Spending Review in Agriculture
Outline

- Slovak agriculture
- Direct payments
- Rural development
Slovak Agriculture

- Issues:
  - Low production per ha and low employment in agriculture per ha
  - Yields lower but converging to EU levels
  - Structure of production: declining animal, fruits and vegetables production
  - Food processing industry: low value added
  - International trade with agricultural commodities deficits
  - Low self-sufficiency ratios
Agricultural Employment (AWU per 100 ha, 2013)
## Development of the number of employed in agriculture (thousands)

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Employment in Agriculture by Districts

Legend
Number of workers per 100 ha of land
Average 2007 - 2013

Source: MPRV SR
Development of Gross Ag. Production (thousands EUR, current prices)

Source: Eurostat
Livestock units per ha

Source: FADN
Yields of Selected Crops Relative to SK, 2010 - 2017

Source: Eurostat
Production of milk in kg per cow and year, 2011 - 2015

Source: FADN
Structure of Crop Production in Slovakia and in the EU, 2016

**Slovakia**
- Cereals for the production of grain: 33%
- Dry pulses and protein crops for the production of grain: 4%
- Potatoes: 14%
- Sugar beet: 7%
- Rape, turnip rape, sunflower seeds and soya: 6%
- Plants harvested green from arable land: 3%
- Fresh vegetables (including melons): 2%
- Fruits, berries and nuts (excluding citrus fruits): 3%
- Grapes: 1%

**European Union**
- Cereals for the production of grain: 31%
- Dry pulses and protein crops for the production of grain: 4%
- Potatoes: 7%
- Sugar beet: 3%
- Rape, turnip rape, sunflower seeds and soya: 6%
- Plants harvested green from arable land: 4%
- Fresh vegetables (including melons): 12%
- Fruits, berries and nuts (excluding citrus fruits): 1%
- Grapes: 3%

**Source:** Eurostat
Value Added in Food Processing (EUR/ha, 2014)
Number of employees in food processing (in thousands)

Source: MPRV SR
Development of Agri-Food Trade, Million EUR

Source: ŠÚ SR
The graph shows the share of domestic products on total consumption for the years 2011-2013. The products include:

- Freezing
- Wine
- Beverage
- Fat
- Starch
- Distilling
- Brewing-malting
- Bakery and confectionery
- Milling
- Poultry
- Meat
- Dairy

The y-axis represents the percentage share, while the x-axis represents the years 2011 to 2013.
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## Economic Agricultural Account (in mil. EUR, current prices)

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Direct Payments
Direct Payments

- Issues:
  - Direct payments per ha lower in Slovakia relative to the EU average
  - Distribution of direct payments per farm
  - Capping of direct payments
  - Impact of direct payments on labor and land markets
Direct Payments in SK and EU

- Direct Payments
  - 388 mil. EUR in 2013 in Slovakia (ceiling)
  - 394 mil. EUR in 2019 in Slovakia (ceiling)
  - 451 mil. EUR in 2019 after national reallocation

- 45.0 bil. EUR in 2013 in EU (ceiling)
- 42.2 bil. EUR in 2019 in EU (ceiling)
- 41.6 bil. EUR in 2019 in EU after national reallocations
Rural Development Program in SK and EU

- RDP
  - 1 996.9 mil EUR in 2007 – 2013 EUR in SK (ceiling)
  - 1 890.2 mil EUR in 2014 – 2020 EUR in SK (ceiling)
  - 1 559.6 mil. EUR in 2014 – 2020 EUR in SK after national decision

- 96 244.2 mil. EUR in 2007 – 2013 EUR in EU (ceiling)
- 95 338.1 mil. EUR EUR in 2014 – 2020 EUR in EU (ceiling)
- 99 347.5 mil. EUR in 2014 – 2020 EUR in EU after national decisions
Flexibility Between Pillars

- 11 Member States transferred funds from pillar I to pillar II.
- The total amount transferred over the 6 years is 6.4 billion EUR.

- 5 Member States have operated transfers from pillar II to pillar I.
- The total amount transferred over the 6 years is 3.4 billion EUR.

