

# **STRENGTHENING LOCAL AND SUB-REGIONAL ECONOMIES**

**INTERVIEWS WITH OPINION MAKERS  
IN THE FRAME OF THE 4<sup>th</sup> SLOVENIAN RURAL PARLIAMENT**

**REPORT**

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## INTRODUCTION

The interviews summarized in this report were conducted in virtual form in the period from 1<sup>st</sup> June 2017 until 15<sup>th</sup> September 2017. The interviews were part of the preparations for the 4<sup>th</sup> Slovenian Rural Parliament, which was involved, together with other activities, in the project “Strengthening local and sub-regional economies”.

Emphasis of the present interviews falls on the rural aspects of life, addressing contents relevant for the future common agricultural policy and rural development. The stakeholders involved are leading opinion makers in their respective fields. Together, they offer a comprehensive overview of the state of rural areas, predominantly in Slovenia. Different aspects touch on the problems as well as the possible solutions involved in facilitating the prosperity of rural sectors and fostering a higher quality of life in specific local communities and in rural Europe in general. The first part of the interviews is closely related to the circumstances, policies, and fields related directly to local economies, while the second part is closely related to the common agricultural policy, which significantly influences rural life.

16 interviews, included in the report, offer summaries of the interviewers’ knowledge in a short format, appropriate for inclusion at the conference on local economies in Šentrupert on 21<sup>st</sup> September 2017, and for plenary sessions and workshops at the 4<sup>th</sup> Slovenia Rural Parliament in Novo mesto held on 22<sup>nd</sup> September 2017.

## LOCAL ECONOMY TRENDS IN SLOVENIAN RURAL AREAS

**Irma Potočnik Slavič**, *PhD, Faculty of Arts, University of Ljubljana*

Trends and processes in contemporary rural areas. Slovene rural areas, categorised as predominately rural, are very geographically diverse, comprising huge historical, cultural and natural heritage, with a relevant share of ANC and specific land cultivation, increasing inter-regional disparities and different types of integration into cross-border regions. Contemporary Slovene rural areas as multifunctional localities with a heterogeneous and mosaic-like structure are exposed to restructuring, as they are trapped between traditional processes and structures on the one hand, and modern developmental processes on the other, both of which are strongly reflected in local economies (Potočnik Slavič 2011). The needs of local entrepreneurs and rural areas. In the era of globalisation, especially small firms located in rural areas are extremely fragile (Klemenčič, Lampič, Potočnik Slavič 2008). The pace of restructuring is fast, overwhelming and profound, creating business opportunities while also setting-up (un)known risks (Woods 2007, Epp and Whitson 2001). The reconstitution of rural areas under globalisation introduces into rural localities new networks of global interconnectivity, which become threaded through and entangled with existing local assemblages, sometimes acting in concert and sometimes pulling local actants in conflicting directions. The networks, flows and actors introduced by processes of globalisation fuse and combine with extant local entities to produce new hybrid formations. In this way, places in the emergent global countryside retain their local distinctiveness, though they are also different from how they were before. (Woods et al., 2015; Lampič, Mrak, Potočnik Slavič 2015).

Potentials of local entrepreneurs and local economies. Generally speaking, businesses in rural areas usually choose one of the following options: (1) to stay rooted in the local milieu, if this is permitted by the nature of their business and the economy of scope, (2) to combine a certain level of embeddedness with some connections to outer, wider systems (often recognised as glocalisation; Klemenčič 2005, Massey 2005), or (3) to become completely integrated in international networks. However, in practice this appears far more complex: as the empirical examples indicate, both processes (globalisedness, Dubois 2010) are in fact parallel and multidimensionally interwoven.

Proposals for relevant institutions co-creating the development of local economies and the welfare of the local population. Since Slovene rural areas have been constantly lacking jobs (in quantity and quality; Klemenčič, Lampič, Potočnik Slavič 2008), it is important to focus on two drives that essentially create local/regional economies (and the international business environment as well), i.e., the permanent development of existing entrepreneurial facilities and the forms of supportive business environments. Both of these drives, if they are set-up and are correlating properly, should create favourable circumstances in which companies could flourish and create favourable networks within the local economy and the broader milieu.

Potential vision of the future development of local economies. Since Slovenia has opted for the sustainable development paradigm, we propose to upgrade local economies in the following directions: economic (empowerment of regional economic cycles), social (creating and maintaining unfolding rural webs) and environmental (re-use of brownfields). Local embeddedness increases resilience and the return of benefits to the region from global engagement. Firms trading

internationally should be encouraged to source materials locally and to participate in regional support networks. Networking inside rural areas (into a rural web connecting tangible and intangible capital) combined with purposeful and long-term international networking is necessary for the success of local/rural economies.

## COMMUNITY MANAGEMENT OF LIVING RESOURCES

**Gaja Breclj, Umanotera**

Slovenia is rich with low-carbon and sustainable natural resources, the value of which grows rapidly in the light of current global processes. The resources in question are forests and timber as a renewable raw material of circular economy, quality and abundant water resources, renewable energy resources (sun, water, biomass, geothermal energy and wind), a fertile soil and a favourable climate for food and industrial crop production, beauty and diversity of land, as well as biodiversity. Many opportunities for the transition to a sustainable society can be seen in the sustainable use of space and in a more efficient use of energy. Although this diverse rainbow of natural resources shines as an exceptional foundation for social prosperity, it should not be taken for granted. The benefits of our resources can be usurped by others, they can remain unexploited, or can even be destroyed by non-sustainable actions. Furthermore, wholesome and lasting prosperity cannot be granted to us as individuals. Clean air, quality drinking water, efficient public transportation – either all the inhabitants of a certain area enjoy them or nobody does. Prosperity only comes if we stand together as a community and join forces in striving towards it. That is why we need to perceive resources as having development potentials, make plans for their use as a community, and ensure the sustainability of their management, so that generations to come may reap what we sow.

Local communities are the most primal guardians and protectors preserving the quantity and the quality of natural resources in their own environment, since these represent the basis for a sustainable prosperity future generations can enjoy. Therefore, local communities have a vital interest in sustainable resource management in their environment. They wish to act as sovereign, active and responsible co-creators of lasting prosperity at a level they can still handle. They join forces in considering the type of their product, the reasons and procedures behind it, the type of resources their environment has to offer, and the most promising development opportunities deriving from them.

This type of management comes with numerous synergistic effects; it enables communities to exploit local natural resources for building social assets, create green employment opportunities in the local environment, and generate income for meeting the needs of the community in terms of development. Besides, it contributes to food and energy self-supply and to the increase in competition by greening the current field of industry and construction. In this respect, community management of natural resources is the synergistic driving force for the transition to a low-carbon society.

Numerous sovereign, active and responsible communities that already practice natural and other resource management in their environment can confirm this. Good practices are already present in Slovenia and abroad, persistently breaking new ground. They can be found in various fields and forms, e.g., small farm cooperatives, organic family farms, community gardens, alternative economies (collective use, renting, exchanging), community sustainable land management,

companies with unconventional ownership structures (internal ownership and employee co-management) and their merging into chains and clusters, eco-settlements, community energy projects, civil society community initiatives, apartment cooperatives, alternative currencies, etc. Good practices should serve as inspiration and incentive for other parts of Slovenia.

