

The Future of the CAP and Rural Development – a European Perspective

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A three-part talk

1. CAP politics and likely shape of debate
2. Rural Development (Pillar 2, RDPs)
– *how is it working and how might it change?*
3. Future challenges for rural policy

CAP - Where are we now?

Planning for the next budget period, 2013-2020



Context – a difficult financial climate
Signs of retrenchment / ‘sitting tight’
‘steady as she goes’, or ‘big shift’?



Process: 9+ months of debate,
trade-off & political compromise –
actors, interests, balances of power will be

CAP: key questions, likely outcomes

- **What is the justification for decoupled support (SPS), & what should its future role be?**
 - *income support and public goods provision*
- **Do markets require new / more stabilisation?**
 - *Some risk management / intervention tools*
- **How to meet the climate challenge?**
 - *emphasis upon RD funding for innovative and ambitious solutions*
- **How to save money?**
 - *Cut CAP funds for EU-15 / those in less 'need'*

All tend to imply a focus around redistribution of aid, using new criteria

European (EU) level changes

- **The big funding pots under pressure** : *Total Agriculture/RD budget likely to be frozen / modest cuts*
- **Internal politics**: *new Commissioner, Lisbon consequences - co-decision in agri-policy*
- **Funding shift**: *redistribute Pillar 1 to poorer / more challenged areas?*
- **RD policy likely to stay with CAP**, *but regional funds will remain important in rural new MS and Southern EU-15*

The UK 'filter'



Domestic concerns *always override the EU dimension,*
Priorities *are driven by Westminster process, not Brussels*

Phasing out of Fontainbleu, *budget pressures*
Rural *always more important to Wales, Scotland, NI than England*

Strong environment lobby,
other rural weaker =
will English RD shrink or grow?



At EU level: What have we learned about CAP pillar 2?

10 years of programmes

Shifting contexts

The challenge of enlargement

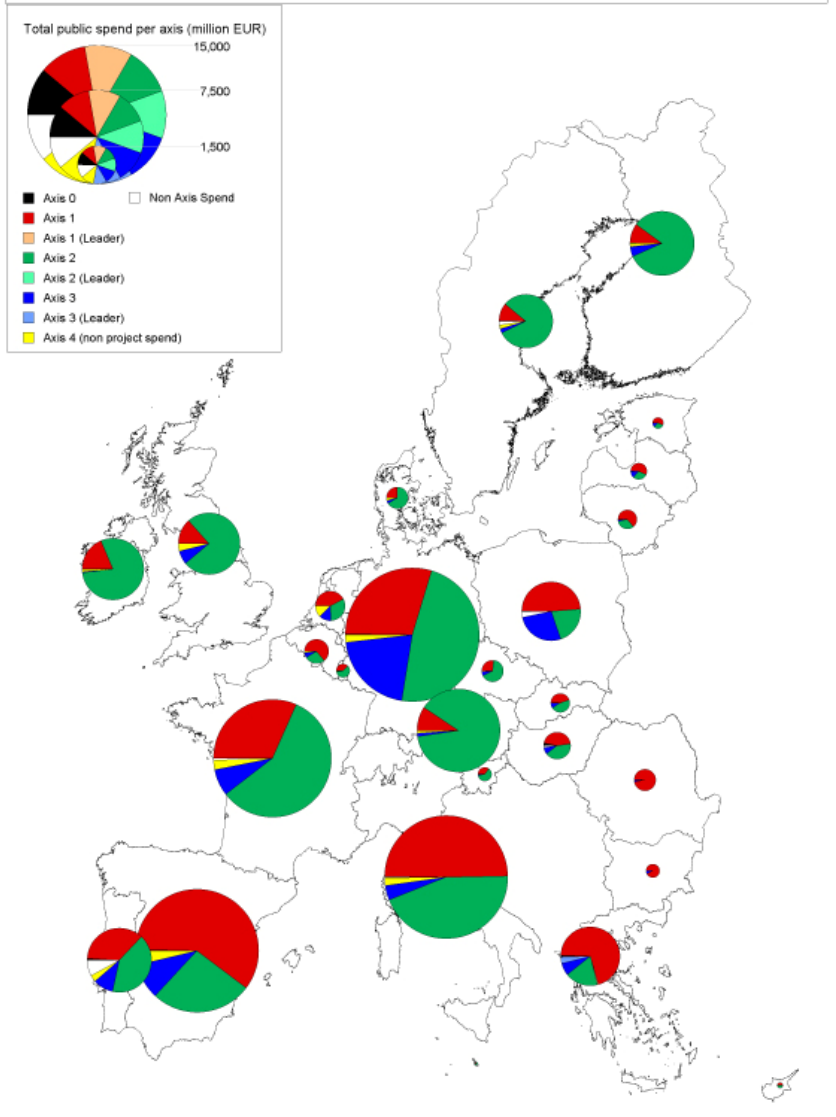
**- Selected findings from 2
different multi-partner studies:**

