The effects of cohesion policy in rural areas and experience in co-ordinating with rural development programmes (RDPs)
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<th>Description</th>
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<td>CAP</td>
<td>Common Agricultural Policy</td>
</tr>
<tr>
<td>CF</td>
<td>Cohesion Fund</td>
</tr>
<tr>
<td>CMEF</td>
<td>Common monitoring and evaluation framework</td>
</tr>
<tr>
<td>CP</td>
<td>Cohesion Policy</td>
</tr>
<tr>
<td>CSF</td>
<td>Common Strategic Framework</td>
</tr>
<tr>
<td>EAFRD</td>
<td>European Agricultural Fund for Rural Development</td>
</tr>
<tr>
<td>EAGGF</td>
<td>European Agricultural Guidance and Guarantee Fund</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
</tr>
<tr>
<td>EFF</td>
<td>European Fisheries Fund</td>
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<tr>
<td>ENRD</td>
<td>European Network for Rural Development</td>
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<tr>
<td>ERDF</td>
<td>European Fund for Regional Development</td>
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<tr>
<td>ESF</td>
<td>European Social Fund</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>FP</td>
<td>Framework Programme</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and Communication Technologies</td>
</tr>
<tr>
<td>IOR</td>
<td>Intermediate Open Space Regions</td>
</tr>
<tr>
<td>LAG</td>
<td>Local Action Group</td>
</tr>
<tr>
<td>LEADER</td>
<td>Liaisons entre Actions de Développement de l’Économie Rurale</td>
</tr>
<tr>
<td>MS</td>
<td>Member States</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental organisation</td>
</tr>
<tr>
<td>NMS</td>
<td>New Member States</td>
</tr>
<tr>
<td>NUTS</td>
<td>Nomenclature of Territorial Units for Statistics</td>
</tr>
<tr>
<td>OP</td>
<td>Operational Programme</td>
</tr>
<tr>
<td>RAR</td>
<td>Rural Accessible Regions</td>
</tr>
<tr>
<td>RD</td>
<td>Rural development</td>
</tr>
<tr>
<td>RDP</td>
<td>Rural Development Programme</td>
</tr>
<tr>
<td>RPR</td>
<td>Rural Peripheral Regions</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium Enterprise(s)</td>
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</table>
Executive Summary

The report addresses the following concerns:

- Are the development needs of rural areas being properly covered and addressed by EU cohesion policy? Does the EU really have an effective rural development policy?
- How effective has the EU been in ensuring co-operation and co-ordination in the use of EU cohesion funds during the first half of the current programming period?
- How should proposals for the future development of cohesion policy and the CAP be adapted to ensure the maximum welfare benefits for rural areas?

The report is presented against a policy background in which:

- Major changes have taken place in the organisation of EU support for rural areas between the 2000-2006 programming period and the current 2007-2013 programming period.
- No in-depth evaluations have so far been undertaken concerning the current programming period, although a number of studies on rural areas have been carried out during this period, including case studies of specific regions.
- Public consultations have already taken place regarding the future of the CAP and Cohesion policy, with general proposal from the Commission in the context of budgetary reform related to Europe 2020.

The report draws on a range of material, particularly local and regional case studies (NUTS 3 and NUTS2 level) from a variety of sources including:

- Policy research papers and reports, notably those produced by the European Commission itself, or satellite bodies such as the European Network for Rural Development (ENRD).
- Research projects supported under the 7th Framework programme by the European Commission’s Research Directorate-General.
- In-depth case studies undertaken in a selection of NUTS2 regions in order to specifically document and address issues of synergy, complementarity and cohesion.
The main **findings** of the review are as follows:

In terms of the **situation** in the EU’s rural areas, the following can be noted:

- While there are many ways of defining and classifying rural areas, the conventional assessment is that some 90% of the EU’s territory is essentially rural, and that 50% of the population live in these areas.
- On average, rural areas are less developed than others, with living standards below national and EU levels, with levels of education somewhat below other areas and, as expected, with relatively high levels of employment in agriculture.
- However, average indicators mask a great deal of variety between and within regions. Rural areas face differing challenges - from distressed rural areas, specialised agricultural rural areas, to diversified rural areas - with the development needs of different localities often very local and specific.
- In many of the ‘new’ Member States, rural areas are facing significant development problems, with high levels of semi-subsistence farming and ageing and declining populations, as they attempt to cope with adapting to new patterns of economic development, including a more market-based agriculture.
- On the other hand, many rural areas in the more prosperous Member States, including Germany, the Nordic countries and the UK, are doing relatively well, as are regions in France, Italy and Spain which support a competitive agricultural activity due to favourable soil and climatic conditions and dynamic local communities.

In general, research in rural areas suggests that the most important underlying **development factors** are:

- The entrepreneurial capacity of the local rural population, given that local people are the main drivers of change in areas where social and economic relationships are generally stronger and closer than in many urban areas. In areas where such motivation is now absent – as in rural areas of some new Member States – outsiders tend to take over, not always with harmonious results.
- The natural advantages of the local rural economy in terms of soil quality and climate, natural beauty, historic interest and attractions, the overall quality of the infrastructure, and the strength of the wider regional and national economy.

In terms of project developers being able to make successful **use of public funds** the following features of that funding support are seen as important:
Positive features: the ease with which financial support could be accessed, and the range and capacity of institutional support services (such as extension and advisory bodies, consultancy services etc), and the appropriateness of the range of measures and other support available in relation to existing socio-economic structures and development constraints.

Negative features: onerous procedures for applying for funding, lack of transparency and openness of institutions/administrative support services, other administrative or licensing obstacles, infrequent commitments rather than continuous funding possibilities, long delays in getting agreements or receiving payments, and path-dependence in the sectoral distribution of development funds.

In terms of current EU level policy and financial support the policy responsibility for Rural Development within the European Commission has been with DG Agriculture since the beginning of the 2007-2013 programming period, with funding provided under Pillar II of the CAP through the European Agricultural Fund for Rural Development (EAFRD).

Under this policy regime, Member States are required to develop national strategy plans for rural development policy and submit them to the Commission for general approval, and Rural development programmes (RDPs) for the country as a whole, or for regions (applicable particularly in federal countries).

These programmes should, in theory, be based on an analysis of strengths, weaknesses, opportunities and threats (SWOT approach) of the areas concerned, with quantitative targets and designated funding in relation to the EAFRD operational measures – Axis 1, 2 and 3 and LEADER.

However, the EAFRD programme, which is not categorised as a Structural Fund, is heavily skewed in conception and in practice towards agriculture, forestry and farming within rural areas – which is not, as such, surprising since it is called the European Agricultural Fund for Rural Development.

Moreover, while the EAFRD was intended to provide a more structured and targeted approach than its predecessor the EAGGF, and obliges the Member States to go through a process of drafting national and regional strategic programmes in order to be able to submit their funding requests, the change does not appear to have brought any significant changes in terms of achieving greater synergy and complementarity between the Agricultural Fund and other EU funds which are active in rural areas.

Under the current policy, other Funds are expected to support rural areas in their areas of competence – for example, support for infrastructure development...
through the ERDF and Cohesion Fund, support for labour market development through the ESF etc. However, the coordination and integration of policy support for rural areas is left to individual Member States to undertake in the light of their own objectives, systems and circumstances and, in several cases, mirrors the experience from the past.

Under present arrangements, Member States have access to **five main EU funds**, as listed below (plus the European Fisheries Fund, EFF, with a budget of 4.3bn):

- **The European Agricultural Guarantee Fund** (EAGF) which consists of *direct payments to farmers and market support*, and which is designated as Pillar 1 of the CAP
- **The European Agricultural Fund for Rural Development** (EAFRD) which is designated as Pillar II of the CAP, and has three axes: Axis 1 focused on *improving competitiveness*, Axis 2 on *improving the environment*, and Axis 3 on *improving the quality of life and encouraging diversification*, with a further dimension supporting the LEADER local development approach
- **The European Regional Development Fund** which is focused on *strengthening social and economic cohesion and convergence, improving regional competitiveness, and improving territorial co-operation*
- **The European Social Fund** (ESF) which is focused on *improving the capacity and capabilities of the working population through education and training and through the promotion of enterprise and innovation*
- **The Cohesion Fund** (CF) which is largely focused on *major infrastructure projects, notably concerning water supply and wastewater treatment, and transport linkages*

Funding targeted on rural areas over the 2007-2013 planning period from these different sources is estimated to exceed 575 billion euro, shared between:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Budget</th>
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<tbody>
<tr>
<td>Pillar 1 EAGF</td>
<td>295 billion euro</td>
</tr>
<tr>
<td>EAFRD</td>
<td>87 billion euro</td>
</tr>
<tr>
<td>ERDF</td>
<td>70 billion euro (estimated share of total budget of 347 billion)</td>
</tr>
<tr>
<td>ESF</td>
<td>75 billion euro</td>
</tr>
<tr>
<td>Cohesion Fund</td>
<td>50 billion euro</td>
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</table>
Consequences of the current EU policy on rural development

The fact that despite DG REGIO work on Territorial cohesion\(^1\) the declared EU policy on rural development is mostly related to issues that can be addressed through EAFRD, and that the responsibility for ensuring that other EU Funds are associated with it has been largely left to national authorities, has had a number of significant consequences.

More specifically, what actually happens in the rural regions of the EU in terms of ensuring synergy and complementarity in the use of different funds depends essentially on the capacity and commitment of the Member States national governments and administrations, including whatever regional and local structures are in place.

Here the evidence is at times disconcerting on several levels.

Demarcation rather than synergy

What appears to have progressively happened in both the previous programming period as well as in the present is that, in line with what has occurred at EU level (and causality may have operated in both directions), most national authorities have pulled back from trying to use EU funds in order to deliver synergy, and settled for establishing lines of (generally compulsory) demarcation, with the use of different funds restricted to their specific area of competence (distinguishing particularly between agriculture and non-agricultural activities).

Moreover, when different funds are required to operate alongside one another, their contributions are strictly demarcated on the basis of criteria such as the size of project they will support, the type of assistance they offer, and so on, with the over-riding objective seeming to be to avoid any risk of double-funding or overlap.

Administrations at all levels – EU, national and regional - seem to be happy to ring-fence their operations through demarcation rules, and to relate primarily to bodies with similar interests and competence, with Ministries responsible for particular sectors, for small businesses, for ICT or whatever else, finding it much easier to relate to their regional and even local counterparts rather than to coordinate horizontally with departments responsible for the use of other EU funds.

\(^1\) Indicatively, see COM (2008) 616 final; and final report of the EDORA ESPON project.
In other words, policy development and delivery at national level parallels that at EU level, with different Ministries and agencies preferring to operate in their respective ‘silos’ of responsibility.

**Quality of governance**

The practical consequences of this compartmentalisation of policy and finance depend to a large degree on the quality and performance of the organisational arrangements at Member State level, which vary enormously, ranging from reasonably effective to seriously inadequate.

Unfortunately, those countries and regions that most need comprehensive support tend to be those that have the most centralised, complex and non-transparent systems, with limited co-ordination and little openness to those ‘clients’ who need help most – perpetuating, even worsening, social division rather than creating cohesion.

In the more developed rural regions of the more developed Member States, administrative weakness or obstruction may be irritating to local project developers who have to make extra efforts to achieve their ends, as can be seen in case studies of local regions. However, when this happens in countries and regions facing major economic and social challenges which need to be addressed with significant resource inputs for some considerable time, the consequences are far more serious.

This raises real concerns about the consequences of the EU failing to put greater pressure on Member States to ensure that EU funds are deployed in a coherent way by enforcing appropriate standards of managerial and administrative governance.

In all of this, it is recognised that the funds are doing a useful job. The ERDF provides significant support for long-run development, particularly in terms of infrastructure across a range of areas. Likewise the EAFRD provides valuable support for a range of smaller scale rural development projects, and helps develop a more pro-active approach to change in agricultural communities.

The problem is that there is little confidence that the funds are being focused in an optimal way. The ERDF support is generally executed with the minimum involvement of local populations (specifically excluded in some Member States) and much EAFRD expenditure is seen as being skewed towards actions that directly or indirectly provide income support for ageing farmers operating in difficult or unfavourable conditions, rather than pursuing more strategic and forward-looking rural development objectives.
LEADER: forwards or backwards

Moreover, the ‘mainstreaming’ of the ‘bottom-up’, locally-led LEADER approach to local development within the EAFRD has not resulted (at least in terms of fund utilization) in the success envisaged. Although there are now more LAGS in existence than in the period when Leader+ was only a Community Initiative, LEADER proposals are now much more likely to be subject to the kinds of bureaucratic management controls that may be appropriate, even necessary, when dealing with many large businesses, but which effectively stifle initiative and drive away smaller, less well funded proposals. Hence, without of course neglecting the side-effects of the recent economic crisis, while LEADER projects have been provisionally allocated some 6% of EAFRD funding, the evidence appears to be that only 10% of that budget allocation has been taken up at the time of writing.

In practice, case studies of interventions in areas and projects receiving EAFRD support suggest that little real complementarity is found between EAFRD interventions and activities undertaken with the support of other funding sources (both EU and national). At the same time, though, support from the EAFRD appears to be more flexible than the structure of axes and measures might imply, with different measures under different axes being used to support similar objectives, alongside different measures or different objectives pursued with similar measures, across different regions and Member States.

Implications for future policy

There is an obvious risk of being overly critical of existing arrangements, or of overstating the extent to which the EU could realistically expect to establish common EU policies and orient national policies and activities on the basis of the quality of its analysis or advocacy, or even the weight of its funding, in the current economic and political climate.

However, evidence collected in the context of this study suggests that there is an urgent need for:

- A mid-term review of rural development experiences with EU funding as seen from the regional and local level, with a view to identifying new priority objectives for rural areas and re-defining eligible activities within existing institutional arrangements.
- A specific review of the operation of the LEADER approach, under more flexible arrangements than those available under ‘mainstream funding’ in order to re-establish its innovative role.
- An assessment of all Member State governance arrangements for coordinating the use of EU funds from different sources, with a view to establishing best practices and minimum standards.
- A re-assessment of the contribution of all the EU funds to the various rural development needs of the Member States against the general Cohesion policy objectives.
- A specification by the Commission of a set of procedures which Member States and/or regions should follow in order to ensure synergy between the development actions to be supported by the different EU funds.
- The development of network support for the exchange of experience and know-how for rural areas facing particular difficulties – notably in those ‘new’ Member States facing structural challenges in many of their rural areas that are at least as great as those faced in industrialised regions of some of the ‘older’ Member States in the 1980s.

However, in order to be effective, the above action should be ‘integrated’ into a coherent strategic framework which clearly sets out policy priorities and jurisdiction domains associated with rural development in the EU and, amongst others, clearly specifies effective procedures for pursuing synergy and complementarity with respect to development actions funded by different EU funds.
1. Introduction

1.1 Purpose and background to the report

The purpose of the report is to address the following main issues:

- Are the development needs of rural areas being properly covered and addressed by EU cohesion policy? Does the EU really have an effective rural development policy?
- How effective has the EU been in ensuring co-operation and co-ordination in the use of EU cohesion funds for rural development during the first half of the current programming period?
- How should proposals for the future development of cohesion policy and the CAP be adapted to ensure that maximum welfare benefits for rural areas?

This review has to be seen against the current policy background:

- Major changes have taken place in the organisation of EU support for rural areas between the 2000-2006 programming period and the current 2007-2013 programming period.
- Public consultations have already taken place regarding the future of the CAP and Cohesion policy, with general proposal from the Commission in the context of budgetary reform related to Europe 2020.

1.2 Evidence and research sources used in the study

The report presents available evidence concerning the performance of EU development policies during the 2007-2013 programming period, drawing on published reports and a series of case studies of various size and detail – reviews of national development policy co-ordination practices across all Member States; in-depth reviews of policy co-ordination experiences at regional and local level; specific case studies that highlight the particular needs and experiences of different rural localities.

It has to be noted that assessing current development policy performance is not easy given the scarcity of official information and reliable up-to-date data. An evaluation report concerning Cohesion policy and rural development is available\(^2\) for the previous programming period 2000-2006 but that only

addresses the role of the ERDF, and the parallel project to evaluate Rural development policy activities for the same period was only launched at the end of 2010\(^3\) and will not be completed until much later this year. There is also a lack of information on the impact of the economic crisis on rural areas.

Hence, for Rural development policy and the operation of the European Agricultural Fund for Rural Development (EAFRD) in the current 2007-2013 period, with which this report is concerned, there are no official evaluations to call upon with respect to the co-ordinated use of the ERDF, ESF or the EAFRD funds, although helpdesks and evaluation networks have been set up by DG AGRI, DG REGIO and DG EMPL to publicise and address current activities.

In this context we have adopted a pragmatic approach, drawing on a range of sources of research information, backed up by a variety of case studies and examples.

This work has included the analysis of relevant data and case study findings from a number of major and recently published research reports (notably those funded under the European Commission’s Framework 6 and 7 research programmes, as well as by DG REGIO and DG AGRI) concerning the progress of rural development in the current programming period. In addition we have undertaken in-depth analyses of the allocation, use and coordination of the ERDF, ESF, EAFRD and other relevant funds from 2007 to date in selected NUTS2 regions.

More generally, and importantly from a policy perspective, the report also reviews the extent and implications of demarcation procedures that are in widespread use across the Member States in order to determine the use of the different EU funds in the current programming period - procedures that appear to have their origins in the previous programming period, and which suggest that the policy challenges that the EU currently faces in coordinating its funding in support of rural areas pre-date the current programming period.

\(^3\)The kick-off meeting took place in December 2010, with project completion planned for Sept/Oct 2011
2. The Cohesion challenges and needs of rural areas

Rural development is a policy issue of major importance in the EU. Some 90% of the EU’s territory is categorised as rural, more than 50% of its population live in rural regions, with the EU’s diverse landscape recognised, not only for giving Europe much of its rich and varied visual character, but also for providing valuable public welfare facilities and raw materials.

The system most commonly used for categorising rural areas for administrative, policy or research purposes is the OECD classification (see also Eurostat) which focuses particularly on population density and accessibility or distance.

A refined version of the OECD typology has also been developed, using land use and peripherality criteria in order to classify the EU’s territory’s 127 NUTS2 regions (with populations generally in excess of 1 million, with exceptions, up to 3 million) and its 1,303 NUTS3 regions (with populations of between 150,000 and 350,000, varying somewhat between Member States).

On this more developed basis, NUTS3 regions are categorised under six headings, including three rural grouping:

- Rural Peripheral Regions (RPR) accounting for 10% of all EU regions;
- Rural Accessible Regions (RAR) accounting for 20%;
- Intermediate Open Space Regions (IOR), which account for 15%.

This categorisation has its uses for some purposes but there are many competing proposals as to how best categorise rural areas.

In most existing case studies on rural development, the focus is either on NUTS3 level regions (most common with rural development analyses, reflecting the focus of support offered through the EAFRD) or NUTS2 level regions (particularly the case with regional studies given that ERDF programmes are developed at NUTS2 regions).

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5 OECD regional typology 22 February 2010
7 http://enrd.ec.europa.eu/app_templates/filedownload.cfm?id=EF990AC4-EE09-9E3C-4F70-4B80861493F1
8 Regions with populations generally in excess of 1 million (with exceptions) up to 3 million
9 Regions with populations of between 150,000 and 350,000, varying somewhat between Member States
However, it is also recognised that the situation on the ground can be much more diverse, with the ENRD study in particular reporting a high degree of diversity within many NUTS3 regions in terms of the composition and distribution of economic activities, development level, etc.

This could typically mean different parts of these ‘officially categorised’ regions having relatively separate ‘local economies’ focused on different activities to differing extents: agricultural production and food processing of many kinds, forestry work, fishing, energy production, tourism and recreation of a variety of kinds (hill-walking, visiting historic sites, pleasure parks, sports, arts, craft production etc).

For general policy purposes – namely addressing the impact of all EU structural policies on rural areas from a policy perspective, and taking account of the diversity across the EU – the evidence on regional disparities suggests that it is probably convenient to follow the approach set out in the recent ENRD working group report\(^\text{11}\).

That report distinguished three broad types of situation:

- **distressed rural areas** - notably in some of the ‘new’ Member States and southern ‘old’ Member States, where agricultural production and employment is in rapid decline and new activities are slow to develop, and which warrant wide-ranging economic and social support similar to that given to distressed areas of inner cities;
- **specialised agricultural rural areas** - which continue to focus successfully on agriculture as a core activity, but which could nevertheless benefit from modest diversification in order to maintain continued growth and prosperity;
- **diversified rural areas** - the most common type in most countries - where agriculture is no longer a dominant part of the region’s economic and social structure although often still important in providing a background to diverse alternative activities, notably those linked to leisure and tourism, along with a variety of small scale service and industrial activities.

In terms of the economic and social challenges facing rural areas, therefore, it is clear that situations vary enormously: some areas are experiencing a serious decline in living standards, others are maintaining living standards but at levels below the EU average, while other rural areas provide not only average or above average incomes, but also quality locations in which to live and work.

\(^{11}\) Synthesis report, WP2, Agriculture and the wider rural economy, ref December 2010
On average, rural areas are less developed than others, with living standards below national and EU levels, with levels of education somewhat below other areas and, as expected, with relatively high levels of employment in agriculture.

However, average indicators mask a great deal of variety between and within regions, with the development needs of different localities often very local and specific.

In many of the ‘new’ Member States, moreover, rural areas are facing significant development problems, with high levels of semi-subsistence farming and ageing and declining populations, as they attempt to cope with adapting to new patterns of economic development, including a more market-based agriculture.

On the other hand, many rural areas in the more prosperous Member States, including Germany, the Nordic countries and the UK, are relatively prosperous, as are regions in France, Italy and Spain which support a competitive agricultural activity due to favourable soil and climatic conditions.

These differences are reflected in, and illustrated by, comparative Eurostat data on some of the key indicators mentioned above with respect to areas categorised as ‘predominantly rural’ (as opposed to ‘intermediate region’ or ‘predominantly urban’) based on quantitative criteria.

2.1 Living standards

Relative to EU averages

In terms of living standards (measured as GDP per head of population in terms of purchasing power), the average level in the predominantly rural regions of the EU in 2006 was some 72% of average EU-wide living standards across all regions. This compared with predominantly urban regions of the EU which are estimated to have living standards 25% higher than the EU average.

At one end of the spectrum, however, lie Bulgaria, Latvia and Romania where living standards in their predominantly rural areas are less than 30% of average EU-wide living standards overall.

This compares with the situation in the predominantly rural regions of Sweden, Finland, Denmark, Germany, Austria, the Netherlands and Ireland, where living standards are very close to, or exceed, average EU-wide standards overall.

Average living standards in the predominantly rural regions of Spain, France and Italy are lower than those in the more northerly rural regions of the EU15 Member States but, nevertheless fluctuate around 85-90% of average EU-standards overall.

Despite low absolute living standards compared with the EU average, living standards in the predominantly rural regions of Bulgaria, Romania and Hungary are nevertheless around 75% of the overall average living standards in their respective countries, with living standards in similar rural regions in Slovenia and Slovakia over 80% of average national living standards. On the other hand, living standards in predominantly rural areas of Estonia are estimated at only 65% of the national average.

Overall, living standards in the predominantly rural areas of the more prosperous EU Member States, in both northern and southern countries, tend to average around 80-85% of their respective national averages.
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<tbody>
<tr>
<td>EU27</td>
<td>72%</td>
<td>14%</td>
<td>48 per sq km</td>
<td>47%</td>
</tr>
<tr>
<td>EU15</td>
<td>91%</td>
<td>9%</td>
<td>42 per sq km</td>
<td>16%</td>
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<tr>
<td>AT</td>
<td>96%</td>
<td>-</td>
<td>54</td>
<td>21%</td>
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<td>74%</td>
<td>6%</td>
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<td>6%</td>
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<td>IT</td>
<td>93%</td>
<td>8%</td>
<td>91</td>
<td>18%</td>
</tr>
<tr>
<td>LU</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3%</td>
</tr>
<tr>
<td>NL</td>
<td>153%</td>
<td>5%</td>
<td>147</td>
<td>0%</td>
</tr>
<tr>
<td>PT</td>
<td>67%</td>
<td>23%</td>
<td>50</td>
<td>3%</td>
</tr>
<tr>
<td>FI</td>
<td>96%</td>
<td>9%</td>
<td>9</td>
<td>2%</td>
</tr>
<tr>
<td>SE</td>
<td>108%</td>
<td>4%</td>
<td>10</td>
<td>21%</td>
</tr>
<tr>
<td>UK</td>
<td>81%</td>
<td>7%</td>
<td>27</td>
<td>40%</td>
</tr>
<tr>
<td>EU12</td>
<td>40%</td>
<td>24%</td>
<td>67 per sq km</td>
<td>68%</td>
</tr>
<tr>
<td>BG</td>
<td>28%</td>
<td>29%</td>
<td>50</td>
<td>76%</td>
</tr>
<tr>
<td>CZ</td>
<td>65%</td>
<td>6%</td>
<td>92</td>
<td>34%</td>
</tr>
<tr>
<td>EE</td>
<td>44%</td>
<td>9%</td>
<td>18</td>
<td>45%</td>
</tr>
<tr>
<td>CY</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>30%</td>
</tr>
<tr>
<td>LT</td>
<td>29%</td>
<td>16%</td>
<td>22</td>
<td>59%</td>
</tr>
<tr>
<td>LI</td>
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<td>17%</td>
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<td>63%</td>
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<tr>
<td>HU</td>
<td>46%</td>
<td>1%</td>
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<td>77%</td>
</tr>
<tr>
<td>MA</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>31%</td>
</tr>
<tr>
<td>PL</td>
<td>38%</td>
<td>27%</td>
<td>83</td>
<td>53%</td>
</tr>
<tr>
<td>RO</td>
<td>28%</td>
<td>39%</td>
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<td>78%</td>
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<td>SL</td>
<td>74%</td>
<td>13%</td>
<td>72</td>
<td>18%</td>
</tr>
<tr>
<td>SK</td>
<td>51%</td>
<td>5%</td>
<td>94</td>
<td>77%</td>
</tr>
</tbody>
</table>


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13 GDP per head of population as a % of the EU27 average
14 Percentage of agriculture in total employment
15 Inhabitants per square kilometre
16 Average for the whole Member State
2.2 Population densities

By their nature, predominantly rural regions of the EU tend to have relatively low population densities. For the EU as whole, such rural areas had less than 50 inhabitants per square kilometre in 2007, compared with more than 2x that level across the EU as a whole, and 10x that level in predominantly urban regions of the EU.

The lowest population densities in the EU rural regions are found in Sweden and Finland – at less than 10 inhabitants per square kilometre (largely reflecting the absence of population in the vast northerly areas of the countries) with the next lowest densities of population found in the Baltic States (ranging from 20-35) followed by Spain with 25 inhabitants per square kilometre in its predominantly rural areas.

The countries with the highest densities of population in predominantly rural areas are Germany and the Netherlands (with over 100 in the former and nearly 150 in the latter). The UK is unusual among the more developed Member States in that the average population density in its predominantly rural areas is low – little more than 25 inhabitants – against a national average population density across the country as a whole that is more than twice the EU average, at 250 inhabitants per square kilometre, reflecting the large northern regions of Scotland and northern England, with very low populations.

2.3 Employment in agriculture

Across the EU as a whole, agriculture currently accounts for less than 6% of total employment, compared with around 25% in manufacturing and close to 70% in services.

In the EU’s predominantly rural areas, the share of employment in agriculture is much higher - of the order of 14% - but with substantial variations between the rural areas of different Member States.

At one extreme lies Romania – where agriculture accounts for well over 35% of total employment in its predominantly rural areas - followed by Poland and Bulgaria with over 25%, and Greece and Portugal with over 20%.

Only Spain, Latvia, Lithuania Hungary and Slovenia have more than 10% of the employment in their predominantly rural areas in agriculture, with below 5% in the cases of Denmark, Germany, and Sweden.
Share of agriculture within Member States

It is notable that in 2007 employment levels in predominantly rural areas of France, Italy and Spain were not only below the EU27 average for such areas (6, 8, 12% respectively as against the EU27 average of 14%) but that the countries as a whole had employment levels in agriculture (respectively 3, 4, 4.5%) that were also below the EU average for all regions of all Member States (at under 6%).

The lowest overall shares of agriculture in total employment were in the UK, at 1.3%, followed by Belgium, at 1.9% and Germany at 2.1%.

2.4 Semi-subsistence farming

There is no universally agreed definition of subsistence or semi-subsistence farms\(^\text{17}\), but the term is generally applied to small, family run agricultural holdings that mainly produce food for their own needs, but which may also sell part of their production.

In its Farm Structure Survey, Eurostat used a definition based on the area of land covered (which distinguishes between small farms and subsistence ones), and which produces the data used here.

On this basis, over 45% of EU farms were categorised as semi-subsistence in 2007. This percentage rises to over 75% in the case of Bulgaria, Hungary, Romania and Slovakia. By contrast, only 10% of farms in Spain are categorised in this way, and less than 7% in France, but with around 17% in both Italy and Greece, and 34% in Portugal.

It is notable that, even though the share of agriculture in total employment in the UK is the lowest in the EU, over 40% of its farms are categorised as semi-subsistence (although many are seen to reflect a life-style choice - ‘hobby’ farms – rather than a survival strategy).

3. EU Funds for rural development

The Structural Funds have been established at different stages in the EU’s development and the issue of their co-ordination in order to achieve effective synergy is almost a permanent issue of debate.

Since 2007, policy responsibility for Rural Development within the European Commission has been with DG Agriculture, with major funding provided under Pillar II of the CAP through the European Agricultural Fund for Rural Development. At the same time, the other Funds provide funds to rural areas based on their responsibilities – for example, support for infrastructure development through the ERDF and Cohesion Fund, support for labour market development through the ESF, etc.

Overall rural areas receive support from five EU funds (plus the European Fisheries Fund, EFF, with a budget of 4.3bn):

- The European Agricultural Guarantee Fund (EAGF) which consists of direct payments to farmers and market support, and which is designated as Pillar I of the CAP;
- The European Agricultural Fund for Rural Development (EAFRD) which is designated as Pillar II of the CAP, and has three axes: Axis 1 focused on improving competitiveness, Axis 2 on improving the environment, and Axis 3 on improving the quality of life and encouraging diversification, with a further dimension supporting the LEADER local development approach;
- The European Regional Development Fund which is focused on strengthening social and economic cohesion and convergence, improving regional competitiveness, and improving territorial co-operation;
- The European Social Fund (ESF) which is focused on improving the capacity and capabilities of the working population through education and training and through the promotion of enterprise and innovation;
- The Cohesion Fund (CF) which is largely focused on major infrastructure projects, notably concerning water supply and wastewater treatment, and transport linkages.
Financial support for rural areas in the 2007-2013 programming period

All funds provide for substantial financial support to regions that qualify for assistance. Funding that specifically targets rural areas over the 2007-2013 planning period are estimated as follows:

<table>
<thead>
<tr>
<th>Pillar 1 EAGF</th>
<th>295 billion euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>EAFRD</td>
<td>87 billion euro</td>
</tr>
<tr>
<td>ERDF</td>
<td>70 billion euro (estimate out of total budget of 347 billion)</td>
</tr>
<tr>
<td>ESF</td>
<td>75 billion euro</td>
</tr>
<tr>
<td>Cohesion fund</td>
<td>50 billion euro</td>
</tr>
</tbody>
</table>

3.1 Main types of policies implemented at local and regional level

In February 2006, the Council adopted the EU Strategic Guidelines for rural development in which the Member States were required to establish for the 2007-2013 programming period:

- National strategic plans (NSPs) linking national situations and needs to EU objectives;
- Rural development programmes (RDPs) for the country as a whole, or for regional levels, including expenditure targets related to specific measures.

This approach was intended to put greater emphasis on the achievement of a coherent strategy for rural development across the EU as a whole, by:

- Identifying areas where the EU support added the most value at EU level;
- Linking national actions to the main EU priorities as under the Lisbon strategy;
- Ensuring consistency with other EU policies, in particular cohesion and the environment;
- Assisting in the implementation of the new, more market-oriented, CAP.

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18 Estimates made by CAP2020 – The future of Rural Development: The Role of the CAP and Cohesion Policy
Structure of EAFRD spending at EU level

Policy within the EAFRD programmes is built around four axes, with a minimum allocation of total expenditure indicated for the first three:

Axis 1 Improving the competitiveness of the agricultural sector (10% min)
Axis 2 Improving the environment and countryside (25% min)
Axis 3 Enhancing the quality of life and encouraging diversification in rural areas (10% min)
Axis 4 Encouraging bottom-up initiatives based on the LEADER experience (5% min)

In practice the total planned allocations by the Member States for the period 2007-2013 are around 35%, 50%, 10% and 5% of the total budget but the shares of those total allocations that have actually been spent by late 2010 amount, according to CAP 2020\(^9\), to 20%, 33%, 10% and 10%.

Choice of measures at local level

Each axis contains a range of measures that are eligible for funding. Of these measures, the most popular ones (in terms of financial commitments so far) are, in descending order under each Axis, as follows:

**Axis 1 (17 measures)**
121 Modernisation of agricultural holdings
112 Young farmers
113 Early retirements
123 Added-value to agriculture/forest products
125 Infrastructure development in agriculture/forestry

**Axis 2 (13 measures)**
214 Agri-environment payments
211 Farmers in mountain areas
212 Farmers in non-mountain handicapped areas

**Axis 3 (8 measures)**
322 Village renewal
321 Basic services
323 Conservation and heritage
311 Diversification into non-agriculture
312 Business creation
313 Tourism

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\(^9\) See footnote 14
Axis 4 (5 measures)  
413 Quality of life and diversification

Composition of EAFRD rural development expenditure

The above information shows that two-thirds of the money actually spent by late 2010 through the EAFRD was spent on the environment and countryside – half of which was on agri-environment payments, and half on payments to farmers in disadvantaged regions.

General payments on the environment and countryside will have wide and positive economic benefits for the rural economy, but some of the LFA payments are probably more correctly seen as income support measures.

Variations in priority spending from EAFRD between Member States

Within the overall expenditure limits set by the policy, there is considerable variation between Member States in the use made of the different axes (either at national level and/or at regional level) as well as in the relative shares spent on different measures within each axis. Differences between regions and MS are considerable, not least between new and old Member States, Member States in the North and South of the EU, and Member States with high or low levels of agricultural activity.

Use of different EAFRD Axes to fund similar measures

Detailed case study work from across the different Member States\(^20\) shows that similar projects are often funded under different axes or using different measures in different countries, indicating the degree of flexibility that appears to be available in interpreting the scope of the measure, and the content and eligibility of the project.

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\(^{20}\) see ENRD project case studies as presented in the PIKSE project information system
3.2 The management of EU funds for rural areas in the Member States

Under the EU’s rural development policy as embodied in the EAFRD, Member States are required to develop national strategy plans for rural development policy (NSPs) which should respect the EU strategic guidelines as adopted by the Council, and be submitted to the Commission – in other words, the Member States decide what they consider to be their national rural development needs.

Member States are however required to establish Rural development programmes (RDPs) which can be drawn up at national or regional level (the latter option being particularly important for federal Member States or those where responsibility for rural development is devolved). These programmes should, in theory, be based on an analysis of strengths, weaknesses, opportunities and threats (SWOT approach), with targets (quantitative) and designated funding in relation to the operational measures indicated above – Axis 1, 2 and 3 and LEADER-type measures.

However this approach only covers funding support from the EAFRD, which is skewed in practice towards agriculture, forestry and farming, as already noted, with the issues of integration and synergy with other EU funds invested in rural areas being left, essentially, in the hands of the Member States.

The evidence from the Member State programmes suggests, however, that such reliance does not, in general, deliver the synergy required, mostly due to institutional shortcomings.

The fact that a number of EU funds provide financial support which, at the end of the day, is hardly synergistic creates various challenges:

- One is to ensure that the overall structure of policy support from the different sources is such that, together, it adds up to a coherent policy on rural development that is capable of addressing the needs of the diverse range of areas that are categorised as rural in the EU.
- The other is to ensure that funding supported is co-ordinated and used in ways that can provide the most effective responses to the specific demands for support that come from the rural areas concerned.

These are difficult questions to answer in a comprehensive way, given both the complexity of the systems and the lack of evaluation material. However, it is possible to draw conclusions from analyses of how Member States appear to be managing the use of funds, as well as the experiences derived from case studies.
This is demonstrated by an analysis of the institutional arrangements, techniques and procedures in place at national level in order to manage the use of different EU funds within their rural regions and areas. This analysis shows that the most important principles are not cooperation or complementarity, but rather demarcation, with one of the main objectives appearing to be to avoid the risk of ‘double funding’ from different EU sources.

Annex 6 to this report presents comparative information for all EU Member States concerning the demarcation principles and the operational administrative arrangements that are in use at national level (with selected examples from federal states or those with devolved responsibility) with respect to the operation of Rural Development Programmes (RDPs) through the European Agricultural Fund for Rural Development (EAFRD) and through the European Regional Development Fund (ERDF).

This evidence demonstrates that, notwithstanding the overall objectives claimed for EU rural development – namely to use funds from different sources in an integrated way – one of the most widely used mechanisms appears to be demarcation guidelines which essentially determine which of the two most relevant funds – ERDF or EAFRD (and to a much lesser extent, ESF) – can be used for funding purposes in rural areas, based on various parameters and conditions.

Two forms of demarcation are commonly practised. One particularly rigid demarcation concerns sector specific interventions, with the EAFRD focusing on activities in the agriculture, forestry and food processing sectors while the ERDF focuses on activities in all other sectors, with very few exceptions.

In other types and areas of intervention, where funds from either source could be deployed, the lines of demarcation follow a common pattern – with the ERDF generally funding the larger projects, and the EAFRD the smaller ones. These demarcation systems are widespread, but take many and varied forms:

- Funding thresholds, e.g. 200,000 euro in Lithuania, 300,000 in Greece, 500,000 in the Netherlands, which determine which funding source can be used for projects;
- Differentiation between micro-businesses (EAFRD) and SMEs (ERDF) in many countries;

21 The coverage includes some Federal/Regional programme examples for Belgium, Germany, Spain and the UK
22 It is based on an analysis of the information assembled by the TWG1 Working Group of the European Network on Rural Development (ENRD) and presented in Annex 2 of its Final Report published in October 2010 The ENRN report provides information on all Structural Funds, but this Annex concentrates on EAFRD and ERDF data given the terms of reference of this project
ICT systems where the infrastructure investment is funded by the ERDF – as in Italy and Ireland – while local connections or other community services are supported by the EAFRD;

Similar arrangements commonly apply in relation to other projects e.g. renewable energy in Ireland, flood control in France, basic services, innovation projects, water and waste management in various countries;

Population size or density – for example in Hungary, where limits are set in terms of village or town size: 5000 inhabitants and 100 per sq km, and 10,000 inhabitants and 120 per sq km apply depending on the area of intervention. In the Czech Republic, eligibility may also depend on village populations – for example, below 500 or above 2000;

In Cyprus, an altitude criterion (projected located above or below 500 metres) is used to differentiate between funding sources for projects. In Slovakia, the EAFRD supports communities that are not classified as growth poles, except those growth poles that are covered by approved Local Action Groups (LAGs).

In short, the Member States use demarcation rules as a way of avoiding overlapping expenditures, but (with few exceptions) without necessarily ensuring that the contributions from the respective funds correspond as a whole to the development objectives in the areas concerned.

In this respect, the extent to which Member States practices prove effective will be influenced by the way in which these different actions are or are not conceived, presented and implemented in the framework of a comprehensive rural development plan for the respective areas of the country as a whole, as well as the extent to which the operational procedures exist to ensure coordinated responses to regional rural needs, whether or not there is a general national programme.

Some countries – notably many of the ‘new’ Member States – have set out relevant rural development objectives on paper, in line with EU requirements, but there is little case study evidence that the operational procedures in place are effective in delivering results in practice. On the other hand, some of the ‘old’ Member States may make less bold claims regarding the comprehensive nature of their national programmes but may, nevertheless, have established administrative systems in place that enables effective use to be made of the different funding sources.

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23 See boxes
Overall, however, the widespread use of demarcation rules raises serious questions about the way co-operation and co-ordination in the use of different EU funds is perceived and managed at national level.

On this evidence there appear to be few, if any, Member States with:

- Developed and relevant national development strategies for rural areas;
- Effective mechanisms at national level for developing coherent policies for rural areas based on the contributions of different interests and authorities;
- Effective mechanisms for ensuring that various funding sources are used in a mutually supportive and complementary way in relation to such programmes;
- Effective systems for ensuring that the institutional and funding framework at national level also works effectively at the regional and local level.

As regards EU funding generally, much of the focus appears to be on avoiding any potential ‘double funding’ either through specific co-ordination procedures, including those backed by common databases, or more ad-hoc arrangements at regional or local level.
4. Case study evidence from rural regions and areas

As part of the background to its analytical work, this study has involved:

- The review of a large number of NUTS3 and NUTS2 case study analyses that have been undertaken through a range of FP6 and 7 programmes funded by the European Commission, as well as in the work undertaken by a Thematic Working Group of the European Network on Rural Development;
- The undertaking of an additional number of specific in-depth case studies in a selection of NUTS2 regions designed to address particular issues of co-ordination and co-operation against the background of documented research across all 27 Member States concerning the widespread use of demarcation arrangements that appear to separate, rather than integrate, the use of different EU funds in specific areas.

It should be noted, once again, that it is not an easy task to assess development policy performance given the scarcity of official information and reliable up-to-date data, and that case studies are therefore a valuable source of information.

4.1 Case studies on the coordination of EU Funds at NUTS3 level

The Thematic Working Group Two (TWG2) of the European Network for Rural Development was established in early 2009 to assess the extent to which the objective of enhancing ‘the linkages between agriculture and the wider rural economy’ was being effectively pursued through the 2007-2013 EAFRD programme.

In relation to this objective, a report on programme management frameworks and projects was published in October 2010, based on evidence from six NUTS3 case study regions namely Matera (IT), Gers (FR) Trikala (GR)

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24 A report entitled ‘Final I/O analysis results and qualitative research in selected regions’ February 2010 had already established that the economic linkages between primary agriculture, food processing, tourism and trade (both on and off farm, large and small scale) were important linkages within local rural economies. [http://enrd.ec.europa.eu/app_templates/filedownload.cfm?id=C66524E3-F9DB-FC44-D90A-775D42332FD9](http://enrd.ec.europa.eu/app_templates/filedownload.cfm?id=C66524E3-F9DB-FC44-D90A-775D42332FD9)

Gwynedd (UK) Kalmar Ian (SE) Somogy (HU) – areas that had been selected from the earlier analysis of 18 NUTS3 areas.

In terms of the contribution of programme management systems to the achievement of enhancing these linkages, the report reviewed the NSPs, RDPs and other funding related documents applicable in each of the six regions with respect to:

- The coherence between national, regional and local level policy goals;
- The coherence between goals, policy axis, and eligible measures;
- Whether EAFRD and other funding programmes were complementary.

In these respects, the conclusions from this analysis of the policy documentation were only moderately positive. The report concluded that:

- Re-enforcing the linkages between agriculture and the wider rural economy was not significantly embedded in the majority of RDPs examined;
- Objectives, policy axes and measures were not always clearly differentiated, with similar objectives being pursued under different axes with different measures, or different objectives pursued with similar measures;
- Significantly, little complementarity was found between the EAFRD interventions and activities undertaken with the support of other funding sources (both EU and national);
- Moreover, significant variations in the structure and nature of institutional arrangements at Member State level meant that, while some appeared to ensure consistency and efficiency in planning and delivery, others – notably highly centralised systems and complex systems with limited co-ordination - did not.

In order to deepen the analysis, a series of projects were reported upon. These indicated that:

- A wide range of projects were being developed that created or promoted linkages, despite the apparent policy and institutional weaknesses.
- In practice, local people were found to be the main ‘drivers’ in building linkages in rural economies, given that the social and economic relationships are generally both stronger and closer, and the economic options more limited or constrained, than in urban areas.
- Many positive examples were found of local people willing to work to improve their economic and social environment, whether as individual farm owners or entrepreneurs, or through various social and business networks.
When policy incoherence was combined with unhelpful institutional arrangements, however, the costs could be high for project promoters, not least in dealing with delays in obtaining agreements and payments.

Overall, local actors seemed particularly aware of the potential impact of their actions on the local economy as well as on themselves, but were encouraged or discouraged in taking initiatives by the way policy was presented, the quality of local institutional arrangements, as well as the extent to which advice and support was available.

The following specific factors were highlighted as important in exploiting linkages between agriculture and the wider rural economy:

- The opportunities and propensity to form partnerships or to cooperate and share risks/benefits;
- The entrepreneurial capacity of the local rural population;
- The natural advantages of the local rural economy, the quality of the infrastructure, and the overall strength of the wider national and regional economy;
- The ease with which financial support could be accessed;
- The range and capacity of institutional support services (such as extension and advisory bodies; consultancy services etc);
- The appropriateness of the range of measures and other support available to address local development needs.

Specific obstacles to progress, especially for smaller firms, were highlighted:

- Onerous procedures for applying for funding and administrative/licensing obstacles;
- Infrequent commitments rather than continuous funding possibilities;
- Long delays in getting agreements or receiving payments;
- Lack of transparency and openness of institutions/administrative support services.

In terms of the broader policy considerations, the report illustrated the diversity of situations between regions:

In terms of coherence between the national strategic plans and other EU or nationally funded programmes, the report found:

In Matera, a satisfactory strategic coherence between the NSP and national/regional strategic documents;

In Gers few references although the most important concerned the interaction between the RDP and the ERDF;

In Trikala there were only three explicit references in the National Strategic Reference Framework regarding links between agriculture and the rest of the economy;

In Kalmar Ian only one very vague reference;

In Gwynedd no references were identified;

In Somogy the references mostly concerned links between agriculture and tourism.

In terms of the complementarity between the rural development programme documents and other EU or nationally-funded programmes, in terms of links, the need to promote synergies only appeared to have been taken into account in other EU or nationally-funded programmes in some cases:

In Matera a very satisfactory level of complementarity existed between the work of the RDP and activities supported by other Structural Funds (mainly ERDF, ESF).

In Gers, three EU and nationally-funded programmes included references to the need to enhance the links between farming and the wider rural economy.

In Trikala, the enhancement of links between agriculture and the wider rural economy merited only vague and marginal references in the Regional Operational Programme for Thessaly.

In Kalmar Ian, only two references were identified with respect to Local Development Programmes, these being in relation to commercial services and entrepreneurship.

In Gwynedd, there appeared to be complementarity between RDP action to enhance the links between agriculture and the wider rural economy and other programmes, although there may also be some overlaps.

In the case of Somogy there were few references to links between agriculture and the wider rural economy in other development programmes, apart from programmes addressing linkages between tourism and the rest of the economy, and infrastructure priorities.

With regard to rural development programme measures that explicitly or implicitly supported the link between agriculture and the wider economy, the main findings were that several rural development measures supported the enhancement of links between agriculture and the wider rural economy. Most of the measures that supported the link were in Axis 1 although this role was mostly filled in Kalmar Ian and Somogy by Axis 3 measures and Axis 3, with Leader including a number of measures designed to support the links.
Measures most likely to support the enhancement of these links included:

- Vocational training (111);
- The modernisation of agricultural holdings (121);
- Adding value to agricultural and forestry products (123);
- Infrastructure related to agriculture and forestry (125);
- Agri-environmental payments (214);
- Almost all measures of Axes 3 and 4.

The identification of Axis 1 as the most ‘popular’ tool for enhancing the links is not always reflected in financial expenditure - in three of the areas covered, most RDP funds are directed towards Axis 2. However, this can also be attributed to the larger number of measures in Axis 1 compared to those on Axes 2, 3 and 4.

It is important to recognise that this report was developed from a particular perspective i.e. assessing the extent to which EU funding programmes (especially the EAFRD, but also others) were contributing to the policy objective of enhancing the links between agriculture and the wider rural economy.

It must also be recognized that the assessments relied heavily on (a) what was stated in the appropriate programme documents (which may signal intentions, but not necessarily what happens in practice) and (b) what was seen to be happening on the ground, on the basis of a variety of local project case studies.

