



ARC is a civil society platform that enables
different stakeholders to come together
in an innovative and transparent process
in order to offer a strong common message from civil society for
a new European agricultural and rural policy.

ARC Agricultural and Rural Convention

"A Communication from Civil Society to the European Union Institutions on the future Agricultural and Rural Policy"

November 2010

1 What is ARC?

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

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

2 Our standpoint

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

- the world must make more responsible use of all global resources, notably soil, water, minerals, fossil fuels, wild species and habitats
- there must be radical reduction of greenhouse gases in order to avoid catastrophic climate change, together with action to moderate the adverse impacts of climate change upon human activity and upon biodiversity
- the drastic loss of biodiversity, both of wild species and cultivars, must be halted
- the quality and diversity of the cultural heritage and of landscapes should be protected and enhanced
- human rights of access to food, water, health and well-being, civil liberties and livelihood must be respected and actively sustained within the bounds set by overall ecological and social sustainability
- long-term food security must be assured at worldwide level: it is not acceptable that more than 1 billion people suffer from hunger or under-nutrition, that the health of a further billion is blighted by over-nutrition, obesity and other related chronic diseases, or that vast amounts of food are wasted
- the EU should not continue to depend on the land resources of other continents, nor should it export farm products at prices below the full cost of production, thereby creating unfair competition for farmers in other countries, especially in the developing world

- poverty and inequality, including social exclusion and gross disparities of income and quality of life between regions and people within and beyond the EU, must be addressed
- citizens and local communities everywhere must be enabled to play a full part in determining their own futures
- farmers must be enabled to get fair, remunerative prices and a fair income for the food that they produce and the services that they provide
- high standards of animal welfare must be attained in the EU's agriculture
- forests must be managed sustainably, in order to realise their full potential to provide rural employment, safeguard ecosystems, capture carbon and mitigate climate change
- policies must respect and reflect the diversity of Europe, and the principle of subsidiarity, while meeting EU goals and pursuing social, economic and territorial cohesion and equity between nations and regions: this means introducing place-based policy, strengthening decision-making structures at local and regional level as well as multi-sector and multi-level governance.

3 Our Vision

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

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

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

4 A new Common Agriculture, Food and Rural Policy

We propose a future Policy, renamed **Common Agriculture, Food and Rural Policy**, with clearly stated objectives which include, but go beyond, those stated in the Treaty of Rome. The expanded set of objectives would embrace food security, a fair return to farmers, food quality and public health, sustainable standards in agriculture, land security, holistic protection of the environment, mitigation of climate change, strengthening and diversification of the rural economy, and the well-being of rural communities. Many of these objectives are already embodied in international treaties or conventions, or in EU Directives, for example the Kyoto agreement on Climate Change, the Ramsar Convention, the Birds and Habitats Directives, and the conclusions of the recent Conference on Biodiversity COP10 meeting at Nagoya when states agreed to achieve by 2020 farming without negative influences on biodiversity and environment.

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

In our view, the time has come to recognise Rural Development as a major policy area in its own right, no longer as an adjunct to agriculture. It should be seen not as second pillar of another policy, but as a distinct policy, standing alongside but separate from the agricultural policy. Accordingly we propose that the Common Agriculture, Food and Rural Policy should be implemented through two Funds, the **European Agricultural Fund** focused primarily on farming and food; and the **European Rural Fund**, focused on the wider rural economy and territorial development. The two Funds, and the measures within them, complement each other. A crucial distinction between the two Funds is that the Agricultural Fund would be focused almost wholly on horizontal measures, applicable to all the territories or enterprises within their scope, whereas the Rural Fund would be focused on measures which will vary in application according to the character and needs of different areas.

In the two sections that follow, we outline the proposed scope of the two Funds, by reference to main themes. The measures proposed within each theme may include financial support, such as direct or contractual payments or funding for communication; and other types of action, such as regulation or definition of concepts. Some actions, such as the proposals for Research at section 7, may even fall outside the scope of the European Agriculture, Food and Rural Policy, but must be closely related to what happens inside that Policy. We use themes as a structure in this document in order to clarify the main thrust of the ARC proposals. At section 8 below, we emphasise the need for strong linkage between the different major programmes of the European Union.

5 The European Agricultural Fund

We propose that the European Agricultural Fund should embrace a set of measures which are mutually supportive and consistent. They fall within two broad areas:

- direct support to farmers and other land managers, including payments for environmental and social services
- policies related to food, with a focus on food security, trade and aid, food supply management, and food quality, health and related issues.

These measures are designed to meet the objectives that we outline in section 4 above. Crucially, these objectives include food security and a fair return to farmers, as already promised in the Treaty of Rome, and the meeting of challenges which have risen on the public agenda in more recent years, such as food quality and public health, sustainable standards in agriculture, land security, holistic protection of the environment, mitigation of climate change, strengthening and diversification of the rural economy, and the well-being of rural communities.

