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Critical analysis and assessment of EU policy on multifunctional land use activities on national and regional level D1.1 PRIMA collaborative project, EU 7th Framework Programme, contract no. 212345

Diana Kopeva, O. Baquiero, R. Franic, G. Garrod, B. Hautdidier, N. Ivanova, M. Jelínek, M. Konecna, R. Laplana, B. Meyer, et al.

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Prototypical Policy Impacts on Multifunctional Activities in rural municipalities

A collaborative project under the
EU Seventh Framework Programme



CRITICAL ANALYSIS AND ASSESSMENT OF EU POLICY ON MULTIFUNCTIONAL LAND USE ACTIVITIES ON NATIONAL AND REGIONAL LEVEL

(Review of EU policies in agriculture, forestry, tourism and
environment)

Deliverable no. D 1.1

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PRIMA aims to develop a method for scaling down the analysis of policy impacts on multifunctional land uses and on the economic activities. The scoped policies will include the cohesion policy (ERDF, ESF, CF), the enlargement process (IPA) & the rural development policy (EAFRD) of the European Commission, with a special focus on agriculture, forestry, tourism, and ecosystem services. The approach will: rely on micro-simulation and multi-agents models, designed and validated at municipality level, using input from stakeholders; address the structural evolution of the populations (appearance, disappearance and change of agents) depending on the local conditions for applying the structural policies on a set of municipality case studies. Involving eleven partners, the project is coordinated by *Cemagref*.

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SUMMARY

The report reviews and analyses the EU policies that have direct and indirect impacts on multifunctionality. Subjects of the analysis are the Enlargement, Cohesion and Rural Development policies, and relevant financial instruments – IPA, ERDF, SFs. Based on an in-depth literature review of the multifunctionality concept, an original methodology of impact analysis is provided. Assessment and appraisal of multifunctionality is conducted at two levels – NUTS2 and NUTS3, relying on a 4 steps approach: Elaboration of an assessment matrix covering policy measures and areas of impact; Identification of areas of potential impact in the economic, social and environment domains; Assessment of potential impact of EU policies on multifunctionality based on three possible values; Calculation of the potential impact and ranking of policy measures/sub-measures by ABC method (inventory management method that categorizes items in terms of importance).

The report underlines that the implementation of EU policies on national and regional levels focuses on coherent regional development, achievement of relevant regional competitiveness and sustainability. The evaluation of EU policies in rural areas shows that some degrees of symbiosis and/or overlaps are at work. Despite the existence of a common framework, a large diversity and complexity of measures and actions is experienced between countries and regions.

The analysis on the potential effects of the policies on the multifunctional character of the activities shows the domains of action supposed to have the greatest influence in terms of multifunctionality. Moreover, it highlights the differences between countries due to their specificity. For scenarios design and stakeholder participation, the report provides a list of domains of intervention to be considered for the different instruments and countries.



1 INTRODUCTION

The existing tools that enable impact assessment for European land use policies and land management practices at the national and regional scales, do not

The existing tools that enable impact assessment for European land use policies and land management practices at the national and regional scales, do not allow gaining information at lower levels on mechanisms that modify the economic structure of the firms (new entrants, disappearing of firms, new markets, re-organisation in industry, local knowledge/expertise, local opportunities, local geographical constraints and local environmental values). The PRIMA project aims to fill existing gap and to develop a method for scaling down the analysis of policy impacts on multifunctional land uses and on the economic activities. This method will rely on multi-agents and micro simulation models, designed and validated at municipality level using input from stakeholders. The models will address the structural evolution of the populations depending on the local conditions for applying the structural policies on a set of municipality case studies. The project will consider policies related to the sustainable rural development such as Rural Development Policy, Cohesion Policy and Enlargement Policy, and relevant financial instruments – Structural Funds (SFs), Cohesion Fund (CF), EAFRD and Preaccession funds (PAFs).

To achieve the general aim, the project will fulfil the following objectives:

- Develop models of municipality dynamics to analyse policy impacts on multifunctional land uses and on the economic activities on a set of municipality case studies.
- Extract from the case study models a set of virtual municipality prototypes, beyond the case studies, which show contrasted features and dynamics, and are relevant for the set of municipalities of each given regional case study.
- Build mappings between the available data on municipalities (census, FADN, ...) and the municipality prototypes.

Develop a method for downscaling GTAP and IMAGE model in order to provide evolutions of land-use at municipality level in the regional case studies, compare the results with the ones obtained with the agent based model prototypes, and extend this comparison on other aggregated results

WP1 aims to analyse and to assess the EU policies on multifunctional land use activities. This aim corresponds to the first project objective. The Deliverable 1.1. focus on review and analysis of the EU policies that have direct and indirect impact on multifunctionality. Subject of analysis are Enlargement, Cohesion and Rural Development policies, and relevant financial instruments – IPA, ERDF, SFs.



Multifunctionality, defined as the amount of commodity and non commodity jointly supplied from a piece of land, is included in strategic documents on national and regional level. These documents and policy measures are reviewed and analysed.

Section 2 of this report presents the PRIMA concept of multifunctionality. Existing discussion on multifunctionality is presented in brief. The definition is a platform for identification of a set of indicators for assessment of impact of EU policies on multifunctionality. Section 3 describes existing EU policies. Section 4 presents methodology for assessment of EU policies and outputs. Finally, section 5 concludes and offers some recommendations on the potential impact of EU policies on multifunctionality.

2 PRIMA OPERATIONAL DEFINITION OF MULTIFUNCTIONALITY

The concept of multifunctionality is discussed for the last two decades from different international organizations and institutions. The literature review reveals different viewpoints and evolution of the concept. Currently two domains of multifunctionality could be identified:

- a) The analytical one or activity oriented concept: It describes the characteristics of farm production, the outcomes from land uses and the joint-production, focusing on these relationships.
- b) The normative domain or policy oriented concept: it is considered as a policy instrument of rural development.

The broader definition considers and emphasizes the generation of noncommodity outputs that relate multifunctionality not only with the environment (narrow definition) but with the safety of food production, rural viability and quality of life in rural areas. Holistic or 'joined-up' approach analyses all market and non-market production relationships by examining the input and output ends of the production and household livelihood processes, as well as the positive and negative non-market outputs and inputs involved.

In this section will be summarized three key approaches on multifunctionality – OECD, FAO, EU. Operational PRIMA definition on multifunctionality is presented.

2.1 The OECD Definition of Multifunctionality

The most extensive attempt to provide an agriculture multifunctionality definition was carried out by the OECD, who decided to adopt multifunctionality as a policy principle. The goal of the OECD is to establish principles of good policy practice that permit the achievement of multiple food and non-food objectives in the most costeffective manner, taking into account the direct and indirect costs of international spillover effects. On a



broader scale, the work on multifunctionality is part of an ongoing effort by the Secretariat to address domestic non-trade concerns, including equity and stability issues, and trade liberalisation in mutually consistent ways. Three distinct but connected sets of issues form the nucleus for the development of a work programme on multifunctionality:

- *The first of these concerns the production relationships underlying the multiple outputs of agriculture, and the externality and public good aspects of these outputs.*
- *The second comprises methodological and empirical issues related to the measurement of the demand for noncommodity outputs, criteria and procedures for specifying domestic policy objectives, and mechanisms for evaluating progress.*
- *The third set of issues concerns the policy aspects of multifunctionality, including its implications for policy reform and trade liberalisation.” (OECD 2001).*

From the theoretic viewpoint, the key elements for the development of public actions aimed at achieving a second-best solution in this context concern the following main issues: (i) defining the existing joint-production relations between commodity and non-commodity goods and services; (ii) assess the positive externalities, i.e. the social benefits produced, but not or only partially compensated by the market; (iii) implementing commodity and non-commodity instruments capable to make up for market failures with respect to the production of externalities.

Multifunctionality, or multifunctional agriculture are terms used to indicate generally that agriculture can produce various non-commodity outputs in addition to food. The working definition of multifunctionality used by the OECD associates multifunctionality with particular characteristics of the agricultural production process and its outputs:

(i) the existence of multiple commodity and non-commodity outputs that are jointly produced by agriculture; and that

(ii) some of the non-commodity outputs may exhibit the characteristics of externalities or public goods, such that markets for these goods function poorly or are non-existent. (OECD, 2001)

Jointness between commodity outputs and NCOs can arise due to technical interdependencies in production, non-allocable inputs into production, or inputs that are allocable but fixed or quasi-fixed in supply (OECD, 2001). Technical interdependencies refer to inherent features of the production process governed by biological, chemical, and physical relationships. Non-allocable inputs are those inputs that cannot be divided between commodity and non-commodity production. A non-allocable input contributes to multiple outputs simultaneously, so that it is non-rival for one output when used to produce another. If a non-allocable input is used in the production of an agricultural commodity and also in the production of an NCO, a change in the commodity output will lead to a change in the non-allocable input and in turn the supply of the NCO. An allocable fixed or quasi-fixed input is



available to a producer in a fixed amount or along an upward-sloping supply curve, so that a change in one output leads to a change in the amount of the input allocated to that output, and in turn the amount of the input remaining for other outputs. If different commodities are associated with different levels of NCOs, then reallocation of fixed or quasi-fixed inputs among these commodities will alter the supply of NCOs from agriculture.

Jointness can lead to economies of scope, in which joint production of several outputs is less expensive than the sum of the costs of producing each output separately (OECD, 2001). There may be economies of scope between commodity outputs and NCOs, or among NCOs themselves. Economies of scope have ramifications for agricultural versus non-agricultural provision of NCOs (OECD, 2001). Some agricultural NCOs can also be provided by non-agricultural firms. If there are economies of scope between these NCOs and agricultural commodity production, then agricultural provision may be the most efficient option. Economies of scope also have ramifications for the geographical pattern of production (OECD, 2001). The costs and benefits of NCOs vary across geographic regions due to spatial differences in environmental and economic conditions. Under some conditions it may be most efficient to concentrate commodity and NCO production within a single region; under other conditions it may be most efficient to provide them separately in different regions.

Jointness has a number of policy implications. Some of the policy implications outlined by OECD (2003) are as follows. First, if jointness is weak, public policies should be targeted at an NCO itself and not linked to agricultural commodity production. Second, if jointness is strong, then it should be ascertained whether there is also a market failure in determining if policy action is required. Third, if there is both jointness and market failure, policies should be conditional on delivery of the NCO, and there should be monitoring to ensure that the desired outcomes are being achieved. Fourth, policy action should be targeted at the activity or input into production most strongly related to the NCO and should avoid unnecessary increases in the intensity of agricultural production. Fifth, policy action should be geographically targeted unless the NCO is associated with all or a large percentage of the production or agricultural land in a country. Sixth, transaction costs should be taken into account in policy design. Seventh, the level of government at which policy decisions are taken should correspond as closely as possible to the geographical occurrence of the demand for NCOs (OECD, 2008).

2.2 FAO Approach on Multifunctionality

The Multifunctional Character of Agriculture and Land Concept (FAO) facilitates understanding of the complex interactions between agriculture and related land use, the multiple goods and services (food and non-food) produced by agriculture, the contribution that these goods and services make to the achievement of wider societal goals, and, in turn, the impacts on agriculture of the environmental, economic and social domains, including demography and the increasing globalisation of markets and trade.



The multiple functions of agriculture and land offer different specific benefits in different contexts and in different regions. The best combination of functions results in optimum management for economic, social and environmental purposes. *In areas where intensive agriculture is practised, but which suffer from environmental problems, the impact of combining functions can result in:*

- *reducing significantly the pollution caused by agriculture and livestock;*
- *cutting production costs by more moderate use of chemical inputs that are more compatible with the ecological capacities of the ecosystems;*
- *diversifying production where there is over-specialisation and where specialisation creates risks of ecological and economic vulnerability;*
- *promoting the recycling of wastes as bioenergy and biochemical inputs.*

In the "traditional" agricultural regions in developed countries, where production runs the risk of becoming increasingly less competitive, emphasis on multiple functions can result in:

- *developing markets for tourism, with relevant incentives for the general population to preserve the landscape and rural ways of life and culture;*
- *sustaining the rural economy, notably through a range of local activities and jobs;*
- *managing certain natural resources to limit cumulative risks to the environment: maintenance of water quality, protection of wildlife and flora, and conservation of rangelands;*
- *diversifying agriculture and forestry towards energy crops and other forms of renewable energy production.*

(FAO. The MFCAL Concept. 2002)

The functions identified directly on the ground of practical experiences are grouped together into the following three main ones:

- *The Environmental Function.* Agriculture and related land use can have beneficial or harmful effects on the environment. biodiversity, climate change, desertification, water quality and availability, and pollution.
- *The Economic Function.* Agriculture remains a principal force in sustaining the operation and growth of the whole economy, even in highly industrialised countries.
- *The Social Function.* The maintenance and dynamism of rural communities is basic to sustaining agro-ecology and improving the quality of life (and assuring the very survival) of rural residents, particularly of the young. Social viability includes maintenance of the cultural heritage



2.3 EU Concept of Multifunctionality

In November 1997, at the EU council meeting in Luxemburg, the European model of agriculture was presented and the concept of complementary roles of farming were presented: *“Apart from its production function, the European agriculture must be capable of maintaining the countryside, conserving nature and making a key contribution to the vitality of rural life, and must be able to respond to consumer concerns and demands regarding food quality and safety, environmental protection and the safeguarding of animal welfare”* (Council of the European Union, 1997).

The European Union Commission applies this broad view of multifunctionality, which includes environmental aspects, food safety, animal and plant health and animal welfare standards. Its proposals for the CAP Mid-Term Review (MTR) presented these multifunctional elements as key ingredients of the future agricultural policy in Europe. (Ollikainen, Lankoski, 2005).

EU uses the following definition of multifunctionality: *“Multifunctionality: The complementary roles that farming plays within society, over and above its role as a producer of food. It includes the contribution of farming to sustainable development, the protection of the environment, the vitality of rural areas and the maintenance of an overall balance between the incomes of farmers and the incomes of people in other occupations.”* (Europa web site, glossary¹)

According to this view, agriculture is a particular sector that provides together with its main output of food and fibres, also national food security and safety, environmental benefits (cultural landscape, land conservation, flood control, increased protection against forest fires, biodiversity preservation, wildlife habitat, recreational activities), cultural heritage and viable rural areas. Farmers can be viewed as custodians of the countryside and guardians of rural cultural and social traditions. Commodity and non-commodity outputs can be jointly produced. From an economic perspective, multifunctional outputs represent non-traded externalities of the food production process. Those non-commodity outputs are positive, non-excludable and non-rival: they represent a net benefit realized by society resulting from agricultural production. Therefore they exhibit characteristics of positive externalities or public goods and they do not contribute to agricultural profits, hence farmers tend to under-provide them and this results in markets functioning poorly (market failures).

The concept of multifunctionality within the European Union certainly does not present the features of an economic theory like the OECD document, but since the McSharry reform of 1992 this concept has become increasingly widespread and important in the official documents of the European Commission. The approach to multifunctionality outlined in the EU does not

¹ available at: http://ec.europa.eu/agriculture/glossary/index_en.htm



aim directly to define the concept of multifunctionality but rather to adopt it as an argument for sustainable development of rural areas. The concept of multifunctionality that emerges from the documents underlines the various functions to the agriculture but in the political scheme it tends to standardise the concept of multifunctionality with environmental sustainability.

As a normative concept, multifunctionality fulfils specific functions. It is possible to identify three intertwined functions: it justifies the existence of agricultural policy, the need for change and the necessity to underscore environmental and rural development concerns (Garzon 2005). In other words these functions can be summarised into two different requirements: to respond to the needs of the European society to share the objectives of high-level financing for agriculture; secondly, to make aid to European farmers acceptable in international agreements especially in the WTO. As a policy concept, multifunctionality fulfils three specific functions: economic, environment and social, and is a prerequisite and precondition for sustainable rural development.

The concept of multifunctionality appears to be deeply rooted in policy mechanisms of the European Union. Traditionally, only agricultural non-commodities appear as a starting-point of discussions on attributes of multifunctionality. However, with the emerging accent given to more integrated policy concepts, such as rural development policy, there is a growing need to broaden also the concept of multifunctionality. There are a number of different non-commodity outputs that can be covered in a wider concept of the role of agriculture in rural development, such as rural viability, (particularly agricultural) employment, landscapes, environmental quality and food security.

2.4 PRIMA Operational Definition of Multifunctionality

Considering that the main objective of the PRIMA project is to “develop a method for scaling down the analysis of policy impacts on multifunctional land uses and on the economic activities”, the following PRIMA concept of MF was adopted during the 2nd project meeting (Zagreb, oct. 2009): “the amount of commodity and non-commodity outputs jointly produced by a piece of land or an activit”. This definition will be operationalised both at the land cell, and at the landscape level At the land cell level the project will study and model the multifunctional land use by farms, firms in forestry and tourism. At the landscape level modeling will be on municipality and regional level.

2.4.1 *Commodity and non commodity outputs for a land cell*

2.4.1.1. Commodity outputs

As an output from discussions between project partners following commodity outputs from a land cell were identified:



- From agriculture, the main commodity outputs are food, or primary products to be transformed by the agri-food industry, and non-food products like flowers, fibre, medicinal plants, genetic resources, renewable energy or raw materials for industrial production.
- From forest, the main commodity outputs are timber, wild fruits and berries, mushrooms, herbs.
- Agriforested plots supply both agricultural and forested products.
- Agritourism plots supply food and tourism facilities like lanes, public access, or accommodation.

2.4.1.2. Non-commodity outputs

There are many frameworks that try to map all the environmental and social benefits and threats arising from agricultural and forestry management. For the project purposes we achieve a consensus to rely on deGroot's framework, because it has been the first one to distinguish the functions provided in a landscape, from the ecosystem processes and components activated and from the services supplied. The processes and components activated can be for PRIMA the links between the management decisions of farmers, land owners and public authorities and the functions provided at the plot or landscape level. The goods and services supplied are one way to value the environmental and social functions.

DeGroot (2006) suggests to focus on the following functions:

- regulation functions (air, soil, water regulation)
- habitat functions (refugium and nursery)
- information functions (aesthetic information, recreation, cultural and artistic information, spiritual and historic information, science and education)
- carrier functions (habitation and cities, energy conversion, mining, waste disposal, transportation, tourist infrastructures). These functions are typically mono-functional.

To sum up, agricultural or forestry management activates several processes or mobilised some components at the plot level, that in turn provide good and services that can be valued.

2.4.2 *Commodity and non commodity outputs at the landscape level*

“At the regional level, multifunctionality of agriculture relies on two different concepts: the variety of combinations of commodity and non-commodity outputs in the farms and the synergies and antagonisms between these combinations. As such, the farms can combine the provision of commodity and non-commodity outputs in very different ways. For example, some farms can breed sheep and maintain pastures that contribute to the local cultural heritage but other farms in the same area can choose to restore traditional buildings for hosting tourists and contribute in a different manner to this local cultural heritage. Other examples involve the provision of specific landscape patterns that favour the



persistence of particular animals or plants; these specific patterns may be the consequence of maintenance of some hedges by small cattle farms that need trees for their animals, along with mosaics of pastures and cereals fields by mixed farms and specific phytosanitary protection practices in large intensive farms. Moreover, identifying the various ways of combining commodity and non-commodity outputs in a population of farms is of importance when the ecological or social processes exhibit threshold effects, because there is a need to determine whether the farms that produce them jointly are numerous enough for the global provision of the ecological (or social service) or whether their efforts are lost because they are too few to do so” (Turpin et al., 2009).

The second concept is related to the fact that the various ways of combining commodity and non-commodity outputs in a given region can exhibit synergies or be competitors. Intensive farms selling high quality products at the farm-gate along with improvement of the surrounding scenery may benefit from the preservation of hedges by neighbouring low-intensity dairy farms and at the same time compete with them for land because the latter need large areas to be profitable. Moreover, the average water quality in the area may be good only because the two types of farms are present and the intensive farms may need that the less-intensive ones keep their activity despite competition (otherwise they would be forced to lower their own pressure on water quality).

2.4.3 PRIMA definition

PRIMA is going to focus on two types of multifunctionality – land use and landscape. Crossing point of multifunctionality of agriculture and multifunctionality of landscape is a parcel, where we can distinguish multiple land uses – for agriculture, for tourism, for recreation, for nature conservation, for water management, for waste management (Figure 1).

Multifunctionality is intended to draw attention to the positive “goods” that agriculture can produce beyond the food and fiber that farmers sell in the marketplace. These goods can be defined quite broadly, but generally include rural community values such as a large number of independent, family farms, strong local economies that both rely on the economic output local farms and supply them with agricultural goods and services, rural employment, and the continued health of rural culture. Environmental goods usually mentioned include contributions to biological diversity, clean water and air, bioenergy, and improved soils. Other multifunctional products include regional or national food security, landscape values, food quality/food safety, and improvements in farm animal welfare. These will be discussed in greater detail below.

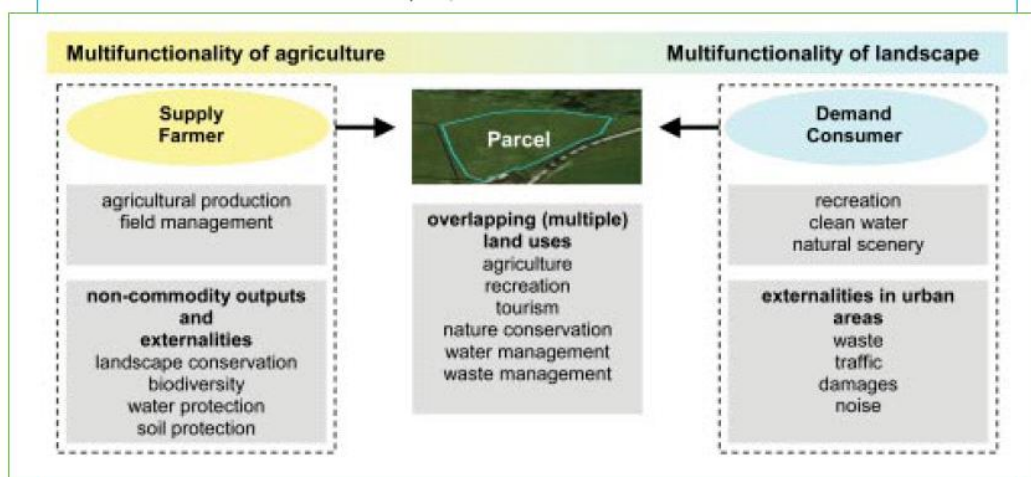


Figure 1. Relation between Multifunctionality of agriculture and landscape.
Source: Rainer Silber and Hans Karl Wytzens, 2006

Considering all aspects and viewpoints the operational definition on multifunctionality of the PRIMA is following: multifunctionality will be assessed at each scale, either piece of land or landscape and is defined as being the ability of this piece of land/landscape to provide multiple benefits both to human and non-human systems. On the basis of this operational definition the potential impact of EU policies will be assessed and possible outcomes will be evaluated.



