



Factsheet on 2014-2020 Rural Development Programme for Sweden

The Rural Development Programme (RDP) for Sweden was formally adopted by the European Commission on 26 May 2015. It outlines Sweden's priorities for using nearly € 4.3 billion of public money that is available for the 7-year period 2014-2020 (€ 1.8 billion from the EU budget, including € 18 million transferred from the 2014-2015 envelope for CAP direct payments, and € 2.5 billion of national co-funding plus € 2.9 million of additional national funding top-ups).

The RDP for Sweden focuses restoring, preserving and enhancing ecosystems related to agriculture and forestry. More than 28 % of agricultural land will come under contracts for biodiversity and around 33 % for better water management. Responding to the need for innovation in rural areas, Sweden will implement the European Innovation Partnership and plans to create around 170 000 places on training courses. The programme will invest in local development with more than 50 % of the rural population helped by local development strategies which will be carried out by 48 Local Action Groups across the country. Around € 387 million will be devoted to broadband and 43 % of the rural population can expect better access to services and infrastructure. Sweden is also expecting the RDP to support the creation 3 400 rural jobs outside the agricultural sector.

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 which Sweden is facing are addressed by the RDP. In the annex, a table indicates the priorities and focus areas each with their specific targets and budgets.

1. SITUATION AND KEY CHALLENGES

Sweden covers an area of 438 576 km² including lakes, of which 78 % is rural. Farmland covers some 3.1 million hectares and accounts for 8.4 % of the land area. Forests cover 68 % of the total area. In 2012, the contribution of agriculture to national GNP was 0.4 % - below the average for the EU as a whole. Farmland in Sweden is spread unevenly throughout the country. Most of it is in the south of the country. In the four northern counties, which make up almost half of Sweden's total area, only 7 % of the area is farmland.

The number of commercial farms is decreasing and at the same time, they are growing in size. The average farm is 43 hectares in size. About half of all farmland is classed as

areas with natural constraints (ANC). Forestry is one of the most important industries in Sweden and is competitive at the international level. Sweden has nearly 100 000 lakes which make up almost one tenth of the area of the country.

Farming varies over the country. In the four northernmost counties livestock farms dominate and there are many small farms. In the middle of Sweden there are many large arable farms and fewer small farms. In the south, forestry, cattle and arable farming are important.

With changes in the agricultural and forestry sectors, other business opportunities in rural areas have become increasingly important in terms of employment. The rural economy is, however, still largely dependent on agriculture, forestry and related businesses. The number of farms is falling. This will lead to less use of labour, land and buildings. Applied research and the dissemination of the results of research to farmers and rural firms is a challenge.

Within farming, profitability has varied considerably from one sector to another in recent years. Pig production was hit hard by low prices and high costs in 2011 and in 2012. The profitability of milk production has also fallen sharply. Estimates for 2013 show that crop production faced the biggest difficulties. A recent study shows that profits in 2013 in all farm sectors were too low to create sustainable growth and employment activity.

2. HOW SWEDEN'S RDP WILL ADDRESS THESE CHALLENGES

In addressing these challenges, Sweden's RDP will fund actions under six Rural Development priorities – with a particular emphasis on priority 4: Restoring, preserving and enhancing ecosystems related agriculture and forestry. The focus of each priority is explained briefly below.

Knowledge transfer and innovation in agriculture, forestry and rural areas

Successful innovation systems are crucial in order to strengthen rural activities and to develop better methods to meet environmental and climate challenges. The European innovation partnership creates conditions to meet this need and in the RDP this method will focus on strengthening competitiveness. Close to 9 % of RDP expenditure will be devoted to innovation, cooperation and knowledge. Sweden is also targeting the creation of 710 cooperation operations. Support is also dedicated to stimulate the transfer of knowledge in order to strengthen competitiveness, and also to tackle environmental challenges. Nearly 170 000 places in training courses will be provided. This priority will help the agricultural sector and rural businesses to incorporate the results of research and innovation into their production systems.

Competitiveness of agricultural sector and sustainable forestry

In order to strengthen competitiveness, focus is placed on improving farm financial performance and on facilitating the restructuring and modernisation of farms in order to increase market participation and to diversify agricultural activities. Nearly 5 % of farms are targeted for support under this priority. An expected 550 young farmers will benefit from investment support, which is crucial for their business development. Measures under this priority are aimed at supporting new farmers and to simplify the process of taking over existing farms. The sector is going through structural changes and with increased globalisation new forms of cooperation could lead to a strengthening of competitiveness and profitability.

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

Skills development and advisory services are seen as crucial in order to start small-scale farm-related production where traditional knowledge is a resource. When these small-scale producers build up knowledge, investment support can lead to the development of new businesses. Sweden is targeting 3 % of public support under the RDP to animal welfare to ensure high levels of consumer confidence in the products. Various efforts will make it possible for different actors in the food chain to work together to increase the value of agricultural products and to improve the welfare of animals. Well-functioning cooperation mechanisms may promote the development of local markets, new products and the working or sharing of facilities and resources.

Restoring, preserving and enhancing ecosystems related to agriculture and forestry

Various forms of skills development initiatives, will give farmers and others who carry out environmental activities a better understanding of the rules for environmental payments, support for organic production and environmental investment. Around 28 % of agricultural land will come under contract for biodiversity, 33 % under contract for better water management and 35 % under contract for soil management.

A number of cooperation projects will give a boost to the environmental impacts of both environmental and climate-friendly agriculture as well as environmental investments. Cooperation actions under this priority are foreseen to be supported by € 10.5 million.

Support for organic production and support aimed at reduced nitrogen leaching, buffer zones and ley farming as well as environmental investments in the form of wetlands is also parts of actions to improve water and soil management. More than 11 % of the total budget will be used for organic farming activities, covering 420 000 hectares.

Resource efficiency and climate

In addition to promoting resource efficiency and supporting the transition to a low carbon and climate-resilient economy, energy efficiency helps to improve farm viability and competitiveness and to contribute to the creation of new jobs and other rural businesses. Pilot projects may also contribute to the development of new and efficient technologies and methods with a view to reduce the use of energy. In Sweden, the RDP will raise more than € 75 million of public and private investments in this area.

Social inclusion and local development in rural areas

The selected measures will contribute to efficient services and infrastructures which will make it more attractive to live and work in rural areas. Efforts to preserve and develop cultural heritage as well as more opportunities for cultural and recreational activities are also a step in this direction. 50 Local Action Groups under LEADER will implement local development strategies. The strategies will cover around 50% of the rural population and are expected to create 1 700 jobs. Another 1 700 jobs will also be created outside agriculture under this priority. Investment in broadband infrastructure can be made more efficient and with a higher quality with the help of feasibility studies or other coordinating efforts. Sweden is estimating that 43 % of its rural population will benefit from improved services or better infrastructure through local development actions, and another 7 % under ICT measures.

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

- € 975 million allocated to Measure 13: Payments to areas facing natural or other specific constraints
- € 963 million allocated to Measure 10: Agri-environment-climate

- € 558 million allocated to Measure 7: Basic services and village renewal in rural areas
- € 491 million allocated to Measure 11: Organic farming

Annex 1: Indicative public support for the Rural Development Programme in Sweden

Target	Measure	€ Total public	%
Priority 1: Knowledge transfer and innovation in agriculture, forestry and rural areas¹			
1A: Fostering innovation, cooperation, knowledge base 8.93 % of RDP expenditure	01 knowledge		
	02 advisory		
	16 cooperation		
1B: Strengthening links (with research etc.) 710 cooperation projects	16 cooperation		
1C: Training 169 400 participants trained	01 knowledge		
Priority 2: Farm viability, competitiveness and sustainable forest management		358 569 218	8.34 %
2A: Economic performance, restructuring & modernisation 4.92 % of holdings with RDP support	01 knowledge	18 011 471	0.42 %
	02 advisory	11 948 203	0.28 %
	04 investments	275 819 224	6.41 %
	16 cooperation	36 621 607	0.85 %
2B: Generational renewal 0.77% of holdings with RDP supported business development plan/investments for young farmers	06 farm / business development	16 168 713	0.38 %
Priority 3: Food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management		189 229 285	4.40 %
3A: Improving competitiveness of primary producers 0.28 % of agricultural holdings receiving support for participating in quality schemes, local markets and short supply circuits, and producer groups/organisations	01 knowledge	13 280 573	0.31 %
	02 advisory	10 691 749	0.25 %
	04 investments	8 916 570	0.21 %
	14 animal welfare	126 615 290	2.94 %
	16 cooperation	29 725 103	0.69 %

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

Priority 4: Restoring, preserving and enhancing ecosystems in agriculture and forestry²		2 624 336 911	61.0 %
4A Biodiversity	01 knowledge	74 873 066	1.74 %
0.03 % of forest/other wooded area under contracts	02 advisory	44 712 401	1.04 %
	04 investments	8 559 907	0.20 %
27.72 % of agricultural land under contracts	07 basic services	45 058 399	1.05 %
	08 forest	11 888 760	0.28 %
4B Water management	10 AEC	963 139 413	22.4 %
33.25 % of agricultural land under contracts	11 organic farming	490 756 110	11.4 %
	13 ANC	974 759 405	22.7 %
4C Soil erosion and management	16 cooperation	10 589 450	0.25 %
35.03 % of agricultural land under contracts			
Priority 5: Resource efficiency and shift to low carbon and climate resilience economy in agriculture, food and forestry sectors		76 803 898	1.79 %
5C Renewable energy	04 investments	8 303 021	0.19 %
Total investment in renewable energy production 75 175 447	06 farm / business development	16 574 209	0.39 %
	16 cooperation	3 629 393	0.08 %
5D Reducing GHG and NH3	04 investments	9 473 646	0.22 %
5.65 % of LU (Live-stock Unit) concerned by investments in live-stock management in view of reducing GHG (Green House Gas) and/or ammonia emissions	06 farm / business development	33 290 223	0.77 %
	16 cooperation	5 533 406	0.13 %
Priority 6: Social inclusion, poverty reduction and economic development in rural areas		895 284 713	20.8 %
6A Diversification, creation of small enterprises and jobs	01 knowledge	17 476 477	0.41 %
	02 advisory	11 674 762	0.27 %

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

1 700 jobs created in supported projects	04 investments	5 944 380	0.14 %
	06 farm / business development	65 150 403	1.51 %
	16 cooperation	29 558 999	0.69 %
6B Fostering local development 52.50 % rural population under local development strategies 43.08 % rural population with improved services/infrastructure 1 700 jobs created (via LEADER)	01 knowledge	5 351 609	0.12 %
	02 advisory	6 555 423	0.15 %
	07 basic services	125 968 415	2.93 %
	16 cooperation	38 212 110	0.89 %
	19 LEADER and CLLD	200 238 380	4.66 %
6C Access to and quality of ICT 7.00 % of rural population benefiting from new or improved services/infrastructures (ICT)	07 basic services	387 365 912	9.01 %
	16 cooperation	1 787 843	0.04 %
Technical Assistance		156 097 071	3.63%
Total public expenditure €		4 300 321 096	100 %