

# Rural Areas NEWSLINK

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

## Rural Development in the Perspective of EU Enlargement

The EU has entered an intensive phase of negotiation with the candidate countries. The agricultural chapter has been opened for negotiation with the 'Luxembourg group' on 14 June, SAPARD plans are being discussed and agencies implemented. Just recently, nine agreements for further bilateral trade liberalisation were concluded.

Independently of enlargement, factors such as economic development, the evolution of agricultural markets and globalisation make changes in rural areas in the candidate countries inevitable. Indeed, agricultural policy can help cushion the effects of necessary change in the agricultural sector, with its focus on reducing market and income volatility. But many factors conspire to prevent rural areas reaching their real economic potential in comparison with urban areas: an older workforce, a generally lower education level, low investment levels, and sluggish development of income and growth.

This is the context within which agricultural restructuring must take place, requiring land consolidation, labour adjustment and significant investment. In the EU, this was a gradual process that went on for decades. In contrast, candidate countries will be confronted with a combination of rapid change and persistence of subsistence farming. In these conditions, direct payments from the Common Agricultural Policy would do little to support a growing share of the rural population dependent on non-agricultural incomes.

In the EU-15, rural development policy is basically a link between market policy, environmental concerns, and regional development. In the candidate countries, it will serve as a foundation for sustainable agriculture and rural communities. Agenda 2000 puts in place a framework focused on competitiveness, quality, the environment, and viable rural communities. All these aspects are dear to the candidate countries, too, particularly with regard to their rich environmental heritage. This was recognised at the Berlin European Council (in the form of specific budget

headings) through financing for SAPARD. After accession, resources for rural development are planned to be topped up.

Under SAPARD roughly 520m euro per year will be available for all candidate countries (1999 prices). It is necessary to be realistic about what SAPARD can achieve. It can only start to tackle a part of the problems confronting rural areas, but can be a catalyst for change in combination with other EU instruments. SAPARD is thus part of building institutional capacity to help deliver Community policies after accession.

Agenda 2000 proposed that on accession up to 2,200m euro per year would be available for accompanying measures and less favoured area payments in the candidate countries (initially targeting the Luxembourg Five). To this must be added further resources from the Structural Funds for investment, young farmers, training, processing and regional development since all candidate countries may well be eligible under Objective 1. Thus, the resources available after accession will increase significantly. Preparation will be critical.

We cannot wait until negotiations are completed to get down to the business of rural development and sustainable agriculture. Experience in the EU has taught that successful rural development policy requires sound financial and administrative mechanisms, good project ideas, sound strategies and, of course, a pool of committed and talented individuals in local communities and administrations. We may even need new ideas and instruments. Now is the time to lay the foundations.

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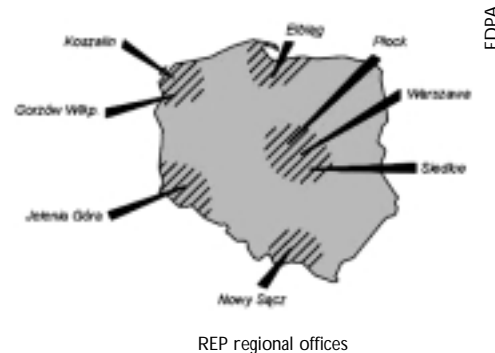
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# The Rural Entrepreneurship Programme of FDPA



A successful wicker farm financed through a REP credit.

FDPA

The Foundation for the Development of Polish Agriculture (FDPA) is a non-profit institution dedicated to facilitating a sustainable transition of the Polish food and agriculture sector and to promote the development of civil society in rural areas. These contain 38 per cent of the country's population, but suffer from high levels of unemployment and a lower than average education. To counter this problem FDPA established the first micro-credit program in Poland in 1993, the Rural Entrepreneurship Programme (REP).

FDPA believes that small businesses are the backbone of strong local communities. REP's objective is to support local development through inspiring entrepreneurship and starting small businesses in rural areas. The programme provides loans, advisory services and training to individuals and groups who want to start their own business outside agricultural sector but who are not eligible for commercial bank credits. REP targets those groups of rural communities who are in greatest need: the poor, the unemployed and women.

