

Opinion of the European Economic and Social Committee on 'From Cork 2.0 Declaration to concrete actions'

(own-initiative opinion)

(2017/C 345/06)

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1. Conclusions and recommendations

1.1. The EESC welcomes the Cork 2.0 Declaration and the conference in September 2016 that led to it. The declaration offers strong ongoing support for a rural policy at EU level.

1.2. It is evident that rural regions in the EU are not homogeneous and that situations vary between and within Member States. The EESC believes that these differences mean there is a need for focus and a strategic approach when using available EU funds. This must be based both on priorities set by the Member States and their regions and, most importantly, on initiatives from those living in rural areas. Mandatory rural proofing of policy decisions and strategies can also be a way to take account of and pay attention to the specific circumstances of rural areas.

1.3. Rural development is a horizontal issue that affects practically all policy areas. A more coherent policy for rural and regional development is needed, as is a robust budget for the ESI funds (European Structural and Investment Funds). The EESC notes that the ESI fund with the greatest focus on rural development is the European Agricultural Fund for Rural Development (EAFRD), and stresses that the other ESI funds — such as the European Regional Development Fund (ERDF) and the European Social Fund (ESF) — should increase their share.

1.4. There is considerable scope for simplifying the policy. The EESC emphasises the need to simplify the regulatory framework for the ESI funds, both at EU level and in national and regional implementation of the policy. The current system is so complex that some avoid seeking support.

1.5. Many parts of Europe, particularly in rural areas, still lack reliable internet solutions. The EESC stresses that this is unacceptable. Rural areas need broadband, e.g. for fully functioning telephony, for their own safety and for their quality of life. Broadband access can be a factor influencing the extent to which above all young people choose to stay in an area or move away. Broadband is a must for businesses and entrepreneurs.

1.6. The agricultural sector plays a very important role in rural areas because of its strong affinity with the land. Agricultural production is both an indispensable feature of rural areas, in order to meet society's demand for sustainable food products, and a driver of rural development. It is therefore only natural, in the EESC's view, that most of the resources available under the EAFRD are earmarked for agricultural activities. Good conditions for young farmers are a prerequisite for the long-term sustainability of agricultural production.

1.7. The EESC would stress that achieving sustainable development requires a good climate for innovation.

1.8. The EESC points out that UN Sustainable Development Goal 17 and its subgoals, as well as the Paris climate agreement (COP 21), provide overarching objectives covering all EU policies, notably rural development. Regional and local authorities that operate in rural areas must play an active role in implementing these international commitments.

2. General comments

Cork 2.0

2.1. In 1996, the Commission held a conference in Cork, Ireland. The outcome of that conference was the Cork Declaration, which laid the groundwork for the second pillar of the common agricultural policy (CAP) and for the rural development programmes. In autumn 2016 the Commission held another conference in Cork, when the Cork 2.0 Declaration was adopted.

2.2. The declaration was drawn up by broad consensus at a conference organised by the Directorate-General for Agriculture and Rural Development and attended by some 340 participants from a majority of EU Member States, representing civil society and government at national, regional and EU level, including members of the EESC. At the closing session, the declaration was presented under the title 'A better life in rural areas', which was implicitly endorsed by the participants.

2.3. The starting point for the declaration is agricultural and rural development policy in the EU, but to a certain extent it also takes a broader approach, referring to the UN Sustainable Development Goals (2030 Agenda)⁽¹⁾ and the Paris climate agreement (COP 21)⁽²⁾.

2.4. The text first sets out the reasons for the declaration, and then identifies 10 policy orientations:

- Point 1: Promoting rural prosperity
- Point 2: Strengthening rural value chains
- Point 3: Investing in rural viability and vitality
- Point 4: Preserving the rural environment
- Point 5: Managing natural resources
- Point 6: Encouraging climate action
- Point 7: Boosting knowledge and innovation
- Point 8: Enhancing rural governance
- Point 9: Advancing policy delivery and simplification
- Point 10: Improving performance and accountability.

2.5. The declaration takes a broad approach to rural development, and its strength lies in its scope and content, as it covers all of the elements needed for a viable and sustainable rural environment in the EU. The EESC notes, however, that its scope is also its weakness, as it creates complexity with no room for focus at EU level. In view of the significant challenges for rural areas, the EESC wishes to underline the importance of using available funding in a targeted way to ensure real results. This focus must be based both on priorities of the relevant Member States or regions and, most importantly of all, on initiatives of those living in rural areas.