This gives an incomplete and imperfect overview of the situation in the six areas covered. However it nevertheless suggests that:

- While the EARDF is an instrument largely targeted on farming community, it appears to have been widely used across the EU by a variety of local groups and individuals to fund local development projects that serve the needs of local rural communities
- The extent to which the EARDF and other EU funds do, or do not, work together to provide development support for rural areas appears to depend mainly on the institutional arrangements within the Member States, at national, regional and local level.

In other words, while the EAFRD cannot claim to be a comprehensive rural development policy, it appears to provide support that local people can use, and any failure to develop more comprehensive national rural development policies (for example, integrating infrastructure support with human resource development and broader sector and structural adjustment measures) is mainly due to the inability of some, but not all, Member States to bring their national
policies together in ways that serve their rural areas effectively, and enable EU support to be incorporated in these actions.

4.2 Case studies on rural development in FP6/7 research projects

Over the last three to four years a number of major projects have been funded that address issues concerning rural development (and notably agriculture) though the European Commission’s Framework 6 and 7 research programmes.

This presentation concentrates on the results from five of the most recent studies - namely TERESA; CAP-IRE; RUDI; RUFUS; EDORA (part of ESPON programme funded by the ERDF), although this is not exhaustive with further relevant FP studies including: ETUDE; RAPIDO; FARO-EU; SCARLED; URAGRI ERA-NET; SPARD; RURALJOB; SCAPRI-RD; IMPACT; INSIGHT; AE-Footprint; MultAgri; Top-MARD; PANDORA.

The FP7 Project Teresa\(^{27}\) (types of interaction between environment, rural economy, society and agriculture in European regions) focuses on the influence of agriculture on the rural economy – aiming to link multi-functionality with regional cooperation to achieve sustainable rural development.

Some 10 (+1) NUTS3 EU regions were selected for a study on the interrelationship between different forms of agriculture and the rural economy, as well as between agriculture and land management in rural areas, with a particular focus in the analysis on developments in supply chains.

The regions selected range from coastal to mountainous regions, intensive to extensive agricultural structures, regions influenced by urban agglomerations to far-off regions. They comprise:

Norway: Hedmark NUTS3  
United Kingdom: West Sussex NUTS3  
France: Savoie NUTS3  
Germany: Barnim NUTS3  
Poland: Chelmsko-zamojski NUTS3  
Spain: Murcia NUTS3 (+2)  
Romania: Timis NUTS3

\(^{27}\) [http://www.tereas-eu.info](http://www.tereas-eu.info)
Austria: Lungau NUTS3
Italy: Bolzano-Bozen NUTS3 (+2)
Hungary: Bacs-Kiskun NUTS3
Ireland: South-West NUTS3 CE

**Analytical findings:**

Alternative agricultural production is seen to be essentially achievable only in relation to niche markets (e.g. organic or locally labelled) with limited possibilities for the bulk of the sector. The potential for pursuing alternative development strategies are seen to depend largely on the situation in individual regions – land quality, urban proximity and accessibility, beauty and diversity of landscape.

The report discusses the extent of co-operation and networks in rural areas, and also raises issues concerning legislative restrictions on rural development related to the protection of biodiversity, soil protection, water management, impact of tax relief.

**Policy findings:**

- Regional and rural policy has already begun a paradigm shift from top-down, subsidy-based approaches into a broader integrated approach (i.e. OECD 2006);
- Rural diversification is not an end in itself. Need to recognise that it takes place at two levels – at the regional level for the rural economy as a whole, and at farm level;
- Supply chains are important - agricultural supply chains shape and are shaped by the regions in which they operate, but long-run success depends on effective management;
- Need to differentiate rural territories to reflect rural diversity, promote rural systemic approach, and include economic, social, environmental multifunctionality and public goods concerns in development strategies.

**The Project CAP-IRE**

This project focused on the reaction of farm households to prospective CAP reforms using farm-household surveys and other surveys and modelling, with a particular interest in the ‘chain inter-reactions between agriculture and related economic sectors’.

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28 [www.cap-ire.eu](http://www.cap-ire.eu)
The findings are based on 11 case study regions in 9 EU countries in which 55 farm-household units were studied in-depth through face-to-face interviews, with a further 2100 farm-household telephone or written questionnaire interviews.

**Areas covered:**

Italy: Emilia Romagna NUTS2 + Bologna NUTS3  
Netherlands: Noord Holland NUTS2  
Greece: Macedonia and Thrace NUTS2  
Poland: Podlaski NUTS2  
UK: North East of Scotland NUTS2 + NUTS3  
Spain: Andalusia NUTS2 + 8 NUTS3  
Bulgaria: Yambol region (South East Planning Region) NUTS3  
France: Centre region France: Midi-Pyrenees - Haute-Garonne NUTS3  
Germany: Hessen NUTS2 + Lahn-Dill-District NUTS3  
Germany: Brandenburg-Nordost NUTS2 + Ostprignitz-Ruppin NUTS3

These areas were grouped in order to focus on specific research issues: options re technology; linkages between farm households and the local economy; linkages between farm households and the regional economy; the use of indicators for analysis; the impact of different policies on social indicators; the connections between households and issues.

The main analytical findings are:

- Standard economic indicators (such as the share of agriculture in GDP and employment) understate the role and interconnections of agriculture in rural life.
- Connections between farms and input suppliers and product processors/traders are changing – often with fewer local purchases. The extent to which transactions are local depends primarily on the attachment of farmers to the local area.
- European rural regions are very heterogeneous in terms of social features and sustainability
- Farmers are increasingly involved in off-farm activities – agro-tourism, environmental protection etc. – but with large differences between countries/areas: under 5% in the French, Italian and Portuguese regions, around 15% in Greece, Bulgaria and Spain, and close to 25% in the Netherlands.
- Heterogeneity of farms and households increased between and within regions but with increasing likelihood of farm households being tenants rather than owners.
Networks such as business partnerships, advisory services, associations etc are important in helping farmers make decisions about alternative options open to them.

The abandonment of farming is expected to continue, with an average of 20% of farms expected to exit over the next decade even if no major changes in CAP. On the other hand, land abandonment as such is only significant in disadvantaged areas.

The report suggests that policy objectives should be adjusted in order to:

- Focus more on measures that target innovation and entrepreneurship;
- Strengthen links between productive agriculture and environmental/social aspects;
- Take account of the non-agricultural contribution of farm household members;
- Develop more targeted measures regarding land abandonment in less favoured areas;
- Recognise the vulnerability of some rural towns to a decline in farm production;

Overall conclusion: from an operational point of view, the effectiveness of policy interventions depends on policy objectives being clear and predictable.

The RuDi project

*Rural development impacts*²⁹

This project examines the design, delivery and evaluation processes of the 2007-13 programming period using a range of quantitative and qualitative approaches, particularly case studies, paying particular attention to the explicit objectives and priorities in the new rural development Regulation (EAFRD) and EU Strategic Guidelines, and their coherence with wider notions and experience in effective rural development.

It analyses the different approaches to governance with respect to rural development policies - in both vertical and horizontal terms - in order to identify the strength and weaknesses of different approaches. In addition, it reviews the effectiveness of the Common monitoring and evaluation framework (CMEF).

²⁹ [www.rudi-europe.net/](http://www.rudi-europe.net/)
The study includes in-depth case studies (working paper 8) alongside its other work, with each partner undertaking case studies to illustrate the ways in which the RDP policy process – design, delivery, targeting of funds, and monitoring and evaluation - affects performance. They also considered approaches to Pillar 2 policy evaluation and the extent to which this captures ‘soft’ as well as hard ‘impacts’.

While the case studies were chosen in order to be representative of different circumstances across the EU, they were also used to highlight particular issues e.g. effect of devolution in a Swedish case, policy co-ordination in Germany and Italy, Leader experiences in Austria, Greece, Italy and Ireland, targeting in Estonia etc.

**Countries covered:**

Austria  
Czech Republic (2)  
Estonia  
Finland  
Germany (2)  
Greece (2)  
Hungary  
Ireland  
Italy (2)  
Netherlands (2)  
Romania  
Slovakia (2)  
Sweden  
United Kingdom

**Analytical findings:**

In terms of policy design the main points made are:

- The strongest single source of influence on RDP design are the agriculture ministries, although these are becoming more open to influence and expertise from other areas, environment, broader rural economy and society;
- Some programmes have different designs for each axis – which may miss opportunities for synergies, innovation and policy learning – while centralised systems may focus on main stakeholders and neglect others;
- Targeting of expenditure tends to be based on historical experience rather than needs and potential;
National strategic plans can help overcome potential conflicts between interested policy parties regarding rural development. Case studies from Germany and Italy show that mechanisms that promote integration offer more potential for enhanced policy performance;

There is a big contrast between MSs where RDP funds are small relative to other resources available, and those where they are the major source – notably in the NMSs – and where they tend to determine overall RD policy.

In terms of delivery the main points made are:

- Many countries have opted for a centralised delivery system, often linked to the payment agency in the NMSs. Others have gone for a decentralised system – more complex because of participation and management of measures – examples being UK, IT, NL;
- Changes in procedures and criteria need to be accompanied by adequate support mechanisms;
- No evidence that decentralising to LAGs and the Leader approach reduces efficiency of delivery;
- Devolution processes require new forms of co-ordination, cooperation and institutional arrangements – a prerequisite for a more territorially-based approach;
- The effective co-ordination of RDPs with other similar programmes at national and regional level is weak, with potential overlap (example ESF and Leader funding for unemployed in rural areas);

In terms of evaluation, the main points made are:

- There is a general interest in evaluation among many Managing Authorities but they are more focused on accountability than policy design;
- The timing of evaluations - ex-ante, mid-term, and ex-post – account for their limited use. CMEF seen as a helpful tool but the 7-impact indicators do not provide an adequate indication of the impact on quality of life, economic and social cohesion;
- The need to capture ‘deadweight’ and ‘displacement’ effect poses real problems, and sufficient resources are not generally allocated to the task. Too much emphasis on data collection and not enough on identifying causal factors;
- Very little focus on synergies between measures and programme impact – mid-term and ex-post tend to focus on individual measures with little emphasis on interactions and overall programme effects;
**Policy findings:**

- While the structure of programming and delivery have been simplified through the 4-axes structure, the development instruments are largely unchanged since the 1990s while studies suggest a mismatch between measures and goals and priorities;
- The CMEF approach fails to encompass the rural development programme operation as a whole, in which different phases of policy – design, delivery, evaluation – have a critical influence on outcomes.

In terms of policy design, the report proposes:

- In order that measures can service multiple objectives, strategic objective guidelines should cluster measures rather than axes, so as to choose which measures should service which objectives;
- Provide more flexible frameworks at EU/national/regional level to account for diversity of situation … although not to the point of renationalising RD policy!
- More objective-led approach to policy, with clearer priorities to meet rural development needs and opportunities;
- Allow Leader concept to get well established at local levels in all MSs;
- Increase stakeholder participation in design, delivery and evaluation.

In terms of policy delivery:

- Tailor delivery systems at national/regional level with appropriate training and skills development;
- Overcome sectoral boundaries in delivery of rural policy – ideally through one single system supported by all the relevant government departments and funding sources;
- Improve organisational and human capacity to ensure timely implementation of programmes;
- Devolution requires a more meaningful empowerment of local actors;
- Promote a more integrated approach for Leader with more and wider co-operation.

In terms of policy evaluation:

- Improve the reporting format provided for the CMEF to more fully capture the needs of all relevant institutional levels;
- Foster institutional dialogue with the Managing Authorities stimulated and supported in finding governance solution, including receiving more capacity building support;
Networking as a means of collective learning everywhere; 
Focus evaluations thematically or by cases, for example on problems or concerns, as well as examples which are perceived as ‘good practice’; 
More research on the interface between evaluation ‘science’ (our quotes) and policy-making.

In terms of facing challenges:

- Maintain Pillar II in a broad form which integrates social, economic and environmental aspirations for rural development;
- Remove axes but maintain minimum fund shares for specific objectives;
- Simplify measures and broaden the range of objectives to which they apply;
- Ensure Strategic Guidelines are followed through in practice with more EU level support for local level administrations;
- Ensure a better co-ordination of rural planning and funding;
- Strengthen the role of future monitoring and evaluation with more precise requirements in the guidelines, including more qualitative methods that are ‘more sensitive to context’ and also set out longer-term perspectives;
- Foster the territorial approach, recognising the diversity of rural areas and the need for more integrated projects;
- Ensure the use of innovative methods in pursuit of environmental objectives;
- Ensure that rural development plans pay attention to rural areas where development achievements are lagging.

The study makes an important analytical contribution with important insight into the problems of different rural areas as well as weaknesses in policy delivery etc. However, its policy conclusions look somewhat pre-determined i.e. very pro-LEADER, environmental etc and somewhat wary of Agriculture Ministries.

**The RUFUS** project**

*Rural Future Networks*

The project aims to report on the status quo of CAP integration with other policies, and offers development trajectories – ‘rural futures’ – for different types of area, with appropriate guidelines and recommendations. It focuses on how rural development policy can be targeted at the endogenous potential of rural regions to include social as well as economic activities and opportunities. It considers that understanding the notion of ‘rurality’ has developed in recent years, and that rural development is no longer seen as ‘a practice without as theory’.

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30 www.rufus-eu.de
A specific typology of rural regions was developed, from which four different rural types were identified:

- Socio-economic lagging – facing unemployment and outward migration;
- Agriculturally dominant – achieving average success;
- Tourism dominated – achieving average success;
- Important manufacturing and population growth – economically strongest.

**Areas covered:**

France: Vosges NUTS3  
France: Jura NUTS3  
Germany: Wesermarsch NUTS3  
Germany: Straubing-Bogen NUTS3  
Germany: Kyffhauser NUTS3  
Netherlands: Achterhoek/Winterswijk NUTS3/LAU2  
Netherlands: Kop van Noord-Holland NUTS3  
Portugal: Minho-Lima (Castro Laboreiro) NUTS3/LAU2  
Sweden: Kalmar NUTS3  
Sweden: Kronoberg NUTS3  
United Kingdom: Norfolk/Breckland NUTS4  
United Kingdom: Somerset NUTS3

**Analytical findings:**

- The study identifies very significant differences between regions in terms of size, population density, institutional capacity, human capital, land use etc.
- Regions always show differences no matter how refined a typology, and it is difficult to distinguish clear patterns in terms of potential future developments.
- The development of tourism, the branding of local products, renewable energy and biomass production are recurrent themes across areas.
- A general typological categorisation is not a good starting point for evaluating the basic character of a region, and needs to be complemented with other relevant data.
- A region’s potential depends, not just on preconditions and natural assets, but also on regional actor perceptions of their potential – i.e. their entrepreneurial capacity.

The study considers policy integration in three dimensions:

- Geographical (informing, co-ordinating or developing joint goals between two or more regions);
- Horizontal (inform and co-ordinate between two or more sectors or administrations);
- Vertical (between levels of governance but also across sectors).

It notes the importance of seeking to assess actual practices and not just the statements of intent in policy documents.

In terms of geographical integration, the study found that this often concerned specific issues such as transportation, infrastructure, education and the labour market – noting, for example, issues in Sweden at a time when its regions are being consolidated.

In terms of horizontal integration, British case studies illustrate how local development strategies developed by LAGs in the framework of LEADER do take account of other policy documents in developing a wider vision.

In terms of more complex forms of vertical integration, federal countries such as Germany are seen to have an institutional advantage in the assignment of responsibilities to different levels given their experience in managing issues of ‘competing legislation’. Both French case studies refer to water resource issues - in relation to tourism in the Jura region, in relation to the mineral water production/bottling facilities in the Vosges region.

**Policy findings:**

The study notes that the CAP is dominant in the discussion of policy for rural areas, but that many other policy sectors also have critical impacts on rural development – cohesion, employment, social and environmental policies, and that more needs to be done to avoid the ‘worst costs of non-coordination’.

There is a need to focus more on the particular strengths and weaknesses of different types of rural areas - different national and regional preconditions create different policy requirements. There is also a need to increase knowledge transfer from EU to regional and local level to ensure that the actors involved can actually use the incentives offered – examples of branding and marketing of regional products, and of tourism, mentioned positively in this respect.

The EU is mainly a facilitator – ‘EU strategies need to provide EU visions and guidelines for a common European development when EU-agreements and funding provide a framework or ‘tool package’ which regional actors can use’. Learning and competence building concerning EU-related matters is of core importance, and a task for the EU as well as national and regional levels.
On the basis of the case study experiences, the report concludes that:

The funding of land management activities through the second pillar of the CAP is starting to be seen as a positive possibility for rural regions – a process in which national level regulations were more of a hindrance to effective programming than EU rules. From most of the case studies, problems were reported concerning co-ordination between national ministries - government offices and local authorities - making joint initiatives very difficult.

When regions are given responsibility for regional development and co-operation, they do not always have the organisational structures that enable municipalities to participate. Although the Leader approach takes different forms in the regions and Leader LAGs serve different functions, the bottom-up perspective supports policy integration in several regions.

Case study regions frequently mention co-operation with neighbouring regions, especially in relation to employment and labour market issues. Regions highlight their own uniqueness but also see themselves sharing identities with neighbouring regions, and working to encourage regional actors to develop projects that benefit more than one region.

Regional actors typically perceive EU programme procedures as difficult to understand, and the work-load linked to a successful application too heavy. Municipal and regional administrations are often not adequately trained in global territorial management, and find it difficult to make professional quality applications.

Knowledge-transfer and information/education about EU initiatives need to be developed. Likewise rules for application to the Structural Funds needed to be simplified. In this report the ESF is reported as being seen as a better model than the ERDF.

Better account needs to be taken of the heterogeneity of the endogenous potential of regions, and to introduce methods that take account of the effects of initiatives.

Relationships are weak between spatial strategies (including other sector policies) and agriculture and forestry. The compartmentalisation of funding is an obstacle to addressing the changing rural landscapes. The Rural Development Fund should strengthen co-operation between programmes by organising them in one common framework, with a streamlining of guidelines to help regional actors to apply for, and use, funding in ways that are best adapted to their specific potential and development needs.
The EDORA\textsuperscript{31} project

*European Development Opportunities in Rural Areas*

The objective of the project is to better understand the development opportunities and challenges facing rural areas in Europe in order to support targeted policy development, especially in relation to job creation and social change in the light of the reform of the Common Agricultural Policy.

The project considers the development opportunities in different types of European rural areas, and seeks to identify opportunities for increasing regional strengths through territorial cooperation, and to analyse the potential impact of climate change on the development opportunities of rural areas.

Type of analysis and methodology:

The study includes a series of country profiles – all EU MS + other countries (Switzerland, Iceland etc) with each country’s NUTS3 regions classified using a particular urban-rural typology:

- predominantly urban
- intermediate close to a city
- intermediate remote
- predominantly rural close to a city
- predominantly remote

with indicators relating to:

- Demography
- Employment
- Business development
- Rural-urban relations
- Cultural heritage
- Service of general interest
- Farm structure changes
- Institutional capacity indicators
- Climate change

Alongside these country profiles are a series of thematic reviews of the literature on rural change, with a focus on activities outside agriculture and forestry. These include:

\textsuperscript{31} http://www.espon.eu/main/Menu_Projects/Menu_AppliedResearch/edora.html
- Economic processes linked to structural change;
- Social processes as reflected in migration (rural exodus, NMS to EU15, counter-urbanisation);
- Policy processes: regional enlargement and privatisation of public services;
- Environmental processes: impact on agriculture and ‘consumption countryside’ activities;
- Urban-rural relations: seen as complex;
- Broad themes: linkages, multifunctional agriculture, global, knowledge economy (often exogenous factors);
- Regional diversity and importance of hard and soft resources: natural resource and capital, and human resources.

The report also includes a rather conceptual paper on Institutional capacity, which includes the thoughtful observation that ‘in a rural governance environment, policy spaces become continually boundless’.

Case studies: In addition to the above, ‘holistic’ analyses were undertaken in twelve ‘exemplar regions’ for four groups of area in order to better understand rural changes in different contexts.

**Areas covered:**

Germany: Mansfeld-Suedharz
Poland: Chelmsko-Zamojski
Slovenia: Osrednjeslovenska
United Kingdom: North Yorkshire
Germany: Neumarkt
Sweden: Jonkoping
United Kingdom: Skye and Lochalsh
Spain: Teruel
Spain: La Rioja
Poland: Ostrolecko-Siedlecki
Finland: South Savo
Slovenia: Zasavska
The analytical findings include the following:

- Linkages and connections are more important than proximity as such, although infrastructure and transport remain important;
- The risks of stagnation and abandonment are serious in some areas with not much sign of progress;
- Importance of social capital, institutional capacity, styles/structure of governance;
- The pace of change in areas is often variable and uncertain over time.

**Policy findings:**

The policy findings of the report appear somewhat uncertain, although there is a clear impression that the project began with an attempt to:

- develop a new categorisation of rural and urban areas that underlined the importance of links between the two, not least with respect to development opportunities in rural areas;
- use evidence this to support the notion that rural development is inextricably linked to wider territorial developments, and that this implies a greater role for cohesion policy and regional development policies generally, and a concomitant weakening of the link between rural policy and agriculture.

At a practical level, however, the report contains more mainstream arguments for greater flexibility in the operation of policy, more devolution of responsibilities etc., although not always seemingly taking into account, not just the differing responsibilities and interests of the different parties to be associated to such a system, but the practical difficulties, and costs, involved in building and maintaining ‘democratic’ structures and systems.

What the report does acknowledge, however, is that the evidence assembled in this study does not support simplistic conclusions or policy responses. This is revealed in comments posted by Andrew Corpus of NORDREGIO, one of the consortium partners, on its website[^32] where he has written:

‘It is hardly surprising that the current debate has produced demands for a major rethink of how best to address the broader needs of rural areas in Europe, including calls for AXES 3 and 4 to be brought back into the Cohesion policy fold, by transferring responsibility for them to DG Regio.
A common phrase in the recent discussion, especially from the DG Regio side, has been ‘rural-urban relationships’...... seen as a potential driver of territorial

[^32]: [www.norden.org](http://www.norden.org)
rural development. On closer examination (in the context of EDORA) the terminology turns out to be frustratingly ambiguous.

Most rural economies will benefit more from a balance between connections with both nearby urban areas and more distant sources of information, innovation and demand (whether urban or rural). Rural-rural and rural-global linkages are likely to be as important as rural-urban’.

This does not mean that the author of these comments is uncritical of the structure and focus of the support from the EAFRD in the current programming period. However, he makes the point that:

‘EU Rural Policy will need to steer carefully between the risk of a narrow agrarian focus on the one hand, and becoming swallowed up in an urban dominated regional growth process, on the other.

He notes, moreover, that rural regions can, and often do, exhibit an endogenous growth dynamic of their own.
4.3 Case studies on co-ordination and co-operation at NUTS2 level

As part of the analytical work, in-depth analyses have been undertaken in different types of NUTS2 level rural regions in order to assess:

- The contribution of the different funds to rural development in the region;
- The mechanisms in place to ensure the effective use/co-ordination of those funds;
- The extent to which practices result in an effective policy of rural development;
- The extent to which the EU is contributing to rural development policy improvement;

Table 2. Socio-economic conditions in the five case study areas

<table>
<thead>
<tr>
<th></th>
<th>GDP/head(^{33})</th>
<th>Agriculture as % of GDP(^{34})</th>
<th>Employment in agriculture(^{35})</th>
<th>Unemployment rate(^{36})</th>
<th>Population density</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria Carinthia</td>
<td>26100</td>
<td>2</td>
<td>9</td>
<td>4</td>
<td>59</td>
</tr>
<tr>
<td>Germany Sachsen-Anhalt</td>
<td>21400</td>
<td>2</td>
<td>3</td>
<td>14</td>
<td>116</td>
</tr>
<tr>
<td>Greece Western Greece</td>
<td>18200</td>
<td>7</td>
<td>20</td>
<td>9</td>
<td>65</td>
</tr>
<tr>
<td>Hungary South Transdanubia</td>
<td>11100</td>
<td>9</td>
<td>12</td>
<td>11</td>
<td>67</td>
</tr>
<tr>
<td>Spain Andalusia</td>
<td>19900</td>
<td>4</td>
<td>7</td>
<td>25</td>
<td>93</td>
</tr>
</tbody>
</table>

\(^{33}\) GDP per head of population at PPS, 2008
\(^{34}\) 2008
\(^{35}\) Percentage of total employment in agriculture, 2008
\(^{36}\) Percentage of unemployed persons in total workforce, 2009
**Case 1. Carinthia, Austria**

Carinthia is one of nine Bundesländer (federal states) in Austria, corresponding to NUTS 2 regions. Objective 2 Regional Competitiveness programmes (RCP) are defined at this level but the Rural Development Programme and the ESF Operational Programme are defined at national level, with a number of measures implemented in a decentralized manner.

From the main EU programmes available for Carinthia in the period 2007 to 2013, around 60% are for rural development – 165m euro from EARDF, 90m from ERDF and 32m from ESF (see Annex).

The national Rural Development Programme (EAFRD) is primarily directed at agricultural operations and their environment, but also addresses – partly in Axis 3 "The quality of life in rural areas and diversification of the rural economy" and the horizontal Axis 4 "Implementation of the LEADER concept" – integrated development projects for rural areas.

The regional Operational Programme (ERDF) for the objective “Regional Competitiveness” (RC) focuses exclusively on the priority "Regional Knowledge Basis and Innovation". The Priority "Attractive Regions and Competitive Locations" is not addressed as it is the case with the other RC-programmes in Austria. Compared to the 2000–2006 period, the funds allocated for the areas of research, technological development and innovation have been significantly increased. The current implementation status (commitments as of end 2010) accounts for about 30% of allocated funds und is below the expectations. It is nevertheless assumed that all EU funds will be completely used up by the end of the programme period.

A part of the programme implementation, e.g. SME and tourism development, is beneficial for rural development. It is, in principle, possible to identify the spatial allocation of EU funds from the monitoring data (i.e. the share for rural areas). However, no such evaluation is available at the moment.

The Regional Competitiveness Programme (RCP) is clearly separated from the Rural Development Programme (RDP). The RDP is to be used as a complement and can therefore not overlap with RCP funding interventions.

Carinthia participates in two ETC cross-border programmes (co-funded by ERDF) for Slovenia-Austria and Italy-Austria. They are managed by the authorities in Slovenia and Italy and cover a wider range of policy areas, including energy, transport, tourism and territorial development in addition to innovation. At end 2010 they already have a commitment of 77% and 90% of
priority 2 which is to achieve sustainable local development (priority 1 relates to competitiveness.

The national programme Employment (ESF) focuses on active and preventive labour market policy, and on older people and people excluded from the labour market. It also supports life-long learning and adult education. Interventions are significantly more concentrated than in the EU-15. It is difficult to say which part of the programme implementation can be allocated to rural areas since the location of beneficiaries is not recorded in the monitoring data.

The development priorities for Carinthia as set out by the EU programmes for the programme period 2007-2013 are:

- Supporting the “competitiveness of the agricultural and forestry sector” by the EAFRD is ostensibly the most important priority of EU policy in Carinthia in the 2007-2013 period.
- Further main priorities are local development and diversification of the rural economy (supported by the EAFRD) and research, technology and innovation (supported by the ERDF).
- Supplementary priorities are support of the labour market and social inclusion (ESF), improving the environment and the countryside (EAFRD) and development of tourism and the leisure industry (ERDF).

Carinthia has developed comprehensive strategies for regional development. These strategies define the guidelines for regional and economic development, and cover a broad range of policy areas: economic development, innovation policy, rural development, energy, transport, infrastructure, logistics, and civil protection. The regional strategies are implemented through a portfolio of mainly national and partly EU co-funded measures which are managed by the State Government and its agencies.

In this context, EU programmes are targeted only at a small part of the overall regional development policy in Carinthia. EU funds are viewed as ‘extra income’ which expands the area of public investment in specific segments and not as ‘strategy instruments’.

There are three types of integrated development plans on the ground, which are oriented on the EU programme period of 2007-2013 and which concern national as well as all EU funds.

In 2005, an integrated development strategy (IRS.KTN) was developed for Carinthia (NUTS 2) which forms the conceptual framework for the EU funding period of 2007-2013.
The strategy has four strategic dimensions:

- Innovation and a knowledge-based economy
- Endogenous development
- Education, qualification and employment
- Territorial cooperation.

The strategy has general guidelines and is implemented by the Regional Competitiveness (ERDF), Rural Development (EAFRD), Employment (ESF) and ETC (ERDF) programmes. In this respect, regional programmes for Carinthia (RCP and ETC) can be directly influenced through this strategy. For national programmes (RDP and Employment) the strategy is used to concretize regional interests since national programmes (RDP, Employment) cannot be steered by the region. The main weakness lies in the fact that, although there is an integrated strategy, there is no integrated implementation of the strategy, which is the responsibility of the individual sectors concerned.

At the beginning of the 2007-2013 programming period, regional development strategies were developed for each district (NUTS 4) of Carinthia. These programmes are the basis for all EU and national funds and address topics such as the economy, mobility, nature, tourism, quality of life and cooperation.

The local development strategies (LDS) of the Local Action Groups (LAGs) are also cross-sectoral and address topics such as the economy, technology, agriculture and forestry, transport, mobility, tourism, culture and cooperation. The leading projects can be financed through all financial means, i.e. through national as well as through EU funds (RCE, RDP, ETC, Employment). The LDS lie within the responsibility of Local Action Groups.

The main rural development priorities as set out in the policy document IRS.KTN are:

- Ensuring that agriculture is economically sound and competitive in a functioning rural area.
- Supporting the activation and full use of the endogenous development potential of the rural regions of Carinthia, especially the diversification of the rural regions.
- Increasing the quality of life by ensuring access to sufficient provision of services, and the creation of income opportunities in the non-agricultural sector.
Safeguarding the balancing function of rural areas through measures to maintain the farming landscape by means of agriculture and forestry.

Supporting territorial cooperation with adjacent Italian and Slovenian regions.

The most important EU fund for rural development in terms of financial support is clearly the RDP (EAFRD) which covers integrated development issues in Axes 3 and 4 as well as the main focus on the agricultural sector. In addition:

- The RCP supports innovative investment activities in SMEs which are also located in rural areas.
- The ETC cross border programmes follow the vision of broad-based regional development in the mostly rural border regions.
- The Employment programme supports labour market and social inclusion measures, also in rural areas.

Since Austria has a federal constitution, there is a complex mixture of measures in the area of rural development that are made available by various actors at central, state and local government level, and which are mainly financed through national means (especially basic infrastructures, transport, housing, education).

In terms of the co-ordination of different EU-funds at regional or local level there is no uniform Managing Authority at government level responsible for the implementation of all EU programmes. Only the RCE objective (ERDF) is managed at the “Länder” (federal state) level; the EAFRD and ESF are governed by national Programmes: The Managing Authorities for cross border programmes with Italy and Slovenia are not located in Carinthia.

Nevertheless, there is ongoing coordination at operational level between the funding bodies. The main funding bodies at regional level, the Kärntner Wirtschaftsförderungsfonds (KWF) (Carinthian Economic Development Agency), department 20 and the state public employment service (AMS Kärnten) are involved in the implementation of several EU programmes. This involvement facilitates access to programme specific information and facilitates the coordination between funding authorities.

- The KWF is active as funding body for RCP and ETC programmes and the RDP;
- The department of the state government, department 20 has an active role as funding body in ETC programmes and in the RDP;
- AMS Kärnten is an active funding body in the Employment programme and the RCP.
However, a cross-funding monitoring and evaluation system, which would correspond to the former multi-fund Objective 5b programme (1995-1999), is missing. This makes it difficult to make the implementation transparent. In future, it is envisaged to improve the integration of the state government department 10 (which is responsible for agriculture) into the ETC cross border programmes which is currently lacking.

In terms of access to funding there is no ‘one stop shop’ for beneficiaries although some effective contact points have been established which have similar functions and cover both national and EU funds. While the range of funding programmes seems daunting, target groups generally know who to contact.

In terms of evaluation, the present evaluation of RDP Axis 4 (Leader) as part of the Mid-Term Evaluation 2010 is specifically focused on rural development. It indicates that there are no major administrative problems for those who seek to draw on support for rural development projects, with EU-programmes successfully integrated into Austria’s and specifically Carinthia’s administrative structures.

In terms of priority concerns for the region, the main challenge is seen to be to secure effective public services in rural areas, not least given the decline in population which is expected to accelerate in the longer term. Furthermore, budgetary consolidation poses a particular risk to investment in regional development.

At the same time, a broad regional development approach is seen to be less supported by EU programmes because a strong focus on innovation is required. Another challenge relates to the completion of the relatively small ETC Programmes, which are characterized by a complex and complicated administration. Moreover a more comprehensive look at existing developments is required as part of the planning, monitoring and evaluation processes in order to make the contributions of the different interventions (regional, national and EU) more transparent.

In terms of funding with respect to the size of its territory, Austria (and hence Carinthia) benefit disproportionately more from the funds for rural development (EAFRD). A large part of the ERDF is also allocated to rural areas in relation to the whole of Austria with the aim of supporting production and tourism under the Innovation priority. The part of the ERDF allocated to rural development is, however, rapidly decreasing in each programming period since the ERDF programmes focus increasingly on innovation.
One of the results of regional policy is that rural areas in Austria are growing faster in economic terms than the urban and semi-urban areas (rural areas grew by 0.7% p.a. between 2000 and 2007 compared with 0.5% p.a. for urban areas).

The Regional Development Strategies that have been developed for all districts in Carinthia can be seen as good experiences examples of integrated strategies rural areas. They are comprehensive and have been decided upon through an interactive process with all relevant actors and covering all main sectors. Leading projects are being identified and implemented on the basis of the regional strategies.

Since Carinthia contains a high share of rural areas effective policy is needed and, in general, it is seen to have a good conditional framework for an integrated regional development in rural areas.

The following conditions are seen highly significant in this respect:

1. Carinthia has instruments for strategic planning at regional and local level), which provide a basis for projects funded by all EU funds and national funds.
2. The main funding bodies in Carinthia are involved in the implementation of several EU-programmes with information coordination between the actors.
3. EARFD and ERDF measures related to rural development have a good rate of financial absorption.
4. Federal support is given to ensure a high level of cross-sectoral coordination.

However, the coordination between the various EU-programmes in Carinthia could still be improved on an operational level (e.g. by setting up working groups). Moreover a cross-funding programme monitoring and evaluation tool which also analyse national funding is also needed.
Case 2. Sachsen-Anhalt, Germany

The former East-Germany state Sachsen-Anhalt is still undergoing a far-reaching transformation, with a declining population and high unemployment rate. In mid-2005, the Federal State had approximately 2.5 million inhabitants, almost 6% lower than in 2000. This decrease is attributable to a below-average birth rate compared to Germany as a whole, and to people leaving the State after German reunification in 1990. This trend is expected to continue.

Rural areas represent a high share of its total area. At the end of 2009 about 1.9 million out of a total population of 2.5 million lived in rural areas i.e. around 75%. As the population density declines, the problem of providing public services is becoming more serious, especially in rural areas.

Sachsen-Anhalt is one of 16 Bundesländer (federal states) in Germany, with NUTS 2 classification. The Bundesländer are fully operational territorial systems (and not merely statistical units) with their own long-term regional development strategies, albeit closely coordinated with central government.

For the programming period 2007–2013 there is around 3.4 billion Euro from the EU funds (ERDF, EAFRD, ESF) foreseen for the convergence region of Sachsen-Anhalt, with the ERDF Operational Programme accounting for around 55% of the total funds available.

All Operational Programmes are designed and managed by the Bundesland itself (and not by national authorities). A specific feature of Sachsen-Anhalt’s approach to implementing EU funds is that all three Operational Programmes have been designed in the context of an overall regional strategy. Each programme (ERDF, ESF and EARDF) is expected to contribute in some way to the overall strategy. Progress in achieving the overall strategic goals is regularly evaluated.

The regional Rural Development Programme 2007-2013 (EAFRD) is primarily directed at the target group of agricultural operations and their environment, but also addresses – partly in Axis 3 "The quality of life in rural areas and diversification of the rural economy" and the horizontal Axis 4 "Implementation of the LEADER concept" covering integrated development projects for rural areas.

Programme planning for Rural Development (supported by EAFRD) is embedded in the development of a multi-funds strategy in Sachsen-Anhalt. The government of Sachsen-Anhalt fixes priorities on the basis of a comprehensive
analysis. These priorities reflect the significant need for improved growth and employment in Sachsen-Anhalt’s rural areas. These strategic priorities include:

- Research, development and innovation,
- Education,
- Investment support, training and reduction of financial constraints for businesses especially SME.

In line with the growth and employment strategy, from the 817m euro budget, axes 3 and 1 have the highest financial weight:

- Axis 3 (Quality of life in rural areas and diversification of the rural economy) 33%
- Axis 1 (Enhancing competitiveness of agriculture and forestry) 29%;
- Axis 2 (Improvement of environment and countryside) 29% – in contrast to many other RDPs where Axis 2 forms the main priority;
- For Axis 4 (Leader) about 5% of funds are allocated.

In the course of the first three years of programme implementation, about 32% of the allocated overall funds were committed. In general, implementation is significantly below expectations. Implementation deficits are particular apparent with axes 1 while the small Axis 4 (Leader) is progressing well.

The regional Operational Programme (ERDF) for 2007-2013 is the most important in financial terms and aims primarily at boost economic growth and employment. The programme has five thematic priorities, with 33% of the ERDF funds given to Priority 2: Increasing the competitiveness of the economy. A specific feature of the programme is the separate axis for urban projects although about 71% of ERDF funding is allocated for rural areas.

The priorities are as follows:

- Priority 1: Innovation, research and development (26% of total ERDF funding) aiming to strengthen the region as a location for research and development by subsidies for SME for industrial research and development, support for publicly financed research within and outside universities, transfer of knowledge and technology and network measures, development and use of renewable energy sources and climate protection.
- Priority 2: Increasing the competitiveness of the economy (33% of total ERDF funding) by focusing on the promotion of business investment. In addition, loan and co-financing instruments are to be made available in response to specific funding problems encountered by new SMEs, together
with advisory services and other forms of support aimed at ensuring competitiveness.

- **Priority 3:** Improving the economic infrastructure (13% of total ERDF funding) in order to support the establishment and growth of companies, remove key bottlenecks in the transport infrastructure and better develop endogenous potential through projects for developing tourism.

- **Priority 4:** Sustainable urban development, including educational infrastructures (14% of total ERDF funding) with the aim of promoting urban infrastructures that raise the profile of towns and increase the human resources available to them. This includes promoting integrated urban development in 20 to 25 towns to improve their potential for economic development and to tackle social and ecological problems in urban areas.

- **Priority 5:** Environmental protection and risk prevention (10% of total ERDF funding) with a series of measures to improve water quality and economic conditions in the area of drinking water and sewage treatment plants. Flood protection projects are also planned, and measures to restore mining areas and redevelop fallow land.

Commitments at mid-2010 accounted for about 51% of allocated funds. Priority 2 is performing well, while urban development and environment interventions (Priorities 4 and 5) have been slow.

The regional **Operational Programme** (ESF) focuses on improving employment prospects. In view of the high unemployment rate and low growth, the focus is on improving the level of vocational qualifications of unemployed people and strengthening the education system to improve employment opportunities for young people, and reduce emigration.

The following objectives and priorities are defined in the programme:

- Increasing the adaptability and competitiveness of workers and enterprises;
- Improving the qualifications of human capital;
- Improving the opportunities for disadvantaged persons in the labour market;
- Strengthening the key training which is required in international.

The level of commitments for the regional ESF programme is around 36% (mid 2010) of allocated funds - significantly below expectations. It should be noted that about 50% of ESF funds are allocated for rural areas although the spatial breakdown is not included in the monitoring.

The strategy for the Land Sachsen-Anhalt for the implementation of EU funds in the programming period of 2007 to 2013 concerned all funds, with each
programme (EFRD, ESF and EARDF) being designed to contribute in some way to the overall strategy.

These strategic priorities include:

- Research, development and innovation;
- Education;
- Investment support, training and reduction of financial constraints for businesses especially SME;
- A further, for rural areas extremely relevant horizontal issue is demographic change accelerated by people leaving the State. Emigration can be tackled through more job and income opportunities and improved education and qualification.

In order to implement these priorities it was decided that some measures should be financed by both the ERDF as well as the EAFRD. These included: investments in water supply, waste water treatment and flood prevention; investments in education infrastructure and in child care infrastructures.

For all other areas, the EU funds are clearly separated, with, for example, urban renewal (ERDF) separated from village renewal (EAFRD).

The contributions from EU-funds to the overall strategic priorities are presented in the results of the Strategic Report 2010. The implementation results until now show that the ERDF (through investment support in companies) and the EAFRD (through investments in holdings, village renewal and Leader projects) have contributed most to the development of the rural areas. The contribution of the ESF has been limited by significant difficulties in implementation.

It should be noted that the multi-sectoral Axis 3 (quality of life and diversification) in the RDP is quite large in comparison with others. The use of EAFRD significantly helped raising the standard of living in rural areas to the standard of living in more densely populated areas. Even smaller communities have benefited to a large extent from its support, for instance in the framework of Leader and village renewal.

The overall development objectives for the rural area of Sachsen-Anhalt (independently from EU programmes) have been laid out in the 2005 Guidelines.
The four main goals are:

- Strengthening the economy in the rural areas (related to crafts, industry, services, agriculture, education, innovation);
- Reversing the ‘brain drain’ trend of young people from villages;
- Strengthening communal public services in the rural area;
- Sustainable and future-oriented protection of the environment.

The objectives for rural development were to be achieved through the implementation of the integrated rural development concepts (ILRK) which were the basis for national and EU funding programmes starting in 2007. This was supported by regional partnerships and the Forum for rural development.

The rural development goals partly overlap with the overall goals of EU programmes with the goals related to public services and environment in rural areas given more weight in the 2005 Guidelines than in the overall strategy.

In preparation for the 2007-2013 programming period, 9 ILE regions were established in Sachsen-Anhalt for which Integrated Rural Development Concepts (ILEKs) were developed in 2006. The local development strategies of the Leader Local Action Groups (LAGs), developed in 2007, are based on the ILEKs. The fact that the contents of both strategies match was an essential condition for the approval of the LAGs. An ILE-region can include several Leader Action Groups.

The ILEK and Leader strategies are the basis for funding projects from the various EU funds, whereby the support from the EARDF represents the main part of the funding instruments. It should also be mentioned that parts of the social infrastructure (child care, school infrastructure) were covered for the first time by EARDF support. As an incentive for an integrated approach projects which are undertaken within the framework of Leader or ILEK are being prioritized during the selection procedure and receive higher funding rates.

The most important EU programme for rural development in terms of financial support is clearly the RDP (EAFRD) which covers in axes 3 and 4 integrated development issues besides the main focus on the agricultural sector.
Besides the RDP there are other EU-programmes which are relevant for the development of rural areas:

- The OP ERDF supports up to now very successful investment activities in SMEs which are also located broadly in rural areas.
- The contribution of the OP ESF in rural area is hardly to detect, because the programmes uptake is slow up to now and monitoring arrangements are inadequate to locate achievements specifically in rural areas.

In terms of the **co-ordination of different EU-funds at regional or local level** there is no single Managing Authority for the 2007-2013 period responsible for the implementation of all EU programmes (while this was the case in the period of 2000-2006).

Despite this fact, there is ongoing coordination between the funding bodies at operational level. Moreover an overall mid-term evaluation of all EU funds has been implemented in 2010, a method which does not exist in other regions.

Better local governance is achieved through **Leader Local Action Groups** with 23 Leader Local Action Groups established in Sachsen-Anhalt. The LAGs help to achieve a more effective allocation of funds to local development strategies in all regions. The implementation of Leader projects is mainly supported by the EAFRD for now but the projects are increasingly supported by other EU funds too.

In the German System there is no “one stop shop” for beneficiaries. There is however a complex system of well-functioning and specialized focal points/contact points which have been established for several years. These focal points are responsible for national funding as well as EU co-funding.

The **existing administrative arrangements** are well developed but there is concern related to the strict demarcation of urban renewal and village renewal. Villages which have rural characteristics and are formally part of counties whose urban centres are subject to urban renewal (supported by ERDF) are excluded from EAFRD support.

This official (and not functional) demarcation between urban and village renewal hinders the integrative development of the core city and localities in the county. This is why it is considered to be important to develop integrative urban-rural action plans through merging and harmonising integrated urban development concepts and integrated rural development concepts.
The following **main challenges** have been identified by the mid-term evaluation as far as rural areas are concerned:

- Municipalities face significant problems in raising matching funds in order to fully use the available EU funds;
- The development of a common master plan for tourism, covering urban and rural areas, is essential;
- Concepts of rural and city development strategies should be match more strongly in the future;
- The transparency of the funding opportunities under the ESF OP should be improved, including for rural beneficiaries;
- One can still observe only few innovative approaches in the implementation of Leader;
- All planning principles which determine funding decisions should be regularly updated taking into account demographic change.

Since the beginning of the 1990s, around 1 billion EUR of public funds have been invested in village renewal, making them more attractive as residential areas. However available funds have been significantly decreased and the number of funded activities will probably have to be reduced.

In terms of **governance**, an effort was made to have a single Managing Authority for all regional EU programmes such as in the programming period of 2000-2006, however these ideas are countered by sectoral interests.

In terms of **good experience**, and in order to better assess the effects of integrated measures in the rural areas, a sample of 15 reference areas have been chosen in the Mid-term-Evaluation of the Rural Development Programme. By assessing funding measures undertaken under the ERDF and EAFRD programmes in the period of 2000-2008, an overall picture of the impact of EU funds can be drawn and this evaluation method is seen as a good starting method that should be further developed.

Overall, the Land of Sachsen-Anhalt is characterised by a relatively small number of urban areas and a large number of rural areas. Therefore rural policy is very important. Overall it has good conditions for an integrated regional development in its rural areas with:

- An explicit policy for rural areas in place and integrated strategies created.
- EU programmes (RDP, ERDF and ESF) implemented on a regional level which allows regional actors to develop their individual priorities.
In ERDF and ESF programmes a major part of the funding is allocated to rural areas (71% and 50% respectively of total EU funding), which shows the importance of rural areas.

For rural areas there is a broad mix of measures available (going beyond interventions for the agricultural core group) and the multi-sectoral Axis 3 (quality of life and diversification) has relatively high weight in the RDP. In addition, EAFRD measures include support for social infrastructures which is a new approach to target relevant challenges in rural development.

The strategy for the Land of Sachsen-Anhalt in relation to the implementation of EU-funds in the programme period of 2007 – 2013 was an overall strategy for all funds from the start. Moreover there are cross-funding evaluations (see Strategic Report 2010). However, while the ‘urban dimension’ is being explicitly evaluated, the ‘rural dimension’ is not.

A particular weakness is the strict formal demarcation of urban renewal and village renewal which excludes some rural villages from funding. Moreover, although there is a cross-sectoral framework strategy for EU-funding, a similar cross-sectoral framework strategy does not exist for national funding instruments, which threatens to undermine the EU framework strategy.
Case 3: Western Greece, Greece

The most noticeable characteristics of EU Cohesion policy support for Greece in the 2007-2013 programming period are the highly centralized structure and systems, and the considerable delay in the implementation of Operational Programmes (OPs).

In terms of structure, 2007-2013 interventions are addressed in 7 national/sectoral OPs and 5 regional OPs, all dealing with thematic policy issues. These OPs are jointly funded by the ERDF, ESF and the Cohesion Fund (in the case of action implementing in Greek Cohesion Regions).

Separate from these is the Rural Development OP, funded by EAFRD, and the OP for Fisheries funded by the European Fisheries Fund (EFF). This separation is explained by the fact that EAFRD and EFF are officially not characterized as Structural Funds, and their actions are not included in the National Strategic Reference Framework (NSRF).

National OPs are viewed as sector policy measures, linked to national or/and interregional strategic goals, and thus requiring strict central coordination. On the other hand, the regional OPs act in a more complementary way and promote public interventions that are specific to regional/sub-regional development needs.

In all cases, regional OPs cover a common core of interventions which include social infrastructure, health infrastructure, cultural infrastructure, local level accessibility and environmental interventions, measures associated with sustainable urban development and measures for supporting mountainous, disadvantaged and island areas.

