

Rural Development Programme (RDP) of Saxony, Germany

Entwicklungsprogramm für den ländlichen Raum im Freistaat Sachsen 2007-2013¹

(Rural Development Programme for the Free
State of Saxony 2007-2013)

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<http://www.smul.sachsen.de>

Other useful links:

Rural Development Programme (RDP):
<http://www.smul.sachsen.de/foerderung/238.htm>

German National Strategy Plan (NSP):
http://www.bmelv.de/cln_154/SharedDocs/Standardartikel/Landwirtschaft/Laendliche-Raeume/KonzepteStrategien/natStrategieplan.html

German National Rural Network (NRN):
<http://www.netzwerk-laendlicher-raum.de/>



Map of Saxony
(© European Commission)

General socio-economic situation in rural areas in Saxony

Saxony is located in the east of Germany with direct borders to Poland and the Czech Republic, and to four other German Länder. Saxony has a population of 4.2 million and covers an area of 18,415km². Roughly 48% of the population lives in rural areas, but in general Saxony is facing a decline in population due to falling birth rates and out-migration (the population is estimated to fall 11.5% by 2020). The GDP per capita in 2007 was €21,828, well below the national GDP per capita of €29,465. Saxony has a tendency towards slow economic growth and is classified as convergence assistance. High unemployment (13.4% in January 2010) is one of the key issues to address. A total of 56% of Saxony is used for agriculture and 27.9% is covered by forest with 40% of the woodlands in private hands. Of the agricultural land 80% is arable and 20% is permanent grassland. Of the 6,890 agricultural holdings, 53% are arable farms or mixed farms. About 2.5% of the workforce is employed in agriculture, forestry and fisheries.

The strengths of agriculture, forestry and food production include favourable management structures and a highly skilled labour force. There is also long-standing experience with bottom-up approaches to integrated rural development; a high proportion of integrated local development, and; voluntary commitments to local development. Weaknesses include low equity and high

¹ Latest updated RDP, following the adoption of the CAP Health Check and European Economic Recovery Package and additional funds from Modulation i.e. adjustments between Pillar 1 and 2 of the Common Agricultural Policy (CAP).

leasehold cover; low value added; declining employment, and low net return. The innovation drivers include recycling of renewable raw materials; diversification of businesses, and; improvement of rural production efficiency.

Following the CAP Health Check and the European Economic Recovery Package, the second Saxony RDP amendment in 2009 focused i.a. on the dairy sector since it is an important part of local agriculture and account must be taken of the recent decrease in milk prices and dairy products. Additional funds for measure 121 (Modernisation of agricultural holdings) for supporting the restructuring of the dairy sector are now available within the RDP's amended framework.

Biodiversity is another priority issue, particularly regarding the need to compensate for the habitat losses associated with the abolition of set-aside. Additional funds are therefore also allocated to measure 214 (Agri-environment payments) in order to respond to the 'new challenges' of climate change, water management and biodiversity. Additional funds are also allocated to measure 321 (Basic services for the economy and rural population), although not for the improvement of the broadband infrastructure since national funds are provided.

Within the Health Check and European Economic Recovery Package modification there has also been some transfer of funds between measures, plus some other changes, that are partly referred to in more detail in the following sections.

RDP strategic objectives

The RDP strategy for Saxony targets economic growth and employment, plus social and environmental sustainability. It aims to increase value and competitiveness in the fields of production and the processing and marketing of agricultural and forestry products in order to create and preserve jobs. It further explores new markets through the development of new products and by diversifying the rural economy with micro-enterprises. These strategic directions are also combined with nature conservation efforts. In order to exploit synergies and balance any conflicts of interests, the strategy includes an innovative multi-sectoral, partnership-based approach which formulates common development goals on the basis of the following key objectives: a) competitiveness of enterprises and increasing net income; b) creating regional value chains; c) improving infrastructure; d) sustainable community strategies; e) crisis management; f) integrating rural development; g) landscape protection; h) achieving sustainable water status; i) protection and restoring natural soil functions; j) safeguarding natural biological diversity; k) emission control and climate protection, and; i) fostering the multi-functional use of forests.