The project “Dovolj za vse: Skupnostno upravljanje z življenjskimi viri” (“Enough for All: Community Management of Living Resources”) is implemented by Umanotera, the Focus Association for Sustainable Development and the Legal Information Centre for NGOs, and is co-financed by Eco Fund, the Slovenian Environmental Public Fund.

## IMPLEMENTATION AND MODIFICATIONS OF LOCAL DEVELOPMENT STRATEGIES BY 2018

**Alina Cunk Perklič**, *Coordinating Committee CLLD/ Ministry of agriculture/Slovenia*

The Local Development Strategy (hereinafter: LDS) is a product of local populations who, by cooperating in the preparation of the strategy, actively co-decided on the fundamental needs of their local area, as well as the objectives of the strategy itself. LDS is the fundamental strategic document of a local action group (hereinafter: LAG) and represents the basis for the absorption of relevant European funds included in this project.

The preparation of LDS was a challenging process for LAGs. It comprised the analysis of the current state of events and the needs of local areas, as well as numerous workshops and meetings, where the fundamental needs addressed by LDS were gradually formed. Every LAG decided which of the four topics, determined by the Decree on the Implementation of Community-led Local Development in the programme period 2014–2020 (Official Gazette of the Republic of Slovenia, No. 42/15, 28/16, and 73/16), will be pursued by LDS with regard to the identified needs of the area. A strong emphasis in strategy preparation was put on intervention logic, which represents a throughline of every strategy, since it joins needs, objectives and measures into a sensible plan for achieving the objectives set. From the definition of the action plan derives the description of transforming objectives into measures, with which LDS goals will be achieved, with the financial plan being another important part of LDS. Besides the description of the strategy and its goals, LDS also includes the target values of indicators and milestones that enable the monitoring of the efficiency of LDS implementation.

The confirmation of LDS and LAG was a key moment in the implementation of LDS, since it enabled LAG to publish its first public tenders and select its first operations. A new approach that comprised three different funds – the European Agricultural Fund for Rural Development (EARFD), the European Regional Development Fund (ERFD), and the European Maritime and Fisheries Fund (EMFF) – represented a challenge for all stakeholders involved in the confirmation process, not only for the rapporteurs of LDS, but also for its countersigning officers. The confirmation procedure for LDS and LAG was demanding and long, but despite all the obstacles, 37 LAGs that cover the entire territory of Slovenia were confirmed by the end of October 2016. The lengthy confirmation procedures of LDS resulted in a delayed start of LDS implementation; nevertheless, taking into account the fact that LDS and LAG confirmation procedures are complex and challenging, LDS and LAG were, compared to other member states, confirmed on time.

Since the confirmation of LDS, the first public tenders for all the funds included in the measure have already been published. At the same time, the first operations have already been confirmed and chosen by LAG. In some cases, it has become evident that the needs in the local area have already somewhat changed in the time between the preparation of LDS and the publication of the public tender, so it would be sensible to improve some documents concerning the functioning of LAG or the selection procedures.

A performance review that comprises a review of the implementation of activities and milestones set by LDS will be performed by the relevant management bodies in 2019. With regard to LAG, objectives are deemed to be achieved if they amount to at least 85% of the objective value on 31 December 2018. In the performance review, the management bodies focus on the following milestones:

- the number of concluded operations compared to approved operations,
- the share of allocated funds in the decision on confirming the operation compared to a specific financial framework,
- the share of paid out funds compared to allocated funds in the decision on confirming the operation,
- the number of newly created jobs,
- with regard to the ERFD fund, the number of local stakeholders involved in the implementation of CLLD projects, as well as the number of people who live in LDS areas, and the number of supported partnerships are to be reviewed.

In the preparation of LDS, the milestones were set too high. At the same time, reaching them may also be at risk due to lengthy procedures of passing LDS and LAG, as well as procedures of confirming operations by officials in charge of the final confirmation of the operation. Certain questions arise that are linked to achieving the objectives and milestones set by LDS and the possibility of changing them in the preparation of the modifications of LDS.

Due to the changed developmental needs of local environments, the need for improvement in LAG operations, and the upgrade of internal LAG control procedures, as well as due to possible questions concerning the set objectives and milestones in the scope of LDS, the national legislation gives LAGs once a year a chance to propose a modification of LDS, which must derive from the changed circumstances in the LAG region. The proposed modifications must be well-founded, while the effect of the proposed LDS change on achieving objectives and milestones set by LDS is also of great significance. For this reason, the Coordinating Committee of CLLD, which includes representatives of all three funds, has prepared special instructions, wherein it clearly determines the procedure for submitting modifications to LDS, as well as the substantive emphases of the proposed changes. The instructions are publicly available on the website of the rural area development programme at [www.program-podezelja.si](http://www.program-podezelja.si).

Compliant to the provisions of Regulation 1303/2013/EU, a performance review of operational programmes is to be performed in 2019. With this review, it will be determined whether the milestones of programmes at the level of priority tasks were reached. Reaching the mentioned milestones represents the basis for granting the performance reserve. In case of the European Agricultural Fund for Rural Development (EAFRD), the granting of the performance reserve depends on reaching the set milestones within the entire priority task, including LEADER measures. Reaching the milestone by the end of 2018 is in large extent affected by payments deriving from several measures in the scope of the same priority task. In short, the implementation of LEADER measures plays an important role in reaching the milestone set. From the passed LDSs and their set objectives, it can be foreseen that the indicators at the level of LEADER will be achieved, which is a prerequisite for being granted the performance reserve for the LEADER initiative. In case of EAFRD, it is important

that the indicator “number of people living in areas with LDS” and the financial indicator “invested funds” are achieved.

Slovenian management bodies of individual funds keep pace with the few other EU member states that will succeed in reaching the milestones in the implementation of CLLD measures and the European and national legislations in the projected prescribed period. Contributing to this are to a large extent also LAGs, who carry out activities successfully and on time, as determined by individual LDSs. A wise saying by the ancient Greeks states that even if you do not get any external reward, that does not mean that you should not strive toward a job well done. The future of Slovenian rural and urban areas depends on several factors, yet it is largely dependent on the stakeholders who live and breathe in the local environment.

