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**THE ROLE AND IMPORTANCE OF RURAL
DEVELOPMENT WITHIN STRUCTURAL FUNDS IN
THE NEW MEMBER STATES**

ASSISTANCE TO AGRICULTURE AND RURAL DEVELOPMENT IN THE EU

Agriculture plays an important role in the economic and political life of the newly acceded states. Numerically, enlargement's impact on EU agriculture is dramatic. A further 4 million farmers is added to the EU's population of 7 million. The new Member States add about 38 million hectares of utilised agricultural area to the 130 million hectares of the former Member States, an increase of 30%, while production in the EU will expand by about 10-20% for most products. The gross value added of agriculture will only increase by 6%. These numbers confirm that the new Member States have a large agricultural production potential but it is still far from being used to its full extent.

Accession to the EU should bring about substantial modernisation and restructuring of farming and food processing in the new Member States. Farmers in the new Member States enjoy not only the (potentially significant) benefits of free access to the EU single market, they also benefit from policies designed to develop their agriculture in a sustainable and profitable way. Without enlargement, these benefits would not have been available. They include:

- Financial and other support for the restructuring of rural areas;
- Tailored support targeted at specific needs and reinforced rural development programmes to help improve efficiency and encourage diversification. These are mostly co-funded with the national governments but generally at a higher rate of EU contributions than in the EU-15;

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- The same support as is provided to the EU-15's farmers by the CAP (phased in over 10 years).

In the European Union rural development is considered to be an answer to those problems of small-scale farms with low productivity, the lack of alternative employment possibilities beside the agriculture sector, furthermore the steady migration from rural to urban areas.

To be able to optimise the use the community support after accession, the main objective would be to build upon the experiences gained under the SAPARD programme and at the same time to adapt those to the needs of the respective Member State.

It should also be taken into account that the overwhelming majority of the territory of the new Member States falls under the Objective 1 and that the large part of the rural development measures – all of the so-called non-accompanying measures – will be integrated into the their Objective 1 programming and co-financed according to the Structural Funds rules and procedures by the Guidance Section of the European Agricultural Guarantee and Guidance Fund. The 4 accompanying measures (early retirement, less favoured areas, agro-environment, afforestation of agricultural land) will be co-financed from the EAGGF Guarantee Section. The following chart is demonstrating the whole system of supporting rural development measures in the European Union.

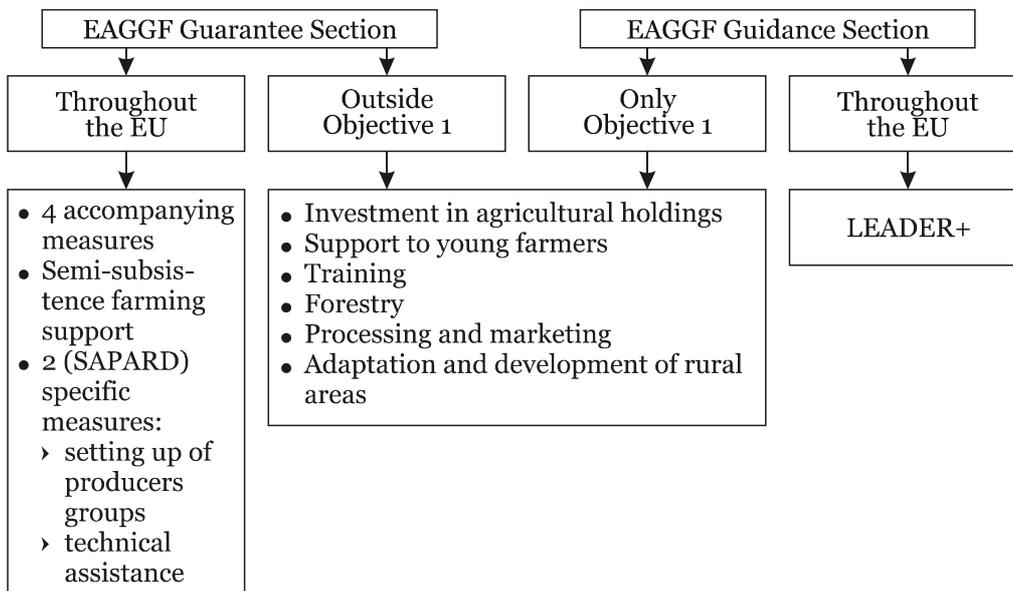


Figure 1
Community financial support to Rural Development

AGRICULTURE AND RURAL DEVELOPMENT CHAPTERS OF STRUCTURAL FUNDS IN THE NEW MEMBER STATES¹

According to the Council Regulation 1260/1999 laying down general provisions of the Structural Funds basic document for assistance can take a form of a National Development Plan or a Single Programming Document, nevertheless it should contain a summary description of measures intended to be implemented – that relates also to the agriculture, fisheries and rural development sector as well. The present study is about to compare those basic documents of the new Member States with special emphasis on actions in agriculture and rural development.

(However, only those new Member States are dealt with, whose experience can be relevant and of benefit to Hungary as well, therefore for climatic, geographical, economic reasons only continental countries are included – in alphabetical order – and Malta and Cyprus are disregarded.)

Czech Republic

Global and specific objectives of the National Development Plan are to be reached by implementing five operational programmes. Four operational programmes focus on individual sectors: Industry and Enterprise, Infrastructure, Human Resources Development, Rural Development and Multi-Functional Agriculture. The Joint Regional Operational Programme has a regional focus.

*Table 1
Distribution of Funds among the Operational Programmes (million EUR)*

Priority area	Total cost	EU contribution	Public aid (EC + others)
1. Industry and Enterprise OP	635.8	192.3	323.1
2. Infrastructure OP	269.7	173.1	259.7
3. Human Resources Development OP	359.1	269.2	353.3
4. Rural Development and Multi-Functional Agriculture OP	331.5	153.8	205.3
5. Joint Regional OP	991.9	498.0	739.1
Total	2,588.0	1,286.4	1,880.5

Respecting the significance and needs of the Czech agriculture the allocation for the Rural Development and Multi-Functional Agriculture operational programme accounts for 12% of total EU-expenditures.

The strategic objectives of the OP Rural Development and Multi-Functional Agriculture are as follows:

¹ Sources of information for this chapter are respectively the National Development Plans or Single Programming Documents of each of the countries (for further details see Bibliography).

- 1) Rural areas, improvement of technical equipment in agricultural and processing businesses;
- 2) Improvement of marketing of agricultural produce with higher added value and their launch to foreign markets;
- 3) Consolidation of the ownership structure of agricultural and forest land allowing for multi-sector development of rural areas;
- 4) Solution of social aspects of rural development by increasing employment, improving age and education structure and accessibility of information.

Within the OP Rural Development and Multi-Functional Agriculture only one priority is specified: development of Agriculture, Forest and Water Management and Rural Areas (However it should be noted that the priority of 'Revitalisation of Rural Areas' is included into the Joint Regional Operational Programme and is co-financed from the European Regional Development Fund.)

Investment within this priority area is used for reconstruction, modernisation and construction of new agricultural structures so that they comply with the EU standards related to breeding of livestock. Introduction of new technologies in line with the EU directives on welfare of livestock is from the viewpoint of finances a demanding investment with a long return period.

Further investments are planned to improve processing of agricultural products, including IPPC and to support marketing of agricultural produce.

Investments in the area of forest management focus on the introduction of new technologies for processing of forest products and a suitable marketing concept, restoration of forest potential damaged by natural disasters and fires, furthermore the introduction of relevant protection measures, improvement and preservation of environmental stability of protected forests, on founding associations of owners with forests of small areas, afforesting of land not used for agricultural purposes.

Under this priority, activities related to preparation for the future use of the EU LEADER+ initiative is to be included as well as land consolidation and activities supporting enhancement of adaptability and development of rural areas.

Professional training in the area of agriculture, forest and water management aimed to enhance knowledge and skills leading to the improvement of efficiency and labour productivity and efficiency is supported also within this priority.

Another activity covered by the given priority includes also fishery and activities conducted by fishing specialists –aiming at the improvement of labour productivity, product competitiveness and quality connected with better quality processing, marketing and promotion of fish products. Also, it covers restoration of the original composition of fish species in river basins, preserving specific genetic features of population of freshwater fish, reducing the damage caused to fisheries by fish predators and respecting other than production functions of ponds.

Estonia

The central objective of Estonia's development strategy is to make better use of the learning capacity of the country's human resources and to seize the opportunities presented by new technologies and expanding markets by promoting innovation in the business sector.

The programme, which also includes technical assistance measures, has four priorities:

- Human Resource Development;
- Competitiveness of Enterprises;
- Agriculture, Fisheries and Rural Development;
- Infrastructure and Local Development.

Table 2
Breakdown of Finances by priority area (million EUR)

Priority area	Total cost	EU contribution	Public aid (EC + others)
1. Human Resource Development	99.291	76.120	99.291
2. Competitiveness of Enterprises	97.584	73.188	97.584
3. Agriculture, Fisheries and Rural Development	109.527	69.268	97.166
4. Infrastructure and Local Development	181.853	138.151	181.853
5. Technical assistance	19.516	14.637	19.516
Total	507.771	371.364	495.410

The Agriculture, Fisheries and Rural Development priority will be implemented via the following measures:

1. Investment into Agricultural Holdings

The aim is to increase the competitiveness of agricultural production by promoting technological progress, by developing agriculture matching different requirements, preserving employment in agriculture and traditional cultural landscapes, more specifically the objectives are:

- to develop an environmentally sustainable agriculture that meets veterinary standards and the requirements of phytosanitary, animal welfare and hygiene;
- to raise the level of technology and improving the quality of products;
- to maintain employment in agriculture;
- to sustain traditional cultural landscapes.

