**118th EAAE Seminar**
**"Rural development: governance, policy design and delivery"**
**Ljubljana, 25-27 August 2010**

# LESSONS OF BEST PRACTICE IN RURAL DEVELOPMENT: IS THERE A PAN EUROPEAN CONSENSUS?


**Carmen Hubbard[1‡] and Matthew Gorton[2]**

[1] Centre for Rural Economy, School of Agriculture, Food and Rural Development, Newcastle University, Newcastle upon Tyne, NE1 7RU, UK).

[2] Newcastle University Business School and Centre for Rural Economy, Newcastle University, Newcastle upon Tyne, NE1 7RU. UK.

‡ Corresponding author: Carmen Hubbard (carmen.hubbard@newcastle.ac.uk)



***Paper prepared for presentation at the 118th seminar of the EAAE***
***(European Association of Agricultural Economists),***
***'Rural development: governance, policy design and delivery'***
***Ljubljana, Slovenia, August 25-27, 2010***

**Abstract**

This paper analyses expert attitudes to managing rural development in both established (EU15) and New Member States (NMS). It draws on case studies of five regions in the EU15 that have undergone, at least in some respects, successful rural development post-accession. Lessons of best practice were identified from interviews and supporting documentation, and verified / refined using a policy Delphi exercise. The results highlight the importance of creating appropriate national and regional structures to implement EU funded projects, capacity building, decentralisation, social capital and networking, and the role of "institutional memory".

Key words: rural development, CAP, Delphi

JEL codes: O18, P25, R58

## 1. Introduction

The Common Agricultural Policy (CAP) continues to account for more than 45% of EU expenditure and is an example of deep integration at the European level. It is both a regulatory and redistributive policy, which has undergone a series of reforms, shifting it from a purely sectorial focus to embracing partially a wider, territorial rural development approach. As a result, the CAP currently includes a very wide variety of measures, ranging from direct payments to farmers to grants for community development and the LEADER approach.

This paper analyses expert attitudes to managing rural development in both established (EU15) and the New Member States (NMS). It draws on two phases of work. The first phase centred on case studies of five regions in the EU15 that have undergone, at least in some respects, successful rural development post-accession. The case study regions are: The Borders, Midlands and Western Region (Ireland) (Hubbard and Ward, 2008), Navarra (Spain) (Iraizoz, 2007), Tyrol (Austria) (Hubbard and Kaufmann, 2008), Skåne (Sweden) (Copus and Knobblock, 2007) and Altmark (Germany) (Wolz and Reinsberg, 2007). The period covered for the regional analysis is from the time of accession of each member state (i.e. Ireland 1973, Spain 1986, the new German Bundesländer 1990, Austria and Sweden 1995) up to 2006. The case studies involved desk-research and (face-to-face and telephone) interviews with 39 experts across the five countries. Lessons of best practice in implementing rural development were drawn from the interviews and supporting documentation.

In the second phase of the analysis, the lessons drawn were verified and refined using a policy Delphi exercise. The policy Delphi method involves the systematic collation and analysis of expert judgments on a particular topic (Turoff, 1970). In this case it involved experts interviewed in the first phase plus counterparts from the NMS. The involvement of experts from the latter countries allows for an assessment of whether a pan-European consensus exists regarding best practice in rural development.

## 2. Choice and Profile of EU15 Case Studies

The case study regions were selected in terms of their ability to offer 'successful' experiences of rural transition following accession to the EU. It is, however, important to note that 'success' is a relative term. For example, the success or otherwise of a particular rural area may be measured against the norms for urban areas in its region, the national average or against the average for the EU as a whole. A series of socio-economic and demographic indicators, such as the contribution of the region to the economy as a whole, regional GDP/person, employment and unemployment rates, rate of birth and life expectancy, were considered to assess the success of regions. Attention was also paid to the success of a region in securing and effectively utilising EU funds. With one exception (Skåne) all the regions are classified, using OECD (1996) and national definitions, as predominately or intermediate rural. In all cases agriculture plays a diminishing role, both in terms of contribution to the regional Gross Value Added (GVA) and employment.