Following the 2009 Health Check and European Economic Recovery Package RDP amendment there is a total amount of €71,036,128 additional EAFRD contribution which is allocated as follows:

- Measure 121 - support for the dairy sector (€25,894,550, 37% of additional contribution)
- Measure 214 - the new challenges of climate change, water management and biodiversity (€31,396,000, 44% of additional contribution)
- Measure 321 - the new challenge of renewable energies (€13,745,578, 19% of additional contribution).

Expected impact / outcomes of the policies

The Saxony RDP reflects the EU Community Strategic Guidelines for rural development, as well as the goals of the German National Strategy Plan in a regional context. The socio-economic and SWOT analyses show a variety of starting points for EU priority measures to be taken-up. Thus the

Saxony RDP also helps to promote the relationship between the EAFRD, the main EU priorities (Lisbon, Gothenburg) and other EU policies (particularly in the areas of cohesion and environment), plus it also contributes to the implementation of the CAP.

Expected results and impacts stated in the Saxony RDP and amended in 2009 include:

Targets newly quantified in the amended programme:

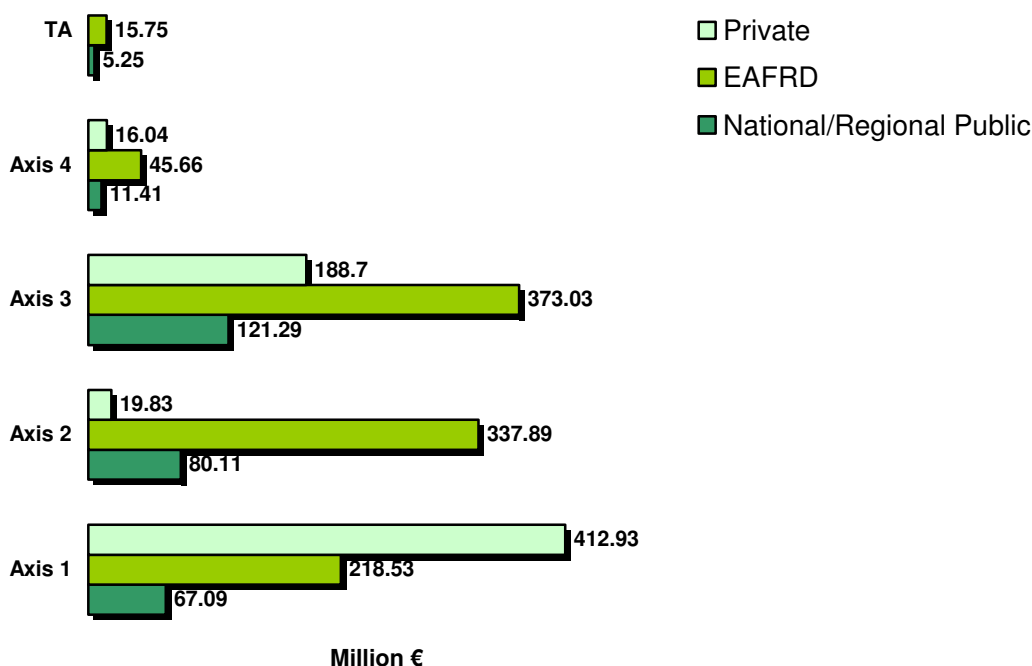
- an increase in economic growth (increase in gross value added) by €8.4 million;
- an increase in labour productivity (an extra €8,500 per FTE);
- maintenance of 76,300 ha of high nature value farmland and forestry areas.

Targets changed compared to the approved programme:

- reversing biodiversity decline by 70% (compared to the approved programme's target of 83,000 - 87,100 ha of areas where measures produce an impact);
- an improvement in water quality equal to a reduction in pollution of 5 kg N/ha/year (compared to the approved programme's target of improvement of water quality through nitrate and phosphate reduction in 130 water bodies).

The output and/or result indicators for measures 121, 211, 212, 214 and 321 were adapted following the 2009 Health Check and European Economic Recovery Package.