2007-8 Review of RD instruments (DG Agri project)

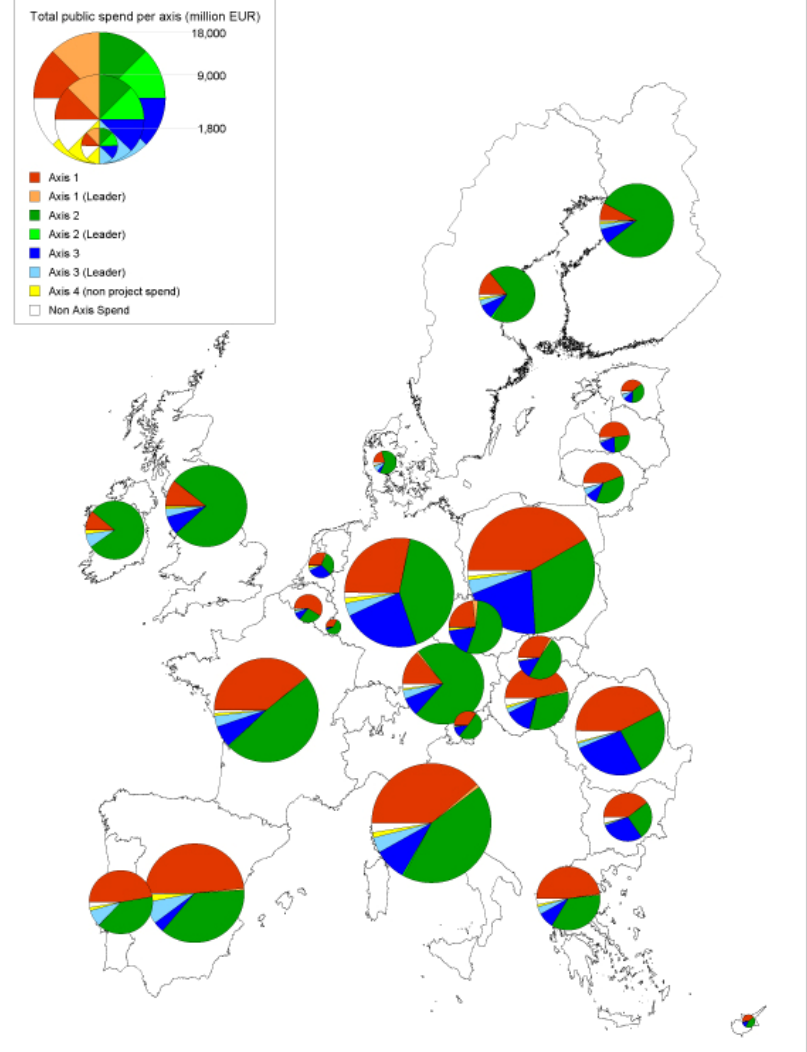
2008-10 RuDI study (www.rudi-europe.net)

