

# | **Spending Review in Agriculture**

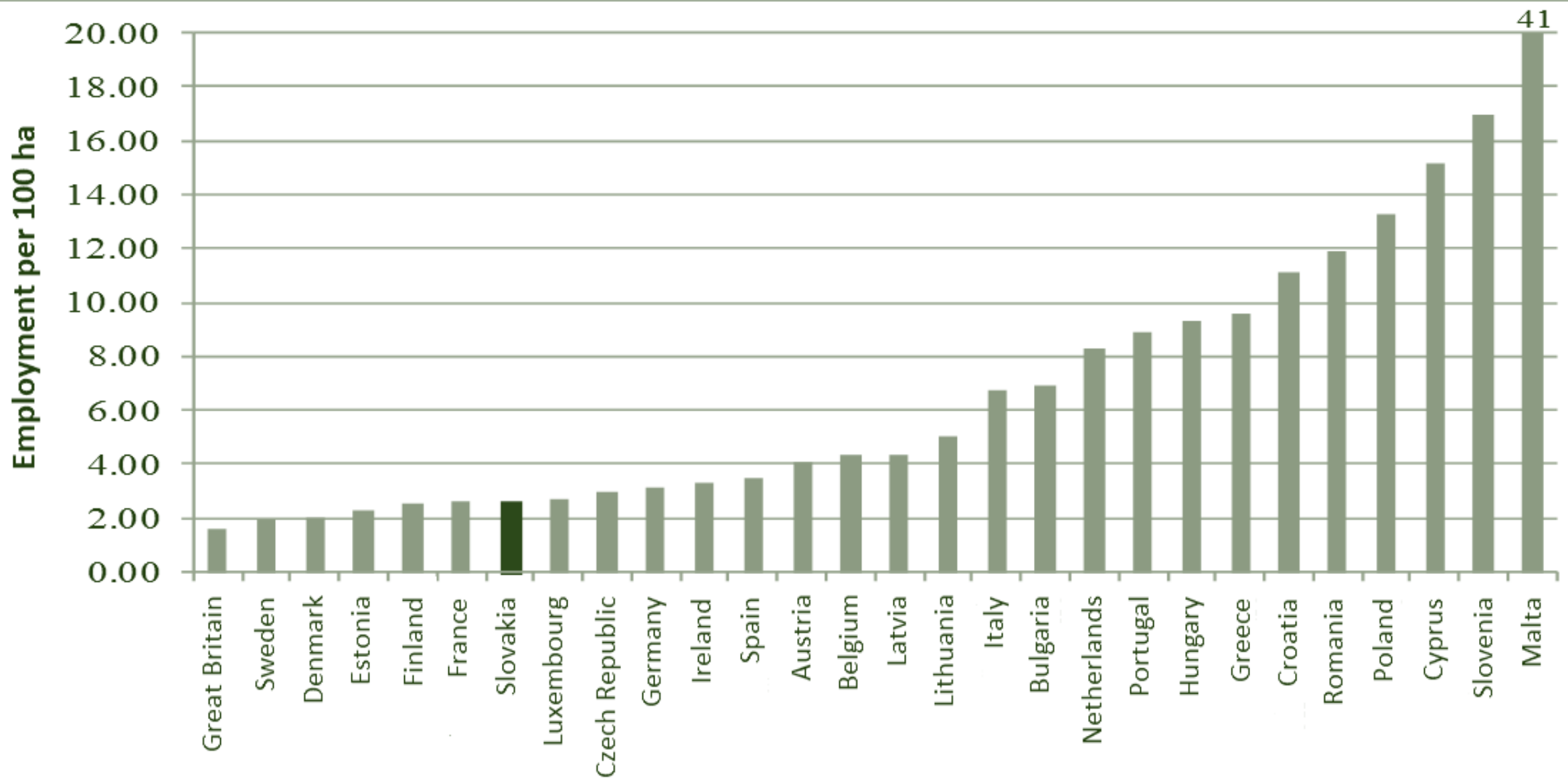
# Outline

- Slovak agriculture
- Direct payments
- Rural development

# Slovak Agriculture

- Issues:
  - Low production per ha and low employment in agriculture per ha
  - Yields lower but converging to EU levels
  - Structure of production: declining animal, fruits and vegetables production
  - Food processing industry: low value added
  - International trade with agricultural commodities deficits
  - Low self-sufficiency ratios

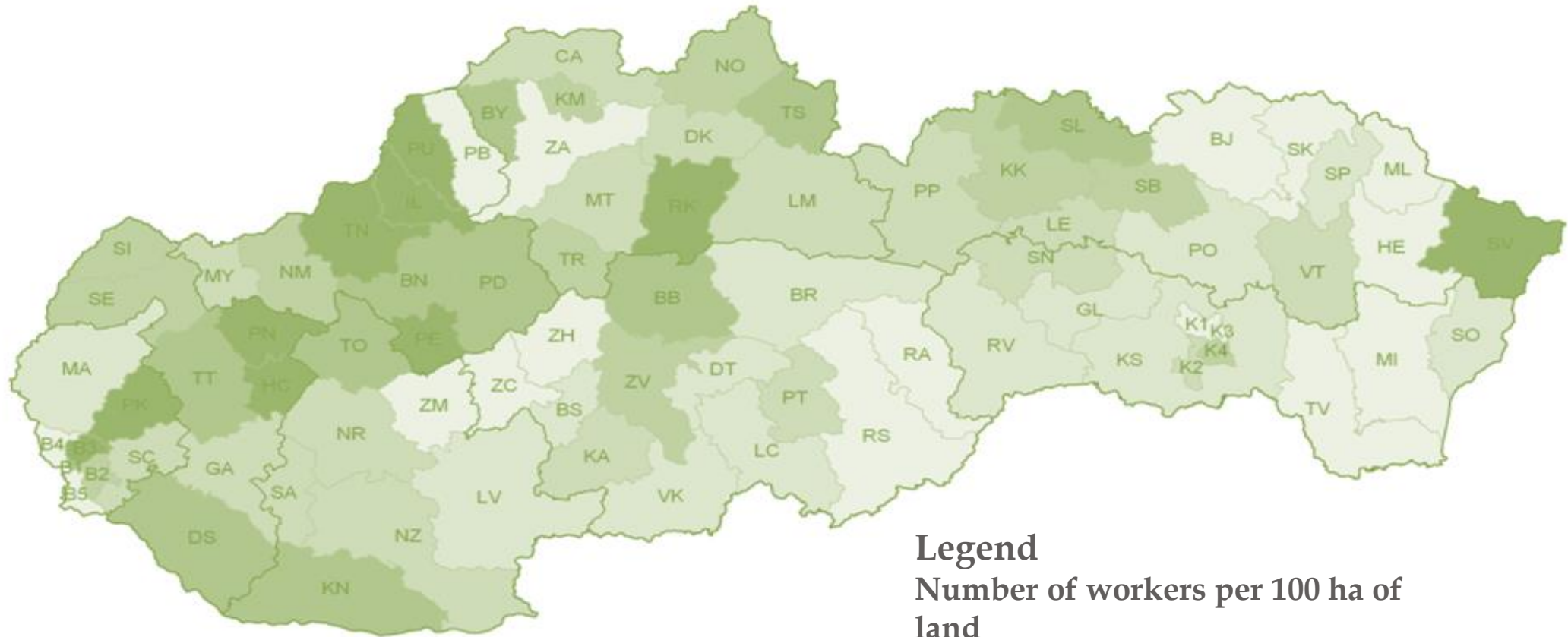
# Agricultural Employment (AWU per 100 ha, 2013)



## Development of the number of employed in agriculture (thousands)

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	Index	
										2013/07	2015/07
Number of workers	75,5	72,3	65,3	56,3	52,8	51,6	50,6	51,5	52,3	0,67	0,69

