade. The transition from centrally planned economies, and the preparations for accession to the EU, are key drivers shaping rural transformation. Important among these changes are the reform of local government structures and legal reforms concerning land ownership and the process of privatisation. These are profoundly altering the structure of local and regional economies as well as prompting significant movements of population.

In Western Europe too, the evolution of the policies and institutions of the EU are an important influence upon the socio-economic conditions of many rural areas. Over the past decade or so, the growth of the EU's cohesion policy has meant, for example, the targeting of considerable public funds for rural development and structural adjustment in rural regions covered by Objective 1 in countries such as Ireland, Spain and Portugal. The importance of EU co-funding for structural policies has led to a considerable influence of EU programme objectives on national policy making for rural areas, in particular with regard to important infrastructure investments. EU Structural Funds programming procedures have introduced a certain rigour with regard to the integration of environmental considerations into programme planning but also bind considerable administrative resources and can limit flexibility.

## **2.2 Environmental Changes**

Different patterns of land use will shape development paths. In general, across Europe, natural habitats are now rare and frequently under pressure. Wildlife depends heavily on semi-natural habitats in every country and the management of farmland and commercial forests is a critical determinant of the status of a large range of habitats and the species that they support.

Environmental issues can create both constraining factors that inhibit rural development, and positive opportunities to be exploited. Often, specific problems such as pesticide contamination of drinking water have come to public and political attention as a result of the EU's establishment of pan-European systems of environmental monitoring and regulation.

The ten national studies reveal a familiar catalogue of environmental pressures on the countryside, with many threats now diffuse and cumulative, as opposed to large development proposals, which are less prominent today. Most countries share certain concerns, as follows.

- There has been a progressive degradation in semi natural and farmed habitats, driven by a combination of intensification and abandonment.
- In central Europe abandonment has taken place on a large scale; in Hungary one million hectares of farmland is expected to be affected.
- In the EU intensification is generally perceived to be a greater problem, with exceptions such as remoter parts of Spain, northern Sweden, patches in France, Germany and elsewhere.
- Degradation of soils and water quality continue to be associated with intensive farming and there are a number of distinct regional issues, such as excessive water abstraction and pollution associated with irrigation in southern Europe.
- Continued urbanisation, and the progressive fracturing of rural landscapes and disruption of habitats and rural tranquillity by infrastructure projects are reported in most countries, especially in the developed zones of north west Europe. A few countries, such as Germany, pay particular attention to the impact of development on soils and water supplies.

- Forest management is a concern in many countries although the issues vary considerably. They include inappropriate afforestation in Spain, insensitive commercial management in Sweden and excessive felling on private land in Latvia.

In areas of more intensive agricultural practices, the risk over the longer term is that environmental degradation progressively undermines farming's underlying productive resources, for example by water pollution or soil erosion. Similarly, land that is developed for housing or large infrastructure projects is unlikely to be restored for other uses. Thus environmental change can constrain future development strategies in some places and limit their scope. Constraints may also arise in the future as a result of the impacts of climate change on European land uses and transport patterns, or the requirement that rural land makes a contribution to addressing greenhouse gas emissions through exploiting carbon sink functions, or growing new and renewable energy crops.

Extensive farming systems on often marginal farmland contribute most to agricultural biodiversity, the so-called 'High Nature Value' farming. However, such systems remain under strong economic pressure and continue to suffer intensification, simplification or outright abandonment.

At the same time, there is evidence of environmental progress. Throughout the EU there has been a large increase in the area of land under agri-environment schemes. In Austria nearly 80% of farmland now benefits from this measure and even in the UK, at the lower end of the spectrum, the area of land enrolled increased fifteen fold between 1987 and 1998. Organic farming has enjoyed a boom in many countries in recent years, partly driven by new markets and partly by support from CAP and national measures. In Austria about 20,000 farms, nearly 10% of the agricultural area, are now organic, although growth has levelled off in recent years.

High Nature Value farmed habitats are increasingly coming under systems of special protection and management, which may create a basis for new local economic development strategies. In many countries rural development initiatives attempt to capture higher added value for High Nature Value Farming products by marketing their special quality and healthy image.

The relatively rapid growth in EU policy measures to protect and enhance the rural environment will continue to influence the trajectory of rural development in future. Already, the Birds and Habitats Directives have become an important influence upon EU funding for rural development, and other environmental regulations are increasingly being linked to agricultural support policies in general. The implementation of the Water Framework Directive is likely to strengthen these influences in future.

# 3

## Approaches to Rural Development in Europe

### 3.1 General Concepts

Rural areas are characterised by generally low population densities and by relatively extensive land uses such as agriculture and forestry. Yet beyond these simple characteristics, Europe's rural areas are extremely diverse in their socio-economic conditions and their physical geography and, therefore, in the nature of their development prospects and problems. Because of this diversity, there is no single, over-arching 'rural problem' for rural development policy to address. In the past, the broad parameters of what constituted 'rural development' were easier to agree and tended to be defined in terms of 'modernising' agriculture and rural services in order to catch up with the standards of urban areas. Nevertheless, in recent years it is increasingly agreed that the development of rural areas should *build upon and conserve their intrinsic qualities and assets*. So what may be required in one rural locality may differ sharply from prevailing needs and opportunities in another.

#### Post-war approaches

In broad terms, two contrasting models of rural development have characterised European rural development. The classical formulation of rural development, dominant in post-war Europe, was an *exogenous* model ('driven from outside'). The function of rural areas was primarily to provide food for the expanding cities, and the development problems of rural areas were diagnosed as those of marginality. Rural areas were distant technically, economically and culturally from the main (urban) centres of activity. In all of these respects they were 'backward'. From this perspective, the basic policy response was a combination of subsidising the improvement of agricultural production, and the encouragement of labour and capital mobility.

However, these measures helped create new social and economic problems, not least the depopulation of peripheral areas. The 'balanced development' of national territory thus became a preoccupation of policy in countries such as France, Sweden, Austria and Switzerland. A second phase of exogenous policy, typically focussed on peripheral regions, sought to address this issue through attracting new types of employment into rural areas. Processing facilities were established and manufacturing firms were encouraged to relocate from urban areas or to set up branch plants. As well as financial and fiscal inducements, development agencies concentrated on providing infrastructure, including improvements in transport and communications, power supplies and the provision of serviced factory sites. Most European countries adopted this approach, but it was particularly strongly pursued in France, Ireland, Italy, the UK and across Scandinavia. In some regions (eg the Mediterranean) the emphasis was on the development of tourism.

By the late 1970s the exogenous model was falling into disrepute. The continued intensification and industrialisation of agriculture came up against the saturation of domestic markets and environmental limits. The recession of the early 1980s also resulted in the closure of many branch plants. Areas that had experienced rapid expansion of tourism also came to realise its seasonal and cyclical fluctuations as well as the destructive impact on local cultures and environments of mass tourism. These difficulties encouraged the exploration in the 1980s of so-called *endogenous* approaches to rural development ('driven from within') based on the assumption that the specific resources of an area – natural, human and cultural – hold the key to its sustainable development.

### **Endogenous rural development**

Endogenous development ideas drew on four sources. *First* was the recognition that during the 1970s and 1980s certain rural regions, with previously unrecognised internal dynamism, had achieved remarkable progress – the 'Third Italy' was the most celebrated example (see box). The question arose of what was the key to success for these regions and whether it could be replicated elsewhere.

A *second* source was regionalist movements and agencies seeking to overcome previous policy failures by promoting forms of local development less dependent on external capital, including rural diversification, support for indigenous businesses, and the encouragement of local initiative and enterprise. Prominent examples of this kind of approach can be found in the work of development agencies in Ireland, France, the Scottish Highlands and Islands and in rural Wales (UK), in mountain community projects in Italy and Austria, and in village development groups in Northern Sweden.

The *third* source was the debate about rural sustainability. The sustainability concept seeks to bridge not only the conventional divide between economic development and environmental protection but also embraces the viability of localities and communities on which the maintenance of both the environment and economic activity ultimately depends. Thus, there has been a growing awareness that a conserved countryside must be socially viable and is therefore dependent on the vitality of rural communities.

Figure 3.1

**Development in Emilia-Romagna**

‘Development from within’ in this region was based on several different elements:

- the importance of the agricultural sector for the provision of capital and labour needed in non-agricultural enterprises;
- the ability of this labour to engage in new economic activities;
- the cultural orientation towards self-employment;
- an extensive network of small- and medium-sized enterprises; and
- a dense system of interdependencies between economic sectors and units.

Certain political-institutional arrangements helped to strengthen endogenous development patterns. These included a rich network of services provided by local administrations for economic sectors, economic planning mechanisms and a stable climate for industrial development.

(Picchi 1994)

The *fourth* source of ideas came from notions of self-reliance promoted by two groups – radical greens and development activists working with particularly marginalised groups. The former elaborated the ‘small is beautiful’ thinking of Schumacher into the field of community economics, seeking to reassert local control over economic activities to protect local communities from the forces of globalisation. Where possible, they have argued, local production should seek to supply local needs, and strategies should be pursued for retaining value added from the use of local resources within the area. Development activists working with marginalised groups have also promoted notions of self-reliance. Thus a feature of community development in peripheral regions, such as Southern Spain and Northern Sweden, has been the promotion of community enterprises and community ownership and management of natural resources.

Integrated Rural Development (IRD) is a term that has been increasingly used to describe the modern perception of the endogenous model, emphasising a perceived need at the local level to break down barriers between sectoral policy making in the fields of economy, society and environment. In the UK, the Countryside Agency defines IRD as ‘a way of working that seeks to deliver sustainable development in rural areas by benefiting social, economic and environmental objectives, bringing equal benefits for all three wherever possible, whilst seeking to avoid damage to any one of them.’ IRD embodies principles of:

- *integration* (where packages of policies are designed both to harmonise different interests and to achieve economic, social and environmental objectives);
- *individuality* (where locally distinctive characteristics and priorities are suitably acknowledged); and



- *involvement* (where local communities are actively included, and the emphasis is upon self-help rather than reliance on external action).

### 3.2 Policy Development at EU Level

The evolution of European Community policy has followed, incorporated and influenced these changing conceptions of rural development. In the 1960s and 1970s the dominant preoccupation was with agricultural modernisation. Since the 1960s, the CAP has included an agricultural structures component to assist the workings of the common market through a process of agricultural modernisation. This agricultural structures policy was funded through the Guidance Section of the EAGGF – the European Agricultural Guidance and Guarantee Fund. It was used primarily to assist rationalisation in agriculture and in the processing and marketing of agricultural products. In the 1970s, it took on more of a social dimension, with measures added to support early retirement and young farmer schemes, and to provide compensation for farming in Less Favoured Areas (LFAs). The accession of Spain, Portugal and Greece to the European Community prompted a more fundamental rethink of the relationship between agricultural and rural development. Each of these countries had a large farming population and a clear need for investment in its rural areas.