Spending priorities *(adjusted for inflation)*

Total Public Spend 2000-2006 by Member State and Axis



Total Public Spend 2007-2013 by Member State and Axis



- **Shift of resources to NMS**
Increase in axis 3&4

Targeting of RD expenditure

- **Signs of improved targeting, 2007-13 vs 2000-06, in some areas:** *in RDP documentation, in expert interviews, in shifting balance of resource allocation (higher priority for human capital, LEADER projects, axis 3, environment)*
- **Some evidence of path-dependency; familiarity/ease of spend, and policy capacity issues** *(greater challenges for new MS)*
- **The analytical science of ‘needs’ assessment merits more attention** – *promising scope for further work, gaps to fill on environment and rural socio-economy indicators*
- **The current EAFRD framework offers good scope for greater and more effective targeting,** *if used to full effect.*

Cost-effectiveness

- **Targeting** probably best when sub-regional, increased cost / slower implementation can generate *additionality*
- **Some patterns emerging:**
 - Axis 1 and 3 give best overall value in packages (*filière, micro-region, farm-level*)
 - Axis 2 benefits are recognised, but can be hard to measure
 - training, advice, capacity building are needed for complex measures and tailored packages
 - *these may take a long time (7+ years)*

Possible improvements – *framework*

Retain main goals & Strategy Guidelines, but reform

‘Axes’, *encouraging more flexible use of measures. Minimum spend thresholds could still apply to strategic goals or delivery methods / approaches, but different combinations of measures could be used for these*

Some measures / needs should be revisited

- *inter-generation transfer: rationale and performance*
- *access to credit for micro-businesses in new MS: how best?*
- *scope for joint environment-economy initiatives: role for RTD*

Simplification to improve coherent application

Some measures represent ‘variations on a common theme’ which could be combined (e.g. training and advice)

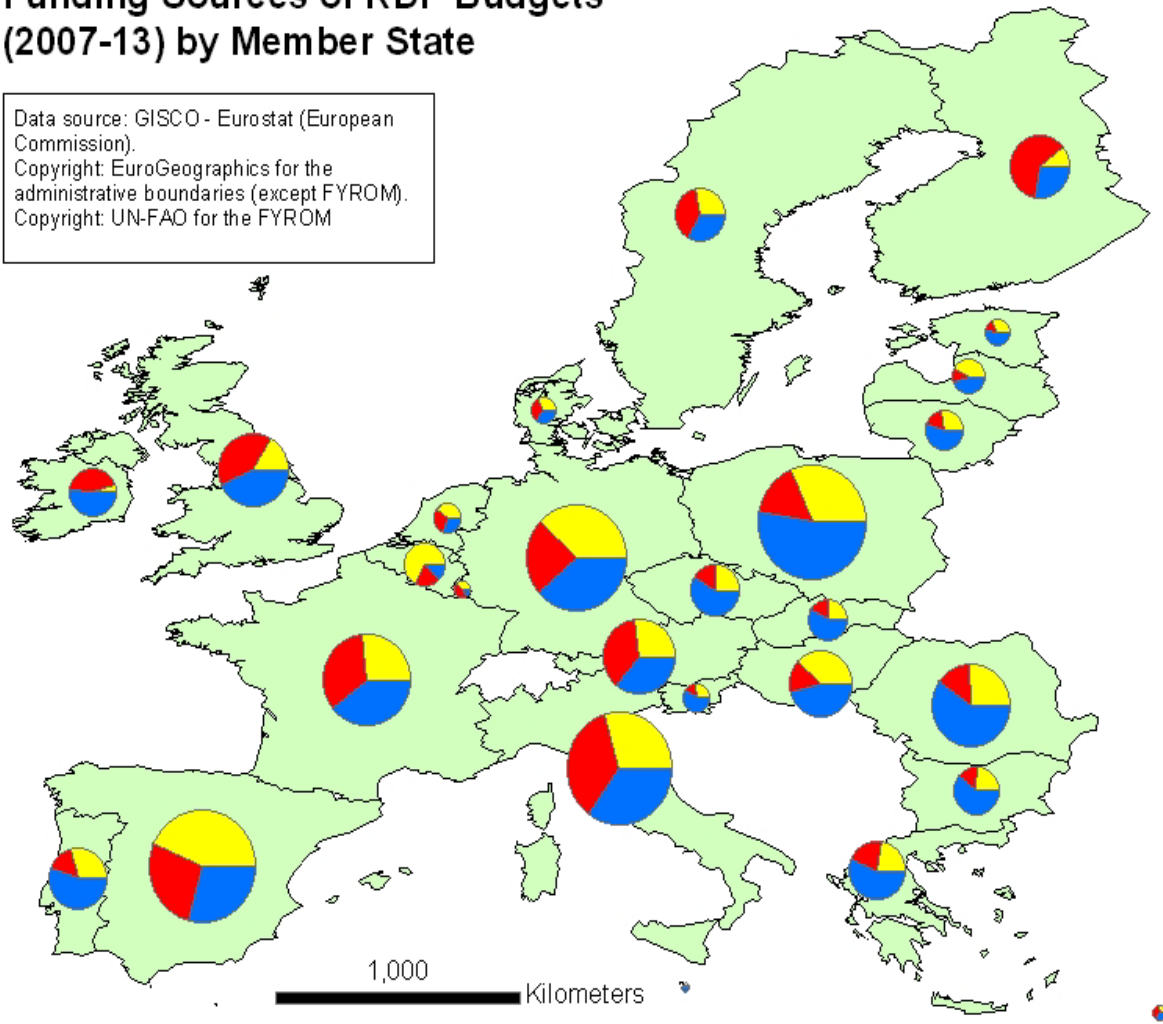
Some measures are duplicated only because of the axis structure

Sliding scales of % public funding would enable wider use of others

Pillar 2 Today – *varied budgets, mixed sources*

Funding Sources of RDP Budgets (2007-13) by Member State

Data source: GISCO - Eurostat (European Commission).
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Source of RDP Funding



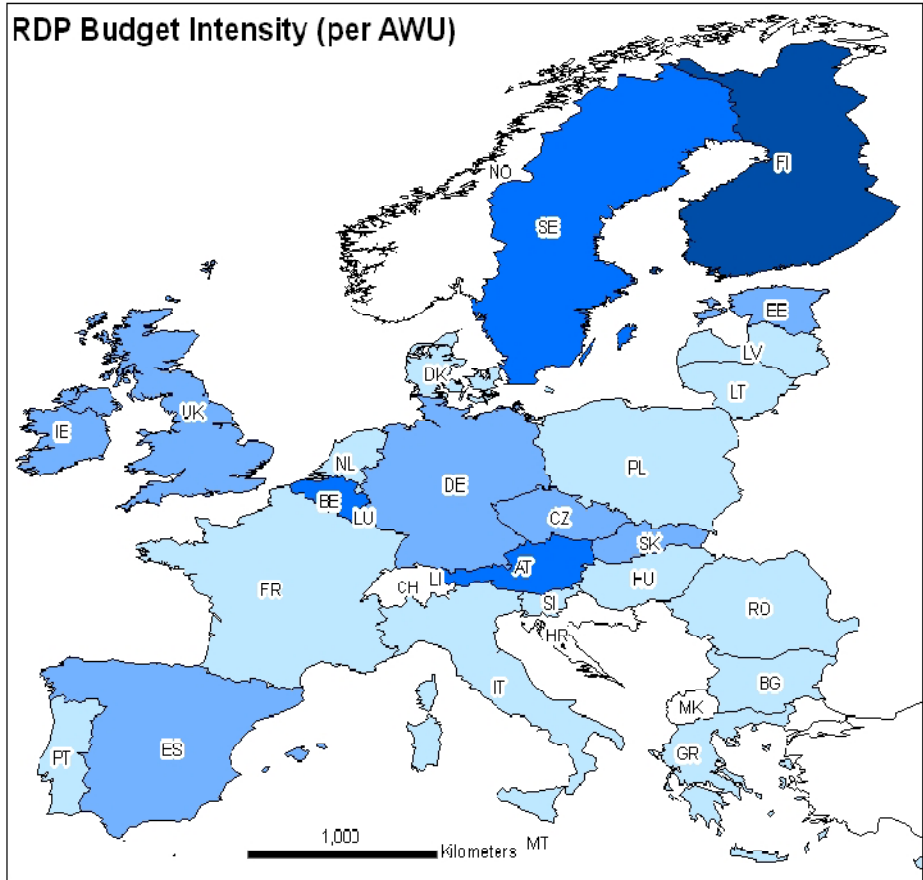
EAFRD

Other Public

Private

Maps courtesy Nordregio, for
RuDI : www.rudi-europe.net

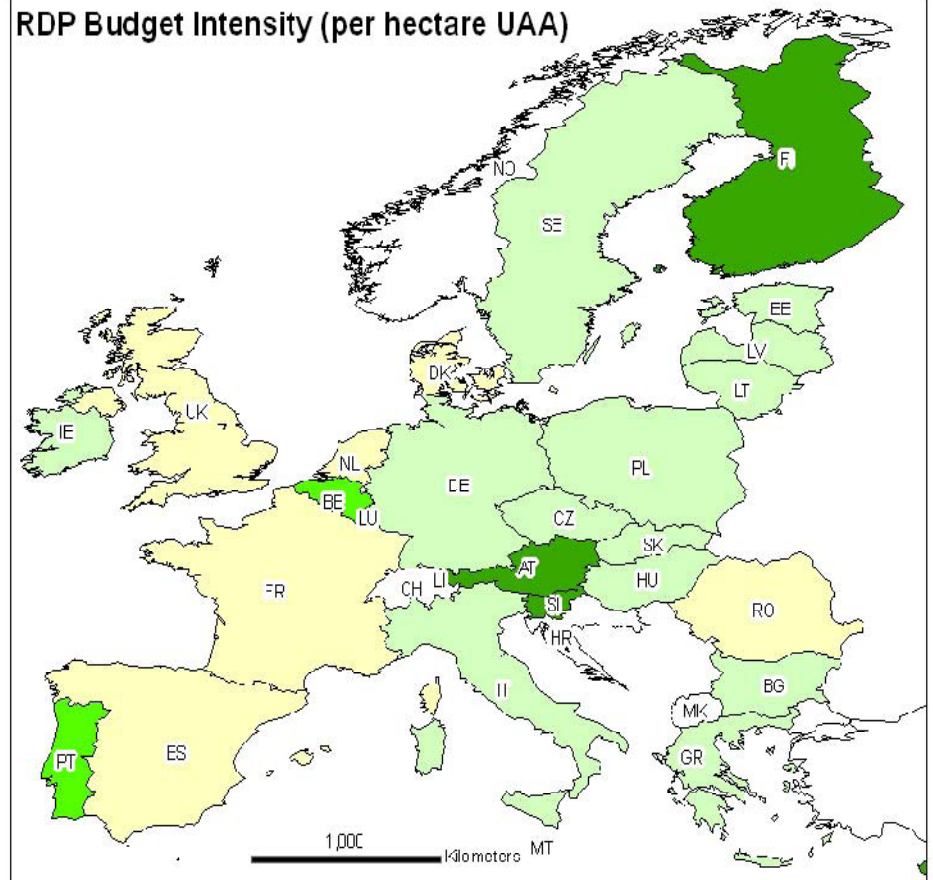
Pillar 2 Today – varied funding intensity



€ per AWU

White	Non EU
Lightest Blue	<25,000
Light Blue	25,001 - 50,000
Medium Blue	50,001 - 100,000
Dark Blue	>100,000

Data source: G SCO - Eurostat (European Commission).
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€ per Hectare

White	Non EU
Yellow	<1.0
Light Green	1.1 - 2.0
Medium Green	2.1 - 3.0
Dark Green	>3.1

Data source: GISCO - Eurostat (European Commission).
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But Pillar 2 is not the only show in town

- **ERDF and ESF funds** – *c.€70bn; especially significant in new Member States, south*
- **National or regional rural funding** *may be equally important, especially in EU-15*
- **Pillar 1 SPS/APS & some market regimes** *have important RD implications (HNV support, CMO restructuring, Art 68/9)*

RDPs require demarcation but in practice, co-ordination is more crucial.....

Common findings, RuDI case-studies

Policy impacts are integrated & multiple, so an integrated, systemic approach to evaluation is essential, to understand what is happening:

- *Integrating across axes & measures*
- *integrated analysis of whole systems, in environmental & business / socio-economic terms (no simple linear logic)*

It is essential for policy makers & evaluators to understand farmers' and other beneficiaries' behaviour, motivations, aspirations *in order to target effectively*

Building capacity, building / retaining social capital are commonly overlooked elements *in RD policy design & delivery*

Dangers of heavy bureaucracy, if devolution lacks real trust / authority – *eg LEADER*

Hill farming: influence of policy

Moor

Hill sheep, cattle, ponies:
Pure hardy breeds

*AEM stock
reduction on moor,
P1 decoupled favours it, too*

In-bye / in-take

Supply ewe lambs to....

Upland flocks – hill crossed
with lowland sheep breeds.
Also suckler cows

'lowland' DA

*Biosecurity –
disincentive to
graze / move
- buy new stock
if herd culled*

Dairy and lowland
sheep, beef fattening,
arable

*NVZ 6month waste store
capacity: - dairy
disappearing, nowhere to
send lambs over winter*

Farm Strategies

- *forget the hill flock, 'cosmetic' grazing on hill, intensify in-take and in-bye and switch breeding, to seek added value*
- *enlarge significantly (3 x) – removes smaller starter holdings, spreads fixed costs, stretches labour - leads to simplified management / systems*
- *find another job / enterprise to subsidise the farm – takes away time, capital and business skills*
- ***result: fragmentation of systems & landscape***

Emerging conclusions - RuDI

The EU has important rural development needs and opportunities which merit explicit, targeted public support

There is significant potential to enhance the overall effectiveness of EU RD policy

= an agenda of evolution, not revolution, in respect of RD goals and framework, but

= a stronger emphasis upon value for money, delivered through holistic, place-sensitive strategies, is needed

Improved RD co-ordination & coherence

Some options

- 'Streamlining': plan jointly between funding authorities
- Joint strategic planning (e.g. National Strategic Framework for all Funds, common vision & linked objectives; common territorial plans)
- More common implementing rules & procedures
- Common monitoring & evaluation processes (timing) & methods
- Consider new organisational models from commerce (systems thinking, operational 'cells', web-based networks)
- Commit more to ongoing learning & adaptation, within and between levels

Enhanced design and delivery

Some options:

- Improve accessibility for target groups – *invest in understanding their needs, perceptions, responses*
- Foster local level integration between funds – *sub-regional joined-up delivery will happen, but it can be made easier*
- Improve communication and trust between levels and actors – *to avoid crippling administration costs / long delays*
- Allow measures to be mixed in packages by purpose, *to add flexibility for local targeting*
- Dissolve axes, go for green ‘growth’ + ambitious *transition* planning



Water: Catchment learning, Australia

Good practice



Kartoffelfest auf einem der regionalen "Patenthöfe", hier wird ein neuer Planwagen für die Ausflüge auf die Felder eingeweiht

Culture, food and farming: Regionen Aktiv, Lower Saxony

New directions



Health agenda: 'Social farming', Columbini, Italy

Future RD challenges: Energy & Climate

This needs to go beyond CAP RD tools

Stimulate markets for 2nd generation perennial 'crops', farm wastes, new features (Short Rotation Coppice)

Need cross-axis, cross-fund links: integrated supply chain development (CHP infrastructure, access to grid)

Market-led initiatives to protect carbon stores (upland peat, watersheds)

Flood and drought adaptation planning

Also scope for a new Community Initiative?

Future challenges: Ecosystem services

Environmental public goods delivery –
*biodiversity, clean water
air, soil protection*



Socio-cultural protection and sustainability –
*pride in place, local skills, culture
& knowledge*



**This needs more than just agri-environment aids:
investment, P1 underpinning....**

**Delivery at a landscape scale requires joined up action
between different interests**

Future challenges: Innovation and Rural Competitiveness

Human and social capital needs are critical

- **Capacity building for risk and vision** – *how often does lack of confidence and/or entrepreneurial skill hold back effective support?*
- **Stimulating and supporting the change-enablers** – *facilitation, leadership, social inclusion, networks and exchanges*
- **UDI versus central power** – *who will be the arbiters of change?*