3 EU STRUCTURAL POLICIES

Structural Funds contribute significantly to the objectives of the Lisbon Agenda. In most countries prevailed part of Structural Fund expenditure is allocated to activities that are directly relevant to the Lisbon Agenda objectives, and a number of impacts from this support on the achievement of the Lisbon Agenda's quantitative targets can be detected

The main priority of the Lisbon Agenda is a higher rate of aggregate economic growth in the European Union, while the overriding concern of the Structural Funds is cohesion and a reduction of the regional economic disparities within the Union. Considering the relationship between the Lisbon Agenda and the Structural Funds, there is on the one hand the growth contribution of Structural Funds via the activation of underused potential of underdeveloped regions and the reduction of congestion problems in agglomerations, and on the other hand some empirical evidence of a trade-off between economic growth and inequality. Structural Fund support and the Lisbon Strategy share a number of characteristics insofar as there are a number of shared objectives: Economic growth and increased employment, the improvement of communications infrastructures, and investment in research and development and human capital development. Support for business development, social inclusion, and sustainable development, are also among the objectives that define a common ground between the Lisbon Strategy and the Structural Funds. The mapping of the Structural Funds contributions with the Lisbon Strategy objectives shows crossing points in the fields of employment, IT infrastructure investment, investment in Research and Development, Investment in human resource development, investment in business development, social inclusion, and sustainable development.

3.1 Cohesion policy

EU Cohesion Policy aims to reduce the gap in the different regions' levels of development, in order to strengthen economic and social cohesion. The strategic objective of the Cohesion policy is to “*give effect to the priorities of the Community with a view to promote balanced, harmonious and sustainable development*”² of the regions in the EU. The issue is to decrease disparity levels across the EU. There policy has three objectives:

- **Convergence.** This objective “*shall be aimed at speeding up the convergence of the least-developed Member States and regions by improving conditions for growth and employment through the increasing and improvement of the quality of investment in physical and human capital, the development of innovation and of the knowledge society, adaptability to economic and social changes, the protection and improvement of the environment, and administrative efficiency*”³. This objective is financed by the ERDF,

² COM (2004) 492 final, Article 23.

³ COUNCIL REGULATION (EC) No 1083/2006 , Article 3 para 2a.



the ESF and the Cohesion Fund. It represents 81.5% of the total resources allocated. The co-financing ceilings for public expenditure amount to 75% for the ERDF and the ESF and 85% for the Cohesion Fund.

- **Regional Competitiveness and Employment** objective “*shall, outside the least-developed regions, be aimed at strengthening regions' competitiveness and attractiveness as well as employment by anticipating economic and social changes, including those linked to the opening of trade, through the increasing and improvement of the quality of investment in human capital, innovation and the promotion of the knowledge society, entrepreneurship, the protection and improvement of the environment, and the improvement of accessibility, adaptability of workers and businesses as well as the development of inclusive job markets*”⁴. It is financed by the ERDF and the ESF and accounts for 16% of the total allocated resources. Measures under this objective can receive co-financing of up to 50% of public expenditure.
- **European territorial cooperation** objective “*shall be aimed at strengthening cross-border cooperation through joint local and regional initiatives, strengthening transnational cooperation by means of actions conducive to integrated territorial development linked to the Community priorities, and strengthening interregional cooperation and exchange of experience at the appropriate territorial level.*” This objective is financed by the ERDF and represents 2.5% of the total allocated resources. Measures under the Territorial Cooperation objective can receive co-financing of up to 75% of public expenditure.

Community financial instruments for achieving these objectives are European Regional Development Fund (ERDF), European Social Fund (ESF), Cohesion Fund (CF). The cohesion policy has been allocated a budget of EUR 347 billion for the period 2007–13 (in current prices), which is more than a third of the whole of the European budget. Budget allocation by policy objectives is illustrated on Figure 1.

Cohesion policy, by contrast with sectoral policies, can adapt according to the needs and characteristics of specific geographical challenges and opportunities. The territorial dimension is of particular importance for urban and rural areas respectively. Cohesion policy plays a key role in support of the economic regeneration of **rural areas**, complementing the actions supported by the new rural development fund (European Agricultural Fund for Rural Development). For cohesion policy, action in favour of rural areas should contribute to ensuring a minimum level of access to services of general economic interest with a view to improving conditions in rural areas that is needed in order to attract firms and qualified personnel and to limit outmigration. Cohesion policy supports the endogenous capacity of rural territories by promoting, for example, product marketing at national and global level, and favouring processsocial and environmental dimensions of

⁴ COUNCIL REGULATION (EC) No 1083/2006 , Article 3 para 2b

sustainable development. Actions should take advantage of, and seek to preserve natural and cultural assets which can have important positive spin-offs by protecting habitats and supporting biodiversity. and product innovation in existing economic activities. Many rural regions depend heavily on tourism. These regions require an integrated approach dedicated to quality, focusing on consumer satisfaction and based on the economic, social and environmental dimensions of sustainable development. Actions should take advantage of, and seek to preserve natural and cultural assets which can have important positive spin-offs by protecting habitats and supporting biodiversity.

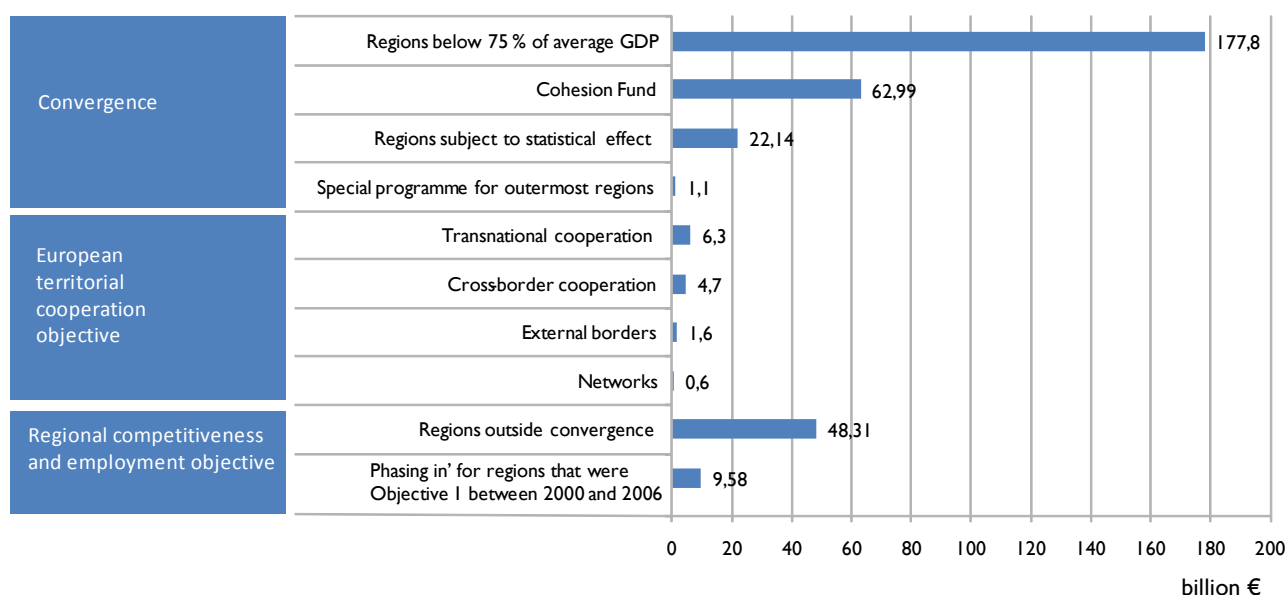


Figure 2. Cohesion policy, breakdown by objective

3.1.1 European Regional Development Fund (ERDF)

The European Regional Development Fund (ERDF) is intended to help redress the main regional imbalances in the Community; whereas the ERDF therefore contributes to reducing the gap between the levels of development of the various regions and the extent to which the least-favoured regions and islands, including rural areas, are lagging behind⁵. As part of its tasks, the ERDF should support:

- the productive environment and the competitiveness of enterprises, especially small and medium-sized enterprises;
- local economic development and employment, including in the fields of culture and tourism where these contribute to the creation of sustainable jobs;
- research and technological development;

para 2b



- the development of local, regional and trans-European networks including the provision of suitable access to the said networks in the sectors of transport infrastructure, telecommunications and energy;
- the protection and improvement of the environment taking into account the principles of precaution and that preventive action should be taken, that environmental damage should as a priority be rectified at source and that the polluter should pay and by fostering the clean and efficient utilisation of energy and the development of renewable energy sources;
- equality between women and men in the field of employment.

The ERDF shall contribute towards the financing of:

- (a) productive investment to create and safeguard sustainable jobs;
- (b) investment in infrastructure;
- (c) the development of endogenous potential by measures which encourage and support local development and employment initiatives and the activities of small and medium-sized enterprises;

3.1.2 *European Social Fund (ESF)*

The ESF should strengthen economic and social cohesion by improving employment opportunities. The ESF should support the policies of Member States which are closely in line with the guidelines and recommendations under the European Employment Strategy and the relevant objectives of the Community in relation to social inclusion, non-discrimination, the promotion of equality, and education and training⁶. Assistance from the ESF should focus, in particular, on improving the adaptability of workers and enterprises, enhancing human capital and access to employment and participation in the labour market, reinforcing the social inclusion of disadvantaged people, combating discrimination, encouraging economically inactive persons to enter the labour market and promoting partnerships for reform. Within the framework of the Convergence and Regional competitiveness and employment objectives, the ESF shall support actions in Member States under the following priorities:

- increasing adaptability of workers, enterprises and entrepreneurs with a view to improving the anticipation and positive management of economic change
- enhancing access to employment and the sustainable inclusion in the labour market of job seekers and inactive people, preventing unemployment, in particular long-term and youth unemployment, encouraging active ageing and

⁶ Regulation (Ec) No 1081/2006 Of The European Parliament And Of The Council



longer working lives, and increasing participation in the labour market

- reinforcing the social inclusion of disadvantaged people with a view to their sustainable integration in employment and combating all forms of discrimination in the labour market
- enhancing human capital
- promoting partnerships, pacts and initiatives through networking of relevant stakeholders, such as the social partners and non-governmental organisations, at the transnational, national, regional and local levels in order to mobilise for reforms in the field of employment and labour market inclusiveness

3.1.3 Cohesion Fund

The Cohesion Fund is established for the purpose of strengthening the economic and social cohesion of the Community in the interests of promoting sustainable development. The Cohesion Fund promotes trans-European transport networks, protection of the environment sustainable development, renewable energy, etc.

3.1.4 Conclusions

- Based on the information contained in the strategic documents on different levels, it can be concluded that in terms of objectives and the fields in which interventions are supported, there is considerable congruence between the Structural Funds and the Lisbon Strategy;
- EU cohesion policy is more closely connected with the Lisbon strategy and other EU strategies for the period of 2007-2013;
- The number of the EU structural funds is reduced to three (including the Cohesion Fund), and the management of assistance from the Cohesion Fund will be substantially reformed and integrated into operational programmes;
- Programming of the EU structural funds is modified: the national strategic reference framework and operational programmes are prepared on the basis of the EU structural funds regulations and strategic guidelines adopted by the European Council; while on a regional level (NUTS2, NUTS3 and LAU1) a regional strategic documents (plans and strategies) are prepared;
- The management of the EU structural funds is decentralised and simplified (e.g. in the area of financial management and control) and there are changes to a framework of responsible authorities;
- According to the principle “one fund – one programme” one operational programme is financed only from one fund (the ESF or the ERDF);
- The partnership principle will be strengthened, providing for the involvement of all appropriate partners, in particular the regions, in all stages of the EU structural funds management (preparation of programmes, implementation, monitoring and evaluation) as well as the participation of social partners in the management of the ESF assistance at an appropriate territorial level. However, its application should correspond to national practices;
- Rural development and restructuring of fisheries will no longer form a constituent part of the EU structural funds;



- EU Cohesion Policy has direct impact on multifunctional land use in the area of tourism and environment as well as on small business development, and initiatives in these areas will be financed by the ERDF, ESF and CF;
- Structural funds do not finance initiatives in the area of agriculture and forestry, these projects will be financed by the EF

3.2 Enlargement Policy (Instrument for Pre-Accession Assistance- IPA)

In the period 2007-2013 the pre-accession assistances are united under a single legal framework - Instrument for Pre-Accession Assistance (IPA). IPA replaces the five previously existing pre-accession instruments Phare, ISPA, SAPARD, Turkey instrument, and CARDS.

3.2.1 Objectives and areas of assistance

Main reason of pre-accession policies is help at providing targeted assistance to countries which are candidates and potential candidates for membership to the EU. IPA has been designed to better adapt to the different objectives and progresses of each beneficiary concerned, so as to provide a targeted and effective support according to their needs and evolution. As a result, all beneficiaries have access to measures of a similar nature, with adapted management requirements and in accordance with their actual political, economic and administrative situation.

Assistance shall be programmed and implemented according to the following components:

- I. Transition Assistance and Institution Building- involves institution building measures and associated investment, as well as transition and stabilization measures.
- II. Cross-Border Cooperation - supports cooperation at borders between candidate/potential candidate countries and between them and the EU countries. It may also fund participation of beneficiary countries in Structural Funds' trans-national co-operation programmes and Sea Basins programmes under the European Neighbourhood and Partnership Instrument (ENPI).
- III. Regional Development –finances investments and associated technical assistance in areas such as transport, environment and economic development (i.e. measures similar to the European Regional Development Fund and the Cohesion Fund);
- IV. Human Resources Development – supports strengthening human capital and combating exclusion (similar to the European Social Fund);
- V. Rural Development. emulates post-accession Rural Development programmes by financing rural development-type measures, similar in nature to these programmes, though smaller in scale.

For all beneficiaries the assistance shall be use to support following areas:



- strengthening of democratic institutions, as well as the rule of law, including its enforcement;
- the promotion and the protection of human rights and fundamental freedoms and enhanced respect for minority rights, the promotion of gender equality and non-discrimination;
- public administration reform, including the establishment of a system enabling decentralization of assistance management to the beneficiary country in accordance with the rules laid down in Regulation (EC, Euratom) No 1605/2002;
- economic reform;
- the development of civil society;
- social inclusion;
- reconciliation, confidence-building measures and reconstruction;
- regional and cross-border cooperation.

In candidate countries assistance shall also be used to support the following areas:

- the adoption and implementation of the *acquis communautaire*;
- support for the policy development as well as preparation for the implementation and management of the Community's common agricultural and cohesion policies.

In the potential candidate countries also be used to support the following areas:

- progressive alignment with the *acquis communautaire*;
- social, economic and territorial development including, *inter alia*, infrastructure and investment related activities, in particular in the areas of regional, human resources and rural development.

3.2.2 Principles of Assistance

The implementation of assistance under IPA is ensured through annual or multi-annual programmes that reflect the priorities of the Stabilization and Association Process, as well as the strategic priorities of the pre-accession process.

The Multi-Annual Indicative Planning Document (MIPD) is a three-year strategy document for each country, where the major areas of intervention and the main priorities are presented by the Commission. Here is also established, through which pre-accession aid for each beneficiary country is delivered and will take into account the indicative breakdown proposed in the MIFF.

The Multi-Annual Indicative Financial Framework (MIFF) for the Instrument of Pre- Accession Assistance (IPA) is designed to provide information on the indicative breakdown of the overall IPA envelope proposed by the Commission in accordance with article 5 of the IPA Regulation (EC) 1085/2006. It acts as the link between the political framework within the enlargement package and the budgetary process.



The MIFF is based on a rolling three-year programming cycle. Under normal circumstances, a MIFF for years N, N+1 and N+2 will be presented in the last quarter of year N-2 as part of the enlargement package, representing a proposed financial translation of the political priorities set out within the package itself, taking into consideration the Financial Framework. This financial matrix is revised yearly and included in the annual enlargement package of the Commission, which is presented each autumn to the Council and the European Parliament.

Types of assistance under IPA include finance investments, procurement contracts, grants, including interest rate subsidies, special loans, loan guarantees and financial assistance, budgetary support, and other specific forms of budgetary aid, and the contribution to the capital of international financial institutions or the regional development banks.

3.2.3 *Beneficiaries*

Eligible beneficiaries are any natural or legal person based in the eligible countries (under the eligible component)

Components I and II are open to all beneficiary countries.

Component I.-Transition Assistance and Institution Building- opens to all beneficiary countries. Additionally the potential candidates can benefit from this component for Regional Development, Human Resources Development and Rural Development.

Component II.-Cross-Border Cooperation – opens to all beneficiary countries (for beneficiary areas see annex II.)

Components III, IV and V - Regional Development, Human Resources Development and Rural Development - are open to candidate countries only, and are designed to mirror structural, cohesion and rural development funds in preparation for the management of such funds upon accession.

Beneficiary countries:

Candidate country status:

- Croatia
- Turkey
- The former Yugoslav Republic of Macedonia.

Potential candidate country status:

- Albania
- Bosnia
- Montenegro
- Serbia
- Kosovo



For financial allocation by countries and instruments see **annex I**.

3.2.4 Conclusions

The main aim of IPA is to support institution-building and the rule of law, human rights, including the fundamental freedoms, minority rights, gender equality and non-discrimination, both administrative and economic reforms, economic and social development, reconciliation and reconstruction, and regional and cross-border cooperation. IPA is an important financial instrument for candidate countries. In the PRIMA context IPA's fifth component provides the general framework for financing the multifunctional land and landscape use.

3.3 Agricultural and Rural Development Policies

3.3.1 Common Agricultural Policy (CAP)

The basic objectives of Common Agricultural Policy (CAP) are set in the Treaty and since then and in particular over the last 20 years they have been adapted successively to respond to the new requirements and changed environment. Ever since 1992, the fundamental CAP reform has been aimed at moving away from a price policy and production support to a more comprehensive policy of farmer income aid. The reformed CAP should not only improve the competitiveness of the agricultural sector, guarantee food safety and quality and stabilise EU farmer incomes, but also provide environmental benefits, enhance the rural landscape and support the competitiveness of rural areas across the Union.

The driving force behind the June 2003 Reform remain that of providing a clear, long-term perspective for the future development of the CAP by:

- enhancing the competitiveness of EU agriculture;
- promoting a more market-oriented, sustainable agriculture;
- providing a better balance of support through more rural development.

Another important feature of the last CAP reform is the increase in the financial resources for the CAP's second pillar through compulsory modulation and an extension in the scope of its measures, intended to *improve the sustainability and competitiveness of rural economies*.

Europe's agricultural policy is determined at EU level by the governments of Member States and operated by the Member States. It is aimed at supporting farmers' incomes while also encouraging them to produce high quality products demanded by the market and encouraging them to seek new development opportunities.

The 2003 CAP reform was designed to achieve the following broad objectives:

- better competitiveness of the agricultural sector,



- a fair standard of living and income stability for the agricultural households,
- production of quality products based on environmental friendly technologies
- simplicity of the policy instruments and sharing responsibilities between the Commission and Member States,
- justification of support through provision of services
- diversification of agriculture towards maintaining visual amenities and support to rural communities.

The central feature of the CAP is introduction of the single farm payment scheme, which cuts the link between eligibility for direct payments and the production decision thus acting as income support only. Three key horizontal measures were also introduced:

- CAP direct payments are subject to compliance with EU environmental, food safety and animal welfare standards, backed up by a Farm Advisory system;
- A compulsory, EU-wide modulation mechanism with an increasing rate from 3 % up to 5 % since 2007 onward in order to carry out the necessary shift of extra funds from the first to the second pillar;
- A financial mechanism, created with a view to ensuring that the amounts for the financing of subheading 1a) of the EAGGF fund and starting from 2007, will ensure full respect in the foreseeable future of the annual ceilings in the financial perspectives for the CAP.

Key elements of the reformed CAP are:

- Introduction of a single farm payment (SPS) and single area payments (SAPS) for farmers in the new member-states, independent from production but linked to the environmental and food safety requirements, animal and plant health and animal welfare standards, as well as the requirement to keep all farmland in good agricultural and environmental condition ("cross-compliance"). In addition to SAPS payments farmers in new member-states are eligible to complementary national direct payments (CNDP) amounting to up to 20% of the direct payments in order to be compensated for the fading in scheme under which they will reach the level of payments in old member state within 10 years period;
- Reduction in direct payments ("modulation") for bigger farms and transferring the reduced amount to the funds for new rural development policy;
- Introduction of a mechanism for increasing of the financial discipline to ensure that the farm budget fixed until 2013 will not be overshoot,
- Revisions of the market policy concerning:
 - asymmetric price cuts in the milk sector by reducing the intervention price for butter (by 25% over four years) and skimmed milk powder (by 15% over three years),
 - reduction of the monthly increments in the cereals sector by 50%, but maintaining the current intervention price,



- reforms in practically all specific product sectors (rice, durum wheat, starch potatoes, cotton, tobacco, wine, etc).

Most of the market support provided in the different sectors has been transferred to the new system of direct payments during. Thus the major share of support to agriculture is moved from the trade distorting classification under WTO rules (Amber Box) towards the minimal or non-trade distorting category (Green Box) providing stable incomes for farmers. Knowing that they will receive the same amount of support farmers can decide what to produce and to adjust the product pattern in order to suit demand.

It has to be mentioned that initially some production-linked payments could be maintained where necessary to avoid production abandonment. Partial decoupling is allowed in Member States using SPS for arable crops and hops (up to 25%), durum wheat (up to 40%), olive oil (up to 40), suckler cow premium (up to 100%), special beef premium (up to 75%), slaughter premium (up to 40% for adults and 100% for calves) and sheep and goat (up to 50%). After the health check it was decided that coupled payments should be removed since 2010 for arable crops, since 2012 for seeds and beef and veal except for suckler cow premium, but the amount of decoupled support should not be less than 75% of overall support.

New Member States using the Single Area Payment Scheme (SAPS) may introduce the SPS at any time but not later than 2010 (2011 for Bulgaria and Romania) as this initial deadline was prolonged to 2013. This shift in the emphasis of CAP support towards direct aids to farmers, and away from price support, is accompanied by imposing obligations on farmers to manage their farms in sustainable ways. 'Cross-compliance' links direct payments to farmers to their respect of environmental and other requirements set at EU and national levels.

3.3.1.1. Principles of Assistance

The basis for SPS (SAPS) implementation is the establishment in the CAP reform agreement of a maximum amount each state could spend on direct aids – known as the national ceiling, based on the total of direct aids (and equivalent payments) paid in a historic reference period in each Member State. National ceilings accumulate all those aid payments and provide the total amount available for SPS. The simplified scheme (SAPS) proposed for the new Member States, ten of which have implemented it, involves the payment of uniform amounts per eligible hectare of agricultural land, up to a national ceiling laid down in the Accession Agreements.

There are three approaches for applying the SPS: on the basis of the payments received by the farmer during a reference period (so called basic or historical model) or the number of eligible hectares farmed during the first year of implementation of the scheme (so called regional model) or mixed model (static or dynamic). The decision which model to be used was taken by the Member State.



Under the basic (historic) approach each farmer is granted entitlements corresponding to the payments he received during the reference period (reference amounts) and the number of hectares he was farming during the reference period and which gave right to direct payments in the reference period. Historic model has been chosen by 11 old Member State (regions). According to regional (flat rate) approach reference amounts are not calculated at individual farmer level but at regional level. Regional reference amount is the sum of the payments received by the farmers in a given region during the reference period. This amount is then divided by the number of eligible hectares declared by the farmers of the region in the year of SPS introduction, and determining the value of a single entitlement in that region. Finally, each farmer receives a number of (flat rate) entitlements equal to the number of eligible hectares declared in the year of SPS introduction. This approach entails some redistribution of payments between farmers. This model has been chosen by Slovenia and Malta. Member state could choose a mixed model, in justified cases, to apply different calculation systems in different regions of their territory. They may also calculate SPS payments using a part-historic/part-flat rate approach. Such 'hybrid' systems can act as a vehicle to transit from the basic (historic) to the regional (flat) rate approach and has been used by 7 Member States (regions).

