

# International RD Seminar Rome

## Rural Policies and Rural Development in Europe

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# Content:

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1. Rural Policy Dynamics in Europe
2. Farm based RD practices
3. Some ideas about nested rural markets

# Rural policy dynamics

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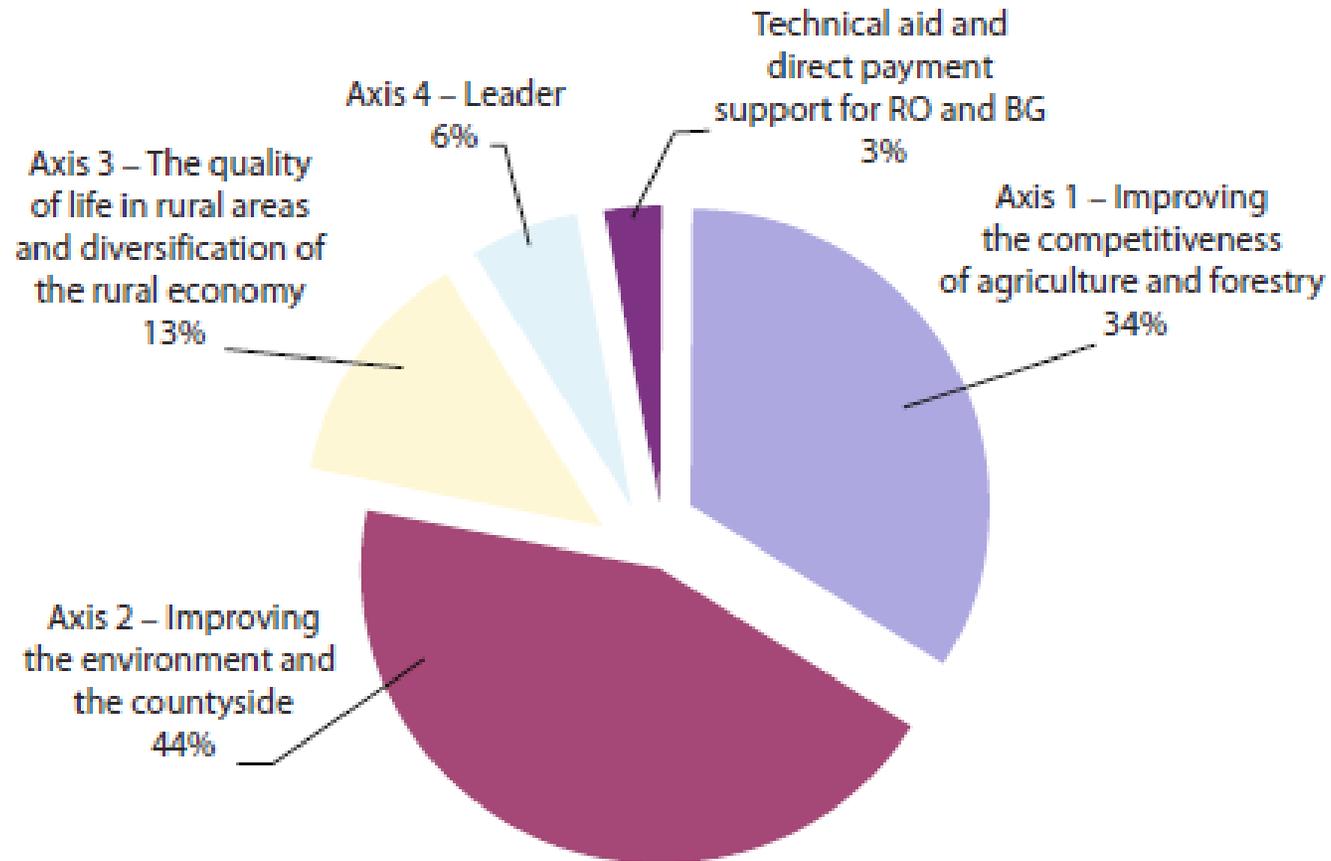
- Historically rooted in German-French food security concerns
- Initially strongly sector based policy framework (CAP)
- Additional EU policy frameworks for LFA /cohesion objectives
- From 1990's gradual transition into rural policy framework
- Growing recognition of multiple roles of agriculture in rural development and new societal demands with regard to rural areas (Cork-, Salzburg- meetings)
- Currently 2 pillars: 1) (mostly) de-coupled income support, 2) rural development programs
- Indeed towards new rural policy paradigm?

