

Rural Areas NEWSLINK

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

Challenges for Rural Development in Central and Eastern Europe

Rural development is a pressing requirement for all applicant countries. Sizeable rural populations have in some regions been further swollen by unemployed workers moving out from industrial cities attracted by the possibilities of cheaper accommodation and subsistence living in rural areas. In most, but not all, of the CEECs there has been a dramatic decline in the numbers employed in agriculture during the past decade - for example, dropping from 17.5 to 7.9% in Hungary since 1990. The privatisation of land ownership has produced a complex pattern of winners and losers: often there is a large number of small semi-subsistence holdings, subject to rapid amalgamation in some areas, existing alongside a group of larger units comprising co-operatives, limited companies and remaining state farms. In certain other rural sectors such as mining, the collapse and rationalisation of enterprises and employment have been even more marked.

The net effect is high levels of rural unemployment in the CEECs, with a large proportion of the rural populations scraping a marginal living. Rural areas were badly hit by the market reforms and the dismantling of centralised state planning of the early 1990s. As the economies of the CEECs have begun to recover, the rural areas have tended to miss out. Legacies of the Communist period and the disinvestment of the 1990s have left them bereft of basic infrastructure and services. In many regions too, the rural workforce is ageing and poorly equipped, as the young and skilled selectively move out.

Agricultural production remains important but its role is declining in nearly all countries. A critical issue then is how practically to promote rural development. This clearly calls for resources, but also for institutions and mechanisms capable of mounting local development projects. At the moment these are issues for the countries themselves but soon they will be issues for the European Union. SAPARD is the pre-accession instrument for agricultural and rural development. It can be

criticised for its rather limited funding. But there is a more fundamental criticism concerning the targeting of the available funds and the way in which the EU has conceived the agricultural and rural problems of the CEECs.

SAPARD is largely an agricultural structural measure to prepare both the commercial farming sectors for membership of the CAP and the central bureaucracies of the applicant states to manage FEOGA monies. This reflects the EU centricity of the SAPARD programme. However, it represents a very partial conception of the complex rural development problems and needs of the CEECs. Promoting commercial agriculture is unlikely to boost rural employment significantly, and may, in fact, squeeze out many smaller farmers and agricultural workers.

What is needed, in addition, is an approach that promotes a whole range of grassroots oriented rural development programmes, equivalent to rural development measures under Article 33 of Regulation 1257/1999 or the EU LEADER programme. This would include encouragement of diversified and pluri-active farming, agri-tourism, marketing of quality food, local services, crafts and micro-businesses. For this approach to succeed will require the building up of capacities at the local level, through training, institutional development and learning by doing. That is what will equip rural areas and people to compete in an open market and what will enable them to benefit from rural development programmes after accession. It should be a priority for domestic policy in the CEECs and must become a key feature of EU pre-accession funding.

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Initiatives for sustainable development in the White Carpathians

Rural development benefits from a combination of top-down and bottom-up approaches. Physical infrastructure and public services provide the framework that needs to be filled by project ideas and initiatives from local entrepreneurs and communities. Realisation of these ideas and proposals often depends on appropriate knowledge and management experience, the necessary start-up capital and broad partnerships.

In the White Carpathians different groups in society have come together to nurture a broad range of small-scale local initiatives to provide an impetus for economic development. The beautiful landscape on the Moravian-Slovak border has been buffeted by high unemployment and crises in agriculture and industry, just as many other rural areas in Central Europe. Local initiatives for sustainable development show opportunities for preserving the area's social fabric and rich cultural and natural heritage.

One group of initiatives focuses on exploiting market forces to develop the local economy while also preserving the rich biodiversity of the area. The first of several juice-extraction plants planned for the White Carpathians has begun operation in the village of Hostetin, producing pure, unfiltered juice from locally grown apples. The juice is sold under the *Traditions of the White Carpathians* label, a brand developed by an association of farmers and NGOs to market high-quality natural products from the region, including dried fruit, juices, and jams (made from the 250 native fruit varieties), as well as traditional handicrafts.

Dozens of solar collectors have been installed on homes and public buildings in the White Carpathians thanks to a project developed by the Veronica Ecological Institute with a grant from the Environmental Partnership foundation. The programme provides a 50% subsidy for simple solar collectors to create a critical mass of collectors in the region which could spark a broader market for solar power.