## INCLUSION OF NON-GOVERNMENTAL ORGANISATIONS IN THE IMPLEMENTATION OF COMMUNITY-LED LOCAL DEVELOPMENT

**Tina Divjak, CNVOS**

Non-governmental organisations (NGOs) are an indispensable partner in the implementation of Community-Led Local Development (CLLD), whose main principle is satisfying local needs through the bottom-up approach. For an easier performance review of this approach in Slovenia, the non-governmental umbrella organisation CNVOS and its regional hubs, in cooperation with the Slovenian Rural Development Network, started to systematically monitor the inclusion of NGOs in the implementation of CLLD in 2016. The final objective is to estimate if and to what extent NGOs can take advantage of their potential for contributing to the implementation of the objectives of Local Development Strategies and satisfying local needs in the scope of the CLLD programme currently underway in Slovenia. The results of the first monitoring phase, which comprises the experiences or the inclusion of NGOs in CLLD in the period until the end of May 2017, show the level of inclusion of NGOs in the LAG partnership, the decision-making process on the contents of Local Development Strategies, and the implementation of operations financed with LAG funds.

The monitoring of CLLD implementation has shown that NGOs in Slovenia have a relatively high interest in cooperation, although many faced obstacles other partners did not, or only did so to a lesser extent. Many of the issues of NGOs emerge across the entire country, since due to the legislation and the instructions of individual governmental bodies practices in this field are in many aspects unified, whereas practices may differ among different LAGs.

In 2017, Slovenian LAGs and NGOs have already been active and have cooperated in the submission of proposals to ministries for achieving administrative and legislative improvements. Some proposals have contributed to a simpler and more efficient implementation of CLLD for all local partners, while others have focused on a more successful inclusion of NGOs. The final objective of all improvements is to pave the way for as many successful stories of development of local and regional economies as possible.

Analysis has shown that the main obstacles in the inclusion of NGOs in CLLD, which also hinder a more efficient implementation of their projects, are the disproportionate administrative demands in the distribution of funds for CLLD operations, which derive from the legislation and the instructions



of managerial and intermediary bodies, and the poor financial competitiveness of NGOs for the inclusion in LAGs and the implementation of operations. What is needed is a transfer of good practices for the simplification of administrative procedures. Such an example are practices deriving from the Guidance on Simplified Cost Options (SCOs) by the EC (passed in September 2014) and the adoption of other measures for the elimination of obstacles that render the inclusion of NGO's particularly difficult (e.g., elimination of the limitations on co-financing with volunteer work, consideration of VAT as an eligible expenditure for non-taxpayers, etc.)

## THE LOCAL ASPECT OF CLLD

**Roman Medved**, *Slovenian Rural Development Network*

The CLLD programme represents a means for the encouragement of joint local development, following the bottom-up approach. With this approach, the local population – by forming local partnerships (Local Action Groups, hereinafter LAG) – can actively decide on priority tasks and development objectives of a local area. In Slovenia, the measure is implemented as part of the integrated instrument "Community-Led Local Development" (hereinafter CLLD), which is financed by three European Funds (the so-called agricultural, fishery and regional funds). The measure for the implementation of CLLD was recognised by local stakeholders as an adequate and significant opportunity for development, based on the realisation of developmental potentials and key problem solving in relevant areas. LAGs are active in four subject areas that are crucial for local developmental needs: job creation, the development of fundamental services, environmental protection and nature preservation, and greater inclusion of young people, women and other vulnerable groups. From this perspective, CLLD is ideal for the development of local economies in rural areas.

The implementation of CLLD is much more demanding than the implementation of the previous LEADER programme in the previous programme period. This year, LAGs have published more than 50 public tenders for the preparation of operations that would encourage local development, and have received more than 500 applications. In the implementation of the programme until now, local partnerships have faced many issues that slow down and hinder a high-quality, timely and resource-efficient implementation of the programme. With regard to the structure of LAGs (the non-governmental sector, natural persons, smaller enterprises, the public sector), the administrative demands for co-financing projects that encourage local economies are largely disproportionate to the level of complexity and the extent of individual projects. The local environment has already seen some issues with regard to the implementation of CLLD, since potential project partners are withdrawing from the preparation of projects under the current conditions due to the unreasonable complexity of the programme.

The implementation of CLLD will not satisfy all the needs included in the Local Development Strategies (LDS), since local economies and consequently the creation of new jobs are not granted enough financial means. CLLD cannot fill the financial and programming gap that emerged with the abolition of certain measures in the Rural Development Programme (Village Renewal and Heritage Preservation). In the scope of CLLD, this is a lengthy and planned process that demands a clear strategy

and a professional approach to the development of rural areas. Only by combining the means from different European funds, can we achieve visible long-term results. In the management of CLLD, the managerial bodies (the Ministry of Agriculture, Forestry and Food and the Ministry of Economic Development and Technology) unfortunately neglect this long-term strategic aspect in comparison to the excessive administrative technical demands in the implementation of individual operations.

CLLD is based on the bottom-up approach and therefore displays certain particularities that need to be considered in addressing LDS LAG operations. The operators are in most cases economically weak, yet able to vastly enrich and multiply the minimal financial support. An overly demanding and too stringent approach of the support environment and the legislation toward the monitoring of such "small projects" in rural areas slows down local initiatives and hence also the development of local economies. The legislation and the support environment should therefore not equate CLLD with large investment measures or LAGs with financially strong investment operators in agriculture and the industries.

## SERVICES IN RURAL AREAS

**Andreja Krt Stopar**, *Chamber of Agriculture and Forestry of Slovenia*

As small as Slovenia is compared to other EU member states, it is also very diverse. Slovenian terrain is fascinatingly dynamic, but this also means that conditions for agriculture are extremely difficult. Slovenian farmers have always had to rely on their own common sense and ingenuity. It was Janez Vajkard Valvasor who already wrote about a great deal of ingenuity that farmers needed in order to survive in the region between the Alps, the Pannonian Plain, and the Adriatic Sea, due to unpredictable climate and weather changes. These conditions forced farmers to either be involved in many different branches of agriculture or work as blacksmiths, set up their own mill or sawmill, trade goods, or run an inn for horse and cart drivers. Today, these activities are deemed complementary.

A high level of ingenuity and innovativeness comes in handy in modern days, as well. Slovenian rural areas offer several privileges, such as a diverse and catching cultural landscape, a fairly clean environment, favourable climate conditions, an extremely rich ecosystem with diverse life forms, numerous water sources, a variegated cultural heritage, a strong tradition of knowledge and farming skills, a favourable geographic location, and a hub for tourism. Here, in the heart of Europe, you will find beautiful farms. I am certain our future lies in the maximum production and consumption of local food.

The majority of farms are still smaller, with their income stemming from different sources and agriculture not necessarily representing the main activity. However, these farms do play an important role in preserving the cultural landscape and rural area life. In order to keep their role, additional incentives are required for introducing and developing parallel types of work and income, coming from complementary agricultural activities.

From the perspective of the sustainable development of rural areas and the preservation of the natural environment, it is precisely services that have significant potential. As a multi-functional space where traditional activities and knowledge, such as agriculture, forestry, crafts and cuisine,

prevail, rural areas offer and make room for new opportunities in pursuing social, environmental, technological and tertiary activities, all with the intent of creating prosperity for individuals and the society.

The objective of the policy of rural area development is sustainability that cannot be measured only in GDP, but also in the prosperity of people and the living environment. Sustainable development can only be found in internal connections within a local area that is supported by its recognisability as a unified product on foreign markets.