# Rural Policy Dynamics

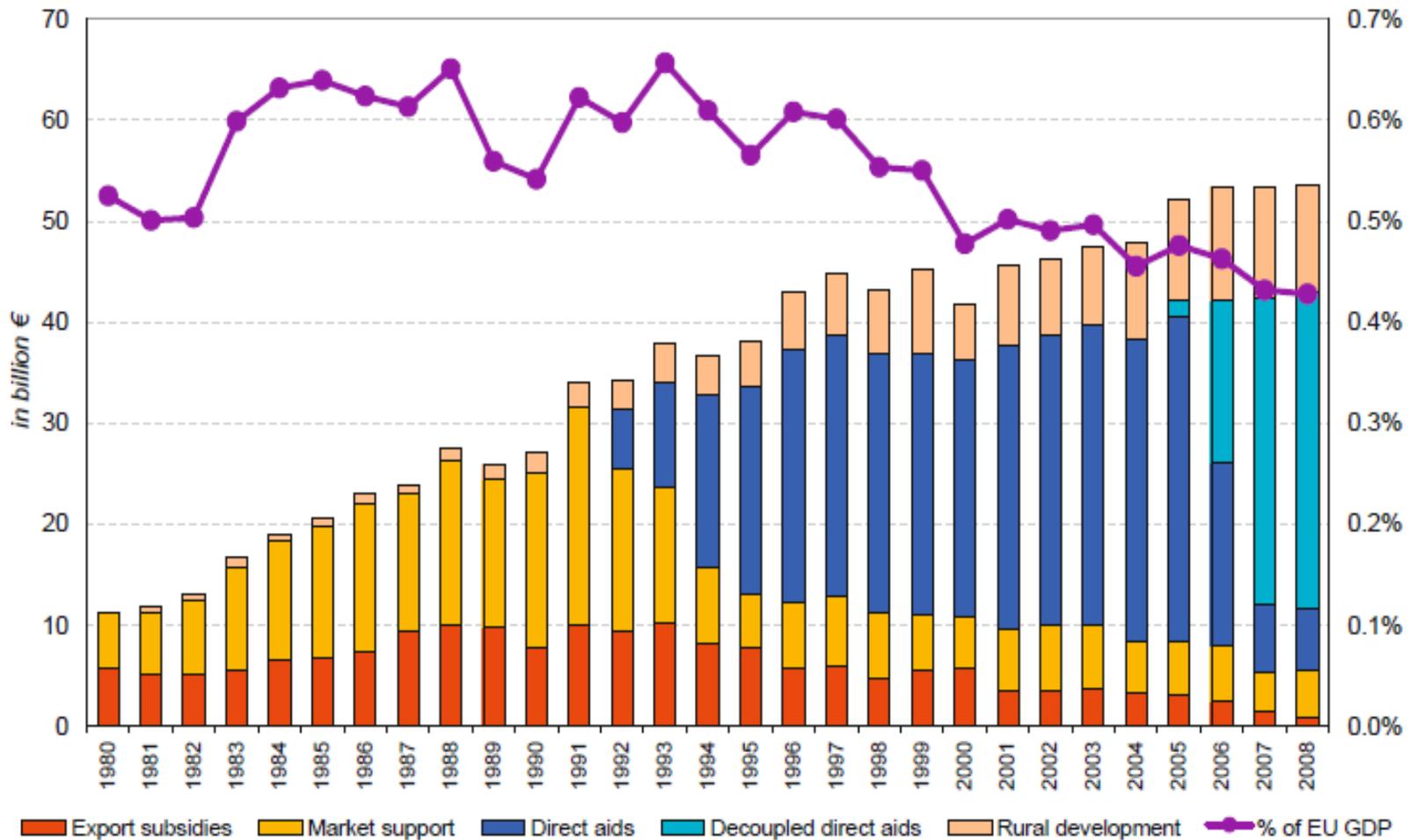
	Old approach	New approach
Objectives	Equalisation, income, competitiveness farm farm	Competitiveness of rural areas, valorisation of local assets, exploitation of unused resources
Key target sector	Agriculture	Various sectors of rural economies (ex. rural tourism, manufacturing, ICT industry, etc.)
Main tools	Subsidies	Investments
Key actors	National governments, farmers	All levels of government (supra-national, national, regional and local), various local stakeholders (public, private, NGOs)

Source: OECD 2006, p.60

# Pillar 2 Axes



# CAP dynamics in financial flows:



# Rural Development Practices

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Farm based RD activities driven by:

- agricultural price squeeze tendencies
- endogenous responses to maintain / (re-) gain control/influence on own production systems and markets and to create some distance and distinction to globalizing food markets
- Opportunities to combine agricultural with other gainful activities
- The emergence of MFA as a new farming / rural business model
- Specific characteristics of agricultural / rural networks / territorial development models (agriculture's role in RD)

<b>(&gt; 1 ESU)</b>	<b>% Holdings with farm centred OGA</b>	<b>% sole/ main holders with OGA</b>	<b>% Spouses with OGA</b>
<b>Austria</b>	<b>20.8</b>	<b>0.7</b>	<b>37.9</b>
<b>Denmark</b>	<b>14.3</b>	<b>41.9</b>	<b>67.6</b>
<b>Finland</b>	<b>25.3</b>	<b>45.9</b>	<b>52.1</b>
<b>France</b>	<b>25.6</b>	<b>24.9</b>	<b>42.5</b>
<b>Germany</b>	<b>19.9</b>	<b>48.8</b>	<b>28.5</b>
<b>Greece</b>	<b>1.6</b>	<b>20.0</b>	<b>19.5</b>
<b>Hungary</b>	<b>27.1</b>	<b>37.6</b>	<b>38.3</b>
<b>Ireland</b>	<b>4.7</b>	<b>40.5</b>	<b>45.9</b>
<b>Italië</b>	<b>5.2</b>	<b>26.3</b>	<b>26.6</b>
<b>Netherlands</b>	<b>29.7</b>	<b>23.2</b>	<b>29.2</b>
<b>Poland</b>	<b>3.8</b>	<b>21.5</b>	<b>18.0</b>
<b>Portugal</b>	<b>11.8</b>	<b>26.8</b>	<b>23.6</b>
<b>Slovenia</b>	<b>4.4</b>	<b>75.8</b>	<b>90.7</b>
<b>Spain</b>	<b>2.4</b>	<b>32.0</b>	<b>26.5</b>
<b>UK</b>	<b>20.1</b>	<b>37.3</b>	<b>43.7</b>