BMW (Ireland) and Tyrol (Austria) were chosen as examples of successful non-agriculturally based rural economic development. Tyrol, Austria's most mountainous federal province, is a relatively wealthy region which accounts for 9% of the country's GDP. Its economy performed well prior to the country's accession to the EU. Regional GDP/person is above both the national and EU15 average (Table 1). Its gross income is mainly generated from services, with tourism and the associated retail market extremely important. Tyrol's agriculture contributes very little to the regional economy directly, but contributes indirectly by preserving the natural and cultural landscape and is integral to agri-tourism. While at the outset of accession, many feared that Tyrol, and Austria more generally, would suffer from greater (lower cost) competition as part of the European Single Market, its economy and income levels have held up remarkably well (Breuss, 2000).

Table 1 about here

BMW is one of the two NUTS2 level regions in the Republic of Ireland. It covers 13 counties and is comprised of three Regional Authority NUTS3 areas: Border, Midlands and West. The region was formed in the late 1990s as part of the Irish Government's strategy for securing future Structural Funds. Until 2006, the BMW region was eligible for EU Objective 1 funds. In BMW, GDP per capita (euro/inhabitant) increased from 60% of the EU15 average in 1995 to 106% in 2005 (Table 1). Although, economic growth in the BMW region has been lower than that for Southern and Eastern (Ireland's other NUTS2 region) and lower therefore than the Irish national average, it has nonetheless been significantly higher than the norm for the EU as a whole. This is despite the region suffering from substantial out-migration and high unemployment rates during the 1980s. BMW's growth in the late 1990s/early 2000s was driven by light manufacturing and the service sector, rather than 'traditionally rural' economic activities.

The county of Skåne (Sweden) and the Altmark Region of the new German Bundesländer were chosen as regions possessing successful agricultural sectors. Skåne is the most southerly of the Swedish counties, facing the Copenhagen region of Denmark to the west, across the (recently bridged) Öresund channel. Skåne is the most internationally competitive agricultural region in Sweden. It has both physical advantages (in terms of climate, topography, soils) and location advantages (close to a major urban market, export gateways, and a very dynamic labour market, offering many opportunities for off-farm employment). Additionally, infrastructure improvements enhanced opportunities to compete on a wider market after EU accession. Farm structures are also more commercially orientated in comparison with other Swedish regions. It should therefore be viewed as a region that benefited from the wider market access provided by EU membership, rather than from just (national and EU) policy funding that address structural or regional handicaps.

The Altmark region consists of the Districts of Salzwedel and Stendal, located in the Federal State of Saxony-Anhalt. It has its own particularities as it is the only region amongst the five selected case studies that belongs to a former socialist country. Altmark possesses a strong agricultural and forestry sector. It was selected as a post-socialist region that successfully transformed its agricultural base, under EU accession, to be competitive on the European market (Wolz and Reinsberg, 2007). However, its robust primary base has not shielded the region from high unemployment, which affected East Germany after unification. Indeed, rural areas within the region suffered a sharp decline in population, particularly of the young who left in search of better employment opportunities.

The Autonomous Community of Navarra is located in the north of Spain, bordering France to the north, Aragon to the east, the Basque Country to the west, and La Rioja to the south. It combines experience of both successful non-agricultural based rural development and a strong agri-food sector. Although its economy is relatively small (less than 2% of the national economy), Navarra's economic performance is remarkable. The standard of living (expressed in GDP per capita) exceeds significantly the national average (126%) and EU25 average (118%). With a regional GDP per capita above 75% of the EU15 average consistently since EU accession, Navarra was never classified as an EU Objective 1 region. A higher rate of labour activity than the national average and lower rates of unemployment than the Spanish average also characterise Navarra. Particularly remarkable has been the process of convergence in economic indicators for Navarra and the EU15 average, which accelerated after the mid-1990s. The largest proportion of the region's GDP is accounted for by services. Compared to the national average, Navarra's agriculture is more mechanised and less fragmented. Agricultural labour productivity in the region has been (still is) superior to the national level. Additionally, the region benefits from a high degree of integration between agriculture and the food industry. The agri-food industry contributes significantly to the regional economy. Moreover, some 8% of the country's agricultural and food exports are provided by Navarra. Rural tourism is also an important economic activity.