- The net result of all these transfers, without prejudice to the possible review Member States could make in 2017 for the years 2018 and 2019 is thus a total transfer from pillar I to pillar II of EUR 3 billion over 6 years.
## Transfers from Direct Payments to Rural Development

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## Transfers from Rural Development to Direct Payments

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Financial allocations amongst the schemes for the year 2015

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Choices made by Member States in allocating direct payments, 2015

Direct payments - Overview of percentages of national ceilings allocated by scheme (2015)

Source: Research for AGRI Committee – CAP reform post 2020, p. 24
## Redistributive Payment and Capping

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<td>5/100</td>
</tr>
<tr>
<td>Lithuania</td>
<td>30</td>
<td>50</td>
<td>15</td>
<td>150/600</td>
<td>5/100</td>
</tr>
<tr>
<td>Luxembourg</td>
<td></td>
<td></td>
<td></td>
<td>150/200</td>
<td>5/100</td>
</tr>
<tr>
<td>Hungary</td>
<td></td>
<td></td>
<td></td>
<td>150/250/300</td>
<td>15/30/55/100</td>
</tr>
<tr>
<td>Malta</td>
<td></td>
<td></td>
<td></td>
<td>150</td>
<td>5</td>
</tr>
<tr>
<td>Netherlands</td>
<td></td>
<td></td>
<td></td>
<td>150</td>
<td>5</td>
</tr>
<tr>
<td>Austria</td>
<td></td>
<td></td>
<td></td>
<td>150</td>
<td>100</td>
</tr>
<tr>
<td>Poland</td>
<td>0-3/3-30</td>
<td>0/41</td>
<td>8</td>
<td>150</td>
<td>100</td>
</tr>
<tr>
<td>Portugal</td>
<td></td>
<td></td>
<td></td>
<td>150</td>
<td>5</td>
</tr>
<tr>
<td>Romania</td>
<td>0-5/5-30</td>
<td>5/45</td>
<td>5</td>
<td>150</td>
<td>5</td>
</tr>
<tr>
<td>Slovenia</td>
<td></td>
<td></td>
<td></td>
<td>150</td>
<td>5</td>
</tr>
<tr>
<td>Slovakia</td>
<td></td>
<td>150</td>
<td>5</td>
<td>150/150</td>
<td>100/5</td>
</tr>
<tr>
<td>Finland</td>
<td></td>
<td>150</td>
<td>5</td>
<td>150/600</td>
<td>5/100</td>
</tr>
<tr>
<td>Sweden</td>
<td></td>
<td>150</td>
<td>5</td>
<td>150/200/250/300</td>
<td>15/30/55/100</td>
</tr>
<tr>
<td>UK</td>
<td>NI/EN</td>
<td>54</td>
<td>128</td>
<td>150/200/250/300</td>
<td>15/30/55/100</td>
</tr>
<tr>
<td></td>
<td>SC</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>WA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Share of Farms on Total Ag. Land (% 2013)

Source: FSS
Share of Beneficiaries According to Direct Payments (%), 2015

Source: DG AGRI
Workers per 100 hectares, (AWU/ha, 2013)

- Small farms (0-10 ha)
- Medium-sized farms (10 - 100 ha)
- Large farms (more than 100 ha)

Source: FSS
Top 5% Largest Beneficiaries (2015) (share in direct payments, %)

- 5% of all farms (900 largest farms)
- get 73% of total DP (300 mil. EUR)
- employ 25% of total employees (13000 people)

Source: DG AGRI
Land Rented in the EU (2013) (share on total land, % UAA)

Source: Calculated based on FADN data
## Capitalization of Direct Payments to Land Prices

<table>
<thead>
<tr>
<th>STUDY</th>
<th>Type of DP (country)</th>
<th>Share of Capitalized DP to Land Prices (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michalek et al. (2014)</td>
<td>SPS (OMS)</td>
<td>6-10</td>
</tr>
<tr>
<td>Kilian et al. (2012)</td>
<td>SPS, hybrid (DE, Bavaria)</td>
<td>44-94</td>
</tr>
<tr>
<td>Feichtinger et al. (2015)</td>
<td>SPS, hybrid (DE, Bavaria)</td>
<td>35</td>
</tr>
<tr>
<td>Klaiber et al. (2016)</td>
<td>SPS, hybrid (DE, Bavaria)</td>
<td>0.37-0.57</td>
</tr>
<tr>
<td>Guastella et al. (2014)</td>
<td>SPS, historical (IT)</td>
<td>0</td>
</tr>
<tr>
<td>O’Neill et al. (2016)</td>
<td>SPS, historical (IR)</td>
<td>Short-run: 7-25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Long-run: 21-53</td>
</tr>
<tr>
<td>Ciaian and Kancs (2012)</td>
<td>SAPS (NMS)</td>
<td>19</td>
</tr>
<tr>
<td>Van Herck et al. (2013)</td>
<td>SAPS (NMS)</td>
<td>15-32</td>
</tr>
</tbody>
</table>