Due to the specific characteristics of the rural areas of the Western Greece region (geography, economic structures - especially the high share of primary activity in employment, development trends, labour market conditions, infrastructural constraints, etc.), all 7 national/sectoral OPs, as well as the OPs financed by EAFRD and EFF, are intervening in rural areas of W. Greece in the current programming period.

However, the two main OPs funded by the ERDF (the Accessibility improvement OP and the Regional OP) accounts for some 60% of total EU funding, with the EAFRD-funded rural development programme accounting for some 21%. With the exception of the Regional OP, all the financing tools are centrally managed (with only the EAFRD and EFF granting some scope for local stakeholders), providing an indication of the prevailing coordination and policy integration conditions.
In terms of actual expenditure per OP priority, this information became available from the relevant MAs only in the case of the Regional OP and the sectoral OP on Rural Development and Environment and Sustainable Development, respectively.

As already noted, the main characteristic of structural and rural development programmes in Greece for 2007-2013 has been the significant delay in their implementation, which has resulted in very low absorption rates. This particular issue is also evident in the case of W. Greece, where absorption rates are so far quite low.

In terms of specific programmes, the agricultural orientation of the EAFRD programme action for W. Greece becomes clear, with Axis 1 accounting for over 58% of total planned funds (compared to 47% nationally) and Axis 2 for nearly 28%, although this can, however, be justified by the importance of agriculture in terms of employment in this region (twice the national average at close to 24%). In contrast, policy action on economic diversification and quality of life account for less than 14% of total planned funds, compared to nearly 25% at the national level.

Absorption rates are much better compared to those of other OPs but still low.

In terms of the ERDF, the priorities, planned and actual expenditure data for W. Greece specific to the Regional OP (W. Greece – Peloponnese – Ionian Islands), two-thirds of the funds fall under priority 3 ‘Sustainable Development and Quality of Life’ which aims at promoting action such as environmental, social and cultural infrastructure, urban development, economic diversification (rural areas), and increasing competitiveness.

Funds planned for priority 1 ‘Accessibility, Infrastructure and Services’ account for nearly 19%, while priority 2 “Digital Convergence and Entrepreneurship” account for nearly 16% of planned funds, with main goals being the integration of new technologies into the business environment, the development of broadband infrastructure, the establishment of new businesses and modernisation of existing ones, the promotion of tourism and research and the increase of value added through (amongst others) large-scale investments by firms.

Total absorption so far only amounts to around 4% of planned funds, however, which is better than the OP Digital Convergence where absorption in W. Greece is currently zero.
As already noted, the OP Accessibility Improvement represents nearly 43% of cohesion policy intervention funds in W. Greece, mainly due to the Road transport infrastructure Priority which accounts for over 90% of the programme’s committed spending in the region.

In terms of the OP Environment and Sustainable Development 2007-2013, this is jointly financed by the Cohesion Fund and ERDF. However, in the case of W. Greece, most of committed expenditure comes under Priority 2 “Protection and Management of Water Resources” (48.8%) which promotes action on the protection of water quality and the provision of quality drinkable water in urban centres, tourist areas and areas facing water shortages.

This is followed by Priority 4 “Protection of Soil Systems – Managing Solid Waste” (46%) which aims at the protection of public health, soils and underground waters caused from the disposal of solid waste. Finally, Priority 5 (Nature an Biodiversity) aims at the activation of the Natura 2000 network. Total absorption so far amounts to only 2.5% of committed funds.

In terms of planned expenditure by the ESF for W. Greece, 40% of the Education OP is committed to Priority 1 (the Upgrading Quality of Education and Promoting Inclusion) which aims at modernizing the education system, introducing quality assurance and ICT, combating early school leaving and reinforcing teaching quality. This is followed by Priority 2 (Upgrading Vocational Education and Link it with the Labour Market) which accounts for 24.1% of planned expenditure. In terms of actual expenditure, only aggregate data was provided, showing an absorption rate of just over 6%.

Planned expenditure for W. Greece from the OP Public Administration (Table 11) is dominated by Priority 1 (Upgrading Public Policies) which accounts for 65% of total planned support and promotes public infrastructure action which aims at the improvement of policy design, monitoring and coordination of public policy domains, the improvement of infrastructure specific to public administration and actions promoting the organizational and operational restructuring of the Greek state. In terms of actual expenditure, only aggregate data was provided, showing an absorption of 1.8 ml EUR (8.8%).

References on the strategic priorities of the region of Western Greece in the 2007-2013 programming period have appeared in the National Strategic Reference Framework for Greece 2007-2013 (NSRF), the National Strategic Plan for Rural Development in Greece 2007-2013 (NSP-RDP) and the National Strategic Plan for Fisheries in Greece 2007-2013 (NSP-EFF). In all three documents there are references to the development problems and constraints which W. Greece is facing, especially its declining economy and problematic
labour market. Also, there are references to how the various Operational Programmes will deal with those particular issues in a strategic manner.

Indicatively, the NSRF refers to a series of problems and prospects which W. Greece faces, associated with the persistence of the traditional model in the rural sector, the impact of de-industrialization in the urban centres, and also the dynamic sector of tourism and residential development.

It is recognized that the region faces significant problems in terms of employment and poverty. The reasons are linked to the slow rate of restructuring of the productive pattern, where the primary sector is still dominant, and to de-industrialization in the urban centres. A key factor is the relative distance of the region from the existing axis of development in Greece, combined with the fact that work on major infrastructural projects in the region have been delayed.

However, it should be noted that significant projects are planned in the region, creating some hope that it could become an emerging western development axis. Emphasis will be put on the restructuring of the productive sector of the urban centres, the modernization of the primary sector, the vertical integration of primary sector products and the development of tourism in the coastal areas and in areas of the inland massif.

Taking these problems into account, it is noted that the Regional Operational Programme for W. Greece will focus on the development and acceleration of infrastructure and services and especially on the creation and operation of the Western Axis of PATHE (Korinthos - Patras), which will help improve the level of transport and act as a development tool for the economic restructuring and modernization of the entire spatial entity. A key role is also attributed to interventions within the framework of combined transport (development of cargo terminals).

Emphasis will also be put on increasing investments in knowledge intensity sectors and reorienting productive resources towards services and products of high added value. Measures will be taken to promote and enhance cooperation among Higher Education Institutes, research institutes and businesses, to establish new and modernize existing enterprises, highlighting innovation and new technologies, and to create innovative products by making the most of the region’s educational institutes.

Further, an important aspect of the strategy will promote the integrated tourism development, with emphasis on special - alternative forms of tourism. Finally, there will be interventions to protect and improve the urban and built-up environment (e.g. development of environmental infrastructures to process,
manage and utilize solid and liquid waste), as well as to explore alternative energy sources.

In the case of the NSP-RDP document, it is noted that the emphasis in W. Greece will be given to action including the restoration of areas hit by the 2007 forest fires, the restructuring of basic crops (i.e. tobacco), the maintenance of the rural population, the establishment of competitive, market oriented farm units, the protection of the rural environment and water resources and the promotion of investment on rural tourism. Finally, the NSP-EFF emphasizes the significant needs for the restructuring of the fishing sector in the region and for economic diversification.

Within this context it is perhaps not surprising that policy issues are addressed through several Operational Programmes with some objectives – notably business development ones – being pursued in several OPs with the RDP and the Regional OP intervening in a number of policy domains.

In the current programming period there are no national, regional or local common development plans in Greece that encompass all EU policy instruments and funds. This is in contrast to the 2000-2006 period, when development programmes specific to mountain rural areas were designed and implemented at the regional/local level and received financing from several EU policy funds. In the current period, rural development plans and programmes are only related to EAFRD.

Integrated rural development plans are restricted only to the RDP Priority 4 (Leader approach) and involve the Ministry of Rural Development and Food and LAGs although an attempt is being made to integrate (coordinate) certain “rural” measures on a geographic basis, providing a very primitive type of territorial development strategy with, for example, project selection criteria assign a premium (bonus) score to farmers located within the geographic boundaries of Natura 2000 sites.

In principle, expenditure plans of different EU funds are coordinated at the national level only. EU policies, except for rural development, are expressed in the NSRF which is realized in a series of national/sectoral and regional Operational Programs that operate under the supervision of the Ministry of Regional Development and Competitiveness. In parallel, the National Strategic Plan for Rural Development and the National Strategic Plan for Fisheries were both drawn apart from NSRF.

In turn, coordination between the three strategic plans and their corresponding programmes is administered by the National Coordination Authority that brings
together representatives of Ministries implementing Operational Programs funded by different EU funds.

The national Coordination Authority administratively belongs to the Directorate General of Development Planning, Regional Policy and Public Investments of the Ministry of Regional Development and Competitiveness. The Coordination Authority assures coordination among the Funds and between the Funds and all other (national/regional) Funding Initiatives.

In principle, coordination is administered through complementarity of actions exercised both spatially and thematically during programming, monitoring and re-assessment/evaluation. Since July 2008, through a Ministerial Decision, the national Coordination Authority has been assisted and supported by a coordination committee that re-examines the complementarity, synergy and demarcation issues between these national strategic plans.

However, as noted, the three strategic documents and programs were designed and drawn apart from each other, are funded by different EU funds and, despite claims of coordination and coherence, they lack synergy.

Demarcation among different EU Funds is examined by Implementation Authorities and is reflected in eligibility criteria of specific measures. Special demarcation criteria have been specified through the National Coordination Authority of the Ministry of Regional Development and Competitiveness. This procedure is specific to the strategic and programming levels. Subsequently, Managing Authorities of Operational Programs have the responsibility to apply these demarcation criteria at the stage of implementation. Regarding synergies, NSRF provides a table that correlates NSRF thematic priorities with RDP’s priority axes, but even these few strategic and programming synergies are difficult to be realized at the implementation level, while it is perhaps a bit early (due to delays in implementation) to assess their realization.

According to the NSP for Rural Development 2007-2013, the rural development priorities for W. Greece include the restoration of areas hit by the 2007 forest fires, the restructuring of basic crops (i.e. tobacco), the maintenance of the rural population, the establishment of competitive, market oriented farm units, the protection of the rural environment (through measures on organic farming, energy crops, integrated pest management, sustainable management of pastures, and sustainable management of forests) and water resources and the promotion of investment on rural tourism. Extracts from the NSRF on rural development are very few and generally refer to the need for the modernization of the primary sector and the vertical integration of its products.
As the data shows, the EAFRD and ERDF are by far the most important EU funds addressing rural development concerns and needs in W. Greece. This is because EAFRD intervenes in most policy domains specific to the development needs of rural areas in the region, while ERDF promotes investment which improves accessibility and economic diversification in both rural and urban areas.

As noted already, agriculture is very much the backbone of rural areas in W. Greece and is currently facing considerable structural adjustment. Hence, cohesion policy measures considered as important include actions to improve the competitiveness of farming (e.g. farm investment plans, investment in food processing), promoting rural economic diversification and decreasing transaction costs (improvements in transportation and other economic infrastructure).

There are no specific institutional arrangements for coordinating the use of different funds at regional or local level in the current programming period. On the other hand, the recent reform of regional and local government in Greece (Kallikratis Law which merges municipalities and devolves central government jurisdiction to regions) aims to create such arrangements for the forthcoming programming period.

With the exception of local rural development programmes (Priority 4) of the RDP which have been designed through a bottom-up (Leader) approach, the main consultation for rural development planning (2007-2013) took place at the central level, involving the Ministry of Rural Development and Food and various ‘central’ stakeholders (National Union of Farmers Cooperatives, Geotechnical Chamber, WWF Hellas, National Union of Development Agencies, etc.)

At the local level, regional administrations were involved in this consultation, though very marginally (submitting proposals on public projects). Prefectural or/and local authorities, NGOs and local agencies were not involved.

In terms of information available to potential investors, with the possible exception of LAGs implementing Priority 4 of the RDP, the information provided to project promoters is very fragmented. In practice potential beneficiaries have to consult the authorities which are responsible for each Operational Programme in order to obtain such information.

Existing administrative arrangements are considered as unsatisfactory by those who seek to draw on Structural Fund support to promote rural development goals or their own projects. Information on specific financing opportunities is
scarce and fragmented. Also, rural development planning is very centralized (with the exception of the Leader approach) and this is reflected in the rather horizontal eligibility and selection criteria, as well as the project evaluation procedures which are, again, carried out at the central level.

Further, coordination and complementarity between actions funded by different Community funds seems ineffective. Finally, there have been considerable delays in issuing calls for tender, while the economic crisis and associated strict fiscal policies have both led to significant delays in the release of national public contributions and thus, payments to beneficiaries.

Currently, the main administrative concerns include the lack of funds (national public contribution) which lead to payment delays and difficulties in accessing funds. On the policy level, the main concerns are again the lack of finance (especially taking rural areas development needs in W. Greece) and the lack of coordination between institutions responsible for development policy. Here there are specific concerns on the non-transparent manner in which national/sectoral OP (including the RDP) determine the regional distribution of funds, with complaints that regions that had experienced economic growth in recent years were receiving the bulk of the cohesion funds.

Preparations for the 2014-2020 programming period have not started yet. However, the Ministry of Rural Development and Food has (centrally) initiated a dialogue on the post-2013 CAP, and has also cooperated with regional administration on the specification of an ‘agricultural products basket’ for every region. According to official declarations, this basket will guide strategic priorities for agriculture; however, nothing has been done in terms of developing the ‘future’ rural development strategy. On the other hand it is expected that the active role of the “new” regional administrations will hopefully result into better governance and coordination of development action specific to rural areas.

Examples of projects and programmes in W. Greece that did involve the successful coordination of different EU funds include:

- The local multi-fund programmes for the rural development of mountain areas, which were implemented during the 2000-2006 period. These programmes were designed in a participatory manner and local institutions were responsible for their implementation and monitoring. According to the interviewees, these local institutions (mostly LAGs) acted in a strategic and coordinating manner.
- The Erimantheia Dam project, which was jointly funded by ERDF (2000-2006) and is currently under completion through EAFRD funds in the current programming period.
Case 4: South Transdanubia, Hungary

In Hungary, agriculture and rural development is primarily supported through EAFRD in the framework of the New Hungary Rural Development Programme. The programme is essentially centrally managed, and most calls for proposals (in the form of legislative titles) are also issued at the national level (with the exception of some axis III measures and axis IV; however, even in these cases there is said to be a strong central administrative control).

EAFRD funding totals some 5 billion euro out of a total budget of some 7.5 bn. Some 2.4 bn of EAFRD funding is allocated to ‘competitiveness’ (axis 1), 1.3 bn to the environment (axis 2), 500m to ‘quality of life’ (axis 3) and 250m to LEADER.

ERDF support in the region is provided within the South Transdanubia Operational Programme (OP) as well as various sectoral/national OPs (such as the Economic Competitiveness OP).

Generally cohesion policy (including ERDF and ESF) is not seen to have a particular focus on rural development goals, with the main aim being to separate as much as possible the implementation of cohesion and rural development policies. Furthermore, sectoral OPs have been managed centrally (at the national level), and do not generally contain indicative regional allocations.

It can be argued that regional OPs offer more scope for the coordination of cohesion and rural development policies. As far as ERDF funding is concerned, the South Transdanubia OP indicated planned expenditure as 87m on competitiveness, 153m on tourism development, 153 on public services, 190 on urban development and 215m on improving access included here, that contains planned as well as public expenditure granted to date (April 2011).

The main development programme within the region is the South Transdanubia OP. According to interviewees, other national programmes and resources are not substantial. The regional strategy goals as formulated in one of the main strategic planning documents, entitled ’Target system of the South Transdanubia Region (2007-2015)’.

The priorities formulated in the South Transdanubia OP are as follows: research, technology and information; entrepreneurship; tourism and leisure; transport and accessibility; development and economic infrastructure; renewable energies and energy saving; agriculture and forestry; natural resources and the environment; education; the labour market; local development; governance.
Programmes supported from the structural and cohesion funds are implemented in the framework of the New Hungary Development Plan (NHDP) in the current programming period. There are 15 operational programmes (OPs), out of which 8 are sectoral and horizontal, and 7 are regional.

The South Transdanubia Region is covered by one of these regional operational programmes (the South Transdanubia Operational Programme, STOP). The Managing Authorities of the NHDP OPs are located within the National Development Agency (NDA), and regional bodies such as the Regional Development Agency of the South Transdanubia Region are participating in the implementation of regional programmes as intermediate bodies.

At the same time, rural development initiatives supported through the European Agricultural Fund for Rural Development (EAFRD) are implemented in the framework of the New Hungary Rural Development Plan (NHRDP). The MA of the national NHRDP is the Ministry of Rural Development (MRD), and the paying agency is the Agricultural and Rural Development Agency (ARDA). ARDA has county-level offices that are responsible for the coordination and management of the programme locally.

It is the responsibility of the MRD and NDA to ensure the coordination between the operational programmes (supported from structural and cohesion funds) and the rural development programme (supported from EAFRD). For instance the 2010 Monitoring Report of the NHRDP states that ‘NHRDP is closely integrated with operational programmes supported from other financial instruments. The NHRDP is strongly linked through axes I and III to the Economic Competitiveness Operational Programme; and in the case of the training and information provision it connects to the Social Renewal Operational Programme, and to the Regional Operational Programmes.

The modernisation of agricultural holdings and increasing the value-added of agricultural products are connected to the Environmental and Energy Operational Programme. Furthermore, axes III and IV are connected in various ways to the Regional Operational Programmes. Axis II has strong links to the Environment and Energy Operational Programme.

In reality, however, there are a number of weaknesses in the coordination of cohesion and rural development policies in Hungary. The main guiding principle in terms of managing the relations of the two main policies has been drawing clear demarcations between them, in order to avoid double-funding. One observer has noted that ‘At the level of slogans, and based on the statements of planning documents, everything is fine and the two programmes are complementing each other. However, experience to date shows that besides
drawing clear demarcations between the two funds, the two programme managements are mostly concerned about their policies, without meaningfully assessing the possible impacts of the two programmes and trying to eliminate blank spots, where none of the programmes offer development opportunities’.

According to interviews undertaken as part of the case study analysis, there is a lack of programmes that integrate multiple development goals. Rural development is mostly supported from the European Agricultural Fund for Rural Development (EAFRD) and the Structural Fund OPs generally provide very little support for rural areas, and there is also no coordination between the expenditure plans of various EU funds.

Programmes that attempt to develop a more integrated approach exist only sporadically and at the local/micro-regional levels only. One example (according to an interviewee) is the Ős-Dráva Programme. As its website states the ‘basis of the programme is that solutions for complex problems is possible through complex, all-embracing series of interventions only’.

Another example is the development of strategies for the least developed regions (LDR). However, the main (integrated) development concept inherent to the development of these programmes has often been weakened during programme implementation. For instance, as one interviewee stated, although the concept of the LDRs has been forward-looking, the implementation has failed, as the programmes started too late and most calls for proposals that concerned these programmes were already underway.

In general, rural development and other policies have been separated on the basis of simple criteria, namely the NHRDP provides support in areas with less than 100 inhabitants/square km, and with less than 5,000 or (in some cases 10,000) inhabitants. Such demarcations are said to be strong in the horizontal operational programmes, but less prominent in regional operational programmes.

However, experience shows that regional development programmes (such as STOP) also do not offer many opportunities for rural stakeholders. As a result, some key rural development priorities do not receive sufficient support. For instance the NHDP only supports large tourism projects (e.g. four-star hotels), whereas within the NHRDP there is only possibility for non-commercial accommodation development. No support is provided for tourism development in between these two extremes.

Very little ERDF money is allocated to rural areas. The mid-term evaluation (MTE) of the NHRDP assessed the level of synergies between the NHDP and
the NHRDP and argued that there are no provisions in place within either of the programmes that would serve their synergies. This is partly due to the fact that the main intention has been to draw clear demarcation between the two programmes, and partly due to the lack of operational cooperation between the MAs. The MTE argues that ‘on the basis of the comparative analysis of the Regional Operational Programmes within the NHDP and the rural development support provided by the NHRDP (axis III), it was found that as a result of the demarcations the small rural settlements were facing particular disadvantages during fund-allocations’.

The MTE also highlights the fact that the NHRDP supported small settlements and less developed regions to a greater extent than their proportion in the whole population would have justified (30% of funding of the NHRDP funding was allocated to small settlements representing 8% of the population), which is a positive development. However, the funding of the NHRDP was much lower than that of the NHDP. At the same time, the NHDP supported smaller settlements to a lesser extent than their share of total population would have justified. These combined effects resulted in disadvantages for areas with low population.

A brief review of the priorities of the South Transdanubia OP by one of the interviewees suggests that none of the priorities have a particular focus on rural areas:

- **Priority 1**: Competitive economy is built upon the development of urban areas has no implications for rural areas (mostly involve infrastructural development, the development of business parks in urban areas).
- **Priority 2**: Strengthening the region’s tourism potential focuses on the development of large (four-star) accommodations, or tourism development projects with at least a regional scope (e.g. the development of baths). Tourism destination management measures may possibly have some impact on rural tourism but they do not involve infrastructural development and have only minor relevance in rural areas.
- **Priority 3**: Development of human services also does not seem to have a major impact in rural areas (some of the original complex development concepts have not been finally integrated in the OP).
- **Priority 4**: Integrated urban development has an urban focus.
- **Priority 5**: Improving accessibility and environmental development mostly focuses on infrastructure development with regard to larger roads, and only involves rural areas to a small extent (e.g. as far as waste water management is concerned).
These findings are also reflected in the sections on ‘Synergy with the New Hungary Rural Development Programme’ under each measure of STOP. A brief review of these sections demonstrates the lack of coherence between rural development and other EU programmes.

Texts are generally very short (one-paragraph) with a main focus on how to separate the regional OP support from rural development support. For instance, with regard to priority 3 it is stated that other than mandatory public services (such as public education) support will be provided to ‘infrastructure conditions of other, non-mandatory local public services in the towns (or settlements with over 5,000 and 100/km2 population), or in villages of permanent population over 5,000 and population density over 100/km2’.

Rural development needs (as opposed to agricultural needs) are generally also neglected with the NHRDP. One of the problems of the NHRDP is said to be the concentration of funds on large agricultural producers. For instance, the mid-term evaluation of the NHRDP states that 69% of the funds committed within axis 1 supported only 5% of beneficiaries that typically cover large farms.

Rural specialists often see the possible development of rural areas in local employment creation (which the large intensive arable farms often cannot ensure) through locally initiated development projects and through the diversification of activities. As one interviewee argued, local development should build on the local markets (as producers are often not competitive in the global market). A strong focus should be given to human capital development (e.g. through training) and local community development.

Currently, none of the funds fully serve the purpose of rural development. EAFRD resources allocated to rural development (i.e. axes III and IV) are not substantial enough, and have been mostly managed in a centralised way. One example of this is the central calls for proposals for some of the axis III measures (micro-enterprise development and tourism development) within the NHRDP.

The NHDP and the NHRDP have separated programme managements, and there is a general lack of coordination between the two. In fact, one of the main weaknesses of the current programme implementation is the separation of the implementation structure of regional and rural development programmes, and the general lack of political willingness for cooperation between the two MAs.

This also hampers the initiation and development of integrated projects. It was argued that various line ministries often do not harmonise their policy-
objectives, and they only focus on their own development goals, without coordinating these with those of other ministries.

The representation of local stakeholders (civil society, NGOs, etc.) has been generally weak during this period. During the early stages they were actively involved in local strategy development within the Leader-axis but the centralised nature of planning soon led to the disillusionment. Partly as a result, national-level representations and interests are more involved in the planning and implementation processes.

Rural development initiatives, such as the LEADER Axis in the EAFRD have no links to cohesion policy, with no cooperation between the local/regional programme management agencies of the two programmes. The implementation of Leader also had a number of weaknesses to date, including the centralised and often politicised nature of the selection of LAGs and the initial development of local strategies. The Hungarian Network for Rural Development that was supposed to create better links among local stakeholders has not been able to provide a strong coordination function to date.

Currently, there are no ‘one-stop-shops’ for local rural stakeholders. Within measure 321 of the NHRDP support was provided for the so-called ‘integrated communal and service space’ (ICSS) development. The ICSS sub-measure aims to ensure better access for the local population to basic services (such as employment, enterprise development, educational, social activities, etc.). While these centres could provide ‘one-stop-shop’ services in theory, the indications are that they may not be sustainable in the longer run due to lack of long-term funding and human resources. In rural areas, however, some of the more experienced LAGs provide ‘one-stop-shop’ services.

There is general dissatisfaction among rural stakeholders concerning both the allocation and management of the various EU funds. EAFRD funding is seen as insufficient to support rural development (especially since most of the funds are absorbed by the agricultural sector and especially larger farms). Leader funding, given its limited scale, can only function as ‘glue’ to brings together local actors and finance some small scale projects.

The more flexible nature of the ERDF, and its more significant funding, might be seen as more suitable to support rural development but it does not currently focus on rural development objectives. In particular, beneficiaries are often dissatisfied with the way rural development programmes are managed, with overly-bureaucratic procedures, long payment delays and the general lack of support and advice.
For some, the main problem is the weaknesses of the original planning, and the lack of core goals and objectives, especially at the regional level. To achieve this, a more decentralised planning process, and a stronger role to local stakeholders (regional development agencies, local action groups, etc.) in both the planning and implementation of programmes would be required.

As a new Member State, the 2007-2013 programming period provided the first opportunity for the country to participate in EU-funded programmes for the full programming period. Unfortunately, the coordination of the rural development policy and cohesion policy is seen to have a number of weaknesses with the main difficulty being that there are no comprehensive programmes that seek to integrate multiple development goals (such as rural development and other regional development objectives).

The main intention from the beginning has been to separate, rather than co-ordinate, the content and management of EAFRD and the structural and cohesion funds. As a result, funding allocated to rural development goals through cohesion policy is negligible. In the current programming period EAFRD has been the main source of funding for rural areas, however, this funding is generally said to be limited to achieve large-scale goals. Even within the NHRDP, agricultural producer interests (within axes I and II) have been dominant, when compared to other types of rural development (in particular axes III and IV) initiatives.

Based on the above it can be concluded that it would be essential to establish synergies between cohesion policy and rural development policy. More substantial results and impact could only be achieved through a thorough planning and concentration of funds on core rural development priorities, and more funding for rural development through the integration of rural development goals within cohesion policy. At the same time there needs to be more reliable and up-to-date data in future on the both the situation on the ground, and on the use of funds.

The management of the two programmes have also been separated, and there is essentially no cooperation between the relevant institutions. The management of rural development programmes, and to some extent ERDF programmes as well, has been to a large extent centralised. Although LAGs had formal involvement in local strategy development and implementation, in reality their involvement has been limited.

It has been argued that that rural (and regional) development management should be more decentralised in order to be better able to address local needs. Furthermore, formal cooperation structure and incentives would need to be
created for the relevant programme authorities in order to enforce their cooperation and ensure the development of complex strategies (development goals) and programmes.
Case 5. Andalusia, Spain

There are no real institutional mechanisms in Andalusia for coordinating the planning, delivery and evaluation of the various structural funds. Rather, there is demarcation:

- the EAFRD focuses largely on the farming community with measures to make farms and SME’s in the agricultural industry more competitive along with measures that improve land management.
- the ERDF in rural areas focuses on transport and energy infrastructure as well as economic diversification and quality of life; and the ESF supports human capital through training, entrepreneurship support etc.

Each Structural Fund is implemented through separate development programmes and different Regional Ministries, each of which has its own set of rules and procedures.

At local level, a number of different agencies and associations either deliver funding or process applications for funding, but no institutional arrangements exist for these bodies to coordinate their work. Some cooperation and information sharing does take place and project promoters are often re-directed to the relevant agency, but this is dependent upon the good will of the individuals involved.

The nearest equivalent to a one-stop shop for rural development are the Leader LAGs which deliver mainly funds from EAFRD but sometimes from ESF, EFF and other public (regional and provincial) budgets. However, they cannot currently lever in ERDF money.

Spain’s ‘National Strategic Plan for Rural Development’ for the 2007-13 period relates only to the EAFRD, and does not encompass other EU policy instruments and funds. Likewise at regional level, the main document concerning rural development policy, namely the Rural Development Programme (RDP), only relates to the EAFRD.

In this context, the ERDF and the ESF support separate development plans, which also finance an important number of actions in rural areas. At local level the strategies prepared by the Leader Local Action Groups (LAGs) are mainly based around the EAFRD, although a number of Leader LAGs also manage some ESF money.

However, in 2007 a national law was passed concerning the sustainable development of rural areas and it is currently being implemented in the Spanish
regions. This aims to promote a more integrated approach to planning rural development, which could ultimately lead to such plans encompassing other EU funds.

Moreover, at the regional level, an initiative of the Regional Ministry of Agriculture and Fisheries in Andalusia led to a broadly-based analysis of rural needs, which was published in 2008 as the ‘New Rural Strategy for Andalusia’ (NERA).

This was produced after an extensive consultation process with rural stakeholders at local, county and provincial level. This included some 51 Leader areas which used a common methodology for identifying priority needs that were then aggregated at both provincial and regional level. These rural development priorities were not restricted to those eligible for funding under the EAFRD and included a range of actions:

- Economic actions covering tourism, construction, the industrial sector as well as agricultural diversification;
- Social actions covering service provisions, entrepreneurship, youth inclusion, community participation and cohesion;
- Infrastructure and services covering access through secondary roads and rail, renewable energy, ICT networks, health and education, water management;
- Environmental concerns including tourism, land degradation, environmental conservation, treatment of waste, climate change awareness, public transport;
- Rural patrimony intended to study, restore and ‘valorise’ rural heritage, to preserve and promote artisanal activities, and the identity of rural towns and villages.

If this analysis is to be effective in relation to the future planning of rural development, however, a more integrated system of using different funding sources will be needed.

In fact, during the programming period 2000-2006, Andalusia did have such an integrated operational programme for all EU funds (EAFRD, ERDF, ESF and EFF) – although this was broader than just rural development – but, in the current period, there is no formal coordination of the expenditure plans of the different EU funds in relation to overall rural development objectives.

Under present arrangements, there are separate expenditure plans for each fund, both at national and regional level. Each regional department produces its expenditure plans and submits these to the Regional Ministry for Economy and
Finance. At national level the relevant Ministries produce their expenditure plans independently of the expenditure plans of other programmes.

In practice this leads to demarcation rather than coordination, with the authority to fund different priorities being distributed between the relevant departments. For example, while ‘quality of life’ is a strategic axis within the EAFRD, Andalusia has only allocated 1.5% (€29 million) to this measure, leaving the ERDF to fund many of the actions relating to this priority, together with the ESF which also funds related human capital measures.

The Rural Development Plan (RDP), produced in response to the EU’s strategic guidelines, only relates to the EAFRD, with 90% of the funding targeted on Axis 1 and 2, namely competitiveness of agriculture and improvement in the environment and countryside. In relation to Axis 3 (quality of life and diversification) Andalusia’s programme highlights the following - encouraging the integration of women into the labour market, restoring the life and identity of villages, and promoting craftworks activities and SME’s – but less than 2% of the EAFRD budget is actually allocated to these objectives.

Since Andalusia is an Objective 1 region, it is eligible for a high level of funding from the ERDF, which accounts for 50% of EU funding for the Region. CAP money accounts for a little over 40% (of which approximately two-thirds is in the form of EAGF funding, and one-third EAFRD) with the ESF and the European Fisheries Fund (EEF) accounting for the remaining 10%. EU funds thereby contribute approximately 10% of the Regional Government’s annual budget for the 2007-2013 period.

ERDF funding, meanwhile, contributes importantly to Andalusia’s basic transport, environmental and business unit infrastructure, with approximately half of this expenditure made in rural areas (mountainous areas, areas with low population density, and ‘other’ rural areas), making it the most important EU fund for rural areas in the region.

Andalusia does not have specific arrangements in place for coordinating the use of different EU funds at regional level. Each Operational Programme includes a section on ‘complementarity with other funds’ but this merely indicates what types of actions the other funds are expected to support.

Moreover, in terms of delivering the funds, each programme has its own rules and administrative procedures. Indeed, the lack of institutional coordination of different EU funds was one of the main important conclusions that the NERA report drew, thereby advocating a more integrated approach to rural development activities.
At local level, again, there is little institutional coordination concerning the use of different funds. A number of different agencies and associations either deliver funding or process applications for funding (local agricultural offices; local entrepreneurship offices; local employment offices; territorial units for employment and local & technological development; Leader LAG). However, no institutional arrangements exist for these bodies to coordinate their work.

The Leader LAGs are the only local bodies that go beyond sector divisions in their institutional make-up, as their boards and selection bodies must reflect the different interest groups present in the territory. In some cases they handle – and therefore coordinate – two or more sources of public funding.

In terms of support for project development, access to the different structural funds is relatively complex, with no one-stop shop system in place. Much of the funding through the ERDF is managed by an agency - IDEA (Innovation and Development Agency of Andalusia). Moreover, many of the large public works financed by the ERDF are contracted by the Regional Government through specific calls for tenders (Regional Ministry of Economy, Innovation and Science).

Most of ESF money is managed by the Regional Ministry for Employment (although IDEA also handles some ESF money and some Leader groups can also lever in ESF money). The EAFRD is managed by the Regional Ministry of Agriculture, with some 11% going through the Leader LAGs.

At a local level, an array of different structures exist - some offering advice, some offering funding. The nearest equivalent to a one-stop shop for rural development are the Leader LAGs which deliver funds from EAFRD and sometimes from ESF and other public (regional and provincial) budgets. However they cannot currently leverage in ERDF money, and therefore focus on the local animation and mobilisation of actors with respect to such projects.

For smaller scale projects eligible for ERDF money, Leader LAGs can direct promoters towards the local entrepreneurship offices (CADE) which provide support and advice on project applications which will then be submitted to IDEA. The territorial units for employment and local & technological development (UTEDLTs) also provide information on ERDF and ESF but, again, do not manage the funds.

Administrative arrangements for accessing funds via Leader LAGs are generally viewed as satisfactory, or positive, thanks to the presence of a local office with staff who are pro-active in communicating funding options and encouraging
projects. However the funding available through the Leader LAGs is relatively small scale and largely limited to the EAFRD.

Although, generally speaking a good level of information is provided on the various funds available, the lack of coordination and the duplication between the different local agencies sometimes gives rise to a certain amount of confusion. Moreover, project promoters are commonly concerned by the excessive bureaucracy involved in applying for EU funds.

None of the persons interviewed claimed to have suffered delays in payments – although it is clear that project promoters generally need to have good liquidity in order to access EU structural funds as payments are generally only transferred after implementing the project.

As there is no overall coordination, the policy concerns depend on who you ask and at what level they are operating. Leader LAGs through the NERA process, for example, have provided an important voice for local interests in rural areas although this has yet to materialise in mainstream policy.

Many of the actors involved in the Leader LAGs feel that farming groups have too much influence in terms of the overall budget of the RDP. However, this is not shared by those members of the Regional Ministry for Agriculture in charge of such measures. In general, there is quite good access to public support for SMEs but this does not overcome the problem of lack of markets and low levels of entrepreneurial skills and tight credit.

In terms of the amount of funds allocated for this period, the LAGs contacted all agreed that the amount of funding for the period was ‘adequate’, although this may have been related to earlier delays in approvals. At the same time there was concern that the high demand of funds for projects carried out by the public authorities would consume an excessively large part of the available budgets.

In terms of implementation problems or difficulties, all the LAGs mentioned the excess of bureaucracy as the main challenge. In this respect, they underlined that certain requirements were unnecessary or impossible to fulfil, while others complained of the lack of coordination between the local, regional and national public administrations, especially when it comes to certifying the projects.

In terms of future EU policy, debates at national level on the EU 2020 strategy and its integration into rural development policy are taking place, but these are still in an initial phase. In terms of the coordination of EU funds, discussions are ongoing and opinions vary as to whether it would be beneficial or not to integrate all funds under one strategic framework or to keep them separated as is
the case currently. No decisions have been made yet, but they will depend largely on proposals made at the European level for the next period, and will no doubt be shaped by the Common Strategic Framework and the Development and Investment Contracts currently being discussed at EU level.

The New Spanish Law for the Sustainable Development of Rural Areas, which is currently being rolled out, presents an opportunity to deal with the issues of coordination of different funds and providing a more integrated approach to planning rural development.

Under this law, rural areas have to be classified into three categories: rural areas in need of re-generation, intermediate areas, and peripheral-urban areas. For each of these areas, an integrated territorial plan must be drawn up covering policy areas such as economic and employment activities; infrastructure and equipment; services and social wellbeing; and environment. The law refers specifically, for example, to territorial planning policies, transport and communications, education and health.

Andalusia is currently developing the first territorial plans. The territories are larger than Leader areas (generally they cover 2-3 Leader groups) and a range of stakeholders are involved in developing the plans including the Leader groups themselves, town halls, inter-municipal bodies and provincial delegations.

It remains to be seen how the governance structures for implementing these plans will work and if enough money will be made available to ensure they fulfil their potential. In an initial phase, €0.9 billion of “fresh” money has been made available nationally (down from the original agreement to put aside €3 billion), but difficulty remains in convincing other government departments to also contribute funds to this broader type of rural development.

However, it will mean that, for the first time, there will be a planning exercise around investments in rural areas that take into consideration all plans in the area which affect rural development and that is not restricted to measures eligible under the EAFRD. Although the plans will be limited in their scope for financing rural development measures, the process is obliging different actors to come together and providing an institutional mechanism for at least coordinating the work of the respective parties involved. In the future, it is possible that this can provide a basis for better coordination – and possibly integrated planning – of the different EU structural funds.

This case study highlights two interesting initiatives that might be seen as ‘good practice examples’ with respect to a more integrated approach to rural development:
The first is the New Rural Strategy for Andalusia (NERA) initiative led by Andalusia’s Ministry for Agriculture and Fisheries. The document offers a comprehensive overview of rural development needs and priorities, developed after a broad consultation process with rural stakeholders at local, county and provincial level. It remains to be seen whether the results of this work will find their way into a more integrated approach to funding in future periods.

Secondly, the 2007 Spanish Law for Sustainable Rural Development attempts to put in place a system for coordinating, at very local (approx NUTS4) level, all major policies that affect rural areas from territorial planning, transport and communications to education and health. The law is still being implemented, and does not yet provide a framework for the joint planning of EU Structural Funds. However it is already providing a platform for different rural stakeholders to meet and discuss their plans, and represents a fundamental step forward if rural areas in Spain are to move towards a more integrated system for planning and funding rural development in the future.
4.4 Summary of case study evidence at NUTS2 and NUTS3 level

Given the complex structure and scale of these research reports, it is not possible to make precise and detailed comparisons between their findings on different issues. However, the available research findings tend to confirm the following points:

- The contribution of the agriculture sector to the local economy is understated by conventional measures of economic activity in agriculture – share of GDP and regional employment;
- The diversity between regions makes it difficult to find simply typologies that ‘capture’ the characteristics of different contexts;
- Developments in rural areas can be erratic, unpredictable and uneven over time;
- The resources and endowments of the regions – land quality, landscape etc – largely determine economic potential and diversification options;
- The quality of the available human capital (technical and managerial skills, and entrepreneurial capacity) is very important for development, although few studies indicate how exactly this aspect can most usefully be supported;
- The importance of institutional services although, again, precise indications concerning the relative benefits of alternative arrangements are generally lacking;
- The extent to which legal and legislative issues – environmental standards, planning legislation etc – can be major issues when developing rural projects;
- Conflicts over land use tend to be strongest in regions where successful agricultural areas are adjacent to urban ones;
- The extent of farm closures that can be foreseen over the coming decade, and which need to be reflected in social as well as economic planning;
- Any diversification within agriculture is largely associated with the development of niche markets and local brands;
- The lack of realistic opportunities for diversification in areas facing general economic and social decline and still significantly dependent on semi-subsistence agriculture;
- The changing nature of the relationship between farms, farmers and their economic surroundings, both local and further afield, in the more prosperous rural areas.
From a policy perspective the research indicates:

- There is a need for the EU level to provide more information support to national and regional levels and to simplify procedures for applying for EU support;
- The use of EAFRD, ERDF and ESF in a complementary way at the policy implementation level, appears to be guided by a focus on demarcation rather than integrated actions;
- At the regional and local level, the focus seems to be mostly on projects rather than programmes;
- The institutional arrangements in place in Member States are highly varied, and there is an urgent need to develop more democratic and effective structures, notably in some NMSs.

The ENRD studies also underline points overlooked in most other studies:

- The economic diversity between areas within regions can be considerable, which affects the way regions address their concerns, and the way policy interventions can best be targeted;
- The importance of the quantitative economic links between agriculture and other sectors as explored through input-output analyses at NUTS3 level.

The empirical ESoF report addresses the issue of human resources in some depth, and indicates the importance of business and entrepreneurial capacity in rural areas. It draws an important distinction between professional and managerial skills, on the one hand, and more entrepreneurial – opportunistic, strategic and networking – skills, on the other.

In terms of EU policy, these reports together provide some additional insights into obstacles and opportunities:

- The potential benefits of harmonising Structural Fund rules in order to ensure effective co-operation in practice – with ESF rules seen as more flexible than ERDF rules;
- National procedures can be a more serious obstacle to accessing EU funds than difficulties with the EU system itself;
- Evaluation processes tend to measure whether the money has been spent ‘correctly’ rather than its overall economic and social impact;
- In several Member States and regions, conflicts about ‘ownership’ of rural development policy inhibit the development of a pro-active and inclusive approach to addressing the diverse needs of localities and their people.

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37 [www.norden.org](http://www.norden.org)
5. EU cohesion policy and rural development is it fit for purpose?

Cohesion policy aims to promote upward convergence in the EU by helping to reduce disparities in living standards.

In the words of the European Commission38, ‘it encompasses not just the economic development of lagging regions and support for vulnerable social groups, but also environmental sustainability and respect for the territorial and cultural features of different parts of the EU. This breadth of vision is reflected in the variety of programmes, projects and partners that are supported under the policy’.

Rural development support through CAP II is seen by the DG AGRI as having moved on from being a policy of structural adjustment for the agricultural sector to becoming an integrated policy for the sustainable development of rural areas more generally.

In practice, however, the enormous diversity of situations across EU regions, and the significant differences in structures, systems and efficiency of governance at national level, has meant that control over policy and its execution is left largely in the hands of the individual Member States and their regions.

From some perspectives, this may be welcomed – notably by those who see all politics as essentially local – and it undoubtedly creates opportunities for imaginative and innovative actions where the circumstances are right. However, it also presents challenges and risks that can result in policy failures where there are no mechanisms for developing a coherent policy around the varied and often divergent interests of different national Ministries, and where the administrative structures and expertise to implement such a policy are, anyway, inadequate.

38 Investing in Europe’s future: Fifth report on economic, social and territorial cohesion, November 2010 p15
5.1 The history of integrated rural development policy

This is not the occasion to trace the entire history of the notion of an ‘integrated’ rural development policy at EU level. However, as an article published in EuroChoices back in 2004 indicates, there appears to have been a progressive decline in the use of the terminology since the days of the Integrated Mediterranean Programmes in 1985 - which covered Greece, the south of France, and parts of central and southern Italy, and which involved multi-year programming and joint involvement of the three main EU Structural Funds of the period: the ERDF, the ESF and the Guidance Section of the European Agricultural Guarantee and Guidance Fund (EAGGF).

As the authors document, a Commission’s discussion paper ‘The future of rural society’ had paid particular attention to the needs of local areas, leading to specific funding for ‘problem’ rural areas (Objective 1 and 5b regions), including the ‘bottom up’ approach of LEADER. This approach was also reflected in the 1996 Cork Declaration and the influential CARPE (Towards a Common Agricultural and Rural Policy for Europe) report of 1997.

However, while the systems of support for rural areas in the subsequent Rural Development Regulation required Rural Development Plans (RDPs) to be produced for the programming period 2000-2006, the Regulation did not provide any particular guidelines or procedures for ensuring that such an ‘integration’ of funds would actually take place.

Subsequently, mentions of ‘integration’ have become few and far between - the 2003 agreement on CAP reform containing only a limited mention of the term, and the Conclusions of the European Conference on Rural Development in Salzburg in 2003 contained none at all.

As the ‘integration’ terminology fell into disuse, moreover, the emerging practice in most Member States was to create demarcation lines between the various funds in terms of projects and programmes that could be funded – with the EAGGF, for example, being unable to fund non-farm rural development projects. Such practices actively discouraged integration, which was already made difficult by practical obstacles such as inconsistent budgetary rules, different legal requirements and administrative procedures, different time scales, and so on, as specified in the respective regulations governing the operation of the different funds.

All of this served, in the words of the authors of the Eurochoice article to ‘reduce integration to limited and sometimes rather formal set of procedures designed to ensure ‘cross-checking’ of the rural impact of mainstream policies’.
5.2 Experience and evaluation from the 2000-2006 programme

That assessment is supported by the findings concerning rural areas in the evaluation report on the role of the ERDF during the 2000-2006 programming period\(^39\). Indeed, one pointer to the inherent problem is the fact that, despite work carried out on the determinants of territorial social and economic cohesion, the development of rural areas (as distinct from non-rural areas) was not a specific objective of the ERDF. In this situation, specifically rural tasks were essentially left to the EAGGF with the ERDF aiming to assist in the development of all problem regions (rural or otherwise), whether they were those that were seen as lagging behind (supported under Objective 1) or those experiencing specific difficulties (supported under Objective 2) whatever their characteristics.

Despite these organisational and policy difficulties, however, there has been growing policy concern with sustainability and territorial balance, and with the depopulation of many of the more sparsely populated parts of the EU. This has focused attention on the fortunes of rural areas and the problems they face, resulting in specific assessments within the ERDF evaluation exercise and report.

As always, one of the initial problems facing the evaluators concerned the identification of rural areas. As with the research case studies referenced above, the main focus was on NUTS3 level – the lowest level for which comparable data is available – even though many rural locations may be much smaller (in terms of population coverage) than NUTS3.

In this the evaluators noted that OECD-style categorisations did not necessarily correspond with what administrative authorities across the EU regarded as rural areas. Indeed they found that policy towards rural areas at national or regional level was often targeted on regional areas that were defined on somewhat different criteria.

For these various reasons, policy towards rural areas in this period was seen to differ greatly across the EU, even though there was generally a common objective of seeking to maintain populations and economic activities in the areas concerned. In some countries, such as Germany or Spain, such a policy was seen, to a large extent, as being coincident with supporting agriculture. In others, such as Sweden or France, a broader perspective was taken, but still without a

\(^{39}\) Ex-Post evaluation of Cohesion Policy Programmes 2000-06 co-financed by the ERDF (Objective 1 &2), WP9: Rural Development
specific focus on rural areas as such. Rather the concern appeared to be with the development of regions that just happened to be rural – a line that the ERDF sought to both maintain and contrast with the role and work of the EAGGF, which was seen to be predominantly concerned with assisting the agricultural sector and closely related activities.

Whatever the policy followed, however, there was at least an implicit recognition in most cases that development in rural areas was not the same as development in more urban areas, and that it was important to preserve the rural nature of the area concerned when formulating policy. A further point to note was that the maintenance of population in rural areas did not necessarily imply a need to stimulate economic development there, but rather to ensure that the people in the areas concerned had sufficient income to be able to live there – which could be achieved in a variety of ways, including commuting.

In view of this, a distinction was made between rural areas that were reasonably close to a sizeable town or city, and those that were further away – a factor that was seen from the ERDF perspective to determine to a considerable extent their development prospects, their ability to retain population, and their need for an independent economic strategy.

In financial terms, the evaluation report notes that around 27% of total ERDF support under Objective 1 in the EU15 (around EUR 25 billion) went to rural areas over the 2000-2006 period. Moreover, there was a relative concentration of financing in rural areas within Objective 1 regions in the EU15, especially in those remote from a city, which tended to be peripheral. The amount of funding per head of population in these areas was around 40% larger than in other areas in Objective 1 regions. This relative concentration was evident in nearly all EU15 countries, especially in Finland and Sweden, but not in the case of Italy or the UK.

In the EU10, only in Hungary was funding per head significantly greater in remote rural areas than in other types of areas. In Poland, Latvia and Lithuania, funding per head was smaller than elsewhere. Taking account of areas close to a city as well, funding per head was also relatively large in rural areas in Slovakia, Slovenia, the Czech Republic as well as Hungary. In Poland, Latvia and Lithuania, it remained smaller than in other regions.