The co-financing of primary agricultural production must be preserved within the European Common Agricultural Policy and additional attention should be paid to the incentive for a wholesome and sustainable development of rural areas. Agriculture as a branch with a multi-layered role must be joined with the concept of the strategic public good – it must also be defined as such and assigned relevant services. In this way, Slovenian farmers will benefit from additional income, which will keep the population in rural areas and preserve the cultural landscape. New products of development, such as green tourism and inter-generational coexistence, would become a part of this circuit.

## VALUE CHAINS

**Petra Medved Djurašinović, PhD,***Chamber of Agricultural and Food Enterprises with the Chamber of Commerce and Industry of Slovenia*

Agriculture and the food processing industry of Slovenia are strategic branches that provide Slovenian consumers with safe and quality agricultural products and foodstuffs. One of the main challenges of the agri-food chain, which connects different stakeholders, is to keep Slovenian rural areas alive, vital and pervasive, while agriculture and the food processing industry should remain innovative and full of potential for further development, allowing them to face all other challenges on the way, as well. The main challenges in the development and innovation of the agri-food system are as follows: the improvement of peoples's health, well-being and life expectancy, safe foodstuffs that consumers can trust, sustainable and ethical food production and processing as well as packaging, product quality, meeting the needs and demands of consumers, communication, training, and the transfer of technologies to support innovation. We must not forget to mention social challenges, such as health, demographic changes, prosperity, food supply security, sustainable agriculture and bioeconomy, clean and efficient energy, smart, green and integrated transportation, climate activities, the efficient use of resources (including raw materials), and an inclusive, innovative and safe society. Facing the above mentioned challenges demands a lot of effort on the part of stakeholders in the agri-food chain, so a successful management of the chain is of utmost importance. This means that each member of the food-supply chain has their own value, role and significance. A successful management of the agri-food chain may be crucial in the establishment of new value chains, which do not end with consumer end-products, but also include the decomposition process after use. The processing of biomass into products with an added value is the best illustration of such a value chain. In this case, we can talk about compliance with the principles of circular economy. With regard to the development and innovativeness of the food processing industry, as well as the economy as a whole, the value chain is defined as a group of stakeholders who form a vertically connected chain or network with complementarities in research studies, development, innovations (linking several technologies and production directions), and marketing and/or business operations reflected in end-product sales or

the sales of mid-chain products within international value chains and networks. In terms of the economy, the key role from the perspective of the focus of value chains on products is played by so-called market initiators, whereby a chain must include at least three economic subjects.

The needs of different interest groups

In the future, value chains will have to be established so as to meet the needs of all interested parties. The following will have to be taken into consideration:

- existing chains (long, short) and their main characteristics (advantages, disadvantages, opportunities and threats);
- uniform understanding of the term "value chains";
- natural conditions of Slovenian rural areas;
- demands and needs of different interest groups (producer, processor, vendor, consumer, etc.) and
- different aspects of value chain functioning (environmental, social, economic, health, and global).

Development potential for satisfying the indicated needs

With regard to the presented challenges, trends and the needs of different interest groups, the development potential that exists in Slovenia and is based on several stakeholders will have to be taken advantage of. A strong emphasis will need to be put on the development of the competences and skills of human resources, the stimulation of entrepreneurship, especially in rural areas, on cooperation, and on the transfer of knowledge and technologies. In addition, main activities will have to include the aspect of sustainability in the functioning of value chains.

## EMPLOYMENT AND INFRASTRUCTURE IN RURAL AREAS

**Aleš Zidar**, *Slovenian Rural Development Network*

The issue of employment and job creation in rural areas is largely dependent on investments, which represent the basis for the establishment of fundamental infrastructure, the improvement of conditions for the expansion of activities, easier operations, and the number and quality of new jobs. The term infrastructure is very broad (road, digital, social infrastructure, etc.). The trends of rural development programmes and other European plans are increasingly focused on softer contents, so it would be sensible to focus mainly on the lacking institutional infrastructure. Bureaus and institutions should be user-friendly and inviting. For the normal functioning (development) of both fields of infrastructure, several conditions must be fulfilled, not only financial but also systematic – such that would allow the interested parties a simple, inexpensive, and especially fast realisation of investments towards the development of rural areas. Within the current programme period, the EU can barely follow these objectives. The programmes do not provide sufficient support for the establishment of new jobs and do not significantly improve the possibilities of survival in rural areas, especially in the more secluded regions of the country. The majority of measures is intended for agriculture and forestry, which is understandable, while the accompanying measures that are needed for the development of these areas, such as the management of the much needed infrastructure, knowledge transfer, an adequate environment for young people, families, etc., are in many ways neglected. The following facts represent the basis for this statement:

- Jobs in rural areas (especially in agriculture) are increasingly expensive – the estimated value of investments for the establishment of a new job position on average amounts to somewhere around EUR 40,000 to EUR 70,000 (only ten years ago, this amount was significantly lower). The reasons

behind it are many – they are more expensive especially due to greater competitiveness on the market, which results in more expensive equipment, machinery, a better work environment that needs to be compliant with the demanding Slovenian and EU legislation, and greater productivity in order to reach an adequate price on the market. Competitiveness is weakened also due to the vast administrative burdens encountered by previously and newly employed people in agriculture, and in rural areas specifically. This creates a need for the additional education and training of stakeholders, drains the limited resources for the development of rural areas, and demands precious time from the employed.

- Insufficient EU funds for the creation of new jobs, which derive mainly from the CLLD programme. Unfortunately, this programme will not be able to meet all the identified needs, especially due to the management bodies who have also foreseen it to co-finance investments, which was in the previous programme period solved better with Measures 322 and 323. This is a long-term and planned process that demands a clear strategy and a professional approach to the development of rural areas – achieving successful results in the scope of different programmes and in different programme periods. Unfortunately, this is not emphasised enough by the management bodies, who focus more on the realisation rather than the quality of the project.
- An analysis of the efficiency of European funds would offer an interesting comparison with the success rates of measures passed by the European Social Fund (ESF) in the rural areas of other European countries, especially since this fund is not a constituent element of CLLD, despite the civil initiatives' great efforts for ESF to be included.
- The overly demanding and strict attitude of the supporting environment toward the implementation of activities in rural areas – right from the start of the investment and throughout the planning and implementation of the project, especially if it is co-funded by the EU (exaggerating demands and control mechanisms by the Agency for Agricultural Markets and Rural Development with the Ministry of Agriculture, Forestry and Food). The non-stimulatory attitude of agencies and bureaus toward beginner entrepreneurs (after the registration of their business, they are visited by various inspectors, who burden the beginner with exaggerating or time-consuming and administratively unreasonable demands). This points to the large issue of lacking and only partially successful institutional support infrastructure (the more successful the supervisory agencies, the less successful the entrepreneurs and employers in rural areas).