The 'Single Area Payment Scheme' involves payment of uniform amounts per hectare of agricultural land in the Member State concerned, up to a national ceiling resulting from the accession agreements. All new member states apply SPS payment scheme with exception of Slovenia where SPS is applied.

To reduce the payments for big farms since 2007 modulation amounting to 5% is used. Direct payments under EUR 5 000 per farm will not be reduced. Modulation mechanism is used in order to finance additional rural development measures. Farmers in new Member States are exempted from modulation until the transition to the full level of direct payments is achieved. With the health check a progressive element of modulation with four thresholds and the maximum reduction of 17% in case of payments above € 300 000 is proposed by the Commission. Decision taken is not so saver but a 5% increase in reduction over the four year is accepted and in respect to the progressive element only one threshold, over € 300 000 with modulation +4% is adopted.

There is an option for exceptions from full decoupling. Member States may grant 'additional payments' to support agricultural activities that encourage the protection or enhancement of the environment or for improving the quality and marketing of agricultural products. Additional payments may use up to 10 % of the funds available (under national ceilings) in the SPS, thus reducing the funds available for basic SPS payments and product specific direct aids.

3.3.1.2. Environmental Integration into the CAP. Agrienvironmental measures

Some environmental requirements have been introduced into CAP through the cross compliance regulations. They are one of the new key elements in



the CAP reform, which make the SPS (SAPS) dependant on the farmers respecting public health, animal health, environmental and animal welfare, EU norms and good agricultural practice. Cross compliance was introduced as part of the 2003 CAP reform as a compulsory measure. Farmers must comply with 19 Statutory Management Requirements (Annex III of Regulation 1782/2003)¹ and a number of minimum requirements for ensuring the 'good agricultural and environmental condition' (GAEC) of agricultural land (Annex IV of Regulation 1782/2003). Member States must also maintain the extent of permanent pasture (as at a specified reference year) and establish a comprehensive advisory system to support cross compliance.

Cross-compliance is not a new concept but it used to be voluntary for Member States and applied only to environmental standards. All farmers receiving direct payments are subject to cross-compliance. And it has been extended beyond compliance with environmental rules, to include new requirements regarding public, animal and plant health, animal welfare, and the maintenance of all agricultural land in good agricultural and environmental condition. GAEC requirements are to be established at national level and all Member States have put in place effective systems to inform farmers about their cross compliance obligations. All Member States have established workable systems for the control of cross compliance.

Application of SPS (SAPS) is under the responsibility of the Member States. This means that Member State is responsible for establishing the definition of good agricultural and environmental condition for their agricultural circumstances (at national or regional level), taking into account the specific characteristics of the areas concerned, including soil and climatic condition, existing farming systems, land use, crop rotation, farming practices, and farm structures. Member States must inform farmers of the definition, provide them with the list of statutory management requirements, and set up management, controls and sanctions systems for all cross-compliance.

In the new states applying SAPS, only the good agricultural and environmental condition (GAEC) and requirements on permanent pastures are mandatory over a three years period before the complete set of cross-compliance requirements come into force.

Member States are obliged to ensure that the area of permanent pasture (the ratio compared to total agricultural land) will remain relatively constant. If there is a decrease, national authorities may impose measures to stop the decline (e.g. prior authorisation for ploughing; obligation to return arable land to pasture). This is aimed at maintaining the EU's ecologically valuable pasture areas. The obligation is primarily on Member States to maintain the existing permanent pasture area, and not on individual farmers to retain a particular pasture area on their farms. Only in the case where the national/regional share of permanent pasture is decreasing significantly, the concerned Member State shall take measures at the individual farm level, i.e. by obliging farmers to maintain the share of permanent pasture on their holding (or to restore it in the worst cases).



Control of cross-compliance requirements is carried out on the basis of the IACS (Integrated Administration and Control System for direct payments). But, because cross-compliance involves other agencies (for example with responsibility for public or animal health or phytosanitary matters) Member States must ensure adequate coordination between them. A minimum of 1 % of farms should be spot-checked each year.

Where the statutory management requirements, or good agricultural and environmental condition, are not complied with by the farmer concerned, the total amount of direct payments to be granted in the calendar year in which the non-compliance occurs will be reduced or cancelled. Amounts of direct payments resulting from such penalties revert to the EU (though Member States may retain up to 25 % of amounts deducted).

3.3.1.3. Beneficiaries

To be eligible for the single payment, a farmer requires payment entitlements. Entitlements only go to farmers actively farming at the date each Member State introduces the scheme. Eligible hectares normally include all types of agricultural land except land used for permanent crops (excluding energy crops, e.g. short rotation coppice) and forestry. Entitlements are activated annually by matching them with a corresponding number of eligible hectares. In general, transfer of entitlements is allowed, but only within Member States and in some cases only within regions (Member States decide within EU rules). Transfers without land are allowed, but farmers taking over payment entitlements can only receive payment if the number of entitlements is matched by the correct number of eligible hectares.

In the new Member States to be eligible for the direct payments farmers must comply with the nationally established requirements concerning minimum land of a farm and a minimum land of parcels as the minimum size of holdings could be defined by the national authorities without any limitations except to be higher than the minimum size of a parcel while the minimum size of a parcel could not be lower than 0.3 HA. Under the health check the minimum size of eligible area is reconsidered and established at 1 HA or minimum amounts of payments - to €100 in order to avoid the cases in which payments are below the administrative costs.

As mention above to be eligible for assistance farmers must comply with requirements concerning cross-compliance, controls and modulation. They do not have to produce in order to receive SPS (SAPS) and/or other direct payments, as long as they maintain their land in good agricultural and environmental condition and respect other cross compliance standards that could be grouped in two groups:

1. Good agricultural and environmental condition: All farmers claiming direct payments, whether or not they actually produce from their land, must abide by standards established by the Member States.
2. Statutory management requirements: Farmers must respect other cross compliance standards called statutory management requirements set-up in accordance with 19 EU Directives and



Regulations relating to the protection of environment; public animal and plant health; animal welfare.

3.3.2 Rural Development Policy (RDP)

Agriculture continues to be the largest user of rural land, as well as a key determinant of the quality of the countryside and the environment. Without the two pillars of the CAP, many rural areas of Europe would face increasing economic, social and environmental problems. The European model of agriculture reflects the multifunctional role farming plays in the richness and diversity of landscapes, food products and cultural and natural heritage. The guiding principles for the rural development policies, were set out by the European Council of Göteborg (15 and 16 June 2001). According to its conclusions, strong economic performance must go and in hand with the sustainable use of natural resources and levels of waste, maintaining biodiversity, reserving ecosystems and avoiding desertification.

The new programming period provides a unique opportunity to refocus support from the new EAFRD on growth, jobs and sustainability. In this respect, it is fully in line with the Declaration on the Guiding Principles for Sustainable Development (2) and the renewed Lisbon Action Programme which seeks to target resources at making Europe a more attractive place in which to invest and work, promoting knowledge and innovation for growth and creating more and better jobs.

3.3.2.1. Objectives and Principles of Assistance. Structure of RDP

The main objectives of the rural development policy are established in Regulation (EC) No 1698/2005 and cover three key areas: improving the competitiveness of the agricultural and forestry sector; improving the environment and the countryside; improving the quality of life in rural areas and encouraging diversification of the rural economy. To ensure a balanced approach to policy, Member States and regions are obliged to spread their rural development funding between all three of these thematic areas.

An additional requirement is that part of the funds should be used for projects based on experience with the Leader Community Initiatives. The "Leader approach" to rural development involves highly individual projects designed and executed by local partnerships to address specific local problems.

Every Member State is obliged to set out a rural development programme, outlining which specifics should be addressed, which measures will be implemented and the amount of funding that will be spent on them in the period 2007 to 2013. A new feature for period 2007 to 2013 is a greater emphasis on coherent strategy for rural development across the EU as a whole. This is being achieved through the use of National Strategy Plans which must be based on EU Strategic Guidelines.



This approach allows to:

- identify the areas where the use of EU support for rural development will have the maximum contribute at EU level;
- ensure the link with the main EU priorities and consistency with other EU policies, in particular those for economic cohesion and the environment;
- assist the implementation of the new market-oriented CAP and the necessary restructuring of the sector as in new Member State as well as in old ones..

The rural development strategies and programmes are built around four axes, namely:

- axis 1, on improving the competitiveness of the agricultural and forestry sector;
- axis 2, on improving the environment and the countryside;
- axis 3, on the quality of life in rural areas and diversification of the rural economy;
- axis 4, on Leader.

Axis 1 covers a range of measures dealing with human and physical capital in the agriculture, food and forestry sectors (promoting knowledge transfer and innovation) and quality production. Axis 2 provides measures to protect and enhance natural resources, as well as preserving high-nature value of farming and forestry systems and cultural landscapes in Europe's rural areas. Axis 3 helps to develop local infrastructure and human capital in rural areas to improve the conditions for growth and job creation in all sectors and the diversification of economic activities. Axis 4, based on the Leader experience, introduces possibilities for innovative governance through locally based, bottom-up approaches to rural development.

Each of the Community priorities needs to be reflected at Member State level in the national strategy plan and the rural development programmes. Thus any Member State was obliged to prepare the national RDP to address the national or regional priorities for specific problems related to the agrifood chain or the environmental, climatic and geographical situation of agriculture and forestry.

The resources devoted to the Community rural development priorities depend on the specific situation, strengths, weaknesses and opportunities of each programme area but should be within the regulatory minimum funding limits for each axis.

The first priority is intended to improve the competitiveness of the agricultural and forestry sector through further development of high-quality and value-added products that meet the diverse and growing demand of Europe's consumers and world markets. The resources devoted to axis 1 should contribute to a strong and dynamic European agrifood sector by focusing on the priorities of knowledge transfer, modernisation, innovation and quality in the food chain, and on priority sectors for investment in



physical and human capital. In order to meet these priorities, Member States have to focus the support on key actions depending on the national or regional objectives and that could include activities for:

- restructuring and modernisation of the agriculture sector,
- improving integration in the agrifood chain,
- facilitating innovation and access to research and development (R & D),
- encouraging the take-up and diffusion of information and communications technologies (ICT),
- fostering dynamic entrepreneurship,
- developing new outlets for agricultural and forestry products,
- improving the environmental performance of farms and forestry.

To enhance generational renewal in agriculture, combinations of measures available under axis 1, tailored to the needs of young farmers, may also be considered. It has to be mentioned that according to the Annex VIII of the Act of Accession the new Member States are allowed to use 20% of the amount for financing the rural development as CNDP under SAPS.

Measures under Axis 2 are intended to contribute to three EU-level priority areas: biodiversity and the preservation and development of high nature value farming and forestry systems and traditional agricultural landscapes; water; and climate change. The measures under axis 2 are focused on the environmental objectives and are coordinated with other policies having objectives in this field..

In order to meet these priorities, Member States should focus their support on key actions like:

- promoting environmental services and animal-friendly farming practices;
- preserving the farmed landscape and forests;
- combating climate change;
- consolidating the contribution of organic farming;
- encouraging environmental/economic win-win initiatives;
- promoting territorial balance.

Rural development programmes should contribute to the attractiveness of rural areas and ensure a sustainable balance between urban and rural areas. In combination with other programme axes, land management measures can make a positive contribution to the spatial distribution of economic activity and territorial cohesion. Sustainable land management practices will reduce risks linked to abandonment of land, desertification and forest fires, particularly in less-favoured areas. In many areas, this is an important part of the cultural and natural heritage and of the overall attractiveness of rural areas.

Agriculture and forestry are the major sectors for development of renewable energy and material sources for bioenergy installations. Measures intended to



support the use of appropriate agricultural and forestry practices can contribute to the reduction in greenhouse gas emissions and preservation of the carbon sink effect and organic matter in soil composition and will act in coordination with other environmental policy measures.

According to the strategic guidelines organic farming is reinforced in the CAP in respect to its contribution to environmental and animal welfare objectives. The provision of environmental goods, particularly through agri-environmental measures, can contribute to the identity of rural areas and their food products. They can form a basis for growth and jobs provided through tourism and the provision of rural amenities, particularly when linked to diversification into tourism, crafts, training or the non-food sector.

The resources devoted to the fields of diversification of the rural economy and quality of life in rural areas under axis 3 aimed at creation of employment opportunities and conditions for growth through capacity building for local strategy development and implementation, promoting training, providing information, encouraging entrepreneurship, reflecting the particular needs of women, young people and older workers. In order to meet these priorities, Member States are obliged to focus support on:

- raising economic activity and employment rates in the rural economy;
- labour market development and in particular encouraging the entry of women into the labour market through development of childcare facilities that can facilitate access to the labour market;
- integrated initiatives combining diversification, business creation, investment in cultural heritage, renovation of infrastructure and local services, upgrading local infrastructure (transport, energy, telecommunication, water supply etc.), particularly in the new Member States. Coordination of these measures with the considerable support that will be available from the Structural Funds, will contribute substantially to the diversification and development of rural economy;
- developing micro-business build on traditional skills or introduce new competencies;
- training young people in skills needed for the diversification of the local economy through rural tourism, provision of environmental services, reinforcement of traditional rural activities and production of local brands quality products;
- encouraging the development of skills for ICT use to overcome the disadvantages of location;
- developing the provision and innovative use of renewable energy sources, which would contribute to creation of new options for agricultural and forestry products;
- development of rural and agri tourism build on cultural and natural heritage;

Axis 4 (Leader) plays an important role in the horizontal priority of improving governance and mobilising the endogenous development potential of rural areas. Support under axis 4 offers the possibility of a community-led



local development strategy building on local needs and strengths, to combine all three objectives – competitiveness, environment and quality of life/diversification. In order to meet these priorities, Member States should focus support on:

- building local partnership capacity, animation and promoting skills for mobilising local potential;
- promoting private-public partnership and cooperation in rural development actions and bringing the private and public sectors together;
- improving local governance.

In working out the national strategies, maximum synergy between and within the axes should be ensured and potential contradictions avoided. They should also correspond to the other EU-level strategies (the Action Plan for Organic Food and Farming, renewable energy resources policy, the EU Forestry Strategy and Action Plan, the Sixth Community Environment Action Programme and in particular those priorities identified as requiring thematic environmental strategies (soil protection, protection and conservation of the marine environment, the sustainable use of pesticides, air pollution, urban environment, the sustainable use of resources, and waste recycling). Build up European and national networks for rural development, as a platform for exchange of best practice and expertise on all aspects of policy design, management and implementation between stakeholders is of the major importance for improving the implementation of the rural development policy.

Complementarity and coherence between actions financed by the European Regional Development Fund, the Cohesion Fund, the European Social Fund, the European Fisheries Fund and the EAFRD on a given territory and in a given field of activity should be ensured with the National Rural Development Plans, as the main guiding principles for achieving this should be defined in the national strategic reference framework and the national strategy plan.

The major documents that are obligatory for implementation of the Rural Development policy are: National Strategic Plan for Rural Development (NSPRD), Rural Development programme and Ordinances for application of the rural development measures. On the basis of analysis of the current situation in the country the national strategic objectives, national goals and actions should be determined in consistence with the EU strategic objectives under the four axes. The coordination with the other EU policies in respect to the measures, activities, projects, areas and beneficiaries should be confirmed. For the purpose of reporting and evaluation of the results a system of indicators should be precisely incorporated in the plan.

On the basis of the NSPRD, National Rural Development Programme (NRDP) should be prepared. NRDP should include a SWOT analysis of the current situation in rural areas and on the basis of the strategic objectives and national goals the hierarchy of the objectives and proposed measures under the four axes should be outlined and justified in respect to the Community Strategic guidelines and NSPRD. The time horizon of the measures should be



clarifies. Potential impact of the measures chosen should also be analysed. NRDP should include also a complete description of the measures chosen, including the purpose for selecting the measure and its objective, scope of actions eligible for support, actions that should be carried out, implementation procedures, budget allocated for the measure and targets (in respect to the system of indicators approved) that should be reached. To comply with this requirements the NRDP should have the following structure:

1. Analysis of strengths and weaknesses of the situation
2. Strategy and ex-ante evaluation
3. Justification of the priorities
4. Expected impact according to the ex-ante evaluation, including economic, environmental and employment impact
5. Description of measures proposed under each axis
6. Financial plan and indicative breakdown of resources by rural development measures
7. Complementary with the measures under other policy
8. Administration of the programme

3.3.2.2. Beneficiaries

Due to the very large scope of the measures under the four axes it is very difficult to cover all the beneficiaries of the rural development policy. The beneficiaries under any given measure should be precisely defined in the NRDP. Generally the potential beneficiaries could be farmers, processors, other businesses dealing with construction, social activities, other economic activities in respect to the local need determined by the local regional plans for development and in general the society living in these regions as well as the environment and the whole society.

3.3.2.3. European Agricultural Fund for Rural Development (EAFRD)

The reforms of the Common Agricultural Policy (CAP) of June 2003 and April 2004 focus on rural development by introducing a financial instrument and a single programme: the European Agricultural Fund for Rural Development (EAFRD). This instrument, which was established by Regulation (EC) 1290/2005, aims at strengthening the EU's rural development policy and simplifying its implementation. In particular, it improves the management and controls of the rural development policy for the period 2007-2013. European Agriculture Fund for Rural Development (EAFRD) is one of the two instruments financing the Common Agricultural Policy (CAP) It will finance actions in the field of rural development in the Member States in line with the rural development plans submitted by each country. The main objectives of EAFRD are:

- Improvement of the competitiveness of agriculture and forestry by supporting reconstruction, development and innovation
- Improvement of the environment and the countryside by supporting land management



- Improvement of the quality of life in rural areas and encouraging the diversification of economic activities

EAFRD comprises four axes:

Axis 1 – Competitiveness : Measures aimed at promoting knowledge and improving human potential, and restructuring and developing physical potential and promoting innovation

Axis 2 – Land management : Measures aiming to improve the environment and the countryside including measures targeting the sustainable use of agricultural and forestry lands. Payment for Natura 2000 is included in this axis.

Axis 3 – Wider rural development : Actions aiming to improve the quality of life in rural areas and the diversification of the rural economy.

Axis 4 – Leader axis : The Leader approach is a bottom-up approach aiming to build local capacity for employment and diversification of the rural economy. It has a multi-sector design and the implementation of the strategy is based on the interaction between actors from different sectors of the local economy. Local action groups (LAGs) implement the local development strategy.

Of these, the Leader axis will contribute to the priorities of the other axes and will also play an important role for improving governance and mobilising the endogenous development potential of rural areas. Eligible areas for funding under EAFRD are all rural areas for the first three axes, and only selected territories under the Leader axis.

3.3.3 Conclusions

EAFRD provides financial assistance to initiatives in rural areas. It directly supports actions in the area of multifunctional land and landscape use. Different measures targeted diversification of activities in agriculture (respectively different use of land parcels in farming and as a result various commodity and non-commodity outputs) and in other sectors – tourism , forestry, economic activities. The other key priority is environment protection and preservation of biodiversity.

3.4 Environmental policies

In this section a brief overview about different environmental policies with impact on land use and biodiversity and the sectors of agriculture, forestry and tourism should be given. We exclude the Common Agricultural Policy (CAP). In Section 2.4.1 a brief statement of the objectives; in 2.4.2 a selection of related policy measures and in 2.4.3 examples of beneficiaries will be discussed.



The Sixth Environment Action Programme of the European Community 2002-2012 includes the following thematic strategies in the following fields of environmental policy: Air, Waste prevention and recycling, Marine Environment, Soil, Pesticides, Natural resources and Urban Environment. Article 10c of the action programme encourages the environmental policy to strengthen the “improvement of the process of policy making through: a) ex-ante evaluation of the possible impacts, in particular the environmental impacts, of new policies including the alternative of no action and of the proposals for legislation and publication of the results; and b) ex-post evaluation of the effectiveness of existing measures in meeting their environmental objectives.” Article 10f relays to monitoring and indicators: “the production of this information will be supported by regular reports from the European Environment Agency and other relevant bodies. The information shall consist notably of: headline environmental indicators;; indicators on the state and trends of the environment and integration indicators”.

Several existing EU programmes, strategies, directives, communications and conventions are of direct and indirect impact on the policy making and the formulation of programmes and plans. Table 1 gives a brief overview on relevant policies selected.

Table 1. Thematic areas and EU environmental policies regarding multifunctional thematic areas

Thematic Area	EU policy
Assessment and management of flood risks	Proposal for a Directive of the European Parliament and of the Council on the assessment and management of floods {SEC(2006) 66}
Birds, Habitats Natura 2000 network	Council Directive 79/409/EEC on the conservation of wild birds, commonly referred to as the Birds Directive Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora
Coastal Zones	"Integrated Coastal Zone Management: A Strategy for Europe" (COM/00/547 of 17 Sept. 2000)
Environmental Assessment EIA;	Council Directive 97/11/EC of 3 March 1997 amending Directive 85/337/EEC on the assessment of the effects of certain public and private projects on the environment
EU Biodiversity Action Plan	Communication from the Commission - Halting the loss of biodiversity by 2010 - and beyond - Sustaining ecosystem services for human well-being {SEC(2006) 607} {SEC(2006) 621}
European Climate Change Programme	Several activities
Geographic information in support of Environmental Policy	Directive 2007/2/EC of the European Parliament and of the Council of 14 March 2007 establishing an Infrastructure for Spatial Information in the European Community (INSPIRE) COM(2008)748 - Communication from the Commission to the European Parliament, Council, EESC and CoR: GMES:



	We care for a safer planet
Landscape, cultural heritage	European Landscape Convention CETS No.: 176
Marine Ecosystems	Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008 establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive)
River Basin Management	"Directive 2000/60/EC of the European Parliament and of the Council establishing a framework for the Community action in the field of water policy"
Soil	Proposal for a Directive Of The European Parliament And Of The Council Establishing a framework for the protection of soil and amending Directive 2004/35/EC
Strategic Environmental Assessment SEA	Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment
Sustainable Use of Natural Resources	Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions - Thematic Strategy on the sustainable use of natural resources {SEC(2005) 1683} {SEC(2005) 1684}

For most of the policies mentioned in Table 1 specific impact assessment studies have been carried out to provide the European institutions and the public with information on the impacts.

The following policies have been selected to stress the land use related aspects in rural areas and for agriculture, forestry and tourism with emphasis on biodiversity and land use aspects:

1. The complex of biodiversity (Nature 2000 network, EU Biodiversity Action Plan, Birds Directive, Habitats Directive),
2. The soil protection (Soil Thematic Strategy (COM(2006) 231) and a proposal for a Soil Framework Directive (COM(2006) 232),
3. The Sustainable Use of Natural Resources (Thematic Strategy on the sustainable use of natural resources)
4. The catchment management and flood prevention (EU Water Framework Directive and the Directive 2007/60/EC on the assessment and management of flood risks
5. The cultural Heritage (European Landscape Convention CETS No.176)

The Impact Assessment Directives (EIA, SEA) are content of other discussion of PRIMA (WP 6).

3.4.1 Objectives

3.4.1.1. The Complex of Biodiversity

Aim of the EU is committed to the protection of biodiversity by formulation of the political commitment to halt biodiversity loss within the EU by 2010



(EU 2009a). Main axis of protection is the Natura 2000 network on the legal from the Birds Directive which dates back to 1979 and the Habitats Directive from 1991. “Together these Directives constitute the backbone of the EU’s internal policy on biodiversity protection. But protected nature areas do not exist and certainly cannot thrive in isolation from the rest of the land” (EU 2009a).