Agricultural structures policy began to be shifted away from enhancing productivity to improvements in the quality of, and establishing new markets for, agricultural products. At the same time it was apparent that the modernisation of agriculture in Southern Europe would need to be accompanied by large-scale investment in infrastructure, services, and non-agricultural sources of rural employment. This view informed the major reforms to the Structural Funds in 1989 and 1993. The new Objective 1 designation was intended to channel European funding into the regional development of the so-called cohesion countries – Spain, Portugal, Greece and Ireland. It was also recognised that certain agriculturally dependent regions within the rest of the Community would need assistance to begin to diversify their economic base away from uncompetitive farming – the intention of the new Objective 5b designation. The reforms of the Structural Funds sought to combine the different funds (the EAGGF, the European Social Fund and the European Regional Development Fund) in regionally targeted and coordinated programmes. As part of this process there was a major expansion of the Guidance section of EAGGF, most of which became part of a broader territorial approach to integrated development, with new partnership and decision-making arrangements for programme management put in place between the European Commission, Member States, and sub-national actors.

Alongside the main Structural Fund programmes, the community also established a large number of much smaller ‘Initiatives’ for particular purposes. Of these, the LEADER Initiative was set up to promote ‘bottom up’, integrated and innovative approaches to rural development at local community level.

In 1988 the European Commission set out a strategic re-think of its rural policy entitled *The Future of Rural Society* which stressed the need for an approach that stimulates development *from within*. The Commission explained that rural development policy ‘must ... be geared to local requirements and initiatives, particularly at the level of small and medium-sized enter-

prises, and must place particular emphasis on making the most of local potential'. This does not, the Commission argued, mean 'merely working along existing lines. It means making the most of all the advantages that the particular rural area has: space and landscape beauty, high-quality agricultural and forestry products specific to that area, gastronomic specialities, cultural and craft traditions, architectural and artistic heritage, innovatory ideas, availability of labour, industries and services already existing, all to be exploited with regional capital and human resources, with what is lacking in the way of capital and co-ordination, consultancy and planning services brought in from outside'. This thinking informed Objective 5b but more particularly LEADER, with its emphasis on innovation, community mobilisation and partnership building and direct funding of local actors.

### **The Cork Declaration and Agenda 2000**

The mid-1990s saw increasing interest in combining the agricultural structures measures of the CAP with the partnership approaches to rural development employed in the Structural Funds. In 1996, Commissioner Fischler convened a conference on rural development at Cork in Ireland to try to widen popular support for his ideas on the building of an 'integrated rural policy'. Central to the Cork agenda was the notion that some element of the resources saved from future reductions in agricultural commodity support should be recycled within rural areas through agri-environment, agricultural structures and rural development spending. The 'Cork Declaration' pointed towards an expanded rural development programme with an emphasis on including the whole, farmed countryside.

The Commission's *Agenda 2000* proposals of July 1997 included such a programme in the form of the new Rural Development Regulation (RDR), hailed as the CAP's new 'second pillar'. Through this measure, rural development has been swept into the vanguard of European policy, as part of a policy model to be accepted in central and eastern Europe too. Four main sets of concerns inform this process:

- *first* is a desire to equip economic sectors and individual firms with the capacity to adapt to the market conditions of an increasingly liberalised system of world trade;
- *second* is a view that economic development should be sustainable, especially in environmental terms;
- *third* is the need to switch the weight of agriculture policy from commodity support to alternatives more acceptable within the World Trade Organisation talks;
- *fourth* is the view that development policies should be flexible and more locally tailored to meet the diverse needs and conditions in rural areas.

The *Agenda 2000* reforms were agreed in March 1999. Although the resources available for the RDR were widely regarded as disappointing, the arrangements for programming and implementing the policy represent a new model imported from the operation of Structural Fund programmes. Each Member State is required to draw up seven year rural development plans 'at the most appropriate geographical level' for the period 2000–2006. All rural development, forestry and agri-environment measures are to be integrated within a single plan. Although the former measures are optional, and a very broad-based menu of measures is allowable, the latter are compulsory with the result that each region

has to have an agri-environment programme in accordance with its specific needs. The Structural Funds continue to be complemented by a Community Initiative on rural development, with LEADER+ developing the approach of past LEADER (I and II) programmes.

In effect, a fragmented set of EU farm structures, forestry and regional adjustment policies has been welded together, broadened in scope and elevated to a new strategic status. A wide range of institutions in the ten countries is influenced by this European mantle, while they retain their own perspectives. They can draw on a succession of European and more local models of rural development, creating a rich variety of conceptual and operational preferences.

## **EU Rural Development Today**

In the EU, what constitutes ‘rural development’ has come to be understood as those activities eligible for support under the CAP’s new Rural Development Plans and LEADER across the whole countryside, and the new Structural Fund programmes largely in designated rural areas. A parallel process is underway in the CEECs through the SAPARD programmes. This is, of course, a highly particularised version of ‘rural development’ which reflects the current prevailing concerns of those responsible for EU agricultural, regional, cohesion and accession policy. It differs from other notions of rural development, which have either characterised past EU policies, or which continue to characterise national or local understandings of rural development in different parts of Europe.

Under the Rural Development Regulation, what now constitutes the ‘European model’ of rural development has widened significantly to embrace the agri-environmental measures introduced in 1992. Prior to Agenda 2000, agri-environment policy and rural development policy were far less integrated. Now these two policy areas have come together under the Rural Development Plans. On the one hand this process could be interpreted as a broadening of the scope and the Europeanisation of the scale of rural development policy. However, on the other hand, the fact that Member States are able to draw up their own programmes from a menu of measures means that what constitutes rural development still has the scope to vary, within this framework, from place to place.

### **3.3 Different Perspectives at National Level**

#### **An Agrarian Versus Rural Perspective**

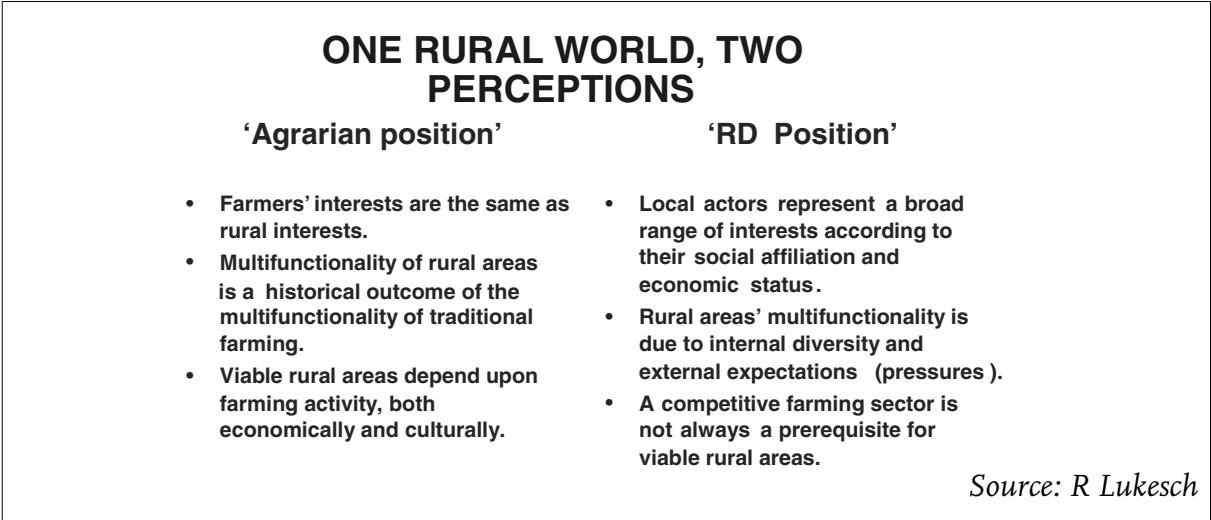
From our national reports, it is clear that one very important axis for interpreting different approaches to rural development is an agrarian versus rural perspective. Some policy makers and stakeholders would not recognise the distinction, but others would see it as fundamental. Some see rural development as an adjunct to agricultural policy; others see agricultural development as just one component of rural policy. Beyond simply confusion over terms, at the core of these disagreements is a debate about the continuing centrality of farming, socially, culturally and environmentally, to the future of rural areas.

In all the countries under study, agriculture represents a diminishing proportion of GDP and employment. In most countries, though, it is still the major land use shaping the

national territory and regional geography, forming the rural environment and acting as a reservoir of cultural values. Agricultural policy was clearly once seen as a means to support rural areas. Conversely, some now promote rural policy as a means to support agriculture and farming communities, while others see rural policy as a means to help rural areas overcome their dependence on a sector in decline. Relating to these alternative viewpoints are questions of:

- the legitimacy of public funding for farmers as environmental managers;
- the significance accorded to other economic and political actors in rural development;
- the relative importance given to farming and non-farming activities;
- attitudes towards farm structural change; and
- views about desirable alternative activities for rural areas.

**Figure 3.2**



There are different perspectives on these issues even within countries, but broad national differences are also apparent. Farming lobbies and agrarian ideologies are more powerful in certain countries than in others. For example, the central preoccupation of French rural policy has always been the outlook for agriculture and its changing role in rural areas. Likewise Austrian rural policy is built on ‘the supposition that agriculture and rural areas determine each other’ and there is an increasing homogenisation of agrarian and local development perspectives on rural policy.

