



## **ELO'S PROPOSITION FOR AN INTEGRATED RURAL DEVELOPMENT POLICY**

Under the CAP so-called second pillar Rural Development programmes presently operate under the Rural Development Regulation 1259/99 with complementary actions under Objective 1 and under Objective 2 and under the LEADER+ programme. The latest reform of the CAP and the expected reforms of the structural funds should lead the European action towards a more integrated and simplified rural development policy promoting a sustainable management of the European areas taking into account economic, social and environmental interests.

There is a growing desire in the European society to purchase environmental services from private sector suppliers of these services (farmers, foresters, and other land managers). There is also a growing realisation that big-stick command and control measures may not work very effectively. The conclusion is that inducements and assistance to comply are likely to be a more cost effective way of getting the desired results. This means assisting farmers, foresters and other land managers to adapt their technologies, and land management practices, in order to respect the existing environmental legislation, including the birds and habitat directives which make up Natura 2000, and to cope with already existing measures or even new ones in the pipeline, especially the Water Framework Directive or the process dealing with soil and the use of natural resources.

Although the answers to these questions are not required until 2006, the debates are already advanced and, at this early stage, ELO wishes to participate to the elaboration of the coming regulation for rural development with a holistic and integrated approach.

Indeed rural entrepreneurs and environmentalists themselves recognise that their prime objectives, economically viable farms and healthier environment, are assisted by wider rural development. The spirit of both the Cork and Salzburg conferences is that wider rural development is necessary, and there are many market failures and missing markets which justify collective action, and often public financial support.

In parallel there is a wide agreement that the existing multiplicity of funds and financing rules are not clearly understood: it is too complicated if it is not to be addressed to experts. The under-spending of existing structural and rural development budgets is partly blamed on the difficulty of managing EU funds. It is popular now to call for a single Rural Development Fund.

In particular the RDR should be simplified to allow a more integrated use of measures. For example “to allow measures and their payments to be combined, thus enabling the delivery of whole-farm-based management contracts open to all farms or the tailored use of measures to deliver more effective outcomes on the ground. There should be fewer measure-specific rules allowing the member States and /or the regions a greater subsidiarity. There should be a simpler and clearer framework as a basis for planning for and providing support.”<sup>1</sup>

ELO supports the idea that to have the most effective impact, funds for Rural Development should be used in favour of actions directly dedicated to the management of the land. For the funds coming from the CAP there should be very little doubts on this issue as Article 39 of the Treaty of Rome define the Common Agricultural Policy and its financing referring specifically to it as a support for *farmers*. They will argue that the new regulation 1782/03 which defines the single farm payment also still explicitly refers to this as income support to active *farmers*.

Three considerations complicate this apparently straightforward farmers’ perspective. First, the very logic of decoupling from production weakens the connection to agricultural production. There is also no doubt that in the rhetoric describing and justifying these payments their function as payments for ‘looking after the countryside’, or ‘delivering environmental services’, or ‘rewarding the non-agricultural outputs of a multifunctional agriculture’, will increasingly come to the fore.

Nevertheless even in the perspective of a single rural development fund (including structural funds from DG Region) the share coming from the CAP Pillar II, at least, should still beneficiate to the farmers. If not it would be very difficult for the European society and the Commission to justify their environmental requirements towards the people in charge of land management, not even mentioning the competitiveness of European farming production.

There are three specific objectives for Rural Development Policy after 2006:

- ▪ **Increasing the competitiveness of the agricultural sector** through support for restructuring (e.g. investment aids for young farmers, information and promotion measures, and alternative crops).
- ▪ **Enhancing the environment and countryside** through support for land management including co-financing of rural development actions relating to Natura 2000 nature protection sites (for instance agri-environment, forestry and Least Favoured Area measures).
- ▪ **Enhancing the quality of life in rural areas and promoting diversification of economic activities** through measures targeting the farm sector and other rural actors (for instance qualitative reorientation of production, food quality, and village restoration or even reallocation of existing disaffected rural buildings to other uses such as housing or businesses).

Pillar II also covers the Common Fisheries Policy. There is also reference in the framework document to the following other ‘priorities’

- ▪ Implementation of the **Kyoto Protocol** target for reduction in greenhouse gas emissions
- ▪ Implementation of the **thematic strategies** for soil, air quality, pesticides, the marine environment the urban environment sustainable use and management of resources and recycling.
- ▪ Implementation of **the Environmental Technology Action Plan (ETAP)** to ... reduce pressure on natural resources and enhance quality of life...
- ▪ Development and implementation of **Natura 2000 network** of sites to protect European biodiversity and implement the biodiversity action plan.

<sup>[1]</sup> These quotes came from the UK’s de-briefing paper on the Salzburg conference.

In this perspective ELO wishes to submit proposals for a really integrated Rural Development policy including landscape management, enhancement of biodiversity, and mitigation of climate change within an economically sustainable framework.

Forests:

- • By the implementation of forestry management practices which increase biodiversity and carbon sequestration: longer life cycle trees, mixed forests, enhancement of wood fuel use, inclusion of forest carbon sinks in the European system of carbon trading...
- • By creating a new financial support for Natura 2000 requirements for non agricultural areas, mainly forests and humid zones.

Agriculture:

- • By sequestration of carbon thanks to no tilling practices, permanent land coverage, planting of hedges and small wood parcels on peaty lands.
- • By reducing gas emissions by the an appropriate management of sewage and sludge and an improvement of the fuels resources of the farm;
- • By reducing the use of fossil fuels and by promoting bio-fuels (ethanol and diester) particularly in supporting biomass crops on set aside lands which with a double positive impact of carbon sequestration and production of non-fossil fuels.

Overall farming practices:

- • By the introduction of a premium for farms and estates which integrate GHG/Carbon accounting into their own management accounts to enable them to monitor performance and respond accordingly. All emissions should finally be converted to their CO<sub>2</sub> or C equivalents. An average of € 10 to € 20/carbon tonne would be an incentive.  
This measure should take into account the whole activities of the farm including agricultural lands, forests, woods and hedges and humid zones.

Brussels, 12<sup>th</sup> March 2004