



## **Factsheet on 2014-2020 Rural Development Programme for the Czech Republic**

The Rural Development Programme (RDP) for the Czech Republic was formally adopted by the European Commission on 26 May 2015, outlining the Czech priorities for using the nearly € 3.1 billion of public money that is available for the 7-year period 2014-2020 (€ 2.3 billion from the EU budget, including € 135 million transferred from the envelope for CAP direct payments, and € 769 million of national co-funding).

Within 2<sup>nd</sup> RDP amendment (adopted in June 2016) the Czech Republic increased national contribution by which total public contribution reached more than € 3.5 billion.

The RDP for the Czech Republic focuses mainly on ensuring the sustainable management of natural resources and encouraging climate friendly farming practices, with around 25 % of agricultural land under contract to protect biodiversity, 11 % to improve water management and 12 % to protect soil. The second focus is to increase the competitiveness of agriculture and forestry as well as that of the food industry aiming to provide investment support to 3 500 farms, almost 1 450 investment projects in forestry technologies and 830 projects in the food industry. The RDP will also help boosting the rural economy by creating almost 1 900 new jobs. The priorities will be completed by knowledge transfer and advisory services where almost 19 000 participants will be trained and 3 000 will receive specific advisory services.

Support for Rural Development is the 2nd Pillar of the Common Agricultural Policy, providing Member States with an envelope of EU funding to manage nationally or regionally under multi-annual, co-funded programmes. In total, 118 programmes are foreseen in all 28 Member States. The new RD Regulation for the period 2014-2020 addresses six economic, environmental and social priorities, and programmes contain clear targets setting out what is to be achieved. Moreover, in order to coordinate actions better and maximise synergies with the other European Structural & Investment Funds (ESIF), a Partnership Agreement has been agreed with each Member State highlighting its broad strategy for EU-funded structural investment.

This document provides a brief overview of how the challenges and opportunities that the Czech Republic is facing are addressed by the RDP. In the annex, a table indicates the priorities and focus areas each with their specific targets, and their allocated budget.

### **1. SITUATION AND KEY CHALLENGES**

The Czech Republic covers an area of 78 860 km<sup>2</sup>. 54 % is agricultural land and 34 % is forest land. Agricultural land comprises 72 % arable land, 27 % permanent grassland and meadows and 1 % permanent crops. 50 % of agricultural land is classified as affected by natural constraints limiting its production potential.

The Czech Republic is mainly uplands and highlands. 61 % of its territory is 400 m or more above sea level. NATURA2000 areas cover 14 % of the area. Only 14 % of species and habitats are in a favourable state. 40 % of agricultural land is at risk of soil erosion.

The Czech Republic has 10.5 million inhabitants, of which 33 % live in predominantly rural areas and 43 % live in intermediate regions. The unemployment rate is 7 % (2013). However, 19 % of all youth is unemployed. Over 80 % of rural people commute to work. This reduces the demand for products and services produced in rural areas and the feasibility of entrepreneurship in rural areas.

Czech agriculture has a dual structure: 89 % of farms are small and cover only 30 % of the agricultural area. The remainder (11 %) are larger farms. They cover 70 % of the agricultural area.

74 % of agricultural land is rented. The average size of a farm is about 130 ha. Land ownership is highly fragmented with approximately 1 million farmers having farms that are, on average, only 3.65 ha in area. In the recent past, the number of farm workers has continuously fallen and this has brought about an unfavourable age structure in both agriculture and forestry. The share of agriculture in total employment is 2.4 %. The average labour productivity in agriculture has been increasing, but this is still lower than the average for the EU (as is also the case for the food and forestry sectors).

## **2. HOW THE CZECH RDP WILL ADDRESS THESE CHALLENGES**

In addressing these challenges, the RDP will fund actions under all six Rural Development priorities – with a particular emphasis on Priority 4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry. The focus of each priority is explained briefly below. Priority 1 which concerns knowledge transfer and innovation in agriculture, forestry and rural areas is incorporated into the remaining 5 priorities.

### Priority 2: Competitiveness of agriculture and sustainable forestry

Under this priority the RDP includes support to modernise 3 500 farms (13.3 % of the total). The aim is to improve their overall performance and competitiveness. It will also support around 420 land consolidation projects which will improve the competitiveness of the farms and reduce the risk of soil erosion.

Generational renewal will be enhanced by providing start-up support to 750 young farmers. These actions will be supported by knowledge transfer activities via vocational training, information actions and integrating knowledge from research in order to provide innovative solutions to increase the sustainability and productivity of agriculture and the food industry. Almost 250 cooperation projects, including 20 projects within EIP Operational Groups, are to be supported. The competitiveness of the forestry should be increased by building and/or modernizing 830 km of forest roads and by investing in modern technologies on around 900 private forestry enterprises.

### Priority 3: Food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture

The RDP aims to increase the added value of agricultural production by supporting nearly 830 operations in agricultural processing and marketing as well as supporting short supply chains and local markets. The RDP will also improve animal welfare on 1 400 farms.

