

## L'OPINIONE

# The changing climate for rural development and its finance in Europe: the RISE foundation\*

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*Abstract. This paper summarizes the internal and external challenges, aims and strategies underpinning the Fischler reform. It describes in some detail the main challenges we face: environmental degradation, potential food scarcity, and financing stringency. It reaches some unusual conclusions such as: the New CAP must give primacy to world problems and needs; the reform process must continue even if third countries do not reform their own policies; the main question is not short-term competitiveness but long-term sustainability, and how best balance food demand and supply, save energy and wa-*

*ter, and preserve the environment all at the same time; excessive bio-fuel production boosts prices and reduces food availability with minor impact on energy dependance; when food becomes scarce, current competition among crop producers for food markets will be replaced by competition among food-importing countries for supplies with producing countries imposing export limits; dwindling public support for the CAP, needs countervailing private financing for rural development. The first such instrument is the RISE Foundation just launched to promote Rural Investment Support for Europe.*

### 1. Introduction

In this article we will summarize the aim and main innovations of what some people have been calling the Fischler reform, and recall the main challenges we have been facing and the strategy we adopted in addressing them. Finally, tired of watching public authorities turning a blind eye to the impact that those challenges have on society in general and the rural world in particular, we will conclude with the need to take private initiatives in order to counteract public neglect. In this connection we will portray the vision, mission and purpose of a new instrument of philanthropy: the RISE Foundation.

The CAP reform of 2003-2004 was aimed at helping European farmers and the up- and downstream industry reconcile the needs of modernization and restructur-

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\* This article is largely based on the address with the same title, that Franz Fischler delivered at a conference organized by the Grupo de Empresas Agrarias and sponsored by the BNP PARIBAS Bank in Madrid on 1st March 2007 for the launch of the RISE foundation in Spain.

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ing with the acknowledgement of their community function, and the recognition of the positive externalities generated by agriculture, rural activities and spaces. Aware that all countries in the world have agricultural policies, which they (often wrongly) consider appropriate to their internal and external interests, it was felt that the EU needed to keep a strong, competitive and sustainable agricultural policy, for its own as well as for the world's sake, and conserve and renew its countryside. To that effect, the CAP needed to be updated in order to adapt to changing circumstances and new realities.

It had become imperative to change the image of European agriculture as a major surplus producer and often a polluter jeopardizing long-term sustainability, into that of a competitive sector, notably as regards food quality and traceability and into a sustainable activity. To do so was not a problem as far as quality and health were concerned. But it was in regard to sustainability, because Ministers and farmer representatives tend to have a short-term view, and therefore aim at minimizing difficulties for their constituencies so as to enhance their staying power and hand over the hottest potatoes to their successors. CAP reform proposals traditionally lead EU farm Ministers to paint catastrophic effects for the relevant farmers, which may not, and mostly do not take place (for example, lastly, a drastic reduction in Italy's hard wheat production, which has not happened). Reform proposals therefore tend to end in a dead alley wherefrom they are difficult to resurrect.

Sustainability was not a credible objective without introducing a sort of *polluter-pays principle*, even if in the more limited form of a loss of public payments whenever the farmer fails to respect the so-called *cross-compliance* rules. Public opinion did no longer tolerate that CAP rules were sacrosanct, while environmental rules were respected only in the breach. This was the reason why the reformed CAP specified that the farmer had to respect around twenty (as against 35 proposed) existing EU environmental Directives, which had mostly been adhered to in the breach.

Apart from *cross-compliance*, the reform introduced a few other radical new ideas such as the *decoupling* of CAP support from production with a *Single Farm Payment*, the *capping* of direct aids, *modulation* (shifting market support towards rural development), and a *financial discipline*. It also stressed the function of farm families as suppliers, not only of agricultural products, but also of services to society. It was assumed that these proposals, which were presented as a step in a reform process, could be accepted on account of their merits, while helping softening widespread hostility towards the CAP.

The design of the reform was based on strategic motives, which were rooted in a cool, precautionary assessment of Europe's and the world's main challenges, that needed to be collectively addressed if we wanted to secure the sustainability of farm and other rural activities and cater also to the world's food needs and sustainability.

