

ARC
Third Draft (1 November 2010) of the proposed
“Communication from Civil Society to the European Institutions
on the future Agricultural and Rural Policy”

Preamble (which will not be part of the final ‘Communication’)

This is the third draft of the ‘Communication’ which ARC intends to submit to the European Commission and other EU institutions on 16 November 2010, the day before the Commission publishes its own ‘Communication’. Our document will then become a starting-point for us to contribute to the subsequent public consultation on the Commission’s proposals, running into 2011; and for negotiation between ARC members and EU member states about the role of civil society in implementing the Policy reform.

Our aim is to produce a strong message from civil society, reflecting as broad a consensus as possible between the many organisations in the network (without affecting their ability to express independent views in the future public consultation).

In preparing this draft, we have drawn upon the Position Papers of many organisations, as submitted to the ‘CAP post 2013’ debate; the discussions and files of the Working Groups on the ARC Website; the conclusions and papers of recent European Conferences; and comment received from Network members.

This Third Draft will be discussed and finalised at the ARC Conference in Brussels on 4/5 November. During the week following the Conference, member organisations will be invited to sign the Communication before it is formally submitted to the Commissioner and the EU Institutions on 16 November.

1. What is ARC ?

The aim of ARC, the Agricultural and Rural Convention, is to give civil society a strong voice and to prepare a powerful common message for a new European agricultural and rural policy. ARC is an innovative, transparent process, open to all those interested in or engaged for a reform of the CAP. It has been designed to gather a wide diversity of aspirations for the future of agriculture and rural areas, and then to combine them into a creative and practicable vision which achieves the widest combination of benefits.

ARC represents a range of civil society organisations which operate at European, multi-national, national or regional level**. Their focal interests include sustainability in general, biodiversity, landscapes, fair revenues for farmers, cultural heritage, animal welfare, organic farming, mountain areas, rural communities, partnership with developing countries and fair trade, research, training, food security, food sovereignty, food quality, public health, local food systems, consumers, small and family farms, renewable energy, water management and many related issues. Taken together, they represent many hundreds of thousands of European citizens, both urban and rural.

** it is proposed that the final Communication should include a list of those organisations in the network who (on seeing the later improved draft of this document) confirm their support.

2. Our standpoint

Our proposals are driven by a shared concern, within our wide network, to sustain the well-being of the planet and its people. We believe that :

- the world must make more responsible use of all global resources, notably soil, water, minerals, fossil fuels, wild species and habitats
- there must be radical reduction of greenhouse gases in order to avoid catastrophic climate change, together with action to moderate the adverse impacts of climate change upon human activity and upon biodiversity
- the drastic loss of biodiversity, both of wild species and cultivars, must be halted
- the quality and diversity of the cultural heritage and of landscapes should be protected and enhanced
- human rights of access to food, water, health and well-being, civil liberties and livelihood must be respected and actively sustained within the bounds set by overall ecological and social sustainability
- long-term food security must be assured at worldwide level : it is not acceptable that 2 billion people suffer from hunger or under-nutrition, that the health of a further billion is blighted by over-nutrition and obesity, or that vast amounts of food are wasted
- Europe should not continue to depend on economic colonialism and the land resources of other continents, nor should it export farm products at prices below the full cost of production, thereby creating unfair competition for farmers in other countries, especially in the developing world
- poverty and inequality, including social exclusion and gross disparities of income and quality of life between regions and people within Europe, must be addressed
- citizens and local communities everywhere must be enabled to play a full part in determining their own futures
- farmers must be enabled to get a fair income for the food that they produce and the services that they provide
- high standards of animal welfare must be attained in Europe's agriculture
- EU policies must respect and reflect the diversity of Europe, and the principle of multi-level governance, while meeting European goals and pursuing social, economic and territorial cohesion and equity between nations and regions.

3. Our Vision

Reacting to these imperatives, we believe that a radical review of policies for both agriculture and rural development is needed. Our vision for this focuses on :

- A **paradigm shift in agriculture**, from a dominant European model of intensive industrial farming and a centralised food industry to sustainable farming everywhere and a diversified pattern of regional and local production and processing of food, with closer connections between farmers and consumers, and high care for public health, environment and animal welfare
- An **economic renaissance of rural areas**, building upon the strength and diversity of communities, cultures and resources, linked effectively to regional development and honouring the EU's commitment to social, economic and territorial cohesion. This renaissance can make a major cumulative contribution to the goals of EU 2020, by finding new sources of prosperity and creating new jobs.

This vision, and this broad line of argument, point towards a future Policy which has three inter-related focal concerns - sufficient and nutritious food, with its links to production quality, health, trade, aid and remunerative farm gate prices; sustainable agriculture, with its links to soil protection, water management, biodiversity, landscape and animal welfare; and rural development, with its links to structural and related policies.

4. A new European Policy

We propose a future Policy, renamed **Common Food, Agriculture and Rural Policy**, with clearly stated objectives which include, but go beyond, those stated in the Treaty of Rome. The expanded set of objectives would embrace food security, food quality and public health, sustainable standards in agriculture, protection of the environment, mitigation of climate change, strengthening and diversification of the rural economy, and the well-being of rural communities.