⁽¹⁾ See opinion on *Next steps for a sustainable European future* (see page 15 of this Official Journal).

⁽²⁾ See opinion on *The road from Paris* (OJ C 75, 10.3.2017, p. 103).

2.6. The content of Cork 2.0 is very similar to that of the 1996 declaration, except for the addition of climate issues and digitisation.

2.7. The EESC sees itself as a natural partner when it comes to implementing the declaration, and requests that the Commission continue producing progress reports on said implementation.

EU funding for rural development policy

2.8. All EU countries have national or regional rural development programmes, which are financed partly by the EAFRD and partly from national funds (both public and private). These programmes set out measures aiming to contribute to sustainable development in its three dimensions — environmental, social and economic. They are drawn up by the relevant Member State or region, and approved by the Commission.

2.9. The EAFRD is one of the ESI (European Structural and Investment) funds, along with the Cohesion Fund (CF), the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the European Maritime and Fisheries Fund (EMFF). A common regulatory framework ⁽³⁾ governs the technical implementation of the ESI funds. In addition, each country has concluded joint partnership agreements for the funds setting out the policy implementation priorities. This is part of the process of implementing the objectives of the Europe 2020 strategy. There is thus a close link between the funds, and a strategy for coordinating them.

2.10. The EAFRD provides for rural networks, at EU level with the European Network for Rural Development, and at national and regional level. Networks create platforms for meeting and sharing experiences, and their activities improve the basis for effective implementation and achievement of the objectives of rural development programmes.

2.11. The Committee of the Regions has commissioned a study on the extent to which the ESI funds are used for rural development ⁽⁴⁾. It is not surprising that the EAFRD is the fund that provides the most resources and which is used for this purpose. The share provided by the other funds is relatively small. Since rural development is a horizontal issue and important for EU cohesion, the EESC considers that efforts should be made to increase this share.

2.12. The ESI funds have been, and will continue to be, the primary means at EU level of implementing the intentions of the Cork declarations. The EU's next funding period will start in 2021, and the formulation of policy for this period will determine how well the intentions behind Cork 2.0 are put into practice. The EESC would also note that implementing the declaration and the policy objectives will require the ESI funds to have a robust budget.

3. Steps forward

Rural proofing

3.1. Point 1 of the declaration states that there should be a rural proofing mechanism that ensures that the potential of rural areas is reflected in the EU's policies and strategies. Rural and agricultural policies should build on the identity and dynamism of rural areas through multi-sectorial approaches and should consider the value of sustainability, social inclusion and local development.

3.2. Rural proofing would mean objectively and systematically taking into account and paying attention to the specific circumstances of rural areas. It could be a tool for identifying the impact of policy decisions on rural areas, in order to avoid affecting them negatively.

3.3. Rural proofing is practised for example in Finland, the United Kingdom and Canada. It may be either mandatory or optional. In Northern Ireland, there has been a legal requirement for rural proofing since 2016. The various national systems are similar;

3.4. For rural proofing to deliver results, it needs to be mandatory. It must provide the people taking decisions with a solid basis for doing so. Rural proofing that resulted only in reports and findings, but did not affect the decisions being made, would be meaningless.

⁽³⁾ Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013.

⁽⁴⁾ See: <http://cor.europa.eu/en/documentation/studies/Documents/Evolution-Budget-Dedicated-Rural-Development-Policy.pdf>

3.5. It must also be recognised that the EU and the Member States do not have just one countryside, but many different rural areas with different opportunities and circumstances. This must also be reflected in rural proofing and in policy both at EU level and within the Member States, if rural development is to produce good results. People living in rural areas also have a role to play in creating a local identity and working to develop this as well as discussing and deciding to what extent to preserve the rural character.

LEADER and community-led local development

3.6. Point 8 of the declaration states that we need to build on the success of LEADER and on the bottom-up approach on which it is based. The EESC has in numerous texts set out its position on the EU's cohesion policy, the partnerships established under it, the LEADER method and the new approach of community-led local development (CLLD).

3.7. The EESC endorsed the analysis already set out in 2004 in the Commission's third progress report on cohesion that the objective was to help achieve more balanced development by reducing existing disparities, avoiding territorial imbalances and coordinating regional policy and sectoral policies ⁽⁵⁾.

3.8. The Committee notes, however, that this objective has not been achieved, and that there needs to be a more cohesive policy for rural areas and regional development.