#### Needs:

- providing additional resources for investments into fundamental infrastructure in rural areas that would enable a similar life standard as in more developed regions of the country and consequently preserve a more evenly distributed population density;
- bridging the gap between supervisory agencies and employers in rural areas;
- in addition to the requirements of agriculture, forestry and food processing, the key factors for the development of rural areas are: young people, families, women, the elderly, and entrepreneurs. It is not just about creating jobs, but also about providing the conditions that would make modern life possible and thereby ensure sustainable development (modern technology, healthcare, conditions for an active way of life of people in their third age, social activities – these are mainly soft contents that are very significant, yet neglected).

# RISK MANAGEMENT IN THE AGRICULTURE

**Barbara Trunkelj**, Chamber of Agriculture and Forestry of Slovenia

## Definition of the risks in agriculture

Risk is defined as the possibility to project probable results in advance, whereas uncertainty is used when referring to something that cannot be foreseen. Risk as the subject of this workshop includes both.

Effective risk management in agriculture is particularly challenging due to the nature of agricultural markets, which are volatile and rigid, and due to the increasingly urgent issues of climate change, globalisation and neoliberal market orientation. It is getting progressively harder for technological, agricultural and economic know-how to keep pace with the emerging risks, which is why it is also getting more and more difficult to anticipate risks (especially income risks) and put in place effective preventive measures.

With different measures, CAP supports producers in the face of an increasingly uncertain agricultural production environment, which is a trend that will continue in the formation of CAP post-2020, together with the tendency toward an effective use of public funds.

## Types of risks in agriculture:

- Defining risk on the level of the farm

Understanding risk and risk management helps farmers reach better decisions. On the level of the farm, we distinguish production risks, market risks, financial risks, legislative risks, human resources risks and combinations of risks. The emphasis falls on whole-farm risk management, since single-risk strategies lead to the wrong conclusions.

- Defining risk for the purpose of agricultural policy planning

Understanding risk and risk management helps agricultural policy assess the effectiveness of different types of risk mitigation tools and improve the existing system. In support of better decision-making, the Slovene Ministry of Agriculture, Forestry and Food commissioned the study Development of an integrated system for coping with production and income risks in agriculture and fisheries in Slovenia, which found that a continuation of the co-financing of production risks by the state is the only reasonable measure in the management of normal risks in agriculture and fisheries, that farmers are not (yet) interested in the foundation of a mutual fund for production risks as a complementary system for managing catastrophic risks, and that income insurance might become attractive for Slovenia after 2020.

For the purpose of better risk management after 2020, the EU Committee on Agriculture and Rural Development requested the study State of play of risk management tools implemented by member states during the period 2014–2020: national and European frameworks. The study aimed to deliver suggestions to the EU and its member states for the formation of an effective risk management system related to income uncertainty and market volatility in the scope of CAP post-2020.

The purpose of this workshop in the scope of the rural parliament is to add new contents and directions to the debates on risk in relation to the new CAP post-2020, which are already underway in Slovenia and are led by the Biotechnical Faculty of the University of Ljubljana. Workshop results will yield additional information for all stakeholders in agriculture and rural development who will decide on the selection of CAP measures post-2020 applicable in Slovenia.

## EMPLOYMENT AND INFRASTRUCTURE IN RURAL AREAS"

**Aleš Zidar**, *Slovenian Rural Development Network*

The issue of employment and job creation in rural areas is largely dependent on investments, which represent the basis for the establishment of fundamental infrastructure, the improvement of conditions for the expansion of activities, easier operations, and the number and quality of new jobs. The term infrastructure is very broad (road, digital, social infrastructure, etc.). The trends of rural development programmes and other European plans are increasingly focused on softer contents, so it would be sensible to focus mainly on the lacking institutional infrastructure. Bureaus and institutions should be user-friendly and inviting. For the normal functioning (development) of both fields of infrastructure, several conditions must be fulfilled, not only financial but also systematic – such that would allow the interested parties a simple, inexpensive, and especially fast realisation of investments towards the development of rural areas. Within the current programme period, the EU can barely follow these objectives. The programmes do not provide sufficient support for the establishment of new jobs and do not significantly improve the possibilities of survival in rural areas, especially in the more secluded regions of the country. The majority of measures is intended for agriculture and forestry, which is understandable, while the accompanying measures that are needed for the development of these areas, such as the management of the much needed infrastructure, knowledge transfer, an adequate environment for young people, families, etc., are in many ways neglected. The following facts represent the basis for this statement:

- Jobs in rural areas (especially in agriculture) are increasingly expensive – the estimated value of investments for the establishment of a new job position on average amounts to somewhere around EUR 40,000 to EUR 70,000 (only ten years ago, this amount was significantly lower). The reasons behind it are many – they are more expensive especially due to greater competitiveness on the market, which results in more expensive equipment, machinery, a better work environment that needs to be compliant with the demanding Slovenian and EU legislation, and greater productivity in order to reach an adequate price on the market. Competitiveness is weakened also due to the vast administrative burdens encountered by previously and newly employed people in agriculture, and in rural areas specifically. This creates a need for the additional education and training of stakeholders, drains the limited resources for the development of rural areas, and demands precious time from the employed.
- Insufficient EU funds for the creation of new jobs, which derive mainly from the CLLD programme. Unfortunately, this programme will not be able to meet all the identified needs, especially due to the management bodies who have also foreseen it to co-finance investments, which was in the previous programme period solved better with Measures 322 and 323. This is a long-term and planned process that demands a clear strategy and a professional approach to the development of rural areas – achieving successful results in the scope of different programmes and in different programme periods. Unfortunately, this is not emphasised enough by the management bodies, who focus more on the realisation rather than the quality of the project.
- An analysis of the efficiency of European funds would offer an interesting comparison with the success rates of measures passed by the European Social Fund (ESF) in the rural areas of other European countries, especially since this fund is not a constituent element of CLLD, despite the civil initiatives' great efforts for ESF to be included.
- The overly demanding and strict attitude of the supporting environment toward the implementation of activities in rural areas – right from the start of the investment and throughout the planning and implementation of the project, especially if it is co-funded by the EU (exaggerating demands and control mechanisms by the Agency for Agricultural Markets and Rural Development with the Ministry



of Agriculture, Forestry and Food). The non-stimulatory attitude of agencies and bureaus toward beginner entrepreneurs (after the registration of their business, they are visited by various inspectors, who burden the beginner with exaggerating or time-consuming and administratively unreasonable demands). This points to the large issue of lacking and only partially successful institutional support infrastructure (the more successful the supervisory agencies, the less successful the entrepreneurs and employers in rural areas).

Needs:

- providing additional resources for investments into fundamental infrastructure in rural areas that would enable a similar life standard as in more developed regions of the country and consequently preserve a more evenly distributed population density;
- bridging the gap between supervisory agencies and employers in rural areas;
- in addition to the requirements of agriculture, forestry and food processing, the key factors for the development of rural areas are: young people, families, women, the elderly, and entrepreneurs. It is not just about creating jobs, but also about providing the conditions that would make modern life possible and thereby ensure sustainable development (modern technology, healthcare, conditions for an active way of life of people in their third age, social activities – these are mainly soft contents that are very significant, yet neglected).