In the next two sections, we set out ten policy areas which would fall within the scope of the proposed Common Food, Agriculture and Rural Policy. Our view on the structure of the future Policy is guided by our strong sense of the dual nature of the challenge. We need both a paradigm shift in agriculture and a rural renaissance. The EU's policy for rural development has gradually evolved since the late 1980s. It has always been seen as an adjunct of agricultural policy. There is good logic in retaining the link between farming and rural development : but that link has distorted the overall policy, with too much focus on basic farm support and too little on sustainable farming systems, on balanced food markets and on the wider needs of rural communities and rural economies.

In our view, the time has come to recognise Rural Development as a major Policy area in its own right, no longer as an adjunct to agriculture. It should be seen not as second pillar of another Policy, but as a distinct Policy or Fund, standing alongside but separate from the strictly Agricultural Policy. Rural regions in Europe vary greatly in the structure and strength of their economy. Some, by their location and by vigorous policy, have strong and diversified economies. Others have been gravely weakened by the collapse of collective farming, the centralisation of industry and commerce, out-migration of young people, and other forces. The result of these trends is gross and growing disparity between regions, mass migration without perspectives for decent income, loss of social capital, and in some regions abandonment of valuable farmland and loss of the environmental and cultural values which were created and sustained by farming. The EU should honour its commitment to social, economic and territorial cohesion by launching an economic renaissance of rural areas. This has clear implications for all the sectors of the rural economy, the approach to special areas, the strengthening of rural communities, services and infrastructure, research and development, and systems of delivery.

Accordingly we propose that the Common Food, Agriculture and Rural Policy should be implemented through two Funds, the **European Agricultural Fund** focused primarily on food and farming; and the **European Rural Fund**, focused on the wider rural economy and territorial development. The two Funds, and the measures within them, complement each other. A crucial distinction between the two Funds is that the Agricultural Fund would be focused almost wholly on horizontal measures, applicable to all the territories or enterprises within their scope, whereas the Rural Fund would be focused on measures which will vary in application according to the character and needs of different areas.

In the two sections that follow, we outline the proposed scope of the two Funds, by reference to main themes. The measures proposed within each theme may include financial support, such as direct or contractual payments; other things which require funding, such as communication; and other types of action, such as regulation or definition of concepts. Some actions, such as the proposals for Research at 6.4, may even fall outside the scope of the Common Food, Agriculture and Rural Policy, but must be closely related to what happens inside that Policy. We use themes as a structure in this document in order to clarify the main thrust of the ARC proposals. At section 7 below, we emphasise the need for strong linkage between different major programmes of the European Union.

5. The European Agricultural Fund

We propose that the European Agricultural Fund should embrace a set of measures which are mutually supportive and consistent, within 5 main policy areas :

- Sustainable Agriculture
- Food security, trade and aid.
- Food quality, health and related issues.
- Food supply management
- Targeted payments for environmental services

5.1. Sustainable Agriculture everywhere. In our view, the current mainstream system of agriculture in Europe is inherently unsustainable. It depends upon heavy use of fossil fuels, massive mechanisation and long-distance transport of food and feedstuffs; often fails to meet high standards of animal welfare, poses a long-term threat to the health of soils, water resources and ecosystems, and causes continuing loss of farm labour. It bleeds the vitality away from poorer or more marginal farmlands. We call for a progressive shift from industrialised agriculture towards a more sustainable form of farming, which sustains productive farming everywhere, builds on the regional and local diversity of farming and economies, makes far lighter use of non-renewable resources, respects animal welfare, puts good agronomic sense and agro-ecological innovation at the heart of farming decisions, and achieves a wide range of positive environmental, social and economic outcomes, linked to the vitality of rural areas.

This shift from industrialised to sustainable farming is based on a hard-headed view of the imperatives stated in section 2 of this paper. These imperatives point clearly to the conclusion that a model based in continuously intensifying farm production on part of the European territory, while abandoning the less fertile land, is not sustainable and carries grave dangers for Europe's environment, its long-term food security, the vitality of its rural areas, and the well-being of the planet. We accept that the move towards sustainability on the land now intensively used will mean that that land produces less food : but this should be balanced by continued food production on the less fertile lands, by reduction of food waste through other measures, and growing emphasis on food quality and nutritional value. Moreover, the drive for efficiency and productivity in food production can and should continue within the sustainable mode. Different aspects of sustainability are closely linked in the benefits that they bring : for example, humane animal husbandry systems reduce the environmental degradation and biodiversity loss associated with industrial livestock production, avoid the resource-inefficiency involved in feeding large quantities of cereals and soy to intensively reared animals, reduce the use of antibiotic use on farm, and produce healthier animals and more nutritious meat and eggs.

These concepts underlie our view of the future pattern of support to farmers. We believe that the present system of general subsidies to the farming industry, de-coupled from production and unrelated to sustainable farming systems or public goods, cannot be politically justified beyond 2013. Financial support to farmers in future should relate to outcomes that Europe needs and which will not be achieved by market forces alone. Measures that we propose in 5.2 and 5.3 below – in the fields of food security, trade, aid and supply management – are designed to assist farmers to gain the fair return that is promised by the Treaty of Rome. With those measures in place, it will be right to focus financial support increasingly – and, beyond a transition period, wholly – onto payments related to the outcomes implied by the extended objectives at section 4, namely sustainable practice, environmental stewardship, support for small and family farms and for those in difficult areas, and diversification of farm economies and rural economies.