2. Investment Support for Improving the Processing and Marketing of Agricultural Products

The general objective is to increase the competitiveness of processing agricultural products. The specific objectives of the measure are:

- bringing the processing of agricultural production into conformity with new market requirements, finding new markets for agricultural products and improving the functioning of marketing channels;
- improving processing conditions or increasing efficiency;
- assuring agricultural producers of an income;
- improving the quality of agricultural production, more efficient utilisation of by-products;
- ensuring conformity with environmental and energy conservation requirements;
- promoting innovative investments.

3. *Diversification of Economic Activities in Rural Areas*

The general objective is increased employment and higher income levels in rural areas through the development of rural enterprises. The specific objectives are:

- Supporting activities in non-agricultural small enterprises in rural areas;
- Developing small enterprises that use local resources/materials or offer services in rural areas.

4. *Integrated Land Improvement*

The general objective is to create conditions for integrated land development. The specific objectives of the measure are:

- to reduce the risks introduced to agricultural production by unfavourable water regime;
- to increase forest productivity;
- to create conditions for better use of land;
- to safeguard the good state of surface water within the land improvement systems;
- to secure access to arable land.

5. *Renovation and Development of Villages*

The general objective is the improved attractiveness of living environments by increasing local activity and developing a non-profit sector. The specific objectives are:

- encouraging local initiative and intent to co-operate, thus strengthening social relations;
- developing social infrastructure;
- conserving natural and architectural village heritages and improving the outlook of settlements;
- improving the availability of different services for village populations.

6. *Local initiative based Development Projects – LEADER*

The general objective of this measure is to support local initiative based activities that enable creation of new jobs, additional incomes and general economic activities in rural areas. The specific objectives are:

- Developing the institutional framework and skills base necessary for implementing projects that use internal development potential in rural areas and are targeted for community development;
- Building a model for local development in the form of the functioning local action groups representing partners important on the local level;
- Funding pilot projects devised by local action groups and aimed at maintaining the interest of local population in the measure, and demonstrating the opportunities for the implementation of local initiative projects like LEADER and related impacts;
- Promoting co-operation and exchange of information and experience.

7. *Forestry*

The overall objectives are to retain the economic, ecological and social values of forests, contribute to administrative functions in rural areas and help to safeguard jobs in rural areas. The specific objectives of the measure are:

- sustainable forest management and its development;
- preserving forest resources and improving their condition;
- investments to increase the economical, ecological and social value of forests;

- establishing new opportunities for using and marketing products of forest origin, and investments aimed at improving efficiency in the processing and marketing of forest management products;
- establishing associations of forest owners for more sustainable and efficient forest management;
- restoring forest management potential lost as a result of natural disasters and forest fires and applying necessary preventive measures

8. *Support for Setting up and Provision of Farm Advisory and Extension Services*

The overall objective of the measure is the provision of advisory, extension and support services.

Taking into account the changes in agriculture, forestry and education, and the requirements resulting from these changes, this measure helps to improve the level of knowledge and skills of agricultural producers and forest owners as well as agricultural advisers/consultants and enhances their competitiveness under conditions set out by the EU.

9. *Regulation of the Fishing Capacity of the Fishing Fleet*

The general objective of the measure is to provide a balance between the fishing capacities of the fleet and the fish stocks available. The specific objective of the measure is reducing fishing capacity of the fishing fleet to ensure balance between the natural reproduction of fish stock and the use of it.

10. *Modernisation and Renewal of the Fishing Fleet*

The general objective of the measure is to modernise food handling and technical conditions on board fishing vessels. The specific objectives of the measure are: improving technical conditions of fishing vessels, fish processing conditions, working conditions and occupational safety; promoting the introduction of selective fishing techniques.

11. *Investment support Measures for Fisheries Production Chain*

The general objectives of the measures is to develop and modernise fish and aquaculture processing, development and modernisation of aquaculture, to improve conditions for the reception of the fish in the ports and fish landing sites, to facilitate investments in inland fisheries. This measure will be divided into several sub-measures:

- Investment Support for Processing of Fish and Aquaculture Products
- Investment Support for Aquaculture
- Modernisation of Fishing Ports.

The specific objectives of the measures are:

- improving processing conditions of fish and aquaculture products, applying contemporary technologies, stimulating product development, reducing environmental pollution load caused by processing;
- modernisation of the production facilities of aquaculture, improving of the quality of the aquaculture production to meet the requirements of processing industry, decreasing the pollution load on the environment caused by aquaculture, increasing of the production output volumes of aquaculture;
- improving conditions of hygiene and working environment in fish landing and handling facilities, improving the services provided for fishing vessels in the ports;
- supporting the renewal and modernisation of inland fishing vessels.

12. Other Fisheries Related Measures

The general objectives of the measures are to alleviate the unfavourable social and economic impacts of restructuring the fisheries sector and the identification of new markets for fish and aquaculture products. The specific objectives of the measures are:

- to alleviate socio-economic difficulties resulting from restructuring of fisheries;
- to promote the consumption of fish products as well as new products and to identify new markets.

Latvia

The limited lifetime of the SPD 2004-2006 programming period means that resources have to be well directed and weighted in order to maximise benefits. In line with the requirements realistic mid-term objectives (MTO) have been developed. These objectives are:

- Promoting Competitiveness and Employment;
- Development of Human Resources;
- Development of Infrastructure.

The Single Programming Document of Latvia has the following priorities:

1. Promotion of territorial cohesion
2. Promotion of enterprise and innovations
3. Development of human resources and promotion of employment
4. Promotion of development of rural areas and fisheries
5. Technical assistance

*Table 3
Breakdown of finances by priority area (million EUR)*

Priority area	Total cost	EU contribution	Public aid (EC + others)
1. Promotion of Territorial Cohesion	269.2	203.8	269.2
2. Promotion of Enterprise and Innovation	208.5	156.4	208.5
3. Development of Human Resources and Promotion of Employment	174.9	132.7	174.9
4. Promotion of Development of Rural Areas and Fisheries	180.9	115.7	170.1
5. Technical assistance	22.6	17.0	22.6
Total	856.1	625.6	845.3

In order to overcome structural problems in agriculture and processing of its products, low level of entrepreneurship in rural areas, insufficient initiative of rural inhabitants and to ensure sustainable rural, agricultural and forestry development it is necessary to have a complex approach towards solving rural problems: modernisation of agricultural production, improvement of soil, competitive processing

of agricultural products, establishment of new work places, effective use of natural resources, activation of rural inhabitants and inclusion of young persons in agricultural production. Another part of priority is focused on sustainable utilisation of fish resources available allowing the catch of sea and inland fish resources to produce high value added fish products which would be competitive on the local and international market as well as create opportunities for the acquisition of new market outlets.

In order to achieve the above objectives the priority of Promotion of Development of Rural Areas and Fisheries consists of the following sub-priorities and within those sub-measures:

1. *Promotion of Development of Agriculture and Rural Areas*

a) *Investments in Agricultural Holdings*

The restructuring of agriculture has created large number of ineffective agricultural holdings. Majority of buildings, equipment and machinery is outdated and the infrastructure related to the holdings (especially drainage systems) is obsolete. They are dangerous to the environment and users, and they do not satisfy the requirements for working conditions. Therefore the purpose of this measure is to improve competitiveness of agriculture products for the internal and external markets by raising quality, hygiene, food safety and other standards for agricultural holdings.

Further objective of the measure is to increase the income level from agricultural production by increasing its competitiveness; to decrease the cost of agricultural production by using modern technology; to raise the quality of agricultural products; to improve the conditions of workers; and to raise the compliance with veterinary, hygiene, animal welfare, and environmental standards beyond the required minimum.

b) *Setting up of Young Farmers*

The objective of the measure is to promote the engagement of young people into agricultural activities on regular basis. Support is provided to facilitate the establishment of young farmers setting up an agricultural holding for the first time. Such support will be in the form of a single premium and/or an interest subsidy on loans to cover the cost of setting up. This in turn would promote establishment of the economic viable agricultural holdings and ensure renewal of the workforce employed in agricultural sector and maintenance of the rural population.

c) *Improvement of Processing and Marketing of Agricultural Products*

The objective of the measure is improvement of competitiveness of processing and marketing of agricultural products by implementation of new technologies and equipment, to minimize harmful environmental impacts agricultural processing enterprises, and to increase the application of new means of production and technologies at agricultural processing enterprises (i.e. ISO and HACCP standards, improvement of treatment, supply and packaging systems).

d) *Promotion of Adaptation and Development of Rural Areas*

In order to solve problems created by restructuring process this measure is intended to provide high quality consultation services with a view to promote restructuring and development of agricultural sector. Support can be provided for activities as follows:

- activities related to land improvement are intended to reduce negative impact by natural and climatic conditions on the development of farmsteads, to enable sustainable capacity and productivity of agricultural land, and to ensure conditions for production of competitive products;
- activities related to diversification of agricultural activities and activities close to agriculture as well as activities related to development of craftsmanship and rural tourism are intended to promote sustainable employment opportunities in rural areas by strengthening existing, creating new and diverse employment opportunities;
- activities related to preservation of rural landscape are intended to encourage the conservation of the traditional open rural landscape and to prevent the degradation of ecosystems characteristic to Latvia;
- activities related to farm advisory and extension services are intended to enhance the ability of farmers and forest holders to use high quality consultancy services that increase the competitiveness of farms.

e) Forestry Development

The objective of the measure is to increase the economic, ecological or social value of private forests, to promote the increase in quality of forest resources and promote absorption of CO₂, to encourage the improvement and maintenance of forest resources, to preserve and maintain the forest tree species diversity characteristic to local conditions, and to support the collaboration and cooperation among forest owners.

f) Development of Local Action (LEADER+ Type Measure)

The overall goal of the measure is to promote sustainable local development in rural areas by building capacity (skills and experience) of local people and institutions in order to develop LEADER+ approach, to find new and better ways to solve resistant and deep rooted problems and to take advantage of opportunities, to draw out policy lessons for future direction of rural development and to gain better understanding of bottom-up approach.

g) Training

The objective of the measure is to raise skills and knowledge of farmers and persons engaged in agricultural activities, and to prepare forest owners and other persons engaged in forestry activities for the application of forest management practices with a view to enhancing the economic, ecological and social functions of forests.

