

MINISTRY OF AGRICULTURAL AND FORESTRY POLICIES

General Direction of Structural Policies and Rural Development

The Italian Contribution to the

Second European Conference on Rural Development “Sow Today for the Future of the Rural World – Prospects for Rural Policy in an Enlarged Europe”

Rome, November 2003

1. Reasons for a renewed commitment to the Reform of Rural Development

- Expectations are widespread with respect to a greater role for the so-called second pillar of the PAC and, at the same time, for a reform of the mechanisms pertaining to the functioning of rural development policies in their present configuration.
- Although agricultural employment is characterised by a negative trend - as occurs more generally in the process of the development of the agro-food sector – the rural areas, considered in their territorial dimension and above all in terms of the natural and environmental resources that interact with the agricultural productive process, occupy a place of growing importance in all European countries. This importance obviously increases if we also take into consideration the ten new countries joining the EU.
- In present-day Europe and, even more, in the future Europe enlarged to include the new Central and Eastern European countries, a profound heterogeneity exists in the characteristics and needs of the different rural areas. Rural development policies, therefore, will have to be able to adapt to the different strategies that the rural territories will bring into play in order to cope with the competition on the global market of the future.
- The rural territories of the new countries joining will require adequate resources and instruments in order to meet this challenge, but the European Union will have to take heed not to place these

territories in competition, in terms of the allocation of resources, with the territories of the 15 countries, which are still in need of the financial support of the Community.

- The development of the rural territories appears essential in order to achieve European cohesion, within the framework of a redistribution of income and of employment opportunities among the territories, as well as of a reduction in phenomena related to both depopulation in rural areas and the concentration of population and production in large urban centres.
- Rural development policy cannot be considered as a mere policy of income redistribution in favour of rural areas, but must be ever increasingly part of the regional policy of cohesion, with a vigorous strategy for overcoming the structural difficulties involved with territorial development.
- The distribution of financing throughout the territory is highly scattered in support measures for individual concerns, without giving due consideration to the needs of the territory as a whole and the possible synergies with other measures financed under the aegis of the same rural development plans or other Community and/or national programmes.
- The rules that presently govern the functioning of rural development policy engender, within a given Member State, differentiated sets of problems in terms of application, according to whether or not the region is included under Objective 1. Such differences appear unjustified and in turn produce delays and difficulties in terms of management at the level of the public administrations responsible for the programmes.
- The rules that govern the EAGGF – Guarantee Section do not always appear appropriate with respect to the financing of the measures that provide for the realisation of investments.
- The experience with LEADER has made evident differentiated planning capacities over the territory and, at the same time, has made it possible for the local actors to experiment new approaches, more effective organisational solutions and, finally, innovative ways of valorising local resources and products that otherwise would have been definitively wasted. Furthermore, over time the initiative has stimulated an improvement in planning capacity, which in turn has made it possible for local actors to successfully gain access to further opportunities for Community and/or national financing.
- Current programming has not allowed for the best use of certain instruments provided under Community regulations, in particular those included under Art. 33 of EC Regulation 1257/99 (financial engineering, quality marketing practices, services provided to the population, etc.), whose importance in terms of resources allocated is, for that matter, rather slight in most of the programmes.

- The attention of the principal institutional actors is still today highly concentrated on the efficiency of the expenditure in connection with Community intervention, rather than the effectiveness thereof. This is owing to the fact that the instruments for measuring and evaluating effectiveness are notably under-utilised in the current management of the programmes, albeit in varying degrees in the various Member States and regions.

2. Directions and proposals for the future revision of rural development policies

- Rural development must be considered a real European priority, and this must translate into a financial endowment for the 2007-2013 period sufficient to assure an effective policy for the present Member States and for the 10 future Members entering the EU.
- Rural development policy must be supported financially with homogeneous rules common throughout all rural territories, possibly having recourse to a single Fund of reference for all rural development actions within the territory of the enlarged Union.
- Future rural development policy, above all in the less-developed regions, absolutely must not be separated from regional policy; therefore, it is necessary to find appropriate operative methods for fully integrating rural development in the programming of the Structural Funds. This implies that the rules for the functioning of the new Agricultural Fund will have to be compatible with the rules pertaining to Structural Funds, including in order to facilitate joint, integrated utilisation within the framework of regional programming or local planning.
- Rural development must also remain one of the priorities in the area of regional policies as well, and not only with reference to the PAC. This implies that it will also have to figure among the priorities of future Structural Funds (regional policy), including that implemented with transnational and across-the-border co-operation programmes.
- The *a priori* list of measures must be sufficiently ample to leave room for regional programming and local planning regarding proposals for action that is innovative and consistent with the needs of the different territories, in line with the principle of subsidiarity. A detailed list of measures may be furnished by the Commission, but it must have a purely indicative and not exclusive value; further measures, if deemed necessary for the programme's territorial context of reference, must be able to be equally implemented. In this sphere, it is opportune to reinstate the eligibility of the applied research measure.
- It is necessary to provide for the harmonisation of the procedures for access to Community support for aid provided in the interest of rural development and for aid of a structural nature

contained in the single Common Market Organisations. An effective integration of the two types of action is likewise necessary for the purpose of augmenting their synergies at the territorial level.

- The programming of the measures and actions should be carried out giving due consideration to the principle of the territorial concentration of intervention in homogeneous areas.
- The LEADER approach must be safeguarded in its fundamental aspects, guaranteeing local actors the opportunity to experiment innovations designed for the territory, without altering the nature of the basic features of this approach. Moreover, the LEADER methodology must be able to use adequate financial resources, the minimum amount of which will have to be determined at the Community level.
- The simplification of rural development policies will have to be encouraged in various ways, above all regarding certain sectors crucial to the programming and management of the programmes, which will specifically regard the following:
 - a) the introduction of the “*de minimis*” rule for rural development actions, establishing a maximum level of Community support below which there will be a derogation to the obligation to give notice;
 - b) the possibility of making financial compensation among programmes within a given Member State;
 - c) increased possibilities of modulating programmes underway, through more agile procedures for the modification of the same.
- It appears opportune to introduce certain premium mechanisms (premium reserve), in analogous fashion to what is provided for in the field of Structural Funds, to be allocated among the Member States and regions that demonstrate the best performance in terms of efficiency and effectiveness.
- In order to strengthen control over the effectiveness of rural development programmes, it will be necessary to promote an increase in the quality of the processes and products of monitoring and evaluation, providing common minimum quality standards (subject to certification), to which all Member States will have to conform, as well as subordinate the premium systems for the programmes with best performance.
- In consideration of the general undercapitalisation of farms, it is opportune to provide for the introduction of innovative forms of support to facilitate access to credit.
- It is necessary to finance appropriate forms of climatic risk coverage with the objective of guaranteeing income stability to farm operators.

- The intensification of actions in support of programming requires that expenditures for technical assistance, as well as for the construction of monitoring and evaluation systems (including self-evaluation within the framework of a given intervention) be made eligible for Community financing under the new Fund.