The Agricultural Fund should provide incentives for this shift, through the following measures :

- a. Clear definition of standards of sustainability in agriculture, by reference to :
 - limits to the use of artificial fertilisers and other chemical inputs, by extending the principles found in the 1991 Nitrates Directive, according to which nitrogen content in

- the soil has to be monitored and the runoff has to be limited
 - mandatory limits on greenhouse gas emissions, both from livestock (with exemption for extensive grazing and hay mowing), and from use of fossil fuels
 - absorption and sustainable re-use of all waste products (e.g. slurry, foul water) within the farm
 - protection and enhancement of biodiversity (of both wild species and cultivars) and landscape features
 - achievement of high standards of animal welfare.
- b. Incorporation of these standards into updated codes of good practice, and progressive enforcement of these codes through cross-compliance provisions on farm support systems.
 - c. Continuation of direct payments to all farmers, on a radically revised basis, with no reference to historical yields, equity (relative to national average income levels) in levels of payment between farmers in different parts of the EU, a regressive basis with higher level of payment for smaller farm units and a cap on payments per farm, and conditionality related to sustainable practices, whereby levels of payment would vary according to compliance with targets for reduced use of fossil fuels, artificial fertilisers and pesticides, for emissions of greenhouse gases (with exemption for extensive grazing and hay mowing), for landscape, biodiversity, soil and water management, and for improved standards of animal welfare.
 - d. Support for small and family farms, and for retention of the labour force, by linking the level of direct payments to the size of the farming enterprise and of the labour force.
 - e. Support for farmers in peripheral, mountainous and other less favoured areas, to recognise the physical handicaps under which they operate and the contribution that they make to local economies.
 - f. Outlawing the development and use of GMOs in European agriculture and food supplies (including that in animal feeds) : this should apply throughout the EU, without provision for national or regional discretion.
 - g. Financial support for transition into organic farming systems, particularly those emphasizing low input of non-renewable resources; into other ecologically-oriented farming systems which have clear environment and biodiversity benefits; or into systems that deliver high standards of animal welfare.

5.2. Food security, trade and aid. The world population is growing, demand for food is rising, and there is urgent need to tackle hunger and malnutrition, depletion of natural resources and of water supplies, and shrinking areas of cultivable land. The solution to this is not to concentrate food production in limited regions and to rely on massive international trade and transport of food : that would be a recipe for new economic colonialism, dependency, conflict and unsustainable use of transport. Rather, the solution lies in a high degree of self-sufficiency and food sovereignty at local, regional, national or continental level. Farm land should be kept in good heart and in sustainable cultivation throughout Europe, for long-term use in food production. Europe should produce a high proportion of the food that Europeans need, including all the basic commodities (such as animal feed) required for its production; should broadly limit the import of food or feedstuffs to that which cannot be produced within the European Union; should not subsidise food exports by any means; and should use international aid to assist farmers in developing countries to sustain and boost their food production, in order to improve their livelihood, to combat hunger and malnutrition and to become competitive in international markets

The Agricultural Fund should provide incentives for this shift, through the following measures :

- a. Re-negotiation of WTO rules to establish the right of food sovereignty, that is the right for people, countries or Unions to establish their own agriculture and food policy
- b. Separation of agriculture from other industries in world trade talks : food sovereignty in Europe should not be compromised by trade-offs to benefit exports in other economic sectors
- c. Insistence on sustainable standards for food imports
- d. Stimulus to production of animal-feed protein in Europe, as an alternative to protein imports
- e. Ensuring coherence in development policies, in accordance with article 208 of the EU Treaty, including cessation of export subsidies and measures to ensure that other forms of support such as direct payments do not result in exports at prices below the full cost of production
- f. Support to farmers in developing countries to preserve or develop sustainable farming systems, to improve their livelihood, to combat hunger and malnutrition and to become competitive in international markets.

5.3. Food quality, health and related issues. Major food scares in recent years have raised public awareness of the vital importance of healthy food. Precautionary standards have been raised as a result, with some benefit but also, and as we report later (see 6.1) with damaging effect in some local food systems. But there is still widespread disquiet about the impact of industrial food production and processing on human health, animal welfare, biodiversity and the environment. Obesity, diabetes and other ills reflect unhealthy diets which are offered to consumers with ever more processed and composed foods. Consumers increasingly take responsibility for what they eat by checking on ingredients, additives and origins of food, and by pursuing alternatives such as organic, free-range or known-origin products. Producers, processors and traders will respond to such assertive consumers. But in order to take the initiative, consumers need accurate information about food, and about its links to health etc. Those public authorities which buy food for consumption in schools, hospitals, public companies, jails, military barracks etc have a formidable and Europe-wide opportunity to influence, by their purchasing policies, the quality of food and its links to health, local economies and environment : they should use this opportunity for leadership.