Support for vocational training shall contribute to the improvement of the occupational skills and competence of farmers, forest owners and other persons involved in agricultural activities and forestry activities, and their conversion.

2. Promotion of Sustainable Fisheries Development

a) Adjustment of Fishing Effort

One of the main aims of the priority is the balancing of fishing effort in the Baltic Sea and the Gulf of Riga. Planned activities are: mainly scrapping of fishing vessels and permanent reassignment of few fishing vessels for non-profitable purposes other than fishing (e.g. educational or research purposes etc.).

b) Fleet Renewal and Modernisation of Fishing Vessels

Insufficient investment funding in previous years has affected the ageing of the fishing fleet and reduction of its operating efficiency.

Therefore the objective of this measure is the improvement of health and safety on board of fishing vessels and the conditions under which fish is handled/ processed and ensuring sustainable and responsible exploitation of resources by using more selective fishing techniques.

c) Development of Processing and Marketing of Fishery and Aquaculture Products, Fishing Port Facilities and Aquaculture

The overall objective of this measure is the Promotion of fish processing sector competitiveness and production of high quality products by implementation of hygiene and environment requirements, as well as improvement of fish landing, storage and marketing conditions at ports, which will guarantee the freshness and quality of the products supplied to the final consumer. This measure also includes the development of aquaculture sector in order to promote alternative employment opportunities in rural areas and to obtain additional fish resources.

The support to fish processing companies will be provided for measures of improvement of hygiene conditions, introduction of the HACCP system and new technologies including environment-friendly technologies. A particular emphasis will be put for the high value added production in order to ensure the maximum positive effect on both the economic efficiency of the sector and the employment.

Activities establishing safe, modern and well-maintained sea-port infrastructure to be used by fishermen will be sustained under this measure. It will ensure arrangement and development of necessary services and infrastructure elements for fishing fleet activities in the sea-ports (e.g. ice-making equipment, cold storages, fish chilling rooms and other facilities).

Measures promoting modernisation of technologies for aquaculture companies and their adjustment to environmental requirements will also be supported.

d) Development of Coastal Fishery, Socio-Economic Measures, Promotion of New Market Outlets and Support to Producers Organisations

The objective is to improve the conditions of coastal fishery in the Baltic Sea and the Gulf of Riga, to support fishermen suffering from fishing vessel scrapping and ceased (including temporary) fishing activities, to facilitate the production of market oriented fish products, as well as to increase fish consumption by entering new markets and finding new market outlets, to promote the common market organisation for fishery and aquaculture products.

The measure provides support to the groups of fishing vessel owners and fishermen fishing in the coastal waters. This support will ensure improvement of safety equipment, hygiene and working conditions and introduction of more selective fishing methods, promotion of fresh fish market and increase of value added of the fish production. A support scheme is included for fishermen involuntary leaving fisheries as the result of the decommissioning of fishing vessels (e.g. scrapping or reassignment of fishing vessels for other purposes – training, research activities, etc.)

The measure will also provide support for the establishment of producer organisations and promotion of their activities by ensuring the introduction of key intervention mechanisms of the Common Fisheries Policy in Latvia.

Lithuania

The global objective of the Development Plan 2004-2006 is to: *'Strengthen the preconditions for growth in long-term national economic competitiveness and to facilitate the transition to and development of a knowledge-based economy characterised by increasing GDP levels and strong employment growth, leading to higher living standards and increasing well-being for all Lithuania's inhabitants.'*

In summary, the implementation of the overall development strategy requires flexible investment policy that is able to take into account rapidly changing economic and social challenges. Thus, seeking to achieve the efficient and productive implementation of the strategy and key development objectives, investment will be based around four key priorities:

1. Social and economic infrastructure development,
2. Human Resource Development,
3. Manufacturing and services,
4. Agriculture, rural development and fisheries.

*Table 4
Breakdown of finances by priority area (million EUR)*

Priority area	Total cost	EU contribution	Public aid (EC + others)
1. Development of social and economic infrastructure	459.1	347.1	459.1
2. Human resource development	217.0	163.8	217
3. Development of the productive sector (manufacturing and services)	300.6	222.4	300.6
4. Agriculture, rural and fisheries development	198.7	135	192
5. Technical assistance	35.8	26.9	35.8
Total	1,211.2	895.2	1,204.5

The overriding goal of the priority 'Rural and Fisheries Development' was formulated – on the basis of natural resources and existing residents' traditions, the creation of a modern agriculture, forestry and fisheries sector with investment in alternative activities to traditional farming and in economic diversification to help mitigate the negative social and economic consequences in rural and coastal areas caused by modernisation. Seeking to achieve this goal, the following objectives have been set:

1. *Creation of competitive EU market-oriented agriculture, encouraging of food safety and development of marketing allowing to use the existing possibilities more effectively and to ensure employment in rural areas;*

Investment in this area will be targeted at improving farm structure and ensuring the development of economically strong and competitive agricultural units. It will also be sought that the production efficiency at farms would be in-

creased, modern equipment and technologies would be purchased, production quality and safety would be ensured and hygienic and environment standard would be complied with. In addition to that, it will be sought to diversify agricultural activities.

Mainly, the following three inter-related measures will be aimed at achieving this objective:

- *Investment in Agricultural Holdings* – to create a market-oriented competitive primary agriculture ensuring food safety and marketing development that allows to use existing multi-functional sector possibilities more effectively and to ensure employment in rural areas.
 - *Support for Young Farmers* – aimed at the increase of the number of young farmers. Simultaneously, it is sought to improve competitiveness in the farm sector, as young farmers are able to adapt to the changes in modern technologies and new competitive environment more effectively. Also, this measure will help to stabilise the demographic situation in the countryside, as young people will be encouraged to remain in rural areas.
 - *Promoting the Adaptation and Development of Rural Areas* (Reparcelling activity) – the greatest attention will be paid to farm restructuring.
 - *Improving Processing and Marketing of Agricultural Products* – aimed at further modernising companies processing meat, grain, fruit and vegetables, milk and other products, reducing production costs, implementing quality and environment management systems, improving hygienic conditions and product quality as well as product marketing.
2. *Creation of possibilities to diversify economic activities in rural areas; for agricultural producers – engagement in additional economic activities by fostering the biological diversity, landscape and environment;*

With the view to achieve the goals of the balanced development of rural areas, particular attention will be paid to the improvement of the infrastructure and promotion of alternative activities. The following measures have been foreseen to achieve this objective:

- *Forestry* – targeted at the economic, ecological and social value of forests in the development of rural areas by focusing the main attention on the capital investments in the private forest holdings. This measure is scheduled to create conditions for the development of private forests by providing them with investment support for the improvement of the forest infrastructure.
- *Promoting the Adaptation and Development of Rural Areas* – support intended for the adaptation and development of rural areas by creating appropriate conditions for rural residents to engage in farming or other activities ensuring income and appropriate standard of life and creating additional jobs in the rural area. support intended for the adaptation and development of rural areas by creating appropriate conditions for rural residents to engage in farming or other activities ensuring income and appropriate standard of life and creating additional jobs in the rural area. The measure comprises a wide range of activities such as agricultural water resources management, farm advisory and extension services, diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes, encouragement for tourist and craft activities. A major focus will also be put on

improving rural engineering infrastructure, including the renovation of agricultural drainage systems, renovation of artificial water bodies' hydraulic structures, construction of flood control works, renovation of polders.

- *LEADER+ type measure and Training* – to foster human resources and to strengthen self-confidence of rural residents.

3. *Creation of the resource-based and market-oriented modern and competitive fisheries sector complying with the EU requirements by lightening social consequences of the restructuring.*

Fisheries measures under the SPD Priority “Agriculture, fisheries and rural development” are based on the structural policy of the Common Fisheries Policy of the EU.

The primary focus is on the adjustment of fishing capacity. Further objectives are to bring all the links in the fish-handling chain (vessels, ports, industries) into conformity with food safety, occupational safety and environmental protection requirements. None the less is important to create favourable conditions necessary for the development of fishing activities, to ensure the development of valuable fish resources, to develop aquaculture by enhancing its competitiveness as well as to create conditions for the common market organisation and lighten social consequences of cessation of fishing activities.