Zdroj: Ciaian, Kancs, Espinosa (2016), JRC report

Source: FADN
<table>
<thead>
<tr>
<th></th>
<th>Farms exempt from greening</th>
<th>Complying with greening before implementation</th>
<th>Not complying with greening before implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EU-27</strong></td>
<td>45</td>
<td>71</td>
<td>29</td>
</tr>
<tr>
<td><strong>Czech R.</strong></td>
<td>29</td>
<td>47</td>
<td>53</td>
</tr>
<tr>
<td><strong>Denmark</strong></td>
<td>10</td>
<td>16</td>
<td>84</td>
</tr>
<tr>
<td><strong>Germany</strong></td>
<td>15</td>
<td>55</td>
<td>45</td>
</tr>
<tr>
<td><strong>Ireland</strong></td>
<td>1</td>
<td>85</td>
<td>15</td>
</tr>
<tr>
<td><strong>Spain</strong></td>
<td>52</td>
<td>67</td>
<td>33</td>
</tr>
<tr>
<td><strong>France</strong></td>
<td>20</td>
<td>63</td>
<td>37</td>
</tr>
<tr>
<td><strong>Italy</strong></td>
<td>73</td>
<td>90</td>
<td>10</td>
</tr>
<tr>
<td><strong>Hungary</strong></td>
<td>36</td>
<td>55</td>
<td>46</td>
</tr>
<tr>
<td><strong>Netherlands</strong></td>
<td>25</td>
<td>76</td>
<td>24</td>
</tr>
<tr>
<td><strong>Austria</strong></td>
<td>32</td>
<td>86</td>
<td>14</td>
</tr>
<tr>
<td><strong>Poland</strong></td>
<td>20</td>
<td>67</td>
<td>33</td>
</tr>
<tr>
<td><strong>Portugal</strong></td>
<td>52</td>
<td>72</td>
<td>28</td>
</tr>
<tr>
<td><strong>Romania</strong></td>
<td>55</td>
<td>65</td>
<td>36</td>
</tr>
<tr>
<td><strong>Slovakia</strong></td>
<td>12</td>
<td>24</td>
<td>76</td>
</tr>
</tbody>
</table>

Source: Louhichi, Ciaian, Espinosa, Perni and Gomez y Paloma (2017), IFM-CAP results
### Farms Affected by Greening (% of total land)

<table>
<thead>
<tr>
<th>Country</th>
<th>Farms exempt from greening</th>
<th>Complying with greening before implementation</th>
<th>Not complying with greening before implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU-27</td>
<td>14</td>
<td>51</td>
<td>49</td>
</tr>
<tr>
<td>Czech R.</td>
<td>14</td>
<td>29</td>
<td>71</td>
</tr>
<tr>
<td>Denmark</td>
<td>6</td>
<td>10</td>
<td>91</td>
</tr>
<tr>
<td>Germany</td>
<td>7</td>
<td>39</td>
<td>61</td>
</tr>
<tr>
<td>Ireland</td>
<td>1</td>
<td>82</td>
<td>18</td>
</tr>
<tr>
<td>Spain</td>
<td>22</td>
<td>52</td>
<td>48</td>
</tr>
<tr>
<td>France</td>
<td>5</td>
<td>55</td>
<td>45</td>
</tr>
<tr>
<td>Italy</td>
<td>37</td>
<td>74</td>
<td>26</td>
</tr>
<tr>
<td>Hungary</td>
<td>5</td>
<td>24</td>
<td>76</td>
</tr>
<tr>
<td>Netherlands</td>
<td>12</td>
<td>63</td>
<td>38</td>
</tr>
<tr>
<td>Austria</td>
<td>33</td>
<td>79</td>
<td>21</td>
</tr>
<tr>
<td>Poland</td>
<td>9</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Portugal</td>
<td>24</td>
<td>49</td>
<td>51</td>
</tr>
<tr>
<td>Romania</td>
<td>19</td>
<td>31</td>
<td>69</td>
</tr>
<tr>
<td>Slovakia</td>
<td>10</td>
<td>17</td>
<td>83</td>
</tr>
</tbody>
</table>

Source: Louhichi, Ciaian, Espinosa, Perni and Gomez y Paloma (2017), IFM-CAP results
## Impact of Greening