In terms of Objective 2 funding, some 21% (around EUR 4.6 billion) went to rural areas in the EU15 countries. As with Objective 1 regions, this was significantly more than their share of population – well over twice the rate in the case of remote rural areas, and around 1.6 times as much in rural areas that were closer to a city.
In terms of the pattern of expenditure, the division of funding between policy areas in rural parts of Objective 1 regions differed markedly across countries in the EU15. Moreover, there was no systematic difference in the division of funding between rural areas and others. In Greece, Spain and Ireland, a relatively large share went on improving transport networks while, in Finland and Sweden, the focus was on enterprise support. In other countries there was a more even distribution across policy areas. However, very little of the ERDF was spent directly on the development of rural areas as such (under 2% of total funding) in any region.

Much the same was the case in the EU10 Member States, with the division of funding in rural areas broadly reflecting that in other parts of the country. Overall, in both the EU15 and EU10, Objective 1 funding was deployed in different ways in rural areas across Member States, suggesting that rural development strategies were in place, but indicating also that these strategies were national rather than EU-wide.

The extent of differences across countries in the division of Objective 2 funding in rural areas was equally wide. Nevertheless, there were more common features than in Objective 1 regions, with more spending on environmental infrastructure and tourism in rural areas than elsewhere. The share of funding going to enterprise support, however, varied across countries, being relatively large in France, the Netherlands, Finland, Sweden and the UK, but not in Germany, Italy, Austria or Spain.

In both Objective 1 and Objective 2 regions, enterprise support accounted for a larger share of funding in remote rural areas than in those close to a city, so that there was more emphasis put on the development of economic activity in the former than the latter, where the nearby city might be a source of income and jobs.

This relatively dispersed nature of the financial support provided by the ERDF in rural areas contrasted with the concentration of the EAGGF on agriculture in such areas.

The case studies carried out as part of the evaluation, together with the detailed examination of the expenditure financed by the ERDF, suggested that the relatively large amount of support for investment in transport – especially the case in Greece, Spain and Ireland – mainly went on improving the rural road network and linkages between towns in the areas as well as with towns and cities in neighbouring regions. This led to increased accessibility, and helped make it easier for people to live in rural areas and work elsewhere, or to take advantage of the amenities in larger cities. Equally, the investment in
improvements in water supply and wastewater treatment helped to improve living conditions in the areas concerned.

These actions were judged positively in terms of contributing to the achievement of more balanced territorial development, as well as strengthened social cohesion, whatever their positive effects on economic performance. These arguments were seen to apply as well to the more modest support given to local communities and projects over the period, such as:

- The rehabilitation of rural villages in a number of areas across the EU;
- The restoration of historical buildings and monuments in rural towns in Italy co-financed under both Objective 1 and Objective 2;
- Support for social infrastructure in rural areas in Portugal, in particular, and to a lesser extent in Greece, and support for social infrastructure in the form, for example, of childcare centres and catering facilities in the Centre region of France;
- Support for social infrastructure in rural areas of the EU10 countries, especially Estonia, where over 40% of the ERDF in remote rural areas was allocated to this, but also in Lithuania, where the proportion was over 20%, and Poland, where the figure was smaller (just over 9%) but still significantly larger than in more urban areas.
5.3 Policy issues arising from the 2000-2006 evaluation

The report demonstrated that the ERDF support for investments in rural areas did serve to improve living standards and the quality of life in the local areas concerned, which in turn should have contributed to strengthening social cohesion as well as territorial balance by encouraging people to live in such areas.

However, it also raised a broader question concerning the role of regional authorities across the EU with regard to the design and implementation of cohesion policy given that, in many countries, such authorities were essentially administrative arms of central government i.e. bodies reflecting ‘top down’ views rather than ‘bottom up’ ones from local communities.

Moreover, the policy emphasis was essentially on enabling all regions to develop their economic potential, even if economic development was not necessarily a particularly appropriate aim for all regions (and even less for all areas within regions). Indeed, many forms of development might well be considered as inconsistent with other goals, such as preserving the natural assets of a region.

This need not necessarily result in continued depopulation so long as there was a sustainable source of income for the people concerned as argued in cases analysed in the study in the Sachsen region of Germany and the Świętokrzyskie region of Poland.

In terms of regional or local level co-ordination, the evaluation suggested that there was a reasonable degree of so-called ‘coordination’ between the ERDF activities and those of the EAGGF and ESF. However this could hardly have been a highly integrated strategic approach given the focus of the EAGGF on supporting the agricultural sector and closely related activities, and that of the ESF on supporting education and training which, for the most part, passes through entirely separate, and generally nationally managed, channels.

Moreover, as the evaluation report noted, the fact that the ERDF was primarily focused on restructuring - which implied diversification of activities away from agriculture - while the EAGGF was, at least in part, seeking to increase the competitiveness of the sector alongside its other goals – improving quality of life and farm diversification - suggests that the two Funds may not have shared the same strategic vision of development.
5.4 Policy demarcation in the 2007-2013 period

No comprehensive evaluations have taken place with regard to the use of EU funds in the current programming period, still less on the central issue of cohesion and integration. However, the extensive case study evidence indicated above, together with the more general findings of research projects undertaken recently, suggests that the pattern of separate, rather than integrated, use of EU funds in rural areas that evolved during the previous period seems to have continued in the current programming period, especially at the regional/local level. This is despite the more explicit policy role assigned to the EAGGF replacement – the EARDF.

What appears to have happened is that most national authorities have progressively pulled back from trying to use EU funds in order to deliver synergy, and settled for establishing lines of (generally compulsory) demarcation, with the use of different funds restricted to their specific area of competence (distinguishing particularly between agriculture and non-agricultural activities).

Moreover, when different funds are required to operate alongside one another, their contributions are demarcated on the basis of criteria such as the size of project they will support and the type of assistance they offer, with the overriding objective seeming to be to avoid any risk of double-funding.

Administrations at all levels seem to be happy to ring-fence their operations through demarcation rules, and to relate primarily to bodies with similar interests and competence, with Ministries responsible for particular sectors, for small businesses, for ICT or whatever else, finding it much easier to relate to their regional and even local counterparts rather than to coordinate horizontally with departments responsible for the use of other EU funds.

The precise consequences of this compartmentalisation of policy and finance depend, however, on the quality and performance of the organisational arrangements at Member State level, which vary enormously, ranging from reasonably effective to seriously inadequate. Unfortunately, evidence suggests that those countries and regions that most need comprehensive support tend to be those that have the most centralised, complex and non-transparent systems, with limited co-ordination and little openness to those clients who need help most (local groups, SMEs etc) – perpetuating, even worsening, social division rather than creating cohesion.

In the more developed rural regions of the more developed Member States, such administrative weakness or obstruction are clearly irritating to local project
developers who have to make extra efforts in order to achieve their ends, as can be seen in the case studies of local regions. However, when this happens in countries and regions facing major economic and social challenges which need to be addressed with significant resource inputs for some considerable time, the consequences are far more serious. Thus, more pressure needs to be brought by the appropriate EU authorities on the Member States concerned in order to ensure that EU funds are deployed in a coherent way, using appropriate EU-level standards of managerial and administrative governance.

This is not to question the fact that the ERDF provides significant support for long-run development, particularly in terms of infrastructure across a range of areas, not the fact that the EAFRD provides valuable support for a range of smaller scale rural development projects, and has helped develop a much more positive and pro-active approach to managing change in many agricultural communities.

The problem is that the results are clearly sub-optimal, with investment actions seemingly poorly related to specific local needs, which is probably not surprising given that ERDF support is generally executed with the minimum involvement of local populations (specifically excluded in some Member States), and that the balance of EAFRD expenditure (up to 80%, in the view of some researchers) is skewed towards actions that directly or indirectly provide income support for ageing farmers operating in difficult or unfavourable conditions, rather than pursuing more strategic longer-term rural development objectives.

In this context, case studies of interventions in areas and projects receiving EAFRD support suggest that the funding rules offer a high degree of flexibility, with different measures under different axes being used to support similar objectives, alongside different measures, or different objectives pursued with similar measures, across different regions and Member States. This may be attractive, from one perspective, but it also suggests that the strategic framework that is supposed to exist for the rural areas of the Member States and regions is, plays only a marginal role in reality.
5.5 LEADER: forwards or backwards?

Moreover, as suggested by interviewees in the case studies, the ‘mainstreaming’ of the ‘bottom-up’, locally-led LEADER approach to local development within the EAFRD has not resulted (at least in terms of fund utilization) in the success envisaged.

Although there are now more LAGS in existence than in the period when Leader+ was only a Community Initiative, LEADER proposals are now much more likely to be subject to the kinds of bureaucratic management controls that may be appropriate, even necessary, when dealing with many large businesses, but which effectively stifle initiative and drive away smaller, less well funded, proposals. Hence, without of course neglecting the side-effects of the recent economic crisis, while LEADER projects have been provisionally allocated some 6% of EAFRD funding, the evidence appears to be that only 10% of that has been taken up so far – in other words, LEADER current represents only around 1% of the EAFRD budget.
6. Implications of the current experience for future policy

Today, the desire for more of a common rural development policy in the EU is seen as justified in terms of the over-riding objective of increasing economic and social cohesion, but also because of its relevant to such common concerns as climate change and environmental sustainability, as well as cross-border issues such as pollution and health standards.

However, the fact that the EU’s officially declared policy on rural development is only related to issues that can be addressed through EAFRD, and that the responsibility for ensuring that other EU Funds are associated with it has been largely left to national authorities, has had a number of significant consequences.

Most important, what actually happens in the rural regions of the EU in terms of ensuring integration and synergy in the use of funds depends essentially on the capacity and commitment of Member State systems of government and administrations, including whatever regional and local structures are in place.

The fact that the overall distribution and coordination of EU and national funds for rural development is usually the responsibility of the Finance Ministry provides some confidence about the security and use of the funds, but it does not guarantee the integration of policy objectives and measures.

Given the growing awareness of the diversity of rural areas – especially after the enlargements to the new’ Member States – and well as the enormous differences in their capacity to deliver policies and programmes effectively, it is probably not surprising that the goal of ‘integration’ has been set aside. However, the challenges remain on the ground.

In that respect it is encouraging that policy documents such as the Cohesion report underline that ‘involving regional and local communities can improve policies’ and notes that ‘evaluation evidence has demonstrated that the active participation of people and organisations in projects at regional and local level, from the design to the implementation stage, is a crucial success factor and one of the key sources of added value of Cohesion Policy’.

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40 P 15 5th Cohesion report op cit
However, the reality is that the experiences of local groups and interests in seeking to be involved in this way are very mixed, and there appears little evidence that any real progress has been made in the first three years of the current programming period in terms of ensuring appropriate co-operation and co-ordination between the Structural Funds (notably the ERDF and ESF) and the EAFRD.

At the moment the Commission offers some self-criticism about technical arrangements\(^{41}\) for example that there has been an over-reliance on grants to enterprises and that a more balanced mix is needed, including loans and venture capital, as well as more indirect measures – advice and guidance and support for networking and clustering, and it is working with the European Investment Bank (EIB) to this end.

In this respect the report also notes that ‘cohesion policy investment in motorways and roads in the less developed parts of the EU-15s over many years means that the job is now largely done’ and that ‘investment should shift towards more environmentally-friendly models of transport (notably rail and urban transport systems)’ while noting that ‘in the EU-12 the need to improve all transport links remains a priority’.

However, there appears to be little awareness of the core failings of co-ordination and delivery at national and regional level and the need for a more targeted and co-ordinated policy approach, which pulls together the various narrow policy interests and links them to the needs of different types of rural area.

\(^{41}\) P15 5\(^{th}\) Cohesion report op cit
7. Reconciling different perspectives on rural development needs and departmental competences

At EU level there appear to be competing interests for overall responsibility for rural development policy, reflecting different and relatively narrow perspectives, expertise and competence, which is not what the problems and challenges appear to need.

Unfortunately, as the time for decision about the nature and scope of policy interventions in rural areas post-2013 approaches, the gap between different viewpoints may have widened rather than narrowed.

7.1 Cohesion policy supporting rural areas October 2009

A major Inforegio seminar in October 2009 on Cohesion policy supporting rural areas provided the opportunity to seriously debate how to strengthen policy interventions to better achieve ‘coherence and coordination between the EU instruments supporting rural areas’.

In his opening remarks the Director-General for Regional Policy, Dirk Ahner, set a positive tone, stating that:

‘Everybody acknowledges today that the diversification of economic activities and the improvement of the quality of life in rural area - known as ‘wider rural development’ - is clearly a responsibility shared between EU rural development policy and cohesion policy.

In terms of budget, the effort of cohesion policy in rural areas is far from insignificant. According to estimates, the flows from the Structural Funds in favour of rural areas have doubled from €34 Bn (2000-06) to €71 Bn (2007-2013) while funds allocated by the CAP’s 2nd pillar progressed by half, from €62 Bn to €91 Bn. This means that at least 20% of the cohesion policy budget goes to rural areas.

If we only consider the support to rural development per se outside the agricultural sector, the CAP support is €17 Bn, corresponding to Axis 3 and

Axis 4 of EARDF. In comparison, the funding from cohesion policy appears quite substantial.

A number of key challenges faced by rural areas certainly justify the role of cohesion policy as a complement to rural development policy. This huge diversity of situations has two consequences for our reflection: - the idea of developing a more place-based approach in our policies; - the interest of developing typologies, not of course for the allocation of funds but for a better understanding and characterisation of the complexity of ‘rurality’.

This included an examination of what the key fields of intervention of cohesion policy are, complementing the actions supported by EAFRD, in rural areas: such as ensuring a minimum access to services of general interest, for example with respect to transport infrastructures in particular and to ICT networks, or such as supporting the endogenous capacity and economic regeneration of rural areas (SMEs, business, including tourism).

The shared responsibility for the diversification of economic activities and improvement of the quality of life in rural areas between cohesion policy and rural development policy clearly imposes that we have a coordinated approach. That is why our Community Strategic Guidelines, which guide these EU policies, underline that ‘the Member States should ensure coherence and synergy between actions to be financed by various funds (ERDF, ESF and EAFRD) on a given territory and in a given field of activity’.

A second and related question is: Should cohesion policy help regions to put together a more integrated territorial approach, in order to ensure a better fostering of interactions between rural and urban areas or to promote an increased role for small and medium sized towns? This type of issue formed part of the debate on the Green Paper on territorial cohesion published last October.

And we should of course, exchange ideas on the best way to ensure policy coordination the future with the following question: How to better harmonize rules and approaches in programming and implementation, so as to achieve stronger coherence between policies and between Funds’.
Subsequent sessions illustrated the issues.

This included contrasting examples of ‘coordination’ from the Mecklenburg-Vorpommern region of Germany where there is:

- a single managing authority for all 3 programmes (ERDF, ESF and EAFRD);
- a common regional monitoring committee;
- a common monitoring system.

and the Kujawsko-Pomorskie region of Poland which relies on:

- extensive joint representation in Coordinating Committees and in working groups;
- The Ministry of Regional Development developed a detailed list which demarcates the types of intervention to be co-financed by the different EU Funds.

This was followed by a presentation of a possible ‘new’ approach from the authors of the ESPON Project EDORA (funded by REGIO), which questioned the traditional classification of rural areas and claimed that:

Rural areas do not function separately from adjacent urban areas – they are connected by a dense web of interactions. The smallest practicable data units are NUTS 3(2), most of these contain sizable towns/cities. It was also claimed that ‘Agrarian” and “Consumption Countryside” regions cover about 45% of the total area of the EU27, but only 19% of the population and 12% of the GDP. By contrast the diversified regions cover almost 50% of the area, 37% of the population and 32% of GDP.

After some case studies from Italy, Poland and France, the OECD representative presented some challenging messages regarding rural development and the ‘New Rural Paradigm’ principles:

- Investment based approach;
- All regions have growth potential;
- Bottom-up process;
- Variety of sectors.

In these terms cohesion policy is seen to have a strong focus on improving the economic well-being of people in those sub-national administrative regions which are furthest from the EU average in terms of GDP per person. As such it is also a response to the adverse distributional consequences of enlargement and the shift to a more globalized economy.
In the viewpoint, ‘the bottom-up process is key – people have to build local trust and local social capital. There are capital gaps, but more commonly there are idea gaps and entrepreneurship gaps’. Moreover, ‘not all rural places will be successful, but some rural regions can grow faster than most urban regions. Average income in rural areas is rarely as high as in urban areas because the occupational composition does not include as many high skill jobs’.

‘From a policy perspective, coherence policy is mainly about bonding to the EU, but for rural development we need bonding at the locality or functional region. Coherence policy seems focused on per capita GDP and convergence, but many rural areas are specialized in lower value, but necessary, functions. Social cohesion may be a prerequisite for stronger economic cooperation’. With a final message that ‘Coherence policy is an inherently top down process, but rural development is bottom-up’.

In terms of how to organise better coherence and coordination, two viewpoints followed:

One, based on the experience of the RUDI project (on rural development impacts) Janet Dwyer emphasised that

- Coherence involved pursuing shared overarching strategies and objectives, working well with each other, avoiding conflict, overlap, confusion or duplication;
- Co-ordination covered the processes that should ensure coherence in such issues as policy design, targeting, implementation, control, monitoring and evaluation;

while distinguishing between:

- Vertical relationships – between different layers in the policy hierarchy: EU, Member State, Region, sub-regional bodies;
- Horizontal relationships – between different institutions / actors / funding sources at the same level within the policy hierarchy: e.g. EAFRD with ERDF and ESF, and national funds for RD.

This called for common understanding of complementary goals and roles (and NOT just an exercise in demarcation) as well as joint planning processes, integrated visions/strategies, mutually-agreed areas of competence and so on.
Examples of effective horizontal co-operation were given in terms of:

- Joint strategies and framework for EU and national funds, Italy;
- Regional Implementation Plans, England;
- Joint task groups and committees, Germany.

Examples of effective vertical cooperation were given in terms of:

- Contractual agreements between layers: CPER in France, RGC in Sweden;
- Co-owned monitoring and reporting – Wales;
- Delegated agency models – expertise and more local presence (many countries);

Particular praise was given to:

- Local Action’ former LAGs in Ireland: single institutions delivering several funds (EAFRD axis 4, national social schemes) within an overarching National Plan;
- Regional Development Agencies in England: combining funds from different EU and national ‘pots’, work with a range of sub-regional partners (LAGs, Local authorities, enterprise groups);

The study also pointed to some uncomfortable truths about current realities:

- The fact that the varied sectoral interests of Commission Directorate-Generals (agriculture, the economy, the environment, employment) raised issues about ‘ownership’ of policy;
- One programme, one fund would, on the other hand, provide top-down clarity but create major challenges in terms of coherence at lower levels, especially in new Member States, the poorest regions, those with decentralised systems;
- New emphasis upon controls, monitoring and evaluation may create counter-incentives for those at the bottom of the implementation hierarchy.

One possibility might be if higher level authorities accepted more readily collaborative or integrated structures and processes at local level.

Others might include joint ‘streamlined’ planning by different funders, with one National Strategic Framework for all Funds, with common visions and objectives; a common definition of rural areas for planning purposes; more common implementing rules and procedures; common monitoring and evaluation processes and methods; openness to new organisational models and
concepts from commerce and the NGO sector, with a commitment to ongoing learning and adaptation.

In contrast to this local, empirical-based, approach came a more conceptual, top-down view by Professor Van Depoele - referring back to territorial approaches that had been highlighted in conferences in Cork (1996) and Salzburg (2003) – in which he suggested that the roles of different policy instruments and funding sources had been blurred by their integration into Pillar II of the CAP in order to ‘encourage farmers to be stewards of the countryside’.

His analysis suggested that the first pillar of the CAP was mainly concerned with ‘ensuring a stainable food chain’ while the second pillar of the CAP (with its 4 axes) has two components: a sectoral function (axes 1 and 2), and a territorial function (axes 3 and 4).

The consequent policy proposal made by Professor Van Depoele was that the sectoral function should remain part of the CAP, with the 2 axes considered as ‘accompanying measures’, while the territorial functions should become part of the cohesion policy, which should not be limited to ‘poor’ areas but to rural people, but taking account of a ‘new rural–urban relationship’.
7.2 Fifth Cohesion Forum early 2011

The subsequent Fifth Cohesion Forum held in early 2011 was mainly focused on the contribution of cohesion policy to Europe 2020 but did, at time, address some rural issues. The Forum constituted the closure of the public consultation on the policy proposals of the Fifth Report on Economic, Social and Territorial cohesion which was adopted by the Commission in November 2010.

The session on the Territorial dimension provided an opportunity for Jan Figel, ex-European Commissioner and now Deputy PM and responsible for Transport, Construction and Regional development in the Slovak Republic to pronounce that “I am convinced that it is crucial to strengthen the territorial approach as a complementary one to the sectoral approach and to develop the mechanisms to address urban-rural linkages. For the future it is necessary to improve the multi-level management and the coordination between policies, to ensure the reduction of regional disparities and intra-regional disparities and most importantly to make better use of the development potential of the territory, focusing on the integrated place-based approach.

To be able to fully exploit the potential of every region, every Member State, the integrated framework for interventions is essential. Therefore, we should think about how to increase the integration of the European Social Fund and the European Regional Development Fund for our future programmes, also for the purpose of better addressing issues, such as social inclusion of marginalized communities. The road taken in this programming period when we separated the Rural Development Fund from the Cohesion Policy Funds has taught us the lesson of a less efficient and more complicated approach to the development of territories. It is in our common interest not to repeat the same mistake, I would say”.

Less abrasive observations on how best to achieve economic, social and territorial cohesion were made on behalf of the German Federal Government and the Länder by State Secretary in the Federal Ministry of Economics, Peter Hintze.

He welcomed the European Commission’s aim of using a common strategic framework to achieve better co-ordination between the Cohesion Fund, the European Fund for Regional Development, the European Social Fund, the European Agricultural Fund for Rural Development and the European Fisheries

http://ec.europa.eu/regional_policy/conferences/5thcohesionforum/programme_en.cfm?nmenu=2
http://ec.europa.eu/regional_policy/consultation/5cr/answers_en.cfm
Fund while indicating that the degree of specificity in this framework should not exceed that of the current strategic cohesion guidelines.

He also indicated that, in Germany, the co-ordination of the plans and programmes between regional, national and European level has worked well and that it would be necessary to see to what extent the development and investment partnership proposed by the European Commission can provide any added value to this. Here, the mechanisms must be shaped in such a way that they take account of the special features of federal Member States.

He also indicated that the regions must continue to be given sufficient scope in the context of cohesion policy in order to take account of special regional features and the medium-term to long-term developmental needs. The current system of programme design and implementation has proved its worth, particularly at regional level, and will need to be retained in future.

The dimension of territorial cohesion introduced in the Lisbon Treaty has always been an integral element of cohesion policy and should continue to be taken into account in the programme design. The urban dimension must be maintained in cohesion policy and given appropriate consideration, as must urban-rural relations, without the support for the rural areas being neglected.

There is an urgent need for simplifications in the administration of the assistance programmes, and especially in the field of financial management and financial control. The management and control systems set up since 2007 have basically proved their worth. For this reason, it would not make sense to subject the system to another fundamental overhaul, e.g. by introducing an additional accreditation body and annual accounts or by shifting tasks and responsibilities.

With regard to proposals on delivery systems, however, the Spanish Secretary-General of Budgets, Luis Espadas, indicated that Spain supports the idea of improving the current system. “When managing structural funds, all European Institutions must find the right balance between efficiency and flexibility in the implementation of the policy, and financial discipline. Simplification does not mean a loss of financial discipline, but a reduction in rules and regulation”.

However he added words of warning: “Proposals for the new system reflected on the current discussions are far from being simpler, more rational and more transparent. In particular, the idea of a development contract and the accreditation process seem new burdens rather than simpler processes

The proposal for the new Financial Regulation includes the annual accounts declaration, the independent auditing report and the reimbursement process
which mean additional bureaucratic costs and burdens to national and regional bodies. The value-added of these proposals, in terms of a more efficient policy management, are not clear. Additionally, new tasks increase the degree of uncertainty.

As legal certainty is a key element for all stakeholders, there is not a need for major changes in the current system. Management and control systems must be improved in order to increase efficiency. They must also be simplified. Proposals made during the simplification process have to be re-analyzed in order to bear in mind those ideas that meet these criteria of efficiency and simplification.

Spain considers that a certain degree of continuity may help in order to benefit from the accumulated experience and know-how. Implementing the current model can be considered a great progress if it is done in the light of basic principles of the rule of law: legal certainty, proportionality, and non-retroactivity (punishing and non-favourable measures should not have retroactive effects).”

Finally, Fintan Farrell, the Director of the European Anti-Poverty Network suggested that Cohesion Policy should see inequalities more as social issues than geographical ones while recognising that the concept of territorial cohesion provided an opportunity to build up a place-based approach involving local actors (among other social inclusion NGOs) in order to ensure the accessibility and affordability of public services throughout the EU.
8. Conclusions regarding future RD policy and support for rural development

Material produced from this study and other recent EU-funded projects has pointed out that significant deficiencies are associated with the coordination of different EU financing instruments which nevertheless (directly or indirectly) intervene in rural areas. This often results in a shortage of synergy amongst development efforts originating from different sources.

There is EU support of various kinds for rural areas, provided through the various funds (structural or otherwise), but at least at the local level, this does not seem to ‘result’ in a coherent policy framework.

While the EAFRD is clearly targeted on rural areas, a major beneficiary is (as with its predecessor fund) the agricultural sector, and co-operation with other Funds is rather limited in the field of policy delivery. In this light and especially in some types of rural area (e.g. well-diversified in terms of economic structures), to suggest that the activities that the EAFRD can support are central to rural development needs is not always very accurate. In such a framework, more emphasis by EAFRD on economic activities associated with ‘leisure’ and ‘tourism’, would be a positive step towards the utilisation of economic and social opportunities and challenges that such rural areas face.

In terms of institutional mechanisms at EU level, there are no obvious mechanisms for ensuring that ERDF and EAFRD policies are aligned in order to support rural development at the local level (i.e. the ‘end-user’ of such public intervention). Likewise, no positive mechanisms appear to be in place regarding the use of EU funds within the Members States. The main objective of the practices that are in place appears to be to avoid any risk of ‘double funding’.

This is partly done through the vetting of applications and the use of common data-base systems, but the main method used at national and regional level involves ‘demarcation’ rules designed to ensure that projects seeking support from the ERDF or the EAFRD will be differentiated in terms of such factors as the size and cost of the project, the type of project, the sector concerned, the relative size and isolation of the territory concerned, and so on.

Furthermore, despite funding relatively large scale projects in many rural areas, neither the ERDF nor Cohesion Policy currently offers overall policy guidance for rural areas.
Moreover, the authorities responsible for the two most important funds are not in any kind of meaningful dialogue about the way their resources can be used together to address rural development problems, while the third major fund - the ESF - which is important in terms of raising the quality of human resources through support for education and training support, operates through quite separate channels since public education and training policies are centralised in most, but not all, Member States (a notable exception regarding training being Italy).

This is not to say that there are no success stories in rural development, including in the use of EU funds. However, effective rural development policies and successful experience are mostly drawing on local energies and abilities – from both individuals and associations and agencies – and using whatever EU funding is available that fits their needs, and overcoming the frequently difficult administrative arrangements along the way.

The current rural development policy framework will continue through to 2013, with the structure and content of the policy framework post-2013 currently under discussion46. In this debate, some commentators appear to be questioning the appropriateness of leaving central responsibility for policy on rural development to the Agriculture DG in the Commission and national Agriculture Ministries47, arguing that too much attention is being given to declining farm and farmer interests as against wider development concerns in rural areas. Meanwhile the Commission has published a paper ‘The CAP towards 2020’48 which indicates that: ‘Even if a growing number of rural areas have become increasingly driven by factors outside agriculture, agriculture remains the motor of the rural economy in much of Europe. The vitality and potential of many rural areas remain closely linked to the presence of a competitive and dynamic farming sector, attractive to young farmers. This is particularly the case in predominantly rural areas where the primary sector represents around 5% of value added and 16% of employment, and in the new Member States where it is important to consolidate the recent gains in productivity and fulfil the full potential of agriculture. In addition, agriculture plays an important role in rural areas through generating additional economic activities, with especially strong linkages with food processing, tourism and trade. In many regions, in particular in the New Member States, agriculture is the basis of local traditions and of the social identity’.

The above summary from DG AGRI appears to be based on the empirical work conducted by the TWG2 group of the ENRD, with its emphasis on the findings of input-output analyses at NUTS3 level. That work is sound, but the write-up gives an excessively positive picture of life among agricultural communities in rural areas – conveniently forgetting to mention that half of the farms in the EU (two-thirds in the NMSs) are classified as semi-subsistence, that there is widespread pressure to find alternative sources of income through diversification and that, outside those rural areas with particularly favourable climatic conditions, leisure, tourism and associated small business are the most important contributors to economic life.

Likewise, from the other side, cohesion and regional development policies are presented as providing an appropriate conceptual and policy framework for addressing the needs of rural as well as any other areas, yet the 2010 Cohesion report allocates less than two out of 250 pages specifically to rural development.

Perhaps more optimistically, among the many options being talked about in terms of improving such co-ordination is the notion of establishing a Common Strategic Framework linked to the Europe 2020 strategy although, again, such a step would necessitate a lot of effort and perhaps, resources.
9. Suggestions regarding future rural development policy and its organisation

There are no simple answers to successful rural development in the EU. Situations are complex, varied and often very challenging, and are not going to be adequately addressed just by broad-brush policy changes. However, there is widespread pressure on the EU institutions to play a much bigger role in developing effective policy guidelines and linking its funding possibilities to them.

There is an obvious risk of being overly critical of existing arrangements, or of overstating the extent to which the EU could realistically expect to establish common EU policies and orient national policies and activities on the basis of the quality of its analysis or advocacy, or even the weight of its funding, in the current economic and political climate.

However, evidence already available suggests that there is an urgent need for high profile actions of the following kind:

- A mid-term review of rural development experiences with EU funding as seen from the regional and local level, with a view to identifying new priority objectives for rural areas and re-defining eligible activities within existing institutional arrangements;
- A specific review of the operation of the LEADER approach, under more flexible arrangements than those available under ‘mainstream funding’ in order to re-establish its innovative role;
- An assessment of all Member State governance arrangements for coordinating the use of EU funds from different sources, with a view to establishing best practices and minimum standards;
- A re-assessment of the contribution of all the EU funds to the various rural development needs of the Member States against the general Cohesion policy objectives;
- A specification by the Commission of a set of procedures which Member States and/or regions should follow in order to ensure synergy between the development actions to be supported by the different EU funds;
- The development of network support for the exchange of experience and know-how with rural areas facing particular difficulties – notably in those ‘new’ Member States facing structural challenges in many of their rural areas that are at least as great as those faced in industrialised regions of some of the ‘older’ Member States in the 1980s.
However, in order to be effective, the above action should be ‘integrated’ into a coherent strategic framework which clearly sets out policy priorities and jurisdiction domains associated with rural development in the EU and, among others, clearly specifies effective procedures for pursuing synergy and complementarity among development actions funded by different EU funds.
10. Ways forward

We have also been asked to identify ways in which:

- the forthcoming legislative proposals regarding the CAP and Cohesion Policy might best be shaped in order to maximise the benefits for rural areas
- regional and local authorities and NGOs can best be associated to rural development programmes under the new regimes

The EU budget review outlined a new strategic programming approach for Cohesion policy to deliver the Europe 2020 Strategy with: a common strategic framework (CSF) translating the targets and objectives of 2020 into investment priorities (covering all the funds addressed in this report); a development and investment partnership contract to ‘promote economic, social and territorial cohesion in a coherent and integrated manner’; and operational programmes (OPs) which, as in the current period, would be the main management tool.

This obviously raises a range of practical and technical issues that will need to be addressed. However the first steps are to establish a degree of common understanding of the requirements and development needs of rural areas, and for the relevant parties to further increase the effectiveness of their cooperation.
Annex 1 - Case Study – Austria, Carinthia (AT-2)

1. General Information

1.1 Introduction

According to OECD definition Carinthia is predominantly rural with one integrated region (Klagenfurt – Villach). There are no predominantly urban regions in Carinthia 49.

Carinthia displays – besides rural regions located close to the central area Klagenfurt-Villach – a high proportion of peripherally located rural regions, which are characterised by poor accessibility, a low density of employment and an economic structure marked by agricultural industries, with a high significance of tourism in some areas. The most favoured rural communities are those near to the central area (Klagenfurt-Villach), whilst peripherally located regions and valleys are faced with emigration. This also leads to a thinning out of the supply infrastructures in these regions. The concentration of employment is low overall, the regions generally being commuter areas. The economic structure is marked by agriculture and forestry, tourism and industrial production in small-scale businesses. Agriculture is also structured on a small scale, but like forestry still has a large significance. The proportion of fully active holdings now lies at around only a quarter. 50% of all holdings are mountain farming businesses. Structural changes are marching ahead especially in agriculture and forestry, resulting in a decline in the number of holdings and the abandonment of areas for agricultural use. 50

For the rural area stabilisation is needed in the sense of safeguarding the competitiveness of the agricultural and forestry sectors, accompanied by developing combined ways of earning a living so as to protect existing structures, as well as a diversification strategy in the non-agricultural sector. A major challenge are the demographic changes such as the increasing age profile of the population on the one hand bring with them a shift in consumer patterns and in the demand on public services, whilst on the other hand with the shift in age structures they will also have massive effects on the labour market and education systems, as the inflow of young workers into the labour market will massively decline.

50 KWF (2005): Integrierte Regionalstrategie Kärnten für die neue Strukturfondsperiode (IRS.KTN)
1.2 Statistical information

Country: Austria
Region: Kärnten (AT21)
NUTS categorisation: NUTS II
OECD categorisation: Predominantly Rural

Economic and social characteristics
Surface area (km\(^2\)): 9538.0
Population (2009): 560605
Average income (PPS per inhabitant as % of EU average, 2008): 104
GDP per head (PPS per inhabitant, 2008): 26100
Employment rate (2009): 68.8
Unemployment rate (2009): 4.2
Age structure of the labour force (% shares, 2009):
- 15-24 years: 13.47
- 25-44 years: 48.89
- 45-64 years: 35.94
- Over 65 years: 1.70

Agriculture as % of GDP (2008): 2.27
Agriculture as % of employment (2008) 9.16:
Agriculture as % of total land area (2006): 20.45
Forestry as % of total land area (2006): 74.92

Economic potential and challenges
Categorisation of region by challenge\(^5\):
- diversified

Categorisation of region by diversity: homogenous

Social challenges
Population trends (average annual change, 1995-2009): stable (0.00%)
Education prospects for young people (students in all levels of education as % of region population, 2008): 18.6

\(^5\) For this study, we follow the broad categorization of rural areas set out in a recent ENRD working group report in which three broad types of situation are distinguished:
- distressed rural areas - notably in some of the new Member States, where agricultural production and employment is in rapid decline and new activities are slow to develop, and which warrant wide-ranging economic and social support similar to that given to distressed areas of inner cities;
- specialised agricultural rural areas - which continue to focus successfully on agriculture as a core activity, but which could nevertheless benefit from modest diversification in order to maintain continued growth and prosperity;
- diversified rural areas - the most common type in most countries - where agriculture is no longer a dominant part of the region’s economic and social structure although often still important in providing a background to diverse alternative activities, notably those linked to leisure and tourism, along with a variety of small scale service and industrial activities. (ENRD, Synthesis report, WP2, Agriculture and the wider rural economy, ref December 2010)
2. EU Structural Fund support

2.1 Overview of EU funding in the region

Carinthia is one of nine Bundesländer (federal states) in Austria, corresponding to NUTS 2 regions. The Bundesländer are fully operational territorial systems (and not merely statistical units) with their own long-term regional development strategies, albeit closely coordinated with central government.

Objective 2/ Regional Competitiveness programmes (RCP) are defined at this level. In contrast, the Rural Development Programme and the ESF Operational Programme are defined at national level, whereby a number of measures are implemented in a decentralized manner at regional level (the corresponding funds have been identified).

Specific parts of Carinthia are also covered by two ETC cross border programmes with Italy and Slovenia.

The following table summarizes the main EU programmes which are available for Carinthia in the period from 2007 to 2013. EU funds for rural development represent around 60% of the total EU funds.
Table 1. Scale of planned funding support from EAFRD, ERDF and ESF in period 2007-2013

<table>
<thead>
<tr>
<th>EU Programme 2007 - 2013</th>
<th>Planned funds for Carinthia</th>
<th>Managing Authority</th>
<th>Responsible body in Carinthia</th>
<th>Further actors for implementing the programmes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austrian Rural Development Programme 2007-2013 (national programme; the finances which are explicitly allocated for Carinthia are indicated)</td>
<td>164,8 MEURO (EAFRD)</td>
<td>BMLFUW</td>
<td>Abt. 10 Land- und Forstwirtschaft</td>
<td>LWK Kärnten, AMA, KPC, BMLUWF; KWF (small enterprises), Abt. 20, five LAGs</td>
</tr>
<tr>
<td>Carinthian Regional Competitiveness Programme 2007-2013 ERDF - Kärnten (Regional programme)</td>
<td>67,4 MEURO (ERDF)</td>
<td>KWF</td>
<td>KWF</td>
<td>AWS/ERP-Fonds, FFG</td>
</tr>
<tr>
<td>Austrian Employment OP 2007-2013 (national programme; the finances which are explicitly allocated for Carinthia are indicated)</td>
<td>31,7 MEURO (ESF)</td>
<td>BMASK</td>
<td>AMS Landesstelle Kärnten</td>
<td>Abt. 6 Education, TEP Kärnten</td>
</tr>
<tr>
<td>CBC Slovenia-Austria 2007-2013 (ETC cross-border programme; the share for Carinthian regions Klagenfurt-Villach and Unterkärnten is indicated)</td>
<td>15,7 MEURO (ERDF)</td>
<td>Slovenia (Government office)</td>
<td>Abt. 20, KWF</td>
<td>Specialist departments</td>
</tr>
<tr>
<td>CBC Italy – Austria 2007 -2013 (ETC cross-border programme; the share for Carinthian regions Klagenfurt-Villach, Oberkärnten and Unterkärnten is indicated)</td>
<td>8,1 MEURO (ERDF)</td>
<td>Italy (Autonomous Province of Bolzano) Bozen)</td>
<td>Abt. 20, KWF</td>
<td>See above</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>Approx. 288 MEURO EU funds for the period 2007-2013 (without the federal EAFRD and ESF measures which are also partly implemented in Carinthia)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: KWF, AMS, Abt. 10, Abt. 20*

### 2.2 Priorities of the EU funding, implementation status EAFRD

The national **Rural Development Programme** (RDP LE07-13) is primarily directed at agricultural operations and their environment, but also addresses – partly in Axis 3 "The quality of life in rural areas and diversification of the rural economy" and the horizontal Axis 4 "Implementation of the LEADER concept" – integrated development projects for rural areas. In the course of the first three
years of programme implementation about 40% of the allocated overall funds were spent.

In Carinthia, regionalized data indicate that the Rural Development Programme is the most powerful instrument in financial terms. It is being used effectively for each of the four priorities. To date (14.12.2010), about 64% of funds implemented by the federal state government (besides central level actors) have been committed.

The following table gives a detailed overview of the programme according to the four priorities.

Table 2: Rural Development Programme (RDP) 2007-2013 in Carinthia (part of national programme)

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Planned EAFRD in Carinthia</th>
<th>EAFRD expenditure 30.3.11</th>
<th>in % planned</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Axis 1</td>
<td>Improving the competitiveness of the agricultural and forestry sector</td>
<td>84.695.452</td>
<td>57.423.099</td>
<td>68% Agri-core priority</td>
</tr>
<tr>
<td>Axis 2</td>
<td>Improving the environment and the countryside</td>
<td>16.516.683</td>
<td>9.976.800</td>
<td>60% Agri-core priority</td>
</tr>
<tr>
<td>Axis 3</td>
<td>The quality of life in rural areas and diversification of the rural economy</td>
<td>29.284.177</td>
<td>17.604.601</td>
<td>60% Broad target group beyond agri target group</td>
</tr>
<tr>
<td>Axis 4</td>
<td>Implementation of the Leader approach</td>
<td>34.271.637</td>
<td>21.234.132</td>
<td>62% Broad target group beyond agri target group</td>
</tr>
<tr>
<td>Total</td>
<td>Total of measures implemented in Carinthia</td>
<td>164.767.949</td>
<td>106.238.632</td>
<td>64%</td>
</tr>
</tbody>
</table>

*Source: AdKL, Abt. 10*
ERDF

The regional Operational Programme for the objective "Regional Competitiveness" (RC) co-financed by the ERDF, focuses exclusively on the priority "Regional Knowledge Basis and Innovation". The Priority "Attractive Regions and Competitive Locations" is not addressed as it is the case with the other RC-programmes in Austria.

Compared to the 2000–2006 period, the funds allocated for the areas of research, technological development and innovation have been significantly increased.

The current implementation status (commitments as of end 2010) accounts for about 30% of allocated funds und is below the expectations. It should be mentioned, that the state of implementation can be quickly ameliorated if more project proposals were accepted. It is nevertheless assumed that all EU funds will be completely used up by the end of the programme period.

A part of the programme implementation, e.g. SME and tourism development, is beneficial for rural development. It is, in principle, possible to identify the spatial allocation of EU funds from the monitoring data (i.e. the share for rural areas). However, no such evaluation is available at the moment.

The Regional Competitiveness Programme (RCP) is clearly separated from the Rural Development Programme (RDP). The RDP is to be used as a complement and can therefore not overlap with RCP funding interventions.

The following table gives a detailed overview of the programmes, divided by the types of measures.

### Table 3: Regional Competitiveness Programme (RCP) 2007-2013 in Carinthia

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Allocated ERDF (approved 05/2007)</th>
<th>EFRE-commitments 21.09.2010</th>
<th>in % allocation</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>R&amp;TD activities in research centres</td>
<td>7.210.562</td>
<td>3.632.940,00</td>
<td>50,4%</td>
<td>Urban areas</td>
</tr>
<tr>
<td>2</td>
<td>R&amp;TD infrastructure</td>
<td>2.560.760</td>
<td>1.309.000,00</td>
<td>51,1%</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Technology transfer and improvement of cooperation networks</td>
<td>1.549.934</td>
<td>0</td>
<td>0,0%</td>
<td>Mainly urban areas</td>
</tr>
<tr>
<td>4</td>
<td>Assistance to R&amp;TD, particularly in SMEs</td>
<td>12.129.917</td>
<td>124.300,00</td>
<td>1,0%</td>
<td>Mixed areas</td>
</tr>
<tr>
<td>5</td>
<td>Advanced support services for firms and groups of firms</td>
<td>1.819.487</td>
<td>188.910,00</td>
<td>10,4%</td>
<td>Mixed areas</td>
</tr>
<tr>
<td>6</td>
<td>Assistance to SMEs for the promotion of environmentally-friendly products and production processes</td>
<td>673.884</td>
<td>1.319.551,84</td>
<td>195,8%</td>
<td>Mixed areas</td>
</tr>
<tr>
<td>7</td>
<td>Investment in firms directly linked to research and innovation</td>
<td>19.957.084</td>
<td>3.785.460,00</td>
<td>19,0%</td>
<td>Mixed areas</td>
</tr>
<tr>
<td>8</td>
<td>Other investment in firms</td>
<td>9.906.100</td>
<td>9.057.031,00</td>
<td>91,4%</td>
<td>Tourism in rural areas</td>
</tr>
<tr>
<td>9</td>
<td>Other measures to stimulate research and innovation and entrepreneurship in SMEs</td>
<td>6.738.843</td>
<td>0</td>
<td>0,0%</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Information and communication technologies</td>
<td>1.347.769</td>
<td>0</td>
<td>0,0%</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Other measures for improving access to and efficient use of ICT by SMEs</td>
<td>1.809.379</td>
<td>0</td>
<td>0,0%</td>
<td></td>
</tr>
<tr>
<td>81</td>
<td>Governance, Evaluation</td>
<td>1.010.827</td>
<td>7.644,40</td>
<td>0,8%</td>
<td></td>
</tr>
<tr>
<td>85, 86</td>
<td>Technical Assistance</td>
<td>673.884</td>
<td>53.620,53</td>
<td>8,0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>67.388.430</td>
<td>19.478.457,77</td>
<td>28,9%</td>
<td></td>
</tr>
</tbody>
</table>

Source: ERDF-Monitoring

**ETC**

Carinthia participates in two **ETC cross-border programmes** (co-funded by ERDF) for Slovenia-Austria and Italy-Austria, which both have a rather small financial capacity compared to the RCP and in particular the RDP.
In contrast to the targeted RC programme, the ETC cross-border programmes which are managed by the authorities in Slovenia and Italy cover a wider range of policy areas, including energy, transport, tourism and territorial development in addition to innovation. The programmes seem to have started successfully in terms of committed projects (not payments made at end of 2009) despite significant administrative challenges, such as managing the joint implementation of programmes. To date (21.12.2010) they already have a commitment of 77%. Especially for priority 2, which is to achieve sustainable local development (while priority 1 relates to competitiveness), already 90% have been allocated. It seems, however, that a clear strategy on “European convergence” at the borders is missing, which results in a dominance of local scale projects.

While the progress made in terms of commitments seems very satisfactory, current experience indicates that successful implementation might be one of the main challenges because of the complexity of administrative, legislative and financial procedures inherent in cross-border projects and the differences in culture.

The following table gives a detailed overview of the cross-border cooperation programme CBC SLOVENIA-AUSTRIA 2007-2013 by priority.

<table>
<thead>
<tr>
<th>Priority</th>
<th>Policy Area</th>
<th>ERDF Allocated Share for Carinthia</th>
<th>ERDF Commitment (21.12.2010)</th>
<th>in % Allocation</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1</td>
<td>Competitiveness, knowledge and economic cooperation (implementing body KWF)</td>
<td>7,393,181</td>
<td>4,830,607</td>
<td>65,3%</td>
<td>Focus on: SME development, Tourism, Knowledge based economy, Thematic fields of strengths</td>
</tr>
<tr>
<td>P2</td>
<td>Sustainable and balanced development ((implementing body Abt. 20))</td>
<td>7,393,181</td>
<td>6,480,077</td>
<td>87,6%</td>
<td>Focus on: Management of natural resources, Environment and energy, Urban and regional development, Social and cultural development</td>
</tr>
<tr>
<td>P3</td>
<td>Technical assistance</td>
<td>943,811</td>
<td>943,811</td>
<td>100,0%</td>
<td></td>
</tr>
<tr>
<td>Grand Total</td>
<td></td>
<td>15,730,173</td>
<td>12,254,495</td>
<td>77,9%</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Abt. 20, KWF*
ESF

The national ESF programme "Employment" focuses on active and preventive labour market policy, and on older people and people excluded from the labour market. It also supports life-long learning and adult education. Interventions are significantly more concentrated than in the EU-15. The level of cumulative payments for the national programme "Employment" is around 20% (mid 2010) of allocated funds. In this context, it must be taken into account that the activity level of the ESF is actually already much higher.

For the “Employment” programme, the Carinthian Employment service (AMS) made regional allocations available. According to the data, the priorities of regional implementation are (i) Increasing the adaptability of workers and (ii) Enhancing access to employment.

It is difficult to say which part of the programme implementation can be allocated to rural areas since the location of beneficiaries is not recorded in the monitoring data (only the location of the implementing bodies).

The following table gives a detailed overview of the programmes by priorities.

**Table 5: OP Employment 2007-2013 in Carinthia (part of national programme)**

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Allocated ESF in Carinthia in MEUR</th>
<th>ESF responsible bodies</th>
<th>in % allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority 1</td>
<td>Increasing adaptability of workers, enterprises and entrepreneurs</td>
<td>10,5</td>
<td>AMS Carinthia</td>
</tr>
<tr>
<td>Priority 2</td>
<td>Enhancing access to employment and the sustainable inclusion in the labour market</td>
<td>16,9</td>
<td>AMS Carinthia</td>
</tr>
<tr>
<td>Priority 3a</td>
<td>Reinforcing the social inclusion of people with disabilities</td>
<td>-</td>
<td>BMASK</td>
</tr>
<tr>
<td>Priority 3b</td>
<td>Integration of people who are far away from the labour market</td>
<td>2,0</td>
<td>BMASK</td>
</tr>
<tr>
<td>Priority 4</td>
<td>Lifelong learning</td>
<td></td>
<td>BMUKK, BMWF</td>
</tr>
<tr>
<td>Priority 5</td>
<td>Promoting partnerships, pacts and initiatives</td>
<td>0,9</td>
<td>ZSI</td>
</tr>
<tr>
<td>Priority 6</td>
<td>Strengthening institutional capacity and the efficiency of public administrations and public services</td>
<td>1,4</td>
<td>BMASK, BMUKK, BMWF, AMS, BSB</td>
</tr>
<tr>
<td>Total</td>
<td>Regionalized funds</td>
<td>31,7</td>
<td></td>
</tr>
</tbody>
</table>

*Source: AMS Carinthia*
2.4 Regional strategic priorities and funding support

This section refers to main priorities supported by EU programmes in Carinthia (and not to priorities supported by national funds).

