

## ENPARD South: the beginning of a long story?

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A very strong link exists between the European Union and the southern Mediterranean countries. Their institutional relationship started in the 1950s, when a series of agreements were signed between the Community and individual Mediterranean countries. These have been reviewed several times and today they are encompassed by the European Neighbourhood Policy (ENP).

Cooperation in the fields of agriculture and rural development is varied and fragmented, dominated by measures aimed to facilitate trade between the two shores. The rural population, with small farmers in the forefront (who represent the majority in these countries) has always been considered the "poor relative" of this cooperation.

ENPARD - "The European Neighbourhood Programme for Agriculture and Rural Development" - is a new initiative that can help redress the balance and aid in overcoming the multiple challenges these countries are currently facing.



This article is CIHEAM-Montpellier contribution to the ongoing debate on the future of the European Neighbourhood Policy. It describes current initiatives in support of agriculture and rural development in the Southern Mediterranean countries and explains why ENPARD should have a primary role in the new ENP that the EU is working to define.

### Agricultural and rural cooperation under the Neighbourhood Policies

The Mediterranean countries have a long tradition of relations with the EU. They date back to the 1950s, when a series of agreements, in various forms, were signed between the Community and individual Mediterranean countries. In 1995, with the Barcelona Process, these agreements were incorporated in the Euro-Mediterranean Partnership and in 2004 they became an integral part of the bilateral relations under the European Neighbourhood Policy (ENP).

Liberalisation and trade were always considered the main drivers towards integration and economic growth<sup>1</sup> and made up the bulk of the bilateral cooperation between the individual Southern countries and the EU, within the framework of the ENP.

Currently there is duty free access to the EU market for manufactured goods; whereas, due to their sensitive nature, a number of agricultural and agri-food products are excluded from free trade and remain subject to quantitative restrictions.

<sup>1</sup> [http://eeas.europa.eu/euromed/publications/doser\\_en.pdf](http://eeas.europa.eu/euromed/publications/doser_en.pdf)

The economic and social cost of these agreements, in particular to the agricultural sector, have been widely analysed in recent years. The conclusion seems to be that, globally, they have not led to the desired results. Progress in expanding trade, fostering investment in the region and accelerating convergence in living standards has been limited and has not lived up to expectations. In addition, opening up commerce to the outside world and liberalizing markets has led to speculation and the unequal distribution of resources, which has benefited big commercial farms but left aside the small-scale holdings that represent the majority.<sup>2</sup>

Over the years, the European Neighbourhood Policy has been funded by a variety of geographical and thematic programmes, as well as the MEDA programme until 2006, ENPI from 2007 and now ENI (European Neighbourhood Instrument). While agriculture and rural development was one of its stated fields of cooperation, for lack of visibility, it is difficult to say exactly what ENPI financed over the period 2007-2013 on these specific issues.<sup>3</sup> Some estimates indicate<sup>4</sup> that just a very small percentage of the whole allocation has been for agricultural or rural actions.

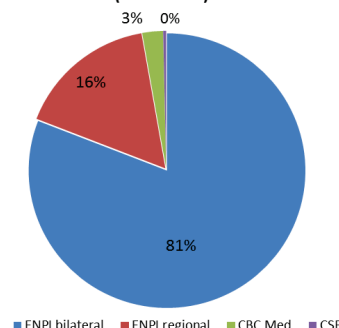
With regard to the agriculture and rural development the initiatives covered by bilateral cooperation are mainly of three types

1. Food safety issues - through the reform and modernisation of the sector, to be achieved by harmonisation of SPS standards and bringing regulations more into line, where the idea of facilitating trade is still evident ;
2. Environmental - to fight against desertification and natural resource degradation ;
3. Regional socio-economic cohesion - to reduce the economic gap between regions and improve the development of local capacities.

Regional cooperation, which is increasingly framed by the Union for Mediterranean agenda, is an important complement to bilateral cooperation programmes, enabling countries in the Southern Neighbourhood region to cooperate around themes of shared interest that cannot be addressed successfully by individual countries.

Other initiatives are included under the Cross-border Cooperation (CBC) Mediterranean programme, which has more than 80 projects, mainly in the areas of irrigation and environmental protection and the CBC Italy-Tunisia programme.

**Breakdown of ENPI funds for the South (2007-2013)**



Another initiative worth mentioning is the Civil Society Facility, a mix of bilateral and regional ENI funds, co-financed by the European Commission, which has been launched to strengthen the capacity of civil societies in partner countries. It also seeks to increase civil society's involvement in the programming, implementation and monitoring of EU assistance and policies in the region, as well as in the policy dialogue. Agriculture and rural development are among the main areas of intervention. This instrument has an initial allocation of 33 million euros and a first assessment will be carried out in 2017.

### The ENPARD initiative

In 2011, the rapid escalation of events linked with the Arab Spring led the European Commission to review its approach towards its Southern neighbours.

Two European Commission Communications, both published in 2011, "A partnership for democracy and shared prosperity"<sup>5</sup> and "A new response to a changing Neighbourhood"<sup>6</sup> emphasised the mutual importance of the EU-Mediterranean relationship. They highlighted the challenging times experienced by the countries of the South and proposed a set of initiatives to help face the new difficulties. One of these initiatives was ENPARD, "The European Neighbourhood Programme for Agriculture and Rural Development", which became operational in 2012. CIHEAM-IAMM, with its extensive experience working with the southern Mediterranean countries, was contracted to develop a first programme of actions.

ENPARD adds a new dimension to the EU's traditional relations with the Southern and Eastern Mediterranean by focusing specifically on agriculture and rural development; not with the aim of developing trade opportunities but with the more complex ambition of responding to the needs of small-scale farms and the rural world as a whole.

<sup>2</sup> EU-Mediterranean Relations in the field of Agriculture. The example of Morocco and Turkey, Notre Europe, 18 April 2013

<sup>3</sup> Mainly due to the lack of a headline duly assigned to agricultural and rural development projects.

<sup>4</sup> Le rôle du principe de différenciation et des stratégies nationales dans la PEV en Méditerranée : quelles implications pour le volet « agriculture et développement rural ? », Marion Péronnet, 1, July, 2012, CIHEAM»

<sup>5</sup> COM(2011)200 FINAL

<sup>6</sup> COM(2011)303

With ENPARD the EU Commission offers support to its neighbours in defining participative, inclusive and locally-based public policies that can fight effectively against food insecurity, help diversify their rural economies and bring about structural improvements in the agricultural sector. It is based on three pillars: improving livelihoods in rural areas (the rural dimension); improving sustainable productivity, food safety and quality standards (the agricultural dimension); and enhancing the organisational and institutional capacity for a better governance of the sector (institutional dimension).

Within the framework agreed in 2011, it was decided that ENPARD should focus on two broad types of activity: the promotion of a broader dialogue with the partner countries on the development of sound, sustainable and integrated agricultural and rural development policies, and the formulation of pilot projects anchored to local realities, inspired by the EU's LEADER approach and financed by the bilateral cooperation programmes.

Over the first three years the EU offer under ENPARD resulted in CIHEAM mobilising 2.8 million euros from the EU budget to foster the political dialogue at several levels. A further 64 million euros was formally approved in 2013 to finance under the bilateral Neighbourhood Instrument four pilot action programmes that have a strong territorial dimension.

For the current programming period (2014-2017) the EU Commission has allocated 4 million euros to consolidate and enrich the ENPARD regional dialogue. Although none of the Southern Mediterranean countries has identified agriculture and rural development as priority sectors for their cooperation with Europe, the possibility of financing agricultural and rural development projects keeps open under other areas of intervention, such as diversification of the economy, local development, natural resource management and inclusive growth.

### Looking ahead

#### ***Why are agriculture and rural development important ?***

Today the Mediterranean region is subject to a wide range of pressures. Aside from the obvious political issues, it is faced with problems of land availability, and a scarcity and degradation of natural resources, aggravated by climate change.

The economic, social and environmental sustainability of the agricultural sector and food systems is under pressure from demographic growth, changing consumption models and poor productivity, which makes the region dependent on external markets for basics such as wheat, sugar, maize and dairy products.

Rural areas remain an important component of Mediterranean society. They concentrate a very high proportion of the population (around 38% of the entire southern neighbourhood population – 87 million)<sup>7</sup> but are often marginalized, with poor access to basic infrastructure. The rural economy is mainly based on agriculture, which is carried out by small-scale, uncompetitive farms, with a low productivity. The share of holdings with less than 5 ha is very high: varying from 55% in Algeria and Tunisia to 98% in Egypt.

### **Agriculture and rural population in the Mediterranean Region**

	Agriculture, Value Added	Labour force in agriculture		Rural population		Rural Population	
	% of GDP	% of total labour force		% of total population		Million	
	2013	2004	2014	2004	2014	2004	2014
Algeria	11%	23%	20%	34%	25%	11,53	9,79
Morocco	17%	30%	23%	45%	42%	13,54	14,02
Tunisia	9%	23%	19%	35%	33%	3,49	3,68
Lebanon	7%	3%	14%	14%	12%	0,52	0,53
Egypt	15%	29%	23%	57%	56%	40,25	46,71
Jordan	3%	8%	5%	19%	17%	0,97	1,24
Lybia	..	4%	2%	23%	22%	1,28	1,36
Syria	..	22%	18%	47%	43%	8,24	9,40
Israel	..	2%	1%	0.9%	0.8%	0,15	0,27

Source: FAO, Faostat and World Bank Indicators

Poor living conditions, unemployment, poor infrastructure and the lack of social services all make life in the rural areas extremely difficult and offer few prospects for young people, who often migrate to the cities, or provoke unrest, as was the case in the Arab spring. Attempts to diversify run up against the lack of infrastructure (roads, buildings) as well as over-centralization, a lack of local governance and participation by local entities in the construction of territorial policies.

In view of this, it is of primary importance that investments are made in agriculture and rural development in these countries, which are still dominated by the agricultural sector and depend on their rural economies. Agriculture has the potential to make an even greater contribution than at present to the economic and social development of the southern Neighbourhood countries.

The agricultural sector is already a major source of employment and income for all of them, except Jordan and Lebanon. In Tunisia, agriculture accounts for 9% of GDP and even more in Morocco (17%), Egypt (15%) and Algeria (11%). In the same time, more than 22% of Morocco and Egypt's active population works in the primary sector, while the figure is 19% in Tunisia and Algeria. Regarding the share of agriculture in the GDP, this could be read as a lack of productivity but it also shows the significant social role of this sector across the region in a general context of high unemployment.

<sup>7</sup> The figure may be even higher because of the criteria normally used to classify municipalities.

### ***What kind of approach?***

If the importance of the agricultural and rural economies for these countries is undeniable, the approach to be used to help their development is perhaps more open to debate.

In these countries, dominated by small farms and marginalised rural areas, cooperation based on free trade agreements cannot be the only answer. As evidence has shown, they represent an incomplete partnership. Even though they stimulate economic activity and encourage better quality production and improved competitiveness they are, at least initially, addressed to the most responsive and economically successful fringe of society.

Small-scale farms are excluded from this process and are often adversely affected by liberalisation, due simply to the fact that they do not have the means to take advantage of it. They have difficulties in accessing the necessary information, input and output markets; they are not financially or materially equipped to compete on external markets.

The support programmes put in place as part of the European Neighbourhood Policy have not done enough to correct this. They have been conceived to accompany the process of liberalisation and improve product access to the export market, which is addressed first and foremost to larger farms.

The rural development component has been virtually absent from these programmes. It has often been treated in a composite and fragmented way through "local development" programmes, with a wide variety of objectives and actions, while a systematic and holistic approach to rural areas has been missing. The same could be said of the more recent Civil Society Facility which opens the cooperation to civil actors but still offers a very fragmented response to the challenges.

The context and the emergencies that the Mediterranean area is experiencing call for more innovative, structured and radical solutions. EU action should primarily target small farms and the development of the rural areas where they are mainly located.

The balanced and sustainable development of the rural environment would enable small farms retain their important social role but make it possible for them, in the longer term, to participate in the opportunities offered by trade liberalisation. Their development and the improvement of the rural areas where they operate would increase domestic agricultural production and reduce their country's dependence on imports. A holistic and integrated approach to rural development could help diversify rural economies and provide work for more young people, so reducing the current exodus and the temptation of drifting into extremism as the only perceived options for them.

Rural development should thus be viewed as an important part of a global process to achieve sustainable development and social stability. This is even more valid in this period of tension and uncertainty.

After years and years of research into rural development and its practical application, the benefits that proactive policies centered on rural development can bring, not only for rural areas but also for urban centres, are well accepted.

Across Europe, rural areas are recognised today as places of innovation, know-how and traditions that can truly contribute to the prosperity and economic development of a country. They can be places to live and work, with equal opportunities for all the population regardless of status, gender and income.

In the southern Mediterranean, however, rural areas are still considered as secondary spaces, obsolete relics of an economy centered on agricultural production, whose function is only to serve as a labour force reservoir for the rest of the economy. To realise a shift in perception, it is necessary to point to the potential competitiveness of these areas, the valorisation of local assets and the exploitation of unused resources.

All this calls for specific attention to be paid to agriculture and rural territories. It could be said that the ENPARD initiative is well placed to address the challenge.

Europe's extensive experience, with the Common Agricultural Policy and the Regional and Cohesion Policies, as well as programmes such as Leader and Sapard, offers important and useful references points for the southern countries, particularly regarding the mobilisation of social forces and resources at local level. Similarly, following the examples already set, the ENPARD initiative can help its partners identify projects that diversify opportunities in rural areas, increase productivity and provide new employment opportunities at local level. Through dialogue, exchange, partnerships and training, it can help promote, at national and regional levels, inclusive agriculture and rural policies based on a real participatory and bottom-up approach.

### ***ENPARD: turning an initiative into an instrument for cooperation and partnership?***

The ENPARD initiative is a specific and long term process initiated with the southern Mediterranean countries. What lessons can we learn from three years of implementation that could prepare us for the future?

First, all the countries concerned have responded very positively to the ENPARD offer, demonstrating their huge interest in agricultural and rural issues. At the same time, none of them have selected these issues as a priority for cooperation with the EU. This shows that the bilateral process, put in place by the Commission, to define cooperation priorities with our Neighbourhood partners, does not always allow the emergence of such issues, for various reasons that we will not go into here.

This leads us to say that, in addition to the institutional dialogue, promoted by the EU and run by the EU Delegations, an oriented offer implemented on a voluntary basis, can be fully relevant and should be pursued with the southern countries. This is what happened with the ENPARD initiative which was put forward by the Commission without waiting for the Neighborhood's request and has already achieved very encouraging results. Looking at European history, we can find the same with the Leader initiative which was set up and firmly promoted by the European Commission. However, this initiative was quickly to become the heart of the second pillar of the CAP and a twenty five years success story!

Among the panoply of initiatives that make up the European Neighbourhood Policy, ENPARD risks being unfinished and it could well disappear, like "ad hoc" projects financed by the EU.

Today the policy momentum is supported by the regional programme entrusted to CIHEAM. However, the national support programmes that must accompany the policy dialogues can only be built under the bilateral neighborhood instrument... driven by the cooperation priorities, which never focus on agriculture and rural development! To fully comply with its goals, the ENPARD initiative must be specifically funded.

If this happens, ENPARD will gain the status of a real political initiative, becoming part of Europe's diplomacy with the southern Mediterranean countries, as a structural and operative response to fight against migration and terrorism.

As experience has shown, no country has succeeded in developing its rural environment without a proactive policy designed to create suitable, enabling conditions for this to happen. And we are all witnessing the growing urgency of stabilising the southern Mediterranean's rural territories, which have been neglected for far too long. The revision of the European Neighbourhood Policy offers the opportunity for the EU to be the architect of such an ambitious initiative, which could be highly engaging for other bilateral support, first and foremost the EU Member States, and foster Europe as a responsible and key actor in the transition of this region.