

## **Discussions on the CAP future in Estonia**

### **Introduction**

The Estonian Ministry of Agriculture (Managing Authority) started discussions on the CAP future with economic and social partners in 2009. Discussions have been organised in cooperation with Estonian Rural Network Unit.

The representative organisations participating in the ERDP 2007–2013 Monitoring Committee, members of the Rural Network Cooperation Chamber and Leader local action groups have been involved in discussions. Thus, in addition to other ministries and authorities participating in implementation, the following associations and organisations have been involved in discussions: agricultural producers' and farmers' associations, the associations and organisations engaged in food quality and the associations and organisations of different agricultural production areas, forest owners' associations, associations of agricultural produce processing industry and forest industry, advisers' associations of the sectors of agriculture and forest management, training bodies of the sectors of agriculture and forestry, educational and research institutions of the sectors of agriculture and forestry, environmental protection organisations, rural small enterprise development associations, associations of rural tourism undertakings, cultural heritage protection associations, the associations engaged in village movement and in social involvement of the young and women in rural area, advisory, training, educational and research institutions of the sectors of rural enterprise and rural development, local action groups and their voluntary networks, etc.

Different questionnaires and seminars have been used as involvement format. For each seminar, a questionnaire for structuring a concrete discussion has been sent to economic and social partners in advance. In all, 4 different events grouped according to the following subjects have taken place – future of the CAP and rural policy, public good, direct payments and market organisation, territorial targeting of supports, thematic dimension of rural development policy.

Synthesis of answers to the following questions will give an overview of the positions taken at seminars.

## **1. What should be the objectives of the future rural development policy?**

- In the light of the future challenges for agriculture and rural areas, what should be the objectives of the rural development policy after 2013?
- What place should rural development occupy, within the future CAP and alongside the other EU policies, to make a meaningful contribution to the future EU priorities?

Most social partners, participants in discussions, found that rural development policy should remain a part of the CAP. On the EU level, the CAP financing should be shifted towards rural development policy, pillars I and II should be more in proportion both on the EU and MS level in order to create better synergy between the CAP pillars in the future.

The main challenges for the CAP and pillar II indicated by social partners in different discussions were the following: biological diversity, climate change, renewable energy, food security, demographic change, urbanisation, rural employment. Thus, representative organisations agree that the challenges identified within the CAP health check are relevant. At the same time, several additional challenges should also be addressed under rural development policy.

Regarding the current objectives of rural development policy (improving the competitiveness of agriculture and forestry, improving the environment and the countryside, improving the quality of life in rural areas and encouraging diversification of economic activity) it was found that those objectives are also relevant in view of the next programming period. As for the emphasis laid on the rural development policy objectives, positions were outlined along the boundaries of organisations' areas of activity, e.g. agricultural organisations stressed the importance of competitiveness measures, environmental organisations considered bigger contribution to the Axis 2 as necessary and the organisations representing other rural undertakings regarded contribution to the diversification of rural enterprise as important. Necessity for better coherence of areas of activity was emphasised as a principle connecting different positions.

At the same time it was stated that agriculture alone is not able to ensure the sustainability of rural areas. Preservation of the viability of rural areas for which rural areas must be turned to an attractive place for work and residence was regarded as important. Investments made outside agriculture should be directed at the development of rural infrastructure and to the improvement of the availability of primary services. This was considered to be one of the most important tasks of regional policy and structural funds.

Discussions pointed out that so far the strategic approach to the programming of rural policy has justified itself (see also the next question). Flexibility of rural development policy has undoubtedly supported the positive attitude of the sector towards the approach so far, enabling the Member States to contribute to the EU priorities considering local situations and necessities.

## **2. How can the policy instruments be made more effective?**

- How can support be better targeted to bring about the most efficient allocation of resources, and thus to maximize the added value of the policy in pursuit of the future EU priorities?
- In the light of experience to date, is the existing toolkit of measures adequate for meeting the policy objectives? What role should be played by Leader in the future?
- How can we develop and improve evaluation methods and the underlying common indicators to best assess policy impact and render results visible without putting too much burden on Member States and beneficiaries?

In discussions it was stressed that the policy objectives should be agreed upon before the allocation of the policy budget, the budget should be in balance with priorities and in the distribution of money policy objectives should be kept in mind (considering that rural policy has to address most CAP challenges, such as combat with climate change, maintenance of biological diversity, water management, etc.). It is important to keep the policy ambition in balance with its resources.