## COEXISTENCE OF GENERATIONS IN RURAL AREAS AND THE ROLE OF THE YOUTH

**Majda Černič Istenič**, PhD, Biotechnical Faculty, University of Ljubljana

Almost every EU country, including Slovenia, has been facing a gradual aging of the population due to an increase in life expectancy and a low birth rate. This demographic trend is closely connected to numerous changes that are taking place in society and to challenges of ensuring social security, employment, and living conditions. The gradual aging of the population also heavily affects the existing relations between generations. Expert and political discussions often stress the negative challenges of aging (an increase in pension expenses, health security and social security systems) that can be attributed to the concept of intergenerational solidarity. This concept and the establishment of connections between younger and older generations should not be observed merely from the financial perspective, but also in the sense of encouraging mutual cooperation and exchange, as well as a better understanding and new forms of coexistence between generations.

Undoubtedly, there is a strong and growing presence of segregation – separation according to age – in today's modern industrialised societies. What contributes greatly to the so-called generation gap is the social structuring of age in the sense of different age groups living isolated next to one another in terms of chronological age, e.g., children are separately included in daycare services and schools, while older people are part of age-homogeneous pensioner communities, e.g., nursing homes. Research shows the primary aim should be to create socialising and cooperating opportunities between generations in order to effectively bridge the generation gap and encourage understanding between them. Such opportunities can emerge in the scope of voluntary initiatives, proposed by both older people and the youth. Older people can offer various mentorship programmes with different contents, activities, and services to children and adolescents, who in return can offer their



voluntary services to older people in their homes and join intergenerational projects, e.g., crafts and arts, introducing modern media technologies and using them for learning purposes, etc. Another opportunity for a better understanding among different generations are age-integrated centres, e.g., multi-purpose educational institutions that simultaneously offer care and educational programmes for children and daily services for older people. Here, teachers play a very important role with their knowledge and skills of connecting the youth with other generations – in this sense, the inclusion of intergenerational perspectives into teacher training and the curriculum bears the same level of importance.

The above mentioned actions and measures are often – as experienced in numerous attempts of introducing social policies and practices – hardly realisable without taking into account specific social conditions and the context of a local environment, in which different groups of people reside. As pointed out in the academic literature, ideas and suggestions for creating socialising and cooperating opportunities for different generations were mostly formed in an urban environment; however, the question remains whether they meet the demands and wishes of residents of rural areas. The objective of the workshop with the above mentioned title is to determine the already existing practices in this field and to further identify the possibilities regarding this matter in the rural areas of Slovenia.

## FOOD SECURITY

**Nina Barbara Križnik**, *Chamber of Agricultural and Food Enterprises with the Chamber of Commerce and Industry of Slovenia*

Slovenian agricultural policy is facing numerous challenges. We are living in a time of climate change and a new technological revolution, which influences the growing awareness and demand of consumers with regard to food security. The growing competitiveness within the agri-food chain as well as the increase in the power of corporations are increasingly pronounced features of the food market. Agriculture is also facing a new wave of structural changes. The Common Agricultural Policy (CAP) has been changing due to the impact of the mentioned challenges.

The production of sufficient quantities of quality and healthy foods sold at affordable prices is one of the main objectives of CAP, yet CAP is not only seeking to provide food security on the EU level. The world is facing an accelerated population growth – according to estimates, the world's population should reach 9.5 billion in 2050. The goal of producing sufficient quantities of food was reached already in the 1970s, yet we are still coming to grips with how to produce quality food with traceable origins. Thus, the future development of Slovenian agriculture demands that natural conditions involved in production be taken into account. The abundance of forests, a large share of grassland, and the decreasing share of cultivated land dictates an especially well-considered use of available agricultural land, from the point of view of food security, economics, as well as environmental protection. In the future, if we want to make use of our comparative advantage of a relatively well-preserved natural environment and the cultural landscape, the sustainable production of food will need to represent a priority in the further development of Slovenian agriculture and of our rural areas. The establishment of short transportation routes, the supply of the population with food of the highest quality, produced

with a small carbon footprint and exerting a lesser burden on the environment, leads to a high quality of life in cities, as well as in rural areas.

The production of food is of great strategic importance for Slovenia. The production of food and drinks is among Slovenia's most significant economic activities and one that provides numerous jobs. Besides that, the existence of the agri-food chain is necessary for the preservation of food security in Slovenia. In the last couple of years, we have noticed a regression of this economic branch, which is notably badly organised. There is an insufficient concentration of offerings and an insufficient vertical connection to the suppliers of agricultural raw materials. We have also fallen behind in terms of the innovativeness of our products. Nevertheless, we have a unique opportunity to increase our self-supply, since research shows that the average consumer is still very much attached to Slovenian products, tradition, and the environment. With an intensive promotion of local products, we can turn the demand in favour of local products. Our agriculture must therefore see an upgrade of the high technological, phytosanitary and veterinary standards, as well as standards of environmental protection and animal prosperity. A sustainable and economic use of available production resources represents the basis for ensuring food security, i.e., an adequate level of long-term self-sufficiency in terms of food, which can significantly affect the stability and quality of food supply in Slovenia given the increasingly risky global market.

It should be pointed out that Slovenia is a net importer of agri-food products. The import-to-export ratio tilts in favour of export, which means that Slovenia is not able to satisfy its needs for agri-food products with local production alone.

## SMART MANAGEMENT OF NATURAL RESOURCES

**Marija Markeš**, *PhD, Ministry of the Environment and Spatial Planning*

Natural resources – forest, soil, water, air – have always been in the centre of man's interest, use and exploitation. Every society follows certain social and economic norms in its use of natural resources. It is these norms and agreements that are oriented toward preserving the sustainability of these resources and ensuring their availability for current and future generations.

Today, we all emphasise the significance of the sustainability of resources; on top of that, in all its important documents, the state is committed to sustainable development. Here we regard sustainable development as achieving positive results for all the stakeholders in the development chain – not only for humans, but also for the environment with all its living beings and their support systems, altogether considered as nature.

In the past, various relationships were formed in human society between man and nature, and consequently also among natural resources, making them either more or less interconnected, co-dependent and well-balanced. Today, our society is predominantly characterised by a paradigm that states that nature serves man, since it is man who must provide society with a quality and healthy living environment, with food, water and clean air via natural resources, with additional economic benefits of using natural resources, and, of course, with space for relaxation and recreation. In this sense, natural resources and nature, including other living beings, are cherished according to their economic value, especially from the perspective of the increasingly popular ecosystem-based services.

Although these approaches may give the impression of integrity and a consideration of all stakeholders involved, the feeling of individuals in everyday life is quite the opposite – the managers/owners/users of natural resources feel limited and threatened in their activities, while environmental activists feel pushed to the side in the process of decision-making on how natural resources are managed, leading to the natural environment being further endangered and degraded.

