



**COUNCIL OF EUROPEAN MUNICIPALITIES AND REGIONS
CONSEIL DES COMMUNES ET REGIONS D'EUROPE**

CEMR Response to the Proposal for a Council Regulation on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)

Brussels, February 2005

I. Introduction

1. The Council of European Municipalities and Regions reaffirms its strong support for an ambitious pan-European cohesion and regional policy for the period 2007 – 2013, and for the proposed “architecture” for the future set out by the European Commission in its Third Report on Economic and Social Cohesion, published in February 2004.
2. In particular, CEMR welcomes the more strategic and focused approach, which recognises that European cohesion policy is a key vehicle for the achievement of the EU’s competitiveness (Lisbon) and sustainability (Gothenburg) objectives.
3. We further support the main lines of the draft regulations on the structural funds programmes, adopted by the European Commission in July 2004, and currently the subject of consideration by the European Parliament and Council of Ministers.
4. CEMR believes that the Commission’s proposals offer a sustainable framework that will allow regional and local authorities to play an active role in European competitiveness and contribute towards the territorial cohesion of the Union.

II. Future of the Rural Development

5. CEMR welcomes the Commission’s proposal for a regulation on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).
6. We recognize that at this time, for the coming period, there are powerful practical reasons for maintaining a division of funding streams between the Structural Funds and EAFRD, each with its own definition.
7. We believe however that there are powerful reasons why rural development should be integrated into a wider regional policy, and note that there is a degree of overlap between the rural development activities that fall within the ERDF Regulation (in particular Article 9), and those within the EAFRD rural development Regulation (funded from the CAP budget).
8. We hope that, in the medium term, rural development activities not directly related to agriculture may all come within the ambit of an integrated regional policy, financed via a unified fund. The current instruments should at the earliest reasonable opportunity be grouped in one single instrument designed to enhance the quality of life in rural areas and promote diversification of economic activities.
9. CEMR welcomes the increased resources recommended for the EAFRD, in particular for Priority Axis 3 (diversification of the rural economy and quality of life in rural areas), and for Axis 4 (the LEADER approach). In order to ensure that these Axes are given adequate priority, and therefore funding,

under national strategy plans, we support the provision in the draft Regulation to require specified minimum percentages to be allocated to each Axis, in particular Axis 3, for which the minimum could be increased from 15% to 20% to reflect the importance of the issues and measures concerned. We strongly reiterate support for LEADER as a separate axis with its own allocated funds.

10. CEMR welcomes the strategic approach of the regulation, setting out the several steps to develop the rural development strategy at national level according to the EU priorities. We are however concerned to ensure that this process is flexible enough to enable adaptations to be made over the lifetime of the funding period. This may require modifications to the European strategic guidelines (as foreseen in Article 10), but also to national strategy plans where the position currently seems to be less clear.
11. The EU rural development policy should provide enough flexibility to take into account the diversity between Europe's rural areas. Some benefit from their proximity to urban areas and experience economic growth. Others – e.g. in the new EU member states – face difficulties in addressing structural changes or the need to invest in better infrastructure. In a number of rural areas, poor access to public services, the lack of alternative employment and the age structure significantly reduces their potential in economic development. The EARDF funding should allow the authorities concerned to adapt the measures according to their specific needs.
12. Investment in the broader rural economy and rural communities can help to increase their attractiveness, to promote sustainable growth and to generate new employment opportunities, in particular for young people and women. This needs to be based on the specific needs of different areas and build upon the full range of potential of local rural areas and communities.
13. Rural areas have benefited from the creation of the 2nd pillar of the Common Agricultural Policy. These measures accompany the adaptation process of the agricultural structures and are therefore closely linked to agriculture and its ongoing diversification and change. CEMR supports these measures since they contribute to economic dynamism in rural economies, sustainable development and improvements in the quality of life.
14. CEMR believes that rural development should be implemented in partnership with local and regional authorities in line with the principle of subsidiarity. To respond effectively to local and regional needs, full dialogue is needed between all stakeholders in the preparation and subsequent implementation, monitoring and evaluation of programmes.
15. We would favour a significant simplification of the delivery system for EU rural development policy. Delivery must be based on practicability and accountability and should not be too bureaucratic and demanding annual reporting and evaluation. Therefore we consider 18 months or bi-annual periods to better suit the capacities of the managing authorities.
16. There is a concern that if there is not a quick take up of a particular axis in the early years of the programme, the N+2 element may mean a loss of funding. Therefore, a provision for easy movement between priorities would be useful to make best use of resources.