For the orientation of the biodiversity policy 4 key policy areas and 10 main objectives are formulated in Tab. 2 are the basis of the Biodiversity action plan when formulating the policy goal of “halting the loss of biodiversity by 2010 and beyond” with special emphasis on the “sustaining ecosystem services for human well-being”.

POLICY AREA 1: Biodiversity in the EU

Objectives

1. To safeguard the EU’s most important habitats and species.
2. To conserve and restore biodiversity in the wider EU countryside.
3. To conserve and restore biodiversity in the wider EU marine environment.
4. To reinforce the compatibility of regional and territorial development with biodiversity in the EU.
5. To substantially reduce the impact on EU biodiversity of invasive alien species and alien genotypes.

POLICY AREA 2: The EU and global biodiversity

Objectives

6. To substantially strengthen effectiveness of international governance for biodiversity.
7. To substantially strengthen support for biodiversity in EU external assistance.
8. To substantially reduce the impact of international trade on EU and global biodiversity.

POLICY AREA 3: Biodiversity and climate change

Objective

9. To support biodiversity adaptation to climate change.

POLICY AREA 4: The knowledge base

Objective

10. To substantially strengthen the knowledge base for conservation and sustainable use of biodiversity, in the EU and globally.

Tab. 2 Key policy areas and related priority objectives (Commission 2006)



3.4.1.2. Soil

EU (2009b) defines soil “as the top layer of the earth’s crust. It is formed by mineral particles, organic matter, water, air and living organisms...The interface between the earth, the air and the water, soil is a non-renewable resource which performs many vital functions: food and other biomass production, storage, filtration and transformation of many substances including water, carbon, and nitrogen.”

For the protection of the soils the Commission adopted a “Soil Thematic Strategy and a proposal for a Soil Framework Directive (COM(2006) 232) on 22 September 2006 with the objective to protect soils across the EU.” (EU 2009b). The Soil Framework Directive is has not been accepted till now by the member states.

In § 1 (4) of the proposal for a Soil Framework Directive (Commission 2006b) the “main eight soil degradation processes to which soils in the EU are confronted” are formulated. “These are erosion, organic matter decline, contamination, salinisation, compaction, soil biodiversity loss, sealing, landslides and flooding”.

Actions and policies should focus on the complexity and the interrelationships to prevail the main degradation processes.

3.4.1.3. Thematic Strategy on the Sustainable Use of Natural Resources

“On 21st December 2005 the European Commission proposed a Strategy on the Sustainable Use of Natural Resources used in Europe. The objective of the strategy is to reduce the environmental impacts associated with resource use and to do so in a growing economy. Focusing on the environmental impacts of resource use will be a decisive factor in helping the EU to achieve sustainable development” (EU 2009 c)

The impact assessment study for the strategy formulates the problem (Commission 2005):

“Natural resources are very broad. They include:

1. Raw materials such as minerals (including fossil energy carriers and metal ores) and biomass. Fossil energy carriers, metal ores and other minerals (e.g. gypsum, china clay) are non-renewable in the sense that they cannot be replenished within a human timeframe. Stocks are finite and are diminishing because of their use in human activities. In contrast, biomass is in principle renewable within the human timeframe. It includes quickly renewable resources, such as for example agricultural crops, and slowly renewable resources, such as timber. However, some of these resources used as raw materials can be exhausted if they are overexploited. This is an acute threat to certain commercially fished marine species, for example.



2. Environmental media such as air, water and soil. These resources sustain life and produce biological resources. In contrast with raw materials it is their declining quality that causes concern. It is not a question of how much there is (with the notable exception of soil), but what state they are in. For example, the total quantities of air and water on earth do not change within human time scales, but because of pollution their quality is often poor. Moreover, the biological diversity of environmental resources is of vital importance.

3. Flow resources such as wind, geothermal, tidal and solar energy. These resources cannot be depleted, but require other resources to exploit them. For example, energy, materials and space are needed to build wind turbines or solar cells.

4. Space, as it is obvious that physical space is required to produce or sustain all the above-mentioned resources. Land-use for human settlements, infrastructure, industry, mineral extraction, agriculture and forestry are some examples.”

The Commission (2005b) formulates the main goal of the strategy as follows as:

“The strategic approach to achieving more sustainable use of natural resources should lead over time to improved resource efficiency, together with a reduction in the negative environmental impact of resource use, so that overall improvements in the environment go hand in hand with growth. The overall objective is therefore to reduce the negative environmental impacts generated by the use of natural resources in a growing economy – a concept referred to as decoupling. In practical terms, this means reducing the environmental impact of resource use while at the same time improving resource productivity overall across the EU economy. For renewable resources this means also staying below the threshold of overexploitation.”

3.4.1.4. River Basin Management and Flood Risks

Water Framework Directive

The European Parliament (2000) formulate for the “water framework directive”:

“The purpose of this Directive is to establish a framework for the protection of inland surface waters, transitional waters, coastal waters and groundwater which:

- (a) Prevents further deterioration and protects and enhances the status of aquatic ecosystems and, with regard to their water needs, terrestrial ecosystems and wetlands directly depending on the aquatic ecosystems;
- (b) Promotes sustainable water use based on a long-term protection of available water resources;



(c) Aims at enhanced protection and improvement of the aquatic environment, inter alia, through specific measures for the progressive reduction of discharges, emissions and losses of priority substances and the cessation or phasing-out of discharges, emissions and losses of the priority hazardous substances;

(d) Ensures the progressive reduction of pollution of groundwater and prevents its further pollution, and

(e) Contributes to mitigating the effects of floods and droughts”

Directive on the assessment and management of flood risks

The European Parliament (2007) formulate “ The purpose of this Directive is to establish a framework for the assessment and management of flood risks, aiming at the reduction of the adverse consequences for human health, the environment, cultural heritage and economic activity associated with floods in the Community.

Directive on the protection of groundwater against pollution and deterioration (2006)

The European Parliament (2006) formulates:

“This Directive establishes specific measures as provided for in Article 17(1) and (2) of Directive 2000/60/EC in order to prevent and control groundwater pollution. These measures include in particular:

(a) criteria for the assessment of good groundwater chemical status; and

(b) criteria for the identification and reversal of significant and sustained upward trends and for the definition of starting points for trend reversals.

Other

Other directives in the water context exist (e.g. EU drinking water directive; EU urban waste water directive; the proposal for a Directive on industrial emissions (integrated pollution prevention and control); preparations for the implementation of the Marine Strategy Framework Directive 2008/56/EC are now underway in the Commission and the Member States).

3.4.1.5. Landscape, cultural heritage

The Aims of the European Landscape Convention (Council of Europe 2000) are formulated as follows:

“The aims of this Convention are to promote landscape protection, management and planning, and to organise European co-operation on landscape issues.”



The preamble of the European Landscape Convention stresses the main reasons to formulate such topic (excerpt from Council of Europe 2000):

- “Considering that the aim of the Council of Europe is to achieve a greater unity between its members for the purpose of safeguarding and realising the ideals and principles which are their common heritage, and that this aim is pursued in particular through agreements in the economic and social fields;
- Concerned to achieve sustainable development based on a balanced and harmonious relationship between social needs, economic activity and the environment;
- Noting that the landscape has an important public interest role in the cultural, ecological, environmental and social fields, and constitutes a resource favourable to economic activity and whose protection, management and planning can contribute to job creation;
- Aware that the landscape contributes to the formation of local cultures and that it is a basic component of the European natural and cultural heritage, contributing to human well-being and consolidation of the European identity.”

3.4.2 Policy measures

According to the EU definition policy measures are a "set of concrete activities that lead to effective implementation of the policy objectives on different levels".

The implementation of environmental policies is a major task of the national legislation. The policies are transformed to national law, technical regulations, critical levels and standards. It's hard to give an overview about the legislative details about policy measures in Europe. Generally the context of EU directives and conventions will be discussed, accepted and signed by the national parliament. Thematic strategies of the EU parliament often used as guidelines for national thematic activities (especially in the context of science and applied sciences and for the formulation of funding programmes).

“A directive is a legislative act of the European Union which requires member states to achieve a particular result without dictating the means of achieving that result. It can be distinguished from European Union regulations which are self-executing and do not require any implementing measures. Directives normally leave member states with a certain amount of leeway as to the exact rules to be adopted. Directives can be adopted by means of a variety of legislative procedures depending on its subject matter”. (wikipedia 2009).



Table 2. Legal status of policies in the EU discussed in 2.4.1 as basis of the formulation of policy measures ((x) in preparation; x signed)

Thematic Area	Directive	Convention	EU Thematic Strategy	EU Action Plan/Action Programme
The Complex of Biodiversity	x		x	x
Soil	(x)			x
Thematic Strategy on the Sustainable Use of Natural Resources			x	x
River Basin Management and Flood Risks, Ground water	x (x)			
Landscape, cultural heritage		x		

Generally for the usage in PRIMA it could be stated that the policies will be transformed into different policy measures by the national states and formulated in detail by the competent authorities of the member states.

Two aspects are of main interest for PRIMA: a) the transformation of the policy themes into programmes, plans and projects and b) the impact assessment studies of the European Commission/European Parliament carried out to clarify the impact of the policy on other policy areas.

3.4.3 Beneficiaries of policy measures

According to the EU definition beneficiaries are a) “public or private bodies or firms and individuals responsible for commissioning works and b) “Public and governmental organisations/institutions responsible for commissioning works (on national, NUTS2, NUTS 3 , LAU2, LAU1 level) and c) the society.

Table 3. Beneficiaries of potential payments related to policies in the EU discussed in 2.4.1 as basis of the formulation of policy measures

Thematic Area	Public and private bodies	Public and governmental organisations/institutions
The Complex of Biodiversity	x	x
Soil	(x)	x
Thematic Strategy on the Sustainable Use of Natural Resources	(x)	x
River Basin Management and Flood Risks, Ground water	x	x



Landscape, cultural heritage	x	x
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In this context the author can not see any general distinction into categories of beneficiaries of the different EU policies. A diverse situation is stated. In general the beneficiaries on the Lau 1 and Lau 2 scale level will be more often public or private bodies. On Nuts level the beneficiaries are more often public and governmental/institutions. The society will have benefits from the better quality of the environment and the reduction of negative health impacts.

3.5 Forest policy

Forests play important role for economic and social life in rural municipalities. They contribute to the quality of life. Forests are important for reaching environmental objectives, particularly with regard to preserving biodiversity, mitigating climate change, preserving water resources, combating erosion and desertification. Forests and development forest-based industries are important source of jobs and economic prosperity in rural areas.

EU forest measures before 1998 were piecemeal and fragmented. EU Forestry Strategy was adopted in 1998⁷. It “emphasises the importance of the multifunctional role of forests and sustainable forest management based on their social, economic, environmental, ecological and cultural functions for the development of society and, in particular, rural areas and emphasises the contribution forests and forestry can make to existing Community policies”, and “identifies as substantial elements of this common Forestry Strategy the contribution of existing and future measures at Community level for the implementation of a Forestry Strategy and for the support of the Member States with regard to sustainable forest management and the **multifunctional role** of forests, protection of forests, development and maintenance of rural areas, forest heritage, biological diversity, climate change, use of wood as a renewable source of energy etc., while avoiding market distorting measures;”, and “identifies the need for better integration of forests and forest products in all sectoral common policies, like the Common Agricultural Policy, the Environment, Energy, Trade, Industry, Research, Internal Market and Development Cooperation policies, in order to take into account both the contribution of forests and forest products to other policies and the impacts of other policies on forests and forest products, with the aim of guaranteeing the required consistency of a holistic approach towards sustainable forest management”.

The analysis of its implementation and outputs show that the sector faces new challenges – globalization and competitiveness and economic viability of forest sector in the global market; protection and sustainable management of forests; cross-sectoral cooperation and and coordination between forest

⁷ OJ C 56, 26.2.1999



policy and other policy areas⁸. Forest Action Plan (FAP) was developed in 2006⁹. Building on the Council Resolution of 15 December 1998 on a forestry strategy for the European Union, the Action Plan provides a framework for forest-related actions at Community and Member State level and serves as an instrument of coordination between Community actions and the forest policies of the Member States¹⁰. The overall objective of the EU Forest Action Plan is to support and enhance sustainable forest management and the multifunctional role of forests. It is based on the following principles:

- national forest programmes as a suitable framework for implementing international forest-related commitments;
- the increasing importance of global and cross-sectoral issues in forest policy, calling for improved coherence and coordination;
- the need to enhance the competitiveness of the EU forest sector and good governance of EU forests;
- respect for the principle of subsidiarity.

It aims to provide a coherent framework for implementing forest-related measures and to serve as an instrument of coordination between what the EU does and the forest policies of its 27 Member States¹¹. FAP covered period 2007 -2011.

3.5.1 Objectives

EU Forest policy encompasses following objectives:

- Improving long-term competitiveness;
- Improving and protecting the environment;
- Contributing to the quality of life;
- Fostering coordination and communication.

Measures and actions in the FAP are based on the following principles:

⁸ see: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2005:0084:FIN:EN:PDF>

⁹ COM(2006) 302 final – see http://ec.europa.eu/agriculture/fore/action_plan/com_en.pdf

¹⁰ Communication from the Commission to the Council and the European Parliament on an EU Forest Action Plan {SEC(2006) 748}. Brussels, 15.6.2006. COM(2006) 302 final.

¹¹ The EU Forest Action Plan. EC, DG Agriculture and Rural Development. <<http://ec.europa.eu/agriculture/>>



- National forest programmes as a suitable framework for implementing international forest-related commitments;
- Global and cross-sectoral issues in forest policy, calling for improved coherence and coordination of EU actions;
- The need to enhance the competitiveness of the EU forest sector and good governance of EU forests;
- Respect for the principle of subsidiarity (meaning decisions are taken as close as possible to the operational level);
- Specific approaches and actions are appropriate for different types of forests.

The European Agricultural Rural Development Fund (EARDF) is the main financial instrument supporting implementation of the FAP. Financial support from the EU for forestry measures in the context of rural development for the period 2007-2013, not including additional funding directly by Member States, amounted to EUR 9-10 billion (around 10% of the total EARDF contribution to rural development measures).

3.5.2 Policy measures

FAP contains 18 key actions. In order to achieve these objectives, the European Commission developed the FAP work programme in cooperation with the main stakeholders. This programme is updated annually in cooperation with the Member States. Key actions of the FAP are summarized in Table 4.

Table 4. Key actions of FAP

Objectives	Actions
1. Improving long-term competitiveness	1. Examine the effects of globalisation on the economic viability and competitiveness of EU forestry 2. Encourage research and technological development to enhance the competitiveness of the forest sector 3. Exchange and assess experiences on the valuation and marketing of non-wood forest goods and services 4. Promote the use of forest biomass for energy generation 5. Foster the cooperation between forest owners and enhance education and training in forestry
1. Improving and protecting the environment	6. Facilitate EU compliance with the obligations on climate change mitigation of the UNFCCC and its Kyoto Protocol and encourage adaptation to the effects of climate change 7. Contribute towards achieving the revised Community biodiversity objectives for 2010 and beyond 8. Work towards a European Forest Monitoring System 9. Enhance the protection of EU forests
2. Contributing	10. Encourage environmental education and



to the quality of life	information 11. Maintain and enhance the protective functions of forests 12. Explore the potential of urban and peri-urban forests
3. Fostering coordination and communication	13. Strengthen the role of the Standing Forestry Committee 14. Strengthen coordination between policy areas in forest-related matters 15. Apply the open method of coordination (OMC) to national forest Programmes 16. Strengthen the EU profile in international forest-related processes 17. Encourage the use of wood and other forest products from sustainably managed forests 18. Improve information exchange and communication

Under rural development policy support is available, *inter alia*, for the first afforestation of agricultural land, the first establishment of agri-forestry systems on agricultural land, and the first afforestation of non-agricultural land. Natura 2000 payments can compensate private forest owners for costs incurred and income foregone, while support is also available for actions to restore and protect forestry potential.

3.5.3 Beneficiaries

- Public institutions and organizations
- Physical persons
- Entities

3.6 Tourism policy

Tourism plays an important role in the development of the vast majority of European regions. Infrastructure created for tourism purposes contributes to local development, and jobs are created or maintained even in areas in industrial or rural decline, or undergoing urban regeneration. Sustainable tourism plays a major role in the preservation and enhancement of the cultural and natural heritage in an ever expanding number of areas, ranging from arts to local gastronomy, crafts or the preservation of biodiversity¹². This in turn impacts in a positive way on employment and growth creation.

¹² The European Sustainable Development Strategy 2005 – 2010. See: http://europa.eu.int/comm/sustainable/sds2005-2010/index_en.htm



3.6.1 Objectives

The Commission adopted in March 2006 a renewed Tourism Policy¹³ with the main objective to contribute to "improving the competitiveness of the European tourism industry and creating more and better jobs through the sustainable growth of tourism in Europe and globally". The *"Agenda for a sustainable and competitive European tourism"* adopted in October 2007 aims to *"deliver economic prosperity, social equity and cohesion and environmental and cultural protection"*. The Tourism Policy aims to achieve right balance between the welfare of tourists, the needs of the natural and cultural environment and the development and competitiveness of destinations and businesses requires an integrated and holistic policy approach where all stakeholders share the same objectives

The Commission has foreseen the possibility of funding sustainable tourism-related projects through the European Regional Development Fund (ERDF)¹⁴, in support of socio-economic development. Under the "Convergence" the "Competitiveness and employment" and the "European territorial cooperation" objectives, ERDF shall support more sustainable patterns of tourism to enhance cultural and natural heritage, develop accessibility and mobility related infrastructure and to promote ICT, innovative SMEs, business networks and clusters, higher value added services, joint cross-border tourism strategies and inter-regional exchange of experience.

Rural areas have become more attractive and offer many environmental amenities, thus making, the last decades, rural tourism an important source of diversification of the rural economy, well integrated with farming activities. This may become an important opportunity for new Member States and candidate countries. The new European Agricultural Fund for Rural Development will provide support for:

- Improving the quality of agricultural production and products;
- Improving the environment and the countryside;
- Encouraging tourist activities as part of the diversification of the rural economy objective.
- Studies and investments associated with the maintenance, restoration and upgrading of the cultural heritage.

The new proposed European Fisheries Fund (EFF) introduces as a new priority theme "the sustainable development of fisheries areas". It aims to alleviate the socio-economic effects of the restructuring of the fisheries sector and to regenerate fisheries-dependent areas through diversification and the creation of employment alternatives. One of the areas to which fishermen may redirect their activities is eco-tourism. Small-scale fisheries and tourism

¹³ COM(2006) 134 final of 17.03.2006

¹⁴ See: http://europa.eu.int/comm/regional_policy/index_en.htm



infrastructure will also be supported through the EFF. The Fund also supports schemes for retraining in occupations, besides sea fishing, which may relate to tourism.

3.6.2 *Policy measures*

The elaboration and implementation of a European Agenda 21 for tourism is a long-term process. Further to this work the Commission plans specific actions promoting the economic and social sustainability of the European tourism such as^{15 16}:

- To identify national and international measures to support tourism-related SMEs and set up a good practice exchange process.
- To evaluate the economic impact of better accessibility in the tourism sector on macroeconomic growth and employment, business opportunities for SMEs, the quality of services and competitiveness.
- Facilitating the exchange of ‘tourism for all’ good practice.
- Publishing a handbook on ‘How to set up Learning Areas in the Tourism sector’ in order to support the upgrading of skills in the tourism sector with the involvement of all stakeholders.
- Studying employment trends in coastal and sea-related tourism sectors.
- Developing official statistics and commissioning e-Business Watch studies to assess future implications and impact of e-business on the tourism industry.
- Continuation of its initiatives and collaboration with the Member States, the industry and the World Tourism Organisation in order to combat the sexual exploitation of children, especially when such crimes are committed by tourists

3.6.3 *Beneficiaries*

Community institutions, national administrations, professional organisations, employers and employees, NGOs and researchers, should build up partnerships at all levels to improve the competitiveness and

¹⁵ COMMUNICATION FROM THE COMMISSION. Agenda for a sustainable and competitive European tourism. Brussels, 19.10.2007. COM(2007) 621 final

¹⁶ Report of the Tourism Sustainability Group “Action for more sustainable European Tourism”, February 2007, p. 3-4



demonstrate the importance of European tourism. The development of the collaboration and partnerships in the framework of the renewed policy can be reviewed regularly during the European Tourism Forums

4 COMPARATIVE ASSESSMENT OF EU POLICIES

The objectives of the study are to provide elements of analysis on the potential effects of the policies on the multifunctional character of the activities, in support for the elaboration of scenarios and the participative debates planned in the case studies of PRIMA.

4.1 Methodology

The applied approach for analysis consists of following steps:

Step 1. Elaboration of assessment matrix. The matrix consists of policy measures and areas of impact. As it is discussed in Section 2, multifunctionality, as a policy concept, fulfils three specific functions: economic, environment and social, and is a prerequisite and precondition for sustainable rural development. From these three aspects the assessment will be applied.

The policy framework within which multifunctionality of land use is realized is determined by the three EU policies, namely Cohesion Policy, Rural Development Policy and Enlargement Policy. Three of the case study sites (in Czech Republic, Bulgaria and Croatia) were/are influenced by the financial instruments of the Enlargement policies (PHARE, SAPARD, ISPA, IPA). Two of them - Bulgaria and Czech Republic, are beneficiaries of the Cohesion and Rural Development Policies. Part of the measures and actions in the Rural Development Plans (2000 -2006 and 2007 -2013) are follow-up of the Pre-accession policies (mainly SAPARD). Croatia is a candidate-member state, thus the Enlargement policy will be assessed for the period 2007-2013.

Assessment and appraisal of multifunctionality have to be conducted at two levels – NUTS2 and NUTS3 (considering no threshold effects from municipality to upper levels). It is specified in DoW that we will go further – at LAU1/LAU2 level. One of the limitations will be information and data at LAU2 level. The analysis and assessment will be conducted on the basis of all available (public) information despite scarce data at LAU1 and LAU2 level. Assessment of the potential impact of EU policies at LAU faces “technical impediments”. At LAU 2 level there are not strategic and planning documents closely linked to the implementation of EU policies at local level. The lowest level on which such documents are elaborated is LAU1 (and this is not valid for all countries – i.e. Croatia).

Step 2. Identification of areas of potential impact in each domain/area. Three areas/domains of impact are defined – economic, social and environment. These impact areas correspond to the functions that multifunctionality exercises. Actually, potential impact in *economic functions*



is expected in production of commodities; provision of monetary income and access to consumer markets; food safety (quality and maintaining productive potential); diversification or rural activities (through development of new activities related to farming). Potential impact in *social functions* is expected in establishment and maintenance of social ties; keeping young generations in rural areas; decreasing the migration to urban areas; improving age structure of farmers; preserving and maintaining cultural capital; preservation of rural communities and the status of each individual within those communities. Potential impact in environmental function is expected in environmental protection; ecological/bio – farming; aforestation of rural areas; preserving biodiversity; preserving natural resources.

For the purposes of analysis, impact assessment matrix is developed. Potential impact of EU policies is assessed in three domains – economic, social and environment. In each domain expected effects are assessed by experts from the viewpoint of multifunctionality.