# Employment in Agriculture by Districts



## Legend

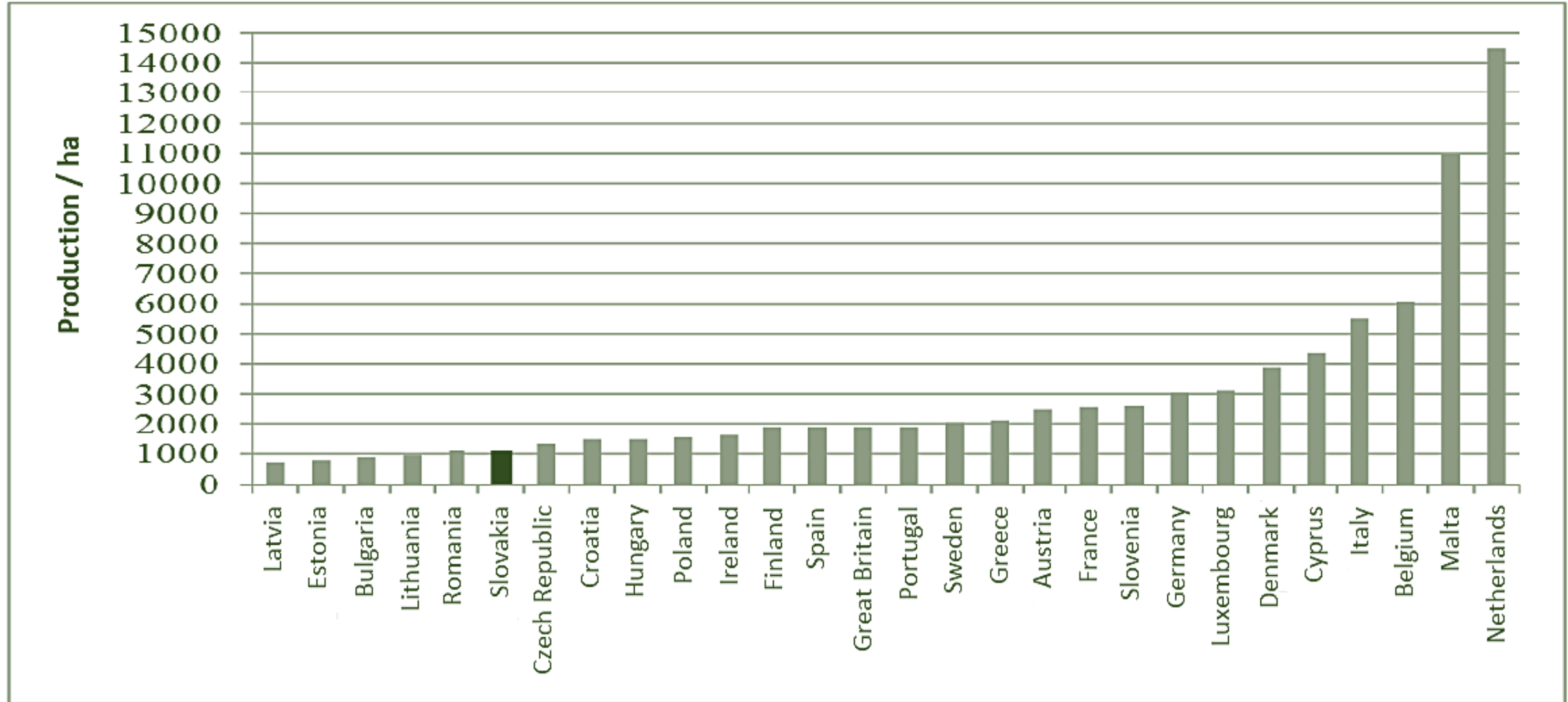
Number of workers per 100 ha of land

Average 2007 - 2013



Source: MPRV SR

# Gross Agricultural Product (EUR/ha, 2015)

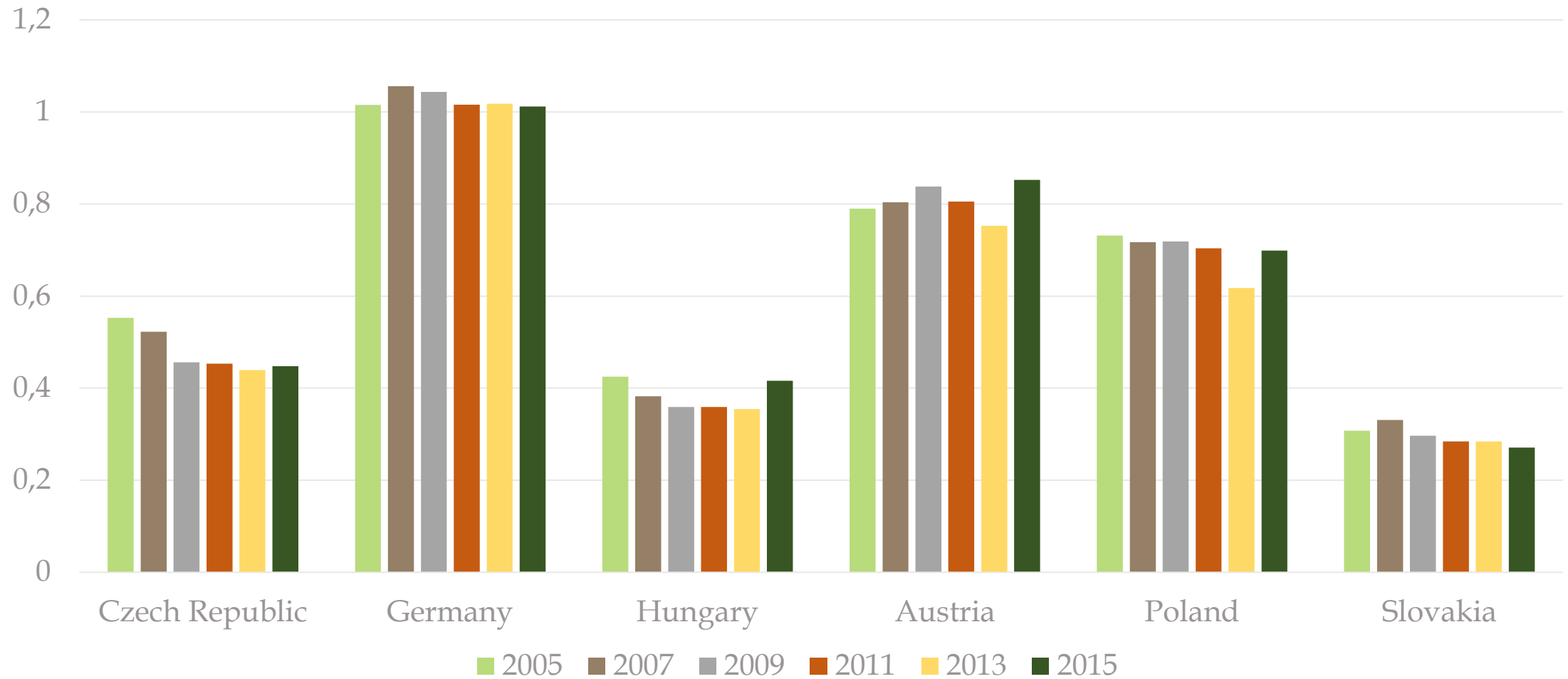


# Development of Gross Ag. Production (thousands EUR, current prices)

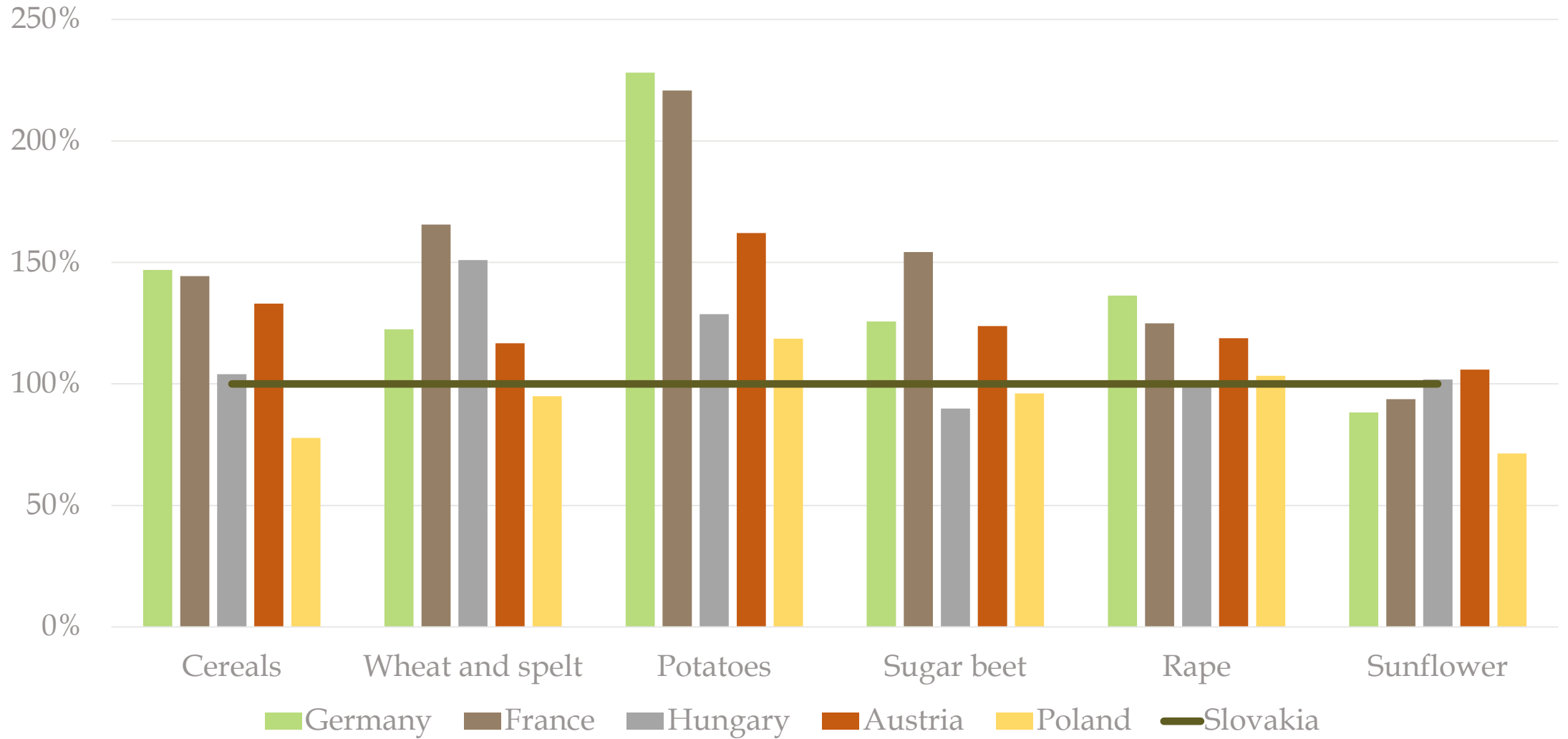




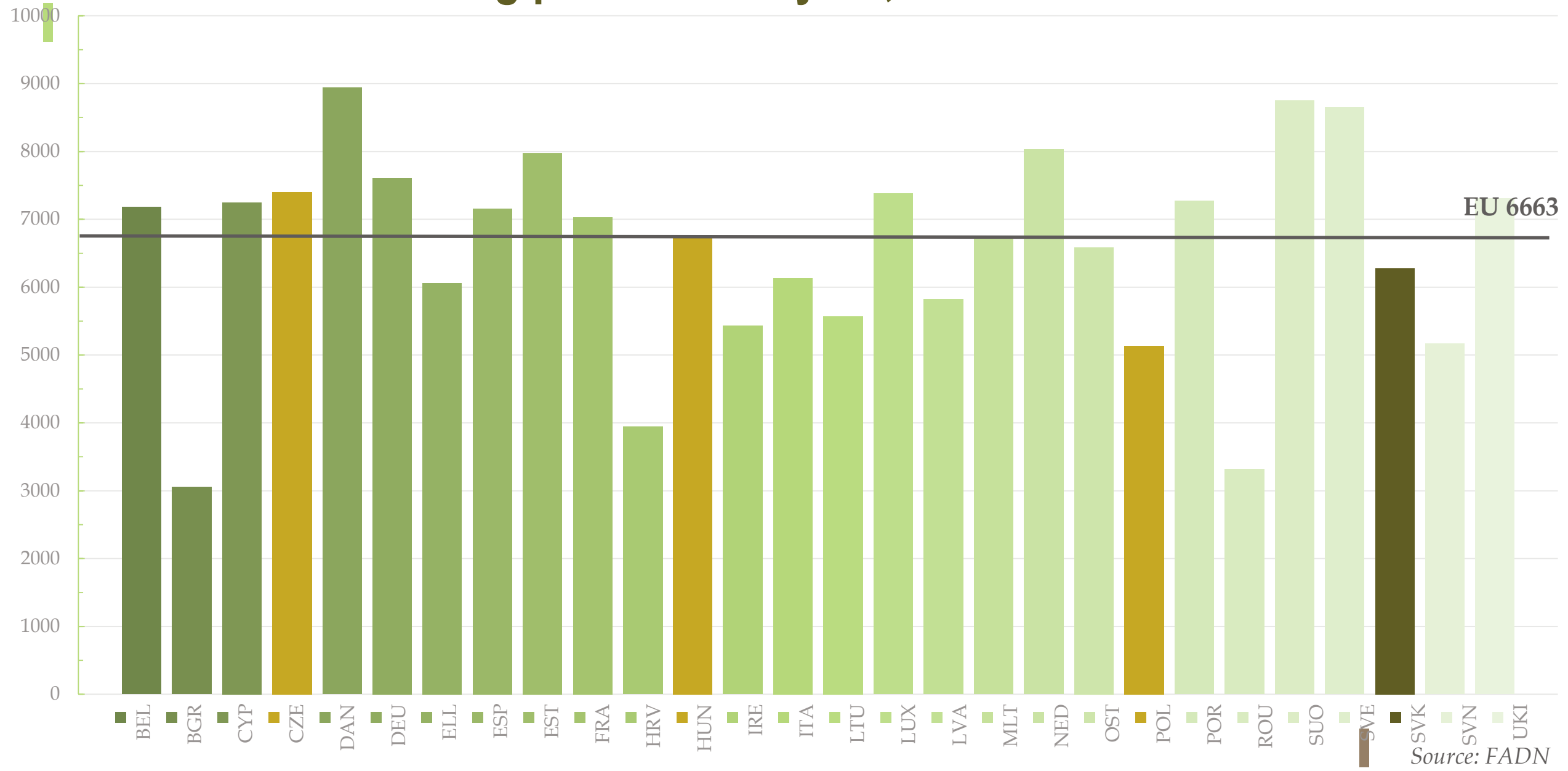
# Livestock units per ha



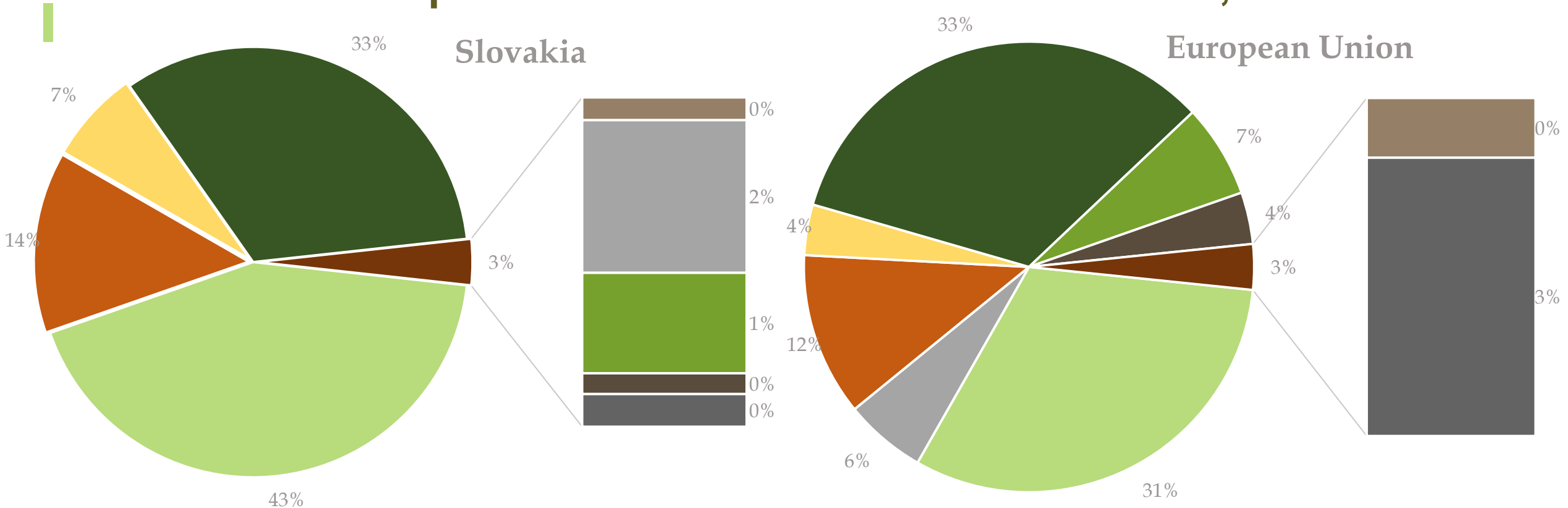
# Yields of Selected Crops Relative to SK, 2010 - 2017



# Production of milk in kg per cow and year, 2011 - 2015



# Structure of Crop Production in Slovakia and in the EU, 2016

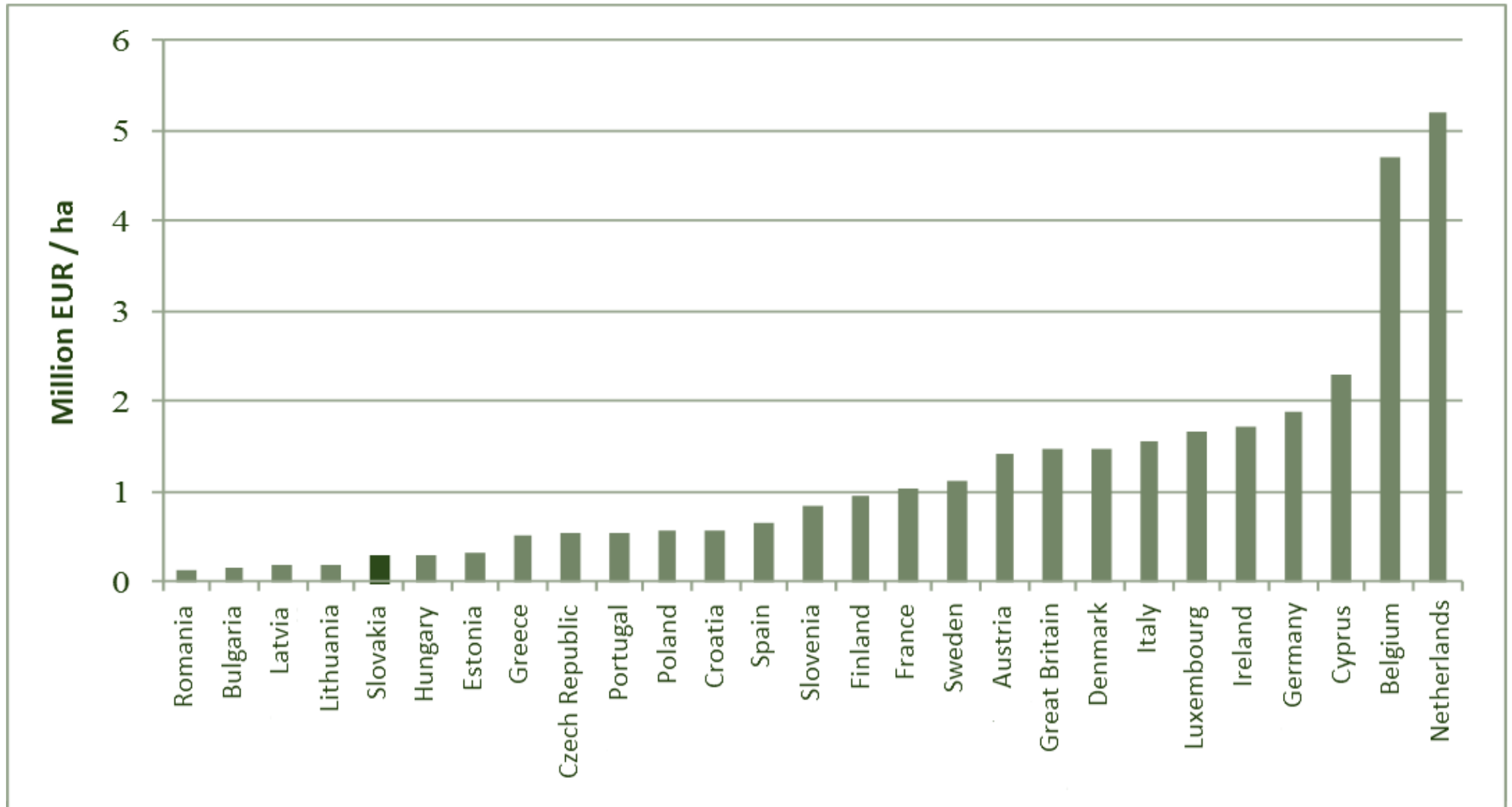


- Cereals for the production of grain
- Dry pulses and protein crops for the production of grain
- Potatoes
- Sugar beet
- Rape, turnip rape, sunflower seeds and soya
- Plants harvested green from arable land
- Fresh vegetables (including melons) and strawberries
- Fruits, berries and nuts (excluding citrus fruits, grapes and strawberries)
- Grapes

