



# The wider socio/economic benefits of investments in rural areas

Public Goods and Public Intervention in Agriculture  
10 December, Brussels

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## Objective of this presentation

To illustrate that **Rural Development Policy interventions** primarily designed to generate economic benefits, very often additionally generate public goods (environmental, social).



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...and also: to prompt discussion on the possible improvement of the definition of measures, selection criteria and project interventions.



## Background to the cases presented

- The EN RD Thematic Working Group studying 'Linkages between agriculture and the wider rural economy' found:
  - not only economic linkages
  - but also linkages between agricultural investments and non-market elements of the wider rural economy
- Quantitative and qualitative analysis was conducted in 18 NUTS 3 rural areas throughout the EU and followed-up by further study in selected regions and a wide-ranging exercise to identify and assess specific project interventions.

## Adding value to agricultural and forestry products

### “La ferme du Hourcot”, Ornezan, Gers (FR)



Establishment of cheese factory within a farm producing cereals, milk and cheese.

**Main goal** : to produce high-quality cheese and take control of the whole production chain, including direct sales to local consumers.

Environmental sustainability is a major focus of the operation of the farm and is significantly “valued in the market” (photovoltaic panels, homeopathy products used to treat animals, no-tillage farming techniques)



## “La ferme du Hourcot”, Ornezan, Gers (FR)

### Public Goods provided



Rural vitality: new jobs (plus farm succession)



Air quality,  
animal welfare,  
soil functionality,  
biodiversity.

## Adding value to agricultural and forestry products

### **“Dairy plant Ema Mejeri”, Kalmar lan (SE)**

- Establishment of a local dairy plant and production and distribution of milk and dairy products to a local market
- Main goal was to offer owners (two farmers implementing the project) an alternative market, through the control of the whole production chain and the sales of high quality dairy products to local consumers.
- Environmental sustainability is promoted through a reduction of transportation effort
- Rural vitality: very significant impacts; creation of 20 new jobs; additional farmers provide milk to the firm (spillover); higher local incomes; rural economic diversification; mobilization of local actors.



## Diversification into non-agricultural activities

### **“Maison de l’ail”, Saint Clar, Gers (FR)**



- Establishment of a garlic museum; tourist facility attracting customers (direct sales).
- Main goal was to create event and tourism activities out of their farm product and increase their income.

## “Maison de l’ail”, Saint Clar, Gers (FR)

### Public Goods provided

Rural vitality: maintenance of jobs;  
higher income; rural identity (spillover to  
other local farms and sectors - synergy)



Environmental sustainability:  
farmland is kept as a natural  
prairie; very low use of pesticides.





## Support for business creation and development

### “Sales promotion and awareness of potatoes”, Waldviertel (AT)



- Establishment of a network which aims at the strengthening of cooperation between potato producers, restaurants and accommodation firms.
- **Main goals** were to: develop high-quality organic products and utilize modern marketing strategies in order to link the local area image with these products.

## “Sales promotion and awareness of potatoes”, Waldviertel (AT)

### Public Goods provided

- Environmental sustainability: the project involves organic farms.
- Rural vitality: creation of new jobs in several sectors (agriculture, food processing, catering, etc.); higher incomes; rural identity (spillover to local sectors).



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## Diversification (Leader approach)

### **“Mantania Tower Traditional Hotel”, Trikala (GR)**

Establishment of a medium-sized rural accommodation unit in an area characterized by its high natural and aesthetic value.



The aim was to establish an accommodation which respects local architecture and offers a wide range of services specific to the area (restaurant serving traditional local food; small shop selling local products; organization of “truffle days” and mushroom collection).

## “Mantania Tower Traditional Hotel”, Trikala (GR)

### Public Goods provided

Environmental sustainability: compliance with local traditional architecture; commodification of natural and aesthetic value of the area.



Rural vitality: creation of a significant number of new jobs; higher incomes; rural identity (spillover to local sectors).





## Conclusions

- In all the cases presented – and others - the provision of additional environmental and/or social public goods are generated.
- These public goods benefits are often identified *a priori* – but may be more substantial than expected.
- Additional non-planned environmental and/or social benefits may also be generated.
- It is clear that these extra benefits would not have been materialized without policy intervention. RDP makes these benefits “blossom”.

## Policy could?

- Make the provision of these public goods / rural vitality benefits more explicit in the specification of RDPs and measures
- Target environmental objectives (which trigger further benefits) in a better way through appropriate selection criteria.
- Facilitate the creation of a notional 'market value' for the wider benefits (not only environmental) generated by investments.

Related (but broader) policy issues include:

- The desirability of promoting better territorial targeting of RD policy interventions.
- The need to assess and encourage the opportunities offered by collective initiatives.