## 3. Lessons of Best Practice drawn from the EU15 Case Studies

Drawing principally on the 39 interviews conducted in the five case studies, key lessons of best practice in managing rural development are summarised as follows.

*Ireland and BMW*

The creation of appropriate EU structures and institutions which act in accordance with the interests of the country and are able to attract EU funds was seen as essential by Irish experts. Additionally, the design and delivery of National Development Plans should not be ignored: *"deliver [to the funders] what you say you will do"*. To accomplish this requires strong, sustainable and responsible capacity building. The need for a clear regional strategy, particularly for a balanced development at the regional level, to which the government is committed, is also considered as very important. The lack of an earlier regional policy in Ireland was perceived by most experts as a missed opportunity for regional development which led to a "weak urban hierarchy" and a "very weak planning system". Moreover, decentralisation of responsibilities and a broader involvement of local communities at the regional and local levels should be fostered.

*Spain and Navarra*

The design and implementation of rural development measures, according to Spanish experts, should be based on a '*territorial & integrated'* approach. The allocation of funds should be made on an assessment of *individual needs* identified by each rural area and focused towards those areas which are 'most in need'. Better territorial targeting will address specific problems and reduce the gap between lagging and leading rural areas. This seems to be very important as most rural development policy measures are oriented towards agriculture (sectorial approach), with rural diversification largely restricted to the promotion of rural tourism and marketing of agricultural products. The wider involvement of regional and local authorities and other local actors in the design and implementation of Rural Development Programmes is preferable. Spanish experts believe that the lack of involvement of local people in the decision-making process impedes rural development. This is linked with the need to invest in social capital (networking) and human capital (at the local level) through education and training.

*Sweden and Skåne*

In line with the Irish and Spanish interviewees, Swedish experts believed that a more 'devolved', 'regionalised' but 'flexible' Rural Development framework allows for more creative inputs from local actors. This relates to the need to build into the implementation arrangements the facility to respond to regional variations in rural fortunes, preferably through a "bottom-up" involvement of the local representative organisations (e.g. LEADER-like approach). This may not be easy where social capacity is less well developed, which leads to the importance of investing in social capital. An 'inflexible', 'horizontal', 'sectoral' approach (as opposed to a territorial approach) is unlikely to be effective in the medium and long term. The integration of rural development issues in the broader national policy context was perceived as critical for ensuring a long term strategy. In shaping rural policy in Sweden, an (urban) societal view of the role of agriculture and the perceived role of countryside's function as the provider of (environmental) public goods has been critical.

*Austria and Tyrol*

The implementation of an integrated territorial approach is the first lesson which can be drawn from Tyrol, whereby pluriactivity and the preservation of traditions and environment are considered the core for rural-agricultural development. An integrated approach has the potential to create synergies between different policy domains and facilitate interactions between sectors. The implementation of an integrated, territorial approach requires a facilitating governance structure, which should began with professional collaboration between national ministries and regional authorities to elaborate integrated, focused, and pragmatic national and regional development plans. In the delivery of programmes and measures, it often paid off to combine administration with responsibility for content and to avoid parallel structures in the localities wherever possible. The creation of an "institutional memory" through the retention of key persons in administration and the relevant stakeholders was extremely beneficial. Public administration needs to retain experienced, motivated and open officials  Moreover, at the regional level, the involvement of both local stakeholders (bottom–up) and regional authorities (top-down) to develop and implement projects (within initiatives like LEADER) and deliver programmes laid down in national and regional development plans is important.