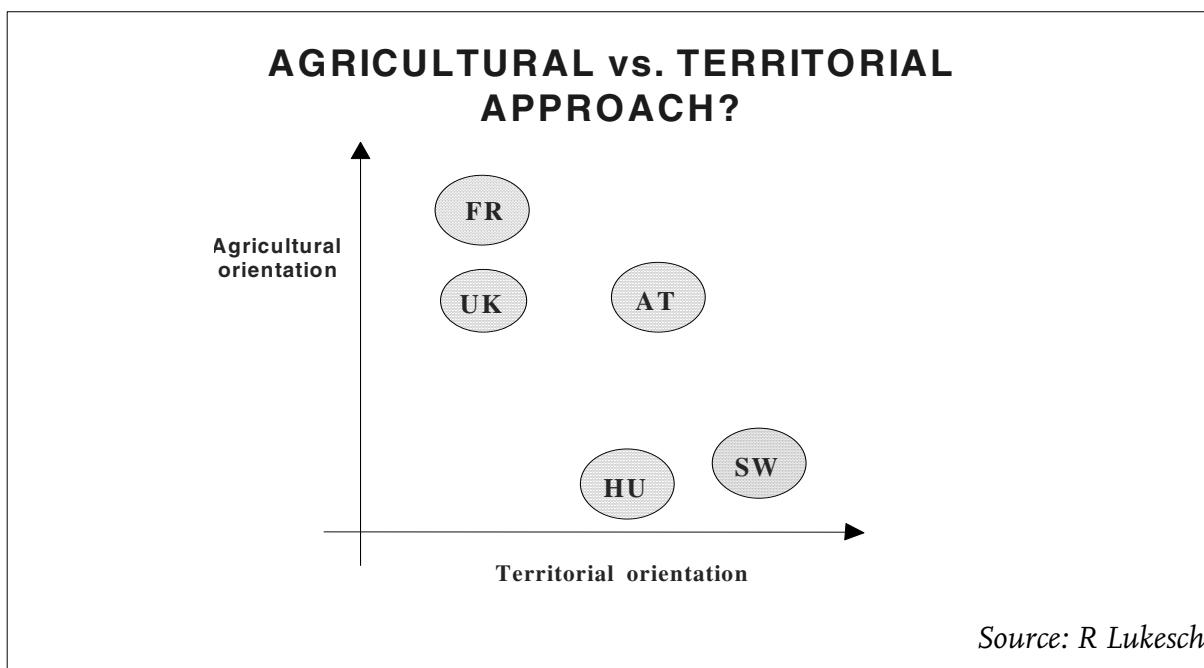
In contrast, the UK report refers to the ‘historical separation’ of a rural development policy, preoccupied with rural industries and village services, and a sectoral agricultural policy. Likewise, the Swedish report points out that agriculture ‘constitutes only a minor part of rural development in Sweden’: at least as important are ‘forestry, fishery, reindeer husbandry, mining, hydropower and small enterprises of various kinds’. In addition, other major policies in Sweden are recognised as critically important for rural development, such as employment policies and social services. Even among the farming sector, the Swedish Federation of Farmers is described as an interest group which embraces a

much broader rural constituency than its name would imply. Finally, the Hungarian report points out ‘Hungary has a large rural population, but not everyone living in rural areas is a peasant or farmer. In fact, most of them have qualifications and are, or used to be, working in industry’.

### Traditional Economic Development versus Consumption/Recreation

Traditionally rural areas have been seen as areas of production and places of work. Increasingly, though, they have come to be appreciated as places to live in and as sites for leisure. This transition depends upon levels of affluence and the spread of post-materialist values in society. As people move beyond concerns with material security and embrace quality of life issues they place increasing value on the opportunities rural areas provide for living space, recreation, the enjoyment of amenity and wildlife, and a wholesome and pleasant environment. These tendencies are most marked in the most advanced economic regions of the EU which have large, middle-class commuter belts, but also in attractive peripheral areas which have developed functions for tourism, second homes, retirement and nature protection. In addition, there are different cultural norms operating – such as the appreciation of landscape and importance of recreational access, both of which are prominent in the ‘consumption countryside’; for instance in Spain gastronomy and wine play a central role.

Figure 3.3



The Austrian report refers to ‘a new concept of modernity in the rural world ... an innovative understanding of rural culture and lifestyles’. On the other hand, across much of rural Europe the preoccupation remains that of traditional economic development, and this clearly is the priority of the CEECs. The Latvian and Polish reports describe the impoverishment of rural society, lacking in basic services and infrastructure.

## **Policy Innovators/Adapters**

Countries divide between those with a strong national agenda and institutional pattern, as opposed to countries more influenced by the driving force of EU policy. Some have long traditions of their own in rural development policy (eg Austria, the UK and Sweden). Others (eg Spain) have acquired a rural development role much more recently, generally in direct response to EU measures.

The Europeanisation of rural policy may pose difficulties for countries with established policy traditions of their own. The UK report refers to ‘a risk that traditional rural development interests will become more marginalised’. The Austrian report criticises the restrictive interpretation of Article 33 of the RDR by EC officials as being too narrow for the Austrian approach to area-based, trans-sectoral development (linking, say, farm diversification, tourism promotion and craft enterprises). France and Germany are in a somewhat different position. They have been central architects of the CAP, and they have developed their own domestic agricultural and rural policies in tandem with the development of EU policies. For these two countries there is a much greater sense of accord between national and European policies and programmes. In the CEECs, in contrast, EU models and procedures are greatly shaping the policies and the institutional structures for rural development. Indeed, there is contention over the extent to which this properly recognises their real needs and priorities.

## **Bottom-up or Top-down**

There are examples of both the top-down and bottom-up approaches amongst the ten countries although all now have some level of public participation and decentralised control of rural development. In France, despite the recent political impetus towards decentralisation, the central government plays a determining role in the majority of policy measures, sometimes with the assistance of a range of other stakeholders in a formal national forum. Sweden, by contrast, has an exceptionally dense set of local rural networks, with strong representation across the whole country. These are organised so as to provide a forum for community activity and participation at the level of individual villages and small communities. At the same time they are organised into national federations which can participate as appropriate in national level debates. Bottom-up participation is meaningful because there are effective channels between central government and individual localities. This is an attractive model, although it relies on an exceptional level of community organisation.

More typical is a pattern of partial regionalisation in which levels of real local participation vary. In some countries this may be partly because of the relative weakness of key local stakeholder groups – for example in Poland, where environmental NGOs are not very active in rural areas – but in many cases there is also an inference that the public administration has not been ready to work in a more devolved way. The central authorities themselves highlight the difficulty of developing participative local structures for policies when they are often under pressure to deliver concrete outcomes within a few years. In Spain, ‘the already prevailing attitude of conservatism and subordination to public authority and initiative’, compounded by high levels of public subsidy to rural areas in recent years, has

led to ‘a general belief that it is the State or other levels of government which should sort out rural problems and ensure a secure future, rather than the rural population itself’(Spanish report). This tendency has also been hinted at in some other countries, particularly in relation to more marginal areas.

# 4

## Instruments and Structures for Delivering Rural Development

There are, naturally, very significant differences in the institutional structures in place in the ten countries and in the attitudes held by the main actors. Some of the most important divisions are between:

- Federal states and those with a more unitary structure;
- EU and Central European states;
- those where environmental authorities and perspectives have established a significant role in the rural policy community and those where the environment remains more marginal.

Nevertheless, the main instruments for delivering rural development policy in all countries studied here, with the obvious exception of Switzerland, are those derived directly from EU level policies and funding. This section therefore briefly discusses these European instruments before looking more closely at the structures and institutions that different countries have used to develop and deploy them.

### 4.1 The European Rural Development Framework

#### The EU Rural Development Regulation

The RDR is undoubtedly the most important instrument in EU rural development policy as it demands comprehensive rural development programming from all Member States, and has the largest overall budget and geographical coverage of all rural development measures. It aims to bring together different measures within an integrated planning framework. The RDR combines revenue orientated funding with capital investment



support. The former includes LFA payments, agri-environment measures, aid for young farmers, farmland afforestation and early retirement for farmers while the latter targets other forestry measures, training, marketing and processing, investment on agricultural holdings, and rural diversification under Article 33.

The Rural Development Regulation has proved a complex policy instrument for policy makers in Brussels and the Member States alike. During the planning phase it offered a nearly overwhelming range of measures, with little time for officials and stakeholders to deal with them properly. However, the Regulation potentially offers new opportunities for rural development over the next seven years. Whether plans are national or regional, most plans incorporate a significant degree of regional or sub-regional flexibility so that measures can be tailored to local needs and opportunities.

In spite of its shortcomings there is emerging agreement on common overarching principles and a growing recognition of the potential value of the Rural Development Regulation in the broader context of Europe's agricultural and rural policy. If it succeeds, the Regulation could play a key role in re-orientating the justification for support for the managers of rural land, strengthening the relationship between urban and rural members of society

### **The EU Structural Funds**

The Structural Funds for economic and social development will continue to have an important, although reduced, influence upon rural development in Europe, through their deployment in rural areas which qualify for Objective 1 or 2 status under the new Agenda 2000 Regulations. Their influence during the past decade or so has clearly been significant in many Member States, both in shaping the institutional framework for rural development within a broader 'regional development' approach, and in stimulating change on the ground. While some countries (eg Spain) report that the Funds were overly concentrated upon public sector projects and large scale capital infrastructure, others have apparently deployed them for a much broader rural development agenda which has included community actions and support for SMEs (eg UK). In future, the European Commission hopes there should be increased emphasis upon using the funds in environmentally sensitive ways; however it is not clear whether this perspective is shared by the Member States to the same degree.

In 1999, the WWF European Policy Office (EPO) undertook a brief ex-ante environmental evaluation of the Objective 1 Regional Development Plans submitted by five EU Member States for the period 2000–2006: Germany, Greece, Spain, Italy and Ireland. Although in some Member States, the evaluation revealed signs of increased integration of environmental concerns compared with the previous funding period (1994–1999), the proposed Plans were found in general to fall far short of a sustainable approach to regional development. Some general conclusions were as follows (these do not all apply to every plan evaluated).

- The environmental focus is on the correction of specific types of environmental damage already done and on the limitation of damage through mechanisms such as

EIA; there is very little emphasis in the plans on promoting sustainable systems of resource use or on the conservation of biodiversity.

- The descriptions and assessments of the environmental situation in the plans (an essential basis for the development of appropriate measures for sustainable development) are very varied, and in some cases extremely weak, leading to inconsistent objectives and measures.
- The environmental targets and objectives are not quantified and no clear criteria are proposed for measuring whether they are achieved.
- Transparency and public participation in the programming process has been highly variable. Apart from Germany, independent environmental organisations were excluded from the process.

Objective 1 and 2 designation give a regional focus to the European Rural Development Fund, the European Agricultural Guidance Fund and the European Social Fund. An additional structural fund is the Financial Instrument for Fisheries Guidance (FIFG), which supports structural change in the fishing industry and which is not targeted solely through these regional designations. In the past, FIFG expenditure has largely been concentrated on fleet modernisation and vessel decommissioning but since Agenda 2000 there is new potential for the fund to support positive rural development in coastal areas traditionally dependent on fishing. It remains to be seen whether FIFG will therefore assume more prominence in rural development, in future.

## **LEADER**

The LEADER Community Initiative supports innovative rural development projects in relatively small, distinct rural areas across the EU. The project objectives and implementation are largely developed and managed by local action groups formed from representatives of the affected communities. LEADER thus represents a bottom-up, cross-sectoral approach. One strength of the LEADER programme is its emphasis on knowledge transfer and the exchange of experiences between different LEADER groups. This aspect is managed by the LEADER European Observatory in Brussels. Due to its innovative nature and emphasis on the sharing of experience the LEADER programme has had a significant impact on EU rural development policy as a whole, as seen for example in the Cork Declaration.