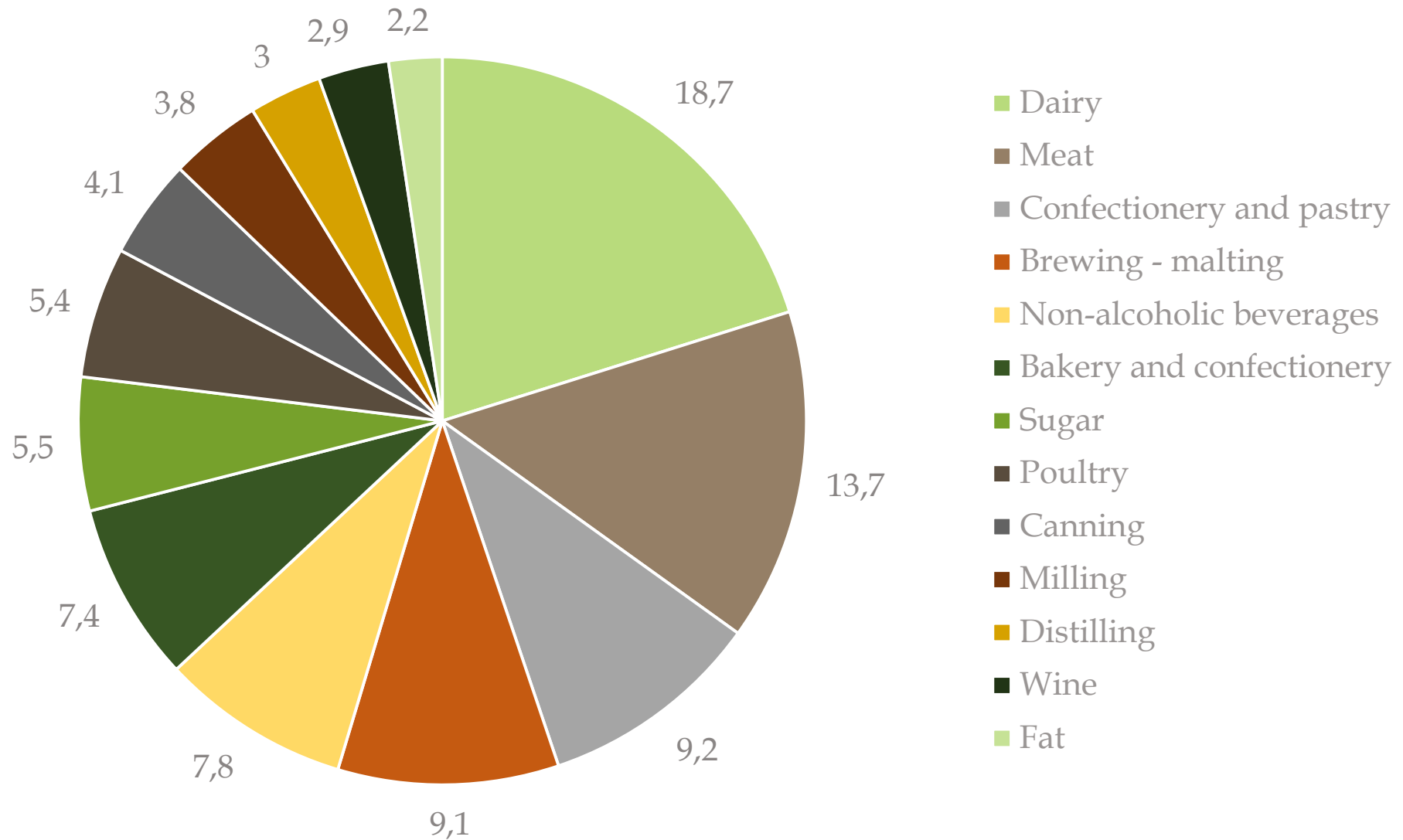
Source:  
Eurostat

- Cereals for the production of grain
- Dry pulses and protein crops for the production of grain
- Potatoes
- Sugar beet
- Rape, turnip rape, sunflower seeds and soya
- Plants harvested green from arable land
- Fresh vegetables (including melons) and strawberries
- Fruits, berries and nuts (excluding citrus fruits, grapes and strawberries)
- Grapes (2015)

# Value Added in Food Processing (EUR/ha, 2014)



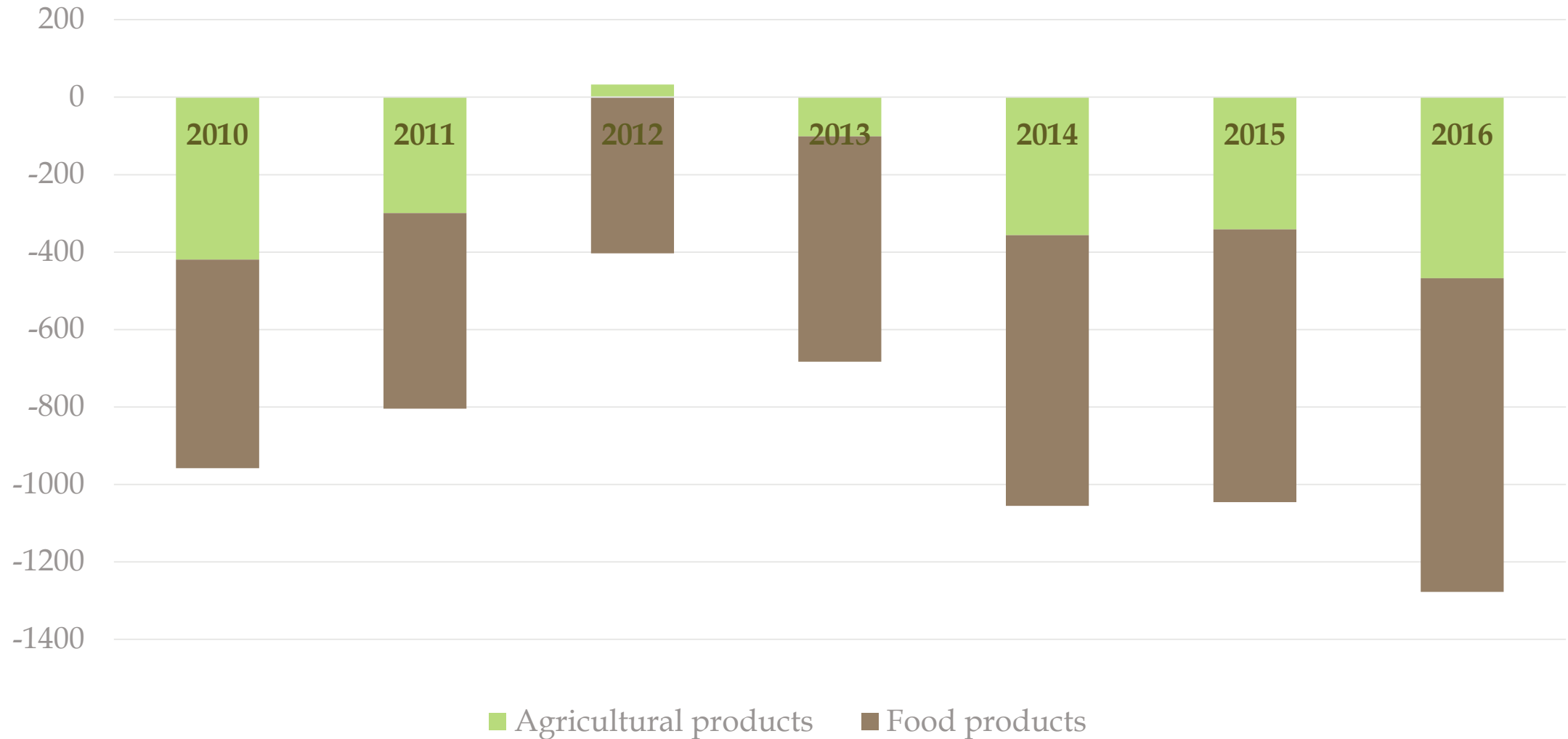
# Distribution of Food Production, 2012



# Number of employees in food processing (in thousands)



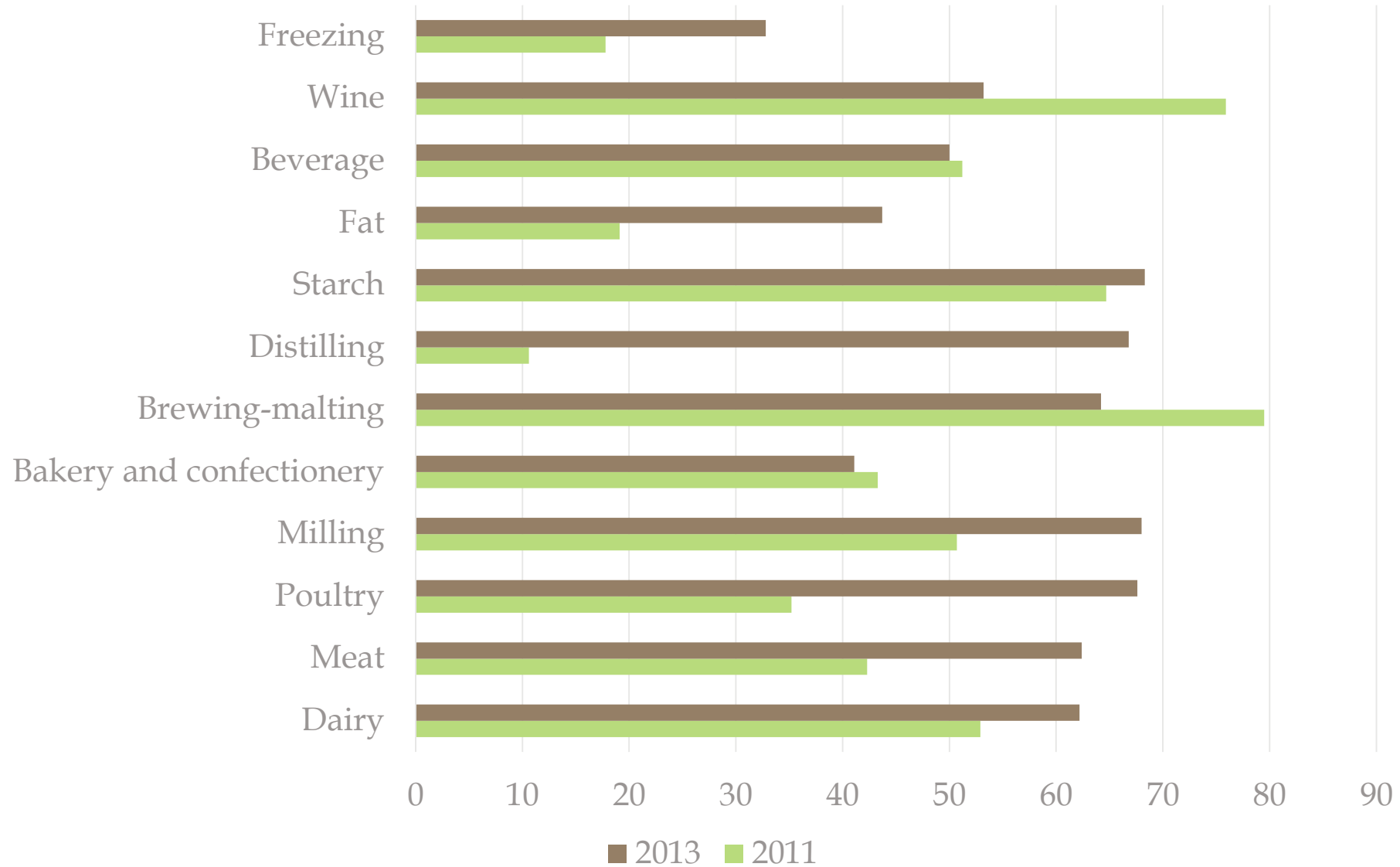
# Development of Agri-Food Trade, Million EUR





# Share of Domestic Products on Total Consumption 2011-2013

Inštitút pôdohospodárskej politiky



# Basic Economic Indicators of Agriculture (mil. EUR)

Indicator	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>	2 719	1 966	2 019	2 435	2 363	2 349	2 549	2 400	2 374
<b>Costs</b>	2 664	2 079	2 033	2 361	2 328	2 352	2 502	2 334	2 343
<b>Profit</b>	55	-113	-14	74	35	-3	73	66	30
<b>Revenues from own products and services</b>	1480	1451	1140	1215	1452	1584	1515	1544	1531

# Economic Agricultural Account (in mil. EUR, current prices)

	2007	2008	2009	2010	2011	2012	2013	2014
Production of the agricultural sector	2 259.88	2444.57	1858.07	1 886.63	2 295.37	2 397.10	2 406.96	2 391.81
- of which agricultural production	2 156.58	2333.37	1740.14	1 761.19	2 174.87	2 272.67	2 285.04	2 273.79
- of which non-agricultural secondary activities	103.3	111.2	117.93	125.44	120.49	124.39	121.92	118.02
Intermediate consumption	1 670.28	1775.51	1567.97	1 525,16	1 760,96	1 818,82	1 809,33	1 790,18
Gross value added at basic prices	589.59	669.06	290.1	361.48	534.41	578.24	597.63	601.63
Consumption of fixed capital	263.19	248.12	196.67	230.64	276.01	285.54	334.62	291.75
Net value added at basic prices	326.4	420.93	93.43	130.84	258.4	292.7	263.01	309.88

# Direct Payments

## Direct Payments

- Issues:
  - Direct payments per ha lower in Slovakia relative to the EU average
  - Distribution of direct payments per farm
  - Capping of direct payments
  - Impact of direct payments on labor and land markets

# Direct Payments in SK and EU

- **Direct Payments**

- 388 mil. EUR in 2013 in Slovakia (ceiling)
- 394 mil. EUR in 2019 in Slovakia (ceiling)
- 451mil. EUR in 2019 after national reallocation
  
- **45.0 bil. EUR in 2013 in EU (ceiling)**
- **42.2 bil. EUR in 2019 in EU (ceiling)**
- **41.6 bil. EUR in 2019 in EU after national reallocations**

# Rural Development Program in SK and EU

## ■ RDP

- 1 996.9 mil EUR in 2007 – 2013 EUR in SK (ceiling)
- 1 890.2 mil EUR in 2014 – 2020 EUR in SK (ceiling)
- 1 559.6 mil. EUR in 2014 – 2020 EUR in SK after national decision
  
- 96 244.2 mil. EUR in 2007 – 2013 EUR in EU (ceiling)
- 95 338.1 mil. EUR EUR in 2014 – 2020 EUR in EU (ceiling)
- 99 347.5 mil. EUR in 2014 – 2020 EUR in EU after national decisions

# Flexibility Between Pillars

- 11 Member States transferred funds from pillar I to pillar II.
- The total amount transferred over the 6 years is 6.4 billion EUR.
- 5 Member States have operated transfers from pillar II to pillar I.
- The total amount transferred over the 6 years is 3.4 billion EUR.
- The net result of all these transfers, without prejudice to the possible review Member States could make in 2017 for the years 2018 and 2019 is thus a total transfer from pillar I to pillar II of EUR 3 billion over 6 years.



# Transfers from Direct Payments to Rural Development

**From DP to RD in % of national ceilings (max percentage 15%)**

<b>Financial year</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Claim year</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>FR</b>	3.0%	3.3%	3.3%	3.3%	3.3%	3.3%
<b>LV</b>	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
<b>UK</b>	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%
<b>BE</b>	<del></del>	2.3%	3.5%	3.5%	4.6%	4.6%
<b>CZ</b>	<del></del>	3.4%	3.4%	3.4%	1.3%	1.3%
<b>DK</b>	<del></del>	5.0%	6.0%	7.0%	7.0%	7.0%
<b>DE</b>	<del></del>	4.5%	4.5%	4.5%	4.5%	4.5%
<b>EE</b>	<del></del>	6.1%	14.3%	15.0%	14.9%	15.0%
<b>EL</b>	<del></del>	5.0%	5.0%	5.0%	5.0%	5.0%
<b>NL</b>	<del></del>	4.0%	4.1%	4.2%	4.2%	4.3%
<b>RO</b>	<del></del>	1.8%	2.3%	2.2%	0.0%	0.0%

Source: European Commission, 2014.

