

RURAL AREAS NEWSLINK

NEWSLETTER FOR AGRICULTURE, ENVIRONMENT AND
RURAL DEVELOPMENT IN CENTRAL AND EASTERN EUROPE



RURAL POLICIES AT THE CROSSROADS

During the 1990s, there was a period of astonishing change affecting agriculture and the countryside in most of Central and Eastern Europe (CEE). Few parts of the rural economy or the food chain remain unaffected by the social, political and economic transformations in the region. The landscape too showed signs of the new era, with some areas being abandoned as a result of poor economic returns, shortage of livestock or the collapse of collective farms.

Many inside and outside government are actively debating the best way of developing agriculture, the countryside and the wider rural economy. How can a more stable and sustainable future be secured?

The challenge is not simply to build up production and expand export markets. There is an underlying need to bring together social, economic and environmental objectives in a more integrated approach. From this perspective the unspoiled landscapes and valuable wildlife habitats

found in so many parts of the region are being recognised as a valuable asset.

In the European Union (EU), there is a new commitment to a 'multi-functional agriculture'. This implies a greater emphasis on the social and environmental dimensions of farming. Rural development is being seen as a 'second pillar' of the Common Agricultural Policy, alongside support for production.

Furthermore, agri-environment policy, which involves rewarding farmers for management of the countryside, is proposed as the only obligatory measure for rural development plans after the year 2000. This sends a strong message to the accession countries in Central and Eastern Europe about the direction in which the EU is moving. Agri-environment will be a crucial element in the rural development equation.

This newsletter is intended to provide readers in Central and Eastern Europe with a report on policy issues relating to agriculture, the environment and rural

development over the next 15 months. One focus will be agri-environment and rural development initiatives within the accession countries. We will also report on experience in the existing EU countries and the main political developments at EU level, including progress in the 'Agenda 2000' negotiations.

It is hoped that the newsletter will be of interest to policy makers, farming organisations, environmental non-governmental organisations, those working in regional offices and national parks and to the media. It aims to promote an exchange of information and views between East and West and we encourage all readers to send in their comments or submit articles.

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EU FUNDING IN CENTRAL AND EASTERN EUROPE

Funding Provided by the European Union for Pre-Accession Measures

Preparation for membership of the European Union (EU) requires many changes to industrial and public infrastructure, administrative institutions and procedures, as well as training and capacity-building programmes. To support these often costly measures, the EU has established PHARE, which has become a familiar funding source. Two further funds are envisaged under the 'Agenda 2000' proposals – SAPARD and ISPA. The main characteristics of the funds are:

□ **PHARE** (currently the main EU fund for assisting economic restructuring in Central and Eastern Europe)

- managed by Directorate General (DG) IA (External Relations: Europe and former Soviet Union);
- budget of about 1.5 billion ECU per year to cover all 10 accession countries;
- target measures: wide ranging, from re-structuring of private and public enterprises and institutional reform to education and health, as well as energy, transport and telecommunications infrastructure, environment and nuclear safety.

□ **SPP** (Special Preparatory Programme)

- part of PHARE dedicated to preparing the implementation of SAPARD and ISPA;
- the rural development part is managed by DG VI (Agriculture);
- budget of about 56 million ECU in 1998 to cover all 10 accession countries;
- finances capacity building, training and technical assistance for the preparation of a national Rural Development Plan in each accession country that will be the basis for measures under SAPARD from the year 2000 onwards;
- SPP also supports some pilot rural development projects that provide first-hand experience with the operation and implementation of EU funded rural measures.

□ **ISPA** (Instrument for Structural Policies for Pre-Accession)

- managed by DG XVI (Regional Policy and Cohesion);
- time period 2000–2006;
- budget of about 1 billion ECU per year to cover all 10 accession countries;

- target measures: large scale transport and environmental infrastructure projects such as trans-European rail and road links or major waste water treatment facilities.

□ **SAPARD** (Special Action for Pre-accession Measures for Agriculture and Rural Development)

- managed by DG VI (Agriculture);
- time period 2000–2006;
- budget of about 0.5 billion ECU per year to cover all 10 accession countries;
- target measures: rural development, farm diversification, modernisation of the food industry, adaptation of food hygiene, veterinary and plant-health controls to the EU model, improved agricultural production and marketing, agricultural production methods designed to protect the environment and maintain the countryside, as well as other measures.

SAPARD and SPP will be the most important funds for agri-environment measures and rural development. The required national co-financing for both funds is likely to take up much of the current budgetary resources for agriculture and rural development in most accession countries. Thus, decisions on the structure of programmes under these funds will significantly influence the future direction of rural policies in Central and Eastern Europe.

The content of programmes under both funds is decided in negotiations between the accession countries and the European Commission. Certain measures have to be adopted by all future EU members, such as food hygiene and veterinary control standards and the CAP subsidy and accounts system. Nevertheless, the planning of rural development and agri-environment measures provides an opportunity for formulating national priorities and policies in all candidate countries. The figure shows the envisaged timetable for the development of the national Rural Development Plans under SAPARD.

