



TWG2 – Linkages between agriculture and the wider rural economy

Minutes of the 4th meeting

19/05/2010, Brussels



Connecting Rural Europe

Participants

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<i>TWG2 Members:</i>	John Davies Frank Gaskell Piotr Łysoń Jyrki Niemi Daniel Perez Gomez Gabriel Trenzado Falcon
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Objectives of the meeting

- To update on the activities of the EN RD and the Thematic Working Groups, including communications.
- Presentation and discussion of the first findings of the draft Step 3 report, including initial ideas regarding possible success factors and policy implications, based on the analysis of the first case study projects.
- Discussion about the completion of Step 3 and Step 4; planning for dissemination strategy and for the next joint TWG meeting.

Agenda Item	Presentations
Summary	<p>During the meeting the following presentations were delivered:</p> <ul style="list-style-type: none">▪ <i>"Brief update on EN RD activities and Thematic Working Groups"</i> by <i>Gaëlle Lhermitte from DG AGRI</i>. The presentation provided an update of the activities carried out on thematic working groups and the main ongoing activities of the EN RD second year according to the annual work plan. It was underlined the important role of the public debate about the future of the CAP, which has been launched by the Commission in April. The debate aims at involving all the possible stakeholders either as individual contributions, through NRNs and/or European representative organisations. Contributions will be collected and summarised by DG AGRI. The first outcomes of the debate will be discussed during the next EN RD Coordination Committee meeting, scheduled to take place on the 8th of June. The debate is focused on four general CAP questions:<ol style="list-style-type: none">1. Why do we need a Common Agricultural Policy?2. What are society's objectives for agriculture in all its diversity?3. Why should we reform the current CAP and how can we make it meet society's expectations?4. What tools do we need for tomorrow's CAP?The result of the public debate will be synthesised in a conference, scheduled for the end of July.▪ <i>"Main discussion points from the TWG 1-2-3 Joint Meeting of 23rd March 2010"</i>, by <i>Michael Gregory, EN RD Contact Point</i>. The presentation provided an overview of the main points discussed during the joint TWG 1, 2 and 3 meeting, held in Brussels on the 23rd March 2010.▪ <i>"Draft Step 3 report: main findings"</i> by <i>Adrian Neal, ENRD Contact Point</i>. The presentation provided an overview of the findings, based on the review of the policy instruments available and used in the chosen region, with particular attention <i>to what works and what does not work</i> in terms of creating interactions and synergies between agricultural and non-agricultural business in rural areas.▪ <i>"Case studies experiences"</i> by <i>Demetris Psaltopoulos, EN RD Contact Point</i>. The presentation provided an in-depth description of 4 case study projects (Slaughter house – Czech Republic; Dairy and milk filling station - Germany; Small hotel - Greece; Bio-gas plant - Hungary).▪ <i>"Case studies key issues"</i> by <i>Demetris Psaltopoulos, EN RD Contact Point</i>. The presentation provided an overview of the main key issues arising from the analysis of the case studies projects already collected.
Agenda Item	Public debate on the CAP after 2013
Discussion Points	<ul style="list-style-type: none">▪ The process for the development of the CAP public debate was outlined. The public debate has been launched in April 2010 and a special web page has been created - http://ec.europa.eu/agriculture/cap-debate - where it is possible to find all the relevant background documents. It is possible to send individual contributions and to consult the contributions already posted. The first outcomes of this public debate will be presented in a dedicated conference, scheduled to take place on 19th-20th July.▪ In addition the public debate has been launched also among the Coordination

Committee representatives (12th April 2010), which have been asked to coordinate the launch of debates within the NRNs and the European organisations on joint issues and questions on rural development. The first outcomes of these debates will be presented at the next Coordination Committee meeting, scheduled for the 8th of June. It was highlighted that the main aim of the debate launched within the Coordination Committee is to obtain opinions and suggestions of the NRNs and the European organisations.

- The Coordination Committee have been asked to request contributions to address three main questions, linked to the general questions on the future of the CAP, in particular:
 1. What should be the objectives of the future rural development policy (in relation to CAP questions 1 and 2)?
 2. How can the RD policy instruments be made more effective (in relation to CAP questions 3 and 4)?
 3. How can the management of the RD policy be improved (in relation to CAP questions 3 and 4)?
- The Commission will present an official communication on the CAP, taking into consideration the outcomes of the debate, by mid November. The stakeholders will be officially consulted on this proposal; this official debate will be carried out until February 2011.
- It was pointed out that the public debate should involve not only the official representative of the Member States, but also the broader public, namely the organisations involved in rural development, which are more likely to have direct connections with rural actors and be more aware of the problems of rural areas and agriculture. It was underlined that an important aim of the public debate process is to engage a wide range of rural stakeholders in the discussions.
- According to the timeframe presented, the rules for the new CAP should be ready in January 2014. Some members of the group underlined the need to have the new rules ready and available before this date in order to give the Member States the possibility to prepare the new programmes according to the new rules.
- It was pointed out that the main obstacle to have the new rules ready before January 2014 was the time required to complete the co-decision process, which obliges the Commission to coordinate a range of consultation processes. For this reason it will be unlikely to have the new rules approved before the end of 2013.
- The debate about the reform of the cohesion policy will also start during this time period and the importance of taking into consideration this process and to coordinate it with the agricultural policy reform was highlighted.

Agenda Item

Thematic Working Group 1, 2 and 3 joint meeting

Discussion Points

- The main area of interest and subject of possible cross-cutting issues was identified in TWG 3. It was underlined the importance that the creation of public goods can have also for the area of investigation of TWG2 and for this reason it would be possible to contribute to TWG3 research identifying some examples of public goods.
- The importance of underlining the difference between public goods and externalities, which are usually produced by agriculture, was pointed out. Regarding this subject it was explained that the examples collected by TWG3 try to investigate the creation of

public goods, and in particular possible spill-over effects (positive or negative) and which RDPs measure are more likely to create public goods. Nevertheless the definition of public good is a very sensitive issue and very difficult to be addressed, in particular when it is related to social issues.

Agenda Item

Draft Step 3 report and case studies

Discussion points

Based on the results of the completed analysis of the NSPs and RDPs in the 6 regions selected and the first results of the case studies (18 out of around 30 expected) the most significant findings were summarised, as follows:

- *Programming level:* The programmes at different levels in the Member States refer to some extent to the importance of re-enforcing the links between agriculture and rural development in their presentations of policy. However, the importance of the actual and potential links between agriculture and the rest of the rural economy are not recognised in a consistent way and it is not obvious that actual and potential links will be pursued effectively and consistently. In some cases there is clear evidence of policy incoherence and institutional weaknesses.
- *RDP implementation level:* The analysis of the case studies indicates that:
 - A wide range of projects create or promote linkages;
 - policy and institutional weaknesses tend to create difficulties in implementation;
 - local people are the main drivers in building linkages in rural economies and in improving economic and social environment in rural areas, but they are often discouraged by lack of technical and economic /financial support, the presence of specific policy criteria and institutional arrangements;
 - the most important linkages are those between primary agriculture, food processing, tourism and trade.

The analysis of the case studies underlined also the presence of some positive factors that stimulate the creation of links and on the other hand some obstacles to the development of those links. In particular, the main positive factors can be summarized as follows:

- opportunities and propensity to cooperate and create partnerships;
- entrepreneurial capacity of the rural population;
- presence of advantages in the area: infrastructure, developed national and regional economy;
- the availability of financial and institutional support and services;
- appropriateness of the range of measures and other support available.

The main obstacles are:

- onerous procedures for applying for funding and administrative / licensing obstacles;
- infrequent / ad hoc commitments rather than continuous funding possibilities;
- long delays in securing agreements or receiving payments;
- lack of transparency and openness of some institutions / administrative support services.