<table>
<thead>
<tr>
<th>Country</th>
<th>Change in gross value added (%)</th>
<th>Change in total production (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU-27</td>
<td>-1.1</td>
<td>-0.9</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>-2.2</td>
<td>-2.4</td>
</tr>
<tr>
<td>Denmark</td>
<td>-2.5</td>
<td>-2.2</td>
</tr>
<tr>
<td>Germany</td>
<td>-0.8</td>
<td>-0.2</td>
</tr>
<tr>
<td>Ireland</td>
<td>-2.3</td>
<td>-1.6</td>
</tr>
<tr>
<td>Spain</td>
<td>-2.0</td>
<td>-1.8</td>
</tr>
<tr>
<td>France</td>
<td>0.0</td>
<td>-0.1</td>
</tr>
<tr>
<td>Italy</td>
<td>-0.2</td>
<td>-0.3</td>
</tr>
<tr>
<td>Hungary</td>
<td>-2.7</td>
<td>-2.7</td>
</tr>
<tr>
<td>Netherlands</td>
<td>-0.9</td>
<td>-0.4</td>
</tr>
<tr>
<td>Austria</td>
<td>-0.1</td>
<td>-0.1</td>
</tr>
<tr>
<td>Poland</td>
<td>-1.4</td>
<td>-1.3</td>
</tr>
<tr>
<td>Portugal</td>
<td>-4.0</td>
<td>-3.4</td>
</tr>
<tr>
<td>Romania</td>
<td>-3.2</td>
<td>-2.8</td>
</tr>
<tr>
<td>Slovakia</td>
<td>-3.3</td>
<td>-4.5</td>
</tr>
</tbody>
</table>

Source: Louhichi, Ciaian, Espinosa, Perni and Gomez y Paloma (2017), IFM-CAP results
## Capping 100 ths. EUR

<table>
<thead>
<tr>
<th>Capping 100 000 (SAPS, v EUR)</th>
<th>Without Labor Cost</th>
<th>With Labor Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capped</td>
<td>Not-capped</td>
</tr>
<tr>
<td>Land</td>
<td>71.4%</td>
<td>28.6%</td>
</tr>
<tr>
<td>Number of farms</td>
<td>629</td>
<td></td>
</tr>
<tr>
<td>Subsidies</td>
<td>76%</td>
<td>24%</td>
</tr>
<tr>
<td>Share of Crop Production</td>
<td>65%</td>
<td>70%</td>
</tr>
<tr>
<td>Production in EUR per ha</td>
<td>865</td>
<td>720</td>
</tr>
<tr>
<td>Employment per 100 ha</td>
<td>2.23</td>
<td>2.18</td>
</tr>
<tr>
<td>Profit per ha</td>
<td>44</td>
<td>56</td>
</tr>
<tr>
<td>Capped amount</td>
<td>77 Mil. EUR</td>
<td></td>
</tr>
</tbody>
</table>

Zdroj: IL MPRV, rok 2016, vlastné prepočty
Agricultural factor income at real prices per full-time worker and adjusted for price level differences, 2015

Value of agricultural production
- variable input costs (fertilisers, pesticides, feed, etc.)
- depreciation
- total taxes (on products and production)
+ total subsidies (on products and production)

= factor income (net value added at factor costs)
Agricultural Entrepreneurial Income at real prices per family work unit, 2015

Value of agricultural production
- variable input costs (fertilisers, pesticides, feed, etc.)
- depreciation
- total taxes (on products and production)
+ total subsidies (on products and production)

= factor income (net value added at factor costs)
- wages
- rents
- interest paid

= entrepreneurial income
## Structure of farms in Slovakia (2016)

<table>
<thead>
<tr>
<th>Size in ha</th>
<th>0-5</th>
<th>5-10</th>
<th>10-50</th>
<th>50-100</th>
<th>100-250</th>
<th>250-500</th>
<th>500+</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of farms</td>
<td>8 037</td>
<td>3 367</td>
<td>4 262</td>
<td>925</td>
<td>868</td>
<td>528</td>
<td>997</td>
<td>18 984</td>
</tr>
<tr>
<td>UAA in ha</td>
<td>20 450,21</td>
<td>24 026,73</td>
<td>92 597,10</td>
<td>65 910,88</td>
<td>138 337,73</td>
<td>190 985,81</td>
<td>1 339 639,46</td>
<td>1 871 947,92</td>
</tr>
</tbody>
</table>
Structure of farms in Slovakia (2016)