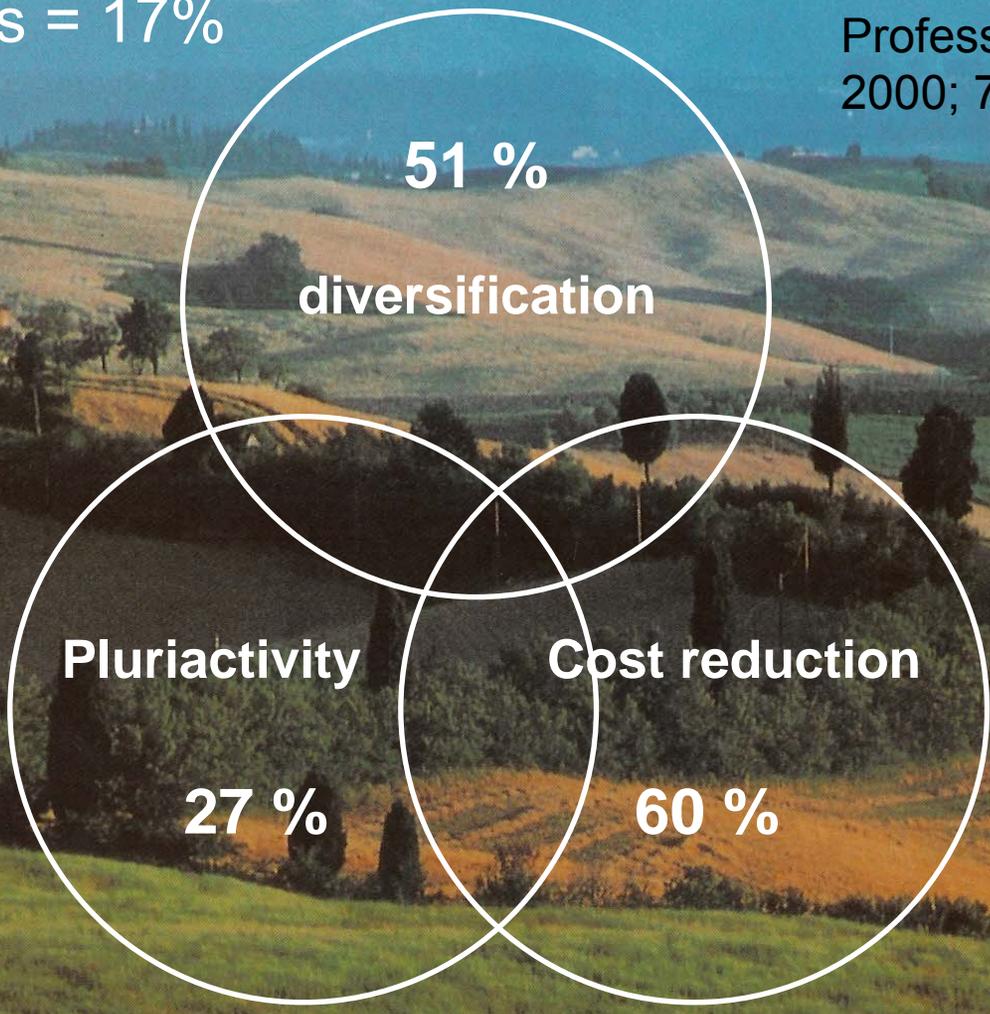
<b>&gt; 1 ESU</b>	<b>TOU</b>	<b>HAN</b>	<b>POP</b>	<b>WOP</b>	<b>REP</b>	<b>COW</b>	<b>NAE</b>
<b>Austria</b>	<b>8.7</b>	<b>0.5</b>	<b>9.0</b>	<b>1.0</b>	<b>1.2</b>	<b>4.1</b>	<b>0.4</b>
<b>Denmark</b>	<b>0.7</b>	<b>1.5</b>	<b>0.4</b>	<b>0</b>	<b>1.8</b>	<b>6.7</b>	<b>5.5</b>
<b>Finland</b>	<b>3.0</b>	<b>0.4</b>	<b>1.5</b>	<b>1.7</b>	<b>1.9</b>	<b>13.6</b>	<b>9.4</b>
<b>Germany</b>	<b>3.5</b>	<b>0.2</b>	<b>8.4</b>	<b>0.5</b>	<b>2.3</b>	<b>4.9</b>	<b>3.9</b>
<b>Greece</b>	<b>0.1</b>	<b>0</b>	<b>0.9</b>	<b>0</b>	<b>0</b>	<b>0.6</b>	<b>0</b>
<b>France</b>	<b>2.9</b>	<b>0.3</b>	<b>9.0</b>	<b>1.0</b>	<b>0</b>	<b>4.3</b>	<b>18.3</b>
<b>Ireland</b>	<b>0.9</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>1.4</b>	<b>2.5</b>
<b>Italy</b>	<b>0.9</b>	<b>0.1</b>	<b>4.1</b>	<b>0</b>	<b>0</b>	<b>0.2</b>	<b>0.2</b>
<b>Hungary</b>	<b>0.3</b>	<b>0</b>	<b>9.6</b>	<b>0.1</b>	<b>0</b>	<b>n.a</b>	<b>20.8</b>
<b>Netherlands</b>	<b>3.0</b>	<b>0</b>	<b>1.3</b>	<b>0</b>	<b>2.6</b>	<b>5.8</b>	<b>22.7</b>
<b>Poland</b>	<b>0.2</b>	<b>0.1</b>	<b>3.2</b>	<b>0.3</b>	<b>n.a</b>	<b>0</b>	<b>n.a</b>
<b>Portugal</b>	<b>0.2</b>	<b>0.1</b>	<b>10.4</b>	<b>0.3</b>	<b>0</b>	<b>0.4</b>	<b>0.3</b>
<b>Spain</b>	<b>1.0</b>	<b>0.1</b>	<b>1.0</b>	<b>0</b>	<b>0</b>	<b>0.2</b>	<b>0.2</b>