These facts lead to a paradox in which natural allies fight one another, while profits are generated by industries that take advantage of the preserved natural resources and nature as such.

## KNOWLEDGE IS KEY FOR DEVELOPMENT (ALSO OF RURAL AREAS)

**Prof. Emil Erjavec**, PhD, Biotechnical Faculty, University of Ljubljana

Knowledge is the key factor in social, economic, and spatial – regional development. Testifying to this are the theory and practice on why certain countries and regions are more successful than others. In a time of intensive technological change (digitisation) as well as social change (social crisis), knowledge, innovations, ideas, solutions, and every other aspect of knowledge are crucial. Rural areas and their communities, which in the economic sense mostly fall behind urban regions, are not excluded from these processes. Quite the opposite: alongside democratic inclusive structures it is precisely knowledge (individual and collective), creative thinking, innovation and entrepreneurship that sets successful regions apart from the less successful ones. The Cork Declaration, passed by European rural area stakeholders in 2016, was probably the first ever to affirm knowledge as the engine of change in rural areas in the scope of the Common Agricultural Policy.

The knowledge required for development extends to diverse areas of activity of individuals and communities in rural areas. Production technologies that extend from traditional farming and forestry to even the most modern of services are fundamental. The location of economic and social activities is a significant, yet, unlike in the past, not a decisive factor. In a new global world, modern rural areas do not represent only an interesting living environment, but also a chance to perform different economic activities.

The production of food and the use of forest resources remain a significant but no longer sole source of development in rural areas. Gaining in importance are the quality of the environment and nature, which have, with new approaches, become a source of employment and prosperity in rural areas. Knowledge is also gaining significance, linked to social activities and extending from social entrepreneurship to seeking new forms of collective activities.

Knowledge is a complex notion that extends over the entire spectrum of education, research, consultancy, teaching of skills, training, and different forms and methods of knowledge transfer. Its lever are creative individuals and their organisations who focus on forming and spreading knowledge. Knowledge should not be equated only with information that has flooded the modern world, since one needs to know how to obtain, comprehend, and form information into developing solutions. Knowledge is formed in a system of innovations, which may be area-specific or transferred from other environments. With the latter, adjustment to local conditions is of great importance. It is evident that knowledge needs to be tailored to the natural, cultural, and actual economic framework of each

country and local community. Therefore, every environment needs its own planners and transmitters of innovations.

Modern societies have developed complex systems of knowledge that join public and private, international, national and local sources of knowledge, and put the user in the centre. The needs, solutions and approaches that seek, spread and form collective knowledge are on the rise. A merely locally-limited development based on successful individuals does not enable the quality development of rural areas and the local community. Only by seeking interaction and synergy among different links in production, environmental, social and local communities can solutions that lead toward an inclusive development and the preservation of healthy rural areas be formed.

With its support instruments, the modern state can significantly contribute to the creation of a system of knowledge formation and transfer. This field has also been subjected to significant changes. New approaches are formed, regional and rural development policies increasingly include knowledge as a criterion and an element of support, while innovative solutions, especially collective ones, are encouraged and rewarded.

Slovenian rural areas boast a distinctive and resonant number of examples of successful development. Especially individual rural economies and households have developed original solutions and wrote various success stories – mainly with public support –, which preserve jobs and foster prosperity. Generally, this includes successful individuals who have used their own resources and knowledge to form creative solutions, befitting their abilities and aspirations. These individual success stories cannot entirely hide the actual lack of integrated collective solutions. The development of local communities is not just a set of good individual examples, as it also demands the formation of collective solutions. The reasons for this lack of a broader developmental dimension do not lie only in the neglectful attitude of the state, as commonly noted, but are rather deeper and more multi-faceted. The main reason lies in the fact that communities themselves are often not capable enough to develop and adopt collective solutions. They lack ideas and knowledge, and the willingness to take collective action is rather low, which where we usually fall very much behind the more developed rural areas we strive to follow. Contributing to this are also an educational system that is not up to date, public systems of research and knowledge transfer, which, regardless of some positive impacts, do not meet the needs of modern times, in particular the requirements that need to be met for the successful development of rural activities and communities.

Contributing to the lack of collective solutions are also public support activities, which are not directed toward seeking creative and collective solutions efficiently enough, but are predominantly distributive; they have a seemingly strong social character, but in essence they only preserve the unwanted condition, rather than improve it. In its support of individuals, the Slovenian rural development policy is very locally limited, with investment support not being sufficiently checked in terms of quality and the expected delivery on goals set. The distribution of funds is implemented mainly on the basis of physical indicators, while a lesser role in the acquisition of funds is played by creative solutions and solutions that would connect a larger number of participants. Knowledge and cooperation are the main deficits of Slovenian development policies in rural areas, as they are regarded as an intertwined set of issues, deriving from the expectation of the interest sphere and the modern samples of behaviour and values that favour the individual and their interests.

There are distinctive needs to change the roles and the systems of knowledge for the development of Slovenian rural areas, even though they are not sufficiently acknowledged. School systems, especially those that co-create occupations for rural areas need to be reformed and future professions in rural areas strengthened by focusing on organisers and communicators of knowledge. Especially at the tertiary level, where professional profiles are finalised, significant changes in strengthening social competences, aptitudes for strategic planning and management, and the understanding of broad

entrepreneurial, environmental and social dimensions of rural areas are needed. These contents are not sufficiently represented in school curriculums and their transfer onto students does not meet the demands and the characteristics of current younger generations. In general, it is important to refresh and establish new public systems of knowledge formation and transfer, since they are the very factors that shape individuals from the beginning and play a key role in policies pertaining to knowledge formation and transfer. Responsibility for this lies in the hands of institutions, interest groups, and the state.

In terms of the formal systems of knowledge, systematic encouragement and a bigger role of informal knowledge networks are needed. Extracurricular classes, development networks, and non-governmental organisations that emphasise the importance of knowledge in the scope of their activities can significantly affect the spreading of knowledge and the formulation of collective solutions. However, we must never confuse the representation of interests with knowledge. They are two completely different things and the level of knowledge needs to be increased also in informal rural development networks.

Unfortunately, in Slovenia knowledge is still not recognised as a key factor in change and development. The new implementation of knowledge will also demand significant changes in beneficiaries who are used to creating solutions for themselves and seeking public support afterwards. There is a growing number of cases where such public support does not bring results, due to it not being strategically well-considered, which is something that is not taken into account to the degree it should be upon the distribution of funds.

Slovenia needs a new commitment to development, one that would encourage the formation of autonomous and creative individuals and groups who will be able to plan and realise solutions together. Such objectives lack public support, and even in those cases where they exist, they do not meet the demands or acknowledge the possibilities of rural areas and their inhabitants. Key changes must occur in the forthcoming programme of Slovenian rural development, in which knowledge must become not only the main priority, but also provide direction and act as a lever in the process of fund allocation.