Most of participants in discussions found that the different level of the CAP pillar I direct payments by Member States is distorting the EU internal competition, which cannot be justified with regard to the society and public good. So it was stated that a new justification in concordance with the content and objectives of direct payments must be found. It was emphasised that from the beginning of the new programming period agriculture and natural environment should be valued on an equal footing and to an equal extent in the whole Europe. Regarding the effective distribution of resources and increase in policy value added, several organisations considered bigger shift of the budget towards the more balanced pillars I and II to be necessary on the EU level. In particular, it was regarded as necessary in the context of decrease in agricultural employment and the necessity to ensure other and additional income opportunities to rural population.

Considering the selection of measures, some organisations found that the existing measures should be preserved. According to some opinions, the number of measures should be smaller and measures could be integrated. Improvement of the coherence of axes and measures was regarded as important. Integrating new challenges to different axes was regarded as one possibility; better integration of environmental issues into other axes could be brought as an example here. As for support ideology it was found that supports should move towards the compensation of certain measurable services offered to the society, where different production methods and processes but also emotions are compensated for. Multifunctionality was brought out as an important keyword, which should be better reflected both in investment measures and in measures directed at land use. Besides, the importance of research and development was emphasised in discussions.

All parties considered different instruments (land maintenance, investments, and knowledge) to be important as they are not only investments to the sector but also investments made in the interest of the public. All instruments are closely connected and support one another. In the next programming period, Leader approach should also be continued, particularly considering its role in the inclusion of local people and in connecting the priorities of different levels. During this programming period, Leader approach covers the whole rural area in Estonia.

The strategic and axis-based approach so far has justified itself as it enables to ensure the coherence of the objectives of the EU, its Member States and regions and the comparability and transparency of policy. It was also pointed out that the programming principles used provide a clearer framework and enable better observation of developments. Thus, policy is also better understandable and more measurable and analyzable, if necessary.

In bringing policy influence into view, better exhibition of best practices and increase in the awareness of the society in policy and its objectives was regarded as necessary.

### **3. How can the management of the policy be improved?**

- How can the policy be better managed, including better coordination with other policies for the purpose of ensuring a coherent approach in rural areas?
- In what ways can both content and delivery be simplified, so as to facilitate implementation and empower local actors, without compromising the objectives of the policy and sound financial management?

Biggest simplification potential was seen in the financial rules of rural development policy. Rules should be sufficiently flexible; in order to react to changing economic circumstances, to contribute that the resources would reach to target groups and that the projects would be implemented. Regarding the requirement for applicants to make the whole investment from their own funds in advance it was found that it will cause additional costs and does not contribute to the fulfillment of policy objectives. The existing possibilities to make advance payments are too inflexible. A simpler and more uniform approach to all the EU funds (e.g. VAT eligibility) is needed to also simplify national implementation.

In discussions it was pointed out that general reduction of bureaucracy by simplification should take place. On the EU level, the standards should be more uniform and implemented on an equal footing. The following additional subjects with simplification potential were mentioned: control rules, validation of expenditure, eligibility of lands, direct marketing rules. For instance, social partners offered that in case of small support payments thorough reporting and controls (e.g. training projects, etc.), where applicant's

administration costs and the amount of time spent are unproportionally high, could be abandoned. In case of the occurrence of unimportant mistakes, increase in the volume of ex post control should be avoided.

In improving coordination between different policies it was considered important to be conscious that rural development policy is not only a territorial policy to solve all the problems of rural area. Rural development policy should be concentrated on agriculture, the related sectors and rural life. Thus, there are several areas of activity in rural area, which are vital in view of sustainability but of which the existence and availability should be ensured through other policies, incl. the EU structural policies. It was found that rural development policy particularly comes into contact with regional policy. Among the areas of activity to be ensured through other policies, mostly infrastructure (incl. social infrastructure) and the availability of public services were emphasised.

### **Summary**

To sum up it can be said that participants in Estonian discussions regard rural development policy as a part of the future CAP. Rural development policy is a modern policy involving very different functions from production and environmental protection to rural enterprise and cultural heritage. Therefore, the rural development policy objectives of the current programming period will also be relevant in the context of the coming programming period. At the same time, the EU level role of rural development policy in the CAP should grow and the CAP pillars should be better balanced and support each other. During discussions on the next programming period it is important to come to an agreement on objectives first and only then calculate the cost of their realisation. The cost of policies should also reflect their content and tasks. The existing rural policy instruments were generally considered to be adequate. At the same time, their ideology should move towards the compensation of measurable services offered to the society. Considering that several measures support one another, it is important to take them as a complex. Leader approach will also have an important role in the future. Simplification of financial rules and harmonisation of different principles between the EU different financing instruments would help to improve the applicability of policy during the coming programming period. In the assurance of the principle of additionality it is

important to understand that rural development policy is not the only instrument to contribute to rural area but other policies and financing instruments should also be involved.