



Development of rural areas: Contribution of regional policy

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Cohesion objectives & priorities

- * reduce the gap between the regions ("convergence"), focussing on the less-developed regions
- * help all the regions to meet the challenges of the globalisation of the economy ("competitiveness")
- * improve the co-operation between EU regions
- * contribute to the Lisbon / Göteborg strategies, to promote competitiveness in a sustainable way:
 - economy: knowledge/training, RTD-I, ICT, SME
 - social issues: employment, health, ageing, poverty
 - environment: climate, natural resources, transport.
- * Cohesion policy = about 1/3 of the EU budget.



REGIONAL POLICIES: Specific references to rural areas (RA)

SF - NSRF: Art. 25§4.b, priorities related to diversification of RA, and Art. 25§5.b, mechanisms ensuring coordination ERDF, EAFRD, EFF

ERDF - Convergence: no specific reference (but no restriction!)

ERDF - Regional competitiveness / Employment Objective:

- ERDF Art.5§2a, Environment:

Infrastructures / biodiversity → economic diversification of RA

- SGC §3.3: RA with poor infrastructures & services, no diversification

- SGC §4.1.1, Transport: secondary connections covering RA

ERDF - Territorial Cooperation Objective:

- ERDF, Art.6, cross-border cooperation: links between cities and RA

- SGC §5.6, Interregional cooperation: links between cities and RA

Particular territorial features (economic diversification of RA):

- ERDF, Art.9: focus on accessibility (transport, ICT), new activities, links with cities, tourism / amenities,

- SGC §5.2: focus on Services of GEI, connectivity, innovation, sustainable tourism, integrated approaches for development poles in RA (SM towns, clusters based on local assets, ICT use)



Opportunities for implementing the thematic priorities of ERDF in rural areas

→ How to retain and attract people in remote RA?

→ How to diversify the activities?

Coverage with services of general interest (attractiveness):

- accessibility: secondary connections (roads, railways, waterways),
- ICT: web access (SMEs+public), e-services, e-health...
- water, energy, postal service, health, waste treatment,

Support to SMEs, RTD & innovation in rural areas (competitiveness):

- co-operation between rural SMEs and local antennas of universities on bio-mass / -fuel / -tech / -diversity; environmental risks.
- creation of SMEs+clusters (rural + urban) (food, wood, handicraft, ICT),

Quality rural tourism in a sustainable way (example of diversification):

- satisfaction of the needs of the tourists, workers & local population,
- management of the natural and cultural heritage,
- local economy, local employment, quality of life, eco-education.



Complementarity / consistency between EU funding sources for rural areas

Risk of overlapping:

→ Infrastructures related to accessibility / transport

- local roads,

→ Processing and marketing infrastructure (related products)

- food and forestry sectors,

→ Other activities: economic diversification, support to SMEs, tourism.

"No-funds'-land" risk: ERDF → cities; EAFRD → farmers; EFF → fishers

Procedure for ensuring complementarity, consistency, demarcation:

- ERDF (Art.9) / EAFRD / EFF: at the level of the OPs,

- SGC §5.2 (ERDF / EAFRD): main guiding principles in the NSRF,

→ in principle: ERDF → large scale // EAFRD, EFF → small scale



Examples of Complementarity: Addressing rural concerns (1)

- Improved access through better transport and transport infrastructure
The Netherlands (Flevoland): a hybrid of a taxi company and a public transport company was set up to facilitate links between homes and stations. Used mainly by youth and elderly.
- Development of ICT (infrastructure and services) – access to SMEs, teleservices, teleworking, telemedicine
Spain (Andalusia): 25 pilot projects to provide internet access, e-learning and services to SMEs
NW England (Cybermoor): provision of free PCs, community website, broadband access, adaptive equipment for people with disabilities
- Coverage of services of general interest (provision of basic services – water, energy, phone, post) to improve quality of rural life
Finland/Sweden/Norway: Telemedicine in Far North – medical advice without physically seeing the patient in sparsely populated areas
France (Eastern Pyrenees): recycling, transfer and incineration of waste in 18 isolated rural communities



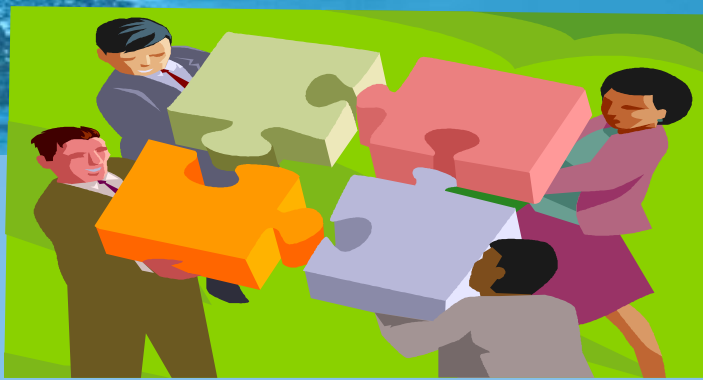
Examples of Complementarity: Addressing rural diversification (2)

- Research, development and innovation
Germany (Bavaria): farmers, SMEs and the local council set up a heating company to use biomass to heat a school
- Clustering/co-operation between rural and urban SMEs
Belgium (Wallonia): 2 wood clusters dealing with biotechnology
Finland/Sweden/Norway: cooperation in production and marketing of crafts and souvenirs
- Tourism and national heritage
Portugal (Alviela): refurbishment of a centre that combines green tourism, environmental education and research



Where do we go from here?