RDP budget breakdown by axis: Total expenditure (including national/regional + EAFRD + private funding) of €1,913,495,577



The RDP budget allocations are broadly divided into four main areas of expenditure, known as axes (namely: Improving the competitiveness of the agricultural and forestry sector; Improving the environment and the countryside; Quality of life in rural areas and diversification of the rural economy; and Leader).

A total of 36.5% of the overall RDP budget in Saxony is allocated to axis 1 (€698.54 million);

22.9% is allocated to axis 2 (€437.83 million), 35.7% to axis 3 (€683.01 million), and; 3.8% to axis 4 (€73.11 million) with 1.1% available to fund Technical Assistance (€21 million).

Within axis 1, national/regional public funding represents approximately a 10% share of the axis funding, EAFRD 31% and private funds 59%.

Within axis 2, national/regional public funding represents approximately 18% share of the axis funding, EAFRD 77% and private funds 5%.

Within axis 3, national/regional public funding represents approximately 18% share of the axis funding, EAFRD 55% and private funds 27%.

Within axis 4, national/regional public funding represents approximately a 16% share of the axis funding, EAFRD 62% and private funds 22%.

Within Technical Assistance, national/regional public funding represents approximately a 25% share of funding and EAFRD 75%.

As a consequence of the Health Check and European Economic Recovery Package modification, Saxony has been assigned an additional budget of €71,036,128 EAFRD contribution which is composed of:

- CAP Health Check: €58,945,822
- European Economic Recovery Package: €4,795,791
- Unused Pillar 1 funds according to Article 136 of Council Regulation (EC) No 73/2009: €7,294,515.

The new funds are allocated to measures 121 (€25,894,550), 214 (€31,396,000) and 321 (€13,745,578) particularly to support the dairy sector and in response to the 'new challenges' highlighted in the CAP Health Check. The total EU contribution for the programming period is reduced by €6,999,496 following a correction in the distribution of existing modulation money to the German Länder.

Axis Information²

Axis 1 objectives: Improving the competitiveness of the agricultural and forestry sector

In accordance with the EU Community Strategic Guidelines for rural development, the Saxony RDP makes the modernisation of rural production the core objective of axis 1 in order to improve productivity as well as the profitability of agriculture (including a focus on restructuring and the development of physical potentials). In support for this core objective, axis 1 focuses on co-operation (since co-operative action and synergetic innovation are important for making new products marketable) and the development of new products and technologies. Support for infrastructure also aims at structural modernisation and facilitating activities such as rural tourism, popular recreation and nature conservation etc. which are linked to economic development.

The first priority for axis 1 is measure 121 (Modernisation of agricultural holdings) which accounts for over 95% of the budget. The remaining axis 1 budget is divided between 5 measures - 113 (Early retirement- only old commitments), 124 (Co-operation for the development of new

² A full list of the RDP measures can be found in Annex I.

products), 125 (Infrastructure related to the development and adaptation of agriculture and forestry), 132 (Participation of farmers in food quality schemes) and 133 (Information and promotion activities).

Indicators for measure 121 have been adapted following the 2009 RDP amendment.