<table>
<thead>
<tr>
<th>Category</th>
<th>Share on UAA</th>
<th>Share on Number of Farms</th>
<th>Average UAA in ha</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-5</td>
<td>1,09%</td>
<td>42,34%</td>
<td>2,5</td>
</tr>
<tr>
<td>5-10</td>
<td>1,28%</td>
<td>17,74%</td>
<td>7,1</td>
</tr>
<tr>
<td>10-50</td>
<td>4,95%</td>
<td>22,45%</td>
<td>21,7</td>
</tr>
<tr>
<td>50-100</td>
<td>3,52%</td>
<td>4,87%</td>
<td>71,3</td>
</tr>
<tr>
<td>100-250</td>
<td>7,39%</td>
<td>4,57%</td>
<td>159,4</td>
</tr>
<tr>
<td>250-500</td>
<td>10,20%</td>
<td>2,78%</td>
<td>361,7</td>
</tr>
<tr>
<td>500+</td>
<td>71.56%</td>
<td>5,25%</td>
<td>1343,7</td>
</tr>
</tbody>
</table>

Legend:
- red: share on UAA
- green: share on number of farms
- blue: average UAA in ha
Capping 100 000EUR with labor cost

<table>
<thead>
<tr>
<th>Capped amount per farm in EUR</th>
<th>Number of farms</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 25000</td>
<td>30</td>
</tr>
<tr>
<td>&lt; 50000</td>
<td>28</td>
</tr>
<tr>
<td>&lt; 75000</td>
<td>12</td>
</tr>
<tr>
<td>&lt; 100000</td>
<td>7</td>
</tr>
<tr>
<td>&lt; 125000</td>
<td>4</td>
</tr>
<tr>
<td>&lt; 150000</td>
<td>6</td>
</tr>
<tr>
<td>&lt; 175000</td>
<td>1</td>
</tr>
<tr>
<td>&lt; 200000</td>
<td>1</td>
</tr>
<tr>
<td>&lt; 225000</td>
<td>2</td>
</tr>
<tr>
<td>&lt; 250000</td>
<td>0</td>
</tr>
<tr>
<td>&lt; 275000</td>
<td>0</td>
</tr>
<tr>
<td>&lt; 300000</td>
<td>1</td>
</tr>
<tr>
<td>Viac</td>
<td>5</td>
</tr>
</tbody>
</table>
Conclusions on Direct Payments

- SLOVAKIA has farm structure biased towards large farms
- Direct Payments per farm among the highest in the EU
- Low Impact of Direct Payments on Production, Employment (decoupled direct payments)
- Direct Payments increase land prices (about 20 percent)
- Capping of direct payments need to be evaluated as capping affects majority of big farms
- The efficiency of transfer of funds between pillars to be evaluated
- ANC and AEM measures need to be evaluated
- DPs affect structure of production and employment and structure of farms.
RURAL DEVELOPMENT
Rural Development

- Issues:
  - Distribution of RDP funds
  - Efficiency of RDP funds
  - Impact on the Environment
  - Rural Economy
  - Small vs. Large Projects
### Percentage of EU Contribution by Axes RDP 2007-2013