All national reports indicate favourable experiences with the LEADER II programme. The attractiveness of the LEADER approach is underlined by the fact that the Spanish government has introduced a similar programme, called PRODER, to make this locally focused, bottom-up model more widely available across its rural areas. This programme is planned to continue slightly modified during the 2000–2006 programming period.

In several countries, however, the current process was described as rather dominated by local government representatives and municipalities rather than involving local stakeholders directly. This is expected to improve under the new ‘LEADER+’ successor to LEADER II which requires representation by social and economic partners, i.e. the private or voluntary sector, of at least 50 per cent in future local action groups. Another aspect of LEADER II that was criticised by Spanish and French stakeholders was the fact that it was

confined to the most marginal rural areas, often in Objective 1 regions. This situation is again expected to change under LEADER+ which extends the potential coverage of the programme to all rural areas in the EU, although limited funding will still mean that it cannot be made available everywhere.

## **EU Rural Development Measures in the Applicant Countries**

SAPARD (Special Action for Pre-Accession Measures for Agriculture and Rural Development) is the EU pre-accession fund that supports rural development measures in central and eastern Europe. It is similar to the RDR in terms of measures and implementation, but also has another important objective – that of preparing the candidate countries for the implementation of EU agriculture and rural development policies after EU accession. Thus, the candidate countries also have to present national rural development plans under SAPARD, complete with prior environmental appraisal and public consultation. To disburse money for measures financed under SAPARD they also have to establish national paying agencies that operate in accordance with the EAGGF Guarantee procedures, the same fund that finances RDR measures in EU Member States (outside Objective 1).

SAPARD can fund a total of 15 different measures that range from re-structuring and modernisation of the agri-food industry, land consolidation, investments in agricultural holdings to diversification of economic activities, protecting the environment and cultural heritage, training and technical assistance. Five of these measures have been chosen by all three countries investigated in this study – investments in agricultural holdings, improvement of processing and marketing, development and diversification of economic activities, environmentally friendly agricultural methods and technical assistance. Although SAPARD is an important measure its total budget is small compared to the needs of the countries and it is also criticised in some countries for focussing too much on the adaptation of administrative and rural structures to the EU framework instead of addressing the particular rural development needs of the accession countries.

PHARE (Poland and Hungary Assistance for Economics Restructuring Programme), the oldest and largest pre-accession fund, also provides support for agriculture and rural development programmes. These projects focussed on direct assistance to rural areas during the early 1990s, eg agricultural restructuring or infrastructure measures, but most current measures also support preparation for EU accession in the form of institutional capacity building and training. However, critics of PHARE believe that it has not adequately addressed the broader social side of rural development, being too focussed upon providing money for plant, infrastructure and, more recently, capacity-building within government administrations. Insufficient scope has been available under the measure for activities which could build confidence among local populations.

## **Policies in Switzerland**

Swiss rural development policy is an integral part of a strong regional policy, which dates back to the 1930s when the first focused measures were introduced to deal with the particular problems of mountain areas. However, since then a range of instruments has been

built up which has similarities with the kinds of policy promoted within the EU. Some notable differences of particular interest to this study include:

- the use of investment loans and loan guarantees, rather than just grant aid, for many areas of rural development activity;
- a fully decoupled agricultural policy where all direct payments to farmers are linked with a clear environmental commitment which goes beyond the observance of environmental regulations;
- a suite of laws and institutions designed to ensure co-ordination between authorities in the area of regional policy and, increasingly, to promote sustainability;
- 30 years of regional development planning and programming in response to 'global' allocations from the federal level, in the mountain regions.

## 4.2 Institutions Responsible for Rural Development

In every country, the institutional map for rural development involves a hierarchy from the central government ministries down to the local or regional authorities. In the federal countries the regions/Länder/autonomous communities play a prominent part in the cascade of responsibility, and may be involved in devising as well as implementing policy. The role of local authorities, particularly municipalities and their Mayors, is variable. In the majority of countries they have recently become more active in the implementation of rural development measures, especially where LEADER II has been funded on a significant scale.

A second axis runs from the core group of critical actors, generally led by central government ministries, to a succession of more marginal stakeholders, like the skins of an onion. Agricultural interests, particularly farm unions, are a major force in most countries. A combination of private sector interests, environmental NGOs, forestry institutions, education and training bodies and others typically make up the outer layers. In Central Europe the dominant actors are nearly all governmental and the custom of consultation with other organisations is not very developed. The critical influence of political parties and individual political leaders in shaping the direction of policy in countries that are still in transition is very apparent. This contrasts strongly with the EU where the role of political parties is rarely mentioned in national reports. In Poland, for example, where the government is largely unconstrained by the CAP, there has been a succession of major changes in agricultural policy during the 1990s with continuous debate about the merits of government support for farming and agrarian society more widely. In Hungary and Latvia land privatisation has been a central concern, also subject to changing political influence. In Hungary, regional and environmental institutions and groups such as the Hungarian Rural Parliament appear to have established more influence than the other two accession countries.

Within central government, the agriculture ministry or its equivalent is usually the key actor in developing and delivering rural development policy. A few ministries are consciously broadening their remit with new names, eg the Hungarian Ministry for Agriculture *and Rural Development*, or new mission statements as exemplified by MAFF in the UK. Agriculture ministries almost invariably control the expenditure on EU RDR

measures, a role which flows naturally from their past involvement in agricultural structures policies. Not all are comfortable with this new role. MAPA, the Spanish ministry, is amongst those that favour a stronger focus on agriculture and production support within the CAP and less emphasis on rural development measures.

In Sweden, however, where just 9 per cent of the land area is in agriculture, but 60 per cent is in forestry, the leading Ministry regarding rural development is not the Ministry of Agriculture, Food and Fisheries but the Ministry of Industry, Employment and Communications which is responsible for regional development policy and the Structural Funds and which oversees, inter alia, the National Rural Development Agency and the National Board of Forestry.

Agriculture ministries are not free actors within central government. Not infrequently there is another ministry responsible for the overall coordination of the funds as is illustrated by the deployment of the Structural Funds, such as the Ministry of Economy in Spain. In Latvia, the Ministry of Environmental Protection and Regional Development coordinates work on the national Rural Development Programme, although the Ministry of Agriculture is responsible for the national rural development plan under SAPARD. Such ministries may have a strategic role in the distribution of funding and others may intervene at a high level. In Austria, over the last 20 years the Chancellery has played an important role in testing the Austrian concept of 'Endogenous Regional Development'. It created a national programme with a fund to support innovative projects in rural areas and bring together the local actors and funding institutions. This was replaced in the 1980s by similar structures operated at regional level. In France and the UK, where modulation has been adopted as an option, the involvement of the Prime Minister was unavoidable. In most instances finance ministries also play a critical role.

Few countries report that the ministry of the environment has been a key actor in driving rural development policy. In several cases they have been scarcely consulted in the process of drawing up rural development plans and other key documents. In this sense, integration has made alarmingly little progress. There are exceptions. In the UK, the environment ministry and countryside agencies were extensively consulted on certain aspects of the RDP and appear to have influenced some decisions, including the critical choice of modulation. For many years the agencies have been key players in the development of national rural policy. In Spain, the environment ministry has acquired funding for a number of relatively modest programmes with a strong environmental or biodiversity emphasis.

At a local level, the new agenda has stirred the ambitions of some existing actors, including the mayors of smaller towns and, where programmes such as LEADER have been in place, provided resources for substantive initiatives. The rural development debate has quickened at a time when many communities have become ready to assert a stronger view and seek fresh fields of engagement. In France, there has been a political movement to promote intercommunal groupings to strengthen grassroots rural development initiatives. In Spain, local action groups established under both LEADER and the major national programme PRODER have been the trigger for two new networks of local rural development groups, although often dominated by governmental bodies. In

Hungary, voluntary associations of villages with their own local development agencies have been a significant factor in starting to strengthen grassroots participation in rural development projects and policy development. In Germany, new local coalitions between traditional rural interests such as farmers, local government and environmental groups are emerging to promote sustainable rural development. In Austria, the establishment of 25 local development management agencies to facilitate project development under the Structural Funds is seen as a valuable innovation at this level.

These relationships are not easy to capture in an institutional map. Most national reports include an institutional diagram of some kind, typically showing the distinctions between the central government, regional and local levels. An example from Germany is attached (Fig 4.1) which focuses on the Structural Fund process without fully capturing the wider pattern of institutional engagement. In contrast, the attached Hungarian map (Fig 4.2) includes the full range of rural development actors without representing the detail of the rural development planning processes.

### **The Federal Countries**

In the context of this report Austria, Germany, Spain, Switzerland and the UK can be classified as federal countries. Each has its own constitutional arrangements and the role of the regional authorities (including the Länder and the constituent countries in the UK) varies considerably. At the same time, there are important similarities, not least a strong debate about the respective role of the central and regional authorities in determining rural development policy as well as delivering it on the ground.

In each case the dialogue on rural development takes place alongside a wider debate on the role of the regions and the dynamics of regional policy. It is not always clear where regional policy ends and rural development policy begins. In several cases, including Austria, Spain and the UK the central government retains control over the direction of rural development policy and limits the resources and scope for independent initiatives available to the regional authorities. This is a dynamic and contested arena. The autonomous communities in Spain appear to have won a larger role implementing the RDR than its predecessors. Although presented with a national framework by MAPA for developing programmes they have often deviated and pursued to their own preferences. Some regions (eg Galicia, Andalusia) are developing their own independent strategies for rural development. In the UK devolution has given new autonomy to the Scottish parliament and Welsh assembly to determine their own programmes under the RDP and they have chosen a different pattern to that adopted in England, although the limits of their autonomy have yet to be really tested.

In Austria and Germany there are well established institutions for co-ordinating the work of central government and Länder authorities. In Austria the ÖROK (the Austrian spatial co-ordination conference), which involves social partners as well as the two layers of government, acts as a secretariat for the monitoring committees of several structural fund programmes as well as co-ordinating spatial planning activities. The German system, however, represents the most delicate balance between national and regional authorities, underpinned by Article 91a of the constitution. The federal government and the Länder

Figure 4.1 German Institutional Map

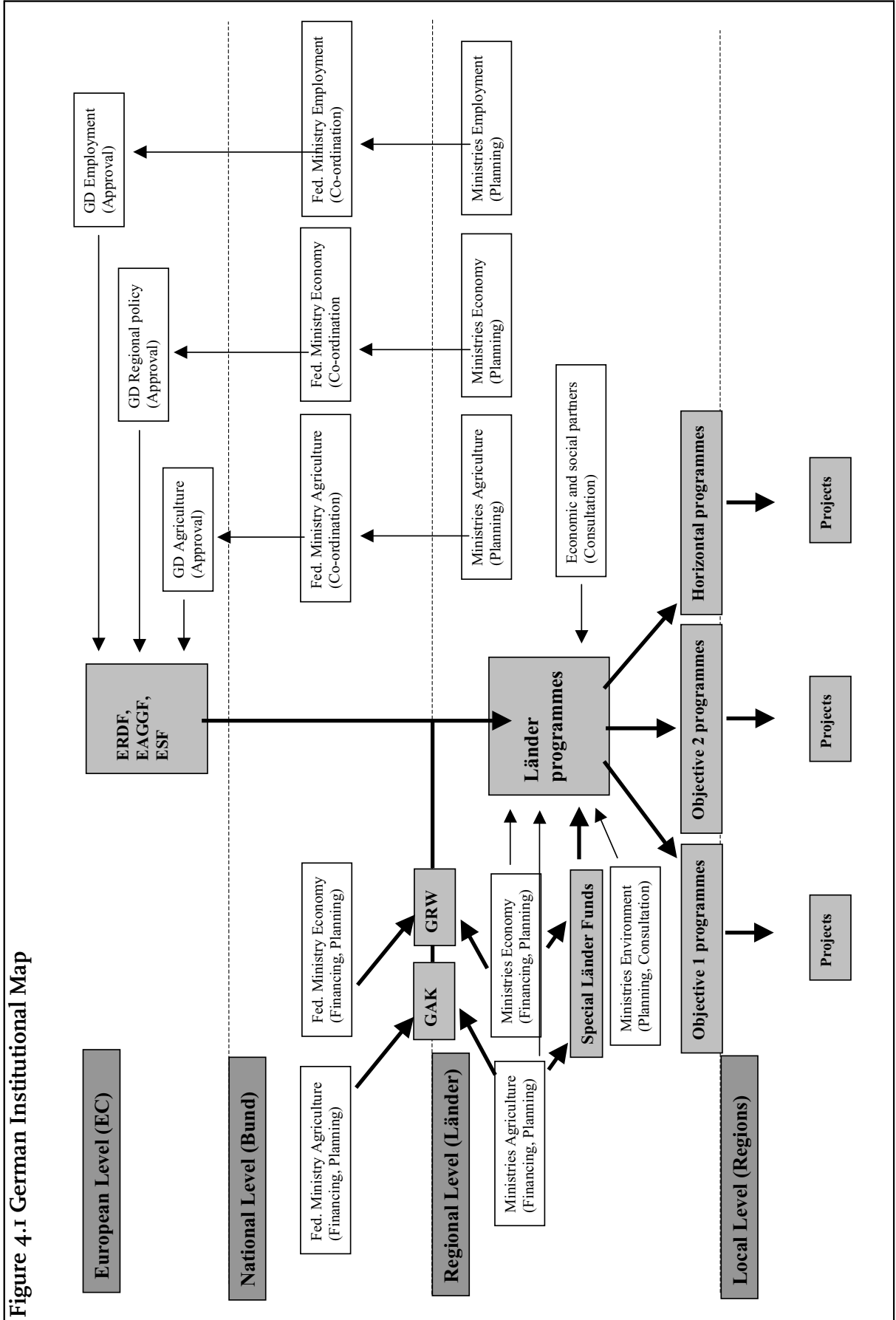
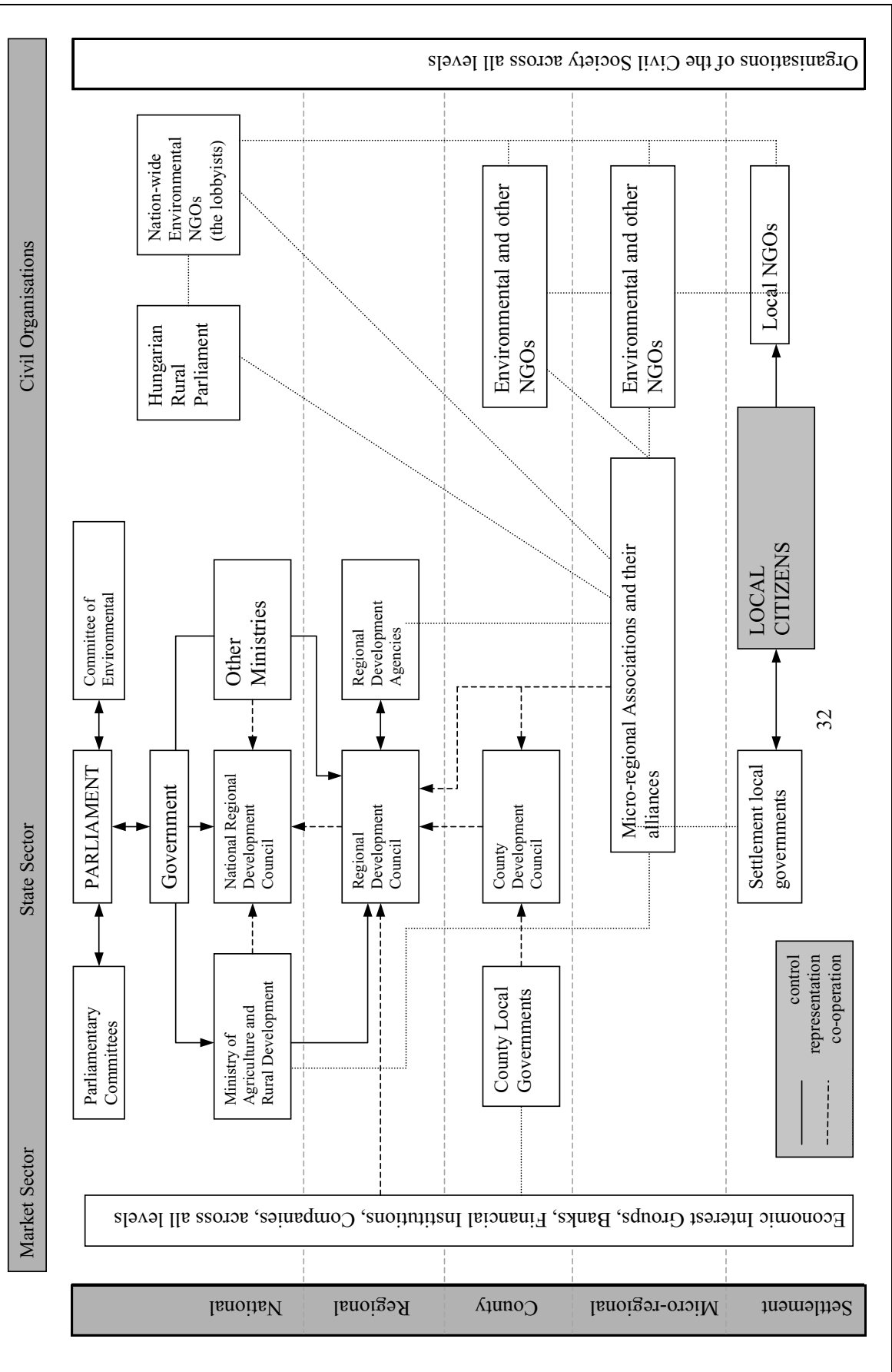


Figure 4.2 Institutional diagram of Rural Development in Hungary





share certain 'Common Tasks', including the improvement of agricultural structures and some other regional economic structures. The former, the GAK (Gemeinschaftsaufgabe Agrarstruktur und Küstenschutz – common task for agricultural structures and coastal protection), has a central role in determining national rural policy which is then implemented by both the Länder and government agencies in their own spheres. The GAK procedure applies to the RDR, with funding for individual measures divided between the Länder and agriculture ministry. Länder have the freedom to develop their own programmes within the national framework and the more affluent Länder have the option of developing their own programmes without money from the central government.

### **The Unitary States**

Devolution of power from the centre is also a theme in countries with a unitary structure. France is an outstanding example of a country in the process of, often cautiously, transferring powers from Paris to the regions, particularly in the details of rural development initiatives, while retaining central control over the main lines of policy.

The question of devolution of rural development policy formulation and implementation to regional and local institutions is crucial in the context of adapting RD programmes and measures to local needs and ensuring the necessary involvement of local populations in the development of their own territory. Due to strong community traditions, an open approach to government and support at various levels successful local participation appears to be a key feature in the development of rural regions in Sweden. In contrast, attempts at encouraging a bottom-up process in France, in the form of the *contrats territoriaux d'exploitation* (CTEs), have shown difficulties in engaging the farming population. These problems could be due to the history of top-down planning in France which leads to a lack of experience with bottom-up participation.

In the accession countries, all three investigated in this study are establishing regional government structures as part of overall democratic reform. However, institutions at both national and regional levels will need time, training and resources before they can assume a full role in the formulation and delivery of rural development policies. In Poland, some regional administrations have a single department for agriculture and the environment, which should enhance sustainable development. In Latvia, emerging Regional Development Agencies should assume a stronger role in rural development policies of the future.

# 5

## Issues

### 5.1 Rural Development Objectives

There is continued diversity of institutional definitions of ‘rural’, and of ‘rural development’ across Europe. Policies have been driven by quite different concerns and developed in quite different institutional contexts.

The preoccupations of different institutions range from the traditional, such as the need to increase employment, promote agricultural modernisation, maintain rural populations, reduce rural poverty and improve infrastructure to a newer agenda which includes building social capital, tackling gender imbalance, seeding local enterprise, supporting organic agriculture and improving monitoring and evaluation (see Figure 5.1). In the more affluent northern countries, such as Austria, Germany and the UK the second set of concerns has gained more ground. However, elements of this debate are already present in central Europe alongside the more immediate concerns of large-scale unemployment, land abandonment and under-investment in infrastructure. Education and training are leading concerns for many central European institutions; perhaps surprisingly they are accorded less priority in the EU. In Austria and, to a lesser degree, Germany there is a preference for improving regional economic links and food sourcing, with support for greater regional self-reliance in some cases. In the UK, by contrast, the regional element in policy making and the sense of regional identity is markedly less developed, but is an emergent feature.

Sustainable rural development is a concept enjoying increasing support from environmental organisations in most European countries but there has been more limited progress in implanting it into governmental institutions responsible for rural development. The majority of these retain a more agrocentric view of rural development and some have clear reservations about the new European framework embodied in the RDR and SAPARD. However, this framework and other political changes at national as well as the EU level in recent years have spawned a new set of institutional relationships and a sense of change in the rural agenda.

Figure 5.1

<b>Dominant Concerns Emerging from National Rural Development Policies</b>	
<i>France</i>	<ul style="list-style-type: none"><li>– maintaining the multifunctional role of agriculture</li><li>– improving the sustainability of rural communities</li></ul>
<i>England</i>	<ul style="list-style-type: none"><li>– reducing environmental pressures on the countryside</li><li>– promoting economic restructuring and the agricultural sector</li><li>– improving rural services</li></ul>
<i>Spain</i>	<ul style="list-style-type: none"><li>– promoting the sustainable development of farming</li><li>– addressing environmental degradation</li></ul>
<i>Austria</i>	<ul style="list-style-type: none"><li>– the ecological modernisation of agriculture</li><li>– diversifying the rural economy</li></ul>

*Source: H Buller*

## 5.2 The Role of the Environment in Rural Development

In principle it is widely accepted that good management of the environment is a critical element of sustainable rural development. In practice, however, many of the institutional actors responsible for developing and implementing rural policy have yet to internalise the environment very deeply in their own priorities. Environmental sustainability implies a set of challenges, many of which have yet to be fully articulated and addressed.

A clear sense emerges from the national reports that the rural environment is not a high priority on national agendas, particularly compared with other issues such as the distribution of EU and state aids, the maintenance of farm populations and income or revitalising marginal economies. There are exceptions, such as Sweden, where the environment seems to have become more deeply woven into the fabric of rural development. In the UK, the maintenance of rural landscapes and habitats remains a high profile issue, supported by a powerful phalanx of NGOs and substantial government agencies which have few counterparts in other countries. This was a factor in securing the government's recent agreement to modulation, thereby increasing the flow of funding into agri-environment schemes.

Nearly all countries in central and eastern Europe also pay considerable attention to maintaining their rural environment and heritage which has been neglected in the past. For example, in Hungary there is a tripartite 'National Environmental Council' (NEC) with representatives from industry, environmental NGOs and academia, which has the right of preliminary assessment of any new law. The annual congress of environmental NGOs selects 7 representatives to be members of the NEC.

Generally, one can detect a certain pattern of richer north-western European countries giving greater attention to environmental priorities than Spain or other southern European Member States. In Austria, the national report states that it 'has become unthinkable' to have agriculture without a strong environmental accountability, whereas in Spain, the government's approach to environmental integration and sustainability is 'considered minimalist' by stakeholders. However, one specific environmental issue has made an impression on a number of institutions, which is the need to implement the EU Natura 2000 network, particularly by designating candidate Sites of Community Interest. The European Commission has been forceful in insisting on the presentation of such lists before it will approve Objective 1 programmes and is also requiring assurances in relation to Rural Development Plans. This form of cross compliance appears to have focused attention in a way that the exhortations of NGOs have not necessarily been able to do.

The rhetoric of rural development policy has for some time had a strong focus on environmental sustainability, and individual measures within and outside rural development programmes have furthered that goal in practically all countries investigated. Measures that can be mentioned in this regard include agri-environment schemes, the promotion of organic farming and 'local product cycles' (production, distribution and consumption in a single locality), environmental training and demonstration projects. All these measures have a positive impact. For example, in Poland the 'coalition for development of ecological agriculture' was developed in 1998 and involves 21 institutions supporting organic farming in a variety of ways. One of the coalition's successes has been the launch of government support for organic farming and the drafting of a new law on ecological agriculture.

The Swiss report has made an interesting analysis of areas of rural environmental concern where there is consensus or difference among the different stakeholders, which indicates a relatively high degree of environmental awareness. This concludes that:

Surprisingly, widespread consensus exists in some major areas of influence....(this analysis) enables us to identify the areas with positive ecological effects (eg direct marketing and environment-friendly, sustainable tourism) in which it would be possible to achieve a political consensus. Moreover, it should be possible to prevent or influence those developments about which consensus exists with respect to negative ecological consequences, for example competition in tourism. Similar consensus-generating actor constellations were behind the development of today's agricultural policy, the new water philosophy (whereby flowing water bodies are given more space rather than being encroached upon), the new Alpine rail system (NEAT)....and ecological tax reform.

Overall, however, the national reports do not suggest that the institutions surveyed have all grappled with the long term limitation imposed by the environment or with some of the trade-offs inherent in a sustainable development approach. For example, the challenge of maintaining and enhancing biodiversity in the face of adverse trends fuelled by changing agricultural practice is not a high policy priority. There is a general hope that more organic farming and greater investment in agri-environment schemes may relieve some environmental pressures but little concrete analysis to support this. Similarly, the

problems of traffic congestion, unsustainable transport patterns, poor forest management, excessive water abstraction and development/tourism pressures in some coastal regions are not receiving the attention that they merit.

The Austrian report states that:

Massive farm decline can be observed especially in peripheral areas. No one knows where and how it will end. Many interview partners in Austria think that product revenues alone will not suffice for sustaining farms through the next generation. One possibility lies in the de-coupling of farm support from production and the payment of compensation for providing services for society as a whole (environmental and social/infrastructure). On the other hand, survival based on transfer payments alone does not meet farmers' traditional perception of their role in society, so this approach may not halt the decline of farming.

This comment is made despite the fact that Austria provides notable evidence of environmental integration in practice through its use of the Rural Development Regulation, namely:

- from 2002 onwards it will use Article 16 to make payments to farmers in areas with environmental restrictions due to Community environmental protection rules, such as the habitats Directive;
- more than 90 per cent of farmland in Austria is covered by agri-environment agreements under the RDR;
- specific environmental objectives have been developed for training measures under Article 9 of the RDR, including raising awareness of environmental and nature conservation goals in rural areas, promoting environmentally friendly farming methods, and professional qualifications in nature conservation and landscape management;
- measures under Article 33 of the Regulation include aid for clearing scrub from overgrown meadows and (re-)building traditional landscape elements such as stonewalls or terraces.

### **5.3 Social Values in Rural Development: Consultation, Partnership and Participation**

The prevailing ethos in the rural development debate is that partnership between official agencies and between them and a wider range of social actors should be one of the foundations for all policy. This has been reinforced by the RDR and the EU Structural Fund Regulations and the popularity of LEADER. This ethos seems to have won widespread acceptance amongst government bodies in most of the countries which have been studied. However, there are variations in the way in which it is interpreted and efforts to implement it in practice have been subject to several different limitations, including the great pressure on Member States to complete and subsequently amend rural development plans within very tight timetables laid down by the Commission. There is also a growing sense that it is necessary to involve local people more directly in policy formation, without much sense of how this can be done in practice other than by replicating the LEADER approach which empowers local

groups to develop their own initiatives and devolves financial autonomy to a relatively local level. In a few countries, though, there is a long tradition of local participation in the formulation and implementation of rural development programmes, for example Sweden.

The question of engaging regional, and particularly local, actors in rural development policy formulation and implementation remains a key issue to be tackled in the further evolution of European rural development policy, both in unitary and federal countries. The author of the French report points to a conflict at the heart of the current debate. This is 'between a tradition of central state-managed normative and procedurally dominated universalist public policy and the growing need for a more differential, locally generated, project-oriented and partnership based rural development policy that takes this diversity into account and builds upon it.' While the order is changing, new partners are still not fully accepted either in France or most other countries.

Several reports indicate that the concept of widespread consultation in advance of agreeing new policies is quite new for many agriculture and economic ministries. The record in consulting stakeholders other than the farming community appears to be patchy. In the UK there is a stronger tradition of consulting outside organisations in rural policy questions and several consultation documents have been issued relating to the RDP, modulation and individual policies, such as Less Favoured Area (LFA) aid. Nonetheless, many stakeholders felt that they should have had more opportunity to comment on the overall balance and direction of the RDP and some were pleading for greater advance notice to enable them to respond more fully. In Spain, some negotiations between the Ministry of the Environment, farmers organisations and environmental NGOs about new programmes focussed on Natura 2000 sites were suspended due to strong disagreements between the participants.

In Central and Eastern Europe limits on public participation are also evident. Several stakeholders in Poland felt it was difficult to participate in vital policy developments arising from enlargement, including SAPARD. On the other hand NGOs and independent experts have clearly played an important part in developing and supporting agri-environment initiatives in several countries, including Hungary and Latvia.

A lack of transparency in developing recent rural policy initiatives was a failing noted by many stakeholders outside the government network, not least in Germany where procedures are particularly complex. This is a serious concern for many environmental NGOs with limited resources. Where should they best place their limited capacity to influence new policies, such as the RDPs?

Another common thread in the national reports is the interplay of different sectoral interests within rural development policy. Farming organisations are concerned to retain the maximum level of rural funding within their own community whereas other interests, such as local authorities and environmental organisations support greater expansion of measures benefiting a wider range of actors. Environmental NGOs support the new culture of partnership, participation, monitoring and evaluation. They also argue for environmental safeguards, including a set of basic environmental standards for farming in many countries. It is less clear whether NGOs have an important influence on policy

design. In Germany they have been influential in the acceptance of compensatory payments on habitat Directive sites – the new Article 16 in the RDR. Environmental lobbying for a new, more environmentally sensitive approach based on area payments rather than headage payments for LFA support took place in the UK before the Agenda 2000 package had been agreed. However, much of the debate stimulated by national ministries has been conducted with farming rather than environmental partners.

Overall, the relationships between institutions appear more fluid than in the past. The community of actors is growing and now embraces environmental and wildlife concerns, still weakly in some countries. However, partnership is seen as a challenge often putting stress on bureaucratic systems used to more autocratic procedures. There is a widespread sense that a new agenda and change in style requires more institutional adaptation than has yet taken place. Institutional reengineering is seen as critical by many of the actors most committed to a more integrated and sustainable rural policy.

#### **5.4 Rural-urban Interface**

In several of the national reports, it has been stated that rural development policy cannot be sustainable on its own as rural areas are strongly interlinked with urban regions in economic, social and environmental terms. This relationship needs to be understood and recognised when designing more holistic RD policies, but this has apparently not been the case in many areas. Understanding the many and various interconnections and interdependencies between rural and urban areas, whether neighbouring or spaced apart is one of the keys for interpreting sustainability in a coherent and holistic way. Furthermore, a range of non-rural policy sectors, such as transport, energy and spatial planning, need to be sustainable for sustainable rural development to be feasible. This issue has begun to be recognised and incorporated in some of the countries in this study – eg Switzerland and Sweden – but many countries still lack sufficient trans-sectoral policy making structures or traditions to enable this to occur. The Swiss report describes some of the related tensions of this situation:

... agricultural policy remains an influential actor which, however, is also being joined by players from other policy areas. Overall, the number of actors in rural areas is increasing and this has something to do with the wave of privatisation in the area of basic infrastructure (regional transport, post office, telecommunications, electricity). These new actors, who are assuming state tasks, are at least as motivated by the interests of profitability and shareholders as they are by the general economic interests of providing comprehensive basic services... and this is reflected in the quality ... of the development concepts and planning, which are sometimes a more accurate reflection of economic desires than an integrated perspective.

Austria is another country where there is growing awareness that current programmes and policies are not furthering interlinkages between rural and urban areas as much as they could. There can also be problems with the language traditionally used to describe rural areas and values:

According to some interviewees slogans like *'the preservation of rural cultural heritage'* or *'tradition and folklore'* do not have enough attraction to motivate young

people towards a creative and future-oriented interpretation of rural life. An innovative understanding of rural culture and lifestyles has to link up to existing values but carry with it a modern self-awareness and be attractive to farming as well as non-farming communities. It should emphasise local characteristics and conceptualise itself as being complementary, and not contradictory, to urban lifestyles.

## 5.5 Policy Delivery, Resources and Administration

In spite of the goal of the Agenda 2000 reform to achieve administrative simplification of rural development measures all national reports show that the EU rural development framework remains very complex. Arrangements such as different funding sources for the same rural development measures between Objective 1 and non-Objective 1 areas or the differential treatment of the accompanying measures as part of rural development programmes in most areas but as separate inside Objective 1 areas are not easy to understand. If one adds to this the necessary co-ordination with LEADER+, other Structural Fund and national measures the overall complexity of rural development support in the EU becomes apparent.

Austria and France may be most advanced in integrating and thus reducing this complexity at local level due to the existence of co-ordinating institutions at higher level (Federal Chancellery in Vienna) or new policy instruments (Loi d'Orientation Agricole in France) that aim to integrate environmental, agricultural and economic objectives. However, all reports from EU countries point out the considerable administrative resources required for understanding and following the new programming procedures. In some cases this can impact on the capacity for working on the best design of rural development measures. Similar issues with the EU planning process were also apparent in the reports from the applicant countries. Further attention needs to be given to this issue in the future.

It is clear that the Member States have approached the planning and implementation of the Rural Development Regulation (RDR) in a wide variety of ways, using existing and new ways of funding and administration. However, there are common issues emerging which relate to the administration and delivery of the new plans. A few are discussed below.

- There is a common concern about the shift of funding for these kinds of measure from the Agricultural Guidance to the Guarantee budget, which has created some tension between a desire to devolve implementation and allow flexibility at local level, and the need to reassure the Commission and national auditors about how money is being spent. EAGGF Guarantee budgets have traditionally been subject to a much more restrictive set of accounting and administrative procedures than has been applied to the Structural Funds, which has meant that certain delivery options under former rural development programmes (eg Objective 5b) are apparently no longer available under the RDR. For example, whereas 5b projects could be led at local level by public authorities and could involve delegated payment of EU funds to farmers via these authorities, the same arrangements seem now to be unacceptable. Also, guarantee section budgets must be spent annually, whereas structural funds could be allocated over a period of several years. These difficulties from a rural development



perspective have led to some stakeholders in Member States (eg Austria, Spain, UK) commenting that the RDR could prove to be a backward step in policy terms.

- Decisions about whether to programme separately in Objective 1 and 2 regions and how to co-ordinate RDP funds with Structural Funds have been difficult, and there are some concerns about the complexity of arrangements that seem to be emerging in this area. France has had particular difficulties in agreeing its proposed Objective 2 rural development delivery procedures with Commission Officials.
- The complexity of RDR programming procedures has proven a big burden on regional authorities in southern Member States in particular, to the degree that the wide range of options under the Regulation could not be explored completely, that possibilities for policy integration have not been exploited to the full and that the adaptation of programmes to local needs has proven difficult.

One consistent thread in the reports is the traditional set of conflicts between the different layers of administration. Most government agencies acknowledge the influence of the EU and the shift in direction signalled by the RDR on their own policies, although some agriculture ministries are uncomfortable with an enlarged rural development role. Central European governments, such as Latvia, are critical of a lack of clarity in SAPARD and the way in which it has been presented and explained to them. They would prefer a model which was more flexible, easier to adapt to their own priorities. There is a sense of an EU model, supporting EU interests, distorting the direction of rural policy in all three CEECs.

A lack of sufficiently strong regional and local structures of government may also become an important factor in the development and implementation of RD policies in the applicant countries. Local democratic structures were not a feature of the previous political system in which state co-operatives and collectives conducted many of the service functions of local government. As a result of the breakdown of collective farm structures after the introduction of market reforms new local institutions had to be developed that could assume the role of local service provider and interest representative.

Predictably, there are tensions between national, regional and local authorities in all the countries studied. These include frustration by regional bodies at the extent of policy control from the centre and rising expectations at a local level which may be hard to satisfy in the current structure. The Spanish agriculture ministry is not alone in worrying about the conformity of regional authorities with a national framework and about the administrative efficiency of delivery systems. Local and regional authorities often point to long delays in the clearance of their schemes and bottlenecks in the payment of funds.

Whilst integration is widely seen as desirable, few agencies are anxious to cede any autonomy to other actors. Forestry policy institutions for example are often semi-detached from those concerned with other land uses and policy is not always coordinated with other measures.

All the Member States investigated have developed individual mechanisms and instruments for the implementation of EU rural development programmes. These national administrative frameworks and policy traditions are having to respond to, and in turn are shaping, the implementation of EU rural development measures to a considerable degree.

Most rural development measures in the EU still show signs of the quite rigid CAP policy framework within which they have evolved. This is also reflected in the fact that a large part of spending under the RDR still does not finance rural development as such (i.e. investment to open up new income opportunities and aid the economic diversification of rural areas). Instead a large part is revenue spending that supports the agricultural community and/or the preservation of public goods, generally the rural environment (via agri-environment schemes, LFA measures, early retirement), although there are interesting contrasts between countries in the balance between these measures (eg Tables 5.1 – 5.2). Ultimately, both revenue and investment funding are probably necessary, because a number of societal goals cannot be achieved by market-led investment alone. The right balance and design of public spending is the issue here.

MEASURE	M EURO	% OF TOTAL
Investment in agricultural holdings CTE	1496,29	10,2
Installing young farmers	2053,73	14,00
Training	116,78	0,8
Early retirement CTE	380,23	2,7
Less Favoured Areas	2839,13	19,3
Agri-environmental measures CTE	4207,17	28,5
Improving processing and marketing of agricultural products	2490,00	17,0
Afforestation of agricultural land	120,41	0,8
Other forestry measures	525,17	3,6
Farm-land improvement	16,17	0,1
Land parcel reorganisation	106,71	0,7
On-farm replacement services	0	0
Commercialisation of quality agricultural products CTE	55,83	0,3
Services for the rural economy and population	0	0
Renovation and development of villages and heritage protection CTE	33,50	0,2
Farm diversification CTE	55,83	0,3
Protection of water resources used in farming CTE	33,50	0,2
Development and improvement of agricultural infrastructure	0	0
Encouraging tourism	0	0
Environmental protection CTE	180,04	1,3
Reconstituting agricultural potential following natural disasters	0	0
<b>TOTAL</b>	<b>14 710,50</b>	<b>100</b>

Source : PDRN, 2000

Table 5.2 Distribution of English Rural Development Plan Budget by Measure, 2000/01 – 2006/07

MEASURE	M EUROS	% OF TOTAL
Investment in agricultural holdings	7,4	0,3
Training	34,6	1,4
Less Favoured Areas	297,5	12,0
Agri-environmental measures	1645,4	65,2
Improving the processing and marketing of agricultural products	68,8	2,6
Afforestation of agricultural land	127,9	5,0
Other forestry measures	100,0	4,0
'Rural Enterprise Scheme'		
Farm management support		
Commercialisation of quality farm products		
Services for the rural population and economy		
Village renovation and heritage protection		
Farm diversification	237,7	9,5
Management and protection of water used in farming		
Agricultural infrastructure development		
Promotion of rural tourism and crafts		
Environmental protection		
TOTAL	2 519,3	100

Source : ERDP, 2000

# 6

## Conclusions

This scoping study aimed to build up a picture of different approaches to, and experiences of, rural development in a selection of European countries, with particular attention to the institutions and structures taking policy forward. On this evidence a preliminary assessment can be offered of the extent to which ‘sustainable rural development’ is likely to be promoted. This broad goal is understood in economic, environmental and social terms, as discussed in the introduction to the report. Drawing on the ten national studies and the analysis presented here, some preliminary conclusions can be proposed.

### 6.1 General Comments

- The form of development of rural areas in Europe is influenced by the particular and highly diverse economic conditions, geographical circumstances, socio-cultural factors, government structures and traditions to be found. The design and resourcing of policy measures is important but it is far from the only driving force.
- The public policy framework for rural areas has become increasingly Europeanised over the past decade. In the EU, successive waves of CAP reform, and the evolution of the Structural Funds, have brought new budgets and an increasingly territorial approach to rural development. In the CEECs, the transition from centrally planned economies has involved the development of new policy frameworks likely to be changed further in anticipation of accession to the EU. Even in Switzerland, EU policies have had an impact (eg via the INTERREG Community Initiative).
- Within the EU, the Rural Development Regulation is emerging as the most significant future policy instrument for rural development but currently, its budget is highly constrained and its focus largely agricultural.

## 6.2 Factors Hindering Effective Policies

- Reservations are apparent in Hungary, Latvia and Poland about the restrictive structures, procedures and options provided by the SAPARD programme of assistance for rural development. A more ambitious and flexible programme to encourage rural development measures, more tailored to national conditions as well as adaptation to the EU should be considered.
- Within the EU, serious concerns remain about the limited scope of policy reform to date. National and regional institutions too often remain attached to sectoral positions. A well developed European vision and sense of commitment to change could offset this tendency, but this needs to be articulated more fully and reinforced by regular contact between institutions inside and outside government. The principles of wider participation and environmental awareness need to be nurtured by leadership which goes beyond the simple implementation of EU policy.
- The emphasis on policy integration and stronger environmental protection in the Rural Development Regulation was a step towards sustainable rural development. However, the impact has been reduced by limited funds available in most countries, an often hurried process of assembling rural development plans, institutional caution at EU and national levels, limited attention to social concerns outside agriculture and a shortage of powerful actors to pioneer change.
- Lack of attention to environmental concerns can be traced partly to the limited role of environmental institutions in shaping rural development policies, restricted resources for this purpose, and a preoccupation with agricultural issues in many countries.
- Current EU programming, approval and accounting procedures bind significant administrative resources, in particular in less developed regions, that might be more effectively used in ensuring locally tailored programmes and public consultation/participation. A full review of the Rural Development Regulation in 2003 could help to identify opportunities to address this issue.

## 6.3 Examples of Progress towards Sustainable Rural Development

- *Increased local or regional policy integration across sectors* is gaining importance in a number of countries. The willingness and ability to think and act trans-sectorally can be an important pre-condition for achieving integrated and sustainable rural development. There is evidence from several countries including Austria, France, Germany, the UK and Sweden, that this is growing tangibly stronger. In France for example, the Natural Rural Public Goods Scheme (SENR) joins up environmental policy with local economic development.
- *Local and regional partnership working* is becoming established in a number of countries. There is a growing comprehension of the fact that 'working out' a common position following a local negotiation process yields better results than old-style intervention policies through traditional channels (eg in Austria, Germany, UK). The remarkable density and complexity of organisations and human relations in some rural areas has allowed the implementation of quite ambitious development programmes in Austria, the UK, and also increasingly in CEECs like Hungary. In

Germany, participation and the partnership ideal is pressed by a small group of carriers of the new rural vision.

- *Promoting public participation and a strong community input.* Public consultation and input from local initiatives into rural development programming are particularly strong in Sweden, with support for community input at national, regional and local level. Successful grassroots initiatives can help in designing higher level programmes and structures. Combining top-down with bottom-up approaches appears to work particularly well in Sweden where the richness of local activity and networks is a critical factor.
- *Recognising the conservation dimension.* Spain, France, Austria and Germany have included dedicated biodiversity measures – in Spain, based on Article 9 and Article 33 of the RDR – in their national rural development programmes. Interestingly, these are being developed and implemented under the leadership of environment, rather than agriculture, ministries. The three applicant countries in the study have also proposed modest but challenging pilot agri-environment schemes as part of their SAPARD programmes, signalling their commitment to sustainable land management.
- *Innovative tools.* France is promoting the integration of environmental with agricultural and rural economic objectives by making the ‘Contrats Territoriaux d’Exploitation’ for farmers a key measure for the delivery of rural development support. Some countries have made valuable progress in identifying sustainable development indicators to guide assessment of policy performance across institutions (e.g. the UK). High profile promotion and marketing of successful regional pilot projects is important in supporting sustainable rural development in Germany and Austria, and could be beneficial elsewhere.
- *Resources.* The UK is notable for its decision to impose modulation on all direct payments under the CAP to gain more funds for rural development measures, and signalling its desire to demonstrate the potential value of a more fundamental shift of resources in this direction, for Europe as a whole. The bulk of this money will be used for an expansion of existing agri-environment schemes and aid for organic farming. France has also selectively adopted modulation in an effort to switch more resources from production support into farm-based rural development measures, including the CTEs. Austria shows what might potentially be achieved in funding terms, where EU support for rural development measures will be twice as high as the EU contribution to CAP market payments (the ratio for the EU as a whole is 1:6 in favour of market payments). This undoubtedly gives rural development policies a particular prominence that is lacking in many other countries in this study.
- *Transnational learning.* Rural people often learn best from one another, and this also applies to rural development. LEADER has enabled exchange visits between different Local Action Groups across Europe. Countries which remain or were previously outside the European Union and have a long history of national rural development policy, such as Switzerland, Austria and Sweden, may have particularly valuable insights into rural development policy and practice which are relevant to Europe as a whole.

## 6.4 Next Steps

In taking forward the findings from this scoping study, any further work should bear in mind the following points.

- New models for sustainable rural development will need to be sufficiently robust to take account of the different institutions and perspectives that will shape policies and outcomes in each country, at both national and more local levels. They need to address some of the key concerns that have been clarified through this initial study, in relation to goals, environmental and social concerns, and policy delivery, as well as vital resourcing issues.
- In preparing the national reports for this study, the team has identified a number of factors hindering sustainable rural development which are worthy of further investigation and analysis. At the same time, many positive examples have emerged which together may provide practical solutions and point to new directions for sustainability. A more detailed appraisal of a range of these examples would therefore seem to be a valuable next step.

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# National Reports

Much material in this report is sourced from the ten national reports compiled for this scoping study, which will shortly be published on the WWF website ([www.panda.org/epo/initiatives/agridev.cfm](http://www.panda.org/epo/initiatives/agridev.cfm)):

Buller, H (2001) *The Nature of Rural Development: French Report*.



Eckerberg, K and Wide, J (2001) *The Nature of Rural Development: Swedish Report.*

Karaczun, Z (2001) *The Nature of Rural Development: Polish Report.*

Knoepfel, P and Rodewald, R (2001) *The Nature of Rural Development: Swiss Report.*

Lukesch, R and Asamer-Handler, M (2001) *The Nature of Rural Development: Austrian Report.*

Nemes, G (2001) *The Nature of Rural Development: Hungarian Report.*

Rivza, B and Ancans, S (2001) *The Nature of Rural Development: Latvian Report.*

Sumpsi-Vinas, J (2001) *The Nature of Rural Development: Spanish Report.*

Schubert, D and Todd, A (2001) *The Nature of Rural Development: German Report.*

Ward, N (2001) *The Nature of Rural Development: UK Report.*

# Annex 1 — Research Teams

Country	Research Teams & Organisation	Email
Study Co-ordinators	David Baldock Dr Janet Dwyer Dr Jan-Erik Petersen Institute for European Environmental Policy Dean Bradley House 52 Horseferry Rd London SW1P 2AG	central@ieeplondon.org.uk
	Professor Philip Lowe Dr Neil Ward Centre for Rural Economy University of Newcastle upon Tyne Newcastle upon Tyne NE1 7RU	philip.lowe@ncl.ac.uk
Austria	Robert Lukesch ÖAR Regionalberatung GmbH Hirzenriegl 55 A-8350 FEHRING	lukesch@eunet.at
	Maria Asamer – Handler ÖAR Regionalberatung GmbH Alberstrasse 10 A-8010 GRAZ	asamer.handler@oear.co.at
France	Dr Henry Buller Departement de geographie UFR GHSS, Universite Paris 7 Case Courrer 7001 2 Place Jussieu 75251 Paris Cedex 05	henry.buller@wanadoo.fr
Germany	Dirk Schubert/Arno Todt Nova Institut Dirk Schubert      Arno Todt Oberer Lindweg 7      Rosenstrasse 53 53129 Bonn              50678 Köln	nova-k@t-online.de

Hungary	Gusztav Nemes Pecs 7623	nemes@econ.core.hu gustav_nemes@hotmail.com
Latvia	Baiba Rivza Faculty of Economics Latvian University of Agriculture Svetes 18, Yelgava LV 3001	svetes@cs.ltu.lv
	Sandris Ancans Faculty of Economics Latvian University of Agriculture Svetes 18, Yelgava LV 3001	ekon@cs.ltu.lv
Poland	Dr Zbigniew Karaczun Dept. of Environment Protection Warsaw Agricultural University 02-787 Warsaw Nowousynowska 166	karaczun@alpha.sggw.waw.pl
Spain	Prof. José M Sumpsi Departamento de Economía Agraria ETSI Agrónomos Universidad Politécnica de Madrid 28040 Madrid.	jsumpsi@eco.etsia.upm.es
Sweden	Prof. Katarina Eckerberg Jessika Wide Dept. of Political Science Umea University S-901 87 Umea	katarina.eckerberg@pol.umu.se
Switzerland	Prof. Peter Knoepfel Raimund Rodewald Institute De Hautes Etudes en Administration Publique (IDHEAP) University of Lausanne	peter.knoepfel@idheap.unil.ch
UK	Dr Neil Ward Dept. of Geography Newcastle University Newcastle upon Tyne NE1 7RU	neil.ward@ncl.ac.uk

# Annex 2 — Sponsors' Goals for Sustainable Rural Development

## The WWF Vision of Sustainable Rural Development

WWF and its partners have been working to promote a new model of rural development for Europe that is more *sustainable*. For WWF, sustainable development involves the application of four principles: integration; equity; adaptability; and the respecting of limits. An *integrated* approach to sustainable development should promote holistic analyses of the causes of problems and the development of their solutions. In particular, it should recognise the links between environmental, social and economic processes and conditions, and sufficient consideration should be given to each. An integrated approach should also be sensitive to issues of scale, from the local and regional through to the national and international, and ensure that solutions to problems are acceptable and beneficial to all stakeholders. The principle of *equity* applies in three regards. First is between present and future generations, such that the sustainable use of resources acknowledges our obligations to future generations. Second is between local and other stakeholders, such that all stakeholders are acknowledged to have a legitimate right to participate in decision-making that impacts upon them. Third is between environmental, social and economic interests, such that adequate consideration is given to each and as wide a possible consensus is reached. The principle of *adaptability* requires that policy responses be tailored to individual or local circumstances, and that monitoring and evaluation continually inform a process of learning. Approaches to sustainable development should also recognise that there are environmental *limits* to development. In conditions of scientific uncertainty a precautionary approach warrants a presumption against environmentally damaging developments. Finally, the ethical stewardship of environmental resources requires that those responsible for development contribute to the common good at the same time as catering for private needs.

## The GB Countryside Agencies' Objectives for Sustainable Rural Development

Our concern is to protect and enhance landscapes and biodiversity, and to encourage sustainable public enjoyment and use of the countryside. Sustainable development lies at the heart of our vision for the management of rural areas and we believe that thriving rural communities are necessary if environmental goals are to be achieved. In seeking to develop and promote policies for sustainable rural development we are working to the following principles:

- Rural development policy in Europe should seek to increase the social, economic and environmental sustainability of rural areas and support natural and cultural diversity. It should encourage long term viability by developing competitiveness, social equity and cohesion, and should contribute to EU, national, regional and local needs. Diversity in natural and cultural assets can be a strength in economic, social and environmental terms. Local character and distinctiveness can provide a basis for competitive advantage, for example in the development of local products and services which can tap new markets;
- Rural development must be pursued differently in different places. There should be an element of local design and involvement in how policies are applied, to respect local needs, character and identity. Policy therefore needs to involve subsidiarity and devolution. Accountability will be necessary at EU, national, regional and local levels, but this should not mean the accumulation of many layers of bureaucracy;
- Rural development policies must aim to build complementarity between environmental, social and economic goals – creating more ‘win-win’ situations. Where there are conflicts and trade-offs, policies must allow these to be recognised and resolved in a balanced way. This requires active partnership between different interests, at all levels;
- Rural policies must be integrated. Agricultural policy should no longer be considered in isolation from environmental, social and wider economic policies. The failure to address this issue has been one of the most serious problems for rural policy. The Common Agricultural Policy has represented a contract between Europe’s farmers and Europe’s citizens, to ensure that farming could provide food, security and the mainstay of rural economies. The Rural Development Regulation is a first step in moving towards a new contract which recognises that sustainable farming and forestry should provide a range of public benefits for society which include:
  - sustainable management of the basic resources of soils, water and air, upon which we depend for our survival;
  - landscapes rich in local character and distinctiveness;
  - maintained and enhanced biodiversity across the EU through protection and enhancement of wildlife habitats and species, for example by supporting the management objectives of Natura 2000 sites;
  - high quality food, fibre and other primary products whose production meets animal welfare and environmental standards;

- viable rural communities which are socially inclusive and able to compete in increasingly global marketplaces by sustainable use of their natural and cultural resources;
- opportunities for public enjoyment through open-air recreation and visual appreciation;
- a rich resource of historic and archaeological features from which we can continue to learn about the longstanding relationship between people and the land.