3.9. The EESC has also welcomed the partnership principle as an effective way of promoting ESIF programmes. The partnership principle involves the participation of both the traditional economic and social players and civil society organisations, environmental partners, non-governmental organisations and bodies responsible for promoting gender equality.

3.10. The Leader method is a tried and tested development tool where the public sector and civil society participate in a local partnership. The EESC noted back in 2011 that the method should also be able to tap into funding from all the ESI funds. It has also been a positive factor in improving urban-rural linkages ⁽⁶⁾. The method can also be used for urban areas, but the EESC would emphasise that this should not be allowed to happen at the expense of rural development.

3.11. During the 2014-2020 programming period, community-led local development (CLLD) within the LEADER method has emerged as a new instrument where the four ESI funds make a joint contribution. Local development can be implemented most effectively by those who live and work in an area and are familiar with it.

3.12. At least 5 % of EAFRD funds must be channelled through CLLD. The way it is structured, such that all four sets of rules must be followed for each of the funds, has limited the possibilities for using it in a simple, rational way. With a view to the next programming period, the Commission should put forward proposals for significant simplification, so that community-led local development can reach its full potential as a tool for both rural and urban areas, together with a minimum share of funding for the method.

Jobs and services

3.13. Factors such as jobs and services affect the extent to which people want or are able to remain living in rural areas or move to them. There is a general trend in the EU for people to move away from rural areas, creating a vicious circle and reducing the likelihood of achieving Community objectives or the UN Sustainable Development Goals. Demographic developments may pose a challenge in future, and both young and old people in rural areas need to have the conditions for a good quality of life.

⁽⁵⁾ See opinion on *Territorial cohesion* (OJ C 228, 22.9.2009 p. 123).

⁽⁶⁾ See opinion on *LEADER as a tool for local development* (OJ C 376, 22.12.2011, p. 15).

3.14. Access to basic public and business services such as schools, healthcare, postal services, food shops, public transport, etc. may vary between urban and rural areas. This can be a critical determinant in people's choices of where they want or are able to live. For families with children, for instance, access to functioning childcare can influence the extent to which parents are able to work. In some parts of the EU access to services is generally worse in rural areas than in urban areas. The spatial planning process must take this into account so as to ensure that people's quality of life in rural areas does not suffer.

3.15. In several EU countries unemployment is higher in rural areas than in urban areas. But this varies widely, as is apparent from Eurostat statistical data ⁽⁷⁾. Certain businesses report difficulties finding skilled workers in rural areas. Consequently a mismatch is apparent between demand and supply in both directions. Young people who want to study gravitate to places with a university or college and do not return.

3.16. Managing to accommodate immigrants — and especially their families — is and will continue to be a challenge facing residents of rural areas in the coming years. Seeking and maintaining mutual regard and respect ought to be encouraged. Rural areas could offer good living conditions for immigrant families. In countries with high immigration — e. g. of refugees — and migrant labour finding job opportunities may be a challenge, but migration can also create recruitment options.

3.17. Issues of job opportunities and education and training are covered mainly in points 3 and 7 of the declaration. The question of services is addressed more indirectly. The EESC considers that Community initiatives have both direct and indirect implications for development, in particular the question of job opportunities generated by efforts to promote business. Access to services falls more to the respective Member States, even if the ESI funds can drive service provision.

Agriculture and rural development

3.18. Farmland and forests cover around 85 % of the land area of the EU, with large variations between countries and regions. The cultivated landscape provides the conditions for producing food, feed, energy and fibre, but it is also a resource in terms of conservation and production of public goods such as rich flora and fauna. Landscape is a factor that distinguishes rural areas from urban ones and is a unique aspect of rural development in the EU; the agricultural sector also plays a very important role in rural areas because of its strong affinity with the land. Issues concerning preservation of the rural environment and management of natural resources are highlighted in points 4 and 5 of the declaration. The conditions for management and use are of decisive importance for the intrinsic values of the landscape, water quality and biodiversity.

3.19. Agricultural production is considered in the declaration, albeit mainly indirectly: the text suggests that agricultural production (in the form of foodstuffs) is to some extent taken for granted. As already mentioned, issues relating to the conservation and management of the environment and natural resources are dealt with more explicitly. The EESC points out that agricultural production is both an indispensable feature of rural areas, in order to meet society's demand for sustainable food products, and a driver of rural development. People working in the agricultural and forestry sectors make up a significant proportion of the rural population, create job opportunities and provide a basis for demand for services. An important factor here is the possibility for new farmers, and especially young farmers, to take over and expand a business. Only a small proportion of farmers are young and efforts are needed to facilitate generational renewal.