<table>
<thead>
<tr>
<th>Axes RDP SK</th>
<th>2007</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Axis 1</td>
<td>44,28%</td>
<td>53,72%</td>
</tr>
<tr>
<td>Axis 2</td>
<td>36,54%</td>
<td>19,99%</td>
</tr>
<tr>
<td>Axis 3</td>
<td>15,44%</td>
<td>16,29%</td>
</tr>
<tr>
<td>Axis 4</td>
<td>2,19%</td>
<td>6,51%</td>
</tr>
<tr>
<td>Axis 5</td>
<td>1,54%</td>
<td>4,09%</td>
</tr>
<tr>
<td>Total RDP</td>
<td>100,00%</td>
<td>100,00%</td>
</tr>
<tr>
<td>Code</td>
<td>Name of measure / Ax</td>
<td>Public expenditure</td>
</tr>
<tr>
<td>------</td>
<td>----------------------------------------------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>111</td>
<td>Vocational training and information actions</td>
<td>25,4</td>
</tr>
<tr>
<td>114</td>
<td>Use of advisory services</td>
<td>1,4</td>
</tr>
<tr>
<td>121</td>
<td>Modernisation of agricultural holdings</td>
<td>468,7</td>
</tr>
<tr>
<td>122</td>
<td>Improvement of the economic value of forests</td>
<td>41,0</td>
</tr>
<tr>
<td>123</td>
<td>Adding value to agricultural and forestry products</td>
<td>224,2</td>
</tr>
<tr>
<td>125</td>
<td>Infrastructure related to the development and adaptation of agriculture and forestry</td>
<td>81,7</td>
</tr>
<tr>
<td>141</td>
<td>Semi-subistence farming(1257/1999)</td>
<td>0,7</td>
</tr>
<tr>
<td>142</td>
<td>Producer groups</td>
<td>21,7</td>
</tr>
<tr>
<td></td>
<td>Axis 1 - Improving the competitiveness of the agricultural and forestry sector</td>
<td>864,8</td>
</tr>
<tr>
<td></td>
<td>Total RDP</td>
<td>2597,3</td>
</tr>
<tr>
<td>Code</td>
<td>Name of measure / Ax</td>
<td>Public expenditure</td>
</tr>
<tr>
<td>------</td>
<td>----------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>211</td>
<td>Natural handicap payments to farmers in mountain areas</td>
<td>389,7</td>
</tr>
<tr>
<td>212</td>
<td>Payments to farmers in areas with handicaps, other than mountain areas</td>
<td>276,4</td>
</tr>
<tr>
<td>213</td>
<td>Natura 2000 payments and payments linked to Directive 2000/60/EC</td>
<td>0,2</td>
</tr>
<tr>
<td>214</td>
<td>Agri-environment payments</td>
<td>384,5</td>
</tr>
<tr>
<td>215</td>
<td>Animal welfare payments</td>
<td>39,2</td>
</tr>
<tr>
<td>221</td>
<td>First afforestation of agricultural land</td>
<td>1,1</td>
</tr>
<tr>
<td>224</td>
<td>Natura 2000 payments</td>
<td>5,2</td>
</tr>
<tr>
<td>225</td>
<td>Forest-environment payments</td>
<td>0,9</td>
</tr>
<tr>
<td>226</td>
<td>Restoring forestry potential and introducing prevention actions</td>
<td>155,2</td>
</tr>
<tr>
<td></td>
<td>Axis 2 - Improving the environment and the countryside</td>
<td>1 252,3</td>
</tr>
<tr>
<td></td>
<td>Total RDP</td>
<td>2 597,3</td>
</tr>
</tbody>
</table>
## Expenditure of RDP SK 2007-2013, in mil. EUR

<table>
<thead>
<tr>
<th>Code</th>
<th>Name of measure / Ax</th>
<th>Public expenditure</th>
<th>EAFRD contribution</th>
<th>Private Expenses</th>
<th>Total expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>311</td>
<td>Diversification into non-agricultural activities</td>
<td>95,3</td>
<td>71,4</td>
<td>96,2</td>
<td>191,6</td>
</tr>
<tr>
<td>313</td>
<td>Encouragement of tourism activities</td>
<td>34,2</td>
<td>25,6</td>
<td>32,7</td>
<td>66,9</td>
</tr>
<tr>
<td>321</td>
<td>Basic services for the economy and rural population</td>
<td>94,0</td>
<td>70,5</td>
<td>0,0</td>
<td>94,0</td>
</tr>
<tr>
<td>322</td>
<td>Village renewal and development</td>
<td>99,5</td>
<td>74,6</td>
<td>0,0</td>
<td>99,5</td>
</tr>
<tr>
<td>331</td>
<td>Training and information</td>
<td>12,8</td>
<td>9,5</td>
<td>0,0</td>
<td>12,8</td>
</tr>
<tr>
<td>341</td>
<td>Skills-acquisition and animation measure with a view to preparing and implementing a local development strategy</td>
<td>0,8</td>
<td>0,6</td>
<td>0,0</td>
<td>0,8</td>
</tr>
<tr>
<td>336</td>
<td>Axis 3 - The quality of life in rural areas and diversification of the rural economy</td>
<td>336,6</td>
<td>252,3</td>
<td>129,0</td>
<td>465,6</td>
</tr>
<tr>
<td>Total RDP</td>
<td>2 597,3</td>
<td>1 996,9</td>
<td>900,8</td>
<td>3 498,1</td>
<td></td>
</tr>
</tbody>
</table>
## Expenditures of RDP SK 2007-2013, in mil. EUR