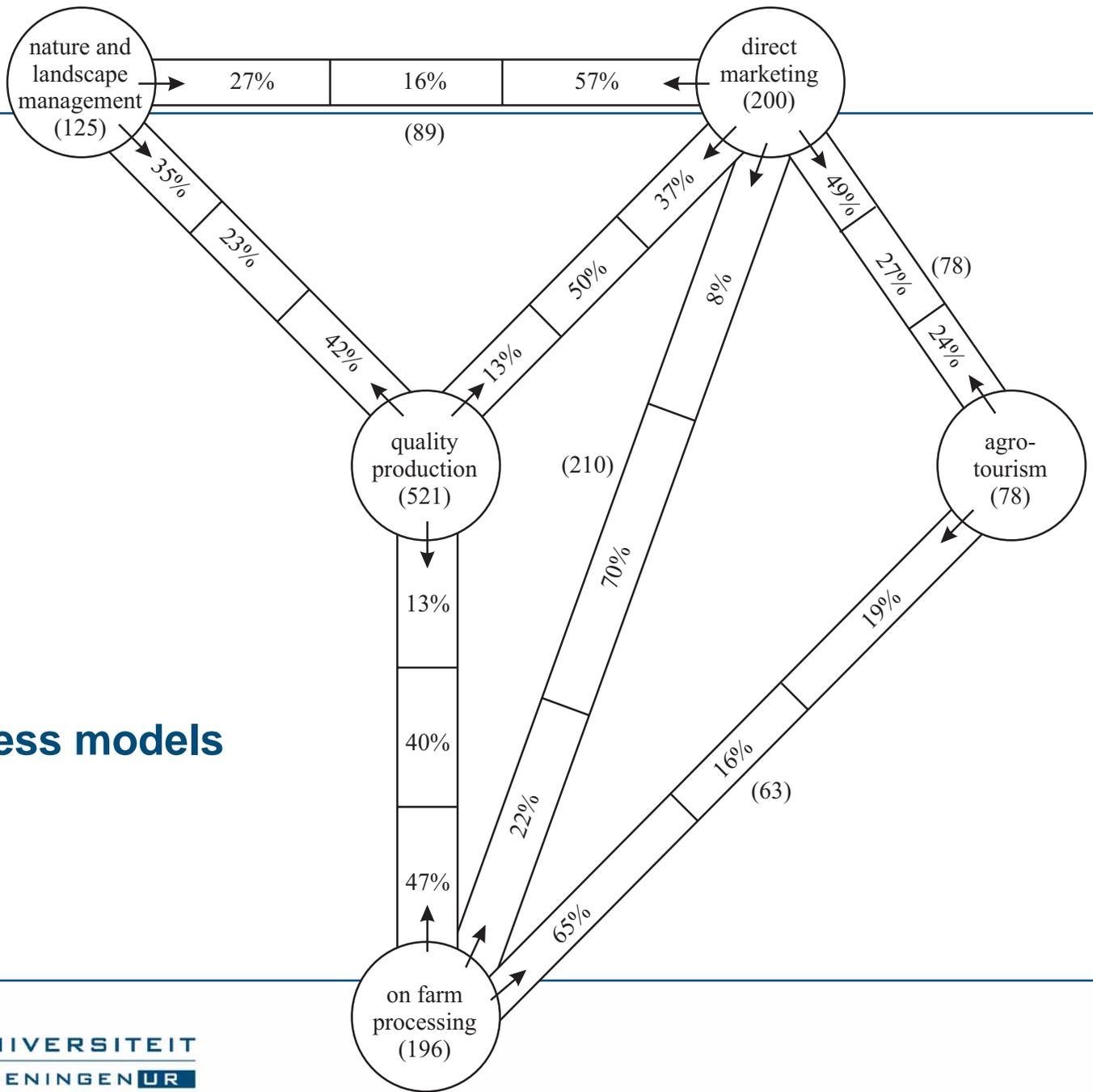
<b>ESU</b>	<b>4&lt;8</b>	<b>8&lt;16</b>	<b>16&lt;40</b>	<b>40&lt;100</b>	<b>&gt;100</b>
<b>Austria</b>	<b>20.3</b>	<b>23.9</b>	<b>25.0</b>	<b>21.5</b>	<b>15.4</b>
<b>Denmark</b>	<b>10.2</b>	<b>13.0</b>	<b>13.9</b>	<b>17.0</b>	<b>17.2</b>
<b>Finland</b>	<b>25.2</b>	<b>28.9</b>	<b>26.6</b>	<b>23.4</b>	<b>21.0</b>
<b>France</b>	<b>25.2</b>	<b>26.4</b>	<b>23.7</b>	<b>24.7</b>	<b>35.8</b>
<b>Germany</b>	<b>19.1</b>	<b>19.4</b>	<b>20.6</b>	<b>22.8</b>	<b>22.1</b>
<b>Greece</b>	<b>1.4</b>	<b>2.6</b>	<b>4.3</b>	<b>5.5</b>	<b>10.2</b>
<b>Hungary</b>	<b>31.7</b>	<b>32.7</b>	<b>33.2</b>	<b>33.3</b>	<b>51.1</b>
<b>Italy</b>	<b>4.4</b>	<b>6.1</b>	<b>8.7</b>	<b>9.1</b>	<b>9.9</b>
<b>Ireland</b>	<b>3.4</b>	<b>4.7</b>	<b>6.0</b>	<b>6.9</b>	<b>11.1</b>
<b>Netherlands</b>	<b>18.6</b>	<b>22.4</b>	<b>30.6</b>	<b>33.3</b>	<b>32.9</b>
<b>Poland</b>	<b>3.5</b>	<b>3.3</b>	<b>3.4</b>	<b>4.8</b>	<b>13.9</b>
<b>Portugal</b>	<b>12.5</b>	<b>13.0</b>	<b>11.5</b>	<b>15.1</b>	<b>16.8</b>
<b>Slowakia</b>	<b>25.3</b>	<b>33.1</b>	<b>40.6</b>	<b>54.6</b>	<b>69.6</b>
<b>Spain</b>	<b>2.6</b>	<b>3.1</b>	<b>3.0</b>	<b>3.5</b>	<b>5.3</b>