The development priorities for Carinthia as set out by the EU programmes for the programme period 2007-2013 are:

- Supporting the “competitiveness of the agricultural and forestry sector” by the EAFRD is ostensibly the most important priority of EU policy in Carinthia in the 2007-2013 period.
- Further main priorities are local development and diversification of the rural economy (supported by the EAFRD) and research, technology and innovation (supported by the ERDF).
- Supplementary priorities are support of the labour market and social inclusion (ESF), improving the environment and the countryside (EAFRD) and development of tourism and the leisure industry (ERDF).

The financial allocation by priority area and the link to the relevant EU programme is shown in the following table.
<table>
<thead>
<tr>
<th>Policy field / support by EU funds (national priorities are not listed)</th>
<th>Relevant EU programme</th>
<th>Regional strategy document</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving the competitiveness of the agricultural and forestry sector</td>
<td>Rural development Programme 2007-2013, Axis 1</td>
<td>Agrarische Leitpläne</td>
<td>Allocated EAFRD: 85 MEUR</td>
</tr>
<tr>
<td>Local development and diversification of the rural economy (local tourism, village renewal, cultural heritage, endogenous development, renewable energies; Leader)</td>
<td>Rural development Programme 2007-2013, Axis 3 and 4</td>
<td>Regional and Local Development Strategies</td>
<td>Allocated EAFRD: 75 MEUR</td>
</tr>
<tr>
<td>Labour market and social inclusion</td>
<td>Programme Employment, Priority 1 and 2</td>
<td>TEP Kärnten Rahmenvereinbarung mit Land Kärnten AMS 2020</td>
<td>Allocated ESF: 27 MEUR</td>
</tr>
<tr>
<td>Improving the environment and the countryside</td>
<td>Rural development Programme 2007-2013, Axis 2</td>
<td>No specific strategy Legal provisions</td>
<td>Allocated EAFRD: 17 MEUR</td>
</tr>
<tr>
<td>Tourism, leisure</td>
<td>Regional Competitiveness Programme 2007-2013</td>
<td>Wintererschließungskonzept I und II Masterplan Tourismus IRS.KTN (2005)</td>
<td>Allocated ERDF: 10 MEUR</td>
</tr>
</tbody>
</table>

Source: Metis
3. Assessment

3.1 General assessment

Development plans for rural areas and links to EU funds

Carinthia has developed comprehensive strategies for regional development. These strategies define the guidelines for regional and economic development and cover a broad range of policy areas, including economic development, innovation policy, rural development, energy, transport, infrastructure, logistics, and civil protection. The regional strategies are implemented through a portfolio of mainly national and partly EU co-funded measures which are managed by the State Government and its agencies.

In this context, EU programmes are targeted only at a small part of the overall regional development policy in Carinthia. EU funds are viewed as “extra income” which expands the area of public investment in specific segments. EU programmes themselves have – in the Austrian context – no role as “strategy instruments” but regulate the assignment of the EU funds to the existing funding instruments. The strategies outlined in the EU programmes are “formal strategies” which are based on “real life” strategies on the ground. The only exceptions are the European Territorial Cooperation programmes since there are no cross border strategies on the ground for these territories.

In Carinthia, there are three types of integrated development plans on the ground, which are oriented on the EU programme period of 2007-2013 and which concern national as well as all EU funds.

a) The integrated development strategy in Carinthia

In 2005, an integrated development strategy (IRS.KTN) was developed for Carinthia (NUTS 2) which forms the conceptual framework for the EU funding period of 2007-2013. The strategy is composed of four strategic areas: (i) Innovation and a knowledge-based economy (ii) endogenous development (iii) Education, qualification and employment (iv) Territorial cooperation. The strategy has general guidelines and is implemented by the Regional Competitiveness (ERDF), Rural Development (EAFRD), Employment (ESF) and ETC (ERDF) programmes. In this respect, regional programmes for Carinthia (RCP and ETC) can be directly influenced through this strategy. For national programmes (RDP and Employment) the strategy is used to concretize regional interests since national programmes (RDP, Employment) cannot be steered by the regional Carinthian strategy.
The main weakness lies in the fact that although there is an integrated strategy, there is no integrated implementation of the strategy. The KWF contracted out the drafting of the strategy but does not assume the responsibility for its overall implementation or evaluation and monitoring. This is the responsibility of the individual sectors concerned.

b) Regional development programmes for all districts

At the beginning of the 2007-2013 programming period, regional development strategies were developed for each district (NUTS 4) of Carinthia. These programmes are inter alia the basis for all EU and national funds. They address topics such as the economy, mobility, nature, tourism, quality of life and cooperation. For the main projects identified in these programmes, the available financial instruments and EU-programmes (ERDF, EAFRD, ESF) are indicated. The development programmes lie within the area of responsibility of the local development associations (“Entwicklungsverbände”).

c) Local Development Strategies (LDS) of the Local Action Groups (LAGs)

The LDS are also cross-sectoral and address topics such as the economy, technology, agriculture and forestry, transport, mobility, tourism, culture and cooperation. The leading projects can be financed through all financial means, i.e. through national as well as through EU funds (RCE, RDP, ETC, Employment). The LDS lie within the responsibility of Local Action Groups.

Main rural development priorities in Carinthia set out by policy documents and EU programmes

The challenges for endogenous, innovative development in rural areas in Carinthia as set out in the policy document IRS.KTN are the following:\(^{53}\)

- Ensuring that agriculture is economically sound and competitive in a functioning rural area.
- Supporting the activation and full use of the endogenous development potential of the rural regions of Carinthia, especially the diversification of the rural regions.
- Increasing the quality of life by ensuring access to sufficient provision of services, and the creation of income opportunities in the non-agricultural sector through innovations in the context of cross-sectoral initiatives.

\(^{53}\) KWF (2005): Integrierte Regionalstrategie Kärnten (IRS.KTN), p. 20f
- Safeguarding the balancing function of rural areas through measures to maintain the farming landscape by means of agriculture and forestry.
- Supporting territorial cooperation with adjacent Italian and Slovenian regions.
- To tackle these challenges, a broad range of national and EU co-financed measures is needed involving cooperation between central, state and local governments.

**Most important EU funds and related measures for rural development**

The most important EU fund for rural development in terms of financial support is clearly the RDP (EAFRD) which covers integrated development issues in Axes 3 and 4 as well as the main focus on the agricultural sector.

Besides the RDP there are other EU programmes which are relevant for the development of rural areas.

- The RCP supports innovative investment activities in SMEs which are also located in rural areas. Currently, there are no evaluation of ERDF funds and corresponding national funds available which show the allocated funds and resulting effects in rural areas (despite available monitoring data).
- The ETC cross border programmes follow the vision of broad-based regional development in the mostly rural border regions. However, the available financial means are very limited.
- The Employment programme supports labour market and social inclusion measures, also in rural areas. There is however, no spatial information on ESF funds and corresponding national funds, which are allocated to beneficiaries in rural areas.
Most important measures for rural development

Since Austria has a federal constitution, in the area of rural development there is a complex mixture of measures made available by various actors at central, state and local government level, and which are mainly financed through national means (especially basic infrastructures, transport, housing, education). The table below summarizes the competences of these various actors. Only a small number of development measures are being co-financed by EU programmes (see section 2.3).

Table 7: Overview of competences for regional development issues in Austria

<table>
<thead>
<tr>
<th>Policy fields in Regional Development</th>
<th>Central Government</th>
<th>State Government</th>
<th>Local Government</th>
<th>Social security funds</th>
<th>Public companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic infrastructure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td>X</td>
<td>X</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telecommunications &amp; information society</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment &amp; water</td>
<td>x</td>
<td>x</td>
<td></td>
<td>X</td>
<td>x</td>
</tr>
<tr>
<td>Health</td>
<td>x</td>
<td>X</td>
<td>x</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td><strong>Human Resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>X</td>
<td>X</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RTD</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Productive environment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture &amp; forestry</td>
<td>X</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>X</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>X</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tourism</td>
<td>x</td>
<td>X</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Others (housing, health, security)</td>
<td>x</td>
<td></td>
<td></td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>

Source: Bröenthal, Resch (2009). X=main competence, x= secondary competence
3.2 Institutional structures and arrangements

Co-ordination of different EU-funds at regional or local level

At government level there is no uniform Managing Authority, responsible for the implementation of all EU programmes.

Only the RCE objective (ERDF) is managed at the “Länder” (federal state) level; the EAFRD and ESF are governed by national Programmes: The Managing Authorities for cross border programmes with Italy and Slovenia are not located in Carinthia.

Nevertheless, there is ongoing coordination at operational level between the funding bodies. The main funding bodies at regional level, the Kärntner Wirtschaftsförderungsfonds (KWF) (Carinthian Economic Development Agency), department 20 and the state public employment service (AMS Kärnten) are involved in the implementation of several EU programmes. This involvement facilitates access to programme specific information and facilitates the coordination between funding authorities.

- The KWF is active as funding body for RCP and ETC programmes and the RDP;
- The department of the state government, department 20 has an active role as funding body in ETC programmes and in the RDP;
- AMS Kärnten is an active funding body in the Employment programme and the RCP.

However, a cross-funding monitoring and evaluation system, which would correspond to the former multi-fund Objective 5b programme (1995-1999), is missing. This makes it difficult to make the implementation transparent.

In future, it is envisaged to improve the integration of the state government department 10 (which is responsible for agriculture) into the ETC cross border programmes which is currently lacking.

Access to funding

In the Austrian system there is no “one stop shop” for beneficiaries. However some effective contact points have been established within the complex system which do have similar functions. These focal points are responsible for national as well as EU funds. EU-funds have been used to a very large extent which is a proof of the good functioning of the Austrian system. From an outside view, the
large range of funding programmes seems like an “impenetrable aid jungle” but
the target groups know perfectly well whom to contact.

Regular monitoring and reporting of progress

For each EU programme a functioning regular monitoring system has been
established in accordance with the European regulations (financial and physical
monitoring, annual implementation reports, mid-term evaluation of EAFRD and
ESF programmes, Strategic monitoring reports, ongoing evaluation in ERDF).
The national RDP was already (slightly) modified mainly due to the European
Health Check and European Economic Recovery Package. A further programme
modification refers to a new definition of rural areas, which was extended.

3.3 Satisfaction with present arrangements

Are existing administrative arrangements considered satisfactory?

The present evaluation of RDP Axis 4 (Leader) as part of the Mid-Term
Evaluation 2010 which is specifically focused on rural development indicated
that there are no major administrative problems for those who seek to draw on
support for rural development projects.

Generally speaking, the EU-programmes were successfully integrated into
Austria’s and specifically Carinthia’s administrative structures. As regards the
administration and the utilisation of European funds Austria and its Länder are
very well positioned in Europe. The quick and efficient response was achieved
by fully integrating the administration of the European funds into the existing
funding landscape54. The success of implementing European programmes can
be observed by the fact that European funds have been (almost) fully utilized in
the former programme period 2000-2006.

Main concerns for rural development

One of the main challenges is securing effective public services in rural areas
given the ongoing demographic change which is a major problem in Carinthia.
Austria’s southernmost state of Carinthia is experiencing – in contrast to all
other Länder in Austria – slight declines in population at present which are
expected to accelerate massively in the longer term. A higher concentration of

supply nodes and a stronger cooperation between communities is needed (see STRAHLE!K).

Furthermore, budgetary consolidation poses a particular risk to investment in regional development. Public budgets are at present exposed to considerable pressure because of measures introduced to offset the impact of the economic crisis, declining revenue and long term structural problems like rapidly growing healthcare expenditure. Because of declining public finance for investment the room for manoeuvre is becoming tighter and the continued availability of national co-finance could become a problem in particular in those areas where the public sector share is significant (regional development, non-commercial projects). Here cuts in public funding could lead to the postponement or abandonment of projects because of an inability to co-finance them and accordingly the opportunity to take up EU funding being lost.

At the same time, a broad regional development approach is increasingly less supported by EU programmes because a strong focus on innovation is required.

Another challenge relates to the completion of the relatively small ETC Programmes, which are characterized by a complex and complicated administration. For instance, the eligibility rules are not sufficiently harmonised and formalities in individual programmes are not sufficiently developed. The involvement of agriculture in ETC programmes has also not yet been developed enough.

Last but not least, a more comprehensive look at existing developments is required as part of the planning, monitoring and evaluation processes in order to make the contributions of the different interventions (regional, national and EU) more transparent. There is an ongoing process towards establishing an overall monitoring and evaluation system for all EU activities undertaken in Carinthia. A complete overview should also include national funding.

**Amount of funding for rural areas – is it seen as adequate?**

In respect to the size of its territory, Austria – and hence Carinthia – benefit disproportionately more from the funds for rural development (EAFRD) than the EU average in the present programme period of 2007-2013.

55 STRAHLE!K (2008): Räumliche Strategie zur Landesentwicklung Kärntens, p. 52f
56 Resch A. (2010): COUNTRY REPORT ON ACHIEVEMENTS OF COHESION POLICY
57 [http://land.lebensministerium.at/article/articleview/71049/1/4959](http://land.lebensministerium.at/article/articleview/71049/1/4959); visited 15.04.2011
A large part of the ERDF is also allocated to rural areas in relation to the whole of Austria with the aim of supporting production and tourism under the Innovation priority\(^58\). The part of the ERDF allocated to rural development is however rapidly decreasing in each programming period since the ERDF programmes focus increasingly on innovation. The only exception are the small volume ETC cross border programmes which also support human resources, transport, environment, energy and territorial development.

One of the results of regional policy, which is financed through various funds (mainly national funds), is that in Austria rural areas are growing faster in economic terms than the urban and semi-urban areas (rural areas grew by +0,7 p.a. between 2000 and 2007 while the figure was +0,5% for urban areas). There is no such comparative data available for Carinthia. Within the EU, only in Austria and Germany is economic growth faster in rural than in other areas. The typical picture in the EU is a fast decrease of financial activities in rural areas\(^59\). It would be interesting to know whether that positive trend can be maintained in future given the ongoing demographic change, which will have significant impacts for rural areas.

**Programme period 2014+ - need for better governance and coordination?**

In Carinthia, since 2010 a few measures have been undertaken in anticipation of the new programming period starting in 2014. Even questions regarding how to achieve better governance and coordination are being tackled. These include for instance a reflection on ways to improve the coordination of RDP and ETC.

\(^{58}\) ÖROK (2009): Strategischer Bericht Österreich gemäß Artikel 29 AF-VO (EG) 1083/2006, p. 21f

\(^{59}\) WIFO et al (2011): Indikatoren für die Auswirkungen des Programms der Ländlichen Entwicklung 2007-2013 in Österreich, p. 3f
Example of good experiences

A good example of integrated strategies set out for rural areas, are the Regional Development Strategies which have been developed for all districts in Carinthia. These models include a comprehensive regional strategy which has been decided in interactive processes by all relevant actors and which concerns all main sectors.

Leading projects are being identified and implemented on the basis of the regional strategies.

The regional development good practices were developed at the beginning of the EU programming period of 2007-2013, in order to create a basis for project support and funding.

These good practices can be accessed under the following link (In German):

http://www.landesplanung.ktn.gv.at/167737p_DE-Ueberoertliche_Raumplanung-Regionale_Entwicklungsleitbilder

Examples of bad experiences (due to unfavourable framework conditions)

Actors in Carinthia consider the administrative implementation of the ETC cross border programmes with Slovenia very difficult due to the administrative burden related to the development of programmes and projects.
4. Conclusions

Carinthia is characterized by a weak agglomeration zone (Klagenfurt-Villach) and a high share of rural areas. This is why a policy for rural areas is highly significant.

In general, Carinthia has a good conditional framework for an integrated regional development in rural areas.

The following conditions are highly significant in this respect:

- Carinthia has instruments for strategic planning at regional and local level (cross sectoral regional development strategies), which build a basis for projects funded by all EU funds and national funds.
- The main funding bodies in Carinthia are involved in the implementation of several EU-programmes which eases access to programme specific information co-ordination between the actors.
- EARFD and ERDF measures which are related to rural development show up to now a good financial absorption (however policy effects are not demonstrated due to lack of regional evaluations in Carinthia).
- Federal support for improved cross-sectoral coordination exists. An informal coordination instrument which is seen as very significant for the cooperative federalism in Austria is the “neutral platform” ÖROK (Austrian Spatial Planning Conference). This body which was jointly established by Central Government and the Bundesländer is designed to ensure coordination across government levels and EU-programmes.

There is still potential for optimizing the coordination between the various EU-programmes in Carinthia on an operational level (e.g. establishment of fixed working groups).

Moreover a cross-funding programme monitoring and evaluation tool which also analyse national funding is needed. This task should be designated to one single responsible institutional actor.
For the cross-border cooperation of rural areas through ETC a basic harmonization of the framework conditions and a better definition of goals of such cross-border cooperation are needed at European level. Thereby the cross-border administration could be limited to an appropriate level.

**External factors** (outside the EU-programmes) which will increasingly impact on rural areas in the next years are on the one hand demographic changes and on the other hand the recession of public finances.
Annex 2 - Case Study – Germany, Sachsen-Anhalt (DE-2)

1. General Information

1.1 Introduction

The former East-Germany state Sachsen-Anhalt is still in a far-reaching transformation process. This is marked by a falling population from a demographic perspective and a predominantly ongoing high unemployment rate.

In mid-2005, the Federal State had approximately 2.5 million inhabitants, almost 6% lower than in 2000. This decrease is attributable to a below-average birth rate compared to Germany as a whole, and to people leaving the State after German reunification in 1990. The forecast for the 2005-2020 period is based on the assumption that this trend will continue (-19.5%).

Rural areas represent a very high share of the state’s area. At the end of 2009 about 1.9 million out of a total population of 2.5 million lived in rural areas (ca. 75%).

The population density in the already thinly populated State is declining (2005: 121 inhabitants per square kilometre) – and the problem of providing public services is becoming more serious, especially in rural areas.

After political transformation Sachsen-Anhalt experienced a massive reduction in jobs in industry which led to a real decrease in the number of people in employment.

The unemployment rate accounted for 18.3% of the population in 2006 (based on all civilians of employable age) – far above the average for Germany as a whole (10.8%).

Isw (2010): MTE RDP, p. 38
1.2 Statistical information

Country: Germany
Region: Sachsen-Anhalt (DEE0)
NUTS categorisation: NUTS II
OECD categorisation: Intermediate Rural

Economic and social characteristics
Surface area (km$^2$): 20447.1
Population (2009): 2381872
Average income (PPS per inhabitant as % of EU average, 2008): 85
GDP per head (PPS per inhabitant, 2008): 21400
Employment rate (2009): 69.5
Unemployment rate (2009): 13.7
Age structure of the labour force (% shares, 2009):
- 15-24 years: 11.92
- 25-44 years: 43.48
- 45-64 years: 43.84
- Over 65 years: 0.76
Agriculture as % of GDP (2008): 1.88
Agriculture as % of employment (2008): 2.90
Agriculture as % of total land area (2006): 68.60
Forestry as % of total land area (2006): 23.14

Economic potential and challenges
Categorisation of region by challenge$^{62}$:
- diversified
Categorisation of region by diversity: homogenous

Social challenges
Population trends (average annual change, 1995-2009): declining (-1.04%)
Education prospects for young people (students in all levels of education as % of region population, 2008): 15.7

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$^{62}$ For this study, we follow the broad categorization of rural areas set out in a recent ENRD working group report in which three broad types of situation are distinguished:
- distressed rural areas - notably in some of the new Member States, where agricultural production and employment is in rapid decline and new activities are slow to develop, and which warrant wide-ranging economic and social support similar to that given to distressed areas of inner cities;
- specialised agricultural rural areas - which continue to focus successfully on agriculture as a core activity, but which could nevertheless benefit from modest diversification in order to maintain continued growth and prosperity;
- diversified rural areas - the most common type in most countries - where agriculture is no longer a dominant part of the region’s economic and social structure although often still important in providing a background to diverse alternative activities, notably those linked to leisure and tourism, along with a variety of small scale service and industrial activities.
(ENRD, Synthesis report, WP2, Agriculture and the wider rural economy, ref December 2010)
2. EU Structural Fund support

2.1 Overview of EU funding in the region

According to the federal structure Sachsen-Anhalt is one of 16 Bundesländer (federal states) in Germany, corresponding to NUTS 2 classification.

The Bundesländer are fully operational territorial systems (and not merely statistical units) with their own long-term regional development strategies, albeit closely coordinated with central government.

For the programming period 2007–2013 there is around 3.4 billion Euro from the EU funds (ERDF, EAFRD, ESF) foreseen for the convergence region of Sachsen-Anhalt.

The following table shows the main EU programmes available for the period 2007-2013 for Sachsen-Anhalt, whereby EU funds for the ERDF Operational Programme represent around 55% of the total funds available.

All Operational Programmes are designed and managed by the Bundesland itself (and not by national authorities).

A specificity of Sachsen-Anhalt’s approach to implementing EU funds is that all three Operational Programmes have been designed in the context of an overall regional strategy. Each programme (ERDF, ESF and EAFRD) is expected to contribute in some way to the overall strategy. The progress in achieving the overall strategic goals is regularity evaluated.
Table 1. Scale of planned funding support from EAFRD, ERDF and ESF in period 2007-2013

<table>
<thead>
<tr>
<th>EU Programmes 2007 - 2013</th>
<th>Allocated EU funds</th>
<th>Managing Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational Programme ERDF Sachsen-Anhalt 2007-2013</td>
<td>1,854 MEURO (ERDF)</td>
<td>Ministerium der Finanzen des Landes Sachsen-Anhalt</td>
</tr>
<tr>
<td>Rural Development Programme Sachsen-Anhalt 2007-2013</td>
<td>904 MEURO (EAFRD, according to revised finance plan 05/2010)</td>
<td>Ministerium für Landwirtschaft und Umwelt des Landes Sachsen-Anhalt</td>
</tr>
<tr>
<td>Operational Programme ESF Sachsen-Anhalt 2007-2013</td>
<td>618 MEURO (ESF)</td>
<td>Ministerium der Finanzen des Landes Sachsen-Anhalt</td>
</tr>
<tr>
<td>Total</td>
<td>Approx. 3,376 MEURO EU funds for the period 2007-2013</td>
<td></td>
</tr>
</tbody>
</table>

*Source: programme documents; updated figures for EAFRD according to [http://www.sachsen-anhalt.de/index.php?id=pg58bx63ug40](http://www.sachsen-anhalt.de/index.php?id=pg58bx63ug40)*

### 2.2 Priorities of the EU funding, implementation status EAFRD

The *regional Rural Development Programme* 2007-2013 is primarily directed at the target group consisting of agricultural operations and their environment, but also addresses – partly in Axis 3 "The quality of life in rural areas and diversification of the rural economy" and the horizontal Axis 4 "Implementation of the LEADER concept" – integrated development projects for rural areas.

Programme planning for Rural Development (supported by EAFRD) was embedded in the development of a multi-funds strategy in Sachsen-Anhalt. The government of Sachsen-Anhalt fixed priorities on the basis of a comprehensive analysis. These priorities reflect the significant need for improved growth and employment in Sachsen-Anhalt’s rural areas. These strategic priorities include:

- Research, development and innovation,
- Education,
- Investment support, training and reduction of financial constraints for businesses especially SME.
In line with the growth and employment strategy, axes 3 and 1 have the highest financial weight: Axis 3 (Quality of life in rural areas and diversification of the rural economy) accounts for 33.5% and Axis 1 (Enhancing competitiveness of agriculture and forestry) accounts for about 29% of the originally planned total budget of 817.5 MEUR (EAFRD). Axis 2 (Improvement of environment and countryside) accounts – in contrast to many other RDPs where Axis 2 forms the main priority – for about 29%. For Axis 4 (Leader) about 5% of funds are allocated.

In the course of the first three years of programme implementation about 32% of the allocated overall funds were committed. In general, implementation status is significantly below expectations. Implementation deficits in particular apply to axes 1 (Enhancing competitiveness of agriculture and forestry), whereby the small Axis 4 (Leader) is progressing well (see table 2 below).

Table 2: Rural Development Programme (RDP) 2007-2013 in Sachsen-Anhalt

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Allocated EAFRD</th>
<th>EAFRD commitments as to 30.06.2010</th>
<th>in % allocated</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Axis 1</td>
<td>Improving the competitiveness of the agricultural and forestry sector</td>
<td>240,906,500</td>
<td>43,558,574</td>
<td>18%</td>
</tr>
<tr>
<td>Axis 2</td>
<td>Improving the environment and the countryside</td>
<td>233,636,673</td>
<td>91,526,052</td>
<td>39%</td>
</tr>
<tr>
<td>Axis 3</td>
<td>The quality of life in rural areas and diversification of the rural economy</td>
<td>280,704,083</td>
<td>92,964,174</td>
<td>33%</td>
</tr>
<tr>
<td>Axis 4</td>
<td>Implementation of the Leader approach</td>
<td>45,218,072</td>
<td>28,639,356</td>
<td>63%</td>
</tr>
<tr>
<td>Total</td>
<td>Total</td>
<td>800,465,328</td>
<td>256,688,156</td>
<td>32%</td>
</tr>
</tbody>
</table>

*Source: Ramboll (2011), Strategiebericht 2010, p. 146*
The regional Operational Programme for ERDF 2007-2013 is in financial terms the most important for Sachsen-Anhalt and aims primarily at boosting growth and the improvement of employment prospects in line with the above mentioned overall strategy. The programme comprises five thematic priority axes whereby priority is given to Priority 2: Increasing the competitiveness of the economy which allocates 33% of total ERDF funding. A specificity of the programme is to assign a separate axis to urban projects. However, about 71% of ERDF funding is allocated for rural areas (OP ERDF, p. 139, funds related to code 5).

The priorities can be described as follows:

- **Priority 1: Innovation, research and development** (25.6% of total ERDF funding). The aim of this priority is to strengthen Sachsen-Anhalt as a location for research and development by subsidies for SME for industrial research and development, support for publicly financed research within and outside universities, transfer of knowledge and technology and network measures, development and use of renewable energy sources and climate protection.

- **Priority 2: Increasing the competitiveness of the economy** (33% of total ERDF funding). This priority focuses on the promotion of business investment. In addition, loan and co-financing instruments are to be made available in response to specific funding problems encountered by new SMEs. Furthermore, complementary and specific measures for the support of SMEs are planned, such as advisory services and other forms of support aimed at ensuring competitiveness.

- **Priority 3: Improving the economic infrastructure** (13.4% of total ERDF funding). This priority calls for investment in economic infrastructure in order to guarantee the establishment and growth of companies, remove key bottlenecks in the transport infrastructure and better develop endogenous potential through projects for developing tourism.

- **Priority 4: Sustainable urban development, including educational infrastructures** (13.6% of total ERDF funding). This priority aims to promote urban infrastructures serving to raise the profile of towns and to increase the human resources available to them and the Land, and consists of several approaches. The first of these involves promoting integrated urban development in 20 to 25 towns to improve their potential for

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economic development and to tackle social and ecological problems in urban areas. The second approach involves supporting projects to improve the infrastructure of pre-schools and schools, with particular emphasis on pedagogical approaches to improving the quality of education in schools. Finally, innovative solutions for social and cultural infrastructures will be supported, including those intended to address the consequences of demographic change.

- **Priority 5: Environmental protection and risk prevention** (10.4% of total ERDF funding). This priority sets out a series of measures to improve water quality and economic conditions in the area of drinking water and sewage treatment plants. In addition, clean urban transport projects will be carried out. Flood protection projects are also planned. Finally, measures relating to the restoration of mines and redevelopment of fallow land and conversion areas are to be promoted.

The current implementation status (commitments as at mid-2010) accounts for about 51% of allocated funds which shows a good progress. In particular the most important Priority 2 is performing well while urban development (P4) and environment interventions (P5) indicate a slow start (see table below).

Table 3: OP ERDF 2007-2013 in Sachsen-Anhalt

<table>
<thead>
<tr>
<th>Priority Axes</th>
<th>Allocated ERDF</th>
<th>EFRE-commitments as of 30.06.2010</th>
<th>in % allocation</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority Axis 1 Innovation, research and development</td>
<td>491,198,000</td>
<td>250,763,719</td>
<td>51</td>
<td>Urban Areas</td>
</tr>
<tr>
<td>Priority Axis 2 Increasing the competitiveness of the economy</td>
<td>642,344,635</td>
<td>449,817,886</td>
<td>70</td>
<td>Mixed areas</td>
</tr>
<tr>
<td>Priority Axis 3 Improvement of Economic infrastructure</td>
<td>258,279,587</td>
<td>136,263,904</td>
<td>53</td>
<td>Mixed areas</td>
</tr>
<tr>
<td>Priority Axis 4 Sustainable urban development, including educational infrastructures</td>
<td>262,687,980</td>
<td>59,236,564</td>
<td>23</td>
<td>Urban Areas</td>
</tr>
<tr>
<td>Priority Axis 5 Environmental protection and risk prevention</td>
<td>200,010361</td>
<td>48,347,975</td>
<td>24</td>
<td>Mixed areas</td>
</tr>
<tr>
<td>Total</td>
<td>1,854,520,563</td>
<td>944,430,047</td>
<td>51</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Ramboll (2011), Strategiebericht 201, p. 46*
ESF

The regional Operational Programme ESF focuses on furthering the convergence process and improving employment perspectives in the State. In view of the high unemployment rate and the below average economic power, Sachsen-Anhalt’s ESF Operational Programme for the 2007-2013 period aims at improving the level of vocational qualifications held by unemployed people and at strengthening the education system to improve employment opportunities for young people, so that in the long term fewer people will emigrate.

The following objectives and priorities are defined in the programme.

- The aim of Priority A is to increase the adaptability and competitiveness of workers and enterprises.
- The financially highest allocated Priority B aims at improving the qualifications of human capital primarily separate from the business context. The specific objectives of this priority lie in i) ensuring vocational training and promoting vocational integration for young people in Sachsen-Anhalt, ii) increasing the capacity for pre-school and school education and training in order to improve the future qualifications of human capital, as well as avoiding problems of integration within the labour market and society, and iii) strengthening the region’s innovation potential by promoting knowledge and innovation transfer.
- Priority C is aimed at improving the opportunities of disadvantaged persons in the labour market, in particular for the older unemployed, the long-term unemployed, people with disabilities, unemployed people returning to work, unemployed migrants and ex-prisoners.
- The objective of Priority E is to strengthen the key training which is required in international competition through transnational development offerings, to broaden intercultural, linguistic and social skills, promote a cosmopolitan climate in Sachsen-Anhalt

The level of commitments for the regional ESF programme is around 36% (mid 2010) of allocated funds which is significantly below expectations. In particular the priorities with the highest financial allocations (A and B) show a slow start (see table below).

64* See [http://ec.europa.eu/employment_social/emplweb/.esf_projects_117/result.cfm](http://ec.europa.eu/employment_social/emplweb/esf_projects_117/result.cfm)
It is worth mentioning that about 50% of ESF funds are allocated for rural areas (OP ESF, p. 124, funds related to code 5).

The spatial orientation is however not included in the monitoring, since it observes merely the implementing body but not the beneficiary.

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Allocated ESF</th>
<th>Committed funds as of 30.06.2010</th>
<th>in % allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority A: Increasing the adaptability and competitiveness of employees and enterprises</td>
<td>206,253,942</td>
<td>59,994,358</td>
<td>29</td>
</tr>
<tr>
<td>Priority B: Improving human capital</td>
<td>284,788,230</td>
<td>93,798,619</td>
<td>32</td>
</tr>
<tr>
<td>Priority C: Improving access to employment and the social inclusion of disadvantaged people</td>
<td>117,437,960</td>
<td>64,714,756</td>
<td>55</td>
</tr>
<tr>
<td>Priority D: Transnational measures</td>
<td>9,693,370</td>
<td>3874,369</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>618,173,502</td>
<td>222,382,102</td>
<td>36</td>
</tr>
</tbody>
</table>

*Source: Ramboll (2011), Strategiebericht 201, p. 100*

### 2.3 Regional strategic priorities and funding support

The strategy for the Land Sachsen-Anhalt for the implementation of EU funds in the programming period of 2007 to 2013 concerned all funds from the start. Each programme (EFRD, ESF and EARDF) has been designed to contribute in some way to the overall strategy.

These strategic priorities include:

- Research, development and innovation;
- Education;
- Investment support, training and reduction of financial constraints for businesses especially SME;

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65 See OP ERDF, section 5, p. 63 ff
A further, for rural areas extremely relevant horizontal issue is demographic change accelerated by people leaving the State. Emigration can be tackled through more job and income opportunities and improved education and qualification.

In order to implement these priorities it has been decided for some measures that they should be financed by both the ERDF as well as the EAFRD. These include (i) investments in water supply, waste water treatment and flood prevention (ii) investments in education infrastructure and (ii) child care infrastructures.

For all other areas, EU funds are clearly separated, such as in the case of urban renewal (ERDF) which is clearly separated from village renewal (EAFRD).

The contributions from EU-funds to the overall strategic priorities are presented in the results of the Strategic Report 2010 and are laid out as follows:

<table>
<thead>
<tr>
<th>Strategic priorities for all EU programmes</th>
<th>EU-Fund</th>
<th>Contribution 2008 - 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research, development and innovation (ca. 491 MEUR are related)</td>
<td>ERDF</td>
<td>Major contribution of ERDF through funding of R&amp;D infrastructures and single company support for innovative projects</td>
</tr>
<tr>
<td></td>
<td>ESF</td>
<td>Minor contribution so far</td>
</tr>
<tr>
<td></td>
<td>EAFRD</td>
<td>Minor contribution so far</td>
</tr>
<tr>
<td>Education (ca. 493 MEUR are related)</td>
<td>ERDF</td>
<td>Slow start of investments in education and child care infrastructures</td>
</tr>
<tr>
<td></td>
<td>ESF</td>
<td>Slow start, difficulties in implementing qualification schemas for young people</td>
</tr>
<tr>
<td></td>
<td>EAFRD</td>
<td>Slow start of investments in education and child care infrastructures</td>
</tr>
<tr>
<td>Investment support, training and reduction of financial constraints for businesses especially SME (ca. 915 MEUR are related)</td>
<td>ERDF</td>
<td>Substantial contribution of ERDF to investment support in companies; good performance of interventions</td>
</tr>
<tr>
<td></td>
<td>ESF</td>
<td>Implementation of Priority A (qualification of employees and of founders) is below expectations</td>
</tr>
<tr>
<td></td>
<td>EAFRD</td>
<td>Modernisation of agricultural holdings and adding value to agricultural and forestry products is the core contribution; good performance of routine measures which is in particular relevant for rural areas</td>
</tr>
<tr>
<td>Demographic change</td>
<td>ERDF</td>
<td>By the so called &quot;Demografie TÜV&quot; increasingly demographic-sensitive selection criteria are taken into account in funding schemas</td>
</tr>
<tr>
<td></td>
<td>ESF</td>
<td>In principle, ESF shall play a core role in mastering of the demographic change. However, implementation is significantly below expectations.</td>
</tr>
<tr>
<td></td>
<td>EAFRD</td>
<td>In particular Axis 3 and 4 shall give an incentive for young people to remain in the region. Furthermore, infrastructures for public services are being improved. Up to now, a good performance of implementation can be noted.</td>
</tr>
</tbody>
</table>

Source: Ramboll, 2011, Strategiebericht 2010, p. 161 ff, own compilation of findings

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66 See MTE RDP (2010), p. 159 f
67 Ramboll (March 2011), Fondstübergreifende Halbzeitbilanz der EU-Fonds in Sachsen-Anhalt, see http://www.sachsen-anhalt.de/index.php?id=pgpuvulw9ji1000
In sum, the implementation results until now show that the ERDF (through investment support in companies) and the EAFRD (through investments in holdings, village renewal and Leader projects) have contributed most to the development of the rural areas. The contribution of the ESF is to be seen critically due to significant difficulties in implementation.

It should be noted that the multi-sectoral Axis 3 (quality of life and diversification) in the RDP is quite large in comparison with others. The use of EAFRD significantly helped raising the standard of living in rural areas to the standard of living in more densely populated areas. Even smaller communities have benefited to a large extent from its support, for instance in the framework of Leader and village renewal.\textsuperscript{68}

\textsuperscript{68} MTE RDP (2010), p. 13
3. Assessment

3.1 General assessment

Main rural development priorities in Sachsen Anhalt set out by policy documents and EU programmes

The overall development objectives for the rural area of Sachsen-Anhalt (independently from EU programmes) have been laid out in the 2005 Guidelines. The four main goals are:

- Strengthening the economy in the rural areas (related to crafts, industry, services, agriculture, education, innovation);
- Reversing the “brain drain” trend of young people from villages;
- Strengthening communal public services in the rural area, and
- Sustainable and future-oriented protection of the environment.

The objectives for rural development should be achieved through the implementation of the integrated rural development concepts (“Integrierte Ländliche Entwicklungskonzepte“, ILRK) which will be the basis for national and EU funding programmes starting in 2007.

The realization will moreover be supported by regional partnerships (inter alia working groups and ILE-management) and the Forum for rural development (“Forum Integrierte ländliche Entwicklung”).

The rural development goals partly overlap with the overall goals of EU programmes (i) Research, development and innovation (ii) Education and (iii) Investment support, training and reduction of financial constraints for businesses especially SME.

The goals related to public services and environment in rural areas are, however, given more weight in the 2005 Guidelines than in the overall strategy.

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69 Leitlinien für die Entwicklung des Ländlichen Raumes in Sachsen-Anhalt, Positionspapier der „Allianz Ländlicher Raum“ (ALR), 21,12,2005 in der Fassung vom 21.03.2006
70 ILE = Integrierte Ländliche Entwicklung (Integrated Rural Development)
New plans for integrated development in rural areas and links to EU funds

In preparation for the 2007-2013 programming period, 9 ILE regions were established in Sachsen-Anhalt for which Integrated Rural Development Concepts (“Integrierte Ländliche Entwicklungskonzepte”, ILEKs) were developed in 2006.

The local development strategies of the Leader Local Action Groups (LAGs), developed in 2007, are based on the ILEKs. The fact that the contents of both strategies match, was an essential condition for the approval of the LAGs. An ILE-region can include several Leader Action Groups.

The ILEK and Leader strategies are the basis for funding projects from the various EU funds, whereby the support from the EARDF represents the main part of the funding instruments.

It should also be mentioned that parts of the social infrastructure (child care, school infrastructure) were covered for the first time by EARDF support.

As an incentive for an integrated approach projects which are undertaken within the framework of Leader or ILEK are being prioritized during the selection procedure and receive higher funding rates.

Most important EU funds and related measures for rural development

The most important EU programme for rural development in terms of financial support is clearly the RDP (EAFRD) which covers in axes 3 and 4 integrated development issues besides the main focus on the agricultural sector.

Besides the RDP there are other EU-programmes which are relevant for the development of rural areas.

- The OP ERDF supports up to now very successful investment activities in SMEs which are also located broadly in rural areas.
- The contribution of the OP ESF in rural area is hardly to detect, because the programmes uptake is slow up to now and monitoring arrangements are inadequate to locate achievements specifically in rural areas.
3.2 Institutional structures and arrangements

Co-ordination of different EU-funds at regional or local level

At state government level there is no single Managing Authority for the 2007-2013 period which would be responsible for the implementation of all EU-programmes (while this was the case in the period of 2000-2006).

Despite this fact there is ongoing coordination between the funding bodies at operational level. Moreover an overall mid-term evaluation of all EU funds has been implemented (“Strategiebericht 2010”); a method which does not exist in other regions.

Better local governance through Leader Local Action Groups

In Sachsen-Anhalt 23 Leader Local Action Groups were established. The LAGs help to achieve a more effective allocation of funds to local development strategies in all regions (MTE RDP, 2010, p. 27). The implementation of Leader projects is mainly supported by the EAFRD for now but the projects are increasingly supported by other EU funds too (Strategic Report 2010, p. 156).

Access to funding

In the German System there is no “one stop shop” for beneficiaries. There is however a complex system of well-functioning and specialized focal points/contact points which have been established for several years. These focal points are responsible for national funding as well as EU co-funding.

Regular monitoring and reporting of progress

For each EU-programme a regular monitor has been established in accordance with the EU regulations, which works sufficiently well (financial and physical monitoring, annual implementation reports, ongoing evaluation in ERDF, ESF and EARDF).

The regional RDP was already (slightly) modified mainly due to European Health Check and European Economic Recovery Package.
3.3 Satisfaction with present arrangements

Are existing administrative arrangements considered satisfactory?

Overall, administrative procedures are well developed. One concern is related to the strict demarcation of urban renewal (Städtebauförderung) and village renewal (Dorferneuerung) which is considered as problematic.

Villages which have rural characteristics and are formally part of counties (“Landkreise”) whose urban centres are subject to urban renewal (supported by ERDF) are excluded from EAFRD support (village renewal). This concerns all counties which have been significantly increased as a result of incorporations (“Eingemeindungen”) and which now include many rural villages in addition to the core city (e.g. Landkreis Wittenberg consists of a small urban core centre and 26 rural localities (Ortsteile)). However, the precise extent to what rural parts – through too formalized funding rules – are excluded in practice is not known.

The strictly official (and not functional) demarcation between urban and village renewal strongly hinders the integrative development of the core city and localities in the county. This is why it is very important to develop integrative urban-rural action plans through merging and harmonising ISEK (“Integrierte Städtische Entwicklungskonzepte” / Integrated urban development concepts) and ILEK (“Integrierte Ländliche Entwicklungskonzepte” / Integrated rural development concepts).

Cross-sector clearing offices are very difficult to establish

According to OP ERDF (p. 78) it was envisaged to establish a clearing office for the urban dimension to undertake a pragmatic co-ordination of the existing funding offers. This clearing office should assess the funding offers with respect to the regional or local development goals especially in the cities (see Strategic Report 2010, p. 16). However, up to now it was not possible to set up this clearing office. This is an interesting case indicating that the establishment of cross-sectoral bodies (either for the urban or rural dimension) is difficult.

71 MTE RDP, 2010, p. 571
Main concerns for rural development

The following challenges have been identified by the mid-term evaluation (“Strategiebericht 2010”), which are relevant for rural areas:72

- Municipalities face significant problems with respect to raising their matching funds, in order to fully use the available EU funds.
- The development of a common master plan for tourism which includes urban and rural areas is essential.
- Concepts of rural and city development strategies should be match more strongly in the future.
- The transparency of the funding opportunities under the ESF OP should be improved, including for rural beneficiaries.
- One can still observe only few innovative approaches in the implementation of Leader.
- All planning principles which determine funding decisions should be regularly updated taking into account demographic change.

Amount of funding for rural areas – is it seen as adequate?

Since the beginning of the 1990s, around 1 billion EUR of public funds have been invested in the Land of Sachsen-Anhalt for village renewal (“Dorferneuerung”). Through this support rural villages have become more attractive as residential areas.

The available public funds (national and EU funds) have however been significantly decreased.

In future, it will be necessary to either reduce the number of activities funded or to provide higher financial support for these measures (MTE RDP, 2010, p. 477f).

Programme period 2014+ - need for better governance and coordination?

There is an effort to have a single Managing Authority for all regional EU programmes such as in the programming period of 2000-2006, however these ideas are countered by sectoral interests.

72 KWF (2005): Integrierte Regionalstrategie Kärnten (IRS.KTN), p. 20f
Example of good experiences - Impact assessment of different EU programmes in rural areas

In order to better assess the effects of integrated measures in the rural areas, a sample of 15 reference areas has been chosen in the Mid-term-Evaluation of the Rural Development Programme (MTE RDP 2010\textsuperscript{73}). The socio-economic development trends are being observed in detail in these areas. Moreover, the satisfaction of the inhabitants with the quality of living is being assessed by undertaking surveys. By assessing funding measures undertaken under the ERDF and EAFRD programmes in the period of 2000-2008, an overall picture of the impact of EU funds could be drawn (see MTE, p. 49 ff). This evaluation method represents a good starting method which should be further developed. In the field of single company supporting the establishment of a reference network of companies is a common approach taken. In the area of integrated funding, this method is still new.

\textsuperscript{73} ISW - Institut für Strukturpolitik und Wirtschaftsförderung (2010), Bericht zur Halbzeitbewertung des Programms zur Entwicklung des Ländlichen Raumes in Sachsen-Anhalt
4. Conclusions

The Land of Sachsen-Anhalt is characterised by a relatively small number of urban areas such as Magdeburg, Halle (Saale) and Dessau-Roßlau and a high share of rural areas. Therefore rural policy is very important.

Overall, Sachsen-Anhalt has very good conditions for an integrated regional development in its rural areas and has the following essential prerequisites:

1. An explicit policy for rural areas is in place and integrated strategies were created. The overall development policy for the rural area of Sachsen-Anhalt was – independently from EU programmes – constituted by the 2005 Guidelines. The rural development objectives are implemented through Integrated Rural Development Concepts (“Integrierte Ländliche Entwicklungskonzepte”, ILRK).

2. The EU programmes (RDP, ERDF and ESF) are implemented on a regional level which allows regional actors to develop their individual priorities.

3. In ERDF and ESF programmes a major part of the funding is allocated to rural areas (71% and 50% respectively of total EU funding), which shows the importance of rural areas in Sachsen-Anhalt. However, data on the current implementation status are not yet available.

4. For rural areas there is a broad mix of measures available (going beyond interventions for the agricultural core group). The multi-sectoral Axis 3 (quality of life and diversification) has relatively high weight in the RDP. In addition, EAFRD measures include support for social infrastructures which is a new approach to target relevant challenges in rural development.

5. The strategy for the Land of Sachsen-Anhalt in relation to the implementation of EU-funds in the programme period of 2007 – 2013 was an overall strategy for all funds from the start. Moreover there are cross-funding evaluations (see Strategic Report 2010). However, while the “urban dimension” is being explicitly evaluated, the “rural dimension” is not.

One weakness can be observed in the strict formal demarcation of urban renewal (“Städtebauförderung”) and village renewal (“Dorferneuerung”) which excludes some rural villages from funding.
Moreover, although there is a cross-sectoral framework strategy for EU-funding, a similar cross-sectoral framework strategy does not exist for national funding instruments, which threatens to undermine the EU framework strategy.

One recommendation would be therefore to define cross-funding development goals for “rural areas” and for “urban areas” for the next programme period. The role and importance of each EU fund in achieving the development goals in both rural and urban areas should be regularly monitored and evaluated.
Annex 3 - Case Study – Greece, Western Greece

1. General Information

1.1 Statistical information

Country: Greece
Region: Western Greece (GR23)
NUTS categorisation: NUTS II
OECD categorisation: Predominantly Rural

Economic and social characteristics

Surface area (km²): 11350.0
Population (2009): 742038
Average income (PPS per inhabitant as % of EU average, 2008): 73
GDP per head (PPS per inhabitant, 2008): 18200
Employment rate (2009): 58.6
Unemployment rate (2009): 9.5
Age structure of the labour force (% shares, 2009):

- 15-24 years: 8.57
- 25-44 years: 55.18
- 45-64 years: 34.84
- Over 65 years: 1.41

Agriculture as % of GDP (2008): 7.10
Agriculture as % of employment (2008): 20.38
Agriculture as % of total land area (2006): 33.67
Forestry as % of total land area (2006): 33.46
Economic potential and challenges
Categorisation of region by challenge:\n
- specialised

Categorisation of region by diversity: homogenous

Social challenges

Population trends (average annual change, 1995-2009): growing (+0.28%)
Education prospects for young people (students in all levels of education as % of region population, 2008): 20.2

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\(^{74}\) For this study, we follow the broad categorization of rural areas set out in a recent ENRD working group report in which three broad types of situation are distinguished:

- distressed rural areas - notably in some of the new Member States, where agricultural production and employment is in rapid decline and new activities are slow to develop, and which warrant wide-ranging economic and social support similar to that given to distressed areas of inner cities;
- specialised agricultural rural areas - which continue to focus successfully on agriculture as a core activity, but which could nevertheless benefit from modest diversification in order to maintain continued growth and prosperity;
- diversified rural areas - the most common type in most countries - where agriculture is no longer a dominant part of the region’s economic and social structure although often still important in providing a background to diverse alternative activities, notably those linked to leisure and tourism, along with a variety of small scale service and industrial activities.

