



## 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.

Within 5<sup>th</sup> RDP amendment (adopted in December 2018), the Czech Republic cancelled measure 2 – advisory services and decided to use entirely national aid instead. The financial transfer in favour of measure 1 – knowledge transfer has been done. In addition, aid to support biogas plants has also been cancelled; renewable energy is supported only through the production of wooden pellets. Remaining budgetary allocation was transferred in favour of young farmers (measure 6.1) and equipment for wood industry (measure 8). The condition of “active farmer” (Art. 9 of Reg. 1307/2013) is not anymore applicable for RDP.

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 where more than 50 000 participants will be trained.

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 2.8 % (2018). 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 4 580 farms (17 % of the total). The aim is to improve their overall performance and competitiveness. It will also support around 542 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 1 250 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 1 300 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 1 200 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 produce wooden pellets (40 projects). 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)
- € 745 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	Indicative public support	%
<b>P1: Fostering knowledge transfer and innovation in agriculture, forestry and rural areas</b>		<b>0,00</b>	
<b>1A Innovation, cooperation, knowledge</b>			<b>0,00</b>
T1: percentage of expenditure under Articles 14, 15 and 35 of Regulation (EU) No 1305/2013 in relation to the total expenditure for the RDP (focus area 1A)	4,60 M01 Knowledge	0,00	
	M16 Cooperation	0,00	
<b>1B Research &amp; innovation</b>			<b>0,00</b>
T2: Total number of cooperation operations supported under the cooperation measure (Article 35 of Regulation (EU) No 1305/2013) (groups, networks/clusters, pilot projects...) (focus area 1B)	244,00 M16 Cooperation	0,00	
<b>1C Lifelong learning and vocational training</b>			<b>0,00</b>
T3: Total number of participants trained under Article 14 of Regulation (EU) No 1305/2013 (focus area 1C)	50.442,00 M01 Knowledge	0,00	
<b>P2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests</b>		<b>727.805.683,00</b>	<b>20,55%</b>
<b>2A Farm performance</b>		<b>Total: 2A</b>	<b>602.466.047,33</b>
			<b>17,01%</b>
T4: percentage of agricultural holdings with RDP support for investments in restructuring or modernisation (focus area 2A)	17,45 M01 Knowledge	2.526.452,00	0,07%
Total investment € (public + private)	1.250.065.998,00 M04 Physical Investment	566.010.738,00	15,99%
Nr of holdings supported for investment in agricultural holdings (4.1)	4.580,00 M16 Cooperation	33.928.857,33	0,96%
<b>2B New farmers</b>		<b>Total: 2B</b>	<b>53.987.205,45</b>
			<b>1,52%</b>
T5: percentage of agricultural holdings with RDP supported business development plan/investments for young farmers (focus area 2B)	4,76 M01 Knowledge	142.710,45	0,00%
Total investment € (public + private)	72.168.112,00 M06 Farm and business development	53.844.495,00	1,52%
Nr of beneficiaries (holdings) receiving start up aid young farmers (6.1)	1.250,00		
<b>2C+ FA_2C+</b>		<b>Total: 2C+</b>	<b>71.352.430,22</b>
			<b>2,02%</b>
94310: Zlepšení struktury LDS - navýšení hustoty	0,23 M01 Knowledge	152.003,22	0,00%
Total investment € (public + private)	43.435.755,00 M04 Physical Investment	34.748.604,00	0,98%
	M08 Forest	36.451.823,00	1,03%
<b>P3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture</b>		<b>393.384.259,49</b>	<b>11,11%</b>
<b>3A Competitiveness of producers</b>		<b>Total: 3A</b>	<b>393.384.259,49</b>
			<b>11,11%</b>
T6: percentage of agricultural holdings receiving support for participating in quality schemes, local markets and short supply circuits, and producer groups/organisations (focus area 3A)	0,34 M01 Knowledge	1.002.018,49	0,03%
93730: Podíl potravinářských podniků s podporou z PRV na investice do přidávání hodnoty vůči všem potravinářským podnikům	4,00 M04 Physical Investment	144.166.378,00	4,07%
Total investment € (public + private)	360.415.945,00 M14 Animal welfare	133.333.333,67	3,77%
Nr of operations supported for investment (e.g. in agricultural holdings, in processing and marketing of ag. products) (4.1 and 4.2)	1.200,00 M16 Cooperation	114.882.529,33	3,24%
Nr of beneficiaries	1.400,00		
Nr of agricultural holdings participating in cooperation/local promotion among supply chain actors (16.4)	90,00		

<b>P4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry</b>			<b>2.098.471.491,54</b>	<b>59,27%</b>	
<b>4A Biodiversity, HNV and landscapes</b>			<b>Total: P4</b>	<b>2.098.471.491,54</b>	<b>59,27%</b>
T8: percentage of forest/other wooded area under management contracts supporting biodiversity (focus area 4A)	0,12	M01 Knowledge	8.925.072,21	0,25%	
T9: percentage of agricultural land under management contracts supporting biodiversity and/or landscapes (focus area 4A)	24,34	M08 Forest	46.213.845,33	1,31%	
<b>4B Water management</b>			M10 Agri-environment-climate	905.023.388,00	25,56%
T10: percentage of agricultural land under management contracts to improve water management (focus area 4B)	11,38	M11 Organic Farming	340.713.064,00	9,62%	
<b>4C Soil management</b>			M12 NAT 2000 & WFD	4.157.400,00	0,12%
T12: percentage of agricultural land under management contracts to improve soil management and/or prevent soil erosion (focus area 4C)	12,41	M13 Areas with natural constraints	785.617.434,00	22,19%	
T13: percentage of forestry land under management contracts to improve soil management and/or prevent soil erosion (focus area 4C)	0,52	M15 Forest-environment	7.821.288,00	0,22%	
<b>P4 All Focus Areas</b>					
Areas under forest environment contracts (15.1)	3.000,00				
Area (ha) under agri-environment-climate (10.1)	868.000,00				
Area (ha) - conversion to organic farming (11.1)	39.750,00				
Area (ha) - maintenance of organic farming (11.2)	437.750,00				
Area (ha) - NATURA 2000 AG land (12.1)	5.500,00				
<b>P5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors</b>			<b>14.627.389,49</b>	<b>0,41%</b>	
<b>5C Renewable energy</b>			<b>Total: 5C</b>	<b>4.199.305,05</b>	<b>0,12%</b>
T16: Total investment in renewable energy production (€) (focus area 5C)	7.783.729,00	M06 Farm and business development	2.724.305,05	0,08%	
Total investment € (public + private)	7.783.729,00	M16 Cooperation	1.475.000,00	0,04%	
Nr of beneficiaries (holdings) receiving start up aid/support for investment in non-agric activities in rural areas (6.2 and 6.4)	40,00				
<b>5E Carbon conservation / sequestration</b>			<b>Total: 5E</b>	<b>10.428.084,44</b>	<b>0,29%</b>
T19: percentage of agricultural and forest land under management contracts contributing to carbon sequestration and conservation (focus area 5E)	0,02	M01 Knowledge	52.404,44	0,00%	
Area (ha) to be afforested (establishment - 8.1)	1.000,00	M08 Forest	10.375.680,00	0,29%	
<b>P6: Promoting social inclusion, poverty reduction and economic development in rural areas</b>			<b>256.513.150,81</b>	<b>7,24%</b>	
<b>6A Diversification, SMEs and job creation</b>			<b>Total: 6A</b>	<b>76.382.368,00</b>	<b>2,16%</b>
T20: Jobs created in supported projects (focus area 6A)	1.100,00	M06 Farm and business development	76.382.368,00	2,16%	
Total investment € (public + private)	194.540.074,00				
Nr of beneficiaries (holdings) receiving start up aid/support for investment in non-agric activities in rural areas (6.2 and 6.4)	960,00				
<b>6B Local development</b>			<b>Total: 6B</b>	<b>180.130.782,81</b>	<b>5,09%</b>
T21: percentage of rural population covered by local development strategies (focus area 6B)	66,51	M19 LEADER and CLLD	180.130.782,81	5,09%	
T23: Jobs created in supported projects (Leader) (focus area 6B)	750,00				
Population covered by LAG	5.300.000,00				
Number of LAGs selected	160,00				
<b>M20 TA</b>			<b>30.000.000,00</b>	<b>0,85%</b>	
			<b>30.000.000,00</b>	<b>0,85%</b>	
<b>M113 Early retirement</b>			<b>20.000.000,00</b>	<b>0,56%</b>	
			<b>20.000.000,00</b>	<b>0,56%</b>	
<b>M341 Skills-acquisition and animation</b>			<b>0,00</b>	<b>0,00%</b>	
			<b>0,00</b>	<b>0,00%</b>	
<b>Total public expenditure</b>			<b>3.540.801.974,33</b>	<b>100,00%</b>	