### Priority 4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry

Under this priority, the RDP will target more than 1 million ha to prevent land abandonment and to promote organic farming (support to either maintain or convert 480 000 ha to organic farming). This will maintain sustainable farming in areas with natural and other specific constraints. It will also bring benefits in terms of biodiversity and the environment. Nearly 870 000 ha of farmland will be subject to voluntary agri-

environmental and climate-related commitments by farmers, who will receive training and advice regarding so that they can better deliver environmental and climate-related benefits. Preventive and restorative actions will increase the resilience of forests in the face of natural disasters.

#### Priority 5: Resource efficiency and climate

Under this priority the RDP will support renewable energy investments to process agricultural waste (e.g. supporting the construction of biogas plants to process manure). It will also support the afforestation of 1 000 ha of agricultural land in order to increase CO<sub>2</sub> sequestration.

#### Priority 6: Social inclusion and local development in rural areas

Under this priority, the RDP aims to create 1 100 jobs through operations focused on investments into non-agricultural activities and agri-tourism. It will support 160 Local Action Groups and create 750 jobs. Actions under this priority will be complemented by other ESI Funds interventions in the context of multi-funds Community Led Local Development initiatives.

The four **biggest RDP measures** in budgetary terms (total public funding) are:

- € 905 million allocated to Measure 10 (Agri-Environment Climate)
- € 786 million allocated to Measure 13 (Payments for areas with natural constraints and other specific constraints)
- € 749 million allocated to Measure 4 (Productive investments)
- € 341 million allocated to Measure 11 (Organic Farming)

## Annex 1: Indicative public support for the Rural Development Programme in the Czech Republic

Target	Measure	€ Total public	%
<b>Priority1: Knowledge transfer and innovation in agriculture, forestry and rural areas<sup>1</sup></b>			
1A: Fostering innovation, cooperation, knowledge base 3.84 % of RDP expenditure	01 knowledge		
	02 advisory		
	16 cooperation		
1B: Strengthening links (with research etc.) 244 cooperation projects	16 cooperation		
1C: Training 18 850 participants trained	01 knowledge		
<b>Priority 2: Farm viability, competitiveness and sustainable forest management</b>		<b>718 181 169</b>	<b>20.29</b>
2A: Economic performance, restructuring & modernisation 13.32 % of holdings with RDP support	01 knowledge	1 855 085	0.05
	02 advisory	666 667	0.02
	04 investments	566 007 204	15.99
	16 cooperation	33 928 857	0.96
2B: Generational renewal 2.86 % of holdings with RDP supported business development plan/investments for young farmers	01 knowledge	142 710	0.00
	06 farm / business development	49 997 964	1.41
2C+: Forestry performance 0.23 % improved LDS structure - increase density	01 knowledge	152 003	0.00
	04 investments	34 748 593	0.98
	08 forest investments	30 682 085	0.87
<b>Priority 3: Food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management</b>		<b>393 380 813</b>	<b>11.11</b>
3A: Improving competitiveness of primary producers 0.34 % of agricultural holdings receiving support for participating in quality schemes, local markets and short supply circuits, and producer groups/organisations	01 knowledge	1 002 018	0.03
	04 investments	144 166 322	4.07
	14 animal welfare	133 329 943	3.37
	16 cooperation	114 882 529	3.24

<sup>1</sup> No financial allocation shown for Priority 1 as the expenditure is distributed across other focus areas.

<b>Priority 4: Restoring, preserving and enhancing ecosystems in agriculture and forestry<sup>2</sup></b>		<b>2 097 849 517</b>	<b>59.25</b>
4A Biodiversity	01 knowledge	5 120 762	0.14
0.12 % of forest/other wooded area under contracts	02 advisory	3 804 311	0.11
24.34 % of agricultural land under contracts	08 Forest	45 514 063	1.29
4B Water management	10 AEC	905 090 934	25.56
11.38 % of agricultural land under contracts	11 organic farming	340 726 408	9.62
0 % of forestry land under contracts	12 NAT 2000+WFD	4 157 394	0.12
4C Soil erosion and management	13 ANC	785 614 358	22.19
12.41 % of agricultural land under contracts	15 Forest-environment	7 821 288	0.22
0.52 % of forestry land under contracts			
<b>Priority 5: Resource efficiency and shift to low carbon and climate resilience economy in agriculture, food and forestry sectors</b>		<b>90 039 354</b>	<b>2.54</b>
5C Renewable energy	06 farm / business development	77 435 339	2.19
€ 25.8 m Total investment in renewable energy production			
	16 cooperation	1 475 000	0.04
5E Carbon conservation and sequestration	01 knowledge	52 404	0.00
0.02 % of agricultural and forest land under management contracts contributing to carbon sequestration or conservation	8 Forests	11 076 611	0.31
<b>Priority 6: Social inclusion, poverty reduction and economic development in rural areas</b>		<b>191 415 629</b>	<b>5.41</b>
6A Diversification, creation of small enterprises and jobs	06 farm / business development	11 287 456	0.32
1 100 jobs created in supported projects			
6B Fostering local development	19 LEADER and CLLD	180 128 173	5.09
66.51 % rural population under local development strategies			
750 jobs created (via LEADER)			
<b>Technical Assistance</b>		30 000 000	0.85
<b>M113 - Early retirement</b>		19 732 315	0.56
<b>Total public expenditure €</b>		<b>3 540 598 797</b>	<b>100</b>

<sup>2</sup> Expenditure under Priority 4 is programmed for the priority as a whole, not for individual focus areas