- *Fishing fleet related actions* – the most important task is to balance fishing activities with available fish resources and new EU quotas through a reduction in the size and capacity of the Lithuanian fishing fleet. The priority is to reduce the Baltic Sea fishing fleet (vessels fishing in the offshore Baltic Sea and coastal area). At the same time, the fishing fleet will be modernised helping to ensure more sustainable fisheries development.
- *Protection and development of aquatic resources, fishing port facilities, processing and marketing, and inland fishing* – investment will be made in improving fishing port facilities, which should help improve fish landing and sale conditions and expand the possibilities for the sale of fisheries products. Investments to the fish processing enterprises are aimed at modernisation, implementing quality and environment management systems, improving hygienic conditions and quality of fishery products as well as marketing. In order to re-orientate aquacultural farms to the breeding of new fish species and ecological production, to reduce production costs and to increase business profitability and competitiveness, thus promoting aquaculture development investments are necessary for modernisation and intensification of farms by implementing new technologies and innovative solutions.
- *Other fisheries related actions* – in order to help alleviate the social and economic impact of restructuring in the fishing fleet severance grants will be available to those affected by the cessation of fishing activities.

Poland

The Community Support Framework in Poland for the period of 2004-2006 is implemented by five single-funded sector operational programmes (SOP) relating to the following axes of the National Development Plan:

- the improvement of competitiveness of the economy,
- the development of human resources,

- the restructuring and modernisation of the food sector and the development of rural areas,
- the fisheries and fish processing,
- the transport infrastructure and maritime economy.

Next to the above sector programmes, the multi-funded Integrated Regional Operational Programme (IROP) will be realised.

*Table 5
Distribution of Funds among the Operational Programmes (million EUR)*

Priority area	Total cost	EU contribution	Public aid (EC + others)
1. SOP Improvement of competitiveness of the economy	2,529.7	1,300.0	1,836.7
2. SOP Human resources development	1,782.2	1,270.4	1,755.8
3. SOP Restructuring and modernisation of the food sector and rural development	1,947.8	1,055.0	1,318.9
4. SOP Fisheries and fish processing	330.5	178.6	249.5
5. SOP Transport-Maritime Economy	892.3	627.2	892.3
6. Integrated Regional Operational Programme (IROP)	4,385.2	2,869.5	3,996.5
7. Operational Programme Technical assistance	27.0	20.0	27.0
Total	11,894.7	7,320.7	10,076.7

Dissimilarly to all other new Member States' practice agriculture and rural development actions are separated into two operational programmes as follows:

1. Operational programme – Restructuring and modernisation of the food sector and rural development

The major objectives of the operational programme are the improvement in the competitiveness of the agricultural and food economy and a sustainable development of rural areas. Further programme objective is the improvement of food safety and quality and market targeting of production. Investments in the food production sector leading to the improvement of hygiene, sanitary and quality standards and activities aiming at the protection of environment and animal welfare make up the priorities of this programme.

Under the operational programme "Restructuring and modernisation of the food sector and rural development", the three below priorities and their measures are to be implemented:

a) *Support for changes and adjustments in the agriculture*

Within the scope of this priority implementation will include measures targeted at the improvement of the agricultural structures, at the reinforcement of farms' competitiveness and at the forming of production in accordance with the market demands. This priority will be realised both by the direct investment support, as well as due to training and counselling operations. Investment aid will refer especially to the adjustment of agricultural production conditions to the EU standards, to the stimulation of agricultural products' quality improvement and to the forming of manufacturing processes in accordance with the environment protection requirements. Training and counselling will be ensuring conditions for a rational and complete utilisation of instruments available for the rural areas and agriculture within the process of integration with EU.

- *Investments in agricultural holdings* – to support investments in farms, serving the reduction of production cost, the improvement of manufacturing effectiveness and organisation, the improvement of hygiene standards and animals' breeding conditions.
- *Facilitating of the farm start-up to young farmers* – a financial aid in the form of subsidies will be paid to a young farmer to facilitate to him the commencement of operations and the modernisation of a farm taken over.
- *Training* – to support the organisation of workshops, seminars, vocational education courses, apprenticeship, good practice introduction actions and other relevant training instruments for farmers.
- *Support of agriculture advisory services* – includes public and private counselling services. The support is to cover costs incurred by the counselling companies, aiding the support beneficiaries in the preparation of applications.
- *Re-parcelling* – based on the merging of lots and post-merger works, financing shall refer to the preparing of land surveying – legal documentation and the post-merger administration related to the organisation of the production space.
- *Agricultural water resources management* – investments in the range of construction and modernisation of land melioration equipment – basic and specialised, which influence the improvement of agricultural production conditions and flood safety.

b) *Sustainable development of rural areas*

The objective of this priority is the establishment of conditions for the sustainable development of rural areas, i.e. by the forming of living conditions of the rural areas' population, which comply with the civilisation standards and allow to the rural areas' inhabitants fulfil their economic, educational, cultural and social aims. This priority will be realising projects related to the preservation of traditional land utilisation forms, the improvement of a technical infrastructure related to agriculture and the ensuring of alternative sources of income on farms.

- *Restoration of rural areas and cultural heritage protection and preservation* – The objective of this measure is the mobilisation of local societies to undertake common actions aiming at the improvement of living conditions and quality in rural areas. support will be granted to projects relating the

establishing of bottom-up local development strategies and the realisation of investment activities in the range of modernisation and furnishing of objects fulfilling the cultural, recreational and sports functions, the renovation of objects characteristic for the tradition of rural areas' construction and their adaptation to cultural and social purposes, the modernisation of public areas in villages (sidewalks, squares, parks, market places). Aid will be also provided for projects contributing to the development of public infrastructure related to the evolution of tourist functions of villages and actions concerning the regional promotion.

- *Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes* – investment support in the form of compensation of a part of cost incurred at the commencement of an auxiliary agriculture-related activity, undertaken by farmers and their families.
- *Development and improvement of agriculture-related technical infrastructure* – support will be provided for small projects targeted at the improvement of access of entrepreneurs and households in rural areas to the technical infrastructure.
- *Restoring forestry production potential damaged by natural disaster and fire and introducing appropriate prevention instruments* – support will be granted for projects related to the restoration of forests, the cultivation of the forest stand and the reinforcement of fire protection system.

c) *Development and adjustment to the EC standards in the field of agricultural products processing*

The main goal of this priority is the conducting of necessary investments in the agricultural – food processing plants, to improve their competitiveness on the Single Market. Support will refer primarily to actions aiming at the achievement of proper hygiene, sanitary – veterinary and food safety standards, as well as the environment protection and animals' breeding standards. This priority will be realised through only one measure:

- *Improving processing and marketing of agricultural products* – investment aid supporting market orientation of production and the utilisation of the existing „market niches”, and also the creating of new sale channels and the modernisation of production.

2. *Operational programme – Fisheries and fish processing*

A strategic objective of the programme is a rational management of water resources, the improvement of the fishing sector effectiveness and the increase of Polish fishery and fish processing competitiveness. Fishing and fish processing products should correspond to the demand on the national market in terms of price and quality and should be competitive on the foreign markets.

Within the scope of the operational programme „Fisheries and fish processing”, the four following priorities and their measures are to be realised:

a) *The adjustment of fishing investments to resources*

Measures supporting a permanent withdrawal of a part of vessels included in the fishing fleet will be taken. This priority will be realised by the following measures:

- *Scrapping of vessels* – to remove permanently some watercraft, which will be accompanied by the transfer of fishing rights to other vessels.
- *Transfer to third countries or re-location to other types of operations* – supposed to bring the same result as the measure 1, however without the requirement of a physical liquidation of vessels (the use of a ship for scientific, training purposes, for the fishing control tasks; the use of a vessel for the preservation of historical cultural heritage, sports fishing).
- *Joint ventures* – The use of vessels in joint ventures of Polish and foreign ship-owners, out of EU waters.

b) *The renovation and modernisation of fishing fleet*

The aim of this priority is the „rejuvenation” of the fleet by the replacement of the oldest vessels and a simultaneous modernisation of the fleet in order to reduce the fishing operations’ cost and to improve both the sanitary conditions on vessels and the quality of products supplied. This priority will be realised by the following measures:

- *Construction of new vessels* – construction of new vessels dependant on the simultaneous withdrawal – without the public aid – of the old vessels.
- *Modernisation of the existing vessels* – Additional financing of vessels’ modernisation cost.
- *Withdrawal (without public aid) related to renovation* – The withdrawal of vessels from exploitation without compensation.

c) *The protection and development of water resources, fish breeding, fishing harbours equipment, fish processing and market, inland fishery*

The purpose of this priority is the reconstruction of double-environment fish migration ways, as well as complex activities targeted at the restricting of a negative influence of fish breeding and processing plants’ operations on the natural environment, the modernisation of fishing harbours and havens, and a further development of fish processing. This priority will be realised by the following measures:

- *Protection and development of water resources* – creating of solid natural basis to conduct a rational fishing economy in sea and inland waters, preserving the biological balance and variety in the water environment.
- *Fish breeding* – The improvement of inland fishing economy’s profitability and the quality of its products in order to increase the external sub-sector’s competitiveness. The reduction of an undesirable impact of inland fishing on the environment. The expanding of the existing and the developing of new fish breeding techniques and technologies and their implementation.
- *Fishing harbour infrastructure* – The modernisation of unloading operations, the improvement of fishing products’ storing conditions and unloading operations’ safety, the providing of conditions to handle the first sale of fishing products.
- *Fish processing and market* – The increase of production, the improvement of profitability, the improvement of quality and competitiveness of fish processing.
- *Inland fishing* – The improvement of fishing conditions in surface waters and the increase of inland fishing effectiveness and the improvement of its products’ quality.

d) Other activities

The objective of this priority is the alleviation of consequences of the fishermen job loss triggered off by the fleet restructuring or a temporary suspending of operations, and the support to activities regarding the coastal fishing development, the establishing of producers' organisations, the promoting of fish sale and innovation activities. This priority will be realised by the following measures:

- *Coastal fishing* – The economic reinforcement of coastal fishing by the increase of productivity and competitiveness and the improvement of working conditions and safety.
- *Social and economic activities* – assistance to the group of fishermen, which will lose their jobs as a result of fleet restructuring.
- *Promotion* – increase of fish products' sale and the propagation of knowledge regarding the types and importance of fish products in a rational human nutrition.
- *Organisation of market turnover* – Financial support for the establishing of the producers' organisation, the designing of „Action plans” and other activities related to it.
- *Temporary suspending of activity and other financial compensations* – financial compensation for a temporary suspending of operations due to the unforeseeable events.
- *Innovation activities and others* – implementation of innovative methods leading to the protection of fish resources and methods ensuring the quality of products appropriate for the processing purposes.