3.20. The three dimensions of sustainable development — economic, social and environmental — are necessary for sustainable agricultural production. The economic dimension may in some cases be critical for farming. An example is when species-rich meadows and pastures gradually decrease in size as livestock grazing becomes less profitable, which in turn has a negative impact on biodiversity. This illustrates that if farms are not economically viable there are effects on the surrounding environment and that it is important for farmers to receive remuneration for the environmental services they perform.

⁽⁷⁾ http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics_at_regional_level

3.21. The EESC considers the agricultural sector to be an area of rural development where the EAFRD has, and should continue to have, primary responsibility. Most of the resources available under the EAFRD are quite rightly earmarked for agricultural activities, for example in the form of environmental compensation, skills development, support for areas with natural constraints, and investment aid. Other EAFRD areas — for example energy, broadband and support for innovation — have positive effects for rural areas more widely. At the same time, agriculture is a business activity like any other, and this target group should not be excluded from support provided through other ESI funds.

3.22. Today's farmers and forestry businesses can be seen as both landscape creators and managers of a landscape used by earlier generations. For many people, the cultivated landscape is a key aspect of better quality of life, and its importance for leisure, outdoor activities and the tourism industry should not be underestimated. The intrinsic value of landscape and land resources can create business opportunities and livelihoods in many different ways.

3.23. A more balanced territorial development should also include a transition to sustainable food systems⁽⁸⁾. Developing a holistic approach to food systems is essential to address economic, environmental and social challenges related to food production and consumption and to ensure good governance of initiatives on multiple levels and in multiple sectors. Such initiatives include, for example, the promotion of short supply chains aimed at improving rural development by promoting access to healthy fresh diets for consumers⁽⁹⁾. This would also benefit local economies and agricultural production.

Innovation

3.24. The importance of innovation in rural development, in order to implement and generate new ideas, cannot be overstated. Innovative solutions create the conditions for a sustainable society, for example for the rural contribution to a more circular, bio-based economy and climate-smart solutions, and the potential for production with fewer inputs. The transfer of and access to knowledge is a key factor in implementing innovative ideas.

3.25. New technology and new, innovative production forms provide a good basis for greater sustainability of agricultural production, resulting in improved animal welfare and the potential to produce more with fewer inputs in the form of e.g. plant nutrients or plant protection products. Applying new technology and implementing innovations often require extensive investment that can mean risk-taking for individual farms. Often it is not possible for one person alone to shoulder the risk. Investment aid, for example from the rural development programme, should be an option to boost technology and methods sought by society. There may be an inherent conflict between development of agricultural technology and the number of jobs available, since increased mechanisation and structural change in many cases lead to a decrease in employment, although this trend may produce more financially stable jobs.

3.26. Strategies for, and the implementation of, innovation must be based on identified needs rather than on the amount of funding available. Point 7 of the declaration highlights the need to boost knowledge and both technical and social innovation, as well as the need for cooperation between stakeholders to use and share information. Community initiatives such as the European Innovation Partnership (EIP), e.g. EIP-Agri, can be useful here because of their bottom-up approach which generates networking and communication, and exchange between players at different levels, with a particular focus on business practice. It would be useful to support 'innovation intermediaries' to further promote innovation in rural areas.

Digitisation

3.27. In today's world, access to high-speed broadband is an indispensable aspect of infrastructure and a requisite for a well-functioning society in both urban and rural areas, affecting both access to labour and access to employment. The trend is for more and more to be done online. But many parts of Europe, particularly in rural areas, still lack reliable broadband solutions. The EESC stresses that this is unacceptable. People living in rural areas need broadband for their own safety (e.g. fully functioning telephony) and for their quality of life (e.g. fully functioning TV). Broadband access can be a factor

⁽⁸⁾ See opinion on *More sustainable food systems* (OJ C 303, 19.8.2016, p. 64).