These challenges are the environmental challenge, the food challenge and the financial challenge related to the two previous ones.

## **2. The Environmental Challenge**

Our lives are and will increasingly be affected by environmental problems, which are persuasively described in Jared Diamond's recent book *Collapse* (Penguin) on how societies choose to fail or succeed. Societies' survival depends on how they solve their serious environmental problems, most of which involve ceilings on natural resources.

Four main problems have become serious only recently: fossil fuels, photosynthetic ceilings on sunlight supply, toxic chemicals (insecticides, pesticides and herbicides), and gases such as carbon dioxide or methane.

Others are not new. For example the destruction of natural resources, biodiversity losses, net losses of soils due to water and wind erosion, the lack of fresh water, alien species, etc.

The frequency of these problems has been increasing with environmental degradation, population pressure and its impact on the environment, rising living standards, and immigration from low-environmental-impact countries. They are inter-linked time bombs with fuses of less than fifty years. Any of them alone could do great harm, but all of them will have to be solved in one way or another within the next generation. This will inevitably be done, either in pleasant ways of our choice, or in unpleasant ways not of our choice, such as poverty, political instability, warfare, starvation, disease epidemics, or collapses of societies. If we collectively fail to find good solutions, also our higher lifestyles to-day will eventually be affected by waves of immigrants fleeing from collapsing societies and knocking at the doors of the richer ones.

All of the problems referred to above are directly and often heavily or at least indirectly linked with agricultural and rural development policies. All agricultural policies are in need of reform and action, and appropriate measures should be taken that are suitable to each case. It is not in our interest to stop the reform process by pressing home that our farmers cannot compete with countries with more space, better climate and lower costs of production such as Australia. More important is to reason in terms of comparative long-term sustainability, than short-term cost.

Take Australia, which Diamond has defined as "the most unproductive continent". Much of it is, as he describes, useless for any form of agriculture, and in much of the rest of the country the soils have on average the lowest nutrient levels, the lowest plant growth rates, and the lowest productivity in the First World. Rainfall is often insufficient and unreliable to grow crops to maturity more than half the time and often far less. Agro-forestry suffers from slow tree growth rates due to poor soils. Australia's rivers and coastal waters are relatively unproductive and overexploited. Its renewable resources are overexploited and declining. Australia is the continent with the least fresh water (80% of which is dedicated to agriculture contributing to 3% of GDP), with proportionately the smallest area covered by forests (20%), and the only continent that has cleared as much as 90% of its original vegetation.

With this picture, to say that the Australian farmer is privileged compared to Europe's is a fallacy. As a result of extra expenses due to disproportionately high fertiliz-

er and fuel costs, Australian farmers selling to local markets often cannot even compete against overseas growers except in specialized *niches*. About 80% of Australia's agricultural profits are derived from less than 0.8% of its agricultural land. Most of Australia's remaining agriculture is in effect a mining operation destroying the land, expensive for the consumer and uneconomic to the individual farmer. Australian land use has gone through many cycles of land clearance, investment, bankruptcy, and abandonment. Some economists think the country should do away with much of its agriculture and could become a net agricultural importer. Diamond's analysis is a hard one, some may charge him of being opinionated and contest some of his figures, and even hold that sustainability is raising, but the general picture remains a rather glooming one.

The declining sustainability of Australia's agriculture and society may be particularly serious, but there is little doubt that much of the world is going in the same direction, and that we in Europe would be well advised to steer more and more in the opposite direction by progressively improving the sustainability of our agriculture, particularly in the context of accelerating climate change.

The New CAP has addressed that challenge by reforming both the first and the second Pillar accordingly. Further measures will be required down the road. We are all aware how difficult it is to apply cross-compliance measures and improve sustainability. It is likely that it cannot be fully done without resorting to the relevant sanctions in case of failure to respect cross-compliance provisions.

Although Europeans are admired, in particular in the US, for their urban zoning leading to a more land-efficient and energy efficient approach, they can and must do much better, notably in order to stem the depopulation and desertification of growing parts of their countryside, thereby avoiding the fate of many other nations. This obviously requires public commitment, as well as money.