# Transfers from Rural Development to Direct Payments

**From RD to DP in % of national ceilings (max percentage 15% or 25% for some MS)**

<b>Financial year</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Claim year</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>HR</b>	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
<b>MT</b>	0.0%	0.8%	1.6%	2.4%	3.1%	3.8%
<b>PL</b>	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
<b>SK</b>	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%
<b>HU</b>	<del>21.3%</del>	15.0%	15.0%	15.0%	15.0%	15.0%

# Financial allocations amongst the schemes for the year 2015

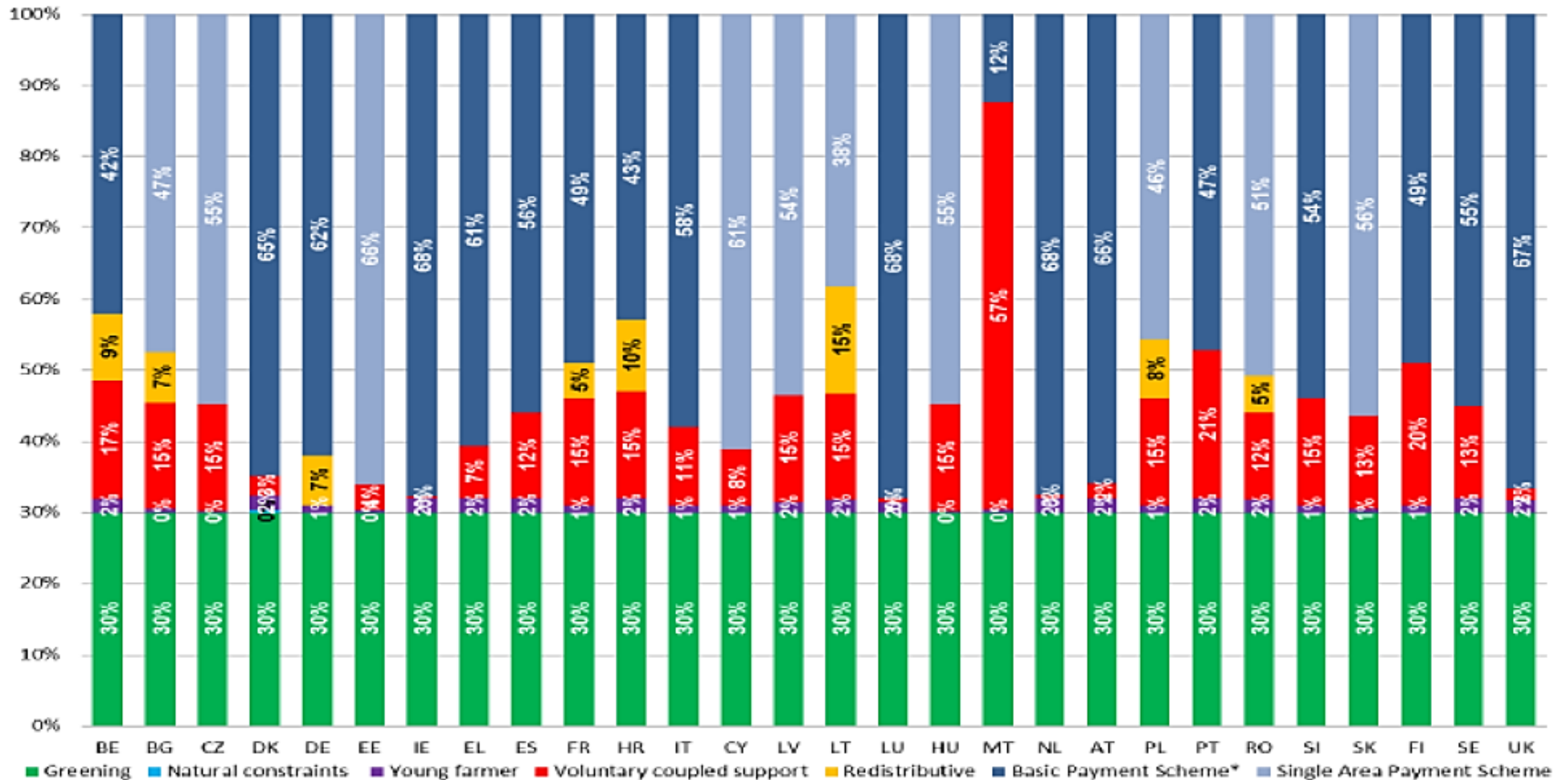
■ Inštitút pôdohospodárskej politiky

	<b>BPS</b>	<b>SAPS</b>	<b>Redistributive</b>	<b>YFP</b>	<b>ANC</b>	<b>VCS</b>
<b>BE</b>	42.1%		9.3%	1.9%		16.7%
<b>BG</b>		47.5%	7.1%	0.5%		15.0%
<b>CZ</b>		54.8%		0.2%		15.0%
<b>DK</b>	64.9%			2.0%	0.3%	2.8%
<b>DE</b>	62.0%		7.0%	1.0%		
<b>EE</b>		66.0%		0.3%		3.7%
<b>IE</b>	67.8%			2.0%		0.2%
<b>EL</b>	60.6%			2.0%		7.4%
<b>ES</b>	55.9%			2.0%		12.1%
<b>FR</b>	49.0%		5.0%	1.0%		15.0%
<b>HR</b>	43.0%		10.0%	2.0%		15.0%
<b>IT</b>	58.0%			1.0%		11.0%
<b>CY</b>		61.1%		1.0%		7.9%
<b>LV</b>		53.5%		1.5%		15.0%
<b>LT</b>		38.3%	15.0%	1.8%		15.0%
<b>LU</b>	68.0%			1.5%		0.5%
<b>HU</b>		54.8%		0.2%		15.0%
<b>MT</b>	12.4%			0.4%		57.2%
<b>NL</b>	67.5%			2.0%		0.5%
<b>AT</b>	65.9%			2.0%		2.1%
<b>PL</b>		45.7%	8.3%	1.0%		15.0%
<b>PT</b>	47.2%			2.0%		20.8%
<b>RO<sup>9</sup></b>		50.7%	5.2%	1.8%		12.3%
<b>SI</b>	54.0%			1.0%		15.0%
<b>SK</b>		56.5%		0.5%		13.0%
<b>FI</b>	49.0%			1.0%		20.0%
<b>SE</b>	55.0%			2.0%		13.0%
<b>UK</b>	66.6%			1.7%		1.7%
<b>TOTAL</b>	<b>55.4%</b>					<b>10.0%</b>

Source:  
European  
Commission,  
2014.

# Choices made by Member States in allocating direct payments, 2015

Direct payments - Overview of percentages of national ceilings allocated by scheme (2015)

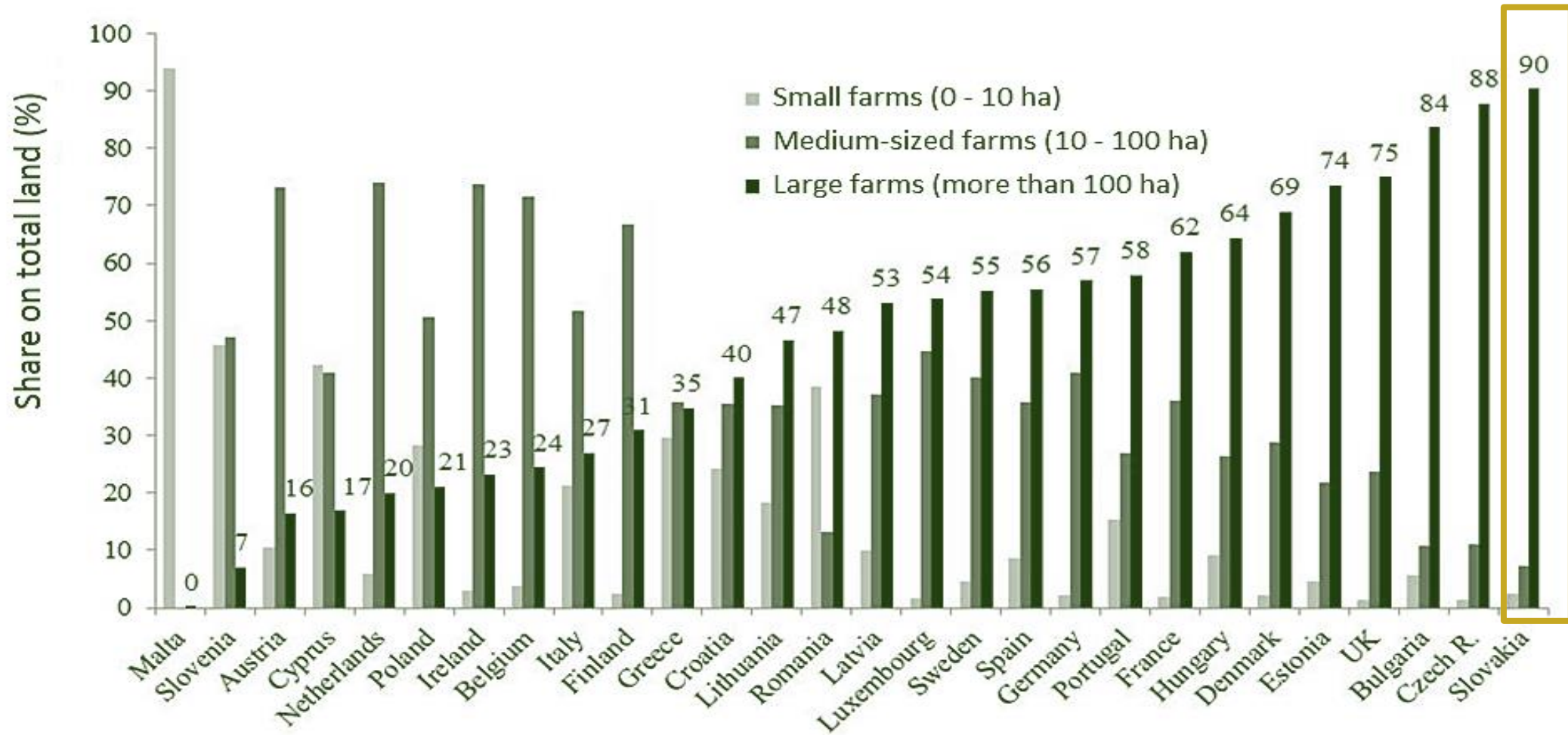


Source: Research for AGRI Committee – CAP reform post 2020, p. 24

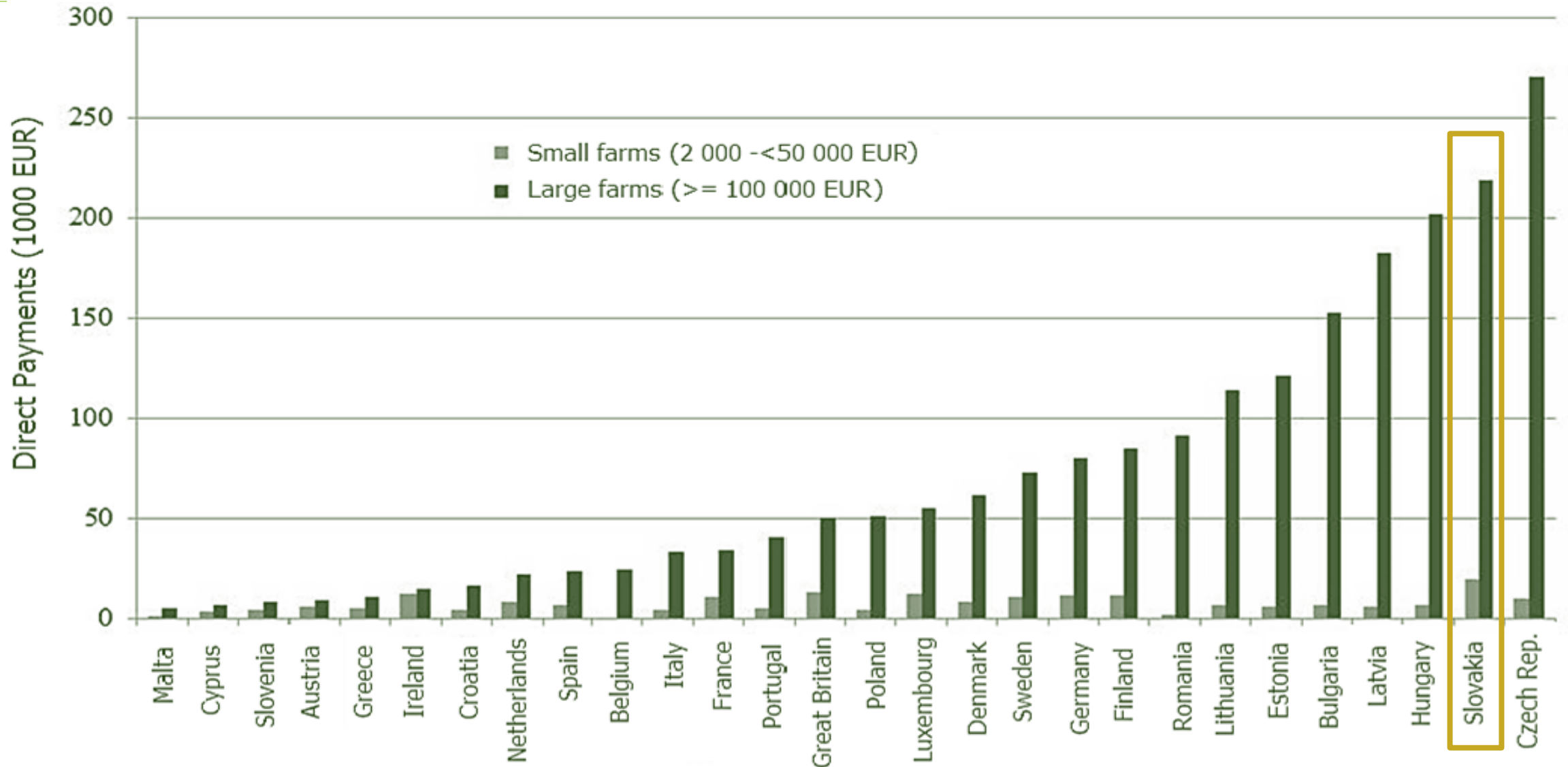
## Redistributive Payment and Capping

MS		Redistributive Payment			Capping	
		First Eligible Hectares (ha)	EUR/ha	% of decoupled payments	Limit (1000 EUR)	Rate (%)
BE	WL/FL	30	115	17	150/150	100/5
Bulgaria		30	77	7	150/300	5/100
Czech R.					150	5
Denmark					150	5
Germany		1-30 /30-46	50/30	6.9		
Estonia					150	5
Ireland					150	100
Greece					150	100
Spain					150	100
France		52	25	20		
Croatia		20	34	10		
Italy					150/500	50/100
Cyprus					150	5
Latvia					150	5
Lithuania		30	50	15		
Luxembourg					150	5
Hungary					150/176	5/100
Malta					150	5
Netherlands					150	5
Austria					150	100
Poland		0-3/3-30	0/41	8	150	100
Portugal					150	5
Romania		0-5/5-30	5/45	5		
Slovenia					150	5
<b>Slovakia</b>					<b>150</b>	<b>5</b>
Finland					150	5
Sweden					150	5
UK	NI/EN				150/150	100/5
	SC				150/600	5/100
	WA	54	128		150/200/250/300	15/30/55/100

