Spatial Impacts of CAP and Rural Development Policies

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This presentation draws upon results of ESPON PROJECT 2.1.3
Territorial Impacts of CAP and Rural Development Policies
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Spatial Impacts of CAP and Rural Development Policies

OUTLINE

- EU approach to spatial planning
- ESPON project 2.1.3
- Experience in Ireland
- Going forward

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EU approach to spatial planning

Context:

- Competitiveness in global markets
- Sustainability – econ, soc, env
- Territorial Cohesion

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EU Approach to Spatial Planning

- 1990s *Europe 2000* & *Europe 2000+*
- 1999 ESDP – new goals (*balanced competitiveness*) & new concepts (*polycentric urban networks*)
- 2002-2006 ESPON (1)
- Cohesion Reports (2001, 2004) Territorial Cohesion
- Lisbon 2000 and Gothenburg 2001 Declarations
- 2004 Constitution for Europe Art. 3 TC
- 2006 Territorial Agenda of the European Union

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- ***Lisbon objective – key political ambition of the EU:*** EU to become the most competitive and dynamic knowledge-based economy in the world by 2010, capable of sustainable economic growth with more and better jobs and greater social cohesion (March 2000, 2005)

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- ***Gothenburg Objective:*** EU policy is aimed at creating a virtuous circle within which regional development both reduces economic and social disparities **and leads to an improvement in the environment** (European Council, 2001, 2005 linked with Lisbon Strategy)

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- **Territorial Cohesion**
- The concept of territorial cohesion is a major addition to the EU policies for social and economic cohesion.
- Represents a fundamental step in translating the goal of sustainable and balanced development into territorial terms

Territorial Cohesion

Territorial Cohesion objectives

- to promote economic and social progress and a high level of employment and to achieve balanced and sustainable development
- to make sectoral policies which have a spatial impact and regional policy more coherent
- to improve territorial integration and encourage cooperation between regions
- *It implies that people should not be disadvantaged by wherever they happen to live or work in the Union*

The Territorial Agenda of the EU discussion document 2006

Inspiration from Jeremy Rifkin's book *"The European Dream"* 2004

"…to work co-operatively at the local, regional, national and continental levels, to make sure that future spatial planning across the European landmass is compatible with Europe's dream of inclusivity, diversity, sustainability, quality of life, universal human rights, the rights of nature, and peace among people"

The Territorial Agenda of the EU discussion document 2006

Territorial Capital: A region's territorial capital is distinctive, determined by factors such as

- Location, size, resource endowments, climate, traditions, urbanisation, quality of life
- Intangible interdependencies – informal understandings, social capital, customs, creativity, innovation, institutions, "something in the air"

Territorial Capital contd

A region's territorial capital is also shaped by policies and governance structures some of which are locally determined while others are strongly influenced by external forces

The way in which space is organised is crucial – may be positively influenced by spatial strategies, or inhibited by uncoordinated sectoral policies and plans

CAP and RDPs??

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ESPON Project 2.1.3

Aim: Assess the extent to which the CAP and RDP contribute to the goals and concepts of the ESDP:

- Economic and social cohesion
- Environmentla sustainability
- Polycentric development

ESPON Project 213

Methodology

- Mapping of incidence of CAP and RDP payments for EU-27 at NUTS 3 level
- Statistical analyses to measure impacts of payments *vis a vis* ESDP objectives
- Used outputs from CAPRI model of MTR
- Case studies and Literature reviews

ESPON 213 Policy Context Gradual CAP reforms.

- MacSharry reforms (1992) and Agenda 2000 reduced price support, tariffs and export subsidies, but offset by direct payments
- New pressures from WTO & EU expansion
- Movement from market support (Pillar 1) to rural development measures (Pillar 2).
- Mid Term Review of CAP in June 2003 introduced partial decoupling.

Scale of CAP Subsidies

- EAGGF expenditure totalled €40.5bn in 2000.
  - Intervention expenditure (€30.5bn) of which 85% are direct payments to farmers
  - Export refunds (€5.6bn)
  - Rural development payments (€4.2bn) (Pillar2, c.10%)
- Expenditure figures exclude Market Price Support - subsidies (c.€ 56bn) received by farmers thru higher prices paid by consumers.

Key Findings: CAP Pillar 1

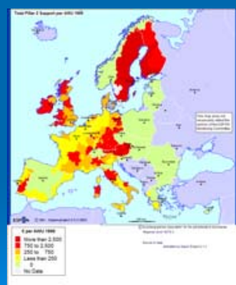
- Most CAP support is through Pillar 1 - Market Price Support, Direct Payments, etc (€90bn pa).
- This support benefits richer, core regions, with lower unemployment rates. This reflects their larger farms, farm type and core location.
- Only direct payments are consistent with economic cohesion, but these are outweighed by dominance of Market Price Supports (€56bn pa.)