*New German Bundesländer and Altmark*

Although the Altmark region has its own particularities, as is the only region within the five selected case studies that belongs to a former ex-communist regime, there are still some lessons to be learnt since the country's reunification.  Indeed, rural areas within the region and East Germany as a whole did not benefit immediately from the reunification as harsh economic conditions led to significant out-migration (particularly of young adults who left rural areas in search of better employment opportunities.  However, the region tried to build on its strengths.  Amongst these, social capital, i.e. the partnership between authorities (government, social partners, NGOs) of different administrative levels, was seen as an important asset and a beneficial tool in the development of rural policy. Although networks developed informally immediately after reunification, they strengthened after 1994 when two districts of the region agreed to collaborate in drafting a joint regional development concept. The concept sought to build on indigenous resources and create regional development priorities, and promote Altmark as a regional brand. Since then, regional activities are based on collaborative discussion, planning and agreement and overall it is believed that this approach should be fruitful in the long-term.  There is also a strong "regional identity".  However, in order to achieve success in the region it is important to learn how to attract public funds and understand and fulfill the administrative requirements of funders.

Overall it can be concluded that the design and implementation of rural development policy measures should be based on a devolved, territorial but integrated approach, with funds allocated according to regional needs. Moreover, in order to reduce the gap between lagging and leading areas, national governments should be committed to design a balanced regional strategy which ensures a fair distribution of financial resources. This requires policies to enhance local institutional capacity and actors' participation, to mobilise internal resources and cope with external forces, best meeting local needs. Making the most of EU membership requires an understanding of funding systems and retention of such knowledge - an "institutional memory". Linked to this is the setting up of appropriate EU structures and (administrative and financial) institutions which act in accordance with the interests of the region and are capable of attracting EU funds.

## 4. Policy Delphi Methodology

This section outlines the second stage of the research, namely the verification and refining of lessons of best practice using a policy Delphi exercise. Turoff (1970, p.149) defines the Delphi method as a technique for the "systematic solicitation and collation of informed judgments on a particular topic". There are four key features of the Delphi approach: respondents are experts in a particular field, responses are anonymous, data collection proceeds as a series of rounds (iterative process), and feedback on the views of others is provided to participants. Sampling is purposeful, selecting those informed about, and specialised on, the particular field in question.

The policy Delphi approach explores a matter of political interest or consequence to identify significant policy relevant variables and contextual parameters and explore the impact, consequences and acceptability of particular options (Novakowski and Wellar, 2008). It may be particularly useful where model-based statistical methods are impractical due to an absence of appropriate historical/socio-economic data (Fink *et al.* 1991), and thus 'where some form of human judgmental input is necessary' (Rowe and Wright 1999: 354). Given the interest in understanding success factors for managing rural development, the policy Delphi approach was considered as appropriate. This technique has been applied widely in the social sciences but, notwithstanding some notable exceptions (Ilbery *et al.* 2004; Cunha and Swinbank, 2009), rarely used in the fields of rural development and agricultural policy.

Based on the lessons drawn from the case studies, a Delphi questionnaire was devised and pre-tested extensively with 33 experts during the IAMO Forum of 2009, at Halle in Germany. The questionnaire included sections on: (a) lessons of best practice for implementing rural development policy, (b) preferences for the allocation of funds under CAP Pillar 2, and (c) attractiveness of possible future reforms of the CAP. Each section consisted of closed and open ended questions, whereby respondents could add comments and observations. Interviewees from the initial case studies were asked to complete the Delphi questionnaire. Experts were drawn from academia, rural development consultancies, farmers' union, farmers' advisers, Local Action Group's members (LEADER) and national and regional government departments. Thirty five responses were received. To evaluate whether experts in the NMS possess similar attitudes to managing agricultural and rural development and draw comparable lessons of best practice, a matched sample of respondents was sought. Forty five experts from five NMS (Bulgaria, Hungary, Poland, Romania and Slovenia) participated. In a second round of the Delphi, respondents received a summary of findings from the first wave and had the opportunity to alter their responses based on the collective feedback. Data collection (first and second rounds) occurred in 2009/10.