Often lack of money is not the only obstacle for potential entrepreneurs, a more powerful one can be lack of knowledge about financial systems, planning and business management. Many potential entrepreneurs who could obtain loans do not try out of fear of falling into debt. Thus, REP also provided training to more than 4,000 possible entrepreneurs, including all its borrowers. About 400 borrowers also seek specific advice every year. Training and advice cover:

- general economic, legal and financial information relating to starting a business,

- business planning and management,
- assessing market needs,
- use of credit to start the business building process.

Reaching out to the rural entrepreneur is an important issue because many potential borrowers lack transportation or the resources to travel long distances to visit a lending programme. To counteract this problem REP opened seven regional offices in five different rural areas of Poland (see above). Borrowers are solicited through mass media promotions, personal and business networks, and free literature. Staff is recruited locally and has in depth knowledge of the conditions and specific needs of local borrowers. They fulfil REP's goal of providing a friendly, supportive and fast service.

By February 2000 REP had disbursed 1,200 loans with a default rate of only 2%. As the result of this over 2000 new permanent and seasonal jobs have been created. With these new entrepreneurs now a stable part of rural communities, REP is working towards sustainability. This means building entrepreneur associations and networks, linking lending to regional development strategies, and developing leaders who will teach others.

More information is available from:

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# Livestock Farming, Ecology and Rural Policy

The relationship between livestock farming, ecology and rural policies was the theme of a conference recently organised by the European Forum for Nature Conservation and Pastoralism (EFNCP) and the Irish Heritage Council for over 100 participants from across Europe.

The conference started with a full day excursion to farms in the Burren region on the west coast of Ireland. Based on limestone rock, the Burren has low agricultural production potential but high biodiversity linked to extensive livestock production.

Several of the farmers visited had enrolled in the Irish agri-environment scheme (REPS), others not. Participants discussed the prospects for extensive livestock production and reasons for REPS (non-)participation with the local farmers. It became clear that administrative arrangements, even when designed locally, cannot sufficiently cover the full diversity and complexity of farming situations on the ground. The Irish farmers made a convincing plea for early participation of local representatives in the design of agri-environment schemes. Delegates at the conference pointed out that administrative categories can never adequately represent the complexity of farming and urged to devise ways of supporting a sustainable and evolving relationship between farming and the environment that gives farmers freedom yet preserves the natural heritage of farmed landscapes.

Through presentations and workshops the conference discussed what defines the ecology and environmental characteristics of different farm systems. In spite of important progress in the EU much work remains to be done to establish a satisfactory typology of farm systems that enables a first appraisal of the environmental impact of different farm types.

Data from central and eastern Europe are particularly scarce in this respect, most likely due to the fast changes in farm structures in the last decade as well as a lack of resources for targeted research.

The conference also analysed the impact of mainstream agricultural support on the environmental quality of farming systems (in many instances still negative) and discussed opportunities arising from rural development. The latter was regarded as an important policy tool for supporting extensive farming systems. One presentation analysed possibilities for rural development in CEE. In spite of several difficulties facing the applicant countries, relevant initiatives should be encouraged as early as possible to provide scope for learning and confidence building in rural development. In many EU countries agri-environment schemes are a key part of rural development programmes. Participants from central and eastern Europe asked the conference to support the inclusion of agri-environment pilot projects into the SAPARD plans of the candidate countries which found general approval. Further information on the conference is available on the EFNCP web site:

<http://www.efncp.org>

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## Priorities of SAPARD Programmes in the Applicant Countries

Details are emerging of the proposals that have been put forward by different applicant countries in their SAPARD plans. According to data from late May, four measures have been selected as priorities by all applicant countries. These are investment in agricultural holdings, processing and marketing, agricultural diversification, and technical assistance. Two measures are taken up by 6 - 7 countries: rural infrastructure and environmental protection and maintenance of the countryside (i.e. pilot agri-environment schemes). The last measure shows that SAPARD is a very important programme but also complements national actions. The three countries that have not included it in their SAPARD proposal, Estonia, Lithuania and Slovenia, are all implementing separate national measures. While Lithuania has made available agri-environmental funding to farmers under

its Tatula programme for some years now, Estonia and Slovenia are planning significant agri-environmental programmes of their own that will be financed from the national budget.