Potential impact in economic domain is assessed in the following areas (expertise from working groups in the project, see step3):

- Diversity of products
- Contribution to income from agriculture
- Quality of products
- Development of non agricultural activities
- Processing of dairy or meat products
- Services
- Contribution to income from forestry
- Utilization of timber and non-timber forest resources
- Contribution to the income generation from tourism
- Farm size
- Land use
- Modernisation of farms

Potential impact in social domain is assessed in the following areas:

- Contribution to employment
- Contribution to rural viability
- Animal welfare cultural heritage
- Provision of recreational areas
- Decreased/stopped migration outflow
- Migration inflow to rural areas
- Job opportunities
- Contribution to income
- Improved age structure

Potential impact in environmental domain is assessed in the following areas:

- Provision of recreational areas
- Water conservation
- Soil conservation
- Improvement of Agricultural Landscapes
- Contribution to air quality



- Use of renewable resources
- Supply of renewable energies
- Energy use reduction in horticulture, manure processing
- Reduction of ammonia emission in intensive livestock production
- Biodiversity
- Diversification of activities towards ecological production

Step 3. Assessment of potential impact of EU policies on multifunctionality. Assessment is based on evaluation leads by PRIMA researchers, bearing on the different available competences. Three possible values are determined – “yes = potential impact”; “neutral = neither positive nor negative impact, keeping the status quo”; “no = no impact”. The evaluation is based on existing policy and strategic documents on national and regional level. The expert’s assessment is qualitative.

Step 4. Calculation the potential impact and ranking the policy measures/submeasures by ABC method (inventory management method that categorizes items in terms of importance)¹⁷ To assess the potential impact of the EU policies on multifunctional land use/landscape ABC method is applied. ABC method categorizes policy measures in terms of their importance. Thus, more emphasis is placed on higher impact measures (‘A’s) than on lesser impact measures (‘B’s), while the least important measures (‘C’s) receive the least attention.

The procedure for ABC analysis follows: (1) Separate measures and submeasures into types; (2) Calculate the potential impact for each measure/submeasure on the basis of experts evaluations – scoring, without any weight (3) Rank each measure from highest to lowest, based on total score. (4) Classify the measures as A-the top 20% (of the total score); B-the next 30%; and C-the last 50%.

The methodology is visualized on Figure 3.

¹⁷ Inventory management method that categorizes items in terms of importance. The method is used to group according their importance qualitative indicators. In PRIMA project ABC method is used to list policy measures in descendent order. The procedure for ABC analysis follows:

- (1) Group policy measures in three domains: social, economic and environment
- (2) Assess the importance/weight of each measure according to the expected outputs and impact on multifunctional activities in rural areas.
- (3) Rank the measures in a descendent order - from the highest to the lowest. Ranking range : A- top 20 % (importance from 80 to 100); B – next 40% (importance from 50 to 80); C – next 40 % (importance from 0 to 50).

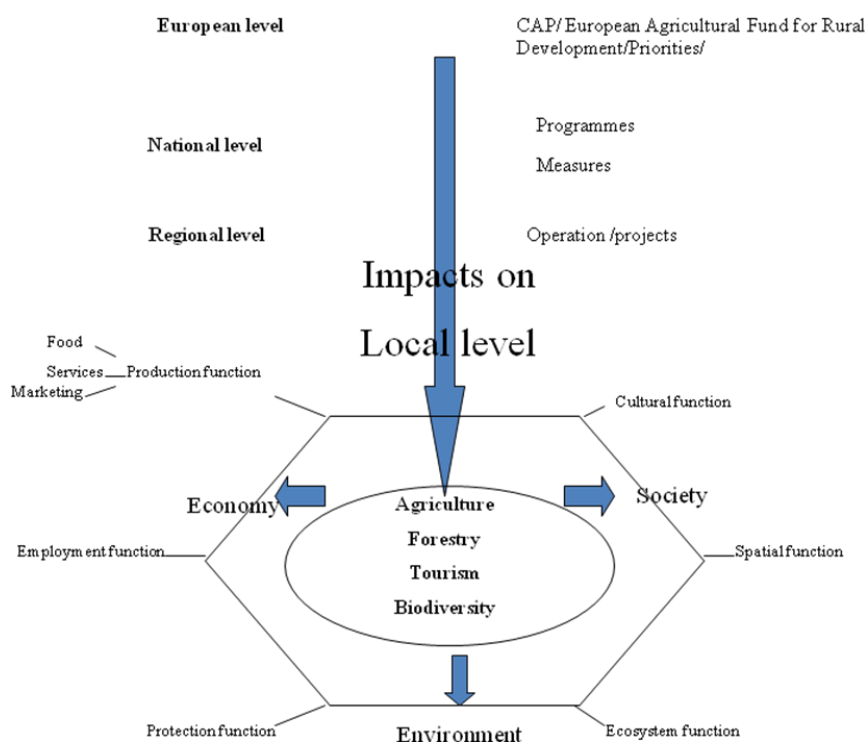


Figure 3. Impact flow of EU policies

4.2 Results

4.2.1 IPA impact on multifunctionality

Instrument for Pre-Accession Assistance in the PRIMA project is valid for Croatia. There are five priorities, detailed in measures and submeasures.

From the documents, the highest impact IPA measures have on the development of non agricultural activities (87,5%); followed by land use and utilization of timber and non-timber forest resources (79,2%), and on the third place farm modernization, contribution to the income generation from tourism and quality of products -75 %. IPA measures will have significant influence on economic domain and areas of potential impact – in eleven of cases the score is above 60 %. The only area in economic domain that will not be influenced is the farm size. According to the expert's evaluation in 54% of case there will be keeping the status quo versus 42 % of cases where experts expect positive influence. If we compare preserving the farm size and positive impact on land use (more active, stimulation of land use) we can conclude that land will be used more intensively in other sectors for production of commodity and non-commodity products.

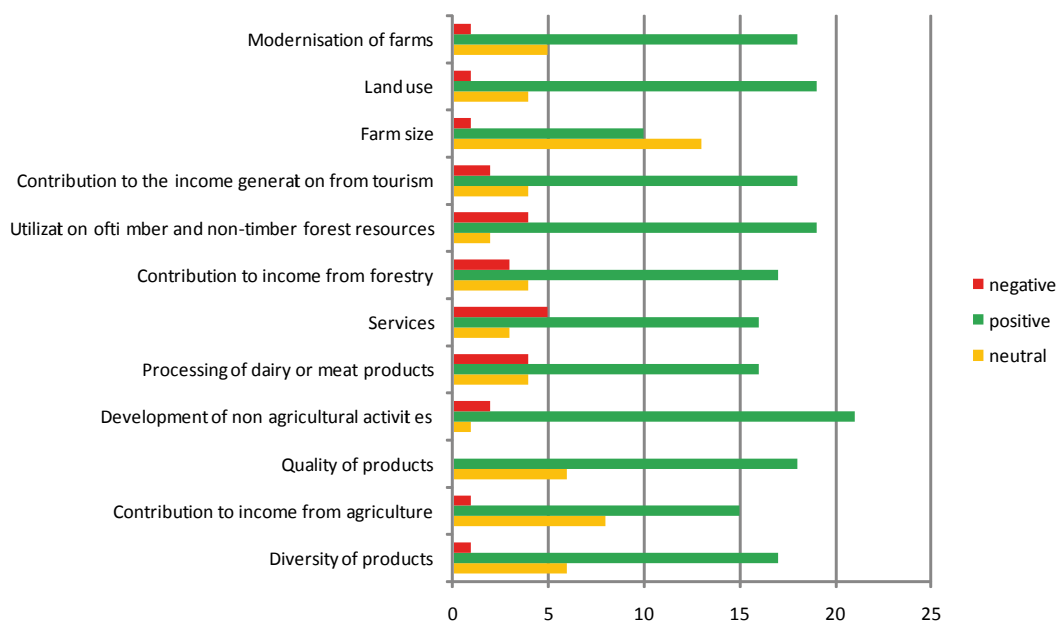


Figure 4. Potential impact of IPA on economic domain

Three of submeasures are expected to have 100 % positive impact on multifunctionality - 3.2.1. Improving the investment opportunities; 3.2.2. Transfer of technology and incentives for new enterprises; 4.3.3. Strengthening institutions in vocational education and education of adults (Figure5). On the second place are five measures and their potential impact is scored to 91,67 % - 1.3. Developing capacities of NGOs for monitoring the harmonisation with the AC in the field of natural resource management and regional sustainable development; 2.1.1. Tourism and rural development measures; 2.1.2. Development of entrepreneurship; 4.3.1. Further development of Croatian Qualification Framework; 5.2.2. Preparation and implementation of local rural development strategies. On the third place are four submeasures - 2.2.1. Environmental protection measures; 3.1.1. Investments in business infrastructure; 5.3.1. Improvement of rural infrastructure; 5.3.2. Diversification and development of rural activities.



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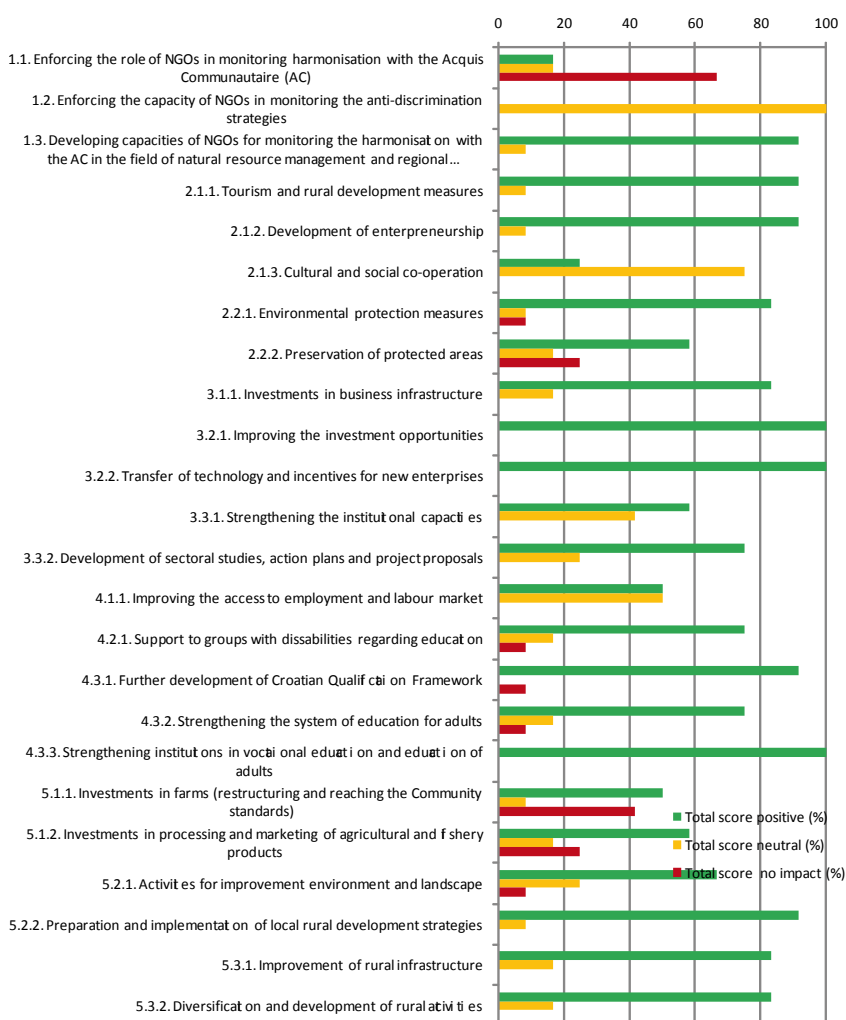


Figure 5. IPA: Potential impact of different measures on economic domain

Prioritization of submeasures of IPA is given in Table 5. Fifty percent of measures have positive impact on economic domain of multifunctionality more than 80 %. The outputs of their implementation will contribute to multifunctional land use and multifunctional landscape. Other 37,5 % have positive impact between 59 and 80 %. Thus the IPA measures, despite their diversity and focus, will have positive impact on multifunctionality.



Table 5. Ranking of IPA submeasures according to their positive potential impact on economic domain

A >80 %	1.3. Developing capacities of NGOs for monitoring the harmonisation with the AC in the field of natural resource management and regional sustainable development
	2.1.1. Tourism and rural development measures
	2.1.2. Development of entrepreneurship
	2.2.1. Environmental protection measures
	3.1.1. Investments in business infrastructure
	3.2.1. Improving the investment opportunities
	3.2.2. Transfer of technology and incentives for new enterprises
	4.3.1. Further development of Croatian Qualification Framework
	4.3.3. Strengthening institutions in vocational education and education of adults
	5.2.2. Preparation and implementation of local rural development strategies
	5.3.1. Improvement of rural infrastructure
5.3.2. Diversification and development of rural activities	
B 50 - 80 %	2.2.2. Preservation of protected areas
	3.3.1. Strengthening the institutional capacities
	3.3.2. Development of sectoral studies, action plans and project proposals
	4.1.1. Improving the access to employment and labour market
	4.2.1. Support to groups with disabilities regarding education
	4.3.2. Strengthening the system of education for adults
	5.1.1. Investments in farms (restructuring and reaching the Community standards)
	5.1.2. Investments in processing and marketing of agricultural and fishery products
5.2.1. Activities for improvement environment and landscape	
C <50 %	1.1. Enforcing the role of NGOs in monitoring harmonisation with the Acquis Communautaire (AC)
	1.2. Enforcing the capacity of NGOs in monitoring the anti-discrimination strategies
	2.1.3. Cultural and social co-operation

The highest impact IPA measures have on the *contribution to rural viability (83 %)*, followed by *contribution to income and job opportunities (70,83%)*.



Interesting is the fact that employment will not affect multifunctional land use. While migration into to rural areas is in a neutral position .

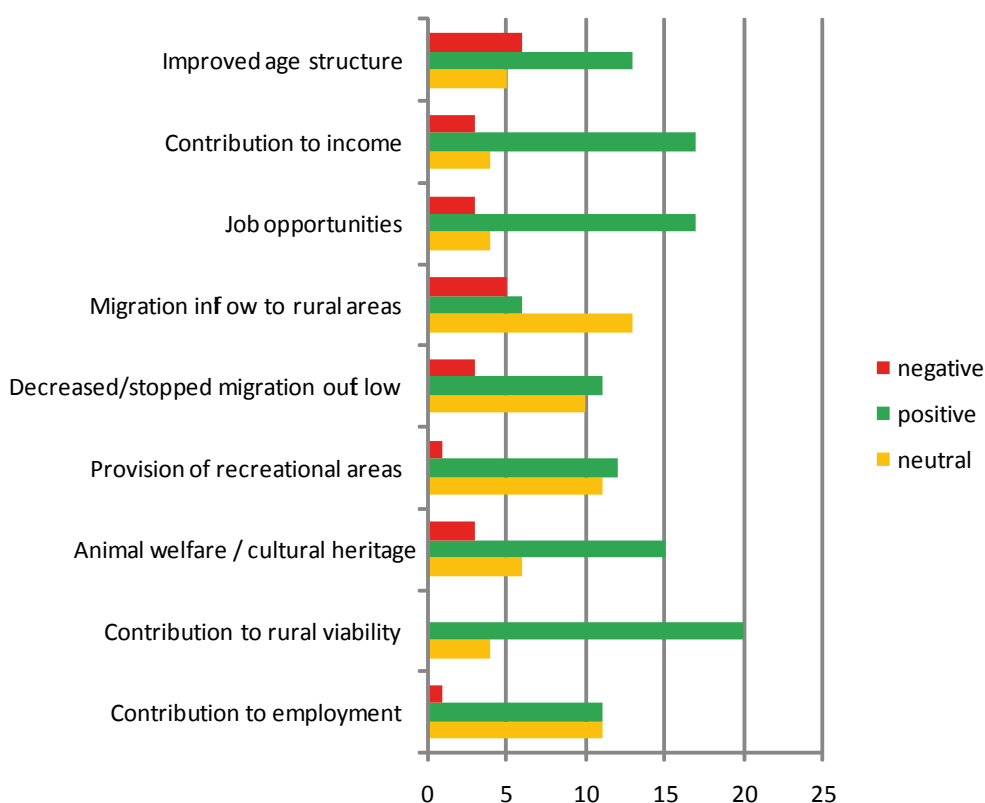


Figure 6. Potential impact of IPA on social domain

Four measures have no impact on social domain of multifunctionality - 2.1.3. Cultural and social co-operation; 2.2.1. Environmental protection measures; 2.2.2. Preservation of protected areas; 1.3. Developing capacities of NGOs for monitoring the harmonisation with the AC in the field of natural resource management and regional sustainable development. The most important measure is - 5.2.2. Preparation and implementation of local rural development strategies with 100 %.. Submeasures - 5.3.2. Diversification and development of rural activities; 5.1.1. Investments in farms (restructuring and reaching the Community standards); 3.2.2. Transfer of technology and incentives for new enterprises; 3.2.1. Improving the investment opportunities have respectively 88,9 % and 77,8 %. (Figure 7).

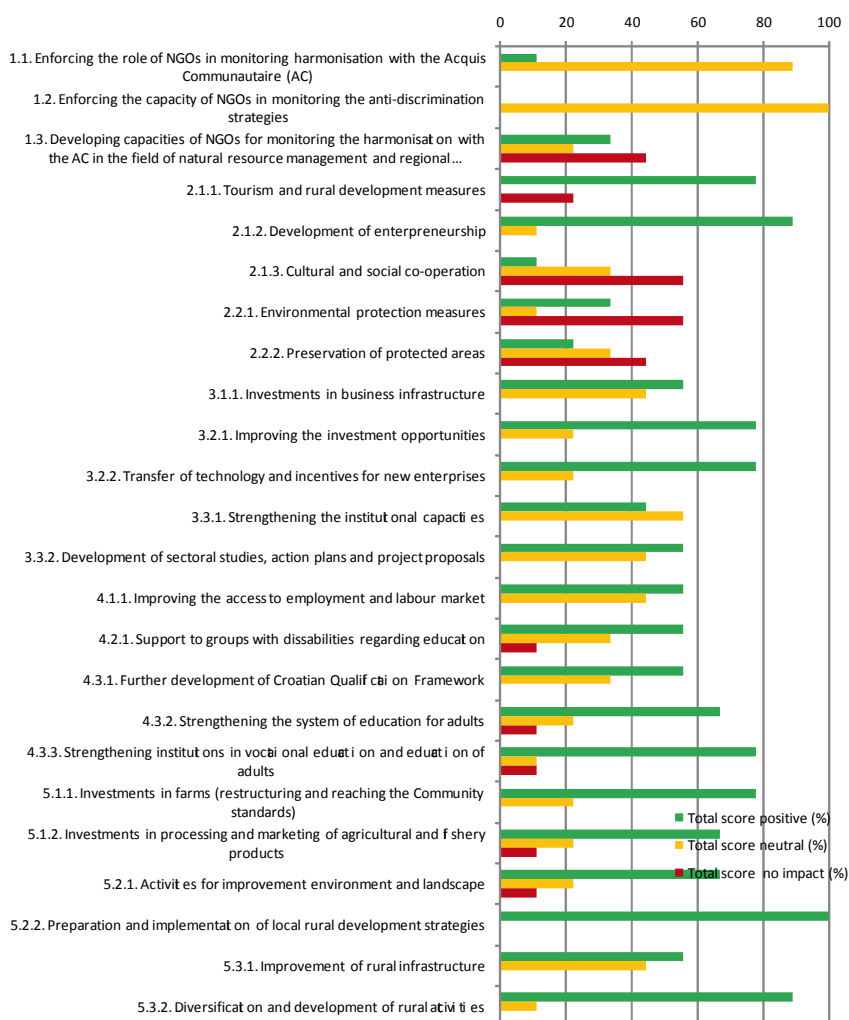


Figure 7. IPA: Potential impact of different measures on social domain

Only three measures have potential positive impact over 80 % on social domain. 55% of measures are in group B with impact between 50 and 80 %. The rest are in groups C with impact below 50 %.

IPA will have moderate impact on social domain.



Table 6. Ranking of IPA submeasures according to their positive potential impact on social domain

A >80 %	2.1.2. Development of entrepreneurship
	5.2.2. Preparation and implementation of local rural development strategies
	5.3.2. Diversification and development of rural activities
B 50 - 80 %	3.1.1. Investments in business infrastructure
	3.3.2. Development of sectoral studies, action plans and project proposals
	4.1.1. Improving the access to employment and labour market
	4.2.1. Support to groups with disabilities regarding education
	4.3.1. Further development of Croatian Qualification Framework
	4.3.2. Strengthening the system of education for adults
	4.3.3. Strengthening institutions in vocational education and education of adults
	5.1.1. Investments in farms (restructuring and reaching the Community standards)
	5.1.2. Investments in processing and marketing of agricultural and fishery products
	5.2.1. Activities for improvement environment and landscape
	5.3.1. Improvement of rural infrastructure
C <50 %	1.1. Enforcing the role of NGOs in monitoring harmonisation with the <i>Acquis Communautaire</i> (AC)
	1.3. Developing capacities of NGOs for monitoring the harmonisation with the AC in the field of natural resource management and regional sustainable development
	2.1.3. Cultural and social co-operation
	2.2.1. Environmental protection measures
	2.2.2. Preservation of protected areas
	3.3.1. Strengthening the institutional capacities

Use of renewable resources and Diversification of activities towards ecological production have the highest neutral impact on environment domain. In the rest of areas it is observed relative balance among positive and neutral impact. (Figure 8). Measures under Regional Development Priority will have positive impact on multifunctionality, while those under priority Human Resource Development – have neutral impact. Two measures under priority Rural Development - *5.2.1. Activities for improvement environment and landscape* and *5.2.2. Preparation and implementation of local rural development strategies* are evaluated with 100 % positive potential impact . (Figure 9). Ranking of IPA measures according to their positive potential impact on the environment domain is given in Table 7.