Slovakia

The strategic objective of the National Development Plan of the Slovak Republic is: *‘To ensure the growth of GDP, while maintaining long-term sustainable development, that the Slovak Republic will reach the level of 60 to 65% of the average per capita GDP of EU countries by the year 2006.’*

For attainment of the strategic economic objective, from a series of factors determining a balanced, dynamic, economic and social development of regions those factors were chosen for the period until 2006 that will affect in a decisive way the structure and development of the economic basis of regions, and that form together a framework proposal for priorities. Four main development axes of NDP have developed from these factors.

Development axes represent the strategic orientation of NDP:

- utilisation, restructuring and development of the productive potential of regions
- enhancement of the innovative capacity of regions;
- development of human potential and effective utilisation of labour-force resources;
- improvement of accessibility of the regions and additional equipping of their territories with infrastructure;

The above development axes were specified within sector and regional operational programmes in global objectives and specific targets. Under this specification, the following *global objectives* were specified:

1. Creation of effective jobs and decrease of unemployment;

2. Support of continuous growth in competitive production;
3. Development of the technical and social infrastructure;
4. Development of productions and services based on the utilisation of domestic resources;
5. Protection and improvement of the environment;
6. Rural development and development of multi-functional agriculture.

(According to the financial data and information provided within the Slovak National Development Plan breakdown of finances either by development axes or by objectives cannot be identified.)

Objectives of the operational programme are concentrated in 3 specific areas for the purpose of the development of investment in agriculture and rural development.

1. *Sustainable development of rural areas*

Support is going to be provided for the following types of action:

- Foundation of micro-enterprises dealing with economic activities – local crafts, services and tourism;
- Support to small production enterprises dealing with foodstuffs processing;
- Creation in the individual rural areas of so-called „farming relief“, i.e. education, training, communication with R&D institutions and establishment of „soft“ infrastructure connected with agricultural and environmental activities;
- A focus on the network of financial services designed for micro-enterprises;
- Different initiatives aimed to rural development;
- Conservation and utilisation of its cultural potential.

2. *Development of multi-functional agriculture*

Support is going to be provided for the following types of action:

- Investments in agricultural enterprises,
- Development of vegetable production depending on natural conditions,
- Development of animal production from the viewpoint of specialization,
- Foundation of sales associations of producers,
- Coordination of agriculture with intentions of the Joint Agricultural Policy of EU, in the orientation of the agricultural sector, legal and institutional areas,
- Orientation to harmonization of the utilisation of agricultural land in the regions whose development is lagging behind,
- Orientation to the transfer of biotechnology,
- Progressive and systematic application of commercial instruments,
- Organisation of agricultural market – development of monitoring, reporting and information systems.

3. *Enhancement of competitiveness of foodstuffs industry*

Support is going to be provided for the following types of action:

- Orientation to strengthening competitiveness of the agricultural and foodstuffs sector on domestic and foreign markets;
- Modernisation and technological innovation in the sector of food production aimed to the industries and branches proving competitive advantages;
- Concentration of food production with the view of enhancing labour productivity and competitiveness;
- Restructuring of foodstuffs industry;
- Strengthening of marketing infrastructure of the agricultural and foodstuffs sector (with enhancement of the participation of original producers in the dis-

tribution system and introduction of a public institution for promoting the sales of domestic producers);

- Entry of the foodstuffs industry into the network of supranational distribution networks (to build stable and favourable conditions for the entry of domestic products into these networks);
- Production and export of exportable products (flexible application of commercial instruments for the external protection of domestic market in terms of legislation in force, including an information system monitoring imports and their effect on the application of domestic products on the market, and the improvement of infrastructure of foreign trade in agricultural and food commodities);
- Strengthening of domestic sector research and the educational level of employees in agriculture and foodstuffs industry;
- Capital connection of agricultural original production and foodstuffs processing entities.

Slovenia

Slovenia has prepared its National Development Plan for the period of 2001-2006, whereby finances are separated for the period after accession. The two main goals of the NDP for the 2001-2006 period are:

- to reduce the lag of Slovenia behind the average level of economic development in the EU and
- to stop the increase in development disparities between the Slovene regions

*Table 6
Breakdown of finances by priority area (million EUR)*

Priority area	Total cost	EU contribution	Public aid (EC + others)
1. Promotion of the productive sector and competitiveness	1.196	0.398	0.904
2. Knowledge, human resource development and employment	1.302	0.490	1.245
3. Information society, infrastructure and the quality of living	1.064	0.219	0.543
4. Restructuring of agriculture, forestry and fisheries	0.326	0.147	0.246
5. Promotion of balanced regional development	0.318	0.201	0.313
6. Technical assistance	0.018	0.015	0.018
Total	4.224	1.470	3.269

Within the NDP for the 2001-2006 period Slovenia will carry out activities in order to achieve the main development goals in the framework of the following five development priorities:

1. Stimulation of the corporate sector and competitiveness;
2. Knowledge, human resource development and employment;
3. Information society, infrastructure and the quality of living;
4. Restructuring of agriculture and rural development;
5. Promotion of balanced regional development.

Main goals of the development priority Restructuring of agriculture and rural development are ensuring competitiveness, sustainable use of natural resources, preservation of population density in rural areas and harmonisation with the Acquis.

Strategic objectives will be implemented within the following programmes:

1. *Restructuring of agriculture*

The basic task of the agricultural structural policy in Slovenia is to raise the effectiveness and competitiveness of agriculture and in consequence, improve the income of farms as agricultural producers. Still unfavourable land and agricultural structures continuing from the past, poor technological equipment of farms and poor organisation of producers require faster, intense and targeted measures from the Government. In the future, the agricultural structural policy in Slovenia will have to be more and more directed into increasing the number of farms with development potential, improving productivity and increasing market-oriented agricultural production. The programme Restructuring of agriculture features of the following measures:

a) *Improving agricultural structures;*

- improving production capacities and increasing the concentration of agricultural land by performing various agricultural land operations;
- improving internal agricultural infrastructure;
- improving the size structure of farms by stimulating the agricultural land market, rental fees for land and fiscal policy;
- improving ownership structure by regulating faster transfer of ownership and management of farms to young, more productive generations;
- improving the socio-economic structure of farms by forming a stable layer of professional farms.

b) *Modernisation of farms;*

- improved competitiveness and efficiency of agricultural production (cutting of production costs, restructuring, technological modernisation, specialisation and production concentration);
- compliance with environmental, veterinary, sanitary and ethological standards.

c) *Improving organisation of agricultural producers.*

- better organisation of agricultural producers;
- stronger professional co-operation of umbrella associations and organisations in agriculture.

2. *Restructuring of the food processing industry*

Efficient management of competitive pressures and achieving long-term development goals demand restructuring of the food processing industry, which re-

quires extensive, targeted investments. This programme will achieve this within the framework of two measures:

a) Support to the food-processing industry to promote investment in tangible assets

This measure covers capital projects involving investment in tangible assets (new technology, building adaptation or construction), to fulfil the veterinary, food hygiene, technological, quality and environmental protection standards, the setting up of ecological acceptability control systems in food production, the modernisation of production and distribution capacities, the reduction of production costs, as well as more efficient horizontal and vertical linking within the market chain. Special attention is paid to projects for improving the situation in primary agricultural production.

b) Support to development and organisation activities so as to improve competitiveness of the food-processing industry.

The objective of this measure is to ensure financial assistance for improving competitiveness of food-processing companies through various development and organisation activities and investment in intangible assets through projects:

- promoting R&D in companies and co-operating with other institutions in this field;
- improving efficiency in penetrating to markets and adapting to product markets;
- streamlining production process;
- improving qualifications of employees.

