

# Support for Innovation in Forestry in Rural Development Programmes of Six European Countries

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## 1. Introduction and objectives

Rural development is a vitally important policy area, because rural areas cover 91% of the territory in the 27 Member States of the European Union (EU) and over 56% of the population live there (CAP EU). Extremely diverse physical environments characterize rural areas in Europe, as well as a broad range of economic activities, unique social networks and centuries-old cultural traditions. Rural areas across Europe differ strongly in their prosperity, among others, depending on their resources, accessibility, distance to large agglomerations, etc. Many European rural areas face significant challenges e.g. building competitiveness and creating new job opportunities. In marginal areas farming and forestry businesses often still need rationalization, or to develop new products and service. On the other hand, they have a great deal to offer. They give essential raw materials and provide a place of beauty, rest and recreation. The EU rural development policy is about meeting the challenges faced by rural areas, and unlocking their potential. Rural Development Policy in European Union is a key tool for restructuring of the agriculture sector, and to encourage diversification and innovation in rural areas. Rural Development's main targets are economic growth and creating jobs in rural areas and greater competitiveness in world markets, together with strengthening a better standard of living in an environmentally and socially sustainable way.

Even if economic activity tends to be concentrated in more urban areas, rural areas generate 42% of the Gross Value Added in EU-27 and provide 53% of the employment, these shares being larger in the new Member States (74% and 83% respectively). Agricultural and forestry sectors are very important for the rural development. The primary sector (agriculture, hunting and forestry) with around 13.44 mio persons employed in 2005 still represents 18% of the employment and 5% of the value added in rural areas of EU-27 (Rural development in the European Union, 2008).

Rural development policy in EU has been implemented through different instruments. Before 2000, the CAP was essentially sectoral (dealing mainly with agricultural structures) with limited territorial aspects. Agenda 2000 established rural development policy as the second pillar of the EU's Common Agricultural Policy (CAP). An important change for the ongoing period (2007-2013) was the movement from separate measures for the forest and the agro-environmental issues to one single regulation for all the measures.

The strategic guidelines published by the European Union on 20 February 2006 (Council decision No. 2006/144/EC) should help to:

- Identify the areas where the use of EU support for rural development adds the most value at EU level;
- Make the link with the main EU priorities (for example, those set out under the

Lisbon and Göteborg agendas);

- Ensure 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 it will entail in the old and new Member States.

Each member state has to create a national strategic plan which includes all objectives of the strategic guidelines. Thus, the programming of rural development must comply with Community and national priorities and complement the other Community policies, in particular the agricultural policy. A precondition for receiving financial support for developing rural areas is an assessment which includes strengths, weaknesses, opportunities and threats of each region. For the financial period 2007-2013, the European Commission has published Council Regulation 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD). This fund is financed by the total budget for agriculture which includes more than 53 Billion Euros. For rural development, a budget of nearly 11.3 Billion Euros is planned. According to the objectives of the Council Regulation 1698/2005, these 11.3 Billions Euros are available for several measures and activities in the member states for the period 2007-2013. It is more than in the former period 2000-2006 so that more measures can be carried out in the agriculture and forestry sector. However, the requirement to select from a variety of different measures allows the member state to focus the financial support on the particular needs of each country.

According to Council Regulation 1698/2005 the Member States or regions select measures, which are appropriate to implement each specific rural development strategy. Member States or regions can choose measures that reflect their specific needs and set their priorities at national level. The set of

particular measures, support description, target groups, eligible activities, monitoring indicator etc. are included in each national or regional Rural Development Programs (RDP).

The strategic guidelines, the Council Regulation 1698/2005 and Commission Regulation (EC) 1974/2005 as well, are implemented in all member states for the programming period 2007-2013. All countries have submitted a Rural Development Plan which includes measures and the related budget. However, different approaches for implementing the objectives of the council regulation can be observed. Some countries are focusing more on economic objectives, others more on ecologic objectives. For this reason, the article analyses the RDP from a number of countries/regions. It focuses on the following questions: Which rural development measures related to forestry are provided by the member states in the ongoing period?

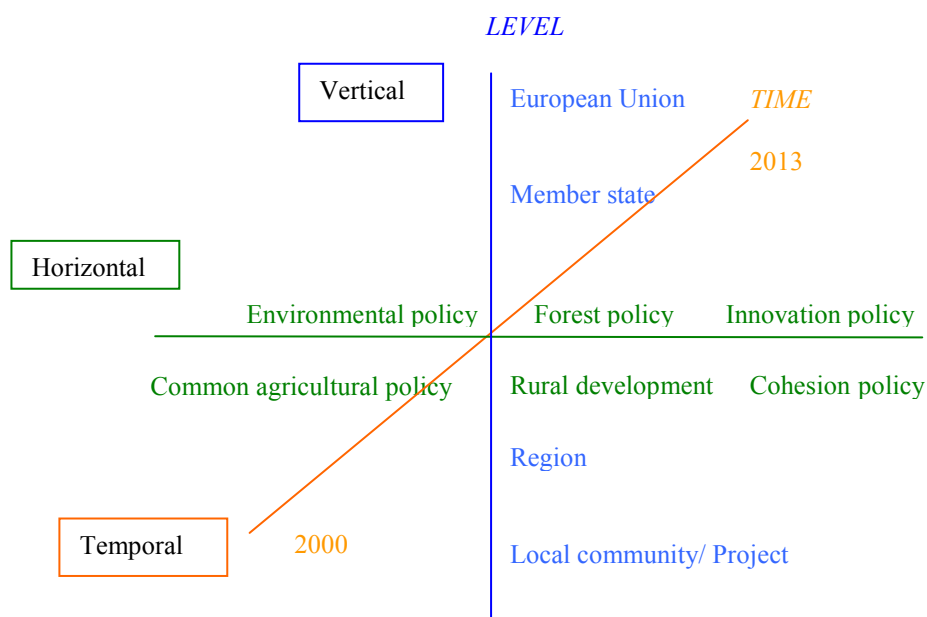
- Are there national priorities in the rural development programmes in supporting the forestry sector?

The study is particularly interested in how far innovation is supported through rural development policy forestry in the countries of our analysis.

## **2. EU Rural Development Policy and Forestry**

### ***2.1. Three aspects of policy coordination***

Policy integration and coordination is of high relevance for forest policy as it has manifold interferences with a range of other policy areas and sectors, for example rural development (Bauer and Rammetsteiner, 2006). With the "integrated rural development" approach, cross-sectoral co-ordination became a central cornerstone of development strategies for rural areas (Gießen, 2008; Sotte, 2003). Coordination is an important



**Figure 1.** Various dimensions in Rural Development Policy coordination (adapted from FAO, 1998)

mechanism in rural development policy. It brings together disparate resources, institutions, actors and targets at various levels including European, national, regional and local. Coordination is needed on several levels – vertical, horizontal and temporal (see Figure 1).

Vertical coordination refers to cooperation among various hierarchical levels of government. Theoretically, individual EU Member State could decide and operate a completely independent rural development policy. However, not all countries in the EU would be able to afford the policy that they needed. Therefore, the EU has a common rural development policy, which nonetheless places considerable control in the hands of individual Member States and regions.

At EU level, general rules for support of rural development policy are introduced. Responsibilities for partnership, programming, evaluation, financial management, monitoring and control are dealing between Member states and Commission on the basis of subsidiarity.

The EU and Member States share the financial cost to implement the rural

development programmes (co-financing), but the Member States are fully responsible for the management of their programmes.

A set of particular measures, support description, target groups, eligible activities, and monitoring indicators is included according to each of the four axes in each national or regional RDP. A list of evaluation guidelines and common indicators for monitoring and assessment of RDP is implemented on the base of documents elaborated by EU Commission and members states.

*Horizontal coordination* focuses on linking related policies. It helps to ensure consistency with other EU policies, in particular cohesion and environment. Rural development policy has links to a number of other policies set at EU level, as well as to lower levels, too. There is a strong call for particular coherence between forest policy and rural development policy. Already in 2000 the consensus was adopted that the sustainable management, conservation and sustainable development of forests should be a guiding principle for rural development in forest policy (MCPFE, 2000). Forestry Policy represented by forestry measures in RDP 2007-2013 is adopted in the

light of undertakings given by the Community and the Member States at international level, and based on Member States' national or sub-national forest programmes (NFP) or equivalent instruments. Forestry measures should also contribute to the implementation of the Community Forestry Strategy.

The innovation policy is linked with RDP rather weakly and indirectly. Some aspects that involve innovation are found in the European priorities for rural development. Council Regulation (EC) No 1698/2005, for instance, marks innovative approaches in developing new products, processes and technologies in a context of increased competition in rural areas.

According to Strategic Guidelines for Rural Development these priorities are as follows:

- Contribute to a strong and dynamic European agro-food sector by focusing on the priorities of knowledge transfer, modernisation, innovation and quality in the food chain and priority sectors for investments in physical and human capital;
- Contribute to the priority areas of biodiversity, and preservation and development of high nature value farming and forestry systems and traditional agricultural landscapes, water, and climate change;
- Contribute to the overarching priority of the creation of employment opportunities and conditions for growth;
- Contribute to the horizontal priority of improving governance and mobilising the endogenous development potential of rural areas

*Temporal coordination* refers to achieving an optimal implementation of Rural Development Policy in the EU across programming periods (see Figure 2).

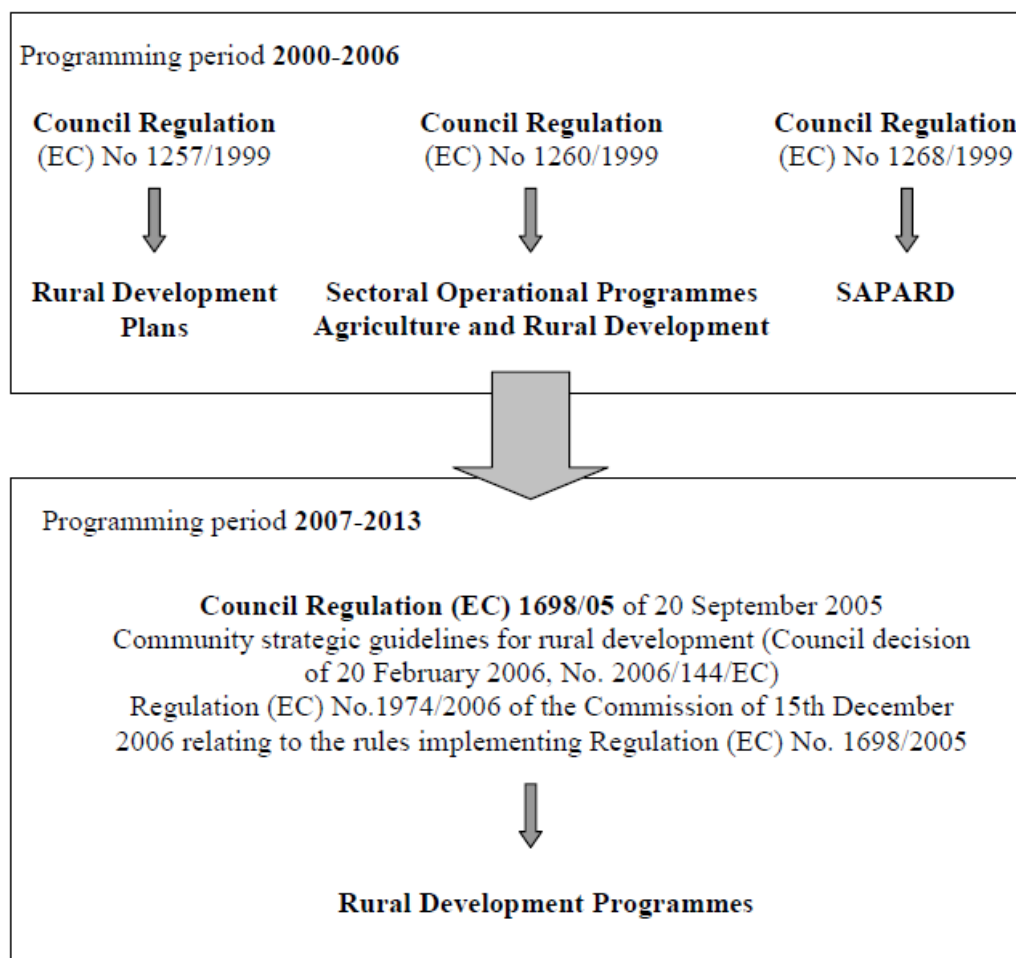
The rural development policy during the previous programming period 2000-2006 was implemented through three different approaches, depending on the country status

(EU member or associate country): Special pre-accession assistance for agriculture and rural development (SAPARD), Rural Development Plans, and Sectoral Operational Programmes Agriculture and Rural Development. SAPARD was used during that period in countries with pre-accession status (e.g. Bulgaria, and until 2004 also Czech republic and Slovakia). In EU Member States rural development policy was implemented at a national or regional level through Rural Development Plans and Sectoral Operational Programmes Agriculture and Rural Development.

The Council Regulation (EC) No 1260/1999 laid down general provisions on the Structural Funds. Community has undertaken a reform of CAP which includes structural and accompanying measures for promoting rural development. Through European Agricultural Guidance and Guarantee Fund (EAGGF), regions were supported whose development was lagging behind – defined as those whose per capita GDP is less than 75% of the Community average (Objective 1). The Council Regulation (EC) No 1257/1999 on rural development measures contributed to this policy in regions whose development is lagging behind (Objective 1) and regions facing structural difficulties (Objective 2) as defined in Council Regulation (EC) No 1260/1999. In Slovakia, for instance, the SOP Agriculture and rural development 2004-2006 was territorially bound to Objective 1, which means the whole country except Bratislava County.

The objectives based on Council Regulation (EC) No 1268/1999 for SAPARD were:

- Contribute to the implementation of the *acquis communautaire* concerning the common agricultural policy and related policies;
- Solving priority and specific problems for the sustainable adaptation of the agricultural sector and rural areas in the applicant countries.



**Figure 2.** The implementation of rural development policy during previous and current planning periods.

Integration of forestry aspects in the rural development policy followed Council Regulation 1257/99, Chapter VIII Forestry were particular aimed at:

- Investments to improve the multifunctional role of forests (Article 30);
- Afforestation of agricultural land (Article 31);
- Improvement of forest protection values (Article 32);

The new Rural Development Regulation No. 1698/2005 puts in place a significantly simpler and more strategic (Handbook on Common Monitoring and Evaluation Framework, 2006) approach to rural development, i.e. through the definition of three core objectives and a reorganisation of sub-objectives and measure objectives. The approach to monitoring and evaluation

for the period 2007-2013 is based on the arrangements in the last periods, but will be implemented in a more systematic manner and adapted to a number of new requirements in the RD regulation (Handbook on Common Monitoring and Evaluation Framework, 2006). The main changes can be summarised as follows:

1. Simplification of policy implementation through the introduction of a single funding system,
2. Modification of programming, financial management and control framework for rural development programmes,
3. Definition of three core objectives for rural development measures (Axes1-3), and fourth horizontal and methodological axis is dedicated to the mainstreaming of the LEADER approach.

## 2.2. Rural development in Europe during the period 2007-2013

For period 2007 to 2013, Council Regulation 1698/2005 is focused on three themes (known as “thematic axes”) for rural development:

- Axis 1: Improving the competitiveness of the agricultural and forestry sector
- Axis 2: Improving the environment and the countryside
- Axis 3: The quality of life in rural areas and diversification of the rural economy
- Axis 4: LEADER (Links between actions

for the development of rural economy)

Over 40 measures have been designed to achieve the objectives of the EU rural development policy. There are 14 measures under axes 1 and 2 which have objectives directly related to forestry (see Table 1). Generally, these measures aim at promoting sustainable forest management and the multifunctional role of forests. In addition, forestry-related activities, which can play a role in the diversification of the rural economy, can also be supported through some measures under the axis 3.

**Table 1.** RDP measures relevant for forestry for the period 2007-2013

<b>CMEF code</b>	<b>Axis 1: Improving the competitiveness of the agricultural and forestry sector</b>
111	Vocational training and information actions, including diffusion of scientific knowledge and innovative practices for persons engaged in the agricultural, food and forestry sectors
114	Use of advisory services by farmers and forest holders
115	Setting up of farm management, farm relief and farm advisory services, as well as of forestry advisory services
122	Improvement of the economic value of forests
123	Adding value to agricultural and forestry products
124	Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector
125	Improving and developing infrastructure related to the development and adaptation of agriculture and forestry
<b>Axis 2: Improving the environment and the countryside</b>	
221	First afforestation of agricultural land
222	First establishment of agroforestry systems on agricultural land
223	First afforestation of non-agricultural land
224	NATURA 2000 payments
225	Forest-environment payments
226	Restoring forestry potential and introducing prevention actions
227	Support for non-productive investments
<b>Axis 3: The quality of life in rural areas and diversification of the rural economy</b>	
323	Conservation and upgrading of the rural heritage

### 3. Methods

The overall approach to analyse the rural development programmes is based on a cross-country comparison of forestry measures in the RDP 2007-2013 in selected EU members states or regions. As was shown in Figure 2, different regulations for rural development existed until 2007.

For this article comparison, RDPs for the period 2007-2013 were available from the following eight countries/regions:

- Austria (AT)
- Bulgaria (BG)
- Czech Republic (CZ)
- Germany: North Rhine Westphalia and Saxony (NRW, Saxony)
- Italy: Toscana and Veneto (Toscana, Veneto)
- Slovakia (SK)

All these RDPs are available at the respective official government website. Relevant information from COST Action E51 national reports (Austria, Bulgaria, Germany, Czech republic, Italy, Slovakia) was used as well (Cost Action 51: Country reports).

The intent to analyse RDPs from more countries was not realised because of language barriers and limited availability of the latest version occurs. Furthermore sector data from EUROSTAT and from the European Commission related to Rural Development were not available for all countries/regions.

Due to the fact that definitions in the programmes are only partly comparable (there are different definitions, e.g. in terms of: beneficiaries, ownership type, projects), common comparative criteria had to be identified. The following criteria were selected:

- Land use distribution (using the categories: agricultural land, urban regions, forest or wooded land, rest)
- Afforested area in ha
- Implementation of forestry measures
- Interpretation of measures from the point of view of eligible activities.

The RDPs 2007-2013 were further compared to the former programming period on a country/region and cross country/region level. This intertemporal comparison was possible only for some indicators due to the different definitions mentioned above.

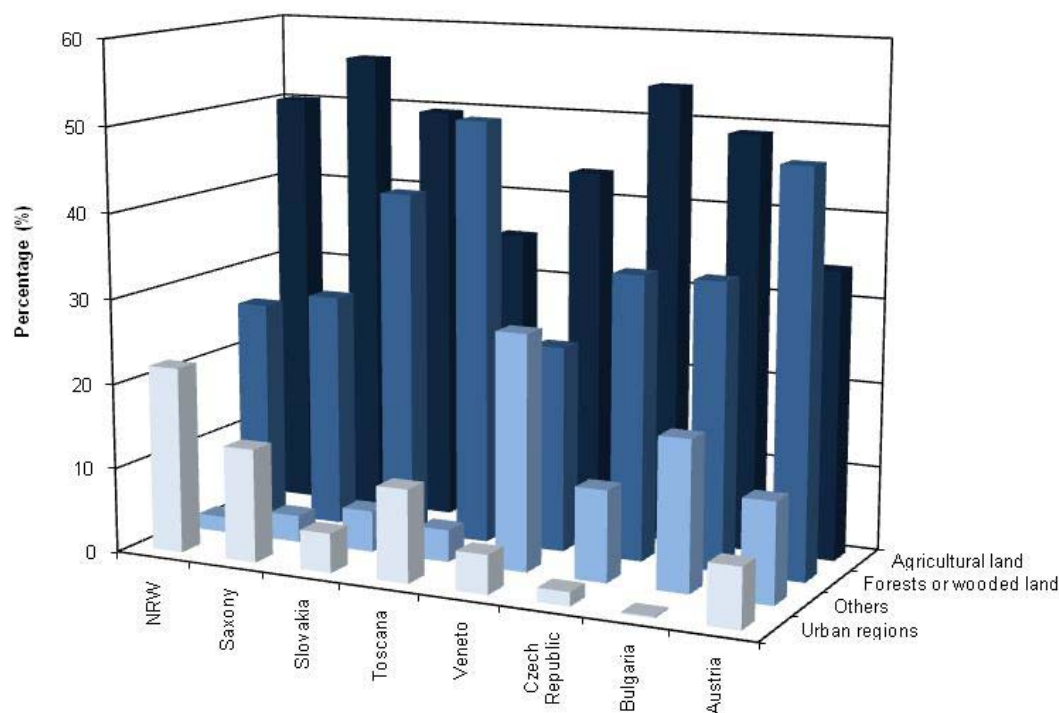
As a result, the main differences are visible and available for detailed analyses. These will be carried out in a later step, which will include expert interviews and structured interviews with questionnaires. This article presents results only from the comparative analysis of countries/regions and programmes as described.

### 4. Results

#### 4.1. Forestry in analysed countries/regions

The chapter gives a brief overview on some of the land use characteristics of EU member states as Bulgaria, Czech Republic, Austria and Slovakia, as well as regions Veneto, Toscana (Italy), North Rhine-Westphalia (NRW) and Saxony (Germany). The forestry ownership structure is presented, because of its relevance for support provided by RDP.

The area distribution of the analyzed countries has some variations. Notable differences can be found in the coverage of urban regions and forest or wooded land (see Figure 3). The category "others" includes rest of land use categories, e.g. water areas or barren land.



**Figure 3.** Area distribution according land use category

The rural character of regions is given by occurrence and proportion of agricultural and forest ecosystems. The highest value of forest or wooded area from the analyzed countries is in Toscana with 50.1% forests coverage of its territory. Toscana is closely followed by Austria (47.2%), and Slovakia (40.9%). The forest coverage in second group of regions

varies between 24.3% (Veneto) and 33.6% (Bulgaria, Czech Republic). German regions are presented with forest cover around 27%.

The coverage of agricultural land is more harmoniously distributed among the countries, remaining mostly in all countries near to a half (see Table 2).

**Table 2.** Coverage of agricultural land in %.

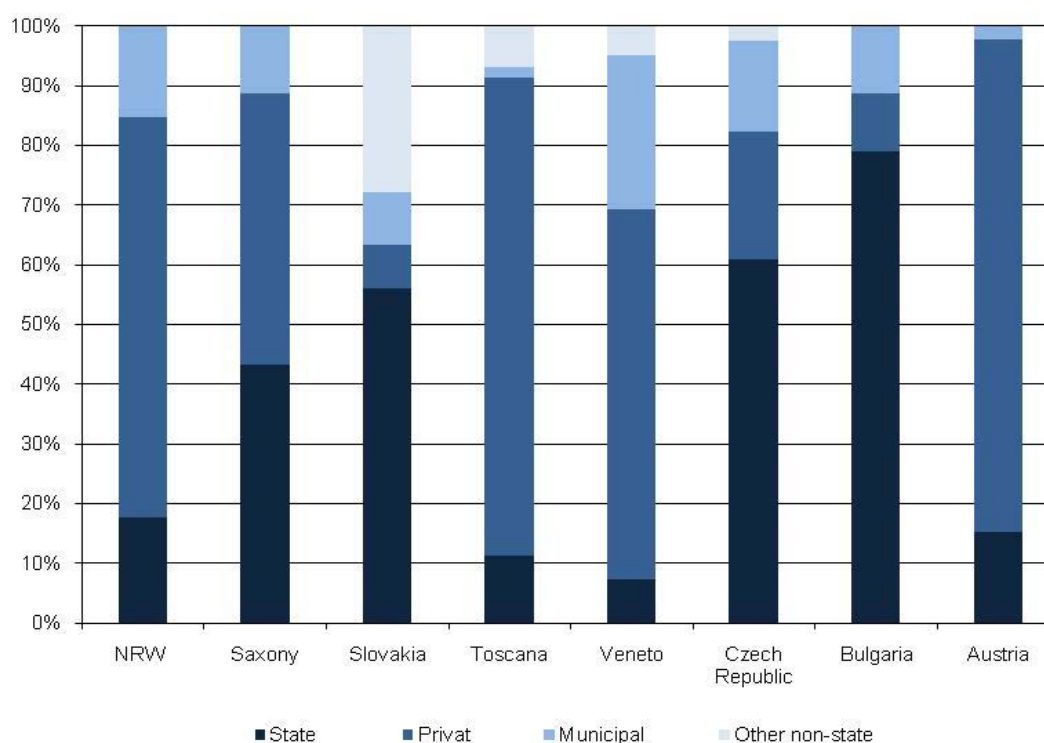
Region	Saxony	Czech Republic	NRW	Slovakia	Bulgaria	Veneto
% of agricultural land	55.7	54.0	50.2	49.6	49.0	43.4

Toscana and Austria have the lowest percentage of agricultural land with Toscana at 35.2% and Austria at 34.0%.

The ownership structure of the forest areas (see Figure 4) also varies from Veneto's 7.3% state-owned forests to Bulgaria's 78.1%,

whereas Austria has the highest share of private-owned forest land with 82.4%. In Slovakia, state bodies own 41% of forests, but also manage the forests of forest owners who have not claimed their properties and forests leased from non-state subjects, together comprising around 55%.





**Figure 4.** Forest ownership distribution

EU stresses an important role of RDP for improving and broadening economic value especially for non-state forestry sector, alongside to maintain the sustainable management and the multifunctional role of forests (Council Regulation 1698/2005).

Around 60% of the EU's forests are in private hands. The particular information from all compared regions is missing, but it would be likely assumed that the small sized forest holdings are more common than large-scale private forest areas. In Bulgaria average private owned forest area is 1.4 ha, in Saxony 2 ha, in Austria it is around 19 ha, in Slovakia 2,8 ha, in Czech Republic 2,9 ha. However, forests and forest-based products, even from small forest holdings, are important for the economy (The EU Forest Action Plan 2007-2011).

Only non-state forest owners are eligible beneficiaries in whole RDP. Different approaches are used for support state forest holdings. In some countries state forests could be supported only from Axis II, in other state

foresters could also be target group in measures of Axis I. The comparison of support from RDP in state and non-state forest sector would be possible after ex post evaluation.

#### **4.2. Implementation**

For the following analysis of supported forestry measures, all measures have been checked which are oriented towards forest owners as beneficiaries or the main target group or where forestry aspects dominate. These measures are: 122, 123, 125, 221, 222, 223, 224, 225, 226 and 227 as identified in Table 1.

Table 3 presents the results at country level on how the rural development policy measures touching forestry are to be implemented in the particular regions. The titles of measures according CMEF codes are the same as in Table 1. Particular support is more closely discussed below in terms of eligible activities that are to be taken on regional level according selected measures. Measure 222 (Agroforestry) is not provided in any of RDPs analysed.

**Table 3.** Forestry measures based on Council Regulation (EC) No 1698/2005

Country/region	Measure (CMEF-code)													
	111	114	115	122	123	124	125	221	223	224	225	226	227	323
<i>Bulgaria</i>				☺	☺				☺	from 2009		☺		
<i>Czech Republic</i>	*	☺	☺	☺	☺		☺	☺		☺	☺	☺	☺	
<i>Slovakia</i>	*	☺		☺	☺			☺		☺	☺	☺		
<i>Austria</i>	☺			☺	☺	☺	☺	☺		☺	☺	☺		☺
<b>Germany</b>														
<i>NRW</i>	☺	☺	☺		☺		☺			☺			☺	
<i>Saxonia</i>							☺	☺	☺				☺	
<i>Italy</i>														
<i>Toscana</i>	☺	☺		☺	☺	☺	☺	☺	☺			☺	☺	
<i>Veneto</i>	☺	☺		☺	☺	☺	☺	☺			☺	☺	☺	☺

Notes:

	Measure will probably <u>not</u> be provided
☺	Measure will probably be provided
*	Foresters are target group but not applicants – for example measures concerning vocational training – the applicants are institutions which provide education for forest owners (so forest owners are here the target group, but alone they are not applicants for this measure)
	Measure will be provided, but foresters are excluded

It is possible that during current programming period there will be changes by providing or not providing mentioned measures (this is the reason, why in the description we talk of measure that will be “probably” provided). The reasons for this can be various: there may be a mistaken assumption that the offered measure will be requested by forests owners (for example in the Czech Republic in previous period 2004-2006 there was a measure support for forest owners’ associations, but there was not any application for this measure) or there could be changes because of economic crisis.

The analysis of the RDPs from a forestry point of view shows that there are some forestry activities that were supported already in the previous planning period.

These are the traditional activities supported in measures 122, 123, 221, 226, 227 (silviculture activities, building of forest roads, fire

protection, purchasing of machines, non-profit investments etc.) that were implemented also in the RDPs 2000-2006.

There is a new strong emphasis, on improving the competitiveness of the agricultural and forestry sector (Axis 1). In Axis 1 has been allocated the largest share of funds, despite the fact, that Community financial contribution to Axis 1 shall cover at least 10 % of the EAFRD total contribution to the programme (Council Regulation 1698/2005). The measures supporting training (111), investments to improve the economic value of forests (122), adding value to forestry products (123), and on developing forest infrastructure (125) existed also in the last period but are prioritized in this programming period. A number of new measures were defined by the EC which were partly taken up by the RDPs of the countries in our analysis. The cooperation for development of new products (124) has been included in Austrian and Italian RDPs,

measures of advisory services (114, 115) as an innovative tool for the improvement of the overall performance of forest holdings where included in the national RDPs of most countries.

Under the title of improving the environment and the countryside (Axis 2), the emphasis of forestry measures is put on first afforestation of agricultural land (221) and restoring forestry potential (226). Also the new measure on Natura 2000 payments (224) and the possibility for non-productive investments (227) are included in the majority of the analysed RDPs.

A horizontal objective and the measures under Axis 3 are not targeted to any specific sector. Nevertheless, some forestry-related actions could be financed under this axis, through the measure providing support for diversification into non-agricultural activities. For instance, the measure relating to conservation and upgrading of the rural heritage (323) will be implemented in RDP for Austria and Veneto also with forestry activities.

Forestry measures often have some

interaction with measures from other axes too. Integration of operations from different axes can in some situation improve the overall effectiveness of rural development policy.

RDPs include also a financial plan. These plans give an overview about the priorities in the development strategy. The proportion of finances allocated to forestry measures according to indicative budgets in chosen RDPs 2007-2013 is presented in Table 4. The measure 111 (Vocational training and information actions, including diffusion of scientific knowledge and innovative practices for persons engaged in the agricultural, food and forestry sectors) and measure 323 (Conservation and upgrading of the rural heritage) are excluded, because of funding directed to forestry through these axis 1 and 3 measures can cover both agricultural and forestry sectors.

The Measure 114 represents in Czech Republic and in Slovakia amount of 24.7 resp. 24.5 mill. €. The expectation is that forest part will take about a quarter of this total amount. These are but a crude guess and therefore are these amounts in Table 4 and next figures not included.

**Table 4.** Sources allocated for RDP forestry measures for the period 2007-2013

Country/region	Forest cover (%)	Forestry area (ha)	Budget 2007-2013 (million €)	Forest part	
				million €	%
<i>Bulgaria</i> <sup>1</sup>	37	4 070 000	4 278.4	335.0	7.83
<i>Czech Republic</i> <sup>2</sup>	34	2 647 416	4 605.3	261.6	5.67
<i>Slovakia</i> <sup>3</sup>	41	2 006 939	3 400.7	231.3	6.80
<i>Austria</i> <sup>4</sup>	47	3 960 000	10 707.0	417.1	3.90
<i>Germany</i>					
<i>NRW</i>	26	887 550	1 268.5	149.5	11.78
<i>Saxony</i>	28	511 578	2 233.1	76.2	3.41
<i>Italy</i>					
<i>Toscana</i>	50	1 151 539	1 333.1	238.1	17.86
<i>Veneto</i>	24	446 856	1 489.8	170.9	11.47

Notes:

<sup>1</sup> forest part without measure 224

<sup>2</sup> forest part without measures 114

<sup>3</sup> forest part without measure 114 and 123

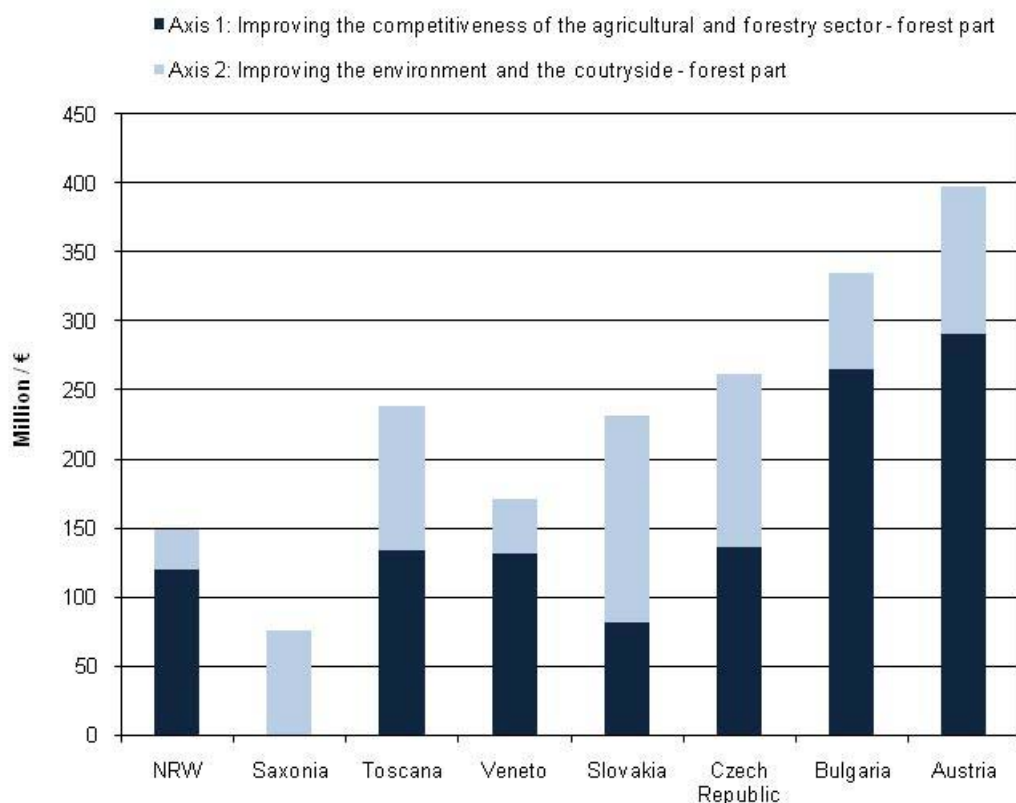
<sup>4</sup> whole forest part from government information;

Figure 5 shows the anticipated expenditures in the selected states and regions on the implementation of the forestry measures during the years 2007-2013. The majority of the RDPs analysed have allocated more finances into measures in Axis I. But the description of forest part of measures in Axis 1 could be overestimated. By the measures, which are not specific for the forest sector, probably much of the money will be spent in supporting agricultural activities. In Italy have made an estimate that no more than 25% of the budget for measures 123, 124 and 125 will be used in the forest sector.

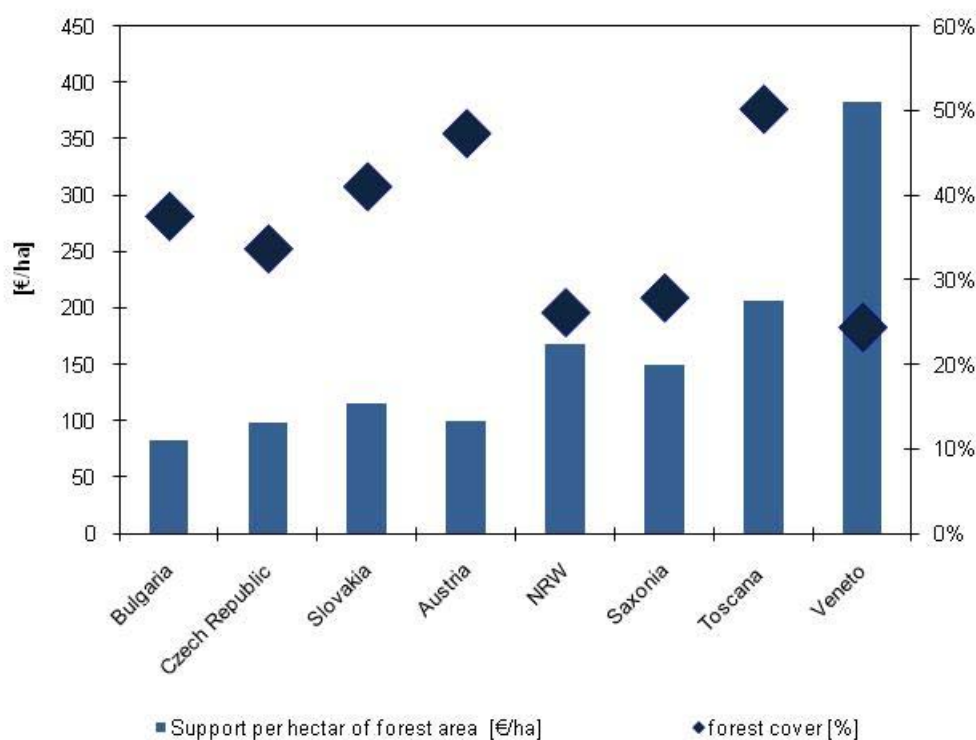
Only Slovakia and Saxony have more finances (in total amount: EU, national and private resources together) allocated in Axis II. But there are also differences in particular amount of resources for measures. For example, Slovakia has the highest expenditures in measure 226 (Restoring forestry potential and introducing prevention actions), whereas Saxony has highest expenditures in public expenditures for the measure 227 (Non-

productive investments). In the Czech Republic more finances are allocated in Axis I, but when the private co-financing is taken off, than (from public expenditure point of view) the most financial means flows into Axis II.

The absolute amount of financial means flowing into forest sector is only basic information. For comparison, the share of Euro per hectare of forest land is more important (see Figure 6). There is a certain correlation (correlation coefficient 0,417) between forest cover and share of money allocated for forestry from whole RDP budget in each of investigated RDPs. For instance, in German and Italian regions the allocation of money in €/ha is higher than in the other countries of our analysis. Bulgaria, Czech Republic, Slovakia and Austria belong to countries with a high cover of forests (ca 40 %), but the allocated money is lower than in others (ca 100 €/ha). From the group of countries with forest cover below 30%, German regions plan support around 150 €/ha in comparison with Veneto's with 350 €/ha.



**Figure 5.** Allocation of financial means from RDPs, 2007-2013 (in million EUR)



**Figure 6.** Support per hectare of forest area from RDPs 2007-2013 (in EUR/ha)

The amount of sources given to RDP depends mainly on the skill of each national (or regional) representative to negotiate with EU Commission, but the part allocated for forestry depends on priorities in national rural policy.

#### **4.3. Examples of different interpretations of the measures**

In the following chapter, the differences in interpretation of a measure by the member states are shown.

##### **4.3.1. Measure 122: Improving the Economic Value of Forests**

According to the Council Regulation 1698/2005, the intention of measure 122 is the improving of the economic values of forests. It is implemented in ways that aim at:

- Improving and broadening their economic value,
- Increasing diversification of production and
- Opening of new market opportunities such as renewable energy,

- Maintaining sustainable management and respecting the multifunctional role of forests

The Austrian RDP supports many different kinds of measures from silviculture to investments in technical equipment plus the production of biomass. The main aim is to mobilize timber or biomass harvest, particularly from small private forest holdings. Professional training measures that should further support the effectiveness of the mobilisation activities are also included in this measure. The budget for this topic was significantly increased (around + 40%) which reflects the national forest policy priority of increased harvesting in order to supply the national industry.

Bulgaria focuses on silvicultural activities like thinning and lightening of forests. Furthermore, purchasing of harvesting equipment, such as motor saws, harvesters, and forwarders is supported.

Czech Republic aims at providing support for purchase of machines and equipment for the

construction and maintenance of forest roads, paths and pavements, soil amelioration, torrent control, retention reservoirs and facilities for tourism. The country also aims at improving the machinery and equipment serving regeneration and thinning of forest stands and primary processing of wood by environmental friendly technologies.

In Italy (Veneto), the actions for Measure 122 are for construction or maintenance of forest roads (Cost/benefit analysis is mandatory to demonstrate economic sustainability of investment). Another action relates to the conversion/amelioration of forest stands (with productive objectives). Veneto will also invest in sawmills.

Slovakia is also focussing on purchasing of equipment for regeneration of forest stands, thinning, cleaning, felling, and skidding. It also includes equipment such as motor saws, harvesters, forest cableways, hauling truck-and-trailers, and forwarder. Slovakia also intends to improve its forest roads and IT infrastructure (software and hardware). The third key activity in Slovakia's Measure 122 concerned investment in timber yards.

From these given examples, it is evident that Measure 122 is perceived very broadly, i.e. small activities – like thinning and lightening of forests could be subsidised, as well as very expensive actions – like purchasing of harvesters, forwarders and other machines. From this point of view, it is clear, that mostly the first three goals (improving and broadening economic value, increasing diversification of production and opening of new market opportunities such as renewable energy) are fulfilled in practice.

#### *4.3.2. Measure 123: Adding Value to Agricultural and Forestry Products*

Measure 123 assumes that value added can be increased through:

- Investment in the processing and marketing of existing products, and
- Investment in the development of new products, processes and technologies.

Eligible investments could be the construction, acquisition or improvement of immovable property, the purchase or lease-purchase of new machinery and equipment and general costs linked to expenditure such as patent rights and licences.

A closer look into the supported measures shows wide differences in interpretation.

Austria supports many measures for joint marketing systems, advanced logistics, and further processing of timber.

In Bulgaria, activities under this measure are focussed on enhancing the industrial processing. Eligible are e.g. costs for local saw mills or techniques for producing fire wood or pellets. In contrary to other European countries, in Bulgaria there are currently only two saw mills producing timber for export.

In the Czech Republic, the measure is realized with purchasing and improving of technologies for processing of biomass waste for energy purposes, construction or improvement of plants for forest products processing and purchasing of software and licenses. Applicants must be forest entrepreneurs with less than 10 employees or enterprises with a turnover under 2 Mil. €.

In Italy (Veneto) Measure 123 is realized in investing in new machinery for harvesting/transformation. Italy emphasises that beneficiaries must also adopt PEFC or FSC standards for forest harvesting activities/transformation.

In North Rhine-Westphalia Measure 123 is implemented via support for improving the processing and marketing of timber and timber products (processing costs, technologies, planning costs) and developing of new products, techniques and technologies in terms of forest products.

Eligible activities for Measure 123 in Slovakian RDP are construction, reconstruction and modernization of production buildings and halls; procurement, reconstruction and

modernization of machines and technology for primary processing of wood as a raw material. Support will be provided for:

- Activities prior to industrial processing of wood (additional primary wood production) and
- Processing of non-wood forestry products (e.g. equipment for drying woodland herbs, facilities for treating forest fruit after harvesting) and
- Processing and exploitation of renewable sources of energy, machinery and facilities for production of biomass.

These examples demonstrate that Measure 123 is also in all countries utilised in different ways. In some cases, support is focused on marketing opportunities, in other cases on improvement of technical equipment.

#### *4.3.3. Measure 226: Restoring forestry potential and introducing prevention actions*

Support under this measure is granted for restoring forestry potential in forests damaged by natural disasters and fire and for introducing appropriate prevention actions against fires only for medium and high fire risk forests. Many types of actions can be supported.

In Austria there is a focus on the restoration of mountainous protective forests which has been a focal area of national forest policy for many years. Measures include silvicultural and technical measures such as forest road construction (important aim) and preventive measures against natural hazards.

In Bulgaria, activities are mainly focusing on forest protection, e.g. against calamities by insects and for forest fire protection. The main prevention actions are purchasing of equipment for anti-fire depots, establishing and improving of water points as well establishing of fire breaks and the transformation of conifer stands into mixed stands.

In the Czech Republic, the support within measure 226 will allow reducing the extent of damage caused by natural disasters and fire.

The support is further provided for the reconstruction of damaged forest stands, forest regeneration following salvage felling, preventive flood control measures on small watercourses and in their catchments areas, for erosion control measures and for the removal of damage caused by floods on small watercourses, in their catchments areas and on forest roads, remediation of gullies, erosion furrows, gully controls and stabilization of ravines on land designed to fulfil forest functions.

In the Slovakian RDP all activities complying with objectives of this measure, and all relevant EU regulations will be eligible:

- To implement projects dealing with remedy measures in forests damaged with biotic, abiotic and anthropogenic harmful factors
    - Renewal of forest covers, protection, treatment and planting new forests in those damaged by biotic, abiotic and anthropogenic harmful factors
    - Construction and reconstruction of forest roads within fire fighting and remedy measures; construction, reconstruction, repairs and maintenance of fire fighting reservoirs
      - Building fire fighting zones and firebreaks, their maintenance and cleaning
- The state forest could be also supported.

#### *4.3.4. Measure 227: Support for Non-Productive Investments*

According to the Council regulation 1698/2005, support is needed for non-remunerative investments:

- Which are necessary to achieve forest-environment commitments or
- Other environmental objectives or
- To enhance the public amenity value of the forest areas concerned.

The key activities with respect to Measure 227 in Czech Republic are activities to strengthen recreation functions of forest. The country also emphasized actions towards regulation of the number of forest visitors and on providing for their safety. Namely the construction, reconstruction and modernisation of roads

serving as footpaths up to width of two meters, cycle tracks for tourists, and objects to ensure the safety of the visitors (e.g. footbridges, railing, parking places, relaxing places, shelters, forest fountains, information boards etc.).

In Germany, all regions provide this measure with similar actions. The main focus is to support silvicultural activities like thinning and transformation of coniferous stands into mixed or deciduous stands. Furthermore, some counties support actions for some nature conservation actions with high costs (e.g. nature reserves). In North Rhine-Westphalia the key activities include silvicultural activities, e.g. in the form of thinning and lightening. As mentioned above, these activities are mostly supported in other countries with measures 122 or 123. In addition, North Rhine-Westphalia support is given for transformation of monocultures into mix stands and investment reforestation after natural disasters.

In Italy, Measure 227 is supported by investments for the improvement of touristic attractiveness of forest areas, such as information points, tracks and foot paths and botanic gardens.

The Measure 227 is very interesting because many different activities are understood under non-productive investments in forests. The most important is support for increase of tourism in forest areas (investments for cycle ways and other touristic equipments), but there are also activities which are “on the borders” between Axes I and II (thinning and lightening) or are more suitable for Measure 226.

## 5. Conclusions

The rural areas in Europe are characterised by significant diversity of their socio-economic situations and natural and cultural potentials. The countries differ greatly in terms of land use, however, no obvious relationships between the simple distribution of major land use categories and the implementation of rural

development policy in the countries was found. It seems that differences in policies must rather be explained by social or political factors or complex relationships.

Our analysis shows how countries can differ in the priorities and objectives of their national or regional RDPs. Many countries or regions have clear priorities in their strategies designated by the size of the tentative budget for particular measure. For instance, Slovakia has clear priorities in its strategy to restore forestry potential, whereas NRW has prioritized forest-environmental activities in its rural policies.

The priorities, however, are not only expressed by budgets for different measures but also by different interpretations of the measures' goals. The same forestry actions are often supported by different measures. For measure 122, which is actually focusing on improvement of the economic value of forests, different approaches were identified. In some countries the purchase of harvesting equipment and silvicultural activities are supported by this measure. In Germany, in contrast, the same silvicultural activities are supported under measure 227 (non productive investments). This shows a significant difference in the objectives for rural development in the countries, because measure 122 aims to improve the competitiveness of the forestry sector whereas measure 227 concentrates on the improvement of the landscape. In the German case, it seems that forests are not seen from a business perspective but rather as a natural resource with environmental aims. Czech Republic supports under measure 227 mainly activities for tourism, so the support is entire different in comparison to other countries.

That means that the national implementing institutions (mainly the ministries of agriculture or similar) have a stronger impact than the European institutions. This could be on one side seen as desirable when assuming that the national policy makers know best the national situation: they may act on the national situations in a better targeted way than an EU administration. On the other side, the national



policy representation can more easily be subjected to rent-seeking from powerful national interest groups. One example is the support for state forests: in some countries (e.g., in Germany) State forests are strictly excluded from EU support, in some they may be subsidized within Axis I (Czech Republic) and in some even within Axis II (e.g., in Slovakia state foresters can be supported as target group in training and advisory within Measures 111 and 114).

Concerning innovations there are similar results. The EU rural development policy recommends the support of innovation in forestry, but the true-life situation depends also on national political representation. Improvement of competitiveness seems to be high ranking in some member states (mostly new EU members), since it is strongly emphasized in their policies. Bulgaria, Czech Republic and Slovakia, for instance, stress in their political documents the importance of competitiveness and innovation in the context of strengthening their position in the EU economy. Innovation aspects (new technologies, knowledge, processes, and products) are included in RDP. It also appears that lack of information about actions that would support innovation and innovation transfer still exists among the applicants.

The framework is given: there are some small opportunities for supporting innovation within Axis II and large opportunities within Axis I. Especially Measures 122 and 123 are of high importance from this point of view. Measure 122, which is targeted on purchasing of various machines for forestry and relative branches, is realized in all countries and, for forest entrepreneurship, could be a significant motivational factor for the implementation of innovations. But in some countries (e.g. Czech Republic and Slovakia) this is limited by the “de minimis” rule, which means that a maximum amount is set for each applicant per measure and period, thus limiting the possible investments. For another innovation field, the diversification of forest products and services, Measure 123 seems most significant, but it is

apparently utilised to different extents in the analysed countries/regions.

In Axis II the traditional forest measures like Restoring forestry potential and introducing prevention actions and afforestation of agricultural land are included. In such measures there are not many possibilities for innovation activities. The Measures 224 and part of 225 are new to the agricultural sector as such, but they are important mainly for improving of environment and countryside (from social point of view), not for private forest owners themselves. They help to finance positive externalities – like protection of forest Natura 2000 areas, but for the owners this is not a business opportunity as such – only vicariously for rural development, when landscape protection will bring new tourists.

Some additional opportunities for innovation are offered especially within Measure 227 (Non-productive investments) although they are not explicitly oriented at diversification. Building of new cycle-ways and other tourism infrastructure elements could be very important for rural development. Increasing of tourism attractiveness brings new innovation opportunities for rural entrepreneurs. Measure 227 is realized but only in three surveyed countries/regions.

Reasons for different strategies of implementing EU common rural development policy may lie in country profiles, strengths, weaknesses, opportunities or threats of the regions, political priorities, interests from powerful stakeholder groups, or in administrative traditions in RDP implementation. The primary reasons for these different approaches is planned to be identified by further analysis.

Regarding the vertical level of the coordination of rural development policy, the examples presented in the paper confirm that there is much leeway for member states in the use of the RD funds. The European Council in its regulations on rural development defines only

the political and economical framework for assertion of the rural development policy of the member states. In the analysed examples, the framework is the same, but the RDP measures are often utilized in different ways or are utilized in some countries more broadly than in others. The national/regional institutions – the main actors during the preparation and implementation phase of the RDPs – have strong impact on national or regional level priorities and objectives of the rural development policy.

On the horizontal level, rural development policy seems strongly coordinated with other EU policy areas. It reflects, for instance, the EU Lisbon Strategy for growth and jobs as well as the EU Sustainable Development Strategy. It thus supports competitiveness, innovation and diversification of the sector as well as the consideration of environmental protection and quality of life in rural areas. The explicit relationship with other policies is express in RDP. For instance, RDP should be in harmony with forest policy (represented by NFPs), sustainable development (National Strategies for Sustainable Development) and regional development (no overlapping between RDP and Regional Operational Programme). Rural development policy recommends the support of competitiveness, innovation and development hand in hand with environmental,

animal welfare, social and cultural goals. One particular example for horizontal coordination (of rural and regional policies) can be seen of the use of the Leader approach in RDP. We have, however, also seen how strong national or regional sectoral interests may influence the policy implementation process and we therefore assume that powerful groups within the sector limit the coordination attempts between policies.

On the temporal level it can be observed that the new EU regulation on rural development makes the processes easier than before. The simplifications of rural development policy (one regulation, single funding system, choosing of measures) arise from previous programming period experience. The requested activities from previous implementation phase are fit to the measures proposed in the current phase.

### **Acknowledgments**

We would like to express our thank to the collaborator of this work Mr. Luca Cesaro from Italy for assistance with data gathering and analyzing during the early phase.

This work was partly supported by the Slovak Research and Development Agency under the contract No. APVV-0692-07.

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