This wider set of objectives will only be met by a combination of the two sets of policies. Our vision is linked to fair market prices which generate appropriate income for farmers and allow for sustainable and high quality production. The policies that we propose for food security, trade, aid and supply management are designed to assure food security and to assist farmers to gain the fair return that is promised. With those measures in place, it will be right to focus financial

support increasingly – and, beyond a transition period, wholly – onto payments related to the other objectives. We see the next programme period, 2014 to 2020, as that period of transition from the existing to the new paradigm of agriculture and of food-related policies.

In this section, we offer first our vision of the future pattern of support to farmers and other land managers, including payments for environmental and social services. We then outline our proposals for food-related policies.

5.1 Sustainable Agriculture Everywhere

In our view, the current mainstream system of agriculture in Europe is inherently unsustainable. It depends upon heavy use of fossil fuels, intensive industrial-style processes, and long-distance transport of food and feedstuffs; often fails to meet high standards of animal welfare; and poses a long-term threat to the health of soils, water resources and ecosystems. It causes continuing loss of farm labour: 3.5 million jobs were lost in the EU15 farming sector in the ten years 1995 to 2005. It draws vitality away from rural areas, especially poorer or more marginal farmlands. Over-reliance on artificial chemical inputs threatens the health of farmers, farm workers and consumers.

We call for a progressive shift from industrialised agriculture towards a sustainable form of farming, which sustains productive farming everywhere, builds on the regional and local diversity of farming and economies, makes far lighter use of non-renewable resources, respects animal welfare, puts good agronomic sense and agro-ecological innovation at the heart of farming decisions, and achieves a wide range of positive environmental, social and economic outcomes, linked to the vitality of rural areas.

This shift from industrialised to sustainable farming is based on a hard-headed view of the imperatives stated in section 2 of this paper. These imperatives point clearly to the conclusion that a model based in continuously intensifying farm production on part of the EU territory and outside of it, while abandoning the less fertile land, is not sustainable and carries grave dangers for the environment of Europe and the world, its long-term food security, the vitality of its rural areas, and the well-being of the planet. Food security can be assured by effective sustainable use of all farmland, including continued food production on the less fertile lands and land formerly set aside, reduction of food waste throughout the food chain, growing emphasis on food quality and nutritional value, and progressive changes in diet which reflect consumers' awareness of the environmental and other impacts of food production. The drive for efficiency and productivity in food production can and should continue within the sustainable model.

These concepts underlie our view of the future pattern of support to farmers. We recognise that direct payments play an important role in farmers' income: today only a minority of farmers can make a living on the sale of their products alone. But we believe that the present system of general subsidies to the farming industry, de-coupled from production and only marginally related to sustainable farming systems or public goods, is neither politically justified nor socially legitimate. Financial support to farmers in future should relate to outcomes that the EU needs and which will not be achieved by market forces alone. The food-related measures that we propose later in this section are designed to assist farmers to gain the fair return that was promised by the Treaty of Rome. With those measures in place, it will be right to focus financial support increasingly – and, beyond the transition period 2014 to 2020, wholly – onto payments related to sustainable practice, environmental stewardship, support for small and family farms and for those in difficult areas, and diversification of farm economies and rural economies.

The Agricultural Fund should provide incentives for this shift from industrialised to sustainable agriculture, through the following measures:

- a. Clear definition of standards of sustainability in agriculture, by reference *inter alia* to:
 - limits on the use of artificial fertilisers and other chemical inputs, by extending the principles found in the 1991 Nitrates Directive, according to which nitrogen content in the soil has to be monitored and the runoff has to be limited
 - mandatory limits on greenhouse gas emissions, both from livestock (with exemption for extensive grazing and hay mowing) and from use of fossil fuels
 - absorption and sustainable re-use of all waste products (e.g. slurry, foul water) within the farm
 - contributing to the fulfilment of the Water Framework Directive
 - protection and enhancement of biodiversity (both of wild species and of old varieties and local breeds of cultivars and domestic animals) and landscape features
 - no support for fallow cleared and/or maintained by herbicides
 - achievement of high standards of animal welfare.
- b. Incorporation of these standards into updated legally binding codes of good practice, with efficient enforcement of these codes
- c. Direct payments to all farmers should be radically revised, in order to:
 - ensure conditionality related to the standards for sustainable practices mentioned above
 - omit any reference to historical yields
 - assure equity in levels of payments between farmers in different member states of the EU, tracked in relation to national purchasing power parity
 - provide for degressive payments, with higher levels of payment for small farms and family farms, while for larger farms the level of payments should be linked to the labour force employed.
- d. Support for community investment in agricultural land; for landowners renting their land on affordable and secure terms to farmers engaged in community-connected sustainable agriculture; and for local authorities engaging in active preservation of locally-oriented sustainable agriculture in urban and peri-urban areas.
- e. Support for farmers in peripheral, mountainous and other less favoured areas, to recognise the physical handicaps under which they operate and the contribution that they make to local economies.
- f. Outlawing the development and use of GMOs in EU agriculture and food supplies (including that in animal feeds): this should apply throughout the EU, without provision for national or regional discretion.
- g. Financial support for transition into organic farming systems, particularly those emphasising low input of non-renewable resources; into other ecologically-oriented farming systems which have clear environment and biodiversity benefits; or into systems that deliver high standards of animal welfare.