The Agricultural Fund should include the following measures :

- a. Public information programmes, at European and national level, about food, diet and the link to health, sustainable lifestyles, responsible consumption, the avoidance of food waste, and the link between food and landscape etc : these programmes will require clear definition of what is meant by terms such as 'healthy, natural nutritious, environmentally friendly' food.
- b. Programmes, at national and sub-national level, for education of children about food, its origin, links to health etc.
- c. Reform of EU tendering regulations to permit, and active EU encouragement of, public procurement and catering policies which set an example of affordable use of good-quality, natural, healthy, nutritious, animal welfare-friendly and regionally sourced food.
- d. Tighter regulation of all food labelling, to ensure that consumers can understand the origin, production methods, processing treatment etc of all traded food.

5.4. Food supply management. The future Policy must set a market framework that enables farmers as well as consumers to be influential partners in the food and agriculture chain. This is an essential condition for securing stable prices and sustainable food production and

consumption in all regions of Europe. At present, about four-fifths of the food produced by EU farmers goes into supply chains which are dominated by large-scale processors and retailers. This places both the primary producers and the consumers within economic chains in which they are at a disadvantage vis-à-vis ever more powerful buying industries. Many farmers are not able to cover their production costs, let alone have surplus funds to invest in innovation. Consumers often pay quite high food prices because of unfair margins.

Review of the CAP must include a major effort to avoid strong fluctuations in supply between scarcity and surplus : this is the best way to avoid speculation on food prices at stock markets. The aim should be to secure stable prices and a fair sharing of value between farmers, processors, retailers and consumers, so that farmers can secure remunerative farm-gate prices and consumers can have a fair deal. The system must be such that different, often conflicting, interests of participants in the food supply chain can negotiate on equal terms, so that primary producers and consumers are no longer the pawn of other interests but can actively co-decide. This effort can include measures proposed elsewhere in this paper, including establishment of food sovereignty (5.2), cessation of subsidies on food exports (5.2) and support for regional and local processing of food and for regional and local food systems, including community-supported agriculture (6.1). But other measures are needed.

The Agricultural Fund should include the following measures :

- a. Creation of a market monitoring agency which ensures greater market transparency through continuous monitoring of margins, the movement of demand and of prices and the evolution of production costs; and which, on the basis of these production costs, determines a target price corridor for different products. Volumes to be produced in the different countries are fixed through this price corridor. Consumers and other societal groups should be integrated in the corridor fixing process, in order to make sure that consumer interests in fair prices and high quality products are respected.
- b. Support for creation, by farmers and others in the food chain, of collective trading groups, to increase the bargaining power of farmers : this may depend upon well-considered relaxation of competition rules. Farmers should be enabled to work collectively and granted the right and the capacity to manage supply : for example, they should be able to lower the volume to be produced by farmers in case of decreasing demand and prices below the fixed price corridor. There could be a strong link between such groups and the public procurement policies mentioned at 5.3c above.
- c. Change in the system of price intervention. The present system, which aims to keep prices for raw materials for the (exporting) agricultural industry low, provides no sufficient safety net for producers who manage their farms according to sustainable principles, because the intervention prices are far below the production costs : it should be scrapped. Instead, we propose a new high-priced intervention system, to complement the process of managing supply described at (b) above. It would allow the stocking of products during the short periods that are needed to adapt supply to changes in demand.

5.5 Targeted payments for environmental services. The rural areas of Europe contain a rich and highly diversified heritage of ecosystems, cultural landscapes and other environmental assets, including soil and water resources which are fundamental to the long-term health of Europe's land and thus to its food security . The protection and management of this heritage depends, in large part, on stewardship by farmers, foresters and other land managers. Some elements of that stewardship can be assured by good sustainable husbandry. But in many areas, the constraints upon farming imposed by high environmental values or by physical handicaps mean that farmers can only make a viable income if they receive targeted payments

related to the environmental and social services which they provide. The agenda of public goods, when related to agriculture, forestry and rural areas, has until now been mainly focused on conservation of ecosystems, and the maintenance of farming in mountains and other special areas. But the agenda has been gradually widening, to include the 'new challenges' of adapting to and mitigating climate change, generating renewable energy, managing water resources, protecting ecosystems, landscapes and the cultural heritage, and sustaining the vitality of rural communities.

The Agricultural Fund should include the following measures :

- a. Targeted and harmonised support, conditional upon clear environmental standards, to farmers, graziers, foresters and cooperatives who manage High Nature Value Grasslands. These grasslands, which may total over 30% of farmland in the EU, include mountain and upland pastures, common grazings, dehesas, nordic wood pastures, hay meadows, orchards, park landscapes and some low-intensity arable areas. They have been created, and are maintained, by low-intensity farming and grazing regimes, based on traditional methods and (often) local races of livestock. They form ecosystems and landscapes rich in biodiversity and culture, and bring strong benefits in soil and water conservation and in sequestration of carbon. They help to sustain the formal and informal economies of large farming communities, and yield high-quality food. But they are threatened in some areas by abandonment, and in others by intensification of farming.

To combat these threats, and to recognise the public goods which these grasslands provide, we propose that they be subject to a system of targeted and harmonised payments for environmental services*. This system should fall within the Agricultural Fund, as at least partial replacement of the current direct and un-targeted payments, and with 100% EU funding. The types of land to which it would apply should be clearly stated in updated Directives, covering all the types mentioned above. The payments should fall within a standard scale, or a limited set of scales, of payment for services, based on a generalised valuation of the public goods which these areas provide. This system would essentially be recognition of the constraint which the environmental value places upon the agricultural use of the land, and would thus be justified as a means of sustaining that agricultural use. The payments would be conditional on the continuance or resumption of the farming regimes that created or sustained the environmental values which underlie the definition of the zones. Within the affected zones, they might subsume the present entry-level agri-environment payments.