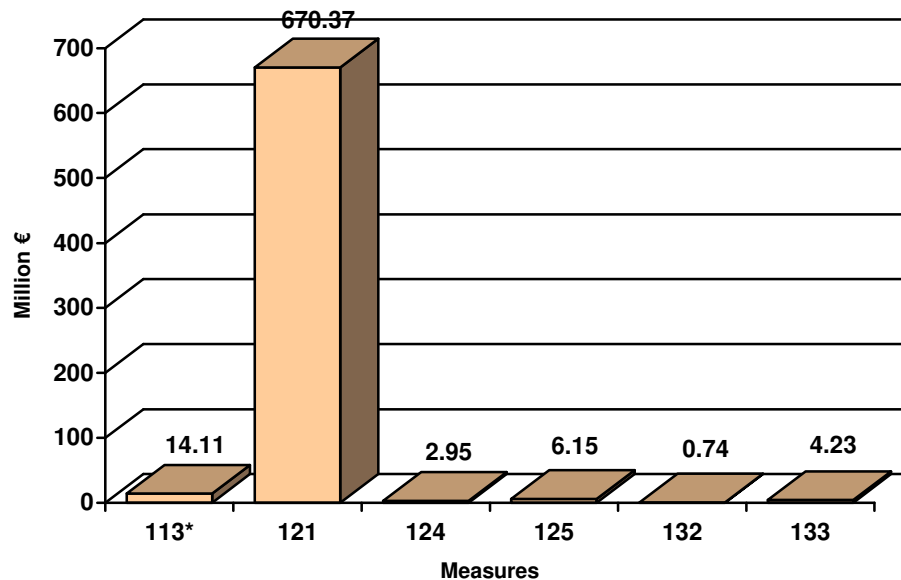
Outputs: the targeted number of projects supported remains 2,175; the targeted number of enterprises supported remains 1,490; the eligible investment volume was increased from €622,434,444 to €627,139,631.

Targeted results remaining: 257 new and 2769 secured jobs; increase of total gross value added in the 1,490 enterprises supported: €29.8 million. Newly-introduced target: number of enterprises introducing new products and/or procedures: 100.

For further information on output/result indicators please refer to the table in the RDP programme (RDP Annex 15, p.35ff.).

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Axis 1 indicative budget breakdown by measure: Total allocated budget (including national/regional public funds + EAFRD + private funds) of €698,544,155



*Measures marked receive no private funding.

Following the Health Check and European Economic Recovery Package modification of the RDP, the total budget amount for axis 1 is €698,544,155. This includes an additional EAFRD contribution arising from the CAP Health Check and European Economic Recovery Package of €25,894,550 for measure 121. The increase in total additional public contribution for this measure is €28,771,722.

For output/result indicators see above ('Axis 1 objectives').

Axis 2 objectives: Improving the environment and the countryside

Measure 214 (Agri-environment payments) dominates the support provided under axis 2 with 53.1% of total axis funding. Although the SWOT analysis identifies that the environmental situation has improved considerably since 1990, there is still an important need for improvements in the

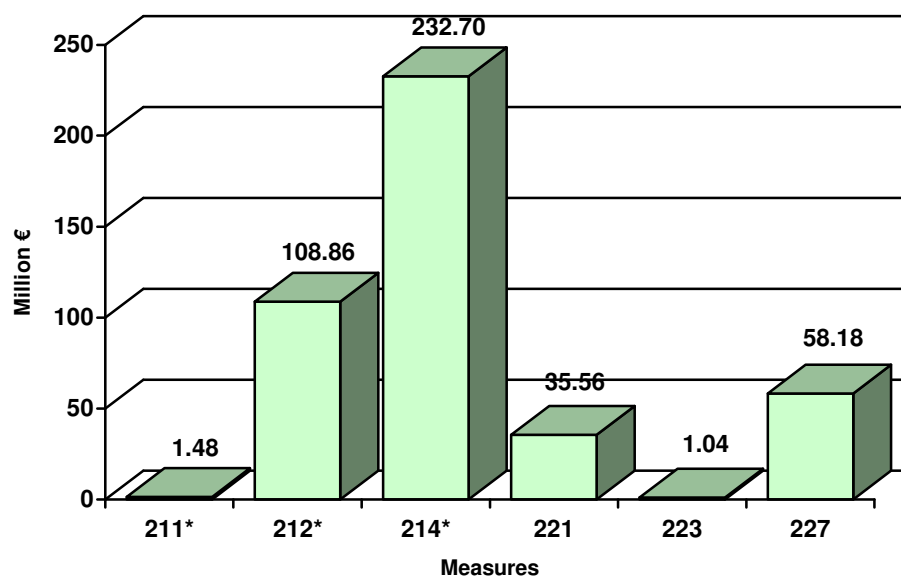
management of natural habitats for native plants and animals (i.e. biodiversity objectives) and the reduction of soil erosion.