5.2 Targeted payments for environmental and social services

As a complement to the direct payments and specific supports described above, we propose a system of targeted payments for environmental and social services supplied by farmers and other land managers.

The rural areas of the EU contain a rich and highly diversified heritage of ecosystems, cultural landscapes and other environmental assets, including soil and water resources which are fundamental to the long-term health of the EU's land and thus to its long-term food security. The protection and management of this heritage depends, in large part, on stewardship by farmers,

foresters and other land managers. Some elements of that stewardship can be assured by good sustainable husbandry. But in many areas, the constraints upon farming imposed by high environmental values or by physical handicaps mean that farmers can only make a viable income if they receive targeted payments related to the environmental and social services which they provide. The agenda of public goods, when related to agriculture, agro-forestry and rural areas, has until now been mainly focused on conservation of ecosystems, and the maintenance of farming in mountains and other special areas. But the agenda has been gradually widening, to include the 'new challenges' of adapting to and mitigating climate change, generating renewable energy, managing water resources, protecting ecosystems, landscapes and the cultural heritage, and sustaining the vitality of rural communities.

The Agricultural Fund should include the following measures:

- a. Targeted and harmonised support, conditional upon clear environmental standards, to farmers, graziers, foresters and cooperatives who manage land which is high in biodiversity, often categorised as High Nature Value farmland. HNV-type farming is not a mapped concept, under which member states would designate eligible areas with boundaries : rather, HNV-type farmland can occur anywhere in the European Union, according to presence at farm level of characteristics such as permanent grasslands with low stocking density, and landscape features linked to biodiversity. These farmlands, which may total over 30% of agricultural land in the EU, include mountain and upland pastures, common grazings, dehesas, nordic wood pastures, hay meadows, wet meadows, orchards, park landscapes and some low-intensity arable areas. They have been created, and are maintained, by low-intensity farming and grazing regimes, based on traditional methods and (often) local races of livestock. They form ecosystems and landscapes rich in biodiversity and culture, and bring strong benefits in soil and water conservation and in sequestration of carbon. They help to sustain the formal and informal economies of large farming communities, and yield high-quality food. But they are threatened in many areas by abandonment, and in others by intensification of farming. To combat these threats, and to recognise the public goods which these grasslands provide, we propose that they be subject to a system of targeted and harmonised payments for environmental services*.

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

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

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

- b. Continuation of agri-environment payments, in order to protect environmental values beyond what can be achieved by conditionality on the supports mentioned at 5.1 and 5.2a above. Such payments should have growing emphasis on landscape values and on

the cultural and built heritage.

- c. Payments to farmers in Natura 2000 areas and connecting areas under Articles 3 and 10 of the Habitats Directive, where they are obliged for reasons of nature conservation to undertake land management work not covered by the supports under 5.1, 5.2a or 5.2b above. This proposal is specific to those parts of designated Natura 2000 areas that are managed by farmers. We do not see the European Agriculture Fund as the source of funding for other Natura 2000 areas or for capital investments needed to conserve these areas.
- d. Payments for carbon storage or sequestration achieved through the management or regeneration of, for example, humus-rich farmland, permanently unploughed pastures, wetlands or woodlands.
- e. Support for conservation of High Nature Value woodland which falls within the farm economy: this may include unmanaged and managed woodland, forest patches in agricultural landscapes, grazed woodlands and ecotones (borders) between forests and agricultural lands.
- f. Support for capital investments which contribute to management of water resources and to adaptation of farming and forestry regimes to cope with climate change.
- g. Payments for restoration investments, e.g. to restore grasslands by clearing copse succession and installing fencing, or to transform arable land into water meadows in flood retention areas to promote flood management, carbon capture and biodiversity.

There is clear potential for synergy and combination, in a systemic way, between the seven different measures described above. Systems of support and of payment for services should be easy to understand, to administer and to monitor, in order that farmers and other beneficiaries are not baffled by unnecessary paperwork.