In mountainous, peripheral and other less favoured areas, this regime of environmental payments would need to be harmonised with, but not subsume, the support related to physical handicaps described at 5.1e above.

* Indicative examples of how such a system would work are provided in the report. "CAP reform 2013 – last chance to stop the decline of Europe's High Nature Value farming", published jointly by EFNCP, Birdlife International, Butterfly Conservation Europe, and World Wildlife Fund.

- b. Continuation of agri-environment payments, in order to protect environmental values beyond what can be achieved by conditionality on the supports mentioned at 5.1 and 5.5a above. Such payments should have growing emphasis on landscape and the cultural and built heritage.
- c. Payments to farmers in Natura 2000 areas, where they are obliged for reasons of nature conservation to undertake land management work not covered by the supports under 5.1, 5.5a or 5.5b above. This proposal is specific to those parts of designated Natura 2000 areas that are managed by farmers. We do not see the European Agriculture

Fund as the source of funding for other Natura 2000 areas or for capital investments needed to conserve these areas.

- d. Payments for carbon storage or sequestration, for example in peatbogs, woodland or permanent pastures
- e. Support for capital investments which contribute to management of water resources and to adaptation of farming and forestry regimes to cope with climate change.

6. European Rural Fund

We propose that the European Rural Fund should embrace a set of rural development measures which are mutually supportive and consistent, within 5 main policy areas :

- Support for regional and local production and processing of food
- Support for strengthening and diversifying the rural economy.
- Support for strengthening of rural communities, services and infrastructure
- Research, Development, Training and Innovation
- Support for sub-regional partnerships and for the involvement of civil society

6.1. Support for regional and local production and processing of food. The adding of value to food and other farm products forms a vital link between agriculture and other parts of the economy. This link can have crucial importance to rural economies. But at present, for perhaps four-fifths of the food produced by commercial farmers in the EU, the adding of value takes place largely not in truly rural enterprises, but rather in large-scale centralised processing units. This removes the potential for adding value to food in the rural areas. Major effort should go into encouraging added-value activity at local and regional level, through small and medium-sized enterprises, including those run by farmers. This effort can take advantage of the multiplicity of national, regional, local and 'niche' markets which already exist in Europe. It must include a review of the regulations related to livestock slaughter, food hygiene, phytosanitary standards etc. which place a disproportionate burden on small and medium-sized enterprises (SMEs).

The Rural Fund should include the following measures :

- a. Support for the creation and strengthening of regional and local food systems*, such as farmers' markets, cooperative farm shops, box schemes, community-supported agriculture
- b. Support for branding and labeling of regional products, building on the PDO/PGI system and drawing upon the great diversity around Europe in culinary tradition, gastronomy and related aspects of the cultural heritage, including herbal medicines and traditional products : note the link between this and the tighter regulation of all food labelling advocated at section 5.3d. Where appropriate, the link between the regional products and another value (such as mountain landscapes, biodiversity, aquatic ecosystems) should be highlighted through the label or brand.
- c. Clarifying, publicising and ensuring national implementation of regulatory provisions at EU level for properly justified and monitored exemptions from hygiene, slaughter and other regulations for micro-enterprises and SMEs.
- d. Support for an active European network for exchange of good practice among regional and local food systems, and between the producers (notably farmers or fishermen) who actually work the land or waters and create the basic ingredients for the food.
- e. Modification of public tendering rules to permit the flexible use of public procurement and catering systems to promote use of regional and local foods (note the link to 5.3c above)

* A useful overview of local food systems in Europe, with their implications for policy, is provided by the report 'Local food systems in Europe', published by the FAAN – Facilitating Alternative Agro-Food Networks group.

6.2. Support for strengthening and diversifying the rural economy. The economic renaissance, for which we call, can draw upon the measures that we describe above related to the viability of farming and for regional and local production and processing of food and other farm products. But it can draw also on many other economic sectors, and upon the remarkable diversity of rural regions in different parts of Europe. In most rural regions, there is potential to strengthen the secondary and tertiary sectors at a sustainable scale, including added value to farm and forest products near to their origins, development of tourism, innovative use of information technology, generation of renewable energy, and the location of high-tech industries in high-quality rural settings, and in all these ways to contribute to the EU 2020 target for creation of new jobs. But such strengthening may depend upon adequate infrastructure, notably in telecommunications and in sustainable surface transport systems. It will depend also upon access for existing or potential entrepreneurs to land, buildings, credit and expert support : such access may be difficult to secure in the context of speculation in land values, the upward pressure on land prices, the reluctance of banks to lend money without generous security etc.