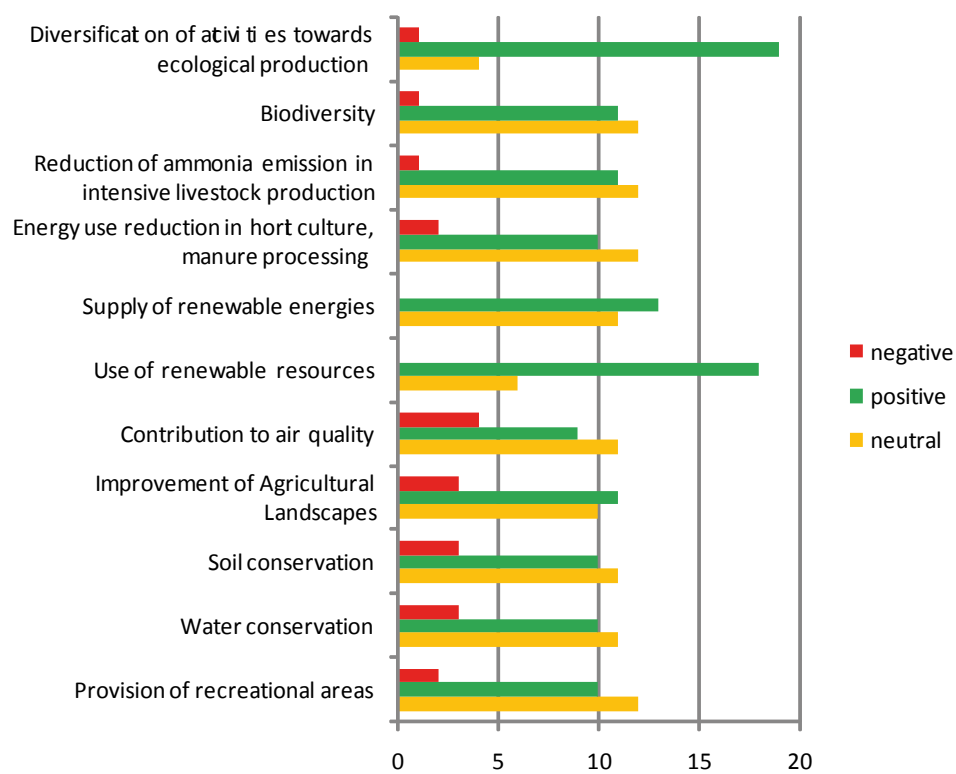


Figure 8. Potential impact of IPA on environment domain



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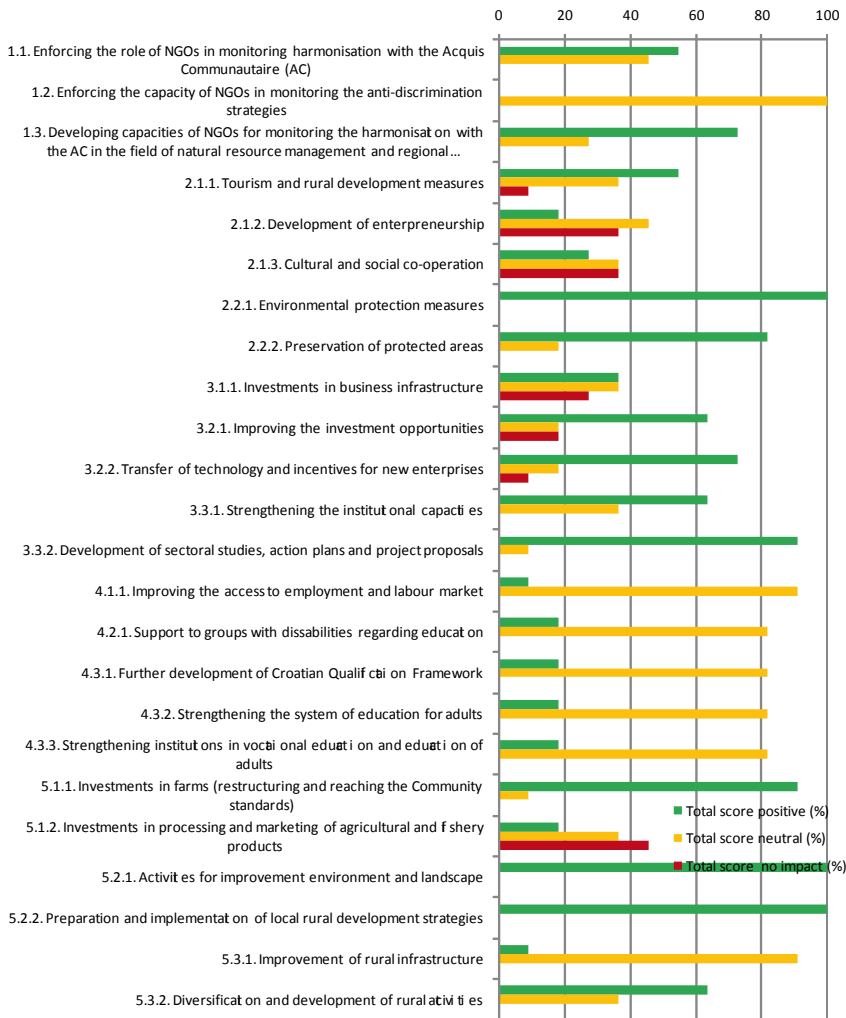


Figure 9. IPA: Potential impact of different measures on environment domain



Table 7. Ranking of IPA submeasures according to their positive potential impact on environment domain

A >80 %	2.2.1. Environmental protection measures
	2.2.2. Preservation of protected areas
	5.1.1. Investments in farms (restructuring and reaching the Community standards)
	5.2.1. Activities for improvement environment and landscape
	5.2.2. Preparation and implementation of local rural development strategies
B 50 - 80 %	1.1. Enforcing the role of NGOs in monitoring harmonisation with the Acquis Communautaire (AC)
	1.1. Enforcing the role of NGOs in monitoring harmonisation with the Acquis Communautaire (AC)
	2.1.1. Tourism and rural development measures
	3.2.1. Improving the investment opportunities
	3.2.2. Transfer of technology and incentives for new enterprises
	3.3.1. Strengthening the institutional capacities
	3.3.2. Development of sectoral studies, action plans and project proposals
	5.3.2. Diversification and development of rural activities
C <50 %	1.2. Enforcing the capacity of NGOs in monitoring the anti-discrimination strategies
	2.1.2. Development of entrepreneurship
	2.1.3. Cultural and social co-operation
	3.1.1. Investments in business infrastructure
	4.1.1. Improving the access to employment and labour market
	4.2.1. Support to groups with disabilities regarding education
	4.3.2. Strengthening the system of education for adults
	4.3.3. Strengthening institutions in vocational education and education of adults
	5.1.2. Investments in processing and marketing of agricultural and fishery products
5.3.1. Improvement of rural infrastructure	

Complex impact assessment of IPA measures and their ranking are given on Figure 10 and Table 8.



Prototypical Policy Impacts on Multifunctional Activities in rural municipalities

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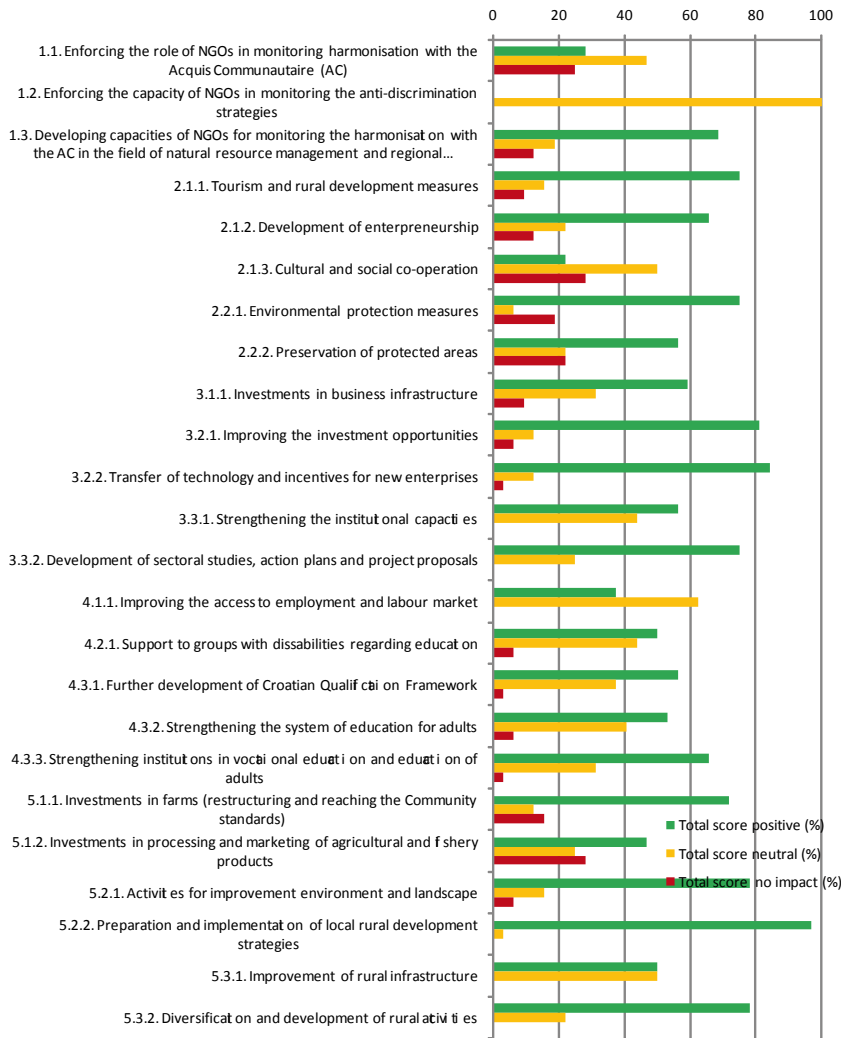


Figure 10. Complex impact assessment of IPA measures

Table 8. Ranking of IPA measures according to their complex positive impact

A >80 %	3.2.1. Improving the investment opportunities
	3.2.2. Transfer of technology and incentives for new enterprises
	5.2.2. Preparation and implementation of local rural development strategies
B 50 - 80 %	1.3. Developing capacities of NGOs for monitoring the harmonisation with the AC in the field of natural resource management and regional sustainable development
	2.1.1. Tourism and rural development measures
	2.1.2. Development of entrepreneurship
	2.2.1. Environmental protection measures
	2.2.2. Preservation of protected areas



	3.1.1. Investments in business infrastructure
	3.3.1. Strengthening the institutional capacities
	3.3.2. Development of sectoral studies, action plans and project proposals
	4.3.1. Further development of Croatian Qualification Framework
	4.3.2. Strengthening the system of education for adults
	4.3.3. Strengthening institutions in vocational education and education of adults
	5.1.1. Investments in farms (restructuring and reaching the Community standards)
	5.2.1. Activities for improvement environment and landscape
	5.3.2. Diversification and development of rural activities
C <50 %	1.1. Enforcing the role of NGOs in monitoring harmonisation with the Acquis Communautaire (AC)
	1.2. Enforcing the capacity of NGOs in monitoring the anti-discrimination strategies
	2.1.3. Cultural and social co-operation
	4.1.1. Improving the access to employment and labour market
	4.2.1. Support to groups with disabilities regarding education
	5.1.2. Investments in processing and marketing of agricultural and fishery products
	5.3.1. Improvement of rural infrastructure

4.2.2 Rural Development Policy

Assessment of potential impact of the Rural Development Policy (RDP) is done by assessing complex impact of axes measures. It is observed diversity of measures and submeasures in each country. Country results are presented below:

A. FRANCE

Ten percent of all measures have/will have very high impact (>80 %) on multifunctionality - Measure 111 A : Training of workers from agricultural, forestry and agrifood sectors; Measure 331 : Training and information; Measure 411,412,413. Implementing local development strategy; Measure 421. Inter-Territorial and Trans-National Cooperation; Measure 431. Running the Local Action Group, Acquiring Skills and Animating the Territory. One-fourth of measures potentially will influence multifunctionality between 50% and 80 % - Measure 111 B : Information and diffusion of scientific knowledge and innovative practices; Measure 121 A2 :



Mechanisation in mountain areas; Measure 121 C2 : Investment in the CUMA; Measure 121 C4 : Investment for transformation at the farm level; Measure 121 C7 : support for agricultural production diversification; Measures 211 / 212 : Payments intended for the farmers located in mountainous areas which aim at compensating for natural handicaps – ICHN; Measure 214-A : Agro-Environmental grass premium (PHAE) (national base); Measure 214-D : Organic farming - Conversion ; Measure 214 E : Organic farming - Maintain ; Measure 216 : Support for non productive investment; Measure 226-A : Work of reconstitution of the forest plantations disaster victims by the storms of 1999 and by other natural events (national base); Measure 341-B : Local development strategies apart of the forest-wood chain. Prevalent part of measures (65 %) have average impact (<50%) on multifunctionality. Ranking of measures from different axes is given in Tables 9 – 12.

France: Positive complex impacts of Axis 1 measures



Figure 11. France: Potential complex impact of measures from Axis1, RDP, on multifunctionality



Table 9. France: Ranking of measures from Axis1,RDP, according their positive impact on multifunctionality

Axis 1	A > 80 %	Measure 111 A : Training of workers from agricultural, forestry and agrifood sectors
	B 50 - 80 %	Measure 111 B : Information and diffusion of scientific knowledge and innovative practices
		Measure 121 A2 : Mechanisation in mountain areas
		Measure 121 C2 : Investment in the CUMA
		Measure 121 C4 : Investment for transformation at the farm level
		Measure 121 C7 : support for agricultural production diversification
	C <50 %	Measure 112 : setting up of Young Farmers
		Measure 121 A1 : Modernization plan of the livestock buildings (PMBE)
		Measure 121 A2 : Mechanisation in mountain areas
		Measure 121 A2 : Mechanisation in mountain areas
		Measure 121 C3 : Young farmers investment
		Measure 121 C5 : Investment linked to quality approach
		Measure 122 A : Improvement of the existing forest plantation
		Measure 122 B : Work of afforestation of old coppices, coppice under grove, or of groves of poor quality, work of conversion of coppice or coppice under grove into grove
		Measure 123 A : Investments in the agrifood companies
		Measure 123 B : Equipment of companies for mobilization of the forest products
		Measure 124 : Co-operation for the development of new products, processes and technologies in the agricultural and food sectors
		Measure 125 A : Forest service road
		Measure 125 B : Support for collective water reserves or of substitution
		Measure 125 C : Support to other infrastructures of the agricultural sector
Measure 132 : Encourage the farmers participation in modes of food quality		
Measure 133 : Support for the activities of information and promotion for the products being the subject of modes of food quality		



France: Complex impact of Axis 2 measures , RDP

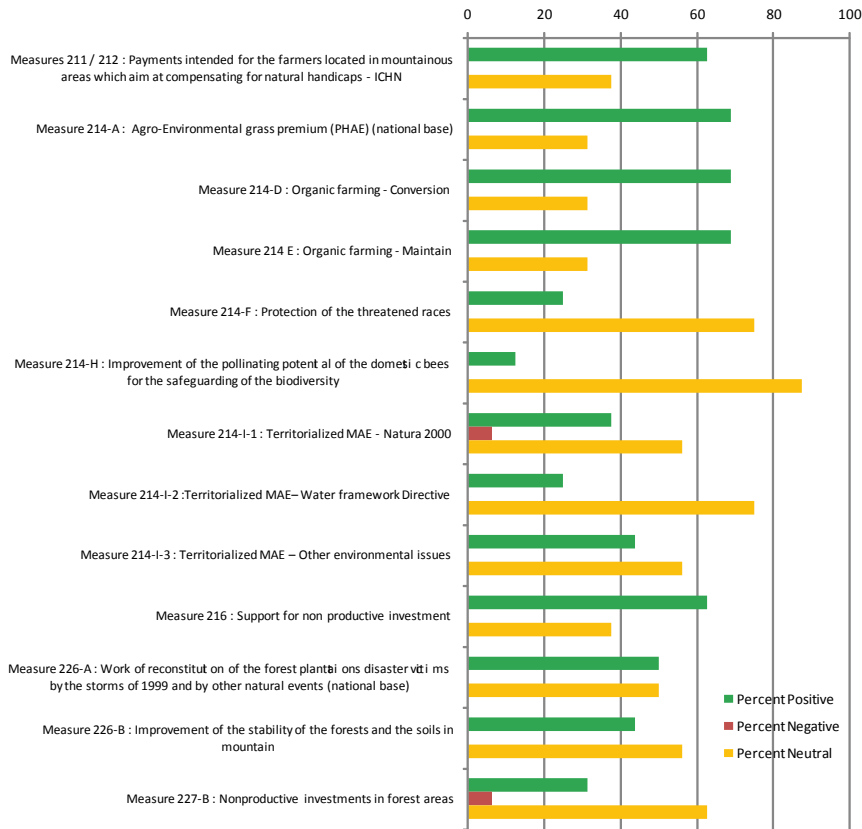


Figure 12. France: Potential complex impact of measures from Axis 2, RDP, on multifunctionality

Table 10. France: Ranking of measures from Axis 2,RDP, according their positive impact on multifunctionality

Axis 2	A > 80 %	
	B 50 - 80 %	Measures 211 / 212 : Payments intended for the farmers located in mountainous areas which aim at compensating for natural handicaps - ICHN
		Measure 214-A : Agro-Environmental grass premium (PHAE) (national base)
		Measure 214-D : Organic farming - Conversion
		Measure 214 E : Organic farming - Maintain
		Measure 216 : Support for non productive investment
		Measure 226-A : Work of reconstitution of the forest plantations disaster victims by the storms of 1999 and by other natural events (national base)
	C < 50 %	Measure 214-F : Protection of the threatened races
		Measure 214-H : Improvement of the pollinating potential of the domestic bees for the safeguarding of the biodiversity
		Measure 214-I-1 : Territorialized MAE - Natura 2000



	Measure 214-I-2 :Territorialized MAE– Water framework Directive
	Measure 214-I-3 : Territorialized MAE – Other environmental issues
	Measure 226-B : Improvement of the stability of the forests and the soils in mountain
	Measure 227-B : Nonproductive investments in forest areas

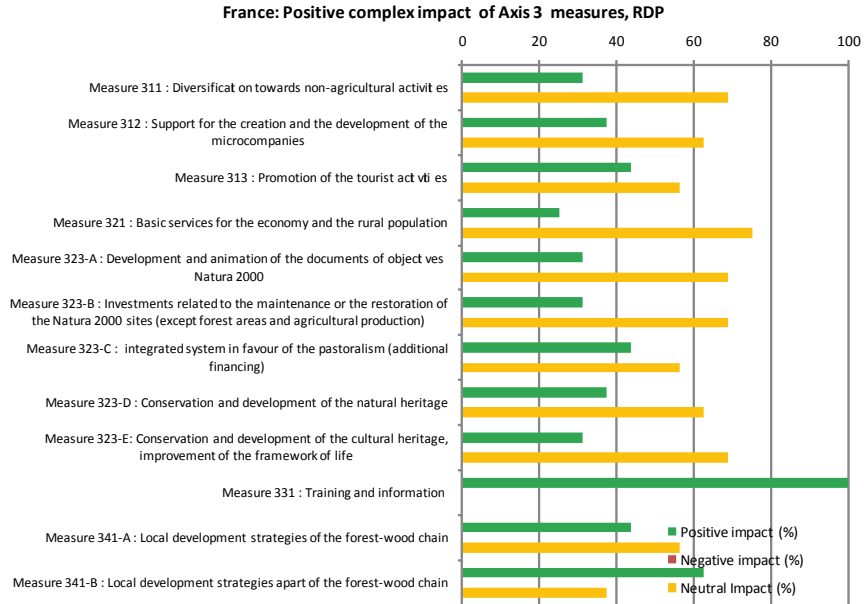


Figure 13. France: Potential complex impact of measures from Axis 3, RDP, on multifunctionality

Table 11. France: Ranking of measures from Axis 3,RDP, according their positive impact on multifunctionality

Axis 3	A > 80 %	Measure 331 : Training and information	
	B 50 - 80 %	Measure 341-B : Local development strategies apart of the forest-wood chain	
	C < 50 %		Measure 311 : Diversification towards non-agricultural activities
			Measure 312 : Support for the creation and the development of the microcompanies
			Measure 313 : Promotion of the tourist activities
			Measure 321 : Basic services for the economy and the rural population
			Measure 323-A : Development and animation of the documents of objectives Natura 2000
			Measure 323-B : Investments related to the maintenance or the restoration of the Natura 2000 sites (except forest areas and agricultural production)
			Measure 323-C : integrated system in favour of the pastoralism (additional financing)
			Measure 323-D : Conservation and development of the natural heritage
			Measure 323-E : Conservation and development of the cultural heritage, improvement of the framework of life
			Measure 341-A : Local development strategies of the forest-wood chain

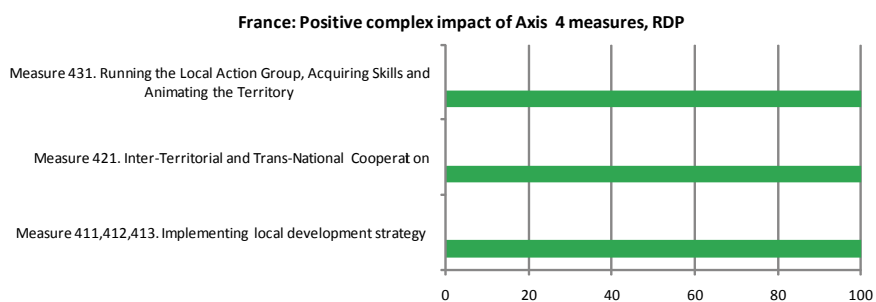


Figure 14. France: Potential complex impact of measures from Axis 4, RDP, on multifunctionality

Table 12. France: Ranking of measures from Axis 4, RDP, according their positive impact on multifunctionality

Axis 4	A >80 %	Measure 411,412,413. Implementing local development strategy
		Measure 421. Inter-Territorial and Trans-National Cooperation
		Measure 431. Running the Local Action Group, Acquiring Skills and Animating the Territory

b. UK.

Prevalent percent of measures (88 %) constitute the group C <50 % . There are no measures included in group A > 80 % impact. Three of all measures have potential impact between 50 and 80 % . Ranking of measures from different axes is given on Figures 15-17 and Tables 13-15.