The second largest proportion of axis funds (24.9%) is allocated to measure 212 (Payments to farmers in areas with handicaps, other than mountain areas). Further support is then targeted at measures 227 (Non-productive investments) and 221 (First afforestation of agricultural land) with 13.3% and 8.1% of the axis budget respectively. The remaining measures 211 (Natural handicap payments to farmers in mountain areas) and 223 (First afforestation of non-agricultural land) have very small budget shares with 0.3 and 0.2% respectively.

Following the transfer of public funds from measure 214 to measures 211 (€500,000 public funding) and 212 (€13,980,000 public funding) the result indicators for measures 211 and 212 have been adapted.

Following the 2009 Health Check and European Economic Recovery Package of the RDP, the result and output indicators for measure 214 have also been adapted. For detailed information on output/result indicators please refer to the table in the RDP programme (RDP Annex 15, p.35).

Axis 2 indicative budget breakdown by measure: Total allocated budget (including national/regional public funds + EAFRD + private funds) of €437,827,238



*Measures marked receive no private funding.

Following the RDP's latest update, the total budget amount for axis 2 is €437,827,238. This includes an additional EAFRD contribution arising from the CAP Health Check and European Economic Recovery Package of €31,396,000 for measure 214. The increase in total additional public contribution for this measure is €34,884,444.

In addition, there has been a transfer of funds from measure 214 to 211 and 212 (for amounts see above).

For output/result indicators see above ('Axis 2 objectives').

Axis 3 objectives: Quality of life in rural areas and diversification of the rural economy

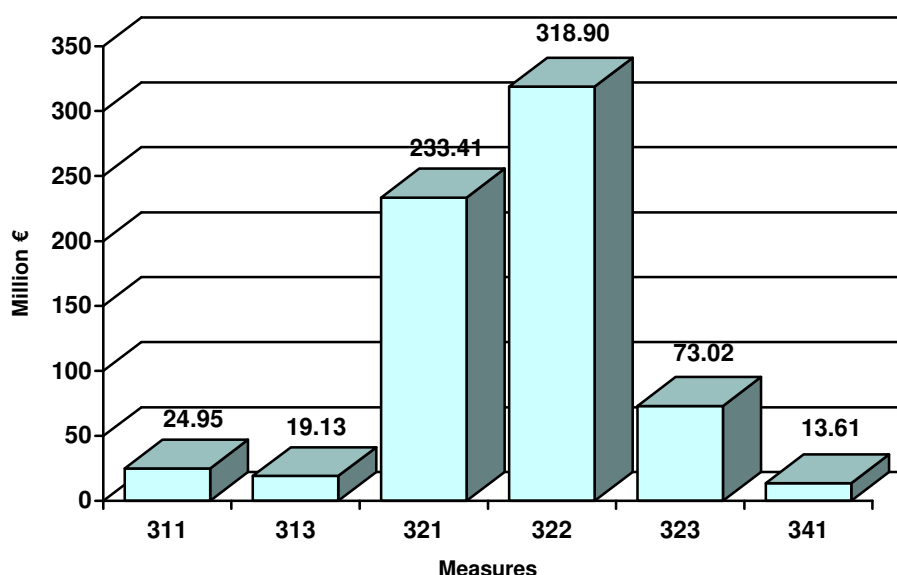
The main focus for improving the quality of rural life and diversifying the rural economy under axis 3 is upon regional settlement and building structures; the implementation of sustainable local and regional strategies for transport and other basic services, and; maintaining and restoring natural and cultural heritage. Consequently, measure 322 (Village renewal and development) is allocated 46.7% of the axis budget, whilst measures 321 (Basic services for the economy and rural population) and 323 (Conservation and upgrading of the rural heritage) have 34.2% and 10.7% of the axis budget respectively.

The remaining 8.4% of the axis budget is allocated to measures 311 (Diversification into non-agricultural activities), 313 (Encouragement of tourism activities) and 341 (Skills acquisition and animation for developing local strategies).

Remaining output targets for measure 322 are support of (a) village renewal and development in 3,435 projects and for (b) 439 small and medium-sized enterprises (SMEs).

The implementation of sustainable local and regional strategies for substantially securing transport and other basic services as well as daily deliverances depend to a higher degree on measure 321; the former output target of 1,090 projects supported was amended to 1,315 projects. Result targets of securing 670 jobs and creating 145 new jobs remain unchanged. For further information on output/result indicators for measure 321 please refer to the table in the RDP programme (Annex 15, p.35ff.).

Axis 3 indicative budget breakdown by measure: Total allocated budget (including national/regional public funds + EAFRD + private funds) of €683,015,985



*Measures marked receive no private funding.

Following the RDP's latest update, the total budget amount for axis 3 is €683,015,985. This includes an additional EAFRD contribution arising from the CAP Health Check and European Economic Recovery Package of €13,745,578 for measure 321. The increase in total public

contribution for this measure is €15,272,864.

For output/result indicators see above ('Axis 3 objectives').

Axis 4 objectives: Leader

Axis 4 and the Leader approach is defined by the Saxony RDP as:

- Increased mobilisation of endogenous development potential in rural regions;
- Improvement of regional cooperation on all issues relevant for the region;
- Strengthening the participation of important stakeholders;
- Strengthening of regional responsibility.

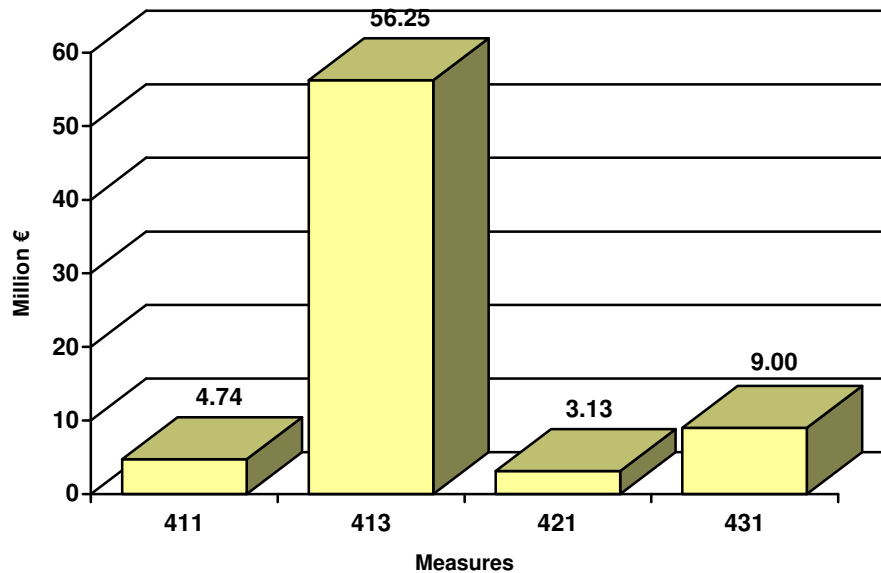
Due to the Leader approach being increasingly applied to rural development, regional actions are better connected and locally appropriate development strategies are expected to take advantage of local resources and endogenous potentials. The Leader approach is applied mainly to axis 3 and to a lesser extent to axis 1. A balanced Leader approach also supports other policies (e.g. regional economic development, Structural Funds etc.). The Saxony LAGs are expected to initiate 870 projects (measures 411 and 413) for the benefit of 687,405 people (measure 431) in the relevant areas, also securing 200 jobs and creating 100 new jobs (measures 411 and 413).

There are no modifications in relation to axis 4 following the RDP update. For further information on output/result indicators please refer to the table in the RDP programme (Annex 15, p.35).

Measure 413 (Quality of life/diversification) is allocated the largest share of axis 4 funds (76.9%), whilst measures 431 (Running the LAG, skills acquisition and animation), 411 (Competitiveness) and 421 (Environment/land management) are allocated 12.3%, 6.5% and 4.3% respectively.

The number of LAGs operational in the RDP areas is 12 (March 2010).

Axis 4 indicative budget breakdown by measure: Total allocated budget (including national/regional public funds + EAFRD + private funds) of €73,108,198



*Measures marked receive no private funding.

The amount for axis 4 has not been changed in the framework of the latest RDP modification.

For output/result indicators see above ('Axis 4 objectives').

Monitoring and evaluation strategy

The monitoring system is based on indicators for each measure of the 4 axes with detailed descriptions in a special annex (nr. 23) to the Saxony RDP.

These indicators allow quantification of the progress and performance of the RDP and allow for assessments according to the inputs, outputs, result and impacts of the RDP. Indicators are defined as required by the EU as common and programme-specific indicators, plus there are indicators for the National Strategic Plan. The indicators also are cross-cutting indicators relating to the environment, the Strategic Environmental Assessment and gender equality. A monitoring committee is also established. The evaluation system is defined according to the 4 types of evaluation: 1) ex-ante, 2) mid-term, 3) ex-post, and 4) on-going evaluation. All terms are specified in the RDP.

There are CMEF indicators used, as well as programme-specific and indicators required by the German National Strategy Plan (cp amended RDP, p.462).

Communication and publicity

An information and publicity strategy concerning the different measures of the Saxony RDP aims to ensure transparency for different target groups and the wider public. A range of specific communication and publicity measures are planned for development and implementation.

For all measures, the administrative authority must ensure that: i) the participation of the European Union is represented clearly visible, and; ii) if required, the amount of the EAFRD contribution is identified. Publications should – depending on the type – specify the administrative procedures, selection criteria, and names of all contact persons. The communication policy includes posters and flyers, conferences and workshops, exhibitions, media and the Internet. Different levels of advertising the EAFRD involvement are specified.

Annex I – Measures

Measures selected by the RDP Measures selected by the updated RDP

Axis 1 - Improving the competitiveness of the agricultural and forestry sector	<i>Promoting knowledge and improving human potential</i>	111 Vocational training and information actions
		112 Setting up of young farmers
		113 Early retirement
		114 Use of advisory services
		115 Setting up of management, relief and advisory services
	<i>Restructuring and developing physical potential and promoting innovation</i>	121 Modernisation of agricultural holdings
		122 Improvement of the economic value of forests
		123 Adding value to agricultural and forestry products
		124 Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector
		125 Infrastructure related to the development and adaptation of agriculture and forestry
		126 Restoring agricultural production potential
	<i>Quality of agricultural production and products</i>	131 Meeting standards based on EU legislation
		132 Participation of farmers in food quality schemes
		133 Information and promotion activities
	<i>Transitional measures</i>	141 Semi-subsistence farming
142 Producer groups		
143 Providing farm advisory and extension services		
Axis 2 - Improving the environment and the countryside	<i>Sustainable use of agricultural land</i>	211 Natural handicap payments to farmers in mountain areas
		212 Payments to farmers in areas with handicaps, other than mountain areas
		213 Natura 2000 payments and payments linked to Directive 2000/60/EC
		214 Agri-environment payments
		215 Animal welfare payments
		216 Non-productive investments
	<i>Sustainable use of forestry land</i>	221 First afforestation of agricultural land
		222 First establishment of agroforestry systems on agricultural land
		223 First afforestation of non-agricultural land
		224 Natura 2000 payments
		225 Forest-environment payments
		226 Restoring forestry potential and introducing prevention actions
		227 Non-productive investments
		228 Non-productive investments
Axis 3 - Quality of life in rural areas and diversification of the rural economy	<i>Diversify the rural economy</i>	311 Diversification into non-agricultural activities
		312 Support for business creation and development
		313 Encouragement of tourism activities
	<i>Improve the quality of life in rural areas</i>	321 Basic services for the economy and rural population
		322 Village renewal and development
		323 Conservation and upgrading of the rural heritage
		331 Training and information
		341 Skills-acquisition and animation measure with a view to preparing and implementing a local development strategy
Axis 4 - Leader	<i>Implementing local development strategies</i>	411 Competitiveness
		412 Environment/land management
		413 Quality of life/diversification
	421 Implementing cooperation projects	
	431 Running the LAG, skills acquisition, animation	

NB: In the framework of measure 113 only old commitments are paid out.