The Rural Fund should include the following measures :

- a. Measures to facilitate access to land, building or working capital for small and medium-sized enterprises in all sectors, in order to help consolidate and enlarge Europe's industrial base.
- b. Support for farm successions, including financial support for retirement and for new entrants to farming; for community-connected agriculture, including credit guarantees and financial incentives for community investment in agricultural land, farming businesses and related value-added initiatives; and for local authorities engaging in active preservation of locally-oriented sustainable agriculture in urban and peri-urban areas
- c. Support for farm modernisation, where this will assist efficient production or the move towards sustainable practice or farm diversification : this support should be available to all farmers and farm cooperatives, and should carry conditions as to structures etc that are proportionate to the size of building and enterprise involved
- d. Strengthened EU interest in forestry, with a focus on support to action by woodland owners and added-value enterprises to create jobs and diversify local economies through sustainable woodland management and processing of woodland products and to provide environmental services such as conserving biodiversity, soil and water management, and carbon capture.
- e. Support for investment in telecommunications infrastructure in rural regions.
- f. Support for action by local communities, land managers and enterprises to create or extend enterprises focused on energy conservation or generation of renewable energy, while avoiding competition for land and resources between food and energy production. Rural regions contain massive resources of land, water, wind, sun, biomass etc that can be used - at an appropriate scale, and on the initiative of local land owners, enterprises or communities - to generate renewable energy, thus contributing to one of the main challenges stated in EU 2020.
- g. Support for development of rural tourism, with its link to environment, heritage, added value, local services etc.
- h. Stimulus and support for national initiatives, and for multi-national exchange, in the fields of pre-career education and vocational training, apprenticeships and similar systems,

mid-career training, advisory and extension services, peer-group activity, local mobilisation and capacity development, and other systems. Such activity can include not only stimulus to innovations, but also re-valuation of traditional skills in building, cheese-making and other added-value trades, animal husbandry, crafts, herbal medicines, cooking etc

6.3. Support for strengthening of rural communities, services and infrastructure. The rural areas of Europe, as defined in the present generation of Rural Development Programmes, are home to about 135 million people, more than one quarter of the EU total. Within them, the rural communities vary greatly in their social vitality and in the adequacy of their social and cultural services and infrastructure. Many are strong in these respects, and offer high quality of life. Others – notably in some of the new member states and in the outer parts of EU15 – suffer from severe weakness. This weakness can lead to a spiral of decline, with demographic imbalance, out-migration of young people, further loss of services and vitality, and declining quality of life for those who remain. Equity and the commitment to territorial cohesion demand a determined policy to halt and reverse that decline.

Particular need and opportunity for a dynamic and imaginative approach to development applies to those **special areas** which may be called ‘peripheral’ or ‘less favoured’ but which, from the perspective of those who live there, may be central to their lives and highly favoured in cultural, environmental or other terms. Such areas vary greatly across the face of Europe, from the sparsely populated regions in Sweden and Finland to mountain communities in the Pyrenees, Alps and Carpathians, subsistence farming communities in many countries, concentrations of poverty in some regions, and isolated communities in many island and coastal regions. Such regions may indeed now suffer - to varying degree - from demographic imbalance, out-migration, loss of young energetic people, narrow economies, severe handicap for farmers, weakness in community services and in infrastructure. But they also act as stewards of ecosystems, landscapes and cultural heritage of European importance, notably many grasslands of high nature value; they manage resources of farmland, grazing land, forests, minerals, water supply and energy on which Europe depends now and in the future; and they represent a social capital of communities which can sustain and absorb population. Rural and regional policies should support rural communities in turning perceived disadvantages into economic and social advantages, focusing on sustaining social vitality, maintaining social services, diversifying the local economy, rewarding farmers (however small) for the public goods that they produce, and (where appropriate) accepting the value of informal economies. In these ways, these less developed areas can contribute to the overall goals of the Union.

The Rural Fund should include the following measures :

- a. Support for the provision and strengthening of rural services and infrastructure, whether by public authorities, by commercial organisations or by rural communities themselves.
- b. Recognition of the key role of towns as centres of social, cultural and economic life in many rural regions, and of the need to sustain the range and quality of services in those towns and to ensure effective linkage and mutual support between urban and rural areas. This has clear implications for the links between (on the one hand) sub-regional development programmes and (on the other hand) policies for spatial planning, transport etc. A particular need is to ensure, through planning policies, that good farm land is not lost unnecessarily to urban uses.
- c. A radical new approach to sustaining the social vitality of communities which are based on long-established patterns of subsistence and semi-subsistence farming. At present, these communities gain scarcely any benefit from the CAP or EAFRD, because the Semi-subsistence Farming measure is either not applied or little used, the measure for Farmers’ Cooperatives is little used, and subsistence farmers are excluded from direct payments or agri-environment payments because their holdings are too small. This

failure to connect, if allowed to continue, will cause the withering of these communities. The need is for a dynamic and integrated approach, on the lines of that being pioneered by non-government organisations in several countries, whereby farmers are enabled collectively (rather than individually) to benefit from farm-related payments, value is added to farm and forest products, craft skills are revived, tourism is promoted, social services are sustained, and young people are enabled by job creation to stay or return. These successful initiatives suggest that greater support should be given to local bodies (sub-regional partnerships, NGOs, other community organisations) who can deliver results effectively at local level, with close involvement of the farmers and other local people.

- d. Support for the rural poor and vulnerable. Of the 45 million people in Europe who live below the poverty line, about a quarter may live in rural areas. They vary in location and circumstance, but they include concentrations of poverty and exclusion among certain minorities, including many Roma people, particularly in the new member states. Many current programmes of rural and regional development appear to be ill-suited to addressing the needs of the rural poor and vulnerable, despite the promise in the Lisbon Strategy of a 'decisive impact on the eradication of poverty'. 2010 is the European Year for Combating Poverty and Social Exclusion, of which the priorities include the production of National Programmes to "place social inclusion at the heart of national policy agendas" and "promoting multi-dimensional integrated strategies to prevent and reduce poverty ...mainstreamed across all relevant policy areas". The Commission's recent Budget paper states an EU target of lifting at least 20 million people out of poverty.

Rural development programmes should reflect and build upon this commitment by the EU and Member States to tackle concentrations of poverty and social exclusion. New and imaginative approaches are needed, focused upon building the collective confidence of each community to the point where it can take initiative to better the lives of its members and (where it wishes) to seek and absorb the help of outside agencies. This new approach demands openness in the national and local authorities, flexibility in future EU measures for rural and regional development, and integration between different sectors and funding sources. The UNDP's Cserehat initiative in Hungary offers a significant model, which has been adapted by the Hungarian government into its national programme to eliminate area-based poverty in 33 most disadvantaged rural micro-regions

6.4 Research, Development, Training and Innovation. The changes that we have called for – a new paradigm for agriculture, and a rural renaissance – point clearly towards the need for innovation, for recognition and new application of existing knowledge, and for new knowledge. For example, many rural enterprises of all kinds will need new knowledge and skills in diversifying their enterprises, in handling information technology, in marketing and product development, quality control, financial management, cooperative activity etc. Those who supply, and those who fund 'public goods' such as environmental services, water management, carbon capture etc will depend upon increasingly sophisticated definition of these goods, and of the means by which they may be assured and monitored. Research is urgently needed in order to establish a confident basis for valuing, and assuring accurate conditionality on, the ability of different territories or farming regimes to capture or sequester carbon and to establish low energy input, low waste and highly integrated systems. Innovation will be needed in such fields as generation of renewable energy, energy conservation, many methods of adding value to rural products, other aspects of the 'green economy', and new resourceful ways of sustaining rural services (for example by use of ICT in health services, education and public administration). Rural Europe has the opportunity to pioneer in many of these fields, and thus to sell ideas to the rest of the world.

This is a significant field for applied research, development, innovation and the generation and transfer of knowledge. At present, the CAP does not directly provide funding for such activity, which therefore depends on national funding and on partial cover through the mainstream research programmes of the EU, notably the "Food, agriculture and biotechnology" theme within EU Framework Programme 7. We believe that there is a strong case for funding –through Framework Programme 8 – a programme of applied research, development and innovation related directly to the knowledge that is needed in order effectively to pursue the range of policies set out in this Communication. In administering this programme, the Commission should ensure – to a sharper degree that is often now achieved – early transmission of research results to its own policy teams and to those of member states, so that ideas illuminate action in a timely way. Also needed is a vigorous process of information, training and exchange of ideas and good practice among all involved in agriculture and rural development.

So, the Policy should include the following measures :

- a. Funding – through EU Framework Programme 8 – for a programme of applied research, development and innovation related directly to the knowledge that is needed in order effectively to pursue the range of policies set out in this Communication.
- b. Provision, at European and national level, of vigorous programmes of information, training and exchange of ideas and good practice among all involved in agriculture and rural development. The European Network for Rural Development and the National Rural Networks should, in the next programme period, be transformed into a much more quick-moving, dynamic and open system for exchange and cooperation between stakeholders.

6.5 Support for sub-regional partnerships and for the involvement of civil society. In section 7 below, we note that the effectiveness of the policies that we propose will depend greatly upon the processes of governance, funding and delivery that guide their implementation. We then call for mechanisms at European, national, regional and sub-regional level which achieve true synergy and complementarity between the major European Funds which can serve the social, economic and environmental well-being of rural areas, and which harness the energies and resources of all sectors to the tasks described in this Communication. The funding of these mechanisms at European, national and regional levels falls largely outside the proposed Common Food, Agriculture and Rural Policy. But the mechanisms that are needed at sub-regional or local level can and should be supported through the Policy. We suggest that this should be done through the European Rural Fund.

The precedent for this is the provision, under Axis 4 of the current EAFRD (and its equivalent in the European Fisheries Fund), of support to Local Action Groups. We make plain at section 7 that we strongly support the principle of sub-regional partnerships which bring together the energy and skills and resources of the public, corporate and civil sectors, and which can focus funding from many sources upon the needs of an area. But we also stress the need to apply that principle more widely in geographical terms, and to greatly extend the scope of action of the sub-regional partnership, in order truly to address the needs of sub-regions in an integrated way.

A closely related issue is the role of civil society. Throughout Europe, conceptions of governance are changing. It is increasingly realised that governments, at all levels, have a major role in delivery of common services, but that they cannot alone meet all societal needs. Financial pressures, and public reactions, are forcing authorities to recognise that large parts of the action must lie with the corporate and civil sectors. This is notably true in rural areas, where small, scattered or isolated communities depend on a significant degree upon communal self-help. The division of responsibilities, and the 'social contract', between the public, corporate and civil sectors will vary between the member states : but the role of the civil sector should be recognised and supported, because of the contribution that it can make to rural and regional development and because in playing that role it takes pressure off the resources of

public authorities. Foundations and private donors can also play a significant part in supporting development processes.