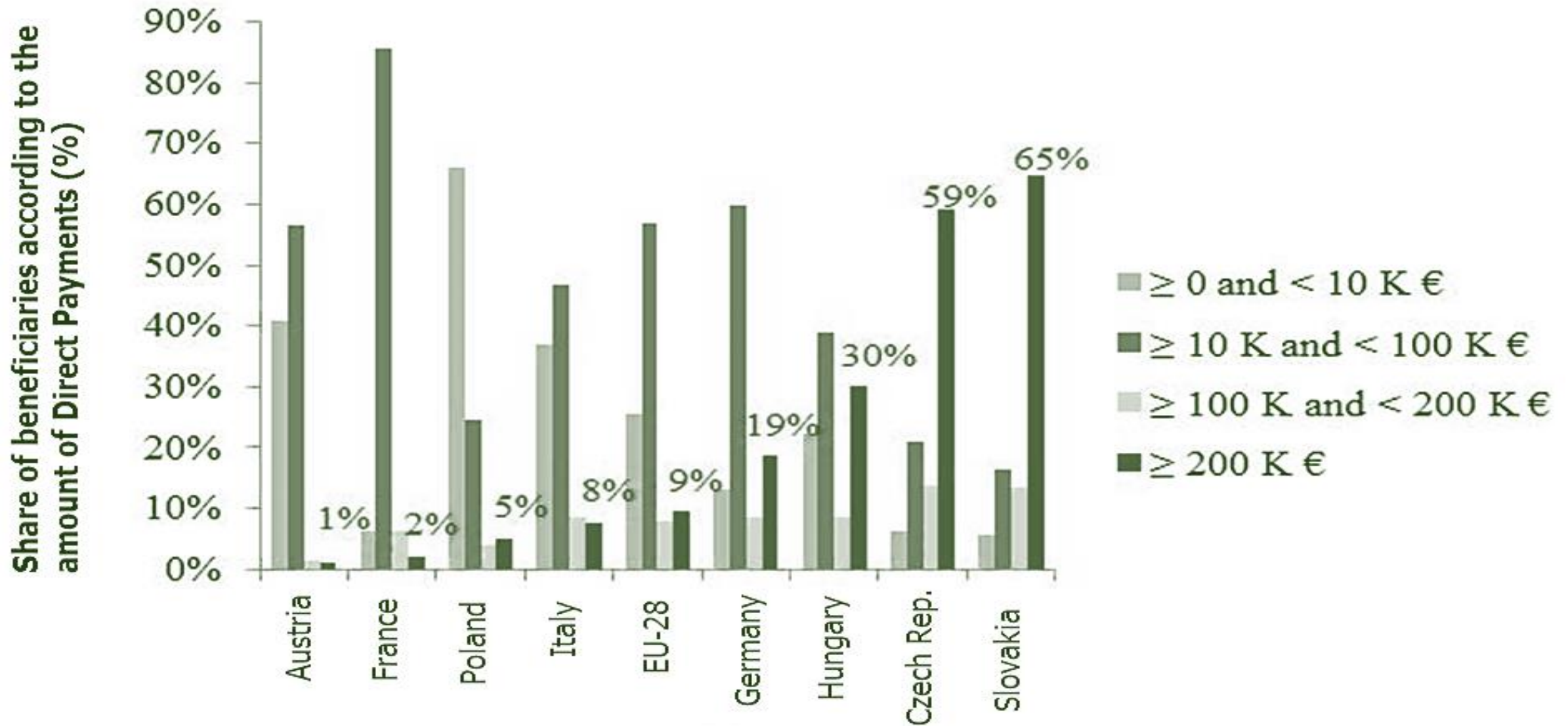
# Share of Farms on Total Ag. Land (% , 2013)



# Direct Payments per Farm (1000 EUR, 2015)

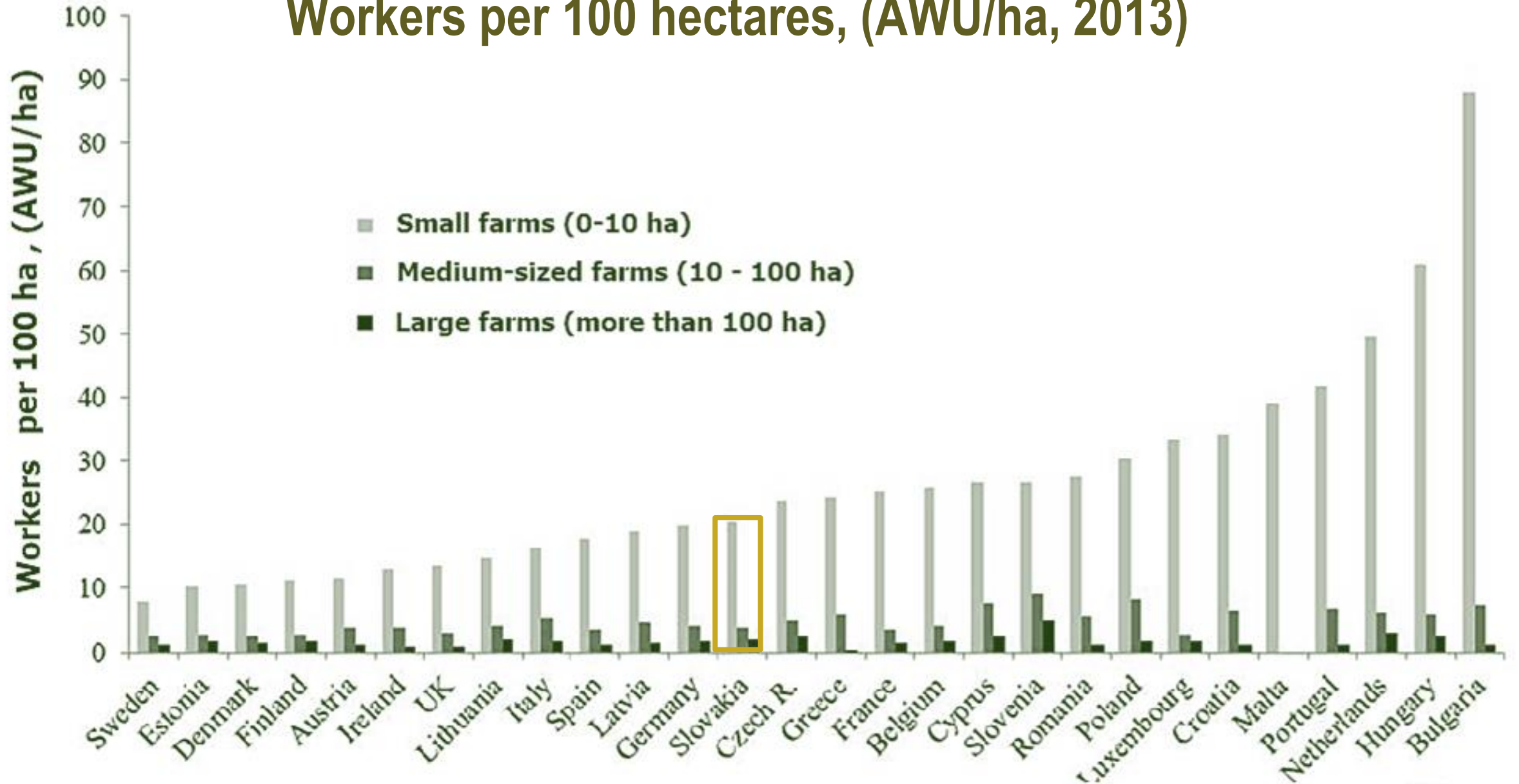


# Share of Beneficiaries According to Direct Payments (% , 2015)

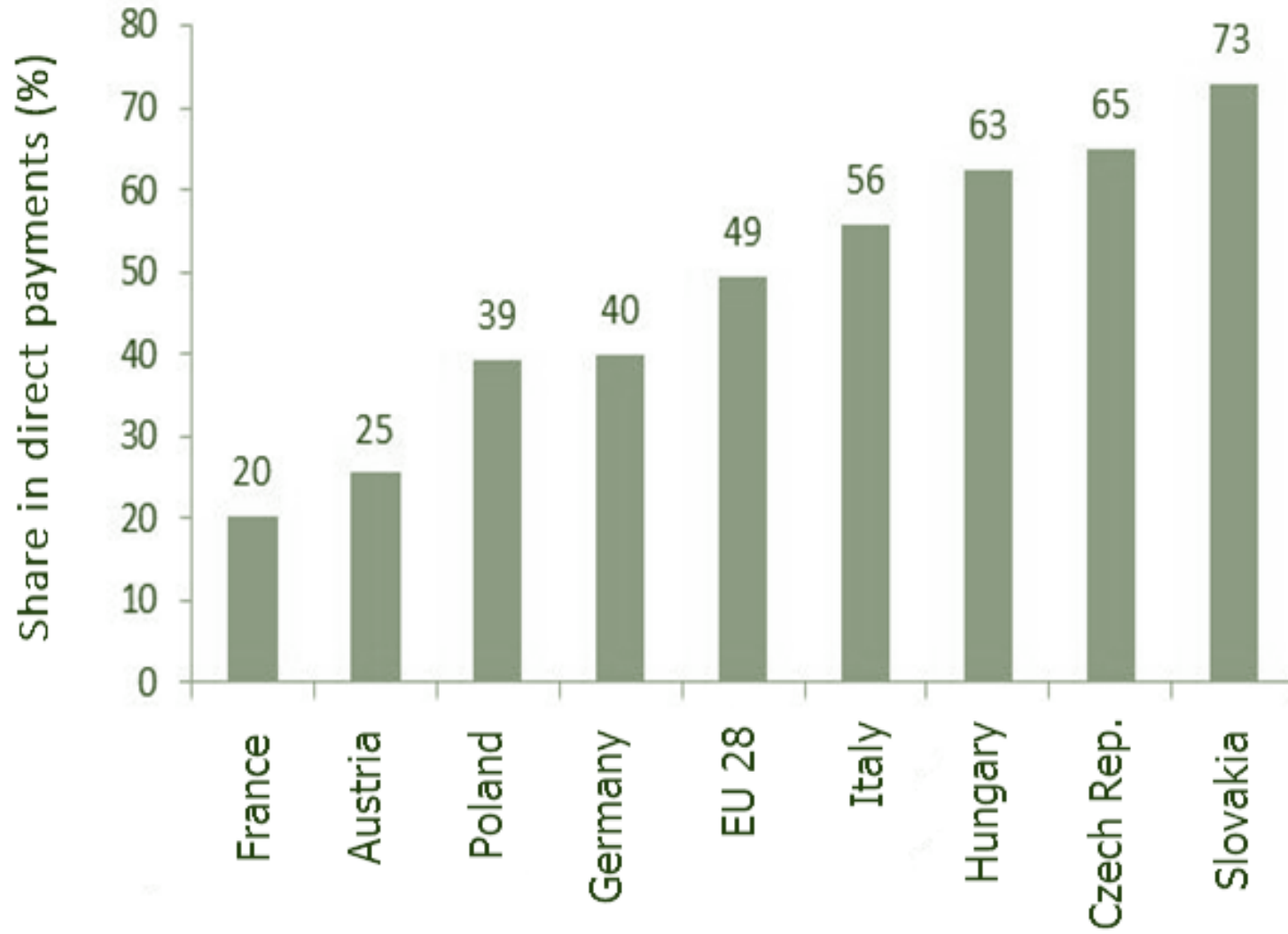




# Workers per 100 hectares, (AWU/ha, 2013)

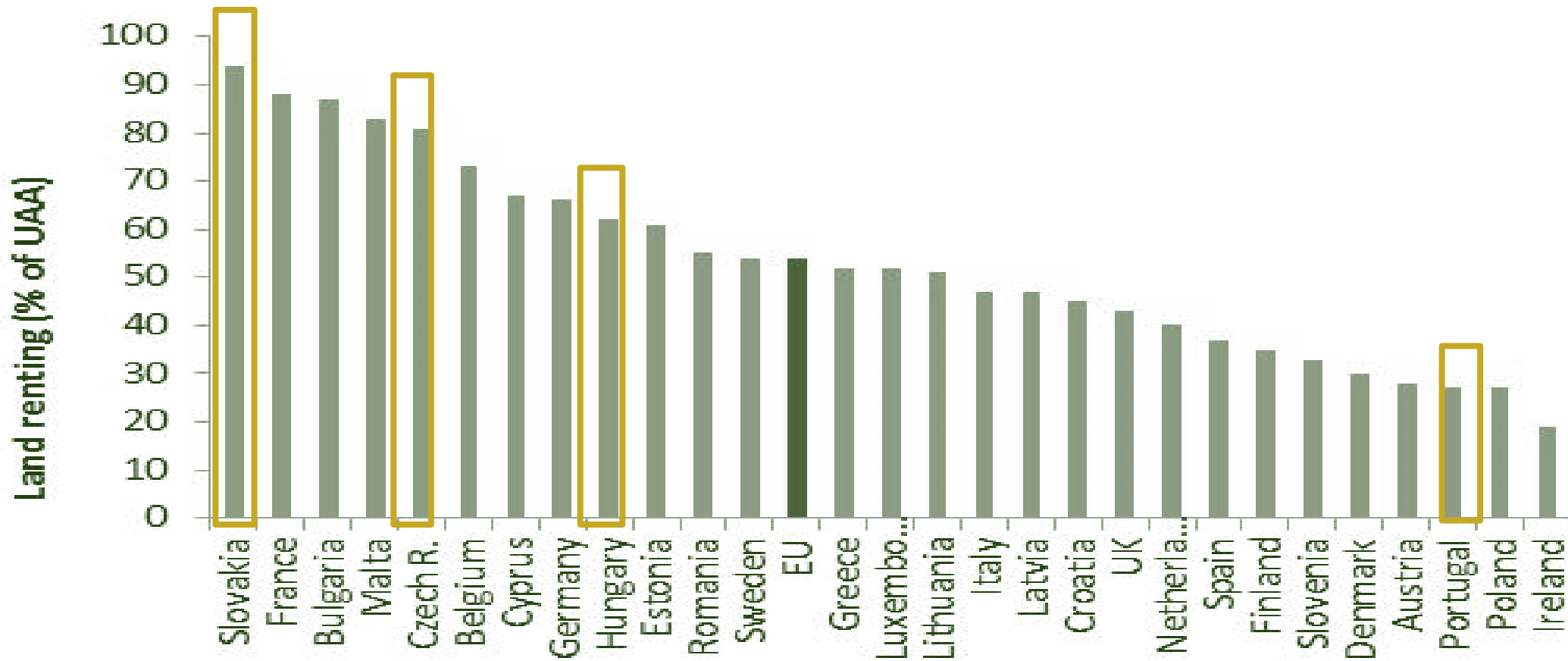


## Top 5% Largest Beneficiaries (2015) (share in direct payments, %)



- 5% of all farms (900 largest farms)
- get 73% of total DP (300 mil. EUR)
- employ 25% of total employees (13000 people)