No new activities = 17%

Professional farms;  
2000; 7 EU countries

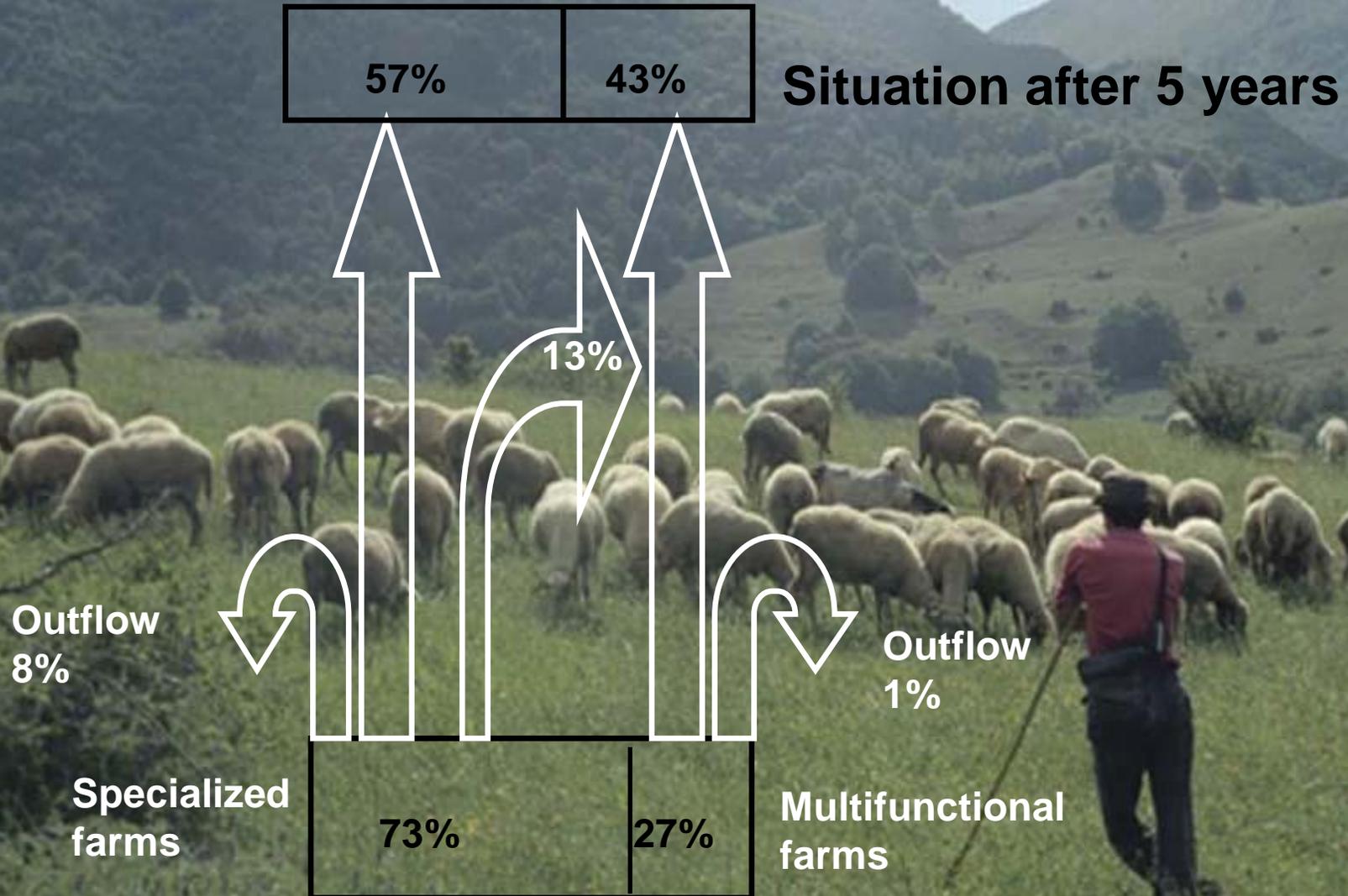


$\Delta$  Total Income from new circuits = €31.7 10<sup>9</sup>  
(tot. agr. income = €41.1 10<sup>9</sup>)



## New Farm / Business models

# Dynamics of multifunctional farms in Italy





Young farmers (< 40)



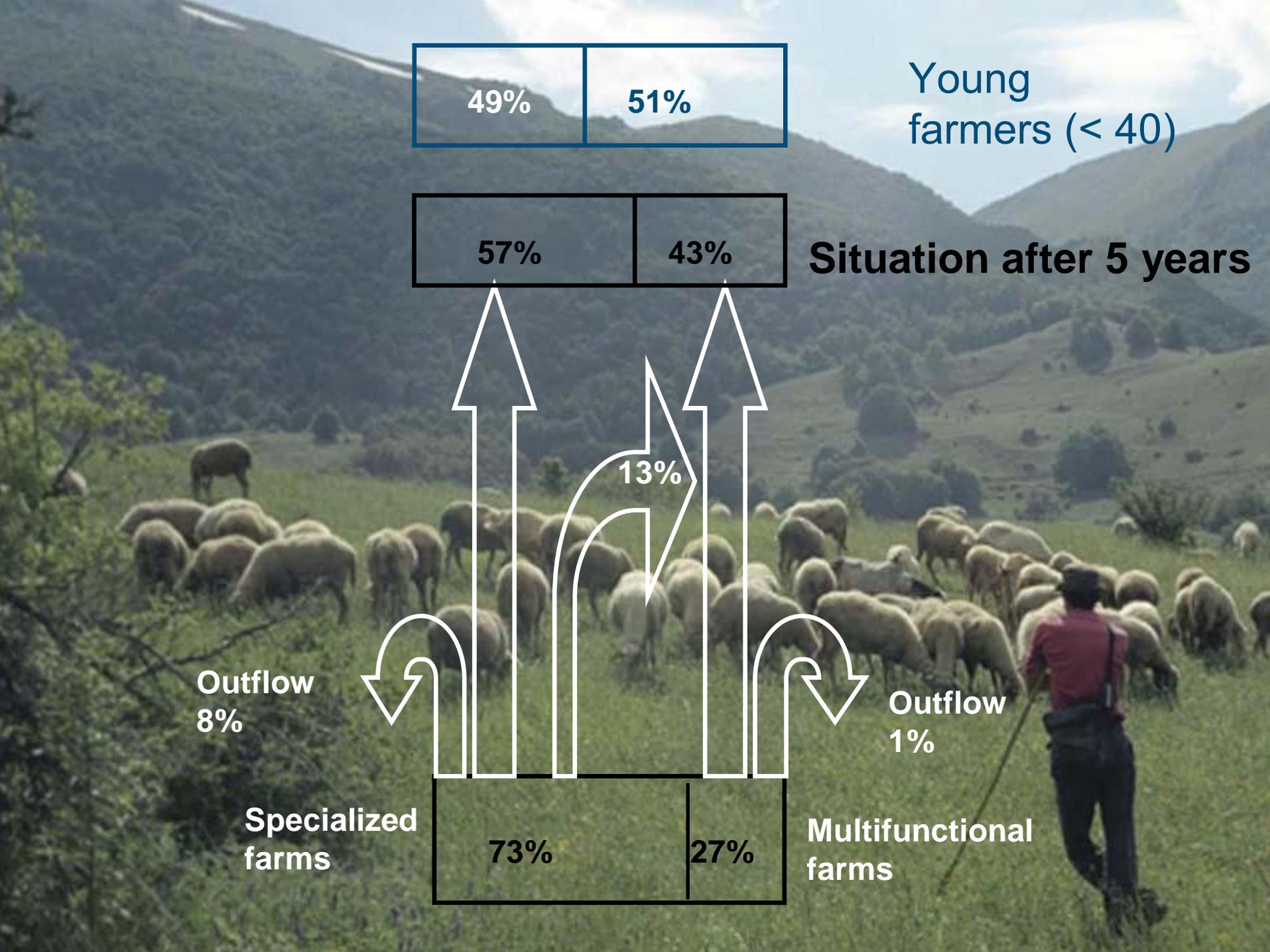
Situation after 5 years

Outflow 8%

Outflow 1%

Specialized farms

Multifunctional farms





In the next 5 years: invest in food production?