3. Rural development

The measures within this programme are directed at, on the one hand, introduction of ancillary activities on farms or the diversification of economic activities on farms, and on the other, construction and improvement of infrastructure, (primarily in water supply and partially road infrastructure). The Rural development programme is composed of five measures:

a) Developing ancillary activities and the related jobs in rural areas

The purpose of this measure is to increase the number of farms with ancillary activities, to increase the share of labour force employed in ancillary activities and to increase the income from ancillary activities. It is necessary to help a certain number of farms earn most of their income from ancillary activities.

b) Connecting farmers in setting up new economic infrastructure for more efficient product marketing

This measure promotes different forms of co-operation and association of farmers, such as agricultural producers' associations, joint food processing plants, association for joint product marketing, connecting agricultural production and processing with catering services, drafting special tourist programmes with agricultural content. This should facilitate the rationalisation of food processing and marketing as well as improve the allocation of labour force and processing capacities.

c) Improving the infrastructure in rural areas, village renovation as well as protection and preservation of heritage in rural areas

- preserving day-care centres, schools, cultural institutions and medical services;

- increasing the number of connections to the public water supply system and sewage system;
 - increasing the number of telecommunication connections;
 - improving road infrastructure and electricity supply;
 - renovating villages;
 - protecting and sensibly integrating heritage in development projects in rural areas.
- d) *Comprehensive preservation of environment in relation to agriculture and forestry, protection of cultural landscape and environmentally-friendly animal breeding as well as related preservation of water resources*
- construction of sewage systems and wastewater treatment plants in rural areas;
 - waste management;
 - construction of capacities for storing organic waste for agricultural production;
 - regulation of the use of biomass.
- e) *Diversification of agricultural and non-agricultural activities in order to ensure an alternative income in rural areas*
- reducing daily migration;
 - increasing the number of employed in crafts;
 - increasing the number of employed in tourism;
 - transferring employment in the public sector to rural areas;
 - increasing employment opportunities for highly and medium qualified staff
 - offering more new possibilities of education -training in the use of new telecommunication means.
4. *Forestry development*
- The programme Development of forestry comprises four measures:
- a) *Strengthening multipurpose role of forests*
- This reflects principles of sustainable and multi-purpose forest management:
- forest preservation, care and protection;
 - maintenance and construction of forest roads and increased access to forests;
 - preserving woodland areas of special significance;
 - increasing the share of state-owned forests with a special public function.
- b) *Comprehensive monitoring of the state of forests, sustainable forest management and multiple exploitation*
- The purpose of this measure is to provide conditions for monitoring the status of forests and directing their development by taking in account their multipurpose role. Fragmentation of privately owned forests hinders the implementation of forest management goals and requires co-operation between forest owners and forest experts.
- c) *Connecting forest owners for improving management of privately-owned forests*
- connecting forest owners in order to achieve better results in the management of privately-owned forests;
 - improving conditions for the production, promotion and marketing of forest products.

d) Raising public awareness of the importance of forests and forestry

- putting the latest findings in research of forests and forest processes from theory into practice;
- training forest owners, forest workers and forest experts in forest management and educating them about forest importance;
- raising public awareness of the importance of forests and forestry.

5. *Fisheries development*

In the Fishery development programme there are two measures:

a) Sustainable resource management – fishing grounds

- modernisation of the fishery fleet in order to make it economically viable;
- assistance in the acquisition of the needed fishing equipment;
- help in re-training fishermen for other jobs;
- increasing quality of fish processing;
- increasing fish farming capacities in accordance with spatial and natural possibilities;
- improving competitiveness in the domestic and international markets.

b) Increasing production capacities for freshwater fish farming

- increase fish farming capacities and processing facilities, taking into account with spatial and natural possibilities;
- raise quality of fish processing;
- improve competitiveness in the domestic market.

6. *Knowledge*

Besides permanent vocational education and training of farmers it is also necessary to plan and implement adult training programmes catering to the development of rural areas and farming. This will be the task of the programme Knowledge which comprises three measures:

a) Increasing the education level and vocational qualification of persons employed on farms

- improve material conditions for implementing education for agriculture and food-processing;
- ensure prompt up-dating of curricula and knowledge directories in secondary and tertiary agricultural and food-processing education in accordance with technological advancement;
- introduce the possibility of taking two vocational courses in agricultural schools;
- introduce options for vocational qualification as a specialisation in the framework of regular vocational education;
- introduce vocational courses in agriculture and food-processing with special emphasis on the needs of (primarily young) adults;
- introduce college education as a form of interdisciplinary education for comprehensive rural development;
- connect agricultural, forestry and ecology education;
- introduce new occupational standards in accordance with the EU guidelines.

b) Increasing the share of people involved in life-long learning, skill perfecting and permanent education and training in rural areas

- designing educational, skill perfecting and training programmes required for comprehensive rural development;

- setting appropriate expert and legal bases as argumentation for certification of professional qualification for performing ancillary activities required for comprehensive rural development;
 - establishing inter-institutional co-operation in organising and performing education and training required for comprehensive rural development.
- c) *Putting modern scientific findings and new technologies into practice in agriculture and food-processing*
- identification of needs for special inter-institutional co-operation programmes in putting food processing and especially agricultural science into practice;
 - design of programmes envisaging regular co-operation in putting agricultural science into practice answering the needs of the Agricultural Extension Service;
 - modernisation of existing training centres, which will enable them to put modern scientific findings and technology into agricultural practice.

THE HUNGARIAN NATIONAL DEVELOPMENT PLAN – OPERATIONAL PROGRAMME FOR AGRICULTURE AND RURAL DEVELOPMENT

The long-term objective of all development actions of the NDP and domestic development policies is to improve the quality of life for the population of Hungary.

In most of these areas there are considerable gaps between the state of Hungary and that of the EU average. Therefore, actions are needed to achieve a comprehensive improvement in the determinants of the quality of life. The overall objective of the current planning period is therefore to reduce the income gap relative to the EU average.

More specific objectives will help to formulate actions and make it easier to identify those implications that matter most for the NDP:

- *increasing the competitiveness of the economy* – covers the conditions that are needed to improve the income generating potential of the productive sector in Hungary through promoting investments, supporting the SME sector, the development of new technologies, and fostering the information society;
- *improving the use of human resources* – actions in a wide range of areas can lead to a better use of human resources. Promoting and improving active labour market policies, preventing and tackling unemployment and the strengthening of labour market institutions together contribute to a higher level of employment;
- *better environmental and more balanced regional development* – required to ensure that economic activity does not lead to unsustainable use of the environmental resources. The other aspect of the objective concerns regional disparities.

The strategy has identified four main areas of intervention based on the discussion of the objectives of the NDP and the areas of policy action. These are:

- the productive sector requires action to promote productivity; innovation and other factors that improve competitiveness
- human resources need education, training, better health and expanded labour market opportunities;

- infrastructure requires action to improve the transport system and to ensure better environment protection
- regional disparities require a more balance development and a fuller use of local and regional resources

Based on that the priorities selected for policy action for 2004-2006 are:

- Improving the competitiveness of the productive sector
 - Increasing employment and the development of human capacities
 - Providing better infrastructure and cleaner environment
 - Strengthening regional and local potential
- In addition to the four priorities a fifth priority has been set up covering all the actions that are needed to ensure a sound and effective use of public resources in the implementation of the NDP. This priority is:
- Technical assistance

Objectives, priorities and Operational Programmes of the National Development Plan of Hungary has a counter-relation outlined in the *Figure 2*.

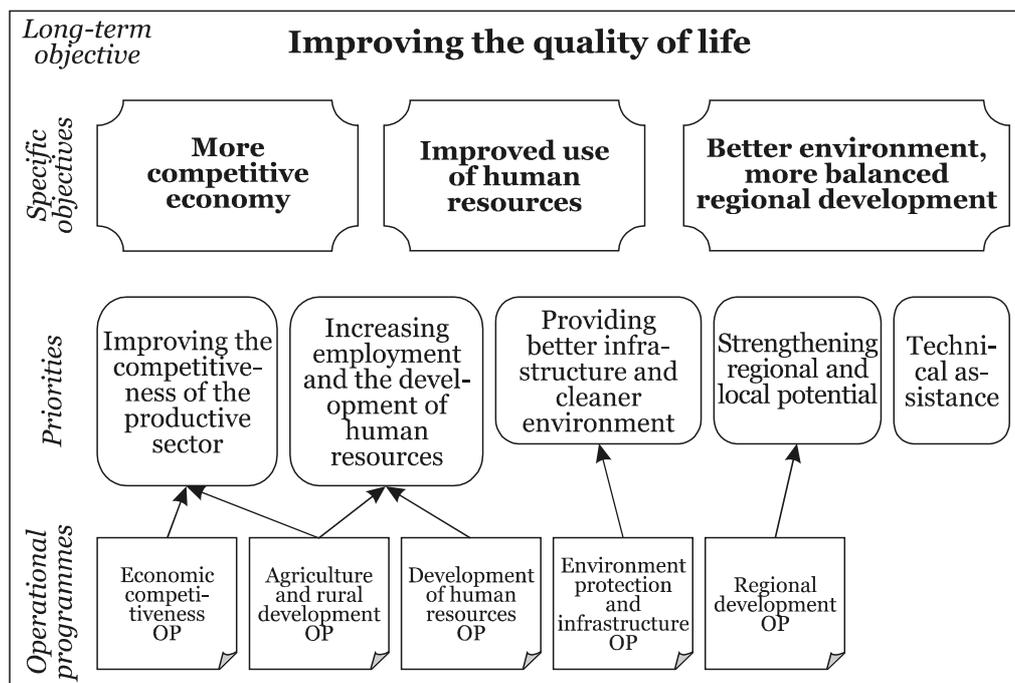


Figure 2.

The significance of Hungarian agriculture comes primarily from the favourable climate, the availability of the natural endowments and production traditions. Agriculture plays a key role in preserving rural values, in the sustainable development of rural areas, in shaping the rural society and also in reducing social problems and regional differences.