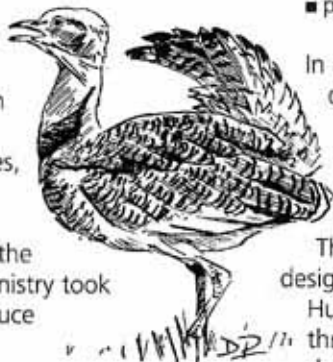
Envisaged Timetable for the Development of National Rural Development Plans



DEVELOPMENT AND INTRODUCTION OF AN AGRI-ENVIRONMENTAL PROGRAMME IN HUNGARY

Preparation for EU membership requires substantive changes to agricultural policy in Central and Eastern Europe (CEE) to redirect it towards a new European model of multifunctional agriculture. Farming should combine food production with environmental and social objectives. Agri-environmental measures according to the model of EC Regulation 2078/92, which provides financial support for environmentally sensitive agriculture, can support the development of such a model.

Within the Hungarian Ministry of Agriculture and Rural Development, an agri-environmental EU harmonisation working group has explored such issues, analysing the legislative framework of Regulation 2078/92, as well as experience with its implementation in the EU Member States. As a result, the Ministry took legislative and practical steps to introduce the Hungarian Agri-environmental Programme (AEP). Initially, a land use zonation study identified target areas for different agri-environmental schemes. This study can be found on the Internet at: <http://www.ktg.gau.hu/~podma/zona/text-eng.html>. Furthermore, a proposal for a future Hungarian AEP was elaborated.



Proposal for the Hungarian AEP

The structure of the AEP is pyramidal. Its base is formed by several horizontal schemes that apply to all areas in agricultural use. The schemes provide support for environmentally friendly production methods (reduced inputs of fertilisers and pesticides, environmental farm plans) and nature-oriented land use systems that aim at quality food production. Horizontal measures combine environmental protection (soil, water) with nature conservation goals. Higher up the pyramid are area specific zonal schemes that target high nature value areas. The schemes focus on nature conservation and landscape protection. The figure shows the proposed structure.

Horizontal Schemes

Environmental Farm Plan Scheme (farmers and expert advisors drawing-up farm plans according to local farming conditions on fertiliser/pesticide use, crop rotations, anti-erosion measures, basic on-farm nature conservation) + training programme

Integrated Farm Management Scheme (use of integrated pest management, optimisation of input use)

Organic Farming Scheme

Grassland Scheme (grassland management according to environmental guidelines)

Wetland Scheme (maintenance and development of wetland areas)

Zonal (regional) Schemes

Two types of schemes are proposed for designated areas: those supporting low-input, extensive farming systems; and

schemes aimed at specific nature conservation objectives. The following measures are envisaged for the zonal schemes:

- arable conversion to grassland;
- use of extensive farming techniques;
- keeping of endangered breeds;
- habitat restoration and development;
- landscape reconstruction measures;
- providing favourable conditions for important bird species.

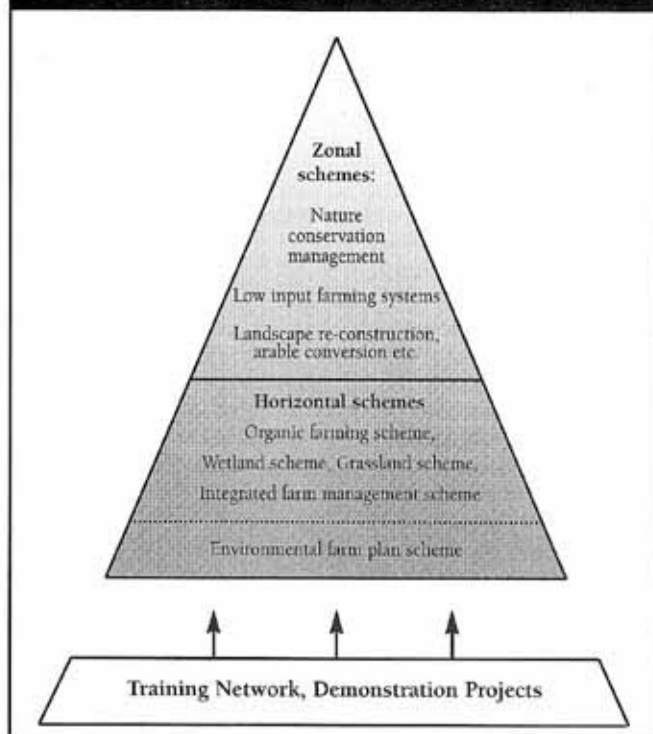
In addition, the establishment of a training, demonstration and extension network is planned to improve understanding, uptake and implementation of the schemes by farmers.

Planned schedule for AEP introduction

The elaboration of the AEP, including target area designation, will be finalised by the end of 1998. For 1999, Hungary has obtained a grant of one million ECU through PHARE to tackle the following issues: development of institutional structures and procedures for AEP implementation; selection of pilot areas for testing different schemes; and preparations for the use of SAPARD funding for agri-environmental measures. In 2000, under SAPARD funding, certain schemes will be introduced, while institution building continues. From 2001 onwards, the gradual enlargement of the AEP is envisaged, so that by EU accession the whole programme is operational.

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Structure of the Proposed Agri-environmental Programme for Hungary



AGRI-ENVIRONMENTAL PROGRAMME IN IRELAND

Since June 1994 Ireland has implemented EU agri-environmental policy (Regulation 2078/92/EEC) through the Rural Environmental Protection Scheme (REPS). The Irish Farmers' Association (IFA) believes that the scheme has helped to improve the environment, given agricultural produce a better image and contributed to farmers' incomes.

Under REPS, farmers voluntarily put all their land into an agri-environmental agreement. Each agreement is based on a farm plan, drawn up by a professional advisor, which covers farm waste management, fertiliser/grassland management, protection of watercourses, retention of wildlife habitats, restrictions on agro-chemicals, and some other farm features. Additional measures are also available (e.g. for rare breeds or organic farming). Farmers are paid 125 ECU per ha up to a maximum area of 40 ha per farm.

Initially, participation in REPS was low as farmers lacked information about the new scheme, or thought that the five-year agreement period or the scheme restrictions were too demanding. Following an intensive promotion campaign, about 40,000 farmers (representing 40% of the usable land area) are now participating in REPS.

One disadvantage of the current scheme is the lack of investment aid for pollution control facilities. IFA believes that REPS should be amended to include such aid. To increase farmer participation further, incentives should also be related more closely to the restrictions involved. Agri-environmental topics will be an important part of IFA's negotiations with the Ministry of Agriculture in advance of decisions under 'Agenda 2000'.

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THE EU LEADER PROGRAMME

The LEADER programme supports local rural development projects in the EU. The Community budget for this initiative is about 1,755 million ECU for the period 1994-1999. Further co-finance (25-50%) is expected from the benefiting project groups themselves. LEADER projects are characterised by their bottom-up, cross-sectoral approach that aims to support local, innovative ideas in rural development.

One of the strengths of the LEADER programme is its emphasis on the exchange of experiences and the transfer of know-how. This is a main purpose of the LEADER European Observatory, a co-ordinating institution established in Brussels. The Observatory publishes a quarterly LEADER magazine, the newsletter INFO-LEADER, and other technical publications and handbooks. They organise rural development seminars and maintain a comprehensive website on rural development in the EU. The website contains important documents on EU rural development policy, online versions of the LEADER magazine and newsletter and a programme of activities etc, in six European languages.

For anyone interested in EU rural development policy and the LEADER programme the website is well worth a visit. Furthermore, it is possible to subscribe for free to LEADER Magazine. Further information is available from:

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RURAL DEVELOPMENT POLICY IN POLAND

Rural development is gaining an increasingly important role in Polish rural policy. EU pre-accession funds are hoped to provide substantial support for the relevant programmes. To ensure the effective preparation of rural development measures, a new division (Department of Pre-Accession Assistance and Structural Funds) is being established in the Ministry of Agriculture and Food Economy (MAFE). It will both co-ordinate the elaboration of a Rural Development Programme (RDP) and play a leading role in negotiating its implementation under the SAPARD Regulation with the European Commission.

Priority actions for the RDP will be proposed in a document being prepared by MAFE entitled 'Coherent Structural and Rural Development Policy'. After wide consultation with farmers, the food industry and inhabitants of rural areas, selected priorities will be defined in the final version of the RDP. Infrastructure investments and the promotion of organic farming, including its marketing aspects, are the most likely priorities related to the environment.

In the eyes of the Polish administration, the implementation of the RDP using SAPARD funding will serve as a foundation for larger scale RDPs, which would be supported through the mainstream EU Structural Funds following accession to the EU. In this context, the RDP should serve not only to adapt Polish policies to EU structures but also to refine and operationalise national priorities and approaches.

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LATVIA RURAL DEVELOPMENT PROJECT FINANCED BY THE WORLD BANK

The World Bank has provided a loan of US\$10.5 million equivalent to the Latvian Government for a rural development project. Initially, the project will focus on three main areas: training and capacity building for policy makers and rural entrepreneurs; land reforms; and measures to strengthen the rural finance and banking system. Some financial support and advice will also be made available for marketing and diversification projects in the rural economy.

One objective of the project is to introduce participatory approaches to rural development in order to increase the interest and commitment of the rural population. To this end, 'local action groups' (LAGs) will be created, through which local groups and sectors will have the responsibility for designing community development strategies and specific action plans. The LAGs are expected to play an important role in encouraging local ideas and providing practical support. Their development will be assisted through a sub-programme of the project. Further information is available from:

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