If third countries like the US refuse to reform their own agricultural and rural development policies and their urban zonings, this should be no excuse for Europe to put on hold its own reforms and/or stop its own reform process. European actions should "not" depend on parallel actions by third countries, unless Europe is prepared to risk eventual collapse of its own environment, not to say of its own society. Some of Europe's stakeholders may complain about loss of (short-term) competitiveness. But irresponsibility should not stop common sense! When the US tried to undermine the Kyoto process they could not choke it, nor will they manage to stand in the way of Kyoto's successor agreement. Similarly, no EU member should stop the CAP reform process towards long term sustainability, because it is common sense.

The US will presumably come around on Post-Kyoto with the commitment of the converted, and must thank for this in particular Al Gore, who just got the Oscar for his documentary "The Inconvenient Truth". The Americans may even become more active on sustainability than the EU. In this connection, some western US states have already made a commitment to reduce gases linked to global warming. Europe should make sure that it keeps its lead on this.

EU rural policy as well as agricultural policy must from now on be conducted and

adapted taking into account the contribution that the EU can make to tackle the world's, and incidentally also Europe's most serious environmental problems in the interest of its own people. This makes also sense economically over the longer term.

### **3. The Food Challenge**

The second challenge is to structure EU policy so that a return to over-production in Europe is avoided, while preserving Europe's capacity to produce enough food in a sustainable way for a world in which food scarcity has been taking place in various highly populated areas and is likely to grow. It has been calculated that the addition of some 70 million people every year claims nearly 3 million hectares for housing and other purposes, nearly 400,000 hectares of which (much of it cropland) for roads, highways and parking lots alone.

Grain demand tends to expand beyond supply, which is diminishing, notably in China, India (including its Punjab bread-basket), the United States (in particular the southern Great Plains and the South-West), Australia and a number of other countries like Kazakhstan. Thus, according to a recent World Bank report, China's annual grain production has gone down by 50,000 tons from 1998 to 2004 and the northern part of the country "is literally drying out". These trends cannot be compensated by an increase in Brazil's grain land and creation of new rural settlements there, apart from the consequences of that for the environment (domestic soil sustainability and rainfall recycling in Brazil, and biodiversity and climate effects worldwide).

In this context, it is worth underlining once more how agriculture, energy and environment are interlinked, and refer to the intensive debate about biomass and bio-fuel as means to deal with all three at the same time. We strongly favour a role for farmers in energy production, but urge all concerned to act in accordance, not with short-term fashion, but with long-term market prospects and human needs.

The big question is: how can we best balance food demand and supply, save energy and water, and preserve the environment, all at the same time? Overproducing food and over consuming fossil energy and water worsens the environment. Under producing food and energy leads to high food prices and political instability. Bio-mass and bio-fuels reduce energy dependence, without reducing water consumption, but may increase food prices and worsen the food balance.

We are indeed witnessing a mounting competition between food and fuel and a structural shift in US and European agricultural markets. When oil costs more than \$60 (€ 47) a barrel, farmers have an incentive to convert corn, wheat, soy beans and sugar cane into fuel. Last year, as petrol prices climbed, farmers (particularly in the US) transferred production from food and feed to energy, thereby driving up food prices. As US production of corn-based ethanol tripled over the past three years prices have shot and stocks have fallen to their lowest level since the early 1970s. The USDA (Department of Agriculture) has forecasted that 55m tonnes of US corn will be converted in 2007 into ethanol – 14m tonnes more than in 2005. Considering that

US corn accounts for 70% of world exports and that US corn exports average 40-50m tonnes a year (with a potential to feed some 130m people), the US conversion rate of corn into ethanol must have a major impact on world corn prices as demand outstrips supply. Even small shifts in world production can have big price effects. For instance the use of the 10% of world sugar output which was transformed into ethanol in 2006 contributed to double the global sugar price to a 25-year high. A further steep price increase for relevant commodities can be expected if the legislated target of US ethanol production of 7.5bn gallons by 2012 is met, notably for corn because it would lead to a major loss of US corn exports corresponding to the total grain harvest of Canada or Brazil. Things would be even worse if Congress and producers responded to the US administration's call last month for mandated renewable fuel production of 35bn gallons a year by 2017, with ethanol accounting for about 15bn gallons of that, a threefold increase on current output. The US Congress is worried enough to schedule hearings on bio-fuel funding and the impact on food prices.