### 5. Verification of Lessons and Comparison between New and Established Member States

Experts were asked to record the extent to which they agree or disagree with a set of propositions on managing rural development. Answers were given on a five point scale (1= strongly disagree, 5 = strongly agree). Table 2 reports the mean scores for the total sample and the respective figures for EU15 and NMS experts. If scores of 4 or over indicate agreement, experts in the EU15 verify that responsibilities for planning and implementation should be decentralised to the regional level, the design and implementation of rural policy should be based on a territorial approach, there should be a better balanced distribution of funds between agricultural and non-agricultural measures, and rural development policy should be embedded within a clear regional strategy. A considerable share of rural funds should be invested in human capital through education and training in rural areas, and local stakeholders and regional authorities should be involved in the development and implementation of projects (e.g. LEADER). Participation of local entrepreneurs in the rural development process should be encouraged.

Table 2 about here

With the exception of four statements, there are statistically significant differences between the ratings of experts from the NMS and EU15. The exceptions are: the decentralisation of responsibilities for planning and implementation at the regional level; the creation of regional structures and institutions capable to attract, administer and monitor EU funds; enhancement of capacity building; and investment in human capital through education and training in rural areas.

Amongst the statements for there are statistically significant differences between the two groups, "rural development policy should ensure a more balanced distribution of funds between agricultural and non-agricultural measures" and "a lack of social interaction /networking constrains rural development in my region; social capital should thus be improved at all levels" are particularly noteworthy. For the first statement, NMS experts scored much lower (3.56) than those from EU15 (4.26). For the second statement, it is the other way around, 3.89 for NMS and 3.26 for EU15. As regards the first statement, one expert from Poland commented:

*"Distribution of funds (between agric and non-agric measures) should be adjusted to the needs of people and thus in accordance with regional strategy. Once we agree that the decisions should be made at regional level there is no clear answer whether it should be more or less balanced. It should simply be the outcome of local conditions" (Polish expert 10, Academic/Researcher).*

Both NMS and EU-15 experts strongly agreed that "rural development policy should be embedded within a clear regional strategy", Overall, the scoring for these statements highlights the importance of both local participation and a clear regional strategy, and the findings are in line with the lessons that emerged from the interviews.

Interestingly, the lowest scores allocated by both NMS and EU15 experts were for the creation of "new *national* structures and institutions capable of attracting, administering and monitoring EU funds" and the creation of "new *regional* structures and institutions capable of attracting, administering and monitoring EU funds". This is rather surprising given that during the interviews, particularly with experts from Ireland, Austria and Germany, this came out as an important lesson. Overall, it can be concluded that with the exception of these two lessons, means score are well above 3. This implies that although there may be differences in ratings between the two groups, overall they 'agree' or 'strongly agree' with the lessons identified in the first stage of this research.

*Division of Second Pillar Funds*

Experts were also asked to imagine that they could control the allocation of funds under CAP Pillar 2 for their particular region. Table 3 details the average percentage of the total amount of funds allocated to each axis, along with the respective figures for EU15 and NMS experts only.

Table 3 about here

Table 3 highlights that there are significant differences in the allocations given to Axis 1 (improving the competitiveness of agricultural and forestry sector) and Axis 4 (LEADER) between the two groups of experts. Experts from the NMS allocated the largest share (42.9) to Axis 1 and the lowest (10.1) to Axis 4 (Leader). In contrast, experts from the EU15 allocated on average 26.6% to Axis 1 and 21.9% to Axis 4. The results show a clear preference of experts from the NMS for more 'farm-centric' measures as opposed to those promoted under LEADER, an initiative which is very novel in these countries. It could be the lack of experience with LEADER-style programmes and 'fear of the unknown' that influenced NMS experts to allocate, on average, only 10% of total Pillar 2 funds to Axis 4. However, LEADER is a cross-cutting instrument so the share of available funds for Axis 4 could be higher than that expressed here. The shares allocated by the EU15 experts across the four axes reveal a more even distribution of funds with 27% for Axis 3 (quality of life in rural areas and diversification of rural economy), the highest share, and 21.9% for LEADER, as the lowest share. Indeed, EU15 interviewees stressed the importance of LEADER and encouraged strongly the involvement of local people in the rural development process. The analysis of previous research in all five case studies also noted the popularity of LEADER as an instrument for stimulating rural development.

