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RESEARCH IN ECONOMICS AND RURAL SOCIOLOGY

The mixed results of the European policies of rural development

The European policy of rural development is largely included in what is usually called the second pillar of the Common Agricultural Policy (CAP), covered by Rural Development regulations (RRD) and in support of which an agricultural European Agricultural Fund for Rural Development (EAFRD) was set up. Its mode of intervention relies less on direct aid more on offering support to projects by federating regions and Member States to promote activities and actions in favour of the living environment in rural areas. However another aspect of EU intervention, the policy of cohesion, also concerns rural areas. The impact of these two aspects of EU intervention on the development of rural areas seems limited, only imperfectly addressing the contemporary reality of rural development. A dual approach is required in order to align the actions of the current programs and develop them further: on the one hand, with regards to the first pillar of the CAP and the spatial dynamics of the agricultural sector; on the other hand, with regards to social actions and regional development which affects the city as much as the countryside.

European policies for the development of rural areas cover come in the form of cohesion policies and the Common Agricultural Policy (see inset). Yet today rural areas are undergoing huge transformations which present new challenges for the public authorities. These include a panoply of inter-related issues: the geographical organization of activities and places of residence in the suburbs and outside the spheres of direct influence from the cities; management of land between residential, tourist, recreational and productive development; preservation of agricultural production; development of equipment and public and private services in line with the needs of the population and of businesses; consideration of the new ecological priority of preserving our natural capital; and so on. In the face of these huge transformations affecting rural economies, in environments which have become a subject of much concern, the related public services and structures have also undergone major changes. The pursuit of decentralization accentuates the local dimension of development problems at a time when we have seen a wide-scale

territorialisation of public actions. The (re)distribution of the means of intervention, the regulation of their effects, the consideration of the inter-sectorial relations and the fitting of scale become key issues in this new context.

Does the policy of social cohesion contribute to the development of the rural areas?

Among the three objectives of the cohesion policy for the period 2007-2013, regional Competitiveness and employment now accounts for a certain portion of the aid previously allocated to “under-developed rural areas”. Based on regional operational programs, it aims to anticipate economic and social changes, promoting innovation environmental protection, accessibility, adaptability and the development of inclusive labour markets.

Always delicate, the analyses of impact of the regional policies (Lofredi, on 2007) are all the more so since the geographical targeting of the supported territories was abandoned. Aiming to assess the contribution of the regional operational

programs to the development of rural territories, a recent study reveals the inconsistency between regional priorities asserted in favour of fragile or struggling rural areas and the absence of dedicated means of intervention and targeted financing (EDATER and SEGESA, 2010). Rural areas are not excluded from the financing, however. Thus a survey of the amount of subsidies allocated per inhabitant shows that aid tends to benefit projects located in rural areas as much as in urban centres, while peri-urban communities receive on average half as much funding as these other two

categories. The content of the actions focusing on rural areas is largely related to the objective of competitiveness, with particular importance placed on Innovation (R&D) and Sustainable development (energy). However, in these fields, the average amount of funding is lower than in the urban environment. Indeed, intervention actions are split between ERDF and EAFRD. Beyond the statutory split, thematic criteria and financial thresholds are combined: actions regarding agriculture and small projects are almost absent from the ERDF budget.

The EU intervention plan to contribute to rural development

The policy of cohesion aims to reduce economic and social disparities between the 27 countries of the European Union and between their 271 territories. This initiative has €350 billion, distributed by three funds (ERDF (European Regional Development Fund), ESF (European Social Fund) and the Cohesion Fund) to be allocated for the period 2007-2013. The key objectives are to achieve greater: i) cohesion, ii) regional competitiveness and employment, iii) regional cooperation. The first priority is defined on the basis of regional criteria (GDP/inh < 75% of the average EU) or a national criterion (GNI < 90% of the average EU); on the other hand, there is no more geographical targeting for the other two objectives. The amount of the corresponding aids for France amounts to approximately €14 billion over this period, while the compulsory co-financing by national funds will effectively double this amount.

The second pillar of the CAP covers rural development in the Member States, who establish programs and co-finance them via a national structure (in the case of the Metropolitan France (except Corsica), the Hexagonal Program Rural Development). It has a unique financing and programming tool: the Farming European Agricultural Fund for Rural Development (EAFRD). The Fund aims to improve the competitiveness of the agricultural and forestry sectors (strategic priority 1), consideration of the environment and landscape (priority 2) and the quality of life in rural areas, and to encourage the diversification of the rural economy (priority 3). Furthermore, a new strategy identified as part of the Community Program of the Leader initiative sees a move towards coordination at territorial level. The EAFRD was granted a budget of about €100 billion for 2007-2013, that is 20% of the funds dedicated to the CAP.