Europe has so far relied only on voluntary mechanisms to promote ethanol so that the production shift there can be expected to be less remarkable, unless EU legislation changes. But there is too little awareness here about the link between an over-reliance on ethanol/bio-diesel production on the one hand, and food availability and prices on the other. When crop prices rise, the introduction of the Single Farm Payment admittedly allows EU farmers to react rapidly.

In conclusion, while farm production diversification from food to fuel deserves support, we should be aware that, beyond certain limits, it results in higher food prices (good for the farmer in the short term, bad for the poor) with limited effects on energy self-sufficiency. One is entitled to ask whether the best use of diminishing water resources is to produce more fuel and less food (in particular meat). Besides, fuel may be a riskier source of farm income as its profitability depends on changing oil prices. Should our policy-focus not rather be on reducing energy consumption and managing water resources better?

The Earth Institute among others believes that the reasons why world food supply is tightening are mainly falling water tables and diversion of irrigated water towards the cities. Water shortages translate into food shortages. While individuals drink only two to four liters of water (in different forms) a day, it takes 2,000 liters of water to produce the food an individual consumes daily.

But water is not the only key factor of food supply. Other factors conspire to worsen the picture such as: continuing over ploughing and overgrazing, increasing biomass production for fuel, a growing shift towards grain-based meat production in poorer countries, shrinking harvests with rising temperatures, and so forth.

Technology can of course help to increase sustainable food production, but up to a point. Low- till or no-till farming techniques help retain water, raise soil carbon content, reduce energy needed for cultivation, as well as wind and water erosion, but cannot do more than slow the negative trend. New technologies capable to raise land productivity are shrinking and will be of diminishing help as yields of wheat, rice, and corn press against the ceiling ultimately imposed by the limits of photosynthetic efficiency.

This overall negative prospect of world food imbalance cannot leave anybody indifferent. With 3 billion people expected to be added to the world by 2050 (two thirds of whom in Asia and Africa) and 8 countries alone<sup>1</sup> accounting more than 4.7 billion people, most of whom have neither the climate, nor the soil or other conditions necessary to feed themselves in the future, the political economy of Europe's agriculture cannot ignore the negative trends regarding the global commons. Nor can the rest of the world ignore the key role that Europe is called to play in the forthcoming period of food scarcity. Future world demand of food requires that EU farmers continue to play their role in feeding the world.

The new CAP is notably designed to avoid food surpluses. But to the extent that world overproduction may be replaced by food scarcity, we could expect less competition among the producers of staple food for access to food markets, and more likely competition among net-food-importing countries for access to supplies. We would, and probably will then see import barriers in this connection replaced by export limits, and if Europe or other countries producing bulk farm products experienced periods of excess domestic demand, they will tend to repeat what several other countries have already done in such a situation, particularly recently: impose export limits<sup>2</sup>.

After being accused of dumping its food surpluses on world markets, one could well see the EU accused of withholding supplies from hungry people!

#### **4. The Financial Challenge**

Continuing, substantial public support for agriculture worldwide (all countries have some form of agricultural policy) is essential in order to help tackle the environmental and the food scarcity challenges just described.

In this context, if we focus on Europe, we cannot frankly say that it is too much to devote one per cent of total EU public expenditures (EU+MS) to farm and rural support. It should be reminded that farmers alone represent some 6% of EU population, and rural regions cover more than 80% of the EU-15 area and about 40 % of the total population still lives in rural areas. These percentages are of course higher in the newly enlarged EU.

Nevertheless, public financial support for the CAP has already been heading downward.

Regarding market and farm income support (first Pillar), it can be expected to decrease further and more heavily after 2013. While agricultural prices can be expected to move upward allowing farmers to increasingly live from market revenues, the income effect may however be reduced, if not cancelled if a deal is struck in Geneva, which on

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<sup>1</sup> India (1.5 bill, China (1.4 bill) USA (400 million), Indonesia and Pakistan (300-350 mill each) and Nigeria, Bangladesh and Brazil (with an average of 250 million each).