About a dozen of the houses in Hostetin now have solar collectors. The village is quickly becoming a model community for rural sustainable development: besides solar energy, the 80 local homes are heated from a 700 MW central biomass heating plant fuelled by wood from local forests. Sewage waste is treated in a reed-bed sewage treatment plant which works well even in winter. In addition, a special centre for rural development is now being built by the Veronica Ecological Institute next to the juicing plant.

Other initiatives in the White Carpathians are focused on promoting organic agriculture, re-introducing the tradition of sheep grazing, developing products and markets for wool, creating land trusts, as well as a variety of cultural activities, including the St Nicholas Day Fair that draws 15,000 visitors every year to the small town of Valasske Klobouky.

Behind all these initiatives in the White Carpathians have been a broad range of partners stretching from local to national and even international level. Drahomir Orsak, a mason and the Mayor of Hostetin, has played a key role in convincing local residents to try out the new approaches and technologies. District officials have also lent their support, as have the Ministry of Environment and State Environmental Fund. The biomass heating plant was built with Dutch support through a special Joint Implementation agreement. Local and regional businesses have also been involved, donating for example cement and tiles to build the juicing plant.

The Environmental Partnership has provided small seed grants for many of the initiatives. It has, however, been NGOs like the Veronica Ecological Institute in Hostetin that have played the critical role of creating the vision and bringing together the different partners to realise projects. As in other applicant countries they are providing a critical element in the social infrastructure that is the bedrock of all development. This shows the importance of investing not only in the physical but also in the social infrastructure of rural areas. We hope that this will be recognised in the funding programmes of national governments and the European Union.

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Seminar on implementing agri-environment schemes in CEE

45 participants from all applicant countries and the EU attended a seminar on *Preparing for the Implementation of Agri-Environment Schemes in Central and Eastern Europe* on 8/9 December in Bratislava. Funding was provided by DG Environment of the European Commission, the British Ecological Society and the Dutch MATRA fund to deepen the understanding of agri-environment schemes in CEE through sharing experience gained during their design and implementation in eastern and western Europe.

The seminar included presentations on lessons learned during the development and implementation of agri-environment schemes in Northern Ireland and Finland. Both speakers provided valuable insights into aspects

such as environmental baselines, scheme design, negotiations with the European Commission, farmer training and administrative set-up. Speakers from Estonia and Bulgaria outlined experiences gained during the preparation of pilot agri-environment schemes in their countries. These related to scheme design, experience of the SAPARD process and building institutional capacity for the implementation of schemes. Of particular interest were the different strands of technical assistance utilised in Bulgaria and a detailed action plan for the realisation of pilot agri-environment schemes in Estonia.

A representative of DG Agri explained the approach of the European Commission for pilot agri-environment schemes under SAPARD. These will be

useful for developing practical experience of administration and implementation at institutional and farm level. While they should initially focus on specific objectives, such as organic farming and biodiversity protection, they should also be a realistic exercise of the procedures and pre-conditions for agri-environment schemes in the EU. The table below shows that all ten CEECs have included pilot agri-environment schemes in their SAPARD plan or designed their own nationally funded scheme. Further information on SAPARD and the text of national plans can be found at:

<http://europa.eu/int/comm.dg06/external/enlarge/index.en.htm>

Country	Agri-environmental SAPARD measure?	Annual EU contribution (in thousand Euros)	(%) of SAPARD budget	Area (in hectares)	Number of pilot areas	Number of farmers
Bulgaria	Yes	9,000	2	32,000	?	?
Czech Rep.	Yes	4,584	3	5-20,000	5	150-200*
Estonia	Yes	1,210	1	?	3+	?
Hungary	Yes	11,330	4	400,000	15	?
Latvia	Yes ¹	6,970	5	43,000*	?	1,100*
Lithuania	Yes	2,124	1	4,700	2+	?
Poland	Yes ²	22,920	2	33,000	6	3,500
Romania	Yes	26,571	3	36,000	7	3,000*
Slovakia	Yes	4,500	4	10,000	5	2,000*
Slovenia	No ³	-	-	-	-	-
CEE 10	9 of 10	89,209	2	>578,700	43+	>10,000

1. Includes three measures of the plan.

2. Includes afforestation of agricultural land.

3. No specific measure in the SAPARD plan, but a national programme with an annual budget of 28,000,000 Euros is in preparation.