UK: Potential complex impact of measures from Axis1, RDP, on multifunctionality

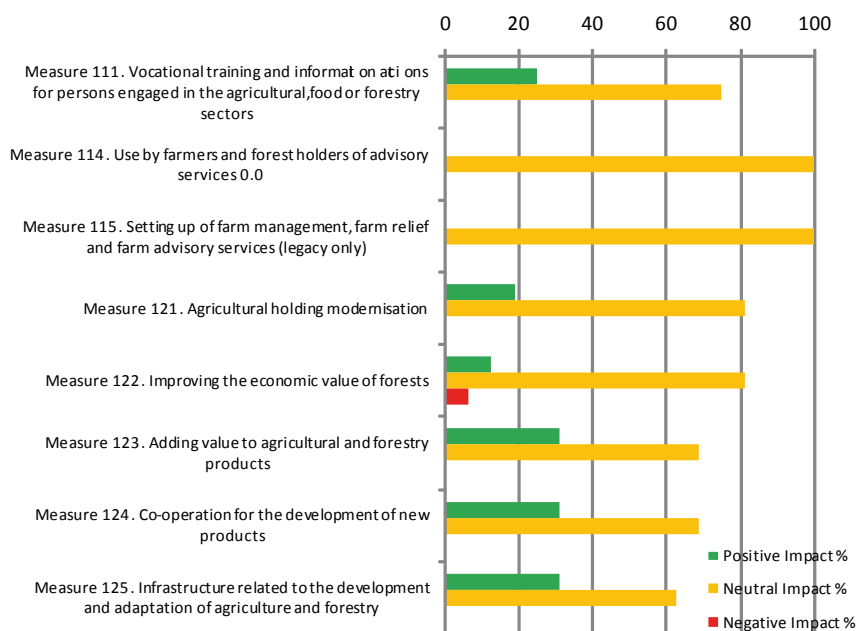




Figure 15. UK: Potential complex impact of measures from Axis 1, RDP, on multifunctionality

Table 13. UK: Ranking of measures from Axis 1, RDP, according their positive impact on multifunctionality

A > 80 %	
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B 50 - 80 %	
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C < 50 %	Measure 111. Vocational training and information actions for persons engaged in the agricultural, food or forestry sectors
	Measure 114. Use by farmers and forest holders of advisory services o.o
	Measure 115. Setting up of farm management, farm relief and farm advisory services (legacy only)
	Measure 121. Agricultural holding modernisation
	Measure 122. Improving the economic value of forests
	Measure 123. Adding value to agricultural and forestry products
	Measure 124. Co-operation for the development of new products
	Measure 125. Infrastructure related to the development and adaptation of agriculture and forestry



UK: Potential complex impact of measures from Axis 2, RDP, on multifunctionality

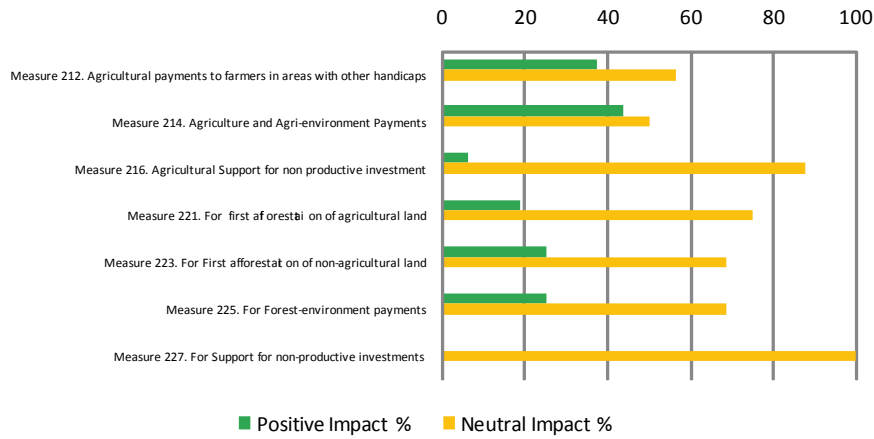


Figure 16. UK: Potential complex impact of measures from Axis 2, RDP, on multifunctionality

Table 14. UK: Ranking of measures from Axis 2, RDP, according their positive impact on multifunctionality

A > 80 %	
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B 50 - 80 %	
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C < 50 %	Measure 212. Agricultural payments to farmers in areas with other handicaps
	Measure 214. Agriculture and Agri-environment Payments
	Measure 216. Agricultural Support for non productive investment
	Measure 221. For first afforestation of agricultural land
	Measure 223. For First afforestation of non-agricultural land
	Measure 225. For Forest-environment payments
	Measure 227. For Support for non-productive investments



UK: Potential complex impact of measures from Axis 3, RDP, on multifunctionality

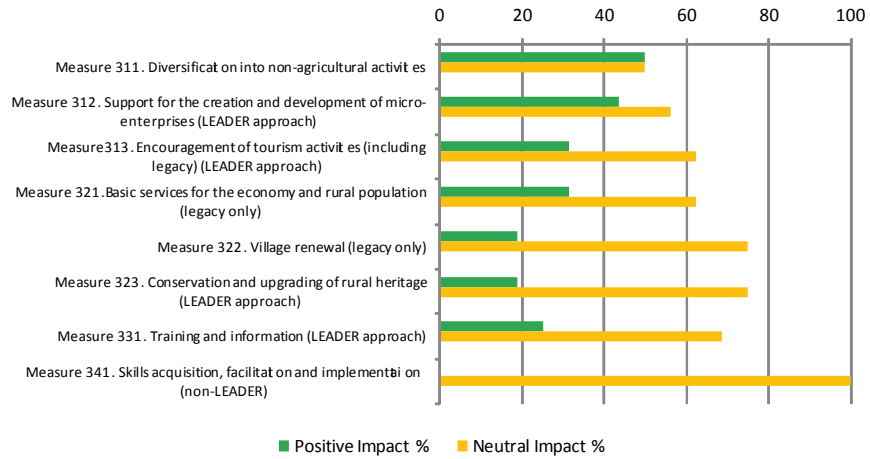


Figure 17. UK: Potential complex impact of measures from Axis 3, RDP, on multifunctionality

Table 15. UK: Ranking of measures from Axis 3, RDP, according their positive impact on multifunctionality

A > 80 %	
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B 50 -80 %	Measure 311. Diversification into non-agricultural activities
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C < 50 %	Measure 312. Support for the creation and development of micro-enterprises (LEADER approach)
	Measure 313. Encouragement of tourism activities (including legacy) (LEADER approach)
	Measure 321. Basic services for the economy and rural population (legacy only)
	Measure 322. Village renewal (legacy only)
	Measure 323. Conservation and upgrading of rural heritage (LEADER approach)
	Measure 331. Training and information (LEADER approach)
	Measure 341. Skills acquisition, facilitation and implementation (non-LEADER)



C. GERMANY

9,5 % of all measures have/will have impact between 50 % and 80 % - Programme for the promotion of on-farm investments (AFP); Innovative investments for the restructuring, rationalisation and and development of farms (formerly fund for credit for investments); Measures for Natura 2000 protection areas and other zones with high natural value; Skills acquisition and animation with a view to preparing and implementing a local development strategy. Most of measures influence multifunctionality moderately (<50 %). According to expert’s assessment measures under Axis 4 it is difficult to evaluate potential impact or lack of such on multifunctionality. Hierarchisation of measures is illustrated on Figures 18 - 20 and Tables 16 – 19.

Germany: Potential complex impact of measures from Axis 1 on multifunctionality

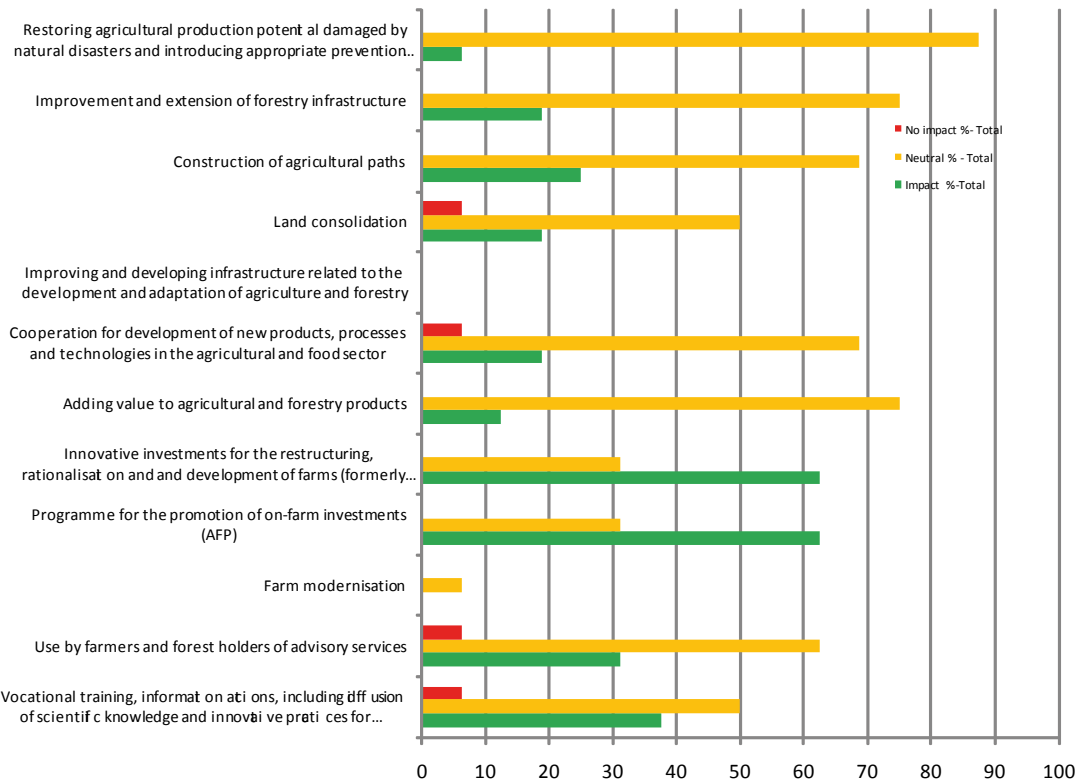


Figure 18. Germany: Potential complex impact of measures from Axis 1, RDP, on multifunctionality



Germany: Potential complex impact of measures from Axis 2, RDP, on multifunctionality

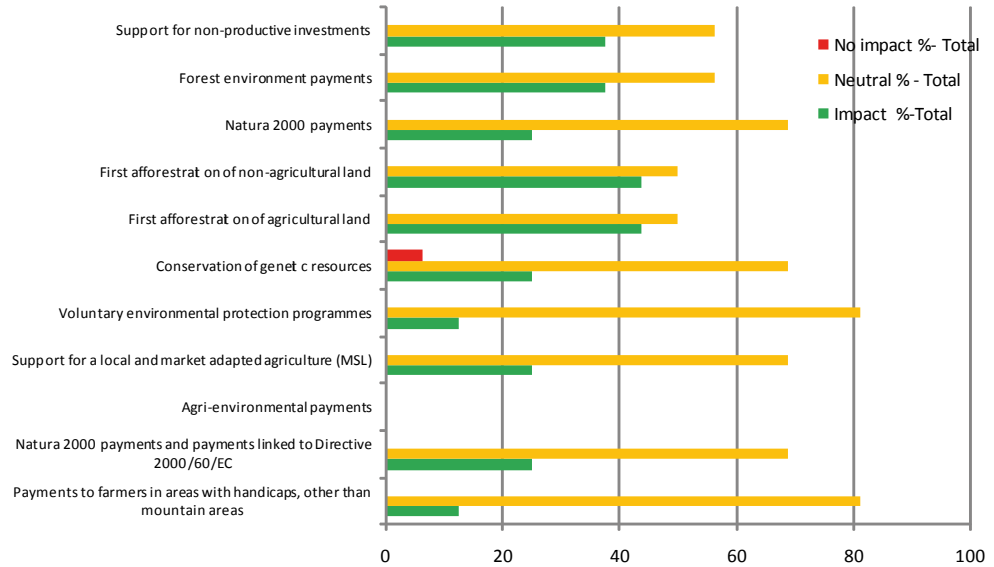


Figure 19. Germany: Potential complex impact of measures from Axis 2, RDP, on multifunctionality

Germany: Potential complex impact of measures from Axis 3, RDP, on multifunctionality

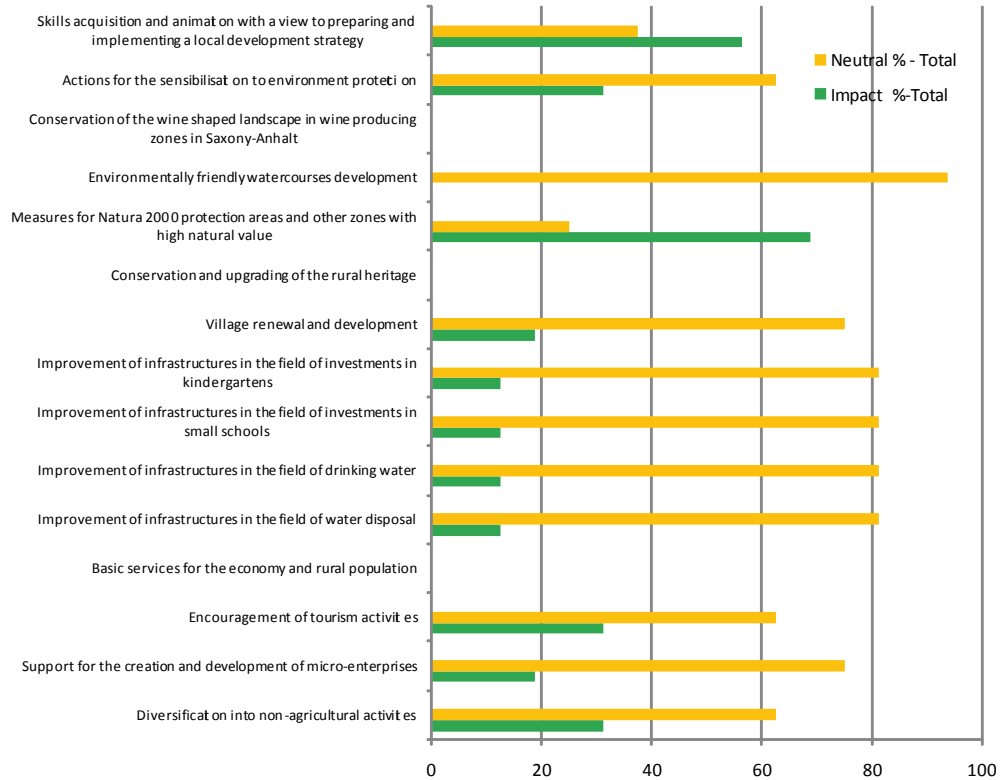


Figure 20. Germany: Potential complex impact of measures from Axis 3, RDP, on multifunctionality



Table 16. Germany: Ranking of measures from Axis 1, RDP, according their positive impact on multifunctionality

Axis 1	A > 80 %	
	B 50 - 80 %	Programme for the promotion of on-farm investments (AFP)
		Innovative investments for the restructuring, rationalisation and development of farms (formerly fund for credit for investments)
	C < 50 %	Vocational training, information actions, including diffusion of scientific knowledge and innovative practices for persons engaged in the agricultural, food and forestry sectors
		Use by farmers and forest holders of advisory services
		Farm modernisation
		Adding value to agricultural and forestry products
		Cooperation for development of new products, processes and technologies in the agricultural and food sector
		Improving and developing infrastructure related to the development and adaptation of agriculture and forestry
		Land consolidation
		Construction of agricultural paths
		Improvement and extension of forestry infrastructure
	Restoring agricultural production potential damaged by natural disasters and introducing appropriate prevention actions	

Table 17. Germany: Ranking of measures from Axis 2, RDP, according their positive impact on multifunctionality

Axis 2	C < 50 %	Payments to farmers in areas with handicaps, other than mountain areas
		Natura 2000 payments and payments linked to Directive 2000/60/EC
		<i>Agri-environmental payments</i>
		Support for a local and market adapted agriculture (MSL)
		Voluntary environmental protection programmes
		Conservation of genetic resources
		First afforestation of agricultural land
		First afforestation of non-agricultural land
		Natura 2000 payments
		Forest environment payments
		Support for non-productive investments

Table 18. Germany: Ranking of measures from Axis 3, RDP, according their positive impact on multifunctionality

Axis 3	B 50 - 80 %	Measures for Natura 2000 protection areas and other zones with high natural value
	C < 50 %	Diversification into non-agricultural activities



	Support for the creation and development of micro-enterprises
	Encouragement of tourism activities
	<i>Basic services for the economy and rural population</i>
	Improvement of infrastructures in the field of water disposal
	Improvement of infrastructures in the field of drinking water
	Improvement of infrastructures in the field of investments in small schools
	Improvement of infrastructures in the field of investments in kindergartens
	Village renewal and development
	<i>Conservation and upgrading of the rural heritage</i>
	Environmentally friendly watercourses development
	Conservation of the wine shaped landscape in wine producing zones in Saxony-Anhalt
	Actions for the sensibilisation to environment protection
	Skills acquisition and animation with a view to preparing and implementing a local development strategy

Table 19. Germany: Ranking of RDP measures according their positive impact on multifunctionality

A > 80 %	
B 50 - 80 %	Programme for the promotion of on-farm investments (AFP)
	Innovative investments for the restructuring, rationalisation and development of farms (formerly fund for credit for investments)
	Measures for Natura 2000 protection areas and other zones with high natural value
	Skills acquisition and animation with a view to preparing and implementing a local development strategy
C < 50 %	Vocational training, information actions, including diffusion of scientific knowledge and innovative practices for persons engaged in the agricultural, food and forestry sectors
	Use by farmers and forest holders of advisory services
	Adding value to agricultural and forestry products
	Cooperation for development of new products, processes and technologies in the agricultural and food sector
	Land consolidation
	Construction of agricultural paths
	Improvement and extension of forestry infrastructure
	Restoring agricultural production potential damaged by natural disasters and introducing appropriate prevention actions
	Payments to farmers in areas with handicaps, other than mountain areas
	Natura 2000 payments and payments linked to Directive 2000/60/EC
	Agri-environmental payments



Support for a local and market adapted agriculture (MSL)
Voluntary environmental protection programmes
Conservation of genetic resources
First afforestation of agricultural land
First afforestation of non-agricultural land
Natura 2000 payments
Forest environment payments
Support for non-productive investments
Support for a local and market adapted agriculture (MSL)
Voluntary environmental protection programmes
Conservation of genetic resources
First afforestation of agricultural land
First afforestation of non-agricultural land
Natura 2000 payments
Forest environment payments
Support for non-productive investments
Diversification into non-agricultural activities
Support for the creation and development of micro-enterprises
Encouragement of tourism activities
Improvement of infrastructures in the field of water disposal
Improvement of infrastructures in the field of drinking water
Improvement of infrastructures in the field of investments in small schools
Improvement of infrastructures in the field of investments in kindergartens
Village renewal and development
Actions for the sensibilisation to environment protection

d. CZECH REPUBLIC

According to the expert's evaluation all measures have/will have moderate influence on multifunctionality . Potential complex impact of measures from different axes is illustrated on Figures 21 – 24. Ranking of measures according their positive influence on multifunctionality is given in Tables 20 – 23.



Czech Republic: Potential complex impact of measures from Axis 1, RDP, on multifunctionality

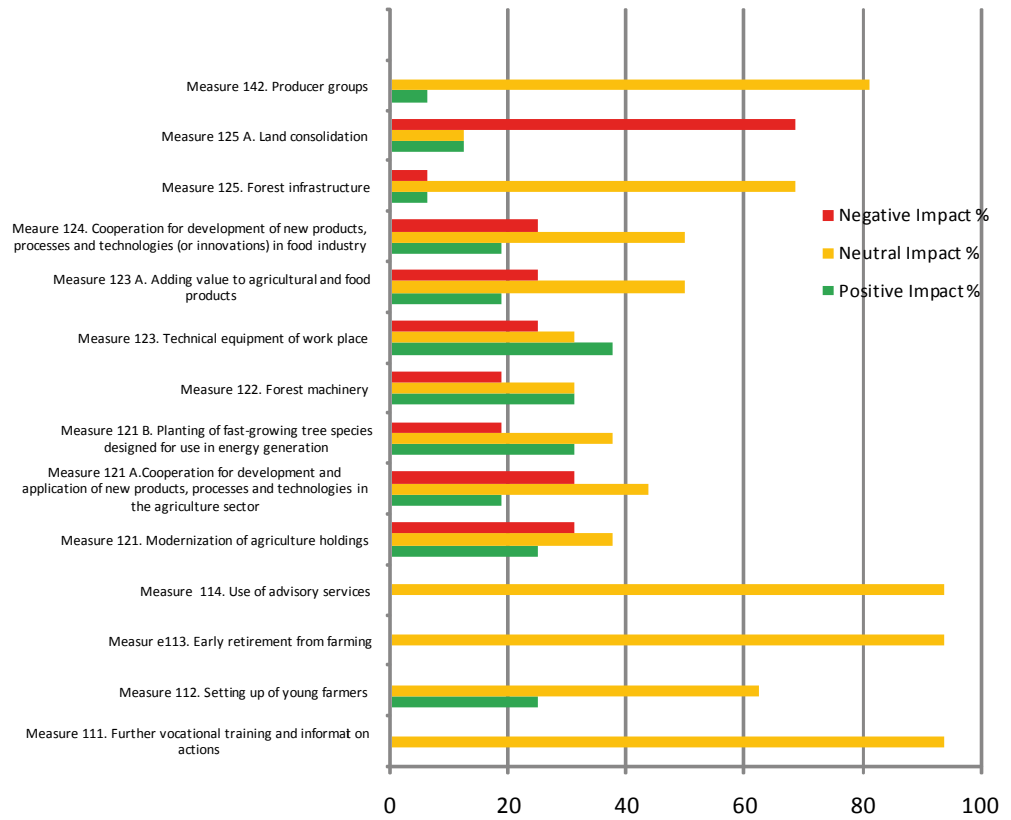


Figure 21. Czech Republic: Potential complex impact of measures from Axis 1, RDP, on multifunctionality



Table 20. Czech Republic: Ranking of measures from Axis 1, RDP, according to their positive impact on multifunctionality

Axis1	C < 50 %	Measure 111. Further vocational training and information actions
		Measure 112. Setting up of young farmers
		Measure 113. Early retirement from farming
		Measure 114. Use of advisory services
		Measure 121. Modernization of agriculture holdings
		Measure 121 A. Cooperation for development and application of new products, processes and technologies in the agriculture sector
		Measure 121 B. Planting of fast-growing tree species designed for use in energy generation
		Measure 122. Forest machinery
		Measure 123. Technical equipment of work place
		Measure 123 A. Adding value to agricultural and food products
		Measure 124. Cooperation for development of new products, processes and technologies (or innovations) in food industry
		Measure 125. Forest infrastructure
		Measure 125 A. Land consolidation
		Measure 142. Producer groups



Czech Republic: Potential complex impact of measures from Axis 2, RDP, on multifunctionality

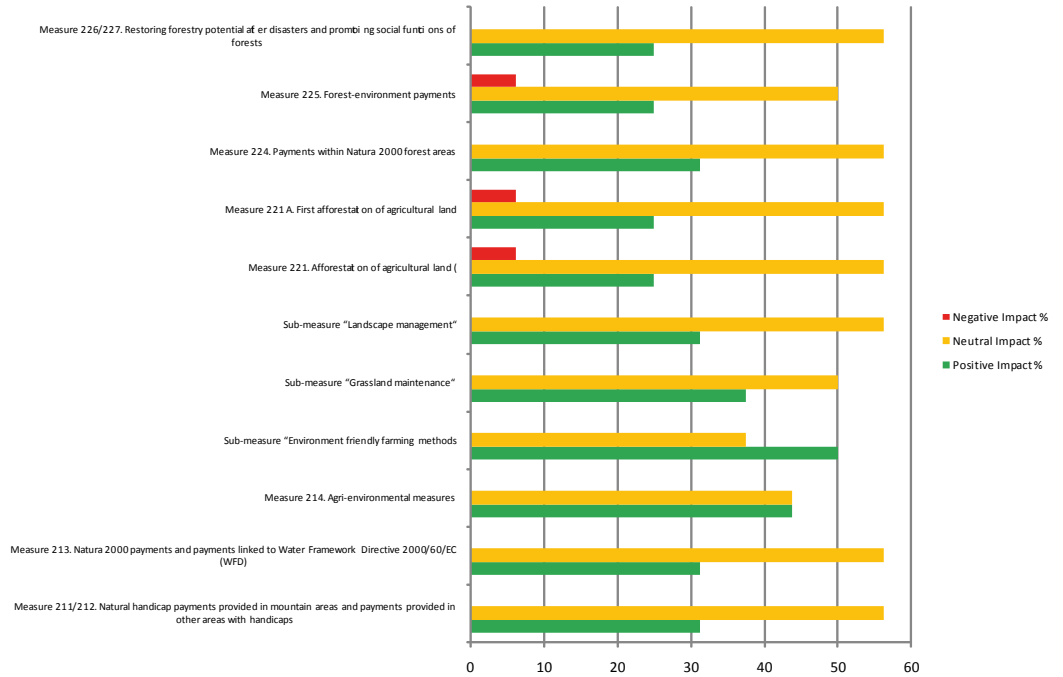


Figure 22. Czech Republic: Potential complex impact of measures from Axis 2, RDP, on multifunctionality

Czech Republic: Potential complex impact of measures from Axis 3, RDP, on multifunctionality



Figure 23. Czech Republic: Potential complex impact of measures from Axis 3, RDP, on multifunctionality



Table 21. Czech Republic: Ranking of measures from Axis 2, RDP, according to their positive impact on multifunctionality