<table>
<thead>
<tr>
<th>Code</th>
<th>Name of measure / Ax</th>
<th>Public expenditure</th>
<th>EAFRD contribution</th>
<th>Private Expenses</th>
<th>Total expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>421</td>
<td>Implementing cooperation projects</td>
<td>2,8</td>
<td>2,2</td>
<td>0,0</td>
<td>2,8</td>
</tr>
<tr>
<td>431</td>
<td>Running the local action group, skills acquisition, animation</td>
<td>12,0</td>
<td>9,6</td>
<td>0,0</td>
<td>12,0</td>
</tr>
<tr>
<td></td>
<td>Axis 4 - Leader</td>
<td>75,2</td>
<td>59,9</td>
<td>32,0</td>
<td>107,2</td>
</tr>
<tr>
<td>511</td>
<td>Technical assistance</td>
<td>68,4</td>
<td>51,3</td>
<td>0,0</td>
<td>68,4</td>
</tr>
<tr>
<td></td>
<td>Axis 5 –Technical assistance</td>
<td>68,4</td>
<td>51,3</td>
<td>0,0</td>
<td>68,4</td>
</tr>
<tr>
<td></td>
<td>Total RDP</td>
<td>2 597,3</td>
<td>1 996,9</td>
<td>900,8</td>
<td>3 498,1</td>
</tr>
</tbody>
</table>
Results of RDP 2007 - 2013

- Total positive effect of the program on GVA amounted to 168.12 mil. EUR, which constitutes 252.43 million in PPS.

- Measure 123 had the highest effect on GVA, which amounted to 88.74 mil. EUR (133.24 mil. in PPS), followed by measure 121 with the effect of 46.5 mil. EUR (69.82 mil. in PPS), measure 122, which had the effect of 21.3 mil. EUR (31.98 mil. in PPS), and finally measure 311 with the effect of 11.58 mil. EUR (17.39 mil. in PPS).

- Efficiency of the use of public funds was relatively low. Measure 121 had the lowest effect on GVA relative to incurred costs in terms of public money.
Results of RDP 2007 - 2013

- The programme had a negative effect on productivity of labour in agricultural primary production. It caused a decline of labour productivity by 1 138 EUR (1 708 in PPS) measured by GVA/AWU.

- On the other hand, programme (measure 123) had a positive effect on labour productivity in processing of agricultural production at the level of 2 236 EUR (3 357 in PPS) for farms and at the level of 1 869 EUR (2 806 in PPS) for food processing holdings.

- In the area of diversification of agricultural production towards non-agricultural activities measure 311 had a negative effect on productivity of labour of agricultural farms at the level of 713 EUR per employee (1 071 in PPS per employee).
Results of RDP 2007 - 2013

- **The programme had a positive effect on employment.** In primary agriculture the programme helped to save 4,164 jobs (measure 121). In processing of agricultural production the programme created 1,207 new jobs on farms and more than 4,100 jobs in food processing (measure 123). In non-agricultural production the program caused the creation of 381 new jobs on farms (measure 311).

- In total, the program has created 5,688 new jobs and maintained 4,164 jobs. The programme helped to preserve 8% of jobs in agricultural primary production and similar percentage of jobs in food processing industry.
Results of RDP 2007 - 2013

- Implementation of Axis 2 in agriculture, particularly measures 214 and 225, had a positive impact to reverse biodiversity decline as measured by "bird species population change".
- At the national level since 2006 the population of selected bird species has declined by 43% but in the areas where the agri-environment schemes were implemented the decrease was only about 28%.
- In forest areas where Measure 225 Forest-environment payments was applied, the frequency of forest bird species showed more stable, respectively fluctuating tendency, while at the national level even with a limited choice of species was evident the overall declining trend in abundance of birds.
Results of RDP 2007 - 2013

- The program had a positive effect on the high nature value agriculture and forestry (qualitative assessment)
- The program had a positive effect on the quality of ground and surface water
Results of RDP 2007 - 2013

- The program helped to improve infrastructure and quality of services in rural areas
- The program improved tourism in rural areas
- It helped to increase economic growth and reduce unemployment in rural areas
- In addition to the direct contribution of LEADER approach to the creation of rural employment, improvement of basic services for the rural population, village renewal and development, development of local economy based on the exploitation of endogenous resources and building of social capital, LEADER brought other indirect positive effects in terms of increased identity of rural areas and protection and promotion of cultural, natural and historical heritage of rural regions of Slovakia.
Results of RDP

