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**Rural development and
employment in the Euro-
Mediterranean region**

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WORKING DOCUMENT

of the
Section for External Relations
on
Rural development and employment in the Euro-Mediterranean region
(Information Report)

Rapporteur: **Mr Narro**

To the members of the Study Group on **Rural development and employment in the Euro-Mediterranean region**
(Section for External Relations)

N.B.: This document will be discussed at the meeting on **30 March** beginning at **9.30 a.m.**

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Rural development and
employment in the Euro-
Mediterranean region

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On 18 January 2011, the European Economic and Social Committee, acting under Rule 31 of its Rules of Procedure, decided to instruct its Section for External Relations to draw up an information report on

Rural development and employment in the Euro-Mediterranean region.

The preparatory work was carried out by the Section for External Relations, which adopted its information report on

At its ... plenary session, held on ... (meeting of ...), the European Economic and Social Committee adopted the following opinion by ... votes to ... with ... abstentions.

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1. Introduction

- 1.1 The unstoppable process of globalisation that the Mediterranean region faces calls for special attention to be devoted to the state of the countryside. Rural poverty, low expectations of an uncertain future, widespread unemployment, the more than 30% rise in the price of basic foodstuffs and the urge for democracy have triggered an unexpected process of change in the most strongly entrenched political regimes in the Mediterranean.
- 1.2 The causes of the crisis are complex and the ramifications are difficult to predict: organised civil society was not at the root of the revolt, but it has the key task of steering reforms and new power structures towards public policies that closely reflect the needs that local populations have been voicing for many years. In response to the initial revolutionary outbreak in Tunisia, Amr Moussa, Secretary-General of the Arab League, summed up a complex and tricky situation in straightforward terms: "the Arab soul is broken by poverty, unemployment and general recession".
- 1.3 The public drive to implement ambitious plans for a more prosperous and attractive rural environment, widespread since 2000 although only marginal previously, has not yielded adequate results. A debate is needed on the pluses and minuses of the different national strategies on rural development and its impact on employment.
- 1.4 There are no standard models for rural development and employment that can be applied to all Mediterranean countries. Diversity is the key feature of a scene requiring specific measures, tailor-made to specific situations. The focus on rural development must be a broad

one, and must be committed to a diverse range of measures, capable of making the countryside more attractive and halting the on-going and damaging rural exodus. The European experience of rural development – which is, in some cases, questionable – cannot be exported directly to our Mediterranean neighbours. However, the objectives to be achieved through various instruments must be the same; consolidation of a vibrant, attractive and dynamic rural environment.

- 1.5 In the more developed regions of the northern Mediterranean, the share of employment generated by agriculture has gradually shrunk. In contrast, in the southern Mediterranean, farming plays a key role in the economy and in employment, although its weight there too is gradually declining. There is no escaping the fact that the level of regional development is inversely proportional to the role of agriculture as a source of employment. The main challenge is, therefore, not so much to increase farming jobs in the Mediterranean at all costs, as to back a new agricultural and economic model that can make the rural areas of the Mediterranean socially, economically and environmentally viable.
- 1.6 Small-scale farming will not offer a way out of poverty to the entire rural population. In the more developed regions, people look to the non-farm economy in search of new and different opportunities. Agriculture plays a fundamental role in stimulating the growth of the non-farm economy. Consequently, it is essential to explore new motors for economic growth in rural areas.
- 1.7 Opening up commerce to the outside world and liberalising markets and trade flows around the Mediterranean has created wealth, but has also led to speculation and unequal distribution of resources. Even a cursory look at the rural areas of the Mediterranean reveals that they are unfortunately not among the major beneficiaries of international trade. The recent price rises in basic raw materials should make food security a basic priority of Mediterranean rural policies.
- 1.8 The EU should set an example in this regard by opting for a new trade model in which the social and environmental aspects are taken as seriously as the economic aims. Trade instruments will not be enough if Europe is to contribute to the process of democratic transformation under way in the southern Mediterranean: backing must be given to economic reforms at domestic level geared to the sustainable development of employment.
- 1.9 The rural economy on both sides of the Mediterranean is strongly affected by unemployment, particularly among women and young people. One of the objectives of any employment policy in rural areas must necessarily have to bring women and young people onto the labour market through specific, bold initiatives.

2. **Mediterranean rural development and employment strategies**

- 2.1 Drawing up effective strategies to boost employment in rural areas is not easy. It is a difficult task, hinging upon many factors. The significant weight of the informal economy dilutes the potential impact of economic reforms. Similarly, the major role of public employment often masks the precarious nature of jobs, frequently stemming from the lack of investment and low productivity.
- 2.2 The economic structures of the Mediterranean differ enormously, but so, of course, do the strategies applied at national level to address common problems such as acute unemployment and poverty in rural areas. A brief analysis of some of the most important strategies may be helpful in tackling this issue.

European Union

- 2.3 56% of the European Union's population lives in rural areas, which cover 91% of its territory. The EU has, by means of the cohesion, structural and rural development funds, built up a wide-ranging policy on the rural environment. The EU and the Member States share responsibility for pursuing economic, social and territorial cohesion. Work is currently proceeding on a new approach to these policies under the new framework of the 2014-2020 budget period and the recently-adopted, widely-publicised Europe 2020 strategy, based on green, smart and sustainable growth.

Algeria

- 2.4 The Algerian countryside has been faced with an unprecedented process of rural and agricultural exodus over the last 40 years. The urbanisation rate stands at more than 65%, and 90% of the population lives along an increasingly urbanised coastline that accounts for only 10% of the country's territory. Unemployment rates amount to 30% of the active population, with more than 70% of the under-30s affected. 42% of unemployed people live in rural areas.
- 2.5 In 2000, the Algerian Ministry for Agriculture and Rural Development began to implement a national rural development plan, in parallel with a National Agriculture and Rural Development Plan with the aim of reducing the country's dependence on imports.

Egypt

- 2.6 Almost half of Egypt's population of approximately 83 million lives in rural areas. Young people, particularly those with more training, face greater problems in entering the labour market. 90% of the unemployed are under the age of 30. 60% of young people are either out of work or are not seeking work. Youth discontent was the trigger for the recent changes in the country.

- 2.7 In order to tackle rural poverty, in 1994 the Egyptian government unveiled the National Programme for Integrated Rural Development (SHROUK). The long-term aim has been to decentralise the implementation of rural development to local communities, using existing community structures as a launch pad. SHROUK takes a locally-based approach to development, with efforts being made in every village to draw up a socio-economic roadmap and motivate the public more effectively. The strategy is being applied via four five-year plans (1994-2017). The budget has been earmarked principally for the environment (74%), human resource development (16.5%) and economic development (7.4%).
- 2.8 While the programme's structure may be flawless, it faces a host of variegated problems: insufficient training, lack of coordination, concentration on specific projects, few incentives for workers, political impatience with the results, and lack of funds.

Morocco

- 2.9 In Morocco, 65% of the unemployed are first-time job-seekers, for whom entering the labour market is becoming increasingly difficult in spite of the role played by the public sector which however is displaying signs of saturation as a source of employment. The informal economy absorbs many young people coming from the countryside, who also find work as street vendors, in repairs and in building.
- 2.10 Agriculture employs 8.5 million people in spite of a downward trend which has gathered momentum in recent years. The EU which, since the 1980s has channelled EUR 700 million to Moroccan agriculture, is giving financial backing to the 2020 rural development strategy and, more particularly, to its ambitious Green Plan, targeting 800 000 farmers and 3 million rural inhabitants. The Moroccan Agricultural and Rural Development Confederation (COMADI) was set up in 2006, bringing together 30 farmers' organisations seeking to coordinate their work.
- 2.11 In addition to Morocco's well-known Green Plan, policy to boost employment in rural areas has made use of two instruments: the DRI_MVB projects (hydroelectricity, upland and forest areas) and the National Human Development Initiative.

Tunisia

- 2.12 The Tunisian revolution broke out in rural areas, expressing the pent-up anger of the most marginal zones of the country's interior at growing unemployment, pervasive corruption, regional inequality and profound despair at an apparently uncertain future. Young people migrate from the countryside to the cities, seeking jobs in the flourishing tourism industry. 40% of the population works in the informal economy, and there is a glaring mismatch between the training given to young graduates and the conditions required by the rigid Tunisian labour market.

- 2.13 Tunisia has, thanks to aid from the World Bank and the African Development Bank, carried out a number of initiatives geared to rural development.

Turkey

- 2.14 Rural areas are affected by the on-going rural exodus, mainly involving better-qualified young people. Initiatives are of a local or regional nature, given the major disparities to be found throughout a country as diverse as Turkey.

One practical Turkish rural initiative has concentrated on training 10 000 agricultural advisers, who are to offer their service free of charge to farmers in more than 30 000 villages.

Israel

- 2.15 The Israeli government is currently framing a new strategic plan and developing a new vision for rural development and agriculture. The new strategy is based on boosting rural communities, fostering rural diversification, developing farm technology, safeguarding the rural landscape, and implementing rural planning.

- 2.16 Israel's rural policy is reflected in two major projects, the Negev 2015 plan and the restoration of the Hula Valley. The Negev plan is an ambitious initiative, seeking to develop the rural and desert periphery represented by the Negev, which accounts for 60% of the country's land area but only 8% of its population. The restoration of the Hula Valley wetlands is an outstanding example of what is described as "sustainable rural development" in Europe, by means of nature-based eco-tourism.

3. Agriculture, the driving force of the Mediterranean rural economy

- 3.1 Agriculture is the driving force behind the rural economy in the Mediterranean. Farming provides the socio-economic backbone of rural areas on both the northern and southern shores. Agriculture's weight varies widely between regions, with only 5% of the working population engaged in farming in the northern Mediterranean countries, whereas it employs more than 20% in countries such as Egypt, Morocco or Turkey, although the trend is clearly downward. In Turkey alone, the number of people working in agriculture has fallen by more than 26% in recent years. The more a country's level of development goes up, the more its farming population goes down.

- 3.2 In this phase of profound change in Mediterranean agriculture, marked by the constant threat of food insecurity and on-going liberalisation, the public authorities must lay down the foundations for a new policy enabling farming to continue and to ensure its viability.

4. The non-agricultural rural economy

- 4.1 Employment and growth in rural areas cannot continue to depend on one sector alone. Economic diversification in these areas should produce a more robust non-farm rural economy that provides the desired added value.
- 4.2 The non-farm rural economy must gradually come to play a more prominent part in rural areas and help to forge new links between town and country. This economy can be successfully developed by providing high-quality training and fostering a local environment that is conducive to energy, construction, manufacturing or service-related activity.
- 4.3 The energy sector can provide valuable opportunities. The EESC has already discussed this issue and the possibility of introducing decentralised energy supply systems, biogas plants, hydroelectric power stations and photovoltaic panels in rural areas. The sustainable development of biofuels could also offer promising ways forward for income diversification in the countryside.
- 4.4 The tourism sector is particularly important in the Mediterranean: all its countries look to tourism as a valuable source of job and wealth creation. Egypt, Tunisia and Spain among many others have seized on tourism as an economic development tool. Tourism has been concentrated in coastal zones, while the huge potential offered by the countryside has gone untapped.
- 4.5 Tourism has benefited many multinationals, while local populations have not always been able to take full advantage of the sector's potential. The picture has frequently been one of insecure, low-level jobs in seasonal and highly unstable occupations. A new strategic approach is needed, following the path of sustainable tourism in the Mediterranean.
- 4.6 The key challenge is to promote a new model that meets the needs of the local population, gearing tourism to harness the potential of rural areas and their ethnographic heritage.

5. Key factors in creating rural employment

- 5.1 Education and training
 - 5.1.1 High-quality education and relevant training are rare in the Mediterranean rural environment. It is not a matter of how much is available: rather, it is a question of whether it is capable of meeting the particular demands of the rural labour market.
 - 5.1.2 Training must be practical and useful, especially where the agricultural sector is concerned. In Morocco, 87% of farm workers have no agricultural training at all, which makes it difficult to adjust to a globalised context. Supply and demand must be more closely tied, identifying local

priorities and boosting closer cooperation between public and private bodies, thereby enabling employment trends to be anticipated.

5.2 Boosting the local rural economy

5.2.1 The rural economy is over-dependent on the public sector. Excessive regulation and red tape hamper the growth of self-employment and private initiatives. Numerous administrative, legal and financial obstacles persist in rural areas, which do nothing to help new ideas flourish in an environment in dire need of new sources of wealth.

5.2.2 In Egypt, 45% of income in rural areas comes from work in the public sector, illustrating the need to foster an economic climate conducive to the development of private initiative and entrepreneurship, as the EESC has argued in previous opinions.

5.3 Improving governance

5.3.1 The need to improve governance in rural areas is general throughout the Mediterranean region. In response to the challenge of creating rural employment, public authorities, the private sector and civil society organisations ought to play a more active role and make a meaningful contribution to aligning policy decisions more closely with the real priorities and needs of rural society. Farmers' associations, employers' organisations, NGOs and trade unions are among the instruments that can boost the collective capacity of rural populations. The fact that the EU plans to step up its efforts regarding civil society is a positive signal, which should lead in the short to medium term to new ways for civil society to take part in decision-making.

5.4 Developing infrastructure and services for an attractive rural setting

5.4.1 Infrastructure and services are vital to enhancing access to markets, facilitating worker mobility and making life in rural areas more attractive. In the countryside, transport and communication infrastructures are the key to competitiveness.

5.5 Promoting growth sectors

5.5.1 Rural job creation is closely associated with new, high-potential sectors that can harness the physical and human capital offered by Mediterranean rural regions: sectors such as rural tourism, renewable energies and the craft sector.

5.5.2 The southern Mediterranean has witnessed successful experiments in generating jobs and income by means of a new approach to agriculture. Quality labels, PGIs, PDOs and collective brands are examples of this. Cooperatives have been used to promote argan oil, Talioune saffron and dates from the southern valleys in Morocco, Sbiba apples and Gabès

pomegranates in Tunisia, and agritourism routes and the "Mediterranean gardens" in Lebanon.

6. The specific issue of women and young people

- 6.1 Women are hard hit by the precarious nature of rural employment: in Egypt, 83% of women in the countryside perform unpaid farm work. According to the FAO, women produce between 60% and 80% of food in the Mediterranean – their contribution to ensuring food security is therefore crucial.
- 6.2 Unemployment levels among young people are alarming, passing the 30% mark in Tunisia and Egypt. Young people are "fleeing" from the countryside to seek new job opportunities in urban centres, although labour demand in cities often runs up against the low level of training of rural youth – condemning them, at best, to precarious and unstable jobs. Rural incomes are effectively half those in urban areas.
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