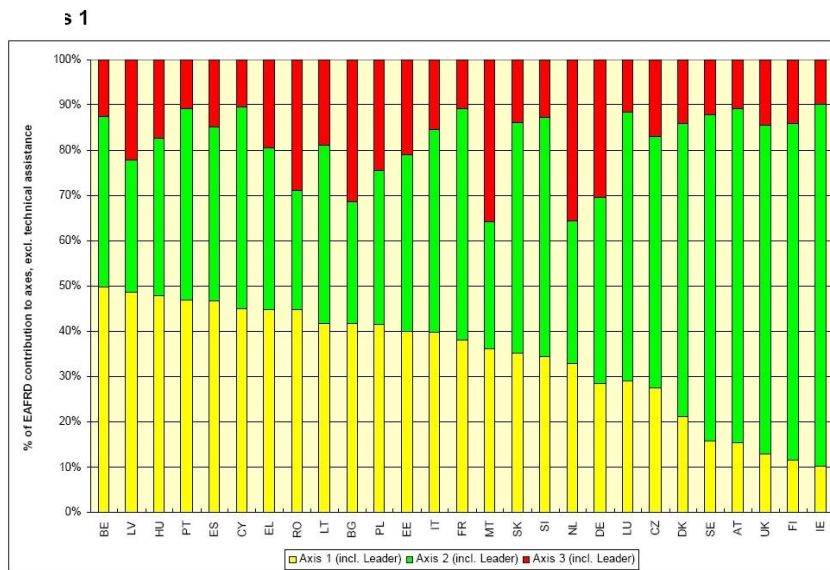
Despite certain fears expressed at the time when these new forms of intervention were launched for the structural funds, French rural areas do not seem to have been financially penalized, even if the projects supported can sometimes seem quite removed from the development priorities.

Second CAP pillar: Orientation and impacts on rural areas

Contrary to the obligation for all Member States to mobilize a minimum share of each of the axes of the second pillar, the implementation of this policy varies in an important way between members. Many States concentrate their efforts on improving the competitiveness of their agricultural and forestry sectors, 12 of them mobilizing more than 40% of the amounts of their second pillar on this 1st priority alone (Graph 1).

In contrast, some countries, such as the United Kingdom, Denmark, Finland or Sweden, focus their second pillar activities on the 2nd priority by showing a marked environmental concern. Only a few States mobilize around the 3rd strategic priority, the objectives of which are closer to the development goals for rural territories: 8 States concentrate more than 20% of their second pillar on this priority. Among them we find new Member States (such as Poland, Bulgaria and Romania) and countries such as Germany or the Netherlands. In this landscape, France stands in an intermediate position by allocating about 40% to the 1st axis, near 50% to the 2nd axis and hardly more than 10% to the 3rd axis. This distribution reflects a conception of rural development in the context of more general agricultural development.

Graph 1: Distribution of the amounts engaged per State Member according to the axes of the second pillar



The evaluations of the French programs (final evaluation for the NPRD for 2000- 2006, at mid-term for the HPRD which runs until 2013) insist on the persistence of their support for the structural adaptations of the agricultural and forestry sectors and underline their lack of focus on territorial issues. Indeed, these programs support the difficult areas of mountain and grasslands where they contribute to the partial compensation of the variables involved in agricultural income. But, these programs are not interested in the contemporary stakes of peri-urban areas or densely populated areas, for which the central concerns are tensions over access to natural resources (including soils) and the assessment of the urban proximity or the tourist attractiveness of certain types of agriculture. In the same way, the great environmental stakes in flatland areas such as the west of the country or the Paris Basin, with their problems of soil erosion, water pollution and excessive nitrogen, are not taken into account, and nor are those of territories used for mixed farming (except for the most under-privileged areas) with the goal of switching from grasslands to cultivation. The approach being purely sectorial, the extension to the forestry sector did not lead to a fusion between the agricultural and forestry sectors and the lack of consideration for other activities present in rural areas continues to present an obstacle to an integrated conception of rural development. Globally, this aspect of the CAP only imperfectly addresses the development priorities of rural territories.

A harmonization of European measures in favour of rural development?

Since 1999 the European Commission has been looking to make the policy of rural development more transparent and easy to understand. But, in doing so, the Commission split aid for the development of rural territories into two categories: some more specifically agricultural ones, articulated around classical aid attributed to business-farms; the others with a more dedicated vocation of regional development intended to be harmonized with the first ones. In the first case, the link between rural and agricultural development, in particular in France, confirms the traditional conception of a development of rural areas based initially on agriculture. In the second one, the dilution of rural areas in a category as broad as ‘sensitive urban areas’ or ‘industrial areas in reconversion’ makes it difficult to identify the specific tools suited to these strategic priorities. With these problems in mind, we now need to look for a double harmonization: on the one hand, between both pillars of the CAP; on the other hand, between the second pillar of the CAP and the policy of cohesion.

Regarding the CAP, we would be tempted to differentiate two distinct plans of action according to the public goods targeted. The first pillar would essentially focus on global public goods, in particular food safety, climate change and population’s health. From this point of view, the public authorities concerned are national and from the European Community, and the mode of action used should be the most universal possible. The

second pillar would more specifically focus on local public goods regarding the management of renewable resources and the living environment. From that viewpoint authority is shared, reserving a significant role for the local and regional authorities.

The splitting of the fields of intervention between the various European funds is not established on the same bases: the ERDF and the FSE are mainly governed by action levers attached to the infrastructures and factors of production, while the EAFRD is more clearly turned towards the specific requirements of areas of low density, especially in connection with agriculture and the environment. A more precise geographical targeting of the former and an extension to other aspects of the rural life of the latter would allow

us to better address the contemporary issues facing rural areas.

The question of the harmonization of the tools of intervention in rural areas would not be complete without considering the interventions of the local and regional authorities which, beyond their budgeting for the EAFRD or for the structural funds, have the opportunity to intervene with their own funds.

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