## Land Rented in the EU (2013) (share on total land, % UAA)

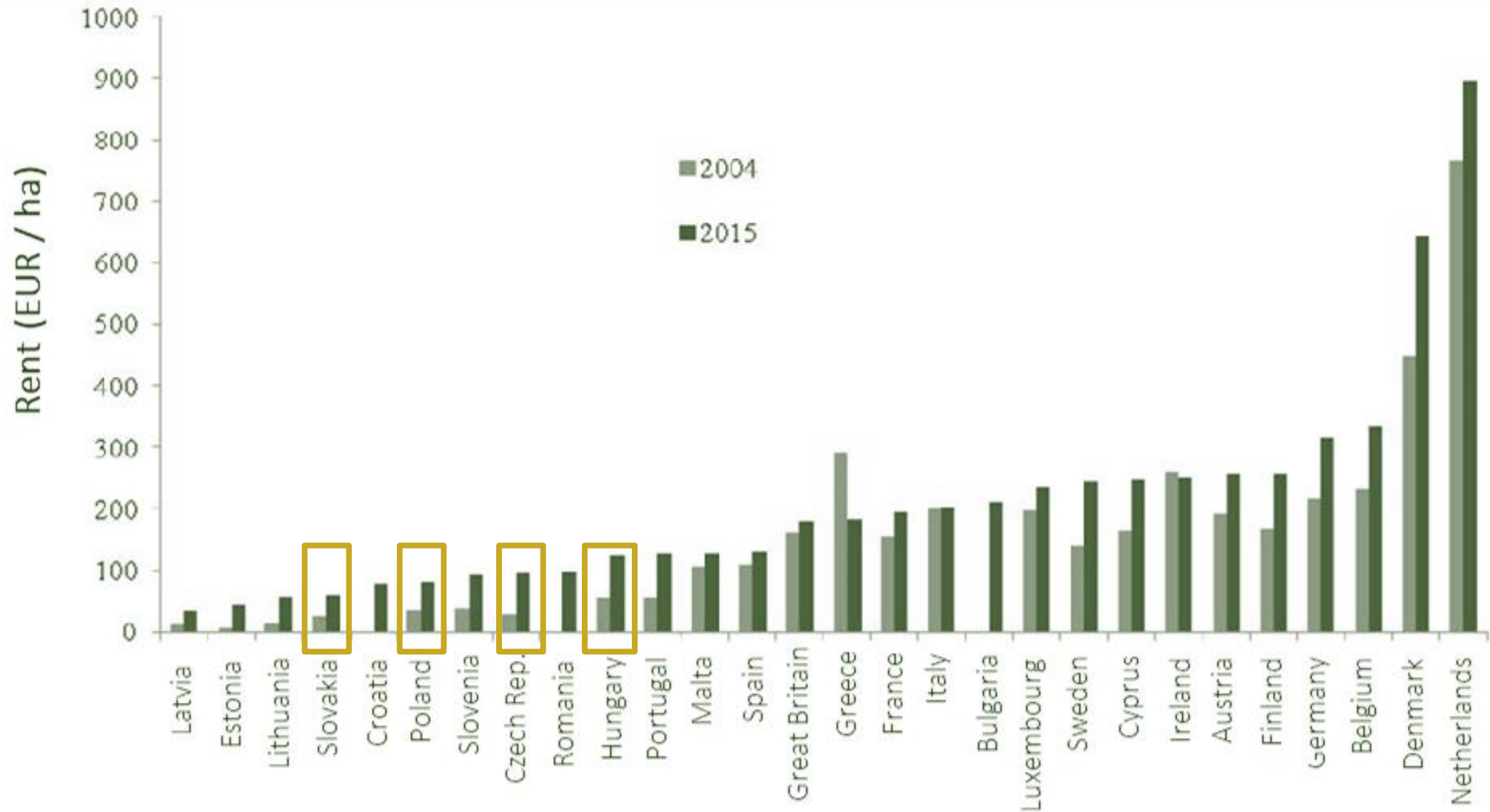


Source: Calculated based on FADN data

# Capitalization of Direct Payments to Land Prices

STUDY	Type of DP (country)	Share of Capitalized DP to Land Prices (%)
Michalek et al. (2014)	SPS (OMS)	6-10
Kilian et al. (2012)	SPS, hybrid (DE, Bavaria)	44-94
Feichtinger et al. (2015)	SPS, hybrid (DE, Bavaria)	35
Klaiber et al. (2016)	SPS, hybrid (DE, Bavaria)	0.37-0.57
Guastella et al. (2014)	SPS, historical (IT)	0
O'Neill et al. (2016)	SPS, historical (IR)	Short-run: 7-25 Long-run: 21-53
Ciaian and Kanacs (2012)	SAPS (NMS)	19
Van Herck et al. (2013)	SAPS (NMS)	15-32
Zdroj: Ciaian, Kanacs, Espinosa (2016), JRC report		

# Land Rent (EUR/ha, 2004, 2015)



# Farms Affected by Greening (% of total farms)

■ Inštitút pôdohospodárskej politiky

	Farms exempt from greening	Complying with greening before implementation	Not complying with greening before implementation
EU-27	45	71	<b>29</b>
Czech R.	29	47	<b>53</b>
Denmark	10	16	<b>84</b>
Germany	15	55	<b>45</b>
Ireland	1	85	<b>15</b>
Spain	52	67	<b>33</b>
France	20	63	<b>37</b>
Italy	73	90	<b>10</b>
Hungary	36	55	<b>46</b>
Netherlands	25	76	<b>24</b>
Austria	32	86	<b>14</b>
Poland	20	67	<b>33</b>
Portugal	52	72	<b>28</b>
Romania	55	65	<b>36</b>
Slovakia	12	24	<b>76</b>

Source: Louhichi, Ciaian, Espinosa, Perni and Gomez y Paloma (2017), IFM-CAP results

# Farms Affected by Greening (% of total land)

 Inštitút pôdohospodárskej politiky

	Farms exempt from greening	Complying with greening before implementation	Not complying with greening before implementation
EU-27	14	51	<b>49</b>
Czech R.	14	29	<b>71</b>
Denmark	6	10	<b>91</b>
Germany	7	39	<b>61</b>
Ireland	1	82	<b>18</b>
Spain	22	52	<b>48</b>
France	5	55	<b>45</b>
Italy	37	74	<b>26</b>
Hungary	5	24	<b>76</b>
Netherlands	12	63	<b>38</b>
Austria	33	79	<b>21</b>
Poland	9	50	<b>50</b>
Portugal	24	49	<b>51</b>
Romania	19	31	<b>69</b>
Slovakia	10	17	<b>83</b>

Source: Louhichi, Ciaian, Espinosa, Perni and Gomez y Paloma (2017), IFM-CAP results

# Impact of Greening

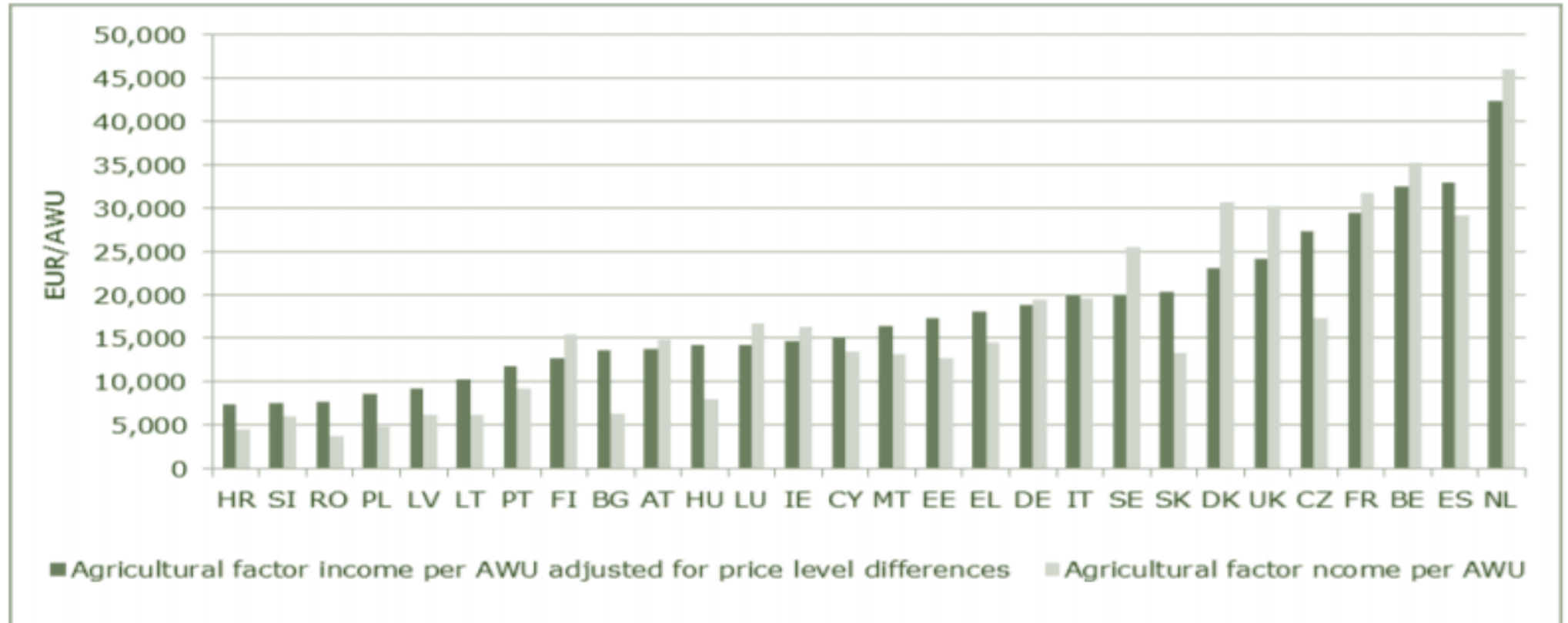
	Change in gross value added (%)	Change in total production (%)
EU-27	-1.1	-0.9
Czech Republic	-2.2	-2.4
Denmark	-2.5	-2.2
Germany	-0.8	-0.2
Ireland	-2.3	-1.6
Spain	-2.0	-1.8
France	0.0	-0.1
Italy	-0.2	-0.3
Hungary	-2.7	-2.7
Netherlands	-0.9	-0.4
Austria	-0.1	-0.1
Poland	-1.4	-1.3
Portugal	-4.0	-3.4
Romania	-3.2	-2.8
Slovakia	-3.3	-4.5



# Capping 100 ths. EUR

Capping 100 000 (SAPS, v EUR)	Without Labor Cost		With Labor Cost	
	Capped	Not-capped	Capped	Not-capped
Land	<b>71.4%</b>	28.6%	<b>9.6%</b>	90.4%
Number of farms	<b>629</b>		<b>97</b>	
Subsidies	<b>76%</b>	24%	<b>8%</b>	92%
Share of Crop Production	<b>65%</b>	70%	<b>88%</b>	<b>63%</b>
Production in EUR per ha	<b>865</b>	720	<b>670</b>	<b>880</b>
Employment per 100 ha	<b>2.23</b>	2.18	<b>0.61</b>	<b>2.41</b>
Profit per ha	<b>44</b>	56	<b>101</b>	<b>48</b>
Capped amount	<b>77 Mil. EUR</b>		<b>7.3 Mil. EUR</b>	

**Agricultural factor income at real prices per full-time worker and adjusted for price level differences, 2015**

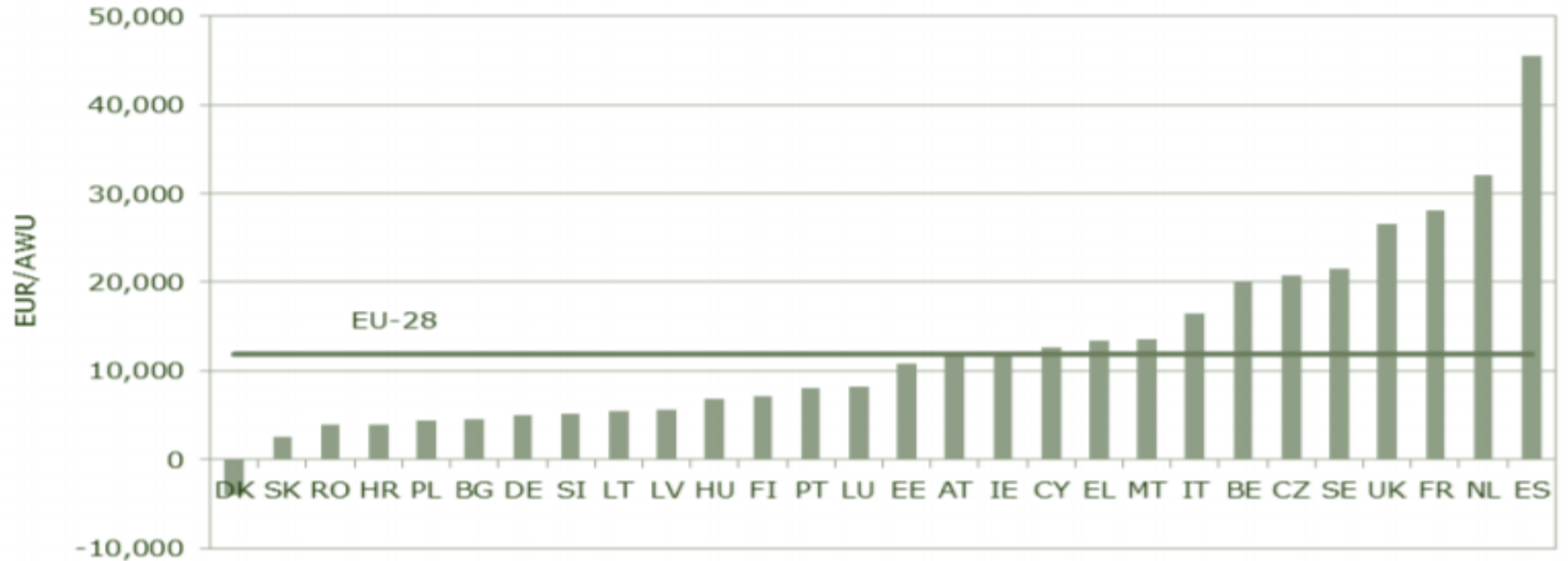


**Value of agricultural production**

- variable input costs (fertilisers, pesticides, feed, etc.)
- depreciation
- total taxes (on products and production)
- + total subsidies (on products and production)

**= factor income (net value added at factor costs)**

**Agricultural Entrepreneurial Income at real prices per family work unit, 2015**



Value of agricultural production

- variable input costs (fertilisers, pesticides, feed, etc.)
- depreciation
- total taxes (on products and production)
- + total subsidies (on products and production)