⁽⁹⁾ This is the subject of an EESC own-initiative opinion on *Civil society's contribution to the development of a comprehensive food policy in the EU*, due to be adopted in December 2017.

influencing the extent to which above all young people choose to stay in an area or move away. Broadband is a must for businesses, as in most cases they cannot operate without a functioning broadband connection. Examples are payment solutions in an increasingly cashless society, accounting, e-commerce, or communication with customers. Farming is an example of a sphere where ICT is becoming ever more advanced in terms of providing new technological solutions.

3.28. The need for and opportunities offered by digitisation, are highlighted in the declaration. Where market forces are not enough to drive the expansion of broadband, as is often the case in rural areas, the EESC believes that there should be scope for aid. It feels that the ERDF should be the primary source of support for infrastructure while it should be possible to use the EAFRD for more complex and specific projects. The European Investment Bank and the European Fund for Strategic Investments can provide support here, e.g. through innovative financial instruments.

Role of rural areas in relation to the circular economy and climate change

3.29. Rural areas have an important role to play in a circular economy. The circular economy is mentioned in point 6 of the declaration, which deals with encouraging climate action. But the circular economy has other positive aspects, which are also highlighted in the EESC's opinion on the *Circular economy*⁽¹⁰⁾. There is a need for a sustainable cycle between town and country, not just in terms of resources but also in order to help strengthen agriculture and reduce imports of inputs. Rural areas thus have great potential to contribute to a more circular society, in part by being able to use waste products as a resource, e.g. as fertilisers and soil improvers, and in part by producing renewable energy and biomaterials.

3.30. Reducing the use of fossil fuels and making use of renewable energy are an aspect of lowering climate-relevant emissions. Rural areas have great potential to contribute to this too, not least by generating solar, wind and hydro energy, as well as bioenergy. Renewable energy production can, however, have a major impact on local people and on the environment, and it is therefore important to take account of all elements of sustainable development.

3.31. When it comes to climate change, we need both to reduce its effects and to adapt to them. Thanks to their large tracts of agricultural land and forests, rural areas have great potential to act as carbon sinks and thus to help reduce climate-relevant emissions, at the same time as production itself releases such emissions. The best available technology should be used in production, to minimise emissions. There is a need for skills development at all levels — from farmers to decision-makers — in combination with investment opportunities.

3.32. In summary, rural areas have significant potential to contribute to a sustainable society and thus also to both the UN Sustainable Development Goals (2030 Agenda) and the climate agreement in Paris (COP 21), as is made clear in the Cork 2.0 Declaration. However, the challenges are significant, and investment is needed, both tangible and intangible, in order to address them.

Simplification

3.33. Discussions concerning support from EU funds often highlight the complexity of this, both for beneficiaries and for authorities. The policy complexity issue is addressed in point 9 of the declaration. The EESC emphasises that simplification is necessary, both at EU level and in national and regional implementation of the policy. The current system is so complex that some avoid seeking support, and thus complexity is compromising implementation of the policy and realisation of its objectives. Some types of application in principle cannot be completed correctly without assistance from a consultant. There must be a focus on legal certainty for individual players.

3.34. For the current period, 2014-2020, the administrative rules for ESI funds were combined into a single regulation⁽¹¹⁾. In principle this was a positive move, as greater coordination can bring efficiency gains, particularly in the exercise of public authority, while the gains for individual beneficiaries are likely to be smaller, not least because they do not usually apply for aid from several different funds. The gains could potentially be greater for community-led local development in those countries where local development has been supported through several funds. The impact of the Common Provision Regulation is a question that may merit further investigation.

⁽¹⁰⁾ See opinion on the *Circular economy* (OJ C 264, 20.7.2016, p. 98).

⁽¹¹⁾ Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 <https://ec.europa.eu/digital-single-market/en/news/eu-regulation-common-provision-regulation-cpr>

3.35. Current rural development policy under the EAFRD is implemented via rural development programmes, with the establishment of priorities and focus areas. This has created a system in which the budget for the programme is highly fragmented, as the measures, focus areas and priorities all get their own budget headings. The transparency of the programmes has been suffering, and the structure has generated more administration for authorities, which in turn pulls resources away from implementation of programmes and thus reduces the likelihood of their goals being achieved.

3.36. Point 10 of the declaration argues in favour of improving performance and accountability. This is also a guiding principle for the Commission's budget procedures — in 2015 it launched the *EU Budget Focused on Results* initiative. Citizens and taxpayers must be able to obtain information on the results of policy and on the extent to which policy goals are being met.

Brussels, 6 July 2017.

The President
of the European Economic and Social Committee
Georges DASSIS