*Estimated.

Remarkable progress has been made in CEE since the first agri-environment working groups were established in 1997, but the implementation of pilot schemes remains a challenge. Via a series of technical lectures and workshops the participants addressed a number of these issues. During a training workshop the question of how to raise awareness and widen knowledge of agri-environment schemes among farmers and farm advisers was discussed. A second workshop explored the use of verifiable environmental standards ('Good Farming Practice') for defining the baseline above which payments to farmers can be justi-

fied. Further workshop sessions discussed principles for environmental monitoring and evaluation of schemes as well as the use of pre-accession funds for building agri-environment programmes. Technical lectures addressed issues such as farmer application procedures and selection criteria for applicants, the calculation of agri-environment payments and how to estimate overall budgets for agri-environment schemes.

Discussion of the topics above with experts from EU and applicant countries proved very fruitful for the seminar participants, and progress was made on a number of technical issues. Further co-

operation between different groups and institutions in the applicant countries is required, however, to make the implementation of current pilot scheme proposals a success. A particular issue is the need to build sufficient administrative capacity in agriculture ministries, paying agencies, and regional implementing organisations. Technical assistance under SAPARD and other pre-accession funds is needed for this task, as resources within the applicant countries are very limited.

Despite the challenges, the development and implementation of pilot or national agri-environment schemes is

now under way in all CEE countries. Interchange of experience between the CEECs is becoming increasingly important, and the network of agri-environment experts in CEE is expanding. The same project that supported the agri-environment seminar enables Avalon and IEEP to provide limited technical assistance for building pilot schemes in

CEE. This includes an agri-environment manual, an 'Expert Directory' to assist communications, and an agri-environment bulletin with up-to-date information. The latter and proceedings from the seminar in Bratislava are available in electronic format via email. For further information please contact:

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Perspectives for rural development in the Czech Republic

After big structural changes in the Czech Republic since 1990 most agricultural land is still managed by large private or co-operative enterprises. However, nearly all farms are struggling to survive and to find capital for much needed investment in modernisation. These difficulties are even more pronounced in less productive mountainous areas, or for small family farms. Despite its economic problems agriculture still plays a crucial role for rural development as an economic driving force and source of employment.

As part of sustainable rural development, the Czech Republic wants to develop a multifunctional agriculture, which combines the productive and non-productive functions of agriculture, forestry, fishery and water management. This would allow a greater diversification of production and services, provide economic stability, and contribute to maintaining the ecological, cultural and social inheritance of rural areas.

A sustainable diversification of agriculture and rural business requires investment into the physical and social assets of rural areas. There are successful examples for such a transformation in some villages, often with the help of third party funding. However, at national level much more substantial funds are needed, of which SAPARD could be one. Seminars and other information activities generated considerable expectations and

ideas, not only from farmers. Unfortunately, by the end of 2000 money was still not available for rural development projects. It appears SAPARD may not be the right instrument for many farmers because they cannot obtain bank credits or other co-funding to benefit from these funds. Small farms will have to wait for the LEADER programme, which has less financial resources but provides more creative possibilities for local partnerships that often include farmers. To widen the range of investment sources for different groups in rural areas and to build experience with various types of rural development funding, it appears very desirable to extend the availability of LEADER beyond the present transnational co-operation.

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Conference on EU enlargement: the relation between agriculture and nature management

The Netherlands' Ministry of Agriculture, Nature Management and Fisheries (ANF) is organising a conference on *EU enlargement: the relation between agriculture and nature management* from 22 to 24 January 2001 in The Hague. High level officials will represent all candidate countries: those in central and eastern Europe, plus Cyprus, Malta and Turkey.

A central objective of the conference is to further understanding and support among governments and other stakeholders for environmental issues related to agriculture in the framework of EU enlargement. The meeting will also highlight possibilities for sustainable agricultural development and nature management in the framework of the CAP. Relevant experiences will be shared via presentations and discussion between colleagues from candidate countries, four EU Member

States and the European Commission. Workshops will cover the following topics: rural development, horizontal measures, cross compliance, modulation and the coherency between agricultural and nature management policies. A detailed background document to the conference will be published that describes linkages between agriculture, nature and environmental objectives into agricultural policy and provides an outlook on the situation in the applicant countries.

Further information is available from:
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