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2014 - 2020

**Comments on the proposals of regulations
of the European Commission
for the programming period 2014 - 2020**

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Our general thrust:
a European multipolar development

Rural areas: diversified reality and high potential

- In the EU, the predominantly rural and intermediate regions represent 90% of the territory and 56% of the population. Rural areas generate 43% of the Gross Value Added and provide 55% of the employment of the EU. In predominantly rural areas, 82% of employment and 95% of value added come from the non-agricultural sectors.¹
- References to territory, entrepreneurial spirit and inter-generational cohesion are traditionally strong in the rural world. The sectors of crafts and small- and medium-sized enterprises are particularly developed.
- Rural areas are characterized by a very great diversity of situations, ranging from remote areas falling prey to depopulation, to areas on the periphery of towns facing growing pressure due to the expansion of urban centres.
- The diversity of cultures and much of the natural, architectural and historical heritage that makes up **European identity** are rooted here.
- Places of activity, of culture, of production of goods, energy and services, rural territories also contribute to the well-being of society as a whole by responding to its societal calls. They bring also their potential of innovation to the challenge of the 2020 Strategy.

A basic guideline

- the development of the EU depends on the dynamics of all territories, both urban and rural, with their own specific identities and strategies, but which are in positive interrelation.

An ambition

- to mobilize the rural territories into poles of development and innovation², in strong and balanced interrelation with the urban poles, to achieve the cohesion expected at both EU and regional levels.

Two prerequisites

to mobilizing rural actors and to establishing mutually beneficial exchanges between urban and rural poles :

- **the recognition of rural territories as poles of development²**, and not merely as areas of open countryside and farmland;
- the recognition that the rural territories, by their contributions and their potential in the different sectors of the sustainable development, are key partners for developing the EU and for meeting the objectives of the Europe 2020 Strategy.

¹ Rural development in the European Union – Statistical and economic information – DG Agri – December 2009

² Rural pole of development : see presentation on next page

Rural pole of development and innovation: a creating approach for added value to Europe 2020 Strategy

Definition

« A rural pole of development is an inhabited territorial area, rural or predominantly rural, where social, economic and residential changes come about within the framework of an integrated and prospective development project. A rural pole is not an entity or an agglomeration, but the rural territory as a whole, and must be viewed as such. Its development is guided by a territorial plan.

The territorial development plan determines the objectives of results in short, medium and long terms. It specifies the guidelines for development, the human and material means to achieve the results targets. The civil society, public and private actors must be partner for its development and its assessment. (abstract of the Glossary of the Council of Europe Conference of Ministers Responsible for Spatial/Regional Planning – CEMAT – R.E.D.'s proposal)

Strategy

At the infra-regional scale, which is the one of the pole of development, the coherence of the measures funded the EU should be guarantee through their justification in relation to the objectives set out in a Development Pole Strategy (DPS).

Its implementation, with the different funds likely to support rural areas, must be inspired from the Common Strategic Framework whose the general guidelines should be the common reference to ensure consistency between the various programs.

Governance

To facilitate the implementation and the coherence between European territorial aids on a territory, a new instrument is to be proposed by the Commission: the **European Grouping of Territorial Development (EGTD)**.

Transcending the experiences and procedures of the Leader Local Action Groups (LAGs) and the ETCG, the role of the European Grouping of Territorial Development is, for a given territory, to facilitate and to accompany actions contributing to strengthening social, economic and territorial cohesion.

That innovation would facilitate, with a single concept, the coexistence of the Leader LAGs and the Community Led local Groups mentioned in the proposals of Commission's regulations, for the benefit of the integrated development of all territories.

This instrument of coherence would be mandated, more particularly, to implement the territorialised programmes and projects co-financed by the European Union, be it via the EAFRD, ERDF, or others. This Group would be also the interface for the rural – urban dialog.

Our comments

That paper presents our comments on the different proposals of the Commission for the programming period 2014-2020 for the EAFRD, the ERDF and the common provisions : Com(2011) 627/2, 614 and 615.

In general terms, the international association Rurality-Environment-Development (R.E.D.) notes that the Commission proposals for the future of its policies for rural areas are in line with the requests made by R.E.D. through its political position, summarized above, "Proposals for a European policy for rural territories after 2013".

Regarding the first pillar of the CAP

R.E.D. does not wish to intervene on this point in the technical elements, but several positive trends are worth noting in connection with the dynamics of rural territories:

- some rebalancing of direct payments between Member States (MS), although the gap remains large ;
- the capping for direct payments, with the inclusion of the salaries among the criteria;
- the emphasis on supporting small farms and aid for young farmers;
- the greening of the first pillar of the CAP, for which a consideration of regional production conditions and environmental issues could be integrated into the selection of measures ;
 - *The diversity of agriculture and regional realities should tend to strengthen the territorialized implementation of these measures, by working on consistent agricultural areas. A contractual approach would optimize it;*
 - *Small farms below a threshold of agriculture area, or farms having a certain percentage of permanent grassland, should not be subject to the obligations on the surfaces of biological interest.*

Regarding the rural development policy and the second pillar of the CAP

R.E.D. particularly welcomes the following advances in the proposals:

- the emphasis on integrated territorial approach and on local development,
- the strengthening of strategic approaches, at different territorial levels,
- the possibility opened for multi-funds financing,
- the explicit inclusion of rural areas in the provisions concerning the content of the partnership contracts,
- the balanced territorial development of rural areas as one of the three objectives of the EAFRD;
- the emphasis on the rural - urban interrelationships, with the possibility for Leader LAGs to cooperate with a local public-private partnership on an urban territory that is implementing a local development strategy;
- for Leader, the maintenance of the minimum threshold of 5% ;
- the support for animation, development of strategies and engineering in the territories.

These important components for the dynamics of rural territories are to be preserved in the final steps to the adoption of the regulations.

However, other elements call special attention in the future:

Common Strategic Framework (CSF)

- The existence of the Common Strategic Framework is a central element of the integrated approach of EU policies, but also will be determining how MS will understand their implementation. Also, the balanced development of rural territories must be included among the priority objectives of the CSF.
- Another major issue that must explicitly be included is the recognition of rural territories as development poles, whose potential must be mobilized to support the objectives of Strategy 2020.
- The CSF should also organize a structural link between the objectives of the 2020 Strategy and the objective of territorial cohesion. On this issue, it must integrate the elements and proposals from the experimentation RURBAN currently carried out by the DG Regio at the request of the European Parliament.
- The importance of the CSF also involves a broad partnership in the adoption process, involving regional stakeholders and rural and agricultural representatives.
- R.E.D. calls for that the discussions on the second pillar of the CAP (*Com (2011) 627 final / 2*) are addressed in a framework closely including the common regulations the CSF Funds (*COM (2011) 615 final*). An assessment of the Commission's proposals encompassing both regulations can strengthen coherence in the upcoming amendments.

Partnership contract

The partnership contract between the EU and each Member State will set out the priorities of the Member State and their allocated resources. This is a milestone for the rural territories and for the allocation of funds to their actors. Within the framework of the Commission's proposals, the Member States and the Regions will have a central role in the choice of the priorities.

We must not overlook the fact that the Member States may, at this point, select only some of the six priorities outlined in the EAFRD regulation, provided they justify it based on identified needs. It calls for three comments:

- we must ensure correct application of the EU guidelines, including balanced territorial development, and an effective consideration of rural areas ;
- among the six priorities of the EAFRD, two of them should be mandatory in light of their direct impact with the objectives of the 2020 Strategy and the territorial cohesion and in view of their capacity to solve social problems :
 - the first one, fostering knowledge transfer and innovation in agriculture, forestry and rural areas
 - the last one, promoting social inclusion, poverty reduction and economic development in rural areas.
- the choices to be made by Member States or Regions through the Partnership Contract in the priorities proposed for the Structural Funds (ERDF, ESF, ..) must be in relation to the expected integrated and territorialized approach, and thus also in relation to the needs of rural areas. This is essential in order to mobilize the different funds in favour of the global strategies of the rural territories. Indeed, it is a risk that the choice of the priorities for each Fund is made poorly coordinated. Hence also the importance of ex ante evaluation taking into account both rural and urban realities.

The negotiation when adopting these partnership contracts also raises questions. How will the participation in the debates be really done? The Commission is developing a guide about this partnership:

- The Commission must approve a process that clearly associates the representatives of rural areas in the negotiation stage.
- It should be clear how the Member States should organize the necessary cooperation to realize the spirit of consistency of the CSF at different scales: the Regions have an important role in this process. A coherent framework for multilevel governance, implied by the CSF, should be presented. The capacity of Member States to meet, in an effective and balanced manner, the obligations and objectives of the Partnership Contract (integration of specific needs, cross-sector approach) may ask question: some flexibility is needed to facilitate some future adjustments.

Community-led local development groups

The proposals of the *Com (2011) 615* foster multi-fund operations of local development, whose method is directly inspired from Leader.

- In the case of a project territory consisting of a large (or medium) city and peripheral rural areas, the composition of the LAG becomes a particular challenge: how to ensure fair representation of rural actors, public or private? If the EU proposal mentions the ratio between private and public (maximum 49%), it is nowhere referred to a territorial balance in the representation.
- That was not a problem for the current Leader LAGs where rural representation was inherently effective. We should therefore introduce a clause on the representation of the territorial specificities in the composition of the Community-led local Group (*article 30 of COM (2011) 615 final*).

European Network for Rural Development

- The current network consists of representatives of national networks, management authorities and organizations working at Community level. This composition is to continue as it allows good exchanges and a large gathering of information. The current text of the proposal (*Article 52 § 1 Com (2011) 627 final / 2*) is not clear enough on maintaining the presence of Community level organizations in the European network for rural development.

Financial issues

The Commission's proposals are thought in a relative continuity of the budget, but final decision on the EU budget remains decisive:

- The allocation planned for the second pillar of € 89.9 billion is already, in real terms, lower than the one of the current programming period. Added to this observation that new features are introduced in the second pillar - as the mutualized interventions for economic losses related to climate, animal and plant diseases...
 - The final budgetary decisions may influence particularly the means allocated to the second pillar and reduce the potential that the current proposals provide for rural areas.
- It is therefore necessary to follow the legislative process of the budgetary decision up to its final adoption. Rural actors should be closely associated and recognized as stakeholders.

- The possibility given to some Member States for a modulation from the second pillar to the first one is counterproductive for rural dynamics and does not fall within the CAP evolution expected by the citizens
- In financial terms, it should be noted that the integrated territorial development approaches are more effective and more efficient, because they require an ex-ante evaluation and an overall programming approach carried out by contractual agreements and targeted objectives for the local projects. So there is a positive and objective link between optimization of expenses and integrated territorial approach.
- The *article 65 § 2 (COM (2011) 611 final)* states that the EAFRD contribution for Leader is calculated on the basis of the amounts of eligible public expenditure only. We ask that the European co-financing to be calculated on a basis also including private expenditures and volunteer contributions. This is particularly important in the local development Leader projects whose method presupposes the mobilization of the civil society actors and the private sector.

R.E.D. - February 2012