27%

**Agricoltura  
classica**

44%

**Agricoltura  
multifunzionale**

# RD as Territorial Model

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- The creation of synergy at territorial level goes beyond the capacities of single rural entrepreneurs and requires new networks and new institutional arrangements.
- Need for supportive policy environments that succeed to establish new linkages between RD policies and practices and stimulate more sustainable public-private partnerships (in contrast with e.g. current project based doctrines).
- Importance of shared values & opinions of involved stakeholders, authorities, consumers/citizens about rural qualities and the role of agriculture in rural development
- Examples: Friesland, Parmigiano Regiano, Tuscany, Waterland,

# RD as Territorial Model

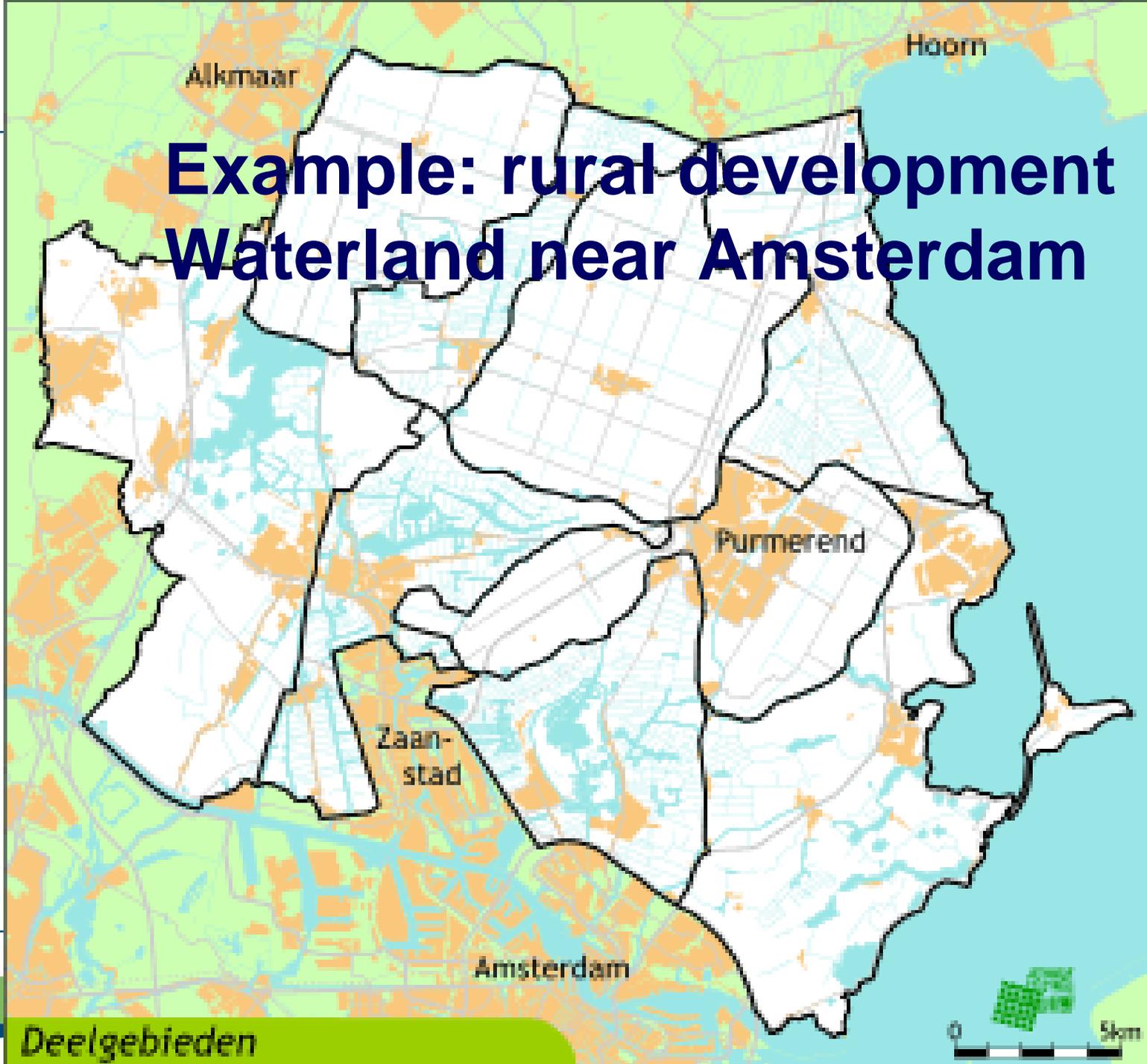
1.57 billion kg of milk

*“bulk”* model  
Friesland

*“quality”* model  
P.R.

Number of farms	5,000	8,400
AWU/farm	1.7	2.5
Total AWU	8,500	21,000
Income/AWU	equal	

# Example: rural development Waterland near Amsterdam

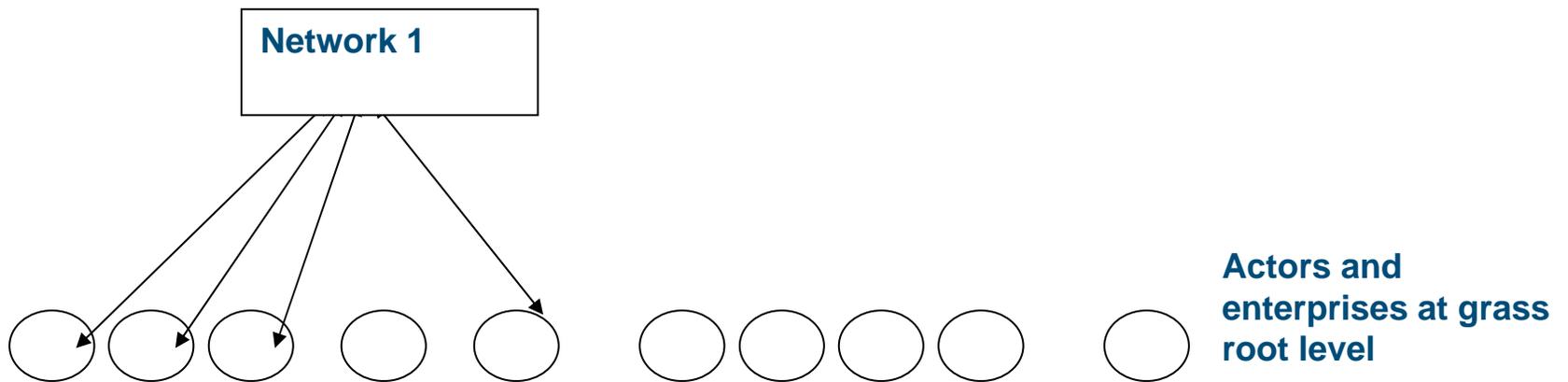


Particular ecology,  
exceptional biodiversity,  
attractive landscape

Implying particular styles of  
farming, considerable  
engagement and well  
developed local knowledge