(ENRD, Synthesis report, WP2, Agriculture and the wider rural economy, ref December 2010)
2. EU Structural Fund support

2.1 Overview of EU funding in the region

The state of EU Cohesion policy support in Greece for the 2007-2013 programming period is mainly characterized by its highly centralized structure and the considerable delay in the implementation of Operational Programmes (OP).

In terms of its structure, 2007-2013 interventions are distinguished into 7 national/sectoral and 5 regional OP all dealing with thematic policy issues. These OP are jointly funded by ERDF, ESF and the Cohesion Fund (in the case of action implementing in Greek Cohesion Regions). To these, one should add the Rural Development OP funded by EAFRD and the OP for Fisheries funded by the European Fisheries Fund (EFF). This “separate” consideration of these two last OP is justified by the fact that both EAFRD and EFF are officially not characterized as Structural Funds and their actions are not included in the National Strategic Reference Framework (NSRF).

National OP (Table 1) are implementing sectoral policy measures which are characterised as being specific to national or/and interregional strategic goals and thus, in need of strict central coordination. On the other hand, regional OP are acting in a complementary to national OP manner, and promote public intervention which is specific to regional/sub-regional development needs. In all cases, regional OP cover a common core of interventions which include social infrastructure, health infrastructure, cultural infrastructure, local level accessibility and environmental interventions, measures associated with sustainable urban development and measures for supporting mountainous, disadvantaged and island areas.

Taking the objectives of this project into account, the first task of this case study was to specify which national/sectoral OP are actually or potentially intervening (in terms of both their design and implementation) in rural areas of the Western Greece region. To this end, all sectoral OP were first screened; this was followed by consultations of the research team with officials from the Ministry of Regional Development and Competitiveness (which is responsible for the coordination of Cohesion Policy in Greece) and the Ministry of Rural Development and Food. Last, the research team consulted the Regional Development Directorate of the W. Greece region to (as proved) confirm the findings of the “central-level” consultations. In a more than clear manner, this procedure led to the finding that due to the characteristics of the W. Greece region (geography, economic structures and especially the very important share
of primary activity in employment, development trends, labour market conditions, infrastructural constraints, etc.) all 7 national/sectoral OP as well as the OP financed by EAFRD and EFF are intervening in rural areas of W. Greece in the current programming period. Hence, Table 1 includes information on all these OP as well as (of course) on the Regional OP for W. Greece-Peloponnese-Ionian Islands.

After this specification, the next step of our investigation was related to the provision of data on OP-specific planned and actual expenditure for W. Greece. As expected, this task was proved to be very complicate. In more detail, with regards to planned expenditure, only the Regional OP and the OP Public Administration Reform contained a specification of the regional distribution of their funds, as most OP specified this distribution in a non-transparent manner or indicated a “first come, first served” process.
Table 1: Scale of planned funding support from EAFRD, ERDF and ESF in period 2007-2013 (total cost, ml. EUR)

<table>
<thead>
<tr>
<th>EU Programme 2007 - 2013</th>
<th>Planned funds for W. Greece</th>
<th>Managing Authority (MA)</th>
<th>Responsible body</th>
<th>Further actors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural Development Programme 2007-2013, Greece</td>
<td>650.9 (EAFRD)</td>
<td>MA Rural Development</td>
<td>Ministry of Rural Development and Food</td>
<td>4 Local Action Groups (LAGs) on Priority 4</td>
</tr>
<tr>
<td>OP Fisheries 2007-2013, Greece</td>
<td>26.9 (EFF)</td>
<td>MA Fisheries</td>
<td>Ministry of Rural Development and Food</td>
<td>2 Fisheries Local Action Groups (FLAGs) on Priority 4</td>
</tr>
<tr>
<td>Regional OP W. Greece – Peloponnese - Ionian Islands 2007-2013</td>
<td>543.6 (ERDF)</td>
<td>MA OP W.Greece</td>
<td>Regional Administration of W. Greece</td>
<td></td>
</tr>
<tr>
<td>OP Accessibility Improvement 2007-2013, Greece</td>
<td>1328.1 (ERDF)*</td>
<td>MA Accessibility Improvement</td>
<td>Ministry of Infrastructure, Transport and Networks</td>
<td></td>
</tr>
<tr>
<td>OP Competitiveness and Entrepreneurship 2007-2013, Greece</td>
<td>122.2 (ERDF)*</td>
<td>MA Competitiveness and Entrepreneurship</td>
<td>Ministry of Regional Development and Competitiveness</td>
<td></td>
</tr>
<tr>
<td>OP Environment and Sustainable Development 2007-2013, Greece</td>
<td>81.8 (CF/ERDF)*</td>
<td>MA Environment and Sustainable Development</td>
<td>Ministry of Environment and Climate Change</td>
<td></td>
</tr>
<tr>
<td>OP Human Resources Development 2007-2013, Greece</td>
<td>97.6 (ESF)*</td>
<td>MA Human Resources Development</td>
<td>Ministry of Employment and Social Security</td>
<td>Implementation Agencies in Ministries of Health and Education</td>
</tr>
<tr>
<td>OP Education and Lifelong Learning 2007-2013, Greece</td>
<td>192.4 (ESF)</td>
<td>MA Education and Lifelong Learning</td>
<td>Ministry of Education</td>
<td></td>
</tr>
<tr>
<td>OP Public Administration Reform 2007-2013, Greece</td>
<td>20.4 (ESF)</td>
<td>MA Public Administration Reform</td>
<td>Ministry of Interior</td>
<td></td>
</tr>
</tbody>
</table>

* Committed expenditure until end of March 2011.

Source: Ministries of Rural Development and Food; Regional Development and Competitiveness; Interior; Environment and Climate Change; Infrastructure, Transport and Networks; Education, Employment and Social Security; Regional Administration of W. Greece.
Hence, the Regional Administration of W. Greece (which “possess” a good picture on the amount of funds to be directed to this region during the current programming period) and Managing Authorities (MAs) of the sectoral OP were consulted to this end. Albeit, in some cases (Table 1) only data on expenditure (legally) committed so far for W. Greece was provided.

As shown in Table 1, three OP account for 82.2% of identified planned or/and committed structural development expenditure in W. Greece; these are the OP Accessibility Improvement (43.3%), the Rural Development Programme (21.2%) and the Regional OP (17.7%). As rather expected, with the exception of the Regional OP, all other financing tools are centrally managed (with only EAFRD and EFF tools granting some jurisdictions towards local stakeholders), this being a first indication of coordination and policy integration conditions.

In terms of actual expenditure per OP priority, the investigation was proved to be even more difficult. This information became available from the relevant MAs only in the case of the Regional OP and the sectoral OP on Rural Development and Environment and Sustainable Development, respectively. Further, this investigation proved quite straight in the case of the OP on Digital Convergence (in the case of which no funds have been so far directed to W. Greece) and Fisheries (where absorption has been so far zero). Therefore, in order to obtain W. Greece expenditure data on the remaining five sectoral OP (Accessibility Improvement; Competitiveness and Entrepreneurship; Human Resources Development; Education and Lifelong Learning; Public Administration Reform), the relevant service (Information System) of the Ministry of Regional Development and Competitiveness (which coordinates cohesion policy in Greece) was contacted; however, expenditure data provided by this service on these five OP was (in most cases) aggregate and did not distinguished expenditure by Priority Axis.

Within this context, it should be noted that in several cases (especially in publicly funded infrastructure projects of a “national” or/and “multiregional” nature) sectoral OP expenditure cannot be apportioned to the regional level and hence, even coordinating authorities cannot estimate funds "allocated" to W. Greece.
2.2 Priorities of the EU funding

One regional and nine sectoral/national OP intervene in rural areas in W. Greece in the current programming period. In terms of Community Funds these programmes correspond to:

i) EAFRD: Rural Development Programme 2007-2013 (RDP)
ii) EFF: OP Fisheries 2007-2013 (OPF)
iii) ERDF:
   a. Regional OP for W.Greece – Peloponnese – Ionian Islands, 2007-2013 (ROP)
   b. OP Digital Convergence, 2007-2013 (DC)
   c. OP Accessibility Improvement 2007-2013 (AI)
   d. OP Competitiveness and Entrepreneurship 2007-2013 (CE)
v) ESF:
   a. OP Human Resources Development 2007-2013 (HR)
   b. OP Education and Lifelong Learning 2007-2013 (EDU)
   c. OP Public Administration Reform 2007-2013 (PAR)

As already noted above, the main characteristic of structural and rural development programmes in Greece for 2007-2013 has been the significant delay in their implementation, which has resulted in very low absorption rates. This particular issue is also evident in the case of W. Greece, where absorption rates are so far quite low.

EAFRD

In terms of specific programmes, Table 2 presents the priorities, planned and actual expenditure data for W. Greece specific to the Rural Development Programme 2007-2013. According to planned expenditure, the agricultural orientation of the programme action for W. Greece becomes obvious; Priority 1 (competitiveness of agriculture and forestry) account for over 58% of total planned funds (compared to 47% nationally), while similar to the national level, Axis 2 (environment) accounts for nearly 28%. This orientation of regional planned spending can be justified by the very significant importance of agriculture in terms of employment in this region (reaching nearly 24% compared to 12% nationally). In contrast, policy action on economic diversification and quality of life account for less than 14% of total planned funds, compared to nearly 25% at the national level. Absorption rates are much better compared to those of other OP, but surely lower than desired. In total,
absorption accounts for 17% of planned expenditure, but as in the national case, it mostly reflects expenditure on 2000-2006 commitments mainly for Agri-environmental Payments, LFA payments, infrastructure improvement projects and Early Retirement and is thus mostly associated with Priority 2. Expenditure specific to current period measures is associated with measures such as Young Farmers and (small-scale) Farm Investment Plans. In terms of Priorities 3 and 4, most measures have been only recently activated and proposals are currently in the stage of evaluation.

Table 2: Rural Development Programme 2007-2013 (total cost; ml EUR)

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Planned EAFRD in W. Greece</th>
<th>EAFRD expenditure 30.3.11</th>
<th>in % planned</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority 1</td>
<td>Improving the competitiveness of agriculture and forestry</td>
<td>379.9</td>
<td>17.1</td>
<td>4.5</td>
</tr>
<tr>
<td>Priority 2</td>
<td>Improving the environment and the countryside</td>
<td>180.0</td>
<td>93.6</td>
<td>52</td>
</tr>
<tr>
<td>Priority 3</td>
<td>Quality of life and diversification of the rural economy</td>
<td>58.0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Priority 4</td>
<td>Implementation of local development strategies*</td>
<td>32.9</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>650.9</td>
<td>110.7</td>
<td>17</td>
</tr>
</tbody>
</table>

*Refers to quality of life and diversification action implemented through Leader approach.

Source: Ministry of Rural Development and Food
EFF

Table 3 presents the priorities and planned public expenditure for W. Greece specific to the OP Fisheries 2007-2013\textsuperscript{75}. The focus here seems to be on Priority 4 which defines Fishing Leader areas and uses a bottom-up approach to design and implement local development strategies; around 30\% of planned public expenditure for W. Greece is specific to this Priority, compared to 13\% at the national level. Also the shares of Priorities 1 (adjustment of fleet) and 2 (aquaculture, inland waters fishing, processing and marketing of fish products) are not too different from national ones.

Table 3: OP Fisheries 2007-2013 (public expenditure, ml. EUR)

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Planned EFF in W. Greece</th>
<th>EFF expenditure 30.3.11</th>
<th>in % planned</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority 1 Adjustments of fleet</td>
<td>8.1</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Priority 2 Aquaculture, inland water fishing, processing and marketing of fish products</td>
<td>7.0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Priority 3 Environmental conservation, port infrastructure and product promotion</td>
<td>4.0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Priority 4 Development of fishing areas</td>
<td>7.8</td>
<td>0</td>
<td>0</td>
<td>The programmes of two Fishing LAGs have been specified.</td>
</tr>
<tr>
<td>Total</td>
<td>26.9</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Ministry of Rural Development and Food

\textsuperscript{75} So far this OP has not been activated in terms of expenditure.
ERDF

Structural intervention specific to ERDF is presented in Tables 4-7. Table 4 presents the priorities, planned and actual expenditure data for W. Greece specific to the Regional OP for W. Greece – Peloponnese – Ionian Islands 2007-2013. According to planned expenditure, the vast majority (65.4%) of funds come under Priority 3 “Sustainable Development and Quality of Life” which aims at promoting action such as environmental, social and cultural infrastructure, urban development, economic diversification (rural areas), and increasing competitiveness. Funds planned for Priority 1 “Accessibility, Infrastructure and Services” account for nearly 19%, aiming at the completion and improvement of road and railway infrastructure, ports and airports of the region. Finally, Priority 2 “Digital Convergence and Entrepreneurship” account for 15.7% of planned funds, with main goals being the integration of new technologies into the business environment, the development of broadband infrastructure, the establishment of new businesses and modernisation of existing ones, the promotion of tourism and research and the increase of value added through (amongst others) large-scale investments by firms. Total absorption so far amounts to 4.2% of planned funds; it fluctuates around 5% in the case of Priority 1 (mainly on road infrastructure) and Priority 2 (health and education infrastructure, JESSICA fund), but is zero in the case of Priority 2.

In the case of the OP Digital Convergence (Table 5), it can first be seen that absorption for W. Greece is currently zero. In terms of planned spending, there slightly more emphasis (in contrast to the national average) on the improvement of competitiveness through ICT (which promotes the use of ICT by businesses and entrepreneurship in sectors making use of ICT), while 46% of planned funds are planned for ICT and Quality of Life action which aims at the spread of ICT in the population and the development of digital Public Administration services for citizens.
Table 4: Regional Operational Programme Western Greece – Peloponnese – Ionian Islands 2007-2013 (total cost, ml. EUR)

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Planned ERDF in W. Greece</th>
<th>ERDF expenditure 30.3.11</th>
<th>in % planned</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority 1 Improving accessibility infrastructure and services</td>
<td>102.5</td>
<td>5.0</td>
<td>4.9</td>
<td>Expenditure is so far specific to road infrastructure.</td>
</tr>
<tr>
<td>Priority 2 Digital convergence and entrepreneurship</td>
<td>85.7</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Priority 3 Sustainable development and quality of life</td>
<td>355.4</td>
<td>18.0</td>
<td>5.1</td>
<td>Expenditure is so far associated with health and education infrastructure as well as with the participation of the region in the set-up of the JESSICA fund.</td>
</tr>
</tbody>
</table>

Total 543.6 23.0 4.2

Source: Regional Administration of Western Greece

Table 5: OP Digital Convergence 2007-2013 (total cost, ml. EUR)

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Committed ERDF in W. Greece</th>
<th>ERDF expenditure 30.3.11</th>
<th>in % committed</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority 1 Improving competitiveness through ICT</td>
<td>3.3</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Priority 2 ICT and Quality of Life</td>
<td>2.8</td>
<td>0</td>
<td>0</td>
<td>Absorption for W. Greece is zero so far.</td>
</tr>
<tr>
<td>Total</td>
<td>6.1</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Ministry of Regional Development and Competitiveness
As already noted, the OP Accessibility Improvement represents nearly 43% of cohesion policy intervention funds in W. Greece. As seen in Table 6, this is mostly due to the Road transport infrastructure Priority which accounts for 1217.2 ml. EUR (91.6% of the programme’s committed spending in the region) and mostly corresponds to the motorways linking the region with the Athens – Thessaloniki Axis (PATHE) and with Epirus (Ionia Odos). In terms of Priority 3, the main projects are specific to the extension and modernization of the Patras port, while road safety is promoted through Priority 5. Data on expenditure in W. Greece showed that so far, absorption has been specific to Priority 1 (road transport) and currently accounts for 14% of expenditure committed on this Priority (170.3 ml EUR).

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Committed ERDF in W. Greece</th>
<th>ERDF expenditure 30.3.11</th>
<th>in % committed</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority 1</td>
<td>Road transport – road network improvement</td>
<td>1217.2</td>
<td>170.3</td>
<td>14.0</td>
</tr>
<tr>
<td>Priority 2</td>
<td>Rail and combined transport</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority 3</td>
<td>Sea transport and ports</td>
<td>86.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority 4</td>
<td>Air transport and airports</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority 5</td>
<td>Transportation safety networks</td>
<td>24.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority 6</td>
<td>Technical support</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1328.1</td>
<td>170.3</td>
<td>12.8</td>
</tr>
</tbody>
</table>

*Source: Ministry of Infrastructure, Transport and Networks*

Information gathered on the OP Competitiveness and Entrepreneurship has been very poor (Table 7), as data on both commitments and expenditure was not released per Priority, but only in an aggregate manner. This data shows that out of a current commitment of 122.2 ml EUR, 81.5 ml EUR has so far been spent (66.7%).
Table 7: OP Competitiveness and Entrepreneurship 2007-2013 (total cost, ml. EUR)

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Committed ERDF in W. Greece</th>
<th>ERDF expenditure 30.3.11</th>
<th>in % committed</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority 1 Creation and utilization of innovation supported by Research and Technological Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority 2 Reinforcement of entrepreneurship and extroversion</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority 3 Improvement of entrepreneurial environment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority 4 Completion of the country’s energy system and reinforcing sustainability</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>122.2</td>
<td>81.5</td>
<td>66.7</td>
<td>Information per Priority did not become available.</td>
</tr>
</tbody>
</table>

Source: Ministry of Regional Development and Competitiveness

ERDF/Cohesion Fund

Table 8 presents the priorities, committed and actual expenditure data for W. Greece specific to the OP Environment and Sustainable Development 2007-2013. This OP is jointly financed by the Cohesion Fund and ERDF; however, in the case of W. Greece, only 4 ml. EUR of committed expenditure is specific to ERDF (i.e. Priority 5 and 90% of Priority 1). Most of committed expenditure for W. Greece comes under Priority 2 “Protection and Management of Water Resources” (48.8%) which promotes action on the protection of water quality and the provision of quality drinkable water in urban centres, tourist areas and areas facing water shortages. This is followed by Priority 4 “Protection of Soil Systems – Managing Solid Waste” (46%) which aims at the protection of public health, soils and underground waters caused from the disposal of solid waste. Finally, Priority 5 (Nature an Biodiversity) aims at the activation of the Natura 2000 network. Total absorption so far amounts to only 2.5% of committed funds and concerns Priority 2.
### Table 8: OP Environment and Sustainable Development 2007-2013 (total cost, ml. EUR)

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Committed CF/ERDF in W. Greece</th>
<th>CF expenditure 30.3.11</th>
<th>in % committed</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority 1 Protecting atmospheric environment; managing climate change; renewable energy sources</td>
<td>1.0</td>
<td>0.02</td>
<td>2.4</td>
<td>90% of funds committed so far are associated with the evaluation of urban environmental noise.</td>
</tr>
<tr>
<td>Priority 2 Protecting and managing water resources</td>
<td>39.9</td>
<td>2.1</td>
<td>5.3</td>
<td>W. Greece accounts for 11% of total committed expenditure so far.</td>
</tr>
<tr>
<td>Priority 3 Preventing, mitigating and managing environmental hazards</td>
<td></td>
<td></td>
<td></td>
<td>No information was provided on this priority.</td>
</tr>
<tr>
<td>Priority 4 Protecting soil systems and managing solid waste</td>
<td>37.8</td>
<td>0</td>
<td>0</td>
<td>W. Greece accounts for 13% of total planned expenditure.</td>
</tr>
<tr>
<td>Priority 5 Protecting nature and biodiversity</td>
<td>3.1</td>
<td>0</td>
<td>0</td>
<td>W. Greece accounts for 11% of total committed expenditure.</td>
</tr>
<tr>
<td>Priority 6 Developing institutions and mechanisms</td>
<td></td>
<td></td>
<td></td>
<td>No information was provided on this priority.</td>
</tr>
<tr>
<td>Total</td>
<td>81.8</td>
<td>2.02</td>
<td>2.5</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Ministry of Environment and Climate Change*
ESF

Tables 9-11 present details on the OP funded by ESF. In the case of the OP Human Resources Development 2007-2013 (Table 9), data on both commitments and expenditure was not released per Priority, but only in an aggregate manner. This data shows that out of a current commitment of 97.6 ml EUR, 32.4 ml EUR has so far been spent (33.2%).

In terms of planned expenditure for W. Greece, the Education OP (Table 10) is dominated by Priority 1 (Upgrading Quality of Education and Promoting Inclusion) which aims at modernizing the education system, introducing quality assurance and ICT, combating early school leaving and reinforcing teaching quality (40.7%). This is followed by Priority 2 (Upgrading Vocational Education and Link it with the Labour Market) which accounts for 24.1% of planned expenditure and Priority 4 (Enhancing Human Capital to Promote Research and Innovation) which aims at promoting research and upgrading post-graduate studies (20%). In terms of actual expenditure, only aggregate data was provided, showing an absorption of 12 ml EUR (6.2%).
Table 9: OP Human Resources Development 2007-2013

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Planned ESF in W. Greece</th>
<th>ESF expenditure 30.3.11</th>
<th>in % planned</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority 1</td>
<td>Strengthening institutional capacity and the efficiency of public administrations and public services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority 2</td>
<td>Increasing adaptability of workers, enterprises and entrepreneurs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority 3</td>
<td>Enhancing access to employment and the sustainable inclusion in the labour market</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority 4</td>
<td>Reinforcing the social inclusion of socially vulnerable groups</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority 5</td>
<td>Mental health reform, primary healthcare development; promotion of public health</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>97.6</td>
<td>32.4</td>
<td>33.2</td>
</tr>
</tbody>
</table>

Source: Ministry of Employment and Social Security
### Table 10: OP Education and Lifelong Learning 2007-2013 (total cost, Ml. EUR)

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Planned ESF in W. Greece</th>
<th>ESF expenditure 30.3.11</th>
<th>in % planned</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority 1</td>
<td>Upgrading the quality of education and promoting inclusion</td>
<td>78.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority 2</td>
<td>Upgrading the systems of initial vocational training and vocational education and linking education with the labour market</td>
<td>46.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority 3</td>
<td>Enhancing lifelong education for adults</td>
<td>29.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority 4</td>
<td>Enhancing human capital in order to promote research and innovation</td>
<td>38.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>192.4</td>
<td>12.0</td>
<td>6.2 Information on expenditure was provided in an aggregate manner.</td>
</tr>
</tbody>
</table>

*Source: Ministry of Education*

Planned expenditure for W. Greece from the OP Public Administration (Table 11) is dominated by Priority 1 (Upgrading Public Policies) which accounts for 65% of total planned support and promotes public infrastructure action which aims at the improvement of policy design, monitoring and coordination of public policy domains, the improvement of infrastructure specific to public administration and actions promoting the organizational and operational restructuring of the Greek state. In terms of actual expenditure, only aggregate data was provided, showing an absorption of 1.8 ml EUR (8.8%).
<table>
<thead>
<tr>
<th>Priorities</th>
<th>Planned ESF in W. Greece</th>
<th>ESF expenditure 30.3.11</th>
<th>in % planned</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority 1</td>
<td>Upgrading public policies through the improvement of functional procedures and administrative restructuring</td>
<td>13.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority 2</td>
<td>Developing PA human resources</td>
<td>5.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority 3</td>
<td>Infrastructure &amp; technical support</td>
<td>1.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>20.4</td>
<td>1.8</td>
<td>8.8</td>
<td>Information on expenditure was provided in an aggregate manner.</td>
</tr>
</tbody>
</table>

*Source: Ministry of Interior*

### 2.3 Regional strategic priorities and funding support

References on the strategic priorities of the region of Western Greece in the 2007-2013 programming period have appeared in the National Strategic Reference Framework for Greece 2007-2013 (NSRF), the National Strategic Plan for Rural Development in Greece 2007-2013 (NSP-RDP) and the National Strategic Plan for Fisheries in Greece 2007-2013 (NSP-EFF). In all these three documents there are references to the development problems and constraints which W. Greece is facing and especially on its declining economy and problematic labour market. Also, there are references on how the various Operational Programmes will deal with those particular issues in a strategic manner.

Indicatively, the NSRF refers to a series of problems and prospects which W. Greece faces, associated with the persistence of the traditional model in the rural sector, the impact of de-industrialization in the urban centres, and also the dynamic sector of tourism and residential development. It is then quoted that W. Greece is afflicted by problems of particular seriousness. With respect to employment, unemployment and poverty, the region faces significant problems. The reasons are linked to the slow rate of restructuring of the productive pattern, where the primary sector is still dominant, and to de-industrialization
experienced by the W. Greece urban centres. A key factor is the relative distance of the region from the existing axis of development in Greece, combined with the fact that beginning of work on the major infrastructural projects in the region was delayed. However, it should be noted that significant projects are planned in the region, giving grounds to assert that it will soon form an emerging western development axis. Emphasis will be put on the restructuring of the productive sector of the urban centres, the modernization of the primary sector, the vertical integration of primary sector products and the development of tourism in the coastal areas and in areas of the inland massif.

Taking these problems into account, it is noted that the Regional Operational Programme for W. Greece will focus on the development and acceleration of infrastructure and services and especially on the creation and operation of the Western Axis of PATHE (Korinthos - Patras), which will help improve the level of transport and act as a development tool for the economic restructuring and modernization of the entire spatial entity. A key role is also attributed to interventions within the framework of combined transport (development of cargo terminals).

Emphasis will also be put on increasing investments in knowledge intensity sectors and reorienting productive resources towards services and products of high added value. Measures will be taken to promote and enhance cooperation among Higher Education Institutes, research institutes and businesses, to establish new and modernize existing enterprises, highlighting innovation and new technologies, and to create innovative products by making the most of the region’s educational institutes. Further, an important aspect of the strategy will promote the integrated tourism development, with emphasis on special - alternative forms of tourism. Finally, there will be interventions to protect and improve the urban and built-up environment (e.g. development of environmental infrastructures to process, manage and utilize solid and liquid waste), as well as to explore alternative energy sources.

In the case of the NSP-RDP document, it is noted that emphasis in W. Greece will be given to action including the restoration of areas hit by the 2007 forest fires, the restructuring of basic crops (i.e. tobacco), the maintenance of the rural population, the establishment of competitive, market oriented farm units, the protection of the rural environment and water resources and the promotion of investment on rural tourism. Finally, the NSP-EFF emphasizes the significant needs for the restructuring of the fishing sector in the region and for economic diversification.

Within this context, and as seen in Table 12, it is perhaps not surprising that policy domains in W. Greece are dealt with by several Operational Programmes, this being a clear indication on the need for the coordination and
complementarity of development action. As seen from the Table, only Agriculture and Forestry and Labour Market and Social Inclusion correspond to action by one OP (RDP and HR, respectively); Research, Technology, Innovation and Entrepreneurship are pursued by seven Programmes, while Development and Economic Infrastructure, Environment and Governance are each pursued by six Programmes. Finally, the RDP and the Regional OP are very much the most “multidimensional” programmes, as they intervene on 10 and 8 policy domains, respectively.

### Table 12: Strategic priorities of W. Greece development strategies

<table>
<thead>
<tr>
<th>Policy field / field of activity, e.g.</th>
<th>Relevant EU programme</th>
<th>Regional strategy document</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research, technology, innovation, entrepreneurship</td>
<td>ROP, DC, CE, PAR, EDU, RDP, OPF</td>
<td>NSRF, NSP-RDP, NSP-EFF</td>
<td></td>
</tr>
<tr>
<td>Tourism, leisure</td>
<td>ROP, CE, RDP, OPF</td>
<td>NSRF, NSP-RDP, NSP-EFF</td>
<td></td>
</tr>
<tr>
<td>Transport, accessibility</td>
<td>ROP, AI, RDP</td>
<td>NSRF, NS-PDP</td>
<td></td>
</tr>
<tr>
<td>Development, economic infrastructure,</td>
<td>ROP, DC, CE, PAR, RDP, OPF</td>
<td>NSRF, NSP-RDP, NSP-EFF</td>
<td></td>
</tr>
<tr>
<td>Renewable energies, energy saving</td>
<td>ENVIR, CE, ROP, RDP</td>
<td>NSRF, NSP-RDP</td>
<td></td>
</tr>
<tr>
<td>Agriculture and forestry</td>
<td>RDP</td>
<td>NSP-RDP</td>
<td></td>
</tr>
<tr>
<td>Natural resources, environment and nature protection, risk prevention</td>
<td>ENVIR, PAR, CE, ROP, RDP, OPF</td>
<td>NSRF, NSP-RDP, NSP-EFF</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>HR, EDU, RDP</td>
<td>NSRF, NSP-RDP</td>
<td></td>
</tr>
<tr>
<td>Labour market and social inclusion</td>
<td>HR</td>
<td>NSRF</td>
<td></td>
</tr>
<tr>
<td>Local development (village renewal, cultural heritage, endogenous development)</td>
<td>RDP, OPF, ROP</td>
<td>NSRF, NSP-RDP, NSP-EFF</td>
<td></td>
</tr>
<tr>
<td>Governance (e.g. monitoring und evaluation, regional management agency)</td>
<td>DC, PAR, ENVIR, ROP, RDP, OPF</td>
<td>NSRF, NSP-RDP, NSP-EFF</td>
<td></td>
</tr>
</tbody>
</table>

3. Assessment

3.1 General assessment

As specified in the terms of reference of this case-study, public administrations responsible for policies, NGOs and recipients of EU funds support were consulted in order to complete this assessment. Further, the research team consulted documentation specific to procedures aiming at complementarity between development action funded by different Community funds, demarcation lines and coordination mechanisms.

In the current programming period there are no national, regional or local common development plans in Greece encompassing all EU policy instruments and funds. This is in contrast to the 2000-2006 period, when development programmes specific to mountain rural areas were designed and implemented at the regional/local level and received financing from several EU policy funds. In the current period, rural development plans and programmes are only related to EAFRD. In more detail, currently, integrated rural development plans are restricted only to the RDP Priority 4 (Leader approach) and involve the Ministry of Rural Development and Food and LAGs. On the other hand, one should recognize an attempt to integrate (coordinate) certain “rural” measures on a geographic basis, providing a very primitive type of territorial development strategy. For example, project selection criteria assign a premium (bonus) score to farmers located within the geographic boundaries of Natura 2000 sites (measures 121 and 214 of the RDP) or allow for a higher rate of support to the same farmers. One should, however, note that such attempts by no means constitute an integrated rural development strategy and that there have been suggestions for a better geographical integration of the existing fragmented framework.

In principle, expenditure plans of different EU funds are coordinated at the national level only. EU policies, except for rural development, are expressed in the NSRF which is realized in a series of national/sectoral and regional Operational Programs that operate under the supervision of the Ministry of Regional Development and Competitiveness. In parallel, the National Strategic Plan for Rural Development and the National Strategic Plan for Fisheries were both drawn apart from NSRF. In principle, coordination between the three strategic plans and their corresponding programmes is administered by the National Coordination Authority that was set up by Law 3614/2007 (Chapter B article 10) and constitutes of representatives of Ministries implementing Operational Programs funded by different EU funds. The national Coordination Authority administratively belongs to the Directorate General of Development

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Planning, Regional Policy and Public Investments of the Ministry of Regional Development and Competitiveness. The Coordination Authority assures coordination among the Funds and between the Funds and all other (national/regional) Funding Initiatives. In principle, coordination is administered through complementarity of actions exercised both spatially and thematically during programming, monitoring and re-assessment/evaluation. Since July 2008, through a Ministerial Decision (35544/30.07.08) the national Coordination Authority has been assisted and supported by a coordination committee that re-examines the complementarity, synergy and demarcation issues between these national strategic plans.

However, as already noted, the three strategic documents and programs were designed and drawn apart from each other, are funded by different EU funds and despite claims of coordination and coherence, they rather lack any synergy. Demarcation among different EU Funds is examined by Implementation Authorities and is reflected in eligibility criteria of specific measures. Special demarcation criteria have been specified through the National Coordination Authority of the Ministry of Regional Development and Competitiveness. This procedure is specific to the strategic and programming levels. Subsequently, Managing Authorities of Operational Programs have the responsibility to apply these demarcation criteria at the stage of implementation. Regarding synergies, NSRF provides a table that correlates NSRF thematic priorities with RDP’s priority axes, but even these few strategic and programming synergies are difficult to be realized at the implementation level, while it is perhaps a bit early (due to delays in implementation) to assess their realization.

According to the NSP for Rural Development 2007-2013, the rural development priorities for W. Greece include the restoration of areas hit by the 2007 forest fires, the restructuring of basic crops (i.e. tobacco), the maintenance of the rural population, the establishment of competitive, market oriented farm units, the protection of the rural environment (through measures on organic farming, energy crops, integrated pest management, sustainable management of pastures, and sustainable management of forests) and water resources and the promotion of investment on rural tourism. Extracts from the NSRF on rural development are very few and generally refer to the need for the modernization of the primary sector and the vertical integration of its products.

From the analysis and data presented in Section 2 of this report, it is obvious that EAFRD and ERDF are by far the most important EU funds addressing rural development concerns and needs in W. Greece. This is because EAFRD intervenes in most policy domains specific to the development needs of rural areas in the region, while ERDF promotes investment which improves accessibility and economic diversification in (also) rural areas.
As noted already, agriculture is very much the backbone of rural areas in W. Greece and is currently facing considerable structural adjustment. Hence, cohesion policy measures considered as most important include action improving the competitiveness of farming (e.g. farm investment plans, investment in food processing), promoting rural economic diversification and decreasing transaction costs (improvements in transportation and other economic infrastructure).

3.2 **Institutional structures and arrangements**

There are no specific institutional arrangements for coordinating the use of different funds at regional or local level in the current programming period. On the other hand, the recent reform of regional and local government in Greece (Kallikratis Law which merges municipalities and devolves central government jurisdiction to regions) is aiming at creating such arrangements for the forthcoming programming period.

With the exception of local rural development programmes (Priority 4) of the RDP which have been designed through a bottom-up (Leader) approach, consultation for rural development planning (2007-2013) took place but only at the central level, involving the Ministry of Rural Development and Food and several “central” stakeholders (National Union of Farmers Cooperatives, Geotechnical Chamber, WWF Hellas, National Union of Development Agencies, etc.). At the more local level, only the regional administrations were involved in this consultation, though very marginally (submitting proposals on public projects). The involvement of prefectural or/and local authorities, NGOs and local agencies was in fact non-existent.

In terms of information released to potential investors, the situation leaves much to be desired. With the possible exception of LAGs implementing Priority 4 of the RDP, all information provided to project promoters is very fragmented; in fact, these potential beneficiaries have to consult the authorities which are responsible for each Operational Programme in order to acquire such information.

The RDP 2007-2013 has been regularly monitored and there have been annual reports on its progress. As in the case of other OP in Greece, its implementation is characterized by significant delays. However, the five modifications carried out so far were rather marginal. In more detail, the RDP was approved on 30/11/2007. The first modification (23/06/2009) was very minor and was associated with a marginal decrease of private contribution in Axis 1. The second modification (01/07/2009) increased the share of EAFRD in public
expenditure by 10 percentage points (i.e. from 73% to 83%), while another modification was approved in 12/08/2009 following the CAP Health Check and the European Economic Recovery Package; this modification increased EAFRD contribution by 4.8% (mainly for measures 121, 125 and 321) and national contribution by 24% (for measures 125, 211, 212 and 214). Another modification was approved on 30/03/2010 regarding the recalculation by the Commission (Article 8a(2) of Regulation 1974/2006) of the new maximum applicable EAFRD contribution rates to be applied for the rest of the programming period; this modification “brought back” the share of EAFRD in public expenditure to 73%. Finally, a most recent modification allowed for a projected 4% decrease in private funds. Compared to the initial distribution, the current one (Table 2) foresees a 5.4% increase in EAFRD contribution, a 4.3% rise in public funding, a 1.2% increase in private funding and a 3.6% increase in total cost. In terms of the shares of Axes in total funds, Axes 1 and 2 represent nearly 74% of total funds and 77.6% of public expenditure.

3.3 Satisfaction with present arrangements

Existing administrative arrangements are considered as non-satisfactory by those who seek to draw on Structural Fund support to promote rural development goals or their own projects. Information on specific financing opportunities is scarce and fragmented. Also, rural development planning is very centralized (with the exception of the Leader approach) and this is reflected by rather horizontal eligibility and selection criteria, as well as by project evaluation procedures which are again carried out at the central level. Further, as already explained, coordination and complementarity between actions funded by different Community funds seems (at least) ineffective. Finally, there have been considerable delays in issuing calls for tender, while the economic crisis and associated strict fiscal policies have both led to significant delays in the release of national public contributions and thus, payments to beneficiaries.

Currently, the main administrative concerns include the lack of funds (national public contribution) which lead to payment delays and difficulties in accessing funds. On the policy level, main concerns are again the lack of finance (especially taking rural areas development needs in W. Greece) and the lack of coordination between institutions responsible for development policy. To this end, there are specific concerns on the non-transparent manner by which national/sectoral OP (including the RDP) determine the regional distribution of funds and complains that regions characterised by economic growth in recent years are being distributed the vast majority of cohesion funds.
Preparations for the 2014-2020 programming period have not started yet. However, the Ministry of Rural Development and Food has (centrally) initiated a dialogue on the post-2013 CAP and also cooperated with regional administration on the specification of an “agricultural products basket” for every region. According to official declarations, this basket will guide strategic priorities for agriculture; however, nothing has been done at all in terms of the “future” rural development strategy. On the other hand it is expected that the active role of the “new” regional administrations will hopefully result into better governance and coordination of development action specific to rural areas.

Finally, examples of projects and programmes in W. Greece involving the successful coordination of different EU funds include:

- The local multi-fund programmes for the rural development of mountain areas, which were implemented during the 2000-2006 period. These programmes were designed in a participatory manner and local institutions were responsible for their implementation and monitoring. According to the interviewees, these local institutions (mostly LAGs) acted in a strategic and coordinating manner.
- The Erimantheia Dam project which was jointly funded by ERDF (2000-2006) and is currently under completion through EAFRD funds in the current programming period.
4. Conclusions

Material presented in the context of this case study has confirmed the shortcomings of the rural development policy framework in a region of Greece, namely W. Greece.

This policy framework is highly centralized in Greece and cooperation between national, regional and local authorities is very “primitive”. As a result, synergy of policy measures funded by different Community tools and coordination are very much elusive.

To this end, there is a clear need for a more integrated – synergistic approach to rural development at all levels and especially at the local and regional ones. Such a development is expected (at least in this case study) to improve the strategic focus and the relevance of rural policy to local needs and increase the effectiveness of the (always) scarce financial resources. Finally, a better coordination of the use of EU funds at the local level would support efforts aiming at broader rural development objectives which can be supported through multi-fund action. In this context, the reformed Greek regional and local authorities could (through the already programmed and partially fulfilled) improvement in their administrative arrangements and enhancement of their jurisdictions play a determinant role.
Annex 4 - Case Study – Hungary, South Transdanubia Region

1. General Information

1.1 Statistical information

Country: Hungary
Region: Dél-Dunántúl (HU23)
NUTS categorisation: NUTS II
OECD categorisation: Predominantly Rural

Economic and social characteristics

Surface area (km\(^2\)): 14168.7
Population (2009): 952982
Average income (PPS per inhabitant as % of EU average, 2008): 44
GDP per head (PPS per inhabitant, 2008): 11100
Employment rate (2009): 52.1
Unemployment rate (2009): 11.0
Age structure of the labour force (% shares, 2009):

- 15-24 years: 8.06
- 25-44 years: 55.56
- 45-64 years: 35.80
- Over 65 years: 0.58

Agriculture as % of GDP (2008): 8.85
Agriculture as % of employment (2008): 11.86
Agriculture as % of total land area (2006): 64.08
Forestry as % of total land area (2006): 27.62
Economic potential and challenges

Categorisation of region by challenge\(^{76}\):

- distressed

Categorisation of region by diversity: heterogeneous

Social challenges

Population trends (average annual change, 1995-2009): declining (-0.44%)
Education prospects for young people (students in all levels of education as % of region population, 2008): 22.0

\(^{76}\) For this study, we follow the broad categorization of rural areas set out in a recent ENRD working group report in which three broad types of situation are distinguished:

- distressed rural areas - notably in some of the new Member States, where agricultural production and employment is in rapid decline and new activities are slow to develop, and which warrant wide-ranging economic and social support similar to that given to distressed areas of inner cities;
- specialised agricultural rural areas - which continue to focus successfully on agriculture as a core activity, but which could nevertheless benefit from modest diversification in order to maintain continued growth and prosperity;
- diversified rural areas - the most common type in most countries - where agriculture is no longer a dominant part of the region’s economic and social structure although often still important in providing a background to diverse alternative activities, notably those linked to leisure and tourism, along with a variety of small scale service and industrial activities.

(ENRD, Synthesis report, WP2, Agriculture and the wider rural economy, ref December 2010)
# 2. EU Structural Fund support

## 2.1 Overview of EU funding in the region

Table 1. Scale of planned funding support form EAFRD, ERDF and ESF in period 2007-2013

<table>
<thead>
<tr>
<th>EU Programme 2007-2013</th>
<th>Planned funds</th>
<th>Managing Authority</th>
<th>Responsible body PA/IB*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural Development Programme 2007-2013</td>
<td>No regional allocation specified</td>
<td>Ministry of Rural Development</td>
<td>Agricultural and Rural Development Agency</td>
</tr>
<tr>
<td>Economic Competitiveness Programme 2007-2013</td>
<td>No regional allocation specified</td>
<td>National Development Agency</td>
<td>Mag Zrt (Hungarian Economic Development Centre)</td>
</tr>
<tr>
<td>Transport OP 2007-2013</td>
<td>No regional allocation specified</td>
<td>National Development Agency</td>
<td>KIKSZ (Transport Development Closed Company)</td>
</tr>
<tr>
<td>Social Renewal OP 2007-2013</td>
<td>No regional allocation specified</td>
<td>National Development Agency</td>
<td>&gt; ESF Social Services Non-profit Ltd</td>
</tr>
<tr>
<td>Social Infrastructure OP 2007-2013</td>
<td>No regional allocation specified</td>
<td>National Development Agency</td>
<td>&gt; Ministry of Education and Culture, Aid-</td>
</tr>
<tr>
<td>Hungary-Croatia Cross-border Cooperation Programme 2007-2013</td>
<td>19.3 meuro (EFRE)</td>
<td>National Development Agency</td>
<td>&gt; Structural Funds Programmes Office (STRAPI)</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: [www.nfu.hu](http://www.nfu.hu), [http://www.hu-hr-ipa.com/](http://www.hu-hr-ipa.com/)

*IB = intermediate body, PA = Paying Agency
2.2 Priorities of the EU funding

EAFRD

Agriculture and rural development is primarily supported through EAFRD in the framework of the New Hungary Rural Development Programme. The programme is essentially centrally managed, and most calls for proposals (in the form of legislative titles) are also issued at the national level (with the exception of some axis III measures and axis IV; however, even in these cases there is said to be a strong central administrative control). The table below indicates the planned public expenditure (EAFRD and national co-financing), the public expenditure until the end of 2010 in absolute terms, as well as a percentage of planned expenditure. The last column contains recent figures with regard to public spending in the South Transdanubia Region until April 2010 in order to show the magnitude of regional financial allocation.

Table 2: Rural Development Programme 2007-2013

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Planned Public Expenditure in euro (EAFRD)*</th>
<th>Public expenditure 12.10**</th>
<th>In % planned</th>
<th>Public expenditure in the South Transdanubia region in euro 03.04.11***</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority 1</td>
<td>Improving the competitiveness of the agricultural and forestry sectors</td>
<td>2,388,289,459 (1,698,357,613)</td>
<td>1,640,367,688</td>
<td>69%</td>
</tr>
<tr>
<td>Priority 2</td>
<td>Improving the environment and the countryside</td>
<td>1,697,679,988 (1,304,467,555)</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
<td>Priority 3</td>
<td>Quality of life in rural areas and diversification of the rural economy</td>
<td>691,806,587 (495,711,102)</td>
<td>331,899,947</td>
<td>48%</td>
</tr>
<tr>
<td>Priority 4</td>
<td>Leader</td>
<td>273,176,969 (209,321,387)</td>
<td>119,418,444</td>
<td>44%</td>
</tr>
<tr>
<td>Priority 5</td>
<td>Technical Assistance</td>
<td>205,860,358 (152,233,735)</td>
<td>172,156,373</td>
<td>84%</td>
</tr>
</tbody>
</table>

* Financial Implementation Report 2009. Table II.3: Financial plan by rural development measures
**Public expenditure of approved projects (Source: Presentation by Laszlo Vulcz (Director of ARDA), 9 December 2011), exchange rate used: [http://ec.europa.eu/budget/inforeuro](http://ec.europa.eu/budget/inforeuro), 12/2010
*** Public expenditure of supported projects on 3 April 2011 (Source: provided by ARDA from IACS database), exchange rate used: [http://ec.europa.eu/budget/inforeuro](http://ec.europa.eu/budget/inforeuro), 04/2011
ERDF

ERDF support in the region is provided within the South Transdanubia Operational Programme (OP), as well as various sectoral/national OPs (such as the Economic Competitiveness OP). Figures with regard to sectoral OPs are not provided in this section. As it is argued in Section 3, generally cohesion policy (including ERDF and ESF) did not have a focus on rural development goals, and the main aim was to separate as much as possible the implementation of cohesion and rural development policies. Furthermore, sectoral OPs have been managed centrally (at the national level), and generally did not contain indicative regional allocations from the beginning. It is argued that regional OPs offer more scope for the coordination of cohesion and rural development policies. Therefore, as far as ERDF funding is concerned, a table with regard to the South Transdanubia OP is included here, that contains planned as well as public expenditure granted to date (April 2011).

Table 3: South Transdanubia Operational Programme 2007-2013 in euro

<table>
<thead>
<tr>
<th>Priorities/Objectives/Code</th>
<th>Planned Public funding in euro (Planned ERDF)*</th>
<th>Public expenditure (funding granted) 04.04.11 (estimated ERDF)**</th>
<th>in % planned</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Competitive economy built upon the development of urban areas</td>
<td>87,316,684 (74,219,181)</td>
<td>59,332,262 (50,432,423)</td>
<td>68%</td>
</tr>
<tr>
<td>2</td>
<td>Strengthening the region’s tourism potential</td>
<td>153,994,807 (130,895,586)</td>
<td>74,513,798 (63,336,728)</td>
<td>40%</td>
</tr>
<tr>
<td>3</td>
<td>Development of human public services</td>
<td>153,209,135 (130,227,765)</td>
<td>92,181,441 (78,354,225)</td>
<td>60%</td>
</tr>
<tr>
<td>4</td>
<td>Integrated urban development</td>
<td>189,229,051 (160,844,693)</td>
<td>129,051,481 (109,693,759)</td>
<td>68%</td>
</tr>
<tr>
<td>5</td>
<td>Improving accessibility and environmental development</td>
<td>215,955,852 (183,562,474)</td>
<td>122,464,514 (104,094,837)</td>
<td>57%</td>
</tr>
<tr>
<td>6</td>
<td>Technical Assistance</td>
<td>29,867,399 (25,387,289)</td>
<td>28,011,195 (23,809,516)</td>
<td>94%</td>
</tr>
</tbody>
</table>

Source:
*South Transdanubia OP,
**Single Monitoring Information System (http://emir.nfu.hu/nd/kozvel/?link=umft_1_1), Funding granted as of 4 April 2011. Note: data in the SMIS is available in HUF, for exchange March 2011 Inforeuro (CEC) rate was used (1euro=272,81HUF); ERDF funding is normally 85% of total public funding (as with regard to planned expenditure), therefore total ERDF is estimated as 85% of total public.

77 As argued in Section 3, in reality the spending on rural development objectives within regional OPs has been generally low.
2.3 Regional strategic priorities and funding support

The main development programme within the region is the South Transdanubia OP. According to interviewees other national programmes and resources are not substantial. The table below aims to align (as far as possible) the regional strategy goals as they are formulated in one of the main strategic planning documents, entitled 'Target system of the South Transdanubia Region (2007-2015)', and the priorities formulated in the South Transdanubia OP.

Table 5: Strategic priorities of region development strategies (if such strategies exist)

<table>
<thead>
<tr>
<th>Policy field / field of activity, e.g.</th>
<th>Relevant EU programme</th>
<th>Regional strategy document</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research, technology, innovation, entrepreneurship</td>
<td>South Transdanubia OP: Competitive Economy based on local characteristics</td>
<td>Competitive economy based on local characteristics (innovative environmental industry and energy &amp; agricultural processing industry)</td>
<td></td>
</tr>
<tr>
<td>Tourism, leisure</td>
<td>South Transdanubia OP: Competitive Economy based on local characteristics Priority 2: Strengthening the region’s tourism potential Priority 4: Integrated urban development</td>
<td>Competitive economy based on local characteristics (health industry and tourism &amp; local industries and tourism)</td>
<td></td>
</tr>
<tr>
<td>Transport, accessibility</td>
<td>South Transdanubia OP Priority 5: Improving accessibility and environmental development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development, economic infrastructure,</td>
<td>South Transdanubia OP: Competitive Economy based on local characteristics Priority 1: Competitive economy built upon the development of urban areas</td>
<td>Model region characterised by high environmental quality (Balanced territorial work-share)</td>
<td></td>
</tr>
<tr>
<td>Renewable energies, energy saving</td>
<td>[Reference, but no strong focus within South Transdanubia OP: Competitive Economy based on local characteristics]</td>
<td>Competitive economy based on local characteristics (innovative environmental industry and energy – renewable)</td>
<td></td>
</tr>
<tr>
<td>Policy field / field of activity, e.g.</td>
<td>Relevant EU programme</td>
<td>Regional strategy document</td>
<td>Comments</td>
</tr>
<tr>
<td>---------------------------------------</td>
<td>------------------------</td>
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</tr>
<tr>
<td>Priority 1: Competitive economy built upon the development of urban areas]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture and forestry</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural resources, environment and nature protection, risk prevention</td>
<td>South Transdanubia OP: Protection of natural and built environment in the region Priority 4: Integrated urban development Priority 5: Improving accessibility and environmental development</td>
<td>Model region characterised by high environmental quality (protection and sustainable use of elements of the environmental system)</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>South Transdanubia OP: Priority 3: Development of human public services</td>
<td>Stabilisation of local population and social solidarity (market-oriented knowledge)</td>
<td></td>
</tr>
<tr>
<td>Labour market and social inclusion</td>
<td>South Transdanubia OP: To stop the increase of social differences within the region Priority 3: Development of human public services Priority 4: Integrated urban development</td>
<td>Stabilisation of local population and social solidarity (improvement of health condition of local population, reintegration of disadvantaged groups and inactive people into the labour market)</td>
<td></td>
</tr>
<tr>
<td>Local development (village renewal, cultural heritage, endogenous development)</td>
<td>South Transdanubia OP: Competitive Economy based on local characteristics</td>
<td>Competitive economy building on local abilities (market-oriented creative and cultural industry)</td>
<td></td>
</tr>
<tr>
<td>Governance (e.g. monitoring and evaluation, regional management agency)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Target system of the South Transdanubia Region (2007-2015); South Transdanubian Operational Programme*
3. Assessment

3.1 General assessment

Programmes supported from the structural and cohesion funds are implemented in the framework of the New Hungary Development Plan (NHDP) in the current programming period. There are 15 operational programmes (OPs), out of which 8 are sectoral/horizontal and 7 are regional. The South Transdanubia Region is covered by one of these regional operational programmes (the South Transdanubia Operational Programme, STOP). The Managing Authorities of the NHDP OPs are located within the National Development Agency (NDA), and regional bodies (such as the Regional Development Agency of the South Transdanubia Region) are participating in the implementation of regional programmes as intermediate bodies.

At the same time, rural development initiatives supported through the European Agricultural Fund for Rural Development (EAFRD) are implemented in the framework of the New Hungary Rural Development Plan (NHRDP). The MA of the national NHRDP is the Ministry of Rural Development (MRD), and the paying agency is the Agricultural and Rural Development Agency (ARDA). ARDA has county-level offices that are responsible for the coordination and management of the programme locally.

It is the responsibility of the MRD and NDA to ensure the coordination between the operational programmes (supported from structural and cohesion funds) and the rural development programme (supported from EAFRD). For instance the 2010 Monitoring Report of the NHRDP states that ‘NHRDP is closely integrated with operational programmes supported from other financial instruments. […] The NHRDP is strongly linked through axes I and III to the Economic Competitiveness Operational Programme; and in the case of the training and information provision it connects to the Social Renewal Operational Programme, and to the Regional Operational Programmes. The modernisation of agricultural holdings and the increasing value-added of agricultural products connect to the Environmental and Energy Operational Programme. Furthermore, axes III and IV are connected in many ways to the Regional Operational Programmes. Axis II has strong relevance to the Environment and Energy Operational Programme. (p.60)’.

However, in reality the coordination of cohesion and rural development policies in Hungary has a number of weaknesses. The main guiding principle in terms of managing the relations of the two policies has been drawing clear demarcations between them, in order to avoid double-funding. As Finta (2009, p.35) states “At
the level of slogans, and based on the statements of planning documents everything is fine and the two programmes are complementing each other. However, experience to date shows that besides drawing clear demarcations between the two funds, the two programme managements are mostly concerned about their own policies, without meaningfully asses the possible impacts of the two programmes and try to eliminate blank spots, where none of the programmes offer development opportunities’.

According to interviewees there is a general lack of complex programmes that integrate multiple development goals. Rural development is mostly supported from the European Agricultural Fund for Rural Development (EAFRD). Generally, Structural Funds OPs provide very small support for rural areas, and there is also no coordination among the expenditure plans of various EU funds. Programmes that try to apply a more integrated approach exist sporadically and at the local/micro-regional levels only. One example (according to an interviewee) is the Ős-Dráva Programme. As its website (www.osdrava.hu) states the ‘basis of the programme is that solutions for complex problems is possible through complex, all-embracing series of interventions only’. Another example is the development of strategies for the least developed regions (LDR). However, the main (integrated) development concept inherent to the development of these programmes has often been weakened during programme implementation. For instance, as one interviewee stated, although the concept of the LDRs has been forward-looking, the implementation has failed, as the programmes started too late and most calls for proposals that concerned these programmes were already underway.

In general, rural development and other policies have been separated on the basis of simple criteria, namely the NHRDP provides support in areas with less than 100 inhabitants/square km, and with less than 5,000 or (in some cases 10,000) inhabitants. Such demarcations said to be strong in the horizontal operational programmes, and less prominent in regional operational programmes. However, experience shows that regional development programmes (such as STOP) also do not offer many opportunities for rural stakeholders. As a result, some key rural development priorities do not receive sufficient support. For instance the NHDP only supports large tourism projects (e.g. four-star hotels), whereas within the NHRDP there is only possibility for non-commercial accommodation development (Finta, 2009). No support is provided for tourism development in between these two extreme ends.

Essentially no (or very minor) ERDF money was allocated to rural areas. The mid-term evaluation (MTE) of the NHRDP assessed the level of synergies between the NHDP and the NHRDP. The MTE report argues that there are no provisions in place within either of the programmes that would serve their
synergies (MTE Report, p. 405). This is partly due to the fact that the main intention has been to draw clear demarcation between the two programmes, and partly due to the lack of operational cooperation between the MAs. The MTE argues that ‘[o]n the basis of the comparative analysis of the Regional Operational Programmes within the NHDP and the rural development support provided by the NHRDP (axis III), it was found that as a result of the demarcations the small rural settlements were facing particular disadvantages during fund-allocations’ (p.405). The MTE highlights that the NHRDP supported small settlements and less developed regions to a greater extent than their proportion in the whole population would have justified (30% of funding of the NHRDP funding was allocated to small settlements representing 8% of the population), which is a positive development. However, the funding of the NHRDP was much lower than that of the NHDP. At the same time, the NHDP supported smaller settlements to a more limited extent than their share in the whole population would have justified. These combined effects resulted in the disadvantages for areas with low population.

A brief review of the priorities of the South Transdanubia OP by one of the interviewees suggests that none of the priorities have a particular focus on rural areas. Priority 1: Competitive economy built upon the development of urban areas has no implications for rural areas (mostly involve infrastructural development, the development of business parks in urban areas). Priority 2: Strengthening the region’s tourism potential focuses on the development of large (four-star) accommodations, or tourism development projects with at least a regional scope (e.g. the development of baths). Tourism destination management measures may possibly have some impact on rural tourism, however these do not involve infrastructural development and have only minor relevance in rural areas. Priority 3: Development of human services also does not seem to have a major impact in rural areas (some of the original complex development concepts have not been finally integrated in the OP). Priority 4: Integrated urban development has an urban focus. Priority 5: Improving accessibility and environmental development mostly focuses on infrastructure development with regard to larger roads, and only involves rural areas to a small extent (e.g. as far as waste water management is concerned).

These findings are also reflected in the sections on ‘Synergy with the New Hungary Rural Development Programme’ under each measure of STOP. A brief review of these sections show the lack of coherence between rural development and other EU programmes. Texts are generally very short (one-paragraph) with a main focus on how to separate the regional OP support from rural development support. For instance, with regard to priority 3 it is stated that other than mandatory public services (such as public education) support will be provided to ‘infrastructure conditions of other, non-mandatory local public
services in the towns (or settlements with over 5,000 and 100/km² population),
or in villages of permanent population over 5,000 and population density over
100/km²’.

Rural development needs (as opposed to agricultural needs) are generally also
neglected with the NHRDP. One of the problems of the NHRDP is said to be the
concentration of funds on large agricultural producers. For instance, the mid-
term evaluation of the NHRDP that state that 69% of the funds committed
within axis 1 supported only 5% of beneficiaries that typically cover large
farms. Rural specialists often see the possible development of rural areas in local
employment creation (which the large intensive arable farms often cannot
ensure) through locally initiated development projects and through the
diversification of activities. As one interviewee argued, local development
should build on the local markets (as producers are often not competitive in the
global market). A strong focus should be given to human capital development
(e.g. through training) and local community development.

Currently, none of the funds serve fully the purpose of rural development.
EAFRD resources allocated to rural development (i.e. axes III and IV) are not
substantial enough, and have been mostly managed in a centralised way. One
example of this is the central calls for proposals for some of the axis III
measures (micro-enterprise development and tourism development) within the
NHRDP.

3.2 Institutional structures and arrangements

As stated above, the NHDP and the NHRDP have separated programme
managements, and there is a general lack of coordination between the two. In
fact, one of the main weaknesses of the current programme implementation is
the separation of the implementation structure of regional and rural development
programmes, and the general lack of political willingness for cooperation
between the two MAs. This also hampers the initiation and development of
integrated projects. It was argued that various line ministries often do not
harmonise their policy-objectives, and they only focus on their own
development goals, without coordinating these with those of other ministries.

The interest representation of local stakeholders (civil society, NGOs, etc.) has
been generally weak during this period. During the early stages they were
actively involved in local strategy development within the Leader-axis. However,
the centralised nature of planning soon led to the disillusionment of
these stakeholders in these programmes. As one interviewee stated, it is now
difficult to tell which came first the ‘chicken or the egg’, i.e. whether there is a
general lack of willingness for participation of various stakeholders in these processes, or rather they do not participate any more due to the fact that they became disillusioned in the programmes (i.e. previously participated but saw no results of their interventions). Generally, interests with national-level representations are more involved in the planning and implementation processes.

Rural development initiatives, such as axis IV of the NHRDP (i.e. the Leader-approach), have currently no links to cohesion policy. For instance, there is no cooperation between the local/regional programme management agencies of the two programmes. The implementation of Leader also had a number of weaknesses to date, including the centralised and often politicised nature of the selection of LAGs and the initial development of local strategies.78 The Hungarian Network for Rural Development that was supposed to create better links among local stakeholders could also not fulfil a strong coordination function to date. Currently, there are no ‘one-stop-shops’ for local rural stakeholders. Within measure 321 of the NHRDP support was provided for the so-called ‘integrated communal and service space’ (ICSS) development. The ICSS sub-measure aims to ensure better access for the local population to basic services (such as employment, enterprise development, educational, social activities, etc.). According to one interviewee, these centres could provide ‘one-stop-shop’ services in theory, however, there are indications that they may not be sustainable in the longer run (due to lack of long-term funding and lack of local human and other resources). In rural areas, some of the more experienced LAGs provide ‘one-stop-shop’ services.

Monitoring is carried out at the project level, i.e. there are statistical data available on the projects supported, mostly through the electronic data-recording platforms (the Integrated Administration and Control System (IACS) with regard to rural development programmes, and the Single Monitoring Information System (SMIS) with regard to regional development programmes). According to interviewees, the main focus is often on the absorption capacity of programmes, and meaningful analysis is not carried out. There are also no indications that recommendations of the mid-term evaluation of the rural development programme have been taken into account in further policy-development to date.

78 It has to be noted that Leader local strategies are currently under review due to initiatives of the new government to reform the implementation of the Leader-axis.
3.3 Satisfaction with present arrangements

On the basis of the weaknesses described above, there is a general dissatisfaction among rural stakeholders concerning the allocation as well as the management of various EU funds. As described above, EAFRD funding is seen as insufficient to support rural development (especially since most of the funds are absorbed by the agricultural sector, and within that by larger farms). As one of the interviewees stated, Leader funding, given its current magnitude, can only function as 'glue', i.e. brings together local actors and finance some small scale projects. However, it is insufficient to achieve rural development objectives at a larger scale. Another interviewee thought that the more flexible nature (and the magnitude) of ERDF would be more suitable to support rural development, however, this funding has currently no focus on rural development objectives. Beneficiaries are often dissatisfied with the way rural development programmes are managed, for instance the over-bureaucratization of procedures, the long delays in payments in some cases, and the lack of complex support (e.g. support/advice concerning the content of measures they can apply for, information about up-coming calls, etc.).

As one of the interviewees expressed, the main problem is the weaknesses of the original planning, and the lack of core goals and objectives, especially at the regional level. To achieve this, a more decentralised planning process, and a stronger role to local stakeholders (regional development agencies, local action groups, etc.) in both the planning and implementation of programmes would be required.

Good practice examples can be found at the local level, and are often due to the commitment of local individuals. For instance, examples in the region mentioned were public works to create local employment and social land programmes. Institutional support provided to these initiatives is generally weak and initiatives are typically small-scale.
4. Conclusions

Hungary is a new member state of the EU, and the 2007-2013 programming period was the first when it participated as EU member in the implementation of EU-funded programmes for the entire programming period. The coordination of the rural development policy and cohesion policy has had a number of weaknesses during this period. The main difficulty is that there are no complex programmes that try to integrate multiple development goals (such as rural development and other regional development objectives). The main intention from the beginning has been to separate the content and management of EAFRD and structural and cohesion funds. As a result, funding allocated to rural development goals through cohesion policy is negligible. In the current programming period EAFRD has been the main source of funding for rural areas, however, this funding is generally said to be limited to achieve large-scale goals. Even within the NHRDP, agricultural producer interests (within axes I and II) have been dominant, when compared to other types of rural development (in particular axes III and IV) initiatives.

Based on the above it can be concluded that it would be essential to establish synergies between cohesion policy and rural development policy. More substantial results and impact could only be achieved through thorough planning, concentration of funds on core rural development priorities, and more funding for rural development through the integration of rural development goals within cohesion policy.

The management of the two programmes have also been separated, and there is essentially no cooperation between the relevant institutions. The management of rural development programmes, and to some extent ERDF programmes as well, has been to a large extent centralised. Although LAGs had formal involvement in local strategy development and implementation, in reality their involvement has been limited. It has been argued that that rural (and regional) development management should be more decentralised in order to be better able to address local needs. Furthermore, formal cooperation structure and incentives would need to be created for the relevant programme authorities in order to enforce their cooperation and ensure the development of complex strategies (development goals) and programmes.
References:

Interviews:

- Istvan Finta (Researcher), Hungarian Academy of Science, Regional Research Centre, Pecs, South Transdanubia Region, 29 March 2011;
- Laszlo Sari (Development Director), South Transdanubia Regional Development Agency, 30 March 2011;
- Adam Macsai, Agricultural and Rural Development Agency, Kaposvár, 1 April 2011.

Other sources:

- 2010 Monitoring Report of the NHRDP.
Annex 5 - Case Study – Spain, Andalusia

1. General Information

1.1 Statistical information

Country: Spain
Region: Andalucía (ES61)
NUTS categorisation: NUTS II
OECD categorisation: Intermediate Rural

Economic and social characteristics

Surface area (km$^2$): 87597.7
Average income (PPS per inhabitant as % of EU average, 2008): 80
GDP per head (PPS per inhabitant, 2008): 19900
Employment rate (2009): 51.6
Unemployment rate (2009): 25.4
Age structure of the labour force (% shares, 2009):

- 15-24 years: 11.35
- 25-44 years: 58.33
- 45-64 years: 29.79
- Over 65 years: 0.53

Agriculture as % of GDP (2008): 4.31
Agriculture as % of employment (2008): 6.72
Agriculture as % of total land area (2006): 55.43
Forestry as % of total land area (2006): 41.03
Economic potential and challenges
Categorisation of region by challenge:\n
- diversified

Categorisation of region by diversity: homogenous

Social challenges

Population trends (average annual change, 1995-2009): growing (+0.99%)
Education prospects for young people (students in all levels of education as % of region population, 2008): 22.1

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79 For this study, we follow the broad categorization of rural areas set out in a recent ENRD working group report in which three broad types of situation are distinguished:

- distressed rural areas - notably in some of the new Member States, where agricultural production and employment is in rapid decline and new activities are slow to develop, and which warrant wide-ranging economic and social support similar to that given to distressed areas of inner cities;
- specialised agricultural rural areas - which continue to focus successfully on agriculture as a core activity, but which could nevertheless benefit from modest diversification in order to maintain continued growth and prosperity;
- diversified rural areas - the most common type in most countries - where agriculture is no longer a dominant part of the region’s economic and social structure although often still important in providing a background to diverse alternative activities, notably those linked to leisure and tourism, along with a variety of small scale service and industrial activities.

(ENRD, Synthesis report, WP2, Agriculture and the wider rural economy, ref December 2010)
## 2. EU Structural Fund support

### 2.1 Overview of EU funding in the region

Table 1. Scale of planned funding support from EAFRD, ERDF and ESF in period 2007-2013

<table>
<thead>
<tr>
<th>EU Programme 2007 - 2013</th>
<th>Planned funds for 2007-2013</th>
<th>Managing Authority</th>
<th>Responsible body</th>
<th>Further actors</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANDALUSIA Rural Development Programme 2007-2013</td>
<td>1,881,743,314 euro (EAFRD)</td>
<td>In Spain there are 17 MAs (one per region). The Andalusian MA is the Directorate General for European Funds of the Andalusian Regional Ministry for Economy, Innovation and Science. At national level, the coordination of the 17 MAs is carried out by the Deputy Directorate for Programmes and Coordination of the Spanish National Ministry of Environment, Agriculture and Fisheries.</td>
<td>Andalusian Regional Ministry for Economy, Innovation and Science. Andalusian Regional Ministry for Agriculture and Fisheries.</td>
<td>Spanish National Ministry of Environment, Agriculture and Fisheries. Spanish National Ministry of Environment, Agriculture and Fisheries.</td>
</tr>
<tr>
<td>ANDALUSIA Employment OP 2007-2013</td>
<td>1,155,756,489 euro (ESF)</td>
<td>Shared competence: a). Andalusian Regional Ministry of Economy and Finance. Directorate General for European Funds. This body will be responsible for activities included on sections a), b), d), f), i) and j) of article 60 of Regulation 1083/2006/CE.</td>
<td>Shared responsibility: Spanish National Ministry of Labour and Immigration + Regional Ministry for Economy, Innovation and Science.</td>
<td>Andalusian Regional Ministry for Economy and Finance.</td>
</tr>
</tbody>
</table>
### EU Programme 2007 - 2013

<table>
<thead>
<tr>
<th>Planned funds for 2007-2013</th>
<th>Managing Authority</th>
<th>Responsible body</th>
<th>Further actors</th>
</tr>
</thead>
</table>
• Spain-Portugal CBC Programme 2007-2013 (267,4M€)  
• Spain-Foreign Borders CBC Programme (12.984.722,00 €) | Andalusian Regional Ministry of Economy and Finance. Directorate General for European Funds. | |
| Other | | | |
| Total | 10,161,813,866 € | | |

*Source: Andalusia ERDF OP 2007-2013*

### CBC Programmes:

- Andalusian participation in the Spain-Portugal CBC Programme:  

- Andalusian participation in the Spain-Foreign Borders Programme:  

ERDF: Andalusia ERDF OP 2007-2013 (page 41/52)  
ESF: Andalusia ESF OP 2007-2013 (page 27/32)  
EAFRD: Andalusia EAFRD OP 2007-2013 (page 46/52)
2.2 Priorities of the EU funding

**EAFRD**

Table 2: Rural Development Programme 2007-2013

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Planned EAFRD expenditure</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Axis 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improvement of the competitiveness of agriculture and forestry by supporting reconstruction, development and innovation.</td>
<td>774,280,730</td>
<td></td>
</tr>
<tr>
<td>Axis 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improvement of the environment and the countryside by supporting land management</td>
<td>848,582,865</td>
<td></td>
</tr>
<tr>
<td>Axis 3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improvement of the quality of life in rural areas and encouraging the diversification of economic activities</td>
<td>28,953,328</td>
<td></td>
</tr>
<tr>
<td>Axis 4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LEADER</td>
<td>214,710,085</td>
<td>Covering also Axis 3 type measures</td>
</tr>
<tr>
<td>Axis 5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>15,216,306</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Andalusia EAFRD OP 2007-2013 (page 48/52)*

**ERDF**

Table 3: Regional Competitiveness Programme 2007-2013 in Andalusia

<table>
<thead>
<tr>
<th>Priorities/Objectives/Code</th>
<th>Planned ERDF expenditure</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Axis 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development of the Knowledge Economy</td>
<td>361,778,076</td>
<td></td>
</tr>
<tr>
<td>Axis 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innovation and Entrepreneurial Development</td>
<td>1,312,835,531</td>
<td></td>
</tr>
<tr>
<td>Axis 3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment, Hydric Resources and Risk Prevention</td>
<td>2,047,767,906</td>
<td></td>
</tr>
<tr>
<td>Axis 4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy and Transport</td>
<td>1,985,878,770</td>
<td></td>
</tr>
<tr>
<td>Axis 5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban and local sustainable Development</td>
<td>700,811,979</td>
<td></td>
</tr>
<tr>
<td>Axis 6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Infrastructures</td>
<td>388,190,972</td>
<td></td>
</tr>
<tr>
<td>Axis 7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical Assistance and strengthening of industrial capacity</td>
<td>46,666,107</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Andalusia ERDF OP 2007-2013 (page 10/52)*
Table 4: OP Employment 2007-2013 in Andalusia

<table>
<thead>
<tr>
<th>Priorities TOTAL: 1.155.756.489</th>
<th>Planned ESF</th>
<th>ESF selected project promoters</th>
<th>in % planned</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority 1</td>
<td>Increasing adaptability of workers, enterprises and entrepreneurs</td>
<td>200,555,396</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority 2</td>
<td>Enhancing access to employment, sustainable inclusion and gender equality in the labour market</td>
<td>489,344,200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority 3</td>
<td>Increasing and improving human capital</td>
<td>400,532,796</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority 4</td>
<td>Promoting transnational and interregional cooperation</td>
<td>51,524,945</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority 5</td>
<td>Technical Assistance</td>
<td>13,799,152</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority 6</td>
<td>Strengthening institutional capacity and the efficiency of public administrations and public services</td>
<td>Andalusia’s Employment OP does not have a sixth axis. They have chosen to integrate these types of actions into axis 2 (more specifically in theme 65: modernization and strengthening of the institutions and the labour market).</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Andalusia ESF OP 2007-2013 (page 14/32)
### 2.3 Regional strategic priorities and funding support

**Table 5: Strategic priorities of region development strategies (if such strategies exist)**

<table>
<thead>
<tr>
<th>Policy field / field of activity, e.g.</th>
<th>Relevant EU programme</th>
<th>Regional strategy document</th>
</tr>
</thead>
</table>
| Research, technology, innovation, entrepreneurship | - 7 FP  
- ERDF  
- ESF | - PAIDI - Andalusian Programme for Research, Development and Innovation  
- PADI - Andalusian Programme for Industrial Development |
| Tourism, leisure | - ERDF  
- ESF | - Andalusian Plan for Sustainable Tourism 2008-2011 |
| Transport, accessibility | - ERDF | - PISTA - Andalusian Programme of Infrastructure for Sustainable Transport 2007-2013 (p. 13) Partially funded by the ERDF and some other EU programmes. |
| Development, economic infrastructure, | | |
| Renewable energies, energy saving | - ERDF | - PANESER - Andalusian Plan of Energy Sustainability 2007-2013  
- Ley 2/2007, Andalusian Law for encouraging the renewable energies and the energy efficiency and savings.  
- Andalusian Programme of Incentives for a Sustainable Development of Energy 2009-2014 |
| Agriculture and forestry | - EAFRD | - II Andalusian Plan of Ecologic Agriculture 2007-2013 |
| Natural resources, environment and nature protection, risk prevention | - ERDF | - PAAC - Andalusian Plan for Climate Action 2007-2012  
- Andalusian Strategy for Labour Safety 2010-2014  
- Andalusian IPPC Law 2007  
- Planes de Desarrollo Sostenible |
| Education | - ERDF | - Programmes and Plans of the Regional Ministry of Education. |
| Labour market and social inclusion | - ESF  
- ERDF | - Plans and Programmes of the Andalusian Regional Ministry for Gender equality and Social Welthcare  
- Andalusia ORIENTA Programme  
- Plan MEMTA - Plan of Extraordinary Measures for improving employability of job demanding people  
- Plan MOTIVA - Andalusian Plan for fostering youth employment  
- Andalusian Plan for labour integration of disabled people 2007-2013 |
| Local development (village renewal, cultural heritage, endogenous development) | - ERDF  
- ESF  
- EAFRD | Programmes at local level. Each municipality can draw on European funds for these purposes (except EAFRD which mainly goes through the Leader groups at local level). |
| Governance (e.g. monitoring and evaluation, regional management agency) | | |

*Source: Click on the links to go to the source*
3. Assessment

3.1 General assessment

National, regional and local development planning for rural areas

As an instrument for the European Rural Development Regulation, Spain’s “National Strategic Plan for Rural Development” for the 2007-13 period relates only to the EAFRD and does not encompass other EU policy instruments and funds. At regional level, again, the main document informing rural development policy, the Rural Development Programme (RDP), only relates to the EAFRD. Other funds such as the ERDF and the ESF support separate development plans which also finance an important number of actions in rural areas. At local level the strategies prepared by the Leader Local Action Groups (LAGs) are mainly based around the EAFRD although a number of Leader LAGs also manage some ESF money.

In 2007, a national law for the sustainable development of rural areas was passed and is currently being implemented in the Spanish regions. This aims to promote a more integrated approach to planning rural development, which ultimately could lead to such plans encompassing other EU funds.

Moreover, in an initiative led by the Regional Ministry of Agriculture and Fisheries in Andalusia, a broad analysis of rural needs (from economic to social services and transport) was published in 2008 as the New Rural Strategy for Andalusia (NERA). If this analysis is to be used in future planning of rural development, a more integrated system of using different funding sources will be necessary.

Coordination of expenditure of different EU funds at national, regional or local level in relation to overall rural development objectives

There is no formal coordination of the expenditure plans of the different EU funds in relation to overall rural development objectives. In the 2000-2006 period Andalusia had an integrated operational programme for all EU funds (EAFRD, ERDF, ESF and EFF) – although this was broader than just rural development – but in the current period this is no longer the case. There are separate expenditure plans for each fund, both at national and regional level.

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Each regional department produces its expenditure plans and submits these to the Regional Ministry for Economy and Finance which retains a role primarily of control and reporting. At national level, again, the relevant Ministries will produce their expenditure plans independently of the expenditure plans of other programmes.

Rather than coordination there is demarcation where, generally speaking, the competency to fund different priorities are distributed across the relevant departments so, for example, while “quality of life” is a strategic axis within EU rural development priorities, in practice, Andalusia has only allocated 1.54% (€29 million) to this measure of its RDP which instead points to (section on complementarity) the ERDF’s important role in funding many of the actions relating to this priority. The ESF, for its part also funds measures falling under “quality of life” and diversification of the rural economy but focuses largely on human capital - fostering knowledge and skills and increasing employment.

Rural development priorities in policy documents

There are two key documents laying out the rural development priorities in Andalusia. The first is the RDP which is based on the priorities provided at EU level and then set out in the National Strategic Plan. Andalusia has chosen to emphasise the following:

Under Axis 1 of the EAFRD (Increasing competitiveness and sustainability of agriculture and forestry) it prioritises:

- Fostering innovation and the use of the new technologies.
- Increasing the added value of production.
- Maintaining the population of rural areas.

Under Axis 2 of the EAFRD:

- Encouraging environmental services and environmentally friendly agricultural practices.
- Landscape and forest protection.
- Climate action (e.g. fighting desertification, improving irrigation methods).
- Strengthening organic agriculture.

Despite little money being allocated to Axis 3 of the EAFRD, the main measures prioritized here are:

- Improving economy and increasing employment rate in rural areas.
- Encouraging the integration of women into the labour market.
- Restore the life and identity to the villages.
- Promoting craftworks activities and SME’s.

The second, and more comprehensive, document which details the priorities for rural development in Andalusia is the NERA (New Rural Strategy for Andalusia). The NERA was published in 2008 by the Regional Ministry for Agriculture and Fisheries after a broad consultation process with rural stakeholders at local, county and provincial level in which every county in Andalusia submitted a rural strategy based on consultations and working groups on themes such as: economy, population, environment and administrative organisation. It pioneered a participative process whereby each of the 51 Leader areas used the same methodology for developing a SWOT analysis and prioritising actions which were then aggregated to produce priorities at provincial and regional level. The local plans were based upon the thematic working groups with different stakeholders and are quite detailed documents which cover nearly all the fields that affect rural development. As such, the priorities of “rural development” are not restricted to those which are eligible for funding under the EAFRD. The rural development priorities highlighted in NERA include the following:

**Social aspects:**

- Reduce the disparities between the more populated and less populated areas which imply unequal levels and quality of service provision. Measures that help retain rural population, mobilise the population and improve living and working conditions are key in this sense.
- Support emerging economic sectors, employment, self employment and entrepreneurship.
- Youth inclusion (training, employment opportunities, participation in governance structures) in order to stop the flow of young people to the cities.
- Promote cooperative structures and associations as well as community participation in governance and decision making.
- Foster social integration and community cohesion (especially of Andalusia’s growing immigrant community) and shared identity beyond the very local level.
- Promote equal opportunities (especially for youth and women).
Economic aspects:

- Reducing the agricultural sector’s excessive dependence on EU support (measures to modernise the agricultural sector through diversification, innovation, new production methods and better marketing and make it more competitive).
- Training for professionals in the sector (production, management, marketing)
- Promote cooperative systems for producers to overcome diminishing farm sizes.
- Support the fishing sector to modernise, diversify and improve the value added of its products.
- Reinforce and make more competitive the industrial sector in rural areas by supporting better infrastructure and ICTs, training and entrepreneurship.
- Support for more professional and larger scale agro-food industry with better distribution channels.
- Reduce the region’s dependency on construction.
- Capitalise on the potential that rural tourism offers in Andalusia – while controlling urbanisation pressure.

Infrastructure and services:

- Access to rural areas (secondary roads and railways);
- Generation and provision of energy (in particular the electricity grid and production of renewable energies);
- Access to ICTs (in particular improving the mobile network and the network of rural IT centres);
- Access to health services and education in the most remote areas;
- Water management infrastructure.

Environmental:

- Regulate better activities that consume water, including irrigation for agriculture, tourism (golf courses, swimming pools…)…
- Combat soil erosion and land degradation (natural and from agriculture, mining etc);
- Enhance environmental conservation and combat loss of biodiversity;
- Improve treatment of waste;
- Address climate change by encouraging more sustainable practices through education and awareness raising, improved public transport, use of renewables.
Rural Patrimony:

- Identify, study, restore and valorise rural heritage (cultural, archaeological, artistic...);
- Preserve and promote artisanal activities in the face of increasing competition from industrial production;
- Prioritise sustainable and harmonious town planning that preserves the identity of rural towns and villages.

Most important EU funds in terms of addressing rural development needs and concerns

The priorities mentioned above cover a broad range of areas and are addressed by a number of different EU funds. Andalusia is programmed to receive approximately €16.2 billion from the main EU programmes over the 2007-2013 period. This equates to a contribution of approximately 10% of the Regional Government’s annual budget. The table below shows the distribution of the main EU funds in Andalusia.

<table>
<thead>
<tr>
<th>Main EU Funds for Andalusia 2007-13</th>
<th>EU Finance/ € billion</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>EAGF (European Agricultural Guarantee Fund)</td>
<td>3.6</td>
<td>26.4</td>
</tr>
<tr>
<td>EAFRD (European Agricultural Fund for Rural Development)</td>
<td>1.88</td>
<td>13.7</td>
</tr>
<tr>
<td>ERDF (European Regional Development Fund)</td>
<td>6.84</td>
<td>50.1</td>
</tr>
<tr>
<td>ESF (European Social Fund)</td>
<td>1.15</td>
<td>8.4</td>
</tr>
<tr>
<td>EFF (European Fisheries Fund)</td>
<td>0.176</td>
<td>1.3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>13.646</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Author

In terms of addressing the rural development needs of the region, a number of points emerge:

- Firstly, 26.4% of EU funds in Andalusia - €3.6 billion - are accounted for by the direct support provided to farmers through the First Pillar of the CAP, the EAGF. While these funds undoubtedly have a strong impact in rural areas, in particular in maintaining the income of farmers in the region, they do not focus on activities that address Andalusia’s stated need to increase the competitiveness of the sector or the vast array of other priorities mentioned.

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81 Annual budget of the Junta in 2009 is €33 billion

[1] This does not include the smaller funds such as Transnational Cooperation or the Cohesion Fund
Secondly, we see that as an Objective 1 area, Andalusia is eligible for a very high level of funding from ERDF. In fact, approximately 50% of EU funds in Andalusia come from the ERDF which is instrumental in providing Andalusia with much of its basic transport, environmental and business unit infrastructure. Of these €6.8 billion, approximately half (€3.4 billion) has been allocated to rural areas (mountainous, areas with low population density and "other" rural).

**Estimates of the proportion of ERDF support during 2007-13**

<table>
<thead>
<tr>
<th>Type of area</th>
<th>Total Expenditure</th>
<th>Public</th>
<th>ERDF contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>4.975.772.119</td>
<td>3.456.184.317</td>
<td></td>
</tr>
<tr>
<td>Mountainous</td>
<td>1.083.831.551</td>
<td>752.832.228</td>
<td></td>
</tr>
<tr>
<td>Areas with a low density</td>
<td>1.675.012.396</td>
<td>1.163.467.988</td>
<td></td>
</tr>
<tr>
<td>Other rural areas</td>
<td>2.118.398.031</td>
<td>1.1471.444.808</td>
<td></td>
</tr>
<tr>
<td>All rural (non urban)</td>
<td>4.877.241.978</td>
<td>3.387.745.024</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>9.853.014.097</strong></td>
<td><strong>6.843.929.341</strong></td>
<td></td>
</tr>
</tbody>
</table>


As such, we can say that the ERDF plays a fundamental role in addressing many of the needs in rural areas of Andalusia and, in terms of expenditure, is the most important EU fund in the region for rural areas.

Thirdly, we see that the second pillar of the CAP, the European Agricultural Fund for Rural Development, at €1.9 billion implies significantly less funds than the €3.4 billion of the ERDF that is directed at rural areas. Moreover, as we have seen in table 2 (section 2) the vast majority of EAFRD money is allocated to axes 1 (improving the competitiveness of agriculture and forestry) and 2 (environmental and land management) with only 1.54% being spent on broader rural development through Axis 3 for “improving the quality of life and diversification in rural areas” and 13% on Axis 4 (Leader), a total for both axes of just €245 million.

The European Social Fund represents approximately 18% of the EU finance received by the region. We have been unable to identify what percentage of these funds is allocated to rural areas but the fund has played an important role in supporting training, self employment and active employment measures as well as covering the current expenditure required to cover many projects which give life to the social infrastructure created in both the larger cities and villages.
Most important actions or measures in terms of the budgets allocated to different priorities in Andalusia

The following measures account for the largest proportion of expenditure that is relevant to addresses the needs of rural areas:

From Axis 1 of the RDP which represents 41% of total EAFRD budget, or €774 million, the main priorities in terms of funding are as follows: Infrastructure to help the adaptation of agriculture and forestry (€294 million); modernising farms (€117 million); increasing the value added of agricultural and forestry products (€189 million); followed by support for young farmers (€70 million).

From Axis 2 of the RDP which represents 45% of total EAFRD budget, or €848 million, the main priorities in terms of funding are as follows: Agro-environmental measures (€314 million) which include improving water and soil quality and supporting ecological livestock and eco-agriculture; Forestation of agricultural land (€120 million) and sustainable management of forests (in particular fire prevention measures) (€197 million); and “non productive” measures (€118 million) relating especially to biodiversity conservation.

According to Andalusia’s RDP, improving the quality of life rural and local production capacity are also seen as particularly important. These needs are addressed largely with ERDF investments from Axis 2 (Entrepreneurial development and innovation), 4 (Transport and energy) and 5 (Urban and local sustainable development – medium and small municipalities). Key actions from these themes are laid out below, however there is no way of confirming what proportion of these funds are allocated to rural areas.

ERDF Axis 2 - Entrepreneurial development and innovation: (€1.31 Bn)

- Improving social perception of entrepreneurs, especially among the youth;
- Attracting and retaining foreign investment;
- Improving public support tools for entrepreneurs;
- Encouraging female entrepreneurship;
- Enhancing clusters, with emphasis on the technology clusters.

ERDF Axis 4 - Energy and Transport: (€1.98 Bn)

- Improving roads network;
- Greening local transport system;
- Enhancing energy saving and efficiency;
- Fostering renewable energies.
ERDF Axis 5: Urban and local sustainable development – medium and small municipalities (up to 50,000 inhabitants): (€700 million).

This axis draws on an integrated approach which includes fostering the use of new technologies, improving accessibility, protection of cultural heritage, improving social local services and encouraging citizen’s participation in public affairs – all priorities articulated in NERA.

3.2 Institutional structures and arrangements

Institutional arrangements for the use of different EU funds at regional or local level

Andalusia does not have specific institutional arrangements in place for coordinating the use of different EU funds at regional level. Each Operational Programme includes a section on “complementarity with other funds” but this is merely indicates what types of actions the other funds support. In terms of delivering the funds, each programme has its own rules and administrative procedures. In fact, the lack of institutional coordination of different EU funds was one of the conclusions that NERA highlights and attempts to address by advocated a more integrated approach to rural development activities.

At local level, again, there is very little institutional coordination between the use of different funds. A number of different agencies and associations either deliver funding or process applications for funding (local agricultural offices; local entrepreneurship offices; local employment offices; territorial units for employment and local & technological development; Leader LAGs…). However, no institutional arrangements exist for these bodies to coordinate their work. The Leader LAGs are the only local bodies that go beyond sector divisions in their institutional make-up as their boards and selection bodies must reflect the different interest groups present in the territory. And, in some cases they handle – and therefore coordinate – two or more sources of public funding. However, in general there is a serious lack of coordination, which was highlighted by most the people interviewed. Two even pointed to cases of the funds competing for projects.
Association of interested groups – governmental bodies and agencies, NGOs, employers, employees etc – to rural development planning

The RDP was developed following a series of public consultations and meetings carried out over 2006. Stakeholder groups consulted included the public sector (Regional Ministries of Agriculture, Environment, Economy, Tourism, Culture and Employment), 3 farmers’ organisations, two Trade Unions, eight environmental NGO’s, the Andalusian Woman Institute, 3 employer’s organisations and a representative from the Andalusian Federation of Municipalities and Local Actors.

At local level, the Leader LAGs develop their development strategies based on wide consultation with different interest groups in the territory – a number of which are represented on the board of the LAG and so collaborate actively in the development of the local development strategy.

However, as we have mentioned elsewhere in this study, Andalusia has also applied two very interesting participative processes for rural development planning involving a broad range of rural stakeholders: NERA and the 2007 Law for the sustainable development of rural areas.

Access to advice on EU funding

At regional level, the Junta de Andalucia has set-up the CESEAND (European Services to Andalusian Enterprises Centre) a public centre and member of the Enterprise Europe Network, which aims to assist Andalusian companies in becoming more competitive in the European market through a wide range of services. One of these services is offering information about all types of European issues that can affect the entrepreneurial sector (calls for tenders, internal market, European initiatives, internationalization, cooperation, etc). However, in terms of funding opportunities, the CESEAND focuses only on 7FP and CIP.

The different Structural Funds are accessed via various bodies and understanding where or how to access each is sometime a complicated task. In terms of ERDF, much of this funding is managed by IDEA (Innovation and Development Agency of Andalusia). Many large public works financed by ERDF will, however, be contracted by the Regional Government through specific calls for tenders (Regional Ministry of Economy, Innovation and Science). Most of ESF money is managed by the Regional Ministry for Employment but IDEA also handle a small amount of ESF money and some of
the Leader groups can also lever in ESF money to fund training and similar activities in their territories. The EAFRD is managed by the Regional Ministry of Agriculture with 11.37% going through the Leader LAGs.

At a local level, there is no one-stop shop for project promoters but rather an array of different structures - some offering advice, some offering funding. The nearest equivalent to a one stop shop for rural development are the Leader LAGs which, as previously mentioned, deliver funds from EAFRD and sometimes from ESF and other public (regional and provincial) budgets. However, and despite the relevance of ERDF money for parts of their strategies, they cannot currently lever in ERDF money. What they can do is do much of the local animation and mobilisation of actors around larger scale projects necessary in their territories which will then need to secure funding from regional or provincial level.

For smaller scale projects eligible for ERDF money, Leader LAGs can just point project promoters towards the local entrepreneurship offices (“CADE”) which will provide support and advice on project applications which will then be submitted to IDEA. The UTEDLTs (territorial units for employment and local & technological development) also provide information on ERDF and ESF but, again, do not manage the funds.

An interesting case of coordination of funds exists with the EFF which also has a local dimension to it in the current period and which has seen the setting up of 7 Fisheries Local Action Groups (FLAGs). Three of these 7 FLAGs are actually integrated into the coastal Leader LAGs which cover the same area. As such, project promoters can also access EFF money by visiting these LAGs. (As we saw previously, supporting the fisheries sector to diversify and add value to its local products is a priority in some rural areas in Andalusia). In 4 other coastal areas, however, there is a FLAG and a LAG in the same territory and discussions with one such LAG highlighted the potential for competition between the two bodies. Cooperation and information sharing are dependent upon the good will of the individuals involved but both local action groups point to similar types of projects they might fund.

**Monitoring and reporting**

Each Structural Fund programme has a system for monitoring and evaluation. The specific Monitoring Committee for the EAFRD, which brings together representatives from both the public sector and the civil society, meets at least once a year to monitor progress. This is recorded in annual progress reports.
In terms of evaluation activities, ex-ante, mid-term and ex-post evaluations are all carried out together with ongoing annual reports. The results of the evaluation activities are examined jointly by the European Commission and the Managing Authority.

As a result of issues and problems raised during the Monitoring Committee, the MA has amended the current operational programme 4 times so far.

3.3 Satisfaction with present arrangements

Main administrative concerns

Administrative arrangements for accessing funds via Leader LAGs are generally considered satisfactory (or positive) thanks to the presence of a local office with staff that is proactive in communicating funding options and encouraging project to be presented. However, as previously mentioned, funding available through the Leader LAGs is relatively small scale and largely limited to the EAFRD.

It seems that for project promoters the main concern is the excessive bureaucracy involved in applying for EU funds.

Although, generally speaking a good level of information is provided on the various funds available, the lack of coordination and the duplication between the different local agencies sometimes gives rise to a certain amount of confusion.

None of the persons interviewed claimed to have suffered delays in payments – although it is clear that project promoters generally need to have good liquidity in order to access EU Structural Funds as payments are generally only transferred after implementing the project.

The administrative arrangements for accessing larger parts of EAFRD or money from ERDF and ESF all depend on different bodies and procedures, some more efficient than others. Again, the lack of institutional coordination of different EU funds and common structure or procedure for applying to EU Structural Funds does not provide for a particularly user-friendly system.

Main policy concerns

As there is no overall coordination, the policy concerns depend on who you ask and at what level they are operating. Leader LAGs through the NERA process, for example, have provided an important voice for local interests in rural areas
although this has yet to materialise in mainstream policy. Many of the actors involved in the Leader LAGs feel that farming groups have too much influence in terms of the overall budget of the RDP. However, this is not shared by those members of the Regional Ministry for Agriculture who are in charge of such measures. In general, there is quite good access to public support for SMEs but this does not overcome the problem of lack of markets and low levels of entrepreneurial skills and tight credit.

Adequacy of funding for the development of rural areas

Despite the lack of coordination and absence of a veritable one stop shop for rural development, actors on the ground are relatively well informed of the availability of funding (although it may take time to find out how to access the right fund) and, as such, demand is high.

In terms of the amount of funds allocated for this period, the LAGs contacted all agreed that the amount of funding for the period was “adequate”, but this, they pointed out, was only due to the delays in the approval of the 2010-2011 call by the MA and the consequent short period of time there was to prepare projects. They added that the high demand of funds for projects carried out by the public authorities would consume an excessively large part of the available budgets. The other types of support units interviewed (CADE, OCA and UTEDLT) declared that the funds made available were insufficient.

In terms of implementation problems or difficulties, all the LAGs mentioned the excess of bureaucracy as the main challenge. In this respect, they underlined that certain requirements were unnecessary and sometimes not possible at the moment they were demanded. Others complained about the lack of coordination between the local, regional and national public administrations, especially when it comes to certifying the projects.

Preparations for the programming period 2014-2020 and in the framework of the EU2020 strategy

At national level, debates on the EU 2020 strategy and its integration into rural development policy are taking place but these are still in an initial phase.

In terms of coordination of EU funds, discussions are ongoing and opinions vary as to whether it would be beneficial or not to integrate all funds under one strategic framework or to keep them separated as is the case currently. No decisions have been made yet but they will depend largely on proposals made at the European level for the next period, and will no doubt be shaped by the
Common Strategic Framework and the Development and Investment Contracts currently being discussed at EU level.

**Examples of good and bad experiences**

The New Spanish Law for the Sustainable Development of Rural Areas\(^82\) which is currently being rolled out, in theory presents a remarkable opportunity for dealing with the issues of coordination of different funds and providing a more integrated approach to planning rural development.

Under this law, rural areas have to be classified into three categories: rural areas in need of re-generation, intermediate areas, and peri-urban areas. For each of these areas an integrated territorial plan must be drawn up (Plan de Zona) covering policy areas such as economic and employment activities; infrastructure and equipment; services and social wellbeing; and environment. The law refers specifically, for example, to territorial planning policies, transport and communications, education and health.

Andalusia is currently developing the first territorial plans. The territories are larger than Leader areas (generally they cover 2-3 Leader groups) and a range of stakeholders are involved in developing the plans including the Leader groups themselves, town halls, inter-municipal bodies and provincial delegations.

It remains to be seen how the governance structures for implementing these plans will work and if enough money will be made available to ensure they fulfil their potential. In an initial phase, €0.9 billion of “fresh” money has been made available nationally (down from the original agreement to put aside €3 billion) but difficulty remains in convincing other government departments to also contribute funds to this broader type of rural development.