5.3 Food security, trade and aid

The world population is growing, demand for food is rising, and there is urgent need to tackle hunger and malnutrition, depletion of natural resources and of water supplies, and loss of cultivable land. The solution to this is not to concentrate food production in limited regions and to rely on massive international trade and transport of food: that would be a recipe for new economic colonialism, dependency, conflict and unsustainable use of transport. Rather, the solution lies in a high degree of self-sufficiency and food sovereignty at local, regional, national or continental level. Farm land should be kept in sustainable management throughout Europe, for long-term use in food production. The EU should produce a high proportion of the food that its citizens need, including all the basic commodities required for its production; and should broadly limit the import of food or feedstuffs (in particular animal feed) to that which cannot sustainably be produced within the EU. For livestock farming in particular, the sustainable, low-input and regionally-based kind of farming that we advocate will not be economically viable as long as the market is flooded with soy, maize and other imported feedstuffs. The EU should not subsidise food exports by any means; and should use international aid to assist farmers in developing countries to sustain and boost their food production, in order to improve their livelihood and to combat hunger and malnutrition.

The Agricultural Fund should provide incentives for this shift towards a high degree of self-sufficiency and food sovereignty, through the following measures:

- a. Re-negotiation of international trade rules to establish the right of food sovereignty, i.e. the right for people, communities, regions, countries or Unions to establish their own agriculture and food policy: this right should be accompanied by the duty to avoid

dumping through subsidised food exports.

- b. Separation of agriculture from other industries in world trade talks: food sovereignty in the EU should not be compromised by trade-offs to benefit exports in other economic sectors. Countries should be able to ensure that their farm-gate prices are remunerative.
- c. Insistence on sustainable standards for food imports to the EU.
- d. Stimulus to produce animal-feed protein within the EU, as an alternative to protein imports
- e. Ensuring coherence in development policies, in accordance with article 208 of the Treaty on the Functioning of the EU, including cessation of export subsidies on food and measures to ensure that other forms of support such as direct payments do not result in exports at prices below the full cost of production
- f. Support to farmers in developing countries to preserve or develop sustainable farming systems, to improve their livelihood and to combat hunger and malnutrition.

5.4 Food supply management

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

The future Policy must set a market framework which enables farmers as well as consumers to be influential partners in the food and agriculture chain; which prevents strong fluctuations in food supply and consequently in farm-gate prices; and which thus discourages speculation on food prices in stock markets. Such a market framework is an essential condition for securing stable prices and sustainable food production and consumption in all regions of the EU, and a fair return to farmers for what they produce.

The aim should be to secure stable prices and a fair sharing of value between farmers, processors, retailers and consumers, so that farmers can secure remunerative farm-gate prices and consumers can have a fair deal. The system must be such that different, often conflicting, interests of participants in the food supply chain can negotiate on equal terms, so that primary producers and consumers are no longer the pawn of other interests but can actively co-decide. This effort can include measures proposed elsewhere in this paper, including establishment of food sovereignty (5.3), cessation of subsidies on food exports (5.3) and support for regional and local processing of food and for regional and local food systems, including community-supported agriculture (6.2). But other measures are needed.

The Agricultural Fund should include the following measures:

- a. Creation of a market monitoring system which ensures greater market transparency through continuous monitoring of margins, the movement of demand and of prices and the evolution of average production costs; and which, on the basis of these average production costs, determines a target price corridor for certain products. Farmers, consumers and other societal groups should be involved in this process.
- b. Support for creation, by farmers, of trading groups, to increase the bargaining power of farmers: this may depend upon well-considered relaxation of competition rules. Farmers should be enabled to work collectively and granted the right and the capacity to manage

supply at EU level: for example, they should be able to lower the volume to be produced by farmers when demand decreases and prices fall below the fixed price corridor.

- c. Change in the system of price intervention. The present system, which aims to keep prices low for raw materials for the (exporting) food industry, provides no sufficient safety net for producers who manage their farms according to sustainable principles, because the intervention prices are far below the production costs: it should be scrapped. Instead, we propose a new fair-priced producer-financed intervention system, to complement the process of managing supply described at (b) above. It would allow the stocking of products during the short periods that are needed to adapt supply to changes in demand.

5.5 Food quality, health and related issues

Major food scares in recent years have raised public awareness of the vital importance of healthy food. Precautionary standards have been raised as a result, with some benefit but also, and as we report later (see 6.2) with damaging effect in some local food systems. But there is still widespread disquiet about the impact of industrial food production and processing on human health, animal welfare, biodiversity and the environment. Obesity, diabetes and other ills reflect unhealthy diets which are offered to consumers with ever more processed and composed foods.

Consumers can, and increasingly do, take responsibility for what they eat by checking on ingredients, additives and origins of food, and by pursuing alternatives such as organic, free-range or known-origin products. Producers, processors and traders will respond to such assertive consumers. But in order to take the initiative, consumers need accurate information about food, and about its links to health etc. Schools should play their part in educating children on these issues. Public authorities should use their purchasing of food for consumption in schools, hospitals, public companies, jails, military barracks etc to influence the quality of food and its links to health, local economies and environment. All parts of the food chain – producers, processors, traders, consumers – should contribute to a sustained EU-wide campaign to cut food waste.