- Efficiency of RDP was low
  - Non-optimal levels of support for projects and firms
  - Large projects very inefficient
  - 80 percent of projects would be taken without support
  - High administrative burden
  - Calls for proposals were not set optimally
Results of RDP 2007 - 2013

- LFA (ANC) significant source of income.
- LFA (ANC) farms are extensive
- LFA (ANC) farms are less sensitive to market fluctuations
- LFA (ANC) impact on the environment difficult to measure
Results of RDP 2007 – 2013 - Recommendations

- Reduce red tape
- Support smaller projects
- Projects in processing were more efficient
- Employment projects to be supported in Less Developed Districts
- Focus on smaller firms
- Focus on vertical cooperation
- Horizontal cooperation did not work
- Synergy to be achieved
- Environmental effects to be better measured
Other Important Issues

- Unfair Trade Practices
- Land Market
- Innovation
Thank you very much

jpokrivcak@yahoo.com
We analysed individual farm data

<table>
<thead>
<tr>
<th>Number of hectares</th>
<th>1,4 Mil. ha out of 1,9 Mil. ha in total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share on group farms with more than 500ha</td>
<td>90%</td>
</tr>
</tbody>
</table>

Two scenarios:
1. Capping SAPS **60 000EUR** (with and without personal cost)
2. Capping SAPS **100 000EUR** (with and without personal cost)
Effects of capping SAPS 60 000 EUR per farm with and without personal cost

<table>
<thead>
<tr>
<th></th>
<th>Without personal cost</th>
<th>With personal cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capped farms</td>
<td>Non-capped farms</td>
</tr>
<tr>
<td>Number of hectares</td>
<td>1,13 Mil.</td>
<td>0,25 Mil</td>
</tr>
<tr>
<td>Number of farms</td>
<td>852</td>
<td>190</td>
</tr>
<tr>
<td>Total subsidies</td>
<td>355 Mil.</td>
<td>54,7 Mil.</td>
</tr>
<tr>
<td>Share of crop production</td>
<td>65%</td>
<td>70%</td>
</tr>
<tr>
<td>Crop and animal production in EUR/ha</td>
<td>844</td>
<td>732</td>
</tr>
<tr>
<td>AWU per 100ha</td>
<td>2,21</td>
<td>2,271</td>
</tr>
<tr>
<td>Profit after tax in EUR/ha</td>
<td>43</td>
<td>67</td>
</tr>
<tr>
<td>Capped amount</td>
<td>106 Mil.</td>
<td>12 Mil.</td>
</tr>
</tbody>
</table>
Effects of capping SAPS 60 000 EUR per farm without personal cost.

Capped farms will receive less subsidies, **125 000 EUR** on average.

Effect on individual farms:

![Bar chart showing the number of farms and capped amount per farm in EUR.](chart.png)
Effects of capping SAPS 60 000 EUR per farm with personal cost

Capped farms will receive less subsidies, 63 000 EUR on average.

Effect on individual farms:
Effects of capping SAPS 100 000 EUR per farm with and without personal cost

<table>
<thead>
<tr>
<th></th>
<th>Without personal cost</th>
<th>With personal cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capped farms</td>
<td>Non-capped farms</td>
</tr>
<tr>
<td>Number of hectares</td>
<td>1 Mil.</td>
<td>0,4 Mil</td>
</tr>
<tr>
<td>Number of farms</td>
<td>629</td>
<td>97</td>
</tr>
<tr>
<td>Total subsidies</td>
<td>314,7 Mil.</td>
<td>95 Mil.</td>
</tr>
<tr>
<td>Share of crop production</td>
<td>65%</td>
<td>70%</td>
</tr>
<tr>
<td>Crop and animal production in EUR/ha</td>
<td>865</td>
<td>720</td>
</tr>
<tr>
<td>AWU per 100ha</td>
<td>2,23</td>
<td>2,18</td>
</tr>
<tr>
<td>Profit after tax in EUR/ha</td>
<td>44</td>
<td>56</td>
</tr>
<tr>
<td>Capped amount</td>
<td>77 Mil.</td>
<td></td>
</tr>
</tbody>
</table>
Effects of capping SAPS 100 000 EUR per farm without personal cost

Capped farms will receive less subsidies, 123 000EUR on average.

Effect on individual farms:
Effects of capping SAPS 100 000 EUR per farm with personal cost

Capped farms will receive less subsidies, **75 000EUR** on average

Effect on individual farms: