



Factsheet on 2014-2020 Rural Development Programme for the German Land Saxony

The Rural Development Programme (RDP) for Saxony was formally adopted by the European Commission on 12 December 2014, outlining Saxony's priorities for using nearly € 1.14 billion of public money that is available for the 7 year period 2014-2020 (€878 million from the EU budget, including €62 million transferred from the German envelope for CAP direct payments, and €260 million of national funding). With the largest part of the budget (41%) allocated to the so-called LEADER approach, a wide range of local needs will be addressed, such as basic services, covering nearly two thirds of the rural population. The second priority is to facilitate competitiveness in agriculture and support investments in agricultural holdings, for example by training and cooperation opportunities and integrating more than 6 000 farms into food quality schemes. Other priorities include support to farmers in applying environmentally-friendly farming methods to improve water and soil management, enhance biodiversity and increase renewable energy production.

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 2014-2020 period 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 faced by Saxony 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

In Germany rural development is implemented through 13 separate regional Rural Development Programmes (RDPs), which broadly correspond to the various *Länder* (but with two joint programmes). However, common elements to several regional programmes are presented in a national framework (NF) established at federal level. In addition to this, a National Rural Network Programme provides the funding for the networking of rural development actors in Germany.

Saxony covers an area of 18 420 km² of which about 83 % is rural. Of the total area, 55% is agricultural land while forestry land covers 28%. 39 % of the area is classified as "less favoured area". The total population is 4.14 million, of which 45% live in rural areas. The unemployment rate in Saxony of 9.4% (2012) lies above the German Federal average.

Saxony's agriculture is mainly characterised by small-scale farming structures of 50 ha or below. Nevertheless, there are several big agricultural holdings. It is a key challenge to improve the competitiveness of these farms in this programming period.

More efforts are required in the field of environment. Over half of the agricultural land in Saxony is exposed to water and/or wind erosion and the groundwater quality is often below acceptable thresholds, while emissions could be reduced and energy efficiency boosted. Biodiversity is still declining.

Rural depopulation and demographic change is an increasing problem and Saxony is more and more facing the negative effects of this development.

2. HOW THE SAXON RDP WILL ADDRESS THESE CHALLENGES

In order to foster the **competitiveness** of the agriculture sector, the RDP puts particular emphasis on investments in businesses in rural areas, in infrastructure, knowledge transfer and innovation as well as fulfilment of environmental and climate objectives.

A key feature of the Saxony RDP is the extensive use of the **LEADER** approach to support the balanced territorial development of rural economies and communities, thereby creating jobs and improving living conditions in these areas. Saxony is taking a promising approach by implementing all support for improvement of basic services through LEADER.

One main objective of the RDP is to do more for the preservation of natural resources and cultural landscapes, building on the success of previous schemes. Saxony has chosen to address this mainly via **ensuring sustainable farming management including organic farming and climate actions**.

The RDP of Saxony is centred on 5 Rural Development Priorities. It puts particular emphasis on **promoting social inclusion, poverty reduction and economic development**. The focus of each priority is explained briefly below.

The cross-cutting priority "Knowledge transfer and innovation in agriculture, forestry and rural areas" will help the farm sector and rural businesses to incorporate the results of research and innovation into their production systems. Transfer of knowledge will be provided through training of 4 500 participants over the period, mainly farmers. The links between agricultural production sectors and research will be reinforced through 130 cooperation projects.

Competitiveness of agri sector and sustainable forestry

Farm investments aim to restructure and modernise 760 farms (12% of the total), while simultaneously targeting environment, climate and animal welfare. Participation in the European Innovation Partnership can also be supported under this priority.

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

Primary producers (around 6 300 farm holdings) will be targeted through knowledge transfer and information measures.