<sup>2</sup> Canada and Australia have already done so in 2002, Russia in 2003 and Viet-Nam temporarily refused food import requests by China in 2004.

current indications may cause income losses to EU farmers totaling up to € 20 billion a year. According to the OECD, this could push land values down and production intensity up. As to EU rural development support, it already has lost some € 40 billion over the next seven years (including co-financing, compared to 2000-2006 adjusted for enlargement) and may suffer further reductions as from 2014. Consequently, the services that farmers provide to society risk receiving insufficient compensation.

Let us be clear: the consequence of such developments will not be – as some believe – farming extensification. It will be the opposite. The more farm support goes down, and European farmers need to keep up with their overseas competitors, the more they will resort to industrialized, intensive farm practices with all their negative consequences for the environment, the landscape and the biodiversity.

The EU budgetary prospects are particularly worrying because Member States are in the process of condemning the EU budget to irrelevance over time by “renationalizing” parts of it, where they can. Governments actually prefer to distribute money directly to their domestic constituencies in order to shore up internal party support, instead of watching it being done anonymously (for them) through Brussels.

For these reasons, as far back as 2002, we feared that EU public support was on the way down, and believed that rural depopulation and decline in many areas could not be kept in check, let alone be reversed without complementary private initiatives, local motivation and adequate private financing. We therefore felt there was a need to increase the relevant resources, although the difficulties of the pending CAP reform led us to postpone action to that effect. In the light of the general landscape of the world’s environment and *per capita* food resources outlined earlier, the agricultural reform process must continue in Europe and hopefully take place also in the US and elsewhere including the developing countries, while the CAP remains a necessary, permanent feature for the EU as well as for balancing world food demand with supply.

## 5. The EU Must Revitalize its Countryside and Help Feed the World

To sum up, the three challenges I just outlined – environmental sustainability, food balance and appropriate finance – , which concern not only the CAP itself, but also the world as a whole, are the strategic reasons for the last CAP reform and for the continuation of the reform process.

The new direction taken by the reform is the most appropriate in the present and perspective overall European and world context, and also the most likely to maintain the CAP as it adapts to new realities. I will hopefully also help making our society more aware of the linkages existing between agriculture, rural development, the environment, commerce, tourism, the food industry and quality, infrastructural costs and overall employment. It is gratifying that EU farm ministers reached a virtual consensus on the reform, whose rationale they eventually adopted, but it must be added that the subsequent response of the EU Heads of State and Finance Ministers jeopardized the vision of shifting support towards the second Pillar in order to improve sustain-



ability and promote rural development. Selected budget cuts in the framework of the Financial Perspectives 2007-2013 ended up by overturning the core of the new CAP reform philosophy regarding the importance of the second pillar. This was an unfortunate development, because the European Council has thereby ignored what the Council (Agriculture) had already decided. It has thereby failed to appreciate that over-exploitation of natural resources, together with urbanization and globalization have become the most serious challenges to the physical integrity of the countryside, and its way of life, and that something has to be done about it. This situation is being made more worrying by two other factors: firstly, rural actors are increasingly marginalized from the public decision-making process; and secondly, public budgets for rural development are expected to be further reduced after 2013. Those who understand the rural predicament because they live with it have little power, whereas those who have the power of the purse don't understand it or prefer to look the other way.

It is regrettable that the Lisbon and other European Council debates ignored the contribution that rural development makes to employment, despite attempts to stress this point. EU decision makers mostly ignore also the possible consequences of weakening CAP support such as: the risk of Member States introducing contradictory policies that may hamper the Single Market; the consequences in some areas of land abandonment in terms of nature (which needs caring), and accelerated urbanization (which involves infrastructural, environmental and other costs); the consequences in other areas of production intensification and pollution, or the implications of reduced farm output. What would for instance be the budgetary costs of catering for the additional urban or sub-urban dwellers, produced by accelerated rural desertification? Would an end of the CAP result, would it not, in contradictory policies by the Member States possibly causing the collapse of the internal market? Or would it reduce European farm production to such an extent as to have a major impact on (higher) world prices with serious humanitarian, economic and political consequences in particular for food importing developing countries?

The main messages here are:

- a) Watch out for false promises packaged with catch-words such as sustainability, not followed by concrete measures;
- b) Beware of those who say that the CAP, however far its reform process goes, is "out of step with the need for Europe to respond to the challenges of globalization" (UK Vision), and
- c) Let's get organized to do what we can do on our own to contribute to our vision of a sustainable countryside.

It is worth dwelling on the last point, because excessive emphasis on government action (on which we have no control) discourages personal action (which to an extent depends on each one of us).

Within the new "globalization" context, in which agriculture is progressively losing farmers, favour and public support, landowners and all other rural stakeholders will loose out if they don't look ahead, adapt, fight for their interests and possibly devise new instruments to promote sustainability and secure their way of life.

## 6. The RISE Foundation

As far back as 2001, in our assessment that the CAP was losing supporters, we at the Commission started thinking of possible new instruments in order to gather additional financial means to help strengthen the rural environment from private sources, but the reform took too much of our time to open a new reflection. If we remember well, the issue was inserted in the Council conclusions on the 2003 reform.

In 2006, having left the Commission, we undertook to outline, with the agreement of the European Landowners Organization (ELO) and the Friends of the Countryside (FCS), our principles and vision regarding rural development, and to create a foundation to foster them. This has led to the International Charter for Rural Conservation and Renewal, in brief The Rural Charter, and to the Articles of Incorporation (or statute) of a new foundation, which is an instrument of that Charter.

The Rural Charter recognizes that the market system has proved insufficient to ensure a proper distribution of activities without appropriate public policy and corrective mechanisms. It outlines our vision, and our resolve to enhance rural development beyond what is feasible with existing instruments.

This is the general aim of the Charter's new instrument, the Rural Investment Support for Europe - in short RISE Foundation.

The RISE Foundation<sup>3</sup> is a new initiative. It is the only pan European independent foundation devoted to sustainable rural development. It covers all aspects of conservation and development of the rural world across the entire European Union. It is unique. It is independent and self-supporting. It fosters bottom-up private investment in rural areas. It is a tool to help conserve and pass on to future generations the values of rural life. A share of its resources is allocated to combat rural poverty in Europe and in the Developing Countries.

Its Founders have long and specific experience, a cohesive approach and wide membership across Europe. They have appointed an impressive and cohesive Board of Directors<sup>4</sup>, who can be trusted to attract more partners, obtain the necessary philanthropic funding, select the most meaningful projects, and encourage new initiatives.

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<sup>3</sup> The RISE foundation is the tool for implementing the International Charter for Rural Conservation and Renewal agreed in 2006 by its founders, the European Landowners Organization (ELO) and the Friends of the Countryside (FCS). The Foundation was established on 10th July 2006. It was granted Public Utility status by Belgian Royal Decree on 24th September 2006 (published in the *Moniteur Belge* on 25th October 2006). The Board was appointed on 13th November 2006.

<sup>4</sup> Set-up by the ELO (European Landowners Organization) and the FCS (Friends of the Countryside) together with the authors of this article, the RISE Foundation has attracted an impressive Board of Directors. It is chaired by Franz Fischler, with Solvay President and CEO Baron Daniel (1986-2006) Janssen and Commission Director General for Competition (first) and for the Internal Market (later) Alex Schaub (1995-2006) as co-chairs, and Corrado Pirzio-Biroli as Executive Committee Chairman. The Board Members include French Minister (Environment 1993, European Affairs 1995, Foreign Affairs 2006) and European Commissioner (1999-2004) Michel Barnier, Minister Paolo De Castro (1998-2000 and 2006-...), Belgian Central Bank Deputy Governor Luc Coene (2003-...), Professor Joseph Osterl (Slovenia), and ELO/FCS Secretary General Thierry de l'Escaille and former ELO President Karl Grotenfelt who represent the two Founding organizations.

The RISE Foundation's early partners include the BNP Paribas bank, The King Baudouin Foundation, the Phi Trust Foundation and the European Foundation Centre. RISE has obtained initial financial support by the BNP PARIBAS Bank, and has started a capital campaign in March 2007.