This pressing shift toward knowledge is crucial for the future of Slovenian rural areas. It can only be based on self-reflection and recognition that different, better, and original approaches are what is needed. Are all who are involved in the development of rural areas capable of implementing such a shift? Or are we just going to wait for "the state", which could be the intermediary in this process, but cannot really change how individuals and organisations act? The very recognition that we must and can act differently to give knowledge and collective solutions a new value represents a significant change, the first important step and one that we should make decisively.

## COOPERATIVE MOVEMENT

**Bogdan Štepec**, Cooperative Union of Slovenia

The workshop Cooperative Movement aims to define the role and the importance of cooperatives for the development and prosperity of rural areas. In Slovenia, agricultural and forestry cooperatives have provided their members with the buying-in and sale of agricultural products for as many as 145 years, they are the largest providers of quality local food, and they make significant contributions to developments in rural areas. In addition to agricultural cooperatives, rural areas in Slovenia are

creating new opportunities for the development of other kinds of cooperatives in tourism, social services, elderly care, and others. In the past couple of years, public attitude towards the cooperative movement has also changed considerably, leading to cooperatives being perceived as organisations that safeguard inclusivity. Cooperatives foster equality, solidarity and social responsibility in the communities they operate in. Cooperatives focus on people, not on capital. Since cooperatives are based on the needs of a community, they are committed to the sustainable development of local communities, to local supply and services, and to the development of local economies.

The objectives of the workshop are tied to the role of cooperatives in the forthcoming common agricultural policy and to their role in rural areas in general. Has their undertaking been successful? Where can we find opportunities for an even greater activation of the cooperative movement?

- Cooperatives make a significant contribution to fostering prosperity in rural areas

Agricultural and forestry cooperatives ensure food security, since cooperatives in Slovenia buy in more than 80% of all farm-produced food, while many also have their own processing facilities for milk, meat and wine. By being present in every Slovenian village, they preserve a cultivated and populated countryside, provide employment for 3,000 people, take care of local development, and represent an important social actor in rural areas. Cooperatives connect smaller farms that would have a hard time surviving on the market on their own.

- Cooperatives are partners of rural value chains and local networks of production

Cooperatives are rural undertakings dealing in agriculture, forestry and fishery. As such, they are interlinked with circular and green economies. In the scope of their activities, they face unfair and non-transparent relationships in the value chain. Cooperatives connect the offerings of smaller producers and offer them on the market through different sales channels.

- Cooperatives create societal added value

Within their operating framework, cooperatives are the providers of important rural infrastructure. With their shops, processing facilities, and headquarters in particular, they keep the countryside populated and cultivated. This fosters the development of other rural undertakings as well as the development of tourism. Cooperatives can thus also be formed in other areas, such as tourism, workers' cooperatives, consumer cooperatives, cooperatives focusing on social services, and others.

- Cooperatives are concerned with the sustainable management of natural resources

Natural resources, such as water and soil, and biodiversity are the cornerstones of forestry and agricultural production, which is why they need to be managed sustainably and preserved with the help of new technologies and methods that protect water, soil, and the environment in general.

- Cooperatives face challenges resulting from climate change, similar to agricultural holdings

Cooperatives strive towards the production of biomaterials and sustainable energy from renewable sources, but they require more efficient investment schemes.

- Cooperatives encourage knowledge and innovation

Cooperatives of all shapes and sizes, including farmers and foresters, must have access to suitable technology, cutting-edge connectivity, and modern management tools that bring economic, social and environmental benefits.

- With the forthcoming Common Agricultural Policy, cooperatives must be provided with adequate opportunities for development and funding

For their undertaking, cooperatives require a flexible and goal-oriented policy, which should not be unnecessarily convoluted.

## MODERNISATION AND SIMPLIFICATION OF THE COMMON AGRICULTURAL POLICY (THROUGH THE PRISM OF THE NEEDS OF SLOVENIAN AGRICULTURE AND RURAL AREAS)

**Luka Juvančič**, *PhD, Biotechnical Faculty, University of Ljubljana*

The same as for all EU member states goes for Slovenia – the Common Agricultural Policy (CAP) of the EU plays a very important role in the economic situation of agriculture in the country, as well as in the related and complementary branches (modification and distribution of foodstuffs, and forestry and the forest-wood chain, respectively). At the same time, it substantially impacts the environment, the population, and the prosperity of rural areas – be it directly (through agricultural environmental payments and the financing of development initiatives) or indirectly (through environmental legislation and regulated regimes of protected area management). In cycles that usually coincide with the common budget frame, objectives, tools, the extent of means, and the realisation of CAP adapt to challenges that are dictated by external (international trading environment) and internal factors (public opinion, budget, the institutional development of EU).

Challenges concerning European (and consequently Slovenian) agriculture and rural areas are numerous and diverse. Some of them, e.g., achieving food security and income from agriculture, have been on CAP's agenda from the very start; others, such as facing climate change and the changed attitude of consumers towards food, have only been emerging lately. Regarding new challenges faced by CAP, the existing discussions mostly expose the increase in farm resilience in the sense of production and income risk management, as well as the improvement of the operation of the entire food-supply chain, the contribution of agriculture to the preservation of the environment and climate change prevention, the development of rural areas and raising the quality of life, the modernisation of generations, and last but not least the change in consumers' expectations. A general objective can be seen especially in the importance of innovations and the necessary simplifications in carrying out agricultural policy, also by paying closer attention to the principle of subsidiarity. CAP's general financial frame will be heavily influenced by the EU turmoil of the past few years (migrations, Brexit) and the related introduction of new or the expansion of existing policies (mostly in the field of security), which decreases the possibilities for preserving common CAP means. Influenced by these challenges, discussions on CAP priorities and measures after 2021 are underway. In March 2017, the European Commission launched an extensive public discussion on "Modernising and simplifying the Common Agricultural Policy", enriched by certain events, such as The European Conference on Rural Development in Cork (September 2016), and the viewpoints of certain member states, international non-governmental organisations, and the academic sphere. Based on these activities, the European Commission will by the end of 2017 present a report on CAP post 2020, followed by legislation propositions, which will present the foundation for the new CAP.

Concurrently with the discussion on the future arrangement of CAP, Slovenia faces internal challenges deriving from a fragmented land structure, the lack of cooperation between market subjects, falling behind in productivity, a feeble acceptance of the new environmental paradigm, and impoverished work in rural areas. Slovenia is in need of a new commitment, a new common strategic agreement among all key players drawing a common vision and a concept of agriculture and rural area development. Such an agreement would represent a quality starting point for a strategically well-considered and wholesome approach to developing agriculture and rural areas, both in the scope of CAP as well as other European and national policies that influence economic and social prosperity in Slovenian rural areas.

The foremost issue in question is the search for new perspectives and less established priority areas of agricultural policy. The objective of the discussion in the scope of the 4<sup>th</sup> Slovenian Rural Parliament is to determine whether the above stated priority sets and their contents present and adequately enrich, as well as broaden the strategic directions of agricultural policy. Expanding certain viewpoints would also enable an easier preparation of national standpoints in negotiating the new CAP reform, as well as modernisation and a more efficient sustainable approach.