Restoring, preserving and enhancing ecosystems related to agriculture and forestry

Around 55% of the allocated amount will be used for area-based payments to farmers for using environment/climate friendly land management practices, including organic farming. Additionally, the RDP includes a limited number of highly targeted agri-environmental, climate measures prioritising the most vulnerable areas (areas with

natural constraints): 12% of the agricultural area is targeted to be under contract to improve water management. This priority also supports environment/climate friendly farm investments and forest investments.

Resource efficiency and climate

The RDP prioritises investments in energy efficiency, emission reduction and renewable energy production in rural areas. Non-productive investments and changes in land use from arable land to extensive farming areas will also be supported. Environmental efforts in forestry will be encouraged as well, with about 1 100 investment projects foreseen for developing and improving the viability of forests.

Social inclusion and local development in rural areas

This priority is implemented entirely by the “bottom-up” approach through Local Development Strategies drawn up by the expected 29 Local Action Groups (LAGs). Investments in the food processing sector, in business start-ups and in basic services will only be supported within the scope of the Local Development Strategies. The focus is on growth and jobs in addition to improving living conditions in rural areas, particularly via business development, innovation and co-operation. The approach will cover 64 % of the rural population creating both jobs – roughly 350 new jobs expected – and improving living conditions.

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

- € 455 million allocated for Measure 19: Leader/CLLD
- € 245 million allocated for Measure 4: Investments in physical assets
- € 117 million allocated for Measure 10: Agri-Environment Climate Measure
- € 117 million allocated for Measure 13: Payments to areas facing natural or other specific constraints

Annex 1: Indicative public support for the Saxon Rural Development Programme

Saxony - Table C: RDP strategy summary table with indicative public support			
Focus Area and targets	Measure	€ Total public	%
P1: Knowledge transfer and innovation in agriculture, forestry and rural areas (1)			
1A: fostering innovation, coop, knowledge base	01 knowledge		
2.14 % RDP expenditure	16 cooperation		
1B: strengthening links (with research, etc.)	16 cooperation		
130 coop operations			
1C: training	01 knowledge		
4 500 participants			
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		208 297 908	18.29
2A: Farm performance	01 knowledge	3 000 000	0.26
12.08 % of holdings with RDP support	04 investments	198 297 908	17.41
	16 cooperation	7 000 000	0.61
P3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture (3)		500 000	0.04
3A: Improving competitiveness	01 knowledge	500 000	0.04
0.04 % RDP expenditure			
P4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry (2) (3-forestry)		410 450 755	36.04
4A: Biodiversity	01 knowledge	8 200 000	0.72
6.62 % UAA under contract	04 investments	36 600 000	3.21
0.05 % forestry land under contract	07 basic services	8 500 000	0.75
4B: Water management	08 forest investments	10 722 007	0.94
11.79 % UAA under contract	10 AgEnvClimate	179 834 748	15.79
	11 organic farming	46 494 000	4.08
4C: Soil erosion and management	13 ANC	117 600 000	10.33
3.29 % UAA under contract	16 cooperation	2 500 000	0.22
P5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors		31 404 074	2.76
5B: Energy efficiency (3)	01 knowledge	1 500 000	0.13
0.13 % RDP expenditure			
5C: Renewable energy	04 investments	6 466 625	0.57
€ 7.63 m investment	16 cooperation	340 000	0.03
5D: Reducing GHG and NH3 (3)	01 knowledge	800 000	0.07
0.07 % RDP expenditure			
5E: Carbon conservation (3)	01 knowledge	500 000	0.04
11.04 % forestry land under contract	08 forest investments	21 797 449	1.91

P6: Promoting social inclusion, poverty reduction and economic development in rural areas		459 655 085	40.36
6A: Small enterprises 40 jobs created	04 investments	4 227 564	0.37
6B: Leader 63.97 % rural pop in LDS 359 jobs created	19 LEADER	455 427 521	39.99
Technical assistance		28 468 891	2.50
TOTAL PUBLIC ALLOCATIONS		1 138 776 713	100