However, it will mean that for the first time, there will be a planning exercise around investments in rural areas that take into consideration all plans in the area which affect rural development and that is not restricted to measures eligible under the EAFRD. Although the plans will be limited in their scope for financing rural development measures, the process is obliging different actors to come together and providing an institutional mechanism for at least coordinating the work of the respective parties involved. In the future, it is possible that this can provide a basis for better coordination – and possibly integrated planning – of the different EU Structural Funds.

\(^{82}\) LEY 45/2007, de 13 de diciembre, para el desarrollo sostenible del medio rural
4. Conclusions

There is currently no institutional mechanism in Andalusia for coordinating the planning, delivery and evaluation of the various Structural Funds. Rather, there is demarcation in so far as the EAFRD focuses largely on the farming community through measures to make farms and SME’s dedicated to the agricultural industry more competitive along with measures that improve land management; the ERDF in rural areas focuses on transport and energy infrastructure as well as economic diversification and quality of life; and the ESF supports human capital through training, entrepreneurship support etc.

The different Structural Funds are implemented each through separate development programmes and by different Regional Ministries, each of which has its own set of rules and procedures.

At local level, a number of different agencies and associations either deliver funding or process applications for funding but no institutional arrangements exist for these bodies to coordinate their work. Cooperation and information sharing do take place and project promoters are often re-directed to the relevant agency but this is dependent upon the good will of the individuals involved and interviews point to competition between local agencies in certain cases.

The nearest equivalent to a one stop shop for rural development are the Leader LAGs which deliver mainly funds from EAFRD but sometimes from ESF, EFF and other public (regional and provincial) budgets. However, they cannot currently lever in ERDF money.

This case study highlights two interesting initiatives that aim for a more integrated approach to rural development:

The first initiative was the New Rural Strategy for Andalusia (NERA) led by Andalusia’s Ministry for Agriculture and Fisheries. The document offers a comprehensive overview of rural development needs and priorities, developed after a broad consultation process with rural stakeholders at local, county and provincial level. It remains to be seen whether the results of this work will find their way into a more integrated approach to funding in future periods.

Secondly, the 2007 Spanish Law for Sustainable Rural Development which attempts to put in place a system for coordinating at local (approx NUTS4) level all major policies that affect rural areas from territorial planning, transport and communications to education and health. The law is still in the initial phases of being implemented and does not yet provide a framework for joint planning of
EU Structural Funds but it is already providing a platform for different rural stakeholders to meet and discuss their plans. This is a fundamental step if rural areas in Spain are to move towards a more integrated system for planning and funding rural development in the future.

**People contacted**

**National Level:**
Spanish Ministry of Environment, Agriculture and Fisheries:

- General Secretary for Programmes and Coordination – Directorate General for Sustainable Development of Rural Areas;
- María Fernandez Sanz (Head of Unit);
- José Gonzalez Muñoz;

Spanish Ministry of Economy and Finance:

- Anatolio Alonso Pardo, Deputy General Director of ERDF
- Jose Luis Kaiser, Deputy General Director of Territorial Programming and Evaluation of European Programmes

Spanish Ministry of Labour and Immigration:

- Felipe Manso (Head of Unit – ESF Managing Unit)

“REDR” - Spanish Network for Rural Development (informal Leader group network)

- Josep Tortosa, President

**Regional Level:**

Regional Ministry of Economy, Innovation and Science:

- Patricia Eguilior, General Director of European Funds (no reply to questions sent)
- ARA – Andalusian Rural Development Association.
- Antonio Retamero, Lecturer on Rural Development at Malaga University & Coordinator of the NERA strategy for the Province of Malaga.
- Regional Representation in Brussels.
- Nicolás Cuesta, Delegate.
- and Jean-Christophe Garcia-Baquero, Policy Officer.
Local Level:

Leader LAGs:

- Axarquía LAG (Almeria);
- Campiña-Alcores LAG (Sevilla);
- Aljarafe-Doñana LAG (Sevilla);
- Los Pedroches (Córdoba);
- Litoral de la Janda.

UTEDLT Marchena, Sevilla
CADE Marchena, Sevilla
SODEMAR, Development Unit of Marchena Town hall
Annex 6 - Supplementary note on demarcation and complementarity

National frameworks concerning the use of EU Funds in rural areas, with a particular focus on demarcation

This Annex summarizes the evidence concerning the use of demarcation principles and practices by the Member States to avoid ‘double funding’ from EU sources with respect to support for rural areas. It is based on evidence collected by the TWG1 Working Group of the European Network on Rural Development (ENRD) and presented in Annex 2 of its Final Report published in October 2010.

The ENRN report provides information on all Structural Funds, but this Annex concentrates on EAFRD and ERDF data given the terms of reference of this project.

Austria

In Austria the RDP is a national horizontal programme while the ERDF (some of whose funds can be used to support economic development in rural areas) operates through programmes at the regional (federal state) level.

To avoid overlap between them, the Austrian RDP includes a demarcation table providing an overview of measures according to the nine federal states. These sets out demarcation criteria, most of which are thematic (i.e. related to types of project), though some are territorial or related to size of project. On the economic development side, the RDP is exclusively targeted at micro-businesses.

Belgium (Flanders)

The RDP in Flanders sets out strict demarcation between funds, drawn largely on a thematic basis.

The cohesion policy in Flanders pays specific attention to sustainable economic rural development with a focus on encouraging knowledge-based economy, innovation and entrepreneurship, and on improvement of the spatial and economic context. Several priorities served by the RDP axis 3 have an interface with the ERDF.
As a general rule, measures supported by the RDP will not be supported by the ERDF or vice-versa. The main focus of the ERDF is on activities with an economic objective and individual entrepreneurship, whereas the RDP through Axis 3 will support more general area-based initiatives.

**Belgium (Wallonie)**

The main priorities identified for the use of Structural Funds include the creation of activities and employment; development of human capital, know-how and research; social inclusion; balanced and sustainable territorial development. Since the general strategic framework is the same for the ERDF and the EAFRD, there could be risk of double funding. The work of the Monitoring Committees of the Structural Fund programmes is co-ordinated at government level with cross-representation membership. The exchange of information about projects among those responsible for coordination of the different funds is assisted by use of a unified projects database system.

**Bulgaria**

Support under the RDP (co-financed by EAFRD) complements the interventions co-financed by the ERDF and the Cohesion Fund. Guiding principles are set out in various strategic documents including: the National Strategic Reference Framework (NSRF) - with its four main goals: infrastructure, human capital, business, balanced territorial development - and the National Strategic Plan for Rural Development (NSP).

The RDP complements several of the Operational Programmes funded by the ERDF and CF in the areas of environment, transport, regional development. Thus:

- the Environment OP is complemented by RDP Axis 2 which seeks to protect natural resources and the environment of rural areas, and by Axis 3 which supports water and sewage infrastructures.
- The Transport OP aims to develop major national roads and other transport infrastructure, which will improve accessibility of rural areas, while RDP Axis 3 supports improvements to roads under municipal responsibility.
- The Regional Development OP (RDOP) aims to improve access to the basic services, and to promote regional competitiveness and sustainable development. These aims complement those RDP Axes 3 and 4. The RDOP supports tourism development, while the RDP supports tourism product and
infrastructure development and implementation through concerted multi-sectoral actions.

- RDP axis 1 and 3 interventions support the Competitiveness OP through the development and modernisation of agriculture, food and forestry sectors, including the development of micro-enterprises in rural areas, while this OP complements the RDP by providing support for non-agricultural small and medium-sized enterprises.

**Cyprus**

The various funds are seen to complement each other in three main fields - knowledge society and innovation, productive environment, and the revitalisation of urban and rural areas. In terms of the first, the ERDF focuses actions on the non-agriculture and forestry sectors while the EARDF focuses on the agriculture and forestry sector i.e. there is thematic/sectoral distinction.

The ERDF mainly targets SMEs and development infrastructure in a variety of ways – research, knowledge transfer, networks, innovative SMEs (except those in the agriculture and fishing sectors), ICT support services to citizens, infrastructure in the education sector.

In terms of the revitalisation of urban and rural areas, the main difference between the ERDF and EARDF is that the former supports investments in villages located above 500 metres altitude, and the latter those located below 500 metres altitude. Also the ERDF supports large scale, and the EARDF small scale, infrastructure in rural areas (for instance the ERDF finances main road networks and the EARDF secondary road networks). Hence the demarcation between the funds is territorial/size of project (large scale versus small scale investments).

**Czech Republic**

The Czech RDP has demarcation and complementarity rules with appropriate mechanisms to ensure that double funding does not occur.

In this framework the ERDF complement RDP Axis 1 by support to the processing industry; Axis 2 by support for projects which increase regional biodiversity; and Axis 3 by support to small and medium-sized enterprises in tourism and services, as well as transportation and technical infrastructure in rural regions. The RDP supports the diversification of agricultural economic activities and the establishment of micro-enterprises with up to 10 employees (including second stage food processing, rural tourism and care of the rural heritage).
The Cohesion Fund supports investment in the areas of the environment and transportation, including sewage treatment plants in specially protected territories and Natura 2000 territories and other territories related to municipalities with more than 2000 equivalent inhabitants. The RDP also supports the renewal and development of villages in terms of: basic infrastructure and social facilities in villages with up to 500 inhabitants; water supply management and sewage water treatment plants for municipalities with up to 2000 inhabitants.

**Denmark**

In Denmark there are no geographical or sectoral restrictions on the use of the ERDF, while the RDP focuses on competitiveness in the food and forestry sectors, improving the environment and countryside, and the quality of life and economic activity in rural areas. Axis 3 activities are focused mainly on selected geographical areas, implemented through Local Action groups.

As a general rule, actions under the RDP are not restricted by the opportunities offered by the ERDF and projects eligible for support under several regulations can, in some cases, receive support from several funds.

The ERDF covers innovation, new enterprises and new technology. In this field, however, projects involving innovation in the food and forestry sectors are financed under the RDP, although enterprises in these sectors can also take part in the broader action. The same applies for sharing and acquiring knowledge, where the RDP supports projects in the food and forestry sectors. There may also be some overlap in support in the fields of creating and expanding new enterprises and of using new technology.

Action in the RDP is targeted at designated rural development municipalities where Local Action Groups (LAGs) can obtain finance for various projects: specific new enterprises; advisory facilities for entrepreneurs; ICT infrastructure; local broadband provision. In all this, the RDP support tends to go to small and local projects compared with the larger ERDF programme.

**Estonia**

The basis for demarcation and complementarity between funds is set out in the State Strategy for use of Structural Funds 2007-2013 which states that ‘efficient co-ordination between the different operational programmes is important, as several activities of the operational programmes of different Structural Funds complement one another’.
EAFRD and the European Fisheries Fund are targeted at the support for agriculture and rural development but all Structural Funds support the improvement of the situation in rural and coastal areas.

Axis 2 of the RDP complements the activities of the Living Environment Development Operational Programme, which is funded by the Cohesion Fund and the ERDF, and which focuses on water management and environmental improvement, as well as the improved competitiveness of regions and the development of local public services.

Axis 3 of the RDP complements the regional development programme, which supports the preparation of strategies for the evaluation, determination and efficient use of region-specific resources, and the development of specific investment projects. Demarcation depends on the target group with the RDP supporting small recreation and tourism facilities and infrastructure, and events and public activities that animate the local economic and business environment.

**Finland**

Finland recognises that there is overlap, and some complementarity, between the major funds so the programmes for each fund are prepared simultaneously.

The EAFRD concentrates on sparsely populated rural areas and rural heartland areas with funding channelled to rural micro-enterprises, tourism, the production of bio-energy and the service sector, as well as cultural and environmental actions.

The ERDF programmes focus on the improving conditions for competitive and innovative enterprises, the internationalisation of enterprises, networking, balanced regional development and the promotion of factors that contribute to the regional amenities.

The RDP indicates some further information on demarcation. The RDP is focused on SMEs or smaller enterprises operating on farms and, as a rule, the other funds do not finance enterprises operating on farms. In rural areas, EAFRD support for the creation and development of microenterprises operating outside farms is targeted in order to exclude urban centre areas, including urban-adjacent rural areas in the major Western and Southern regions of the country.

ERDF programmes for business development in rural areas, on the other hand, are mainly directed at growth enterprises. They normally exclude micro-enterprises and those involved in the first-stage processing of agricultural products. However, ERDF support is available to micro-enterprises in rural
areas where they are seen to have a wider market or export potential. In general, there is a seen to be a degree of flexibility about the use of different funds for different purposes in rural areas in order to avoid anybody from slipping through the net of the financing of small and micro-enterprises.

In terms of tourism, the RDP primarily finances farm and nature tourism, as well as rural micro-enterprises in the tourism sector and their development actions while the ERDF finances larger enterprises in the tourism sector and tourism centres.

Increasing the use of renewable bio-energy is an objective in all programmes and the ERDF supports the establishment of energy units at local level as well as more wide-ranging programmes.

The ERDF targets the development of rural services including to improve telecommunications, roads and accessibility in general, as well as basic services such as the processing of waste and water management.

**France**

In France the RDP specifically indicates that while the ERDF and the ESF have vocation to intervene on the whole territory, the EAFRD is dedicated to the rural space, while it is recognized that all Structural Funds contribute to economic development and employment.

Hence there can be similar support across the territory with, for example, development support for micro-enterprise in urban zones (ERDF) and in rural zones (EAFRD).

Likewise, the ERDF can finance infrastructure in relation with the conservation of the biodiversity in Natura 2000 areas, while the EAFRD finances the management of the operations.

At a regional level (example Languedoc Roussillon) this operates as follows:

- The creation of non-agricultural micro-enterprise: the EFRD supports innovation projects, while EAFRD supports economic development and job creation in rural areas.
- Territorial Animation: the EFRD supports territorial plans while the EAFRD supports actions related to small-scale land settlement and farming and viticulture.
Double funding of the same operation is avoided by a programming committee, based on a computerized information system dedicated to the management of these funds.

**Germany (Bavaria)**

The German National Strategy Plan for the development of rural areas states that the main coordination must take place at programme level where responsibility rests with the Länder.

Programmes other than the DP support the RDP’s objectives by action related to:

- Stabilising family farms by improving competitiveness
- Securing and creating jobs through increased value added in production and processing;
- Developing new labour markets (renewable raw materials);
- Maintaining typical Bavarian cultural landscapes through land use/cultivation;
- Protection of especially valuable habitats and species (especially for developing Natura 2000 and ‘BayernNetz Natur’ areas);
- Sustainable development of villages and rural areas, including cultural aspects.

This complementarity between the RDP and other EU funds is ensured through negotiations between the different programme teams comprising representatives of two Bavarian ministries and the administrative authorities in the RDP monitoring committee.

Demarcation criteria are applied at the level of specific measures in two fields:

- Flood control: EAFRD resources used for smaller/local flood control measures while the ERDF programme supports large scale projects.
- Village renewal: demarcation between the Bavarian Village Renewal Programme and the Urban Development Programme is secured through an administrative agreement with the Supreme Building Authority of the Bavarian State Ministry of the Interior.

For the RDP Axis 4, there is a territorial demarcation between areas with LEADER groups supported under that Axis and the regional management structures in other areas supported by the ‘Bavarian Innovative Alliance’, funded by the Ministry of Economy, Infrastructure, Transport and Technology.
Double financing of projects is addressed through a federal-state-wide electronic project database.

**Germany (Brandenburg)**

The Berlin/Brandenburg RDP operates alongside the ERDF strategy which is focused on strengthening ‘regional growth centres’ and ‘sector-related fields of competencies’. Responsibility for cross-sector co-ordination lies with the State Chancellery.

In this context, the RDP is targeted at agriculture, forestry and food industry enterprises as well as micro-businesses (less than 10 employees), and complementary infrastructure and services of a typically rural character.

More broadly-based economic development is supported by the ERDF which focuses on: strengthening the competitiveness and innovative capacity of business; developing innovation and technology infrastructure; support of infrastructure related to sustainable economic development.

In line with the ‘theory of growth poles’, it is assumed that such centres will have positive effects on the surrounding rural areas. Such growth centres are to be integrated in the local development strategies for LEADER areas, and this will affect the selection of these areas.

The RDP will complement the ERDF’s regional development strategy through Axis 4. Besides food and wood-processing industry, tourism is seen as a field with regional growth potential.

Provided that a close coordination is ensured, the respective projects may complement one another at the concept level e.g. the counterpoint between ‘regional growth centres’ and LEADER, as well as in the above-named thematic fields.

As regards the Cohesion Fund, programme planning is at an early phase, with no details available on the demarcation between the Cohesion Fund and the RDP. By way of territorial demarcation, Objective 3 support is provided only in marginal rural areas close to the German-Polish border, and only for measures implemented through German-Polish cooperation.
Germany (Hessen)

The EU structural policy programmes for Hessen in the 2007-2013 period include:

- Objective 2 operational programmes on regional competitiveness and Objective 3 operational programmes on European Territorial Cooperation covering interregional cooperation – both of which involve the ERDF
- The Rural development plan – involving the EAFRD

The Objective 2 ERDF programme aims to provide business support and related infrastructure, with demarcation between this programme and the RDP as follows:

- The ERDF does not support improvements in agricultural and forestry structures; Water Framework Directive-related matters; diversification: agriculture-related services provided by farmers; tourism businesses offering accommodation; tourism-related services; facilities related to basic services for rural populations; biomass use for energy generation.
- There are also territorial limits regarding ERDF support to business start-ups and development, and no support for Natura 2000 projects.
- Size limits for tourism projects with RDP support limited to maximum of €150,000 for public projects and €45,000 for private projects.

Axis 4 of RDP: Integrated local development strategies in LEADER areas (notably those involving multiple themes and sectors) are only supported by the RDP, while individual projects may be supported by the ERDF. Demarcation criteria, specified in the RDP, are used to avoid double funding.

These programmes listed above are integrated in a common framework. A working group of administrative authorities was established before the different programmes were prepared and there is a clear demarcation between the various support instruments, and cross-membership of each other’s monitoring committees and ongoing fund-related reporting.
**Greece**

The Greek government seeks complementarity in the use of different funds for rural development. However, this does not follow strict territorial criteria because the country’s rural areas are so large and varied that their needs cannot be met only by the EARDF (and the EFF) - the two funds specifically dedicated to rural areas.

Two sets of criteria - general and specific - are used to determine complementarity in rural areas, taking account of territorial, financial and administrative factors.

The general criteria are as follows:

- The Cohesion Fund and ERDF focus on interventions for improving accessibility of rural areas and environmental infrastructure;
- The ERDF focuses on large scale investments related to cultural heritage, health and social security, digital convergence, competitiveness;

Within this general pattern there are some specific demarcation criteria, namely:

- Only the EAFRD covers the modernisation of agricultural and forestry holdings, adding value to agri-forestry products, entrepreneurship actions for micro-enterprises and SMEs;
- Only the ERDF covers investments in water supply, waste and biological treatment;

The specific criteria are grouped under five headings: infrastructure, human resources, natural environment, economy, and fisheries, generally relate to the scale of investment. For example, for tourism and cultural heritage, services, development of villages, the EARDF can finance investments of up to €300,000 (€1 million for restoration of villages and €50,000 for accessibility infrastructure) with anything higher requiring ERDF support.

Support for rural development can also come from the national programme ‘Environment and sustainable development 2007-2013’ and the five regional operational programmes (covering, for example, support to mountainous, disadvantaged and island areas, etc).


**Hungary**

In Hungary there is a demarcation between the RDP and other Operational Programmes (OP), with the RDP supporting projects that contribute to the integrated development of rural areas.

The RDP territory mainly covers settlements with less than 5000 permanent residents, or a population density of less than 100 inhabitants per square kilometre. For Axis 3 quality of life measures, however, this coverage includes the outskirts of non-eligible settlements.

Axis 4 can apply to settlements with a population of less than 10,000 permanent residents, or a population density of less than 120 inhabitants per square kilometre, including the outskirts areas of non-eligible settlements. Settlements of the Budapest agglomeration are excluded.

It is claimed in the RDP that the above principles ensures synergy and complementarity between strategies, and avoid dual funding.

**Ireland**

The RDP for Ireland is managed by two different Ministries - Axes 1 and 2 by the Department of Agriculture and Food, Axes 3 and 4 by the Department of Community, Rural and Gaeltacht Affairs.

There is a clear demarcation between the RDP and other EU-funded programmes, and the RDP sets out operating rules designed to ensure that there is no double-funding. However, the distinction is related to the scale rather than the geographical location of investment:

- In terms of accessibility, for example, the ERDF supports public infrastructure, while RDP Axis 3 can support community-based services.
- In terms of risk prevention, the ERDF can support publicly funded and managed protection of water sources in rural areas and pilot treatment facilities in small rural villages, while the RDP supports on-farm pollution control and environmental protection.
- In terms of renewable energies, the ERDF will support energy-efficient transport, public buildings and industrial premises, etc. while the RDP supports renewable energy development and initiatives by rural communities based on local resources and raw materials.
In terms of broadband coverage, the ERDF focuses on local infrastructure through the roll-out of appropriate networks for smaller rural communities, via regional and local authorities, while the RDP supports local actions to benefit from this, such as through access to public e-services.

It is notable that, in terms of natural and cultural heritage, the ERDF assists the restoration and upgrading of natural and cultural heritage sites in designated urban areas, while the RDP is targeted at rural areas, including villages.

A committee has been established to ensure satisfactory co-operation and demarcation between EU-funded programmes.

**Italy (the RDP of Sardinia only)**

The regional RDP applies the following demarcation, in line with the National Strategic Plan:

- **Rural infrastructures**: the ERDF funds the secondary and tertiary network in favour of the agricultural and forestry holdings, and connections to the main network; water transport in general, connections between urban and rural areas.
- **Research**: the RDP funds industrial research in the agro-industry sector, innovation, experimentation and the transfer of results from the research to the holdings.
- **Logistics**: the RDP funds the rationalisation of transport conditions, stocks and processing of products within farms and agro-industry companies; and contributes to the realisation and rationalization of logistical services, including ICT.
- **Energy**: the RDP funds small scale structures for producing energy from renewable sources (micro-wind, photo-voltaic, sun) while larger structures, as well as biomass or thermodynamic structures, are financed under the EFRD.
- **ICT**: The EFRD finances the telecommunication infrastructure and connections while the RDP is involved in promoting the use of services in marginal rural territories.
- **Basic services**: the EFRD supports improvement in health and social services, while the RDP supports the economic diversification of the farms.
- **Tourism**: the RDP contributes to the improvement of the local agro-food products and, for Leader areas, the improvement of the small-scale accommodation, village centre improvements, while the EFRD finances related activities in less-favoured areas and hotel improvements.
**Latvia**

The RDP for Latvia focuses on the assessment of measures and resources to guarantee complementarity with other activities co-financed by the EU.

RDP activity is seen to be complementary with ERDF activity across a range of themes:

- The modernization of agricultural holdings
- The improvement of the economic value of forests
- Adding value to agricultural products
- Infrastructure related to the development and adaptation of agriculture and forestry
- Natura 2000 payments
- Diversification
- Support for micro-enterprises
- The encouragement of tourism
- Village renewal
- Conservation and heritage

but *not* basic services for the rural populations.

**Lithuania**

The National Strategic Reference Framework (NSRF) for Lithuania aims to achieve synergy while ensuring a clear demarcation between funds in line with the National Strategy for Rural Development.

The NSRF priorities in NSRF are: competitive economy; information society; social and territorial cohesion.

The RDP, supported as appropriate by the Structural Funds, focuses on:

- Increase in competitiveness of agriculture and forestry (NSRF Priority 1);
- Human Resource development in agriculture and forestry (NSRF Priorities 1 and 2);
- Improving quality of life (NSRF Priority 3);
- Improvement of environment and landscape (NSRF Priority 3).

The RDP is focused on issues relating most closely to agriculture, while the ERDF focuses on projects that bring a wider benefit to the rural community.
Demarcation varies according to the activity and applicant. For example:

- Human resource development is under RDP (and ESF) depending on type of applicant;
- Water management is under RDP and ERDF, with demarcation by type of applicant;
- Roads are under RDP and ERDF, with demarcation by applicant and geographic area;
- Innovation is under RDP and ERDF, with demarcation depending on activity supported.

The RDP specifies three priorities for Axis 1, three priorities for Axis 2, two priorities for Axis 3 and one Priority for Axis 4. These priorities more or less align to the NSRF Priorities. Against these, Lithuania has set up criteria for the demarcation within each Priority under each of the RDP Axes. The demarcation is specific to each Priority rather than by Fund or Axis.

The main demarcation criteria are

- type of beneficiary (for example farmers, natural or legal persons, municipalities);
- type of activities supported (for example agricultural, non-agricultural);
- the amount of support for implementation of a project (for example up to EUR 200,000, over EUR 200,000);
- the location of project implementation (for example rural area, urban area, LFA);
- physical characteristics of the object supported (for example farm roads, public roads).

A National Paying Agency has been established that can help avoid double financing of projects. There is also a Single Monitoring Committee, with representatives from all the Structural Funds.

**Luxembourg**

Luxembourg is focused on ensuring complementarity between EAFRD, ERDF (and the ESF) with the ERDF concentrating on diversification and the ESF on the labour market structural problems.

The Ministry of Agriculture, Viticulture and Rural Development and the Ministries of Economy and Labour have set up a coordination committee for the implementation of the RDP. Moreover, they have established a coordination system at the level of the monitoring committees of the different programmes:
the EAFRD Monitoring Committee includes representatives of the ERDF and ESF Programmes, and vice-versa.

There is a territorial overlap, in that the EAFRD is applicable only to rural areas, as defined in the RDP, but the ERDF and ESF are also applicable to these areas. Demarcation lines between the EAFRD and other funds are drawn for Axes 1 and 2, and on a case-by-case basis for Axes 3 and 4 of the RDP.

**Malta**

In the RDP the demarcation is drawn between EAFRD funding and related OP, as well as on the level of Measures under Axes 1, 2 and 3. Areas of potential overlap have been determined and a number of demarcation criteria established regarding Axes 1, 2 and 3 measures.

The ERDF and Cohesion Fund Operational Programme I ‘Investing in Competitiveness for a Better Quality of Life’ has two objectives:

- Sustaining a growing, knowledge-based competitive economy
- Improving Malta’s attractiveness and quality of life.

The first objectives is pursued by support for entrepreneurship, export development, investment in R&D and innovation, the tourism industry, cultural development.

Objective 2 (see above) is underpinned by four Axes:

- Axis 3 developing the Trans-European Transport Network;
- Axis 4 upgrading services of general economic interest;
- Axis 5 safeguarding the environment, including risk prevention;
- Axis 6 urban regeneration and improving the quality of life.

The ERDF is focused on:

- Investments that improve the efficiency of enterprises and tourism attractions linked to Urban Regeneration Schemes, or projects that are part of the National Tourism Strategy;
- Investments in built heritage in urban areas, and in rural areas when these are associated with World Heritage sites or sites of national importance;
Supporting management plans for NATURA 2000 sites considered to be important in communities dependent on tourism and related to areas identified as Tourism Zones.

The RDP complements this last activity by supporting the preparation of management plans.

**Netherlands**

There is a strict demarcation between the major funds, in order to avoid double funding.

The RDP has both sectoral and territorial tracks. Support for measures in Axis 1 has no territorial demarcation while Axis 2 concerns measures in specific areas such as LFA’s, Ecological Network, and Natura 2000 areas. Support for Axis 3 and 4 measures is exclusively for ‘rural’ areas i.e. the non-urban parts of the Netherlands, including villages and small cities with a maximum of 30,000 inhabitants.

Generally speaking, the ERDF concentrates on larger-scale projects with a broader type of actors and a focus on regional competitiveness, while the RDP has a focus on small-scale local level projects linked to the agricultural community.

The provinces, responsible for implementing axes 3 and 4 of the RDP and the Structural Funds programmes, can prevent double financing when assessing projects. In order to decide whether a project is to be funded by the RDP or the Structural Funds, the following process is pursued:

- The starting point is the Council Regulations and the conditions formulated in the national strategies and the operational programmes of the Structural Funds on the one hand, and the national strategy plan (NSP) and RDP on the other. Most often, this gives a decisive answer.
- For undecided cases, the Managing Authority assesses the aims/characteristics of the project. In general the RDP will be used at local level to support small-scale projects and those targeted at the agricultural community, while the Structural Funds (ERFD) will be used for large-scale projects and investments focused on regional competitiveness.
- In cases that could apply for support from both the RDP and the ERDF, further criteria are applied to those seeking RDP support. These refer mainly to conditions set by specific measures, with further financial criteria – for example projects where the total public costs eligible for subsidy are less than €500,000.
The development strategy of a LAG can go beyond RDP objectives, and part of their ambitions could be realized through the Structural Funds, although demarcation criteria have to be respected.

**Poland**

Rural development objectives and measures are included in a large number of national and regional policies and programmes. These include, at national level, the National Regional Development Strategy, the National Spatial Planning Concept, the National Development Plan, the National Cohesion Strategy, the National Environmental Programme, the National Afforestation Programme, the Strategy for the Reconstruction of Main National Roads in Poland, and some other sectoral strategies.

There are also national operational programmes, which include the OP for the Development of Eastern Poland, the OP for Infrastructure and the Environment, the OP for Human Capital (ESF), the OP for the Innovative Economy, and the OP for Technical Assistance.

At the regional level, moreover, there are Development Strategies for each of the 16 regions, with 16 Regional Operational Programmes.

There are similarities between the objectives in many of these many documents, mostly with regard to infrastructure, but it is reported that they complement each other rather than overlap.

In practice, a clear demarcation line is drawn in the RDP between the potential overlapping measures, mostly on the basis of territory, project value or type of beneficiary. In order to eliminate double funding, a document entitled ‘Demarcation lines between Operational Programmes of Cohesion Policy, Common Agricultural Policy and Common Fisheries Policy’ has been approved with an accompanying demarcation plan regarding the ERDF in relation to the added value to basic agricultural and forestry production.

**Portugal (Mainland RDP)**

The relationships between the main funds are defined at a strategic level in a Resolution of the Council of Ministers on the implementation of the National Strategic Reference Framework 2007-2013 (NSRF) and in the 2006 guidelines on the National Strategic Plan for Rural Development.
Coordination between the funds is assured by:

- The participation of the Minister responsible for rural development in the Ministerial Commission for the Coordination of the NSRF;
- The technical body for the coordination and monitoring of the NSRF, which ensures the consistency of interventions relative to the strategy, as well as the interconnection between operational programs, principally with the EAFRD;
- The adoption of an inter-ministerial body for strategic coordination with the governance model defined by the Resolution of the Council of Ministers no. 147/2006 (which approves the guidelines included in the National Strategic Plan for Rural Development).

Where an activity could be funded either by the RDP or by another Fund, procedures are in place to avoid double funding.

For RDP Axes 1, 2 and 3, demarcation is based on roles. In general the ERDF focuses on support to public goods and services, while the EAFRD supports non-public goods and services, and has a specific focus on farm holdings.

In order to establish a clear demarcation, the RDP specifies situations that can be financed by the EAFRD. These include:

- The maintenance of agro-forestry systems in all classified Natura Network areas;
- Interventions regarding tourism in rural areas and Nature Tourism;
- Treatment of agricultural and agro-industrial effluents, on-farm or in public systems;
- Financing of micro-enterprises in rural areas;
- Support for Agri-food Industries in activities mentioned in Annex I to the Treaty.

The RDP also defines the scope of RDP action and its complementarity with other Funds in relation to restoration of the environment, basic support services for the population, rural heritage, tourism, aquaculture, forestry industries, rural paths and electrification, etc.
Romania

Under the Convergence Objective, through the NSRF, seven main Operational Programmes (OPs) are being implemented in Romania. Of these, five are funded through the ERDF and the Cohesion Fund, covering Regional Development, Transport, Environment, Increase of economic competitiveness, Technical Assistance.

Romania also benefits from support under the European Territorial Cooperation Objectives:

- Cross-border cooperation, through distinct OPs, with Hungary, Bulgaria, Serbia, Ukraine and Moldavia, Hungary, Slovakia and Ukraine, and the Black See Basin;
- Trans-national cooperation in the South–East European Area;
- Inter-regional cooperation, through separate programmes with INTERREG IV C; URBACT II; ESPON; and INTERRACT II.

The RDP states that EAFRD interventions are subject to demarcation with respect to Structural funds in the context of each Operational Programme (OP).

For a series of measures of Axes 1, 2 and 3, other specific demarcation criteria are used with respect to transport infrastructure; water infrastructure; waste management; prevention of floods; nature protection; production of electric/thermal energy out of renewable sources; SMEs; consultancy services; guarantee funds; management of standards; tourism infrastructure; cultural patrimony; infrastructure related to social services; vocational training; and early retirement.

The demarcation between the ERDF and the Cohesion Fund, on the one hand, and the RDP on the other is illustrated by the following examples:

Transport infrastructure: here the demarcations is based on the classification of roads (as stipulated in the national legislation) with the ERDF supporting investments in county roads and urban streets (Regional OP) and national roads (Transport OP); with the Cohesion Fund investing in the trans-European Road Network; while the RDP supports minor rural roads.

Similar demarcation arrangements relate to:

- Water management (in which the RDP supports water/waste water infrastructure projects from rural localities with under 10,000 population, with some exceptions);
- Waste management;
- The prevention of floods;
- Nature protection (including appropriate measures in the context of ERDF interventions re electric/thermal energy and bio-fuel, again with some exceptions);
- SMEs (where the ERDF can support high-tech micro-enterprises, apart from those involved in the processing of agricultural and forestry products and the food industry);
- Tourism infrastructure where the ERDF can support tourism infrastructure projects in urban areas and Spa resorts (in both rural and urban area), and large scale investments in tourism infrastructure in the rural area, including tourism information centres.

**Slovakia**

There are clear lines of demarcation drawn within the RDP (usually based on the different types of beneficiaries or of supported activities). The RDP promotes those rural development activities that complement the support policies under the Structural Funds, and includes a table showing the demarcation lines between the RDP and those Funds.

The ERDF provides aid for secondary processing of products not included in the Annex 1 to the EC Treaty. No co-ordination is required between the ERDF and EAFRD regarding Village Renewal and Development - the RDP supports communities that are not classified as growth poles, but it does cover growth poles in territories where there are approved LAGs. Separated and segregated Roma settlements and communities represent a specific issue, for which support is described in more detail in the ROP.

The RDP complements the Cohesion Fund, especially through measures targeted at job creation through the diversification of agricultural activities or the promotion of tourism. It also supports community infrastructure improvements in communities not classified as growth poles.

**Slovenia**

The Slovenian RDP provides for a clear demarcation between the use of the EAFRD and other EU Funds, with an exchange of information between the Managing Authorities involved. At the same time, the RDP expects to receive support from all Funds towards the rural areas.

In terms of the ERDF and the Cohesion Fund, Axis 1 of the RDP supports activities in farming, agri-food and forestry, which do not receive support from
the Operational programme for strengthening regional development potentials (OPPR).

In relation to Axis 3, the RDP supports small businesses in rural areas, while OPPR support goes to larger companies in urban settlements, as well as micro-enterprises operating in urban areas. In terms of ICT, RDP support is limited to ICT equipment, while the OPRR supports the establishment of multi-band ICT networks, with access for specific users (educational, research and cultural institutions). In the same way, the RDP support projects of village renewal while the OPRR supports regional facilities. Similar demarcation, based on size of project, apply in the field of sustainable energy.

Action under Axis 4 to implement local development strategies are seen as complementary to the OPRR and to the Operational programme for environment and transport infrastructure development (OP ETID) which is funded under the Cohesion Fund. This latter fund supports state infrastructure projects (railways, motorways, state and regional roads etc) or environmental projects beyond the scope of LAGs.

The RDP contributes to efficient forest management, the competitiveness of the forestry sector, raising the value and quality of forestry products, as well as increasing the use of wood biomass for energy purposes - activities that complement the National Forest Development Programme which focuses on conserving, enhancing, developing and maintaining private forests.

**Spain (Andalucia)**

The objectives of the RDP are consistent with the Community Strategic Guidelines (CSG) in the field of economic, social and territorial cohesion for the 2007-2013 period. More specifically, the following links exist between the CSG and the RDP:

- The promotion of synergies between growth and the environment is reflected in Axis 1 and 3 and more explicitly in Axis 2 of the RDP;
- Investment in human capital is manifested in the training and cooperation measure of Axis 1 and 3 of the RDP;
- The promotion of enterprise innovation is found in the restructuring measure of Axis 1 of the RDP as well as the diversification actions of Axis 3;
- Efficient energy use is reflected in the Axis 1 measures concerning modernisation of agricultural holdings and adding value to agricultural products.
The ERDF programme focuses on the improvement of the quality of life in rural areas and the diversification of production and complements RDP actions in four main fields:

- The modernisation and competitiveness of the agrarian sector so as to create employment creation and new business opportunities in rural areas (Axis 1 of ERDF OP);
- The diversification of the rural economy through the promotion of economic activities in the industry and service sectors (Axis 2 and 5 of the ERDF OP);
- Improvement of the natural environment through actions for the protection and regeneration of the natural environment and the promotion of biodiversity (Axis 3 of ERDF OP);
- Improvement in the quality of life through actions for the improvement of infrastructure and basic services in rural areas (Axis 4 and 6 of the ERDF OP).

Axis 4 (Leader) of the RDP is the only one not reinforced by the ERDF OP, which is explained by the particular character of this Axis which promotes the use of a particular – bottom-up - management and implementation model for rural development projects at local level.

The most distinguished element of the Cohesion Policy is its territorial focus. This corresponds to a RDP strategy that relates to the Andalusian rural environment and the local development strategies using the Leader approach (Axis 4).

The RDP is also complemented by a range of other regional policies and programmes that focus on the restructuring of the cotton and tobacco sectors, the competitiveness strategy based on technologic and human and physical capital), the environmental plan that focuses on sustainable development and territorial planning, the forest plan that focuses on compatibility between forest production and protection of the natural environment, the sustainable development strategy to addresses climate change, the strategic plan for organic agriculture and the general tourism plan - stressing compatibility between tourism development and the environment – all in Andalusia.

**Spain (Catalonia)**

The general aim is to ensure complementarity between the RDP and other EU funds.

The objectives of the ERDF in Catalonia are wide: to improve the conditions for competitiveness of the Catalan economy; to promote the information society; to
enhance sustainable development; to promote renewable energy; to improve access to social transport services; to stimulate local and urban development and social and territorial cohesion.

These ERDF objectives overlap in rural areas with those of the RDP which cover various forms of innovation in agriculture and food products, in the utilisation of forest areas, the diversification of the rural economy, LEADER and strategy for selected territories. To avoid the risk of double financing, there is a coordination committee between the respective managing authorities.

The Cohesion fund, with its large scale transport and environmental projects, complements the RDP, with its focus on small scale infrastructure developments in rural areas. There is little risk of overlap given the minimum size of the Cohesion Fund projects.

**Spain (Navarra)**

The EAFRD and ERDF can both be used for the economic development of rural areas in the Autonomous Region of Navarra, with demarcation and complementarity seen in thematic terms.

While the overlap of ERDF and EAFRD is negligible, the ERDF complement EAFRD in support for innovation in small enterprises and the spread of ICT capacity and use. Food processing enterprises are excluded from ERDF support, which removes any risk of duplication, and there are bureaucratic procedures in place between Ministries.

**Sweden**

In terms of demarcation, the RDP specifies the roles of the Structural Funds with reference to each EAFRD measures. For example, for encouragement of tourism activities states that ERDF will support large-scale strategic projects (with EFF support limited to fishermen and fisheries).

Synergy between priorities and measures targeted towards areas is further developed in the programme period. So, co-ordination becomes stronger in order to avoid double funding.

The National Strategy of Regional Competitiveness, Entrepreneurship and Employment aims to harmonise regional development policy and EU cohesion policy in Sweden with national priorities and regional development programmes in line with one another. In this context, the sparsely populated areas of northern Sweden are seen as being among the areas needing special attention.
Local partnerships play an advisory role to ensure that the demarcation is applied appropriately at regional level. Applications are submitted to the County Board where they are scrutinized and checked and, if there are over-lapping concerns, those responsible for these funds are routinely consulted.

**United Kingdom (England)**

In England, the programmes funded by the EU funds are generally focused on different, though complementary, priorities.

The RDP is mainly focused on the environment and countryside. Around 80% of the EAFRD contribution to the RDP is spent on Axis 2 where there is no scope for overlap. However, there is some scope for overlap, particularly between the RDP and the ERDF programmes on Axis 3, on Leader and in some areas targeted by Axis 1.

RDP expenditure is targeted on local rural areas, particularly those areas, sectors or communities where there is a significant need. This includes interventions in agriculture, such as supporting innovative farm diversification and woodland enterprises, but it also includes support for micro-enterprises and start-ups, and for improving skills and employment opportunities where this support cannot be provided elsewhere.

ERDF interventions are generally much larger in scale than any RDP interventions and aim to improve regional economic performance, including small and medium-sized enterprises to become more competitive and more efficient in their use of natural resources and building sustainable communities.

The RDP Managing Authority works, at national level, with the Managing Authorities for the other programmes in order to ensure effective coordination and complementarity between them with cross-participation: the Ministry responsible for the RDP (DEFRA) is represented on the ESF Programme Monitoring Committee PMC), and the ERDF regional programmes each have a regional PMC, on which DEFRA will be represented at regional level.

At regional level, England’s Regional Development Agencies (RDAs) are responsible for implementing Axes 1, 3 and 4 of the RDP, and the socio-economic elements of the RDP. They also have a major role in delivering the ERDF programme. Given this dual, the RDAs ensure coherence in the day-to-day management of socio-economic support under the RDP and the ERDF programmes.
Each region in England has an Operational Programme for the ERDF, which sets out demarcation criteria for the ERDF and EAFRD by sector of activities, type of operation, size of operation (e.g. tourism infrastructure above a certain size) or the type of beneficiary (farmer/non-farmer). For some activities, it is possible to demarcate in other ways, for example by defining the split between capital and revenue expenditure or defining geographical boundaries.

The RDAs work closely with Leader Groups as they implement their Local Development Strategies under Axis 4 of the RDP, and Leader Groups are well aware of the need to avoid any duplication of funding in project selection.

**United Kingdom (Northern Ireland)**

The Northern Ireland RDP confirms that support under the RDP is complementary to the objectives of the Structural Funds (and the Common Fisheries Policy).

The RDP (EAFRD) focuses primarily on the farming, agri-food sectors and rural communities, and is shaped thematically around four axes, with no territorial demarcation. Separate programmes have been developed to run alongside the RDP to ensure demarcation, including the Sustainable Competitiveness Programme (ERDF) and ESF and EFF programmes.

The ERDF Sustainable Competitiveness Programme (€306m) is much larger than the RDP (€170m) and focuses on supporting large capital structures:

- **ERDF Priority 1** (sustainable competitiveness and innovation) focuses on increased participation in Research and Development (complementing EAFRD in relation to the introduction of new technology).
- **ERDF Priority 2** (sustainable enterprise and entrepreneurship) is complementary to Axis 1 and Axis 2 of EAFRD. Axis 3 is delivered by Leader, with no overlap between EAFRD and ERDF funds.
- **ERDF Priority 3** (Accessibility and the environment) includes actions supporting renewable energy which can and will be focused on large scale projects, while Axis 3 of EAFRD will support small scale projects in the same field.

Administrative arrangements ensure complementarity and demarcation through Programme Monitoring Committees.
United Kingdom (Scotland)

The Scottish Executive is likewise committed to ensuring complementarity and clear demarcation between the different European funds.

EAFRD funding is focused on supporting the diversification of rural economies at the local level. This includes support for innovative farm diversification, for woodland enterprises, and for direct product development by individual companies or by collaboration within the food supply chain. More widely, it will encourage creation of new and existing micro-enterprises, and the improvement of skills and employment opportunities for low-paid rural workers where this support cannot be provided elsewhere.

European Structural Funding will primarily address rural issues as part of a wider activity contributing to improved economic performance or as part of integrated employment and skills programmes. This will include ERDF interventions that help to develop the knowledge-based economy at a strategic level, to enable small and medium sized enterprises to become more competitive and more efficient in their use of natural resources, to build sustainable communities, and to increase employment by breaking down barriers to work and increasing skill levels for all.

Structural Funding will also cover support for wider innovation capacity of enterprises, for example the building of laboratory facilities and purchase of new testing equipment and research and development skills training, but not specific research and development projects and prototype development or testing.

In the field of biodiversity, including Natura 2000, the EAFRD and Structural Funds have complementary roles. The RDP will support land-based measures that sustain ongoing conservation and enhancement of biodiversity, while the ERDF provides business development support for related projects, but no ongoing support.

In relation to Axis 3 and Axis 4 of the RDP, scale is a major factor in determining whether projects would qualify for EAFRD or Structural Fund support. Projects funded by the EAFRD will focus on small-scale infrastructure and small and micro-businesses, and support for local community infrastructure projects, while projects of more regional significance may be considered for funding using Structural Funds.

Under Axis 3, the RDP may support upgrading of existing tourist accommodation and developing small-scale tourist visitor infrastructure: this will complement ERDF funding aimed at improving business practices and
developing new products. The RDP will also support action to add value to rural goods and services, build capacity in local communities, promote public enjoyment and understanding of the countryside, and promote the restoration and enhancement of historic architectural and archaeological features in the landscape.

These actions will focus on specific areas of need, identified through regional priorities for the RDP, and will be addressed through measures which will be examined for complementarily with the other funding streams such as ERDF.

As for Axis 4, the wide-ranging membership of LAGs assist in guarding against overlaps in funding. Since Axis 4 is cross-cutting, LEADER has the potential to contribute to outcomes and priorities across the three Axes. Activities to be co-financed under Axis 4 will be checked for consistency with other activities included in the Scottish ERDF regional programmes, including using specific demarcation tables in these programmes.

In Scotland, the Managing Authority for both EAFRD and the European Structural Funds is the Scottish Executive. Complementarity between EAFRD funding and other funds is ensured through joint working and, in some areas, membership of the respective Monitoring Committees and project assessment committees.

**United Kingdom (Wales)**

The RDP for Wales states the government’s commitment to ensuring complementarity and clear demarcation between the different European funds.

Re the EAFRD, RDP funding focuses on supporting the diversification of rural economies and improving the quality of life at the local level. The ERDF primarily addresses rural issues as part of wider regional, sub-regional or national activity contributing to improved economic performance.

The ERDF complements the RDP Axis 2 activity by supporting environmental enhancement where it is undertaken for a clear economic outcome. RDP activity under Axes 3 & 4 will occur within a single local authority area, or through similar projects taking place in adjacent local authorities, whereas the ERDF acts at a broader strategic and spatial level. There is considerable scope for adding value to the ERDF through the smaller scale RDP projects, with a focus on enhancing non-vocational skills, developing alternative sources of income, and addressing general social and cultural needs.
There is also considerable scope for adding value to RDP activities through the ERDF by, for example, funding physical infrastructure as part of an integrated regeneration programme that cannot be undertaken by the RDP alone.

This approach to complementarity between funds may be illustrated in relation to ICTs, where the ERDF encourages firms to use ICTs while EAFRD supports their take-up by the agriculture and forestry sectors and agri-food businesses, and works at local level to encourage communities and individuals support rural micro-enterprises and local and community projects (e.g. village halls, community centres, etc.).

The RDP provides a detailed Co-ordination Table, showing which fund will support which activities, and at which spatial level around the five main ‘priorities’ (and related ‘themes’) identified by the ERDF Convergence Operational Programme.

To ensure that overlap cannot occur between measures of the EAFRD and the other funds, the RDP sets out three key measures:

- Cross membership of the respective Programme Monitoring Committees for the RDP, the ERDF and ESF Funds and the EFF.
- A specific statement in the ERDF and ESF Funds’ eligibility rules that farmers and those engaged in primary processing of agricultural, fisheries or forestry products are not eligible for support from the ERDF or ESF for these activities.
- External guidance for potential ERDF and ESF Fund project applicants, developed jointly with staff working on the RDP and the EFF programme for Wales.

To eliminate the potential for double funding and to maximise complementarity at a project level, further communication will be made between the respective teams at the application stage when applicants will need to show how their project fits with the relevant strategies and programme. In addition, and specifically for activities under Axes 3 & 4, all applications for support are subject to rigorous, cross-Departmental appraisal.