**= factor income (net value added at factor costs)**

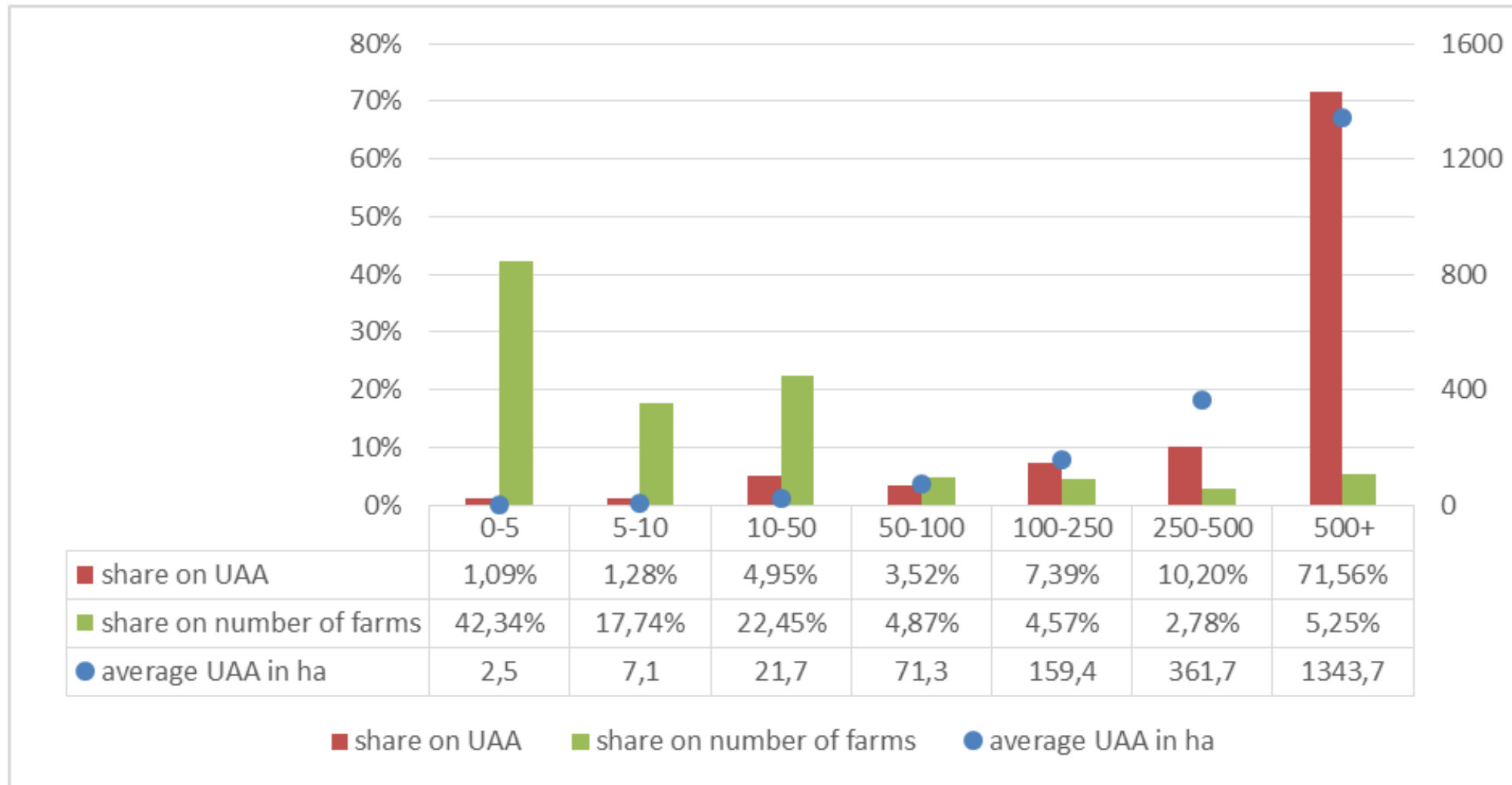
- wages
- rents
- interest paid

**= entrepreneurial income**

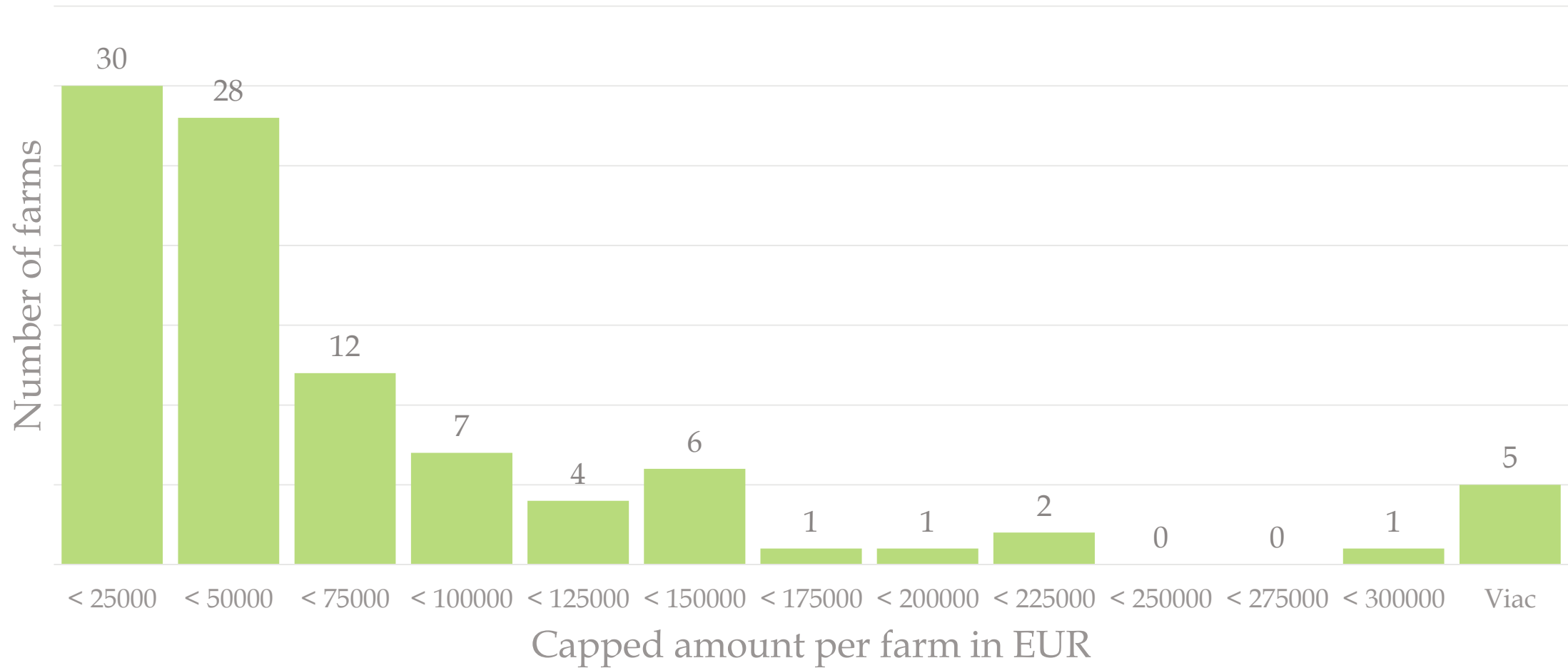
# Structure of farms in Slovakia (2016)

Size in ha	0-5	5-10	10-50	50-100	100-250	250-500	500+	TOTAL
Number of farms	8 037	3 367	4 262	925	868	528	997	18 984
UAA in ha	20 450,21	24 026,73	92 597,10	65 910,88	138 337,73	190 985,81	1 339 639,46	1 871 947,92

## Structure of farms in Slovakia (2016)



# Capping 100 000EUR with labor cost



# Conclusions on Direct Payments

- SLOVAKIA has farm structure biased towards large farms
- Direct Payments per farm among the highest in the EU
- Low Impact of Direct Payments on Production, Employment (decoupled direct payments)
- Direct Payments increase land prices (about 20 percent)
- Capping of direct payments need to be evaluated as capping affects majority of big farms
- The efficiency of transfer of funds between pillars to be evaluated
- ANC and AEM measures need to be evaluated
- DPs affect structure of production and employment and structure of farms.

# RURAL DEVELOPMENT



# Rural Development

- Issues:
  - Distribution of RDP funds
  - Efficiency of RDP funds
  - Impact on the Environment
  - Rural Economy
  - Small vs. Large Projects

## Percentage of EU Contribution by Axes RDP 2007-2013

Axes RDP SK	2007	2015
Axis 1	44,28%	53,72%
Axis 2	36,54%	19,99%
Axis 3	15,44%	16,29%
Axis 4	2,19%	6,51%
Axis 5	1,54%	4,09%
Total RDP	100,00%	100,00%

## Expenditure of RDP SK 2007-2013 by measures for the whole period (to 31. 12. 2015, in mil. EUR)

Cod e	Name of measure / Ax	Public expenditure	EAFRD contribution	Private Expenses	Total expenditure
111	Vocational training and information actions	25,4	18,3	0,0	25,4
114	Use of advisory services	1,4	1,0	0,4	1,7
<b>121</b>	<b>Modernisation of agricultural holdings</b>	<b>468,7</b>	<b>347,2</b>	<b>468,7</b>	<b>937,3</b>
122	Improvement of the economic value of forests	41,0	30,7	41,0	82,1
<b>123</b>	<b>Adding value to agricultural and forestry products</b>	<b>224,2</b>	<b>165,4</b>	<b>229,8</b>	<b>454,0</b>
125	Infrastructure related to the development and adaptation of agriculture and forestry	81,7	60,6	0,0	81,7
141	Semi-subsistence farming(1257/1999)	0,7	0,5	0,0	0,7
142	Producer groups	21,7	16,2	0,0	21,7
	Axis 1 - Improving the competitiveness of the agricultural and forestry sector	864,8	639,8	739,8	1604,6
	Total RDP	2597,3	1996,9	900,9	3498,1

# Expenditure of RDP SK 2007-2013, in mil. EUR

 Inštitút pôdohospodárskej politiky

Code	Name of measure / Ax	Public expenditure	EAFRD contribution	Private Expenses	Total expenditure
<b>211</b>	<b>Natural handicap payments to farmers in mountain areas</b>	<b>389,7</b>	<b>311,8</b>	<b>0,0</b>	<b>389,7</b>
<b>212</b>	<b>Payments to farmers in areas with handicaps, other than mountain areas</b>	<b>276,4</b>	<b>218,8</b>	<b>0,0</b>	<b>276,4</b>
213	Natura 2000 payments and payments linked to Directive 2000/60/EC	0,2	0,1	0,0	0,2
<b>214</b>	<b>Agri-environment payments</b>	<b>384,5</b>	<b>303,2</b>	<b>0,0</b>	<b>384,5</b>
215	Animal welfare payments	39,2	31,0	0,0	39,2
221	First afforestation of agricultural land	1,1	0,9	0,1	1,1
224	Natura 2000 payments	5,2	4,1	0,0	5,2
225	Forest-environment payments	0,9	0,7	0,0	0,9
226	Restoring forestry potential and introducing prevention actions	155,2	123,0	0,0	155,2
	Axis 2 - Improving the environment and the countryside	1 252,3	993,5	0,1	1 252,4
	Total RDP	2 597,3	1 996,9	900,8	3 498,1

# Expenditure of RDP SK 2007-2013, in mil. EUR

 Inštitút pôdohospodárskej politiky

Code	Name of measure / Ax	Public expenditure	EAFRD contribution	Private Expenses	Total expenditure
311	Diversification into non-agricultural activities	95,3	71,4	96,2	191,6
313	Encouragement of tourism activities	34,2	25,6	32,7	66,9
321	Basic services for the economy and rural population	94,0	70,5	0,0	94,0
322	Village renewal and development	99,5	74,6	0,0	99,5
331	Training and information	12,8	9,5	0,0	12,8
341	Skills-acquisition and animation measure with a view to preparing and implementing a local development strategy	0,8	0,6	0,0	0,8
	Axis 3 - The quality of life in rural areas and diversification of the rural economy	336,6	252,3	129,0	465,6
	Total RDP	2 597,3	1 996,9	900,8	3 498,1

## Expenditures of RDP SK 2007-2013, in mil. EUR

Code	Name of measure / Ax	Public expenditure	EAFRD contribution	Private Expenses	Total expenditure
421	Implementing cooperation projects	2,8	2,2	0,0	2,8
431	Running the local action group, skills acquisition, animation	12,0	9,6	0,0	12,0
	Axis 4 - Leader	75,2	59,9	32,0	107,2
511	Technical assistance	68,4	51,3	0,0	68,4
	Axis 5 - Technical assistance	68,4	51,3	0,0	68,4
	Total RDP	2 597,3	1 996,9	900,8	3 498,1

## Results of RDP 2007 - 2013

- **Total positive effect of the program on GVA amounted to 168.12 mil. EUR,** which constitutes 252.43 million in PPS.
- **Measure 123 had the highest effect on GVA,** which amounted to 88.74 mil. EUR (133.24 mil. in PPS), **followed by measure 121** with the effect of 46.5 mil. EUR (69.82 mil. in PPS), **measure 122,** which had the effect of 21.3 mil. EUR (31.98 mil. in PPS), **and finally measure 311** with the effect of 11.58 mil. EUR (17.39 mil. in PPS).
- Efficiency of the use of public funds was relatively low. Measure 121 had the lowest effect on GVA relative to incurred costs in terms of public money.

## Results of RDP 2007 - 2013

- **The programme had a negative effect on productivity of labour in agricultural primary production.** It caused a decline of labour productivity by 1 138 EUR (1 708 in PPS) measured by GVA/AWU.
- **On the other hand, programme (measure 123) had a positive effect on labour productivity in processing of agricultural production** at the level of 2 236 EUR (3 357 in PPS) for farms and at the level of 1 869 EUR (2 806 in PPS) for food processing holdings.
- **In the area of diversification of agricultural production towards non-agricultural activities measure 311 had a negative effect on productivity of labour of agricultural farms** at the level of 713 EUR per employee (1 071 in PPS per employee).



## Results of RDP 2007 - 2013

- **The programme had a positive effect on employment.** In primary agriculture the programme helped to save 4 164 jobs (measure 121). In processing of agricultural production the programme created 1 207 new jobs on farms and more than 4 100 jobs in food processing (measure 123). In non-agricultural production the program caused the creation of 381 new jobs on farms (measure 311).
- In total, the program has created 5 688 new jobs and maintained 4 164 jobs. The programme helped to preserve 8 % of jobs in agricultural primary production and similar percentage of jobs in food processing industry

## Results of RDP 2007 - 2013

- Implementation of Axis 2 in agriculture, particularly measures 214 and 225, **had a positive impact to reverse biodiversity decline** as measured by "bird species population change".
- At the national level since 2006 the population of selected bird species has declined by 43% but in the areas where the agri-environment schemes were implemented the decrease was only about 28%.
- In forest areas where Measure 225 Forest-environment payments was applied, the frequency of forest bird species showed more stable, respectively fluctuating tendency, while at the national level even with a limited choice of species was evident the overall declining trend in abundance of birds.

## Results of RDP 2007 - 2013

- The program had a positive effect on the high nature value agriculture and forestry (qualitative assesment)
- The program had a positive effect on the quality of ground and surface water

## Results of RDP 2007 - 2013

- The program helped to improve infrastructure and quality of services in rural areas
- The program improved tourism in rural areas
- It helped to increase economic growth and reduce unemployment in rural areas
- In addition to the direct contribution of LEADER approach to the creation of rural employment, improvement of basic services for the rural population, village renewal and development, development of local economy based on the exploitation of endogenous resources and building of social capital, LEADER brought other indirect positive effects in terms of increased identity of rural areas and protection and promotion of cultural, natural and historical heritage of rural regions of Slovakia.