*What are its vision, mission and purpose?*

Our vision is a strong, vibrant and dynamic countryside, where people have a high quality of life, and where the values of self-reliance and sustainable development are shared by all. A countryside where natural heritage is preserved and cultural traditions are kept alive; competitive rural regions, that build on their human and natural assets, and deploy their endogenous talents in order to meet the challenges of globalization and urbanization; committed rural actors, who trust their individual and collective capacity to make a change. Farmers, landowners, rural entrepreneurs, institutions, and countryside lovers, who join together in an unprecedented collective effort and have the power, the resources and the commitment to build a better future for the rural population.

Our mission is to remove the barriers – structural, cultural and economic – that hold our countryside back; promote economic cooperation, synergy and social integration; stimulate positive developments in rural areas through innovative pilot projects; use the best Research and Development to speed up innovations for the countryside; mobilize resources and develop financial vehicles to conserve and renew the countryside, uphold the interests of rural people, notably those who own land; and contribute to a better understanding between city and countryside and to a more motivated rural population, by promoting new ideas and new forms of dialogue.

The Foundation's purpose includes the following:

- a) Investing in innovative grass-roots projects with a substantial potential economic, social and environmental benefit to local communities. In this connection, RISE has been asked by the European Commission to join its new network for matching leaders of such projects with selected foundations;
- b) Promoting and supporting private rural investment in response to the needs of rural communities for a more balanced distribution of activities between town and country;
- c) Assisting the conservation, development and transmission of private property in particular by:
  - investing through eco-partnerships to help make private ownership more secure, and expropriation more difficult;
  - providing a vehicle for gifts and legacies for landowners, especially those without heirs, who want to prevent dispersal of their possessions;
  - providing a host structure for the setting up of individuals;
- d) Establishing a network of Friends with an annual award recognizing particularly attractive and environmentally friendly private properties.

As the Foundation builds up its resources, the early focus of its operations will be

on water resources, renewable energy, land use management, and protection and preservation of private property. But over time, any private project likely to benefit the rural areas can be considered for financing in line with the Foundation's statute. We have of course been thinking of some possible projects, whose feasibility would have to be thoroughly assessed. The first, which I shall call the "Green Curtain", consists in a nature corridor along the former Iron Curtain. The second concerns the connectivity of peripheral rural areas without a "broad-band internet connection". The third regards the transformation of plant waste into "green carbon".

Europe's countryside needs urgent, large-scale support, which is the reason why we have set an ambitious fundraising target of € 15.000.000 (fifteen million) over the next five years. In most cases we can obtain tax-exemption for donors according to the rules of their respective countries, if they request so together with their pledges in advance. RISE is well placed to push for the removal of fiscal obstacles to cross-border philanthropy in Europe.

It is our aim to develop RISE as a tool containing a number of instruments aimed at building up the Foundation's endowment such as (for purely illustrative purposes): hosting other foundations for a fee, creating or participating in funds providing revenues for philanthropic purposes (micro-credits), creating a real estate fund or managing mutual funds transferring profits to the Foundation's capital. The financial package should help defend and preserve the countryside in its widest sense.

This is in the best interest of the landowners and the surrounding rural communities alike. Improving the living conditions of rural communities helps sustain the value of neighbouring properties. Improving the latter increases in turn the attractiveness of the surrounding countryside and the job opportunities there. It helps prevent depopulation, desertification and a collapse of rural services. Lack of infrastructure, notably of public interest services, means loss in land values affecting the life styles of landowners, tenants and labourers alike. A living countryside is of course of interest of, and benefit to, the whole society.

Creating a foundation is very much in the spirit of our times. Witness the recent accord between Buffett and Bill and Melinda Gates creating the most endowed foundation in history.

Success is not a foregone conclusion, of course. Ours is an ambitious undertaking, which deserves a try. It will need internal as well as external support to its capital and/or projects, which is of course voluntary. It also needs a skeleton staff, which is in waiting, and could start only if and when € 500.000 become available for the first two years. We are confident that if we obtain the support necessary to start operations, we can soon be in business.

More information can be obtained from our web-site: [www.risefoundation.eu](http://www.risefoundation.eu)