- The strategic framework appears to be one of the most important elements and the lack of coherence between different strategies creates several problems also in those regions where strong social relations and cooperation among different rural actors represent the main driver to the development of the links. In relation to that it was underlined the need to improve the coherence not only within the rural development policy and its tools but also between them and the other European, national and regional financial instruments available in a specific area.
- The in-depth investigation of the positive factors discovered is considered extremely important. Understanding how they work and why they have been developed in some regions more than in other can help to improve their results, where they are already active, and to transfer them in other regions. However it was also pointed out the need to analyse also some negative situations, in particular those cases where there is a clear “negative” use of the public money, invested in projects realised for political reasons but that do not give any added value to the development of the regions where they are implemented.
- The most part of examples able to create some links between agriculture and other sectors are supported by axis 1 instead of axis 3, and in addition the research seems to have been limited because all the case studies illustrated are related to agriculture, in the sense that there are not examples of links created by a non agricultural investment. The close relation between the promotion of links and axis 1 has been also proved by the analysis of strategies and programmes in the six regions. Furthermore the regional experts who took care of the collection of projects pointed out that the most relevant examples of links are mainly related to the implementation of agricultural projects. It was suggested to broaden the range of examples collected, trying to include projects able to create links but not strictly related to agriculture, and also experiences related to the implementation of training and education programmes or to the creation of specific infrastructure.
- Since the coherence at strategic level appears to be one of the main difficulties, it was reminded the role of multi-funds programmes, implemented in the previous programming period, considered in general to be a more suitable tool for strengthening the coherence between different funds and strategies.
- It was also underlined the general small scale of the projects selected, suggesting to look also at more important projects in term of financial resources, starting from the consideration that big projects have more chances than the small ones to influence positively the situation of specific areas and to bring added value to their economy. The limited size of the project can badly affect also the potential innovation factors, because in reality the most part of innovative products do not reach the market, due to the insufficient quantity produced. For this reason it was suggested to look not only to big projects but particularly to those ones that promote the cooperation between numerous actors.
- A discussion then followed on the potential contribution that SWG2 research can bring to the other thematic groups and the inputs it can bring to the debate on the future of the CAP. The main findings of the draft step 3 report and of the case studies, particularly in relation to the main obstacles identified in several cases, such as the lack of coherence between different level of strategies or the lack of coordination / collaboration among institutions, must be communicated and disseminated. Nevertheless it was clearly underlined that the contributions given must be as much as

possible supported by evidence and that at this stage of the research it seems difficult to give policy recommendation for the future programming period, because the evidence on which the findings are based is limited to a relatively small number of examples. The generalisation of these still partial results must be avoided.

- In relation to the forthcoming TWGs joint meeting, some explanations were given about the organisation of the meeting. As a matter of fact, the meeting will be more an informative meeting, and it will be the occasion to update the member of the Coordination Committee, also invited, on the main outcomes of the TWGs. Some members suggested the possibility to have a more dynamic organisation of the meeting, which could allow a real discussion among the members of the different groups, maybe also divided in small workshops. It was underlined that for the following meeting such an option will not be possible, mainly because also the CC representatives are invited, but that in the future a more active discussion between the groups will be supported.

Agenda Item

Agreed action points

Action / output	Timing / comments
TWG2 have been invited to send case study materials of relevance to step 3 and 4 ideally by the 1 st of June. On this subject a forum will be set and it will be possible to send contributions up to 30 th June	Forum to be agreed with the Chairman and created by the CP
TWG2 members to be invited to participate to a forum related to draft step 3 report completion and to submit comments about it by 11th June.	Forum to be agreed with the Chairman and created by the CP
Revision of draft step 3 to be completed by 21st June.	The contributions (included case study material) sent by the Members by the 11 th of June will be take into account.
TWG2 members to be invited to participate to a forum related to draft step 4 report preparation and to submit comments about it by 14th June.	Forum to be agreed with the Chairman and created by the CP
Draft step 4 report to be completed by 21st June.	The contributions (included case study material) sent by the Members by the 14 th of June will be take into account.
Update summary (originally prepared for the joint TWG 1-2-3 meeting in March) of TWG2 findings.	May 28 th , in time to be circulated as a preparatory document for the joint TWG / CC workshop.
Update ppt (originally prepared for the joint TWG 1-2-3 meeting in March) of TWG1 findings.	Submit to DG AGRI for review and comment by June 2 nd .