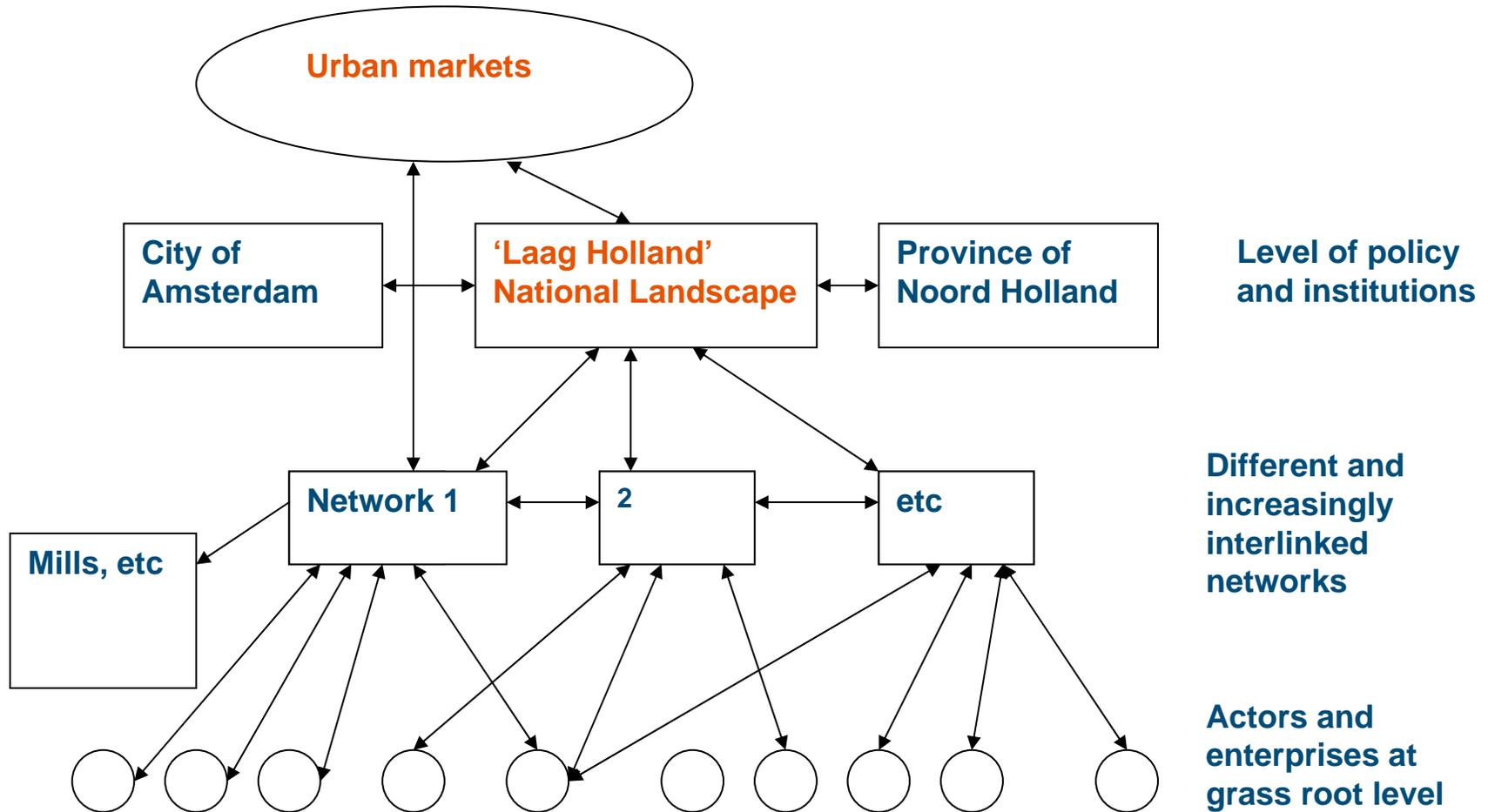
# Waterland: start environmental cooperative ( $\pm 30$ years ago)



# Hotel “the peasant’s room”



# 30 years construction of new markets



# Nested rural markets

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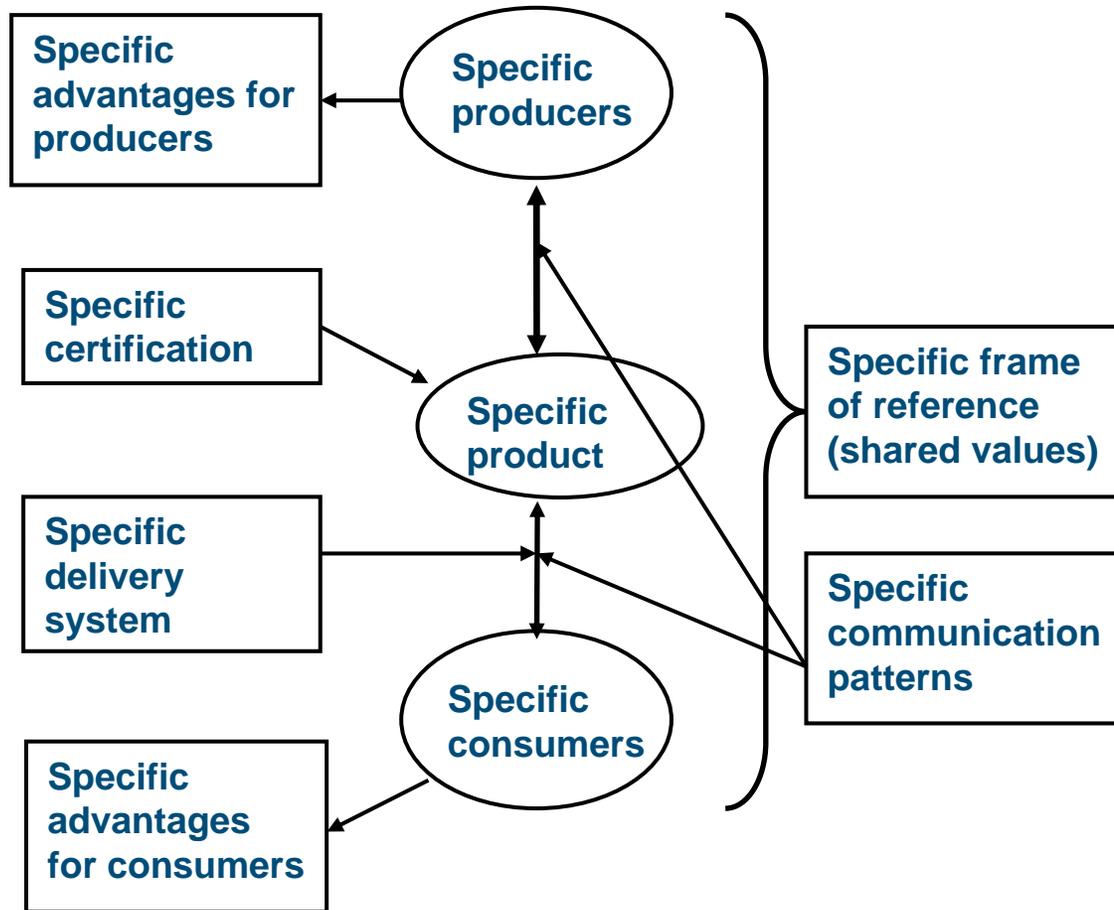
- Our approach:
  - New relations between town and countryside, agriculture and wider society that aim to counterbalance negative externalities of liberalization tendencies; new points of reference (other than world market)
  - New products and services that are frequently segments of wider markets
  - Concrete transactions, connections, advantages
  
- Different trajectories to more nested rural markets:
  - Creation of specificity of products and services
  - Extension of specificity at farm level
  - Developing new markets for public goods
  - Territory based construction and governance

# Nesting through product specificity

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- Distinctive food qualities (regional specialties, organic, etc.) as carriers of new urban-rural relationships
- Contrast with wider markets outcome of the capacity to create multiple specificities (communication patterns, delivery systems, institutional arrangements, certification systems, etc.)
- Overall outcome of multiple specificities explains the strength of a nested market

# Creation of specificity



# Extension of specificity at farm level

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- Multifunctionality allows to extend specificity at farm level
- Multifunctionality allows to create synergies through overlaps and mutual reinforcing points of attraction (meeting points)
- Multifunctionality allows to reduce transaction costs and to sustain agricultural activities.
- Multifunctionality enlarges opportunities for territory based synergy construction

# Developing markets for public goods

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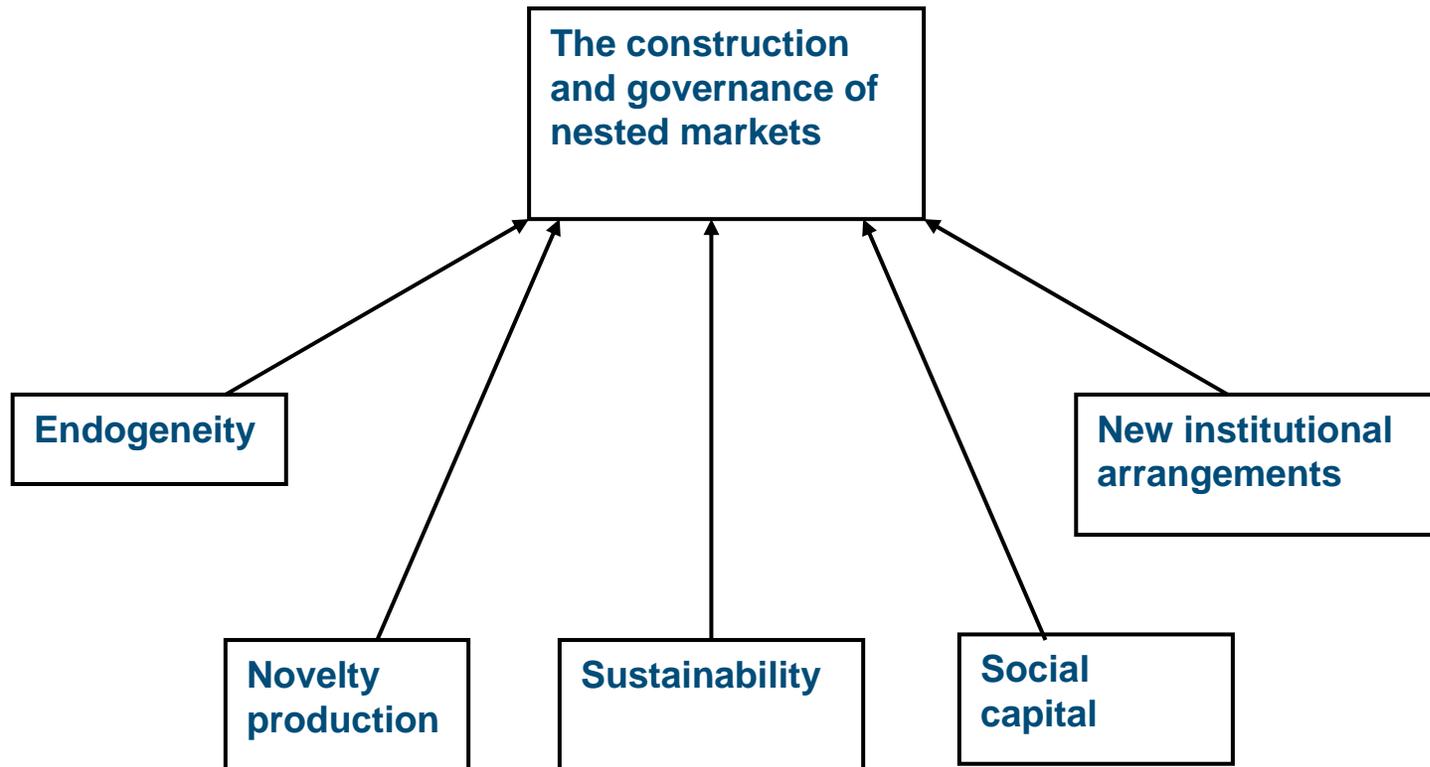
- Growing attention for (and de-monopolization of) markets for e.g. nature and landscape management
- Emergence of new collective farmers' initiatives (Italian Comunita di Montana, German Landschaftspflegeverbände, Dutch Environmental cooperatives etc.)
- Nesting through less transaction costs and better performances through self-regulation, negotiation with state agents on specificities, qualities, implementation, control, etc.

# Territory based construction and governance

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- Many actors involved in RD processes
- Specific linkages / interfaces between policy and practice
- Construction and governance of more nested rural markets critically depends on wider sets of social forces

# Social forces of more nested rural markets



# Some conclusions /issues for discussion

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- CAP transition towards rural policy framework offers opportunities for more nested rural markets
- Dynamics in farm based RD practices crucial driving forces for more nested rural markets
- Construction and governance of nested rural markets to be approached as multi-level and multi-dimensional processes / challenges