Other measures, such as help for producer groups, water resources management or forestry have only been taken up by some countries with a specific interest in these areas. No country has as yet presented the final approved version of its SAPARD programme to the European Commission. Further changes and negotiations are expected to take until September or October. If they are ready in time, the final SAPARD programmes are scheduled for approval by the September or October session of the STAR committee. This committee brings together agricultural representatives of all EU Member States under the chairmanship of the Commission. Due to the necessary preparation for ensuring a

minimum quality of the SAPARD programmes ('receivability') the original expectation for approval of most proposals around June has not been met. It should not be forgotten however, that the approval process for the EU 15 national rural development plans has also been slower than planned. By the end of June only the Finnish programme had been approved by the STAR committee, in spite of the current Member States' much greater experience of EU programming and approval procedures.

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# Informing People about EU Enlargement

The position of Estonia in the EU enlargement negotiations is big news in our country. The media report about it, there are special departments in state government, educated specialists in county governments, EU information points in county libraries etc. Well dressed people in special TV shows talk for hours about the Euro, the CAP, the Common Market. It seems the country is well-prepared, just add a national referendum, and we are ready for EU membership!

However, asking local people in Estonian villages, one realises that they cannot picture the EU. They know that the EU exists and that the coming of the EU is inevitable, just like the next winter. And just like the snow next winter, they talk about EU Directives.

Like snow, the Directives will be coming, but nobody knows how much, where and what harm they will bring. Or may be there will be no harm, but no good and a lot of trouble anyway. Local people in Estonia can handle snow very well, but they do not know how to handle EU Directives. This matter causes some fear and much hesitation. Can I sell my potato as usual? Can I fish and can I sell this fish in the market as usual? What will happen with the local store and its big refrigerator? What will happen with the kitchen in our primary school, in what conditions can they continue cooking?

A thousand questions arise from our daily life. These simple questions need simple explanations. Then the information will be acceptable and understand-

able. The dissemination of EU information is still a state responsibility in Estonia. May be it is time to hand over this very important area to the local municipalities, hand over the function with the necessary resources. As public servants of local municipalities live in the same village as local people, they know all these fears and hopes. Let 'locals' do the job, they will do it well.

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## Training farmers and their advisers

Agricultural training and demonstration for farmers and their advisers is an important task during the pre-accession period. The shift from collective farming to private agricultural holdings demands a very different technical and managerial knowledge of the independent producers than in the past. Even where co-operative farming remains dominant new environmental obligations and the introduction of sustainable farming systems impose steep learning curves on the farm staff.

It is important, therefore, that training facilities and approaches are adapted to these new conditions. Appropriate training needs to be available to smaller and less educated producers who need a practical approach that focuses on demonstration and learning by doing rather than theoretical lessons. Combining the latter with practical demonstrations will also be important for the training of professional farm staff and agricultural advisers. The establishment of demonstration farms, in particular for sustainable farming types, such as organic production, should thus be a priority.

The content of agricultural training and demonstration projects should take account of environmental issues such as the adoption of sustainable farming systems, participation in new policy instruments, such as agri-environment schemes etc. Co-operation with environmental and agricultural NGOs could prove very fruitful for theoretical and practical instruction in these fields. Their specialists have gained considerable experience with EU policy instruments and environmental farming systems and they often run their own demonstration projects. Combining public and private expertise is thus a very promising way for developing new methods and topics in the training of rural producers in the applicant countries.

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### Enclosed Brochure

This mailing of Rural Areas Newslink includes a brochure by BirdLife International on environment related issues of the enlargement process and a project of the organisation to promote nature conservation priorities during the accession negotiations. Please direct all enquiries relating to the project to the contact address provided in the leaflet (Zoltan.Waliczky@rspb.org.uk).