Table 7
Distribution of Funds among Operational Programmes (million EUR)

Priority area	Total cost	EU contribution	Public aid (EC + others)
1. Human Resource Development OP	672.1	504.1	672.1
2. Economic Competitiveness OP	1,236.0	423.0	563.9
3. Environment and Infrastructure Development OP	302.8	196.4	261.8
4. Agriculture and Rural Development OP	1,220.4	317.2	423.0
5. Regional Development OP	478.2	324.7	438.7
Total	3,909.5	1,765.4	2,359.5

In this environment the objective for agricultural policy is to increase the efficiency of agricultural production and to make the competitive and market positions of the producers more favourable and more secure. Objectives of the Hungarian Agricultural and Rural Development policy:

- to improve the competitiveness of agricultural production and food processing;
- environmentally friendly development of agriculture, rationalisation of land use;
- to promote the realignment of rural areas.

Of the above objectives, the Agriculture and Rural Development Operation Programme (ARDOP) only serves the achievement of the first and third objective, while environmentally friendly agricultural development, and rationalisation of land use are included in the National Rural Development Programme containing the accompanying measures financed by the EAGGF Guarantee Section.

Improvement of competitiveness of agricultural production and food processing includes: modernisation of agricultural production and improvement of personnel conditions of agricultural production, and modernisation of food processing.

Within the framework of ARDOP, the promotion of realignment of rural areas includes: development of the rural economic potential and improvement of employment, as well as making the rural environment more attractive.

On the basis of the strategy, the objectives of the ARDOP are implemented through the following three priorities:

1. Establishment of competitive basic material production in agriculture

The complex set of objectives of the priority aimed at increasing competitiveness of agricultural production creates a common framework for the modernisation and more efficient utilisation of production means and resources, development encouraging the use of cost-effective technologies, by improving the quantity and quality characteristics of the workforce required for their operation, and increasing their special skills. As a result of all these, the costs of agricultural production can be reduced, productivity can increase, production and activity structure can be extended and improved. The increasing proportion of better-quality products will have a favourable impact on sales, productivity of enter-

prises involved in production, and the living of entrepreneurs and their employees. The measures formulated on the basis of the objectives are as follows:

- a) *Investment in agricultural holdings* – serves to improve competitiveness and efficiency by ensuring that support for investments is given to farms that are economically viable; comply with the minimum requirements concerning the environment, hygiene and livestock accommodation; where the farmers have appropriate professional knowledge and abilities. Preference will be given to sectors where the products are competitive also in the longer run. The funds available for meeting this objective – primarily at economically viable operations – contribute to the general development and modernisation of agriculture, and thereby to improving competitiveness.
- b) *Modernisation of fisheries* – mainly aimed at the modernisation of existing lake farms, improvement of technical equipment of fishery farms, hatching farms and new-born raising lakes, as well as development of fish processing in order to ensure high and balanced production.
- c) *Support to young farmers* – serves to improve the age structure and the strengthening of the concentration of farms plays an important role.
- d) *Improving the personnel conditions for production* – creates the foundation for increasing competitiveness from the perspective of personnel conditions, primarily among family farms. The provision of further training for farmers is aimed at providing professional preparation for the farmers, primarily by transferring knowledge related to the European Union which is relevant for producers (such as: market regulation, support possibilities, alternative income earning possibilities, alternative farming – biological farming)

2. *Modernisation of food processing*

It serves directly to improve competitiveness by introducing new technologies, improving the conditions for entry into the market, improving the quality of products and by increasing food safety and hygiene. Modernisation and rationalisation of the sales channels used for processed products, and identification of new sales opportunities will contribute a great deal to strengthening the market position of food processing companies, and, indirectly, agricultural base material producers. It also serves this purpose indirectly by providing assistance to food processors to meet environmental requirements and to properly treat by-products and wastes. These development activities will lay the foundation and prepare for the unavoidable restructuring of food processing on a long-term basis.

3. *Development of rural areas*

The development of rural areas especially adversely affected by the socio-economic changes of the last decade and putting the rural economy on a new path of growth, and the catching up of the population living in such areas are fundamental interests of society. Improving the living conditions, income and employment position of those living in the countryside and stopping the processes of depopulation and ageing are important conditions for the social, economic, cultural and environmental renewal of the countryside.

The development of the economic potential and the improvement of rural employment conditions are also important elements to the development of rural areas.

Objectives above are intended to be achieved by the implementation of the following measures:

- a) *Enhancement of the range and quality of products and services produced in the countryside* – this allows for ensuring the subsistence of a part of the labour force that departs agricultural employment due to the modernisation of production.
- b) *Development of infrastructure that creates the basis for sustainable agricultural production and local processing* – land improvement and melioration, development of agricultural roads, improving agricultural water resource management, additionally the means of improving rural employment and income earning possibilities is the expansion of rural business activities
- c) *Creation of attractive village conditions, preserving the rural heritage* – village renewal – with lower scale investments than financed by the Regional Development Operation Programme, high standard and diverse services (basic services for rural enterprises and households). This may constitute the basis of a number of business activities (commercial, tourism activities, etc.).
- d) *LEADER+ programme* – within the framework of this measure the integration and coherence between the different players and sectors of development and the individual projects of mainstream measures may be created by the regional area based rural development strategies.

The above priorities will be supplemented with a fourth priority, supporting the implementation of the OP under the title of “Technical assistance”.

The priorities and measures of the NDP aimed at agricultural and rural development are based on the co-ordinated use of resources made available from various funds, which can significantly improve the effective implementation of objectives of both planning documents (ARDOP, National Rural Development Plan) as well as secured use of funds.

In the course of implementing the developments, in line with the principles of co-financing, the strategy – besides calculating with the support possibilities of the Structural Funds (EAGGF, FIFG) – takes into consideration the related national subsidies and the own resources of those who implement the development. Therefore the following measures of the ARDOP will be entirely financed from the national budget:

- improving basic services for rural economy and population;
- diversification of rural economic activities;
- renovation and development of villages and protection and conservation of the rural heritage.

COMPARATIVE ANALYSIS OF NEW MEMBER STATES’ AGRICULTURE AND RURAL DEVELOPMENT ASSISTANCE

The following comparative analysis of the EU assistance in the field of agriculture and rural development within Structural Funds explains the similarities and differences from two main aspects:

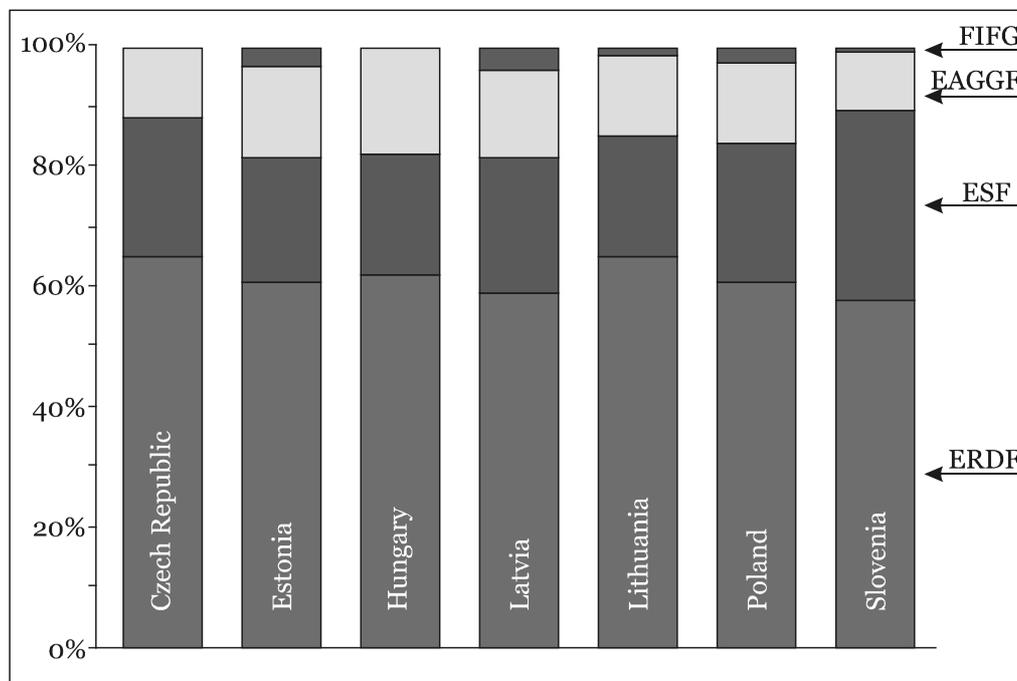
1. Financial representation within the total national allocation (Budgeting)
2. Measures and activities intended to be implemented under the agriculture and rural development chapter of planning documents (Substance)

1. Budgeting

The agriculture and fisheries related investments are financed from both the European Agricultural Guidance and Guarantee Fund (EAGGF) and from the Financial Instrument for Fisheries Guidance (FIFG).

Rural development is mainly financed also from the EAAGF Guidance Section, however in case of some countries (Czech Republic and Hungary as well) actions with similar objectives, but with well-separated specifications, can be financed from the European Regional Development Fund.

The following chart is demonstrating the proportion of each of the Structural Funds within the total national allocation for each of the newly acceded beneficiary countries.



*Figure 3
Proportion of Structural Funds in total allocation (2004–2006)*

According to the chart no major differences can be recognised among the country strategies concerning distribution of funds. The ratio of EAGGF and FIFG resources are varying between 10 and 19 percent that can be considered as stable and balanced.