CAP Pillar 1 support per AWU 1999

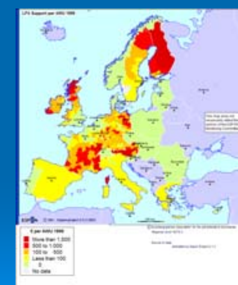
Key Findings: CAP Pillar 2

- Surprisingly, Pillar 2 (€4.6bn) does not support cohesion either. Agri-Environment, and even LFA payments tend to benefit richer regions, mainly because of differing national priorities. Poorer countries prioritise farm modernisation. Nevertheless, there is potential to adjust Pillar 2 so as to support cohesion objectives.

CAP Pillar 2 support per AWU 1999



Pillar2 LFA Payments per AWU 1999



Agri-environment subsidies per AWU 1999

Implications of MTR proposals

- MTR makes little difference. Reformed CAP will still work against cohesion, unless national implementation aims at territorial cohesion through their Rural Development Plans.

Expected change in farm incomes resulting from MTR proposals

Impacts of Selected Measures

- Case Studies of selected measures:
  - Farm household adaptation to changing policies (Ireland)
  - Agri Environment programmes (Norway, Irl)
  - Less Favoured Area Scheme (Austria, Spain)
  - Early Retirement Scheme (Ireland, Greece)
  - LEADER and Article 33 measures (Irl, Austria)

  to deepen insights into the core issues and to elaborate the cause/effect relationships.

LEADER-type measures

- The measure most closely related to the concept of integrated rural development
- Emphasis on multi-sectoral approach and on local participation and institution-building
- Process of capacity-building and collective learning
- Flexible programme structure can be adapted to the diverse contexts of rural regions – unusual in being suitable for addressing regional inequalities
- Now more effective and targeted

ESPON 213 Recommendations

- Welcome for Commission's gradualist proposals to allow member states to spend more on LEADER-type measures (Commission proposals for RDR 2007-2013)
- Increase Pillar 2 budget progressively, as proposed by the Commission
- Broaden RDR to include more measures for sustainable rural development beyond agriculture
- Support rural community development

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The Future

- EU level Rural Development Regulation
- National Rural Development Programme

EU level Rural Development Regulation 1698/2005

- **Axis 1** Measures to improve **competitiveness** of farm and forest enterprises through support for restructuring and innovation
- **Axis 2** Measures to preserve, and where possible enhance, the **environmental**, **biodiversity and amenity values of the countryside (CAs, REPS, new Afforestation)**
- **Axis 3** Measures to improve the quality of life in rural areas, encourage diversification of economic activity (LEADER)

NATIONAL RURAL DEVELOPMENT PROGRAMME 2007-2013 (tbc)

	EU (EAFRD)	National Exchequer	Total
Axis 1	234 m	431	665 (9.4%)
Axis 2	1,871	4,094	5,965 (84.6%)
Axis 3	234	191	425 (6.0%)
Total	2,339 (33% of total)	4,716	7,055

NATIONAL RURAL DEVELOPMENT PROGRAMME 2007-2013 (tbc)

- **Axis 1** Measures to improve **competitiveness** of farm and forest enterprises through support for restructuring and innovation
- Specific proposals in this area contained in Foresight Report on Rural Ireland 2025
- Key emphasis is on a knowledge driven agri-food sector

The Broader Rural Economy

- Case for Broader Rural Economy perspective developed in Rural Ireland 2025 Foresight Rpt
- National Development Plan 2007-2013

Chpt 3 Development of the Rural Economy complements

Chpt 3 Regional Development linked to NSS

Very significant shift in strategy formulation

The Broader Rural Economy

Development of the Rural Economy (14,976Mm)

- **Agriculture and Food** (mostly Axes 1 & 2 of EU co-financed programme, 8b euro)
- **Infrastucture:** non-national roads, broadband, rural transport, rural water services, (5.675. b euro)
- LEADER/ Rural economy (461m), Rural Social Scheme, Gaeltacht and Island Communities (457m), CLAR (141m) Western Investment Fund (28m). Total 1,301m

The Broader Rural Economy

Preliminary assessment:

Positives

- that a BRE perspective has been accepted,
- significant resources provided
- linkages with chpt on Regional Development
- cross-references to other chpts

Concerns

- Amount targetted to farm sector
- Balance of distribution across other measues

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Conclusions

- Significant progress has been made at both EU and national levels in devising new approaches to spatial planning
- The CAP and EU RDP policies in need of further reform post 2013 in order to ensure consistency with objectives re territorial development

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Conclusions, contd

- Greater shift to Pillar 2 required, and within Pillar 2 more resources towards Axis 3
- NDP chapters 3 and 4 represent very positive move in content of NDP

Implementation will be the real test:

- Better information and analysis essential
- Support for new institutional arrangements at all levels also very necessary

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Thank you

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