Key questions to answer:

- *What is RURAL, who is RURAL?*
- *How much our policies are RURAL?*
- *How do we support RURAL?*
- *Who are RURAL beneficiaries?*
- *Where do LAGGED RURAL areas fit?*
- *What is needed to MAKE a difference?*



What is “RURAL”? Who is “RURAL”?

- In majority of cases – predominantly agricultural
- Lower income, insufficient financing resources
- Unfavourable demography, gender balance
- Lower professional skills / education level
- Relatively higher unemployment, non-farm employment is limited mainly to servicing agriculture
- Limited entrepreneurial skills
- Less developed transport, physical, social, communication infrastructure
- Situation is diverse depending on location, accessibility, attractiveness for living and investment



How much our policies are “RURAL”?

EAGGF programmed expenditure for 2000-2006:

Restructuring/competitiveness – EU-10 – 56%,

EU-15 - 52 %

Environment/ land management – EU-10 – 41%,

EU-15 - 38 %

Rural economy/rural communities – EU-10 – 3%,

EU-15 - 10 %



How do we support “RURAL”?

Type of support measures	2004-2006	2007-2013
Farm support		
- LFA	X	X
- semi-subsistent farming	X	
- compliments to direct payments	X	
- land improvement, reparaCELLing, water resource management	X	X
- compliance with EC standards	X	X
- investment in agri holdings	X	X
- setting up of young farmers	X	X
- farm early retirement schemes	X	X
- setting up farm relief and farm management	X	
- marketing of ag products	X	X
Protection of environment in connection to agriculture	X	
Restoring ag production potential damaged by nat disasters	X	X
Infrastructure connected with development of agriculture	X	X
Agri-environment, forestry	X	X
Producer groups	X	
Support to tourism, crafts	X	X
Financial engineering	X	X
Establishment // support of food processing facilities	X	X
TA, training, advisory service	X	X
Village development and renovation, rural heritage	X	X
Improving access to basic services for rural population	X	X
Diversification of agricultural activities and activities close to agriculture	X	X



Who are “RURAL” beneficiaries?

Past, present and future:

- Present farmers ...
- Former farmers ...
- Future farmers ...
- **RURAL inhabitants and businesses**

Will they have enough ideas, skills and resources to give a new start for RURAL economy?

The Salzburg conference conclusion:

' Rural development policy must serve the needs of broader society in rural areas and contribute to the cohesion'.

There is a need for a fresh look and inflow of new players!



Where do lagged rural areas fit? (1)

Major concerns:

- Relatively small scale farming, less efficient agriculture, current income support systems decoupled from production → **limited possibilities to establish/operate traditional business centred around agriculture**
- Concentration of payments and absorption of investment support is mainly outside of lagged areas → **low demand for services, low ability to invest to diversify jobs and income**
- Geographical distance from population centers and industrial zones, relatively poor transport and physical infrastructure → **lack of alternative employment, limited possibility to commute, higher probability of out-migration**
- Relatively poor social capital, quality of life and administrative structure → **lack of initiative, skills, administrative capacity to create development strategies, attract/absorb investment**
- Poor access to ICT, information sources, new technologies, lack of alternative employment → **outflow of younger generation from rural areas**
- Ageing population, low mobility and adaptability → **hard to secure sustainable quality labour for new start-ups, hard to develop/implement training activities**

Key message from RD evaluation: *'The viability of rural areas can best be maintained and enhanced through territorial approaches which target multiple sectors in the rural economy. They should be based on strengthened local/regional coordination and management structures and be open to bottom-up participation starting from the programming stage.'*



Where do lagged rural areas fit? (2)

Potential advantages and opportunities:

- If physical infrastructure is improved – attractive for business establishment/relocation
- Inflow of new population/businesses and farm income growth create demand for services
- Relatively lower cost for job creation and maintenance
- Availability of financial means: EARDF, FIFF, ERDF, ESF, private banking, national support measures
- SME support schemes
- State aid, loan guarantees and other financial engineering tools
- If social, education, culture and health infrastructure are improved – attractive place to live for potentially commuting middle-high income urban labour, establish handicapped and retirement communities



What is needed to make a difference?

- Clear vision of RURAL development: need for an integrated territorial approach
- Funding sources are separated from 2007 onwards (SF and EAFRD, EFF): better coordination and combined effort of managing authorities is crucial
- Reverse approach: from clear regional strategies for lagged areas to funding sources
- Higher rate of financial support (ERDF rates, State aid, access to finance), tax policies, incentive system
- Enhanced partnership: regional-local; public-private
- Investment in local governance, human resources, information and administrative capacity (Community development, leadership, strategic planning)
- Overall strong commitment to make a difference: last chance for EU -10!