The balance of budgeting among countries nevertheless does not necessarily mean that the proportion of the use of EAGGF and FIFG funds is in correlation with the role of agriculture within the economy of each of the countries. The main objective indicators of agriculture within national economies are introduced in the Table 8.

Table 8
The main objective indicators of agriculture

	Agriculture in GDP (%)	Employment in agriculture (%)	Agricultural land (%)	EAGGF+FIFG ratio (%)
Czech Republic	3.40	5.20	54.30	12.00
Estonia	3.70	28.40	19.70	18.66
Hungary	3.70	6.50	66.50	18.00
Latvia	4.70	15.50	38.30	18.81
Lithuania	7.00	19.90	51.60	15.08
Poland	2.90	27.50	59.00	16.20
Slovenia	3.30	n/a	40.00	10.00
EU-15 average	1.70	4.30	42.00	not applicable

- a) The role of the agricultural sector within annual GDP – no major differences with the exception of Lithuania where its proportion is almost double as much as in the other countries. At the same time the ratio of EAGGF and FIFG funds is the one of the lowest one in Lithuania that seems breaking the balance. Also in Slovenia the ratio of financial assistance for agriculture can be considered as lower than justifiable compared to Estonia or Hungary where the proportion of agriculture within GDP is almost the same.
- b) Taking into consideration the labour force employed in the agriculture sector, the picture is rather comprehensive as the indicator has a great magnitude between 5 and 30 percent. No correlation can be identified with the allocation of agriculture related financial support. Comparing the countries' indicators, in the Czech Republic and in Hungary the financial assistance is highly over-represented as their employment indicator could justify it.
- c) Comparing the proportion of agricultural land within the whole territory of each country and the use of EU assistance in Latvia and Estonia the proportion of the latter seems to be over-represented that can be explained with the similar geographical situation and bad quality acidic soil that requires increased efforts to be handled.

2. Substance

As far as the objectives, measures and activities are concerned, they are identified based on the SWOT-analysis of each country and therefore can vary on a wide scale. However, we can characterise them as unimaginative as the same measures are repeated only with different emphasis. Therefore, in case of some countries (especially those with smaller amount of assistance) the financial resources seem to be trifled away among the large number of measures.

Basically, two main groups of countries can be identified:

a) Estonia, Latvia, Lithuania, Poland: countries with substantially long seashore giving room for fisheries within the agriculture sector with the following standard activities:

- Modernisation and Renewal of the Fishing Fleet;
- Modernisation of Fishing Ports;
- Development of Processing and Marketing of Fishery and Aquaculture Products;
- Alleviation of consequences and socio-economic difficulties resulting from restructuring of fisheries;

In Poland, the fishery sector is so much emphasised within Structural Funds and especially the EAGGF assistance that separate operational programme is included into the National Development Plan dealing with fisheries and fish processing.

b) Czech Republic, Slovakia, Slovenia as well as Hungary: only 'traditional' agricultural and rural development activities are initiated. Emphasize is rather put on compensations for farmers and establishment and development alternative income generating activities.

While more resources are allocated for rural development whereby the characteristic measures are:

- Improving the infrastructure in rural areas, village renovation as well as protection and preservation of heritage in rural areas;
- Diversification of agricultural and non-agricultural activities in order to ensure an alternative income in rural areas.

NEW REGULATION FOR THE PERIOD 2007-2013

Expenditure under the Common Agricultural Policy (CAP) has declined gradually over time, however, it still accounts for almost 47% of the Community Budget.

Support for rural development in the 2000–2006 period is larger in Objective 1 regions (56% of the total spent) than in other parts of the EU, though only around 10% of this goes on measures to strengthen the rural economy outside of agriculture.

In the present programming period, support for rural development has been integrated into a single overall strategy, though divided between two programmes, one subject to the Structural Fund regulations, the other to those of the EAGGF-Guarantee. The latter are designed for agricultural market policies and not well adapted to multi-annual action programmes. The fishing sector is concentrated in a limited number of regions in peripheral parts of the EU, which have been hit by the measures taken to preserve fish stocks and where, accordingly, interventions under the Common Fisheries Programme can contribute significantly to the development of other economic activities

Nevertheless, Structural Funds are of key importance to the new Member States in helping them strengthen their competitiveness. The 2004–2006 period can be regarded as a transitional one, allowing the new Member States concerned to prepare the ground for the next, and much longer, programming period.

The Commission adopted a proposal on 10 February 2004 for the budget of the enlarged European Union of 27 Member States for the period 2007–2013.

This was an important decision, the Commission taking the view that Union's intervention in a number of key policy fields required strengthening. In particular, the Commission decided that an ambitious cohesion policy should be an essential element of the total package. Importantly, in the new budgetary structure, the Commission maintains the view that cohesion policy should be allocated a single, and transparent, budgetary heading which is essential in order to provide the certainty and the stability necessary for the planning of the next generation of national and regional multi-annual programmes.

The enlargement of the Union to 25 Member States, and subsequently to 27 or more, will present an un-precedent challenge for the competitiveness and internal cohesion of the Union. In an effort to improve the performance of the EU economy, the Heads of State and of Government of the Union meeting in Lisbon in March 2000 set out a strategy designed to make Europe the most successful and competitive knowledge based economy in the world by 2010. Cohesion policy in all its dimensions must be seen as an integral part of the Lisbon strategy, even if today, as the Commission pointed out in the financial perspective, the policy design underlying Lisbon needs to be completed and updated. In other words, cohesion policy needs to incorporate the Lisbon and Gothenburg objectives and to become a key vehicle for their realisation via the national and regional development programmes.

In effect, the Commission proposes that actions supported by cohesion policy should focus on investment in a limited number of Community priorities, reflecting the Lisbon and Gothenburg agendas, where Community intervention can be expected to bring about a leverage effect and significant added value.

The pursuit of the priority themes would be organised around a simplified and more transparent framework with the future generation of programmes grouped under three headings:

1. Convergence

This objective would concern, first and foremost, those regions, in which per capita GDP is less than 75% of the Community average. The key objective of cohesion policy in this context would be to promote growth-enhancing conditions and factors leading to real convergence. Strategies should plan for the development of long-term competitiveness and employment.

Programmes would be supported by the financial re-sources of the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund.

2. Regional competitiveness and employment

For cohesion policy outside the least developed Member States and regions, the Commission proposes a two-fold approach:

- through regional programmes: cohesion policy would help regions and the regional authorities to anticipate and promote economic change in industrial, urban and rural areas by strengthening their competitiveness and attractiveness, taking into account existing economic, social and territorial disparities;
- through national programmes: cohesion policy would help people to anticipate and to adapt to economic change, in line with the policy priorities by supporting policies aimed at full employment, quality and productivity at work, and social inclusion.

3. Territorial co-operation

Building on the experience of the present INTERREG Initiative, the Commission proposes to create a new objective dedicated to furthering the harmonious and balanced integration of the territory of the Union by supporting cooperation between its different components on issues of Community importance at cross-border, transnational and interregional level.

Action would be financed by the ERDF and would focus on integrated programmes managed by a single authority in pursuit of key Community priorities linked to the Lisbon and Gothenburg agendas.

Coordination and coherence between the Funds would be guaranteed at both political and operational level. The number of funds would be limited to three compared to the current six (see *Table 9*).

Table 9
Instruments and objectives

2000-2006		2007-2013	
Objectives	Financial instruments	Objectives	Financial instruments
Cohesion Fund	Cohesion Fund	Convergence and competitiveness	Cohesion Funds ERDF ESF
Objective 1	ERDF ESF EAGGF Guidance FIFG		
Objective 2	ERDF ESF	Regional competitiveness and employment: • regional level • national level	ERDF ESF
Objective 3	ESF		
INTERREG	ERDF	European territorial co-operation	ERDF
URBAN	ERDF		
EQUAL	ESF		
LEADER+	EAGGF Guidance		
Rural development and restructuring of the fisheries sector outside Objective 1	EAGGF-Guarantee FIFG		
9 objectives	6 instruments	3 objectives	3 instruments

Furthermore, the Commission proposes to simplify and to clarify the role of the different instruments in support of rural development and the fisheries sector. The current instruments linked to rural development policy would be grouped in one single instrument under the Common Agricultural Policy designed to:

- increase the competitiveness of the agricultural sector through support for restructuring (for in-stance, investment aids for young farmers, information and promotion measures);
- enhance the environment and countryside through support for land management, including co-financing of rural development actions related to Natura 2000 nature protection sites (for instance agri-environment, forestry, and 'Least Favoured Areas' measures);
- enhance the quality of life in rural areas and promote diversification of economic activities through measures targeting the farming sector and other rural actors (for instance, qualitative reorientation of production, food quality, village restoration).

The present Community Initiative, LEADER+, would be integrated into mainstream programming.

Similarly, action in favour of the restructuring of the fisheries sector would be grouped under a single instrument, which would focus on actions to accompany the restructuring needs of the fisheries sector and to improve working and living conditions in areas where the fisheries sector, including aquaculture, plays an important role.

The Commission proposal will increase EU funding of the Common Agriculture Policy, amounting to total EU funding of 13.7 billion euro per year for 2007-2013. By introducing a single funding and programming instrument – the European Agriculture Rural Development Fund (EARDF) – the new policy will be much simpler to manage and control. Coherence, transparency and visibility will be increased. Member States and regions will have more freedom as to how to implement the programmes.

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