*Attractiveness of CAP reform options*

Experts were asked to assess the attractiveness of different CAP reform options. Each option was assessed on a 5 point scale (1= not attractive at all, 5 = very attractive). They were also given the opportunity to propose new options for reforming the CAP. Table 4 lists the mean scores, with options ordered from, on average, most attractive option to least attractive option.

Table 4 about here

Overall, “a reduction of expenditure on CAP Pillar 1 by 20%, money from which is transferred to Pillar 2” was perceived as the most attractive option. With three exceptions, there are no statistically significant differences between the ratings of EU15 and NMS experts. The exceptions are: “a replacement of current Pillar 1 instruments with payments for environmental services and food security measures”, “no change in current CAP structure and funds devoted to it” and “a substantial reduction of expenditure on CAP Pillar 1 (e.g. 80%), the money from which is transferred to Pillar 2”. The first statement is more ‘attractive’ to experts from EU15 (3.34) as opposed to those in the NMS (2.59). These figures reflect differences in the understanding of the CAP, with experts from the EU15 placing greater emphasis on ‘environment and food security’ issues than those from the NMS. The mean score for this statement was the second highest for EU15. The reform option of “No change of current structure and funds devoted to it” is unattractive for experts from EU15 (1.76) but is significantly more attractive to NMS experts (2.69).

Overall, none of the listed options were clearly ‘attractive’ or ‘very attractive’, with only one option “a reduction of expenditure on CAP Pillar 1 by 20%, money from which is transferred to Pillar 2” scoring above 3 for the entire sample. Of particular note is the unattractiveness of the last three statements in Table 4 (which focus on reduction of CAP Pillar 1 expenditure by 20% and 80% respectively without transfer of funds to Pillar 2 and a full liberalisation of the CAP), for which the sample means were between 1.59 and 1.80. Experts from the NMS considered “a substantial reduction of expenditure on CAP Pillar 1 (e.g. 80%), with no transfer of saved funds to Pillar 2” as the least attractive option (1.49) whereas a full liberalisation of the CAP was the least preferred for EU15 experts (1.57). These figures demonstrate the lack of a clear preferred option for CAP reform and both groups of experts appear reluctant to endorse major changes in the CAP. However, some experts from the EU15 seek a more flexible and market oriented policy that goes beyond the division of funds between agricultural and rural measures:

*“I wouldn’t be so fixed on rural areas. I’d rather go for micro-regions at any scale, from very rural to very urban/periurban. This would mean that there would be no pillar, but a sustainable local and regional development instrument combining structural with EAFRD funds. Environmental/landscape payments should be merged with LIFE and put under the DG ENVIR competency. What remains, is axis 1 which stays with DG AGRI, but even this could be merged with SME. There is no reason to keep the separation between farm business and all the others upright. There is also no DG for shoemakers, isn’t it?” (Austrian Expert 4, Private consultant).*

## 6. Conclusions

This paper examined lessons of best practice for managing rural development drawing on five selected EU15 case studies. The lessons were verified and refined using a policy Delphi survey with 80 experts from both the EU15 and NMS. The key lessons of best practice identified and verified were as follows. The design and implementation of rural development policy measures should be based on a devolved, territorial but integrated approach, with funds allocated according to regional needs. This requires policies to enhance social interaction and networking (social capital) at all levels, but also to encourage investment in human capital through education and training, particularly in rural areas. A dynamic and meaningful participation of regional actors in local and external networking is critical. Thus institutional capacity and local actors' participation (from both private and public sectors) should be nurtured to mobilise internal resources and cope with external forces in a way in which best meets local needs. This will involve LEADER style programmes. Making the most of EU membership requires an understanding of funding systems and creation of appropriate national and regional structures and institutions capable of attracting, administering and monitoring EU funds. Although there are differences between experts' opinion, with two exceptions, all lessons were rated highly by both EU15 and NMS experts, meaning that in general they agreed or strongly agreed with the identified best practice lessons.