Axis 2	C < 50 %	Measure 211/212. Natural handicap payments provided in mountain areas and payments provided in other areas with handicaps
		Measure 213. Natura 2000 payments and payments linked to Water Framework Directive 2000/60/EC (WFD)
		Measure 214. Agri-environmental measures
		Sub-measure "Environment friendly farming methods"
		Sub-measure "Grassland maintenance"
		Sub-measure "Landscape management"
		Measure 221. Afforestation of agricultural land (
		Measure 221 A. First afforestation of agricultural land
		Measure 224. Payments within Natura 2000 forest areas
		Measure 225. Forest-environment payments
		Measure 226/227. Restoring forestry potential after disasters and promoting social functions of forests

Table 22. Czech Republic: Ranking of measures from Axis 3, RDP, according to their positive impact on multifunctionality

Axis 3	C < 50 %	Measure 311. Diversification into non-agricultural activities
		Measure 312. Support for business creation and development
		Measure 313. Encouragement of tourism activities
		Measure 321. Village renewal and development
		Measure 322. Public amenities and services
		Measure 323. Conservation and upgrading of the rural cultural heritage
		Measure 331. Training and information



Czech Republic: Potential complex impact of measures from Axis 4, RDP, on multifunctionality

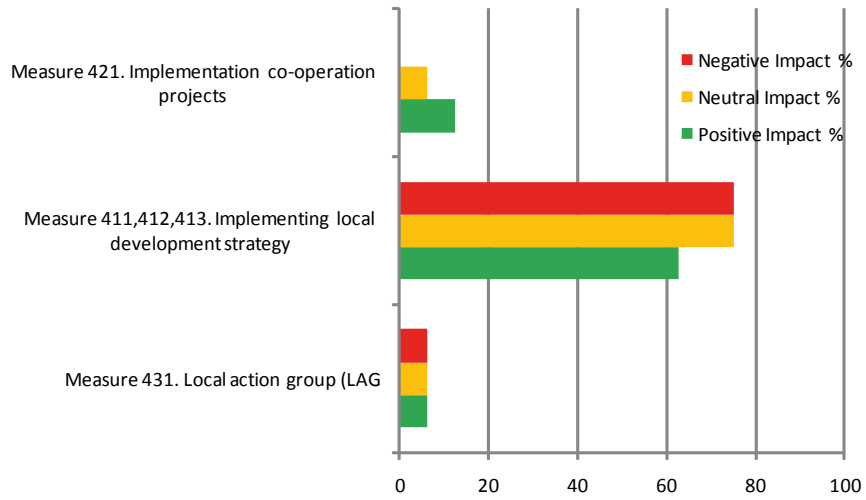


Figure 24. Czech Republic: Potential complex impact of measures from Axis 4, RDP, on multifunctionality

Table 23. Czech Republic: Ranking of measures from Axis 4, RDP, according their positive impact on multifunctionality

Axis 4	C < 50 %	Measure 431. Local action group (LAG)
		Measure 411,412,413. Implementing local development strategy
		Measure 421. Implementation co-operation projects

e. BULGARIA

Forty-five percent of measures have potential positive impact between 50 and 80 per cent. The rest of 55 % of measures have moderate impact (<50 %). Potential impact of measures on multifunctionality is illustrated on Figures 25 – 28. Ranking of measures according to their potential positive impact is given in Tables 24-27



Bulgaria: Potential impact of measures from Axis 1, RDP, on multifunctionality

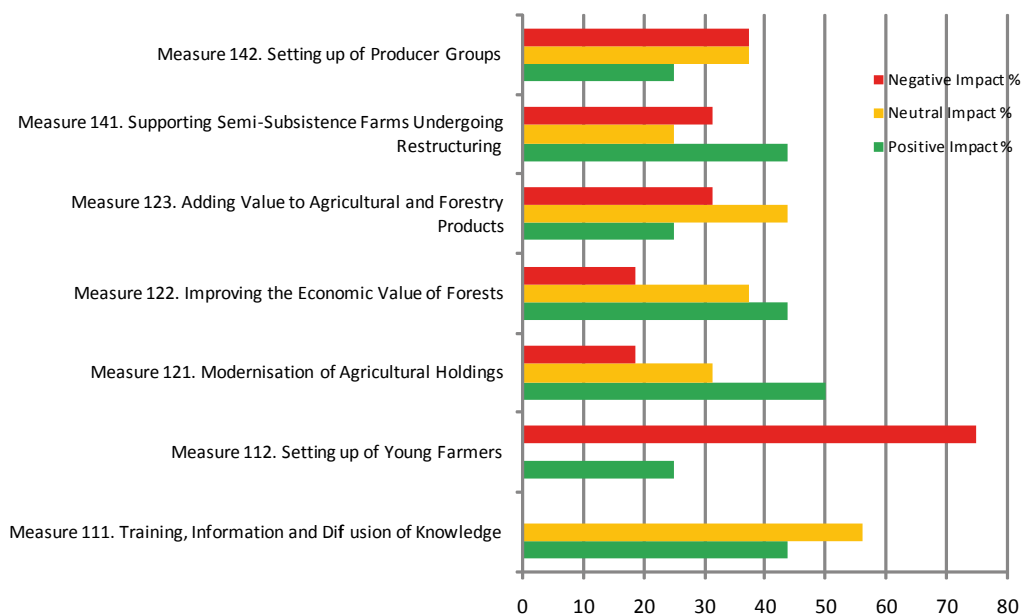


Figure 25. Bulgaria: Potential complex impact of measures from Axis 1, RDP, on multifunctionality

Table 24. Bulgaria: Ranking of measures from Axis 1, RDP, according their positive impact on multifunctionality

A > 80 %	
B 50- 80 %	Measure 121. Modernisation of Agricultural Holdings
C < 50 %	Measure 111. Training, Information and Diffusion of Knowledge
	Measure 112. Setting up of Young Farmers
	Measure 122. Improving the Economic Value of Forests
	Measure 123. Adding Value to Agricultural and Forestry Products
	Measure 141. Supporting Semi-Subsistence Farms Undergoing Restructuring
	Measure 142. Setting up of Producer Groups



Bulgaria: Potential impact of measures from Axis 2, RDP, on multifunctionality

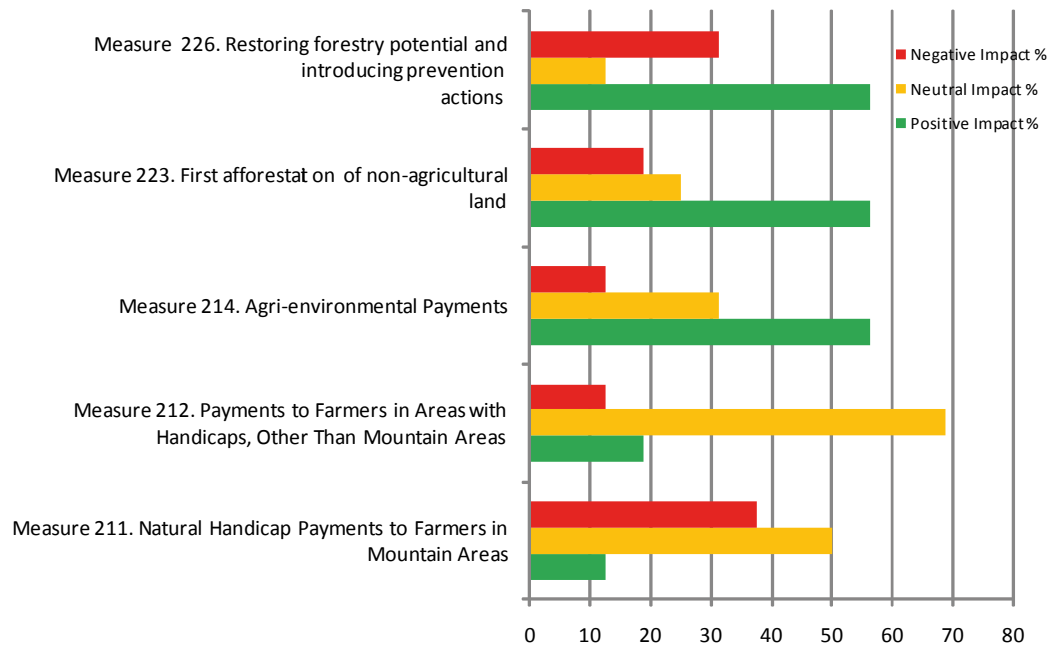


Figure 26. Bulgaria: Potential complex impact of measures from Axis 2, RDP, on multifunctionality

Table 25. Bulgaria: Ranking of measures from Axis 2, RDP, according their positive impact on multifunctionality

A > 80 %	
B 50- 80 %	Measure 214. Agri-environmental Payments
	Measure 223. First afforestation of non-agricultural land
	Measure 226. Restoring forestry potential and introducing prevention actions
C < 50 %	Measure 211. Natural Handicap Payments to Farmers in Mountain Areas
	Measure 212. Payments to Farmers in Areas with Handicaps, Other Than Mountain Areas



Bulgaria: Potential impact of measures from Axis 3, RDP, on multifunctionality

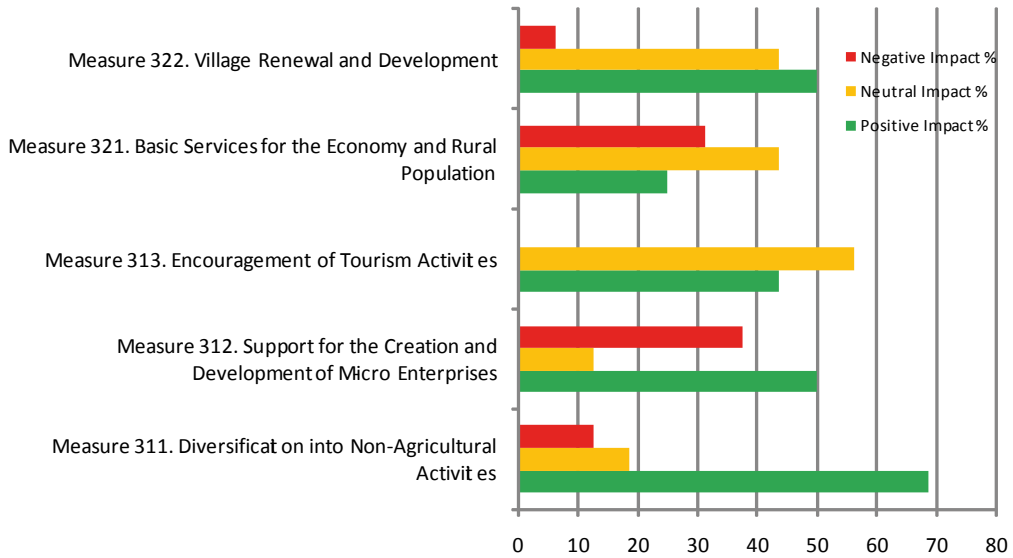


Figure 27. Bulgaria: Potential complex impact of measures from Axis 3, RDP, on multifunctionality

Table 26. Bulgaria: Ranking of measures from Axis 3, RDP, according their positive impact on multifunctionality

A > 80 %	
B 50- 80 %	Measure 311. Diversification into Non-Agricultural Activities
	Measure 312. Support for the Creation and Development of Micro-Enterprises
	Measure 322. Village Renewal and Development
C < 50 %	Measure 313. Encouragement of Tourism Activities
	Measure 321. Basic Services for the Economy and Rural Population



Bulgaria: Potential impact of measures from Axis 4, RDP, on multifunctionality

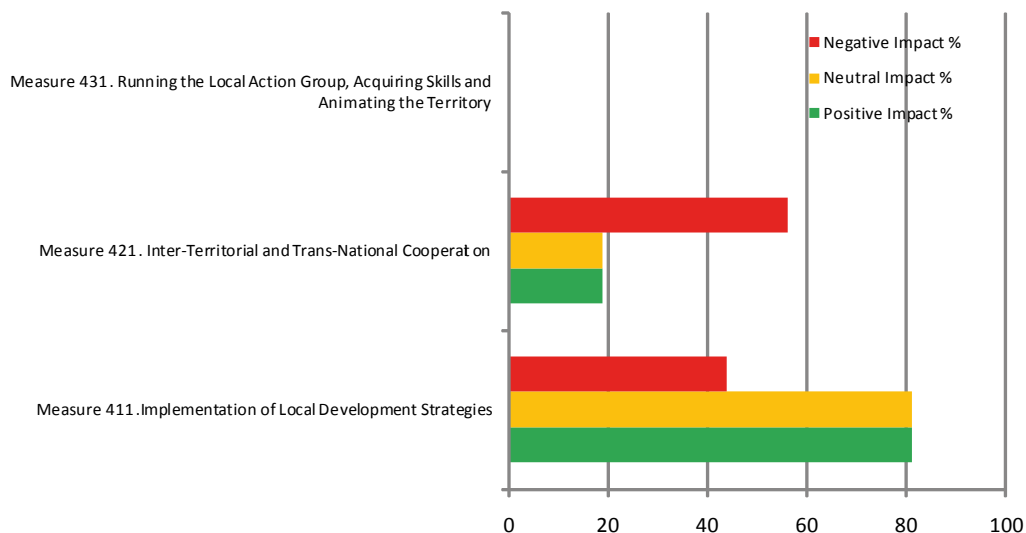


Figure 28. Bulgaria: Potential complex impact of measures from Axis 4, RDP, on multifunctionality

Table 27. Bulgaria: Ranking of measures from Axis 4, RDP, according their positive impact on multifunctionality

A > 80 %	
B 50- 80 %	Measure 411.Implementation of Local Development Strategies
	Measure 421. Inter-Territorial and Trans-National Cooperation
C < 50 %	Measure 431. Running the Local Action Group, Acquiring Skills and Animating the Territory

4.2.3 Cohesion Policy

Cohesion policy has a big diversity of country implementation. Despite the fact that in each country Cohesion policy is implemented through Operational Programmes and three funds - European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund (CF), it is observed variety of priorities and measures. This fact is an obstacle for grouping priorities and measures from PRIMA country partners.

Operational programmes play supporting and supplementary role to the Rural Development Policy and National Plans for Rural Development in the areas of multifunctionality. ERDF support initiatives linked to small and medium enterprises, innovations, competitiveness, regional development (excluding rural areas. In some countries (*i.e.* Bulgaria) ERDF financed initiatives in tourism. Cohesion Fund and ERDF are main sources of finance for all environment initiatives. ESF is related to human resource development, education and health . In Milestone 1.1 are presented in detail country specifics of Operational Programmes and their implementation on national and regional level.



5 CONCLUSIONS

The implementation of EU policies on national and regional level focuses on coherent regional development, achievement of relevant regional competitiveness and sustainability. Evaluation of EU policies in rural areas shows that there is symbiosis between different them. Possible overlaps are cleared. Despite general framework there is diversification of measures and actions characterizing complexity and differences between countries and regions.

The analysis on the potential effects of the policies on the multifunctional character of the activities shows the domains of action supposed to have the greatest influence in terms of multifunctionality; Moreover, it highlights the differences between countries due to their specificity. In conclusion and for the next PRIMA steps (scenarios design and stakeholder participation) the following domains of intervention need to be considered:

For IPA in Croatia highest positive effects are strongly related to measures (complex rank > 50) focusing on:

- Support of new enterprises or restructuration
- Capacity building
- Environment protection
- Local sectorial knowledge
- Education
- Diversification of local activities

For Rural Development Policy in France, highest positive effects are strongly related to measures (complex rank > 50) focusing on:

- Training, Information and diffusion of knowledge
- Mechanisation in mountain areas
- Diversification and transformation of products
- Support to collaboration structures
- Support to activities in mountainous areas
- Organic farming
- Agro-environmental measures
- Support for non productive investment
- Reconstitution of forest plantations
- Support to local development strategies, Inter-Territorial and Trans-National Cooperation
- Support to capacity building

For Rural Development Policy in United Kingdom; highest positive effects are strongly related to measure (complex rank > 50) focusing on:

- Diversification into non-agricultural activities



For Rural Development Policy in Germany highest positive effects are strongly related to measures (complex rank > 50) focusing on:

- Promotion of on-farm investments
- Support for restructuring, rationalisation and development of farms
- Protection of areas with high natural value
- Improvement of capacity building for local development strategies

For Rural Development Policy in Czech Republic and according to the researcher's evaluation all measures have/will have moderate influence on multifunctionality.

For Rural Development Policy in Bulgaria highest positive effects are strongly related to measures (complex rank > 50) focusing on:

- Modernisation of Agricultural Holdings
- Agri-environmental actions and afforestation of non-agricultural land
- Support to forestry
- Diversification into Non-Agricultural Activities
- Creation and Development of micro-enterprises
- Village Renewal and Development
- Local Development Strategies and Inter-Territorial and Trans-National Cooperation

Cohesion Policy has supplementary influence on multifunctionality.

Regarding the PRIMA participatory approach implementation, the wide range of beneficiaries, from individuals to firms, associations or administrative entities, should be taken into account.

Types of assistance are numerous but do not influence the implementation of the PRIMA method for instance for scenario design or stakeholders participation stages.



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7 ANNEXES

ANNEX I.

Multi-Annual Indicative Financial Framework:

Breakdown of the Instrument for Pre-Accession Assistance Envelope for 2008-2010 into allocations by country and component (in mil. EUR)

Country	Component	2007	2008	2009	2010
Turkey	Transition Assistance and Institution Building	252.2	250.2	233.2	211.3
	Cross-border Cooperation	6.6	8.8	9.4	9.6
	Regional Development	167.5	173.8	182.7	238.1
	Human Resources Development	50.2	52.9	55.6	63.4
	Rural Development	20.7	53.0	85.5	131.3
	Total	497.2	538.7	566.4	653.7
Croatia	Transition Assistance and Institution Building	47.6	45.4	45.6	39.5
	Cross-border Cooperation	9.7	14.7	15.9	16.2
	Regional Development	44.6	47.6	49.7	56.8
	Human Resources Development	11.1	12.7	14.2	15.7
	Rural Development	25.5	25.6	25.8	26.0
	Total	138.5	146.0	151.2	154.2
Former Yugoslav Republic of Macedonia	Transition Assistance and Institution Building	41.6	39.9	38.1	36.3
	Cross-border Cooperation	4.2	5.3	5.6	5.7
	Regional Development	7.4	12.3	20.8	29.4
	Human Resources Development	3.2	6.0	7.1	8.4
	Rural Development	2.1	6.7	10.2	12.5
	Total	58.5	70.2	81.8	92.3
Serbia	Transition Assistance and Institution Building	178.5	179.4	182.6	186.2



	Cross-border Cooperation	8.2	11.5	12.2	12.5
	Total	186.7	190.9	194.8	198.7
Montenegro	Transition Assistance and Institution Building	27.5	28.1	28.6	29.2
	Cross-border Cooperation	3.9	4.5	4.7	4.8
	Total	31.4	32.6	33.3	34.0
Kosovo	Transition Assistance and Institution Building	60.7	62.0	63.3	64.5
	Cross-border Cooperation	2.6	2.7	2.8	2.8
	Total	63.3	64.7	66.1	67.3
Bosnia & Herzegovina	Transition Assistance and Institution Building	58.1	69.9	83.9	100.7
	Cross-border Cooperation	4.0	4.9	5.2	5.3
	Total	62.1	74.8	89.1	106.0
Albania	Transition Assistance and Institution Building	54.3	61.1	70.9	82.7
	Cross-border Cooperation	6.7	9.6	10.3	10.5
	Total	61.0	70.7	81.2	93.2
Total Country Programmes		1098.7	1188.6	1263.9	1399.4
Regional and Horizontal Programmes		100.7	140.7	160.0	157.7
ADMINISTRATIVE COSTS		55.8	54.0	56.5	64.6
GRAND TOTAL		1255.2	1383.3	1480.4	1621.7

Resource: The Multi-Annual Indicative Financial Framework (MIFF) for 2008-2010 for the Instrument of Pre-Accession Assistance (IPA)

ANNEX II. ¹⁸
 List of nuts level 3 regions in member states eligible for
 financing for the purpose of cross-border cooperation
 between member states and ipa beneficiary countries

BG412 Sofia	ITD35 Venezia	CY000 Kypros/Kibris
BG414 Pernik	ITD36 Padova	HU223 Zala
BG415 Kyustendil	ITD37 Rovigo	HU231 Baranya
BG341 Burgas	ITD42 Udine	HU232 Somogy
BG343 Yambol	ITD43 Gorizia	HU331 Bács-Kiskun
BG311 Vidin	ITD44 Trieste	HU333 Csongrád
BG312 Montana	ITD56 Ferrara	RO413 Mehedinți
BG413 Blagoevgrad	ITD57 Ravenna	RO422 Caraș-Severin
BG422 Haskovo	ITD58 Forlì-Cesena	RO424 Timiș
GR111 Evros	ITD59 Rimini	SI011 Pomurska
GR112 Xanthi	ITE31 Pesaro-Urbino	SI012 Podravska
GR113 Rodopi	ITE32 Ancona	SI014 Savinjska
GR115 Kavala	ITE33 Macerata	SI016 Spodnjeposavska
GR123 Kilkis	ITE34 Ascoli Piceno	SI018 Notranjsko-kraška
GR124 Pella	ITF12 Teramo	SI024 Obalno-kraška
GR126 Serres	ITF13 Pescara	SI017 Jugovzhodna Slovenija
GR127 Chalkidiki	ITF14 Chieti	
GR132 Kastoria	ITF22 Campobasso	
GR134 Florina	ITF41 Foggia	
GR143 Magnisia	ITF42 Bari	
GR212 Thesprotia	ITF44 Brindisi	
GR213 Ioannina	ITF45 Lecce	
GR222 Kerkyra		
GR242 Evvoia		
GR411 Lesvos		
GR412 Samos		
GR413 Chios		
GR421 Dodekanisos		
GR422 Kyklades		

¹⁸ Commission decision (2007/766/EC)



List of areas equivalent to NUTS level 3 regions in the IPA beneficiary countries, eligible for financing for the purpose of cross-border cooperation between member states and IPA beneficiary countries

ALBANIA	BOSNIA AND HERZEGOVINA	THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA	SERBIA, INCLUDING KOSOVO [*]
Regions of: Durrës Fier Gjirokastër Korçë Lezhë Shkodër Tirana Vlorë	Herzegovina Economic Region, which includes the following municipalities : Bileća Čapljina Čitluk Gacko Grude Jablanica Konjic Kupres Livno Ljubinje Ljubuški Mostar Istočni Mostar Neum Nevesinje Posušje Prozor/Rama Ravno Široki Brijeg Stolac Berkovići Tomislav grad Trebinje	Regions of: East North-east Pelagonija South-east Vardar Croatia Counties of: Dubrovnik-Neretva Istria Karlovac Koprivnica-Križevci Krapina-Zagorje Lika-Senj Međimurje Osijek-Baranja Primorje-Gorski kotar Šibenik-Knin Split-Dalmatia Varaždin Virovitica-Podravina Zadar Zagreb Montenegro Municipalities of: Bar Budva Cetinje Danilovgrad Herceg Novi Kotor Nikšić Podgorica Tivat Ulcinj	Districts of: Borski Branicevski Central Banat Jablanicki Nisavski North Backa North Banat Pcjinjski Pirotski South Backa South Banat West Backa Zajecarski Turkey Provinces of: Antalya Aydin Balikesir Canakkale Edirne Izmir Kirklareli Mersin (İçel) Muğla [*] As defined in UNSCR 1244.