The Rural Fund should include the following measures :

- a. Provision by the EU of adequate operational funds for all sub-regional partnerships created in mainly rural sub-region under the requirement stated at section 7 d below.
- b. Support for the active involvement of rural communities and their representative organisations in the shaping and implementation of development programmes at local and sub-regional level.

7. Governance and delivery, including linkage to other EU programmes

The effectiveness of the policies that we propose will depend greatly upon the processes of governance, funding and delivery that guide their implementation. At present, rural areas and economies can benefit from European funding through not only the EAFRD, but also the European Regional Development Fund (ERDF), the Cohesion Fund, the European Social Fund (ESF), and the European Fisheries Fund (ESF). The different Regulations make plain the geographic and thematic scope of the support that can be given under each Fund; but do not themselves spell out the exact demarcation, nor the potential for positive complementarity, between them. Many rural areas do indeed gain benefit from the other funds as well as the EAFRD, but the processes for achieving that benefit are clumsy, in that the different Funds and the national programmes through which they are deployed may not readily match in their operational systems, so that potential beneficiaries are baffled by bureaucracy.

Moreover, the agencies through which the Rural Development Programme is delivered – national Ministries of Agriculture, regional authorities, LEADER Groups or other sub-regional partnerships – are at present seldom empowered to call down funding from other EU Funds. A modest exception to this general point is offered by the Local Action Groups in some countries, for example Denmark, which can act under Axes 4 of both the EAFRD and the Fisheries Fund. Some other local partnerships, such as the *Pays* in France or the Local Development Companies in Ireland, can act outside the confines of the RDP. But the general picture is of delivery systems which are constrained to the narrow compass of the RDP, with Local Action Groups that are often limited to delivery of Axis 3 only of the RDP, and in some countries extensive rural areas that do not have the benefit of Local Action Groups or other sub-regional partnerships.

These weaknesses in delivery, and these constraints on achieving effective complementarity between different EU and national funds, must be addressed if there is to be a renaissance of rural areas. The need is for mechanisms at European, national, regional and sub-regional level which achieve true synergy and complementarity between the major Funds, and which harness the energies and resources of all sectors to the tasks described in this Communication. This is wholly consistent with the integrated approach stated in Europe 2020.

The new Common Food, Agriculture and Rural Policy (CFARP) should therefore make provision for :

- a. A common EU-level strategic framework for the CFARP and the ERDF, Cohesion Fund, ESF and EFF. This should include :
 - commitment to the paradigm shift in agriculture, and the rural renaissance
 - provision for territorial development, with linkage and mutual support between rural and urban areas
 - clear objectives for the changes that are to be achieved, by (say) 2017 and 2020, for example in the achievement of sustainable standards in agriculture; the creation of a

- balanced food chain which secures fair incomes for farmers; and the strengthening and diversification of rural economies
 - provision for monitoring and evaluation to assess progress vis-à-vis these objectives.
- b. Regulations for these five Funds which are fully harmonised with each other; which explain clearly the demarcation and the intended complementarity between them; which are harmonised in procedural terms, so that member states and delivery agencies can minimise the difficulty for beneficiaries; and which enable the delivery of relevant measures by sub-regional partnerships operating across the full range of Funds
 - c. A requirement that Member States (and /or Regions, in countries with federal systems) shall produce – for the next programme period – national and/or regional strategic frameworks which reflect the purposes of the common EU-level strategic framework, and which set a clear basis for active complementarity between the Operational Programmes related to the five EU Funds.
 - d. A requirement also that member states, or where relevant regional authorities, shall – throughout their territories – promote the creation and support the activity of sub-regional partnerships in the task of preparing and implementing sub-regional or territorial development strategies, with powers to deliver all relevant measures within the Operational Programmes related to all five EU Funds, and specifically all measures within the scope of the proposed European Rural Fund, and with operational funds provided (in mainly rural sub-regions) through the Rural Fund or (elsewhere) through the Regional or Cohesion Funds – see link to 6.5a.

8. Finance

Our focus in this Communication is on the proposed re-direction of policies, not yet upon the re-allocation of money between Funds or measures. However, we have made the assumption that the new Common Food, Agriculture and Rural Policy would have broadly the same share of the EU budget as is now allocated to the two pillars of the CAP. Our proposal to include all 'horizontal' measures, including environmental payments, in the Agricultural Fund, while significantly reducing untargeted payments to farmers, would release funds for a more robust campaign of Rural Renaissance through the Rural Fund. The proposals in sections 6.5 and 7 for strategic linkage to other EU funds, and for the creation and activity of sub-regional partnerships, are designed to secure the effective use of all relevant EU and national funds, and to focus the resources of the corporate and civil sectors upon the challenges of development.

9. Conclusion

We have described the opportunity which the new programme period will offer to launch a new paradigm in agriculture, a renaissance in rural areas and a radical attempt to harmonise the use of different EU Funds. We are well aware of the radical re-thinking of policy and practice which these changes will entail for Member States and stakeholders. We will play an active role in the public consultation which will follow the Commission's own 'Communication' of November 2010. In doing so, we will show how civil society organisations, in their turn, can contribute to the great collective effort which will be needed in order that the rural regions of Europe realise their full potential to serve the needs of all European citizens and to meet the goals articulated by the European Union.