While difficulties are not unique to such states, there are significant barriers to implementing these lessons of best practice in the NMS. For instance, many NMS have struggled to set up appropriate EU structures and administrative and financial institutions capable of attracting EU funds. It is estimated that Romania between 2007 and 2009 absorbed just over 10% of the €600 million available to it[1]. Thus, capacity to absorb the available funds at national, regional and local governments must be improved otherwise there is the risk that poor member states (such as Romania) will actually be long-term net EU contributors (Simionescu *et al.* 2009). There is a need to improve the ability of both central and local authorities to prepare, select and implement projects, particularly encouraging the development of public-private partnerships as most EU projects require co-financing. In many NMS, local institutional capacity and actors' participation remains weak, particularly in rural areas. One problem in the NMS has been the excessive turnover of administrative staff linked to the politicisation of the civil service. This has impeded the development of a supportive 'institutional memory'.

The most severe implementation problems in the NMS arise with novel instruments such as LEADER. Interestingly, when experts from the NMS were asked to distribute rural development funds for their particular region across the four axes, they allocated the largest share (43%) to Axis 1 and the lowest share (10%) to Axis 4 (LEADER). This is in contrast to experts from the EU15, who preferred a more even allocation of financial resources across the four axes. Although experts from the NMS support the involvement of stakeholders and regional authorities in the development and implementation of projects such as LEADER, when it came to the allocation of funds they were less convinced of its merits. This may reflect the lack of experience in dealing with such programmes or a fear that partnerships will be dominated by local elites.

Overall, both EU15 and NMS experts appear reluctant to endorse major changes to the CAP. Although the sample is small and not statistically representative for each country, the research suggests that no consensus on the appropriate direction for future reform of the CAP exists. This is not a simple EU15 – NMS divide but rather within both groups there is no clear, preferred option for reform. While NMS experts are significantly happier with the current CAP and less likely to endorse a switch to payments for environmental services and food security measures, no single option for reform is strongly endorsed by either group.

**Acknowledgement**

Research for this paper was supported by the EU FP6 Programme SCARLED project No SSPE-CT-2006-044201. The authors acknowledge Andrew Copus, Belen Iraizoz, Peter Kaufmann, Klaus Reinsberg, Dominika Milczarek-Andrzejewska, Luka Juvancic, Christina Harizanova, Attila Jambor and Judith Möllers for their assistance in administering the Delphi exercise. The authors also thank all the experts who participated in the research.

[1]http://www.euractiv.ro/uniunea-europeana/articles%7CdisplayArticle/articleID_19080/Fondurile-UE-atrase-in-2007-2009-circa-600-milioane-euro-putin-peste-10-din-suma-disponibila.html.

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**Table 1: GDP and GDP per person in selected regions, 1995 and 2005**

| | Tyrol | | BMW | | Navarra | | Skåne | | Saxony-Anhalt* | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1995 | 2005 | 1995 | 2005 | 1995 | 2005 | 1995 | 2005 | 1995 | 2005 |
| **GDP(€million)** | **15,491** | **21,383** | **10,24** | **31,346** | **7,772** | **15,354** | **22,509** | **33,630** | **38,103** | **40,300** |
| - as % of country | 8.5 | 8.7 | 20.3 | 19.4 | 1.7 | 1.7 | 11.6 | 11.4 | 2.1 | 2.2 |
| - as % of EU15 | 0.23 | 0.21 | 0.15 | 0.23 | 0.12 | 0.15 | 0.33 | 0.32 | 0.60 | 0.47 |
| - as % of EU27 | 0.22 | 0.19 | 0.15 | 0.28 | 0.11 | 0.14 | 0.32 | 0.31 | 0.58 | 0.44 |
| **€/inhabitant** | **23,772** | **30,794** | **10,85** | **28,253** | **14,597** | **26,271** | **20,271** | **28,861** | **14,662** | **19,458** |
| - as % of country | 103.1 | 103.3 | 76.2 | 72.6 | 125.9 | 125.5 | 92.3 | 88.4 | 62.1 | 71.5 |
| - as % of EU15 | 131.7 | 115.5 | 60.1 | 106.0 | 80.8 | 98.6 | 112.3 | 108.3 | 81.2 | 73.0 |
| - as % of EU27 | 162.5 | 137.5 | 74.2 | 126.1 | 99.8 | 117.3 | 138.6 | 128.8 | 100.2 | 86.9 |

**Source:** http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=0&language=en&pcode=fab10000; *** data presented for Saxony-Anhalt region as no data are available for the Altmark Region.**

**Table 2: Agreement with statements regarding rural development policy**

| | EU15 | NMS | Sample mean | F-test |
|---|---|---|---|---|
| Responsibilities for planning and implementation should be decentralised to the regional level | 4.14 | 3.91 | 4.01 | |
| Design and implementation of rural policy should be based on a territorial approach | 4.46 | 4.07 | 4.24 | ** |
| Rural development policy should ensure a more balanced distribution of funds between agricultural and non-agricultural measures | 4.26 | 3.56 | 3.87 | *** |
| New national structures and institutions capable of attracting, administering and monitoring EU funds should be created. | 2.26 | 2.73 | 2.53 | * |
| New regional structures and institutions capable of attracting, administering and monitoring EU funds should be created. | 2.97 | 3.14 | 3.06 | |
| Rural development policy should be embedded within a clear regional strategy | 4.66 | 4.22 | 4.41 | ** |
| Capacity building is weak in my region and should be enhanced at all levels | 3.34 | 3.64 | 3.51 | |
| A lack of social interaction /networking constrains rural development in my region; social capital should thus be improved at all levels | 3.26 | 3.89 | 3.61 | *** |
| A considerable share of rural funds should be invested in human capital through education and training in rural areas | 4.03 | 3.91 | 3.96 | |
| Local stakeholders and regional authorities should be involved to develop and implement projects, such as with LEADER | 4.51 | 4.02 | 4.24 | ** |
| Participation of local entrepreneurs in the rural development process should be encouraged | 4.74 | 4.18 | 4.43 | *** |

* significant at 10% level, ** significant at 5% level, *** significant at 1% level

**Table 3: Mean % of total Pillar 2 funds allocated to Axes by Experts**

| % of total funds that should be allocated to a particular axis | EU15 | NMS | Sample Mean | F-test |
|---|---|---|---|---|
| Axis 1 (improving the competitiveness of agricultural and forestry sector) | 26.62 | 42.90 | 35.62 | *** |
| Axis 2 (improving the environment and countryside) | 25.00 | 23.00 | 23.89 | |
| Axis 3 (quality of life in rural areas and diversification of rural economy) | 27.06 | 23.60 | 25.14 | |
| Axis 4 (Leader) | 21.91 | 10.14 | 15.14 | *** |

*** Significant at 1% level

**Table 4: Mean scores for attractiveness of different CAP reform options (1= very unattractive, 5= very attractive)**

| | EU15 | NMS | Sample mean | F-test |
|---|---|---|---|---|
| A reduction of expenditure on CAP Pillar 1 by 20%, money from which is transferred to Pillar 2 | 3.54 | 3.11 | 3.30 | |
| A replacement of current Pillar 1 instruments with payments for environmental services and food security measures | 3.34 | 2.59 | 2.92 | *** |
| A substantial reduction of expenditure on CAP Pillar 1 (e.g. 80%), the money from which is transferred to Pillar 2 | 2.91 | 2.33 | 2.59 | * |
| No change of current CAP structure and funds devoted to it | 1.76 | 2.69 | 2.29 | *** |
| National co-financing of CAP Pillar 1 (similar to Pillar 2) | 2.41 | 2.07 | 2.22 | |
| A reduction of expenditure on CAP Pillar 1 by 20%, with no transfer of saved funds to Pillar 2 | 1.97 | 1.67 | 1.80 | |
| A complete removal of both Pillar 1 and 2 (full liberalisation) | 1.57 | 1.73 | 1.66 | |
| A substantial reduction of expenditure on CAP Pillar 1 (e.g. 80%), with no transfer of saved funds to Pillar 2 | 1.71 | 1.49 | 1.59 | |

* Significant at 10% level, *** Significant at 1% level