The Agricultural Fund should include the following measures:

- a. Public information programmes, at EU and national level, about food, diet and the link to health, sustainable lifestyles, responsible consumption, the avoidance of food waste, and the link between food and landscape etc: these programmes will require clear definition of what is meant by terms such as 'healthy, natural nutritious, environmentally friendly' food.
- b. Programmes, at national and sub-national level, for education of children about food, its origin, links to health etc.
- c. Reform of EU tendering regulations to permit, and active EU encouragement of, public procurement and catering policies which set an example of affordable use of good-quality, natural, healthy, nutritious, animal welfare-friendly and regionally sourced food and of food whose production is linked to landscape and biodiversity enhancement.
- d. Tighter regulation of all food labelling, to ensure that consumers can understand the origin, production methods, processing treatment etc of all traded food.
- e. Launch, by the EU, of a campaign to cut food waste: this should focus on all parts and aspects of the food chain, including the purchasing, processing and selling policies of food processors and traders, transport and storage systems, consumer behaviour etc.
- f. Support for the right of farmers to manage their own livestock breeding and seed production, including on-farm conservation of cultivars and use of traditional knowledge and cultural heritage related to local plant varieties and livestock races: to this end, the

relevant provisions of the International Treaty on Plant Genetic Resources for Food and Agriculture should be integrated into EU policy.

6 European Rural Fund

Rural regions with the EU vary greatly in the structure and strength of their economy. Some, by their location or by vigorous policy, have strong and diversified economies: they already possess the potential to contribute further to the overall prosperity of the Union. Others have been gravely weakened by the collapse of collective farming, the centralisation of industry and commerce, out-migration of young people, and other forces. The result of these trends is gross and growing disparity between regions, mass migration without perspectives for decent income, loss of social capital, and in some regions abandonment of valuable farmland and loss of the environmental and cultural values which were created and sustained by farming.

We propose that the European Rural Fund should respond to this grave disparity between regions by launching, in the next programme period, an **economic, social and environmental renaissance of rural areas**, in order to realise the full contribution that all rural regions can make to a prosperous and sustainable Union and to honour the EU's commitment to social, economic and territorial cohesion.

This renaissance must reflect and build upon the high diversity in the character, resources, strengths and traditions of the Union's many different rural regions. Moreover it must draw upon the energies and resources not only of the EU and of national and regional governments, but also of local authorities and the private, corporate and civil sectors. That is why, at section 4 above, we drew a distinction between the mainly horizontal nature of the measures within the proposed Agricultural Fund and more place-based measures (which will have more varied varied, and often very specific, application) in the Rural Fund.

We propose that the actions supported by the Rural Fund should be designed and implemented under the strategic guidance of multi-sectoral territorial partnerships whose composition and functional principles are based on the LEADER method but with a wider brief than is now given to many LEADER Groups. These partnerships, in each case enabled and supported by public authorities according to the principles of good governance, should ensure effective coordination of local and sub-regional activities within the wider socio-economic and territorial context.

In this section, we first outline the proposed scope of these actions, and then outline our vision for these strategies and partnerships. The sequence is:

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

6.1 Support for strengthening and diversifying the rural economy

The economic renaissance, for which we call, can draw upon the measures that we describe in Section 5 related to the viability of farming and for regional and local production and processing of food and other farm products. But it can also draw on many other economic sectors, and upon the remarkable diversity of rural regions in different parts of the EU. In most rural regions, there is potential to strengthen the secondary and tertiary sectors at a sustainable scale, including adding value to farm and forest products near to their origins, development of tourism, innovative use of information technology, non-damaging generation of renewable energy, and the location of high-tech industries in high-quality rural settings, and in all these ways to contribute to the EU 2020 target for creation of new jobs. But such strengthening may depend upon adequate infrastructure, notably in telecommunications and in sustainable surface

transport systems. It will depend also upon access for existing or potential entrepreneurs to land, buildings, credit and expert support: at present, such access can be difficult to secure in the context of speculation in land values, the upward pressure on land prices, and the reluctance of banks to lend money without generous security etc.

The Rural Fund should include the following measures:

- a. Support for the creation and growth of micro-enterprises and SMEs in all economic sectors, through provision of credit guarantees, access to support services, business advice systems etc.
- b. Support for farm successions, including financial support for retirement and for new entrants to farming; and for community-connected agriculture, including credit guarantees and financial incentives for community investment in farming businesses and related value-added initiatives.
- c. Support for farm modernisation, where this will assist production or the move towards sustainable practice or farm diversification: this support should be available to all farmers and farm co-operatives, and should carry conditions as to structures etc that are proportionate to the size of building and enterprise involved. However no support should be available for intensive, industrial livestock production.
- d. Strengthened EU interest in forestry, with a focus on support to action by woodland owners and added-value enterprises to create jobs and diversify local economies through sustainable woodland management and processing of woodland products and to provide environmental services such as conserving biodiversity, soil and water management, and carbon capture. This may be expressed through a coherent and comprehensive forestry package with specific measures targeted *inter alia* at enhancing sustainable management, protection from natural and man-made hazards, strengthening forest producer co-operation and innovation capacity.
- e. Support for investment in telecommunications infrastructure in rural regions.
- f. Support for action by local communities, land managers and enterprises to create or extend enterprises focused on energy conservation or generation of renewable energy, without loss of organic matter in soil, and avoiding competition for land and resources between food and energy production. Rural regions contain massive resources of land, water, wind, sun, biomass etc that can be used to generate renewable energy at an appropriate scale, on the initiative of local land owners, enterprises or communities, without the involvement of giant energy companies.
- g. Support for development of rural tourism, with its link to environment, heritage, added value, local services etc.
- h. Stimulus and support for national initiatives, and for multi-national exchange, in developing applied skills through pre-career education and vocational training, apprenticeships and similar systems, mid-career training, advisory and extension services, peer-group activity, local mobilisation and capacity development, and other systems. Such activity can include not only stimulus to innovations, but also re-valuation of traditional skills in building, cheese-making and other added-value trades, animal husbandry, crafts, herbal medicines, cooking, etc.

6.2 Support for regional and local production and processing of food

The adding of value to food and other farm products forms a vital link between agriculture and other parts of the economy. This link can have crucial importance to rural economies. But at present, for perhaps four-fifths of the food produced by commercial farmers in the EU, the adding of value takes place largely not in truly rural enterprises, but rather in large-scale

centralised processing units. This removes the potential for adding value to food in the rural areas. Major effort should go into encouraging added-value activity at local and regional level, through small and medium-sized enterprises, including those run by farmers, as a key element in diversifying local and regional economies. This effort can take advantage of the multiplicity of national, regional, local and ‘niche’ markets which already exist in the EU. It must include a review and simplification of the regulations related to livestock slaughter, food hygiene, phytosanitary standards etc. which place a disproportionate burden on small and medium-sized enterprises (SMEs).

The Rural Fund should include the following measures:

- a. Support for the creation and strengthening of regional and local food systems*, such as farmers’ markets, cooperative farm shops, box schemes or community-supported agriculture; and for an active European network for exchange of good practice among regional and local food systems, and between the producers (notably farmers or fishermen) who actually work the land or waters and create the basic ingredients for the food.

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

- b. Support for branding and labelling of regional products, drawing upon the great diversity around Europe in culinary tradition, gastronomy and related aspects of the cultural heritage, including sustainably managed herbal medicines and traditional products: note the link between this and the tighter regulation of all food labelling advocated at section 5.5d. Where appropriate, the link between the regional products and other values (such as mountain landscapes, biodiversity, aquatic ecosystems) should be highlighted through the label or brand.
- c. Clarifying, publicising and ensuring national implementation of regulatory provisions at EU level for properly justified and monitored exemptions from hygiene, slaughter and other regulations for micro-enterprises and SMEs: these regulations as implemented in some Member States can severely disadvantage such enterprises.
- d. Modification of public tendering rules to permit the flexible use of public procurement and catering systems to promote use of regional and local foods (note the link to 5.5c above); and support for links between public caterers and local food suppliers.

6.3 Support for strengthening of rural communities, services and infrastructure

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

Particular need and opportunity for a dynamic and imaginative approach to development applies to those **special areas** which may be called ‘peripheral’ or ‘less favoured’ but which, from the perspective of those who live there, may be central to their lives and highly favoured in cultural, environmental or other terms. Such areas vary greatly across the face of Europe, from the sparsely populated regions in Sweden and Finland to mountain communities in the Pyrenees,

Alps and Carpathians, subsistence farming communities in many countries, concentrations of poverty in some regions, and isolated communities in many island and coastal regions. Such regions may indeed now suffer - to varying degree - from demographic imbalance, out-migration, loss of young energetic people, narrow economies, severe handicap for farmers, weakness in community services and in infrastructure. But they also act as stewards of ecosystems, landscapes and cultural heritage of European importance, notably many farmlands of high nature value; they manage resources of farmland, grazing land, forests, minerals, water supply and energy on which the EU depends now and in the future; and they represent a social capital of communities which can sustain and absorb population. Rural and regional policies should support rural communities in turning perceived disadvantages into economic and social advantages, focusing on sustaining social vitality, maintaining social services, diversifying the local economy, rewarding farmers (however small) for the public goods that they produce, and (where appropriate) accepting the value of informal economies.

The Rural Policy should include the following measures:

- a. Support for activities to strengthen social capital in rural areas, and the capacity of rural communities to participate in local governance and local development processes.
- b. Support for the provision and strengthening of rural services and infrastructure, whether by public authorities, by private bodies or by rural communities themselves.
- c. Recognition of the key role of towns as centres of social, cultural and economic life in many rural regions, and of the need to sustain the range and quality of services in those towns and to ensure effective linkage and mutual support between urban and rural areas. This has clear implications for the links between (on the one hand) sub-regional development programmes and (on the other hand) policies for spatial planning, transport etc. There is a particular need to use planning policies to stop the urbanisation of good farm land.
- d. A radical new approach to sustaining the social vitality of communities which are based on long-established patterns of subsistence and semi-subsistence farming. At present, these communities gain scarcely any benefit from the CAP or EAFRD, because the Semi-subsistence Farming measure is either not applied or little used, the measure for Farmers' Cooperatives is little used, and many subsistence farmers are excluded from direct payments or agri-environment payments because their holdings are too small. This failure to connect, if allowed to continue, will cause the withering of these communities. The need is for a dynamic and integrated approach, on the lines of that being pioneered by non-government organisations in several countries, whereby farmers are enabled collectively (rather than individually) to benefit from farm-related payments, value is added to farm and forest products, craft skills are revived, tourism is promoted, social services are sustained, and young people are enabled by job creation to stay or return. These successful initiatives suggest that greater support should be given to intermediary bodies (such as sub-regional partnerships, NGOs, community organisations) who can deliver results effectively at local level, with close involvement of the farmers and other local people.
- e. Support for the rural poor and vulnerable. Of the 45 million people in the EU who live below the poverty line, about a quarter may live in rural areas. They vary in location and circumstance, but they include concentrations of poverty and exclusion among certain minorities, including many Roma people, particularly in the new member states. Many current programmes of rural and regional development appear to be ill-suited to addressing the needs of the rural poor and vulnerable, despite the promise in the Lisbon Strategy of a 'decisive impact on the eradication of poverty'. 2010 is the European Year for Combating Poverty and Social Exclusion, of which the priorities include the production of National Programmes to "place social inclusion at the heart of national policy agendas"

and “promoting multi-dimensional integrated strategies to prevent and reduce poverty mainstreamed across all relevant policy areas”. The Commission’s recent Budget paper states an EU target of lifting at least 20 million people out of poverty.

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

6.4 Support for sub-regional partnerships and for the involvement of civil society

In section 8 below, we note that the effectiveness of the policies that we propose will depend greatly upon the processes of governance, funding and delivery that guide their implementation. We then call for mechanisms at EU, national, regional and sub-regional level which achieve true synergy and complementarity between the major European Funds which can serve the social, economic and environmental well-being of rural areas, and which harness the energies and resources of all sectors to the tasks described in this Communication. The funding of these mechanisms at EU, national and regional levels falls largely outside the proposed European Agriculture, Food and Rural Policy. But the mechanisms that are needed at sub-regional level can and should be supported, within that Policy, through the European Rural Fund.

We propose that the actions supported by the Rural Fund should be focused through integrated sub-regional development strategies designed and managed by multi-sectoral territorial partnerships. These partnerships should bring together, in each mainly rural sub-region, representatives of the public, private and civil sectors. Each partnership should prepare a development strategy for its sub-region, covering the whole of the 7-year programme period but subject to periodic review. Where appropriate, the scope of the strategy and the partnership should run into urban as well as rural areas. The strategy should articulate how the measures within the Rural Fund and other Funds as described at Section 8 below would be deployed within the sub-region; and this would form the basis for the delivery of all relevant operational programmes within its sub-region. The partnership’s operational funding should be provided by the Rural Fund.

This proposal builds upon the experience since 1991 of the LEADER programme, in its three phases as a Community Initiative and its current mainstreamed regime. LEADER has shown the high value of focusing on the needs and resources of a specific territory, of multi-sectoral partnerships and of integrated and innovative approaches. However, if a true rural renaissance is to be achieved, the next programme period must see more widespread and more ambitious use of sub-regional partnerships, with a broader remit and more assured funding.

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

recognised and supported, because of the contribution that it can make to rural and regional development and because in playing that role it takes pressure off the resources of public authorities. In many countries, non-government organisations have shown that they can play a creative role as animators of rural development processes, either within or outside multi-sectoral partnerships. Foundations and private donors can also play a significant part in supporting development processes.

The Rural Fund should include the following measures:

- a. Provision by the EU of adequate operational funds for all sub-regional partnerships created in mainly rural sub-region under the requirement stated at section 8 d below.
- b. Support for the active involvement of rural communities and their representative organisations in the shaping and implementation of development programmes at local and sub-regional level.

7 Research and Development

The changes that we have called for – a new paradigm for agriculture, and a rural renaissance – point clearly towards the need for innovation, for recognition and new application of existing knowledge, and for new knowledge. For example, many rural enterprises of all kinds will need new knowledge and skills in diversifying their enterprises, in handling information technology, in marketing and product development, quality control, financial management, cooperative activity etc. There is urgent need for practical inter-disciplinary research on organic and sustainable food production systems. The present scientific approach of research in the field of agriculture should be broadened: as agriculture deals with organisms (i.e. complex and living subjects), a holistic science including new and alternative methods is needed. Those who supply, and those who fund ‘public goods’ such as environmental services, water management, carbon capture etc will depend upon increasingly sophisticated definition of these goods, and of the means by which they may be assured and monitored. Innovation will be needed in such fields as generation of renewable energy, energy conservation, many methods of adding value to rural products, other aspects of the ‘green economy’, and new resourceful ways of sustaining rural services (for example by use of Information and communications technology in health services, education and public administration). Rural Europe has the opportunity to pioneer in many of these fields.

This is a significant field for applied research, development, innovation and the generation and transfer of knowledge. At present, the CAP does not directly provide funding for such activity, which therefore depends on national funding and on partial cover through the mainstream research programmes of the EU, notably the "Food, agriculture and biotechnology" theme within the EU's 7th Framework Programme. We believe that there is a strong case for funding –through Framework Programme 8 – a programme of applied research, development and innovation related directly to the knowledge that is needed in order effectively to pursue the range of policies set out in this Communication. Research projects should be formulated in close conjunction with stakeholders at grassroots level. In administering this programme, the Commission should ensure – to a sharper degree than is often now achieved – early transmission of research results to its own policy teams and to those of member states, so that ideas illuminate action in a timely way.

Also needed is a vigorous process of information, training and exchange of ideas and good practice among all involved in agriculture and rural development. The Policy should make provision, at EU and national level, for vigorous programmes of information, training and exchange of ideas and good practice among all involved in agriculture and rural development. The European Network for Rural Development and the National Rural Networks should, in the next programming period, be transformed into a much more open, quick-moving, transparent

and accountable system for exchange and cooperation between stakeholders. Equally there should be support for sectoral networks engaged on exchange and mutual cooperation, such as for grassland management, for value-added initiatives or for generation of renewable energy. New tools for communication and participation, like the European Citizens' Initiative (ECI), could contribute to improving both horizontal and vertical dialogue between all stakeholders, including citizens in their role as consumers.

8 Governance and delivery, including linkage to other EU programmes

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

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

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

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

- a. A common EU-level strategic framework for the CAFRP and the successors to the present ERDF, Cohesion Fund, ESF and EFF. This should include:
 - commitment to the paradigm shift in agriculture, and the rural renaissance
 - provision for place-based integrated territorial development, with linkage and mutual support between rural and urban areas
 - clear objectives for the changes that are to be achieved, by (say) 2017 and 2020, for example in the achievement of sustainable standards in agriculture; the creation of a balanced food chain which secures fair incomes for farmers; and the strengthening and diversification of rural economies

- provision for monitoring and evaluation to assess progress vis-à-vis these objectives.
- b. Regulations for these five Funds which are fully harmonised with each other; which explain clearly the demarcation and the intended complementarity between them; which are harmonised in procedural terms, so that member states and delivery agencies can minimise the difficulty for beneficiaries; and which enable the delivery of relevant measures by sub-regional partnerships operating across the full range of Funds.
- c. A requirement that Member States (and/or Regions, in countries with federal systems) shall produce – for the next programming period – national and/or regional strategic frameworks which reflect the purposes of the common EU-level strategic framework, and which set a clear basis for active complementarity between the Operational Programmes related to the five EU Funds.
- d. A requirement also that member states, or where relevant regional authorities, shall – throughout their territories – promote the creation and support the activity of sub-regional partnerships in the task of preparing and implementing sub-regional or territorial development strategies, with powers to deliver all relevant measures within the Operational Programmes related to all five EU Funds, and specifically all measures within the scope of the proposed European Rural Fund, and with operational funds provided (in mainly rural sub-regions) through the Rural Fund or (elsewhere) through the Regional or Cohesion Funds – see link to 6.4a.

9 Funding

Our focus in this Communication is on the proposed re-direction of policies, not yet upon the re-allocation of money between Funds or measures or upon the balance between European and national funds. However, we have made the assumption that the new Common, Agriculture, Food and Rural Policy would have broadly the same share of the EU budget as is now allocated to the two pillars of the CAP, in order to meet the objectives and to tackle the major challenges set out in this Communication; and that there will be effective linkage between that Policy and the other instruments of the EU. Our proposal to include all 'horizontal' measures, including environmental payments, in the Agricultural Fund, while significantly reducing untargeted payments to farmers and the food industry, would release funds for a more robust campaign of Rural Renaissance through the Rural Fund. The proposals in sections 6.4 and 8 for strategic linkage to other EU funds, and for the creation and activity of sub-regional partnerships, are designed to secure the effective use of all relevant EU and national funds, and to focus the resources of the corporate and civil sectors upon the challenges of development. This also implies that measures described under chapter 6 could partly be funded under other relevant EU funds.

10 Conclusion

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