# Results of RDP

- **Efficiency of RDP was low**
  - Non-optimal levels of support for projects and firms
  - Large projects very inefficient
  - 80 percent of projects would be taken without support
  - High administrative burden
  - Calls for proposals were not set optimally

## Results of RDP 2007 - 2013

- LFA (ANC) significant source of income.
- LFA (ANC) farms are extensive
- LFA (ANC) farms are less sensitive to market fluctuations
- LFA (ANC) impact on the environment difficult to measure

## Results of RDP 2007 – 2013 - Recommendations

- Reduce red tape
- Support smaller projects
- **Projects in processing were more efficient**
- Employment projects to be supported in Less Developed Districts
- Focus on smaller firms
- Focus on vertical cooperation
- **Horizontal cooperation did not work**
- Synergy to be achieved
- Environmental effects to be better measured

# Other Important Issues

- Unfair Trade Practices
- Land Market
- Innovation





**Thank you very much**

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## We analysed individual farm data

Number of hectares	1,4 Mil. ha out of 1,9 Mil. ha in total
Share on group farms with more than 500ha	90%

Two scenarios:

1. Capping SAPS **60 000EUR (with and without personal cost)**
2. Capping SAPS **100 000EUR (with and without personal cost)**

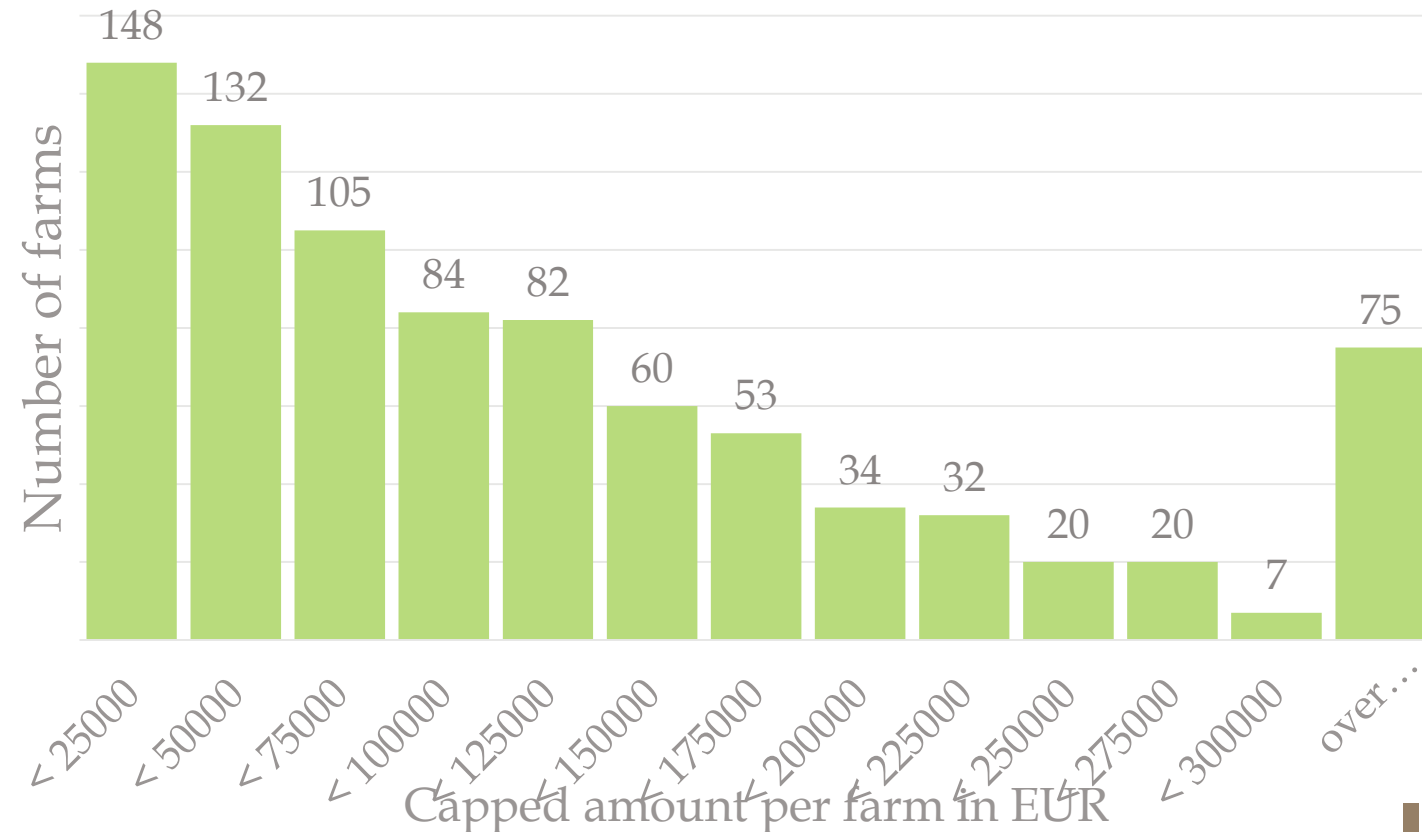
# Effects of capping SAPS 60 000 EUR per farm **with** and **without** personal cost

	Without personal cost		With personal cost	
	Capped farms	Non-capped farms	Capped farms	Non-capped farms
Number of hectares	<b>1,13 Mil.</b>	0,25 Mil	<b>0,198 Mil.</b>	1,270 Mil.
Number of farms	<b>852</b>		<b>190</b>	
Total subsidies	<b>355 Mil.</b>	54,7 Mil.	<b>48,3 Mil.</b>	361,4 Mil.
Share of crop production	<b>65%</b>	70%	<b>87%</b>	62%
Crop and animal production in EUR/ha	<b>844</b>	732	<b>648</b>	895
AWU per 100ha	<b>2,21</b>	2,271	<b>0,74</b>	2,48
Profit after tax in EUR/ha	<b>43</b>	67	<b>93</b>	47
Capped amount	<b>106 Mil.</b>		<b>12 Mil.</b>	

# Effects of capping SAPS 60 000 EUR per farm **without** personal cost

Capped farms will receive less subsidies , **125 000EUR** on average

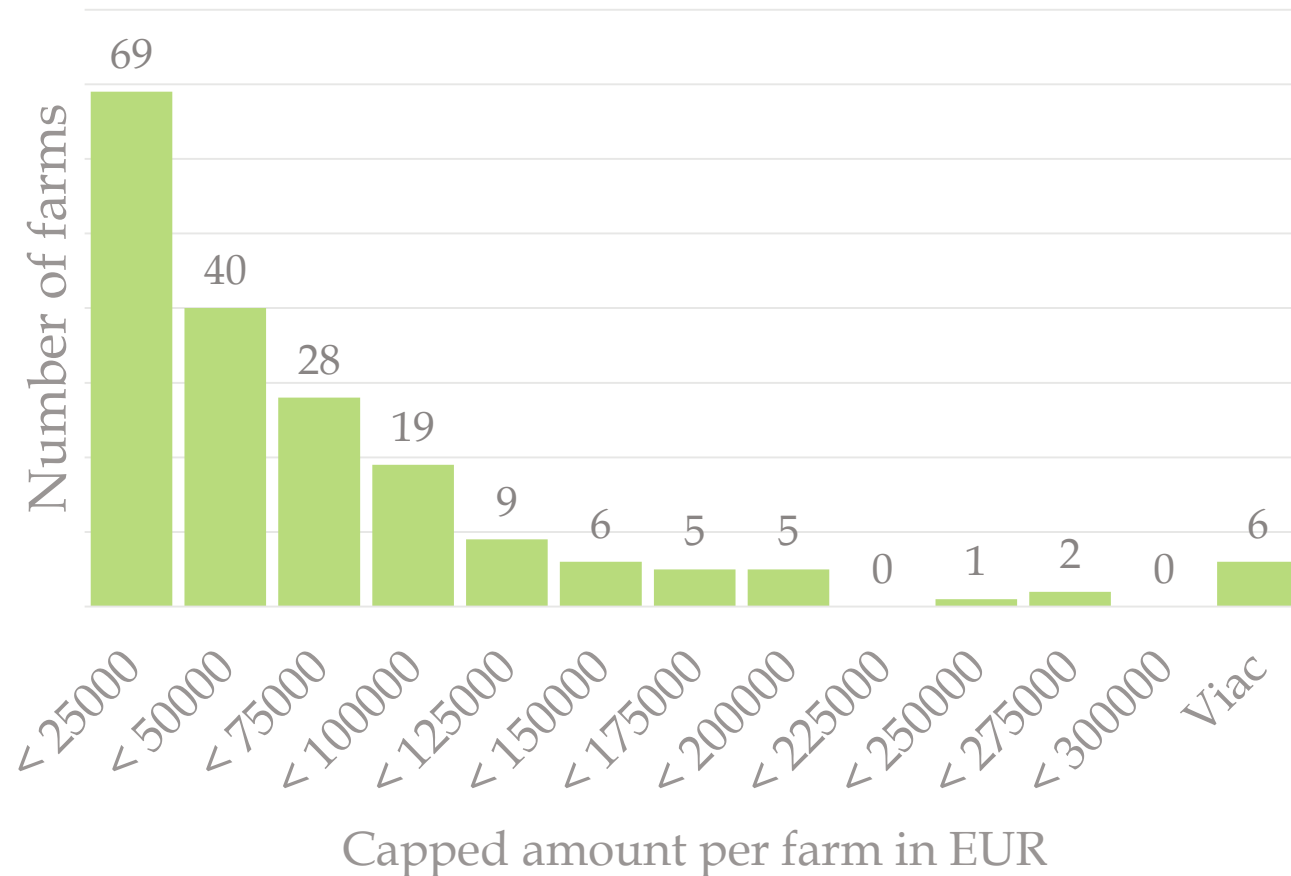
Effect on individual farms:



# Effects of capping SAPS 60 000 EUR per farm **with** personal cost

Capped farms will receive less subsidies , **63 000EUR** on average

Effect on individual farms:



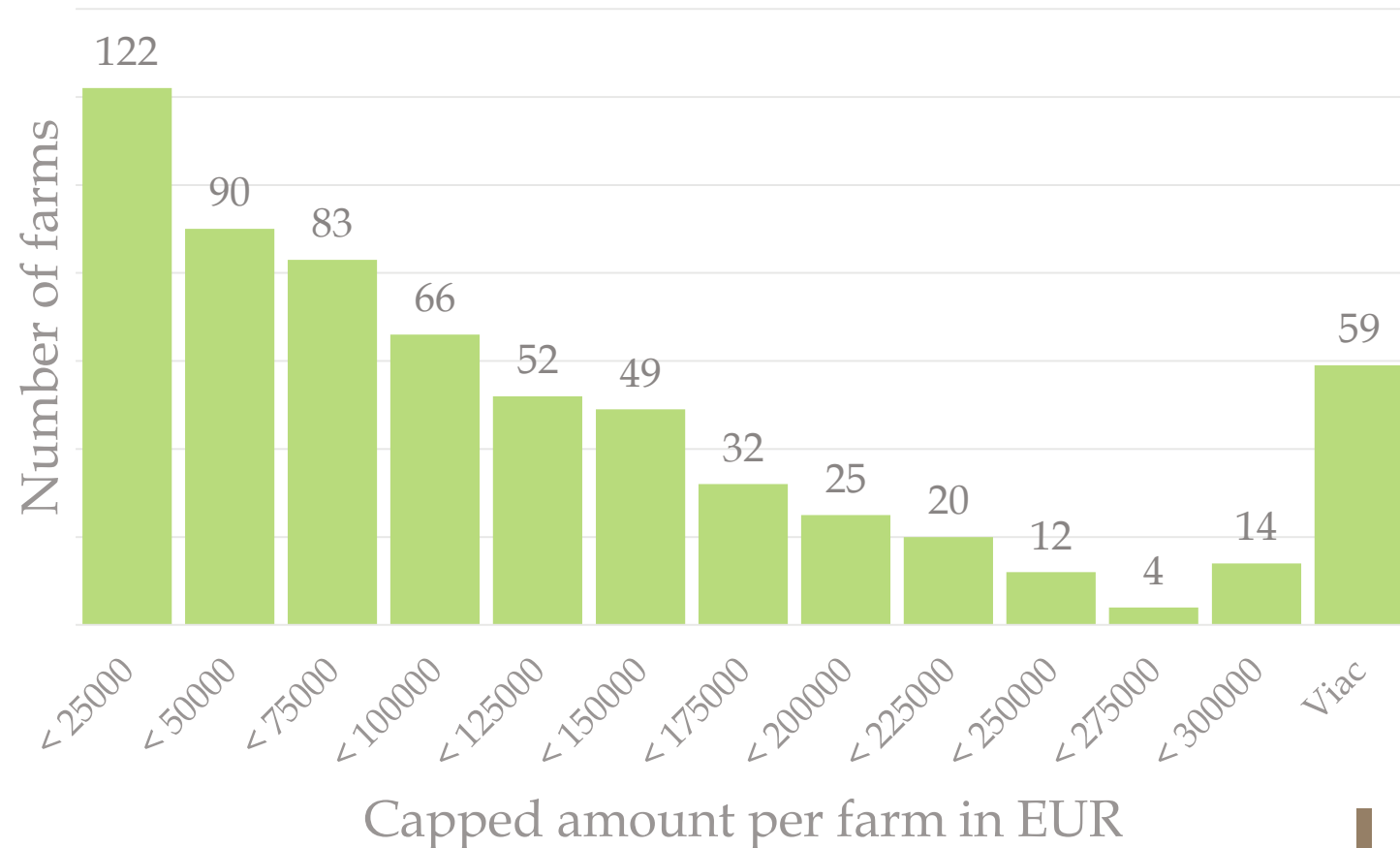
# Effects of capping SAPS 100 000 EUR per farm **with** and **without** personal cost

	Without personal cost		With personal cost	
	Capped farms	Non-capped farms	Capped farms	Non-capped farms
Number of hectares	<b>1 Mil.</b>	0,4 Mil	<b>0,135 Mil.</b>	1,265 Mil.
Number of farms	<b>629</b>		<b>97</b>	
Total subsidies	<b>314,7 Mil.</b>	95 Mil.	<b>31,7 Mil.</b>	378 Mil.
Share of crop production	<b>65%</b>	70%	<b>88%</b>	63%
Crop and animal production in EUR/ha	<b>865</b>	720	<b>670</b>	880
AWU per 100ha	<b>2,23</b>	2,18	<b>0,61</b>	2,41
Profit after tax in EUR/ha	<b>44</b>	56	<b>101</b>	48
Capped amount	<b>77 Mil.</b>		<b>7,3 Mil.</b>	

# Effects of capping SAPS 100 000 EUR per farm **without** personal cost

Capped farms will receive less subsidies , **123 000EUR** on average

Effect on individual farms:



# Effects of capping SAPS 100 000 EUR per farm **with** personal cost

Capped farms will receive less subsidies , **75 000EUR** on average

Effect on individual farms:

