

A large, stylized green flower graphic is positioned on the left side of the page, extending from the top to the bottom. The flower has multiple layers of petals and a long stem. The background is split into a red vertical strip on the left and a white area on the right.

# New Hungary Rural Development Programme

19th February 2007



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VIDÉKFEJLESZTÉSI PROGRAM  
2007-2013



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## Abbreviations

AERI	Agricultural Economics Research Institute
AES	Agri-environmental Scheme
ARDA	Agricultural and Rural Development Agency
ARDIRC	Agricultural and Rural Development Interest Reconciliation Council (FöVÉT)
DRD	Department for Rural Development
ARDOP	Agricultural and Rural Development Operational Program
BAT	Best Available Techniques
CAP	Common Agricultural Policy
CMEF	Community Monitoring and Evaluation Framework
CF	Cohesion Fund
EAFRD	European Agricultural Fund for Rural Development
EEA	European Environmental Agency
EAGF	European Agricultural Guarantee Fund
EAGGF	European Agricultural Guidance and Guarantee Fund
EC	European Community
EEOP	Environment and Energy Operational Programme
EiC	Env-in-Cent Consulting Ltd.
ERDF	European Regional Development Fund
ESA	Environmentally Sensitive Areas
ESF	European Social Fund
ESU	European Size Unit
EU	European Union
GC	Golden Crown
GDP	Gross Domestic Product
HAS	Hungarian Academy of Sciences
HCSO	Hungarian Central Statistical Office
HNEC	Hungarian National Environmental Council
HNRN	Hungarian National Rural Network
HNVA	High Natural Value Areas
HUF	Hungarian Forint
IACS	Integrated Administration and Control System
ICT	Information and Communications Technology
IRDEC	Institute for Rural Development Education and Counselling
LAG	Local Action Group
LEADER	Liaison Entre Actions de Développement de l'Économie Rurale (Links between actions for the development of the rural economy)



LFA	Less Favoured Areas
LPIS	Land Parcel Identification System
LRDC	Local Rural Development Community
LRDO	Local Rural Development Office
LU	Livestock Unit
MA	Managing Authority
MARD	Ministry of Agriculture and Rural Development
MEW	Ministry of Environment and Water
MC	Monitoring Committee
NAEP	National Agri-Environmental Programme
NAPP	National Agri-Environment Protection Programme
NDP-1	National Development Plan-1
NDA	National Development Agency
NDPC	National Development Policy Concept
NEC	National Environmental Council
NEP-II	National Environmental Programme-II
NFD	National Forestry Database
NGO	Non-governmental organizations
NHDP	New Hungary Development Plan
NHRDP	New Hungary Rural Development Programme
NHRDSP	New Hungary Rural Development Strategic Plan
NIENW	National Inspectorate of Environment, Nature and Water
NRDC	National Regional Development Concept
NRDP	National Rural Development Plan
NSC	National Society of Conservationists
NWMP	National Waste Management Plan
PO	Producers' Organisations
PSO	Producers' Sales Organization (TÉSZ) <sup>1</sup>
PSP	Procurement and Sales Partnership (BÉSZ)
PWC	PricewaterhouseCoopers Hungary
R&D	Research and development
ROP	Regional Operational Programme
RCGF	Rural Credit Guarantee Foundation
RDEAI	Rural Development, Educational and Advisory Institute
SAPARD	Special Accession Programme for Agriculture and Rural Development
SEA	Strategic Environmental Assessment
SEA	Strategic Environmental Assessment
SF	Structural Funds

<sup>1</sup> PSO totally equals with Producers' Organisation.

SME	Small and Medium sized Enterprises
SPS	Simplified Direct Payments
SRC	Short Rotation Coppice
SROP	Social Renewal Operational Programme
SIOP	Social Infrastructure Operational Programme
TA	Technical Assistance
THNV	Territories with High Natural Values
UMIS	Unified Monitoring Information System
VÁTI	Hungarian Public Nonprofit Company for Regional Development and Town Planning
VPP	Vásárhelyi Plan Plus
WFD	Water Framework Directive

Abbreviations of Hungarian Operational Programmes:

CTOP	Central Transdanubia Operational Programme
CHOP	Central Hungary Operational Programme
EAOP	Electronic Administration Operational Programme
EDOP	Economic Development Operational Programme
EEOP	Environment and Energy Operational Programme
IOP	Implementation Operational Programme
NHOP	North Hungary Operational Programme
NGPOP	North Great Plain Operational Programme
SGPOP	South Great Plain Operational Programme
SIOP	Social Infrastructure Operational Programme
SROP	Social Renewal Operational Programme
SROP	State Reform Operational Programme
STOP	South Transdanubia Operational Programme
TOP	Transport Operational Programme
WPOP	West Pannon Operational Programme

## **1. Title of Rural Development Programme**

The Title of the Rural Development Programme is: „New Hungary” Rural Development Programme, 2007-2013.

The New Hungary Rural Development Program is the National Rural Development Program prepared for the 2007-2013 period pursuant to Art. 15 (1) of Council Regulation (EC) 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development, to be officially submitted by Hungary to the European Commission after its adoption by the Government.

## 2. Member State and Administrative Region

### 2.1. The geographical area covered by the plan

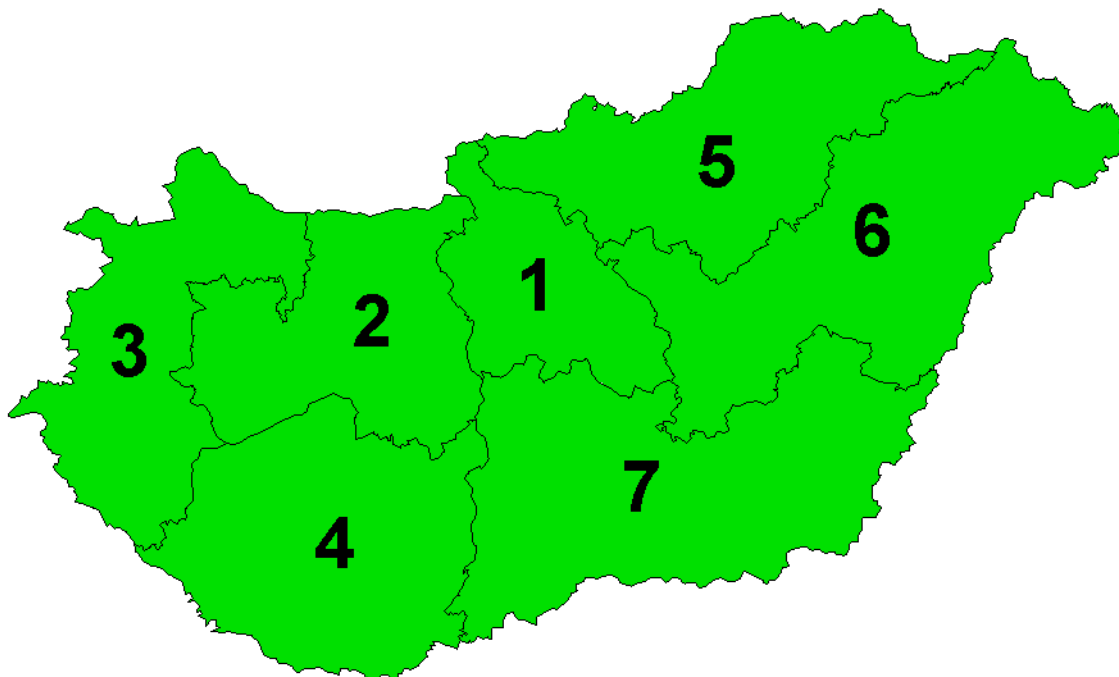
The “New Hungary Rural Development Programme 2007-2013” (the “Programme”) has been prepared by the Ministry of Agriculture and Rural Development in accordance with Article 15 (2) of Council Regulation (EC) No 1698/2005 as a single programme for Hungary, and applies to the entire territory of the country, covering all 7 administrative regions on NUTS 2 level.

### 2.2. Regions classified as “Convergence” objective

Pursuant to Commission Decision No. 2006/595/EC the regions eligible for funds under the Convergence objective for the period 2007-2013 are as follows:

- Central Transdanubia (Közép-Dunántúl, HU21, Nr. 2.)
- Western Transdanubian Region (Nyugat-Dunántúl, HU22, Nr. 3.)
- Southern Transdanubian Region (Dél-Dunántúl, HU23, Nr. 4.)
- Northern Hungarian Region (Észak-Magyarország, HU31, Nr. 5.)
- Northern Great Plain Region (Észak-Alföld, HU32, Nr. 6.)
- Southern Great Plain Region (Dél-Alföld, HU33, Nr. 7.)

The region of Central Hungary (Közép-Magyarország, HU11, Nr. 1.), where GDP index exceeds 75% of the average GDP index of the EU-25, falls under the scope of the Regional competitiveness and employment objective, and is, according to Commission Decision 2006/597/EC, eligible for support on a transitional and specific basis (“phasing in”).



### **3. Analysis of the situation in terms of strengths and weaknesses, the strategy chosen to meet them and the ex-ante evaluation**

#### **3.1. Analysis of the situation in terms of strengths and weaknesses**

##### ***3.1.1. The general socio-economic context of the geographical area***

###### *Physical context and demarcation of rural areas*

Hungary occupies an area of 93,030 sq. km. On January 1, 2006 the number of inhabitants amounted to 10,077 thousand, showing a tendency of permanent decline. Between 2000 and 2006 population decreased by 146,000 heads. Population density is at 108.5 per sq. km.

According to the criteria of demarcation already applied in the previous programmes (unfavourable demographical situation and age structure, and underdeveloped economy and infrastructure), 87% of Hungary was qualified as rural area in 2003 including 96% of the country's settlements, and providing home for 47% of the total population. These rural areas comprise a special type of region characterized by low population density, heavy reliance on land as source of livelihood, and a non-urbanized settlement structure (typified by villages, small towns, and, in certain regions, by isolated farms). Rural areas also include the outskirts of those highly populated, thus non-eligible settlements with above 2% of their population living there. Adjusted to the specific target groups and to the specialities of each measure of Axis III, the demarcation of rural areas differs measure by measure.

###### *Demographic situation*

Demographically, the increase in population in these rural areas is low – to a regionally different extent –, and the unfavourable age-structure characteristic of them demonstrates the ageing of the population. The decreasing size of the younger generations and the otherwise welcome improvement in life expectancy have resulted in a situation in which it gets for the younger people reaching employment age harder and harder to produce the sufficient funds covering the pension of the older generations. The imbalance between the genders also seems to become stable: while in the age group under 40-45 men dominate, in the older age groups women take over.

In the last decade migration from the rural areas has intensified, most of the people leave presumably in the hope of employment and a better living. Positive changes occurred in this regard only in Central Hungary and the Western and Central Transdanubian Regions, while the migration balance is the less favourable in the regions of Northern Hungary and Northern Great Plain. If current tendencies remain, we have to reckon with an unfavourable change in the age structure of the population in all regions, the continuous decrease of the active-age population, and the concomitant rise in the number of inactive citizens.

###### *Economic drivers, productivity and growth*

As an indicator of economic performance, significant differences may be observed in the GDP among the main sectors. Growth in the industry and the services sector exceeds the average rate of the national economy, while the contribution of agriculture to the GDP lags behind both in terms of volume and direction. As a result, the GDP growth, on branch level, reflects the trend of economic restructuring characterized by the gradual displacement of agriculture. In addition development was geographically uneven and focused primarily on the regions and regional centres with dynamism. This has in turn led to the handicap of the rural areas predominantly based on agriculture.

A characteristic difference in the structure of the economy in rural areas compared to the national average is that agriculture, including forestry, game and fisheries management has a significantly higher share. Although agriculture accommodates the lowest number of undertakings, it plays a decisive role in the living of rural population, and is in fact the exclusive source of livelihood in many

settlements. Agricultural activities in rural areas carry an appreciably greater weight, both economically and socially, than their quantifiable contribution to the GDP. Enterprise density here lags behind the national average. In the rural but particularly in the disadvantaged areas the rate of subsistence enterprises is also high, which refers to the limited employment opportunities. The handicap of rural areas is evident also in the reluctance to launch there enterprises and their reduced capability to attract capital. Services have approximately a 10% lower share in the total economy of the rural regions than the national average. In other words, the gaining ground of the tertiary sector has not gone hand in hand with the agriculture's losing ground, and that causes severe employment and income problems among the rural population. The transformation of the economic structure in the rural areas proceeds but slowly, with the traditional production sectors – industry and agriculture – retaining their importance though slowly declining. The spread of non-agricultural activities in the rural areas is relatively slow.

### *Labour market trends*

The gradual displacement of agriculture as a major source of employment is apparent in every region. The smaller population a village has, the narrower the job opportunities locally available. In villages with less than 500-1000 residents inactive citizens needing social or family support often amount to a higher than 70% rate of the local population. There are on the other hand regions where agriculture continues to be considerable owing to favourable natural conditions, long traditions of production, and certain comparative economic benefits. These areas include the Southern Great Plain (where the share of agriculture is 150-250% of the national average), Southern Transdanubia, and the Northern Great Plain, where counties show an unusually great variety of moderate industrialization. The critical employment conditions and the lack of jobs in the economically disadvantaged Northern Hungarian areas stress the importance of subsistence farming and the social role of agriculture. Altogether the links of the villages with agriculture are by three to four times stronger than those of the urban areas.

The segment of the population relying on agriculture for a living can be divided into two groups, remarkably distinct in size and composition. One of them, and this is the majority, consists of individuals engaged in one or another sort of agricultural activity with a variety of aims, and with looser ties to the sector. The much smaller minority comprises the actual employees of the sector who are dedicated to agriculture with a life-long sense of vocation.

Between 1991 and 2004 the rate of individuals variously connected to agriculture was cut by more than the half. In 2003 15.9% (1.3 million people) of the total population was engaged in actual agricultural production (age groups over 15 years only), their share was yet 32.8% (2.7 million) in 1991. Between 2000-2003 the rate of population engaged in farming declined considerably, by about 30% (from 1.98 million to 1.35 million). The number of people employed in agriculture dropped from 9% to below 5% in the last decade.

One of the major obstacles to rural economic restructuring is the discrepancy between the actual needs of the economy and the structure of education and (vocational) training. There is a shortage of labour force with the education and professional knowledge required by the prospering branches of the economy in the rural areas mostly due to migration from the areas.

Rural areas have a much lower rate of college or university graduates and even high school graduates than the national average, with vocational secondary school or mere elementary school education being the highest completed education of most residents.

### *Use and ownership structure of the land*

The conditions for agriculture, including soil quality, climate, and terrain, are favourable in international comparison. Depending on the fertility of soils 89% of the country's area of roughly 9.3 million hectares is suitable for various agricultural and forestry usages.

Arable land therefore represents a vitally important resource of the country, and is thus one of the fundamental factors of production. Within 63% of the country's area actually under agricultural cultivation in 2004 and 2005 48.5% was – plough-land, 11.4% grasses, and 3.1% orchards and

vineyards. 19.1% of the total area is covered by forest. The distribution of agricultural and cultivated land is uneven between the Hungarian regions, with the Northern and Southern Great Plain having the largest share (20-20%), and Central Hungary the smallest (6-7%). Between 2000 and 2005 no significant changes occurred in the cultivation methods or the distribution of land between the different sectors.

Both large and small holdings are present in Hungary at the same time. Agri-business organisations typically cultivate large land areas, while a less efficient holding structure of small farms is characteristic of individual farmers. The average size of farmland used by the individual farms increased more than sevenfold in Hungary between 1991 and 2005 (from 0.5 hectare to 3.5 hectares). However a much more intensive land concentration would be required to be able to access the markets. Large agricultural holdings play an important role in integrating local actors and creating social cohesion in rural areas (corporate social responsibility).

The most apparent change of the past fifteen years is, as a result of privatization and compensation, that private ownership of agricultural land reached a prevalent (83%) share by 2005 while land ownership and use by the state and various cooperatives significantly decreased. Following the privatization of land the average plot size owned has become 2.3 hectares, which except for plantations or intensive horticultures, hardly provides secure livelihood for a family.

Based on the above, it can be said that the role of agriculture in the national economy in Hungary is still considerable, despite the significant decline. This mainly originates from the better than average characteristics of the agricultural production which forms the part of the rural life-style too, from the traditions of the production and from the rates of the sector, which significantly exceeds the average of the EU (because of the portion of land use for agricultural purposes, the number of the people engaged in agricultural activities). Parallel to this, the agriculture becomes more valuable in the regions in critical economical situation, as often the only source of living. This phenomenon considerably reevaluates the so far production oriented role, significance of the agricultural activities and strengthens its multifunctional characteristic.

According to the Industry structure census of 2003, almost 45% of the population engaged in agricultural activities participates, to varying degrees, in the production of commodities sold on the markets. (The rate of the producers selling the excess over the own consumption is 31.1%, 13.1% of the family workforce is the one which solely engaged in production.

The most populous the group of those, who are engaged in a production for exclusively own consumption, their rate is 55.7%. The number of those producing mainly for the commodity market is 177 thousand people in approximately 90 thousand farms. The rate of the enterprise farms and the family workforce connected to them is not substantial (0.1%). As a welcome change the number and the labour absorbing capacity of commodity-producing farms have increased, while a setback can be observed with all other types of farming enterprises making up the sector. The rather large group (750 thousand people) of agricultural producers, who are producing only for their own needs, have looser ties to agriculture, most of them are engaged in agricultural production as part of the rural way of life, out of respect for traditions, in order to save living costs as semi-subsistence farmers, or simply to earn extra income.

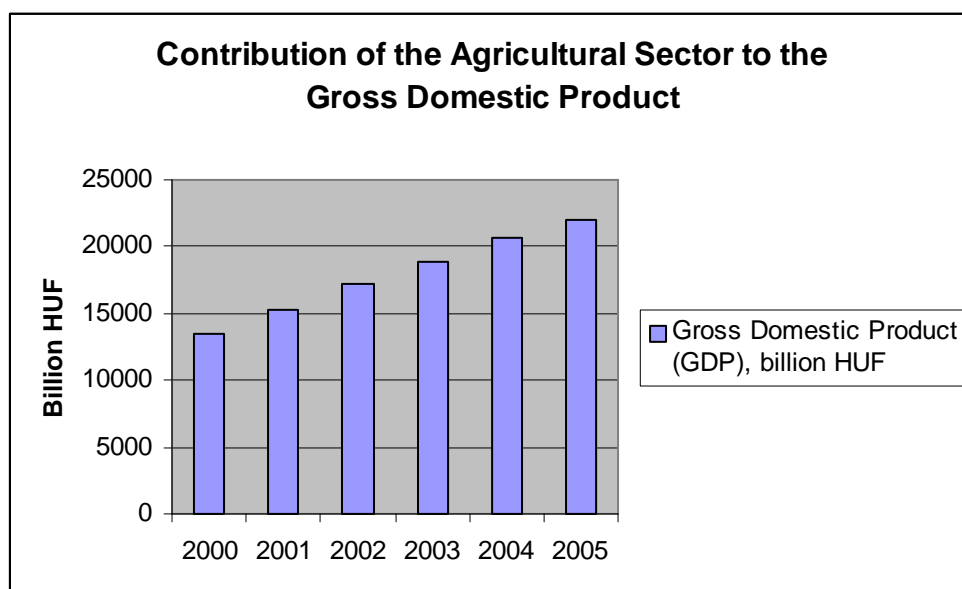
All these statistics show that the number of semi-subsistence farms being able to develop into commodity-producing farms as a result of the supports is estimated at about 20,000.

### 3.1.2. Performance of the agricultural, forestry and food sectors

#### *Economic weight and main development trends*

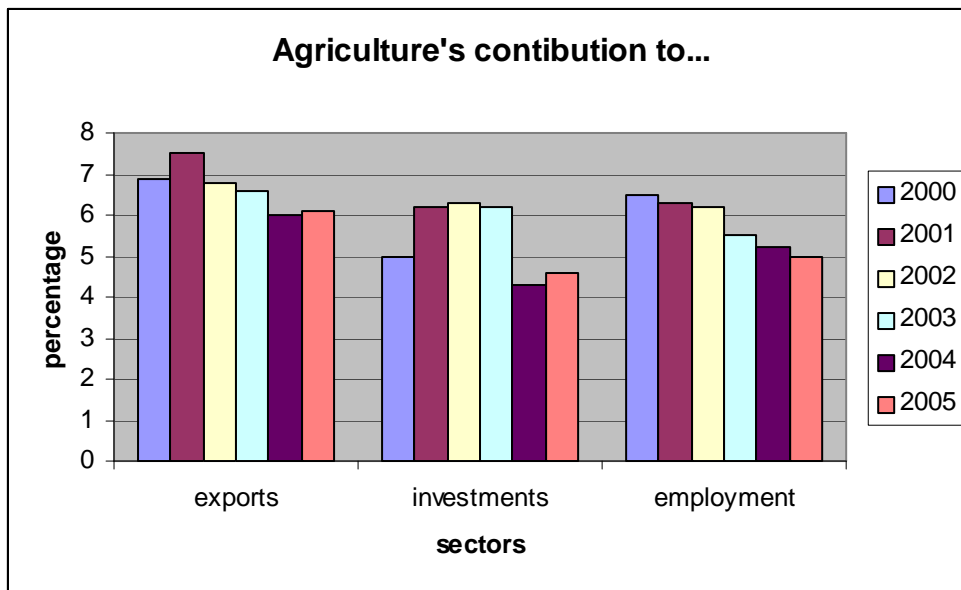
In line with the international trends the significance of the agrarian sector in Hungary decreases within the national economy in terms of quantifiable performance.

The contribution of agriculture to the gross added value dropped roughly by half (from 6.7% to 3.1%) between 1995 and 2004. The rate of decline varies between 40% and 55% depending on region. The lowest drop of production occurred in the Southern Great Plain (40%) with the best agricultural conditions, and the highest in Central and Western Transdanubia, respectively. A higher than 40% of the sector's gross added value is produced in these two regions of the Great Plain, which are followed by Southern Transdanubia with a share of 15.2% (in 2003), and the rest of the sectoral output is produced by the remaining regions with roughly the same share.

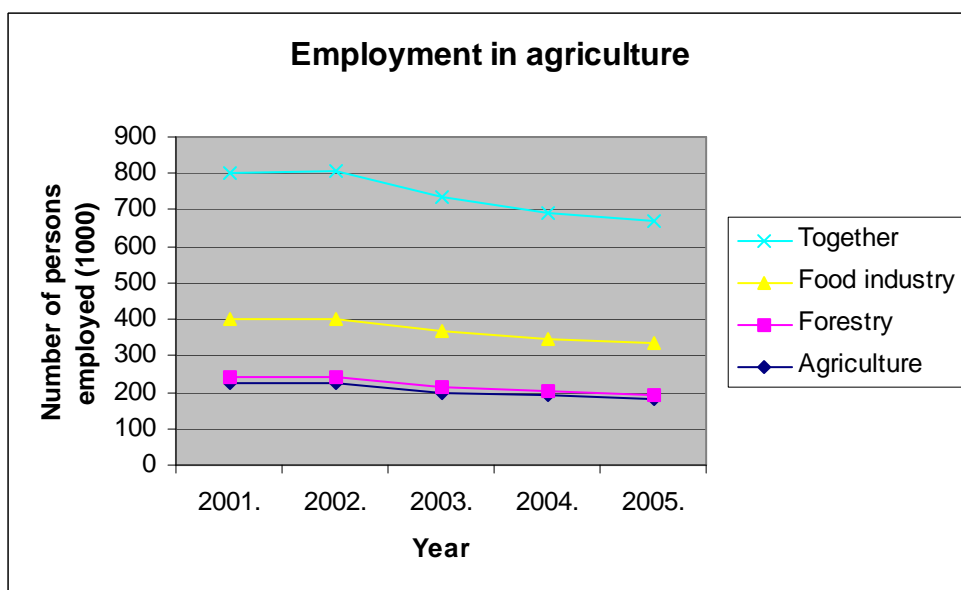


Within the country's total export the share of agriculture plus food industry dropped over the past decade (from 22.7% to 7.2%), in spite of the fact that the rate of national investment in agriculture increased between 1994 and 2005 mainly spent on technical development and new equipment purchases.





The sector plays different roles in the employment situation of each region. Regions less suitable for agricultural production but with better conditions to support industry and services (such as Central Hungary, Central Transdanubia, and Western Transdanubia) expect a further losing ground of agriculture. On the other hand in the Great Plain and Southern Transdanubia, where production has good natural conditions and farming is a historic tradition, the sector will continue to play a major role, particularly in small settlements. In the economically disadvantaged northern regions, due to the critical unemployment rates agricultural production has also a special social mission mainly through subsistence farming.



#### *Sectoral structure*

Crop farming continues to be the leading branch of agriculture, with animal husbandry of a decreasing share and non-agricultural supplementary activities remaining relatively insignificant.

### Gross output of Hungary's agriculture by main activity

Item	Gross output at current prices (in billion HUF)			Share in gross output (%)		
	2003	2004	2005	2003	2004	2005
Crop farming	700.8	963.9	835.8	9.5	58.3	55.0
Animal husbandry	587.3	541.7	556.9	41.5	32.8	36.6
Non-agricultural secondary activities	51.9	50.5	39.9	3.6	3.1	2.6
Agricultural services	76.7	96.5	87.8	5.4	5.8	5.8
Agricultural output, total	1416.7	1652.6	1520.3	100.0	100.0	100.0

Source: Agricultural Statistical Almanac 2005, KSH [Hungarian Central Statistical Office] 2006

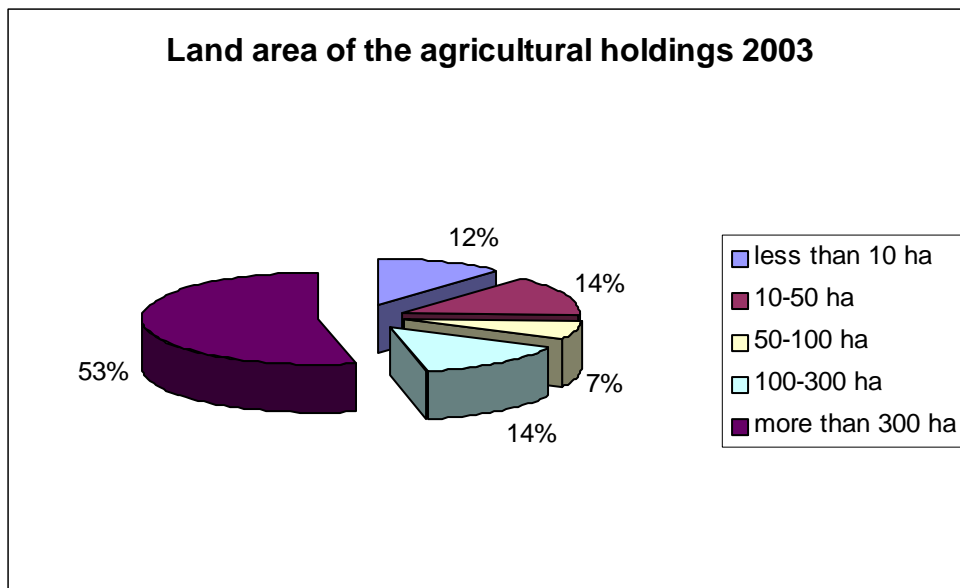
#### Crop farming

Crop farming still has a leading role among the agricultural sectors, while the weight of animal husbandry is decreasing and the significance of the non-agricultural secondary activities is relatively small too.

Crop farming in Hungary is concentrated in the Northern and Southern Great Plain. These two regions together account for over 40% of the arable-land production of grain varieties and oil-seed crops, with Southern Transdanubia taking the second place.

The production volume of crops between 1994 and 2004 meant a performance surplus of 44.5% (owing to the afore-mentioned extraordinarily high harvest results in 2004).

The crop structure has remained essentially unchanged in the past ten years, with grain sorts retaining their traditional leading rate of close to 70%. 2004 and 2005 data show a 2-3% growth in the sowing fields of cereals and maize, as well as an unusually abundant harvest. The average yield of wheat doubled between 2003 and 2004, and even in 2005 it was 1.7-times higher than in 2003. It is important to note that this increase of the harvest results is not the result of an improvement of technology, but the result of the weather especially favourable to crop farming. The considerable surplus caused sales problems and consequently storage difficulties caused by the lack of capacities.



### Animal husbandry

The total volume of livestock has decreased by 42% since the 1990's. Among the farm animal species the cattle stock continued to decline also between 1994 and 2005. This drop is alarming also in view of the drastic reduction of stock (by 42%) between 1990 and 1994. Since 1994, the cattle sector has shrunk by an additional 22.2%. Pig stock fluctuated significantly between 1994 and 2005, with alternating trends, though recent years have clearly been characterized by a downward turn. The stock of not quite 4 million pigs in 2005 represents an 11.5% decrease compared to 1994, which amounts to about 40% of the average of the 80's. The number of sows dropped however by 33% over the subject period. In contrast with that the stock of sheep has increased since 1994 (by 48.8%). This increased the share of ruminants within the total animal sector, which contributed to the preservation of the cultural state of grasslands unusable for crop farming. Poultry stocks increased in the 1990's despite the adverse market conditions, and the low and fluctuating profitability. This trend turned in 2004, and by 2005 compared to 1994 the number of poultry and laying hens dropped by 5% and nearly 12.3%, respectively. Animal density – the number of animals per 100 ha of agricultural land – decreased between 1994 and 2005 in respect of both cattle and pigs. This index rose exclusively in the sheep farming sector.

Pig, beef cattle, and poultry farming are mainly concentrated in the two regions of the Great Plain, beef production being also very significant in Western Transdanubia. Sheep farming plays a major role in the Great Plain, as well as in Northern Hungary. Dairy cow breeding is typical in the Great Plain and across Transdanubia, while Central Transdanubia is the leading egg producing region of the country.

### Mitigating the imbalances in the production structure

The respective shares of the two main sectoral groups within the gross agricultural production value reflect the increasing dominance of plant farming (with the weighty presence of cereal production), bringing about ingravescently unfavourable consequences. In 2005, the share of plant farming from the gross output was 55%, while the permanently dropping proportion of animal farming just hardly exceeded one-third of the total output (36.3%). In Hungary, the disproportionate rise of the share of plant farming in arable lands roots from the existing properties of the agricultural lands, the large proportion of arable lands even in international comparison (48.5%), the fluctuating, but rather outstandingly large average yields in recent years, as well as the significant decrease of the volume of

animal farming, especially in the foddered animal species. The drop in the number of farm animals has released extensive areas formerly used for fodder production. By 2005, the size and yield of the animal stock were reduced to 60–65% of the figures recorded in 1990. While in 1994, fodder crops were grown in 13.4% of the total cultivated areas, their share did fall to 6% by 2005.

Similarly to the recent decades, the nearly 70% share of cereal production in the existing crop structure is predominant. The corresponding figures for 2004 and 2005 indicate a 2–3% increase in the associated cultivated areas for eared cereals and corn alongside with remarkably large yields (the average yield for wheat in fact doubled in 2003–2004, and in 2005 was still 1.7 times larger than in 2003). A similar increase in yields was witnessed for corn, the production quantities in 2005 were 90.9% larger than in 2003. This considerable overproduction has resulted in marketing problems, and then serious storage concerns.

Options for the gradual elimination of cereal overproduction are the following:

Towards the moderation of market tensions caused by the overproduction of cereals, there are five options for the effectuation of restructuring:

Bioenergy production potentially offers solutions for overproduction from two aspects. In the production side, the planting of quickly growing species reduces the size of lands now involved in cereal production, while in the market side the use of cereals in the production of bioethanol decreases the rate of overproduction.

Investments in animal farming reduce the excess quantities arising from cereal production, as cereals can as well be used for the foddering of animals. It is foreseen to significantly enhance the generation of added values across the product chain.

Forestry – or to be more precise afforestation – reduces the size of areas used for cropping, and therefore potentially leads to the moderation of the total quantities of cereals produced. Consequently, it contributes to the transformation of the production structure.

Horticulture – as based on the favourable conditions in agricultural production – may represent an alternative solution for the diversification of agricultural activities, as well as the enhancement of the income-generation capacity of the producers concerned.

The development of the infrastructure, in particular investments in logistics would strongly promote the market access of agricultural products and commodities.”

### **Logistic problems**

In rural areas, the improvement of the competitiveness of agricultural production and processing activities is hindered by the underdeveloped state of logistic systems, the lack of services to facilitate access to the markets that are to serve the sales of agricultural and food-industry products. The number of organizations promoting the marketing of locally produced, special agricultural and food-industry goods is small, their networks call for development. A similar situation can be seen in the field of services integrating market information and the production potentials of any given region.

It is a result of the existing peculiarities of the agricultural sector that in the regions the several stakeholders involved in the material flow (SMEs, large companies and private entrepreneurs) are situated as scattered in space, in many cases they have hardly any contacts with each other, and thus are forced to operate with low levels of organizational cohesion. In several regions, there is a lack of logistic service centers that would administer organizational, informational and other activities for the whole of the regions in the fields of purchasing, forwarding, warehousing, wrapping, packaging, distribution and sales, and thus assist the more efficient operation of agricultural enterprises.

The development of agricultural logistics involves the storing and manipulation of the produced commodity funds, agricultural products, their primary processing, as well as assistance to making the products competitive in the markets, to improving the conditions of market access. By linking up production, processing, warehousing and forwarding, agri-logistic bases exercise positive influences on the establishment and operation of producer organizations (Procurement and Sales Partnerships, Production and Sales Partnerships, producer groups), and also have a role in the improvement of the

rural employment situation. Logistic solutions related to the handling of agricultural bulk products serve the quality-preserving storing of vegetable and fruit commodity funds, the moderation of the impacts of seasonality, the improvement of the safety of marketability, and thus in general the strengthening of competitiveness.

Weaknesses of the logistics of the Hungarian agricultural sector:

Transport infrastructure,

Warehousing and transportation capacities that can be operated economically even for special commodities, on the long run, and

Lack of proper, specialized means of transport.

Increased attention should be paid to the standardization of transportation, especially in the case of products with short shelf lives.

## Forestry

21.41% (1.98 million hectares) of the country's area is utilised by forestry management, of that 19.1% (1.84 million hectares) is actually forested. The areal distribution of forests is of course uneven across the country, with 9.4% in the Great Plain and 27% in the regions with mountains and hills.

The forest area per 1000 citizens is 181.5 ha.

The total area of forests in private ownership amounts to 787,000 ha (41% of the total area, while 58% is owned by the state and 1% by communities), of which 555,000 ha (or 71.5%) is managed by individual and associated operators.

The number of forested hectares has steadily been growing. Almost 100,000 hectares have been planted since 1995, resulting in a 1% increase in the total forested area of Hungary. Most of the afforestation (90%) is performed in privately owned areas, so the ratio of private forests is steadily growing. The number of private forest owners is close to 250,000 in the operational part of the forestry area, which shows the fragmentation of property. The average area of the operating private forest holdings is approximately 2.2 ha.

Besides the preserving of the sustainable forestry and the multi-function role of the forests, it is important to increase the economic value of these areas, the increased diversification of the production and the improvement of the market possibilities, as the forest areas play a significant role in the economic activities of the rural areas.

Because of the problems of the private forestry (poor level of capital and devices, fragmented structure of land) the environmental level of the private forests permanently stagnates and on a smaller areas – where the farming relations (232 thousand ha) - the level of the conditions are deteriorating.

The forests near to the areas which are affected by environmental harms may be very useful in the decrease of the pollution of the settlements.

### *Food processing*

Food-processing industry, based on Hungarian agriculture, enables Hungary to be self-sufficient in the main food products, and to produce surpluses in excess of the domestic demand. With most products, the level of self-sufficiency is around 120-130%. The Hungarian food industry's significance within national economy has not declined after the turn of the millennium either, its share in the GDP has been around 3% for a long time. The gross production value of food industry exceeds HUF2210 billion, which means the 2<sup>nd</sup> or 3<sup>rd</sup> place among the 14 sectors of the processing industry, with 5.0% of the total national output in recent times.

The share of companies employing more than 250 people and producing sales returns over HUF100 million has remained virtually the same. Within that, the truly large companies with more than 500 employees, and being competitive also at the European level continue to be very few, 0.6%. Equipped with the latest technology and largely in foreign ownership, these large companies have the trade and corporate connections to be reckoned with as an integral part of the food supply network of the European Union. The position of the small- and medium-size food companies producing mainly for local markets is much less reassuring, as their business opportunities are severely limited by low capitalization and poor work efficiency. The food processing sector is dominated by small- and medium-size ventures, 89.6% of which have fewer than 20 employees. The overwhelming majority – especially the small- and medium-size companies - struggle with market handicaps due to low capitalization and the lack of funds to implement quality assurance, food safety and environmental schemes in compliance with EU regulations. These companies need to do a lot in terms of their standards of profitability, innovation, and marketing.

Within the food processing industry – mainly in the small and medium enterprises conducting the initial food processing, and in some big processing enterprises- the applied technology is obsolete, the structure of the products is out of date, the quality of the products is not even. Especially the small and medium enterprises have substantial disadvantage in the application of the results of innovation and R & D.

### *Machinery and equipment, the technological development of holdings*

Due to the lack of capital, the majority of farms in Hungary cannot on their own invest the resources in the technical background which they would need to be competitive in the marketplace. The call for modernization is particularly urgent in the post-harvest phase. The average age of equipments and machinery is 12-15 years, and they need to be renewed in the interests of environmental protection, the standards of production and energy saving. The tractors and combine harvesters used by privately owned farms are 4-6 years older than those operated by business organizations. Indices such as engine power and number of machines per area are lower than the European average. While in the EU each hectare is served by 5.2 kW of mechanical power, this figure in Hungary is 2.1 kW/ha. In Hungary the area cultivated by a single tractor is 48.7 ha, while this figure is 19.6 ha in the EU.

National investment subsidies prior to accession, and the subsequent SAPARD and ARDOP (ARDOP) measures helped to renew the set of appliances, particularly the fleets of power machinery in several thousands of farms in the arable crop sector, , however, the development needs of many farms remained unsatisfied. There is especially a need for development in the purchase of the machines important in relation to environment protection and energy efficiency. Besides this, the funds were not sufficient to renew the important farm facilities (e.g. fertilizer and pesticide stores, produce driers, feed mixers, manure silos and infrastructure elements). Hungary has an excellent machine retail network, which is clearly an indispensable condition for technical revival. The investment demand of viable small farms with a development potential is expected to remain significant for the foreseeable future.

Essential technical conditions defining forest management include appropriate infrastructure and available forestry machinery stock. The standard of supply with forestry machinery in the state-owned forest areas is satisfactory, while the age of the machinery fleet is high. Capital and equipment supply

of the privately owned forest holdings is particularly poor, so all of the stock of machinery and equipment, the technologies applied and the IT background need to be modernised and increased.

The equipment stocks of forestry-timber processing and the exploration of technological possibilities should be modernised and increased. The complex processing of timber gained from the forest stands means further sales possibilities for the forest manager, i.e. enhances the safety of forest management.

The food industry, particularly small- and medium-size companies and even some of the large corporations responsible for primary processing use obsolete technologies and product structures, and product quality is unreliable. The modernisation of the sector is required to be able to produce goods meeting the market requirements. The sale of the products and, therefore, market uncertainty represent one of the major problems for the sector of primary producers. The aim is that the producers have a share of the profits of processing; they should retain a significant part of the resulting income.

Between 1995 and 2004 food industry attracted a steadily decreasing share of investments on the national level (from 5% to 2.7%), while in 2005 there was no increase, however no decrease neither. Then in 2004 its participation rose again, partly as a result of the adjustment to the criteria of EU accession. 70% of the investments serve technical modernization, while more than a quarter (27.4%) of the available resources was spent on the construction and renovation of ancillary buildings. Particularly in sectors responsible for primary processing, the work of restructuring has yet to be completed, in order to become competitive in European and global markets. This should include the achievement of the concentration required for size efficiency, as well as specialization and overall modernization.

#### *Basic infrastructure and water management facilities*

Certain infrastructure elements of agriculture and forestry management (roads, service facilities, water management systems, instruments of the post-harvest phases, storage facilities, equipment stocks of forest owners) are incomplete or outdated. The accessibility of various agricultural areas is unsatisfactory. The agricultural road network and the related ditches, slopes, bridges, culverts, and other facilities ensuring the drainage of rainwater are incomplete, neglected or in poor condition. The standard of supply of agricultural enterprises with energy, roads and other public utilities is not satisfactory.

Water management facilities (water supply, water storage, water retention), which should ensure the stability and calculability of agricultural production are not completely established. The handling of the cases of abundance and lack of water is not coordinated.

The network of access roads, water management facilities and IT background devices are the most important infrastructure elements of forestry operations. The rate of exploration and road network of the forests in Hungary require considerable development. The network of access roads consists of 3555 km paved, weatherproof roads and 4000 km unpaved roads, 90% of which is located in state-owned forests. The specific index of exploration (average length of access roads per hectare) is 3.5 linear metre/ha. This figure comes to 7.2 lm/ha in state-owned forests, while the comparable rate in private forests is 0.9 lm/ha. Ideal conditions would require a 10 to 30 lm/ha access-road network for a sustainable, multipurpose forest management.

Forests play a significant role in the maintenance of water-management conditions. The most important tasks of water management in forests are the conservation and the improvement of the water household of forests and their protection against water erosion. At present insufficient attention is devoted to the deliberate management and control of water conditions in the forest areas.

Although Hungary is rich in surface waters, the size of area which may be irrigated under water law is small. Compared to the 3.9% in Hungary, the ratio of irrigated areas within the total agricultural area is 11% in the EU's 15 member states. In this regard Hungary ranks 24<sup>th</sup> among the EU-25. Owing to the basin character of the country the security of farming is regularly threatened either by floods and excess surface waters caused by huge amounts of water accumulated, or by droughts. The size of land threatened by floods and excess surface waters makes up 52% of the country's area. At the same time, in three of every ten years plant production is threatened by drought. Most of the public water facilities

amounting to about 37,000 km and of the 312 public-purpose pump stations are in poor condition and require reconstruction.

#### *Vertical integration, partnerships and co-operation of producers*

A fundamental factor of the competitiveness of agrarian economy is, to what extent it is capable of meeting the fast changing consumer requirements and the wide-ranging social expectations. For the sake of staying in competition, it is indispensable to develop new and higher-quality products, searching for solutions and applying the most up-to-date scientific-technical achievements. The capital shortage of small- and medium-scale food-processing enterprises, forest-managers and agricultural producers, as well as the high intellectual and financial funding requirements required for the employment of the research results makes the cooperation of the single players necessary. In rural regions the measure contributes to the production of goods either in local demand, or marketable on more distant markets.

The operation of processing integration systems is an efficient tool of improving the market situation. There are already a few established integrations, which may become competitive, in the field of winemaking, grape processing, feed production and the processing of honey. In addition to the Partnerships of Production and Sales (TÉSZ) representing 12% of the horticultural production output, the majority of sectoral production is provided by producers outside of the integration with weak bargaining position on the market, changing product quality and technologies requiring modernisation. A further enhancement of the role of processing integration is required also in the vegetable-fruit sector. Despite the strengthening of producer partnerships over the recent years, one of the greatest problems of the Hungarian food economy is a low level of organisation (weak market position) between the farmers, the lack of harmonised relationships between farmers, processors and merchants.

Granting support to producer groups is justified also because the rate of organisation of the Hungarian farmers is low, when compared to the relative EU figures.

By the end of 2006 about 200 producer groups with state recognition, and a membership of about 12,000 to 15,000 will be established in Hungary. Further some 650 Procurement and Sales Partnerships (BÉSZ) have also been established in Hungary.

The partnerships integrating forest owners get organised very slowly, therefore, they integrate forest operations in a relatively small area. TÉSZ partnerships provide only 12% of the output of the horticultural sector. The level of organisation and therefore the bargaining positions of the producers accounting for the vast majority of the production in the sector are rather poor. Only 18% of the livestock products are generated in the framework of producer partnerships. In order to reinforce the producer associations it is necessary to recognise the network character of modern economy. The number of farmers organised in producer groups is small. Their representation power is particularly weak along the sensitive product lines (pig, poultry). Market approach is generally lacked.

#### *Human capital, age structure and vocational education*

Similarly to international trends, the age structure of the farming population is becoming increasingly unfavourable in Hungary. As much as 62.2% of the agricultural manpower belongs to the middle-age and older generations (40 years and older). Nearly one-third of the employed is over 50. The commitment of the youngest generation to agriculture is clearly weaker and the ratio of this generation is low - even when compared to other sectors of the national economy.

The age structure of farm owners and their family manpower shows, besides those of agricultural employees, also unfavourable tendencies. 60% of the family manpower engaged in agricultural operations is over 50 years of age (the ratio of this generation rose by 10% between 2000 and 2003). The average age of male farming population is 53 years; while that is 60 years with the female farmers.

The family manpower of individual farms decreased by a total of 32% between 2000 and 2003; the rate of decrease was however much more significant in the younger generations (at about 50%), than



the decline by about 20% in the senior age brackets. The average age of the family manpower employed in the individual farms is 47 years, while the ratio of persons retired is close to 40%. Among the 198,735 registered self-employed farmers 54.1% is below 55 years, while 17.7% is 55-62 years of age and 28.1 % is older than 62 years. The number of self-employed farmers younger than 35 years is smaller than 16,000.

The breakdown of farmers according to genders in Hungary is as follows: 76% are men and 24% are women. Non-farming family members are women in 74%, while the balance of 26% is men. Non-farming male family members have an average age of 32 years, while the female non-farming family members are of 46 years on the average .

Women working in agriculture have an average age higher than that of men, therefore in the course of steps to be taken when transforming great attention must be paid to women, with special regard to female farmers. Among elderly farmers many are unable to conduct competitive production meeting the requirements of the European Union, due to the loss producing, fragmented holding structure. Most of these businesses may be regarded as semi-subsistence enterprises.

In the case of farmers below the retiring age, however, struggling with permanent difficulties, the aims include the improvement of the age structure of the farmers and the achievement of a more favourable holding structure.

In 2003 4.8% of the heads of individual farms (in 2005 4.9%) had primary agricultural training, while 7.6% of them (in 2005 7.4%) took part in secondary or higher agricultural education (the joint share of „subsistent farmers” and „semi-subsistent farmers” was 88%). Almost a quarter of individual farmers are women, among them age structure is less favourable than with men (women have a by seven years higher average age than the 53 years typical of men) and a lower standard of vocational training. In 2005 only 9.2% of those employed in agriculture had a college or university degree; 57.4% and 33.4% completed secondary school and elementary school, respectively.

While in 2003 2.6% of men and 0.7% of women had college or university degree in agricultural education, in 2005 this was true for 2.2% of men and only 0.6% of women. Self-employed farmers are in the lack of a sufficient knowledge about the European Union (including market and production regulation, support systems, quality standards of products, the rules of animal keeping, and environmental requirements) and there are serious gaps in their knowledge and skills of farm management, partially in consequence of the shortcomings of the consultancy system and the adult education outside the regular school network. As a cumulative result of these circumstances, farmers find it difficult to adapt to the new market situation and to take initiatives. This is one area where EU support is badly needed to achieve urgent improvement.

#### *Potentials for innovation and knowledge transfer*

Hungary has a well-established institutional basis of agricultural vocational training, yet self-employed farmers have a low level of vocational education. One major obstacle of economic restructuring is the gap between actual economic demand and the structure of education and training. As a general phenomenon in rural areas, very few highly qualified professionals with up-to-date knowledge are willing to settle in their birthplace. Most of them migrate to other regions, leaving very few persons in place with the qualifications needed for flourishing sectors.

From among the obstacles of food-industry innovation at present in Hungary the first place may be ascribed to its high costs and the lack of such project-management services that could secure the introduction of research achievements in practice. There are no so-called “bridging organisations”, which would convey the innovative processes and reinforce them for all the participants of the vertical integration, while maintaining a constant cohesive contact with them.

Modernisation of knowledge and the support of use and development of the consulting services contribute to the competitive, environmental-friendly and sustainable operations by farmers and forestry managers. The development of advisory services has special role in the sustainable development of the rural areas. It is particularly important for the agricultural producers and forest owners to acquire information and knowledge about the plant management requirements specified in

Regulation (EC) No. 1782/2003, the maintenance of good agricultural and ecological status as well as the Community requirements of labour safety. Owing to the diversity of information sources and the complexity of relations, many farmers are unable to access information without outside assistance.

The institutional system of special advisory services is well established in Hungary. The agricultural advisory system with state support and legal regulation has been functioning in its current form since 1999. The system of special advisory services consists of three elements in this country.

Special advisory services are provided for the farmers in 24 specialised areas by consultants entered in the official register. Entering and remaining on the list of special advisors may occur on conditions specified by law (e.g. specialised degree, 5 years of practice, evaluation of performance, annual compulsory continuing education and examination etc.). Most of the currently 560, registered consultants work as self-employed entrepreneurs. The MARD is responsible for the national supervision of the specialised advisory services. The related tasks of organisation, administration and coordination are carried out at the national level by the MARD Institute of Training and Consulting in cooperation with the 7 Territorial Advisory Centres in charge of regional tasks.

In addition to this system about 400 consultants carry out public-benefit advisory tasks related to the National Rural Development Plan 2004-2006.

From among the civil servants of the Ministry's Agricultural Offices in the counties the village agri-economist experts (650) – related to their public administration tasks, also supply farmers with general information and advice.

The aim is to increase the number of farmers making use of the special advisory services by 35,000 in the years between 2007 and 2013.

#### *Quality and compliance with Community standards*

The extensive infrastructure, professional legacy, highly organized system of institutions, the high standards of veterinary services, and reliable feed base confer an appreciable production potential upon animal husbandry in the country. In addition, Hungary has an up-to-date genetic supply of both crops and livestock.

At the same time private animal farms tend to lag far behind in meeting the EU's requirements regarding environmental protection, animal welfare, and quality assurance.

After the accession the observation of several new regulations became or will become compulsory for the farmers in the fields of environmental protection, veterinary hygiene, animal welfare, labour safety and plant hygiene. As a result of the development subsidies of the recent years, the renewal of the technical background of agro-economy has started, with the replacement of the stock of equipment depreciated, or of not satisfactory composition, modernity or which fail to satisfy other requirements of environmental protection. It is necessary to provide interim compensation for the operational costs in order to ensure that the agricultural producers start operations for the benefit of the environment, public hygiene and nature, as soon as possible.

The quality of products is low in many cases due to the outdated facilities. The growing demand for safe food and quality also necessitate that the rural areas also keep abreast of the higher consumer requirements. Promoting this is a high priority task through joining food quality systems.

The agricultural producers participating in quality assurance systems, due to their undertaking of obligations and excess costs, cannot dedicate sufficient attention to the promotion of their products and the information of the consumers. At the same time, it is necessary that the consumers are better informed about the availability and features of the products made in the framework of the quality systems mentioned above. The producer partnerships must be supported in providing information for the consumers and in promoting the sales of products made in the framework of quality systems supported under Article 32 of Regulation (EC) No. 1698/2005.

### 3.1.3. Environment and land use

#### General context

The diversity of Hungary's geographical conditions (the richness of surface water reserves, soil and terrain types and climatic conditions) has resulted in a rich variety of living environment. The wide-ranging biodiversity wonderfully complements the varied landscapes of the country. There are differences between the regions, the environmental load of domestic agriculture, especially following the political change, may altogether be classified as low. All that has highly contributed to the survival and conservation of our environmental and natural assets.

The indigenous species of genetically valuable livestock, such as the Hungarian grey cattle or Mangalica pigs, along with a fine stock of game (including deer and hare), and rare crop varieties show great genetic diversity that has rather successfully been preserved due to the true and tried mechanisms for protecting genetic bases.

Forests occupy a considerable part of the country and are in good natural health. Forestry is becoming increasingly important in water management and in the fight against erosion and the harmful consequences of climatic change. The size of nature conservation areas is considerable, and additional areas have already been designated as parts of the Natura 2000 network too.

Certain environmental problems mainly originate in soil degradation and inadequate nutrient management (unfavourable trends of nutrient ratios). The rate of area treated with organic manure decreased by 21.5% between 1994 and 2005, and the quantity of manure used dropped by nearly 25.5%.

Agricultural production does not mean an appreciable load on the environment, mostly because of the declining concentration and intensity of cultivation, and the decreasing of environmentally harmful inputs (chemicals). More hazards are posed by the excessive fragmentation of production and, occasionally, the lack of professional know-how and agrotechnical interventions neglecting environmental aspects. There are still a few scattered areas where environmental resources are being used excessively and recklessly. The most severe agri-environmental problems in Hungary are caused by wind and water erosion, abandonment of cultivation, the loss of biodiversity, and soil compaction. Out of the total of the country' arable-land area died-out plantations, abandoned land are amounted to 143,000 ha or 1.9% in 2005.

#### Agri-environmental problems

Agri-environmental problem	Size of affected area	Environmental significance	Total
Wind and water erosion	+++	+++	6+
Loss of biodiversity due to abandonment of cultivation in areas of high natural assets	++	+++	5+
Soil compaction	+++	++	5+
Devastation of natural values due to intensive farming	+	+++	4+
Landscape damage due to change in land use	++	++	4+
Water contamination due to nitrate and phosphate seepage from farming	+	++	3+

*Hazard level: + moderate; ++intense; +++very intense*

*Source: Ministry of Agriculture and Rural Development: National Plan of Rural Development in response to the Measures of the Guarantee Section of the European Agricultural Guidance and Guarantee Fund (EAGGF) – Budapest, July 19, 2004.*

### *Soil conditions, soil state*

According to indices used to rate soil quality prior to Hungary's accession to the EU – indices which can only roughly reflect the current economical and ecological conditions – 1.76 million ha or 37.7% of all arable lands outside city limits were classified as “less favourable area.”

The following degradation processes associated with agriculture are significant in Hungary:

- erosion by wind and water;
- compaction of soil;
- acidification of soil;
- risk of excess surface water;
- soil salinization,
- deterioration of soil structure; topsoil crusting and cracking.

The greatest damage is caused by wind and water erosion and the appearance of strata impervious to water in cultivated soil sections.

### *Erosion*

One of the major forces responsible for soil degradation in Hungary, water erosion affects more than a third (33.5%) of agricultural land, a total of 2,3 million ha in the hills and mountain areas. Lands exposed to wind erosion are also quite extensive, totalling some 1.4 million ha. All in all, various forms and degrees of erosion hit over 40% of the country's territory. According to estimates some 80-100 million m<sup>3</sup> of soil thereby 1.5 million tons of organic matter is lost from these damaged surfaces annually.

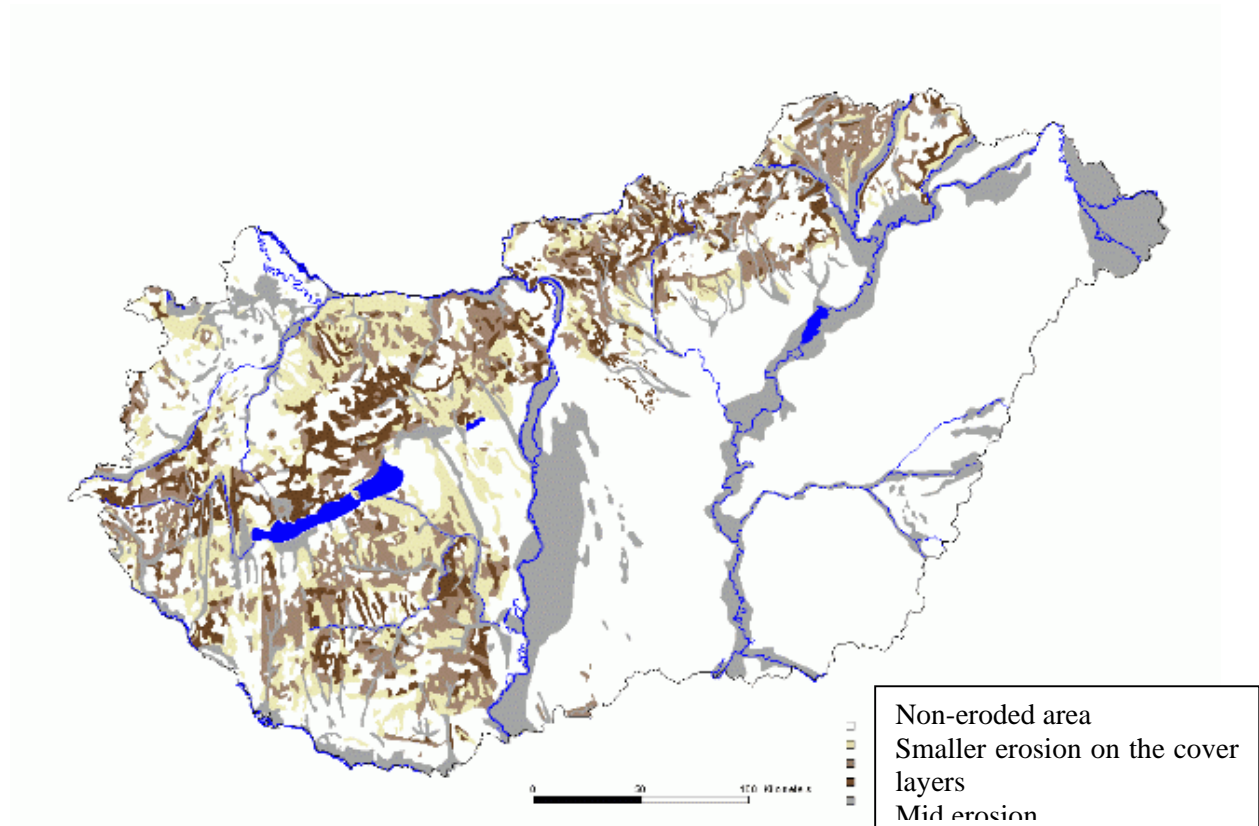
### **Erosion in Hungary**

<b>Measures of erosion</b>	<b>Total</b>	<b>Intensely eroded areas</b>	<b>Moderately eroded areas</b>	<b>Weakly eroded areas</b>
Area affected by water erosion (million ha)	2.31	0.56	0.89	0.86
Average annual soil loss (t/ha)	-	70	40	20
Total annual soil loss (million t)	100			
Total annual loss of organic matter (million t)	1.5			
Area affected by wind erosion (million ha)	1.4			

*Source: MTA-TAKI, 1999*

The devastating effect of wind (wind erosion or deflation) primarily affects sandy soils and, if cultivated unfittingly, also black soils (Chernozyom). Careless land use (the neglect of crop rotation and organic manure, the clear-cutting of protective forest belts, leaving soil surfaces uncovered, the use of heavy machinery, and the bad timing of soil works) renders 50% of the country's arable lands, mainly those cultivated by industrial methods, particularly vulnerable to wind erosion (deflation). Due to a combination of physical soil properties and habits of land use, classic wind erosion exerts the most powerful influence in the Kiskunság and Nyírség regions, but it has begun to make itself felt in the form of sandstorms in ill-cultivated lands with black earth soils. Forests play a major role in soil formation and soil protection. Where the soil is covered by forests – this means nearly one fifth of the country – erosion is minimal or nonexistent. At the current level of forestation, woods prevent the

degradation of 32 million tons of fertile soil each year. The 465,000 ha of woods in the loose soils of the Great Hungarian Plain are instrumental in the fight against deflation and desertification.



### *Soil compaction*

According to former studies, some 1.4 million hectares of plough-lands in Hungary were subject to interference by the presence of dense, water-tight strata in the soil. Recent tests have shown that this situation has further deteriorated over the years, to the point that since 2000 compaction has become a problem in roughly half of the country's arable lands.

### *Acidification of soils*

13% of Hungary's soils are intensely acidic, while 42% is moderately or weakly acidic. This harmful phenomenon has caused a shortage of lime and reduced levels of fertility in 50% of the country's soils. Acidification has intensified over the past two decades, although its area has not considerably extended. Factors contributing to acidification include the reckless use of agrochemicals, atmospheric acid deposition, the dumping of acidic industrial by-products and waste, and the neglect of reasonable soil amelioration measures (lime application). Acidification may quite successfully be fought by environment-friendly nutrient management, green manuring, the increasing of the soil's organic content, the rejection of acidifying fertilizers, and a periodic lime application.

### *Soil salinization*

Salinization affecting 946,000 hectares – this is 10% of the country's area and 15% of the land used for agricultural cultivation –, reduce the fertility and productivity of our soils. An additional 245,000 ha of land is subject to salinization in the deeper strata.

### *Water reserves and water management*

With its 93,000 sq. km of area, Hungary occupies the deepest part of the Carpathian Basin. Two thirds of its territory consists of plains or flat or nearly flat basins 150 m below sea level; most of the remaining third comprises hills and mountains 150 m above sea level. Lands threatened by floods and excess surface waters make up 52% of the country, or two thirds of the land under cultivation. Drought affects areas similar in size to those subject to excess surface waters and flooding, and it causes damage on a comparable scale.

Hungary is rich in surface waters resources, 96% of which arrive from outside the country. Public utilities source over 90% of their water needs from works tapping subsurface reservoirs. As a result, the pollution of surface rivers and streams may cause environmental problems to the ecosystem and drinking water supplies. About two thirds of the country's water supplies are located in a fragile geological environment, which sooner or later allows surface pollutants to reach and potentially contaminate the aquifer.

### *Floods*

The water output of the country's rivers is to a large extent dependent on the water management of countries upstream. Inside the national boundaries, flood plains along the rivers and smaller streams total 35,000 sq. km. Between 1994 and 2004, floods occurred in each year except 1997, 2003, and 2004, triggering the appropriate level of alert. The two major rivers, the Danube and the Tisza, overflow their banks every 2-3 and every 1.5-2 years, respectively. Nearly one-half (43.6%) of the length of principal levees (4180 km) do not meet the regulations. Former flood plains accommodate one third of all arable land in the country, as well as 32% of railroads, 15% of roads, and over 700 settlements with 2.5 million inhabitants. Excess surface waters often accompany flooding, particularly in the Tisza Valley. Changes in land use (e.g. clear-cutting) in gathering grounds and the neglect of catchment areas, particularly upstream of the country, flood levels have been up, especially along the Tisza and its tributaries, to the point where it no longer makes sense economically to defend against floods by raising the levees even higher. Excess surface water is frequently accumulated especially simultaneously with floods in the Tisza-valley. Instead of raising the levees it is proposed to spread and support land-use adjusted to the natural conditions (e.g.: the areas involved in the Vásárhelyi Plan Plus – VPP – once they are definitely demarcated). The aim of VPP, in order to eliminate the flood risks, is to build a flood reservoir system, to take interventions in order to improve the water carrying ability of the big water river bed, to ensure the sufficient security on the critical parts of the current flood prevention system and the complex rural development of the Tisza-valley.

### *Excess surface waters*

Roughly one fourth of Hungary consists of lowlands with no natural outlet for water. 10-15% of the 5 million ha of farmlands in active cultivation is subject to recurrent – often annual – excess surface water damage. The average of many years running is 13,000 ha of land under inland waters for a period of average 2-4 months annually. A notoriously bad year was 2000, with 343,000 ha flooded by inland waters early in the year. By the 1990s a 46,700 km long canal network was constructed in the flat watershed of 43,700 sq. km, of which a total length of 8,500 km is managed by KÖVIZIG Water Management Authority, 3,100 km is operated by the agriculture offices and 20,300 km is supervised by the water supply partnerships. Local governments oversee 2.1 thousand km long canals, while about 12,700 km long service canals add up to the total excess water drainage system of the country. This system is complemented by 235 reservoirs with a total capacity of 259 million m<sup>3</sup> are in place to

channel off and store excess surface waters. The highest risk areas in the country are the low-lying sections of the Tisza Valley and the valley of the Danube.

### *Droughts*

Recent years have seen a distinct rise in the possibility of a moderate drought to occur in every season and within this trend, the likelihood of extraordinary spring and winter droughts has also increased. Extraordinary droughts are to be expected, particularly - in patches of variable intensity - in the Great Plain and, to a lesser degree and involving only moderate droughts, in Transdanubia. Arid conditions may set in every other year, while the average recurrence cycle of very severe droughts in the Great Plain has been between 10 and 20 years. Considering the typical precipitation levels during the vegetative period, rainfall alone is insufficient to supply the water needs of crops.

The national average of the Drought Index (PAI) fluctuates widely year to year, with a steady overall climb from 3.6°C/100 mm in 1997 to 9.2°C/100 mm in 2003 – a rate comparable to moderate drought.

### *Quality of surface and underground water supplies*

The environmentally critical, nitrate-sensitive areas in Hungary total 4,337,500 ha, including 2,788,800 ha in agricultural use. Organizations and self-employed farmers cultivating nitrate-sensitive lands number 450,700. According to the General Agricultural Census (2000) data by the Hungarian Central Statistical Office, the farmers breeding livestock in nitrate-sensitive lands number 320,700. From the point of view of protecting water supplies, the greatest problems are presented by the liquid manure and waste water discharges of large, industrialized livestock farms raising pigs, cattle, and poultry.

### *Nitrate directive*

Hungary's Government Decree 27/2006 (II. 7.) lists nitrate-sensitive areas specifying the settlements (1779 settlements) and makes reference to "Good Agricultural Practices" whereby farmers will be able to meet the criteria articulated in Directive 91/676/EC, known as the Nitrate Directive. The rules of these "Good Agricultural Practices" are set forth in Annex I to Government Decree 49/2001 (IV. 3.) as amended by Section 14 paragraph (2) of the Government Decree first mentioned above. The action programme includes the pursuit and enforcement of "Good Agricultural Practices," with aid and funding allocated for this purpose in the National Plan for Rural Development and under the ARDOP. The measures introduced by the Government Decree were designed based on nationwide surveys of nitrate pollution and associated data from the Hungarian Central Statistical Office's Census of Agriculture, conducted in 2000. The surveys and tests examined surface and underground water supplies and their gathering grounds, the eutrophic state of waters, and the extent to which agricultural activities impacted nitrate concentrations. The analysis of the sensibility and the nitrate concentration of waters led to the designation of nitrate-sensitive areas and the compilation of an Action Programme for the period 2002-2012.

The nitrate-sensitive areas with respect to underground water supplies were designated, on the basis of sensitivity categories established by Government Decree 219/2004 (VII.21.) "on the protection of the underground water supplies." In respect of surface waters, the "highly nitrate-sensitive" designation was reserved for areas subject to Government Decree 240/2000 (XII. 23.) "on the designation of surface waters and their catchment areas that are sensitive to settlement waste water treatment." (Essentially, this means the watershed areas of larger lakes and drinking water reservoirs.) The action programmes divided into four-year phases by enabling revision every four years based on data reported regularly by farmers and on the findings of periodic site inspections. The nitrate pollution of underground water supplies from agriculture is primarily associated with large, industrialized stock farms, notably those using liquid manure methods. (According to a survey conducted in 1996-1998, Hungary produced some 11 million m<sup>3</sup> of liquid manure annually, requiring approximately 80,000 ha of farmland to be spread on. Nitrate-sensitive areas generate 3.4 million m<sup>3</sup> of farmyard manure annually.) The most urgent task is to reduce harmful nitrate discharge. Harmful

nitrate discharge in this country comes partly from inadequate manure storage methods at livestock farms as noted above and partly from the disposal of untreated sewage from settlements, neighbourhoods, and buildings without drain canals. The “Nitrate Directive” of the EU (Directive No. 91/676/EEC) had to specifically provide for the highly intensive livestock raising schemes. These measures were implemented in Hungarian law by Government Decree 27/2006 (II. 7.) on the protection of waters against pollutions of agricultural origin.

#### *Water protection programme*

As part of a long term drinking water supply protection programme launched by the government in 1997, replenishment areas will be identified for vulnerable supplies that are either active or designated for long-term strategic use. Protection areas with access times of 20 days, 6 months, 5 years, and 50 years will be designated, pollution sources and processes explored, and water supplies subjected to complex analysis. (This programme is expected to be concluded in 2009.) The protection areas of the 700 vulnerable water supplies cover some 8% of the country. The water protection programme – among others - introduces measures motivating the conversion of farms within protection zones to agricultural activities less stressful on the environment.

#### *Program for the Improvement of the Quality of Drinking Water*

To solve the problems of water quality in the field of public drinking water supply in Hungary a Program for the Improvement of the Quality of Drinking Water was elaborated, based on the 98/83/EC Directive on the quality of water for human consumption and on the Government Decree 201/2001 (X.25.) on the quality requirements of drinking water and the order of control enacted as part of the legal harmonization and amended by the Government Decree 47/2005 (III.11.).

The Program for the Improvement of Drinking Water defined in Annex 6 of the Government Decree 201/2001 (X.25.) covers 908 settlements or parts of settlements with an affected population of 2.5 million.

#### *Air quality*

Air pollution caused by agricultural activities in Hungary is in line with the EU average. Within domestic total emission, agriculture’s share is most significant in ammonia (98.8%), nitrous-oxide (74.9%) and methane (52.6%). Significant efforts to reduce air pollution have been already made in the past, accounting for more than a quarter of all agricultural investments aimed at protecting the environment. National initiatives, however, concentrated mostly on reductions in manufacturing, transportation and the energy sector; agriculture’s share accounts only for 3.6% of the total expenditure on investments targeting the reduction of air pollution. Reducing ammonia, nitrous oxide and methane emissions originating in the inadequate storage and use of manure and dung, is therefore still an objective.

Forests make a vital contribution to improving air quality, particularly by filtering dust. Forests located near harmful emissions from point or linear sources can be very useful in minimizing the pollution reaching settlements in the vicinity. For this reason, it is desirable to increase forest acreage and particularly forest belts along roads and industrial objects.

#### *Features of wildlife, biodiversity*

A significant portion of Hungary’s natural values is associated with forested areas, extensive agricultural production, and the agricultural habitats that serve as the stage for that traditional production. Hungary’s colourful biodiversity owes a great deal to the multiple uses of the land always well-adapted to local environmental conditions, and particularly to the presence of extensive native forests managed by natural methods. The agro-biodiversity of the Hungarian countryside shelters many species whose effective protection would be unimaginable without integrating the values of nature conservancy within large-scale agricultural and forest management schemes.



More than 9% of the country is under natural conservation, totaling 867.900 hectares according to year 2004 data. The 828,500 ha under national protection includes 484,100 ha shared by the 9 National Parks, 317,700 ha among 36 "Landscape Protection Areas ," and 27,700 ha among 144 "Nature Conservation Areas ." The approximately 40% of the nationally protected acreage that is under agricultural cultivation is characterized by less fertile soils and conditions generally less amenable to farming. In such areas, extensive forms of agriculture coupled with respect to environmental assets could be a solution for local farmers.

Certain transitional or vestigial forms of extensive farming that survive here and there in the country include sheep raising in the saline waste lands of the Great Plain, fruit growing, meadow management and small-scale single tree felling in the Órség region in Western Transdanubia, the use of Transdanubia's pastures scattered with groves of trees as grazing ground for cattle, the system of small and isolated farms in the Kiskunság region, or the extensive uses of the Aggtelek Karst in Northern Hungary. Grasslands and vast fieldlands survive only in patches, mainly along the flood plains of major rivers predating river regulation. The interconnected patches of grassland are considered indispensable for the survival of endangered species.

Special importance is accorded to reed harvesting and fish-farming facilities among extensive farming methods, both of which are on a large enough scale to have European significance. Extensive systems have but negligible participation in the country's vineyards and orchards, but the few that are cultivated by such extensive methods certainly deserve preservation, if only for considerations of nature conservancy. Beyond these farming schemes already mentioned, the rich biodiversity of Hungary's lands that is outstanding in the European comparison would justify the introduction of more extensive farming schemes.

21% of the country's forests, 424,000 ha are under natural protection (KvVM 2006), which is significantly higher than the EU average. 47% of all protected areas in the country are forest. They include 49 reserves with 9,731 ha of seed area, on which no logging or any forestry interventions are allowed.

#### *Purpose and state of health of forests*

In terms of core function, 64.2% of the country's forests serve economic purposes, while 34.4% is utilized for protection purposes and 1.4% for public recreation and miscellaneous other uses. Approximately 30% of the forests were planted after 1945, so 68% of the forests are less than 50 years old. Forestation policies over the past 50 years have favored - due mainly to the peculiarities of habitats - non-native species, but indigenous species have gained significant ground of late.

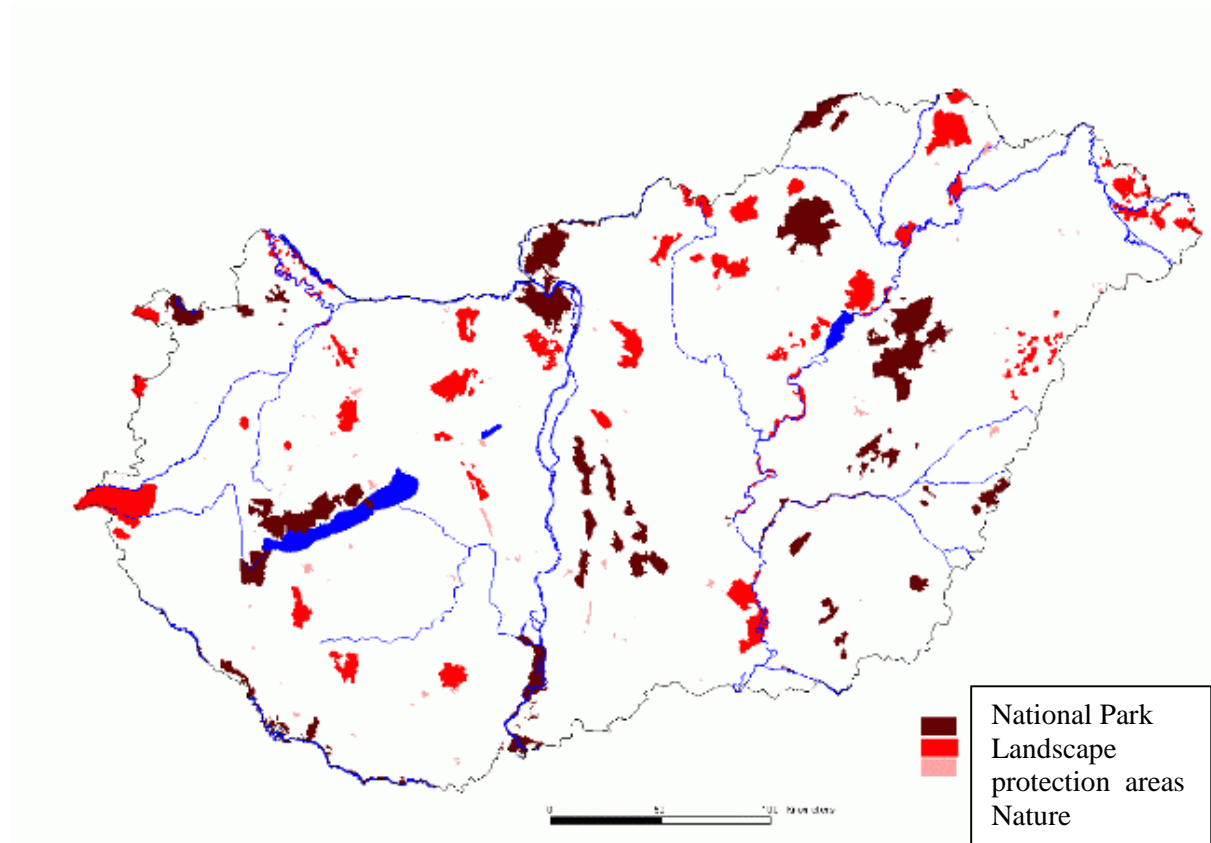
The health of the trees has declined in recent years, with diseased, damaged, and atrophied trees claiming an ever larger percentage. Examined on the basis of lost foliage, in 2003 35.6% of all deciduous and coniferous forests were declared symptom-free, with 41.9% mildly damaged, 17,1% moderately damaged, 2.8% severely damaged, and 2.6% dead. Leaf discoloration over the past three years has not worsened; in fact, a positive trend compared to 1990 has asserted itself.

Based on 2002 data reported by ICP Forests, the European forest condition monitoring network, collectively for all tree species based on analysis of lost foliage, 38% of forests were symptom-free, 41% endangered, and 21% considerably damaged. In the European context, the damage level of Hungary's forests is about average. Measures proposed to minimize such damage include the plantation and cultivation of multicultural, ecologically stable forests and the restructuring of existing, suitably sited forests into nature-oriented, low-intervention forest associations.

#### *Areas of nature values to be protected (Natura 2000)*

Hungary's accession to the European Union has entailed new, special responsibilities in nature protection. The greatest challenge of all is perhaps presented by the construction of the Natura 2000 network. Government Decree 275/2004 (X. 8.) "on the designation of nature protection areas with European interest" announced a list of Natura 2000 sites.

The designated Natura 2000 sites amount to a total of 1.91 million hectares, or 21% of the country. In the Hungarian sites of this European ecological network, 467 Special Areas of Conservation were designated on a total of 1.41 million ha, as well as 55 Special Protection Areas on 1.36 million ha. The overlap between these two types of conservation areas is nearly 41%. The Natura 2000 network in Hungary relies heavily on existing areas under natural protection, (37% of the designated areas), however, it involves hitherto unprotected areas as well. Natura 2000 areas consist of 480.000 ha pastures, 520.000 ha arable lands and a little more than 770.000 ha forests.



#### *Agri-environment and Forest Environment*

As another official measure, the Agri-environmental Management Programme and the Forest Environmental Protection Programme have also targeted, in addition to the preservation of the rural population, the minimization of environmental stress of agricultural origin as described in the foregoing, as well as the preservation and protection of biodiversity and constitutive elements of landscapes. The measure has been necessitated by the ongoing displacement of distinctive and traditional methods of extensive farming unique to Hungary, and the attendant shrinkage of low-intervention habitats and species originally fashioned and supported by them. The larger portion of the country's territory requires the restructuring of land use in accordance with national priorities (including the abandonment of lands with low productivity that only produce losses, and the research of alternative uses) as well as regional priorities (new uses of areas prone to flood and excess surface water damage, and the restoration of low-intervention farming schemes).

The total area cultivated by the 24,000 enterprises and farmers awarded agri-environmental support totalled 1.4 million hectares. The areas covered by the Programme now make up more than one-fourth of all agricultural land in active cultivation – a high rate even in the EU comparison.

Forestry environmental programmes had previous examples only in the local system of subsidies, where typically support was given to convert forest stands of non-native tree species or deteriorated structure into forests with indigenous tree species adequate to the habitat and appropriate structure.

This measure, however, made possible the restructuring of only slightly over 10,000 ha. Based upon the experience gained over the past years a steadily growing demand presents itself in this area, therefore to fulfil it, the programmes have to be worked out with an ever wider scope, adjusted to the specific regional features.

#### *No-chemicals, organic farming and animal welfare*

Recent years in Hungary have seen the rapid rise of organic farming, although domestic demand for fresh and processed organic produce has increased at a slower pace. One reason is the higher consumer price of organic products; another is the lack of organization in the internal markets. Most of the country's organic farms continue to focus on exports, with 95-97% of their certified and branded organic products landing in markets in Western Europe, particularly Germany, Switzerland, the Netherlands, Austria and, to a lesser degree, France and the UK. In addition to their core production business, a minority of organic farms also pursue certain supplementary activities, first and foremost in other food industry areas, primarily food processing. Organic production and trading in Hungary has so far concentrated on wine, fruits, vegetables, dairy and meat – sectors allowing the producers to process an increasing portion of their products in their own facilities, under strictly supervised conditions. Across the country, 31 organic farms also offer visitor facilities and accommodation under the “rural tourism” scheme, naturally exploiting the gastronomic attraction of their organic products. The support of processing of organic products – establishing the product line “from farm to fork” also has a peculiar significance for us, as most of the products grown in Hungary, still in a ratio above 70 %, are sold as unprocessed products in foreign markets.

The number of organic farmers has shown a significant, almost six fold growth, from 281 in 1997 to 1610 in 2004. The acreage under certified organic cultivation, the switching and the ecological territories together, increased by a factor of more than 10, from 11,400 ha in 1996 to 133,000 ha in 2004, amounting to 2.3% of all agriculture lands in the country. In 2004, 45% of the ecological area consisted of grasslands, meadows, and pastures, all essential for raising free-range livestock, while 47.6% were croplands. Stock raising relying strictly on estate-grown feed has encouraged a growth in the cultivation of fodder plants, including corn, lucerne, and rough fodder. The number of animals kept by certified organic stock farms increased nine fold from 1,400 in 1997 to 12,800 in 2004. The number of bee families grew by a factor of five, from 2,200 in 1997 to 10,800 in 2002, with an additional 4,500 families being at that time converted to organic apiculture.

#### *Renewable energy, biomass production*

Renewable energy sources provide only 5.3% of the country's energy needs according to data of 2005. Considerations of environmental security and sustainable regional systems have increasingly urged the identification and preferred application of renewable sources. The criteria of environmental protection, over and above the energy conservation aspects, demand the increase of ratio of renewable energy sources.

At present bio-fuels have a share of 0.4% in the total fuel consumption in Hungary, about a tenth of the comparable EU figure.

Hungary has a good potential for biomass production, owing in part to the country's outstanding natural conditions and in part to the centuries-old traditions of agricultural production. The country's annual biomass energy potential is nearly 60 petajoule. For the boosting of the use of biomass for energetic purposes, the plantation of short rotation coppice and herbaceous plants for energy production, as and slow-maturing forests, as well as improving the ratio of agricultural and forestry waste and by-products among energy sources is needed.

The country has only a minimum processing capacity for the generation of renewable energy. Only 8-10% of the total biomass produced is used for energy purposes. The construction of a decentralized energy structure relying heavily on biomass utilization may make a vital contribution to reducing Hungary's unhealthy dependence on energy imports, which supply over 70% of the country's energy needs.

Increased reliance on renewable sources within energy production would be particularly beneficial for the diversification of agriculture and forestry production, and thus for boosting the inherent earning security. To exploit synergies it is justified that the role players of agriculture and of the rural areas have an intensive participation in the biomass based renewable energy (bio-energy) industry scheduled to build up dynamically in the near future and that the producers of the raw materials appear on the market with products ensuring higher income by taking a higher step on the ladder of the processing, thus directly partake from the profit.

The production and utilization of biomass help reduce fallow acreage and provide farmers with alternative income. Production focused on renewable resources and the use of biomass for energetic purposes may be instrumental in fighting climatic changes as well.

Under the national development plans for renewable energy, the share of green electricity within the total electricity consumption needs to be increased to 3.6% by 2010. With respect to bio-fuels the aim is to achieve a share of 5.75% by 2010. The ongoing developments in Hungary in this area have been harmonized with EU objectives in the exploitation of biomass for energy purposes (Biomass Action Plan, EU Strategy for Biofuels).

### ***3.1.4. Rural economy and quality of life***

The disparity of development between the country's regions and settlements, notably the falling behind of rural areas, has worsened over the past decade and a half, despite the efforts of regional and rural development policies.

The micro-regions in Hungary can be categorised along the core economic activity and/or the key features of the economy, society and specialities of the micro-region. This way, four main categories of *micro-regions* can be identified:

- peri-urban (type) micro-regions;
- agricultural micro-regions;
- micro-regions with touristic potential;
- industrial areas.

The rural areas are characterized by rich natural and scenic assets, healthy living environments, and a wealth of cultural and architectural heritage. Local communities and initiatives are heard from more often than ever before. The economic transformation is perhaps best illustrated by the rising popularity of "rural tourism." As agriculture continues to provide ever fewer jobs, the rural areas struggle with higher rates of unemployment. Enterprise density is low, and there is a general shortage of capital and professional know-how. The participation of the service sector is weak, and productivity levels lag behind. Many residents migrate to other areas. The hardship of the Roma minority is especially severe in the rural areas.

#### *Economic structure of rural areas*

Density in rural settlements is significantly lower; at the same time, agriculture is much more decisive in the rural areas than the national average, causing hardship due to the sector's lower profits, declining share in the GDP, and growing unemployment. Beyond improving the profitability of agriculture, therefore, it is critical to support economic diversification and promotion of new enterprises in order to provide the rural population with alternative and/or supplementary sources of income.

Regional imbalances are manifest between settlement types, with villages, particularly the smaller ones, increasingly falling behind the towns and cities in terms of development, i.e. villages, especially the smaller ones dropped back remarkably. Staring in 1990, village residents have had to take the greatest cut in their income and job opportunities, in a process largely defined by the diminishing significance of agriculture nationwide and the collapse of the majority of industries in the counties that

used to employ masses of workers commuting from rural areas. The discrepancy between settlement types is also noted in the higher incomes and concentration of enterprise in the urban areas. In smaller settlements, the number of enterprises per resident is one half to one third of that in larger settlements. Similarly, differences between incomes can be as great as 150%-200%.

In rural regions the ratio of employees is 49.9% as opposed to the national ratio of 56.8%. Due to the scarce local employment possibilities only 39% of the employees in villages can find a job locally, and 61% are daily commuters.

#### *Situation of local human resources*

As in the rural areas – and particularly in the smaller communities – there is a greater ratio of manual workers and people of lower level of schooling due to the character of the economic structure, the income handicaps are also manifest in this regard. (In villages the ratio of inhabitants having completed only the elementary school (as the highest level of education) or not even that (24 and 19 %, respectively). Thus 43% of the population of villages has no qualification at all.) The difference is further aggravated by the generally smaller ratio of population in the active age bracket, the higher rate of unemployment and the smaller proportion of the employed. These conditions remarkable influence the demographic processes and tendencies taking place in the smaller communities, the migration of the population able to work, thereby speeding up the senescence of these settlements and the abandonment over the longer term. The smaller is the settlement, the higher is the rate of unemployment and the worse are the conditions of living, too. The employment opportunities are particularly restricted in case of people of low qualification standards, middle or senior age and even more so with respect to women raising their children on their own. However, in terms of employment the Roma accounting for 5 to 6% of the population are the least favoured, and their ratio within the population is considerably higher than the national average in smaller communities and in the country's regions suffering from permanently critical conditions, with a significant representation among the long-term unemployed.

For the use of rural development funds with appropriate efficiency and increasing fund-absorption powers, it is inevitably necessary to organise training programmes, which enhance innovation and entrepreneurial skills and willingness, and demonstrate the market opportunities and the expected trends.

The handicaps with respect to economy, infrastructure and services result in the unfavourable quantitative and qualitative changes of human resources in rural areas, resulting from the migration of young and qualified population and from the concomitant senescence and the growth of inactive strata. The differences of human resources are very important in the present imbalances, i.e. what ratio of the local population has proper school education, are they open to innovation, can they adjust, internalise and accept innovations and changes, to what extent are they demanding with respect to culture and services, can they cooperate, and what are their value preferences and identity.

The employment position of rural regions less favourable than the national average (higher unemployment) can be improved by the utilization of their advantageous landscape, natural attractions and cultural heritage features for tourism activities. The majority of accommodation sites in villages can be characterized by the low standard of quality of services and use of capacities. The income from tourism strengthens the local economy, and thus it contributes to the improvement of the quality of life and the elimination of regional economic disadvantages.

The socio-economic handicaps observed in the rural areas are increasingly manifest with respect to the less favoured social strata and groups. The most important area here includes the handicaps in the labour market, which equally affect women, people with altered work ability and the Roma population.

The emigration of population of active age and work ability from the villages suffering from poor employment opportunities, and therefore, the growing ratio of the inactive and unemployed population are further aggravated by the immigration of the unemployed population of low status – in many cases

of the Roma – displaced from towns and cities, who have lost their jobs and could no longer shoulder the higher costs of living and are forced to move into impoverishing villages.

### *Special regional-territorial features of the rural areas*

At micro-regional/agro-regional levels easily identifiable development needs exist.

Based upon the trends of both GDP, number of enterprises and the average earning of the employed the disadvantaged conditions of the regions of North Hungary, North Great Plain, South Transdanubia and South Great Plain, i.e. of the southern and south-eastern part of the country can be observed. The economic restructuring which started to unfold in the 1990s was feeding the regional imbalances, with one projection being the east-west polarisation, and the other being the divide between the centre and the periphery, bearing more powerfully on the rural areas (interpreted with respect to the central region of the country versus the other parts of the country, the dynamic towns/regions versus the regions, communities and especially the small villages located on the external/internal peripheries). Regarding regional differences the eastern part of the country (especially Szabolcs-Szatmár-Bereg and Békés counties), as well as the small village areas of South Transdanubia and North Hungary and the regions along the southern and eastern frontiers are permanently least favoured, and most of these regions are rural areas. The income disparities provide a summary of the regional differences, which represent remarkable differences between the rural areas and the other parts of the country – not counting the suburbia around the capital and the economically more favoured regions of North Transdanubia.

It is necessary to treat the problems of the settlements and areas densely populated by the Roma (the ratio of the Roma population in rural regions was 3.2% as opposed to the national average of 2% (2001, Census) through complex, integrated programmes in view of the special traits of the situation of the Roma, inevitably including measures to reduce the spatial segregation on an ethnic basis, the building up of an adequate educational system and the creation of jobs. The proportion of the Roma in the population displays substantial regional differences. Northern Hungary and Southern Transdanubia – two regions dominated by small, scattered villages – have led the country in terms of Roma segregation and the emergence of ghettos. The infrastructure of education and services is largely unable to adapt to the needs and chances of minorities with a distinctive culture of their own. Unskilled and untrained individuals have little chance to find a job, and what they do find will not provide them with the income needed to meaningfully change their lives. The volume of training programmes adapted to the possibilities of the Roma is insufficient to assist the integration of this minority group within the country's job markets. Unemployment and inactivity represent particularly powerful threats for the Roma population, whose displacement from the cities is therefore even more precarious. On the other hand, the increasing concentration of this endangered Roma minority in the rural areas intensifies the motivation of non-Roma residents to move out of their villages. These processes of segregation – the physical and social erosion of settlements – hasten the surrender of villages to inactivity. Because the phenomenon often affects several adjacent villages simultaneously, the problem has assumed regional dimensions. The project preparation and implementation skills, the capacities helping the community building are weak among the Roma inhabitants.

### Typology of the Hungarian micro-regions

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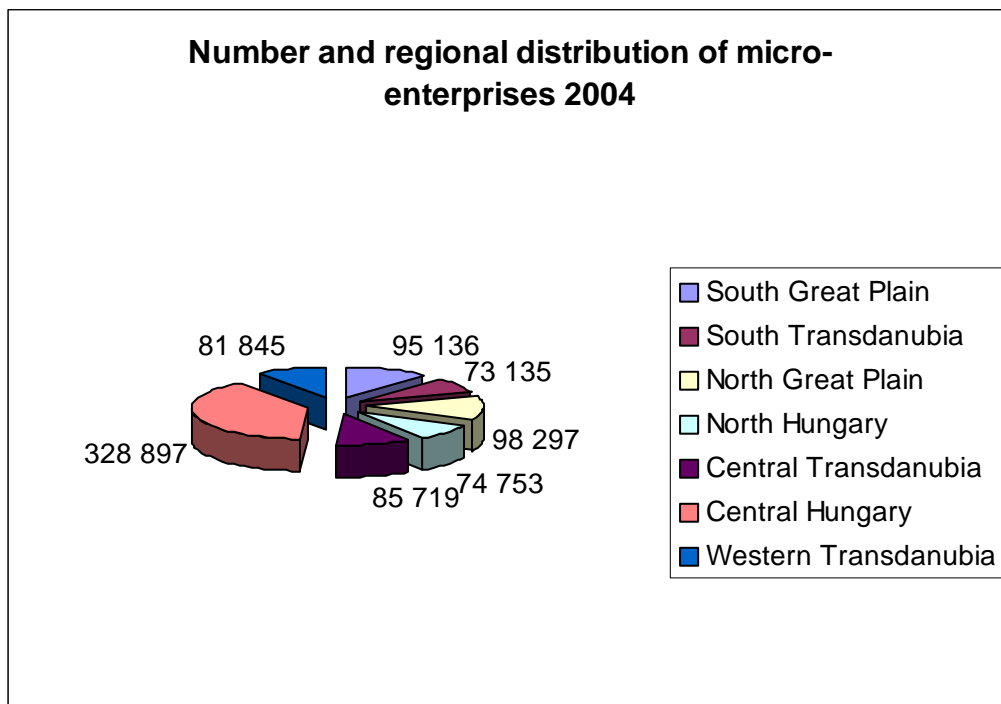
- peri-urban (type) micro-regions;
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- micro-regions with touristic potential;
- industrial areas.

165 micro-region from the 168 micro-regions of the country has a area (settlement) qualifying for the assistance of the Rural Development Fund. These micro-regions have to determine the development directions of the future based on the advantages and problems and on the cooperation of the actors in the region. Integrated planning of the developments is needed for the efficient realization of the purposes. In the present period, the methods of the use of the rural development sources (lack of integration) resulted developments which do not interconnect, excess capacity, imbalances in some regions (e.g. in the field of tourism), and in some cases the withdrawal of the sources, the lack of projects and the deficiencies during the realization caused problems.

The biggest problem for the micro-regions falling behind in Hungary is the lack of capacity. Their development potential is weak, they are characterised by increasing unemployment and the by falling behind more and more from the other micro-regions.

*Situation analysis along the various measures*

Both the number of the enterprises (at 30% of the national average) and the entrepreneurship (two-thirds of the national figure) are smaller than the national average in the rural areas. The number of enterprises per 1000 residents (enterprise density) at 56 pcs is typically small in the rural areas as against the national figure of 86 pcs (2004). This ratio hardly improved over the figure of 2000 at 52 pcs/1000 residents. Micro-enterprises are predominant in the entrepreneurial structure. The ratio of individual (self-employed) enterprises in the rural areas is 66%, in contrast to the national figure of 52% (2004), and the proportion of enterprises employing a staff from 1 to 9 is 74% (207,301 pcs, 2004), while this ratio is 70% in the whole country (608,535 pcs, 2004).



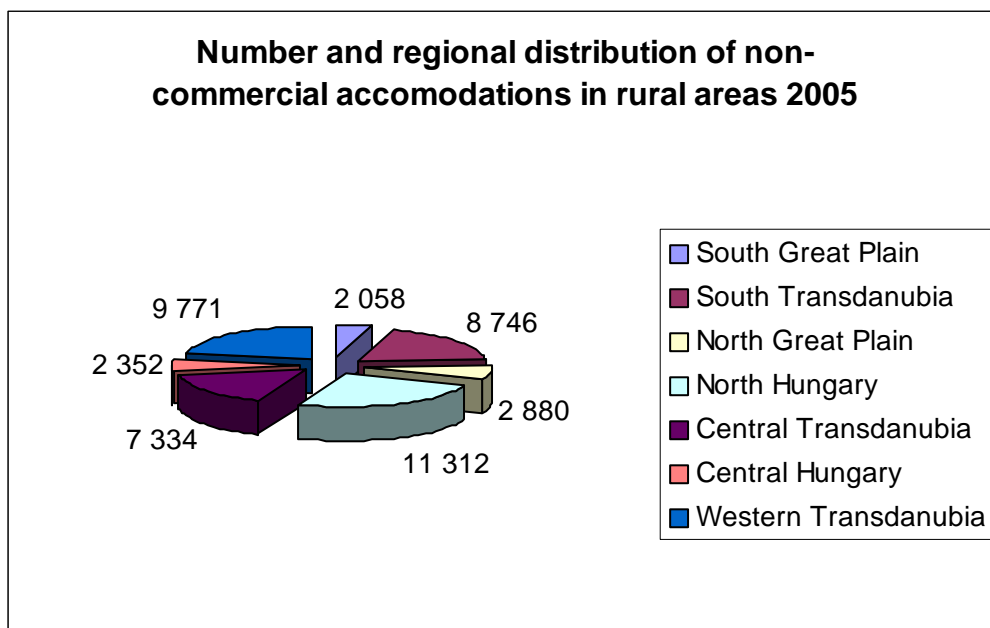
The rural settlements feature a higher proportion of micro-enterprises resulting from the great number of self-employing “forced enterprises” and the “smaller market”, and these have a competitive situation in the market much more difficult than the large enterprises. Economic diversification and economic development must pay special attention at this stratum of entrepreneurs.

The ratio of industrial and commercial enterprises is roughly the same, however, the number of service enterprises have a much smaller share, as low as 45% in the rural areas, as against the national figure of 54%, and a small decline is shown from 46% in 2000.

The practice of manufacturing one-off or small volume handicraft products of high quality, using the traditional production modes is still alive in the rural areas, i.e. the traditional small crafts, folk crafts, naïve arts and applied folk art. The heritage includes low-intervention farming methods preserving the landscape, several local and regional specialty food products and a number of Hungaricums. Leveraging on these items of heritage will contribute to the conservation of the related proficiencies, farming culture and regional, popular and ethnic values, while generating alternative sources of revenue.

Treasuring traditions, collection, conservation and presentation of popular, ethnographic, ethnic and local traditions and their objects as cultural values will provide cultural resources for the communities in the rural areas. Especially in the backward regions, the exploration of the cultural heritage means one element of activating their inherent resources, which – as a tourism attraction – may also boost the economic sector and contribute to the increased employment and the retention of the population.

The decisive factors of rural tourism, typical of the rural areas, include the trends in the availability of local accommodation for visitors, represented by the capacity and guest night numbers partly in village (private) houses and partly in commercial lodgings. The structural transformation of local economies is illustrated by the rising number of rural accommodation and establishments catering to tourists, as well as a growing selection of programs and events. The boom in letting rooms in rural areas virtually started in 1997. By its very nature, this business is concentrated in the villages (with 7222 active hosts accounting for 99% of the sector in 2003), although it also crops up here and there at farmhouses on the fringes of urban areas (85 hosts). Commercial accommodation in hotels, pensions, and campgrounds tends to be concentrated in the cities, resort belts, and settlements with thermal bath facilities. The number of the rural accommodation capacities in commercial establishments in 2005 were one-seventh of the total number of accommodation capacities in commercial establishments. Comparing guest numbers reveals that, in 2005, 13 times as many tourists (2,046,000) chose commercial accommodation as did village lodging (152,598) and compared to 2000 the total number of accommodation capacities in commercial establishments have increased by 5%. The number of “guest nights” at commercial establishments shows an improving tendency as well, up by nearly 7% in 2005. The lodging capacity in the context of rural tourism increased by 33% between 2000 and 2005, although the number of guest nights grew at the slower rate of 10% during the same period.



New restaurants and “csárda”, a traditional Hungarian type of roadside inn, crop up in increasing numbers in rural areas – a tendency clearly beneficial for the turnover of lodging establishments.



During the period under review, there was a welcome diversification of programs offered to visitors, including cultural and traditional events, fairs, and thematic tours (wine trails and apple orchard roads). Concurrently, these offerings were advertised in tourism markets, including nationwide and county-level tourism fairs and expos. Aspects needing further development include complex agrotouristic packages of programme and accommodation facilities, designed in collaboration with the regions, as well as touristic micro-enterprises to sell local farm products on the spot, the networks performing marketing and management functions, and the skills and proficiency of service personnel. The establishment and improvement of the basics of agro-tourism, along with the encouragement of enterprise deliberately building on the rich cultural heritage and natural potential of the country, may go a long way in helping rural entrepreneurs to catch up.

The rural areas traditionally have the economic (arable land and productive infrastructure) and human resources (skills and qualification of the citizens) required for the primary and secondary sectors of the economy, while towns and cities are dominant service providers.

Access to basic residential services is key to ensuring adequate living standards and the proper socio-economic development of any region. Operating such services is an exceptionally daunting task in rural settlements, particularly in remote and scarcely populated areas, where the promotion of unique solutions tailored to local needs and circumstances is therefore of strategic importance.

The lack of cultural and recreational services, along with the absence of the infrastructure that could support such services, contribute to the impetus of younger generations to migrate to the cities. The job opportunities of women and single parents in rural areas are massively impaired by the lack of childcare services.

In rural areas, the emergence of truly competitive agriculture and processing industry is impeded by the underdevelopment of commercial and logistics networks aiding the sale of agricultural and food products, and the lack of marketing services. There are very few organizations promoting unique local produce and food products, and their networks – such as they are – demand urgent development. The same is true for services integrating market information and regional productive potentials.

Access to public services is naturally most difficult in those areas of Transdanubia and Northern Hungary that have a shortage of larger cities and are dominated by tiny, isolated villages. In the Great Plain, more of the settlements consist of larger villages or towns with an adequate supply of public functions, and the terrain here is also more conducive to easy access.

While the Economy Development Operational Programme supports access to broadband services, the Regional Operational Programmes support development of local governmental information and communication technology, therefore in the framework of the New Hungary Rural Development Programme these measures are not eligible for support.

Cultural heritage – incorporating the material, spiritual and built heritage – is directly or indirectly a “value-added” spiritual, cultural or tangible-material resource. Its protection is important also for rural development (so that it remains a resource over the long run) allowing its sustainable development (i.e. to exploit its inherent resources, to fully realise its heritage values and to generate further heritage values, respectively).

Most of the archaeological treasures, forts, castles and historic manor houses are located in the rural areas, in several small communities of peripheral location, offering to be resources also for rural development. The treasures of popular architecture represent a specific rural built heritage. In their case, in order to preserve the tangible treasures of culture and the spiritual heritage, it is important to ensure the survival of the architectural and cultural values, the development of cultural collections, the enhancement of the society’s level of education, the reinforcement of their role in mediating and creating culture and enhancing the tourism potential in an effort to radiate all these to their wider environment. Creating community spaces suitable for the modern historical and cultural values has a general significance with regard to the development of communities.

### **3.1.5. LEADER**

#### *LEADER Pilot Programme*

In 2001, the Ministry of Agriculture and Rural Development launched a LEADER+ Pilot Programme with the aim of preparing the ground for the introduction and implementation of the LEADER+ Community Initiative by creating the appropriate documents and procedures, and by acquiring the hands-on experience that will be essential for the implementation on the local, regional, and national levels. Financed from national rural development funds, the Pilot Programme focuses on three target areas: introductory training, the implementation of a limited number of local strategies, and network construction.

The Pilot Programme has 14 local action groups active in 182 settlements, affecting a total area of 3,686 sq. km and 285,088 residents. The Programme finances 272 distinct projects in 91 settlements.

#### *The ARDOP LEADER+ measure*

The implementation of the ARDOP (ARDOP) LEADER+ measure started in May, 2005 by holding briefings and preparatory training sessions at county and regional levels. The preliminary tender was called in June, 2005 in the selection procedure of two rounds of the LEADER local action groups. The preliminary tender attracted applications by 187 local potential action groups, representing 2,362 settlements (75% of the total) and 3,434,818 residents (34% of the Hungarian population).

On the average about 12 settlements and 18,000 residents belong to one applicant action group. Of the 186 action groups 149 qualified for the second round of applications. After the second round of applications launched in November, 2005 70 LEADER action groups were selected, owing to the support totalling 6.3 billion HUF. There are 920 communities located on the territory of the winning action groups, where about 1.5 million people live.

In the framework of the LEADER+ measure the Hungarian LEADER Association is providing information and experience exchange and building international relations for the Hungarian Local Action Groups was selected in April, 2006. The winning action groups started the implementation of their local rural development programmes in the summer of 2006. The action groups are characterized by underpopulatedness and low number of settlements – as compared with the European practice, as well as the dominance of local municipalities – resulting from the national settlement structure.

<p><b>Strategic goals:</b>  Agriculture and food processing restructuring production, quality production, operation of product-lines, improving competitiveness</p> <p>Environmental conditions  Improvement of water management systems, sustainable use of agricultural land, conservation of biodiversity, restoring the effects of climate change</p> <p>Rural economy  Improvement the quality of rural life, accessibility to sustainable living standards</p>	<p><b>Strengths:</b>  Outstanding ecological and habitat features  Particularly good habitat features for countryside-specific products with unique quality  Rising aim of founding co-operatives  Rich in environmental and natural endowments (tourism)  High level biodiversity and low level environmental load  High initiative of entrepreneurship in the rural society  Healthy living conditions  Co-operativity of local communities  Traditional and special quality products</p>	<p><b>Weaknesses</b>  Imperfect rural infrastructure (civil, entrepreneurial, production, e.g. transport, traffic, working-site)  Unfavourable age-structure of the agricultural workforce  Incomplete professional, managerial, marketplace and marketing knowledge base of farmers  Partitioned farm-structure and land management  Alternative utilisation of poor quality agricultural areas  Agriculture as a full-time activity only provides livelihood for a limited number of farmers  Investments failed from lack of capital, obsolete production assets  Obsolete technologies used for animal husbandry  The coherence between the size and production capacity of holdings are not appropriate, certain activities obtain a low technical and technological level  Livestock emplacement and animal welfare compliance is not adequate - environmental load  Services supporting product chain, trading and logistic systems are underdeveloped  Underdeveloped tercial sector in rural areas  Tumbled rural communities  Lack of employment opportunities in rural areas  Dynamic differentialization of village development, the critical state of villages in areas lagging behind, increasing depopulation  Lack of space used by communities</p>
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<p><b>Trends</b>  The proportion and balance of the two main sectors (plant production and animal husbandry) has unfavorable consequences</p>	<p><b>Opportunities</b>  Increasing demand for renewable energy resources  Increasing demand for traditional and</p>	<p><b>Threats</b>  The spread of extensive animal husbandry technologies  Disproportionate increase in the costs of agricultural production  The use of inappropriate adulterants endanger the supply-demand</p>
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<p>The genetic resources are endangered and not developing</p> <p>The change in nutritional behaviours, increase in quality expectations, moderate increase is overall demand</p> <p>Due to the structural problems of education the demand for market and labour force qualifications do not meet the market expectations</p> <p>Growth of internal and international demand for eco-products</p> <p>Emerging and further aggravation of EU environment protection, animal welfare, quality assurance normatives and requirements</p> <p>Transmigration from rural areas</p> <p>Increase of the demand for alternative free-time activities</p> <p>Moderate strengthening of degradation processes connected to agriculture</p> <p>The market selection resulting from professionalism is increasing</p> <p>Change of the CAP</p> <p>The decrease of partitioned, uncultivated privately owned forests</p>	<p>special quality products</p> <p>Extension of Eco-production</p> <p>Broadening the activities of the rural population provides safer living conditions</p> <p>Locally binding rural workforce – diversification of activities</p> <p>Increasing interest for gastronomy, eco- and recreational tourism</p> <p>Increasing portion of competitive holdings</p> <p>Utilisation of forestry and timber industry can be increased</p>	<p>balance and the quality of the products</p> <p>The lack of up-to-date knowledge endangers the utilization of highly capable production sites</p> <p>The out-of-date knowledge and the low level of adaptivity may be a long-term limiting factor for the rural population</p> <p>The small village areas are socially tending to lag behind</p> <p>Water management problems – surface water, irrigation facilities</p> <p>Global warming</p> <p>The decrease in size and quality of outstanding agricultural areas</p> <p>Realized product surplus derived from agricultural production</p>
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<p><b>Strategies</b></p> <p>Development of competitiveness</p> <p>Supporting groups of production</p> <p>Competence centers, Dissemination,</p> <p>Renewable energy plants</p> <p>Natura2000 sustenance plan, KAT, AKG,</p> <p>Observance of normatives</p> <p>Encouraging entrepreneurial drive</p>	<p><b>Offensive strategy (measures)</b></p> <p>112. Setting up young farmers</p> <p>122. Improving the economic value of the forest</p> <p>123. Adding value to agricultural and forestry products</p> <p>124. Cooperation for development of new</p>	<p><b>Defensive strategy (measures)</b></p> <p>111. Training, information and diffusion of knowledge</p> <p>113. Early retirement of farmers and farm workers</p> <p>114. Use of farm advisory services</p> <p>115. Setting up farm management, farm relief and farm advisory services, as well as forestry advisory services</p> <p>121. Modernization of agricultural holdings</p> <p>131. Meeting standards based on Community legislation</p>
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<p>Non-agriculture driven enterprises (e.g. rural tourism) Equality of chances</p>	<p>products, processes and technologies in the agriculture, food and forestry sector</p> <p>125. Infrastructure related to the development and adaptation of agriculture and forestry</p> <p>132. Participation of farmers in food quality schemes</p> <p>133. Information and promotion activities on food quality schemes</p> <p>142. Setting up producer groups</p> <p>226. Restoring forestry potential and preventive actions</p> <p>313. Encouragement of tourism activities</p> <p>341. Skill acquisition, animation and implementation</p>	<p>141. Semi-subsistence farming</p> <p>212. Payments to farmers in areas with handicaps, other than mountain areas</p> <p>214 (A). Agri-environmental payments</p> <p>214 (B). Preservation of genetic resources</p> <p>215. Animal welfare payments</p> <p>216. Assistance provided to non-productive investments</p> <p>221. First afforestation of agricultural lands</p> <p>222. First establishment of agro forestry systems</p> <p>223. First afforestation of non-agricultural land</p> <p>224. Natura 2000 payments</p> <p>225. Forest-environment payments</p> <p>227. Non productive investments</p> <p>311. Diversification into non-agricultural activities</p> <p>312. Support for business creation and development</p> <p>321. Basic services for the economy and rural population</p> <p>322. Village renewal and development</p> <p>323. (323.1) Conservation and upgrading of the rural heritage; (323.2) preparation of Natura 2000 maintenance/development plans</p> <p>331. Training and information</p> <p>411, 412, 413. Implementation of the local development strategies</p> <p>421. International and transnational cooperation</p> <p>431. Running costs, acquisition of skills and animation</p>
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**SWOT analysis (with comparable factual data)**

Description	Quantification of the characteristics	Unit	Year	Source	Hungary	EU Members States	
						EU-15	EU-25
<b>Strengths:</b>							
– A significant portion of the country's territory has excellent characteristics as a production site (121)	Share of agricultural area from total area	%	2003	CSO, EUROSTAT	63,0	38,8	40,0
	Share of arable land from total area	%	2003	CSO	48,5	22,4	24,4
	Share of productive area from total area	%	2005	CSO	83,0		
– Sites for the production of region-specific products with individual quality (123)							
– Variety of landscape elements, rich ecological and natural characteristics (tourism)	Protected area	thous. ha	2005	CSO	836		
	National park	thous. ha	2005	CSO	485		
	Landscape protection area	thous. ha	2005	CSO	324		
	Protected natural area	thous. ha	2005	CSO	27		
– Expansion of cooperative efforts (142)	Number of producer groups	pc	2006	MARD	208+71		
– Low environmental load (212, 214, 216)	Water quality: gross nutriment balance (nitrogene surplus)	kg/ha	avg of 2002-2004	MTA-TAKI, EUROSTAT	20,0	89	n.a.
	Annual changes in the nitrate contents of soil and surface waters (1992-1994 = 100%)	mg/l,	avg of 2000-2002	EUROSTAT	77,5	n.a.	n.a.
	Soil devastation of areas with the danger of soil erosion	t/ha/year	2004	EUROSTAT	0,41	1,94	1,64
	Nitrate-sensitive demarcated area within total area	%	2005	CSO, EUROSTAT	53,4	n.a.	n.a.
	Use of artificial fertilisers per one hectar of cultivated land (in active substance)	kg	2002	CSO	104	174	154
	High natural value areas with agricultural utilisation	million ha	2005	MARD	~1,4	26,54	30,78

– High biodiversity (212, 213, 214, 221, 222, 223, 224, 225)	Share of protected areas with national importance	%	2004	CSO	8,9		
	Forrestation	%	2005	SFO, EUROSTAT (2000)	19,9	36,4	35,7
	Share of NATURA 2000 forest areas	%	2005	CSO, EUROSTAT	43,6	11,8	n.a.
	Protected forest areas:						
	- preserved without actual intervention	%	2000-2002	ÁEESZ, MCPFE, EUROSTAT (EU14 and EU22-23)	0,2	1,83	1,69
	- preserved with a minimum of intervention				3,6	1,79	1,66
	- preserved with active operations				0,6	3,75	3,71
- preserved due to the maintenance of the landscape and of natural values				15,7	9,96	10,64	
	NATURA 2000 arable and grassland areas in the agricultural area	%	2005	EUROSTAT	17,2	12,1	n.a.
	High natural value areas with agricultural utilisation	million ha	2005	MARD	~1,4	26,54	30,78
– Strong entrepreneurial capabilities in some groups of the rural population – increase in the share of market-oriented farms (311, 312, 313)	Change in the number of market-oriented farms (2000=100%)	%	2003	CSO	116,6		
	Change in the area of market-oriented agricultural business (2000=100%)	%	2005	CSO	128,8		
	Change in the number of village tourism accommodations (2000=100%)	%	2005	TEIR	133,0		
	Change in the number of guestnights in village tourism (2000=100%)	%	2005	TEIR	110,0		
– Healthy natural and living conditions in rural areas (313, 321, 323)							
Cooperation willingness of local communities	Towns and villages participating in the LEADER programme						
	- number	pc	2006	MARD	960		
	- share	%	2006	MARD	30,6		

Description	Quantification of the characteristics	Unit	Year	Source	Hungary	EU Members States	
						EU-15	EU-25
<b>Weaknesses</b>							
– Underdeveloped tertiary sector in rural regions (312, 313, 321)	Share of the service sector in rural regions (national rate = 100%)	%	2004	TEIR	54		
– Deficient rural infrastructure (households, corporations and producers; eg.: carriage, transport, sites) (125, 312, 58 Art.)	Households with access to gas supply network in villages, per 1000 inhabitants	pc	2005	CSO	246		
	Share of homes with access to utilities in villages	%	2005		89,8		
	Share of homes with access to wastewater utilities in villages	%	2005		34,7		
– Lack of employment possibilities in rural regions (311, 312, 313)	Employment rate (population of 15-64 years' of age)	%	2005	EUROSTAT	56,9	65,2	63,8
	Unemployment rate	%	2005	EUROSTAT	7,2	7,9	8,2
	Backlog of employment rates of rural regions in a comparison with national average	%	2005	TEIR	-19,0		
	Unemployment rate by the type of towns and villages	%	2005	CSO			
	- county capitals				7,1		
	- other towns				9,9		
	- villages (2-5,000 inhabitants)				12,4		
- villages (500-1,000 inhabitants)	16,0						
Share of inactive population in towns and villages with less than 1000 inhabitants	%	2000	CSO	70,0			
Share of employees commuting daily	%	2005	TEIR	61,0			
Share of businesses in rural regions (country, total = 100%) within all businesses of the country	%	2005	TEIR	30			
– Unfavourable age mix of agricultural manpower (112, 113.)	Share of agricultural manpower above the age of 40 years	%	2003	CSO	62,2		
	Average age of individual entrepreneurs	year	2003	CSO			
	- men				53		
	- women	60					
	Share of older individual entrepreneurs (above 54 years)	%	2005	CSO	52,0		



	Increase in the number of individual entrepreneurs above the age of 50 years	%	2003/2000	CSO	110		
– Insufficient skills of the farmers from the point of view of professional, farm management, EU-related, market and marketing skills (111, 114, 132)	Share of farm managers without professional qualifications, with practical experience	%	2005	CSO	79,8		
	Share of individual farmers with qualifications in agriculture						
	- primary level	%	2005	CSO	7,4		
	- secondary level				5,6		
	- higher education				1,8		
	Share of individual farmers using computers and Internet	%	2006	MARD	30		
– Scattered character of land use, of landholding structure (112, 113, 125, /1.2.5.7./)	Average size of farms (as an average of all farms)	ha	2003	EUROSTAT	7,6	20,1	16,1
	Average size of land used by individual farms	ha	2005	CSO	3,5		
	Land structure of individual farms						
	- below 5 ha				89,6	56,6	61,9
	- 5- 20 ha	%	2003	CSO, ECOSTAT	7,2	22,5	23,0
	-20-50 ha				1,8	11,0	8,3
	- above 50 ha				1,4	9,9	6,8
	Share of the area of individual farms						
	- below 5 ha				19,6		
	- 5-10 ha	%	2003	CSO	10,4		
	-10-50 ha				31,6		
	- above 50 ha				38,2		
– Inappropriate utilisation of low quality cultivation areas, from the point of view of their characteristics – alternative utilisation, forest/bio-diversity – (122, 212, 221.1)	High natural value areas with agricultural utilisation	million ha	2005	MARD	~1,4	26,54	30,78
	Distribution of agricultural area						
	- outside LFA				84,9	51,61	44,55
	- mountainside LFA	%	2005	MARD, EUROSTAT	0,0	4,77	16,26
	- other LFAs				6,7	36,45	35,59
	- LFAs with specific hindrances				8,3	5,27	3,23
	Area of forests and other arboreal areas providing primarily soil and water protection (total forest area = 100%)	%	2000-2002	SFO, MCPFE	9,6	5,7 (EU13)	6,8 (EU22)
Agriculture provides a living only to few, as a core business (141, 142, 111)	Share of the population engaged in agricultural production, above the age of 15 years	%	2003	CSO	15,9		
	Share of full-time agricultural employees:						
		%	2003	CSO	9,0	3,9	5,1
		%	2005	CSO	5,0	3,7	4,9

– Investments postponed due to the lack of funds, obsolete production assets (justification for support to machinery) (121)	Tractor stock per 100 ha of agricultural area	pc/ 100 ha	2000 2005	MGI	1,9 2,1	4,9	
	Combines per 100 ha of agricultural area	pc/ 100 ha	2000 2005	MGI	0,2 0,2	0,3	
	Share of agricultural investments in total investments	%	2005	CSO	4,4		
	Average age of machinery and equipment	year	2003	CSO	~10-12		
	Engine performance per 1 ha of agricultural area	kW	2000 2005	CSO	2,2 2,1	5,2	
	Area cultivated by one tractor	ha	2003	CSO	48,7	19,6	
– Insufficient harmony between the size and production capacity of the farms, the technical and technology level of processing is too low (121)							
– Deficiencies in animal accommodation, animal welfare provisions, environmental burden (121, 131, 215) - (target 2)	Accommodation created with high-level breeding technology		2005				
– Obsolete technologies in animal husbandry (121)	Number of animal farms in need of modernisation: - large-size pig farm - large-size poultry farm - small-size animal farm	pc	2005	MARD	299 247 3300		
– Services providing assistance to product paths, underdevelopment of the commercial, logistics systems (123, 124, 125)							

<p>– Weakness of cooperation between the production of basic materials and processing, lack of quality tracking (123, 142)</p>							
<p>– Insufficient product development and quality systems (124 132)</p>							
<p>– String differentiation in the development of the villages, critical situation in the villages of regions on the decline, loss of population (322, 323)</p>	<p>Number of villages with less than 500 inhabitants</p>	<p>pc</p>	<p>2005</p>	<p>CSO</p>	<p>1046</p>		
	<p>Number of villages with less than 500 inhabitants</p>	<p>%</p>	<p>2005</p>	<p>CSO</p>	<p>33,2</p>		
<p>– Lack of community spaces (321, 323)</p>							
<p>– Disintegrated rural communities (321, 34, LEADER)</p>							

Description	Quantification of the characteristics	Unit	Year	Source	Hungary	EU Members States	
						EU-15	EU-25
<b>Opportunities</b>							
– Increasing demand for domestic products with excellent content value (123, 124, 132)							
– Expansion of eco-production efforts (214)	Size of the area involved in ecological farming, controlled or in the process of transition	thous. ha	2005	MARD, EUROSTAT (2003)	128	5099,2	5677,8
	Supported area of ecological farming	thous. ha	2005	MARD	76,0		
	Size of animal stock, eco-animals	thous. animal units	2005	MARD	16		
– Increasing interest in gastronomy, eco- and recreation, hunting tourism (213, 214, 313)							
– Traditional and special quality products (123, 124, 132)	Share of the production of quality wines in total wine production	%	2004	National Council of Wine Communities	58,7		
	Number of products belonging to the category of excellent quality certified food	pc	2005	MARD	350		
– Potential to increase the capacity utilisation in forestry and wood processing industry (122, 221, 222, 223, 226, 227)	Forrestation	%	2005	SFO EUROSTAT (2000)	19,9	36,4	35,7
	Primary afforestation in agricultural areas	thous. ha	2005	CSO	17,8		
	Share of forest deployment in indigenous, deciduous species of trees	%	2005	CSO	59,0		
– Increase in demand for renewable energy sources (123)	Arboreal energy plantations	thous. ha	2005	MARD	~0		
– Increase in the share of	Change in the number of market-oriented farms (2000=100%)	%	2003	CSO	116,6		

competitive farms (141)	Change in the area of market-oriented agricultural business (2000=100%)	%	2003	CSO	128,8		
– An expansion of the activities of rural population provides a safer living (311)							
– Expansion of extensive graze-based animal breeding (213, 214)	Agricultural area used for extensive graze	thous. ha	2005	MARD	420,0		
– Use of the manpower supply of rural regions – diversification of activities (311, 312, 313)							
– An expansion of the opportunities to earn a living for the Roma population (312, 321)							

Description	Quantification of the characteristics	Unit	Year	Source	Hungary	EU Members States	
						EU-15	EU-25
<b>Threats</b>							
– Increase or no decrease in the lack of professionals with modern and renewed skills (111)	Share of persons with secondary level and higher education qualifications in agriculture	%	2005	CSO	7,4		12,4
	Number of persons participating in training or re-training in food economy	pc	2006	MARD	16000		
– Outdated knowledge in rural population, low level of adaptability, as a long-term hindrance factor (114, 115, 121)							
– Decrease in the size of areas with outstanding characteristics and their deterioration in quality terms							
– Unproportionate increase in the costs of agriculture							
– (a CAP reform makes production surpluses impossible to be finances, increase in the uncertainty for the producers) (Ádám)							
– Inadequate propagation materials endanger the balance between supply							

and demand, the quality of products							
– Due to the lack of modern knowledge, the utilisation of the good characteristics is in danger	Share of persons with secondary level and higher education qualifications in agriculture	%	2005	CSO	7,4		12,4
	Number of agricultural enterprises making use of advisory services	pc	2006	MARD	1500		
– Problems with water management – excess surface waters, irrigation channels	The share of authorised irrigation area within total agricultural area	%	2003	CSO	3,9	11	
– Global warming (123, 221.1, 221.2, 222, 223)	Production of renewable energy originating from agriculture	thous. t mineral oil equivalent	2004	EUROSTAT	~0	n.a.	2084,3
	Production of renewable energy originating from forest (wood and wood wastes)	thous. t mineral oil equivalent	2003	EUROSTAT	777,0	44596	53996
	Issue of greenhouse gases by agriculture	thous. t, CO <sub>2</sub>	2003	EUROSTAT	10130,0	414427,5	467803,3
– Socially backwarded regions with small villages (312, 321,34, LEADER)							

## 3.2. The strategy chosen to meet strengths and weaknesses

For the implementation of the New Hungary Rural Development Strategic Plan, Hungary shall submit one single rural development program, named the New Hungary Rural Development Programme. This Programme shall be applied on the whole territory of Hungary.

By eliminating the shortcomings revealed by the situation report and exploiting available potentials, the strategy serves the advancement of the country and the reinforcement of competitive edge in the international context.

### 3.2.1. National priorities and main actions

With respect to the identified needs and development potentials, and further in view of Community priorities, Hungary has defined its national priorities in agriculture and rural development as follows:

The overarching national priority, in line with the Community Strategic Guidelines and the general objective is the following: Improving outlets for arable production by modernising the livestock and processing sector and diversification into energy crops and horticulture.

*Axis I.As for the financial allocation of resources among the main actions within Axis I., the following main statements can be made:*

Priority will be given to the main action „Farm and production restructuring”, allocated the highest percent of all the resources for Axis I. to this main action. It is justified by the need of mitigating the imbalances of the production structure. The „Support for investments and quality measures” has the second largest financial share in the total resources. The „Supports for infrastructure” main action has a medium financial weight, while „Promoting information and knowledge dissemination” and „Age-restructuring” has the smallest financial envelope.

In the development of human potential, the indicative breakdown of resources are as follows: ICT will take up half of the resources for human development, around one-third of these resources will be spent on trainings, while the rest (some 15-20 percent) of the resources on the advisory system. In the field of physical investment, around two-third of the resources will be spent on quality improvement, while one-third of the resources for infrastructural development.

In line with the objectives of the EU Strategic Guideline “Improving the competitiveness of the agricultural and forestry sectors”, the general objective of **Axis I.** of the Strategy will be realised through the following main actions:

- Promoting information and knowledge dissemination
- Support for age-restructuring
- Farm and production restructuring
- Support for investments and quality measures
- Supports for infrastructure
-



Summarized strategy structure along Axis I.

General objective (Axis)	Community priorities	National priorities	Main actions					
Improving the competitiveness of the agricultural and forestry by supporting restructuring, development and innovation	Knowledge transfer	Improving outlets for arable production by modernising the livestock and processing sector and diversification into energy crops and horticulture by creating added value in the production chain	Promoting information dissemination		Training Advisory			
	Investment in human capital		Age-restructuring					
	Quality in the food chain		Support for investment and quality measures					
	Modernisation		Innovation	Farm and production restructuring	Promoting the use and production of renewable energy resources	Increasing the (added) value of agricultural and forestry products	Modernisation of agricultural plants	Promoting innovation, market orientation and fostering entrepreneurship in agriculture
					Strengthening the viability of the animal husbandry sector			
					Creating more added value in horticulture			
Forestry								
Investment in physical capital	Support for infrastructure							

## *Axis II*

The general objective of **Axis II.** is to improve the environment and the countryside by supporting landscape management.

The overarching national priorities in line with the Community Strategic Guidelines and the general objective are the following:

- Conservation of Natura 2000 agricultural and forestry areas and other High Natural Value Areas;
- LFA
- Water management in quantity and quality;
- The increase and sustainable management of forest resources;
- Use of biomass for energetic purposes;
- Protection of soils.

The EU Strategic Guideline “Improving the environment and countryside” is in harmony with the general objective of **Axis II.** of the Strategy, which will be served by the following main actions:

- Support for agri-environment, Natura 2000 and forest environment
- Preserving LFA territories and the traditional agricultural landscape
- Investment support for the enforcing of the environmental standards and and for water management
- Support for afforestation and forestry
- Ensuring the balance quantity of high quality water
- Strengthening the protection of soils
- Ensuring the animal welfare payments

As for the financial allocation of resources among the main actions within **Axis II.**, the following main statements can be made:

The biggest share in the financial frames of **Axis II.** has the „Support for agri-environment, Natura 2000 and forest environment” main action. The support for afforestation and forestry will have a significant part of the resources too. Investments for water management and the main action aimed at „Ensuring the balance quantity of high quality water” are at the same level concerning the allocated resources. The main action on LFA and animal welfare have the lowest share of resources, deriving from the good environmental conditions experienced on LFA territories and on the demand for the investments to reach animal welfare standards.

Summarized Strategy structure along Axis II

General objective (Axis)	Community priorities	National priorities <sup>2</sup>	Main actions
Improving the environment and the countryside by supporting land management	Safeguarding biodiversity and preservation of high nature value and traditional landscape	Conservation of Natura 2000 agricultural and forestry areas and other high nature value areas  Water management in quantity and quality  Increase and sustainable management of forest resources  Biomass for energy purposes  Protection of soils  Support for agri-environment, Natura 2000 and forest environment  Preserving LFA territories and the traditional agricultural landscape  Investment support for environmental standards and water management  Ensuring the balanced quantity of high quality water  Support for afforestation and fast-growing species  Strengthening the protection of soils  Ensuring the animal welfare payments	Support for agri-environment, Natura 2000 and forest environment  Preserving LFA territories and the traditional agricultural landscape  Investment support for environmental standards and water management  Ensuring the balanced quantity of high quality water  Support for afforestation and fast-growing species  Strengthening the protection of soils  Ensuring the animal welfare payments
	Water management		
	Mitigating and adapting climate change		

<sup>2</sup> In case of the National priorities and the Main actions each priority or main action serves the realisation of more than one Community priority. For example: Water management contributes to the balance of water quantity on one side, but also to mitigating the climate change on the other. This national priority has also contribution to safeguarding biodiversity.

### *Axis III*

The general objective of **Axis III**. is to improve the quality of life in rural areas and encouraging diversification of economic activity. The development of the rural economy appears with an increased weight within the frame of AxisIII as the most dominant area to be developed.

The overarching national priorities in line with the Community Strategic Guidelines and the general objective are the following:

- enhancing economic development and quality of life in rural areas, and protecting the natural and cultural heritage;
- enhancing micro-regional governance;
- strengthening and supporting the LEADER groups.

There are three main area of intervention serving the implementation of the national priorities.

- Support for diversification, micro-businesses and tourism based on the natural and cultural heritage
- Improving access to basic services and village renewal
- Support for local capacity building

As for the financial allocation of resources among the main actions within **Axis III.**, the following main statements can be made:

The majority of resources (appr. 60%) is intended to be spent on enterprise development, fostering growth and employment in rural areas. Within the frameworks of enterprise development, the support for micro-enterprises will have a key role as the most significant tool for the diversification of rural economy. Improving access to basic services and preserving the natural and cultural heritage (village renewal) will have still a significant share of resources (appr.30%), which is reasonable if taking into account the investment need of these objectives on one side and the current financial situation of local municipalities (the potencial beneficiaries) on the other. Around 10% of the total budget for **Axis III.-IV.** will be spent on local capacity building and establishing local partnerships with the involvement of Rural Development Offices.

Farmers and agricultural holdings complying with the requirements of the environment-friendly and conscious farming methods will be prioritised in the implementation of the measures of **Axis I.** and **III.**

Summarized Strategy structure along Axis III-IV.

General objective (Axis)	Community priorities	National priorities	Main actions
Improving the quality of life in rural areas and encouraging diversification of economic activity	Creation of employment opportunities and creation of conditions for growth	Enhancing economic development and quality of life in rural areas and safeguarding the natural and cultural heritage;	Support for diversification, micro-business and tourism
			Improving access to basic services and preservation of natural and cultural heritage (village renewal)
	Improving governance	enhancing micro-regional governance; consolidating and reinforcing the LEADER groups	Support for local capacity building

#### Axis IV

The general objective of **Axis IV.** of the Strategy, which has the same objectives as the EU Strategic Guideline “Building local capacity for employment and diversification”, will be realised by the application of LEADER approach in case of all four Axis. The objectives of Axis III. will be present still with the greatest emphasis in the LEADER programme, but efforts have to be made to orient LAGs towards the objectives of Axis I. and II.

### 3.2.2. Indicative distribution of resources among axis

In line with the inherent objectives of the Strategy and the Programme, the indicative allocation of resources is based on the main characteristics of the Hungarian agriculture – the need for increasing the competitiveness of agricultural production through technological modernisation, human capacity building and creating more added value –, the state of environment in rural areas – the low environmental load connected to agriculture and the need for the increased protection of territories with high nature value – and on the development potential – focusing on enhancing the competitiveness of rural enterprises in order to create jobs and improve the access to services – of rural territories. Other national and regional policies will also contribute to the improvement of rural world and to the diversification of its economy.

The experiences of the former and present development programmes also largely influenced the allocation of resources in order to use the whole budget available for Hungary in the period 2007-2013 and to best utilise it for the development of agriculture, rural areas and for sustaining the favourable state of environment of rural territories.

The table of the indicative financial resources of the programme are as follows:

Axis/TA	Financial weight (of total EARDF contribution*)
Axis I.	47%
Axis II.	32%
Axis III.	17%
Technical Assistance	4%

\*Including amounts available pursuant to Article 12 (2) of Regulation (EC) 1290/2005.

The resources of AxisAxis IV. – 5.5 % – will be deducted from the amount allocated for Axis I-III, following the ratios 25-10-65 percent, accordingly. Out of the resources allocated for Axis I., approximately more than 10 percentage points of the resources serve the objectives of the sustainable development (Axis II). The detailed financial tables may be found in the Chapter Nr.6 and 7.

The above figures clearly express key findings of analysis of the current situation and the need stemming from it.

*Hungarian agriculture has the potential of becoming a competitive sector* if structural problems can be overcome and innovative and marketing-oriented philosophy can be introduced and disseminated. The main *strengths* of agriculture, food industry and forestry are the traditions and good natural and climatic conditions for agricultural production, therefore significant production potential in agriculture. Among the *weaknesses* the imbalanced structure of agriculture, the overproduction of crops, and the lack of capital have to be mentioned first. The low level of skills and innovation, the obsolete technology used, the lack of market-orientation, the bad age-structure of farmers, the fragmented farm structure typical for certain groups of producers and the low level of organisation of producers and poor cooperation along the product chains are also among the weaknesses and problems that needs to be tackled.

In order to handle the structural problems of the Hungarian agriculture, diversified approach is needed. To mitigate the market tensions caused by the **overproduction of cereals**, there can be *five ways of facilitating restructuring*:

The **production of bio-energy** could provide a solution for the overproduction on two sides. On the production side, the plantation of fast growing species decrease the land used for cereal production, while on the market side, the use of cereals for bio-ethanol production decreases the surplus that was produced.

**Investments in animal husbandry** also diminish the production surplus of cereals using it as input for animal breeding. This significantly increases the creation of added value along the production chain.

**Forestry – more precisely afforestation** – decreases the area used for crop production, therefore results in a potential decrease of the total amount of cereals. This way it contributes to the change of the production structure.

**Horticulture** – based on the favourable conditions for agricultural production – can be an alternative solution for the diversification of agricultural activities and for the income generating of producers.

Development of infrastructure, especially **investment in logistics**, could largely help to improve market access of agricultural products and commodities.

The above-mentioned ways of development of physical resources shall be accompanied by the introduction of innovative technologies and a wide-range of services for information, knowledge and competency dissemination.

**Environmental load** caused by agriculture is **low** in European comparison. Resources shall be used for the long-term preservation of this condition and for the raising of awareness among producers towards the importance of the principle of sustainable farming. The **strengths** of the environmental situation and biodiversity in rural Hungary consist of several elements: the rich bio-diversity, the significant size of territories falling under natural protection, the extent and importance of forests and the low environmental load of agricultural origin. Among the **weaknesses** of the state of environment and the substantial nitrat load of the animal husbandry farms. The increasing water and wind erosion, the soil compaction and salinification, the challenges posed by the climate change and global warming, the structural water quantity imbalance causes risks.

The challenges that rural society is facing can be tackled by **creating and retaining workplaces and fostering entrepreneurship** in rural areas. The quality of life shall be increased by providing a better access to basic services on one side and by renewing settlements and protecting cultural heritage. The *strengths* of rural areas and communities, the rich cultural and natural heritage and also the experiences of the diversification – with main focus on rural tourism – that has already started in the rural economy can be mentioned. The main *strengths* of rural communities are the increasingly important partnerships and local initiatives. On the other hand, **the weaknesses** of rural society and economy include the low level of skills and education, the low density and income-producing ability of rural enterprises, the lack of jobs and the limited access of inhabitants to basic services. Rural territories face even more with challenges, like the special problems of rural women and disadvantaged social groups (Roma population) and also the special situation of people living in outskirt areas. Local communities are still *weak* in capacity building and in the implementation of integrated development strategies.

### 3.3. The ex ante evaluation

The ex-ante evaluation of the New Hungary Rural Development Plan was conducted by PricewaterhouseCoopers Könyvvizsgáló és Gazdasági Tanácsadó Kft. in cooperation with Agrár-Európa Kft. and Fitzpatrick Associates Economic Consultants Ltd. as subcontractors. The Env-in-Cent

Kft. was responsible for the Strategic Environmental Audit, conducted separately from the ex ante evaluation, made in cooperation with the experts of natural protection NGOs.

The ex ante evaluation team got its commission in an open public procurement process issued by the Ministry for Agriculture and Rural Development. The work started in May, 2006. The report on the ex ante evaluation has been finished in February, 2007. The ex ante evaluation process follows the negotiations with the Commission, and ends with the acceptance of the Programme by the Commission.

The preparation of the ex ante evaluation is mandatory according to Article 85 of Council Regulation (EC) No. 1698/2005, and it is part of the elaboration of the rural development programme. Its aim is to optimize the use of the sources attached to the Programme and the general improvement of the quality of the programming. The evaluation identifies and evaluates according to the Regulation guideline:

- Medium and long-term needs;
- Aims to be realized;
- Expected results;
- Aims in numbers (aim values), especially in the aspect of the effect compared to the starting situation;
- Community added value;
- Extent of the consideration of the Community priorities;
- Lessons drawn from the previous programming; and
- Quality of the processes for the implementation, monitoring, evaluation and financial management.

The remarks and proposals of the evaluation report concerning the analysis of the situation and the strategy chosen are applicable to the draft of the New Hungary Rural Development Programme's 2007 January 18<sup>th</sup> version. The remarks and proposals taken previously were actualized accordingly. However, during the ex ante evaluation process the evaluators also followed and gave an opinion on the New Hungary Rural Development Strategic Plan. This document forms the basis of the programme and the two documents have to be in compliance with each other. When evaluating the compliance with the Strategic Plan, the evaluators took the 2007 January 8<sup>th</sup> draft into consideration. Since January 18<sup>th</sup> the evaluators have been working closely together with the planners. Several workshops on SWOT, the strategy chosen and the quantified targets have taken place. As a result, the quality of the document has significantly improved.

The evaluators took into consideration the relevant sources of law, methodological guidelines (among them primarily the working document "Rural Development 2007-2013, Common Monitoring and Evaluation Framework Guidelines for Ex-Ante Evaluation"), Community Strategic Guidelines recommendations, the guidelines of Hungarian policies, strategies of the applicable studies, previous evaluations, partner opinions and other programmes. However, the work was significantly based on the regular and ad hoc meetings with the planners, experts of MARD, AKI, VÁTI, on the remarks of external experts and the opinions formulated on the level of enforcement (ARDA).

The ex ante evaluation process has been based on the interactivity between the planners and the evaluators. The final evaluation report was formulated as a result of continuous contact, regular consultations and exchange of opinions. During these consultations and meetings, recognized Hungarian and Irish agricultural and rural development experts, representatives of the Hungarian Universities and research institutes have contributed to the discussions.

During the consultations, the ex ante evaluators supported the planners in a few practical planning questions. Among others the clarification of the structure of the measure descriptions and the requirements concerning their content, the elaboration of the rules on the realization of the Programme, but primarily in the finalization of the indicator system of the Strategic Plan and the



Programme. The aims of the output and the expected results and effects were specified and re-calculated in a workshop lasting for two days.

The stated and discussed expert opinions were taken into consideration by the MARD and have mostly been build into the draft programme.

The ex ante evaluation addressed also the requirements of the environmental assessment provided for by Directive 2001/42/EC of the European Parliament and of the Council.

The complete ex ante evaluation will be presented as an annex to the programme: Annex 1.

### **3.4. Impact from the previous programming period and other information**

The experiences, results of the use of the rural development resources (2000-2006)

The funds available under the SAPARD, ARDOP, and National Rural Development Plan programs were used to start the restructuring and modernization of Hungarian agriculture and rural economy, but soon proved to be too modest to implement the much-needed changes. Experiences with these programs nevertheless proved wrong the scepticism regarding the use of development funds, as the resource needs of submitted tenders more than once massively outstripped the funds allocated for the purpose. Whereas most of the major objectives and priorities were accomplished, the projects frequently revealed imbalances that demanded the revision of certain measures in the course of implementation. The objectives of these former programs for the most part remain valid as strategic goals for the next project period of 2007-2013.

#### ***3.4.1. The SAPARD programme***

As part of the country's preparation for accession, EU criteria, directives and objectives were gradually integrated within Hungarian law and public administration. The process of legal harmonization was supported effectively by pre-accession programs, such as Phare and SAPARD. The agriculture sector has been a beneficiary of Phare programs since 1990, and seven such programs were concluded until 2003. As a result of these programs, the most spectacular development was noted in the system of institutions, with great advances in the establishment of EU institutions and the construction of information and filing systems supporting their operation.

In terms of its objectives, tools of implementation, and institutional background, the SAPARD was instrumental in gearing up for the implementation of the Common Agricultural Policy, and may essentially be regarded as the "training programme" for the ARDOP and NRDP currently being implemented. The Plan for SAPARD for the period of 2000-2006 was compiled by the Government of the Republic of Hungary on the basis of a July 21, 1999 decree of the European Council. The final version of the SAPARD Plan, reworked in view of the observations of the European Commission was approved by the STAR Committee on September 13, 2000.

Through the Committee Resolution of the European Commission No. 18/10/2000, Hungary's SAPARD Plan became an approved programme for agriculture and rural development and this made co-financing possible for the measures of the Plan from the Community budget.

Applications could be submitted for support under the SAPARD Programme from the end of November, 2002 until the end of April, 2004.

Of the proposed measures of the Programme, the following were accredited:

##### *Structural development measures*

- Assistance to investments in agriculture
- Improvement of processing and marketing of agricultural and fisheries products
- Vocational training
- Dissemination of production methods serving agri-environmental protection and land sustainability
- Setting up and operation of producer groups

##### *Rural development measures*

- Village development and renewal, protection and conservation of rural heritage

- Diversification of activities, development of business activities ensuring alternative income opportunities
- Development and improvement of rural infrastructure

Technical assistance (the amount allocated to this measure could finance the promotion of the programme, the production of information literature, organisation of presentation and courses about the SAPARD Programme).

Most of the applications (39.7%) were submitted for the measures “Assistance to investments in agriculture” and “Village development and preservation of rural heritage” (37.6% of applications). The title attracting the least interest (with 4.2% of the applications) was “Diversification of activities, development of business activities ensuring alternative income opportunities”. Development intentions and applications for funding were registered in a proportion corresponding to the financial plan, demonstrating the well established grounds for the objectives identified in the program, the careful delineation of proportions and, despite the initial difficulties, the ultimate success of the SAPARD.

When the Programme was closed, more than three quarters of the original 7-year budget could be committed by contracts in the less than two years available.

The number and project costs of the applications received for the SAPARD Programme justify the large funding requirement of the sector. The final deadline for committing the support frameworks was September 30, 2004 and by that deadline the full, increased amount of 65.5 billion HUF was contracted for.

The experience gained through SAPARD offered a major help to make the procedures of ARDOP and the NRDP simpler and more logical. Agriculture and rural development benefited most from the preparatory process.

### ***3.4.2. Agriculture and Rural Development Operational Programme (ARDOP)***

The ARDOP covers measures that can be funded from the Guidance Section of the European Agricultural Guidance and Guarantee Fund and the Financial Instruments for Fisheries Guidance. The ARDOP defines three major development priorities, associated with eight measures (and corresponding Technical Assistance with their implementation):

Priority 1: Establishment of competitive basic material production in agriculture

- Assistance to investments in agriculture
- Structural assistance in the fisheries sector
- Setting up of young farmers
- Assistance to vocational training and retraining

Priority 2: Modernisation of food processing

- Improvement of processing and marketing of agricultural products

*Priority 3: Development of rural areas*

- Expansion of rural income earning opportunities
- Development and improvement of infrastructure connected with agriculture
- Renovation and development of villages and protection and conservation of rural heritage
- LEADER+

### *Technical assistance*

The national and Community funds available to implement the ARDOP total 107.8 billion HUF or 442.8 million EUR, of which amount 36 billion HUF (141.1 million EUR) was available in 2005. Applications were received on an ongoing basis starting May 3, 2004, and were processed and evaluated after October 1, 2004, when SAPARD had concluded. The eight tenders announced under the Operational Programme met with lively interest. The funding requirement of applications submitted by the end of 2005 reached 171.7 billion HUF, exceeding by over 60% the funds available during 2004-2006. The funding (guarantee) approved by the Managing Authority was 89.5 billion HUF, or 83% of the three-year budget.

67%, that is the decisive majority of the applications, with a combined claim of 99.7 billion HUF in support, was submitted for the first priority listed (“Establishment of competitive basic material production in agriculture”). Although the number of applications for the second priority (“Modernization of food processing”) was much smaller at 360, they still registered a high 34.4 billion HUF funding requirement due to the objective of the measure and its system of criteria. The third priority, aimed at developing rural areas, mobilized very significant development intentions and demand for funding. Nearly one fourth of the applications (1554 in number) targeted this third priority, and specifically “Village renewal” within this measure.

By and large, the distribution of the submitted applications among the various priorities adequately reflects the advance orientations identified by the ARDOP and the magnitude proportions of the objectives. The amounts applied for demonstrate the absorption capacity of the proposed developments.

### *Progress of ARDOP*

Until 31 December 2005 a total of 6054 applications had been submitted for the measures of the Operational Programme, the total support need of which amounted to 673,542,059 EUR (171,753,225,045 HUF), out of these 2097 applications were submitted in 2005, the total support need of which was 311,463,323 EUR (79,423,147,365 HUF). Therefore, earlier doubts concerning the capacities to absorb development funds were not justified, as the support need of the applications submitted during the whole period exceeded the public expenditure available between 2004 and 2006 by 60 percentage points.

### *Quality of projects*

Based on the experience of the officers of the county offices of regional competence of ARDA it can be stated that the formal and documental quality of applications and the professional quality have palpably improved. This can partly be attributed to the changes in legislation aimed at the simplification of the application process and the information activity of the Intermediate Body, and partly to the improving skills of the applicants.

Until the end of 2005, 16.7% of the applications submitted for ARDOP (1011 applications) had been rejected on the ground of illegibility and/or formal insufficiencies. The most insufficiencies occurred in the filling of the forms and the failures to submit the compulsory attachments and the certificates issued by specialised authorities.

### *Distribution of applications among priorities*

During the whole period the majority of applications, 67% i.e. 4081 applications (in 2005 56% i.e. 1185 applications) have been submitted for the measures under Priority 1 “Establishment of competitive basic material production in agriculture”. There was a more modest interest in Priority 2 („Modernisation of Food Processing”) due to the objective and set of criteria of the measure. 6% (360 pcs, in 2005 11%, 236 pcs) of the received applications are connected with the modernisation of food-processing. Priority 3, aiming at the development of rural areas, has raised an enormous amount of intentions for development and need for support. A quarter of applications, i.e. 1554 applications (in

2005 30%, i.e. 6221 pcs) are associated with priority 3. The two sub-measures of “Technical Assistance” represent a mere 1% of the received applications (59 pcs).

The distribution of the received applications justifies the previously determined development directions and the ratios of the objectives of ARDOP. However, the distribution of the support needs of applications among priorities reveal a resource requirement larger than it was projected in the case of Priority 1 and a smaller one in the case of Priority 3.

#### *Regional dimensions of the implementation of the programme*

The regional coverage and distribution of the submitted and approved applications firmly indicate the differences and particular features of development resulting from regional differentiation. ARDOP objectives connected with varying intensity to agriculture have raised the greatest interest in regions with favourable potentials and an agricultural character.

This is also confirmed by the fact that most of the applications (46% of all applications received) have arrived from the Southern and Northern Great Plain regions possessing significantly more favourable producing characteristics, and here is the highest the number of approved applications as well. Although due to various reasons and objectives, but the same ratio of applications (about 14.3% each) are connected to the Southern Transdanubian and the Northern Hungarian Regions, and 12.2% to Western Transdanubia. Willingness to apply has been more modest compared to the above-mentioned regions in Central Transdanubia (8.4%) and Central Hungary (5.2%). The reason for this should be searched in a more powerful industrialisation, less favourable endowments of agriculture and traditionally more modest role agriculture has always had in these regions. It can also be partly ascribed to the fact that in the regions discussed individual farms represent a lower share than the national average, which in itself reduces the number of applicants and beneficiaries.

#### *Main beneficiaries*

Nearly half (43%) of the approved applications under the Programme have been submitted by micro-enterprises. 15% of the approved applications were submitted by domestic natural persons. Nearly the same number of applications (around 400) was submitted by small and medium size enterprises, natural persons and non-profit organisations within public finance. The share of micro-enterprises (33%) and natural persons in the amount of support is smaller than their numerical proportions, which are rather interested in smaller projects with a smaller amount of own reserves.

It is obvious that medium size enterprises and big companies, which apply for projects of greater value, have a significantly larger share in the support sources than the ratio of their applications submitted and approved.

#### *Description of the progress of priorities and measures*

##### **Priority 1: Establishment of competitive basic material production in agriculture**

The performance of Priority 1 in 2005 can be regarded as successful, because more than half (56%), during the whole period (2004-2005) 67% of the total number of applications were submitted for the measures of Priority 1. The aim of the support is to modernise the conditions and the structure of producing agricultural, forestry and fishery products, to improve the age composition and professional qualification of the farmers, and as a whole to improve the competitiveness of farming. It is to be noted, however, that regarding the interest of applicants there are significant differences between the individual measures and sub-measures.

##### *Measure 1.1 “Assistance to Investments in Agriculture”*

From among the measures of Priority 1 the most popular was measure 1.1 “Assistance to investments in agriculture” under which 3670 applications had been submitted (60.6% of all applications submitted under the Programme) by 31 December 2005. According to the results up to present, the objectives of the measure have been in the aggregate implemented to a satisfactory extent.

### *Measure 1.2 “Structural Assistance in the Fisheries Sector”*

Compared to the other ARDOP applications, this measure affects a relatively small group of applicants. This is indicated by that in 2005 only 24 applications were received, which make up only 1.1% of the total number of the applications received, and the support need of which is 3,468,012 EUR (884,342,060 HUF). In spite of this, the support measure can be regarded as successful, because after opening the measure for applicants with a national share in ownership, i.e. the widening of the group of prospective applicants the number of applications increased, thus, by the end of 2005 the resource requirement of fisheries developments had reached 60.5% of the sum available for the three-year period.

### *Measure 1.3 “Setting Up of Young Farmers”*

This measure is the second most popular measure of Priority 1, which is indicated by that the resource requirement of applications received in 2005 exhausts 100% of the support budget allocated for the three-year period. Because of the relatively large number of unsuccessful applications, the efficiency of the support is slightly below the planned level; however, this is expected to improve due to the information and preparation activities launched since then.

### *Measure 1.4 “Assistance to vocational training and retraining”*

Owing to the novelty and relative comprehensiveness of the measure, there is a very modest interest in it among applicants. The support need of the applications submitted until 31 December 2005 (28 pcs) is 4,930,905 EUR (1,257,380,775 HUF).

## **Priority 2: Modernisation of food processing**

The applications contracted under the Priority generally serve the objectives of several priorities. The largest ratio, 62% of the contracted applications aim at modernisation and the abatement of the environmental load (67-67 applications, respectively), but it is also favourable that the ratio of projects aimed at innovation and introduction of new products comes up to 40% as well. Thus, the reduction of the environmental load is an important aim of the investments even today, which is expected to increase in the future. By the time the production efficiency reaches through modernisation the level necessary for competitiveness, the applications aimed at innovation and the development of new products are expected to be given even more emphasis.

Measure 2.1 “Improvement of processing and marketing of agricultural products” is the only measure to be applied under Priority 2. Until 31 December 2005 a total of 360 applications were received under measure 2.1 with a support need of 177,431,424 EUR (45,245,013,120 HUF), which makes up 5.9% of the applications submitted under the Programme.

## **Priority 3: Development of rural areas**

Four measures serve the implementation of the general objective of the Priority. In addition to the popular measures (“Renovation and development of villages and protection and conservation of the rural heritage” and “Development of infrastructure connected with agriculture”), in 2005 more interest was shown in the measure “Expansion of rural income earning possibilities”, mainly in connection with rural tourism developments. At the same time, the implementation of the LEADER+ measure was launched, which excited extraordinary interest and activity nationwide. This way, in 2005 the proportions of the measures within the priority became more balanced.

30% of the applications submitted in 2005 (621 pcs), and 26% of the applications submitted during the whole period under ARDOP (1554 pcs) were submitted under Priority 3.

### *Measure 3.1 “Expansion of rural income earning opportunities”*

The measure facilitates the expansion of non-agricultural (rural tourism, handicrafts) and agricultural activities, the production of unique foodstuffs of outstanding quality, the improvement of non-food purpose cultivation and processing (collection, growing, preparation for sale of herbs, spices, aromatic plants), and the improvement of the marketing possibilities of the products produced. In 2005 the measure became more widely known and more popular (219 submitted applications). The calls for

applications under the measure were first published in January 2004. In 2004 no commitments were made under the measure. Until 31 December 2005, altogether 382 applications were received (6.3 % of the total number of applications received under the Programme). Out of the four sub-measures under this measure the highest interest was shown in the encouragement of tourism activities (3.1.3), although the ratio of applications received under this sub-measure reduced from 83% in 2004 to 69% in 2005. The main reasons of the great interest are the gradual expansion of rural tourism, the strengthening marketing activity and the increase of solvent demand.

*Measure 3.2. "Development and improvement of infrastructure related to agriculture"*

The measure is intended to support the establishment of infrastructure missing for the production and marketing of agricultural products, or the development of existing infrastructure. The support provides help for the population involved in agriculture (to reach a higher standard of product quality, larger crop security, production, movement and sale at lower costs, parallel to the reduction of the environmental load).

From among the six eligible activities the largest interest was shown in the development of outskirts roads, and, besides the development of local markets, the other four sub-measures did not show measurable progress or palpable effect during the examined period.

*Measure 3.3. "Renovation and development of villages and protection and conservation of rural heritage"*

The measure supports in the first place the development and preservation of the living environment, the physical condition and image of villages, and the reuse of natural and man-built values while acknowledging and preserving them, occasionally parallel to the creation of new functions. In spite of the shortness of time, the remarkably large amount of applications proves that the measure is based upon real needs. The specific targets of the measure, i.e. to improve rural settlements and the environment and to preserve and renew man-built, natural and cultural heritage and local identity, are expected to get fulfilled.

In 2004 no commitments were made under the measure, therefore the total sum allocated for 2004 (3,421,078 EUR) was available in 2005. On 16 June 2005 the ARDOP Monitoring Committee adopted a decision on the reallocation of sources in an amount of 7,843,184 EUR, on the reallocation of 1,372,549 EUR for the measure from the budget of measure 3.1 "Expansion of rural income earning opportunities" (i.e. a total of 9,215,686 EUR). The reallocation of sources is justified by the considerable support need (49,469,731 EUR) of the large number of applications (466 pcs) received under the measure "Renovation and development of villages", which is more than twice as much (207%) as the sum allocated for the three-year period.

*Measure 3.4. LEADER+*

The early and thorough preparation and introduction of the LEADER+ measure is justified by that 187 local initiatives submitted applications for the first round of the selection of local action groups, covering 2332 settlements (75% of all settlements of Hungary) and 3,434,818 people, (34% of the total population). These ratios indicate an extraordinary local interest and activity in the LEADER+.

### ***3.4.3. National Rural Development Plan (NRDP)***

Hungary's National Rural Development Plan contains the rural development measures financed by the Guarantee Section of the European Agricultural Guidance and Guarantee Fund. It designates the objectives ensuring the sustainable development of rural areas, the measures serving their implementation and the activities which can be supported in their frameworks. Furthermore, it determines the conditions for making use of the supports as well as the detailed rules of implementation. NRDP supports the environmentally friendly agricultural production, provides assistance for farming in less favoured areas and for increasing the forest cover in the country. Furthermore, the measures of the plan contribute to the improvement of economic viability of semi-

subsistent farms, and the setting up and operation of producer groups. Starting the autumn of 2004, applications were received for the following six measures:

- Agri-environment,
- Support for less favoured areas,
- Afforestation of agricultural lands,
- Meeting standards,
- Support for semi-subsistence farms undergoing restructuring,
- Supporting the establishment and administrative operation of producer groups.

*Brief description of the various measures and the summary of the support data under the various measures:*

### **Agro-environment**

The supports provided in the framework of agro-environment measure recognise the additional performance of the environmentally conscious agricultural production and land management or compensate for the losses of income incurred (and may also include a max. 20% surplus as an incentive). The supports in the form of non-refundable grants based upon area or number of animals apply for a period of 5 years at least.

The 32685 farmers applying for the measure of Agro-environment exhausted the 3-year fund already in the submission period of 2004. After deducting the revoked and rejected applications from the number of application submitted, 23671 customers were supported, with the total funding requirement being 176 million euro/year, which represents a support of about 44.5 billion HUF/year, using the official rate of exchange for year 2005, at 252.87 HUF/euro. In proportion of the disbursements with respect to all the NRDP measures so far, it can be stated that the agro-environment accounts for about 80% of all the supports paid out so far.

### **Afforestation of agricultural land**

The aim of the support with the afforestation of agricultural land includes the promotion of agricultural restructuring, the enlargement of rural employment and income generation opportunities, the increase of the country's forest cover over the long term, and the development of protection functions of the forest for the public good (environmental protection, economic, social, public welfare). Eligible agricultural areas are the ones classified as supportable under its LPIS (Land Parcel Identification System) classification and which were cultivated at least over two subsequent years directly preceding the submission of the support request.

The measure includes three different types of supports: supports granted for forest plantation and the related complementary measures, the support granted for nurturing the forest plantation and the income substitution support of forest plantation, in the form of non-refundable normative support. The smallest area eligible for support is 1 ha, it can be smaller (0.3 ha at least) in case of an agricultural area directly adjacent to a forest area (of 30 ha at least).

The extent of support changes depending on the tree variety, the type and gradient of the area (protected or not protected) and can range from 842 to 2780 €/ha (212,916-702,978 HUF/ha). Support for nurturing forest plantations may be available in the five years after setting up the plantation. The extent of support changes depending on the tree variety, the type and gradient of the area ranges from 126 to 463 €/ha/year (31,861-117,078 HUF/ha/year). The substitution of income lost due to the afforestation of agricultural areas is possible over a period of maximum 20 years. The amount of support may vary in the range of 13.86 to 281.90 €/ha/year (3,504-71,284 HUF/ha/year), depending on the cultivation branch and the ownership status of the area.

The support amount disbursed so far under the measure of afforestation of agricultural land is about 27.3 million €, which is close to 7 billion HUF. This measure was last open from June 1 until July 31,



2006, when 1989 applications were received, they are now being evaluated and processed. The support has been disbursed in case of 2064 applications from the total of 2583 disbursement applications lodged. The disbursements of the afforestation measure account for 8.2% in the total of supports disbursed so far.

### **Meeting Standards**

The farmers may apply for investment supports for the purposes of environmental protection, animal welfare and hygiene in livestock farms which do not meet the relevant standards. If the livestock-keeping place fully meets the standards pertaining to the keeping place of the animals, the livestock-keeping farmer is eligible for income substitution support for animal welfare and hygiene, for the partial compensation of the resulting additional costs.

The investment supports can be used in each keeping place to a maximum annual value of 25000 euro, i.e. 6.3 million HUF for three years at the most. Income substitution support can be applied for in five consecutive years, to a maximum annual amount of 10000 euro, i.e. 2.5 million HUF per keeping place, which amount will be uniformly reduced each year.

The possibility for submitting applications was reopened in 2006 in the framework of the measure of meeting standards, and in this period 1050 applications for support were received by the ARDA. These applications are being processed and evaluated now. Of the 1021 applications processed so far 776 applications were approved by resolutions. The related funding requirement for the first year is 6.1 million euro, i.e. 1.5 million HUF, of which 1.51 million euro (318 million HUF) was already paid out. Applicants applying for the MS measure were funded by 0.5% of the total NRDP disbursements.

### **Support for semi subsistence farms undergoing restructuring**

The aim of the measure “Support for semi subsistence farms undergoing restructuring” is to promote the conversion of only partly commodity producing farms to market oriented commodity production through providing income substitution support.

The typical handicaps in the way of development of the semi subsistence farms include the lack of capital necessary for development, the professional qualification, the up to date knowledge and market information as well as the risks related to the restricted production structures. The recipients of the support may receive supports under this measure to the amount of 1000 euro, i.e. 252,870 HUF, annually, to help remove these obstacles.

Those self-employed farmers and full-time primary growers operating in Hungary are eligible for this support, who had a farm output of 2 to 5 ESU in the year before the application and the applicant has a professional qualification or three years of professional experience. The further conditions include the drawing up of a business plan for 5 years, which envisages at least an output of 5 ESU or a growth by 50% by the end of the 5<sup>th</sup> year. When awarding the grants preference is given to the applicants from less favoured areas as well as the young farmers.

The support amounts paid so far to the semi subsistence farms were 1.35 million euro, i.e. 341 million HUF. A total of 1926 applications for support have been received for this measure, and the ARDA issued approval resolution for 885 of them. 486 applications received this year are under processing. 1443 payment applications were received by ARDA by mid-2006. The amounts remitted so far to the semi-self-sustaining farms within the total paid out under the NRDP is similar to the payments effect under Meeting Standards (MS), i.e. hardly half a percent.

### **Supporting the establishment and administrative operation of producer groups**

The measure provides support for the remedy of structural deficiencies resulting from the inadequate standard of organisation of producers and for the reinforcement of market bargaining powers of the producers to establish and operate producer groups.

Exclusively producer groups officially recognised by the minister of agriculture and rural development are eligible for the support. A further condition of the support is that the producer groups are active in one of the following sectors: grains, rice, potato, oil plants, sugar beet, textile industry plants, cut

flowers and propagating materials, grapes and wine, spice and medicinal herbs, nursery products, fresh cow milk, other fresh milk, cattle, pig, rabbit, sheep and goat, fish, fur animals, poultry and egg, honey. Under the measure the producer groups recognised in the vegetable-fruit and tobacco sectors cannot be supported.

For the support of the producer groups most of the applications – 155 pcs – were received in the submission period of 2005. A total of 209 applications have been submitted so far, of which 45 applications lodged in August, 2006 are being processed and evaluated at this stage. The number of applications approved so far is 151 pcs. With regard to data of disbursements a total of 9.42 million euro, that is 2.3 billion HUF, was paid to the farmers. In the proportion of the total NRDP disbursements the support remitted to the producer groups account for 2.8%.

### **Support for less favoured areas**

The aim of the measure is to provide partial compensation – subject to the fulfilment of specific conditions – of economic, social and natural factors having unfavourable impact on the efficiency of production, thereby to sustain production in areas designated as less favoured areas and to stop the increasing migration therefrom.

The support of Less Favoured Areas was announced three times in 2004-2006. A total of 6,555 applications for support were received in 2004-2005, of which 5,556 pcs were supported after evaluation, with funding requirements amounting to 9.22 million euro, that is 2.3 billion HUF. On the basis of the payment requests received an amount of 7.98 million euro, which is equivalent to 2 billion HUF, was disbursed. The evaluation of 1146 applications received in 2006 is under way at present. Supports under the LFA title account for 2.4% in the total disbursed.

### **Early retirement**

The primary objective of the support is to allow the discontinuation of agricultural production under equitable conditions by senior farmers (who were engaged in agricultural activities for at least 10 years or worked as farm managers for at least 5 years before submitting their request). Regular income substitution funds are provided by the measure “Early retirement” (from the age of 55 until the official retiring age is reached, however, up to 15 years maximum).

The measure was not opened in 2005 either, due to the applicable regulations of taxation and social insurance and the unclear regulation of the tasks to be performed by the Paying Agency with respect to the measure – the Agriculture and Rural Development Agency.

## 4. Justification of the priorities chosen having regard to the Community strategic guidelines and the national strategy plan as well as the expected impact according the the ex-ante evaluation

### 4.1. Justification of the priorities chosen having regard to the Community strategic guidelines and the national strategy plan

As set in the Community Strategic Guidelines, support in the area of rural development based on Council Regulation 1698/2005/EC has to contribute to the key community priorities, to other measures defined for cohesion and environment and furthermore to the implementation of the CAP reforms. The measures set in the “New Hungary” Rural Development Programme resulting from the Community Strategic Guidelines are widely coherent with the documents mentioned above.

The following table demonstrates the coherence of the various measures with the 1698/2005/EC Regulation, the Community Strategic Guidelines and the National Strategy Plan

Code	Name of the measure	1698/2005/EC EAFRD Regulation	Community Strategic guidelines	National Strategy Plan
<b>Axis I: Improving the competitiveness of the agricultural and forestry sector</b>				
111	Training, information and diffusion of knowledge	+	+	+
112	Setting up young farmers	+	+	+
113	Early retirement of farmers and farm workers	+	o	+
114	Use of farm advisory services	+	+	+
115	Setting up farm management, farm relief and farm advisory services, as well as forestry advisory services	+	+	+
121	Modernization of agricultural holdings	+	+	+
122	Improving the economic value of the forest	+	+	+
123	Adding value to agricultural and forestry products	+	+	+
124	Cooperation for development of new products, processes and technologies in the agriculture, food and forestry sector	+	+	+
125	Infrastructure related to the development and adaptation of agriculture and forestry	+	o	+
131	Meeting standards based on Community legislation	+	+	+
132	Participation of farmers in food quality schemes	+	+	+
133	Information and promotion activities on food quality schemes	+	+	+
141	Semi-subsistence farming	+	o	o
142	Setting up producer groups	+	+	+
<b>Axis II: Improving the environment and the countryside</b>				

212	Payments to farmers in areas with handicaps, other than mountain areas	+	+	+
213	Natura 2000 payments on agricultural areas and payments linked to the implementation of the Water Framework Directive 2000/60/EC	+	+	+
214 (A)	Agri-environmental payments	+	+	+
214 (B)	Preservation of genetic resources	+	+	+
215	Animal welfare payments	+	+	+
216	Assistance provided to non-productive investments	+	+	+
221	First afforestation of agricultural lands	+	+	+
222	First establishment of agro forestry systems	+	+	+
223	First afforestation of non-agricultural land	+	+	+
224	Natura 2000 payments	+	+	+
225	Forest-environment payments	+	+	+
226	Restoring forestry potential and preventive actions	+	+	+
227	Non productive investments	+	+	+
<b>Axis III: Quality of life in rural areas and diversification of the rural economy</b>				
311	Diversification into non-agricultural activities	+	+	+
312	Support for business creation and development	+	+	+
313	Encouragement of tourism activities	+	+	+
321	Basic services for the economy and rural population	+	+	+
322	Village renewal and development	+	+	+
323	(323.1) Conservation and upgrading of the rural heritage (323.2) preparation of Natura 2000 maintenance/development plans	+	+	+
331	Training and information	+	+	+
341	Skill acquisition, animation and implementation	+	+	+
<b>Axis IV: LEADER</b>				
411 412 413	Implementation of the local development strategies	+	+	+
421	International and transnational cooperation	+	+	+
431	Running costs, acquisition of skills and animation	+	+	+

Legend:

+ showing a strong coherence

0 low level of coherence

#### ***4.1.1. Agriculture, forestry and food processing***

The competitiveness of agriculture and food processing and the retention and if possible extension of the markets must be assisted, therefore, it is justified to convert the system of investment and development supports. It is of essential importance that the supports give preference to innovation, developments, high quality production, energy and cost saving, protection of the environment and to establishing the conditions for animal welfare. The increase of competitiveness is impossible without technical and technological renewal. Catching up by producers so far left out of the technical-technological development is inevitable. Special attention must be given in this regard to the development projects serving the interests of producer communities. Within the homogeneous agrarian areas it is necessary to create harmony among the development programs aiming at competitiveness – covering all the measures in general, however, focusing on the measures increasing the competitiveness. During the implementation of the Programme all these requirements shall be in the centre. This will allow the management of criteria of the regional specific features along the implementation of the various objectives.

In order to observe the EU stipulations for the production of renewable energy and to promote restructuring it is necessary to establish the capacities for the generation and utilisation of renewable energy and to lay the foundations of a new industry.

The enhanced role of livestock keeping is regarded as a high priority development direction (the development direction is defined by the terminology applied in the European Union as priority) with the strict observation of requirements prohibiting environmental load (nitrate discharge to the waters, ammonia discharge to the air, sewage drainage, water and wind erosion of the soil). Competitiveness and the enhanced quality of products can be achieved by supporting environmental protection and animal welfare projects and the new production processes.

The aim of the support of the value increase of agricultural and forestry products is to promote the restructuring of the forestry sector, to increase the product structure, to achieve capacity concordance, to implement up-to-date technologies and to contribute to the application of quality saving storing.

The aim of the support of infrastructural projects related to the development and modernization of agriculture and forestry is to promote the development and modernization of technical projects serving the discovery of forests, to protect the soil of forests, to build structures that help to control the water balance of soils as well as to promote the implementation of forest schools and private forest information centres.

It is justified to develop the horticulture sector as it has a high significance with respect to rural development and employment policy. Basic and supplemental income is provided by this sector for a substantial proportion of the population in about half of the microregions. The meaningful increase of market-oriented organisation of the sector requires the development of production, manipulation and processing technologies, the reinforcement of marketing activities of the sector and the establishment of the training-advisory programmes and the incentive of the producer organizations.

In the food industry, where low-cost and relatively well qualified labour is at the disposal of the enterprises, training (continuing education) must emphasize learning skills to promote the competitiveness of enterprises (including entrepreneurship, marketing, quality assurance, and proficiency in preparing applications). Furthermore, the refreshment of knowledge of food safety must be provided on a continuous basis. Important tasks include the enhancement of advisory-consulting service, particularly highlighting the areas of survey of market opportunities, using the possibilities of applications, employing the R&D results and innovation as well as the elaboration of corporate business / strategic plans.

Measures are also about to improve the age-structure of farmers and of the manpower working in the agriculture and forestries.

The **needs** following from the above description and the facts consist of the restructuring of production by a shift towards an increased market orientation, the need for technological modernisation **to increase competitiveness** and increasing added value, steps to focus on capacity building and efforts to balance the age structure of farmers. Initiating the cooperation among the participants of product chains and encouraging innovation is also of particular importance.

**Competitiveness of agriculture and food processing** and the maintenance of markets should be promoted by investments. It is fundamental that the supports should give preference to **innovation, high quality production**, the application of energy and cost-saving methods, the protection of the environment. The improvement of competitiveness cannot be achieved without **technical-technological renewal** also in the field of crop production.

As the market tensions on the crop markets could increase, the change in production and market structure is needed to preserve the income-producing possibilities of producers. One of the market-compliant methods to achieve this is to increase the **crop production for energy purposes**. Since the production structure should be adjusted to the market needs, in addition to the production of commodity cereals for human consumption and for livestock feeding, the establishment of the conditions for the **use of cereals for energy purposes** is also indispensable.

In order to comply with the EU regulations on the **production of renewable energy** and to promote the restructuring, it is necessary to develop the capacities of the production and utilisation of renewable energy sources.

In the field of **animal husbandry, the increase of competitiveness and product quality** can be achieved through the promotion of investments in the field of environment protection and animal welfare, modernisation of production and of the introduction of new production methods.

In branches producing basic foodstuffs, there is a substantial need for investments in the field of environment protection, **food safety, quality improvement**, brand development and sales.

In order to exploit the market opportunities, the **cooperation between producers, processors and traders** should be harmonised and strengthened. Producers should be encouraged to appear jointly in the market and to establish **producer organisations**. A fundamental precondition of competitiveness is the integration of production, processing and sales. The developments serving the interests of producers communities should be given special attention.

Development of **horticulture** has special importance because it represents a potential way of **diversification** and also from **employment** aspects. In order to improve the market-orientation of the sector, the technology of production, product manipulation and processing should be developed, the marketing activity should be improved and training and advisory programmes should be launched.

It is important to improve the readiness of the economic actors of the sector to apply the achievements of **innovation**. The background for this is ensured by research and development, the establishment of the system and infrastructure of innovation services, the development of the IT network and the application of **information and communication technologies**.

It is also of high importance to promote and motivate the **use of advisory, information and farm management services** by agricultural producers and forest holders. Targeted professional trainings are needed, mainly regarding animal welfare, use of alternative energy sources, agri-environmental issues, up-to-date farm management and forestry skills and economic-legal knowledge for the sake of the improvement of the qualification level of farmers, and the farm management skills of young agricultural entrepreneurs.

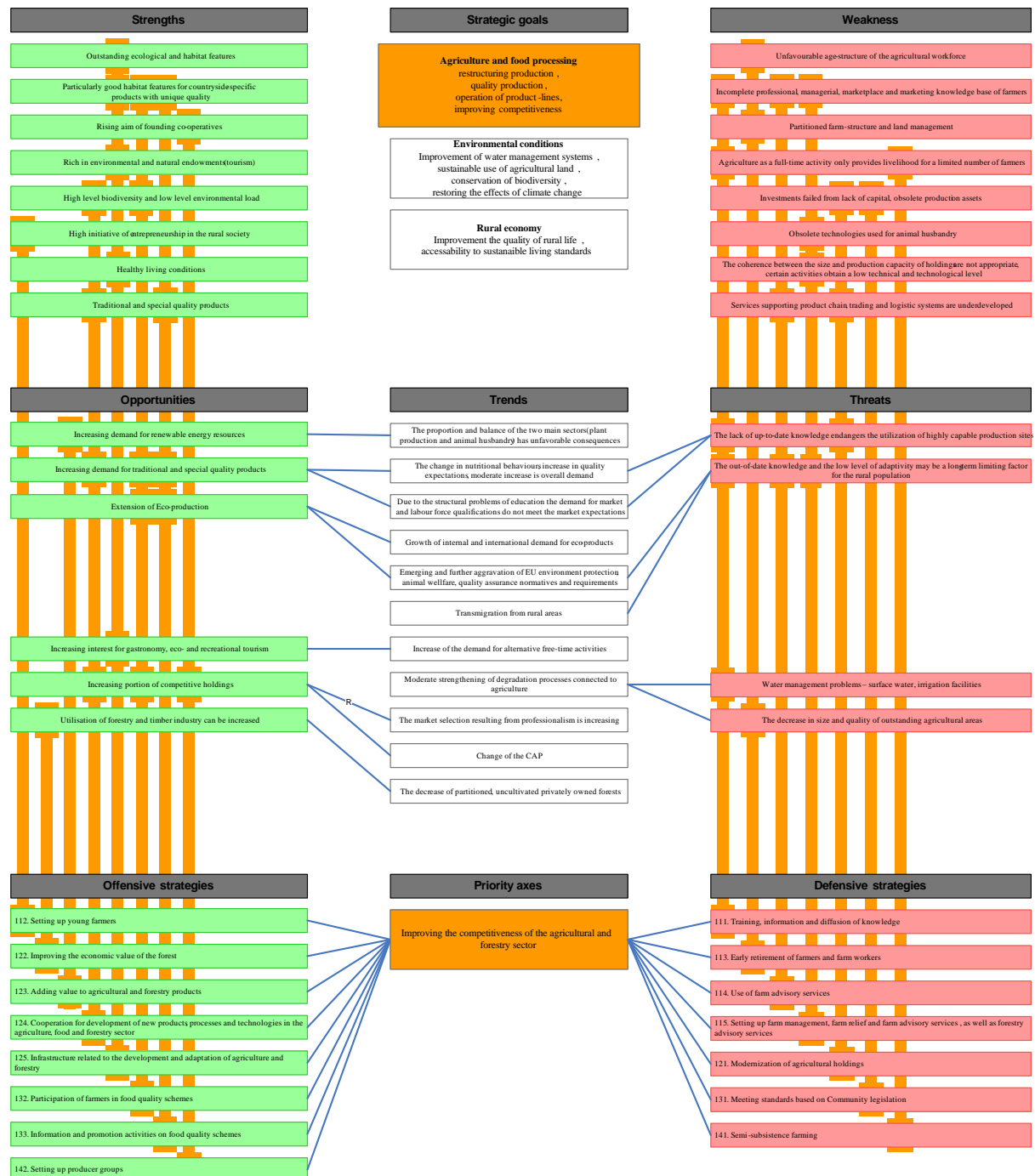
For the sake of the improvement of the efficiency of farming, it is necessary to improve the quality of arable land, to preserve and use the water resources in a rational way. For all this, there is a need for complex water management including infrastructural developments.

In the field of logistics, the integration of the existing storage capacities has to be given more weight in the coming programming period. Besides, the **accompanying logistic services** shall be developed. The connection points of agri-logistics to the general logistic centres and capacities shall be ensured.

Based on the characteristics of the Hungarian agriculture and the needs deriving from it, the following main actions and measures in the Programme are aimed at realising the objectives set up in the Strategy:

Main actions	Measures
Promoting information and knowledge dissemination	Vocational training, information activities (111)
	Establishment of special advisory services for supplementary, plant management and forestry (115)
	Use of advisory services (114)
Support for age-restructuring	Setting up of young farmers (114)
	Early retirement (Support for farm transfer) (113)
Farm and production restructuring	Modernization of agricultural plants (121) Increasing the value of agricultural and forestry products (123) First afforestation of agriculture land (221)
Promoting the use and production of renewable energy resources	Modernisation of agricultural plants (121)
	Increasing the economic value of forests (122)
	Increasing the value of agricultural and forestry products (123)
	First afforestation of agriculture land (221)
Utilising the potential and strengthening the viability of the animal husbandry sector	Modernisation of agricultural plants (121)
	Compliance with EU regulations (131)
	Animal welfare payments (215)
Creating more added value in horticulture	Modernisation of agricultural plants (121)
	Increasing the values of agricultural and forestry products (123)
	Support for setting up of producers' groups (142)
Forestry	Increasing the values of agricultural and forestry products (123)
	Increasing the economic value of forests (122)
	First afforestation of agriculture land (221)
Support for investment and quality measures	1.2.3.Increasing the value of agricultural and forestry products (123)
	1.2.4.Cooperation for the development of new products, processes and technologies in the agriculture, food-industry and forestry sector (124)
	Support for producer groups in the field of information and promotional activities pertaining to products belonging to food-quality systems (133)
	Support of agricultural producers participating in food quality schemes (132)
	Support for setting up of producers' groups (142)
	Support for semi-subsistence farms (141)
Support for infrastructure	Improvement and development of infrastructure related to the development and modernisation of agriculture and forestry (125)

According to the SWOT analysis the following exhibit shows the procedure how the specific measures have been identified. Concerning the measures two groups (offensive and defensive strategies) have been identified. In both cases the connection is shown by vertical lines, which demonstrates the linkages to the components of the SWOT analysis with a bullet. Besides the SWOT analysis there is also a table with the trends showing the correlation between the targeted opportunities or threats by the specified measure.





#### **4.1.2. Environmental conditions**

The magnitude of measures to improve the sustainability of the use of natural resources is in harmony with Hungary's relatively low environmental load, however, it is still necessary to promote the application of farming methods friendly to nature and the environment. Capitalising on the country's favourable endowments the land-use implemented through the wide-ranging dissemination of extensive land management (use of nature and environment-friendly, low-intervention methods), adjusted to the area's agro-ecological potential, will reduce the production risks, contribute to the protection of natural values, the improvement of the environmental status and the safeguarding of the richness of biological and scenic diversity.

Motivation for the dissemination of the environmentally conscious and farming methods adjusted to the habitat's endowments - agro-environmental farming, and the Natura 2000 - can be achieved through continuing the existing rural development measures, their quality-oriented improvement and the expeditious and scheduled introduction of new support measures.

The current state of environment in rural areas **needs** to be further improved by the increased **protection of territories with high natural values**, by concerted actions for the mitigation wind and water erosion and by the dissemination of environment-friendly farming practices **to sustain the favourable environmental conditions**, the low level of environmental load.

The High Nature Value Areas (HNVA) means those European territories, where the agricultural use is the main (generally dominant) way of land use and where this agricultural use supports the big species and habitat diversity, the presence of the species considered to be important from the perspective of the European environmental protection or both.

In case of forests, those territories are to be considered as territories with high natural values, where the mixture rate of the main species of the forest co-habitation complying with the characteristics of the land exceeds the 50%.

As there is no European source of law related to the limitation, following the methodology of the currently on-going project of the EEA and the Joint Research Center of the European Union, adjusting it to the Hungarian specialities, the scope of the Hungarian THNV territories may be around 2-3 million ha.

It is necessary to encourage the utilisation of natural- and environmental friendly agricultural methods.

By exploiting the favourable endowments, by spreading **environment-conscious landscape management, land use** that contributes to the sustainability of natural values, to the improvement of the environmental conditions and to the preservation of the biological and landscape diversity. In areas and regions less suitable for competitive production, land use that serves nature protection (e.g. afforestation, grassing, creation of water habitats) are alternative possibilities. Land use for bioenergetic purposes is a further alternative.

For the **environmentally sound land use**, in areas intensely exposed to water and wind erosion, means the proper soil cultivation, the management of organic matters and also the appropriate crop structure. The soil degradation can be decreased by soil protecting agro-technical methods. The effective protection against deflation can be improved by forest management, which, at the same time, abate the erosive effect of water as well. With the improvement of forest management a favourable water management situation can be established.

**Afforestation in harmony with environmental considerations** and the improvement of the quality of forests are also important objectives. Besides abating erosion and deflation and thus protecting the soil, proper **forest management** also has a role in the maintenance of the biodiversity of the natural environment. The establishment of agri-forestry systems is considered a new potential development area in terms of diversification. Spreading of the environment-conscious farming methods and of those adapted to the habitat specialities - agri-environmental protection, Natura 2000 – are strongly connected to the continuing the existing rural development support and the soonest scheduled introduction of new support titles.

To **protect the nitrate sensitive areas**, and to protect waters, the use of artificial fertilizers and plant protection chemicals shall be reduced. In order to protect waters and to diminish the existing nitrate pollution, the rules of Good Farming Practice have to be observed in the affected agricultural areas. The sound use of soil, which takes into consideration the perspectives of the nutrients and the soil management, has to be fostered.

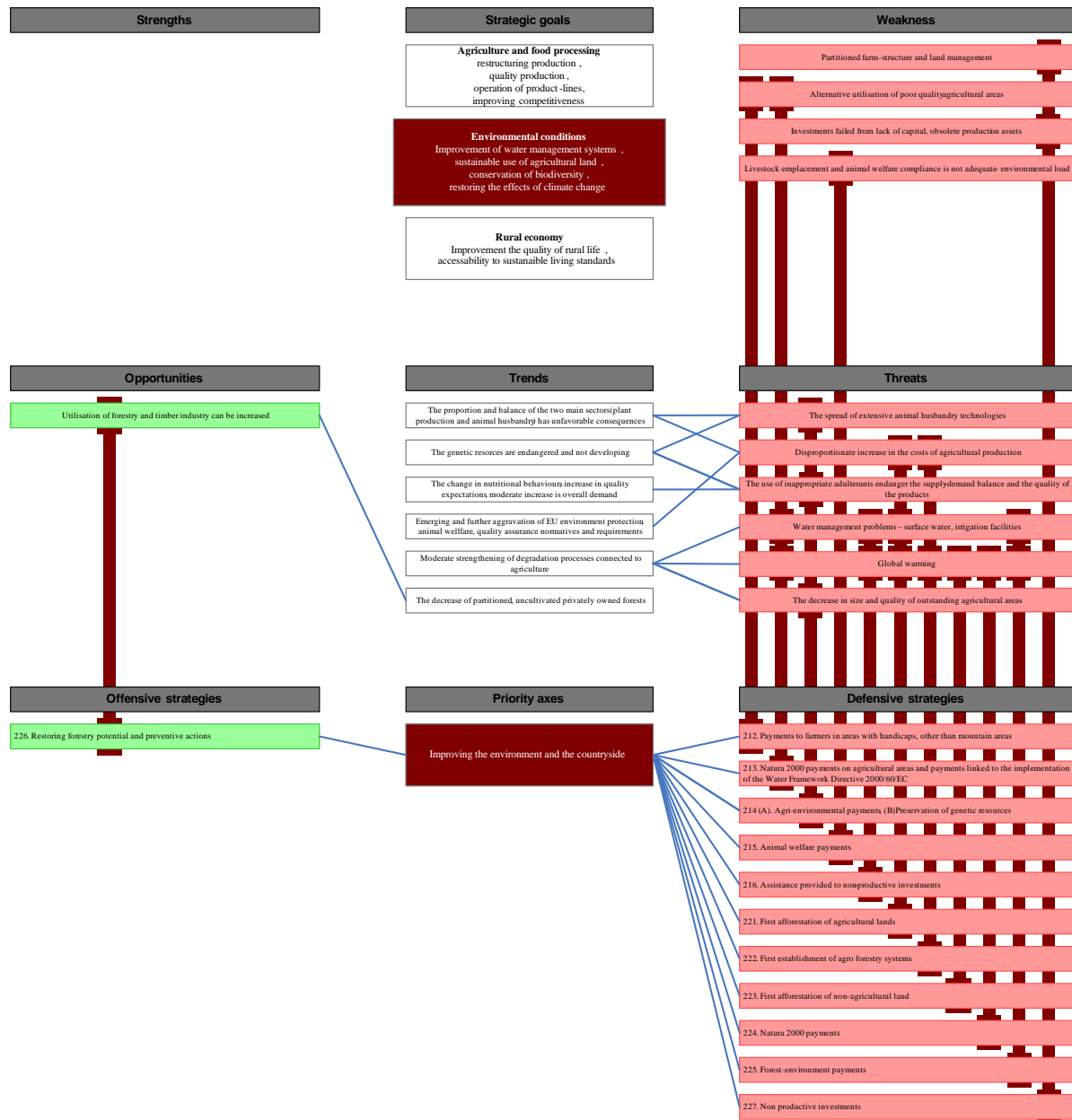
Particular emphasis shall be put on **integrated water management** in order to ensure the appropriate quality and quantity of waters. In order to achieve the good condition of waters by 2015 as it is prescribed in the **Water Framework Directive** (Directive 60/2000/EC), restrictions determined in the integrated water management plans have to be applied in the catchment areas. Changing of land use, creation of aquatic habitats and afforestation can all reduce the risk of floods and excess surface water.

Introducing **environmental friendly nutrient management**, increasing the organic matter content of soil, and utilising green manure can significantly reverse the increasing acidity of soils. In order to lessen the current state of salinification, the application of stricter regulations for land use and water management is necessary. In order to avoid soil compaction, appropriate agricultural techniques should be applied, amelioration methods have to be used to prevent the compaction of deeper soil layers and this can be done in conjunction with water planning as required.

Based on the characteristics of the Hungarian agriculture and the needs deriving from it, the following main actions and measures in the Programme are aimed at realising the objectives set up in the Strategy:

Main actions	Measures
Support for agri-environment, Natura 2000 and forest environment	Agri-environment protection payments (214)
	Natura 2000 payments and payments linked to the implementation of Directive 2000/60/EC (213)
	Natura 2000 payments on forest areas (224)
	Forest environment payments (225)
Preserving LFA territories and the traditional agricultural landscape	Payments to agricultural producers of less favoured areas, other than mountain areas (212)
Investment support for enforcement of the environmental standards and for water management	Compliance with EU regulations (131)
	Modernisation of agricultural plants (121)
	Infrastructure related to the development and adaptation of agriculture and forestry (125)
Support for afforestation and forestry	First afforestation of agricultural land (221)
	First establishment of agroforestry systems on agricultural land (222)
	First afforestation of non-agricultural land (223)
	Forest-environment payments (225)
	Restoring forestry potential and introducing prevention actions (226)
	Support for non-productive investments (227)
	Natura 2000 payments on forest areas (224)
Ensuring the balance quantity of high quality water	Support for non-productive investments (227) and (216)
	First afforestation of non-agricultural land (223)
	Agri-environment payments (214)
	First afforestation of agricultural land (221)
Strengthening the protection of soils	Agri-environment payments (214)

	Infrastructure related to the development and adaptation of agriculture and forestry (125)
	First afforestation of non-agricultural land (223)
	First afforestation of agricultural land (221)
Ensuring the animal welfare payments	Animal welfare payments (215)



### **4.1.3. Rural economy**

The most important **needs** of rural territories are the development of rural micro-enterprises and encouragement of diversification in order to create jobs, the improvement of skills and education and providing a wider access to basic services of high level and the improvement of the quality of living through the renewal of the villages, the protection of the heritage and the development of the local communities. The needs of the outskirts territories, the rural women and the Roma population shall be handled by the use of special programmes

The improvement of low-level of employment, economic and entrepreneurial activity and the amelioration of the income conditions can be attained through economic restructuring conducive to a greater number of ventures with higher competitiveness, more jobs and better profitability. This requires development programmes focusing on incentives for entrepreneurship, the improvement of situation of the micro-enterprises, economic diversification leading the way out of agricultural production and enlargement of operations.

The employment situation of rural areas can be improved by the **touristic usage** of their favourable landscape, environmental and cultural amenities and values. A condition of this is to create authentic, high-quality touristic services and regional and local touristic products that represent the rural lifestyle and rural culture in an authentic way.

For the improvement of the human capital it is essential to **improve the quality and the accessibility of the human infrastructure in rural areas**. This requires the unified and target-oriented utilisation of the national and Community co-financed programmes and supports. Educational and skill improving programmes and the promotion of advisory services can contribute to the improvement of the human potential and the capability of the rural areas. Development of human conditions through the promotion of the acquisition of the missing skills in the framework of out-of-school adult education is especially important in the segregating and regions falling behind. As human infrastructure is also supported by the ROP-s, the synergies of the two programmes will be exploited.

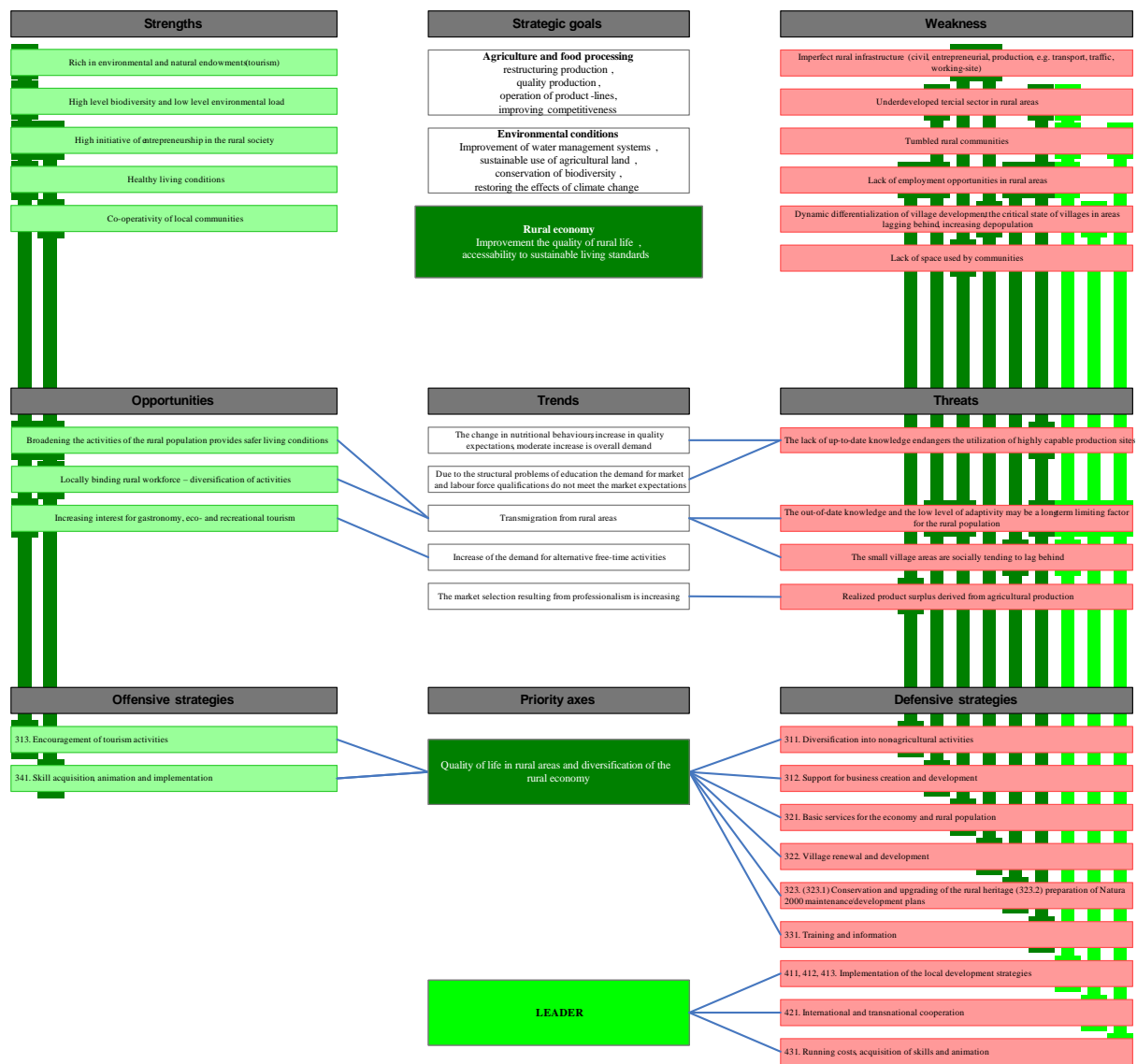
Preservation and programmed development of the **natural and cultural heritage**, especially of the traditions and the built heritage provides basis both for the improvement of the quality of life and the diversification of the economy. A condition for the utilisation of these inherent resources is to improve the appearance of the settlements and the quality of the built environment, to form and develop community places giving room for local self-organisation, and for a part of the basic services provided for the economy and local residents. On the other hand, it is also necessary to continue to explore and communicate the values and, this way, to strengthen the identity of local communities.

The low level of employment, the insufficient economic and entrepreneurial activity, as well as the income situation can be improved by **economic restructuring**, which results in an increasing number of and more competitive enterprises, higher level of employment and better income conditions. This requires fostering the entrepreneurship, the improvement of the situation of micro enterprises, developments aiming at economic diversification and expansion of activities as a way out of agricultural production

Local partnerships **needs** improvement and support in the field of increasing animation and human capacity, strategy formulation and implementation. There is a need for strenghtening the flow of information at micro-regional level with the help of trained personnel and setting up of infrastructure.

Based on the characteristics of the Hungarian agriculture and the needs deriving from it, the following main actions and measures in the Programme are aimed at realising the objectives set up in the Strategy:

Main actions	Measures
Support for diversification, micro-businesses and tourism	Diversification into non-agricultural activities
	Promotion of tourism activities
	Supporting the establishment and development of micro-enterprises
Improving access to basic services and preserving natural and cultural heritage (village renewal)	Basic services for the rural economy and population
	Renewal and development of villages
	Conservation and modernisation of the rural heritage
Support for local capacity building	LEADER
	Skills-acquisition, animation and implementation with a view to preparing and implementing a local development strategy



## **4.2. Expected impacts deriving from the ex ante evaluation with regard to the priorities chosen**

### ***4.2.1. Summary of the ex ante evaluation***

Since the completion of the interim report of the ex ante evaluation major improvements have been achieved in the document of the RDP. The overall consistency and coherence of the strategy have made significant progress. The description of measures became more comprehensible due to the significant work done in devising implementation details for the measures. Work on indicators has been completed. The quantified targets and the indicators have been discussed and revised in the framework of an indicator workshop and numerous expert meetings between evaluators and planners.

The evaluators have also participated in the clarification and application of state aid rules in the programme.

Implementation arrangements became clearer, there are new delivery mechanisms for the coordination at the level of the NSRF and the role and functions of monitoring and evaluation activities have been discussed with the evaluators.

The overall assessment of the ex ante evaluation report can be summarized as follows:

The programme is in line with the main expectations set by the regulation. It contains a proper set of objectives and is coherent and consistent. The quantified targets are supported by a set of indicators (expected outputs, results and impacts). By the end of the programming phase the participation of the partners has intensified. Though the implementation system is bureaucratic it will be able to deliver the programme properly. Attention has been paid to the principle of equality between man and women. The programme may contribute to the Hungarian transition to sustainability, and the environmental performance of the Programme is acceptable. However, suggestions of the SEA need to be reflected in the programme. Integrating proposals of the SEA report could result further in positive externalities.

In the framework of partnership the main findings of the ex ante evaluation report have been presented to representatives of DG AGRI at the technical meeting on the 30 January. The ex ante evaluation report together with the results of the strategic environmental assessment were presented to the partners on February 5.

### ***4.2.2. Response to ex ante evaluation***

1. According to the findings of the ex ante evaluators the previous version of the Programme contained significant amount of data. However, these data were relatively static and descriptive, trends were basically missing. At later stages the planners collected trends which were used in the SWOT workshops conducted by the evaluators. The internal coherence of the Programme has been strengthened significantly through the SWOT and strategy workshops. The presentation of the results can be found in the revised SWOT table in Chapter 3.1. and in the charts showing the links between the strategy and the SWOT under chapter 3.2.
2. As stated in the ex ante evaluation report the situation analysis is incomplete regarding the market prospects for the sectors to be supported by the Programme. According to the view of the planners this is an issue of presentation; such analyses have been used widely throughout

the planning and programming process. The situation analysis has been extended by evidence collected by the planners. With regard to the length of the document market studies could be put as an annex into the Programme if the need arises.

3. The evaluators see a risk in the lack of an institutional guarantee for strengthening the synergies between the individual measures. In order to provide an appropriate answer to this point Programme offices have been established country-wide (for a detailed description see chapter on the implementation system).
4. The Programme in connection with the LEADER does not allow for the possibility for a stronger decentralization compared to the 2004-2006 programming period.  
During the allocation of the LEADER axis the planners highly relied on the experiences of the currently running Programme. The decentralization is reinforced by the development of the local rural development offices, the assertion of local rural development communities, reinforcing the local rural development communities, and their authorization with decision rights in relation to the given measures of Axis III.
5. In the case of investment applications the Programme does not assure market possibilities to be taken into consideration during the project appraisal process.  
As a response to this problem raised by the evaluators the Rural Development Educational and Advisory Institute will participate in the project appraisal, its task will be the evaluation of the business plans of the applicants.
6. The significance and possibilities of rural tourism have not been properly detailed. According to the planners significant progress has been achieved in the field of rural tourism schemes compared to the last programming period. Besides the expansion of rural private accommodation the wine, fishing, horse riding and hunting tourism developments are also a part of the Programme. The shift of tourism development towards quality will be achieved with respect to the experiences of the running Programme and the exploitive level of tourism capacities found in rural regions.
7. Within the frame of the experiences of the previous programming period the good practices and the problems of the realization will not be presented in the 2007/2013 programming document. Significant experience has been collected by the Managing Authority, however, the MA admits that it will be necessary to launch an ex post evaluation and further conclusions can be drawn in the final implementation stage of the programme, once final results are available. At that stage more can be said on the impacts of the programme and how strategic objectives have been achieved.
8. At measure level the target values of the output are not always in harmony with the separated state funds.  
The target values of the measure level indicators have in all cases been set with the assistance of the ex ante evaluators and research institutes and with respect to the funds allocated for each measure, experience of previous programming and the expected trends of the following period. As a result, these sections of the programme have improved significantly, the target values have been harmonized with the funding foreseen.
9. The Programme does not reflect that the measures concerning rural development do not manage the problems of the rural areas comprehensively. Other national level regulations may effect the rural situation in such a negative way that the measures of the Programme cannot compensate.  
An indication can be found in the Programme concerning that the main problems of rural areas can only be absolved with the concerted action of the Rural Development Programme and the “New Hungary” Development Plan’s Operational Programmes. The connection and the demarcation of the Programme with the Operational Programmes are exhibited in the Programme. The institutional mechanism ensuring synergies and demarcation can be found under chapter 10.1. of the programme.
10. The monitoring system the Programme does not assure appropriate guarantees considering the on-going evaluation possibility of the processes leading towards the target and that on the basis of the evaluation these processes can be modified during execution.

This opinion will be taken into account during finalizing the arrangements on monitoring and evaluation as described under 12.1 of this document. The indicators necessary for the evaluation will be collected and saved according to the specifications defined.

### ***4.2.3. Expected impacts***

With respect to Article 85 of 1698/2005/EC and the related guidance of CMEF, the examination of the expected outcomes of the New Hungary Rural Development shall cover the following elements:

- Evaluation of the relevance of the indicator system
- Evaluation of the quantification of the objectives

Evaluators have started out from the measure-level indicators (output, result and impact). The discussion of these indicators and the review of the targets have been followed by the evaluation of the programme-level impact indicators, as well as the joint and supplementary national baseline indicators connected with the objectives. Such activities have been performed by the evaluators jointly with the planners (apart from the associates of the Ministry of Agriculture and Rural Development, primarily with the experts of the Agricultural Economics Research Institute) in the framework of several workshops.

#### ***Evaluation of the relevance of the indicator system***

In order to fulfill the tasks arising from Article 80, 81 and 82 of Regulation 1698/2005/EC, the indicator system used for monitoring and evaluation activities is to comply with the following criteria:

- it shall allow the monitoring of the events, developments related to agriculture and rural areas (in particular by means of using base indicators connected with the given contexts);
- it shall be applicable for the measurement of the accomplishment of objectives – on the level of outputs, results and impacts;
- in addition to the monitoring function, it shall serve data to the evaluation function.
- In the course of controlling the fulfilment of these requirements, in line with the CMEF guidelines the ex ante evaluators have reviewed whether the interpretation and use of the joint indicators are appropriate, and if the supplementary national indicators are well-grounded and justified for the measurement of the changes in the environment of the Programme and the measurement of strategic objectives.

#### ***Compliance of the use of common base indicators***

Joint indicators listed in guideline document “F” shall be used by all the rural development programmes on a mandatory basis. CMEF has defined indicators on the levels of outputs, results and impacts, alongside with base indicators specified for the respective contexts and objectives. The definition of these indicators, the associated methodology of measurement, the measurement units and subdivisions are described in the indicator fiches constituting a part of CMEF (documents “G”–“J”). The planners of the New Hungary Rural Development Programme have considered obligations connected with the joint indicators, and conceived the quantified targets to be accomplished in line with these indicators.

Although in the evaluated draft of the Programme only the indicators connected with the measures have still been specified, as an appendix to the current plan documentation the planners have appended the programme-level impact and base indicators specified in the Strategic Programme.

The planners have interpreted and used the joint indicators mostly as defined in the guidelines. Nevertheless, – although the ex ante evaluators have made several jointly efforts with the planners –, the exact definitions of some indicators and the methodology of data collection are still to be clarified



(e.g. with respect to the added values interpreted on the corporate level, the timing of data collection, the definition of the reference year; the methodology for the definition of the personnel to be considered for the indicator connected with the productivity of the personnel; exact definitions and requirements for the number of jobs created/preserved). Ex ante evaluators propose further consultation with the Committee, as well as among the member states concerned on the level of the work groups.

There are additional tasks to be completed in the consistent application of the subdivisions required by CMEF in the course of data collection: according to the evaluators, it is to be precisely defined for the ARDA what information service obligations should be defined for the individual measures on the project level, and how to establish the methodology required for the control of such information.

### ***Relevance of the supplementary national indicators***

The planners of the Programme have worked out supplementary indicators in the course of drafting the Strategic Plan and with respect to the base indicators connected to the objectives. The evaluators have discussed the contents, substances of the individual indicators with the evaluators, and in general found them very clear, well defined. There have been just few indicators where concerns have been identified in connection with their unambiguity.

According to the evaluators, the joint and supplementary indicators properly covers the entire Programme, and at the same time are relevant with a view to the objectives.

On the level of the measures, the Programme uses only a very limited scope of supplementary indicators – that the evaluators fully agree with, however, as they would largely complicate the operation of the rural development monitoring and evaluation system, which looks back on a relatively short history in Hungary; they would serve with too many data and information to an interpretation framework of specialized policy-making still in the process of development, and thus would place uncalled burdens to the shoulders of the beneficiaries and the institutional systems itself.

At the same time, it means that the proportionality of output, result and impact levels defined in CMEF is not overset.

### ***Evaluation of the quantification of objectives***

Evaluators have evaluated quantification in the framework of several internal workshops conducted with planners. Such occasions have involved reviews to see whether the target values of the measure-level result and impact indicators have been planned in a reasonable and controllable manner; whether the estimations are correct; and if the information on the indicators can be obtained in a reliable and timely manner during the implementation phase?

In the course of the work, the evaluators have checked the detectable causality of interventions and indicators, the quantifiable correlations among the various indicator levels, reviewed and discussed the methods used for the estimations and initial data of the target values (e.g. unit costs, project dimensions of the previous periods and interests shown by the applicants).

As an outcome of these activities, several missing target values could be established, while some of the existing targets have been corrected. According to the ex ante evaluators, the current status of the system of target values has undergone significant improvement, but for realistic and justifiable, though previously discussed reasons detected in definition, as well as due to the limited scope of experience being available from earlier periods in some instances (gross added value, improvement of the productivity of labour, changes in biodiversity, etc.) there are still uncertainties outstanding.

### ***Community added value***

As far as community added value is concerned it is important to understand the difference it would make if the problems and solutions given addressed by the programme would be looked at purely at national level, and what is the added value of community support. For Hungary, in the process of catching up it is crucial that she can stronger rely on the experience of other member states, she can participate in joint actions and common problems can be solved in partnership with other member states.

There is financial added value in the present circumstances of Hungary, national resources would not be able to support the level of rural development investment taking place under the programme without the support of the European Union.

A programming added value can also be identified. In the absence of EU funds and the related programming requirements, it is unlikely that the Hungarian authorities on their own would enter into a multi-annual commitment to invest in this sector over a seven year period. Linked to this, any purely national investment would also not involve the same level of monitoring including use of performance indicators, of formal evaluation, or of partnership in planning and implementation.

A third added value relates to policy. In the absence of EU funding and regulatory requirements many of the priorities and measures in the programme would be unlikely to attract national Hungarian public investment, or attract it to the same extent. This is especially so in the case of some of the newer or more innovative interventions in such areas as the environment, rural tourism, other alternative farm enterprises or ICT.

A further added value lies in networking. Participation in rural development programming at an EU level also gives rise to networking and associated learning opportunities involving the relevant Commission services, national authority counterparts in other member states, and international experts.

#### ***4.2.4. The Strategic Environmental Assessment of the Programme***

The Ministry for Agriculture and Rural Development (MARD), as the responsible elaborator of the New Hungary Rural Development Strategic Plan and of the New Hungary Rural Development Programme based on that, officially initiated the preparation of the environmental evaluation and the conduction of the strategic environmental assessment (SEA) as defined by the Government Decree 2/2005 (I.11) to the National Authority for the Protection of the Environment, Nature and Water Affairs. The MARD, in consent with the Ministry for Environmental Protection and Water, commissioned the preparation of the SEA and the conduction of the process to independent experts, familiar with the SEA and with rural development (SEA working group), the work of the working group was coordinated by the Env-in-Cent Környezetvédelmi Tanácsadó Iroda. The commissioner (contractor) of the preparation of the SEA is the PricewaterhouseCoopers Könyvvizsgáló és Gazdasági Tanácsadó Kft. which is responsible for the ex-ante evaluation of the Strategic Plan and the Programme too. The popular participation was organized by the Alliance of the Hungarian Nature Protectors (MTvSz).

The SEA was prepared in an integrated way for the Plan and the Programme, with a common perspective, with uniform methodology and with a joint popular participation. The analyzing-evaluation methodology is built on that approach, elaborated and use previously in the Hungarian practice, in which the strategic levels of the rural development policy (its aims, priorities) are compared to a sustainability scale of values, while the more defined devices and effects of the Programme is analyzed in a environmental performance evaluating scheme. The sustainability and the environmental evaluation scheme is going to be presented and analyzed in the environmental evaluation, based on which the evaluators had concluded the followings:

The Plan may contribute to the Hungarian transition to sustainability, if the proposals of the SEA are integrated during the implementation

The environmental performance of the Programme is acceptable, moreover it can be significantly improved, if the improving and compensating measures proposed by SEA are incorporated,

The watchful organization of the implementation of the Programme is needed by taking the environmental aspects into consideration to avoid that the distribution of the sources would conserve the out-of-date production structure and the increase of the related environmental load.

The working documents of the SEA can be found on the home page of the MTvSz ([www.mtvshu.hu/sky](http://www.mtvshu.hu/sky)). The MARD issued a press release on the start of the preparation of the SEA, the MTvSz informed the potentially affected parties by direct contacts and on mailing lists. For the incorporation of the professional organizations, a 20-member expert panel (SEA Forum) was formed, which met twice during the monitoring process. The members of the Forum were the representatives of the environmental authorities, the planners of the MARD, the scientific and academic life and the affected NGOs. The strategic environmental evaluation document was discussed on a partnership conference, by inviting approx. 100 organizations and institutes. The SEA working group presented the the theme and the preliminary results of the evaluation on the 2 November meeting of the National Environmental Protection Council (EPC).The EPC accepted the theme and made remarks in the field of the water and soil management. The remarks of the members of the EPC and the personal consultations helped the professionalism of the environmental evaluation in a great extent. The EPC formulated an official opinion on the discussion working paper of the SEA on 11 December 2006, which it accepted except for the parts affecting the water management. Based on the remarks of the EPC on the agricultural water management, the SEA working group held a consultation extended with the experts of the agricultural water management, where the e affected parts were completely reconsidered, both in relation to the SEA and the Programme.

From the asked authorities about the discussion version of the SEA environmental evaluation the National Environmental Protection Council, the National Authority for the Protection of the Environment, the Nature and Water Affairs, the Ministry for Education and Culture and the Natural Resources Department for the MARD sent a written opinion, altogether 48 defined remarks. The working group of the SEA accepted 46 from the 48 proposals and built into the document. 8 NGO sent 68 proposal in writing, besides this 13 organization sent altogether 42 remarks through the fora and the home page. Most of the proposals were accepted by the SEA working group, from the 68 written proposals it took into consideration totally or partially 57 and it also took into consideration of the oral remarks. The competent committees of the Hungarian Academy of Sciences discussed The competent committees of the Hungarian Academy of Sciences discussed on their joint session of 18 January 2007 in the presence of 63 persons the parts of the environmental evaluation affecting the agricultural water management. The relevant viewpoint of the HAS was taken into consideration in the final version of the SEA.

The evaluators analyzed the connection of the SEA to the National Development Concept and the National Rural Development Concept. The evaluators analyzed the relation to the New Hungary Development Plan and to its operational programmes. Moreover the evaluators considered the relations to the National Environment Protection Programme and with the National Waste Management Plan. The evaluators analyzed the compliance with the directive of European Council on the integrated waste prevention and lessening (IPPC directive) and with the Best Available Technique (BAT). The evaluators have checked the directive on the improvement of the efficiency of end use of the energy. The evaluators have considered the rural development relations of the implementation of the Natura 2000 Directives. The evaluators have also presented the aspects related to the implementation of the Water Framework Directive (WFD).

In the SEA the evaluators have considered the likely environmental effects during the implementation of the Programme. The Programme has a neutral effect in totality on the volume of the quality of the air and the emission of the gases with green-house effect. The pollution of the surface waters may be decreased by the modernization of the animal husbandry farms, the transformation of the machine fleets and fuel storing facilities, the appropriate treatment of the liquid manure and the agricultural waste materials. In compliance with the requirements of WFD, the risk of the pollution of the underground waters and the extent of the pollution may be decreased by the measures supported by the Programme. The evaluators made 4 recommendations for the avoidance of the unfavourable effects on the surface and underground waters. Among the water and soil management measures of the Programme in case of the meliorate measures, the deep easement of the soil may improve the eutropic and water management of the soil, it may lessen the risk of the inland excess waters, the energy and water safe irrigation may lessen the drying and erodation of the soil. The evaluators made two recommendations to avoid the unfavourable effects related to the soil.

The biodiversity (not just because of the Programme, and not just in Hungary) is basically threatened by two risks. The not sound use of land and land development is at the first place. Secondly, the effect of the climate change has to be emphasised on biodiversity. The evaluators made three recommendations to avoid the effects affecting biodiversity. The occurrence of rain which is extremely distributed and increasing in amount may be more often, thus the regularity of the occurrence of the floods and inland excess water too. However, the length of the periods of drought and the affected territories may increase too. In its totality, the NHRDP has a predominantly positive or neutral effect on the forests. However, some measure may have risks on the long term in relation to the naturalness, health, amount and structure of the forests, thus the evaluators made two proposals for the compensation of these.

The measures of the Programme mostly affect the health conditions of the population in a positive way. The animal welfare payments also decrease the health risks which appear during the animal husbandry and which contain risks in relation to human health too. In its totality, the Programme will have a positive effect on the nature consciousness of the population. The evaluators formulated two proposals for the improvement of the nature consciousness. In its totality, the NHRDP has a positive

effect on the use of space, landscape management and neutrally on the structure of the space. Among the natural resources, the renewal of the soil is clearly supported by the measures of the Programme. It is likely that the renewal of the water supplies is ensured by the Programme.

The complete Strategic Environmental Assessment of the Programme can be found in Annex 2.

## 5. Information on the axes and measures proposed for each axis and their description

### 5.1. General requirements

Through the SAPARD Programme, the Agriculture and Rural Development Operational Programme (ARDOP) and the National Rural Development Plan (NRDP) a great number of development actions have been effectuated in the Hungarian agriculture by promoting mitigation of drawbacks of competitiveness of Hungarian farmers, better utilisation of production site conditions and strengthening of environment-conscious farming activities, thereby also generating structural changes. These programmes have also contributed to the moderation of differences between urbanised and rural areas and the diminishing growth rate of the differences.

At the present programming period (2007-2013) Hungary builds on the achievements of the previous period. Even though favourable processes have started, modest financial resources and the short time-span (5-6 years) don't proved to be sufficient, therefore further efforts are needed for a continuing improvement and consolidation of the results.

The **measures of Axis I** serve the aim of further modernisation of production by encouraging farmers also to structural changes, resulting primarily in quality improvement. Modernisation is handled in a complex manner through the harmonisation of measures, in order to counterbalance the well-defined weak points and the utilisation of strengths. In terms of complexity the technical development of agriculture and forestry are supported by measures serving improvement of human resources (training, information, support of young farmers, early retirement), and farmers are also helped by modernised and extended consultancy system. The measures support cooperation of farmers (within producer groups), in the interest of their stronger market position. The programme provides possibilities to economically unviable farmers to stabilisation and change of their production structure. Development schemes targeting increase of value and improved quality of agricultural goods and forestry products, moreover infrastructural development for meeting community standards in technological modernisation, while on the other hand innovative development schemes in the food processing sector and participation in food quality systems are coming to the forefront. The measures enhance channelling the cereal production surpluses by encouraging bioenergy production (bio-fuel) and in animal husbandry through the creation of modernisation opportunities. Agriculture and forestry can gain bigger role in bioenergy production. Beyond bio-fuel production also the energy-oriented cultivation of forests as well as biogas production are supported activities.

Measures linked to more rational land use and protection of the environment are grouped around **Axis II**, forming basically two sub-systems. The measures compensating costs incurred and income foregone resulting from respecting commitments going beyond the relevant standards belong to the first one. By compensation-type support schemes a successful agro-environmental programme will continue, involving also Nature 2000 areas into the sphere of support schemes. Through these measures the farmers are encouraged to mitigate the burden on environment, to safeguard bio-diversity and to help protecting living waters. Keeping a number of native domestic animals doesn't constitute interest of the farmers from an economic consideration, but the valuable genetic basis, that they provide, may be utilised also for crossbreeding purposes. In the interest of their conservation support is given to all those, who undertake raising this livestock. Support for regions with unfavourable endowments have an important role in keeping extensive agricultural farming alive, providing thereby assistance to landscape protection and also promoting employment. Measures connected with land-use constitute the other sub-system of this axis. From an efficiency aspect, the change of land use (serving the improvement of efficiency of production, if agricultural use is set back at the less favoured agricultural areas, and afforestation) is of accentuated importance, however – especially in the case of

the afforestation of non-agricultural land and agro-forestry systems – is of importance also from the aspect of retaining bio-diversity.

The **measures under Axis III.** are aimed at improving the income-producing possibilities and quality of life of residents of rural areas, primarily through the promotion of income-producing investment projects – being the focus-point of the axis – that results in creating and keeping jobs. The program makes it possible to develop rural undertakings in a comprehensive manner, including technical development, use of training courses and advisory services, and assurance of compliance with quality standards. It promotes the creation of new undertakings, improving the quality and added value of products and services and establishment of entrepreneurs' integrations. The improvement of the quality of life is aimed at primarily by providing access to services missing in rural regions, realized in integrated community services venues and solutions adapted to local needs to ensure cost-efficiency. The expansion of cultural and recreational possibilities, preservation and sustainable utilisation of the of rural heritage means not only the development of agri-tourism, but it is also an indispensable condition for improving the quality of life of rural residents. The local development strategies prepared by the co-operations of representatives of the public and private sector (Local Rural Development Communities), established as a result of the improvement of skills and capacities, help in laying the foundation for these developments, their embedment and being part of a framework. The institutional framework of the above is provided by the network of Local Rural Development Offices operating at micro-region level and covering the entire territory of Hungary.

The following table summarises the measures that are intended to be opened – and also those measures which are not – within the framework of the NHDRP between 2007-2013, and also information on the relevant legislation (Council Regulation 1698/2005/EC, and 1974/2006/EC).

Code	Name of the Measure	Relevant Article in Council Regulation 1698/2005/EC	Reference number in Annex II. of Council Regulation 1974/2006/EC	The Program includes the measure
<b>Axis I.: Improving the competitiveness of the agricultural and forestry sector</b>				
111	Vocational training, information activities, innovation	21. és 52. Article (c)	5.3.1.1.1.	✓
112	Setting up of young farmers	22. Article	5.3.1.1.2.	✓
113	Early retirement	20. (a) (iii) és 23. Article	5.3.1.1.3.	✓
114	Use of advisory services	20. (a) (iii) és 24. Article	5.3.1.1.4.	✓
115	Establishment of special advisory services for farm management, substitution and farming as well as for forestry	20. (a) (iv) és 25. Article	5.3.1.1.5.	✓
121	Modernisation of agricultural holdings	20. (b) (i) és 26. Article	5.3.1.2.1.	✓
122	Increasing the economic value of forests	20. (b) (ii) és 27. Article	5.3.1.2.2.	✓
123	Increasing the value of agricultural and forestry products	20. (b) (iii) és 28. Article	5.3.1.2.3.	✓
124	Cooperation for the development of new products, processes and technologies in the agricultural and food-industry sector and forestry	20. (b) (iv) és 29. Article	5.3.1.2.4.	✓
125	Improvement and development of infrastructure related to the development and	20. (b) (v) és 30. Article	5.3.1.2.5.	✓

	modernisation of agriculture and forestry			
126	Restoring agricultural production potential damaged by natural disasters and introducing appropriate prevention actions	20. (b) (vi)	5.3.1.2.6.	X
131	Compliance with the rules based on community regulations	20. (c) (i) és 31. Article	5.3.1.3.1.	✓
132	Support of agricultural producers participating in food quality systems	20. (c) (ii) és 32. Article	5.3.1.3.2.	✓
133	Support of producer groups in the field of information and promotional activities pertaining to products, which belong to the framework of food-quality systems	20. (c) (iii) és 33. Article	5.3.1.3.3.	✓
141	Support of the semi-subsistence farms under restructuring	34. Article	5.3.1.4.1.	✓
142	Support of setting up production groups	20. (d) (ii) és 35. Article	5.3.1.4.2.	✓
<b>Axis II.: Improving the environment and the countryside</b>				
211	Hegyvidéki mezőgazdasági termelőknek a természeti hátrány miatt nyújtott kifizetések	36. (a) (i) és 37. Article	5.3.2.1.1.	X
212	Payments to agricultural producers of less favoured areas, other than mountain areas	36. (a) (ii) és 37. Article	5.3.2.1.2	✓
213	Natura 2000 payments and payments linked to Directive 2000/60/EC	36. (a) (iii) és 38. Article	5.3.2.1.3.	✓
214 (A)	Agri-environment payments	36. (a) (iv) és 39. Article	5.3.2.1.4.	✓
214 (B)	Preservation of genetic resources	39. Article (5)	5.3.2.1.4.	✓
215	Animal welfare payments	36. (a) (v) és 40. Article	5.3.2.1.5.	✓
216	Support for non-productive investments	36. (a) (vi) és 41. Article	5.3.2.1.6.	✓
221	First afforestation of agricultural land	43. Article	5.3.2.2.1.	✓
222	First establishment of agroforestry systems on agricultural land	44. Article	5.3.2.2.2.	✓
223	First afforestation of non-agricultural land	45. Article	5.3.2.2.3.	✓
224	Natura 2000 payments	46. Article	5.3.2.2.4.	✓
225	Forest-environment payments	47. Article	5.3.2.2.5.	✓
226	Restoring forestry potential and introducing prevention actions	48. Article	5.3.2.2.6.	✓
227	Support for non-productive investments	49. Article	5.3.2.2.7.	✓
<b>Axis III. Quality of life in rural areas and diversification of the rural economy</b>				
311	Diversification of non-agricultural activities	52. (a) (i) és 53. Article	5.3.3.1.1.	✓
312	Supporting the establishment and development of micro-enterprises	52. (a) (ii) és 54. Article	5.3.3.1.2.	✓
313	Promotion of tourism activities	52. (a) (iii) és 55. Article	5.3.3.1.3.	✓
321	Basic services for the rural economy and population	52. (b) (i) és 56. Article	5.3.3.2.1.	✓
322	Renewal and development of villages	52. Article (b) (ii)	5.3.3.2.2.	✓



323	Conservation and sustainable development of rural heritage	52. (b) (iii) és 57. Article	5.3.3.2.3.	✓
323	Conservation and sustainable development of rural heritage – elaboration of Natura 2000 management plans	57. (a) Article	5.3.3.2.3.	✓
331	Training and information	58. Article	5.3.3.3.	✓
341	Learning of skills, incentives and the setting up and implementation of the local development strategies	52. (d) Article	5.3.3.4.	✓
<b>Axis IV.: LEADER</b>				
411 412 413	LEADER	63. (a), (b) (c) és 64. Article	5.3.4.	✓

The rationale for intervention, the objectives, the scope and actions, the indicators and the quantified targets of the measures can be found in the measure descriptions in the appropriate sub-chapter of the measure.

The amount of the **advances** shall not exceed 20 % of the public aid related to the investment, and its payment shall be subject to the establishment of a bank guarantee or an equivalent guarantee (defined in national regulation on financial institute) corresponding to 110 % of the amount of the advance.

The **guarantee** shall be released when the competent paying agency establishes that the amount of actual expenditure corresponding to the public aid related to the investment exceeds the amount of the advance.

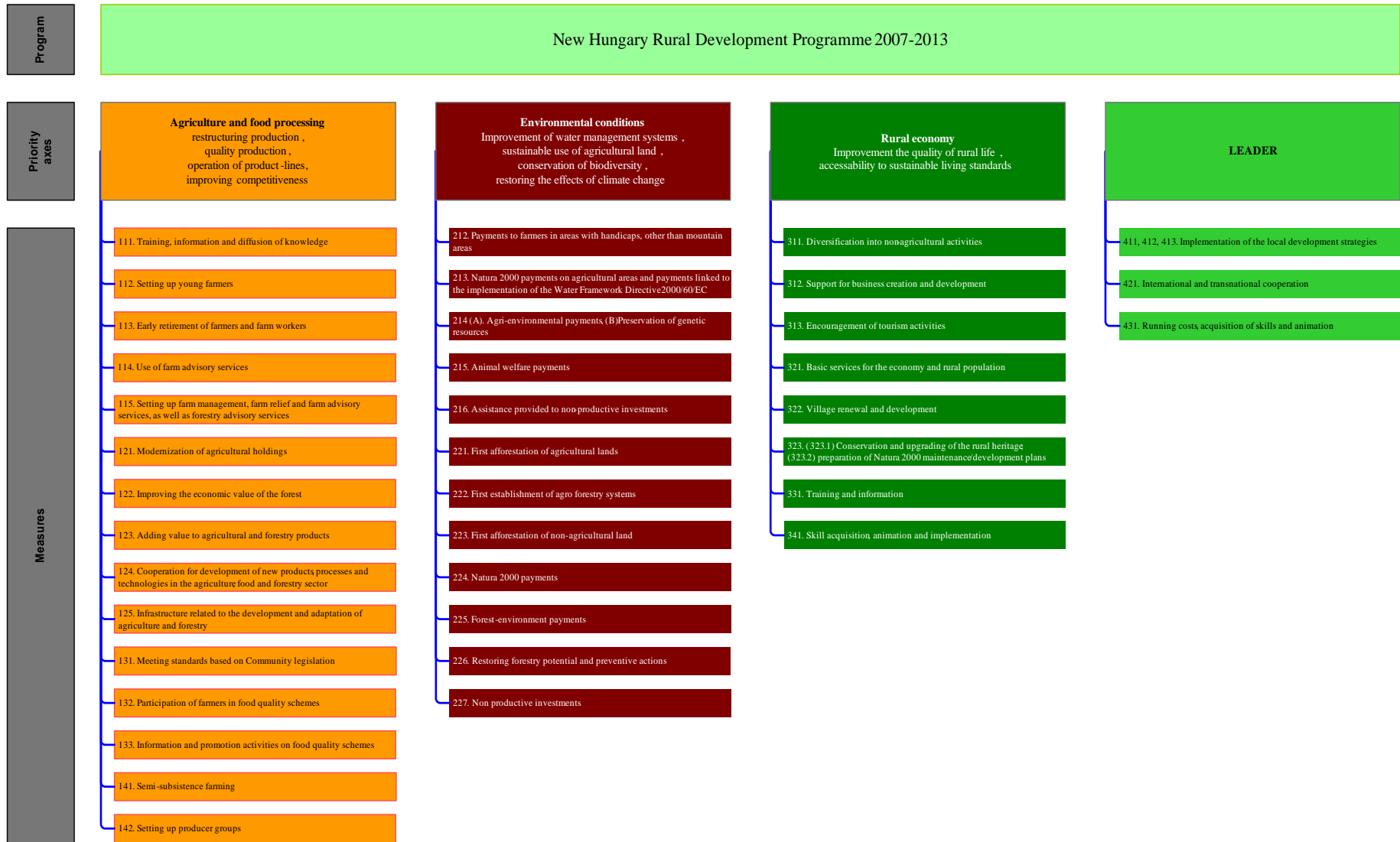
For measures involving **investments in kind**, contributions of a public or private beneficiary, namely the provision of goods or services for which no cash payment supported by invoices or equivalent documents is made, may be eligible expenditure provided that the following conditions are fulfilled:

- (a) the contributions consist in the provision of land or real estate, equipment or raw materials, research or professional work or unpaid voluntary work;
- (b) the contributions are not made in respect of financial engineering actions referred to in Article 50;
- (c) the value of the contributions can be independently assessed and verified.

In the case of provision of land or real estate, the value shall be certified by an independent qualified expert or duly authorised official body.

In the case of unpaid voluntary work, the value of that work shall be determined taking into account the time spent and the hourly and daily rate of remuneration for equivalent work, where relevant on the basis of ex-ante established system of standard costing, provided that the control system provides reasonable assurance that the work has been carried out.

The following chart shows the structure of the Programme.



## **5.2. Requirements concerning all or several measures**

### ***5.2.1. Ongoing operations from the previous period***

The National Rural Development Programme

Concerning the 2000-2006 programming period the National Rural Development Programme authoritative for the period of 2004-2006 has been approved for Hungary.

The payments of measures approved within the frame of the present document and those affected by the multi-annual commitments under the Regulation 1320/2006/EC, Title I, Article 2, Point h, Sub point I (Agro-environment management, Congruence with EU requirements, Aforestation of agricultural areas, Support of semi self-supplying homesteads under structure reconstruction, and the Support of Producing Groups) and the payments of measures entitled Support of areas of unfavourable nature defined by the Regulation 1320/2006/EC, Title II, Chapter 2, Item 1 Article 6, after the 1<sup>st</sup> January 2007, can charge the budget of EAFRD.

Under the Regulation 1320/2006/EC, Title II, Chapter 2, Item 1, Article 4. Hungary, concerning the accepted commitments for the present programming period, after 1<sup>st</sup> January 2007 can perform payments to the budget of EAFRD, as follows:

- Concerning the agro-environment management according to the Regulation 1320/2007/EC, Title II, Chapter 2, Item 1. Article 5.
- Concerning the measures entitled Support of areas of unfavourable nature according to the Regulation 1320/2006/EC , Title II, Chapter 2, Item 1, Article 6.
- Concerning the measures of Congruence with EU requirements, Aforestation of agricultural areas, support of semi self-supplying homesteads under structure reconstruction, and the support of Producing Groups according to 1320/2006 EC Regulation, Title II, Chapter 2, Item 1, Article 7, that in case of measures related to congruence with the EU requirements the 1320/2006 EC Regulation, Title II, Chapter 2, Item 2, Article 9 is also applied.

Agricultural and Rural Development Operational Programme

Concerning the 2000-2006 programming period the Agricultural and Rural Development Operational Programme authoritative for the period of 2004-2006 has been approved for Hungary. Concerning the measures approved within the frame of the present document and those stated in the Regulation 1320/2006/EC, Title I, Article 2, Point b, Sub point i. Hungary, concerning the accepted commitments for the present programming period under the Regulation 1320/2006/EC, Title II, Chapter 2, Item 1, Article 4, after 1<sup>st</sup> January 2007 can perform payments to the budget of EAFRD according to the instructions Regulation 1320/2006/EC, Title II, Chapter 2, Item 1, Article 8.

### ***5.2.2. Compatibility with State Aid procedures and criteria***

The Managing Authority confirms that for the measures pursuant to Articles 25 and 52 of Council Regulation 1698/2005/EC and for the operations under the measures pursuant to Articles 28 and 29 of that Regulation which fall outside the scope of Article 36 of the Treaty, respect of the State aid procedures and material compatibility criteria, in particular aid ceilings of total public support under Articles 87 to 89 of the Treaty, is ensured.

### ***5.2.3. Confirmation on the cross-compliance requirements***

Concerning the relevant measures of the NHRDP, the cross-compliance means the requirements set in the 1782/2003 EC Regulation Articles 4 and 5, and Annexes III and IV, and in case of the measure stated in the 1698/2005 EC Regulation, Article 36, point (a)(iv) (agro-environment management) minimal requirements concerning the use of manure and pesticides mentioned in 1698/2005 EC Regulation, Article 51, Paragraph (1), sub-paragraph 2. According to the 1698/2005 EC regulation, Article 51, paragraph 3, while Hungary is applying the single area payment scheme (SAPS), but latest till 2009, the requirements set in the 1782/2003 EC Regulation, Article 4, and Annex III. are not within the scope of cross-compliance.

### ***5.2.4. Targets of investments measures support***

The individual measures of the Programme have been conceived to ensure that the investment supports to be furnished to private beneficiaries should expediently serve the fulfillment of the development needs identified in the analyses described in Chapter 3.1, the handling of structural drawbacks, as well as the strategic objectives defined in Chapter 3.2. Within the description of the individual measures, the detailed grounds of the interventions are discussed in the paragraphs entitled “Rationale for the measure” and “Objectives of the measures”, while the associated constraints and preferences are expanded in the paragraphs of “Scope and actions” and “Definition of beneficiaries”.

For each of the business investments (Axis I and III, including the procurement of assets, establishment of plantations and real-estate property developments), it is deemed as one of the criteria – in order to ensure that the activities developed by means of such investments should have existing markets, as well as be competitive and sustainable on the long run – to elaborate a simplified or complex business plan as depending on the volume of the applied supports. The quality of the business plans is to be certified by a special agency of the MARD (Rural Development, Educational and Advisory Institute), a professional body entrusted with such evaluation.

Within the measure for the modernization of animal farms, investments implemented with a view to the compliance of requirements specified in the Nitrate Directive are preferred in terms of their higher support intensities and project selection.

In the case of machinery procurements, the listing of the asset to be purchased in the agricultural machinery catalogue has been defined as one of the criteria of project selection to ensure the relatively low environmental loading and the procurement of assets with long-term competitiveness as declared among the objectives of the Programme.

Towards the larger added value for farms, preferences are provided to assets to be used in post-harvest activities and further processing of base materials.

Although the strategy, and thus the measures do not specify territorial constraints, for all the measures describing investment supports investments to be effectuated in less favoured areas will be preferred by means of their being awarded with extra points and higher support intensities.

### ***5.2.5. Ensuring that operations benefiting from rural development support are not supported by other relevant instruments of the Common Agricultural Policy***

The Managing Authority confirms that it will ensure the demarcation from the instruments of the CAP by providing detailed regulation in the national legislation and in the call for proposals. Technical procedures will ensure the demarcation between the instruments of the Rural Development Programme and the instruments of the CAP.

The connections between the instruments and also the criteria and administrative rules that ensure the guarantees of avoiding double-financing of operations can be found in Chapter 10.1. and partly integrated to the measures.

## 5.2.6. Evidence for consistency and plausibility of calculations

The consistency and plausibility of calculations is described in the relevant part of the measures as indicated in the table below.

Evidence as referred to in Article 48 (2) of the Council Regulation 1698/2005/EC allowing the Commission to check consistency and plausibility of the calculations will be provided by an independent body.

Article 31	Meetings standards	Description of the methodology for the calculation of the additional costs and amounts of support
Article 37	LFA	Amounts of support
Article 38	Natura	Description of the methodology and the agronomic assumptions used as reference point for the calculation justifying additional costs and income foregone resulting from the disadvantages in the area concerned related to the implementation of Directives 79/409/EEC and 92/43/EEC
Article 39	Agri-environmental payments	Description of the methodology and of the agronomic assumptions and parameters (including the description of the baseline requirements which are relevant for each particular type of commitment) used as reference point for the calculations justifying: (a) additional costs; (b) income foregone resulting from the commitment made; and (c) level of the transaction costs. Where relevant, this methodology should take into account aid granted under Regulation (EC) num. 1782/2003. Where appropriate, the conversion method used for other units in accordance with article 27.9 of implementing rules
Article 40	Animal welfare	Description of the methodology and of the argonomic-technical assumptions and parameters for the calculation of the additional

		costs, income foregone resulting from the commitment made and the level of transaction costs
Article 43	First afforestation of agricultural land	Description of the methodology for the calculation of establishment and maintenance cost as well as income forgone to be compensated. Where relevant for the latter, this methodology should take into account aid granted under Regulation (EC) 1782/2003
Article 44	First establishment of agroforestry systems on agricultural land	Description of the methodology for the calculation of the establishment costs
Article 45	First afforestation of non-agricultural land	Description of the methodology for the calculation of establishment and maintenance costs
Article 46	Natura 2000 payments	Description of the methodology for the calculations justifying costs incurred and income foregone resulting from the restrictions on the use of forests and other wooded land due to implementation of Directives 79/409/EEC and 92/43/EEC in the area concerned
Article 47	Forest environment payments	Description of the methodology and of the assumptions and parameters used as reference point for the calculations justifying additional costs and income foregone resulting from the commitment given



### ***5.2.7. Financial engineering actions***

Financial instruments used outside the scope of EAFRD

Art 87 (2) and Art 93 of the Treaty and the legislation based on them set up a reference rate needed to calculate the rate of state aids offered in different forms. According to the regulations the loans of which interest rate is not higher than the reference rate published by the Commission, is not considered as a supported loan. In Hungary the published reference rate between 01.01.2006. and 31.08.2006 was 7,3%. The interest rate of the loans offered to the beneficiaries of the NHRDP by the commercial banks will be offered exactly on the reference rate therefore state aid is not involved in this construction which can be associated to any investment measure.

In case of investment type measures, the guarantee of the Rural Credit Guarantee Foundation can be demanded by the project owners. This has an insignificant state aid content but it will be ensured by the Managing Authority that total aid intensity will not exceed the maximum laid down in Community legislation.

Financial engineering in the scope of EAFRD

During the Programming period, funds can be started with the aim of shifting the emphasis from non-refundable to repayable supports, in accordance with the Commission Regulation 1974/2006/EC, Articles 50., 51. and 52.

Decision on the generation of the funds can be made after analyzing the market demands, the set of supply, and the nature and degree of potential competition bias, earliest during 2009.

Financial sources of the funds can be intermediated by applicant institutes (typically, but not restricted to banks) to the beneficiaries of the investment measures of Axis I., mainly for measure 121 and 123. Financial institutes must accomplish the legal conditions concerning the EAFRD implementation. Their selection is made through open tender.

Detailed regulation will be laid down at national level but the Managing Authority ensure that it will be in line with relevant Community legislation.

### **5.3. Information required for Axes and measures**

#### ***5.3.1. Axis I.: Improving the competitiveness of the agricultural and forestry sector***

##### ***Linkage of proposed measures with the National Forest Programme and with the Community Forestry Strategy***

The intended measures of Axis I. of EAFRD closely relate to those included in the National Forest Programme (NFP) and therefore are in accord with the measures of the EU (embodied in the corresponding regulations) as well as with the forestry strategy.

The intended measures of Axis I. focus on the utilization and development from among those three activity programmes (protection, utilization and development) stated in NFP, naturally in accordance with the intended measures of the other Axes, that especially deal with protection.

The realisation of the individual target programmes of NFP will be achieved by the intended measures on connection points listed below.

The aim of the support of training and information activities is to increase the professional knowledge of agricultural and forestry producers concerning the environmental effects of farming, the purposeful execution of activities supported within the frame of EAFRD and the professional operation of realised investments, as well as to develop the entrepreneurial ability of rural inhabitants.

The support of the use of advisory services aims at the promotion of the observance of job safety requirements and of connected regulations, and the improvement of the gross production of farming.

The aim of establishing the advisory services on farm management, substitution and farming is to increase the competitiveness and effectiveness of agricultural enterprises, to promote the sustainability of agricultural developments and to help the adapting and population retaining ability of rural regions, to improve the living circumstances of agricultural producers and entrepreneurs through the provision of advisory services on farm management, substitution and farming.

The aim of the improvement of the economic value of forests is the improvement via modernisation of the production of the propagating material, the forest machinery and instruments, and purchasing IT tools to assist forest farming.

The aim of the support of the increase of value of agricultural and forestry products is to promote the restructuring of the forestry sector, to increase the product structure, to achieve capacity concordance, to implement up-to-date technologies and to contribute to the application of quality saving storing.

The aim of the support of infrastructural projects related to the development and modernisation of agriculture and forestry is to promote the development and modernisation of technical projects serving the discovery of forests, to protect the soil of forests, to build structures that help to control the water balance of soils as well as to promote the implementation of forest schools and private forest information centres.

The realisation of the individual target programmes of NFP will be achieved by the intended measures on connection points listed below:

Vocational training and information actions

The aim of the support is to increase the professional knowledge of agricultural and forestry producers concerning the environmental effects of farming, the purposeful execution of activities supported within the frame of EAFRD and the professional operation of realised investments as well as to develop the entrepreneurial ability of rural inhabitants.

**Connecting points:**

- Research, education and production development target programmes
- Private forest management development target programme
- Target programme on the effective communication about forests with the aim of improving the human-forest relation

Use of advisory services

The aim of the support is to promote the observance of job safety requirements and of connected regulations via the support provided to the requisition of advisory services and to improve the gross production of farming.

**Connecting points:**

- Private forest management development target programme
- Research, education and production development target programmes
- Target programme on the effective communication about forests with the aim of improving the human-forest relation

Setting up of management, relief and advisory services

The aim of the measure is to increase the competitiveness and effectiveness of agricultural enterprises, to promote the sustainability of agricultural developments and to help the adapting and population retaining ability of rural regions, to improve the living circumstances of agricultural producers and entrepreneurs through the provision of advisory services on farm management, substitution and farming.

**Connecting points:**

- Private forest management development target programme
- Research, education and production development target programmes
- Target programme on the effective communication about forests with the aim of improving the human-forest relation

Improvement of the economic value of forests

The aim of the support is to improve the economic value of forests via the modernization of the production of the propagating material, forest machinery and instruments, and obtaining IT tools to assist forest farming.

**Connecting points:**

- Private forest management development target programme
- Target programme on rural and regional development, afforestation, and reconstruction of forest structure

Adding value to agricultural and forestry products

The aim of the support is to promote the restructuring of the forestry sector, to increase the product structure, to achieve capacity concordance, to implement up-to-date technologies and to contribute to the application of quality saving storing.

**Connecting points:**

- Private forest management development target programme
- Rational tree usage target programme
- Target programme on rural and regional development, afforestation, and reconstruction of forest structure

Infrastructure related to the development and adaptation of agriculture and forestry

The aim of the support is to promote the development and modernization of technical projects serving the discovery of forests, to protect the soil of forests, to build structures that help to control the water balance of soils as well as to promote the implementation of forest schools and private forest information centres.

**Connecting points:**

- Target programme on rural and regional development, afforestation, and reconstruction of forest structure
- Private forest management development target programme

### ***5.3.1.1. Measures aimed at promoting knowledge and improving human potential***

#### ***5.3.1.1.1. Vocational training and information actions***

##### **Articles covering the measure:**

Article 21 and Section c) of Article 52 of Regulation 1698/2005/EC  
Point 5.3.1.1. of Annex II. of Regulation (EC) No 1974/2006.

**Measure code: 111.**

##### **Rationale for intervention:**

In Hungary most of the managers of private farms, 87,6%, are unqualified, and have only practical (farming) experience, and only 7,4% have middle or high level agricultural qualification. Low level education can mean serious competition detriment mainly for 109 thousand, farms primarily producing for the market, and though within this farming group the qualified persons' rate is somewhat higher, yet approximately 80% of farm managers have not proper (medium or high level) professional qualification.

Besides agricultural producers, the education of forest farmers is also defective, that is due to the fact that after the political change as a result of compensation and privatization within a short period a large number of (approximately 60 thousand) private forest owners and forest entrepreneurs have appeared without having qualification in forestry.

The enhancement of knowledge of those working in agriculture and forestry – particularly farm managers, farmers –, especially in the field of such professional knowledge in which they have not had the opportunity to attain the proper level in the course of their former education: primarily with respect to the sustainable management of natural resources, including cross-compliance requirements, entrepreneurial, business and management skills, new, innovative production technologies and the production of biomass for energetic purposes. The build-up and development of the ability to acquire knowledge independently is also of outstanding importance, as well as the training of the producers in the methods and significance of attaining information.

The professional training and information provided within the frame of the measure contributes to achieve the goals of the Lisbon Strategy.

##### **Objectives of the measure:**

The general objective of the measure is to increase the professional knowledge of those working in the agricultural sector in order to enhance their competitiveness and the promotion of the sustainability of their farming activities.

##### **Scope and actions:**

Within the framework of the measure, professional trainings, courses, information sessions involving practical demonstration and client information events beyond the formal institutional system of education can be offered to the agricultural producers and forest farmers that potentially contribute to

the enhancement of the competitiveness of these people, the improvement of the performance of their enterprises, the attainment of knowledge on cross-compliance requirements and on other requirements, as well as the compliance therewith, the start-up of new enterprises, the diversification of activities within and outside agriculture. The preferred applicants of the individual measures in Axis I and II of NHRDP will be involved in retraining on a mandatory basis.

Description of the operations (sub-measures):

*1 Dissemination of innovative technologies by means of demonstrative–informative programmes in plants*

Support can be granted for the organization and management of one-day demonstrative–informative programmes in plants wherein the participants can have an insight into the novel technologies implemented in the plant at high standards, farming practices, as well as environmental and animal welfare procedures.

The scope of farms – that have to have programmes approved by the Rural Development Education and Advisory Institute providing informative programmes is determined by national legislation.

*2 Trainings related to agriculture and forestry*

Support can be granted for organizing, conveying and publishing connected to:

a) training courses offering information on cross-compliance requirements, requirements of sustaining the SPS and the proper agricultural and environmental state (for forest managers), the production, utilization and primary processing of biomass for energetic purposes, providing theoretical and practical knowledge serving competitive and sustainable farming, requirements concerning the Water Framework Directive, and any of those helping to achieve the goals of measures I-II and the effective winding up of their measures

obligatory training sessions in connection with the individual measures of Axis I and II of NHRDP. Beneficiaries taking part in the following measures are obliged to take part in the courses:

Animal welfare payments,

Modernisation of agricultural holdings

Setting up of young farmers,

Support of semi-subsistence agricultural holdings undergoing restructuring

Agri-environment payments, etc

**Details on coverage of support:**

*Trainings include the specific thematic accredited by RDEAI, but besides the specific knowledge, the following general and horizontal issues should be part of all curricule:*

- farm management
- strategic planning
- communication and co-operation
- IT knowledge
- foundation of business networks, co-operation in them
- CAP
- sector reforms of CAP (sugar, SPS, wine etc.)
- innovation

Cross-compliance  
Equal opportunity issues  
Sustainable farming  
Corporate social responsibility

### *3. Complex information action: farmers' information service*

General farmers' information service covers the provision of a permanent information action. The thematic scope of the information service covers SPS and cross-compliance requirements, the preparation of grant applications and tenders, as well as other current issues of the agricultural policy. The organisational scope of the information action includes among others: setting up and running of farmers' information points, where the farmer can find permanent client service, occasional information sessions, brochures, leaflets, booklets and other publications and also on-line services. This service provides general information, which aims at the awareness-raising of the farmers to the actual professional issues of agriculture. This service is a preliminary procedure for the trainings (the first two sub-measures of this measure) and the advisory services (measure 114.). There will be altogether 200 information points operated by the Hungarian Chamber of Agriculture.

#### **Beneficiaries:**

Submeasure 1.: Beneficiaries are the demonstration plants carrying out demonstration plant action plans.

Submeasure 2. Farmers and foresters participating in training sessions.

Submeasure 3. The direct beneficiary is the Hungarian Chamber of Agriculture operating the information points, but the indirect beneficiaries is the total agricultural population.

#### **Definition of bodies providing training and information actions:**

In the case of sub-measure 1, organizations being eligible for the submission of grant applications are those entities holding the title of "Demonstration Plant" as specified in the associated national legal regulations, which have a demonstration plant action plan approved by RDEAI. Demonstration plants can be the holdings which use the most innovative technologies in production, sales and other processes.

In the case of sub-measure 2., both the training courses and also the bodies providing the courses will be accredited by RDEAI. Organizations having been accredited are the beneficiaries. The accreditation is based on the organisational knowledge and experience level.

In case of sub-measure 3, the body providing the information action is the Hungarian Chamber of Agriculture.

#### **Type of support:**

Non-refundable support.

**Rate of support:**

In the case of Sub-measure 1. and Sub-measure 2.a) 90% of the fees (10% of the fees must be covered by the participants of the training) In case of Roma programmes, the rate of support is 100%.

For Section b) of Sub-measure 2. and for Sub-measure 3., 100% of the costs of information action.

**Financing:**

Public expenditure: 103.410.730 Euro

EAFRD contribution: 74.218.227 Euro

**Complementarity and demarcation of the measure:***Complementarity to the other measures of the Programme*

The measure supports the measure on the set-up of young agricultural producers, as described in Article 22 of Regulation 1698/2005/EC, in the attainment of the qualification required for the performance of the associated activities in the framework of adult educations, and facilitates the implementation of the measures for the development of physical resources (Article 26–30), as well as for the improvement of agricultural production and product quality (Article 31–33). By way of the obligatory retraining sessions, the measure directly supports the efficient implementation of the measures described in Article 22, 26, 27, 31, 34, 39 and 46.

The professional training is important for the farmers who perform agricultural and forestry activities requiring special knowledge, and receive agri-environmental and NATURA 2000 payments, so the measure entitled “Professional training and information activities” is connected with the measures described under Article 38, 39, 46 and 47 of the Regulation.

*Complementarity to other Operational Programmes:*

The professional training supported in the framework of the measures, including the retraining of teachers, cannot be incorporated into formal school education, and is not eligible for the supports to be financed from the European Social Fund, or those financed in the framework of the Social Infrastructure Operational Programme, the Social Renewal Operational Programme or the Regional Operational Programme.

Quantified targets for EU common indicators:

Quantified targets for EU common indicators:

Type of indicator	Indicator	Target 2007-13
Output	Number of participants to training	50.000 persons
	Number of training days received from these	520.000 days
		<ul style="list-style-type: none"> <li>▪ training sessions</li> <li>▪ demonstrative plant</li> </ul>
Result	Number of farmers or forest holders that successfully ended a training activity	39.000 persons
Impact	Change in gross value added per full time equivalent	720 EUR



Additional programme-specific indicators and quantified targets:

<b>Type of the indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of farmers taking part in the complex information action (visiting the information points)	270.000 persons

### **5.3.1.1.2. Setting up of young farmers**

Articles covering the measure:

Article 22 of Regulation 1698/2005/EC

Article 13 and 14, Annex II. point 5.3.1.1.2. of Regulation (EC) No 1974/2006.

**Measure code: 112.**

#### **Rationale for intervention:**

In Hungary it is typical to the age composition of the population involved in agricultural activity, that the rate of elderly people is high, aging in the past years has been increased. While in 2000 less than half (47,9%) of those working in farms were above 50, in 2003 57.2% of them belonged to this age group, and the rate of those being under 40 was only 22%. During this 3 years period more than half of the decrease in family manpower that was altogether lessened by approximately 631,5 thousand persons, emerged from young farmers that is rather adverse from the point of view of holding the farms.

In Hungary, the financial positions of a significant proportion of agricultural enterprises can be characterized by under-financing and liquidity problems. With a view to the approach of financial institutions, the readiness to finance these enterprises is hindered by the insufficiency of collaterals, low risk-bearing capabilities as well as high risks. Consequently, start-up enterprises have very few opportunities now to obtain credits, that is to establish the enterprise in terms of finances. In the case of the farmers concerned production expenditures reach up to or even exceed sales revenues. For any expansion of production the supply of adequate fixed and current assets call for accumulated capital instruments or credits.

The improvement of the age structure of agricultural production, the enhancement of the population retention ability of rural areas and the improvement of income-generation capabilities are basic objectives within the framework of economic and rural development policy.

The support of young farmers, the encouragement of their activity in the agricultural sector is of outstanding importance because their innovation ability and capability and market attitude are already stronger and still can be increased.

The situation having evolved by today can only be changed if start-up enterprises are sufficiently capitalized and/or provided with credits with preferential interests.

#### **Objectives of the measure:**

The measure aims to facilitate the initial establishment of farms for young farmers, as well as the restructuring of the farm holdings, improve the age structure of the agricultural labour force, enhance the population retention ability of the countryside and ensure the long-term subsistence of agricultural activities. The measure is foreseen to contribute to the start-up of enterprises by young farmers who intend to be involved in crop production (including horticulture), animal breeding or mixed farming activities and production operations.

### **Scope and actions:**

Supports in the form of income support, can be granted for the establishment of the conditions of agricultural production activities, the coverage of costs incurred in such agricultural production activities, as well as for the purchase and modernization of farms from farmers involved in the Early retirement measure initiated for agricultural producers and employees.

#### Definition of beneficiaries

Any agricultural producer between the age of 20-40 and under the age of 40 possessing any agricultural qualification of at least vocational school level if he/she in the process of establishing an own farm for the first time or — is in the process of taking over a farm — from any farmer participating in the measure concerning the Early retirement measure (Article 23) — which possesses a business plan for the purpose of developing farming operations.

#### **Definition of setting up used by the Member State:**

Any farm shall be deemed as a start-up farm whose economic viability – in the closed economic year preceding the submission of the application does not reach up to 3 ESU, and the farm has not utilized any developmental support in excess of HUF 1 million.

Summary of the requirements of the business plan, including in case of investments to comply with existing Community standards within a 36 months grace period, and details on frequency and treatment of reviews of the business plan:

The business plan shall describe the initial situation of the agricultural holding and specific milestones and targets for the development of the farming activities, details of investments, training, advice or any other action required for the development of the activities, – with the associated financial fundamentals –, as well as an overview that upon the expiry of the 36-month grace period the investments will comply with the relevant community requirements.

The fulfilment of the business plan will be supervised within 5 years as from the support award. Financial and performance indicators accepted in the business plan and of critical importance will serve as basis for control. The non-fulfilment of the critical financial indicators undertaken – reckoning with the tolerance level (the extent of difference from the undertaking) determined in the national legislation - will result in the full or partial withdrawal of the support with the associated conditions to be specified in a decree by the Ministry.

Use of the possibility to benefit from the grace period in order to reach the occupational skills and competence requirements:

Young agricultural producers must have at least a medium level vocational training degree at the time of the entry to the scheme.

Use of the possibility to combine different measures through the business plan giving access of the young farmers to these measures:

Young agricultural producers have the opportunity to rely on other support forms, because this subsidy is a premium, which can be used freely.

**Type of support:**

Non-refundable income support or interest subsidy, or the combination of the two. It is the competence of the Managing Authority whether to make the usage of supplementary interest subsidy available in a predetermined period.

**Amount of support:**

In the form of a non-refundable premium of maximum 40,000 €; (out of which 90 % is paid after the granting decision, 10% after fulfilling all the criteria laid down in business plan. In the form of a interest subsidy with the corresponding capitalized value 40,000 €; as a combination of a non-recurrent capital grant and interest subsidy with the upper limit 55,000 €

**Complementarity and demarcation of the measure:**

Within the framework of the programme, the measure is directly complementary to the Early retirement measure by agricultural producers and agricultural employees so that start-up farmers who take over or acquire farms from the beneficiaries of such farm transfers for operating purposes can be supported.

The measure is complementary to the measure under code 111 aiming at the support of the attainment of knowledge within the framework of the Axis EAFRD I. Young producers awarded with the support are required to participate in a training course within two years as from the date of the support award.

The measure is indirectly complementary to all measures, for their content may serve as the basis for the starting up farming activity.

**Financing:**

Public expenditure: 32.892.658 Euro

EAFRD contribution: 23.607.171 Euro

Quantified targets for EU common indicators:

Type of the indicator	Indicator	Target
Output	Number of assisted young farmers	800
	Total volume of investment (EUR)	42 million
Result	Increase in agricultural gross value added in supported farms (EUR)	140 million
Impact	Net additional value added expressed in PPS (EUR)	110 million

### ***5.3.1.1.3. Early retirement of farmers and farm workers***

Articles covering the measure:

Articles 20 (a) (iii) and 23 of Regulation 1698/2005/EC

Article 14 and point 5.3.1.1.3. of Annex II. of Regulation (EC) No 1974/2006

**Measure code: 113.**

#### **Rationale for intervention:**

The age composition of agricultural labour force, including that of private farmers, is becoming less favourable. 52% of agricultural producers belong to the age group over 56. Between 2000 and 2003, the family labour force of private farms has dropped by 32%, and the extent of such a decrease has been significantly larger in the younger age groups (nearly 50%) in comparison to the more moderate, cc. 20% decrease in the headcount of the older age groups. Those taking over farms (who due to their age, qualification are able to improve viability) can replace those farmers who do not have capacity for development and whose farms are not profitable. The younger, more qualified farm managers through a more modern farming can set up new workplaces, that can contribute to the increase of the countryside's capability of holding the rural population. The majority of the farmers aged between 55 and 62 and holding lands above three hectares (90.6%, 19,722 persons) are active in farms between 3–50 hectares. The total area of the agricultural lands cultivated by these people is 230,000 hectares. The measure helps to gradually deduct the older generation from agricultural farming giving way to performing other non-agricultural activity, and in the same time increase the legal employment possibilities of the next generation. Handing over the farms can result in the increase of average farm size, decreasing the viability problems related to small farms

#### **Objectives of the measure:**

With the introduction of the measure the age composition of agricultural producers can be improved, the domestic agricultural holding structure can be optimized, i.e. the viability and competitiveness of farms can be enhanced.

#### **Scope and actions:**

Within the framework of this measure, farmers and employees over the age of 55 but still under their retiring age will have the opportunity to transfer the farms being in their ownership to young farmers, and to receive regular support for a pre-defined period of time apart from the incomes having been derived from the farms. The form of transfer: purchase or gift.

#### **Definition of beneficiaries:**

Private farmers involved in agricultural production as core activity shall be eligible for the support if comply with the conditions hereunder:

- he/she is not less than 55 years of age, but at the time of the transfer has not reached the normal retirement age,
- he/she does not receive any old-age pension on his own rights,
- he/she has practiced agricultural activities for the 10 years preceding the transfer,
- he/she cultivates agricultural lands of at least 3 hectares; undertakes that he/she shall quit all and any agricultural activities for business purposes upon the transfer, except production for self-supply.
- has an economic scale of 3 .ESU.

Employees if they are involved in agricultural production activities at the transferor of the farm and meet the conditions hereunder:

- he/she is not less than 55 years of age, but at the time of the transfer has not reached the normal retirement age,
- he/she does not receive any old-age pension on his own rights,
- for 5 year prior to the transfer he/she has spent at least half of his working hours with agricultural activities as an assisting family member or agricultural employee in the farm to be transferred,
- he/she is finally quitting all and any agricultural activities for business purposes (except self supply), and
- is deemed as insured in the social insurance system.

#### **Description of the link with national retirement schemes:**

The measure is of support type, so it is not a part of the current Hungarian old-age pension system. The status of the beneficiaries of such supports is not identical to that of the old-age pensioners in the social insurance system. People receiving old-age pensions on their own rights are not eligible for support within the Early retirement measure.

#### **Duration of the aid:**

For any farm transferor and his/her employee, the entire term of the support may not exceed 7 years. In all cases of beneficiaries transferring a farm, and their employee, the provision of the support is terminated when the beneficiary reaches his/her normal retirement age, or if he/she has been granted with any old-age pension on his/her own rights.

#### **Type of support:**

Non-refundable support.

#### **Amount of payments:**

The support to be provided to the transferring farmer shall be calculated on the basis of lands and livestock in his/her own holding, and it has to correspond to 50% of the minimum wage per month as specified from time to time from 3 ESU value of the economic viability indicator. After each additional ESU value it shall be increased by 10% of the minimum wage, until the payable amount reaches up to 200% of the minimum wage as specified from time to time, but may not be more than EUR 18,000 p.a.

To an agricultural employee, a support in an equivalent of 50% of the support amount granted to the transferor can be given on a monthly basis. Nevertheless, the amount of supports to be granted may not exceed EUR 4,000 per employee on an annual basis.

**Financing:**

Public expenditure: 25.556.885 Euro

EAFRD contribution: 18.342.262 Euro

**Description of the link with the young farmers setting up measure (112):**

This measure supports the target group of the measure as pertaining to the set-up of young agricultural producers described in Article 22 of Council Regulation 1698/2005/EC. In fact, persons entitled to take over farms correspond to the persons being eligible for the support as pertaining to the set-up of young agricultural producers if their respective applications provide for the take-over of the agricultural plant of any farmer applying for an Early retirement support.

Quantified targets for EU common indicators:

<b>Type of the indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of farmers transferring their farms	3500 persons
	Number of employees of the transferring farmers	150 persons
	Total number of farms transferred (hectare)	60.000 ha
Result	Increase in agricultural gross value added of supported farms (EUR)	71,6 million
Impact	Net additional value added expressed in PPS (Purchasing Power Standard) (EUR)	81 million
	Change in gross value added per full time equivalent (EUR)	20.000

#### ***5.3.1.1.4. Use of farm advisory services***

Articles covering the measure:

Articles 20 (a) (iii) and 24 of Regulation 1698/2005/EC

Article 15, Annex II, point 5.3.1.1.4. of Regulation (EC) No 1974/2006

**Measure code: 114.**

#### **Rationale for intervention:**

Land ownership and the changes of structure of agricultural production ensuing the political changes have altered the information gaining possibilities and information needs of the participants of the agricultural sector. The experienced lack of information means a problem concerning the whole agricultural sector as largely contributes to the deficit of the production. This also has an effect on the further participants of the sector (integrators, service providers, engrossers, exporters etc.), as they have limited access, or no access at all to information, related to production capacities, product basis and business opportunities.

Due to the large diversity of information sources, a lot of farmers are not able to obtain the information required for their farming operations without external support. Agricultural producers, forest holders and forest farmers are particularly in the need of obtaining such information and knowledge that are in connection with the farm management requirements stipulated in Regulation 1782/2003/EC, the preservation of the good agricultural and ecological conditions, as well as the community regulations on work safety.

#### **Objectives of the measure:**

The general objective of the measure is to enhance the competitiveness and performance of agricultural enterprises, promote the sustainability of agricultural developments, as well as facilitate the adaptation capabilities and population retention abilities of rural areas.

#### **Scope and actions:**

In the framework of the measure, supports can be granted to agricultural producers, producer groups, forest holders and forest farmers for the purpose of covering the utilization of professional advisory services that are aimed at the improvement of the performance of their farms, regulations relating to the maintenance of good agricultural and environmental condition, and the obtainment of proper knowledge on the farm management requirements stipulated in Regulation 1782/2003/EC and the community regulations on work safety.

#### **Definition of beneficiaries:**

Support can be granted to:

a) any agricultural producer or forest farmer who – according to national regulations - relies on professional advisory services on the basis of an agreement made with any accredited Territorial Advisory Centre for a maximum term of 1 year,



- b) any producer group that – according to national regulations - relies on group professional advisory services furnished to its own members on the basis of an agreement made with any accredited Territorial Advisory Centre for a maximum term of 1 year,
- c) any local government that – according to national regulations - relies on group professional advisory services furnished to farmers participating in the social land programme in the area of such a local government on the basis of an agreement made with any accredited Territorial Advisory Centre for a maximum term of 1 year.

**Beneficiaries:**

- In the case of Action a) the beneficiaries shall be agricultural producers and forest farmers.
- In the case of Action b) the beneficiaries shall be members of agricultural producer groups having legal personality.
- In the case of Action c) 3 the beneficiaries shall be farmers participating in the special land programme.

**Professional advisory system and organizations acting as service-providers:**

The organizational structure and operation of the agricultural professional advisory system (Farm Advisory System) have been regulated in the relevant national legal regulations. Organizations providing professional advisement (Territorial Advisory Centres, hereinafter referred to as TAC) comply with the requirements posed against the Farm Advisory System described in Regulation 1782/2003/EC. TACs are such organizations accredited by the national authorities that upon the related orders by the farmers and on the basis of the agreements made with the farmers provide professional advisory services to agricultural producers and forest farmers in a manner being eligible for the associated supports specified in the national and EU legal regulations. Any TAC may furnish professional advisory services only by means of its professional advisors registered in the Register of Professional Advisors. The principal conditions of having admission to the Register of Professional Advisors shall be professional qualification of higher education, at least 3 years of professional experience and passing the basic examination of professional advisors. Any TAC shall be selected by means of an open tendering procedure with the most important conditions being:

- ability to provide complex professional advisement at least in the fields of cross-compliance requirements, the proper agricultural and environmental conditions and work safety,
- possession of the human resources and technical equipment required for the above purposes,
- no involvement in input material distribution concerning agricultural activities or in any other agency operations.

**Type of support:**

Non-refundable support.

**Amount and intensity of support:**

80% of the eligible costs with an upper limit of EUR 1,500 p.a. in the case of Action b) and c) with respect to the following upper limit values: (20% of the costs shall be paid by the users of the services to the TAC furnishing the respective services.)

Annual gross turnover of agricultural producers (HUF million)	Annual gross turnover of horticultural producers (HUF million)	Size of the operating area of forest farmers (ha)	Upper limit of the support amount (HUF th / farmer p.a.)
2-5,99	1-2,99	1-50,99	25
6-11,99	3-8,99	51-100,99	50
12-39,99	9-20,99	101-500,99	100
40-149,99	21-100,99	501-1000,99	190
150<	101<	1001<	350

Financing:

Public expenditure: 35.968.950 Euro

EAFRD contribution: 25.815.036 Euro

Complementarity and demarcation of the measure:

*Complementarity to the other measures of the Programme*

The measure facilitates the implementation of the measures in Axis I and II.

*Complementarity to other Operational Programmes*

The measure includes only the professional advisory service connected to the measures of the Rural Development Programme, and thus it is not a part of the training and advisement measures of any other OPs.

Quantified targets for EU common indicators:

Type of the indicator	Indicator	Target
Output	Number of agricultural producers supported	55.000 persons
	Number of forest farmers supported	5.000 persons
Result	Increase in agricultural gross value added of supported farms (EUR)	13 million
Impact	Change in gross value added per full time equivalent (EUR)	208

Additional program-specific indicators:

Type of the indicator	Indicator	Target
Output	Number of	
	- agricultural producers,	55.000 persons
	- forest holders,	5.000 persons
	- forest farmers,	
Result	- producer groups using professional advisory services	150 pieces
	Proportion of agricultural enterprises relying on professional advisory	16%

	services as related to the total number of those belonging to the target group	
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### ***5.3.1.1.5. Setting up of farm management, farm relief and farm advisory services, as well as forestry advisory services***

Articles covering the measure:

Articles 20 (a) (iv) and 25 of Regulation 1698/2005/EC

Article 16 and point 5.3.1.1.5. of Annex II. of Regulation No 1974/2006

**Measure code: 115**

#### **Rationale for intervention:**

With respect to the current number of professional advisors kept in the Register (550) and the estimated size of the target group relying on such professional advisory services (cc. 100,000 persons), the necessity to broaden professional advisory capacities and the increase of demand for these services is foreseen. In Hungary, farm management and farm relief services have not been set up, yet. Their introduction is anticipated to facilitate the recovery of farms facing farm management difficulties, persistence and further development of private forestries, and by substituting the farmer being absent for recreational or medical reasons it potentially contributes to the improvement of the safety of farming and the life quality of agricultural producers.

#### **Objectives of the measure:**

The objective of the measure is to enhance the competitiveness and performance of agricultural enterprises, promote the sustainability of agricultural developments, facilitate the adaptation capabilities and population retention abilities of rural areas, as well as improve the life quality of agricultural producers and agricultural entrepreneurs by the provision of farm management, farm relief and farming advisory services.

#### **Scope and actions:**

Within the framework of the measure, organizations, institutions, enterprises holding Territorial Advisory Center accreditations can rely on the support if they undertake to supply professional advisory, farm management and farm relief services.

#### **Definition of beneficiaries:**

Territorial Advisory Centres accredited in the framework of the Farm Advisory System, or organizations undertaking to obtain such accreditation within 1 year.

#### **Description of the status of service providers:**

The organizational structure and operation of the agricultural professional advisory system (Farm Advisory System) have been regulated in the relevant national legal regulations. Organizations providing professional advisement (Territorial Advisory Centres, hereinafter referred to as TAC) comply with the requirements posed against the Farm Advisory System described in Regulation

1782/2003/EC. RACs are such organizations accredited by the national authorities that upon the related orders given by the farmers and on the basis of the agreements made with the farmers provide professional advisory services to agricultural producers and forest farmers in a manner being eligible for the associated supports specified in the national and EU legal regulations. Any TAC may furnish professional advisory services only by means of its professional advisors registered in the Register of Professional Advisors.

The principal condition of having admission to the Register of Professional Advisors shall be professional qualification of higher education, at least 3 years of professional experience and passing the basic examination of professional advisors. Any TAC shall be selected by means of an open tendering procedure with the most important conditions being:

- ability to provide complex professional advisement at least in the fields of cross-compliance requirements, the proper agricultural and environmental conditions and work safety,
- possession of the human resources and technical equipment required for the above purposes,
- no involvement in input material distribution concerning agricultural activities, or in any other agency operations.

**Type of support:**

Non-refundable support

**Level of support (according to state aid rules):**

80% of eligible costs.

The support shall be disbursed in annual installments for a maximum term of 5 years, and after the first year the respective amounts shall be reduced **degressively** from year to year, in equal proportions. Thus, the support shall be

- in Year 2 80% of the support for Year 1
- in Year 3 60% of the support for Year 1
- in Year 4 40% of the support for Year 1
- in Year 5 20% of the support for Year 1

Any aid granted under this measure will be in conformity with the *de minimis* Regulation (EC) No 1998/2006.

The total *de minimis* aid granted to any one undertaking shall not exceed EUR 200 000 over any period of three fiscal years. These ceilings shall apply irrespective of the form of the *de minimis* aid or the objective pursued and regardless of whether the aid granted by the Member State is financed entirely or partly by resources of Community origin.

**Description of the type of eligible expenditures:**

Investment and current asset costs in association with the establishment of the services, and operating costs in association with the establishment of the services.

**Financing:**

Public expenditure: 709.913 Euro

EAFRD contribution: 509.507 Euro

**Complementarity of the measure:**

Within the framework of this measure, only costs and expenses incurred in connection with the establishment of the services shall be deemed as eligible costs. Costs incurred in the course of the provision of services shall be deemed as non-eligible costs.

*Complementarity to the other measures of the Programme*

Within the scope of the enhancement of competitiveness (Axis I), the use of professional advisement can be efficiently utilized in the implementation of the measures of land use and environmental protection (Axis II.). The support for the new, extensive techniques of land use, as well as for the preservation of biodiversity (Axis II.) offers an opportunity for the diversification of rural economy, the establishment of various services and the improvement of employment (Axis III.). Whereas, Axis IV (LEADER) will create links among the various stakeholders of rural economy via local communities.

**Quantified targets for EU common indicators:**

In the period between 2009 and 2013, 150 professional advisory services as well as 100 farm management and farm relief services are planned to be established.

<b>Type of the indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of newly set up professional advisory services	10 pieces
	Number of newly set up farm relief services	65 pieces
	Number of newly set up farm management services	35 pieces
Result	Increase in agricultural gross value added of supported farms (EUR)	2,25 million
Impact	Change in gross value added per full time equivalent (EUR)	250

### ***5.3.1.2. Measures aimed at restructuring and developing physical potential and promoting innovation***

#### ***5.3.1.2.1. Modernisation of agricultural holdings***

Articles covering the measure:

Articles 20 (b) (i) and 26 of Regulation 1698/2005/EC

Article 17 and point 5.3.1.2.1. of Annex II. of Regulation (EC) 1974/2006

**Measure code: 121**

#### **Rationale for intervention:**

Due to the considerable developmental supports in recent years, the technological background of agricultural operations has witnessed the start of renewal, the replacement of depreciated or not adequately structured, outdated machinery and equipment. The current technological standard in agriculture necessitates the continuous modernization of agricultural holdings at a pace being faster than the rate of changes that have occurred lately, to support the Lisbon targets and to improve competitiveness. The production phase after harvesting poses a particularly significant modernization demand in all the sectors of farming. The reliance on ARDOP resources, developments and interventions being in the process of implementation have contributed to the modernization of the structure of agricultural production, the improvement of the prevailing conditions and the protection of the environment. On an annual basis, the total expenditure on agricultural investments implemented as relying on ARDOP's grant support schemes and resource potentials amounts to HUF 50–55 billion, which is just one-third of the HUF 180–200 billion expenditure occurred in the years directly preceding the country's accession to the European Union. Only a small proportion of animal breeders – partly due to the lack of sufficient capital resources, and partly to the limited nature of the available support sources – have had access to ARDOP grant supports, and as a result the negative technological gap in the sector could not be narrowed. Owing to the supports furnished, a minimal improvement could be experienced in the age structure of machinery, but the average age of machinery and equipment used in production is still 12–15 years. Investments in machinery (mainly as an outcome of the SAPARD programme) were primarily oriented at the purchase of machines and technological equipment that promised relatively quick return. As concerning the compliance with animal welfare, hygienic and environmental protection requirements in animal-breeding farms, significant, yet not sufficient moves have been made mostly with the use of ARDOP and NRDP resources. With a view to the foregoing, the maintenance of the support facilities with some shift in the emphasis towards innovation, quality, energy saving and environmental protection is absolutely justified for the period between 2007 and 2013.

Market changes having occurred after the accession, the staying of producers on the market or the entry of producers to the market all require a revision of the traditional dominance of corn production, a change in the production structure. In connection with that, the IT skills of the farmers shall improve, a system for obtaining market information shall be created, ensuring proper access to the latter. In order to improve performance, more attention shall be given to the development of infrastructure.

**Objectives of the measure:**

The objective of the measure is the modernization of the agricultural production structure, including the restoration of the imbalance between plant growing and animal breeding, the modernization of the genetic background and technological equipment in animal breeding, the establishment and adoption of facilities and solutions ensuring compliance with EU requirements. Further objectives are the improvement of the efficiency and competitiveness of animal breeding, plant growing (including the post-harvest phase) and horticulture, introduction of new technologies for the improvement of product quality, as well as of information systems facilitating production and sales, promotion of the use of information and communication technologies, a novel opportunity is the implementation and development of the equipment of alternative energy generation. Another essential aim is that domestic agricultural holdings should comply with the high consumer and social expectations, as well as with those imposed by EU legal regulations in the fields of environmental protection, animal welfare and food hygiene.

**Scope and actions:**

On the one hand, the measure targets the support for construction investments in order to improve the efficiency of basic agricultural activities in plant farming, horticulture (including the post-harvesting phase) and animal breeding with respect to the aspects of environmental protection, hygienic and animal welfare. On the other hand it involves with the aim of energy saving, environmental protection and effectiveness the modernization of the machinery used and technological equipment, the improvement of the age structure of the same, changing the old machinery for machines having a better environmental performance as well as developments serving the ends of improving the prevailing agrotechnical, technological and genetic standards. In addition the measure offers support to the introduction of new technologies as well as information systems facilitating production and sales.

**Sub-measures of the measure:***1. Investments in plant farming and horticulture:*

Within the framework of this action, supports can be granted to the establishment of the facilities and technological equipment of storage and drying, the development of the facilities and technological equipment of horticultural production as well as the foundation of infrastructural and social facilities within the sites. Equipment connected to geothermic heating of horticultural holdings can also be supported. Furthermore, introduction of corporate management systems and of the related services is also eligible.

*2. Investments in animal husbandry:*

Within the framework of this action supports can be granted to investments aiming at the establishment of new accommodation for livestock and the improvement of the quality thereof, investments ensuring the production and use of feeding materials, investments facilitating the storage and use of manure, including biogas facilities, investments aiming at the improvement of the quality of the performance of working processes associated with animal-breeding activities, investments in connection with the improvement of the genetic quality of livestock and investments aiming at the improvement of animal health conditions, traceability and investments offering preventive solutions for the case of the emergence and spread of animal diseases. Furthermore, introduction of corporate management systems and of the related services is also eligible.



*3. Supports granted for the purchase of machinery and technological equipment used in plant farming, horticulture and animal breeding – independent machinery and equipment not involving any construction work:*

Within the framework of this programme, supports can be granted for the improvement of the technological facilities of agriculture, increase of the rate of mechanization and optimization of the machinery demand of production technologies. Within this scheme, it is preferred to buy machinery having a better environmental performance (e.g.: lower consumption of energy), and to buy specialised machinery mainly for the animal breeding sector. But due to the changes in the cereal CMO, which leads to decreasing income, it is also important to purchase more cost-efficient machinery for the cereal sector.

*4. „GAZDANet” Programme:*

Within the framework of this programme, agricultural producers are granted with supports for the purchase of IT equipment. Any registered producer with a farm size exceeding 2 ESU will have the opportunity to purchase small IT equipment (hardware).

*5. Plantations:*

Within the framework of the action, supports can be granted to supplementary planting operations, changes in the breed structure of plantations, replantation for modernization purposes and to the establishment of new plantations including energy crops/plantations. Within the framework of this sub-measure support is given to plantations with energy producing purposes.

**Definition of the type of beneficiaries:**

Agricultural producers, POs formulated by them, producer groups, training farms, training plants.

Description of the requirements and targets with regard to the improvement of the overall performance of the agricultural holdings

An important indicator for the increase of the sector's competitiveness is the development of its contribution to GDP. In Hungary, this indicator dropped from 4.6% to 3.7% in the period between 2000-2005. Admitting that the importance of agriculture, together with the related areas, is showing an improving trend, we shall endeavour to stop the recent reduction observed. The point is that the decline in GDP-contribution is not the result of a significant increase at the other sectors, but it comes from a drop in agricultural production. In regional terms, the reduction in output was between 23-50% in this period. More than 40% of agriculture's gross value added comes from two Alföld regions (Észak-Alföld, Dél-Alföld), where a further decrease might lead to a resettlement of the population.

Similarly to the developments observed in GDP, employment in agriculture also decreased and in 2005, it only was 5%. When we examine the weight of the agricultural sector from the point of view of food exports, we see again a significant decrease in the last 10 years. While 10 years ago, 20-22% of exports of the national economy originated from agriculture, in 2005, this was scarcely above 6%.

Some clear factors can be identified which contribute to the overall performance of holdings. The projects realised in the framework of the measure affect several factors, which together, sometimes enhancing each other, contribute to an improvement in the performance of agriculture at national level:

Restructuring of production, finding new outlets (Improvement of the situation of activities providing higher added value, such as animal husbandry, horticulture, production of renewable energy.)

Sustainable farming (Preference for energy-saving machinery, tools, complying with the environmental provisions)

increase of the proportion of renewable energy used (Production and primary processing of renewable energy and the use of biomass in order to decrease energy costs.)

improving product quality (The presently changing product quality makes it difficult to place the goods on the market)

reduction of expenses per unit (A precondition for that is not only technical production development, but it presupposes market development and organisational development as well.)

alignment with market opportunities (Manufacturing of products that are high in demand outside the EU, too.)

development of the infrastructure (An element of efficiency increase, which was unfortunately used to a minimum extent in animal husbandry and in intensive plant growing.)

development of human resources (Promotion of an improvement in the unfavourable age mix.)

application of innovation results,

meeting the more and more sophisticated needs of consumers in terms of animal welfare, environmental protection, food safety,

promoting information dissemination,

minimisation of production differentials of the individual years from weather fluctuations (It is well known that in Hungary, major fluctuations can be observed between the different years in terms of fall, there is a strong tendency for drought, in certain areas of the country, inland waters, hailstorms are frequent, and part of these fluctuations could be compensated by technical development, by the selection of species.)

The project selection will be based on how the operation affects the abovementioned factors and the overall performance of the holding through them.

In the case of machinery investments, and for smaller-scale investments, project selection will be based on the targeted change of the most important financial data of the holding and some elements of the abovementioned factors will contribute directly for the scoring of projects (incentives promoting the purchase of energy- and environment-saving machinery and equipment, investing in sectors with greater added value, participating in special schemes like Agri-environment).

In the case of large-scale investments, the holding presents a comprehensive business plan. The business plan will be evaluated based on the extent how much the abovementioned factors are incorporated into the business processes of the holding.

### **Type of investments:**

Tangible investments: buildings, machinery, technological and IT equipment serving the improvement of competitiveness in animal breeding, plant farming and horticulture.

Intangible investments: computer software and intangible investments in association with the implementation of tangible investments.

### **Type of support:**

Non-refundable capital grant.

Intensity of support:

In relation to the eligible costs of any investment, the aggregate amount of the capital grant, the capitalized value of the interest subsidy and the guarantee fee shall be

- In the case of technological and construction investments in any subsector: not more than 40% generally, not more than 50% of investments made by young farmers generally, for other farmers not more than 50%, in the areas referred to in Art. 36, point a)(ii), (iii) of Council regulation 1698/2005/EC, and not more than 60 % for young farmers in the areas referred to in Art. 36, point a)(ii), (iii) of Council regulation 1698/2005/EC.
- In the case of technological and construction investments in animal husbandry: not more than 75% for the implementation of Council Directive 91/676/EEC (1) within a maximum period of four years from the date of Accession pursuant to Articles 3(2) and 5(1) of that Directive. In addition to construction- and technology-related investments, the scope of independent machines required for the implementation of the Council Directives is set by very strict rules and so, these cannot be used for any other activities.
- Supports granted for the purchase of machinery and mobile technological equipment used in plant farming, horticulture, animal breeding and forestry:
- In the case of specialised machinery used exclusively in the horticulture sector or in animal husbandry or for specialised machinery used in arable crops sector for storage and drying , not more than 40%, in other cases, not more than 25%.
- In the case of the GAZDANet programme: not more than 40%,
- In the case of plantations: 40% generally, not more than 50% of investments made by young farmers generally, for other farmers not more than 50%, in the areas referred to in Art. 36, point a)(ii), (iii) of Council regulation 1698/2005/EC, and not more than 60 % for young farmers in the areas referred to in Art. 36, point a)(ii), (iii) of Council regulation 1698/2005/EC.

#### **Financing:**

Public expenditure: 1.511.879.079 Euro

EAFRD contribution: 1.085.080.679 Euro

#### **Complementarity of the measure:**

##### *Coherence with the first pillar:*

Within Axis I, the measure facilitates the implementation of the measure for the set-up of young agricultural producers (Article 22) as well as the observation of the requirements based on community legal regulations (Article 31), and contributes to the implementation of Article 35: Measures for the support of producer groups (Article 35).

#### **Quantified targets for EU common indicators:**

<b>Type of the indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of farm holdings supported GAZDANet	57.800
		35.000
	Total volume of investment (EUR)	3.200 million
Result	Number of holdings introducing new products or technologies	15.500 pieces

Impact	Net additional value expressed in PPS (EUR)	5.440 million
	Change in gross value added per full time equivalent (EUR)	25.000

### ***5.3.1.2.2. Improving the economic value of forests***

#### **Articles covering the measure:**

Articles 20 (b) (ii) and 27 of Regulation 1698/2005/EC

Article 18 and point 5.3.1.2.2. of Annex II. of Regulation (EC) 1974/2006

#### **Measure code: 122**

#### **Rationale for intervention:**

In addition to sustainable forestry and the preservation of the multifunctional role of forests, important aspects include the increase of the economic values of these areas, the enhanced diversification of production and the improvement of market opportunities, since forested areas have an essential part in the economic activities of the countryside.

In recent decades, 40% of the forest areas have been privatized, and these areas suffer from especially inadequate capital supply and the lack of appropriate assets, the state of these forests has deteriorated, the existing machinery and other facilities, the applied technology and the IT background call for modernization and enlargement.

Reflecting the size and use of the respective forest areas, forestry plans are required to be based on the relevant national legal regulations as well as the available land use schemes, which are to consider properly the existing forest resources.

#### **Objectives of the measures:**

On the one hand, the measure aims at the development of the machinery used for forestry purposes, including the purchase of additional machinery and equipment, and a key role is attributed to the establishment of an IT background in order to support private forestry operations (purchase of IT equipment and software).

Beyond investments in machinery and equipment another important direction of development is the foundation, maintenance and development of reproduction-material generation bases, which is in connection with the establishment, preservation and enlargement of biological foundations.

#### **Scope and actions:**

The measure aims at supporting the purchase and development of forestry machinery and supplementary equipment, the establishment of the associated IT background and the generation of reproduction materials.

#### **Types of investments:**

Actions within the measure:

- Purchase of machinery for forestry purposes

- Support for the generation of forest reproduction materials

**Type of beneficiaries:**

Forest farmers who legally run forest farming owned by private persons or municipalities, or any partnership of these two, and have been registered by the forestry authorities, as well as farmers involved in nursery-garden production.

**Type of support:**

Non-refundable capital grant.

**Aid intensities:**

Supports may not exceed:

- 60% of the amount of investments in mountain areas, any other LFAs and NATURA 2000 areas;
- 50% of the amount of investments implemented in other areas;

**Financing:**

Public expenditure: 12.305.168 Euro

EAFRD contribution: 8.831.460 Euro

**Complementarity of the measure:**

Connection to other measures of the Programme:

The measure connects within measure class I to measures of “Value increase of agricultural and forestry products” (Article 28), to “Co-operation among agriculture, food industry and forestry aiming at the development of new products, processes and technologies” (Article 29), and to “Infrastructural improvement and development related to the development and modernization of agriculture and forestry” (Article 30). Further facilitates the realization of measures of measure class II, especially in case of measures aiming at “sustainable usage of forest areas”

Quantified targets for EU common indicators:

Type of the indicator	Indicator	Target
Output	Number of forest holdings receiving investment support	2400 pieces.
	Total volume of investment (EUR)	24 million
Result	Number of holdings introducing new products or technologies	1000 pieces.
Impact	Net additional value expressed in PPS (EUR)	2,4 million
	Change in gross value added per full time equivalent (EUR)	630

### ***5.3.1.2.3. Adding value to agricultural and forestry products***

Articles covering the measure:

Articles 20 (b) (iii) and 28 of Regulation 1698/2005/EC

Article 19 and point 5.3.1.2.3. of Annex II. of Regulation No 1974/2006

**Measure code: 123**

#### **Rationale for intervention:**

Food industry is the main market for the base-materials produced by agriculture. It enables Hungary to be self-reliant concerning all the major food materials. It has a strategic role in the employment opportunities of rural Hungary as well as in nutrition and public health. For the primary production sector the most significant problem is posed by the sales of their products, and thereby the uncertainty of the market. Their products are in general base material for the processing industry. Therefore, the development of the processing industry is of high importance also for agricultural and forestry producers. The competitiveness of small and medium-sized enterprises processing agricultural products, as well as several large companies involved in primary processing is negatively impacted by the insufficiency of capital resources, the low efficiency of live labour, the fact that no real restructuring has been implemented in the sector and the lack of concentration, specialization and modernization that would be required for the accomplishment of proper economies of scale. The profitability of these enterprises is also unsatisfactory. The level of innovation, the application of the results produced by R&D as well as the standards of marketing activities remained low.

Another option for the elimination of uncertainties in sales is the alternative utilization of the base materials produced. This end is potentially served by the utilization for energetic purposes.

The assets used by forestry woodworking as well as the identification of the related technological potential – especially in the private sector – call for modernization and enlargement. For the producer, the complex processing of wood exploited from the available stock represents an additional sale opportunity and thus the improvement of the safety of farming.

From among the various sectors of the national economy added value tends to be the lowest in agricultural production. Therefore, alongside the product course the weight of activities generating larger added value should be increased by all means.

#### **Objectives of the measure:**

The objective of the measure is to promote the increase of the value of agricultural products by means of supporting the restructuring, technological–technical development of enterprises involved in food-oriented – and non-food oriented (bio-fuel) processing activities, fostering developments that aim at the generation of novel, innovative, quality products satisfying special consumer demands and the enhancement of food safety and hygiene.

An additional objective is to improve the technological standards and income position of forest processing, encourage the primary processing of the generated biomass for energetic purposes and develop high-quality products featuring considerable added values.

### **Scope and actions:**

Within the framework of the measure such developments can be supported that – apart from fishery and tobacco products – are in connection with the processing of the products listed in Annex I of the Contract, and correspond to the objectives of the measure.

As concerning forestry products, the aim is the promotion of tangible and/or intangible investments that improve the general performance of the given enterprise by means of processing and/or distributing forestry products as well as new products, techniques and technologies in relation to such forestry products.

### **Actions within the measure):**

- Action no. 1231: Added value to agricultural products
- Action no. 1232: Added value to forestry products
- Action no. 1233: Added value to agricultural products by means of generating semi-finished or finished products for the purpose of producing energy

### **Type and size of beneficiary enterprises:**

Beneficiaries of action no. 1231 are private entrepreneurs (POs), private companies, legal entities and business entities with no legal personality, the partnerships of the foregoing that plan to implement their investments in Hungary.

Beneficiaries of action no. 1232 are forest farmers (POs) who plan to implement their investments in Hungary and operate as micro-enterprises.

Beneficiaries of action 1233 are legal entities and business entities with no legal personality that are deemed as micro-, small or medium-sized enterprises and also producer groups that plan to implement their respective investments in Hungary.

For all the actions, investments made by producers' groups, POs or agricultural holdings are preferred.

### **Description of the requirements and targets with regard to the improvement of the overall performance of the enterprises:**

Towards the improvement of the competitiveness of the sector and the individual food-industry enterprises, developments aiming at the establishment of efficient plant sizes and expedient product structures are to be fostered. In addition to the technological, technical developments that are to reduce specific costs, material and energy consumption as well as waste and hazardous material emission loading the environment, more emphasis should be paid to the generation of novel, innovative products that are flexible in satisfying the consumers' differentiated demands. Still, a key aspect is to enhance food safety and ensure traceability.

A basic condition of the long-term competitiveness of enterprises, and thus the sector as a whole, is the closest possible cooperation among the stakeholders being active alongside the product course.

### **Primary production sectors:**

#### *1. Meat and poultry industry*

##### *1.1. Meat processing and conservation*



Meat industry is traditionally an export-oriented sector. As concerning the supply of pig, cattle and sheep meat in Hungary, the rate of self-supply is 135% on the average. Due to the decreasing real incomes and the unfavourable consumer preferences in connection with red meat products, the domestic demand for the products of the meat industry dropped considerably in the 1990s. Presently, the domestic market is well-balanced but the structure of consumption is apparently in a state of transition towards products featuring higher rates of processing. The role of large retail chains gradually strengthens among the domestic channels of the meat market,.

In the oncoming years an increase of real incomes is foreseen to occur in Hungary, and therefore the volume of pig and cattle consumption is likely to rise according to the associated economic forecasts.

The export of meat industry is made up of three major product groups: livestock, meats and meat products – a categorization that at the same time reflects the respective rates of processing. Within the structure of Hungarian export the proportion of products featuring higher rates of processing has not increased in recent years.

### 1.2. Poultry processing and conservation, poultry meat products

Hungary's poultry meat production is export-oriented, the level of self-supply is 130–160%. Export is regarded as an important aspect for broilers, while in the case of the other poultry types (turkey, goose, duck) it is rather a determinant factor. The majority of processed poultry-industry products are marketed in the countries of the European Union. A distinctive feature of the Hungarian poultry industry is that the product range of processing is fairly broad in global comparison. Most of the poultry-processing plants handle two or more poultry types, which can also be regarded as a Hungarian peculiarity.

In comparison to other countries of the world it can be ascertained that Hungary has not only an outstanding position in the specific production of processed poultry, but also in the field of consumption figures. When considering per capita consumption, it can be seen that the related Hungarian figures exceed the EU average being around 20 kg, and are rather identical to the corresponding data of the leading countries. In addition, the 1990s reflected a rising tendency. From the 20–24 kg/ps level being characteristic to the early 1990s, poultry meat consumption has risen to the current 30 kg/ps.

With a view to market factors, poultry industry is in a favourable position.

### 1.3. Major developments

Modernization of the slaughtering, cutting and processing technologies. Development of the conditions of traceability, improvement of quality and the safety of product manufacturing. Enhancement of competitiveness by means of increasing efficiency and moderating prime costs. Preservation of the domestic and export markets. Increasing the range and proportion of products being subject to voluntary product certification. Reduction of environmental loading, improvement of the conditions of the management of by-products and wastes.

## 2. Dairy products

The Hungarian dairy farm is typically (net) self-subsistent, while the base-material surplus occurring year by year in variable quantities, yet around 5–10 percent in general, is put to export. The role of foreign trade is rather marginal: most of the export operations are used as buffer activities, while import has a 6–8 percent share in the domestic market on the aggregate. Nevertheless, in the market of certain products featuring large added values the share of import can be fairly large, and thus, for instance the import of dairy products totaled up to 4,000 t in 2003, and then boosted to an annual amount of 54,000 t in 2005.

Until the middle of the 1990s, the demand for dairy products was continuously decreasing, and as a consequence of the rising consumer prices and the deterioration of life standards consumption dropped altogether by 20%. From the middle of the 1990s, demands have tended to increase slowly, yet the consumption of dairy products still lags significantly behind the volume registered at the beginning of the decade. As a result of the prospective increase of incomes, the domestic market of dairy products

is anticipated to see the rise of consumption, but in the case of core products no increase in the share of import has been taken into consideration.

#### 2.1. Major developments

Improvement of efficiency and competitiveness in order to preserve positions on the domestic market. Increasing the supply of traditional and organic products. Increasing the supply of products featuring higher rates of processing. Reduction of environmental loading by means of disseminating good production practices.

#### 3. *Milling products*

In Hungary, over 1 million tons of grains are milled for the purpose of human consumption each year. Milling industry has a key role in the base-material supply of certain re-processing food-industry sectors and in the processing of domestic base materials with adequate efficiency.

Milling companies sell around 10% of the domestic turnover to the neighbouring, primarily CEFTA countries, and this volume has been more or less steadily imported in recent years. The domestic flour market is not threatened by Romania's accession to the EU in 2007, and in the border regions rather a slight increase in export is anticipated. The export–import volumes of milling products are nearly balanced with a slight export surplus. The production of milling enterprises can be characterized by low capacity utilization so the competition among the companies concerned is sharp.

#### 3.1. Major developments

Consolidation of the outdated, small-volume capacities. Establishment of a small number of modern, highly efficient mills featuring state-of-the-art technologies. Strengthening of integration for the improvement of quality and the availability of steady base-material supply. Manufacturing of special target products.

#### 4. *Feed mixes*

The output of the specialized sector manufacturing mixed feeds is largely dependent from the performance of product courses generating animal products. The competition among feed manufacturers is outstandingly sharp. 50 percent of the production output comprises pig feeds with poultry feeds and cattle feeds in the forms of pre-mixes and concentrates having a share of 40 percent and 10 percent, respectively. The relatively large number of small feed-mixing plants results from the fact that this activity is mostly integrated with animal-breeding and grain-storing operations. The average rate of capacity utilization is low, yet tends to enhance with the growing number of livestock.

#### 4.1. Major developments

Establishment of the conditions of traceability, the separation of the feeds made for ruminants from the other feed types. Improvement of the quality, regulation and standardization of feed constituents and the respective contents of the various substances, development of special products. Reduction of environmental loading.

#### 5. *Fruits and vegetables*

As concerning fruit and vegetable production, the rate of self-supply is 135% in Hungary. The fruit and vegetable sector comprises traditionally export-oriented activities, as related to the production value the rate of export is 40% on the average. At the present, deep-frozen products have a stable market, more than 50% of the total output are exported. In EU markets the expansion of deliveries can be achieved only with special and seasonally differing products. The aggregate volume of the consumption of fresh and processed fruits and vegetables has not changed in the past decade.

The specialized processing sectors of fruit and vegetable production, canning industry and refrigeration industry have witnessed a similar situation. The volume of the marketed products has decreased in the past few years, and this market tendency can only be turned over with the introduction of innovative, novel products. The export markets for the refrigeration and canning industry are located mainly in the continent, yet there is a significant difference: while the exported

products of the refrigeration industry are marketed almost exclusively in the member states of the European Union, the 60% of the export volume of the canning industry is realized outside the European Union, in the markets of third countries.

Small and medium-sized enterprises can find their feet in the market of canned and conserved products. These enterprises are able to manufacture such products that demand typically substantial rates of manual work but are popular in the high-added-value segments of the market. At the present, the share of imported canned and conserved products is around 10 percent, but from next year it is foreseen to increase.

The export orientation of vegetable and fruit processing will further strengthen both to the East and West. Benefiting from the country's agro-ecological and economic-geographical situation, the vegetable and fruit sector offers the potential of comparative advantages provided that permanent vertical interests can be established.

#### 5.1. Major developments

Strengthening of supplier relations. Introduction of modern conserving technologies. Development of the manufacturing of special products.

### 6. Wine

Hungary is a **traditional, European wine-growing country**, which as a result of her accession to the EU in 2004 is efficiently integrated into the range of wine-producing countries of the European Union. As concerning winery products, Hungary is fully self-subsistent, 95% of the grapes produced are utilized as wine.

In the past 15 years the domestic market has become extremely polarized. "Top-end" wines of protected origins, primeur wines, endemic wines have been widely recognized, while quality wines originating from specific wine-growing regions have reached up to European standards. By satisfying diverse consumer demands, the domestic per capita annual average consumption of cc. 30 l seems to be stable. In the past decade specialized wine shops have been opened; sales via supermarkets have become dominant, while the direct turnover of producers has also remained significant.

Starting out from the a depression in 1992, export sales dynamically grew until 1995, and then — due to a process of gradual decrease — it has dropped to under 600,000 hl by today. Grapes are exported as products of various rates of processing (e.g. fresh grapes, wine mash, bulk wine and bottled wine). *81.9% of the export output is marketed in the EU member states.*

In the light of the sharpening market competition, in the future only white and red wines of good or rather excellent quality could be sold in bottled volumes in excess of the current quantities. The added values of the products have to be increased (e.g. guaranteed origin, packaging, sales services, gastronomic recommendations).

The pressure of import wines on the domestic market has been aggravating. This process can be perceived in consumer habits, rather than the volumes sold. With the oversized capacities, supermarkets prefer to offer cheap or medium-category bottled wines of foreign origin. On the other hand, Hungarian wineries have the opportunity to maintain their share in the domestic market as well as to seize back some of the former foreign markets (e.g. Russia, the Ukraine), or enter the markets of the Baltic states and Scandinavia if the further improvement of quality is going on.

In Hungary, the annual average of wine production (with a single decantation) is 4 million hectoliters. The country — unlike the large wine-grower states of the EU — *has not structural surpluses*. Wine-growing and wine-processing is remarkably fractioned; there are too many coercive enterprises.

#### 6.1. Major developments

There is a *need for technological developments and concentration* both in the fields of vine cultivation and processing. Integration, cooperation and collaboration of producers are to be encouraged towards the supply of uniformly good quality in marketable volumes. By facilitating the restructuring of the sector, ecological endowments, as well as the tangible (plantations, cellars, storage facilities, bottling

facilities) and intangible (professional skills, research, training) the utilization of infrastructure could be improved. By the improvement of the quality and the conditions of entering the market as well as the retention of domestic consumers and the regaining of the trust of foreign customers, *Hungarian wine* – similarly to the wines of market-leading wine-producing countries – *could be competitive, and an important factor in the establishment of a positive country image*. Apart from the opportunities an important aspect of employment policy is that in certain regions *vine cultivation and wine production have no real alternatives*.

**Type of investments (tangible-intangible):**

Tangible investments: construction and modernization of real-estate properties, purchase and commissioning of new machinery and equipment to be started up for the first time.

Intangible assets: costs of the intangible assets and procedures in connection with the implementation of the investments.

**Type of support:**

Non-refundable capital grant.

**Aid intensities:**

40% of the eligible costs of investments.

In the case of actions 1231 and 1233, 20% for enterprises engaging more than 249, but less than 750 employees.

**State aid provisions**

In the case of adding value to agricultural products, where the product remains Annex I, the provisions of Reg. 1628/2006/EC Art. 4 (10) shall be respected.

In the case of adding value to agricultural products, where the product does not remain Annex I, and of adding value to forestry products the provisions of Reg. 1628/2006/EC Art. 4 (1) shall be respected. In this case According to the Decision of the Commission No. N 487/2006 (OJ C 256, 24.10.2006) based on this regulation the regional aid ceilings in Hungary are as follows:

1. Regions eligible for aid under Article 87(3) (a) of the EC Treaty

	1.1.2007-31.12.2010	1.1.2011-31.12.2013
HU23 Southern Transdanubia	50%	50%
HU31 Northern Hungary	50%	50%
HU32 Northern Great Plain	50%	50%
HU33 Southern Great Plain	50%	50%
HU21 Central Transdanubia	40%	40%
HU22 Western Transdanubia	30%	30%

2. Regions eligible for aid as regions of economic development under Article 87(3) (c) of the EC Treaty

	1.1.2007-31.12.2010	1.1.2011-31.12.2013
HU10 Central Hungary	25%	10%
HU102 PEST	30%	30%

For investment projects with eligible expenditure not exceeding EUR 50 million, this ceiling is increased by 10 percentage points for medium sized companies and 20 percentage points for small companies as defined in the Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124, 20.5.2003, p. 36).

### **Amount of support:**

Maximum amount of the support as per projects: HUF 450 million

Minimum amount of the support as per projects:

In the case of action 1231, HUF 500,000

In the case of action 1232, HUF 2,000,000

### **Financing:**

Public expenditure: 196.882.672 Euro

EAFRD contribution: 141.303.353 Euro

Complementarity of the measure:

#### *Coherence with the first pillar:*

Article 29 of Council Regulation 1698/2005: In the framework of the supports granted under the cited Article the application of the new products and processes developed by enterprises on the basis of this measure is preferred.

Article 32 of Council Regulation 1698/2005: Support for the development required for the processing of products that are generated by agricultural producers participating in food quality schemes.

#### *Complementarity:*

The measure is closely linked to the priority of EEOP serving the ends of supporting renewable energy resources. Primary processing facilities owned by the producers (crude alcohol, crude oil) are to be implemented with EAFRD support, while the central manufacturing facilities of bio-fuel finished products based on the former plants (esterifiers, dehydrators) will be granted with EEOP supports.

The measure is in connection with the Environment and Energy Operational Programme, as the own environmental investments of the enterprises will be backed by EEOP supports.

The measure has links to the Economic Development Operational Program, since developments in the manufacturing of food products not listed in Annex 1 of the Rome Convention are to be implemented with the support of EDOP.

Quantified targets for EU common indicators:

<b>Type of the indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of farms supported	900 pieces
	Total volume of investments (EUR)	730 million
Result	Number of holdings introducing new products or technologies	480 pieces
Impact	Net additional value expressed in PPS (EUR)	438 million
	Change in gross value added per full time equivalent (EUR)	29.200

#### ***5.3.1.2.4. Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector***

Articles covering the measure:

Articles 20 (b) (iv) and 29 of Regulation 1698/2005/EC

Article 20 and point 5.3.1.2.4. of Annex II. of Regulation (EC) 1974/2006

**Measure code: 124**

#### **Rationale for intervention:**

The competitiveness of any agricultural production entity is basically determined by the fact to what extent it is able to meet the rapidly changing consumer demands and wide-ranging special expectations. In order to remain competitive it is indispensable to develop novel products with continuously improving quality, to be in the quest for innovative solutions and to apply the most recent scientific/technological achievements. The insufficient capital resources being available for small and medium-sized enterprises in food industry, forest farmers and agricultural producers, furthermore, the high intellectual and material resource demand of the application of research results necessitate the cooperation among the different stakeholders. In rural areas the measure contributes to the generation of products that are partly demanded locally, and partly could be distributed in more remote markets. The generation of quality products as well as the implementation of developments in food safety, environmental protection and marketing potentially improve sales opportunities, strengthen the relationship and concentration of production and processing. The application of the technologies and know-how based on the results of R&D activities facilitates the acquisition of new markets and the retention of the existing ones.

At the present, in Hungary innovation in food industry is hindered primarily by the high volume of associated costs and the lack of project management services that would ensure the practical adoption of research results. There are no so-called bridging organizations that could forward and strengthen innovational processes to all the stakeholders and maintain a permanent relationship of cohesion among them.

#### **Objectives of the measure:**

The objective of the measure is the application of the results of innovation and R&D in order to generate more competitive products, furthermore, the promotion of cooperation among primary producers, the processing industry, forestry and/or third parties towards the development of new products, processes and technologies.

#### **Scope and actions:**

Within the framework of the measure, cooperative efforts aiming at the development of new products, procedures and technologies can be supported in the fields of agriculture, forestry and the processing industry.

**Definition of sectors covered:**

Professional sectors producing and processing the products that are listed in Annex I of the Contract, private entrepreneurs, (micro-) small and medium-sized enterprises involved in the generation and processing of forestry products, consortia of organizations/institutions taking part in developments.

**Definition of types of the partners involved in the cooperation projects:**

- agricultural producers
- stakeholders of the processing industry
- organizations involved in research, development and innovation activities
- bridging organizations
- sales organizations, distributors

Description of any distinction between cooperation projects in the fields of new products/new processes/new technologies:

Any project will be preferred wherein all the partner types are involved in the innovation project, and where after the market introduction of the respective product, technology or service the partners are willing to work jointly on the long run towards the development of market successes. Priority supports are to be provided to developments wherein the participants of the partnership cover a determinant proportion of the given product course.

**Types of eligible costs:**

Costs of planning, development and examination activities prior to the actual application of new products, procedures and technologies, furthermore, the costs of intellectual (intangible assets) and physical investments being in connection with the cooperation.

**Type of support:**

Non-refundable support.

**Rate of support (according to state aid rules on research, development and innovation):**

Rate of the support: 75%

Provisions of Reg. 794/2004/EC will be respected, the measure is to be notified to the Commission. Community framework for state aid for research and development and innovation, OJ C 323 (30.12.2006.) is also to be respected.

**Amount of support:**

Upper limit of the support value as per projects: 500.000.000 HUF

Minimal amount of the support as per projects: HUF 5 million



**Financing:**

Public expenditure: 36.442.225 Euro

EAFRD contribution: 26.154.707 Euro

Complementarity of the measure:

*Within the programme*

This measure is complementary to the measure titled “Added value to agricultural and forestry products” so that the new processes, procedures and technologies developed with the support of the measure can contribute to the generation of added values of agricultural and forestry products. It is also linked to the measure titled “Modernization of agricultural holdings” (Article 26), because the investment supports furnished to those ends can contribute to the introduction of new processes and the adoption of the new technologies. In the framework of the supports granted under this measure the application of new products and processes having been developed by the enterprises on the basis of this measure is preferred.

Quantified targets for EU common indicators:

<b>Type of the indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of cooperation initiatives supported	100 pieces
Result	Number of holdings introducing new products or technologies	400 pieces
Impact	Net additional value expressed in PPS (EUR)	22,4 million
	Change in gross value added per full time equivalent (EUR)	20.400

### ***5.3.1.2.5. Infrastructure related to the development and adaptation of agriculture and forestry***

Articles covering the measure:

Articles 20 (b) (v) and 30 of Regulation 1698/2005 EC

Point 5.3.1.2.5. of Annex II. of Regulation (EC) No 1974/2006

**Measure code: 125**

#### **Rationale for intervention:**

The agricultural infrastructure has not followed the changes occurring in the conditions of land ownership and land use. By today, most of the former investments in amelioration and the development of irrigation became outdated.

The proportion of irrigated and ameliorated areas is still low. Besides, a typical problem is, that a culture not fitting to the given area is planted, a not proper land usage structure has been established.. The rate of the development of water-management facilities (water supply, water storage for irrigation purposes, water retention) ensuring the stability and foreseeability of agricultural production is not adequate and greater emphasis shall be given to nature friendly water retention methods.

The management of temporary excess water and water shortage are not aligned, it is typical, that an area is prone to double risk, i.e. the same area can be hit by water abundance and drought. According to the average of several years the extent of areas covered by internal water for 2-4 months is approximately 130.000 ha-s. At some places soil degradation processes are considerable (erosion and deflation), erosion damages an area of 2,3 million ha-s, while the area prone to deflation is about 1,4 million ha-s. 52% of Hungary is at risk of flood and internal water, and two-third of the cultivated land is located on such areas. One-fourth of the country is dale-land, plain area from where water is not naturally drained. At deep, plain areas internal water systems shall be readjusted so as waters according to the Water Framework Directive shall turn into good condition, and in the meanwhile the requirements of agriculture related to water management (water drainage – water supply) shall be fulfilled. The problem of water retention shall be solved – in order to the better utilize the storage capacity of the soil, as the greatest water storage space, deeper loosening is supported – water habitat chains shall be revitalized, river beds shall be maintained and reconstructed as necessary to ensure and maintain good ecological potential (including the condition of living nature depending on surface and subsurface waters). The defence against internal water damages of areas involved in internal water systems shall be ensured. Only the construction and added value reconstruction of energy saving irrigation plants and systems are justified that are suiting to the environmental regulations and adjusted to the complex regional land management systems and reckoning with the established farm structure. To restore the mosaik type agricultural landscape, with the aim of infrastructure development, planting boundary strips, tree lines and forest belts are necessary.

An important field for the provision against the possible climate changes is the development of agricultural water management. New methods have been elaborated in the past 10-15 years to the new sustainability policy of sustainable regional water management, irrigation, water regulation, defence against internal water, and soil protection established.

The present agricultural (regional) water management infrastructure on most parts of Hungary is inadequate to the needs of agricultural water management and to the goals corresponding to those. In the same time, however, as a new aspect, according to the regulations stated in the Water Framework

Directive of EU all surface and subsurface waters and water habitats shall be brought into good condition, including the water supply of water habitat chains, water retention, providing water management needed for the good ecological condition of water transporting and storing beds and banks connected, as well as the control of water quality. The (ecological) requirements of agriculture and the environmental (ecological) requirements on large areas can be fulfilled only by developing, reorganizing, and improving the state of institutions of agricultural water management (internal water regulation, water management of the mountain area, protection against erosion, water retention, soil protection, irrigation) infrastructure, reconstructing and proper establishment of the land usage and road-system. The Programme determines with priority development purposes, agricultural water management regions, making possible the complex managing of intervention, the optimal connection to to environment and landscape and the continuation of environmental conscious farming. The aforementioned aspects are crucial to realize our netional policies and strategy, and besides to accomplish the EU's agricultural, water protection and soil protection policies and to get prepared to the expected adverse effects of the supposed climate change. Within the frame of the Programme activities can be supported, that assist in achieveing both the aforementioned economical and environmental goals. A thorough scientific research has been made referring to the location dependent environmental aspects of communal investments in irrigation, melioration and water regulation.

The infrastructural background of domestic forestry calls for considerable developments. By the modernization of forestry, the profitability of farming improves and the rate of environmental loading decreases.

The prevailing standards of the energy supply as well as the availability of roads and other public utilities for agricultural enterprises are not appropriate.

Due to the measures taken by ARDOP, the tackling of the above problems has been commenced, yet their full-scale solution requires further investments, and therefore the continuation of the facility with some shifted emphases is well justified.

### **Objectives of the measure:**

The objective of the measure is to improve the conditions and capacity utilization of the facilities required for the provision of irrigation water in order to ensure the economical use of water and energy as well as to protect agricultural lands by means of ameliorative interventions, to improve the efficiency of damage elimination and the retaining and storing potentials of water reserves.

An additional objective of the measure is to promote the use of biomass generated in agricultural plants for energetic purposes, the water and energy supply of plants, the development of the road-system and the improvement of forestry infrastrurcture. Besides, the measure aims at the facilitation of the concentration of fractioned agricultural lands in outer areas.

### **Scope and actions:**

Within the framework of the measure supports can be granted to the development of agricultural access roads and exploration roads, the facilities of energy, water supply and professional wastewater treatment, irrigation sites and ameliorative interventions within the sites, collective investments of water regulation and moreover to community investments (serving several plants at the same time) required for the operation of such facilities and works for the proper arrangement of agricultural holdings. In the course of the implementation of the measure supports can be provided for the establishment and reconstruction of exploration road networks in forests and forestry loading sites, the construction of constructed structures serving the protection of forest soils, the construction and reconstruction of narrow-gauge railways, the establishment of private forestry information centers.

*Action 1.2.5.1: Development of the agricultural plant and communal facilities of irrigation:*

- Establishment and reconstruction of water- and energy-saving irrigation plants within the holdings. Development of new water-management equipment and facilities ensuring the water- and energy-saving irrigation of agricultural lands, the delivery, distribution and control of water as well as the reconstruction of the existing facilities.
- Communal investments in the development of irrigation. Establishment and modernization of irrigation-service work(s) serving the irrigation-developmental needs of several producers.

*Action 1.2.5.2: Development of the agricultural plant and communal facilities of amelioration:*

- Investments in amelioration within the plants. Performance of ameliorative and soil-protection interventions aiming at the protection of agricultural lands against erosion, deflation, leaching and the improvement of water balance as well as the construction and reconstruction of related facilities.
- Development of the communal facilities of amelioration. Construction and reconstruction of facilities for ameliorative and soil-protection interventions aiming at the protection of agricultural lands against erosion, deflation, leaching and the improvement of water balance as to be implemented as cooperative efforts of several producers in order to cover the areas of more than one producer for each facility.

*Action 1.2.5.3: Collective investments in water-flow regulations, elimination of water damages, regulation of excess surface waters:*

- Prevention and reduction of damages caused by excess surface water and local water damages in order to ensure the safety of agricultural production with proper respect to the establishment and preservation of good ecological conditions in waters and wetlands, establishment, development and reconstruction of water bodies to be used for agricultural purposes and other water-management facilities.
- Regional developments
- Out of region developments.

Projects of the above described three actions can be preferred if they are in line with the complex micro-regional water-management and development plans. The list of micro-regions (territories) that are jeopardised by the excess surface water the most can be found in Annex 3.

*Action 1.2.5.4: Development of the forestry infrastructure:*

- Improvement of forestry by means of constructing exploration roads in forests.
- Construction of engineering structures for the protection of forest soils.
- Promotion of forest farming by means of the application of ameliorative interventions, protection of forest areas.

*Action 1.2.5.5: Development of agricultural access roads and exploration roads:*

Construction, reconstruction of dust-free or paved roads in outer areas if they have proper lot numbers.

*Action 1.2.5.6: Water- and energy-supply of agricultural plants:*

- Delivery, connection of network-based energy resources to business sites and agricultural farms. Connection to other heat-supplying networks. Buildings and facilities directly linked to such investments, facilities and equipment of technological and communal water supply and the professional treatment of the generated wastewater.
- Application of the wind-wheel energy-supply technology in order to ensure the required energy supply of sites. The investment in energy supply by the use of geothermic energy - as a renewable

energy resource – can also be supported. The energy supply of small-scale farmers and other persons living in outskirts farmsteads can also be supported.

*Action 1.2.5.7: Proper arrangement of holdings:*

- Concentration of the fractioned agricultural lands of the owners in the outer areas wherein activities to be supported include the performance of land survey works serving the ends of the arrangement of holdings, preparation of the layouts of any division, plot unification, changes, etc. Following the effective date of the Act on the arrangement of holdings (and the associated executive decree), activities connected with the full-scale arrangement of holdings will be incorporated.

*Action 1.2.5.8: Energy supply within business sites by means of using renewable energy resources:*

- Energy supply of agricultural plants within the respective business sites (except for energetic unit associated with the production of crude alcohol) by means of utilizing biomass of other renewable energy source.

**Beneficiaries:**

Agricultural producers<sup>83</sup>, the POs established by them, producer groups, legal entities and partnerships of business entities with no legal personality, registered water-management associations operating public-utility water-management works, forest farmers and local governments.

**Type of support:**

Non-refundable capital grant.

No advance payments shall be made.

**Intensity of support:**

- within the framework of Action 1251 max. 60% of the communal investments in irrigation development
- within the framework of Action 1252 max. 60% of the development of the communal facilities of amelioration
- within the framework of Action 1253 “Collective investments in water-flow regulations, elimination of water damages, regulation of excess surface waters” max. 70%.
- for Action 1254 max. 80%
- for Action 1255 and 1257 40%
- for Action 1256 max. 70%
- for Action 1258 max. 70%

**Financing:**

Public expenditure: 215.103.785 Euro

EAFRD contribution: 154.380.707 Euro

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<sup>8</sup> agricultural producers as determined by the Regulation No. 1782/2003 EC, Article 2, point a)

Complementarity and demacroration of the measure:

*Complementarity within the programme*

In the framework of Axis I, the measure promotes the infrastructural connection of investments implemented under the measure titled “Modernization of agricultural holdings” to the existing and implemented investments of the region.

Within the framework of the measure support can be granted to pipelined energy resources and their connection to the technological and communal sites. Developments within the sites are to be supported by measure under code 121.

Quantified targets for EU common indicators:

<b>Type of the indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of investments supported	2.500 pieces
	Total volume of investments (EUR)	415 million
Result	Increase in gross value added of supported farms (EUR)	430 million
Impact	Net additional value expressed in PPS (EUR)	600 millio
	Change in gross value added per full time equivalent (EUR)	19.500

### ***5.3.1.3. Measures aimed at improving the quality of agricultural production and products***

#### ***5.3.1.3.1. Meeting standards based on Community legislation***

##### **Legal basis:**

Articles 20 (c)(i) and 31 of Regulation (EC) No 1698/2005. Article 21 and point 5.3.1.3.1 of Annex II of Regulation (EC) No 1974/2006.

##### **Measure code: 131**

##### **Rationale for intervention:**

After the country's accession to the EU, the observation of a number of new environmental protection, animal health, animal welfare, work safety and plant health regulations has become and will become obligatory for parties involved in agricultural production. Due to the developmental supports furnished in recent years, the technological background of agricultural activities has been subject to the commencement of renewal, the assets affected by environmental requirements are in the process of replacement. Compliance with such regulations represents extra costs and lost revenues for producers. The compensation of the considerable expenditure incurred in connection with the observation of such requirements is necessary in order to promote the competitiveness of the sector with special respect to the fact that in certain cases compliance with the standards involves the loss of incomes. The compensation of costs and the make-up of lost incomes are foreseen to result in the effectuation of the activities by agricultural producers as soon as possible towards environmental protection, proper public health and the preservation of the natural environment.

##### **Objectives of the measures:**

The general objective of the measure is to improve the competitiveness of animal-breeding and horticultural sectors and to compensate the additional costs arising from the observation of certain regulations concerning environmental protection, public health, plant health, animal welfare and work safety.

The accomplishment of the above objectives potentially contributes to the preservation of the current employment opportunities, the improvement of the income position of the farms, the early and wide-ranging dissemination of soil- and environmental-friendly production methods and technological solutions serving the ends of sustainable production and land use.

##### **Scope and actions:**

The measure is aimed at the compensation of the additional costs arising from the observation of certain regulations concerning environmental protection, public health, animal welfare and work safety.

##### **Actions within the measure:**

- Compliance with environmental requirements serving the ends of animal breeding
- Compliance with animal welfare and animal health requirements serving the ends of animal breeding
- Compliance with Good Farming Practice requirements

**Beneficiaries:**

Registered agricultural producers, parties involved in animal-breeding.

**List of standards based on Community legislation eligible for support, date from which the standard is mandatory in accordance with Community legislation and justification of choice:**

Standard	Regulation	As from	As to
Environmental compliance of animal husbandry sites)	Gov. Decree No 314/2005. (25/12) on Environmental impact assessments and integrated permits	Oct 31 2007	Oct. 31 2012
	Gov. Decree No. 21/2001. (14/2) §26 (1)-(2) and (4)-(5) on the rules of air quality protection	Oct 31 2007	Oct. 31 2012
	Gov. Decree No. 27/2006 (II.7.) §16 a) on the protection of waters against pollution caused by nitrates of agricultural sources	Oct 31 2007	Oct. 31 2012
	Gov. Decree No. 27/2006 (II.7.) §16 b) on the protection of waters against pollution caused by nitrates of agricultural sources	Oct 31 2007	Oct. 31 2012
	Gov. Decree No. 27/2006 (II.7.) §17 a) on the protection of waters against pollution caused by nitrates of agricultural sources	Oct 31 2007	Oct. 31 2012
Compliance with the traceability requirements	Reg. No. 47/2005. (V.23.) FVM on the marking of sheep and goat species and a Uniform Recording and Identification System for that purpose.	Jul 9 2005	Jul 9 2010
	Reg. No. 116/2003 (XI.18.) FVM on the marking of pigs and a Uniform Recording and Identification System for that purpose.	Feb 10 2004	Feb 10 2009
Compliance with animal welfare requirements concerning hens	Council Directive 1999/74/EC of 19 July 1999 laying down minimum standards for the protection of laying hens.	Jan 1 2007	Jan 1 2012



Compliance with “Good Farming Practice” requirements	Annex 2, aspect 6, rule 3 of Regulation 4/2004. (I.13.) FVM on the definition of the “Good Agricultural and Environmental Conditions” and “Good Farming Practice” required for simplified area payment scheme and rural development support claims.	13 Jan 2004	13 Jan 2009
	Annex 2, aspect 2, rule 4 of Regulation 4/2004. (I.13.) FVM on the definition of the “Good Agricultural and Environmental Conditions” and “Good Farming Practice” required for simplified area payment scheme and rural development support claims.	13 Jan 2004	13 Jan 2009

**Type of support:**

Non-refundable, flat-rate, degressive compensation payment.

**Total amount of support:**

Granted for a maximum term of five years in a maximum amount of 10,000 EUR/5 years/holding.

**Rate of support:**

**100%** (EU funds 75%, national funds 25%), **between 15 euro/LU and 350 euro/LU based on the standards. Degressivity starts on these values.**

**Financing:**

Public expenditure: 47.564.203 Euro

EAFRD contribution: 34.136.988 Euro

**Complementarity and demacration of the measure:**

*Complementarity within the programme*

Within the framework of Axis I, the measure facilitates the implementation of the measure entitled “Setting up young agricultural producers”, and is further linked to the measure entitled “Modernization of agricultural holdings”, and contributes to the accomplishment of the objectives of Natura 2000 concerning agro-environmental and animal-welfare payments.

**Verifiability**

The Managing Authority ensures the adequacy and accuracy of the calculations of payments. The appropriate expertise making evident the consistency and plausibility of the calculations is provided by the Agricultural Economy Research Institute (AKI).

**Quantified targets for EU common indicators:**

<b>Type of the indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of farms supported; - environmental protection; - animal welfare, - health; - horticulture;	5.000 pieces 2.300 pieces 1.200 pieces 1.100 pieces 400 pieces
Result	Number of farms meeting the new standards	4.950 pieces
Impact	Net additional value expressed in PPS (EUR)	1,8 million
	Change in gross value added per full time equivalent (EUR)	200

### **5.3.1.3.2. Participation of farmers in food quality schemes**

#### **Articles covering the measure:**

Articles 20 (c) (ii) and 32 of Regulation 1698/2005 EC

Article 21 and point 5.3.1.3.2. of Annex II. of Regulation (EC) No 1974/2006

#### **Measure code: 132**

#### **Rationale for intervention:**

In rural areas job opportunities beyond agricultural activities are limited, as impacted by the employment rate being characteristics of such regions and not reaching up to the national average in general. The income-generation ability of agricultural activities and the return of capital expenditure therein are much worse than in other sectors of the national economy. This low income level of the rural population is largely affected by the fact that products are not processed locally, since the potentials for the generation of added values in this respect are not available. The quality of products in many cases tends to be under the average standards due to the outdated technologies tuned for industrial mass production. The increasing demand for food safety and quality also requires from agricultural producers to keep pace with quality expectations and enhanced consumer demands. All the above factors call for the encouragement of agricultural producers and parties involved in food processing to join the relevant quality assurance systems.

#### **Objectives of the measure:**

Development of food-industry and local products/services, increase of the associated added value, enlargement of the product range, promotion of the participation in food quality systems.

#### **Scope and actions:**

Product development, improvement of the quality of agricultural products, new quality systems, introduction of trade marks and brand names, establishment of product/production requirement schemes and supporting the costs of compliance with the existing systems recognized in the EU and national levels. The measure's priority objective is to facilitate the implementation of the foregoing via participation in food quality systems.

#### **Actions within the measure :**

- Traditional–special products attached with geographical indications  
Promotion of the participation of food and agricultural products in quality systems complying with the requirements specified in EU Regulations 509/2006/EC and 510/2006/EC, facilitation of the compliance with quality indications and support to the control of products having earned such quality indications.
- Products manufactured in the framework of other food quality systems recognized in Hungary  
Promotion of the obtainment of other national certifications, quality indications, the introduction of their use thereof, and support for the compliance, improvement and control of such products

within the framework of the respective food quality certification systems as set forth in Section 2 of Article 22 of Regulation 1976/2005/EC.

- **Manufacturing of organic products**

Support can be granted for the parties involved in processing activities and complying with the requirements of EU Regulation 2092/91/ECC to achieve the compliance with the respective certifications and to the control of products having earned such certifications.

- **Manufacturing of quality wines**

Manufacturing of wines of protected origin that are produced as subject to stricter requirements than quality wines and originate from wine-growing areas specified in EU Regulation 1493/1999/EC.

### **Beneficiaries:**

Agricultural producers who participate in any of the quality schemes listed as part of the measure with their own products.

In the case of action entitled “Manufacturing of organic products”, in the years of 2007–2008 only those producers will be deemed as eligible for support who have not participated in the five-year agro-environmental support scheme announced in 2004 on the basis of the National Rural Development Plan.

From 2009, all the producers and parties involved in processing activities complying with the requirements of Council Regulation 2092/91/ECC are entitled to receive such supports for a maximum term of five years within the seven-year tenor of the measure.

### **List of Community and national quality schemes eligible for support:**

- Directive 509/2006/EC
- Directive 510/2006/EC
- In relation with Directive 2092/91/ECC:
  - 140/1999 (03/11) Gov. Decree,
  - 74/2004 (01/05) Decree by the Min. of Agric. and Rural Dev.
- In relation with Directive 1493/1999/ECC:
  - Act XVIII of 2004
  - 97/2004. Decree by the Min. of Agric. and Rural Dev.
  - Legal regulations on the individual wines of protected origin

Indication of the official authorities responsible for the supervision of the functioning of the quality scheme and description of the organizational arrangements for the supervision:

- In the case of Directive 509/2006/EC: (the drafting of the legal regulation is in progress)
- In the case of Directive 510/2006/EC: (the drafting of the legal regulation is in progress)
- In the case of Directive 2092/91/ECC: Biokontroll Hungária Kht, Ökogarancia Hungária Kht.
- In the case of Directive 1493/1999/EC: Evaluation committees of the respective wine-growing regions as specified in the legal regulations on the individual wines of protected origin

**Amount of support per type of eligible scheme:**

Amount of the support: maximum EUR 3,000 per farm and p.a..

**Type of support:**

Non-refundable support with cost reimbursement, incentive payment on an annual basis for a maximum term of five years during the seven-year tenor of the measure with the associated extent to be established on the basis of the level of fixed costs arising from the participation in the supported schemes.

**Financing:**

Public expenditure: 20.114.216 Euro

EAFRD contribution: 14.436.040 Euro

**Complementarities of the measure:**

The measure is complementary to the measures entitled “Modernization of agricultural holdings” and “Added value to agricultural and forestry products”, since the investments aimed at the manufacturing or processing of the products concerned are prioritized.

Regional operational programmes, on the other hand, do not support agricultural producers participating in food quality schemes, and thus there is no overlapping among the various programmes.

Quantified targets for EU common indicators:

<b>Type of the indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of supported farm holdings participating in a quality scheme.	7000 pieces
Result	Added value of agricultural production under recognized quality scheme (EUR)	49 million
Impact	Net additional value expressed in PPS (EUR)	83 million
	Change in gross value added per full time equivalent (EUR)	26.000

### ***5.3.1.3.3. Information and promotion activities on food quality schemes***

#### **Articles covering the measure:**

Articles 20 (c) (iii) and 33 of Regulation 1698/2005/EC

Article 23 and point 5.3.1.3.3. of Annex II. of Regulation (EC) No 1974/2006

#### **Measure code: 133**

#### **Rationale for intervention:**

Due to their undertaking additional obligations and incurring extra costs, agricultural producers who participate in any quality assurance scheme cannot pay appropriate attention to the promotion of their products and the provision of information to the consumers. At the same time, consumers should be kept more informed on the existence and properties of the products manufactured within the framework of the mentioned quality schemes. Producer groups are to be supported in their effort to inform the consumers as well as encouraged in the sales of the products manufactured within the framework of quality systems supported under Article 32 of Regulation 1698/2005/EC.

#### **Objectives of the measures:**

The objective of the measure is to encourage consumers to purchase products belonging to the scope of quality schemes, promote the establishment of channels serving the ends of the popularization of products that are manufactured in such quality schemes as well as to strengthen the existing promotional channels.

#### **Scope and actions:**

Activities to be effectuated within the framework of the measure are to call the consumers' attention to the specific or favourable properties of the products concerned, with particular respect to quality, special production techniques, the compliance of the related quality schemes with the strict animal-welfare and environmental requirements, and they are to serve the dissemination of the scientific and technological information connected with the products concerned. These supports can be granted exclusively for information, promotional and advertising activities in the internal markets. No information and/or promotional activity may focus on a specific brand name, and any reference to the origins of the products should be subordinated to the main message of the campaign.

#### **Actions within the measure :**

The measure involves PR activities encouraging the purchase of products belonging to any of the quality schemes, promotion and advertisement, information campaigns as well as participation at regional, national, international and European-level events, fairs and exhibitions. Within the information and/or promotional programme, activities can be combined.

**Definition of beneficiaries:**

“Producer groups”. As irrespective of the actual legal form, a “producer group” can be any organization that in relation to a given product embraces the market players that actively participate in a quality system specified in Article 32 of Regulation 1698/2005/EC. Professional and/or inter-sectoral organizations representing one or more sectors may not be deemed as “producer groups”.

**Summary description of the types of eligible costs:**

Eligible costs: general expenses of these activities, honorariums, traveling costs, daily allowances, participation fees for fair(s), costs of advertisements, costs of various media appearances, costs of meetings and group travels, IT costs of equipment and facilities, publications and circulation costs.

**Type of support:**

Non-refundable support.

**Rate of support:**

70% of eligible costs of the activities.

**Financing:**

Public expenditure: 36.442.225 Euro

EAFRD contribution: 26.154.707 Euro

Complementarity of the measure:

*Complementarity within the programme*

The measure is directly linked to the measure entitled “Support to agricultural producers participating in food quality schemes”. In order to avoid the risks of double financing – in accordance with Section (4) of Article 10 of Commission Regulation 1071/2005/EC providing for the establishment of detailed rules on the adoption of Council Regulation 2826/2000/EC on the measures connected with the dissemination and promotion of agricultural products in the internal markets –, under the above-mentioned Regulation these information and promotional activities can be financed solely from one of the financial resources – EAFRD or EAGF fund – under the title of Community financial contribution.

*Complementarity among the programmes to be implemented from EU resources*

Among regional operational programmes, this measure has links to the operational programmes of the South Transdanubian Region, the North Hungarian Region and the Central Transdanubian Region, as the development of quality wine production is a key aspect in the historical wine-growing areas.

Quantified targets for EU common indicators:

<b>Type of the indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of supported actions	500 pieces
Result	Value of agricultural production under recognized quality label (EUR)	115 million

Impact	Net additional value expressed in PPS (EUR)	184 million
	Change in gross value added per full time equivalent (EUR)	27.000



#### **5.3.1.4. Transitional measures**

##### **5.3.1.4.1. Supporting semi-subsistence agricultural holdings undergoing restructuring**

###### **Articles covering the measure:**

Article 34 of Regulation 1698/2005/EC

Article 34 and point 5.3.1.4.1. of Annex II. of Regulation (EC) No 1974/2006

###### **Measure code: 141**

###### **Rationale for intervention:**

By basic alterations in agricultural ownership and plant structure a large number of private farms have been established, a great part of which produce only for self-subsistence or for the slender supplement of their income. A favourable trend of the past few years is, that while the number of self-subsistence farmers or those selling their excess products on markets (semi subsistence farmers) has decreased, the number, area and family manpower of farms mainly producing goods has increased. It is obviously seen that **emphasis** based on farming goal is shifting towards the production of goods, and in the meanwhile the rearrangement of semi-subsistence farms being able to develop and sell the excess goods can contribute to this. Semi-subsistence farms are defined to be in between market-oriented farms with full-time employment potentials and full-subsistence rural households. They do not generate products in larger volumes to cover the subsistence of one or more persons, yet produce a considerable part of marketed agricultural products. Both in terms of size and performance and with respect to their role taken in the employment of the rural population, this group of farms is highly diversified. The related statistical estimates indicate that the number of semi-subsistence farms having the capabilities of developing into market-oriented entities with sufficient support is somewhere around 20,000.

###### **Objectives of the measure:**

The provision of assistance to small farms that are capable of market-oriented production and to comply with the requirements posed by market challenges but suffer from insufficient capital resources, the subsistence and development of agricultural activities performed by such farms, the improvement of their income-generation opportunities as well as the facilitation of their transition to market-oriented production.

###### **Scope and actions:**

The objective of the support is to assist farms partially involved in market-oriented production (semi-subsistence farms) in their transition to market-oriented production by means of the provision of supplementary supports.

**Definition of beneficiaries:**

The beneficiaries of these supports are those primary producers, private entrepreneurs and family farmers who apart from self-subsistence sell a part of their agricultural products in commercial turnover.

Definition of semi-subsistence farm taking into account the minimum and/or maximum size of the farm, the proportion of production marketed, and/or the level of income of the eligible farm:

The semi-subsistence farm:

- Is involved in agricultural activities
- Minimum 50% of its total revenues arises from agricultural activities
- In the year prior to the disbursement of the support its total sales revenues from agricultural activities came to be 2–4 ESU.

**Definition of future economic viability:**

In terms of economy, any farm can be deemed as viable if by the end of the 5<sup>th</sup> year it is able to meet the economic viability criteria measured in ESU and estimated on the basis of the standard margin. The economic performance with respect to the gross revenues (realized on agricultural activities and other related operations as specified in the business plan) reaches up to 5 ESU. After the third year, any support can be disbursed only if at the time of the review the semi-subsistence agricultural holding fulfills the undertakings described in the business plan, and by the end of the third year the applicant has realized 80% of the annual sales revenues targeted by the end of the 5<sup>th</sup> year, unless with proper reasons, such as some unavoidable obstacle, it can confirm the unfeasibility of the same. If the revenues of the application realized on agricultural activities exceed 6 ESU, then supports may be disbursed for the oncoming years only if it does not apply for any other, investment-type measure.

**Summary of the requirements of the business plan:**

- It guarantees that the agricultural holding has the potential to become economically viable with proper respect to the supplementary nature of the other income sources of the agricultural household;
- It contains the details of the necessary investments;
- It describes the actual milestones and objectives.

**Type of support:**

Non-refundable, flat-rate support, for a maximum term of five years.

**Amount of support:**

Upper limit of the support value as per holdings: 1,500 €/year.

Duration of support:

For a maximum term of five years

**Intensity of support:**

**Financing:**

Public expenditure: 18.221.113 Euro

EAFRD contribution: 13.077.354 Euro

**Complementarity of the measure:**

**Complementarity within the programme:**

Only such farmers shall qualify for the support of semi-subsistence farms who possess appropriate agricultural qualifications. The transition of the farms being eligible for the support into viable, market-oriented enterprises invariably calls for the expansion of the professional knowledge and information of the farmers, and thus the measure is closely linked to the measure entitled “Professional training and information actions” as well as the measure entitled “Use of farm advisory services”. Agricultural holding above 6 ESU can be the beneficiaries of the advisory services as well.

Quantified targets for EU common indicators:

Type of the indicator	Number of semi-subsistence farms supported	Target for 2013
Output	Number of beneficiaries	35.000 pieces
Result	Number of farms entering the market	4.000 pieces
Impact	Net additional value expressed in PPS (EUR)	0,4 million
	Change in gross value added per full time equivalent (EUR)	12.000

#### **5.3.1.4.2. *Setting up of producer groups***

##### **Articles covering the measure:**

Articles 20 (d) (ii) and 35 of Regulation 1698/2005/EC

Article 25 point 5.3.1.4.2. of Annex II. and Annex III. of Regulation (EC) No 1974/2006

##### **Measure code: 142**

##### **Rationale for intervention:**

After the change of the political regime in Hungary, the plant system of the Hungarian agriculture witnessed a transformation process, and as parallel the subordinated standing of the producers, and in particular private entrepreneurs strengthened against the other stakeholders of the various product courses. The organization system of agriculture now can be characterized by the dominance of micro-enterprises that can become competitive only with proper market cooperation. In spite of the incentive supports provided for the encouragement of cooperative efforts, at the present the rate of market organization of farmers is still low, there are just a few partnerships established for the purposes of joint purchases, sales, storage activities and sometimes processing operations. Supports for organizations of producers, forest farmers, and producer groups is also justified by the fact that with the country's becoming a member of the EU domestic producers are forced to compete with the producers of the old member states in the common market, with these latter ones being in general more organized as a result of a development process of several decades.

##### **Objectives of the measures:**

The objective of the measure is to facilitate the steady marketing of the products of agricultural producers by means of supporting the establishment, operation and enlargement of producer groups.

##### **Scope and actions:**

The support intends to contribute to the costs of the establishment and operations of producer groups that hold proper governmental recognition resolutions.

##### **Definition of beneficiaries:**

Under Decree 81/2004 (04/05) by the Ministry of Agriculture and Rural Development on producer groups, those producer groups are eligible to apply for such supports that have been granted with governmental recognition by the Minister of Agriculture and Rural Development for a term until December 31 2013, and established with the purposes of adjusting the production outputs of the members to the prevailing market demands, marketing their products jointly, serving the customers in large quantities, as well as determining and adopting joint rules.

In the framework of this measure – in order to avoid parallel supports –, no support may be granted to producer sales groups involved in the fruit and vegetable sector, or producer groups being active in the tobacco and fish sector.

**Type of support:**

Non-refundable, flat-rate support that can be disbursed for the first five years after the date of the recognition of the group.

**Rate of support:**

The rate of the support corresponds to the extent of support specified in the Annex of Regulation 1698/2005/EC.

Accordingly, the upper limit of the support value:

- to producer groups with an maximum aggregate production value of EUR 1 million:
  - 5% of the marketed production value for each of the first and second year,
  - 4% in the third year,
  - 3% in the fourth year,
  - 2% in the fifth year;
- to producer groups with their aggregate production value exceeding EUR 1 million, in accordance with Section 1 above up to EUR 1 million, and for the part of the aggregate production in excess of EUR 1 million the extent of support shall be:
  - 2,5% of the marketed production value in excess of EUR 1 million for each of the first and second year,
  - 2% in the third year,
  - 1.5 in each of the fourth and fifth year;
- for any group the actual amount of the support may not exceed:
  - EUR 100,000 for each of the first and second year,
  - EUR 80,000 in the third year,
  - EUR 60,000 in the fourth year,
  - EUR 50,000 in the fifth year;

**Financing:**

Public expenditure: 72.884.452 Euro

EAFRD contribution: 52.309.415 Euro

**Complementarity of the measure:****Consistency with first pillar:**

Owing to their economic and social functions, established producer groups, as well as agricultural producers acting as the members of such producer groups may as well be preferred entitled parties, beneficiaries of measures aiming at the restructuring and development of physical resources, and the promotion of innovation, and in addition may be subject to the measure encouraging participation of food quality schemes. A part of the memberships of producer groups are constituted by semi-subsistence farms.

The measure is directly linked with the measure entitled “Use of farm advisory services”, as part of the measure is to provide group professional advisement to the members of agricultural producer groups, the beneficiaries of the support are the producers groups. Apart from the enhancement of the efficiency of support, the potential to be beneficiaries under other titles can represent further encouragement for the establishment of the groups, as well as for active participation therein.

Quantified targets for EU common indicators:

<b>Type of the indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of producer groups supported	300 pieces
	Turnover of supported producer groups (EUR)	3.200 million
Result	Gross value added by supported producer groups (EUR)	300 million
Impact	Net additional value expressed in PPS (EUR)	510 million
	Change in gross value added per full time equivalent (EUR)	26.500

## **5.3.2. Axis II.: Improving the environment and the countryside**

### ***5.3.2.1. Measures targeting the sustainable use of agricultural land***

**In the application of Art.39 (3) of Regulation (EC) no. 1698/2005 the minimum requirements for the use of fertilizers and insecticides, and other relevant compulsory requirements were specified in Hungarian provisions of law. The requirements are detailed in the „Cross-compliance, minimum requirements,, sub-chapter of measure 5.3.2.1.4. Agri-environment payments.**

In the application of Art.40 (2) of Regulation (EC) no. 1698/2005 miscellaneous relevant compulsory requirements specified in national provisions of law are detailed in the "Animal welfare specifications" sub-chapter of the 5.3.2.1.5. *Animal welfare payments measure.*

#### ***5.3.2.1.1. Natural handicap payments to farmers in mountain areas***

This measure will not be introduced within the frame of the New Hungary Rural Development Programme.

### ***5.3.2.1.2. Payments to farmers in areas with handicaps, other than mountain areas***

#### **Article which covers the measure:**

Subpoint (ii) of Point a) of Article 36. and Articles 37. and 93. of Regulation No. 1698/2005/EC and Articles 13-20 of Chapter V. of Council Regulation of 1257/1999/EC referred therein as well as Section (3) of Article 15 of Annex I

Section (6) of Article 27. of Regulation No. 1974/2006/EC and Point 5.3.2.1.2. of Annex II

Code of the measure: 212

#### **Rationale for intervention:**

The measure contributes to the maintenance of grassland areas, the utilisation of abandoned land areas, provides supplementary income for the producers maintaining agricultural activities in areas with unfavourable conditions. Indirectly, it stimulates a transformation of the production structure, with the farming of livestock adapted to the unfavourable conditions, representing market significance and a special character (being often endangered species). In the concerned areas, compensation payments may contribute to the maintenance of farming activities, an improvement in the viability and situation of the agricultural holdings. The measure contributes to the realization of the goals of the Water Framework Directive.

#### **Objectives of the measure:**

The main purposes of the measure are: development of a production pattern in accordance with the specificities of the production area, environmentally aware farming and sustainable landscape use; expansion and improvement of rural employment and income generation opportunities, development of a new, alternative rural economic environment, complying with the requirements of environmental protection, and ensuring the continuation of agricultural activities and the maintenance of agricultural land use on less favoured areas, as well as contribution to the preservation of viable rural communities.

#### **Scope and actions:**

Hungary implements the programme of “Assistance to less favoured areas” in line with the terms provided for in Articles 19 and 20 of Regulation No. 1257/1999/EC. It shall be implemented as a follow-up of the measure in Chapter 4.2 of the National Rural Development Plan, approved by the EU Commission on July 20 in 2004 (hereafter: LFA), with further development thereof, at least until December 31, 2009.

Hungary did not make use of the possibility ensured in Article 18, because there are no such areas in the country that would meet the criteria set by the above-mentioned article of the EU regulation.

Areas falling under the scope of Article 19 are areas homogeneous from the point of view of natural production conditions exhibiting all of the three characteristics specified in the article, i.e:(areas with poor productivity, difficult land use; lower-than-average production; low density of the population with high share of agricultural workers). The total area of such territories is 395,402 ha, representing 6.3% of the total cultivated land (in terms of effective land use), and 4.25% of the country’s territory.



According to Article 20, LFAs are areas with special disadvantages, where farming shall continue, according to the needs and subject to certain conditions, in order to conserve and improve the environment, maintain the area and keep the tourism potential of that territory. With reference to Article 20, Hungarian areas were selected on the basis of 2 out of a total of 4 specific handicaps (agronomic limiting factors), appearing simultaneously: severe soil acidity, severe soil salinity, extreme soil water management conditions (inundations, wetland) and extreme physical soil characteristics. The total area of such territories is 488,156 ha, representing 7.77% of the total cultivated land (in terms of effective land use), and 5.24% of the country's territory.

The total area of less favoured area territories is 883,558 ha, representing 9.5% of the country's total territory and 14% of the total cultivated land (in terms of effective land use).

### **Beneficiaries and eligible areas:**

Assistance can be provided to each registered agricultural producer (natural and legal persons), carrying out agricultural activities in an area, eligible for assistance, taking account of the following criteria:

- Doing business in an area specified in Articles 19 or 20 of Regulation No. 1257/1999/EC;
- The beneficiary shall be a land user;
- The minimum size of eligible area is: 1 hectare of forage producing area (pasture or arable land);
- The minimum size of the lot shall be 0.3 ha;
- No payment can be made, if the following crops are grown: autumn or spring wheat, rice, sunflower, corn, sugar beet, potato, industrial purpose crops and vegetables;
- Holdings with more than 50 percent state ownership share could not receive support;

### **General provisions:**

- continuation of farming activities on LFA areas for 5 years after the first transfer of the compensatory payments\*;
- complies with the standards of „good agricultural and environmental condition“ as provided in Annex IV of 1782/2003/EC Regulation;
- From 2009 onwards, the rules of the cross-compliance<sup>\*\*</sup>, *as provided by Annex III. of 1782/2003 EC Regulation shall* be complied with as well on the whole territory of the agricultural holding keeping farm management records;
- Recording of a Farm Management Records;

Legend:

\* The LFA assistance is given annually in accordance with the Regulation of 1698/2005/EC. During the period of commitment lots gaining assistance can be replaced, in case each area has LFA legitimacy.

Confirmation that the cross-compliance requirements are identical to those provided for by the Regulation (EC) num. 1782/2003:

From 2009 onwards, the rules of the cross-compliance, relating to the introduction of SPS, shall be followed on the whole territory of the farm. Between 2007 and 2009, in compliance with the rules of Good Agricultural and Environmental Condition is compulsory for the beneficiaries, and the

requirements included in the national legislation shall be followed. (e.g. in nitrate-sensitive areas, the rules of Good Farming Practice)

**Provisions of support:**

Normative, area-based, unit price, non-refundable compensatory payment.

**Level of Support:**

100% (EU funds 80%, national funds 20%)

**Amounts of Support:**

The payment due to other less favoured areas shall be at least 25 euro for each hectare of the used agricultural territory (in terms of effective land use). In areas with other disadvantages, the payment shall not exceed 150 euro per effective land use.

The payment levels of the compensatory payment are determined by the calculations listed below, and by the exchange rates used in the National Rural Development Programme (NRDP) and accepted by the Committee:

- The payment levels of the compensatory payment were calculated on the basis of reference data for the gross production income (GPI). The national GPI average for forage crops producing areas (arable and pasture) is 88,841 HUF / 374,13 euro. In a next step, 80% of the national average figure was calculated, equal to 71,073 HUF / 299.31 euro.
- On the areas specified by Article 19: the average of the GPI values for the respective communities was calculated, the result is: 50,736 HUF / 213.66 euro. The size of the payment is the difference to 80% of the national average figure (rounded up): 20,400 HUF / 85.9 euro/ha.
- On the areas specified by Article 20: the average of the GPI values for the respective communities was calculated, the result is: 68,563 HUF / 288.74 euro. The size of the payment is the difference (to 80% of the national average figure): 2600 HUF / 10.94 euro/ha (rounded up). In accordance with Art. 37, paragraph (3) of Council Regulation 1698/2005/EC, payments shall be fixed within the boundaries of minimum and maximum amounts, determined in the Annex of the Regulation. In accordance with that, the amount is increased of 20.94 euro, calculated in respect of Article 20, to the minimum amount of the payment, 25 euro, in line with Article 37 of the said Annex.
- In the case of a territorial overlap, the payment level under Article 19 applies.

In order to avoid overcompensation, the degressivity level applicable to the different sizes of land shall be as follows:

**Degressivity of payments, subject to the size of the farms (total use of arable, grassland and plantations)**

Farm area (ha)	Degressivity (payment level)
1-50,99	100%
51-100,99	90%
101-300,99	80%
301-500,99	70%
501-	50%

**Rationale of degressivity:**

The proposed degressivity is related to economic aspects of farming, namely to economy of scale, capital availability and the standards of European Size Unit (ESU) as a unit for viable farm holding. Due to the factors mentioned over a certain threshold of size the effects of natural and economic handicaps are gradually reduced in farm holdings.

**Financing:**

Public expenditure: 23.587.240 Euro

EAFRD contribution: 18.128.184 Euro

**Transitional arrangements:**

In 2010, parallel to the introduction of a new designation methodology of the EU for LFAs, Hungary also intends to review its present designation method. As a result, a significant modification can be expected in the methodology of the designation, in the designated areas, in the range of crops allowed for production and in the determination of the amounts of the compensatory payment.

The payments delayed by the LFA commitments will continue in the EAFRD programming period, on the basis of Art. 6 of 1320/2006/EC.

**Control:**

The control of the support is done by the Paying Agency with the assistance of the competent authority.

Complementarity and designation criteria:

*Within the Programme*

The measure and the other measures of the Axis II are interrelated in terms of their goals and effects, therefore, consideration shall be given to the interrelation of the individual measures, eventual additional consequences of the funding and determination originating from the previous programming period.

The LFA measure is in close connection with the complex system of agri-environmental measure (Art. 39) and with the support provided for grassland areas under Natura 2000 measure (Art. 38) to be implemented. The LFA compensatory payments can be requisited together with the agri-environmental and Natura 2000 payments, as LFA compensatory payments serve as income supplement on the one hand, and measures had mentioned committed in order to reach the goals of the payments are different from each other, on the other hand.

The measure is connected with the "Training and information activities" measure, within the framework of which a professional training of ensured for potential beneficiaries in respect of conformity with cross-compliance, relating to the introduction of SPS.

In case of several measures, at judging the applications it is considered as judging point if the applicant farms on an LFA area. Such measure is the support for afforestation realized within the frame of axis II, and from among measures of axis I Article 26, supports related to the modernization of agricultural plants.

The maintenance of the cultivated landscape, prevention of an increase in uncultivated land and assistance provided to operations shall contribute to an improvement in the quality of rural life and shall increase the effect of the measures included in the Axis III.

Quantified targets for EU common indicators:

<b>Type of the indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of the beneficiaries of the payment <ul style="list-style-type: none"> <li>▪ number of beneficiaries under Art. 19</li> <li>▪ number of beneficiaries under Art. 20</li> </ul>	7,800 pieces 5.100 pieces 2.700 pieces
	Size of the agricultural area concerned by the programme <ul style="list-style-type: none"> <li>▪ size of the area under Art. 19 (ha)</li> <li>▪ size of the area under Art. 20 (ha)</li> </ul>	350,000 ha 210.000 ha 140.000 ha
	Size of the livestock affected by the programme	130,000 LU
	Contribution of the agricultural area used (effective land use) affected by the compensatory payments in order to avoid an abandonment of the land use	150.000 ha
Impact	Within the agricultural area used (effective land use), the size of the area used for arable farming, where the quantity of the useful nitrogen administered (organic and artificial fertilizers together) is less than 170 kg/ha/year (with the condition that on nitrate sensitive areas the quantity of nitrogen administered with organic fertilizers shall not exceed the value of 170 kg/ha/year)	350,000 ha
	Increase of the livestock in the areas concerned during the assistance period	13.000 LU

### ***5.3.2.1.3. Natura 2000 payments on agricultural areas and payments linked to the implementation of the Water Framework Directive 2000/60/EC***

Article (and paragraph) which covers the measure:

Article 36 a) iii. and Art. 38 of Regulation No. 1698/2005/EC

Article 26, 27 Section (6) and 5.3.2.1.3 in Annex II of Regulation 1974/2006/EC

Code of the measure: 213

Rationale for intervention:

Natura 2000 payments

The unique landscape features, natural conditions, natural capital, the size of the protected areas in Hungary represent a very high rate in a European comparison. The areas designated or proposed for designation in Natura 2000 represent about 1.96 million hectares, or 21% of the country's territory. In the areas of the European ecology network located in Hungary, 467 areas have been selected as Special Areas of Conservation (SAC) – a total of 1.41 million ha –, and 55 Special Protection Area (SPA) were specified, with a total area of 1.36 million ha. The annual compensation provided for the private farmers concerned ensures the long-term sustainability of the Natura 2000 network over the long term, it provides a farming prospect for those involved and also has a substantial educative effect.

Payments related to 2000/60/EC directives

In accordance with the purpose of the Water Framework Directive No. 2000/60/EC of the Council and of the European Parliament, having entered into force on December 22, 2000, the deterioration in the condition of waters shall be prevented and a "good condition" of waters in Europe shall be achieved by 2015. For the water-basins of the EU and their subsystems, a water-basin management plan shall be prepared by December 31, 2009. An elemental part of this plan represent the implementation programmes developed, including the implementation of development projects for small-area water rotation, promoting the use of territory and landscape, the protection of surface and subsurface waters. In Hungary, such projects cover four partial water-basins (Danube, Tisza, Drava and Lake Balaton water-basins) and their 17 subunits. In order to preserve the good condition of waters, it is necessary to provide an environmentally sound use of the territory. A significant part of the water-basin territories, for which the water-basin management plan shall be prepared, is identical with the areas of vulnerable water-basin areas or the nitrate-sensitive areas, for which compulsory provisions apply, on the one hand, and within assistance given to agri-environmental management measures, priority is given to producers operating in such areas, on the other.

Hungary intends to achieve the objectives determined in the Water Framework Directive by the existing means, that is, by giving compensatory payments to the Less Favoured Areas, rules applicable to land use, with compulsory character in the Natura 2000 areas and with the respective compensatory payments, as well as a dissemination of voluntary environmentally sound methods for land use, e.g., assistance to agri-environmental management, to forestry-environment and afforestation.

Based on the above, this Chapter of the programme covers only the measure relating to the payment of compensatory payments for the Natura 2000 areas.

Objectives of the measure:

Assistance shall be provided to agricultural producers for the purpose of their farming in the Natura 2000 areas, in order to allow them to manage the disadvantages resulting from the implementation of Council Directive 79/409/EEC of April 2, 1979, on the conservation of wild birds and of Directive 92/43/EEC of May 21, 1992, on the conservation of natural habitats and of wild fauna and flora.

The main objective of the measure is to preserve and sustain, by way of upkeeping environmentally sound land use methods, the favourable conservation situation of the indicative species and selected habitats listed in the respective EU legislation; ensuring the settings for the natural condition and for a management of creating and sustaining such a condition, protection of the species and of habitats in the indicated areas (with particular regard to grasslands with high levels of biodiversity), as well as the enforcement of compliance with the rules of land use, in line with the provisions.

For areas of outstanding importance from the biodiversity point of view, and cultivating branches, to which no compensatory payment can be payed within the frame of this measure (e.g.: wetland), beyond compulsory regulations voluntary supports of agri-environmental measure serve the realization of environmental protection goals.

### **Scope and actions:**

In the Natura 2000 areas, the payment of the compensatory payment is a compensation for the compliance with the compulsory provisions determined in the Regulation on the provisions for land use, it is differentiated by directions of use and determined in function of additional costs and lost income. It is payable in an annual order, to the agricultural producers, subject to certain eligibility criteria.

Land uses implemented in the different land use sectors contribute to different extents to the sustainability of the species and of the flora/fauna in the Natura 2000 areas, the conservation of biodiversity, therefore, when the compensatory payment is paid, the conservartion of the grassland shall have priority. (Conservation of forests is also of outstanding importance, still, it is supported in accordance with Art. 46.) The measure shall be introduced in 2007.,

Protection shall be ensured exclusively for indicative species and types of habitats that had been used for the specification of the area. In order to maintain the favourable natural condition of the Natura 2000 areas, it is necessary to apply certain minimum provisions for land use that are compulsory for producers in the Natura 2000 areas, on the basis of Art. 38, a compensatory payment can be paid for this reason. The rules for land use are determined by national legislation. Another precondition for the payment of compensatory payments is the provision of active participation in the recording to the habitat's data.

A two-level system is planned to be implemented that shall bring adequate results both in terms of the conservation of diversity in agriculture, in accordance with the Göteborg objectives and a social acceptance of the Natura 2000 network.

- due to the compulsory provisions, the preservation of the values to be conserved, that also served as a basis of the designation of the Natura 2000 areas, can be ensured
- programmes including further voluntary commitments (these are the provisions of the agri-environmental schemes, in the case of forest areas, the provisions of the forest-environmental programmes), resulting, in addition to the preservation of the protected species, habitats, in the development of the habitats

Within the framework of NHRDP, the main goal of the two-level system is that by establishing the proper assistance system of agri-environmental measures, to achieve as significant overlap between areas included in the agri-environmental farming and Natura 2000 as possible, for voluntary limitations can have greater positive effect on environmental factors, then compulsory limitations. In order to achive the above stated goal in case of judging the applications for the support of agri-

environmental measures priority is given to those farming on Natura 2000 areas. The collaboration of advisors in providing information and in the preparation of farmers is also considered to be important.

The determination of the methodology and of the agronomic requirements, serving as points of reference for the calculations to justify the additional costs, as well as for the calculations of foreseeable income from disparities, in the areas concerned in connection with the implementation of Directives No. 79/409/EEC and No. 92/43/EEC:

The rate of the compensation is established, on the basis of the additional costs of complying with the provisions set by the national legislation and lost revenues connected therewith.

### **Beneficiaries and eligible areas:**

Any registered agricultural producer (natural or legal person carrying out agricultural activities) who

- carries out their business in Natura 2000 areas indicated in LPIS (Land Parcel Identification System) determined according to the directives of 79/409/EC or 92/43/EC;
- the beneficiary shall be a land user;
- Holdings with more than 50 percent state partnership share are not eligible for support
- eligibility is valid only as long as the Commission of the European Union does not make a different decision.
- the minimum size of eligible area is: 0.3 hectare of , grassland,
- the minimum size of the lot shall be 0.3 ha;
- Natura 2000 payments are not eligible if energy plantation is established on the area concerned
- If the area is subsidised under the Guarantee unit of EAGGF – within the NRDP AE measure (*agri-environmental training in the framework of the National Rural Development Plan*) (Regulation No. 150/2004.(X.12.) MARD.), or the EAFRD measure (Art. 39), it is no longer eligible for the present assistance.

### **General programme prescriptions:**

payments are the provision of active participation in the recording to the habitat's data.

- complies with the standards of „good agricultural and environmental condition“ as provided in Annex IV of 1782/2003/EC Regulation.

From 2009 onwards, the rules of the cross-compliance<sup>\*\*</sup>, as provided by Annex III. of 1782/2003 EC Regulation shall be complied with as well on the whole territory of the agricultural holding.

### **Provisions of support:**

Normative, non-refundable, area-based compensatory payment

### **Level of Support:**

100% (EU funds 80%, national funds 20%)

### **Amount of support:**

Basis level Natura 2000 payments:

- In the case of grassland, subject to provisions therefor, an expected 30-35€/ha)

**Financing:**

Public expenditure: 49.939.878 Euro

EAFRD contribution: 38.381.740 Euro

Avoidance of double funding:

No assistance can be provided in respect of the areas subsidised under this title of assistance, if an assistance to that same area is provided simultaneously (under Art. 31), regarding a measure aimed at serving compliance with Community legislation, and in connection with the implementation of the voluntary agri-environmental commitments, determined in Art. 39.

**Respect of standards – reduction or cancellation of payments:**

In case beneficiaries do not comply requirements implemented in Articles 4 and 5 Annex IV of Regulation 1782/2003/EC due to causes chargeable to them, then the total amount of payment shall be reduced or deleted.

In case the supported person do not accomplish partly or fully the regulations of the the payment according to the Natura 2000 directives then at determining the detailed regulations concerning decrease and exclusion, severity, extent, regularity and permanence of non-compliance must be observed.

In case the authorized person breaks the legal environmental legislations and the decision made by the authorities states that the damage caused:

- can be restored, then the agricultural producer is obliged to reimburse the support given for that year;
- unrestorable, then the agricultural producer is obliged to reimburse the required payment and is definitively excluded from the support programme.

Beneficiaries till 2009 shall only apply provisions as provided for in article 143b of Regulation num. 1782/2003, the mandatory requirements to be respected are those provided for in Article 5 and Annex IV (good agricultural and environmental condition) to that Regulation.

Verifiability and controllability:

Control of the assistance is carried out by the Paying Agency, with the involvement of the competent professional authority.

Complementarity and designation criteria:

*Within the Programme*

In the course of designing the domestic assistance system for the Natura 2000 areas, a two-level system was developed, and so, the measure is connected with the assistance given to the agri-environmental payments (Regulation No. 1698/2005/EC, Art. 39). In addition, commitments regarding further Natura 2000 and WFD programme elements can be made, in order to promote activities aimed at habitat development, in addition to the preservation of nature's values. In case of several measures at judging the application it is of pointing value if the person is farming on a Natura 2000 area.

The measure is related to the Natura 2000 (forest) payments (Art. 46), as well as to the measures of voluntary assistance under the forest-environmental specific programme (Art 47). Through the investments connected with the elaboration of sustainability/ development plans regarding locations with high natural values, actions aimed at environmental awareness, sustainability, recovery and modernisation of natural heritage, as well as the development of areas representing high natural



values, the goal of the measure is to preserve and modernise rural heritage (Art. 57). This latter will allow to prepare the sustainability/development plans for the Natura 2000 areas. Through the increase in public welfare, it is also directly connected with the measure of assistance to non-productive investments (Art. 41).

The measure shall exercise a favourable effect on the stimulation of tourism-related activities (Art. 55), by the assistance of environment-conscious use of the landscape and for the preservation of rural heritage.

Transition arrangements:

In the case of this measure, no provisional measures are required.

Quantified targets for EU common indicators:

<b>Type of the indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	The number of subsidised farms in the Natura 2000 area/	10,000 pieces
	Subsidised effective land use, Natura 2000 area	250.,000 ha
Result	Effective agricultural use under Natura 2000 (effective land use)	250.000 ha
Impact	Reversal of the reduction in biodiversity (stock index of wild birds nesting at agricultural areas: 2000=100%)	5%
	Protection of the high natural value areas	250.000 ha
	Change of the gross nutrient balance (nitrogen excess)	-1.25 kT
	Increase in the production of renewable energy (oil equivalent)	0 kT

### **5.3.2.1.4.A. Agri-environmental payments**

#### **Article (and paragraph) which covers the measure:**

Art. 36 a) iv. and Art. 39 of Regulation No. 1698/2005/EC

Article 27 and Section 5.3.2.1.4 in Annex II of Regulation 1974/2006/EC

Code of the measure: 214.A

#### **Rationale for intervention:**

In a significant part of the country, there is a need for land use change and identifying new directions for agricultural land use furthermore regional priorities (changing the land use on areas threatened by flood and inland waters, restoration of semi-natural farm management systems). Arable land is still endangered by the processes that deteriorate the quality and productivity of soil (erosion, acidification, salinisation, compaction and the negative nutrient balance), the unreasonably low rate of grazing based environmentally sound livestock husbandry and the lack of environment-conscious nutrient management, which hinder sustainability.

The agri-environmental payments contributes to the development of rural areas and provides environmental services for the whole of the society. They encourage farmers to apply production methods that are compatible with the sustainable use of the environment, the landscape and the natural resources and the conservation of genetic sources on agricultural lands.

The measure contributes to the fulfilment of the commitments undertaken in Gothenburg regarding the reversal of the decrease of biodiversity until 2010 and to the fulfilment of the objectives under the Water Framework Directive.

#### **Objectives of the measure:**

The main objectives of the measure are: assistance to sustainable development of rural areas, preservation and improvement of the environment's condition, reduction of environment pressure of agricultural origin, provision of environmental services, strengthening of agricultural practices based on a sustainable development of natural resources. There is also an intention to provide special support to the preservation of the genetic diversity on farm, the conservation of nature, protection of water resources, and the soil, with the development of an environment-friendly production and sustainable soil management.

#### **Scope and actions:**

In the framework of the measure farmers and other land users are eligible for support. when taking voluntary agri-environmental commitments for a period of at least five years (or, in case of certain schemes, for 10 years).

In addition to a compliance with provisions originating from environmental cross-compliance, to be respected on the whole territory of the farm, the agri-environmental commitments shall exceed the minimum requirements specified in Articles 4 and 5 of 1782/2003/EC and its Annexes III and IV, as well as the requirements applicable to the use of fertilizers and pesticides and commitments shall exceed the provisions established by national legislation and other provisions determined in the programme.

Payments to farmers for the fulfilment of provisions determined in the measure shall be made on an annual and area basis (per hectare,) with the aim to compensate for the increased costs and income forgone in connection with the fulfilment of the provisions.

**Cross-compliance/ minimum requirements:**

Guidelines set in Articles 4 and 5 of Regulation 1782/2003/EC and its Annexes III and IV, as well as the standards of “good agricultural and ecological condition” shall be determined in national legislation.

Minimum requirements in respect of nutrient management and use, as well as in respect of the use of pesticides are included in the national legislation as listed below.

Farmers receiving support must fully comply with these minimum requirements on the entire area of his/her farm.

National (domestic) legislation	Requirement
Pesticide use	
Act XXXV of 2000 on plant protection (Articles 26-27 and 37) MARD Decree no. 5/2001 (Jan 16), Article 16 MARD Decree no. 36/2001 (May 18), Article 16	During agricultural activities, only pesticide and fertilisers permitted by the authorities may be used and only in full compliance with technological requirements and provisions on use rights.
MARD Decree no. 89/2004 (May 15), Articles 34-36	Pesticides shall be kept in premises or in a cupboard that may be locked safely and that are separated from premises used by humans and animals, or from premises where foodstuff and forage are kept, and it shall be kept in a way that prevents fire or explosion damage and in a way that is not dangerous to health or environment.
Act XXXV of 2000 on plant protection Articles 44 (2)	It is illegal to store pesticides within one kilometre from Lake Balaton, Lake Velencei, Lake Tisza, from the full length of waters designated for swimming, and within the protective area of waterworks and water supply locations.
MARD Decree no. 13/2003 (Nov 11), Articles 3-4	All package and covering materials emptied shall be collected, handled and disposed appropriately.
MARD Decree no. 5/2001 (Jan 16), Article 21-22	In the course of plant protection activity, only equipment in appropriate technical condition may be used for spreading pesticide.
Nutrient management	
Regarding nitrate sensitive areas	
Gov. Decree 49/2001 (April 3) Annex 1	The amount of nitrate spread in a n agricultural area may not exceed yearly 170 kg/hectare.

Gov. Decree 49/2001 (April 3) Annex 1 Sections 2 and 4	It is illegal to spread fertilizer between 1 December and 15 February. Fertilizer may not be spread on frozen soil, on soil covered by water and on soil fully covered by snow. "Soil fully covered by snow" means that the area is covered with snow that is at least 5 cm thick. The soil is frozen if it is permanently frozen to a depth exceeding 5 cm.
Gov. Decree 49/2001 (April 3) Annex 1 Section 5	Fertilizer may not be spread in a 10 m area from any surface water, springs or any well used for animal or human consumption.
Applicable to all areas	
Act LV of 1994 on agricultural land (Article 62 Section 2-4)	The improvement of land that is acidified, salinified or covered with sand may be done based on an official permission and in compliance with relevant legislation.
Act LV of 1994 on agricultural land (Article 66 Section 2) Gov. Decree 50/2001 (April 3)	The spreading of cleaned wastewater, wastewater sludge and manure may only be done based on an official permission and in compliance with relevant legislation.

(For instance: Act XXXV of 2000 on plant protection, on the system of provisions for good agricultural practice, promoting the implementation of the nitrate directive.).

#### **Areas of the measure (sub-measures, activities):**

The agri-environmental support system is carried out through area based schemes of horizontal and zonal features. Considering the high diversity of natural characteristics of the agricultural areas and giving priority for various opportunities for high level environmental commitments 21 different AE schemes are developed within this measure.

The measure can be divided into 4 sub-measures on the basis of the agricultural land use,,: arable crop production, grassland management, permanent crops (fruit and grapes) and wetlands.

- Certain agri-environmental schemes can be uptaken on the whole eligible area of the country, i.e. the payments are horizontal.
- Certain schemes of the programme are provided for farmers farming in designated area also marked in LPIS (Land Parcel Identification System), so in addition to the horizontal provisions, special provisions may also be undertaken. Provisions that can be applied in these areas are called zonal schemes. 3 different zonal schemes were worked out: schemes for nature conservation, soil and water protection,.

Furthermore, the measure can be divided, on the basis of the agricultural land use into 4 sub-measures: arable crop production, grassland management, permanent crops (fruit and grapes) and wetlands .

In the case of the arable and grassland sub-measure, provisions of horizontal and zonal scope have been developed, in the case of the other sub-measures (permanenet crops and wetlands), the implementation of the provisions are horizontal.

The schemes are not be combined, therefore for a single plot support may be applied for under only one title.

In case of certain sub-measures (arable crop production, permanent crops) the requirements of the programme may be divided in two segments, namely there are fixed and optional requirements.

Undertaking of the optional requirements results in a higher amount of support for the support, depending on the requirement.

land use	nature of scheme	scheme	payment rate*
Arable land	horizontal	A.1. Integrated (ICM) Crop Management Schemes on arable land (including arable vegetable production)	
		A.2. Organic Farming Scheme (including arable vegetable production)	
	zonal	A.3. Arable farming schemes for nature protection A.3.1 Arable farming for great bustard habitat development A.3.2 Arable farming for bird habitat development A.3.3 Arable farming for habitat development A.3.4. Arable farming for wild goose and crane protection	
		A 4. Long term environmental set-aside scheme	
		A.5. Anti-erosion scheme	
Grassland	horizontal	B.1. Extensive grassland management scheme	
		B.2. Arable land conversion into grassland and converted grassland management scheme	
	zonal	B.3. Grassland management schemes for nature protection B.3. 1. Grassland management for great bustard habitat development B.3. 2. Grassland management for corncrake habitat development B.3. 3. Grassland management for Habitat development B.3. 4. Grassland creation for nature protection	
Permanent crops	horizontal	C.1. Integrated (IFP) Fruit Production scheme	
		C.2. Organic Fruit Production Scheme	
		C.3. Management of traditional orchards scheme	
Wetlands	horizontal	D.1. Natural and semi-natural wetland habitats scheme D.1.1. – Protecting natural water-related habitats D.1.2. – Conversion of arable land into water-related habitat	
		D.2. Extensive fishponds management scheme	
		D.3. Reed management scheme	

\*The amounts of support are to be decided.

### General programme prescriptions:

meeting the eligibility criteria of the appropriate scheme for the involved areas of the programme during the support period,

participation on agri-environmental training programme,

keeping farm management records,

keeping all requirements in Articles 4 and 5 of Regulation 1782/2003/EC and its Annexes III and IV, as well as the compliance with the standards of “good agricultural and ecological condition” on whole farm,

and in respect of nutrient management and use, as well as in respect of the use of pesticides on whole farm.

Ensuring that the expectations regarding cross-compliance correspond to the provisions of Regulation 1782/2003/EC:

Guidelines set in Articles 4 and 5 of Regulation 1782/2003/EC and its Annexes III and IV, as well as the standards of “good agricultural and ecological condition” shall be determined in national legislation.

Minimum requirements in respect of nutrient management and use, as well as in respect of the use of pesticides are included in the national legislation.

For instance: Act XXXV of 2000 on the system of provisions for good farming practice, promoting the implementation of the nitrate directive.

### **Short description of the sub-measures and their expected environmental effect:**

#### A. Arable crop production

##### Horizontal Schemes

##### A.1. Integrated Crop Management scheme on arable land

The spreading of environment friendly plant production practice with reasonable nutrient management, integrated plant protection, crop rotation, basic soil protection and appropriate cultivation to protect the soil and the water above and under the surface.

##### A.2. Organic Farming scheme on arable land

The spreading of the ecological management practice according to the one defined in Council Regulation 1991/2092 (nutrient supply and plant protection) to improve the physical and natural environment (soils, waters, biodiversity).

##### Zonal Schemes

##### A.3. Arable farming for nature protection

**The following arable schemes** are available in different designated High Natural Value Areas

##### A.3.1 Arable farming for great bustard habitat development scheme

Arable land use for specific bird protection, which enables the appropriate handling of habitats for bustards, stone curlews, rollers, imperial eagles, saker falcons, red footed falcons, duck-hawks and other protected bird species/small game related to arable land.

##### A.3.2 Arable farming for bird habitat development scheme

Arable land use for bird protection purposes, the aim of which is to secure the living conditions and the natural habitat of predator birds, grey partridge, quail and small game. Its requirements lower the negative effects on natural values by using widespread agricultural technology.

##### A.3.3 Arable farming for habitat development s scheme

Arable land use for agricultural protection; the measure is primarily important for preserving the structure of the landscape. In addition to the decrease of the environment impact on the soil and the water, the measure provides appropriate living conditions for the protected species.

##### A.3.4 Arable farming for wild goose and crane protection scheme

Special arable land use for bird protection purposes, the aim of which is to secure the food supply of certain migrating birds (namely wild goose, duck and crane) for the autumn and the winter The special cropping pattern and the limited harvesting contributes to the protection of small game.

#### A.4. Long term environmental set aside scheme

For the purpose of improving and protecting the physical environment, the cessation of arable crop production near sensitive and endangered water supplies and areas threatened by erosion or flood. The program is for a period of 10 years.

#### A.5. Anti-erosion scheme

Support is provided for agronomic changes required for the protection from erosion effects in areas affected by erosion but where land use change is not necessary.

### B. Grassland management

#### Horizontal Schemes

##### B.1. Extensive grassland management scheme

This scheme targets the protection of grasslands with a high natural value, which supports the application of an ecological management practice that is extensive and is based on stock-farming and complies with ecological management standards and appropriate grassland management (nutrient supply, plant protection).

##### B.2. Arable land conversion into grassland and converted grassland management scheme

In arable lands of low productive value the support of changing arable land cultivation into grassland management in the interest of preserving the physical environment (soil, water supplies) and improving it.

#### Zonal Schemes

##### B.3. Grassland management for nature conservation

**The following grassland management schemes** are available in different designated High Natural Value Areas

###### B.3.1 Grassland management for bustard habitat development scheme

Special grassland use for bird protection, the specific purpose of which is the creation and maintenance of the habitats of bustards, stone curlews, rollers, imperial eagles, saker falcons, red footed falcons, duck-hawks and local adders and the protection of these species.

###### B.3.2 Grassland management for corncrake habitat development scheme

Grassland management is destined for specific bird protection. Its primary aim is to preserve wet grasslands to meet the nesting and nutrition needs of the corncrake. If its requirements are met, the habitats of other related plants and animals may be protected.

###### B.3.3 Grassland management for habitat development scheme

Grassland management is with the purpose of protecting the nature. Its primary aim is to restore the natural water cycle of the given area, to create puffer zones around sensitive natural areas and the protection of protected species and their nesting areas.

**The following grassland management schemes** are available in all designated High Natural Value Areas

###### B.3.4 Nature conservation purpose grassland establishment scheme

Grassland establishment for natural protection is to increase grasslands of high biodiversity with a plant composition similar to the natural state. The special cultivation technology enables the plantation of the main species in the natural and near natural grasslands of the area.

## C. Permanent crops

### C.1. Integrated fruit production scheme

This horizontal scheme is to spread integrated production methods and processes, that are environment-friendly (reasonable material management, integrated plant protection, appropriate cultivation) and meet international standards. This environment-friendly production provides fresh, safe and healthy fruits and grapes for the canning industry, wine production and for consumption.

### C.2. Organic fruit production scheme

The aim of the scheme is the spreading of the environment-friendly production processes that comply with the organic standards (nutrient supply and plant protection) and requirements listed in Council Regulation 1991/2092.

### C.3. Management of traditional orchards scheme

Horizontal programme, the aim of which is to preserve the gardening culture that may still be found in the country, to preserve the traditional grape and fruit production procedures, to maintain the significant plantations from the aspect of the landscape (orchards in flood-basins, for example) with related species.

## D. Wetlands

### D.1. Natural and semi-natural wetland habitat schemes

#### D.1.1. – Maintenance of natural wetland habitats scheme

This action is destined for maintenance of the current use in areas with high biodiversity to preserve the protected and endangered bird and mammal species.

#### D.1.2. – The conversion of arable lands into wetland habitats scheme

The conversion of areas less fit for arable crop production into areas of high biodiversity in order to improve the conditions for protected and endangered bird and mammal species.

### D.2. Extensive fishponds management scheme

This scheme is designed for the maintenance of the extensive management of areas with high biodiversity to preserve the protected and endangered bird and mammal species.

### D.3. Reed management scheme

This scheme is designed for the maintenance of the management of areas with high biodiversity to preserve the protected and endangered bird and mammal species.

Supplementation of the support:

### **Preservation of plant genetic resources on farm**

In addition to compliance with the provisions of arable schemes farmers are entitled to a higher amount of support **when cultivating rare arable crops or vegetable varieties with a cultural or genetic value** (listed in Annex 4. and 5. of the Programme).

Definition of the livestock unit:



There is a necessary divergence regarding livestock unit definitions of Annex 5 to Regulation 1974/2006/EC concerning Art. 27 paragraph (23) of Regulation 1974/2006/EC within the framework of the agri-environmental grassland management schemes and the preservation of genetic resources.

With regard to Hungary, in case of sheep and goats the livestock unit of 0.1 instead of 0.15 shall be used due to the following reasons:

The goat and the sheep have only 10% of the weight proportion compared to the cattle.

The sheep generally kept in the European Union are bigger (72 kg per sheep) than in Hungary. 90% of the sheep stock in Hungary is the Hungarian merino, the weight of the female of which is 48.2 kg at the age of one and 55.5 kg as a grown-up according to the herd-books. It is also reasonable due to the fact that the maintenance capacity of the grazing areas is smaller in Hungary

The livestock unit rates are converted according to the amount of droppings per annum based on the amount of N per livestock unit (85 kg) provided by Eurostat, and, as a result, the sheep and the goat (mixed age group) the livestock unit multipliers have been decreased to 0.1 from 0.15.

Calculation of the payments and agronomic evaluation:

To be completed, subject to the provisions of the individual schemes

#### **General:**

When calculating the agri-environment payment calculations, the principles defined by the EU Commission have been applied, that is, the compensation of the loss of income due to management regulations and the possible increase of costs, which have been supplemented by the reimbursement of transactional expenses. The following transactional expenses have been applied: the costs of planting grassland, loosening the soil (mid-depth), soil examination and the costs of nutrient management.

The process of calculation consists of the following steps: Defining the single agri-environmental steps, defining the agronomic effect of the provisions, based on the agronomic effects, the calculation of the lost income/ income growth/ cost growth/ cost decrease factors, and, finally, the accumulation of the factors above with regard to the provisions and the calculation of profit loss. The final step is the rounding of the profit loss down to the nearest thousand, and the result is the proposed amount of support.

The calculations are based on the 2003-2005 data from the FADN operated by the Agricultural Research Institute and regarding the operational costs the 2006 factual data made available by the Agricultural Machinery Lease Enterprises Association. With regard to certain special topic areas the data above have been supplemented by the individual specialized organizations (EG: Association of Biokultúra Organizations, the National Association of Fish Producers and the Fruit and Vegetable Product Board).

In accordance with Art. 22, paragraph (4) of Council Regulation 1974/2006/EC, the regular costs of participating in quality systems have not been considered when calculating the subsidy.

#### **Agri-environmental undertakings:**

In the framework of the measure, agricultural producers who take voluntary agri-environmental commitments exceeding the minimum requirements to nutrient management and plant production specified in national legislation, are eligible for support for a period of at least five years.

According to the rules and principles applied by the EU Commission so far, and in contrast with the term of other programmes (5 years), for the **long term soil set aside scheme (A. 4) the period shall**

**be 10 years.** The reason for this is the provision of long term protection of highly susceptible physical environment (water aquifers, severely eroded areas) also in line with the requirements of the Water Framework Directives. This scheme is also corresponding to the current Member State's practice.

**Beneficiaries and eligibility criteria:**

Beneficiaries of the measures are any registered agricultural producer (natural or legal person carrying out agricultural activities).

Eligibility criteria:

- enter arable land, grassland, pond or reed of 1 ha, and in case of plantation, bog or swamp, 0.3 ha into the relevant scheme
- own or legally use the land entered into the scheme(s) during the period of the support.
- meet the eligibility criteria of the scheme(s) desired to be participated in
- Uptake of zonal schemes is only possible within designated areas also recorded and set in the LPIS (land parcel Identification System) on physical block level.

**Criteria for the selection of subsidised entities:**

In this case, the selection of the subsidised entities shall be made on the basis of horizontal, as well as measure-specific economic and environmental criteria.

Evaluation criteria include first of all, the environmental sensitivity of the area (e.g.: Natura 2000 areas, nitrate sensitive areas, areas with a sensitive water supply) to be included in the programme, as well as the agricultural character of the area in question (e.g. the proportion of agricultural employees), and the expertise of the applicant in environmentally sound farming (e.g.: former participation in agri-environmental management scheme), as well as the criteria for rural development (e.g. type of farming enterprise).

**Type of support:**

Normative, area-based, non-reimbursable assistance

**Amounts of support:**

100% (EU funds 80%, domestic funds 20%)

**Payment rates and upper level of support:**

The payment rates are subject to the provisions of the schemes applied, taking into account the species/types of crops to be produced (e.g. arable crop vegetable and other arable crop culture; in case of a plantation, with regard to the type of fruits).

Different amounts are used depending on the way of grassland utilisation: grazing/mowing.

Payments, to be made on an annual basis, shall cover the additional costs related to commitments and the income forgone. If necessary, they may cover transactional costs as well.

The amount of the support cannot exceed the maximum amounts set in the Annex to Regulation No. 1698/2005/EC. In the case of annual plants, EUR 600, in the case of specialised perennial crops, EUR 900 euro, in the case of other uses of land, EUR 450 per hectare.

The expected payment rates by schemes:

A) Arable schemes: 180-390 Euro/ha

B) Grassland schemes: 40-120 Euro/ha

C) Permanent crop schemes: 210 – 800 Euro/ha

D) Wetland schemes: 30 – 430 Euro/ha

List of arable and vegetable plant varieties endangered with genetic erosion

See Annex 4 and 5 of the Programme.

### **Financing (Programmes A and B):**

Total public expense: 1.044.019.991 Euro

EU contribution: 802.390.910 Euro

### **Transaction costs:**

The costs required for the application for support (e.g. the costs of obtaining certificates) are eligible, as transactions costs.

### **Shifts between schemes:**

During the support period (the period of the commitment) there is a possibility to shift between sub-measures, but only within the same land use (in case of arable land, grassland and plantation), exclusively in order to move to higher-level commitment. The change between schemes does not have an impact on the period of the initial commitment.

### **Amendments and adjustment:**

Subject to justification, during the support period, there is a possibility to reduce the areas involved by the commitment, but solely in the case if no on-site inspections apply to the area to be reduced and no irregularity occurred.

### **Respect of standards – reduction or cancellation of payments:**

When beneficiaries receiving payments under this measure do not respect on the whole holding, as a result of an action or omission directly attributable to them, the mandatory requirements provided for in Articles 4 and 5 of and in Annexes II and IV to Regulation num. 1782/2003, the total amount of their payments to be granted in the calendar year in which the non-compliance occurs shall be reduced or cancelled.

The reduction or cancellation of payments shall also apply in cases where beneficiaries receiving agri-environmental payments do not respect on the whole holding, as a result of an

action or omission directly attributable to them, the minimum requirements for fertiliser and plant protection product use referred to in Article 39.3 of Council Regulation 1698/2005.

Beneficiaries till 2009 shall only apply provisions as provided for in article 143b of Regulation num. 1782/2003, the mandatory requirements to be respected are those provided for in Article 5 and Annex IV (good agricultural and environmental condition) to that Regulation.

In case the beneficiary do not comply partly or fully with the provisions of the the scheme then at determining the detailed rules concerning decrease and exclusion, severity, extent, regularity and permanence of non-compliance must be observed.

Control:

**Control of the support is carried out by the Paying Agency, with the involvement of the competent authorities.**

Zonal designations within the agri-environmental measure:

Farmers operating within designated areas for nature conservation, soil protection and water protection (e.g. Water Framework Directive) can apply for schemes limited to these special areas. Provision (management prescriptions) applied in these areas called zonal provisions. Uptake of zonal provisions is only possible within these designated areas also recorded and set in the LPIS (land parcel Identification System) on physical block level.

**Provisional arrangements (containing the estimated amounts):**

In the framework of the agri-environmental programmes for the year 2004, the expenses of the commitments made for 5 years remain in force in the EAFRD programming period, on the basis of Art. 5 of 1320/2006/EC. (for the period 2007-2009, the determination of the National Rural Development Plan shall be financed)

Complementarity and designation criteria:

*Complementarity to the other measures of the Programme:*

The measure is directly connected with the "NATURA 2000" measure (Art. 38.), these are the areas that make one of the territorial categories of the measure.

The measure "Non-productive investments" (Art. 41) promotes the introduction of agri-environmental farming and the implementation of its provisions, with the realisation of the required non-productive investments (such as the deployment of enclosures, grassland, plant protection alert system).

The measure is closely related to the "Vocational training and information activities" measure (Art. 21), in the framework of which, the professional training of the beneficiaries, the creation of model farms is a basic requirement. In the framework of the "Use of consulting services" measure (Art. 24), an Agricultural Advisory Council shall be set up, ensuring advisory services for the beneficiaries of the measure.

A prime role is played by the assistance granted to agricultural producers participating in the food quality systems, under Art. 32, to implement, inter alia, the assistance granted to organic products, in line with Regulation No. 2092/91/EEC, assistance granted to the audit of organic farming and of the certification process of the products.

The measure shall exercise a favourable effect on the “Stimulation of tourism-related activities” measure (Art. 55), by increasing the attraction of the region from the point of view of tourism. With a motivation to environment-conscious use of the landscape and the preservation of natural richness, it enhances the effect of the “Conservation and modernisation of rural heritage” measure on the living standards of rural life.

Participants of the measure and participants of the agri-environmental measure supported according to MARD Regulation 150/2004 (12 October) in the 1<sup>st</sup> axis within the National Rural Development Plan shall have priority, primarily in the evaluation of applications/ proposals submitted in connection with investments under Art. 26.

**Link to other Operational Programmes:**

The implementation of the “Agri-environmental farming” measure is a basic condition for a change of landscape use, indispensable for the implementation of other regional priority programmes (such as the Vásárhely Plan Plus).

Beneficiaries of agri-environmental payments cannot receive assistance for the same activity, in the framework of the technology development and demonstration activities measure of the Research Framework Programme.

**Quantified targets of measures 214 A can be found in 5.3.2.1.4.B measure.**

### **5.3.2.1.4.B. Preservation of genetic resources measure**

#### **Legal basis for the assistance:**

Article 39 Section (5) of Regulation 1698/2005/EC

Article 28 and Section 5.3.2.1.4 in Annex II of Regulation 1974/2006/EC

Code of the measure: 214.B

#### **Justification of the measure:**

Preservation of the genetic resources in agriculture, in accordance with the Gothenburg declaration, is an activity with priority assistance in both on farm and *ex situ* circumstances since it plays a major role in the preservation of the native and the rare species of the fauna and flora.

#### **Purposes of the measure:**

Preservation of the genetic resources of agriculture, *ex situ* and *in situ*, their characterization, measures for their collection and utilisation, including Internet-based records of genetic resources preserved *in situ* – including preservation *in situ*/ farming – and the *ex situ* collections (gene banks), as well as databases, furthermore, assistance to the information, knowledge dissemination and consulting activities as well.

#### **Content of the measure:**

Sub-measures:

- a) *Ex situ* (varieties of plants and fungi, and animal species) – supporting the maintenance of gene banks
- b) Native and endangered animal species
- c) Rare plants and fungi
- d) *In situ*/ on farm (animal species)
- e) Native and endangered animal species
- f) Repatriation of partridges (*Perdix perdix*)
- g) Repatriation of partridges (*Perdix perdix*)

In respect of all species, gene preservation assistance covers a defined seed population, to ensure an adequate level of genetic diversity for all species. The threshold value of farm animals shall at all times comply with the content of Annex 4 to Regulation 1974/2006/EC.

h)

i) 1.a In the case of animal species

j) Priority gene preservation assistance is provided in the case of native and endangered animal species, referred to in Joint Regulation No. 4/2007 (Jan 18.) FM-KTM. The basis for payments shall be the conditions set for each of the *ex situ* locations, determined in the gene preservation programme by the competent species preservation organisations. It is compulsory to keep records

on gene preservation activities (the contents will be prescribed, with mandatory effect, by the breeding organisation)

- k) 1.b In case of rare plants and fungi
- l) Priority gene preservation assistance is provided in case of plants listed in Annex 6., if the Gene Bank Council agrees. In *ex situ* collections and in the case of the production of well-defined and identifiable species of plants and fungi – taking account of the requirements of crop rotation in the case of arable crops – a commitment shall be made for 5 years to sustain the race/species, together with the storage of a seed quantity prescribed by the gene preservation programme. Items involved in gene preservation assistance are not eligible for agri-environmental payments. It is compulsory to keep records on gene preservation activities (the contents will be prescribed, with mandatory effect, by the gene bank council)
- m)
- n) 2.a In the case of animal species
- o) Priority gene preservation assistance is provided in the case of native and endangered animal species, referred to in Joint Regulation No. 4/2007 (Jan 18.) FM-KTM. An on farm breeding location, beneficiary of the assistance, shall take a commitment to ensure the conditions prescribed in the gene preservation programme for at least 5 years, as well as the selection, to be performed on the basis of the breeding organisation, ensuring the conditions for the implementation of performance checks for the stock and the progeniture. Furthermore, the headcount of livestock shall be also ensured, throughout 5 years. Different payment rate is due for nucleus herds participating in outstanding breeding programmes and for the maintenance of other endangered, local breeds.
- p) 2.b In case of partridge repatriation
- q) Priority gene preservation assistance is provided to the individuals participating in the repatriation. The purpose of the programme for the preservation of the races is repatriate the partridges (*Perdix perdix*), native in Hungary, to create a self-sustaining population, maintain a core site, implement and maintain model areas, organise presentations on the positive impacts that the programme might exercise on partridge and other races of small game.
- r) Priority gene preservation assistance is provided in the case of native animal species, referred to in Joint Regulation No. 36/1994 (VI.28.) FM-KTM, as amended, as well as the plant and animal species determined in Annex 4, and the birds in the partridge repatriation. In respect of all species, gene preservation assistance covers a defined seed population, to ensure an adequate level of genetic diversity for all species.

- With regard to animal species: The basis for payments shall be the conditions set for each of the *ex situ* and *in situ* on farm locations, determined in the gene preservation programme by the competent species preservation organisations. An *in situ* or *ex situ* breeding location, beneficiary of the assistance, shall take a commitment to ensure the conditions prescribed in the gene preservation programme for at least 5 years, as well as the selection, to be performed on the basis of the breeding organisation, ensuring the conditions for the implementation of performance checks for the stock and the progeniture. Furthermore, the headcount of livestock shall be also ensured, throughout 5 years. Livestock involved in gene preservation assistance is not eligible for agri-environmental payments, based on headcount.

- In the case of rare species of plants and fungi: in *ex situ* collections and in the case of the production of well-defined and identifiable species of plants and fungi – taking account of the requirements of crop rotation in the case of arable crops – a commitment shall be made for 5 years to sustain the race/species, together with the storage of a seed quantity prescribed by the gene preservation programme. Plant species involved in gene preservation assistance are not eligible for agri-environmental payments. It is compulsory to keep records on gene preservation activities (the contents will be prescribed, with mandatory effect, by the gene bank council or the breeding organisation)

- Partridge repatriation: the purpose of the programme for the preservation of the races is repatriate the partridges (*Perdix perdix*), native in Hungary, to create a self-sustaining population, maintain a core site, implement and maintain model areas, organise presentations on the positive impacts that the programme might exercise on partridge and other races of small game.

**Scope of the beneficiaries:**

**Organisations engaged in gene preservation, agricultural producers. A plant species to which special gene preservation support is provided.**

Not eligible for payments those native and endangered breeds which are supported under 150/2004 MARD regulation by NRDP AE programme.

**Form of the assistance:**

Normative, unit based (area based, animal based, per piece), non-refundable assistance

**Proportion of the assistance:**

100% (EU funds 80%, domestic funds 20%)

**Value and upper limit of the assistance:**

The exact amounts of support are to be decided.

Support amounts for the preservation of plant genes

The preservation amount is determined on the basis of plant species reproduction methods:  
From EUR 2 per item to EUR 38 per item.

Support amounts for the preservation of animal genes

The amount of support differs per species, in case of nucleus livestock, it is EUR 150-200 per animal unit, in other cases, EUR 80-100 per animal unit.

Amount of support regarding the repatriation of partridges (*Perdix perdix*)

With regard to main stock

12 €/animal/year, for a young bird

30 €/couple/year, for a breeding couple

With regard to model areas

In case of a band length of 4 km/100 ha the amount is EUR 24000/year

In case of a band length of 8 km/100 ha the amount is EUR 48,000/year

**Transaction costs:**

The costs required for the application for assistance (e.g. the costs of obtaining certificates) are eligible, as transactions costs.



**Control:**

Control of the support is carried out by the Paying Agency, with the involvement of the competent professional authority.

Complementarity of the measure:

**Complementarity to the other measures of the Programme:**

Activities connected with the agri-environmental commitments are not eligible for assistance under Art. 39, paragraph (5) of Regulation 1698/2005/EC, that is, any assistance for native animal species can take place according to one of the two headings only.

Hungary intends to implement on farm assistance to rare plant species through the agri-environmental assistance, by way of ensuring a premium level of assistance to agricultural producers for the production of species in the list attached (appendices 2 and 3), subject to compliance with the provisions for land use.

Gene preservation of forestry species shall receive assistance in the form of a priority programme of forest-environment (Art. 47).

**Link to other Operational Programmes:**

No assistance shall be granted on the basis of Art. 39, paragraph (5) of Regulation No. 1968/2005/EC to activities eligible for assistance under the technology development and demonstration activities framework programme of the European Community.

**Zonal demarcations in agri-environmental payments:**

Within agri-environmental payments, for farmers active within areas, demarcated for considerations of protection of the nature or of the environment, in addition to the horizontal provisions, special provisions are also required. Provisions that can be paid in these areas are called zonal provisions. A zonal provision can be assumed only by farmers within a demarcated area, set at the level of physical blocks. Zonal programmes can be oriented towards the protection of nature, of the soil and of the waters (Water Framework Directive).

Complementarity and designation criteria:

*Complementarity to the other measures of the Programme*

The measure is directly connected with the "NATURA 2000" measure (Art. 38.), these are the areas that make one of the territorial categories of the measure.

The measure "Non-productive investments" (Art. 41) promotes the introduction of agri-environmental farming and the implementation of its provisions, with the realisation of the required non-productive investments (such as the deployment of enclosures and of grassland).

The measure is closely related to the "Vocational training and information activities" measure (Art. 21), in the framework of which, the professional training of the beneficiaries, the creation of model farms is a basic requirement. *In the framework of the "Use of consulting services" measure (Art. 24), an Agricultural Advisory Council shall be set up, ensuring advisory services for the beneficiaries of the measure.*

A prime role is played by the assistance granted to agricultural producers participating in the food quality systems, under Art. 32, to implement, inter alia, the assistance granted to eproducts from organic farming, in line with Regulation No. 2092/91/EEC, assistance granted to the audit of ecological farming and of the certification process of the products.

The measure shall exercise a favourable effect on the “Stimulation of tourism-related activities” measure (Art. 55), by increasing the attraction of the region from the point of view of tourism. With a motivation to environment-conscious use of the landscape and the preservation of natural richness, it enhances the effect of the “Conservation and modernisation of rural heritage” measure on the living standards of rural life.

Participants of the measure and participants of the agri-environmental measure within the National Rural Development Plan shall have priority, primarily in the evaluation of applications/ proposals submitted in connection with investments under Art. 26.

#### *Link to other Operational Programmes*

The implementation of the “Agri-environmental farming” measure is a basic condition for a change of landscape use, indispensable for the implementation of other regional priority programmes (such as the Enhanced Vásárhely Plan).

Beneficiaries of agri-environmental payments cannot receive assistance for the same activity, in the framework of the technology development and demonstration activities measure of the Research Framework Programme.

#### **Minimum requirements:**

Guidelines set forth in Articles 4 and 5 of Regulation 1782/2003/EC and its Annexes III and IV, as well as the sustenance of “good agricultural and ecological condition” shall be determined in national legislation.

#### **Control:**

Control of the support is carried out by the Paying Agency, with the involvement of the competent professional authority.

#### **Provisional arrangements (containing the estimated amounts):**

In the framework of the agri-environmental programmes for the year 2004, the expenses of the commitments made for 5 years remain in force in the EAFRD programming period, on the basis of Art. 5 of 1320/2006/EC. (for the period 2007-2009, the determination of the National Rural Development Plan shall be financed) (2-3 x 44 bn HUF)

Quantified targets of measures 214 A and 214 B on the basis of the common EU indicators:

<b>Type of the indicator</b>	<b>Indicator</b>	<b>Target value</b>
Output	Number of farm holdings and holdings of other land managers receiving support	25,000 pcs
	Total area under agri-environmental support	2.1 million ha
	Physical area under agri-environmental support	1.1 million ha
	Total number of contracts	25,000 pcs
	Number of actions related to genetic resources	400 pcs
Result	Areas under successful land management	1.1 million ha

Impact	Reversal in biodiversity decline (farmland bird species population)	2,9%
	Preservation of high natural value areas	1.4 million ha
	Change in gross nutrient balance (nitrogen surplus)	- 21 kT
	Increase in the production of renewable energy (mineral oil value)	0 kT

### **5.3.2.1.5. Animal welfare payments**

#### **Legal basis for the assistance:**

Articles 36 (a) (v) and 40 of Regulation (EC) No 1698/2005.

Article 27 and point 5.3.2.1.5 of Annex II of Regulation (EC) No 1974/2006

#### **Code of the measure: 215**

#### **Rationale for intervention:**

In the field of keeping and breeding animals, several technologies or procedures are known that exceed the minimum standards of the prescribed rules and can face the new challenges (animal welfare, food safety, changes in consumer needs). However, their practical application implies, almost in each case, additional costs, and that decreases the profitability of animal breeding.

The Hungarian animal breeding culture has long-standing traditions, and due to our excellent capabilities, it can adapt to the market needs. But the difficulties in the change of approaches make changes almost always slow. In Hungary, the measure 4.3, assistance granted for compliance with the environmental, animal welfare and hygienic provisions of the European Union created a good basis for the acceptance of this approach. This is shown by the fact that by the ending stage of the programme, an ever-increasing interest was experienced among animal breeders.

With this new approach, with the fulfilment of commitments exceeding the compulsory provisions, due to compliance at a higher level with provisions of animal welfare, animal health safety and food safety, it is appropriate to lower extra costs connected with animal products by way of support.

#### **Objectives of the measure:**

- Compensation for the lost revenues and for the additional costs occurred in the course of the implementation of requirements exceeding the levels required by the basic animal breeding rules.
- Popularisation of livestock keeping practices better adapted to sustainable development and increasing their acceptance.
- Improvement in the economic situation of the animal breeders, who take into consideration the animal healthcare, anti-epidemic measures and food safety aspects.

#### **Scope and actions:**

Animal welfare payments will be made to agricultural producers who make voluntary commitments in the field of animal welfare. Animal welfare payments cover commitments, exceeding the mandatory provisions determined in Art. 4 of Regulation No. 1782/2003/EC and its Annex III and the other mandatory requirements determined in the national legislation and defined in the programme.

Sub-areas of the measure:

- Commitments relating to typical climatic and air cleanness of livestock keeping
- Commitments relating to site use, typical for livestock keeping
- Commitments connected with the quality of forage and water provided in the livestock keeping

- Commitments regarding the maintenance of records connected with livestock keeping and provision of regular information
- Commitments to apply preventive measures against animal illnesses

Special standards were set up for the possible commitments. From these different packages of provisions for commitments, animal breeders may select more than one, subject to the possibilities for compliance on their livestock keeping sites.

#### **Animal welfare contracts:**

In the framework of the measure, assistance can be granted to those agricultural producers who make animal welfare commitments, exceeding the mandatory provisions determined in Art. 4 of Regulation No. 1782/2003/EC and its Annex III and the respective mandatory requirements determined in the national legislation.

#### **Animal welfare provisions:**

The provisions of the measure exceed the following mandatory requirements in the national legislation:

Act XCI of 1995 on animal healthcare

Act XXVIII of 1998 on the protection of and indulgence to animals

Regulation No. 32/1999 (March 31) FVM on the animal protection rules of livestock in agriculture

FVM Regulation no. 10/2002 (Jan 23) on the monitoring control over the residual harmful material content of animal-origin foodstuffs

Regulation No. 41/1997. (V.28.) on the Zoosanitary Code

Regulation 4/2004. (I.13.) FVM on the definition of the “Good Agricultural and Environmental Conditions” and “Good Farming Practice” required for simplified area payment scheme and rural development support claims.

#### **Scope of the beneficiaries:**

Registered agricultural producers, parties involved in animal-breeding.

#### **Requirements and the scope of the eligible activities:**

The site shall fulfil the additional commitments under the provisions selected in the sub-areas

The farm shall be appropriately operated for at least 5 years.

The rate of the assistance shall be established each year, on the basis of the yearly average livestock expressed in LU.

Any assistance shall be paid to the animal breeder subsequent, the procurement of documents and certifications proving the exceeding commitments and the close-up of the possible on the spot check period.

#### **Form of the assistance:**

Non-refundable, flat-rate, livestock-based assistance.

**Aid intensity:**

100% (EU funds 80%, national funds 20%)

**Level of support:**

Subject to the provisions, 15–140 €/LU/year

**Financing:****Financing:**

Public expenditure: 49.939.878 Euro

EAFRD contribution: 38.381.740 Euro

**Eligible costs:**

- Additional costs related to commitments and loss of revenues
- Transaction costs.

**Complementarity of the measure:***Complementarity to the other measures of the Programme*

The assistance provided under this measure promote the implementation of the applicable provisions regarding the protection of the environment and animal welfare. Their implementation is closely connected with Regulation No. 1698/2005/EC regarding measures to improve the quality of agricultural production and products (Articles 31 to 33), modernisation of the agricultural sites (Art. 26), as well as the use of consulting services (Art. 24).

**Shifts between sub-areas:**

During the technical assistance period (the period of the commitment) there is a possibility to shift between sub-areas, but exclusively in order to move to a higher-level sub-area. Permeability between programmes does not have an impact on the period of the initial commitment.

**Amendments and adjustment:**

Subject to justification, during the assistance period, there is a possibility to reduce the livestock headcount involved by the commitment, but solely in the case if no on-site inspections apply to the livestock to be reduced and no irregularity occurred.

**Control:**

Control of the support is carried out by the Paying Agency, with the involvement of the competent professional authority.

#### **Verifiability**

The Managing Authority ensures the adequacy and accuracy of the calculations of payments. The appropriate expertise making evident the consistency and plausibility of the calculations is provided by the Agricultural Economy Research Institute.

#### **Quantified targets for EU common indicators:**

<b>Type of the indicator</b>	<b>Indicator</b>	<b>Target value</b>
<b>Output</b>	Number of farms supported	3,000 pcs
<b>Result</b>	Accommodation operated with high-level breeding technology	37,000 LU

### ***5.3.2.1.6. Assistance provided to non-productive investments measure***

#### **Legal basis for the assistance:**

Art. 36 a) vi. and Art. 41 of Regulation No. 1698/2005/EC

Article 29 and Section 5.3.2.1.6 in Annex II of Regulation 1974/2006/EC

Code of the measure: 216

#### **Rationale for intervention:**

With the changes in landscape use, a wide-range utilisation of intensive farming, the block-level landscape elements (homesteads, alleys, groves, wells, roads, balks) disappeared in several places. In order to preserve the species, to increase the richness of species in the habitats and the restoration of the diversity of landscape elements, measures shall be taken. In the course of the recovery of traditional habitats, no profits are made that could have an impact on the value, the productivity of the farm, on the contrary, the maintenance of elements, decisive for the landscape imply many times additional work and costs for the farmer. Non-productive investments promote, to a significant degree, the proper use of landscape, in line with the local conditions, in an environmentally sound way, when these provide an assistance for those types of investments that are indispensable for the introduction of certain agri-environmental provisions and the fulfilment of the provisions, increasing at the same time, the public welfare in the areas of high natural value, specified in Natura 2000 and in the programme.

#### **Objectives of the measure:**

The main objective of the measure is to conserve the rural landscape, to promote the sustenance of the individual value of the landscape, increase of the richness in species of the fauna and flora, an improvement of the environment's condition, facilitation of the fulfilment of the commitments made on a voluntary basis and increase in public welfare in the areas of high natural value, specified in Natura 2000 and in the programme.

#### **Scope and actions:**

In the framework of the measure, eligible investments are investments that refer to agri-environmental and management payments and obligations relating to other measures in connection with agri-environmental objectives or a facilitation thereof and investments increasing the public welfare value of in the areas of high natural value, specified in Natura 2000 and in the programme.

#### **Areas of the measure (sub-measures, activities):**

Non-productive investments represent asset allocations that do not have a significant impact on the value of the farms and their income generation capacities, but they do contribute to an increase in its natural and public welfare value.

#### **Division according to the type of activity**



### **Procurement of assets:**

- The procurement of such assets that qualify as non-productive investment that enable the completion of the agri-environmental measure or that increase the Natura 2000 area or the welfare value of other areas of high natural value (pest control forecasting systems, fences made from natural materials and bird refuge)

### **Investments in area use:**

At the edge of agricultural lots, the plantation of shrubs and field-protecting trees, forest bands, balks, winter refuge for insects that secure the living conditions of plants and animal species and thus increase biodiversity; the creation of a green corridor system and its lot-level elements, decreasing the level of wind and water erosion, the rehabilitation of valuable open natural habitats and securing the living conditions for living organisms.

### **Assistance to model farms:**

Enabling the establishment of agri-environmental model farms and related activities, and, as a result, the presentation of environmentally friendly production methods and adding to the related theoretical and practical knowledge of the farmers.

Division based on other subsidies related to the activities

- Presentation of links to the requirements of Art. 36 a) iv. of Regulation No. 1698/2005 and other agri-environmental objectives:
- Non-productive investments required for voluntary commitments to **agri-environmental provisions** (measures 214. A and B) and for liabilities connected with mandatory provisions prescribed in the Natura 2000 areas and their implementation (measure 213).
  - Asset acquisitions (e.g. pest control forecasting systems, fences)
  - Activities connected with area use (such as grass lands, winter refuge for insects)
  - Assistance to model farms
- Presentation of the Community values in the Natura 2000 areas or other high natural value areas, in order to enhance these:
- Non-productive investments implemented on the territory of the farms, increasing the public welfare value of the Natura 2000 areas or other high natural value areas. Restoration of small-size erections, image elements, landscape elements in the grassland, ploughland, cultivation sector territories of the farm.
  - Asset acquisitions (e.g. bird refuges, fences)
  - Activities connected with area use (such as the deployment of hedgerows, alleys)

### **Scope of the beneficiaries:**

Farmers participating in the “Agri-environmental payments” (Art. 39) or the “agri-environmental payments under the National Rural Development Plan” (based on Regulation 150/2004 MARD (October 12)) or “Natura 2000 payments and payments under Directive No. 2000/60/EC (Art. 38), and farmers operating in high natural value areas.

Local municipalities and government organisations are not eligible, because assistance is granted to them via EEOP.

Only those farmers are eligible for demonstration farm support who participates at least already for 2 years in a agri-environment scheme and want to carry out demonstration activities of that scheme-

Non-eligible for support those demonstration farms which receives support under measure 111 of 5.3.1.11. chapter

Non-eligible for support those land use related activities which receive support under measure 214 B partridge repatriation

**General programme provisions:**

in case of procurement of assets the assets must be used at least for 3 years

in case of land use related activities it is necessary to establish and maintain the object for at least 5 years

in case of demonstration farms at least 3 open demonstration day must be kept per annum

Concerning the measure:

High Nature Value Areas (HNVA) means those European territories where the agricultural utilisation is the (most dominant) land use, and where this agricultural land use supports great species and habitat diversity, and the presence of species of high European nature conservation importance, or both. Designation of HNVA will be completed by the integration of Natura 2000 and the revised Environmentally Sensitive Areas.

**Form of the assistance:**

In the case of activities relating to the use of territories, the assistance is per hectare or per running meter, while in the case of asset acquisitions or model farms, it is non-refundable assistance, with a price ceiling.

The rate of the assistance shall be determined in each case on the basis of adequate expert opinions, taking into consideration the local conditions and the current methods of land use.

**Proportion of the assistance:**

100% (EU funds 80 %, national funds 20%), or, in case of asset acquisition, 50%.

**Number of the projects per beneficiary:**

Not more than one application may be submitted annually.

**Financing:**

Public expenditure: 11.224.272 Euro

EAFRD contribution: 8.626.515 Euro

**Provisional arrangements (containing the estimated amounts):**

In view of the fact that the new, EAFRD-based “agri-environmental payments” shall be launched only from September 1 2009, applicants for non-productive investments can be farmers who are in the period from January 1, 2007 and August 31, 2009 beneficiaries of the agri-environmental measure

in the National Rural Development Plan and those who are established in a Natura 2000 area or in an area with a high natural value.

Complementarity of the measure:

*Complementarity to the other measures of the Programme*

In terms of its scope of eligibility of the areas and beneficiaries, the measure is directly connected with the “Natura 2000 payments and payments linked to the implementation of Directive 2000/60/EC” measure (Art. 38.). If necessary, non-productive investments create the appropriate condition of the Natura 2000 areas or other high natural value areas, and increase, through auxiliary investments, their public welfare value. A similar link exists to the “Agri-environmental payments” measure (Art. 39).

In respect of investments eligible under this measure, within the framework of “Modernisation of agricultural facilities” (Art. 26) and “Improvement and development of infrastructure related to the development and modernisation of agriculture and forestry” (Art. 30) the beneficiaries of the measure cannot apply under the same title, for asset acquisitions (on the basis of the territorial demarcations and commitments).

The measure has a positive impact on the implementation of the “Stimulation of tourism-related activities” (Art. 55), because by promoting environment-conscious landscape use, the increase of the public welfare value of the areas, it both serves as a basis for the above measure (natural value, as regional attraction from the point of view of tourism) and it enhances the impact of the “Conservation of rural heritage and its modernisation” measure (Art. 57) on the quality of life in the countryside.

*Link to other Operational Programmes*

The measure’s link to the Environmental and Energy Operational Programme (EEOP) is marked primarily in the scope of the eligible activities and of the beneficiaries. Within EEOP, activities foreseen for assistance are very similar, serving primarily the rehabilitation goals of the habitat development, habitat rehabilitation goals of the Natura 2000 areas, furthermore, they support asset acquisitions necessary to implement nature-friendly agricultural cultivation. The beneficiaries of this measure are farms and farmers, with no shareholdings of local municipalities and no state ownership.

Quantified targets on the basis of the EU indicators:

Type of indicator	Indicator	Target 2007-2013
Output	Number of farm holdings and holdings of other land managers receiving support	10,000 pcs
	Total volume of investment	13 million EUR
Result	Areas of successful land management	380,000 ha
Impact	Reversal in biodiversity decline (farmland bird species population)	0.3 %
	Change in high nature value areas	5,200 ha
	Change in the gross nutrient balance (nitrogen surplus)	-0.76 kT
	Increase in production of renewable energy	0 kT

### ***5.3.2.2. Measures aimed at the sustainable use of forestry areas***

#### ***5.3.2.2.1. The first afforestation of agricultural land***

##### **Legal basis for the support**

Article 43 of Regulation 1698/2005/EC

##### **Measure code: (221)**

##### **Justification of the measure:**

Currently nearly 20% of the area of Hungary is used for forestry purposes. The afforestation of the country is improving but at an international level it is still low when compared to the average of the first 15 members of the EU (35.1%). Long term, in 35-50 years the afforestation of the country may be increased to an optimal 27%. The multifunctional and sustainable use of forests and the strengthening of their social and public welfare function can be continued under this measure. In addition to the economic benefits, the significance and necessity of afforestation can be characterised by favourable impacts on the soil, water, air and biodiversity, in short, on the environmental state.

The EU expects the member states to use renewable energy sources at an increased rate. Based on Directive 2001/77/EC, the electric energy produced from renewable energy sources has to reach 22.1% of the average gross consumption in the EU. The Biomass Action Plan ([COM(2005)623]), the Green Book on the new Community energy policy both encourage the increased use of biomass in energy production. It is also part of the Sustainable Development Strategy of the EU.

For meeting the expected EU standards, it is indispensable to improve the biomass supply through targeted energy production. It is advisable to provide installation support due to high installation costs and lack of capital of farmers. The establishment of arboreal plantations for energy production can help several thousand producers (the proportion of whom may be significant as well) in ensuring rural income-earning opportunities.

##### **Purposes of the measure:**

The main aims of the measure is to increase the forest cover of the country, to enable the agricultural restructuring, to use areas in alternatively, to increase the economic, environmental protection, social and public welfare role of forests and to improve the level of employment in rural areas by developing the forestry sector. Objectives of forestry also include the establishment of high biodiversity natural forests, through a substantial increase in the ratio of indigenous tree species, particularly in protected areas. The measure also aims at compliance with the relevant expectations of the EU (green energy, renewable sources of energy), and at the diversification of energy supply.

##### **Content of the measure:**

Within the framework of the measure, support may be granted to the first afforestation of areas removed from agricultural cultivation. Within this support, establishment costs and maintenance costs may be supported for a maximum period of 5 years while the covering of the income lost due to the afforestation may be supported on an annual per hectare basis, for a maximum period of 15 years.

Within the framework of the measure, support may be granted for the plantation costs for arboreal plantations of short rotation coppice for energy production on a normative basis.

#### *Subareas of the measure*

**22.1.1.** Support of afforestation;

**22.1.2.** Supporting the plantation of arboreal plantations of short rotation coppice for energy production

■

#### **Scope of the beneficiaries:**

The legal user of the eligible agricultural area may apply for the first afforestation and maintenance support.

The premium for loss of income may be applied for by farmers (or their associations) who cultivated the land before afforestation, and also any other natural person or private law bodies.

In case the eligible agricultural area is in the ownership of the Hungarian State, or the business association (if the share of the state exceeds 50%) or budgetary organisation user may only apply for support for the first afforestation of the forest.

The premium for loss of income may be applied for by the person eligible for afforestation maintenance support.

#### *Farmers eligible for higher premium for loss of income:*

Farmer: a natural person pursuing agricultural activities or the association of such persons who verify that in the year of submitting the application for support devotes at least 25% of their working time in agricultural activities and derive at least 25% of their income from this activity

#### *Eligible areas*

Eligible agricultural area: an area that is eligible to support when applying for the single, area-based support based on the classification of the Land Parcel Identification System and financed from the European Agricultural Guidance and Guarantee Fund Guarantee Division and the European Agricultural Guarantee Fund.

Under the measure

Forest: The area defined under Article 5 of Act LIV of 1996 and Article 3 Section 1 of its enforcement regulation, Regulation 29/1997 FM (April 30).

Fast growing species: shall mean species with a rotation time, namely the period between two harvest cuts on the same parcel, of less than 15 years.

**The provisions and the criteria for selecting afforestation areas to ensure that the planned measures are in line with the local conditions and the environment protection/biodiversity requirements with regard to Article 34 of the enforcement decree and Article 50 (6) of Regulation 1698/2005/EC.**

Compliance with local conditions and environment requirements is ensured by:

That no afforestation or energy plantations of arboreal plants may be established in protected natural areas or NATURA 2000 areas and no support may be granted for these purposes where the current landscape structure and cultivation sector should be kept and it is positive from the aspect of preserving biological diversity.

In case of Submeasure A 221.1

- The beneficiary shall comply with the provisions of Chapter IV of Act LIV of 1996 on the forests and their protection and on the afforestation provisions of the enforcement decree of this act, Regulation 29/1997 (April 30) FM.
- The beneficiary shall be obliged to obtain an afforestation permit issued to its name and approved by the forestry authority (the approving resolution of the afforestation plan);
- The planned afforestation shall be a non-supportable stand type in the given forestry ecological region.

In case of Submeasure A 221.2

The beneficiaries shall obtain an official permit for planting arboreal plants for energy production purposes.

**The link between the planned measures and the national/partly national forestry programmes or other equivalent measures and the Community Forestry Strategy.**

National afforestation programme and Act XXIV of 2003 on the National Regional Development Plan.

**Connection with the Forest Protection Plan in areas classified as high or medium forest fire risk, and basic elements that ensure the measures' compliance with the protection plan:**

On the basis of Regulation 12/1997 BM all forest areas shall be classified according to fire risk, and fire protection plans need to be developed accordingly.

**Requirements concerning afforestation in Natura 2000 areas**

When assessing the afforestation plans (which are necessary to be drafted as a criteria of the support) in protected and Natura 2000 areas, the approval of the nature protection specialized authorities needs to be obtained.

Decrease or repayment of the support

It shall be regarded as an unauthorized use of the support applied for if:

- a) the afforestation fails due to the mistake of the beneficiary;
- b) the beneficiary uses the support for a purpose other than the approved;
- c) after the completion, the beneficiary changes the original purpose of the support;
- d) regarding the given forest, the beneficiary makes a modification which is not planned in the forest plan, without notifying the forestry authority or the modification differs from the one presented to the forestry authority; in spite of a warning by the authority,
- e) if the beneficiary uses the area of the afforestation or part of it without a permission for another purpose in the 5 years from the last payment.

In case of failure to comply with the conditions of the maintenance support, the maintenance support for the given forest plot may not be paid, and the maintenance support claimed until that point will have to be repaid with interest (rate: double the base rate of the national bank).

If the support conditions are not met in any period of the support period due to the gross negligence or intentional conduct of the beneficiary, the beneficiary:

- a) shall be obliged to repay the support he/she has already claimed based on this regulation under the rules applicable to the unauthorized use of the support, and
- b) it may not receive support for a period of two years.

**Form of the assistance:**

Non-returnable land-based support.

### **Proportion of the support**

The rate of support for the first instalment may be maximum 80% of eligible costs in mountain areas, in handicapped areas other than mountain areas and in Natura 2000 areas. In other areas, it may be maximum 70% of eligible costs.

221.1.

The rate of support is between 50 and 80% and it depends on the planned stand type and on whether the area is classified under Natura 2000 or as LFA.

221.2.

The rate of the support is between 40 and 60%. It depends on the cultivation technology to be used in connection with the planned arboreal plantations for energy production of short rotation coppice..

### **Value and upper limit of the assistance:**

(The amounts of support are to be decided)

Payment rates are uniform, calculated on a per hectare basis, so payment procedure is not by invoice.

221.1.

Plantation costs and maintenance cost support depend on tree species to be afforested, the Natura 2000 or LFA status of the land, or the accessibility of the area by machinery. Plantation cost can differ between 580 and 2100 euro per hectare, while maintenance support is targeted between 150 and 300 euro per hectare.

The annual premium for loss of income for agricultural producers (or their associations) shall be maximum EUR 700 per hectare and in case of other natural persons or subjects at law it shall be maximum EUR 150/hectare.

Income support rates are dependent upon the land use of the area to be afforested and estimated to be over 50 euro per hectare.

221.2.

In case of arboreal energy crop plantations with short rotation coppice, the support is maximum EUR 300 per hectare and in case of very short rotation coppice, EUR 600 per hectare.

### **Exclusion from the support:**

No support may be received:

In cases of both Submeasures:

- a) No support may be received for establishing Christmas tree plantations and ornament branches production
- b) No support may be granted to a person who receives an Early retirement support from the European Agricultural and Rural Development Fund under Article 23 of Council Regulation 1698/2005/EC.

221. No support may be received under submeasure 1

- a) for tree plantation planted for one rotation cycle
- bc) for tree plantations with a shorter coppice period than 15 years;

- dc) if the planned afforestation is a non-supportable stand type in the given forestry ecological region.
- d) in the area where interrow cultivation is conducted, support for loss of income may not be applied for.

221. No support may be received under submeasure 2

a) for the planting of the following invasive species:

Celtis occidentalis	hackberry
Padus serotina	American cherry
Ailanthus altissima	ailanthus
Acer negundo	box-elder
Elaeagnus angustifolia	oleaster
Fraxinus pennsylvanica	green ash
Amorpha fruticosa	false indigo

For the same area in the same support period:

- a) A single annual area-based support financed from the European Agricultural Guarantee and Guidance Fund
- a) National funding supplementing the single annual area-based support financed from the European Agricultural Guarantee and Guidance Fund
- c) any agricultural and forestry type area-based support according to a separate law may be used.

For an area where intermediary cultivation is conducted, no income supplementation support may be applied for.

No support may be granted to a person who receives an Early retirement support from the European Agricultural and Rural Development Fund under Article 23 of Council Regulation 1698/2005/EC.

**The description of the calculation methods for plantation and maintenance costs and the lost income to be compensated In case this is relevant in the latter case, the methods has to take the support granted under regulation 1782/2003/EC into consideration.**

2221. In case of Submeasure 1

The calculation of costs has been based on a nationwide data collection conducted by the territorial organs of the forestry authority by questioning several beneficiary groups and by support groups and natural endowments. In the course of data processing, the average costs have been calculated by calculating average costs that take the area of afforestation so far into consideration.



The afforestation costs include the material costs of the afforestation, the actual costs of afforestation and all directly related and necessary costs (EG planning, plant protection costs).

#### 221.2. In case of Submeasure 2

The plantation costs of arboreal energy crops have been calculated by the Managing Authority through the data and information gathered through its own tenders supported within the framework of Agricultural and Rural Development Operational Programme measure 3.1.1, through research institutes with experience in the topic and maintained by the state directly or indirectly (Gödöllő Agricultural Centre Non-profit Organization), supportive organs (MARD Agricultural Machinery Research Institute) and through the survey of the beneficiaries and market participants.

#### **The provisions on the verifiability of the calculation method by the Commission:**

#### 221. In case of Submeasure 1

The amounts of support have been calculated by the Forestry authority.

#### 221.2. In case of Submeasure 2

The calculation has been conducted by the Managing Authority regarding arboreal energy crop plantations and the abovementioned research institutes and supportive organs have been involved.

#### **General costs:**

According to the relevant national legislation.

#### **Verifiability**

Administrative and actual verifications before payments.

#### **Financing**

Public expenditure: 257.019.568 Euro

EAFRD contribution: 197.534.690 Euro

#### **Provisional measures**

The payments delayed by commitments regarding the plantings between 2004 and 2006 will continue in the EAFRD programming period, on the basis of Art. 7 of 1320/2006/EC. (the payment of EUR 80,000,000-100,000,000 will be necessary, depending on the plantings in 2006)

#### **Complementarity and designation criteria:**

*Complementarity to the other measures of the Programme*

#### 221. In case of Submeasure 1

The measure is tightly linked to the measures of axis II: the first forestation of non-agricultural areas, first forestation of agricultural areas, first formation of agro-forestation systems in agricultural areas,

forest-environmental protection measures and the Natura 2000 measure. The measure is closely linked with one of the measures in axis I: “value increase of agricultural and forestry products”.

#### 221.2. In case of Submeasure 2

The support of planting of arboreal energy crop plantations is related to the modernisation of agricultural plants in axis I, and to the submeasure of energy supply of agricultural plants with biomass within the measure of developing infrastructure related to the modernising of agriculture and forestry. To the satisfying of the material requirements of the capacities supported within the Environment and Energy Operational Programme.

**Quantified targets on the basis of the EU indicators:**

<b>Type of the indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of the beneficiaries of the afforestation support	7,000 pcs
	Number of beneficiaries of arboreal plantation support	3,500 pcs
	Planted forest area (ha)	70,000 ha
	Arboreal energy crop plantation	49,000 ha
Result	Area of successful afforestation	70,000 ha
	Total area of arboreal plantations	49,000 ha
Impact	Reversal of the reduction in biodiversity (index number of wild birds nesting in a n agricultural area, 2000: 100%)	- 0.1 %
	Change in the gross nutrient balance (nitrogen surplus)	-6.25 kT
	Increase in the production of renewable energy (mineral oil value)	777 kT

### ***5.3.2.2.2. First establishment of agroforestry systems on agricultural land***

#### **Legal basis for the assistance**

Article 44 of Regulation 1698/2005/EC

#### **Measure code: (222)**

#### **Justification of the measure:**

The agro-forestry systems are extensive land use systems where trees are attended and agricultural activities are pursued simultaneously, thus a mosaic of agricultural and forestry systems is created. The agro-forestry systems are of great ecological, landscape and social value since they combine extensive agricultural and forestry systems aimed at the production of excellent quality wood and other forestry products. The establishment of agro-forestry systems is a new phenomenon in Hungary, previously only grazing forests and grassland protection through tree planting have been known. The traditional intermediary cultivation in forestry is not part of this system, therefore it may not be supported within this framework.

The measure due to its multifunctional character extends the income gaining opportunities of the population, and it may secure the continuation of farming in previously intensively uses areas with unfavourable conditions and in case of Natura 2000 areas. This measure may be applied in areas in flood-basins involved in production. The environmental state of the areas affected by the creation and maintenance of agro-forestry systems will improve due to the strengthening of the mosaic character; biodiversity will grow and the permanent green cover will decrease the level of erosion significantly.

The measure aids the protection of rural natural resources and improves their state. It contributes to the reaching of environmental targets, to the protection of the soil and to the prevention of disappearing biological diversity.

The measure provides an good opportunity for integrated and ecological farming and the utilization of species that are typical of the region (geographical indications).

The agro-forestry systems are perfect for making the rural area more attractive, for maintaining jobs and creating new ones, and for improving the living conditions of people in rural areas.

#### **Purposes of the measure:**

The main objectives of the measure is to preserve the biological diversity and the colourful character of the rural landscape, to create a mosaic type structure of the landscape, and the fulfilment of other environmental protection objectives. Another aim of the measure is to diversify the activities of the rural population, to introduce alternative utilization of agricultural areas and to increase the number of trees in native species and to increase the security of forest management.

#### **Content of the measure:**

The agro-forestry systems are extensive land use systems where trees are attended and agricultural activities are pursued simultaneously, thus a mosaic of agricultural and forestry systems is created.

Within the framework of the measure, the applicants receive support for combining agricultural and forestry systems and creating agro-forestry systems. The support covers the foundation costs.

In the course of founding agro-forestry systems, tree plantation in a broad network or tree lines, keeping animals, planting shrubbery, arable crop and medicinal herb production provide for the multi-purpose use of the given land. The selection of species that fit the needs and the conditions of the area, and, to secure the continuation of agricultural land use, the planting of arboreal plants and herbs for the creation of wooded grazing areas, grassland protecting shrubbery and tree lines and groups of trees, extensive grazing, energy and traditional arable crop production, broad network of trees for wood production for industrial purposes, forest fruit, medicinal herb and honey production.

In the course of forestry use through species that fit local conditions the wooded grazing areas, the grassland protecting shrubbery and the tree lines and the groups of trees, the broad network of trees for wood production for industrial purposes are provided and the production of forest fruit is done simultaneously.

In the course of agricultural utilization by using the advantages provided by the trees, **the production may be supplemented by** extensive grazing, traditional arable crop production and medicinal herb planting.

Subareas of the measure

The agro-forestry systems receiving support:

- Agro-forestry system for grazing purposes:
- Agro-forestry system for arable land plant production;
- Agro-forestry system for forest fruit production and berry fruit production;
- Agro-forestry system for producing truffle
- The density of tree plantations

As a tree sized element the species defined in the Act on Forests as a forest species may be planted, and the following tree species may be planted not exceeding 50%:  
Carpathian walnut, service berry, green apple, Penyige blue plum, red plum, bluebyrd plum, mirabelle plum, Bód plum, apricot, wild sour cherry.

Minimum 100, maximum 300 tree-sized elements need to be planted in each hectare and maintained. The size of these from root to top bud must be minimum 50 100 cm.

In case of an agro-forestry system for forest fruit production and berry fruit production, the minimum shrub count is 400 pieces per hectare.

In case of an agro-forestry system aimed at producing truffle, at least 800 plants need to be planted, including the 100 plants defined in general provisions.

In case of truffle production, maximum 500 trees per hectare may be planted with the even coverage of the area.

**Beneficiaries:**

- The private owners registered in the IACS, their associations, local governments and their associations
- The client needs to be the user, owner or tenant of the area.

**Form of the assistance:**

Normative, area-based, non-refundable assistance

**Value and upper limit of the assistance:**

The rate of support for the first instalment may be maximum 80% of eligible costs in mountain areas, in handicapped areas other than mountain areas (art. 37) and in Natura 2000 areas (art. 38). In other areas, it may be maximum 70% of eligible costs.

The amount of support – depending on the type of agro-forestry system – varies between 712 and 2509 Euros.

**The determining method of planting costs:**

When calculating the normative support unit prices for the individual agro-forestry systems the data collected from different sources (professional associations, universities, ERTI etc) the entrance prices have been decreased by the support proportions listed in the annex of 1698/2005/EC and indicated in h). The entrance prices in the truffle production agro-forestry system significantly exceed the similar prices of other agro-forestry systems. However, the truffle plantation returns rate is higher and the returns period is shorter. Considering this, the support proportion is defined at a lower level, therefore the normative unit prices are defined near the support unit prices of other systems. As a result, the balance among the different agro-forestry systems is secured. Payment rates are uniform, calculated on a per hectare basis, so payment procedure is not by invoice.

**The rate of support for planting costs:**

Agro-forestry payments	Rate of the support*
Agro-forestry system for grazing purposes:	80% (70 %)
Agro-forestry system for arable land plant production;	80% (70 %)
Agro-forestry system for forest fruit production and berry fruit production;	80% (70 %)
Agro-forestry system for producing truffle	30 %

**Grounds for exclusion from the support**

Everybody who fails to meet the requirements of the programme.

No support may be given to tree plantations of Christmas tree production and ornament branches production or tree plantation with a shorter coppice period than 15 years;

The following tree species may not be planted: box-elder (*Acer negundo*), ailanthus (*Ailanthus altissima*), **green ash** (*Fraxinus pennsylvanica*), **American sherry** (*Padus serotina*), **false indigo** (*Amorpha fruticosa*).

**Financing:**

Public expenditure: 813.353 Euro

EAFRD contribution: 625.110 Euro

**Provisional arrangements (containing the estimated amounts):**

None.

**Complementarity and designation criteria:**

The measure is closely linked to payments to the agricultural producers other than mountain areas (art. 37) and to the agro-environmental management programme (art. 39) since the chemical use regulations and nutrient supply provisions are identical in the two measures. The measures of first forestation of agricultural areas and non agricultural areas (articles 43 and 45), the Natura 2000 measure (Art. 46) and the forest-environmental protection measure (Article 47) have a direct territorial and professional link with the agro-forestry systems. Regarding the economic effects, it is connected to the “increasing the economic value of forests” measure (Art. 27) and “increasing the value of agricultural and forestry products” measure (Art. 28).

**Quantified targets on the basis of the EU indicators:**

<b>Type of the indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of beneficiaries:	300 pcs
	Number of hectares under new agroforestry systems	3,000 ha
Result	Areas under successful land management	3,000 ha
Impact	Reversal in biodiversity decline (farmland bird species population 2000: 100%)	0 %
	Change in the gross nutrient balance (nitrogen surplus)	-30 kT
	Increase in the production of renewable energy (mineral oil value)	10 kT

### ***5.3.2.2.3. The first afforestation of non-agricultural land***

#### **Legal basis for the assistance**

Article 45 of Regulation 1698/2005/EC

#### **Measure code: (223)**

#### **Justification of the measure:**

Nearly 20% of the area of Hungary is used for forestry purposes. The forest cover is growing, since 1994, more than 90 thousand hectares of forests have been planted. The afforestation of the country is improving but at an international level it is still low when compared to the average of the first 15 members of the EU (35.1%). Long term, in 35-50 years the afforestation of the country may be increased to an optimal 27%.

Within the framework of the first afforestation of non-agricultural land, it is advisable to plant 7.5 thousand hectares of forest between 2007 and 2013. In addition to the economic benefits, the significance of afforestation can be characterised by favourable impacts on the soil, water, air and biodiversity.

#### **Purposes of the measure:**

The main aims of the measure is to increase the forest area of the country, to increase the economic, environmental protection, social and public welfare role of forests. As a result, it is a target to improve the level of employment and income sources in rural areas.

#### **Content of the measure:**

Within the framework of the measure, afforestation of land not entitled to support under the first afforestation of the agricultural land measure (Art. 43) may be supported, and the support covers establishment costs. In case of agricultural areas removed from production, the annual support contributing to maintenance costs shall be available based on the forested hectares, for a period of 5 years.

Within the framework of the measure, normative unit price and area based support is available based on application for the quantity and quality improvement of forested area of Hungary and for the improvement of the public interest protection function of the forests.

For forestation areas appropriate from an environmental aspect may be selected, based on for example protection against erosion, expansion of forestry resources to decrease the effect of climate change, including increasing the biodiversity and the protection of watercourses, flood protection and the decrease of the extent of climate change. No protected natural areas or NATURA 2000 areas may be selected and supported where the current landscape structure and cultivation sector may be kept and it is positive from the aspect of preserving biological diversity.

#### **Scope of the beneficiaries:**

The legal user of the eligible agricultural area may apply for the first afforestation support.



The legal user of the eligible area may apply for the maintenance support, if the area is out of crop.

In case the area registered for support is in the ownership of the Hungarian State, or the business association (if the share of the state exceeds 100%) or budgetary organisation user may only apply for support for the first plantation of the forest.

### **Areas eligible**

Eligible non-agricultural area: an area that is not eligible to support when applying for the single, area-based support based on the classification of the LPIS and financed from the European Agricultural Guidance and Guarantee Fund Guarantee Division and the European Agricultural Guarantee Fund.

Out of crop land entitled to receive attendance support: a non-agricultural area that has been verified as out of crop by the **Institute of Geodesy, Cartography and Remote Sensing through a remote sensing examination after the application is filed.**

Under the measure

*Forest:* The area defined under Article 5 of Act LIV of 1996 and Article 3 Section 1 of its enforcement regulation, Regulation 29/1997 FM (April 30).

**The provisions and the criteria for selecting afforestation areas to ensure that the planned measures are in line with the local conditions and the environment protection/biodiversity requirements with regard to Article 34 of the enforcement decree and Article 50 (6) of Regulation 1698/2005/EC.**

Compliance with local conditions and environment requirements is ensured by:

No protected natural areas or NATURA 2000 areas may be selected and supported where the current landscape structure and cultivation sector may be kept and it is positive from the aspect of preserving biological diversity.

- The beneficiary shall comply with the provisions of Chapter IV of Act LIV of 1996 on the forests and their protection and on the afforestation provisions of the enforcement decree of this act, Regulation 29/1997 (April 30) FM.
- The beneficiary shall be obliged to obtain an afforestation permit issued to its name and approved by the forestry authority (the approving resolution of the afforestation plan);
- The planned afforestation shall be a non-supportable stand type in the given forestry ecological region.

### **The methods for determining planting and maintenance costs**

The calculation of costs has been based on a nationwide data collection conducted by the territorial organs of the forestry authority by questioning several beneficiary groups and by support groups and natural endowments. In the course of data processing, the average entrance costs have been calculated by calculating average costs that take the area of afforestation so far into consideration.

The afforestation costs include the material costs of the afforestation, the actual costs of afforestation and all directly related and necessary costs (EG planning, plant protection costs).

**The calculation methods of the amounts of support:**

The amounts of support have been calculated by the Forestry authority. Payment rates are uniform, calculated on a per hectare basis, so payment procedure is not by invoice.

**The rate of support for planting costs:**

The rate of support for the first removal may be maximum 80% of eligible costs in mountain areas, in underprivileged areas other than mountain areas and in Natura 2000 areas. In other areas, it may be maximum 70% of eligible costs.

The rate of support is between 50 and 80% and it depends on the planned target and on whether the area is classified under Natura 2000 or as LFA.

**The link between the planned measures and the national/partly national forestry programmes or other equivalent measures and the Community Forestry Strategy.**

National afforestation programme and Act XXIV of 2003 on the National Regional Development Plan.

**Connection with the Forest Protection Plan in areas classified as high or medium forest fire risk, and basic elements that ensure the measures' compliance with the protection plan:**

On the basis of Regulation 12/1997 BM all forest areas shall be classified according to fire risk, and fire protection plans need to be developed accordingly.

**Form of the assistance:**

Normative, area-based, non-refundable assistance

**Amount of the support:**

Plantation costs and maintenance cost support depend on tree species to be afforested, the Natura 2000 or LFA status of the land, or the accessibility of the area by machinery. Plantation cost can differ between 580 and 2100 euro per hectare, while maintenance support is targeted between 150 and 300 euro per hectare.

**Upper limit of the support value as per project:**

Approximately 30 hectares

**Proportion of the assistance**

50-80% of plantation costs.

**General costs:**

According to the relevant national legislation.

**Grounds for exclusion from the support**

No support may be granted to a person who receives an Early retirement support from the European Agricultural and Rural Development Fund under Article 23.

No support may be received:

- a) for establishing Christmas tree plantations and ornament branches production
- b) for tree plantation planted for one rotation coppice
- c) for tree plantations with a shorter coppice period than 15 years;
- d) in the area of the planned afforestation for a non-supportable target type in the given forestry landscape.

**Financing:**

Public expenditure: 1.952.047 Euro

EAFRD contribution: 1.500.263 Euro

**Provisional measures**

None

**Complementarity and designation criteria:***Complementarity to the other measures of the Programme*

The measure is closely linked to the all forestry measures in axis II. To the measures of first forestation of agricultural areas, first formation of agro-forestation systems in agricultural areas, forest-environmental protection measures and the Natura 2000 measure. The measure is closely linked with one of the measures in axis I: “value increase of agricultural and forestry products”.

**Quantified targets on the basis of the EU indicators:**

<b>Type of the indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of beneficiaries receiving afforestation aid	200 pcs
	Number of hectares of afforested land	2,000 ha
Result	Areas under successful land management	2,000 ha
Effect	Reversal of the reduction in biodiversity (index number of wild birds nesting in a n agricultural area, 2000: 100%)	0%
	Change in the gross nutrient balance (nitrogen surplus)	0 kT
	Increase in the production of renewable energy (mineral oil value)	13 kT

#### **5.3.2.2.4. Natura 2000 payments**

##### **Legal basis for the assistance**

Article 46 of Regulation 1698/2005/EC

##### **Measure code: (224)**

##### **Justification of the measure:**

The areas designated and proposed for designation for Natura 2000 constitute approximately 1.96 hectare, which is 21% of the territory of the country. The Hungarian territories of the European ecological network – totally 1.41 million hectares – 468 special nature protection areas are going to be designated, while 55 special bird protection areas are going to be designated in the on 1.38 hectares. Hungary started the process of designating the areas of Natura 2000 in 2004. During this 744 thousand hectare wood area was defined. Because of natural geographic reasons and of the long cycle of the forest farming the biodiversity of the forest ecosystems is the highest among the natural habitats. This is exemplified by the fact that contrary to the worse ecological features of the private forests compared to the state forests, 207,000 hectares were designated for Natura 2000 area from the private forests. In such areas, due to the low asset and capital level of the private sector, the positive natural condition may only be reached through the moral and financial motivation of the private forest farmers.

On the basis of the farming according to a forest plan and preserving the current use of the area the long term maintenance of the natural condition forming the basis of the designation can be preserved.

The habitats injured because of different reasons the restoration and the formation of a better forest status may be formed with the help of such development assistances like forest environmental protection payments.

The farming possibilities of the person farming on a Natura 2000 area is limited in order to achieve the aims of Natura 2000, which are to be defined in the decree of the regulation of the use of the fields, in the district forest plans and in the yearly forest farming plans.

When preparing the forest plans, the natural protection requirements have already been fulfilled and thus the preservation of the natural state that served as a basis of designation is guaranteed in the forests through the farming supervised by the forestry authority. The statutory land use provisions regarding the forests in Natura 2000 areas shall be incorporated into the forest plans, therefore farmers will take them into consideration when preparing the annual forest management plans.

The special requirements of the individual Natura 2000 habitats may appear in the maintenance plans, which shall be based on forest plans to avoid unnecessary overlaps. The main result of this planning process shall be the recording of the current state through the registering of extensive data, and the definition of future directions for development. The collection of data in Natura 2000 forests and updating them is only possible through the assistance of the farmer, and this measure has to support this. The forest farming conducted in this way provides a guarantee for the achievement of the proposed Natura 2000 aim and thus it is to be supported.

**Purposes of the measure:**

Assistance shall be provided to private forest farmers for the purpose of their farming in the Natura 2000 areas, in order to allow them to manage the disadvantages resulting from the implementation of Council Directive 79/409/EEC of April 2, 1979, on the conservation of wild birds and of Directive 92/43/EEC of May 21, 1992, on the conservation of natural habitats and of wild fauna and flora.

The objective of the measure is the maintenance of the good natural conditions of the designated Natura 2000 areas, the assurance of the protection of the natural values forming the basis of the designation, the fostering, supporting of the farming activities sustaining the natural conditions forming the basis of the designation.

**Content of the measure:**

Yearly assistance have to be provided on a hectare basis after the affected forest area to the private owners and to their associations a consideration for the extra costs and loss of income on the area resulting from the restrictions related to the implementation of the directives 79/409/EEC and 92/43/EEC on the use of the forests and other wooded areas.

Further condition to the payment procedure that the forester must continuously contribute to data collection on species and habitats of community importance.

The compensation payment on the Natura 2000 areas may be paid yearly as a consideration for complying with the rules defined in laws. Compensation may be paid yearly as a consideration for complying with the rules defined in the valid law on the use of lands and the valid district forest plans and forest farming plans for the farmers complying with the eligibility criteria.

The targets are to be reached through a two-tier system of regulations. The current measure serves the preservation and maintenance of Natura 2000 areas. In Natura 2000 areas the best way of habitat development is through the forest and environment protection programmes volunteered by the farmer.

The high level accord of two level regulation (maintenance, development) will be implemented in the maintenance plans. In Natura 2000 maintenance plans special management and development objectives must be determined based on the area status descriptions.

**Scope of the beneficiaries:**

Private persons and municipalities and their associations.

Those forests and wooded areas may not be the beneficiaries of this assistance, which:

in the ownership of the Hungarian State, or

the user is a economic enterprise with state ownership higher than 50% or a state budgetary institution.

(7) Eligibility criteria:

Natura 2000 area indicated in LPIS (the agricultural lot identification system);

Applicant forest farmer registered by the forestry authority (Article 13 Section (5) of Act LIV of 1996)

The applicant has a forest farming plan approved by the forestry authority.

The support may be granted as long as the given area as Community-level significance

the minimum size of eligible area is: 0.5 hectare

the minimum size of the lot shall be 0.3 ha;

The participants of the forest and environment protection programme are not entitled to this present support

Under the measure

Wooded area: as defined in Article 6 (1) of Act LIV of 1996

Forest: The area defined under Article 5 of Act LIV of 1996 and Article 3 Section 1 of its enforcement regulation, Regulation 29/1997 FM (April 30).

**Due to the costs arising out of the limitations to forest and other wooded areas through Directives 79/409/EEC and 92/43/EEC, and the exact determination of calculation methods for foreseeable income in the affected area.**

The rate of the compensation is established on the basis of the additional costs of complying with the provisions set by the national legislation and lost revenues connected therewith.

The rules on the use of the lands forming the basis of the assistances will be issued in the form of law until the latest of 1 September 2009, thus the punctual calculation may be made only knowing these, after the issuance of the law. The basis for the definition of the costs will be the National Forestry Database working as a public registry, which contains the forest farming possibilities of the single forest farmers for 10 years and the natural conditions of the given forest area.

**Form of the assistance:**

A territory-based non-refundable standard assistance.

**Proportion of the assistance**

100%

**Value and upper limit of the assistance:**

Yearly Natura 2000 payment in forest:

- uniform payment of 40 euros after one hectare,
- maximal payment of 200 euros after one hectare,
- uniform minimal payment of 40 euros after one hectare,

**Eligible costs:**

Compensation for the extra cost emerging because of the restriction and/or for the lost income.

**The link between the planned measures and the national/partly national forestry programmes or other equivalent measures and the Community Forestry Strategy.**

The government accepted the National Forest Programme for the period of 2006-2015 by the resolution of 1110/2004 (X.27.), in which the aim programme 4 has the title "nature protection in the forests". The measure is linked to this aim programme.

The measure is linked to the aims taken in the Forestry Strategy of the EU related to the protection of the biodiversity of the forests.

**Connection with the Forest Protection Plan in areas classified as high or medium forest fire risk, and basic elements that ensure the measures' compliance with the protection plan:**

The classification of the forests in the Natura 2000 areas was made according to their risks of fire, this is indicated in the forest plans and the forest farming rules were defined knowing these.

**Financing:**

Public expenditure: 43.107.712 Euro

EAFRD contribution: 33.130.818 Euro

*Complementarity and designation criteria: Linkages to the other measures of the Programme*

The measure is directly linked in the two tier regulation system with the forest-environment protection system and the measure of non-productive investments that serves as a basis. The individual Natura 2000 areas very often include agricultural areas in addition to the forest and thus there is a direct link with the agro-forestry programme. The preparation of Natura 2000 maintenance plans may be supported based on Article 57 a) of EAFRD. The measure is tightly linked to the achievement of the measures "First forestation of non-agricultural areas", "First forestation of agricultural areas", "First formation of agro-forestation systems on agricultural areas" and "Forest-environmental protection payments" and to measures in Natura 2000 areas or neighbouring areas.

The main source of support for achieving the development targets in addition to maintaining the current state is the forest environment protection programme and the related non-productive investments.

**Quantified targets on the basis of the EU indicators:**

Type of the indicator	Indicator	Target
Output	Number of forest holdings receiving aid in Natura 2000 areas	50,000 pcs
	Supported forest land (ha) in Natura 2000 areas	207,000 ha
Result	Areas under successful land management	207,000 ha
Impact	Change in high nature value areas	207,000 ha
	Change in gross nutrient balance (nitrogen surplus)	0 kT
	Increase in the production of renewable energy (mineral oil value)	0 kT

### **5.3.2.2.5. Forest-environment payments**

#### **Legal basis of the support:**

Article 47 of Regulation 1698/2005/EC

#### **Code of the measure: (225)**

#### **Rationale for intervention:**

The private forests form almost 9 % of the territory of the country, thus according to their scope, site features, they have a determining impact on the environmental condition of the country, and the quality of forest management there determine the nature potential of the area and the quality of life.

41 % of the Hungarian forests, totally 787 000 hectares are in private ownership, which do not have the best features according to their profitability. As a result of this, the forest management has been started on 555 000 hectares, that is on almost 71 % of the private forests, with an average size of land of 2.2 hectares, but typically only for maintaining the current status and due to short-term profit interests. On the remaining 232 thousand hectares the ownership conditions (big fragmentation, joint ownership), and the circumstances of the forestry are so unfavourable that practically there is no forestry activity at all, which results in their continuous - ecological and economical - degradation.

The forestry management methods of the private farmers are often characterised by being focused on short term interest. This can be explained by the typical lack of capital. Furthermore there are only a few among them who are qualified professionals, therefore they can not or do not want to execute tasks that are costly, require professional skills and are related to forest management, but mainly to silviculture.

In spite of the unfavourable conditions, forest management has to be developed in these forests in a way that the utilisation option, where the professional requirements and the economic expectations of the owner meet the most, can be found.

Given the fact that these forests can be characterised by a high level of diversity, we have planned 11 target programs in the forest and environmental protection program, in order to reach the largest coverage possible.

The social need for the multi-functional services of the forest areas is growing, therefore besides the interest of the owner; the interest of different members of the society has to be taken into consideration more and more. Accordingly the protective and social welfare objectives have to become increasingly dominant.

The measure contributes to the fulfilment of the obligation undertaken in Göteborg in relation with the reversal of the decrease of biodiversity until 2010, to the aims of the so-called Water Framework Directive and for the aims related to the mitigation of the climate change defined in the Kyoto Protocol.

#### **Objectives of the measure:**

- The general objective of the measure is to establish and ensure the ecological basis of the sustainable forest management, that can be achieved by spreading an environment-conscious forestry methods that are the most suitable to the habitat conditions. In the interest of the conservation and the development of biodiversity, the protection of high nature value forest habitats and the improvement of degraded habitats is realised within the programs.



- The prevention of soil erosion, the conservation of water reserves and the water quality improvement is integrated in several target programs, or are determined as general objectives.
- The promotion of the multifunctionality of the forest is important in the programs, which strengthens the sense of responsibility for the good quality maintenance of the forests' environmental conditions in the forest farmers.
- It is a supplementary effect of the programs, that they make the life in the countryside more attractive, they keep existing and create new workplaces, and increase the employment rate.

### **Scope and actions:**

Fruition of sustainability regarding ecological and economical needs in the forests can be achieved if appropriate measures are going to be applied for the maintenance and improvement of the natural conditions in forests together with the improvement of the competitiveness of the forestry.

Forest-environment payments will be allocated on forest-area per hectare for those beneficiaries, who voluntarily undertake forest and environmental protection obligations exceeding the obligations determined in the legislation and in the forest plans that had been elaborated in compliance with the professional principles.

The payments cover only the obligations exceeding the applicable mandatory obligations, which have to be undertaken as a general rule for a period of five to seven years. The payments cover the extra costs and income loss emerging from the obligations.

Taking into consideration the diverse features of the private and community owned forests, and in order to reach complete forest coverage, 11 different target programs were defined in the frame of the measure. The realization of these was in harmony with the interests of the forest farmers and the improvement of the state of the environment.

#### *Sub-fields of the measure:*

- **Repression of aggressively expanding non-indigenous tree and shrub species**

The aggressively spreading non-indigenous tree and shrub species are increasingly spreading in our forests. Among them the black locust, the red ash, the Manitoba maple, the Russian olive, the tree of heaven, the black cherry, the western hackberry and the *Amorpha fruticosa* do decrease and in some areas even endanger the habitats of our indigenous species. Their repression can only be realised with a several year long continuous manual work. In flood-basins we can restrict their spreading steadily only in those areas, where the canopy closure is maintained on a high level.

Period of support: 5 years

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- **Conversion of non-indigenous forest stands with a degraded structure**

Forest stands that consist of tree species different from the natural forest association that is characteristic on the given habitat; spruce forests that do not consist of non-indigenous species and that have a gappy structure has to be transformed into a near-natural forest association.

Period of support: 10 years

▪

- **Maintenance based on manual work ensuring the regeneration of the natural forests**

Stand complementation in order to create indigenous forest stands corresponding with the habitat, or artificial forest regeneration for forest structure conversion, and the further development of natural forest regeneration can only be achieved by handwork intensive, professional treatment. The target program aims to support and regulate the treatment of forests as one of the most important silvicultural activity.

Period of support: 7 years

▪

- **Conservation of forest coverage in order to avoid erosion and protect wetland habitats**

The protection of the wetlands and areas endangered by wind- or water erosion, and the further conservation and the maintenance of the natural forest cover of the plain forests with oak as dominating specie, could be efficiently realised by the further conservation of the health forests that were however planted for end utilisation according to the forestry practise. The long-term aim in this case would be to encourage farmers in these areas to change for silvicultural methods that ensure the continuous forest cover.

Period of support: 7 years

- **Conservation of forests with public welfare function**

In forests where social welfare function predominates and that is exposed to a bigger load due to the increased human presence, the maintenance of a good quality condition of the environment as well as the high-quality social welfare services have to be ensured. Ensuring the continuous coverage is the long-term aim in these forests as well.

Period of support: 7 years

- **Reduction of clear cutting of indigenous forest stands method applied for forest regeneration purposes**

Where the forest regeneration was planned to be realised in an artificial way because of the changes in habitat conditions (sinking ground water, internal water, alkalization, climate change, etc) or because of the industrial forestry methods, the change for forest regeneration methods that mean a more little load on the habitat and that use local reproductive materials should be achieved.

Indigenous plain forests with their unique natural value have an outstanding role among them, their biological importance is much higher, than the value of the wood that could be produced there.

Period of support: 7 years

- **Extension of indigenous forest areas by supporting succession processes**

During succession processes forests tend to emerge mostly in areas where there has been a forest before but it was cut down and the land was used for agricultural production. After the intensive agricultural production fell back, extensive animal breeding began to stagnate, and the cultivation of the land was ceased, in these areas – mostly in areas that belong to greater forest groups – a mixture of tree species of pioneer and climax forest groups begins to emerge. During this process it has to be ensured that the production sites are not taken by foreign species, and the extension of indigenous species has be supported by means of external intervention. When compared to forest plantations, the forests regenerating in this way enjoy a greater genetic variety, better adaptability, they ensure the natural processes of soil development, thus natural regeneration is more favourable.

The term of support is 7 years.

- **Creation and maintenance of forest clearings**

The vast majority of the forest clearings emerged due to human activities, their minority emerged due to production site reasons. They often have historical significance as well, in each case they constitute a unique habitat, therefore their preservation and the creation of further clearings by conversion (crop fields, wood loading and stockpiling places within forests) is an important objective. In order to be able to preserve and maintain them it is very important to restrict and minimize the appearance of bushes, reforestation, and the non-arboreal plants of foreign origin.

The term of support is 7 years.

- **Selection forest management**

In forests managed in gradual regeneration cutting or clear-cutting system the conditions of selection cutting have to be created and following this selection cutting has to be tailored to the site conditions according to the professional requirements. According to our present knowledge, selection forest

management is the best way to achieve sustainable forest management both in ecological and economic terms.

The term of support is 10 years.

- Conservation of forestry genetic resources in a forestry collection of genes (ex situ), and forest stock in the form of trees
- The task of ex situ, that is, conservation of genes outside of the original site in case of forest species is to conserve the genetic diversity, the ability to adapt, the micro-evolutionary capacity for a long period of time, primarily in case of endangered, rare species or species that are difficult to propagate, but in case of indigenous species as well, which are of a great economic significance.

The term of support is 7 years.

- Ensuring special forest habitats, and the conditions for natural forest regeneration

Nowadays the vast majority of the wood stock are often of the same age, or they have at most two levels, almost completely understocked. Important stand components are missing such as understocked areas, old trees, trees with irregular shaped trunk and crown, standing and laying deadwood, mainly the thick deadwood and trunk stubs, and the root system of fallen wood. The creation and maintenance of microhabitats (sparing wood with cavity, preserving nestling places and conserving deadwood), forest management under cutting system, voluntary preservation of tree groups and with the aim of natural forest regeneration, bush regulation with a view to creating natural forests all play a very significant role. These actions serve ecological purposes, such as increasing biodiversity, forest protection based on natural processes, and the protection of the landscape.

The term of the support:

In case of creating microhabitats: 7 years

In case of bush regulation: 5 years

### **Beneficiaries and conditions:**

#### **Beneficiaries:**

Support shall be granted only for forests and wooded areas owned by private owners or by their associations or by local authorities or their associations.

The following forests and wooded areas shall be excluded from the scope of support:

- in the ownership of the Hungarian State, or
- the user is a economic enterprise with state ownership higher than 50% or a state budgetary institution.

(8) Conditions for entitlement:

(9) For the purposes of the measure, wooded land means area under Article 6 (1) of Act LIV of 1996 on Forests and the Protection of Forests' and forest means area under Article 5 of Act LIV of 1996 and Article 3 (1) b) of Ministerial Decree No. 29/1997 (IV. 30.) issued for the execution of the Act .

the supported entity shall be a forest manager registered by the forestry authority (13 (5) of Act No.

LIV./1996)

the demanding person or entity owns an agenda that was approved by the forestry authority.

Except for the 7th target programme, the forest area shall be registered in the *National Forest Data Base*. (where it is applicable, the land areas directly serving forestry activities will be named).

Smallest for granting the support in case of a land: 1,0 ha. The differences in case of each target programmes will be named.

Support can be granted for a complete forest section, for other land portion or for their area that was separated in nature, which are indicated on a M=1:10 000 scale map.

In case of the 7th target programme the support can be granted for a complete land plot.

With a view to the measure:

- The wooded area according to 6 (1) of Act LIV./1996 is qualified as afforestation,

and

- the wooded area according to 5 of Act LIV./1996 and to 3 (1) b) regulation No. 29/1997. (IV. 30.) of the Ministry of Agriculture, is qualified as a forest.

- high natural value area in forests: forest areas where the proportion of trees appropriate for the natural qualities of the given land surpasses 50% of the forest mix.

**Justification for the commitments, based on their expected environmental impact in relation to environmental needs and priorities:**

- Reducing area of non native tree species and the conservation of forest structure serving maintenance and improvement of biodiversity.
- Protection against development of gullies, erosion on steeply sloping areas, promotion of **spontaneous regeneration of native forest**, maintenance of permanent forest coverage and selection forest management play a significant role in soil protection.
- The two most important purposes of the protection of waterside habitats in forests are the preservation of water quality and protected species.
- The maintenance of low-land forests serves the preservation of forest association consisting of oak as a main tree species which has a special value for nature conservation and which is situated in the area of the forest steppe climate: this is realized in all of the target programmes.
- Forest areas emerging during selection forest management will be model areas for sustainable forest management.
- By maintaining forests that serve the purposes of common wealth the society's most important demands and expectations in case of forests will be fulfilled.
- The maintenance of special forest structure elements play a significant role in the protection of forests, in preserving biodiversity and in creating environment awareness.

Selection forests' area will be the standard for sustainable forest management.

**Description of the methodology and of the assumptions and parameters used as reference point for the calculations justifying additional costs and income foregone resulting from the commitment given:**

The inventory of Hungarian forests based on official data of the National Forest Data Base, which includes the sites' features too, and on this data base the authorities can determine the directions of possible developments for environment protection and they can control also their fulfilment. The elaboration of the calculation method and the loading of the data inventory is in process.

**Form of support:**

Normative, non-refundable, land-based compensatory payment

Support shall be granted only for the fulfilment of commitments undertaken voluntarily by the forest manager where such commitments are beyond those included in the legal regulations in force.

**Terms of assistance:**

Commitments should be undertaken for a period of 5-7 years, however, in the case of certain programmes, the time-span can be longer. Such commitments include the conversion of forest structure and the support for management selection forests. During the conversion period of forest structure (target programme 2), a native forest association suited to the site is regenerated instead of a forest in unfavourable natural conditions. According to Article 57 (4) of Ministerial Decree No. 29/1997 (IV. 30.), the forest manager is allowed to complete such kind of regeneration for 10 years, so this period should be taken into consideration as a basis for the period of the payment. In case of management of selection forests it is reasonable to take into consideration the same - 10-years long - period because it is a well-known fact that it requires decades to develop the natural structure of selection forest.

**Amount of assistance:**

100%

**Value and upper limit of the assistance:**

Forest-environmental yearly payment:

- minimal payment of 40 euros per hectare,
- maximal payment of 200 euros per hectare,

The specific and actual extent of funds is being elaborated for each of the target groups.

**Eligible costs:**

We employed the basic principles defined by the European Commission when calculating the forest-environmental management payments, namely the compensation of incidental increase in costs and of the loss of income as a result of economic regulations. The payments take place once a year and they are aimed at covering the additional costs resulting from the undertaken obligations.

**Linkage of proposed measures with national/sub-national forest programmes or equivalent instruments and with the Community Forestry Strategy:**

The government accepted the National Forest Programme for the period of 2006-2015 by the resolution of 1110/2004 (X.27.), in which the 2.-5 target programmes are the following: „Development of private forest management”, „Rural and territorial development, forest plantation, conversion of forest structure”, „Nature protection in the forests”, „Modern forest protection”. The measure is linked to all of these target programmes.

The measure is linked to the aims taken in the Forestry Strategy of the EU related to sustainable forest management, the protection of the biodiversity of the forests and to the objectives set concerning climate change.

**Reference to the Forest Protection Plans for areas classified as high or medium risk for forest fires and the basic elements ensuring conformity of proposed measures with these protection plans:**

The classification of the forests in the areas concerned was made according to their risks of fire, this is indicated in the forest plans and the forest management rules are defined knowing these.

**Financing:**

Public expenditure: 89.306.167 Euro

EAFRD contribution: 68.637.054 Euro

**Linkages to other programmes:***Linkages to the other measures of the Programme*

In case of certain target programmes the funds included in the Structural reform sub-measures of non-production investments form an integral part of the measures. The measure is closely linked to the implementation of the measures “First forestation of agricultural and non-agricultural areas, “Natura 2000 payments”. Moreover, it is linked to the „Improvement of forests’ economic value”, and to the „Increasing the value of agricultural and forest products”, and with a view to its impact it is linked to the „Agro-environment protection payments” measures.

**Rationale for intervention:***Linkages to other measures of the Programme*

Certain sub-measures of the forest-environmental programme are based on the activities realized in the framework of „Non-productive investments” (conversion of forest structure) (article 49), or they complement the forest-environmental target programmes (group scenting, planting forest bands, environmentally friendly substance movement).

The forest-environmental target programmes did not have any antecedents in the national funding system, and the measures aimed at development have not been formulated earlier in such a complex system, therefore the successful operation of the programme is largely dependant upon the proper information provided for the forest managers, on their appropriate training, and the effective functioning of professional advisor system.

Thus, the measure is linked to the measures entitled „Professional training and information activities” (article 21), „Resorting to counselling services” (article 24), and „Creating counselling activities” (article 25).

The lack of assets and capital constitutes an important problem for private forest management, while they would be the most important prerequisites for high level professional work necessary for the implementation of forest-environmental programmes. The measures entitled „Improvement of forests’ economic value” (article 27) and „Development of forest infrastructure” (article 30) serve to improve these conditions.

Only a few people can make a living independently on forest management, this activity is typical linked to agricultural activities. Many of the farmers who opt for joining the forest-environmental programme have already taken part in the agro-environmental programme as well, thus the two measures complement each other and strengthen their mutual impact.

The new forests created as a result of the measure entitled “First forestation of agricultural and non-agricultural areas” can serve as the base areas for the forest-environmental programmes in the future.

The measure is closely linked to the measure to ensure the preservation of the NATURA 2000 forest areas, however, its actual impact will significantly surpass that of the previous programme.

The forests that will be created as a result of the forest-environmental programme, that will be managed in a sustainable manner and that will ensure biodiversity, will function as a biological ground contributing to the development of rural tourism, thus they will have a favourable impact on the measure entitled „Promotion of tourism activities” (article 55).

*Linkages to other Operational Programmes:*

The measure is linked to the measure of the Environmental and Energetic Operational Programme entitled „Preservation of natural values and natural resources”.

The realization of the measure will also be linked to the accentuated regional programmes (such as the Development of Vásárhelyi Plan), and to the implementation of watershed management plans, since developing the condition of forest symbioses is an integral part of these.

**Quantified targets for EU common indicators:**

<b>Type of indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of forest holdings receiving support	45,000 pcs
	Forest area under support	170,000 ha
	Number of contracts	45,000 ha
Result	Areas under successful area management	170,000 ha
Impact	Change in high nature value areas	60 000
	Changes in gross nutrient balance	0 kT
	Increase in production of renewable energy (mineral oil equivalent)	0 kT

### ***5.3.2.2.6. Restoring forestry potential and introduction of preventive actions***

#### **Article (and paragraph) which covers the measure:**

Article 48 of Regulation No 1698/2005/EC regulation

#### **Code of the measure: (226.)**

#### **Rationale for intervention:**

In forest management, in the row of natural disasters, in addition to abiotic factors, in our country, a major role is played by biotic damages (especially damages caused by insects). In the last 5 years in average 100 hectares/year were hit by forest fires, the other abiotic damages (drought, water, frost, snow, wind) affected more than 5,000 hectares, while the insects caused the death of 200 hectares per year. Forest damage mitigation payments have only been paid on an ad hoc basis so far, from national sources, and only the greatest forest managers have thought of prevention.

The implementation of the natural disaster preventive measures are made difficult by the private forest management with an incoherent structure and suffering from lack of capital as well as the lack of interest. With the help of the damage mitigation measure the emerging natural damages can be prevented and decreased. The forest fire data will be registered in the monitoring system operated by the forestry management.

Drought has been very frequent in the past few decades, which was an additional factor to increase the risk of fire. Thus, in the future it is worth paying greater attention to fire precautions and prevention in Hungary as well. The implementation of the measure facilitates forest management security, protective belts and extinguishing lines can be created as a result of prevention, the size of the area damaged by the fire can be reduced. The increase of the proportion of the multi-species forests needed for forest fire protection has a positive effect on biodiversity as well.

There are no, or only indirect effective preventive forest measures that can be taken against other abiotic sources of damage (e.g.: appropriate forest structure, creating multi-species forests, nature friendly forest management methods), in their case the emphasis is on the mitigation of damage.

In case of biotic damage chemical treatment can only prove to be effective if the necessary forecast is available with appropriate monitoring activity. Therefore, in this case these two activities have to be accentuated.

#### **Objectives of the measure**

The objective of the measure is to mitigate and terminate the factors threatening the factors that threaten the fulfillment of society's welfare, leisure time and environmental needs, and to prevent and abolish the abiotic and biotic damage, thus contributing to the conservation and increase of biodiversity. An other objective is to decrease the risks related to forest management, to prevent and cease the damages that threaten the ecologic and welfare functions of the forests. The fulfillment of the forests' multifunctional existence has to be ensured for society. Another important objective is to decrease the risk of production in private forest managers lacking capital, which is the guarantee for ensuring the ecological and public wealth purposes and services of the forests, equally it is also very important to prevent and terminate the damage of the forests..

As for forest management European monitoring systems have a great significance, and the stakeholders of forest management have to be involved in these systems to a greater and greater extent. Voluntary forest management contribution and cooperation strengthens the kind of environment awareness that is the basis for sustainable forest management.



**Scope and actions:**

Support can be granted for the reconstitution of the forestry potential of forests hit by natural catastrophes and fire, and for the introduction of preventive measures. The measures taken against forest fires have to cover the high or medium fire frequency areas that are defined in the national forest protection plans of the member states. The data concerning forest fire are recorded in the monitoring systems operated by the forest managers.

The measure includes:

- The establishment of protective infrastructure and protective forestry management measures;
- The creation and development of forest fire monitoring establishments and communicational tools.
- measures mitigating biotic and abiotic damage.

**Support can be granted for:**

Preventive measures

**A.1. Fire prevention**

- creation and maintenance of fire break in the medium and high fire frequency areas,
- controlled elimination (chipping) of thin precommercial cleaning material (wood remaining from cleaning), ;
- for the creation of water source in coherent forest area of at least 100 hectares;
- A.2. chemical protection;
- A.3. providing data for the Forestry Measurement Monitoring System.

Measures aimed at damage elimination

- B.1. the elimination of biotic damage
- B.2. the elimination of abiotic damage

**Beneficiaries:**

In case of damage elimination all the forest managers that are registered by the forestry authority (13 (5) of Act LIV/1996) and that own an approved agenda.

In case of forest fire preventive measures the forest managers in medium and high fire frequency areas (counties) that own an approved agenda.

In case of a demand for aid aimed at chemical protection the decision of the competent authority to order protection is required.

**Entitled areas:**

In case of forest fire preventive measures the low and medium fire frequency forests.

**Areas entitled for damage elimination:**

Areas damaged by biotic and abiotic impact all the areas that are contained in the National Forest Data Warehouse.

**Form of assistance:**

Non-refundable support: normative, area based, depending on the different protection methods.

In case of participation in a monitoring system, on the basis of conditions defined in the relevant contracts.

**Aid intensity:**

100%

**Level of support:**

Depending on the purpose of the applicant, the amount of support varies between 40 and 873 Euros.

**Minimal amount of support per project:**

40 Euros

**Eligible costs:**

- Financial assistance for damage recovery, restoration and reforestation can be allocated after natural catastrophes and fire.
- In case of creating fire brakes, the eligible costs include the costs of the creation as well as the maintenance costs of the given area.
- In cases besides the scope of ordinary farming, financial assistance can be given for the direct costs of the preventive measures.
- In case of preventing damages, financial assistance for the direct costs of activities beyond the ordinary farming can be given.
- Financial assistance for the costs of the operation of the forest protection report system that is needed for the forest monitoring system, and of the forest insect traps.

**Linkage of proposed measures with national/sub-national forest programmes or equivalent instruments and with the Community Forestry Strategy:**

In Resolution No. 1110/2004. (X. 27.) the Government adopted the National Forest Programme for the 2006-2015 period with target programmes 2 -5 having the titles „ Development of private forestry” and „Modern forest protection”. The measure is primarily linked to these target programmes.

The measure is linked to the objectives specified in the EU’s Forestry Strategy in relation to sustainable forest management, to conservation of biological diversity of forests, to climate change, and to the 9. key activity of the EU Forestry Action Plan the title of which is strengthening the protection of European forests.

**Linkage to Forest Protection Plan in case of areas classified as high or medium risk for forest fires, and the elements that ensure the compliance of the proposed measures with the protection plan.**

The fire hazard classifications have been carried out in respect of forests located on the forest areas in question, it was indicated in regional forest plans, and forest management specifications were elaborated on the basis of these.

**General costs:**

According to the relevant national legislation.

**Financing:**

Public expenditure: 10.736.260 Euro

EAFRD contribution: 8.251.449 Euro

**Linkages of the measure:**

*Linkage with the other measures of the Program*

The damage prevention measure did not have a precedent in the national support system, and previously measures relating to damage prevention and damage recovery have not been integrated in a similarly complex system, therefore the success of the programme heavily depends on the adequate information provision for the forest farmers, on their training and on the efficient functioning of the professional consultancy system. The measure is interlinked with the "Vocational training and provision of information activities" (Article 21), "Utilisation of consultancy services" (Article 24) and the „establishment of consultancy services" (Article 25) measures.

One of the serious problems of the private forestry is lack of assets and capital that are hindering the performance of a high-quality professional work needed for the realisation of the forest protection programs. The measures „Improving the economic value of forests" (Article 27) and the „Improvement of silvicultural infrastructure" (Article 30) contribute to the improvement of these conditions.

It is recommended to organise the protection of forests created in the frame of the measure „First afforestation of agricultural and non-agricultural areas" (Article 43 and 45) already in the phase of plantation or as soon as possible after the plantation, therefore the harmonisation of the two measures is essential.

The realisation of the forest-environmental protection program (Article 47) indirectly contributes to the protection of forests (mixed nature, multilevel, closed forest stands), and this measure facilitates the successful realisation of the forest-environmental protection program.

The forests, that will be conserved as a result of the forest protection programs, will be location that ensure the development of rural tourism, therefore they will have a positive impact on the measure "Promotion of touristic activities" (Article 55). The measure supports the execution of the measure "Forest and Environmental payments".

**Quantified targets for EU common indicators:**

<b>Type of indicator</b>	<b>Indicator</b>	<b>Objective</b>
Output	Number of prevention/restoration actions	28 700
	Supported area of damaged forests	39 200 ha
	Total volume of investment	109 million Euros
Result	Areas under successful land management	91 000 ha
Impact	Change in high nature value areas	60 000 ha
	Changes of gross nutrient balance (nitrogen surplus)	0 kT
	Growth of renewable energy production (mineral oil equivalent)	0 kT

### ***5.3.2.2.7. Non-productive investments on forest areas***

#### **Legal basis of support:**

Article 49 of Council Regulation (EC) No 1698/2005

#### **Measure code: (227.)**

#### **Rationale for intervention:**

Private forestry is characterised by a fragmented property structure, lack of capital, varying and sometimes very bad natural conditions of the forests, and as a result of all these the level of organisation is very low. The state of the private forests is continuously degrading because of the slow invasion of the non-indigenous species and the silvicultural activities that are performed on a low level due to the above mentioned problems.

The conversion of the non-indigenous forest stands with a degraded structure into indigenous forest stands that correspond with the habitat, helps to stop this unfavourable process. This is a long-term profitability investment into the forest, on the basis of which the private forestry starts a durable and sustainable development. Recognising its importance the measure was introduced on other international levels as well, thus the forest structure transformation of 2000 hectares was realised yearly out of national resources.

In Hungary the utilisation of potential habitat is endangered by the spreading of the non-indigenous tree species and the evolution of pure and spruce forest without an appropriate structure. According to the National Forestry Database the range of potential forest structure conversion in the private forests is several hundreds of thousands hectares.

It is an outstandingly important objective to separate those areas where among the non-indigenous tree species the aggressively spreading ones constitute a danger.

The social welfare, and the developing ecotourism within, generates the need for the development of social welfare services of the forests. A significant part of the forests situated along settlements are adequate for social welfare developments. The operation of high-quality social welfare establishments in the forests and forest schools facilitates the education that determines the relationship between the society and the forests. The measure contributes – especially among in the case of the young generation – to the recognition of forest environment, and therefore to the strengthening of social responsibility regarding the conservation of natural resources.

#### **Objectives of the measures:**

The aim of the objective is to provide an appropriate rate of composition, the creation of multilevel stand structures in the forest, to improve the natural character, the biodiversity, the health of the forests. Meanwhile it is also very important to produce the most profit for the people without damaging the forests and by utilising the given characteristics of the habitat.

The investments ensuring the social welfare services of forests contribute to the deepening of the relationship between the society and the forests. In the future where the distance between the people and forests will continuously grow, these linkages will have an outstanding importance.

#### **Scope and actions:**

In the frame of the measure those investments will be supported which are related to the fulfilment of obligations undertaken on the basis of forest-environmental or other environmental objectives, or

which increase the social welfare value of the forest or woodland on the given area. Non-productive investments are investments which do not significantly influence the forests' economic value and income generating.

### **Supported activities:**

Environmental and forest protection investments

1.a conversion of forest structure with afforestation under the forest stock level,

1.b) conversion of forest structure after clear cutting,

1.c) Conversion of the forest structure with stand complementation,

2. Improving the forest structure with tending in groups in forest stands consisted of indigenous species suited to the site.

3. Creation of forest edges,

4. Application of environmentally friendly materials handling methods,

Public welfare investments

Forest school, forest out leap, view point, arboretum, creation, renovation and modernization of memorial places in forests.

### **Sub-fields of the measure (sub-measures, activities):**

- Conversion of forest structure with forestation beyond the forest stand
- Conversion of forest stands that consist of tree species different from the natural forest association that is characteristic on the given habitat; forests where oak or beech predominates, sprit forests that do not consist of non-indigenous species and that have a gappy structure into a near-natural forest stand. The essence of the conversion is that the forest regeneration is partially based on the natural new plantation, and partially on the plantation of saplings beyond the existing forest stand, and therefore the old stand above the saplings provides protection for several. Structural transformation after clear cutting

Should the conditions of the habitat not facilitate the creation of an indigenous forest, then it should be transformed in forests that consist of tree species different from the natural forest association that is characteristic on the given habitat, that does not however consist of non-indigenous tree species and that are gappy. Non-indigenous stands have to be turned into indigenous stands corresponding with the habitat. These should be forests that could meet the requirements and provide services of the environment protection, the nature protection and the social welfare on a higher level. Due to the characteristics of the old stand, the conversion can only be realised after a clear cutting and through artificial forest regeneration.

- Conversion of the forest structure with stand complementation
- In case of currently pure, single-level forest associations that consist of dominating tree species which corresponds with the habitat, the structural conversion can be realised by nut seeding, sapling plantation or (e.g. in leaks) by the plantation of other natural species. Improving the forest structure with tending in groups in forest stands consisted of indigenous species suited to the site.

Increasing the naturalness of the forest structure is relatively easy by the quantitative and qualitative improvement of the tree stand in the forest management, by the diversified spatial emplacement of tree stand. The improvement cut from a group aspect is one of the simplest solutions, where a special attention should be paid to the old, big, trees with a large damage and an irregular form.

- **Creation of forest edges**

At the concurrence of clearings and forests with differently utilised or non-productive or along the roads a forest edge has to be created - consisting of tree and shrub species - that due to its structure protects the forest climate, provides a habitat for animal species that are important from nature and forest protection aspect, that increase biodiversity and improves significantly the landscape.

- **Application of environmentally friendly materials handling methods**

In forestry, the traditional environmentally friendly material handling methods have to be applied again, as these ensure the efficient protection of the remaining forest and shrub stand and the protection of the forest soil.

- **Creation and renovation of public welfare establishments in forests**

Support for the realisation of public welfare touristic establishments in the forests classified according to the multilevel public welfare planning (regional touristic programs for public welfare, detailed utilisation plans for highlighted objects), and for the renovation, extension and maintenance of the existing establishments.

**Beneficiaries:**

Forest managers, municipalities, associations of micro-regions, NGOs.

**Provisions of support:**

Non-refundable support.

**Aid intensity:**

100%

**Level of support:**

In case of sub-measure „Creation and renovation of public welfare establishments in forests” payments are made based on invoices.

In case of sub-measure „Creation of forest edges”, the level of support is 3 Euros per meter, the minimum level of support is 150 Euros

Concerning all other sub-measures, the level of support varies between 873-1524 Euros per hectare.

**Linkage with Article 36 (b)(v) of the Council Regulation (EC) No 1698/2005 – forest-environmental payments – or with other environmental objectives:**

Forest-environmental (conversion of structure) investments

Forest restructuring measures constitute the basis of forest and environmental protection target programmes no. 2 and 3 (Article 47), while the investments in fact can be linked to all the target programmes as preliminary activities or supplementary measures.

Public welfare investments

In semi-natural forests, the multiple functions of forests are manifested on higher levels:

The protective functions of forests are continuously ensured,

For forest farmers, the safety of farming activities and the conditions of income-generation are improved,

The public welfare services of forests are supplied to the whole of the society in a directly perceivable manner.

**Links of the planned measures with national/partly national forestry programmes or any equivalent instruments, as well as the Community Forestry Strategy:**

By way of its Resolution no. 1110/2004. (27/10), the Government has adopted the National Forestry Programme for 2006–2015 wherein the target programmes no. 3–5 are entitled “Rural and regional development, afforestation, forest restructuring”, “Nature conservation in forests”, “Modern forest protection”. The measure is linked to all of these target programmes.

The measure is also connected to sustainable forestry, the preservation of the biodiversity of forests, as well as the objectives in connection with climatic change as defined in EU’s Forestry Strategy.

**Links to the Forest Protection Plan for areas classified as high- or medium-risk areas of forest fires, as well as basic elements that are to ensure the reconciliation of the planned measures with the protection plan:**

For the forests situated in the affected forestry areas, classification in accordance with the prevailing fire risks have been implemented, the associated categories have been specified in the forestry plans, and requirements for forestry activities will be shaped in the light of the above achievements.

**Financing:**

Total public expenditure: 45.059.760 Euro

EAFRD contribution: 34.631.082 Euro

**Complementarity and demarcation of the measure:**

**Complementarity to the other measures of the Programme**

This measure has had antecedents in the national support scheme, yet the associated investments have never been set into such a complex system, and therefore the efficient operation of the programme largely depends on the adequate information and training services to be supplied to forest farmers, as well as the effective operation of the advisory system. Thus, the measure is linked to “Vocational



training and information activities” (Article 21), “Use of advisory services” (Article 24), as well as “Establishment of advisory services” (Article 25).

As a major problem, private forest farming has to cope with the shortage of assets and capital resources that are also viewed as the conditions of high-standard professional activities required for the implementation of forest–environmental protection programmes. The improvement of these conditions are served by the measures entitled “Improving the economic value of forests” (Article 27) and “Improving forestry infrastructure” (Article 30).

The measure is closely tuned to the measure aiming at the preservation of Natura 2000 forest areas (Article 46), yet its potential scope far exceeds that scope of this latter measure.

These investments are indispensable for the commencement of some of the target programmes of the forest-environmental protection programme.

Such semi-natural forests ensuring the preservation of biodiversity that are established as outcomes of the investments and forest-environmental programmes, and then managed in a sustainable manner function as biological bases for the boosting of village tourism, and thus are foreseen to have a positive influence on the measure entitled „Encouragement of tourism activities” (Article 55).

#### **Quantified targets for EU common indicators:**

<b>Type of the indicator</b>	<b>Number of semi-subsistence farms supported</b>	<b>Target for 2013</b>
Output	Number of forest farmers supported;	10,000
	Total volumes of investments	EUR 45.9 million
Result	Areas efficiently involved into the scope of forest farming	33,000 ha
Impact	Increase in the areas of high natural values	33,000 ha
	Changes in the gross nutrient balance (nitrogen surplus)	0 kT
	Increase in renewable energy production (mineral oil equivalent)	0 kT

### ***5.3.3. Axis III: Quality of life in rural areas and diversification of the rural economy***

#### **Delivery mechanism of axis III**

The basic concept and the rationale

Within the framework of Agricultural and Rural Development Operational Program, ARDOP 2004-2006 a LEADER-type measure started in Hungary. Local action groups has been selected, and the LAGs selected in this measure now covers 31% of the country's total area and 36% of rural areas. The continuation of this successful concept is needed.

In NHRDP, support under the Axis III offers the possibility to develop rural economy, to improve quality of life in rural areas and to safeguard rural heritage. Axis III measures also supports animation, capacity-building activities and training for rural actors including potential local action groups. The measures of Axis III provides training of staff involved in the preparation and implementation of a local development strategy, promotional events and the training of leaders.

Axis IV serves the realization of the objectives in Axis I and II, but primarily Axis III on the areas covered by the designated local action groups, in accordance with LEADER principles.

#### **Definitions**

**Local Rural Development Communities (LRDCs):** Public-private partnerships established according to Art. 59 e) of Council regulation 1698/2005/EC. for preparing local development strategies applying different measures of Axis III. The participants of PPP's are non-governmental organizations, businesses and local governments concerned in rural development, and the share of the public sphere in decision-making may not exceed 50%. Only those actors can be present in the partnership which/who operate in eligible rural areas.

**Local Rural Development Office:** Local offices in rural areas operate at micro-regional level and cover the entire territory of Hungary.

LRDO is providing advisory services and coordinates the elaboration of the Local Rural Development Plan for the micro-region with the active participation of the stakeholders from the given region. LRDOs are selected by application. The LRDO carries out its activity on the basis of the guidelines given by the central coordination organization (MARD Rural Development, Educational and Advisory Institute). The tasks of the LRDO include the organization-coordination of the potential participants in rural development (non-governmental organizations, businesses and local authorities), the collection and stimulation of projects, the organization of local training courses and provision of rural development counseling services. LRDO serves as a work unit for the correspondent LRDC.

**Local Rural Development Plan:** strategic document which contains the main aims and priorities of Local Rural Development Community. The elaboration Local Rural Development Plan is coordinated by the LRDO, with the support of the central coordination organization (RDEAI), is socialized and approved by LRDC. LRDP contains the following main parts:

- Local Economic Development Plan,
- Service Development and Maintenance Plan,
- Village/Settlement Development Plan,
- Two-year Action Plan.

## The influence of the PPPs (LRDCs) on different issues of NHRDP

NHRDP Axis I, II	The LRDC will approve the Local Rural Development Plan. It contains information and strategy for all measures of Axis III and it serves as the basis for integrated local projects with other axes and with other development instruments.
NHRDP Axis III	<p>The LRDC will approve the Local Rural Development Plan. It contains information and strategy for all measures of Axis III and it also serves as the basis for integrated local projects with other axes and with other development instruments.</p> <p>However, in case of a few measures, it is an eligibility criteria to be in line with the LRDP – and the match is supervised by the PPP (LRDC). These measures are the followings:</p> <ul style="list-style-type: none"> <li>▪ Basic services to be provided to economic stakeholders and the rural population</li> <li>▪ Renewal and development of villages</li> <li>▪ Conservation and modernization of the rural heritage</li> <li>▪ Training and information activities</li> </ul> <p>In the case of economic development measures (311,312,313) the approval of the PPP is not an eligibility criteria, but the operations in line with the LRDP are prioritised.</p>
LEADER	<p>- First phase (until the LEADER programme starts) LRDO helps local groups to organise themselves, to enhance capacity building in rural areas, and they are the basis of the partnership-based rural development approach throughout the country.</p> <p>- Second phase (after starting the LEADER programme)</p> <p>Case A: where there is no overlap between LRDC and LAG, there the LRDP functions are to organise themselves, enhance capacity building in rural areas, and they are the basis of the partnership-based rural development approach throughout the country.</p> <p>Case B: where there is overlap between LRDC and LAG the obligatory coordination body must be set up in which LRDP of the LRDC is shall be adjusted to local development strategy of the LAG.</p>

### *5.3.3.1. Measures to diversify the rural economy*

#### *5.3.3.1.1. Diversification into non-agricultural activities*

##### **Articles covering the measure:**

Council Regulation No (EC) 1698/2005, Article 52 Point a) Subparagraph i. and Article 53

Council Regulation (EC) No 1974/2006, Article 35 and Section 5.3.3.1.1. in Annex II

**Measure code: 311****Rationale for intervention:**

In rural areas, number of job opportunities outside agricultural activities is low what is aggravated by the fact that employment within the agricultural decreased by 30% from 2000 to 2003. The employment situation in the rural areas is more unfavourable than the nationwide average (unemployment is higher). The agricultural wages are the lowest within the sectors of the national economy and the difference is increasing to disadvantage of the agriculture. On the other hand, the problems provide chance for the economic development generated by the cheap labour force. The alternative activities developing beside the agricultural plants (sideline activities) has a tradition, compensating the income volatility of the agricultural production and make use of seasonal availability of the labour force. The valuable, living handicraft traditions can still be found in the rural areas that play an important role both in preservation of the employment and of the unique image of the region.

For the purpose of mitigating and reversing the mutually intensifying processes of the territorial confinement and the social-economic break-away, it is appropriate to pay special attention to *assisting the deprived areas assigned to development* due to their social, environmental and economic disadvantage. It is necessary to enhance the competitiveness of the areas falling behind, to revitalize the local economy and to prepare the local communities for acquirement of EU and other available funds for the purpose of supporting the sustainable social, environmental and economic development.

**Objectives of the measure:**

Purpose of the measure is primarily to improve the earnings position of the rural population living from the agriculture, to create and preserve jobs outside the agricultural activities that may contribute to diminishing the migration from the rural areas and to improving the rural living conditions. Its aim is to encourage the additional income generating, product producing and service activities of households with earnings from the agriculture, promotion of products produced locally in entering the market.

**Beneficiaries:**

Micro-enterprises performing agricultural, game management, forestry and pisciculture activities (hereinafter referred to as agricultural activities), small and medium-sized enterprises as well as natural persons if ratio of their revenue stemming from agricultural activities and their net sales revenue reaches or exceeds 50%. In addition, beneficiaries can be the members of households of natural persons or private entrepreneurs performing the above activities – who may be natural persons or private entrepreneurs whose permanent residence or seat is the same as the registered address of the individual or enterprise performing agricultural activity within the household. Association of the former can also be a beneficiary.

Application may be submitted by cooperations of enterprises, local producers-processors' integrations, municipality-enterprise-civil cooperations fostering creation of local jobs.

**Scope and actions:**

Through the measure any non-agricultural activity implemented on-farm and not belonging to the scope of excluded activities is eligible.

The eligible areas include among others:

- Non-food purpose processing and use of raw materials or by-products of plant or animal origin from the agricultural production (e.g. handicraft, textile industry and leather-work, therapy, cosmetics, dyes, toys, etc).
- Non-food purpose processing of plants growing wild (e.g. reed, sedge, bulrush, basket-osier, drug plants, forest by-products).
- Production of Non-Annex I foods.
- Packaging of agricultural compost for sale, support for cooperation relating to the activity.
- Launching and developing the direct sale of locally made (agricultural, food and handicraft) products, fostering connection to distribution networks.
- Support to marketing of locally made products.
- Development of supply of devices for craftsmen and handicraft activities, establishment of handicraft show rooms, workshop galleries, open workshops, shops, collective marketing actions promoting sale of the locally made products, creation of sales points.
- Manufacture of special machine-tools related to traditional folk and handicraft occupations, development of cooperations existing in production of such products and new cooperations.

The following activities are not eligible for assistance:

- Production and primary processing of Annex 1 products,
- tourism developments,
- wholesale activities,
- mining activity other than drawing and distribution of peat,
- vehicle trade, fuel retail,
- financial and real estate trading services,
- public administration and education activities.

Domains of diversification covered:

Related to the above eligible activities, assistance can be received to the following types of activity:

- a) technological and real estate developments,
- b) small-scale infrastructure developments,
- c) training and education necessary or obligatory for pursuing the planned activity;
- d) use of expert, consultant services,
- e) purchase of patents, licences, production technologies,
- f) marketing activity,
- g) introduction of quality assurance systems.

Applications may not be submitted for activities related to Points b), c), d) and e) alone but only together, in a package with an application for some other activity.

### **Type of support:**

Non-refundable support.

**Rate of support:**

Ratio of public funds within the total of eligible costs: maximum 45%. In case of projects implemented in deprived settlements according to the prevailing special regulation or in settlements located in especially underdeveloped regions in social-economic terms: maximum 50%.

Number of the projects for each beneficiary is not limited but aggregate amount of the contributions requested should not exceed the maximum assistance eligible according to the „de minimis” rule.

Any aid granted under this measure will be in conformity with the de minimis Regulation (EC) No 1998/2006.

The total *de minimis* aid granted to any one undertaking shall not exceed EUR 200 000 over any period of three fiscal years. These ceilings shall apply irrespective of the form of the *de minimis* aid or the objective pursued and regardless of whether the aid granted by the Member State is financed entirely or partly by resources of Community origin.

**Complementarity of the measure:****Complementarity to the other measures of the Programme:**

In the interest of achieving the the overall common goal of creation of job in the rural arease, the measure is linked to the measures „4.3.2 Support for establishment and development of micro enterprises” (Article 54) and „4.3.3 Stimulation of tourism-related activities” (Article 55). Demarcation between the measures of Article 53 and 54 shall be made in the place of implementation of the supported activity (on-farm vs off-farm). Demarcation by Article 55 shall be made according to the scope of eligible activity that says that a tourism-related activity is eligible for support only within the scope of Article 55.

The measure is linked to the measure "4.3.7 Training and information" (Article 58) within which special entrepreneurial skills not supported in any other programme (e.g. diversification, innovation, business planning), trainings related to village tourism, training related to the traditional handicraft activities, conservation of the cultural and natural heritage, trainings related to the sustainable utilization, trainings relating to launching and running innovative, local solutions, fundamental services as well as trainings related to the community development will be educated for the potential applicants of Axis III. Presentation and information programmes related to the Axis III. within which support can be granted for organization and implementation of one-day information programmes (Innovative rural development initiatives, Open Houses, Open Riding-halls, Chamber Tours, etc.) wherein enterprise development, diversification, village tourism, village renewal and heritage protection projects, local solutions of fundamental services (innovative rural initiatives) can be learned by means of practical demonstration and consultation.

The Local Rural Development Offices participate in encouragement of, professional assistance to activities-enterprises fitting to the Local Rural Development Plan (detailed description see in measures “4.3.2 Support for establishment and development of micro enterprises” /Article 54) and “4.3.8 Learning of skills, incentive for elaboration and implementation of local rural development plans” /Article 59/).

**Link to other Operational Programmes:**

The measure is linked to the economic development activities of the operational programmes of the regions and of the Economic Development Operational Programme. However, the operational

programmes of the regions and the EDOP do not support the beneficiaries of this measure (those pursuing agricultural activity). Members of the cluster initiatives implemented in the regional operational programmes (ROP) can be the beneficiaries of this measure. The enterprises may use the general consulting services supported by the Economic Development OP as well as the innovation transfer-purpose consultation services. The enterprises may use the micro-credit granted by the EDOP for satisfaction of their financing needs, although the aid intensity calculated from the two funds should not exceed the one according to the “de minimis” regulation.

**Financing:**

Total cost: 46.851.860 Euro  
 Public expenditure: 28.111.116 Euro  
 EAFRD contribution: 20.175.442 Euro

**Quantified targets for EU common indicators:**

Type of the indicator	Indicator	Target
Output	Number of beneficiaries (pcs)	1200
	Total volume of investment (EUR)	109 million
Result	Gross number of jobs created (pcs)	1100
	Increase in non-agricultural GVA in supported businesses (EUR)	20.5 million
Effect	Net additional full time equivalent jobs created	440
	Net added value measured at purchasing power parity (PPS)	

### **5.3.3.1.2. Support for business creation and development**

#### **Articles covering the measure:**

Council Regulation No (EC) 1698/2005, Article 52 Point a) Subparagraph ii. and Article 54

**Council Regulation (EC) No 1974/2006, Section 5.3.3.1.1. in Annex II**

**Measure code: 312**

#### **Rationale for intervention:**

The number of enterprises pro thousand inhabitants (46 pieces) is typically low in the rural areas in contrast to the nationwide average of 86 (2004). This ratio is the same value of 46 enterprises pro thousand inhabitants in 2000. The ratio of enterprises employing less than 10 persons is considerable in the economy of the rural areas (158.305 pcs, 2004). These enterprises are determinant parts of the rural economy both in employment and social terms. Their expansion and thus, encouragement of new jobs is an important element of development of the rural economy.

For the purpose of reduction of the inactivity and increase of the local income-gaining facilities, expansion of the employment basis of the rural areas is necessary. General support for micro enterprises is justified by mitigation of the efficiency disadvantages arising from the lower economies of scale of the rural areas. The entrepreneurial spirit (e.g. subsidiary husbandry on the plot, sideline activities in the 80s already) has historically been characteristic to the rural areas and the cheap labour-force has provided good basis for development of the micro enterprises. On the other hand, it is essential to assign support already to the preparatory phase of the projects.

Parallel with the gradual decrease of the income-gaining and employment role, promotion of the income-gaining and business possibilities outside the agriculture has become necessary not only for the farmers but for the rural population with working capacity as well. The inactivity and unemployment stronger affecting the rural areas, hence, the increase of social and economic disadvantages can be reduced by sustainable economic development based on the internal resources of the countryside.

For the purpose of mitigating and reversing the mutually intensifying processes of the territorial confinement and the social-economic break-away, it is appropriate to pay special attention to *assisting the deprived areas assigned to development* due to their social, environmental and economic disadvantage. It is necessary to enhance the competitiveness of the areas falling behind, to revitalize the local economy and to prepare the local communities for acquirement of EU and other available funds for the purpose of supporting the sustainable social, environmental and economic development.

#### **Objectives of the measure:**

Aim of the measure is to give answer to the above problems and thus, to practically influence the rural labour market. In line with the Lisbon objectives, it should enhance the business activity, facilitate entering the entrepreneurs' market, put the existing micro enterprises to a developing path.

#### **Scope and actions:**

The geographical area affected by the measure includes the settlements with population number of less than 5000 or density of population less than 100 persons pro sq. km. The outskirt areas of non-eligible settlements – with an outskirt population above 2% of the inhabitants of the settlement – are eligible



for support. Settlements of the Budapest agglomeration are not geographical target areas of measure (The list of settlements can be found in Annex 7. and 9.)

Within the measure there are two sub-measures:

312.1: Use of the consultation service assisting preparation of the individual projects

312.2: Support to development projects of micro enterprises

**Types of beneficiary enterprises:**

Business entities, cooperatives and other private entrepreneurs with seat in Hungary, qualified for resident according to the foreign exchange laws who meet the conditions defined for micro enterprises in Commission Recommendation (EC) No 2003/361 and the national law harmonizing with it (currently: Act XXXIV of 2004).

**Description of the type of operations:**

312.1: use of the consultation service assisting preparation of the individual projects

In the scope of this sub-measure, support can be granted to the beneficiaries who have business conception for launching such a new activity or for development of their existing activity for the implementation of which they wish to receive support in the scope of the sub-measure 312.2. The assistance is granted only for the consultation service provided by the accredited Local Rural Development Offices selected by a national tender. This service includes all activities that are necessary for preparation of a well elaborated and grounded business plan. Within it, it includes the marketing, financial, legal, technological, work safety, logistic, business management, organizational, human resources, etc. consultation.

The output of the first phase of consultation is always an elaborated business plan based on the knowledge and experiences of the beneficiaries and the Local Rural Development Office.

If the project elaborated pursuant to the business plan wins support in the scope of sub-measure 312.2, the Local Rural Development Office may perform mentoring activity beside the project manager in the first two years of the implementation.

312.2: support to development projects of micro enterprises

Through the sub-measure any non-agricultural activity implemented in the eligible settlements and not belonging to the scope of excluded activities is eligible.

The following activities are not eligible for support:

- Production and primary processing of Annex 1 products,
- tourism developments,
- wholesale activities,
- mining activity other than drawing and distribution of peat,
- vehicle trade, fuel retail,
- financial and real estate trading services,
- public administration and education activities.

For the supports priority is to be given to developments fitting into the local micro-regional development strategy as well as those implemented with collaboration of several micro enterprises.

Such activities can be supported as a consequence of which the product portfolio or market target group of the enterprise changes or the quality and added value of the agricultural product/service produced/provided is improved. Furthermore, the developments are eligible that promote the products/services established as a result of the above activities.

For the process of awarding supports, priority is to be given to the business activities linked to the local values of the rural areas and improving the quality of life of the local population (production, services, sale) that are fitting into the Local Rural Development Plan approved by the Local Rural Development Communities.

*Priority is to be given to the developments ensuring creation of new jobs.*

Related to the above eligible activities, assistance can be received to the following types of activity:

- a) technological and real estate developments,
- b) small-scale infrastructure developments,
- c) training and education necessary or obligatory for pursuing the planned activity;
- d) purchase of patents, licences, production technologies,
- e) marketing activity,
- f) introduction of quality insurance systems.

Applications may not be submitted alone for activities related to Points b), c), d) but only together, in a package with an application for some other activity.

**Type of support:**

Non-refundable support.

**Aid intensities:**

In the scope of the first sub-measure subsidy can be drawn on up to the amount of the consultation fee accounted. The unit price makes maximum HUF 300,000 for each business plan. If the Local Rural Development Office (LRDO) provides further mentoring service for launching the project, maximum HUF 200.000 may be accounted as cost.

Ratio of public funds in case of the second sub-measure within the total eligible costs: maximum 40%. In case of projects implemented in deprived settlements according to the prevailing special regulation or in settlements located in especially underdeveloped regions in social-economic terms: maximum 50%.

Number of the projects for each beneficiary is not limited but aggregate amount of the contributions requested should not exceed the maximum assistance eligible according to the „de minimis” rule.

Any aid granted under this measure will be in conformity with the de minimis Regulation (EC) No 1998/2006.

The total *de minimis* aid granted to any one undertaking shall not exceed EUR 200 000 over any period of three fiscal years. These ceilings shall apply irrespective of the form of the *de minimis* aid or the objective pursued and regardless of whether the aid granted by the Member State is financed entirely or partly by resources of Community origin.

**Financing:**

Total costs: 696.216.329 Euro

Public expenditure: 313.297.348 Euro

EAFRD contribution: 224.854.556 Euro

**Complementarity of the measure:**

Complementarity to the other measures of the Programme:

The measure is closely linked to the measures “4.3.1 Diversification to non-agricultural activity” (Article 53) and “4.3.3 Stimulation of tourism-related activities” (Article 55) since common aim of all the three measures is to revitalize the rural economy and preservation, creation of jobs. Demarcation between the measures of Article 53 and 54 shall be made in the place of implementation of the supported activity (on-farm vs off-farm). Demarcation by Article 55 shall be made according to the scope of eligible activity that says that a tourism-related activity is eligible for support only within the frame of Article 55.

- The measure is linked to the measure "4.3.7 Training and information" (Article 58) within which special entrepreneurial skills not supported in any other programme (e.g. diversification, innovation, business planning), trainings related to village tourism, training related to the traditional handicraft activities, conservation of the cultural and natural heritage, trainings related to the sustainable utilization, trainings relating to launching and running innovative, local solutions, fundamental services as well as trainings related to the community development will be educated for the potential applicants of Axis III. Presentation and information programmes related to the Axis III. within which support can be granted for organization and implementation of one-day information programmes (Innovative rural development initiatives, Open Houses, Open Riding-halls, Chamber Tours, etc.) wherein enterprise development, diversification, village tourism, village renewal and heritage protection projects, local solutions of fundamental services (innovative rural initiatives) can be learned by means of practical demonstration and consultation.

The Local Rural Development Offices participate in encouragement of, professional assistance to activities-enterprises fitting to the Local Rural Development Plan (detailed description see in measures “4.3.2 Support for establishment and development of micro enterprises” /Article 54) and “4.3.8 Learning of skills, incentive for elaboration and implementation of local rural development plans” /Article 59/).

**Link to other Operational Programmes:**

The measure is linked to the economic development activities of the operational programmes of the regions and of the Economic Development Operational Programme. The operational programmes of the regions and the EDOP do not support the beneficiaries of this measure (carrying out operations in the settlements according to the list of settlements according to the list of Annexes) in their general investment activities. Members of the cluster initiatives implemented in the regional operational programmes (ROP) can be the beneficiaries. The beneficiaries may use the general consulting services supported by the Economic Competitiveness OP as well as the innovation transfer-purpose consultation services supported by the ROPs. Demarcation is implemented in the case of sub-measure 321.1 so that potentially eligible business plans can be elaborated and the winning project managers can be mentored in the scope of the Programme within the NHRDP. The enterprises may use the micro-credit granted by the EDOP for satisfaction of their finance needs, although the aid intensity calculated from the two funds should not exceed the one according to the “de minimis” regulation.

**Quantified targets for EU common indicators:**

<b>Type of the indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of micro enterprises supported (pcs)	7800
	Total cost of developments supported (EUR)	696.216.329
Result	Gross number of jobs created (pcs)	8307
	Increase in non agricultural GVA in supported businesses (EUR)	148.9 million
Effect	Net additional full time equivalent jobs created (FTE)	4569
	Net added value measured at purchasing power parity (PPS)	

### **5.3.3.1.3. Encouragement of tourism activities**

#### **Articles covering the measure:**

Council Regulation No (EC) 1698/2005, Article 52 Point a) Subparagraph iii. and Article 55

Council Regulation (EC) No 1974/2006, Section 5.3.3.1.3. in Annex II

#### **Measure code: 313**

#### **Rationale for intervention:**

The more unfavourable employment position of the rural areas in comparison to the nationwide average (higher unemployment) can be improved by exploitation of attractions of the favourable landscape-natural and cultural heritage to be there. Majority of the village accommodation places is characterized by the relatively low service level and exploitation of capacity, on the other hand, popularity of the village tourism and thus, also the number of guest-nights at the accommodation place is continuously increasing according to the statistical data. The tourism-related offer of the rural areas is of low level, it is not always adjusted to the demand of the target groups and presentation of the local landscape, natural and cultural values is behind the possibilities. The coordinated presentation of attractions, the creation of their standardized regional offer is missing. The tourism has a considerable multiplying effect since it grows the number of consumers in the specific region, as a consequence, it can foster the expansion of direct distribution of products of the local small-scale producers, vitalizes the turnover of the local markets. Increase of health-consciousness of the population results in upvaluation of the natural environment and thus, of the rural landscape for recreation purposes. It involves special significance for the townspeople increasingly spending their leisure time with active relaxation and learning the local products, cultural values, folkways in the rural areas.

The development of tourism-related services contributes to the economic restructuring of the rural areas. The income from tourism strengthens the local economy, thus contributing to the improvement of the quality of life and to mitigation of the regional-economic disadvantages.

#### **Objectives of the measure:**

Improvement of the hospitality capacity of the settlements by extension and development of the quality of the local tourism-related services. Coupling of the agricultural production and local sales with the tourism offer of the villages, conservation and exploitation of the country values as well as presentation of the natural values and establishment of the conditions for an active way of passing the time. Establishment of accommodation places providing high quality services, renovation, modernization and improvement of the running accommodation places and services and assisting them in entering the market. Further aim of the measure is to support the tourism-related enterprises of the region and the cooperation of the service providers, encouragement of introduction of the IT developments, quality assurance standards

#### **Territorial scope of the measure:**

The geographical area affected by the measure includes the settlements with population number of less than 5000 or density of population less than 100 persons pro sq. km. The outskirts areas of non-eligible settlements – with an outskirts population above than 2% of the total number of inhabitants – are

eligible for support. The settlements of the Budapest agglomeration are not eligible under the measure. The list of eligible settlements can be found in Annex 7. and 9.

**Beneficiaries:**

Natural person registered in Hungary and micro-, small and medium-sized enterprises with local seat, business domicile or branch office, the local municipalities, associations of local municipalities or societies, foundations and other non-profit organizations as well as associations of the above listed entities established for common development.

**Scope and action:**

The measure develops the infrastructure facilities and services of the sustainable village and agro-tourism as well as of the active tourism based on features of the natural environment from among the countryside forms of tourism. It allows extension of the offer and market share of the countryside tourism, the establishment of new village accommodations, the modernization of running accommodations and services. Creation of high standard and complex agro-tourism services based on the natural resources, agricultural and fishing features, community-cultural heritage of the rural settlements as attractions, extension and obstacle clearance of the running units, increasing the number of visitors by developing a family-friendly reception environment and marketing.

Sub-measures of the measure (sub-measures, activities):

**Accommodation and connected services**

- Development of non-commercial (regulated in national legislation), high-quality accommodation, including the new and already running accommodation and the services belonging to them.
- Creation of youth hostels, child and youth holiday camps, tourist hostels, extension and development of services of the running units, settled camps.
- Creation of village and agro-tourism services not linked to accommodation,
- presentation of agricultural, folk art and handicraft activities and products for tourism purposes, development of “heritage houses” (e.g. offering own products, handicraft presentation workshops, activities providing employment outside the school),
- wine tourism services (e.g. development of wine cellars at settlements of wine regions as part of wine tours for purpose of hospitality),
- fishing tourism services (e.g. development of environment of fishing lakes, floating stages, boats, waste-bins, etc. except settlement of fish stock),
- riding tourism services (e.g. horse court and instruments, e.g. coach, sledge, etc.; roofed riding-hall is not eligible for support),
- services of hunting and forest tourism.
- 

**Type of support:**

Non-refundable support.

**Aid intensities:**

Ratio of public funds within the total of eligible costs: maximum 40%. In case of projects implemented in deprived settlements according to the prevailing regulation or in a settlement located in an especially underdeveloped region in social-economic terms: maximum 45%.

Number of the projects for each beneficiary is not limited but aggregate amount of the contributions requested should not exceed the maximum assistance eligible according to the „de minimis” rule.

Any aid granted under this measure will be in conformity with the de minimis Regulation (EC) No 1998/2006.

The total *de minimis* aid granted to any one undertaking shall not exceed EUR 200 000 over any period of three fiscal years. These ceilings shall apply irrespective of the form of the *de minimis* aid or the objective pursued and regardless of whether the aid granted by the Member State is financed entirely or partly by resources of Community origin.

**Financing:**

Total costs: 76.494.006 Euro

Public expenditure: 61.195.206 Euro

EAFRD contribution: 43.920.004 Euro

**Complementarity of the measure:**

Complementarity to the other measures of the Programme:

Through its aims, i.e. strengthening of the rural economy, encouragement of creation of jobs, the measure is closely linked to the measures “4.3.1 Diversification to non-agricultural activity” (Article 53) and “4.3.2 Support for establishment and development of micro-enterprises” (Article 54).

- The measure is in relation to the measure "4.3.7 Training and information" (Article 58) within which special entrepreneurial skills not supported in any other programme (e.g. diversification, innovation, business planning), trainings related to village tourism, training related to the traditional handicraft activities, conservation of the cultural and natural heritage, trainings related to the sustainable utilization, trainings relating to launching and running innovative, local solutions, fundamental services as well as trainings related to the community development will be educated for the potential applicants of Axis III. Presentation and information programmes related to the Axis III. within which support can be granted for organization and implementation of one-day information programmes (Open Houses, Open Riding-halls, Chamber Tours, etc.) wherein enterprise development, diversification, village tourism, village renewal and heritage protection projects, local solutions of fundamental services (innovative rural initiatives) can be learned by means of practical demonstration and consultation.

The Local Rural Development Offices participate in encouragement of, professional assistance to activities-enterprises fitting to the Local Rural Development Plan (detailed description see in measures “4.3.2 Support for establishment and development of micro enterprises” /Article 54) and “4.3.8 Learning of skills, incentive for elaboration and implementation of local rural development plans” /Article 59/).

One of the basic criteria for the tourism is to make the village environment, the village image and the community areas attractive as well as to provide high-level accessibility of services important for the visitors. On the other hand, tourism attraction of the area is highly influenced by the extent and level

of presentation of the cultural and built heritage. The village renewal and heritage protection as well as the development measure of the rural services contributes to the above-mentioned developments, thus serving as basis for the efficiency of the measure "Stimulation of tourism-related activities".

**Link to other Operational Programmes:**

The measure is linked to and harmonised with the tourism development measures of the operational programmes of the regions. However, the regional operational programmes do not support the above-mentioned activities in the geographical area specified in the measure and the Programme does not support the commercial accomodations.

**Quantified targets for EU common indicators:**

<b>Type of the indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of new tourism actions supported (pcs)	3197
	Total volume of investment (EUR)	297,4 million
Result	Additional number of tourist visits	800 000
	Gross number of jobs created (pcs)	3197
Impact	Net additional full time equivalent jobs created	1758
	Net additional value expressed in PPS	



### ***5.3.3.2. Measures to improve the quality of life in rural areas***

#### ***5.3.3.2.1. Basic services for the economy and rural population***

##### **Articles covering the measure:**

Council Regulation No (EC) 1698/2005, Article 52 Point b) Subparagraph i. and Article 56

Council Regulation (EC) No 1974/2006, Section 5.3.3.2.1. in Annex II

##### **Measure code: 321**

##### **Rationale for intervention:**

The access to the individual services is not provided or provided in improper quality for the rural population, in particular for those living in villages, because no modern, up-to-date building supplying community functions for use of the local inhabitants is available in a great part of the villages, or if available, its condition is ruined, eroded. Due to the low profitability and the specifically high maintenance costs, the services have frequently been discontinued in the villages and many of those who are still working are working under disgraceful conditions and with installations.

On the other hand, the elements of a public education and library network with countrywide coverage can be found in a major part of the settlements, which are, primarily in the villages, typically in poor condition, their services appear fragmented. Therefore, renovation of the existing buildings and replacing the cultural public services existing in the settlement to one place, the extension of their functions with some other public services is necessary and justified.

For retention of the inhabitants the improvement of the range, quality and accessibility of basic services operating locally. From among them, development of the institutional infrastructure is especially important for the cultural and leisure-time activities, for provision of a complex IT and communication infrastructure, for ensuring the client traffic of the individual trade services with monthly regularity, for creation of termination points of service providers, or for proper day-care of children or old people and for reception of lifestyle and anti-discrimination programmes, should it be either construction of new, modern buildings or renovation of old ones. Within the circle of villages, the basic services can frequently be operated only so that they can share the operational costs, therefore, here only establishment of community areas for complex utilization can guarantee the sustainable operation for the service providers.

The parallelism in form of the services is a frequent case even for settlements located near each other. There is a considerable efficiency reserve if the forms and maintenance of services are jointly planned and organized at the micro-regional level.

Disintegration of the communities in the rural areas makes the development of services especially important; this is the basis for achieving a real change in the quality of life of the inhabitants.

There are particularly serious deficiencies in the field of services in farm-stead areas.

For the purpose of mitigating and reversing the mutually intensifying processes of the territorial confinement and the social-economic break-away, it is appropriate to pay special attention to assisting the deprived areas assigned to development due to their social, environmental and economic disadvantage. It is necessary to enhance the competitiveness of the areas falling behind, to revitalize the local economy and to prepare the local communities for acquirement of EU and other available funds for the purpose of supporting the sustainable social, environmental and economic development.

**Objectives of the measure:**

Aim of the measure is to improve the accessibility of the basic services in the settlements of the rural areas, to extend the range of services, to improve their quality and, as a consequence, to enhance the population retentivity of the rural areas, to improve the quality of life in addition to the continuous sustainability.

At micro-region level, rationalization of the service development on the basis of the Local Rural Development Plan to be prepared by the Local Rural Development Community as well as establishment of integrated community and service areas.

**Territorial scope of the measure:**

The measure focuses on the rural areas where the capitation of the settlements do not exceed 10,000 persons or with population density not exceeding 120 persons pro sq km, as well as on the outskirts areas of non-eligible settlement where more than 2% of the population lives in outskirts areas. The measure does not serve the development of centres of the micro-regions. The list of eligible settlements can be found in Annex 8. and 9.

**Scope and actions:**

In support of the measure, the Local Rural Development Communities established, with assistance of the Local Rural Development Office, compile and in partnership approve the Local Rural Development Plan. The Micro-regional Service Development and Maintenance Plan constitute part of it, determining harmonized but broken down to settlements at the micro-region level what kind of service development should be implemented.

The specific project implemented within the scope of the measure may aim at services that are specified by the Programme in the next sub-paragraph (Types of services supported) and are part of the Micro-regional Service Development and Maintenance Plan.

Special support should be given to projects for which other local actors (non-governmental organizations, enterprises) are involved in forming and maintenance of the service in the frame of a cooperation agreement.

Also special support is to be granted to projects aiming at establishment of an integrated village community and service area in the specific settlement and at development of the services run there.

In the case of implementation of the social land programme, the local municipalities and the municipality associations may conclude a task agreement with the persons/organizations implementing their programme.

**Type of services supported:**

The measure includes the following service types:

**1. Integrated village community and service areas, within them:**

- Establishment an integrated village community and service area for provision of the missing and needed services. The integrated village community and service area is a physically single building or complex of coherent buildings appropriate for provision of correlating, mainly administrative, human, community organization services for the inhabitants of the settlement in which all times at least one local resident works in charge of organization of community programs.
- One form of the integrated community and service areas is the so-called “life house” giving space for health, social and cultural services in villages with a population below 1,000 that are short of services or without function for organizing care. The “life house” is a physically single building or complex of coherent buildings appropriate for provision of correlating, mainly administrative,

human, community organization services for the inhabitants of the village in which all times at least one local resident works in charge of organization of community programs.

- Outdoor and indoor renovation of the institutions of the existing General Culture Centres, proper interconnection of the functions of the building complexes and their transformation into an integrated community and service area.
- The infrastructure of the compulsory primary education (school) is not part of the integrated community and service areas, nevertheless, a “life house” may also be established as part of a school building.
- 2. Electrification of farm-stead areas and development of other basic services
- 3. Social land programme
- 4. Other services

Priority could be given to projects where the energy supply of the facilities is ensured by boiler-rooms using a renewable energy source based on local raw materials.

#### **Types of the supported services in details:**

1. In the case of integrated village service areas, contribution can be applied for establishment of the infrastructure which includes the outdoor and indoor renovation of the building accommodating it as well as the establishment of the basic infrastructure necessary for the services to be installed.

- 2. In the case of electrification of farm-stead areas and creation of other basic services, supply of the farm-steads with electric energy as well as establishment of other basic services.
- 3. Extension of the social land programme. Assisting the subsistence of socially less-favoured families living in an environment appropriate for agricultural production but having no or only narrow means for agricultural production or/and being not able to efficiently utilize them as well as increasing their opportunities for making an independent living by social land programmes organized at settlement or/and micro-regional level. The programme is built on earlier experiences accumulating since 1993, it extends and develops them further. Parts of the programme:

Support of business activities activating the permanently inactive or unemployed family members, aiming at self-subsistence and selling surplus or products designed for market. Those successfully participating in the programme may become small-scale agricultural producers and later eligible for assistance payable to partly self-subsistent farms.

Establishment of own self-subsistent farming of social residential institutions or those designed for protection of child, their support for the purpose of reduction of operational costs.

Provision of education matching to the instrument system provided by the programme for less-favoured families.

Ensuring integration aimed at the products' entering into market in case of local programs where tradeable surplus arises or the social land programme is aimed at production of products that are predestined for market sale (e.g. production of milk or horticulture products).

Assistance for joining the participants of the programme and promoting the consumers, production and distribution cooperation, the joint sale.

4. Other services (specially supported if they are implemented in connection with the integrated community and service area)

- Administrative and commercial services
- Seasonal processing of cases in the offices of municipalities, consultations for purposes of economic competitiveness and agriculture
- Mailing services

- Office services (photo-copying, printing of official letters, etc.)
- Commercial activity (selling newspapers, distribution of lotteries, independent sale of own products, etc.)
- Charity points (collection, allocation, sale of donations, etc.)
- Performance of consultation activity, labour market activity
- Operation of civic guard
- Cultural, communication and recreation services
- Tourism information points
- Internet access, (IP) telephone service
- Library, mobile library station
- Provision of place for community, education, development activities, exhibitions, indoor and outdoor cultural programmes (theatrical groups, choir of dancers, film club, handicraft workshop, dancing lessons, women's gymnastics, meeting point for associations, baby-mummy club, folk-song group, ensemble preserving folk traditions, music club, etc.)
- Editorial office of local newspaper
- Kitchen for programmes
- Indoor and outdoor sporting and recreational facilities
- Building-up, establishment or development of leisure and sporting facilities for spending the pastime of local communities (recreation parks, indoor running tracks, roller-skating routes, climbing walls, obstacle courses, outdoor gymnastics fields, forest schools, etc.)
- Cultural activities and development of the related small-scale infrastructure (programmes, permanent and seasonal exhibitions, outdoor facilities, etc.)
- Complementary health services
- Provision of infrastructure for prevention and screening, rehabilitation (remedial gymnastics), communication point (IT by which the care providers can be connected to outside data bases), branch pharmacy.
- Social services
- Social information service; child-welfare service; family assistance; "base point" of village and farm-stead management service.
- Services subject to the local conditions (e.g. accessibility), the needs and demands: day-care for children: day-nursery or other alternative baby sitting (non-institutional form), day-care for old persons.
- In addition to the above-mentioned services, any other type of service meeting the demands of the local community is eligible for support (included in the Micro-regional Service Development and Maintenance Plan) if it is not eligible for assistance from any other Operational Programme.

**Type of costs covered:**

In case of the service types 1, 2 and 4:

building costs for renovation, modernization of buildings, structures and for building new ones, costs for purchase of, putting machines, equipment in working order (except for passenger cars), costs of landscaping and making a park,

general expenses: engineering fees, expert, consultation fees; up to 12% of the total of eligible costs of development at most,

education, human resources development costs linked to the project: up to 20% of the total of eligible costs of development at most,

Project management, controlling and maintenance costs arising in the first period of launching: up to 30% of the total of eligible costs of development at most,

In case of a social land programme:

- Provision of production facilities: e.g. use of land, rent, propagation material, machines, equipments, chemicals, machine-made tilling, other services directly helping production;

Organization, implementation of processing and sale: leasing of machine, provision of assets for wage production, sale, organization, processing of crops, warehousing, transport, provision of assets for intensive production or domestic industry, creation and operation of association and integration forms

Other services: project management, consultation, trainings, assistance for programmes, cooperations and associations

### **Type of support:**

Non-refundable support.

### **Rate of support:**

1. Proportion of public funds in case of local municipalities: 100%. In case of projects implemented in deprived settlements according to the prevailing regulation or in settlements located in especially underdeveloped regions in social-economic terms, proportion of the assistance is maximum 90%, in case of the social land programme and the other services: maximum 80%. If the other service is implemented in an integrated community and service area, this proportion is 85%. The intensity of assistance is usually by 5 percentage point lower in settlements not affected by the above regulation.

- During the implementation period of the Programme, the maximum rate of eligibility for assistance is determined by the number of inhabitants in the settlement submitting the application as well as by the disadvantaged position for settlements and micro-regions according to the prevailing regulation. A settlement is eligible for larger assistance if it establishes an integrated village community and service area. Calculation of the rate of assistance is made weighted with consideration of the above criteria.

- The Local Rural Development Communities are responsible that the implemented projects should match to the Micro-regional Service Development and Maintenance Plan.

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### **Financing:**

Total costs: 122.405.759 Euro

Public expenditure: 110.165.183 Euro

EAFRD contribution: 79.065.921 Euro

## **Complementarity of the measure:**

### **Complementarity to the other measures of the Programme:**

The measure is directly linked to the measures “4.3.2. Support for establishment and development of micro-enterprises” (Article 54), “4.3.3. Stimulation of tourism-related activities” (Article 55) and “4.3.5 Conservation and modernisation of rural heritage” where values of built cultural heritage of villages are presented. In addition, to the measures of axis IV.

The measure is in relation to the measure "4.3.7 Training and information" (Article 58) within which special entrepreneurial skills not supported in any other programme (e.g. diversification, innovation, business planning), trainings related to village tourism, training related to the traditional handicraft activities, conservation of the cultural and natural heritage, trainings related to the sustainable utilization, trainings relating to launching and running innovative, local solutions, fundamental services as well as trainings related to the community development will be educated for the potential applicants of Axis III. Presentation and information programmes related to the Axis III. within which support can be granted for organization and implementation of one-day information programmes (Open Houses, Open Riding-halls, Chamber Tours, etc.) wherein enterprise development, diversification, village tourism, village renewal and heritage protection projects, local solutions of fundamental services (innovative rural initiatives) can be learned by means of practical demonstration and consultation.

The Local Rural Development Offices and the central coordination body participate in evaluation of the projects of the measure and checks how the project match to the Local Rural Development Plan elaborated by the Local Rural Development Community (detailed description see in measure “4.3.8. Learning of skills, incentive for elaboration and implementation of local rural development plans, pursuant to Article 59 of Regulation (EC) No 1698/2005”.

#### **Link to other Operational Programmes:**

The regional operational programmes contain measures aimed at establishment of community areas as well as infrastructure developments necessary for performance of compulsory human-purpose municipalitie tasks and related procurement of assets. The ROPs support the community service areas of the micro-regional and micro-regional centres while the Rural Development Programme supports operations on the eligible settlements with exception of the settlements of range of settlements supported by the ROPs.

However, developments linked to the health, day-nursery, kindergarten, primary and secondary school and basic social “services” of the settlements are not eligible within the scope of this measure, they can be supported from funds of the ROPs. The ROPs primarily support the service development investments of the micro-regional centres and the so-called micro-regional centres, while in the Rural Development Plan strong priority is given to the other eligible settlements in the micro-regions. The exact demarcation is arranged by determination of the settlements eligible for assistance within the scope of the individual programmes. Priority 4 of the SIOP: Development of the cultural infrastructure in service of the community development in the course of which the support for establishment of multifunctional community centres developed in major towns, primarily for education, training, mass communication and community activities, increase of the library services, development of the services accessible at home, establishment of development poles promoting the community education and culture as well as the integrated development of the cultural infrastructure is implemented for the partnership cooperation and for the purpose of fostering the networking.

Priority 2 of EKOP: Infrastructure developments supporting access to the public administration services (delivery of services to the clients); within the scope of this measure the integrated community area can provide place for processing of cases.

Priority 3 of the SROP: Provision of high-standard public education and access, and Priority 5: Preservation of health and strengthening the social acceptance and participation in the course of which the aims include the support of establishment of local communities and non-governmental organizations, the cultural capital, the anti-discrimination efforts and certain lifestyle programmes, the strengthening of their capacities. Priority 3 of the SIOP supports development of an infrastructure strengthening the social acceptance and participation.

**Quantified targets for EU common indicators:**

<b>Type of the indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of supported actions (pcs)	3836
	Total volume of investment (EUR))	180.5 million
Result	Population in rural areas benefiting from improved services (thousand persons)	3 500 000
	Increase in internet penetration in rural areas (thousand persons)	
Impact	Net additional full time equivalent jobs created	2110
	Net additional value expressed in PPS	

### **5.3.3.2.2. Village renewal and development**

#### **Article (and paragraph) which covers the measure:**

Article 52 (b) (ii) of Council Regulation (EC) No. 1698/2005,  
Point 5.3.3.2.2 of Annex II of Regulation (EC) No 1974/2006

#### **Code of the measure: (322.)**

#### **Rationale for intervention:**

The rural residential environment, the overall physical image of settlements and the condition of community areas, public grounds is showing a deteriorating picture. In order to increase the attracting force of rural regions the image of settlements must be improved. In rural regions the infrastructure suitable for economic activities such as selling local products are relatively few or the existing local markets need renovation. To renew villages and to accompany changes in rural areas it is necessary to create or renovate local markets to improve the attractive image of rural regions.

#### **Objectives of the measure:**

The objectives of the measure are to increase living standards by improving the attractive feature of rural settlements in order to reverse outward migration and negative trends of economic and social conditions and depopulation of the countryside.

#### **Scope and actions:**

The geographical area affected by the measure includes the settlements with population number of less than 10.000 or density of population less than 120 persons pro sq. km. The outskirts areas of non-eligible settlements – with an outskirts population above 2 % of the total inhabitants of the settlement – are eligible for support. Settlements of the Budapest agglomeration are not geographical target areas of measure (The list of eligible settlements can be found in Annex 8. and 9.)

The LRDO-s will dispose of a financial pool (an amount) that can be spent on village renewal. This amount of money will be calculated on the basis of the number of inhabitants of the eligible settlements of the micro-region, the number of eligible settlements, the number of settlements falling behind and the experiences on the activity of applicants in the previous programming period. The LRDC with the involvement of the LRDO will elaborate a micro-regional plan for village renewal for the 2007-2013 period. Only developments envisaged in this plan can be carried out with the use of EAFRD support.

The measure concentrates on rural areas. Criteria for the demarcation of rural areas and the settlements concerned are listed in the Annex 8. and 9. of the Programme. Local Rural Development Offices and central coordination organisation will play important role in the evaluation process of the projects, as it will examine the harmony of the projects and the Local Rural Development Strategy elaborated by the Local Rural Development Communities (precised in measure “3.4.1. Skill acquisition, animation and implementation” (covered by Article 59 of Regulation (EC) No 1698/2005.).

#### **Beneficiaries:**

Local governments of settlements and their partnerships.



### **Type of actions supported**

- Small-scale infrastructure development projects enhancing the environment and the appearance of the village: parks, rest areas, promenades, and other public areas (except for separate road and sidewalk construction, canalization)
- External and internal renovation of buildings already dedicated to community and economic purposes, while retaining these established functionalities and/or bringing in new ones. (Exceptions include uses as residence and functions that municipalities are liable to provide on a mandatory basis under Act LXV of 1990 on Local Government.
- Opening new markets and developing existing ones for improving the sales of local agricultural products, as well as bringing these markets into compliance with applicable regulations. In the market, construction of covered and open-air vendor stalls, other retail facilities, warehouses, social and official premises, waste disposal units, and other service rooms, as well as the purchase of machinery and equipment (such as for weighing and product handling). Implementation of the required infrastructure (energy, water, parking lots, roads, etc.).

### **Type of cost covered**

- Costs of infrastructural developments.
- Costs of procurement and installation of assets, equipment and machinery .
- General costs

### **Aid intensities:**

Ratio of public funds to the total eligible cost is 100%. The rate of aid is 80% or 90% in case of supporting less favoured settlements or in case of projects to be implemented in settlements located in socio-economically especially backward regions.

The maximum support that can be granted is **40 million** HUF per project.

### **Demarcation criteria with other EU financial instruments:**

#### *Links to other measures of the Programme*

The measure is linked to the measure „4.3.3. Promotion of tourism activities” (Article 55) as through the improvement of the image of the settlement it adds to the tourism attraction of the settlements. Along with measure „4.3.4. Basic services for the rural economy and population” (Article 56), it can provide spaces for services described in measure 4.3.4. and improves the appeal of rural areas and the living standard of the rural population.

The measure is also correlated with the measure of “Skills acquisition, animation and implementation” (Article 52 clause (d) by virtue of ensuring the positive evaluation of projects tailored to fit local development strategies. The emphatically preferred solution for village renovation is through local development strategies building on an integrated view of several measures and specific development concepts.

#### *Connection to other OPs*

Some regional operational programmes contain elements on the development and rehabilitation of settlements, as well as infrastructure developments required for mandatory human purpose municipality tasks. The restoration (point wise developments and smaller units consisting of 3 to 4 elements) of rural buildings falls under the Rural Development Programme, while the ROPs aim at the complete rehabilitation of entire neighbourhoods of settlements.

Settlements receiving ROP funds for developing settlement centres – basically, these are all towns rather than villages – are ineligible for support under this measure. The list of disqualified settlements must be negotiated separately for each region.

The support of this measure based on local/regional strategy is recommended in conjunction with similar objectives in settlement infrastructure development projects and ROPs.

**Financing:**

Total cost: 86.458.237 Euro  
 Public expenditure: 73.489.501 Euro  
 EAFRD contribution: 52.743.661 Euro

**Transition arrangements (including estimated amount)**

**Quantified targets for EU common indicators:**

Type of indicator	Indicator	Target 2007-2013
Output	Number of rural heritage actions supported Division of actions according to the type of revitalisation: physical social economic	600
	Total volume of investments (euro) Division of actions according to the type of revitalisation: physical social economic	140 000 000
Result	Population in rural areas benefiting from improved services	3.200.000
Impact	Net additional value expressed in PPS Net additional full time equivalent jobs created Broken down by gender Broken down by age (under and over 25)	

**Additional programme-specific indicators and quantified targets**

Type of indicator	Indicator	Objective
Impact	Improved satisfaction of rural residents targeted by the support	

### ***5.3.3.2.3. Conservation and sustainable development of the rural heritage***

Within the framework of this measure, two submeasures can be distinguished:

**A., Conservation of rural heritage;**

**B., Preparation of Natura 2000 maintenance/development plans**

**A., Conservation of rural heritage**

**Articles covering the measure:**

Art. 52 b) and Art. 57 iii) of Council Regulation no. 1698/2005/EC  
Section 5.3.3.2.3 of the Annex to Regulation 1974/2006/EC

**Code of the measure: 323**

**Rationale for intervention:**

The rich spiritual, cultural, constructed and natural values of rural regions. Towards the enhancement of the attraction of rural regions, it is essential to improve rural townscapes, as well as to demonstrate the associated cultural and natural heritage properly. The settlements in rural areas do not have sufficient own incomes for the preservation, development of their architectural heritage, cultural and natural values, assets. Apart from the constructed heritage, the natural values of the settlement, for instance local watercourses are rather neglected, and hold decreasing significance to the local communities. Towards the enhancement of the attraction of rural regions, it is essential to ensure the sustainable development and proper demonstration of the cultural and natural heritage associated with rural life.

**Objectives of the measures:**

The objective of the measure is to improve the townscapes and environments of the settlements in rural regions, to preserve and renew the constructed, natural and cultural heritage, as well as local identity, and to enhance the attraction of these settlements.

**Geographical scope of the measure:**

The geographical area affected by the measure includes the settlements with population number of less than 10.000 and density of population less than 120 persons pro sq. km. The areas of non-eligible settlements – with an outskirt population above 2 % of the total inhabitants of the settlement – are eligible for support. Settlements of the Budapest agglomeration are not geographical target areas of measure (The list of eligible settlements can be found in Annex 8. and 9.)

**Scope and actions:**

The measures aim at the protection and renewal of the constructed, natural and cultural heritage in rural settlements in an integrated, non-profit scheme. In this respect, they give priority to the

harmonized, interrelated improvement of constructed structures and related public spaces, as well as to the protection of local heritage.

**Beneficiaries:**

Micro-enterprises, non-profit entities registered in Hungary, local governments and their partnerships, churches and legal persons within such churches, as well as the owners (users) of residential buildings belonging to the scope national monumental protection, any consortium of the above-mentioned entities.

**Type of actions supported:**

**Cultural heritage:**

Preparation of studies, plans in relation to the renovation, maintenance and development of constructed heritage.

External and internal renovation and modernization of buildings belonging to the scope of at least local protection (manor houses, Kun hills, mottes, etc.), the demonstration of the same, provision of touristic functions as required, development and renovation of closely connected green areas (parks, playgrounds), construction of access walkways and paths, the demonstration of local folk-art, ethnographic, cultural values.

Rehabilitation of such units within the settlement structure, buildings and the associated environmental elements (at least units consisting of three elements) that are under at least local protection; development and renovation of closely related green areas (parks, playgrounds).

Conservation and development of the natural heritage:

Support to developments aiming at the improvement and development of the natural and historical landscape, as well as the scenic elements constituting thereof;

Implementation of actions to develop environmental consciousness (improving the surroundings of water bodies, nature conservation areas, and improving the conditions for selective waste collection and waste management, etc.).

**Type of costs covered:**

Costs incurred by the purchase and installation of assets, equipment and machinery.  
General costs

**Type of support:**

Non-refundable compensatory payment.

**Aid intensities:**

For public-benefit (local governmental) investments, the ratio of public resources within the total eligible costs: maximum 100%, the rate of support is maximum 80%. For projects to implemented in settlements qualifying as less favoured settlements under the related legal regulations or in settlements with multiple social-economic disadvantages, maximum 90%. For natural persons and enterprises, the rate of public resources in the case of non-profit investments is maximum 75% of eligible costs, while in the case of profit-oriented investments maximum 50% of the total eligible costs.

Maximum amount of support: HUF 40 million per project.

The amount of support is determined by the size of the population of the settlement submitting the application, as well as the less favoured situation of the settlements and micro-regions as specified in

the related legal regulations from time to time; and the concerted development of several settlements. The amount of the support is calculated in a weighted manner, with a view to the above aspects. Local Rural Development Communities are to be granted with quotas determined on the basis of the foregoing for the issue of the declarations of support for the development concepts received.

Any aid granted under this measure will be in conformity with the *de minimis* Regulation (EC) No 1998/2006.

The total *de minimis* aid granted to any one undertaking shall not exceed EUR 200 000 over any period of three fiscal years. These ceilings shall apply irrespective of the form of the *de minimis* aid or the objective pursued and regardless of whether the aid granted by the Member State is financed entirely or partly by resources of Community origin.

### **Complementarity of the measure:**

Complementarity to the other measures of the Programme:

The measure is linked to the measure „4.3.3. Promotion of tourism activities” (Article 55) as through the improvement of the image of the settlement and making presentable the agriculture related cultural and natural heritage it adds to the tourism attraction of the settlements. Along with measure „4.3.4. Basic services for the rural economy and population” (Article 56), it improves the appeal of rural areas and the living standards of the rural population.

The measure is linked to the measure “4.3.7. Training and information activities” (Article 58) wherein the potential applicants of Axis III. will be provided with trainings in special entrepreneurial skills that are not supported in the framework of the other programmes (e.g. diversification, innovation, etc.), trainings connected with rural tourism and traditional handicrafts, trainings in association with the preservation and sustainable utilization of cultural and natural heritage, trainings connected with the start-up and operation of innovative, local solutions for basic services, as well as trainings related to community development. Demonstrative, informative programmes in connection with the measures of Axis III. wherein supports can be granted to the organization and arrangement of one-day informative programmes (open portals, open riding halls, chamber tours, etc.) in the framework of which projects for enterprise development, diversification, rural tourism, village renewal and heritage conservation, as well as local solutions (innovative rural initiatives) for basic services that all have been implemented under Axis III. are presented by means of practical demonstration and consultation.

Local Rural Development offices and the central coordinating organization will have an important role in the evaluation of the individual projects of the measure, and they will also review the integration of the projects into the Local Rural Development Plan (see details in “4.3.8 Acquirement of skills, incentives for the development and implementation of local rural development plans” – under Article 59 of Regulation no. 1698/2005/EC) worked out by the Local Rural Development Community under the associated measure.

### **Link to other Operational Programmes:**

Some regional operational programmes contain elements on the development and rehabilitation of settlements, as well as infrastructure developments required for mandatory human purpose municipality tasks. The restoration (point wise developments and smaller units consisting of 3 to 4 elements) of rural buildings falls under the Rural Development Programme, while the ROPs aim at the complete rehabilitation of entire neighbourhoods of settlements.

Settlements receiving ROP funds for developing settlement centers – basically, these are all towns rather than villages – are ineligible for support under this measure. Buildings under at least local protection that serve accommodation purposes can receive support under the “Accommodation development” title of measure 4.3.3 or from the ROPs. Pursuant to Act LXXVIII of 1997 on the Shaping and Protection of the Built Environment, ROPs provide support for the exploitation of

building sites with international or national status of protected architectural heritage for purposes of tourism (for instance as a museum or exhibition hall). Naturally, these projects cannot receive support from this Programme.

The support of this measure based on local/regional strategy is recommended in conjunction with similar objectives in settlement infrastructure development projects and ROPs.

**Financing (for submeasures A and B):**

Total costs: 50.420.428 Euro

Public expenditure: 35.294.299 Euro, out of which for sub-measure „B” 2.000.000 Euro

EAFRD contribution: 25.330.837 Euro, out of which for sub-measure B

**Quantified targets for EU common indicators:**

Type of the indicator	Indicator	Target
Output	Number of rural heritage actions supported	470
	Total volume of investments (HUF)	11.294.175.991
Result	Population in rural areas benefiting from improved services	2.466.668
Impact	Net additional value expressed in PPS;	
	Net additional full time equivalent jobs created	

**Additional programme-specific indicators and quantified targets:**

Type of the indicator	Indicator	Target
Output	Number of supported heritage and nature sites	
Result	Ratio of endangered monuments	33%
Impact	Improved satisfaction of rural residents targeted by the support	

B., Preparation of Natura 2000 maintenance/development plans

**Articles covering the measure:**

Article 57 of Regulation (EC) No 1698/2005  
Section 5.3.3.2.3 of the Annex to Regulation 1974/2006/EC

**Code of the measure: 323.2**

**Rationale for intervention:**

Pursuant to Article 6 (1) of the Directive on the protection of habitats member-states shall take the measures necessary for the protection of special nature preservation areas, if necessary by developing maintenance/development plans, which expressly concern the area in question or as part of other development plans. Furthermore, they determine the proper regulatory, authority or contractual measures, which comply with the ecological needs of natural habitat types on the given area or specified in Annex I or the species in Annex II.

The management plans already prepared and under preparation for protected natural areas cover in total 40 special bird protection and 123 special nature preservation areas. In respect both of their objectives and their content elements the Natura 2000 maintenance/development plans differ from management plans prepared for protected natural areas of national importance. Therefore the plans determining nature protection objectives and management specifications for the long-term maintenance and preservation of Community significance natural values will be identified as maintenance plans to distinguish them from the plan type appearing also in the Minister's Decree 28.) under the name mandatory nature protection management plans for natural areas of national significance as per Minister of Environmental Protection and Water Management Decree no. 30/ 2001 (XII. 28.) KöM. .

**Objectives of the measure:**

Conservation, development and sustainable utilization of natural values in rural regions.

**Scope and actions:**

The maintenance plans do not contain mandatory specifications for farmers, but they take into consideration the mandatory rules on land use determined in the Governmental Decree and the basic objectives of Natura 2000 areas as indicated by the rationale underlying their designation.

The preparation of management plans on Natura 2000 areas and other areas having significant natural values.

The preparation of maintenance/development plans for Natura 2000 areas pertain to those areas that are not protected, and thus no associated management plans are elaborated under the relevant national legal regulations. The maintenance plans do not contain mandatory specifications for farmers, but they take into consideration the mandatory rules on land use determined in the Governmental Decree. Compliance with their specifications is facilitated by voluntary agri-environment measures.

At regional level the maintenance/development plans – taking into consideration community values – are aligned on the existing agri-environment specifications, and in some cases they further clarify optional voluntary specifications on Natural 2000 areas. This way the maintenance plans provide for the farmers guidelines, which can help them in making better use of support fund, if their application was submitted properly and they are helped with a professional advisory service.

**Beneficiaries:**

Non-governmental organizations, research institutes, institutions of higher education, professional societies, associations registered in Hungary and engaged in agrar and rural development and nature protection activities and properly acquainted with the Natura 2000 (having references).

**Description of the type of operations covered:**

- Preparation of maintenance/development plans on the basis of the methodology jointly adopted by the Ministries, as published in the provisions of the relevant legal regulations.
- The preparation of management plans on protected areas is not supportable.
- The plan shall particularly contain the following:
  - presentation and evaluation of the given habitat/species group (description of main parameters, stocks, endangeredness, trends, etc.);
  - quantifiable characteristics, objectives of preservation/development;
  - description of applicable sustenance/development activities, their expected impacts on the target group and other natural values;
  - interventions aimed at developments and their economic (cost-benefit) analysis, for the evaluation of the socio-economic impacts of the proposed activities.
- The plan places special attention on the impact of the relevant measures of the NHRDP on the target group and its proposed applicability.
- Mandatory involvement of parties interested and communities concerned in the preparation of the plan and analysis of impacts.
- The finalized plans are assessed by assessment panels consisting of governmental and non-governmental experts and independent researchers. The final adoption is done by RDEAI.

**Form of the support:**

Non-refundable support

**Aid intensities:**

As part of the total eligible cost: 100%.

The amount of the support is determined by the size of the population of the settlement submitting the application, as well as the less favoured situation of the settlements and micro-regions as specified in the related legal regulations from time to time; and the concerted development of several settlements. The amount of the support is calculated in a weighted manner, with a view to the above aspects. Local Rural Development Communities are to be granted with quotas determined on the basis of the foregoing for the issue of the declarations of support for the development concepts received.

**Complementarity of the measure:****Complementarity to the other measures of the Programme:**

The measure is closely linked to the basic-level compensation support of Natura 2000 and voluntary agri-environmental support, as well as the support of those non-productive investments that are associated with both measures.

Local Rural Development offices and the central coordinating organization will have an important role in the evaluation of the individual projects of the measure, and they will also review the integration of the projects into the Local Rural Development Plan (see details in “4.3.7 Acquirement of skills, incentives for the development and implementation of local rural development plans” – under Article



59 of Regulation no. 1698/2005/EC) worked out by the Local Rural Development Community under the associated measure.

**Additional programme-specific indicators:**

Type of the indicator	Indicator	Target
Output	Number of Natura preservation plans Area covered	500 1900000
Result	Size of the area involved in voluntary environment-sparing farming on the basis of the contents of preservation plans	
Impact	Increase in biodiversity	

### **5.3.3.3. Training and information**

#### **Articles covering the measure:**

Article 52 c) and Article 58 of Regulation 1698/2005/EC  
Section 5.3.3.3 in Annex II of Regulation 1974/2006/EC

#### **Code of the measure: 331**

#### **Rationale for intervention:**

Towards the enhancement of the population retention ability of rural areas, as well as the improvement of income-generating opportunities and life quality, proper information services and the provision of trainings with respect to the existing demands and feasibilities are of essence to potential applicants planning to attend non-agricultural activities as sources of income, as well as to stakeholders influencing the provision of rural services and the quality of the rural environment.

#### **Objectives of the measures:**

The objective of the measure is to improve the knowledge, learning and skills of those living in rural regions as concerning the diversification of the rural economy, the development of non-agricultural enterprises, the betterment of the income and employment situation, as well as the enhancement of the quality of rural life.

#### **Scope and actions:**

Within the framework of the measure, professional trainings organized beyond institutionalized education, courses, informative programmes involving practical demonstrations, as well as client-service information activities provided to rural entrepreneurs, local governments, non-profit organizations and natural persons can be supported. These elements can all contribute to the improvement of the profitability of the affected enterprises, the start-up of new undertakings, the preservation and sustainable utilization of the rural cultural and natural heritage, the deployment of required and missing services, as well as the efficient operation of the same.

The target group of these trainings are the beneficiaries of the measures in Axis III as follows: micro- and small enterprises operated in rural regions (having registered offices and business sites locally), non-profit organizations, rural local governments, as well as natural persons over the age of 18 who have completed the 8<sup>th</sup> grade of primary school, and have permanent residence in the given rural region.

The geographical area affected by the measure includes the settlements with population number of less than 5000 and density of population less than 100 persons pro sq. km. The outskirts areas of non-eligible settlements with an outskirts population of above 2% of the total inhabitants of the settlement, are eligible for support. Settlements of the Budapest agglomeration are not geographical target areas of measure (The list of eligible settlements can be found in Annex 7. and 9.)

#### **Fields covered by the training and information:**

The actual topics of eligible trainings, courses and informative events will be determined in the course of the assessment of the associated demands by the Local Rural Development Offices on the basis of the related proposals received by them. The training plan will be adopted by the LRDC.

### **Description of the activities:**

- trainings determined in the course of the assessment of the related demands in connection with the measures of Axis III. wherein the broader topics are as follows:
- trainings in special entrepreneurial skills that are not supported in the framework of the other programmes (e.g. diversification, innovation, etc.),
- trainings connected with rural tourism,
- trainings connected with traditional handicraft activities,
- trainings in association with the preservation and sustainable utilization of cultural and natural heritage,
- trainings connected with the start-up and operation of innovative, local solutions for basic services,
- trainings related to community development.
- Demonstrative, informative programmes in connection with the measures of Axis III. wherein supports can be granted to the organization and arrangement of one-day informative programmes (innovative rural development initiatives, open portals, open riding halls, chamber tours, etc.) in the framework of which projects for enterprise development, diversification, rural tourism, village renewal and heritage conservation, as well as local solutions (innovative rural initiatives) for basic services that all have been implemented under Axis III. are presented by means of practical demonstration and consultation to potential applicants.

### **Type of economic actors beneficiary of actions envisaged:**

Rural resident who takes part in trainings organised by training organizations having been accredited – by the RDEAI within the framework of a separate, national procedure – for the implementation of training courses for activity 1 and project owners operating already implemented projects belonging to scope of activities that are eligible for support under the measures of Axis III. for activity 2.

### **Form of the support:**

Non-refundable support.

### **Aid intensities:**

For activity 1), 90% of eligible costs.

For activity 2), 100% of eligible costs.

### **Financing:**

Total costs:	28.625.297 Euro
Public expenditure:	25.762.767 Euro
EAFRD contribution:	18.490.024 Euro

### **Complementarity and demarcation of the measure:**

#### **Complementarity to the other measures of the Programme:**

On the basis of the preliminary assessment of the related needs, the measure is to mediate knowledge, skills and new ideas to the potential applicants of rural regions in order to contribute to the generation of successful projects, and to facilitate the efficient implementation and future operation of the same. Via demonstrations, it is to promote the dissemination of good practices. Training demands will be assessed by the Local Rural Development Offices, and these communities will also organize the events supported under activity 2.

Local Rural Development offices and the central coordinating organization will have an important role in the evaluation of the individual projects of the measure, and they will also review the integration of the projects into the Local Rural Development Plan (see details in “4.3.7 Acquirement of skills, incentives for the development and implementation of local rural development plans” – under Article 59 of Regulation no. 1698/2005/EC) worked out by the Local Rural Development Community under the associated measure.

**Complementarity to other Operational Programmes:**

The professional training supported in the framework of the measures, including the retraining of teachers, cannot be incorporated into formal school education, and is not eligible for the supports to be furnished from the European Social Fund, or those furnished in the framework of the Social Renewal Operational Programme or the Regional Development Operational Programme. Carrying out the assessment of the associated training demands, Local Rural Development Offices will make proposals on the topics of the training programmes to be implemented, and ensure that NHRDP should not support trainings that are eligible for support from other resources, as well.

Linked to measure 3.5.1 of the Social Renewal Operational Programme, the measure contributes to the support of complex projects aiming at the development of regions with multiple disadvantaged, as well as the decrease of segregation within the settlements.

The development of the least favoured regions, the suppression of segregation within the settlement, as well as to social and labour-market integration of the population in the region and the settlements are to be facilitated with complex, integrated programmes that are inciting for the local society and based on community planning. Towards taking these developments, support programmes down to the least favoured regions, segregated parts of the settlements where the majority of Roma population live, as well as achieving real progress in the development of these areas, the social and labour-market integration of the local population, targeted programmes are to be launched with the involvement of several operational programmes. Thereby, multiple disadvantages can be eliminated by means of concerted, concurrent and complex development programmes embracing economy, the conditions of communication and transports, employment and professional training, education, health services and social institutions.

**Main activities of operations:**

Support for the complex development of the least favoured, priority micro-regions. The suppression of segregation within the settlements, the acceleration of the process of social integration for the local population (support for the rehabilitation of homogeneous residential environments).

**Quantified targets for EU common indicators:**

Type of the indicator	Indicator	Targets
Output	Number of participating economic actions to supported activities (as per type, gender, age, activity type)	156,000
	Number of training days received (days)	5200
Result	Number of participants successfully completing the trainings	130,000
Impact	-	-

#### **5.3.3.4. Skill acquisition, animation and implementation**

##### **Articles covering the measure:**

Article 52 d) of Council Regulation no. 1698/2005/EC  
Section 5.3.3.4 of the Annex to Regulation 1974/2006/EC

##### **Code of the measure: 341**

##### **Rationale for intervention:**

In Hungary, the LEADER measure from the ARDOP proved to be very successful. The different local communities taking part found it very useful for elaborating a local strategy based on partnership. There is a need for a LEADER-like strategy-elaboration and partnership building in rural areas.

The measure supports the phrasing of micro-regional level rural development concepts structured from the base level, to be built into a local development plan and the implementation thereof, thereby strengthening a synergy and a regional coherence between the measures of the Axis. The development of skills and the acquirement of animation techniques are required by the shaping and efficient execution of well-balanced strategies building upon actual needs and opportunities. The measure promotes the development of local human capacities as necessary for creating and implementing local rural development strategies by means of improving skills and offering assistance for animation activities. The formulation and implementation of local rural development strategies call for the preparation of local capacities to be involved in the drafting and execution of the strategy, as well as for local information services on the development concept and the activation of the stakeholders in the region.

##### **Objectives of the measures:**

The objective of the measure is to shape rural development strategies under the coordination of LRDOs and with the involvement of stakeholders from local governments, as well as the business and non-governmental spheres, the measures in the programme also includes the strengthening of synergies and coherence of regional developments. Still another objective is to create local capacities, cooperative efforts and activities required for the proper establishment and implementation of the programmes, as well as the preparation of the potential LEADER action groups.

##### **Scope and actions:**

The measure is primarily based on the micro-regions (as specified by Hungarian Central Statistical Office – KSH), and involves their settlements that qualify to be rural. The preparation of the local LEADER action groups relies on the associated LEADER principles.

##### **Beneficiaries:**

Local Rural Development Offices, chosen through a national procedure (call for applications). The operation cost of the Public-private Partnerships (Local Rural Development Communities) itself will be financed through the LRDO.

Potential local LEADER action groups

## **Scope and actions:**

Within the framework of the measure, Local Rural Development Offices (LRDO) will be established in the micro-regions in order to activate and organize those people in the micro-regions that are interested in rural development, and thereby the measure is expected to ensure the rational utilization of development resources as based on local demands and needs. The LRDO supported under the measure will foster the establishment of the so-called Local Rural Development Community (LRDC) on the basis of one as a private and public partnership formulated according to Art 59(e) of (EC) 1698/2005 Regulation for each region.

The measure provides assistance to the preparation and implementation of local development plans. In the scope of the measure, the LRDO coordinates the elaboration of the Local Rural Development Plan for the micro-region with the active participation of the stakeholders from the given region. LRDOs are selected by application. The LRDO carries out its activity on the basis of the guidelines given by the central coordination organization (MARD Rural development, Educational and Advisory Institute), and carries out basic tasks as set forth in the relevant legal regulations. The tasks of the LRDO include the organization-coordination of the potential participants in rural development (non-governmental organizations, businesses and local authorities), the collection of projects, the organization of local training courses and attendance of rural development counseling. The rural development strategy coordinated by the LRDO is socialized and approved by LRDC. It elaborates and carries out the annual review of the rural development plan – as set forth in the relevant legal regulations – with the support of the central coordination organization.

The measure also contains the preparation of the potential local LEADER action group.

## **Actions within the measure (actions, activities):**

### **On the local level:**

- Elaboration of studies (strategy, programme) for the substantiation of (a fact-finding situation analysis of) the local development plan;
- Informative and animation activities aimed at the micro-region, interactive relations with potential rural developers (in connection with the preparation, review and implementation of the local development plan).
- Supporting animation and capacity-building activities in the formulation of a local development plan, and enhancing the participation of local communities in other social and economic activities. This activity covers the boosting of action-preparedness, activeness and cooperation of less favoured groups of the society, helping the enforcement of their special interests.
- Further training of the management of selected local groups of action, supporting intra-group exchange of experiences as well as the monitoring and evaluation activities of these groups.
- Execution of the strategies as relying on local partnerships.
- The coordination of enterprise and business development initiatives to be implemented in Axis III. of the NHDP, in particular:
  - on the micro-regional level, the drafting of the so-called Local Rural Development Community (LRDC)
  - the promotion of cohesion among the rural developers of the micro-region by means of organizing the so-called Local Rural Development Community (LRDC).
  - contacts with the local LEADER action groups
  - cooperation in the least favoured micro-regions, as well as with the institutions participating in the programmes to be launched in the settlements, especially in the developments foreseen to be implemented within the framework of the operational programmes of the New Hungary Development Plan.
- LRDOs and the members of the Local Rural Development Communities can take their parts in the local utilization of a part of ERDF resources (public-private partnerships) and the assessment of the projects wished to be implemented.

**On the national level:**

- Preparation of those participating in the drafting and execution of local rural development strategies;
- Promotion, managerial training and retraining;
- Promotion of the general development of rural areas: cooperation with regional, rural and economic development networks;
- Other activities serving the accomplishment of the above objectives as specified in the work plan of LRDOs.

**Description of partnerships:**

Based on the partnership of the private and public spheres – so-called Local Rural Development Communities (LRDC) wherein the members are enterprises, non-governmental organization and local governments concerned in rural development, and the share of the public sphere in decision-making may not exceed 50%. Only those actors can be present in the partnership who has an operation in an eligible rural area (population less than 10000 or population density less than 120 persons per sq km or the outskirts areas of otherwise non-eligible settlements where more than 2 % of their population) lives in outskirts areas.

**Estimated number of partnerships:**

167 local rural development communities based on the micro-regions as defined for regional development and statistical purposes.

**Size of the population affected by LRDCs:**

4,790,680 persons

**Indication of Axis III measures implemented by these public-private partnerships:**

The LRDC will approve the Local Rural Development Plan. It contains information and strategy for all measures of Axis III and it also serves as the basis for integrated local projects with other axes and with other development instruments.

However, in case of a few measures, it is an eligibility criteria to be in line with the LRDP – and the match is supervised by the PPP (LRDC). These measures are the followings:

Basic services to be provided to economic stakeholders and the rural population

Renewal and development of villages

Conservation and modernization of the rural heritage

Training and information activities

In the case of economic development measures (311,312,313) the approval of the PPP is no an eligibility criteria, but the operations in line with the LRDP are prioritised.

Provision ensuring that the running costs of these partnerships fit within the ceiling of 15 % of the public expenditure of their local development strategy:

Costs that can be spent on the operation of local rural development communities may not exceed 15% of the public resources for local development strategies. There will be a separate financial envelope for all micro-regions, which will be the basis of calculation of the operational costs (15%).

**Form of the support:**

Non-refundable support.

**Rate of the support:**

Rate of public resources within the total eligible costs: 100 %. 100% rate of the support for the running costs and other expenditure of the LRDOs and LRDCs in connection with the preparation, implementation, communication and elaboration of the LRDP.

For the implementation of local development strategies, the support rates correspond to the respective support rates defined for the individual measures.

**Complementarity of the measure:****Complementarity to the other measures of the Programme:**

The measure creates connection between the axes and the planned measures, promotes the rational use of the resources potentially available for rural development.

Local Rural Development offices and the central coordinating organization will have an important role in the evaluation of the individual projects of the measure, and they will also review the integration of the projects into the Local Rural Development Plan (see details in “4.3.7 Acquisition of skills, incentives for the development and implementation of local rural development plans” – under Article 59 of Regulation no. 1698/2005/EC) worked out by the Local Rural Development Community under the associated measure.

**Complementarity to other Operational Programmes:**

The micro-region rural development plan elaborated within the scope of the measure is in line with the elaborated development plans and creates connections among projects planned within the scope of other operational programs.

**Financing:**

Total costs: 43.375.382 Euro

Public expenditure: 43.375.382 Euro

EAFRD contribution: 31.130.657 Euro

**Quantified targets for EU common indicators:**

Type of the indicator	Indicator	Target
Output	Number of skill acquisition and animation actions	4500
	Number of participants in actions	100,000
	Number of supported public/private partnerships	167
Result	Number of participants that successfully completed the trainings	80,000



**Additional programme-specific indicators:**

Type of the indicator	Indicator	Target
Output	Establishment of Local Rural Development Offices	167
Result	Formulation of micro-regional strategies, establishment of Local Rural development Communities	Descriptive
Impact	Rational utilization of potential rural development resources	Descriptive

### ***5.3.4. Implementation of the LEADER-approach***

**Axis IV.** serves the realization of the objectives in Axis I. and 2, but primarily Axis III. on the areas covered by the designated local action groups, in accordance with LEADER principles. The program promotes the establishment of action groups that are larger compared to the previous program period. The preparation of potential action groups is ensured under the skill development and promotion measure. Participation is open to all action groups already existing or cooperations newly formed. The approximate number of designated action group is 70, affecting at least 35% of rural population.

Share of the axis from the NHRDP budget: (5,5 %)  
Financial resources of the axis (2007–2013):

Total public expenditure: HUF 74,080,741,625  
EAFRD contribution: HUF 56,935,417,144

#### ***5.3.4.1. Implementation of the local development strategies***

##### **Articles covering the measure:**

Article 63 a), b) and c) and Article 64 of Council Regulation no. 1698/2005/EC

**Code of the measure: 411, 412, 413**

##### **Objective of the measure:**

the measure aims at the facilitation of the sustainable and innovative use of internal resources, and improving the quality of life in rural regions with local solutions through the implementation of local rural development strategies featuring integrated approaches and operation of broad partnerships. By enforcing all the criteria specified in Article 61 a)–g) of Council Regulation no. 1698/2005/EC. The measure also foresees the promotion of sustainable and competitive novel local procedures for strengthening the potential of agriculture, forest management, food industry, rural economy, the sustainable utilization of cultural and natural values, the development of human services and local communities

Local LEADER action groups will be established by means of innovatively improving the local development strategy worked out by the Local Rural Development Communities, as in line with the LEADER principles.

Axis (1, 2 and/or 3) covered by the Leader Axis:

Within the framework of the LEADER axis, the objective of all the three thematic axis as deemed to be eligible for support. The implementation of the LEADER axis will parallel the horizontal, “top-down” execution of the measures of all the three axis.

Procedure and timetable for selecting local action groups, including objective selection criteria

The process of selecting the action groups will be commenced within a year following the approval of the Programme. The process for the selection of the action groups can be repeated on two occasions at a maximum in order to offer extended opportunities for winning the grant to new action groups that require longer periods for preparative efforts.

All the already operating action groups and newly established cooperative partnerships are eligible for participation.

The formal eligibility and completeness of the local development strategies will be examined by the Paying Agency as together with the pre-assessment of the substances of the strategies.

#### **Eligibility criteria for the selection of local action groups:**

- The *composition* of the action groups is to be compliant with the requirements set forth in Article 62 (b) of Regulation 1698/2005/EC.
- Local action groups shall be legal entities in the form of associations.
- Local action groups shall be established in *geographically contiguous areas* as the cooperation of neighbouring settlements, and any exception to this rule may only be made for such interposed settlements interrupting such geographical contiguity that do not belong to the circle of rural settlements, and thus are not eligible for participation.
- No overlapping may occur among local action groups. Any settlement may belong to only one action group.
- The size of the population living in any settlement that belongs to an action group may not be smaller than 8,000 people, and may not be larger than 100,000 people.
- Action groups shall have *approved local rural development plans*, and *sufficient human, technical and managerial capacities* for the implementation of such local rural development plans.

#### **Selection criteria for eligible local action groups:**

- The reasonable selection of the *action area*, the correspondence of the *development needs/facilities* revealed in the local rural development plan with the social and economic characteristics of the action area.
- The proper alignment of the LEADER local rural development plan to the local development strategy as conceived by the Local Rural Development Community.
- *The cohesion of the revealed needs/facilities and the objectives, measures of the strategy*, the suitability and flexibility of the methodology of intervention (planned actions) described in the action plan.
- *The size of the population living in the action area* delineated by the settlements of the action group.
- The inclusion of *participation-based planning* and the cooperation with the partners on the plan.
- The commitment and ability of the persons preparing the local rural development plan for the encouragement and sustenance of permanent and multi-sectoral cooperation among the population and business based in the action area, as well as the local governments, non-governmental and other organizations.
- Added value generated in the course of implementation
- The *economic viability* of the local rural development plan, the social and ecological *sustainability* of the related measures, as well as the *compliance* of the same with the domestic and EU regional and rural development policies.
- The *influence* of the local rural development plan on the *preservation of employment opportunities and the generation of new workplaces* in order to improve the labour-market positions and employment potential of – in particular – women living in rural areas, the young and social groups with multiple disadvantages, as well as people with Roma origin.
- *The set-up of the management of the action group*, especially the financial position of *the secretariat and/or work organization attending administrative and other tasks*, the suitability of the personnel and technical facilities for the flawless execution of the tasks.
- *Substantial and methodological novelty, innovativeness* of the developments specified in the local rural development strategy.
- Preference is granted to less favoured settlements qualified so on the basis of the relevant legal regulations, with respect to the prevailing social–economic and infrastructural conditions, as

well as unemployment rates being well over the national average, or settlements situated in any *region with multiple social–economic disadvantages* as defined in the associated legal regulations.

#### **Indicative number of the planned LAGs:**

For the period of 2007–2013, the expected number of action groups is 70.

Minimally planned rate of the representation of business and economic partners in the decision-making bodies of local action groups

Pursuant to Article 62 d) of Council Regulation no. 1268/1999/EC, the minimally planned rate of the representation of business and economic partners in the decision-making bodies of local action groups shall be at least 60%.

#### **Planned percentage of rural territories covered by local development strategies:**

On the basis of the ARDOP LEADER+ Hungarian experiences, they cover 31% of the country's total area and 36% of rural areas. In the "action area" delineated by the settlements having joined the action groups, 16% of the country's total population, 35% of the rural population, i.e. over 1.6 million rural people live. With the increase of the available resources, the area covered by the action groups can also be expanded. The strategic objective is that from 2009 at least half of the rural areas should accommodate LEADER action groups, and thus the size of the rural population belonging to the affected areas should reach up to 2,350,000. This altogether means that in relation to the country's total area the size of the areas covered with settlements that belong to action groups will increase from the current 31% to 44%, while the corresponding rise in the size of the population is anticipated to be from 16% to 23%.

Justification for selection of areas whose population falls outside the limits set out (5,000 to 150,000):

Hungary's characteristics in terms of geography, settlement structure and culture does not necessitate the application of the exemption from the critical mass criteria determined on the basis of Section 3) of Article 37 of Axis IV in Subparagraph 4 of Article IR.

#### **Procedure for selection of operations by the local action groups:**

As conceived by the action groups, activities to be implemented in harmony and as substantially aligned with the local rural development strategy are foreseen to have the potential to contribute properly to the accomplishment of the objectives of Axis I., Axis II. and especially Axis III. On the other hand, activities that are not eligible for direct support from the three thematic axis can also be supported in case they contribute to the accomplishment of the objectives of the individual axes in the Programme, and are in line with the respective strategy. .

The correspondence of the contents and substances of the projects with the local development strategy will be reviewed by the responsible body of the local action group as together with the qualitative assessment of the projects. The formal eligibility of the application will be checked by the Paying Agency.

Criteria for the correspondence of the local projects with the strategy and for the selection of the projects Within the framework of the local application system, the detailed criteria for the selection of the projects will be worked out by the local action groups as a part of their local development strategy, and thus the projects will be approved as paralleling the selection of the action groups.

#### **Description of the financial circuits applicable for local action groups:**

The local action group is responsible for the selection of the projects, while the control of eligibility and the associated payments are performed by the Paying Agency.

The entire scope of financial responsibilities lies with the Paying Agency.

### **Compliance with rules of procedures for governmental supports:**

The developments to be implemented in the framework of the LEADER measure are in line with Article 88 of Council Regulation no. 1698/2005/EC.

### **Form of the support:**

Non-refundable compensatory payment.

### **Type of aid:**

In base cases, the respective rates of support correspond to the support rates for the same types of activities in the other measures.

In the case of cooperative projects on the level of action groups with the participation by the governmental (local governments), non-governmental and entrepreneurial sector, the support intensity is 75%.

Towards the extension of the decision-making competence of action groups and the increase of the number of eligible projects, preferred action groups have the opportunity to reduce the support intensity of their projects in the course of local grant application procedures. For public-benefit (local governmental) investments the rate of public resources is 100% wherein the share of EAFRD and central national supports may not exceed 85%.

The maximal amount of support to be granted to a single local rural development plan depends on the number of the settlements, size of the population, as well as the rate of less favoured settlements in the area covered by the local action group.

The financial settlement of support will be governed by the de minimis regulations.

The maximal amount of support for a single project may not exceed 20% of the awarded limit or HUF 50 million. The detailed regulations on the use of supports are contained in the rules of procedures.

### **Delimitation criteria from Structural Funds:**

The separation of the developments to be implemented within the framework of the measure from developments being eligible for financing from Structural Funds is guaranteed on two levels:

*On the level of national programming:* on the level of the New Hungary Rural Development Programme on the one hand, and the operational programmes of the New Hungary Development Plan – including regional operational programmes – relying on Structured Funds (EFRD, CF and ESF supports) on the other hand, there exist national guarantees for the separation of the nature, areas and/or levels of eligibility of supports;

*On the implementation level of the LEADER measure:* inclusion of national-level delimitation rules among the selection criteria of action groups, within the control mechanisms of the applications submitted by action groups.

With the help of the LEADER method, NHRDP will shift the emphasis to locally available initiative competences of the communities for regional development purposes, as well as to the community-level development of skills. Priority 5 of the Social Renewal Operational Programme (SROP) focuses on the general development of individual opportunities and competences, as well as the transfer of the required, specialized methodological systems to professionals.

**Financing:**

Public expenditure: 204.266.751 Euro

EAFRD contribution: 156.991.040 Euro

**Quantified targets for EU common indicators:**

Type of the indicator	Indicator	Target
Output	Number of LAGs supported; Total area covered by the LAGs:  Total population of the settlements belonging to the action groups (pers) in percentage of the country's total population, number of the projects financed by LAGs; Number of supported beneficiaries;	70 groups  Minimum 50% of rural areas, 44% of the country's total area  50–55% of the population of rural areas, 20-25% of the country's total population  4,000–5,000 projects 4,000 project owners within 70 LAGs
Result	Gross number of new jobs created with the supported activities (jobs) Number of participants that successfully completed the trainings (pers)	1010  3500
Impact	Net additional value expressed in PPS Net number of new jobs created with the supported activities in FTE (FTE)	

### **5.3.4.2. Inter-territorial and transnational cooperation**

#### **Articles covering the measure:**

Article 63 b) of Council Regulation no. 1698/2005/EC

#### **Code of the measure: 421**

#### **Objectives of the measure:**

By enforcing the criteria specified in Article 61 a)–g) of Council Regulation no. 1698/2005/EC, the promotion and implementation of domestic and international cooperation among the regions, and thereby the reinforcement of innovation, local capacities and local development processes. This measure contributes to the accomplishment of objectives specified in local development strategies.

#### **Scope and actions:**

##### **Geographical scope of the measure:**

- area of the selected local action groups,
- areas of local cooperation as specified in Article 59 e) of Council Regulation no. 1698/2005/EC in relation to which the list of eligible settlements is contained in Annex 7. and 9. of the Programme,
- other rural cooperative efforts that comply with the following criteria: a) presence of a local action group that is active in rural development, and holds sufficient capacities for the formulation and implementation of the local development strategy pertaining to its own area; b) the set-up of the action group is based on the partnership of local stakeholders representing the three sectors; c) the group strives for networking operations.

##### **Eligible activities of the measure:**

Within the framework of the measure, eligible activities include preparations for national or/and international projects (quest for partners, technical preparation and elaboration of the joint project), as well as the implementation of preferred project(s).

The measure is to support domestic and international cooperative efforts among the various regions. Within the framework of the measure, only the following activities can be supported:

jointly executed activities wherein the target groups of both (all the) regions benefit from the actual and well-defined outcomes,

jointly operated organizations,

preparative activities for cooperative projects (personnel and tangible costs incurred prior to the establishment of partnerships),

animation and coordination among the partners can also be supported (personnel and tangible costs ensuring the operation of the partnership).

From among the partners in the cooperation, at least one should invariably be a selected LEADER action group.

In case the cooperation has not been established with a selected LEADER action group, for the jointly executed activities and jointly operated organization only those costs are deemed to be eligible within the framework of the measure that have been incurred by the given LEADER action group. In such

cases, the costs incurred with the preparative actions for the project, as well as animation and coordination activities can be fully supported from the resources of the measure.

In case the cooperation has not been established with the partnership of a member state of the European Union, only costs incurred in association with the activities of the LEADER action group can be supported from the funds of the measure (on the basis of the related cooperation agreement).

Cooperative projects may not target simple exchange of information and experience, but should invariably involve the implementation of joint activities, preferably within the framework of a joint organization.

Procedure and timetable for selecting cooperative projects, including the criteria of selection

**Procedure, timetable and objective criteria to select inter-territorial and transnational cooperation projects:**

From a central fund, a specific limit is made available to each action group for the purpose of spending the same on the international exchange of experience. The action group is required to indicate its related demand to the National LEADER Center, i.e. applications for the preparation of cooperative projects – wherein the action group describes and professionally justifies the purpose of the travel – are to be approved by the National LEADER Center. The National LEADER Center then sends the associated resolution to the Paying Agency.

Interregional and international projects can be both supported from the central fund, and the applications for the preparation of such projects are to be approved by the National LEADER Center with the actual support of the projects to be consented by the Paying Agency.

The deadline for the submission of cooperative projects is December 31 2013.

**Eligibility criteria of the selection of cooperative projects:**

- territorial eligibility,
- organizational eligibility,
- Developments should be jointly implemented by two or more regions, and the related outcomes are shared by the target groups of both (all the) regions.
- Jointly implemented activities should invariably target the accomplishment of the objectives of Axis I., 2 and 3.

**Financing:**

Public expenditure: 27.235.567 Euro

EAFRD contribution: 20.932.139 Euro

**Quantified targets for EU common indicators:**

Type of the indicator	Indicator	Target
Output	Number of supported cooperative projects;	200
	Number of LAGs taking part of the cooperation;	48
Result	Gross number of jobs created;	450
Impact	Net number of new jobs created with the supported activities in FTE (FTE)	20



### ***5.3.4.3. Running the local action group, acquiring skills and animating the territory***

#### **Articles covering the measure:**

Article 63 c) of Council Regulation no. 1698/2005/EC

#### **Code of the measure: 431**

#### **Objectives of the measure:**

The objective of the measure is to ensure adequate financial and professional backgrounds to local action groups towards the efficient implementation of local rural development strategies.

#### **Rationale of the measure:**

The basis for the applicability of the LEADER methodology is the aim to establish efficient organizational structures for regional cooperation, as well as to operate the same. For local action groups and partners involved in the developments, the in-depth knowledge of the region, up-to-date and accurate information supply, the acquirement of adequate skills and the existence of the operating conditions of the organization are of essence.

#### **Scope of the measure, eligible activities:**

- Administration, financial management of the implementation of the programme (information services on grant application opportunities, the management of applications, evaluation, selection).
- Participation at the meetings of national and European networks.
- Execution of the animation and network tasks that are specified in the rules of procedures of local action groups. It includes – inter alia – the following elements:
- Information services on the area of the local action group and the local rural development strategy
- Human capacity development to facilitate local cooperation and partnership; management of conflicts
- Generation of projects aiming at the implementation of the local rural development strategy, support for the elaboration of the projects, encouragement of and assistance to multi-sectoral cooperation,
- Promotion of the activities of local action groups
- Training of the associates involved in the implementation of the local rural development strategy.
- Training of the managements of local action groups .
- Preparation of studies on affected areas.

#### **Limit to apply on the share of the LAG budget for overhead costs:**

Maximum 20% of the budget of local action groups can be spent on eligible activities within the framework of the measure.

Indicative estimate of the share of expenditure under article 59(1) to (d) of Regulation 1698 which will be used for skills acquisition and animation for the LEADER axis

**Financing:**

Public expenditure: 40.853.350 Euro  
EAFRD contribution: 31.398.208 Euro

**Quantified targets for EU common indicators:**

Type of the indicator	Indicator	Target
Output	Number of training and animation activities;	210
Result	Number of participants that successfully completed the skill-development trainings (pers)	1500

**Complementarity:**

Complementarity to the other measures of the Programme:

As a methodological approach, LEADER is linked to the measures of all the three axis, but in the light of the nature of LEADER it preferably serves the accomplishment of the specific objectives of Axis III. From among the measures of Axis I, it is closely associated with the modernization of agricultural plants, because it potentially contains developments for small-scale investments in diversification within agriculture, as well as for the small-scale production and sales of high-quality, local food within the generation of added values for agricultural and forestry products, The implementation of axis IV is built upon the measure entitled as the “Acquirement of skills”, because it is within the framework of this very measure where skill development, capacity-building and the establishment of the basic substances, as well as the preparation of the local action groups are effectuated.

**Complementarity to other Operational Programmes:**

The LEADER axis is closely linked with the operational programmes that involve integrated regional planning.



## 6. Financing plan

### 6.1. Annual contribution from the EAFRD (in Euro)

Year.	2007	2008	2009	2010	2011	2012	2013	TOTAL
Total EAFRD	570 811 818	537 525 661	498 635 432	509 252 494	547 603 625	563 304 619	578 709 743	3 805 843 392
Non Convergence Regions	49 318 141	46 442 217	43 082 101	43 999 415	47 312 953	48 669 519	50 000 523	328 824 869
Convergence Regions	521 493 677	491 083 444	455 553 331	465 253 079	500 290 672	514 635 100	528 709 220	3 477 018 523

### 6.2. Financial plan per axis (in Euro, for the complete period)

#### Financial plan by axis in non convergence regions

	Public contribution		
	Public expenditure	EAFRD contribution rate (%)	EAFRD Contribution
Axis			
Axis I.	305 704 370	50,00%	152 852 185
Axis II.	204 581 382	55,00%	112 519 760
Axis III.	89 227 998	50,00%	44 613 999
Axis IV.	34 252 591	55,00%	18 838 925
Technical Assistance	-	0,00%	-
Total	633 766 341		328 824 869

**Financial plan by axis in convergence regions**

	Public contribution		
	Public expenditure	EAFRD contribution rate (%)	EAFRD Contribution
Axis			
Axis I.	2 060 673 904	75,00%	1 545 505 428
Axis II.	1 422 124 744	80,00%	1 137 699 795
Axis III.	601 462 804	75,00%	451 097 103
Axis IV.	238 103 077	80,00%	190 482 462
Technical Assistance	202 978 313	75,00%	152 233 735
Total	4 525 342 842		3 477 018 523

**Financial plan summary**

	Public contribution		
	Total Public	Average EAFRD rate (2)	EAFRD Contribution
Axis			
Axis I.	2 366 378 274	71,77%	1 698 357 613
Axis II.	1 626 706 126	76,86%	1 250 219 555
Axis III.	690 690 802	71,77%	495 711 102
Axis IV.	272 355 668	76,86%	209 321 387
Technical Assistance	202 978 313	75,00%	152 233 735
Total	5 159 109 183		3 805 843 392

## 7. Indicative breakdown by Rural Development Measure (in Euro, total period)

Measure/ Axis	Measure	Public expenditure	Private expenditure	Total Cost
Measure 111	Vocational training, information activities, innovation	103 410 730	5 442 670	108853400
Measure 112	Setting up of young farmers	32 892 658		32 892 658
Measure 113	Early retirement	25 556 885		25 556 885
Measure 114	Use of advisory services	35 968 950	8 992 237	44.961.187
Measure 115	Establishment of special advisory services for farm management, substitution and farming as well as for forestry	709 913	177 478	887 391
Measure 121	Modernisation of agricultural holdings	1 511 879 079	1 847 852 209	3 359 731 288
Measure 122	Increasing the economic value of forests	12 305 168	15 039 649	27 344 817
Measure 123	Increasing the value of agricultural and forestry products	196 882 672	365 639 249	562 521 921
Measure 124	Cooperation for the development of new products, processes and technologies in the agricultural and food-industry sector and forestry	36 442 225	12 147 408	48 589 633
Measure 125	Improvement and development of infrastructure related to the development and modernisation of agriculture and forestry	215 103 785	115 825 115	330 928 900
Measure 131	Compliance with the rules based on community regulations	47 564 203		47 564 203
Measure 132	Support of agricultural producers participating in food quality systems	20 114 216		20 114 216
Measure 133	Support of producer groups in the field of information and promotional activities pertaining to products, which belong to the framework of food-quality systems	36 442 225	15 618 097	52 060 322
Measure 141	Support of the semi-subsistence farms under restructuring	18 221 113		18 221 113
Measure 142	Support of setting up production groups	72 884 452		72 884 452
Total Axis I.		2 366 378 274	2 386 734 112	4 753 112 386
Measure 212	Payments to agricultural producers of less favoured areas, other than mountain areas	23 587 240		23 587 240
Measure 213	Natura 2000 payments and payments linked to Directive 2000/60/EC	49 939 878		49 939 878
Measure 214	Agri-environment payments	1 044 019 991		1 044 019 991
Measure	Animal welfare payments	49 939 878		49 939 878

215				
Measure 216	Support for non-productive investments	11 224 272		11 224 272
Measure 221.	First afforestation of agricultural land	257 019 568	110 151 243	367 170 811
Measure 222	First establishment of agroforestry systems on agricultural land	813 353	348 580	1 161 933
Measure 223	First afforestation of non-agricultural land	1 952 047	836 592	2 788 639
Measure 224	Natura 2000 payments	43 107 712		43 107 712
Measure 225	Forest-environment payments	89 306 167		89 306 167
Measure 226	Restoring forestry potential and introducing prevention actions	10 736 260		10 736 260
Measure 227	Support for non-productive investments	45 059 760		45 059 760
Total Axis II.		1 626 706 126	111 336 415	1 738 042 541
Measure 311	Diversification of non-agricultural activities	28 111 116	18 740 744	46 851 860
Measure 312	Supporting the establishment and development of micro-enterprises	313 297 348	382 918 981	696 216 329
Measure 313	Promotion of tourism activities	61 195 206	15 298 801	76 494 007
Measure 321	Basic services for the rural economy and population	110 165 183	12 240 576	122 405 759
Measure 322	Renewal and development of villages	73 489 501	12 968 736	86 458 237
Measure 323	Conservation and sustainable development of rural heritage	35 294 299	15 126 129	50 420 428
Measure 331	Training and information	25 762 767	2 862 530	28 625 297
Measure 341	Learning of skills, incentives and the setting up and implementation of the local development strategies	43 375 382		43 375 382
Total Axis III.		690 690 802	460 156 497	1 150 847 299
41	Local development strategies:	204 266 751	22 696 306	226 963 057
- 411	Competitiveness	51 066 688	5 674 076	56 740 764
- 412	Environment/Land management	20 426 675	2 269 631	22 696 306
- 413	Quality of life/diversification	132 773 388	14 752 599	147 525 987
421	Cooperation:	27 235 567		27 235 567
431	Running costs, skills acquisition, animation:	40 853 350		40 853 350
Total Axis IV.		272 355 668	22 696 306	295 051 974
Total axes 1, 2, 3 and 4		4 956 130 870	2 980 923 330	7 937 054 200
511	Technical assistance	202 978 313	0	202 978 313
- of which amount for national rural network		66 982 844	0	66 982 844
(a) running costs		16 745 711	0	16 745 711
	(b) action plan	50 237 133	0	50 237 133

Grand total	5 159 109 183	<b>2 980 923 330</b>	<b>8 140 032 513</b>
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*\* The remaining determination of the National Rural Development Plan (2004-2006) is to be added to the amount of the initial support constructions for the period 2007-2013.*



## **8. Additional national financing per axis**

Under the programme, there will be no additional national financing.

## 9. The elements needed for the appraisal under competition rules and the list of aid schemes authorised under Articles 87, 88 and 89 of the Treaty to be used for the implementation of the programme

(Article 16(g) of Regulation (EC) No 1698/2005)

For measures and operations falling within the scope of Art. 36 of the Treaty no additional (top up) aids will be granted, therefore they are not involved in the table.

For the measures pursuant to Art. 25, 28, 29 and 52 the information is provided in the table. In the measure pursuant to Art. 27 no additional national funding is granted, therefore it is not involved in the table.

Where “to be notified” is indicated, it means, that after creating the national law concerning the support, DG COMP will be consulted and will release a registration/case no. and reference no. The table is to be completed after this process.

In those measures that, though belonging under Art 52, cannot be found in the table, the beneficiaries are solely municipalities, therefore they are not involved in state aid issues

Measure code	Name of the aid scheme	Indication of lawfulness of the scheme	Duration of aid scheme
115	Establishment of special advisory services for plant management, substitution and farming as well as for forestry	Any aid granted under this measure will be in conformity with the de minimis Regulation (EC) No 1998/2006	
121	Modernisation of agricultural plants	Treaty Art. 36 1628/2006/EC (biogas)	
123	Increasing the value of agricultural and forestry products	1628/2006/EC (including production of bioethanol and biodiesel)	
124	Cooperation for the development of new products, processes and technologies in the agricultural and food-industry sector and forestry	To be notified + HL C 323, 2006.12.30. (R+D+I)	
311	Diversification into non-agricultural activities	Any aid granted under this measure will be in conformity with the de minimis Regulation (EC) No 1998/2006	
312	Supporting the establishment and development of micro-enterprises	Any aid granted under this measure will be in conformity with the de minimis Regulation (EC) No 1998/2006	

313	Promotion of tourism activities	Any aid granted under this measure will be in conformity with the de minimis Regulation (EC) No 1998/2006	
323	Conservation and sustainable development of rural heritage	Any aid granted under this measure will be in conformity with the de minimis Regulation (EC) No 1998/2006	

## **10. Information on the complementarity with measures financed by the other Common Agricultural Policy instruments, through Cohesion policy as well as by the European Fisheries Fund**

In the elaboration of the New Hungary Rural Development Strategic Plan (NHRDSP), targeted at the utilisation of the European Agricultural Fund for Rural Development (EAFRD), and in the development of the Programme, established on this basis (NHRDP), integrated approach is a requirement and a method. This means a connection of NHRDP to the EU strategies, action programmes, to the different national operational programmes, on the one hand, and the creation of the programme's internal consistence, on the other. The requirement of establishing synergies between the different programmes, plans and planning levels, the elimination of contradictions applies to all phases of planning.

### **10.1. Connection and complementarity with Community policies and priorities**

The New Hungary Rural Development Programme takes largely into account the market regulation and rural development objectives of the new Community Agricultural Policy, amendments in the proportions and in the system of objectives. The purpose of the reform of the Common Agricultural Policy, launched in 2003 was to realise an aid system that is independent from production, and to increase the population retention capacity of the rural regions, the strengthening of rural development (Pillar II). The New Hungary Rural Development Programme continues to consider the modernisation of agricultural production, of the conditions of food economy (mainly the quality ones) and a mitigation of technical-technological disadvantages to be a priority. Parallel to that, measures serving rural development, sustainable development, the retention of population, an improvement of the quality of life are enhanced and applied in a comprehensive way.

#### **Connection with the Common Agricultural Policy**

One of the most important structural concerns for the Hungarian agriculture is a disharmony between plant production and animal husbandry (a surplus of crops, a major reduction in stock-raising). The planned change in the CAP reform – due to a strengthening of variability, of landscape – may have a favourable impact on the structure of crop production, but – without the use of other funds and without further development targets – it is not expected to reduce structural tensions, in actual terms. On the basis of the production's conditions, the production of the COPF-plants (corn, oil, protein, fibre) shall remain determinant, and animal husbandry shall lose even more from its weight, representing an even lower demand for forage crops.

The Rural Development Programme is in harmony with the measures funded from EAGF.

From among the areas listed in Annex I of Commission Regulation 1974/2006/EC, there is no danger of a duplication of the assistance in the following sectors:

**Wine:** the CMO's restructuring measure is operational, but there are no overlapping measures in the Rural Development Programme

**Tobacco:** During 2007, Hungary plans to give a production-related supplementary aid to tobacco producers, but they cannot benefit from the agri-environmental measures of the Rural Development Programme

**Hop:** During 2007, Hungary does not plan to provide a production-related national supplementary aid (there is only one hop producer, on an area of 40 ha)

**Direct payments:** Hungary applies SAPS  
Olive oil and specific measures: not relevant

**In the following areas, duplication of assistance shall be eliminated:**

**Fruits and vegetables:** the supplementary character is ensured in line with the measures. Operational Programmes submitted by the producer groups contain information on the use of the Operational Fund.

No aid shall be given to:

- investments (qualifying under Art. 16, c) of Regulation 1432/2003/EC) included in the recognition plan of the preliminarily recognised producer groups (on the basis of Art. 14 of Regulation 2200/1996/EC),
- investments financed from the Operational Fund (determined in Art. 5 of Regulation (EC) 1433/2003) by a recognised producer group (in accordance with Art. 11 of Regulation (EC) 2200/1996).

The recognition plans and the Operational Programmes containing the measures to be financed from the Operational Fund can be found at ARDA (Paying Agency) that shall eliminate eventual duplications of payments.

**Sugar:** The Sugar Restructuring Fund (RF), created by the reform of the sugar CMO has one component that might be overlapping with the diversification measure of EAFRD. The timing of the use of these two funds shall be implemented as follows: the applicant can make use of the EAFRD diversification measure only if the project funded from RF is completed. The call for applications of the EAFRD diversification measure shall contain the requirement that no applicant benefiting from RF can apply as long as the payments from RF were terminated.

**Bee keeping:** An application submitted under the measure included in Art. 2, paragraph (c) of Council Regulation No. 797/2004 may contain an investment that would be eligible for financing from EAFRD as well. In order to exclude a duplication of assistance, Regulation 81/2006 FVM obliges the applicants to issue a statement that they use no aid from other sources for the same investment.

**Production-related national supplementary aids (top-up)** Hungary studied the references included in Annex I to Commission Regulation No. 1974/2006 in terms of aid for bovine, as well as sheep and goat (Council Regulation No. 1782/2003, Articles 114, 119 and 132). In respect of measures included in Articles 132 and 114, supplementary aid planned for the year 2007 shall be allocated on a historical basis, decoupled from production. In respect of the aid form mentioned in Art. 119, Hungary does not plan to grant national supplementary aid. On the basis of the above, no distinction is required.

The rational use of development funds of the New Hungary Rural Development Programme offers several possibilities for a mitigation of structural tensions. The use of the product surplus in crop production for energy generation, the launch of energy crop production promotes the change of production structure, the application of modern technologies, as well as job creation in the rural regions. A restructuring of crop production is justified also by an unfavourable change in the corn intervention system. The programme intends to ensure a restructuring role to the development of horticulture, and it considers a development of animal husbandry in line with the EU requirements, the creation of the conditions for quality production and the full use of the production potential. Incentives for environmental protection, environmental management, landscape management are also areas of outstanding importance.

### **Connection to the Fisheries Operational Program**

The overall goal of the Fisheries Operational Program (FOP), which is co-financed by the European Fisheries Fund (EFF) is to improve the competitiveness of the participants of the fishing sector, that

goes along with quality improvement, nature conservation and environmental protection, on a sustainable manner. In this relation coherence cannot be stated among the two programmes, the national priority of NHRDP focuses definitely on agricultural basic activities, while FOP on fishing product path; there is no connection between agricultural production and fishing, that could generate coherence of the two programmes.

**The measures of FOP are the followings:**

- modernization of existing and creation of new fish production and storing capacities
- acquisition and renewal of fisheries implements
- building and modernization of fish processing facilities
- research and quality control
- promotion campaigns and actions
- pilot research projects

Connection between NHRDP and FOP appears concerning Axis II. and III. of NHRDP, as the target system expands partly to environmental protection questions, on the full compliance of standards of environmental protection and animal welfare, and on the other hand on the improvement of rural income possibilities, increasing the stability of rural incomes, and by conserving traditional fishing methods to the preservation of the object and mental inheritance of the countryside. The developments of FOP, workplaces generated by the investments strengthen the population retaining ability of the countryside, because fishing plants are mainly located in rural areas, where job opportunities are rare and incomes are low. Investments financed by FOP effectively contribute to the maintenance and development of the landscape.

Demarcation in Axis I. and III. is not necessary, there is no possible overlapping between the measures of FOP and NHRDP. However, the similar measures of the two programs can reinforce the effect of each other, the measures of FOP can contribute to the targets of rural development.

Art. 38 of Reg. 1698/2005 allows compensation for respecting the Natura 2000 directives - costs incurred and income foregone resulting from respecting commitments going beyond the relevant standards - only in the case of Utilised Agricultural Area (UAA). Therefore Natura 2000 compensation of wetlands and fishponds on the account of the NHRDP is not possible.

FOP does not include measures neither for the compensation of Natura 2000, nor for the environment conscious utilisation of lands/fish ponds.

Among the measures of Axis II. of the NHRDP – similar to the Rural Development Plan 2004-2006 – in Art. 39 agri-environment payments the support of extensive fish ponds is eligible. The support can be claimed for respecting requirements going beyond standards in connection with environment conscious utilisation of fish ponds. According to the Programme the support of the extensive fish ponds will be financed by EAFRD in the full period of 2007-2013.

**Connection to EU policies**

In the realisation of the New Hungary Rural Development Programme, another possibility – in some cases, a criterium for the use of such assistance – is a connection to the different EU strategies. The implementation of competitive agricultural production, restructuring, the creation of food safety are consistent with the Biofarming Action Programme (COM 2004 - 415), the commitment to enhance the use of renewable energy resources (COM 2004 – 366). Sources for rational land use, development of

agricultural and forestry systems can increase by participation in Natura 2000 and the programmes of the Water Framework Directive. In order to provide conscious compensation for the effects of climate change, another possibility is offered by the EU's forestry strategy and action plan (COM 2005 – 84), which is particularly important in the implementation of measures connected with sustainability and job creation. All of the priorities of the New Hungary Rural Development Programme are indirectly or directly related to the environmental action programme of the EU (Regulation No. 1600/2002/EC). The tools of technical assistance, affecting all groups of measures may provide significant help already in the preparation phase of programming, in the coaching of the affected persons, in up-to-date information.

In accordance with the domestic and European conceptual documents and the Community Strategic Orientation, NHRDP pays special attention to the validation of horizontal policies and to programme-level implementation (sustainability, equal chances, social/ economic/ environmental safety, territorial principle). These policies shall be taken into account in the planning of the strategy, in the preparation of the programme, in the assessment and the control process, equally.

### **Connection with the operational programmes in Hungary**

The New Hungary Rural Development Programme is organically connected with the planning processes, concepts applicable to the other areas of the national economy. The Government, by approving the Government Regulation No. 1076/2004 (VII. 22.) made a decision on the contents and the organisational framework for the elaboration of the Europe Plan (2007-2013). In accordance with this decision, long-term (2005-2020) development policy documents were prepared – the National Development Policy Concept (NDP) and the National Regional Development Concept (NRDC) – to determine the areas and objectives for the use of the EU's structural funds and of its Cohesion Fund. The strategic framework laying down the basis for an effective and efficient use of the funds allocated for the period 2007-2013 from the Cohesion Fund and the structural funds of the EU is included in New Hungary Development Plan (NHDP), which is the equivalent of the National Strategy Reference Framework (NSRF), provided for by the European Union. The actual implementation of the development strategy outlined in NHDP and in NSRF is provided by operational programmes, with the respective details. There are seven operational programmes for the priority development areas, and another seven operational programmes for the development regions. Parallel to these operational programmes, prepared for the use of the Cohesion Fund and of the structural funds, the New Hungary Rural Development Strategic Plan was prepared. Its implementation takes place on the basis of the New Hungary Rural Development Programme. Most of the financing of NHRDP is provided by the European Agricultural Fund for Rural Development (EAFRD). It finances integrated development projects, through different comprehensive development projects, using the available resources of the structural funds and of the Cohesion Fund, as well as national aids, preferential loans.

The objectives of the national concepts and of the groups of rural development measures are interrelated, on the one hand, and represent a continuation, extension of each other, on the other hand. As a result, a basic requirement to implementation is to create the coherence of the development projects – in order to avoid any duplication of aids –, with a clear separation, demarcation of the areas.

The main characteristics of the connections of the New Hungary Rural Development Programme to the operational programmes, of the demarcation of the development projects can be summarised as follows:

The Axis for environment and rural development (**Axis II.**) of the NHRDP is connected in several aspects to the Environment and Energy Operational Programme (EEOP). A considerable portion of the activities to be financed from EAFRD are connected with the protection of nature and of the environment, land use, production of renewable energy, biomass utilisation and the development of infrastructure. The scope of utilisation of the EAFRD, however, are limited in respect of the eligible activities and beneficiaries, therefore, harmonisation, combination of the targets and measures in

NHRDP and in EEOP are of prime importance. Between the two programmes, coordination is necessary, in order to supplement the resources and increase the efficiency of the measure:

- measures to protect the environment in agriculture and forestry, in order to finance the Natura 2000 network, water management,
- measures to preserve the values of the protected natural areas, for a new type of floodplain management relating to VPP,
- deferred environmental protection investments at the animal husbandry sites,
- the primary processing of biomass,
- development of infrastructure.

The beneficiaries of NHRDP are agricultural producers, the projects can be implemented in outskirts territories for agricultural use. The sources for EEOP are used for the environmental and energy development of the enterprises carrying out non-agricultural activities. Development projects in renewable energy are eligible for EAFRD assistance only in the case of small-size processing sites, owned by the producers. EEOP supports energy production intended for sale, in volumes. The synergy between the two areas is a prime condition for the use of the resources. The preservation of the natural values in protected areas managed by the state, the infrastructural investments there are financed by EEOP.

An important objective of NHRDP is to keep the rural population locally, to create the means of living, the possibility of alternative income-earning. The financing of measures aimed at the construction, modernisation of rural infrastructure takes place from the resources of the Transport Operational Programme (TOP). These investments can generate economic growth also in rural regions, by improving the possibilities of product sales (markets) and by bringing jobs “closer”, by improving the quality of the entrepreneurial environment. Construction, modernisation of the agricultural service and access roads, forestry roads, the construction, modernisation of facilities shall be implemented from EAGF.

In the programmes, the development of the activities of micro-businesses is of prime importance, with special regard to the rural regions. For the development of agricultural activities and food processing micro businesses, the EAGF sources shall be used. For the support of businesses belonging to other sectors of the national economy, the operational programmes for Economic Development and the regional operational programmes shall be used.

Significant quality improvement can be achieved by the application of modern technologies and know-how based on the results of research and development and innovation activities. Synergy between the programmes can be strengthened with the promotion of technology transfers between sectors, where important roles can be played by both the R&D Measures of the Economic Development Operational Programme and the regional operational programmes.

The resources of the Social Renewal Operational Programme (SROP) and Social Infrastructure (SIOP) are connected with the EAGF Axes I and III via the improvement of education, culture, employment, the social sphere, the improvement of the quality of life in rural regions, support to tourism-related activities. The sources of operational programmes expand the scope of the beneficiaries and create an environment with a higher knowledge level and expectations for the rural population, in particular, agricultural population.

The measures of the Electronic Public Administration and State Reform Operational Programmes (EPAOP, SROP), through a renewal of the social, public administration services, exercise direct and indirect influence on a more efficient, smooth operation of the agricultural investments, businesses.

The measures of Axis III (Quality of life in rural regions and rural economy) and Axis IV (LEADER) are connected in many aspects to the regional operational programmes (ROP). The measures aimed at rural development targets, in particular, local capacity increase, a strengthening of local partnerships, shall be implemented in connection with the government programme aimed at the development of the most disadvantaged micro-regions. The implementation of the LEADER programme takes place in close coordination with the comprehensive programme, where the special considerations of the most disadvantaged micro-regions receive particular attention in the programme.



According to the demarcation of tasks, based on inter-ministry consultations, the sources of the EAGF Axiss III and IV give priority to agricultural and agriculturerelated development projects. The infrastructure, road and utility development projects for the rural population are not eligible for funding from EAGF sources.

In the field of tourism, for the infrastructure of accommodation and services for non-commercial purposes and sizes, using the principle of horizontal integration, EAGF sources can be used. Support to other investments in tourism, in coordination with the previous projects, is the task of the regional operational programmes.

Measures aimed at the renewal of villages shall be concentrated on villages with buildings representing significant cultural values, having obtained protection. When aid is used, the list of the villages selected for support, as well as the size, complexity of the project shall be considered a criterium for the demarcation. Towns and villages in the country and the simple project shall receive support from EAGF.

Infrastructure development in villages is outside the scope of the eligible projects. The development sources for the basic services in the country can be used, depending on their origin, subject to the size of the towns and villages. The centres of the micro-regions shall receive support from the regional programmes, the development of services in small villages shall receive support from the Rural Development Programme. Development projects with synergic effects shall receive priority.

### **Coordination activities**

The Government's coordinating body for the preparation of decision-making and making of proposals is the **Development Policy Steering Committee (DPSC)**. Inter alia, DPSC accords the developments planned to be implemented from EU and national resources, coordinates the tasks connected with the strategic planning of the New Hungary Development Plan, the National Action Plan, the Sustainable Development and New Hungary Rural Development Plan, gives their position to the New Hungary Rural Development Plan.

Responsibilities for the coordination of the planning, programming and execution of the New Hungary Development Plan, as well as for the coordination of the planning, programming and implementation of the operative programmes will lie with the **National Development Agency (NDA)**. The managing authority of the New Hungary Rural Development Plan and the NDA will be responsible for the coordination among the operative programmes as required in Section g) of Paragraph 4 of Article 24 of Council Regulation 1083/2006/EC and Paragraph 4 of Article 5 of Council Regulation 1698/2005/EC, as well as between the operative programmes and the European Regional Development Fund (ERDF) and the European Fisheries Fund (EFF).

Under the mechanisms defined in the national legislation, the managing authority and NDA is to ensure the concert of the planning and utilization of the above-mentioned resources wherein regulations on governmental supports should be observed to a maximum extent.

With respect to strategic objectives, fields of intervention and the calls for applications, such coordinating activities will cover mutual information services and exchange, joint participation in the monitoring committees and work groups, as well as the grounding of concordance and cross-application in the instruments of execution.

Forums and mechanisms of coordination:

- The main instrument of coordination is the **Government**, as well as the **National Development Council** having been established as an advisory body to the Government with its members being the prime minister, the representatives of the regional development councils, the delegates of the Economic and Social Council, experts commissioned by the prime minister, as well as the members of DPSC as parties specifically invited.
- Additional forums of coordination are the **Monitoring committees** wherein the representatives of the National Development Agency will have voting rights.

- Involving the support instruments of rural development, the **substantial coordination** of the operative programmes in the New Hungary Development Plan will be ensured by the action plans specifying the planning–execution details of the operative programmes themselves. On the basis of the Government’s respective framework decisions, such action plans are to be finalized by NDA.

The mechanisms of coordination thus equally embrace strategic objectives, fields of intervention, calls for applications, etc. as concerning **mutual information services and exchange, joint participation in the monitoring committees and work groups, establishment of concordance and cross-applications of the means of implementation**, thus, for instance, in ensuring the cross-application of monitoring information systems.

## **10.2. Demarcation criteria for the measures which target operations also eligible under another Community support instrument, in particular structural funds and the European Fisheries Fund**

Detailed information on this subject can be found partly in Chapter 10.1. (general demarcation principles and in the measure descriptions in Chapter 5.3. For a better understanding the following summarizing tables provide a comprehensive overview on the demarcation between the structural funds and the rural development programme.





### **10. 3. Demarcation criteria for the local development strategies falling within Axis IV. in relation to local development strategies implemented by „Groups” under the EFF and for cooperation in relation to the Cooperation Objective under the Structural Funds**

There will be no local development strategies in the FOP.

Complementarity with other Community financial instruments are promoted, while avoiding double financing is ensured by the MA at project level. The demarcation between the LEADER approach – inter-territorial cooperation – and the Cooperation Objective of the Structural Funds is ensured at technical level.

#### **10.4. Information on the complementarity with other Community financial instruments**

There is no complementarity with other Community financial instruments except for the ones mentioned above.

## **11. Designation of competent authorities and bodies responsible**

The implementation of the NHRDP takes place on three levels.

- Certification Body (within the meaning of Article 7 of Regulation (EC) No 1290/2005)
- Managing Authority (within the meaning of Article 75 of Regulation (EC) No 1698/2005)
- accredited Paying Agency (within the meaning of Art. 6 of Regulation (EC) No. 1290/2005)

### **11.1. The Certification Body**

In accordance with Art. 5 of Regulation (EC) No. 885/2006, the Certification Body was appointed by the Minister of Agriculture and Rural Development acting as Competent Authority, after a public procurement procedure. The Certification Body – KPMG Hungary Kft. – is a Hungarian limited liability company, and a member firm of the KPMG network of independent member firms affiliated with KPMG International, Switzerland. The Certification Body is totally independent from the Paying Agency and from the Competent Authority. As an auditing firm, it has the necessary technical expertise as required by Article 5 of Regulation (EC) No 885/2006. The contract concluded with the Certification Body assures that it will conduct its examination on the Paying Agency – including IT system assessments – and the audit of the annual report and the issue of the certificate according to internationally accepted auditing standards taking into account any guidelines established by the Commission.

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### **11.2. The Managing Authority**

The Minister of Agriculture and Rural Development was designated by the Hungarian Government as Managing Authority of the NHRDP. The Minister delegated the specific implementation of this task to the State Secretary for EU Affaires within the Ministry. The State Secretary is assisted by the Department for Rural Development (DRD) in performing his tasks as Managing Authority. The DARD also performs the managing authority tasks relating to SAPARD, ARDOP and EFF, and the tasks of the NRDP programme management unit.

According to Article 75 of Council Regulation (EC) No. 1698/2005, the Managing Authority of the NHRDP is responsible for the effective, successful and regular control and management of the programme and has the authority to perform all the tasks rendered to the Management Authority by the Regulation mentioned above. Within that, the Managing Authority

- ensures that operations are selected for funding in accordance with the criteria applicable to the NHRDP and in accordance with the Community and national legislation. In this competence, even though the tasks of selecting the projects and decision-making on the applications are delegated to the Paying Agency, it shall approve and check the rules of procedure of the Paying Agency and shall have the possibility to instruct the Paying Agency, in the framework of supervisory

procedure, to carry out a new procedure, if its conduct was not in line with the respective legislation or the instructions received from NHRDP. Furthermore, the Minister is entitled to establish the eligibility criteria and the legislation determining the detailed implementation rules for certain NHRDP measures.

- ensures that there is a system to record and maintain statistical information on implementation in computerised form adequate for the purposes of monitoring and evaluation; In order to do so, an IT software shall be developed for the purpose of monitoring and appropriate statistical queries from the uniform IT system of the Paying Agency, which shall be able to carry out this task when the measures of NHRDP are launched, to complete the above task.
- ensures that beneficiaries and other bodies involved in the implementation of operations are informed of their obligations resulting from the aid granted, are aware of the requirements concerning the provision of data to the Managing Authority and the recording of outputs and results. For that purpose, the communication plan included in the programme shall be implemented.
- ensures that programme evaluations are conducted within the time limits laid down in Regulation (EC) No 1698/2005. In order to do so, DARD shall prepare the detailed rules of procedure for its tasks as a managing authority.
- leads the Monitoring Committee and sends it the documents needed to monitor implementation of the NHRDP in the light of its specific objectives. ensures the consideration of the interests of all social players affected by agricultural and rural development in the implementation processes of the programme.
- ensures compliance with the obligations concerning publicity referred to in Article 76 of Regulation (EC) 1698/2005. For that purpose, the communication plan included in the programme shall be implemented. For that purpose, the Managing Authority launched an information campaign for the popularisation of the NHRDP measures, to inform about the eligibility criteria. Easily understandable information papers shall be published, giving details on the application criteria for the different measures, and applications from producers shall be supported by an advisory network consisting of well-prepared experts.
- It draws up the annual progress report and, after approval by the Monitoring Committee, submits it to the Commission.
- ensures that the Paying Agency receives all the necessary information, in particular on the procedures operated and any controls carried out in relation to operations selected for funding, before payments are authorised.
- ensures an efficient allocation of the NHRDP funds between the axes and the measures, as well as a review of the programme, and the initiation of the required programme amendments and their implementation.
- ensures the principle of equal opportunities and non-discrimination during the implementation of the Programme.
- can set up project offices with a clearly defined task and goal, focusing on a special field of the Programme and to ensure the smooth operation and implementation of it. Project offices shall be set up if coordination is needed between more axes and measures in order to elaborate integrated operations focusing mainly on horizontal issues (eg. Roma project office, sustainable project management project office, renewable energy project office). Project generated and developed by official project offices of the MA can be prioritised during project selection.
- It shall constantly monitor and analyse, via studies, the progress made in the programme, as well as the achievement of the objectives set and the implementation of its measures.
- It supervises the institutional system in charge of the NHRDP implementation, ensures that their operation shall serve the achievement of the programme targets.
- Special attention shall be given to the implementation of the horizontal policies.



- It represents within the Government and in international relations the specialty areas covered by the programme.

In order to perform its tasks determined by Regulation (EC) No. 1698/2005, on the basis of the Hungarian legislation, the Managing Authority shall

- make decisions, on the basis of Community law and the respective programmes of the European Union, on the use of Community resources for the purpose of technical assistance,
- determine the setup of the Monitoring Committee and ensure its operation;
- issue communications of binding character on:
  - support that can be received on the basis of applications,
  - the period open for submitting applications for support,
  - the priorities applicable to the assessment of the application request,
  - any over-application in respect of the funds available,
- subject to compliance with the criteria determined in legislation or in the communication containing the call for application, the scores required to obtain the support,
- the technical descriptions (such as catalogues, norm collections) applicable for the assessment of the requests for support,
  - cases specified in separate legislation.
- manages the Hungarian National Rural Network;
- in order to implement Art. 75 paragraph (1), point c) of Regulation (EC) No. 1698/2005, in respect of EAFRD measures, it approves the management and control systems applied by the body providing agricultural and rural development support, as well as the agreements concluded on the basis of the law.

In cooperation with other relevant ministries and partners and the Paying Agency, the Managing Authority prepares the legal acts relating to implementation. The Managing Authority supervises and controls the implementation of the NHRDP in compliance with the resolutions of the programme's monitoring committee, the relating legal acts, the conditions determined in the programme and the demands of the target groups.

The Managing Authority takes the necessary steps in order to reach the outputs, results and effect indicators determined in the NHRDP. The MA establishes permanent and efficient partnership cooperation with the relevant organisations to use of the special knowledge available at the partners.

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### **11.3. The Paying Agency**

The Agricultural and Rural Development Agency will act as accredited Paying Agency concerning EAFRD in accordance with Regulation (EC) No 1290/2005.

The accreditation of ARDA is, in line with Art. 1, paragraphs (2)-(3) of Regulation (EC) No. 885/2006, in the competence of the Minister of Agriculture and Rural Development. Prior to the accreditation, a check shall be carried out by an independent auditing firm. The Minister, acting as competent authority,

- is entitled to give the accreditation to the Paying Agency and to withdraw it, if necessary,
- The Certification Body and the Department for Rural Development of the Ministry perform permanent control over the compliance of the Paying Agency with the accreditation criteria,
- is entitled to give instructions to the Paying Agency, if it considers that the latter does not comply with the accreditation criteria.

ARDA is the only Paying Agency in Hungary, performing the paying agency tasks of EAFRD and of EAGF.

ARDA operates, in addition to the above tasks, also as an accredited paying agency of the Guarantee Section paying agency for EAGGF. In addition to the tasks of a paying agency, ARDA performs in connection with the Community funds for agriculture and rural development, the following roles:

- SAPARD Agency
- ARDOP/EAGGF Orientation Division and FIFG – cooperating organisation
- EFF – cooperating organisation.

Apart from supports financed by the Community, the ARDA also handles aids financed from domestic resources.

ARDA is an organisation of the central budget, its organisation consists at present from a central office and 19 representative offices in the country, including 7, acting as representative offices with regional competence in respect of rural development grants. The internal organisational hierarchy of ARDA ensures an appropriate separation of the tasks connected with the approvals, settlement and book-keeping of the payments. Within ARDA, there is an independent internal audit unit, directly subordinated to the President. ARDA has written rules of procedure for each scheme, with a detailed description, in respect of the different measures, regarding the receipt, recording and processing of the applications, and each administrator performing approval tasks has a detailed checklist of the tasks to be done. The tasks of the administrators who carry out on-site inspections are determined, including the requirements to the auditor's report, in the audit manual, and each auditor receives a checklist for the tasks to be completed during the audit. The internal procedures of ARDA ensure the faultless implementation of the four-eyes principle and the rotation of administrators working in sensitive positions.

ARDA delegates some of its licensing and technical tasks to other organisations. Therefore, delegated tasks are performed by:

- Central Agricultural Office (primarily in connection with the receipt of applications and licensing tasks),
- Institute of Geodesy, Cartography and Remote Sensing (remote sensing control),
- MARD Agricultural Mechanisation Institute (expert tasks connected with renewable energy),
- MARD Rural Development, Educational and Advisory Institute (evaluation of business plans).

The delegated task shall be specified in a written agreement. This agreement shall contain, in particular:

- the scope of the assigned tasks,
- the financial terms for the assigned tasks,
- tasks and obligations of the organisation carrying out the assigned tasks,
- the procedure and methods applied for the assigned task,
- the conditions for issuing a performance certificate,
- a provision on the frequency of reporting on the results of the checks carried out by the body assigned with the tasks,
- a provision on the data that can be transferred to the body in charge of the agricultural and rural development support, on the contents of the data provision and its frequency,
- the rules applicable to the responsibilities of the body assigned with the task towards the body providing the agricultural and rural development support,
- the scope and the protection of the data to be transferred by the body providing the agricultural and rural development support, for the purpose of performing the task,
- an explicit statement from the body performing the assigned task about its actual performance of the task and a description of the method to be used.

The control competence of ARDA covers the control over the work done by the bodies assigned with the delegated tasks; this shall take place in line with the written rules of procedure to be prepared by ARDA and approved by the Managing Authority.

ARDA implements all EAFRD and EAGF measures in a uniform IT system. This allows the performance of tasks set out in respect of the Integrated Management and Control System (IMCS) in Regulation (EC) No. 796/2004, for the relevant measures of both funds. The system carries out a cross-check, among others, with the Uniform Record and Identification System (URIS) and the Land Parcel Identification System (LPIS).

The Paying Agency ensures that:

- the eligibility of requests and the procedure for allocating aid, as well as their compliance with Community rules are checked before payment is authorised;
- accurate and exhaustive accounts are kept of the payments made;
- the checks laid down by Community legislation are made;
- the relevant documents are presented within the time-limits and in the form stipulated by Community rules;
- the documents are accessible and kept in a manner which ensures their completeness, validity and legibility over time, including with regard to electronic documents within the meaning of Community rules.

The Paying Agency

- is responsible for the authorization and control of claims, performs administrative and on the spot controls;
- executes payments;

- records all payments in the Paying Agency's separate accounts for EAGF and EAFRD expenditure in the form of an information system, prepares periodic summaries of expenditure, including the monthly, quarterly and annual declarations to the Commission;
- handles advances and securities, keeps the debtor's ledger, collects overdue debts,
- keeps a client register,
- operates the Integrated Administration and Control System (IACS),
- prepares the annual report and issues the statement of assurance.

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## **12. A description of the monitoring and evaluation system, as well as the envisaged composition of the Monitoring Committee**

In order to fulfil the monitoring and evaluation tasks of the Managing Authority regarding the NHRDP a special department has been appointed within the Ministry of Agriculture and Rural Development (MARD). This unit provides the efficient and successful implementation of the NHRDP by means of regularly comparing the objectives and the achieved results.

The monitoring and evaluation activity of the NHRDP shall be established on the basis of the ruling of the Common Monitoring and Evaluation Framework (CMEF). Indicators used in the NHRDP are - as much as possible - based on the specifications of the CMEF, complementing it with further indicators specific to the NHRDP.

According to Article 6. (1) of Council Regulation (EC) No 1698/2005 the Managing Authority ensures that regional, local and other authorities, economic and social partners, organisations representing the civil society, non-governmental organisations, environmental organisations, and bodies promoting equality between man and woman are extensively involved in the work of the NHRDP Monitoring Committee.

The Managing Authority ensures that at their own initiative, Commission representatives may participate in the work of the Monitoring Committee in an advisory capacity.

### **12.1. A description of the monitoring and evaluation systems**

#### ***12.1.1. Monitoring***

The Monitoring Committee shall be set up within a maximum of three months following the decision approving the NHRDP, in order to follow-up the implementation of the NHRDP and to make certain that it is effectively proceeding.

Responsibilities of the Monitoring Committee:

- shall be consulted, within four months of the decision approving the NHRDP, on the selection criteria for projects to be financed. The selection criteria shall be revised according to programming needs;
- shall – according to its rules of procedures – periodically review progress made towards achieving the specific targets of the NHRDP, on the basis of the documents submitted by the Managing Authority;
- shall examine the results of implementation, particularly achievement of the targets set for each axis and ongoing evaluations;
- shall consider and approve the annual progress report and the last progress report before they are sent to the Commission by the Managing Authority;
- makes suggestions to the Managing Authority regarding any adjustments or the review of the NHRDP aimed at achieving the Objectives of the EAFRD defined in Article 4 of Council Regulation (EC) No 1698/2005, or improving its management, including financial management as well;
- shall consider and approve any proposal to amend the content of the Commission decision on the contribution from the EAFRD based on (4) Article 69 of Council Regulation (EC) No 1698/2005.

The Managing Authority and the Monitoring Committee shall carry out monitoring activities by means of financial-, output- and result indicators. The definition, quantification, collection, summary, measuring and processing of indicators shall be done according to the CMEF in an appropriate IT system suitable for registering and storing statistical data.

The indicators and other basic data necessary for their production are collected by the Managing Authority from the beneficiaries with the help of the regional offices of the Paying Agency. The time period for the collection of data is set out in the Rules of procedure.

The beneficiaries' obligation for providing data (circle of data, sanctions for failing to provide data) is regulated by the Managing Authority on legal basis and with calls for applications respectively.

The collection of horizontal indicators and statistical data specific to the agricultural- and rural development sectors is carried out by institutions under the supervision of MARD and also the Hungarian Statistical Office.

### *Strategic monitoring*

Beyond general monitoring activities, Hungary is to perform strategic monitoring related to the New Hungary Rural Development Strategic Plan (NHRDSP), in order to look into proceeding and to inform those interested in the actual state of play of the achievement of goals, and further in what extent the implementation contributed to the achievement of Community strategic guidelines. Such strategic monitoring summary report shall submitted for the first time in 2010 and each second year (2010, 2012, 2014). Beyond the above the report shall summarize the results of the ongoing evaluation activities.

The report shall include the following two chapters:

- results achieved by the NHRDP compared with the indicators of the NHRDSP,
- results of ongoing evaluation.

Structure of the strategic monitoring summary report (SMSR):

- description of the essential economic, social and environmental situation, compared with the chapter 1 of NHRDSP,
- accomplishment of the previous two years introduced by the report as compared with the chapters 2 and 3 of NHRDSP, with regard to strategies and territorial priorities defined per axis. In the course of this Hungary shall display the actuality and coherence of NHRDSP with the initial (or last amended) goals and with the Community strategic guidelines. Implementation of NHRDP has to be monitored by means of aggregated indicators set out in NHRDP, NHRDSP and those included in the ongoing evaluation. For the sake of this the table of Community indicators set out in the national strategic guideline has to be filled in. This table in its first column includes the baseline indicator, in its third column the target indicator and in its second column a so called "procession indicator",
- a chapter shall introduce the proceeding of financial implementation in relation with chapter 4 of NHRDSP, according to the following table:

Programme	Budget of NHRDP between 2007-2013 (including national cofinancing)	Commitments in year YYYY	Payments in year YYYY	Payments / planned expenditure of NHRDP (%)
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- a chapter on (qualitative) efficiency analysis based upon chapters mentioned in points b) and c), matching results with funds necessary to their achievement,
- a chapter introducing the results of ongoing evaluation,
- expounding of consistency and coordination with community policies, priorities and financial instruments in connection with chapter 5 and 6 of the NHRDSP, as well as the findings made regarding the establishment and operation of the National Rural Network..

In line with (3) Article 13 of Council Regulation (EC) No 1698/2005 the annual progress report can be combined with the strategic monitoring summary report in the years 2010, 2012 and 2014., where a separate section must be included for explicating chapters a)-f) as mentioned above, showing the definite differences between the annual progress report and the two-year strategic monitoring summary report..

Starting from 2011, every two year the European Commission will disclose the summary reports of the strategic monitoring reports prepared by the Member States, among them Hungary. In this report the European Commission will summarize the main developments in the implementation of the national strategic plans and the Community strategic guidelines. The report of the Commission will appoint the measures which Hungary or the European Commission will have to take in order to achieve the strategic objectives.

#### Annual progress report

The Managing Authority, for the first time until 30 June 2008, thereafter until the 30<sup>th</sup> of June each year will send an annual progress report on the implementation of the NHRDP of the previous year to the European Commission. In 2016 this report has to present the implementation of the NHRDP in the form of a final report and sent to the Commission.

#### *Main elements of the annual progress report:*

- any such change to the general conditions of the NHRDP affecting consistency between EAFRD and other financial instruments;
- the progress of the NHRDP in relation to the objectives set, on the basis of output and result indicators
- the financial implementation of the NHRDP, with special regard to the expenditure paid to the beneficiaries;
- a summary of the ongoing evaluation activities;
- the steps taken by the Managing Authority and the Monitoring Committee to ensure the quality and effectiveness of the implementation of the NHRDP, in particular:
  - monitoring and evaluation measures;
  - a summary of the major problems encountered in managing the NHRDP and any measures taken, including in response to comments made by the Commission under Article 83 of Council Regulation (EC) No 1698/2005;
- use of technical assistance;
- steps taken to ensure that the publicity of NHRDP

The Commission shall have two months to comment on the annual progress report after it has been sent by the Managing Authority.

Beyond the above comments – in line with Article 83 of Council Regulation (EC) No 1698/2005 – each year, on presentation of the annual progress report, the Commission and the Managing Authority shall examine the main results of the previous year, in the form of a bilateral meeting. Following that examination the Commission may make comments to the Member State and to the Managing Authority, which will inform the Monitoring Committee thereof. The Member State shall inform the Commission of action taken in response to those comments.

### ***12.1.2. Evaluation***

The evaluation aims to improve the quality, efficiency and effectiveness of the implementation of the NHRDP. The evaluation is carried out by independent evaluators. The Managing Authority ensures the human and financial resources required for carrying out the evaluations, the production and gathering of the requisite data, and use the various pieces of information provided by the monitoring system. Forms of the evaluation: ex ante, mid-term and ex post evaluation. The mid-term and the ex-post evaluation form part of an ongoing system of evaluation.

#### *Ex ante evaluation*

The ex ante evaluation makes part of the drawing up of the NHRDP and its aim is to optimise the allocation of funds and improve programming quality.

It shall identify and appraise

- medium and long-term needs,
- the goals to be achieved,
- the expected results,
- the quantified targets particularly in terms of impact in relation to the baseline situation,
- the extent to which the Community's priorities have been taken into account,
- the conclusions drawn from previous programming,
- the quality of the procedures for implementation, monitoring, evaluation and financial management.

#### *Mid-term and ex post evaluation*

For the NHRDP Hungary establishes a System of Ongoing Evaluation. It examines the progress of the NHRDP in relation to its goals by means of result and, where appropriate, impact indicators.

From 2008, the Managing Authority reports each year on the ongoing evaluation activities to the Monitoring Committee. A summary of the activities is included in the annual progress report.

In 2010, ongoing evaluation takes the form of a separate mid-term evaluation report and in 2015, a separate ex post evaluation report. The mid-term and ex post evaluations examine the degree of utilization of funds, the effectiveness and efficiency of the programming of the NHRDP, and its socioeconomic impact. They cover the goals of the NHRDP and aim to draw lessons concerning rural development policy of the Community.



A summary of ex post evaluations shall be made at the latest by 31 December 2016, under the responsibility of the Commission, in cooperation with the Member State and the Managing Authority, which shall gather the data required for its completion.

### ***12.1.3. System of monitoring and evaluation reports***

According to the above mentioned, in relation to the NHRDP the Managing Authority is responsible for the following evaluating and monitoring activities:

- preparation of the ex ante evaluation;
- setting up the ongoing evaluation system, in the framework of which the mid-term and the ex post evaluation are also prepared; informing annually the Monitoring Committee about the results of these evaluations. In case of mid-term and ex-post evaluation the Commission has also to be informed;
- preparation of annual progress report for the Commission — which is to be approved by the Monitoring Committee;
- holds annual consultations with the Commission on the results achieved;
- as from 2010 every second year the preparation of a summary report for the Commission on the progress achieved in the implementation of the objectives of the NHRDSP (strategic monitoring).

The reports shall also make reference to one another, moreover they have to contain conclusions, results, and failures. This way the monitoring and the evaluation activity form an integrated whole and follows the entire course of the NHRDP.

## **12.2. The planned composition of the NHRDP Monitoring Committee**

Chairman – Head of the Managing Authority (State Secretary)

Deputy Chairman – Head of Department, Department for Rural Development, MARD

Members:

Departments of MARD:

- Department for EU Coordination and International Relations
- Department for Food Chain, Food Safety, Veterinary and Phytosanitary Issues
- Department for Natural Resources
- Department for Agricultural Administration
- Department for Human Resources
- Department for Agricultural Regulations
- Department for Legal Issues

Paying Agency:

- Agricultural and Rural Development Agency

Ministries and other bodies of national competence:

- Ministry of Welfare and Labour
- Ministry for Environment and Water Affairs
- Ministry of Local Government and Regional Development
- Ministry of Education and Culture
- National Development Agency
- National Land Fund
- National Directorate of Environment-, Nature Protection and Water Issues
- National Office of Cultural Heritage
- Agricultural Economics Research Institute
- MARD Rural Development, Educational and Advisory Institute
- Central Agricultural Office (2 delegates)

Joint delegate of the following of the Regional Development Councils:

- South Great Plain Regional Development Council
- Southern Transdanubia Regional Development Council
- Northern Great Plain Regional Development Council
- Northern Hungarian Regional Development Council
- Central Transdanubia Regional Development Council
- Central Hungarian Regional Development Council
- Regional Development Council of West Transdanubia

Representations of interest as regards axes I-IV.

- Hungarian Agricultural Chamber
- Hungarian Farmers' Association
- Hungarian National Farmers' and Cooperatives' Association
- Hungarian Association of Young Farmers/Agricultural and Rural Youth Association
- Hungarian Association of Agricultural Workers
- College of Agricultural Deans and Directors
- Agricultural Employers' Association
- National Association of Agricultural Co-operatives and Producers
- Hungarian Federation of Foodworkers' Trade Unions
- National Association of Food Processors
- Hungarian Chamber of Commerce and Industry
- National Association for Agricultural Energy
- Hangya' Association
- National Association of Animalkeepers

- Hungarian Business Development Fund

#### Axis II.

- Animal Protection Advisory Body
- National Parks Directorates
- WWF Hungary
- Hungarian Federation of Forestry and Wood Industries
- Association of Hungarian Private Forest Owners
- National Society of Conservationists
- National Confederation of Water Management Associations
- National Association of Fish Producers and Product Board

#### Axes III-IV.

- National Association of Village Tourism
- Joint representative of Association of Local Governments
- Association of Hungarian Local Authorities
- Joint delegate representing local governments (Association of the Hungarian Local Authorities, National Association of Local Governments of Communes, Small Municipalities and Micro regions)
- Hungarian Society of the European Council for the Village and Small Town
- Hungarian LEADER Public Association
- Hungarian Association of Administrators for Villages and Farms
- Regional Research Centre of the Hungarian Academy of Sciences
- Association of Development Organisations of Micro regions
- Joint delegate (Hungarian Craft Chamber, Association of Hungarian Folk Artists)
- Autonomia Foundation
- Rural Parliament

#### Horizontal issues and equal-opportunities

- Council of Social Equality of Women and Men
- National Interest Reconciliation Council (NIRC) -Employers' Side
- National Interest Reconciliation Council (NIRC)- Employees' Side
- National Council of Issues Related to Handicapped Persons
- Council of Roma Integration

#### Members with consultation capacity

- Hungarian Public Non-profit Company for Regional Development and Town Planning, Department for Rural Development

- Hungarian Central Statistical Office
- Ministry of Finance
- representatives of the European Commission
- Department for Administration and Controlling, MARD

## **13. Provisions to ensure that the programme is publicised**

Pursuant to Article 76 of Regulation (EC) No. 1698/2005 the Managing Authority provides information about the New Hungary Rural Development Strategic Plan (NHRDSP), the New Hungary Rural Development Programme (NHRDP), as a part of the contributions made by the Community, and makes those public. This information shall be aimed at the general public. It shall spotlight the role of the Community and ensure a mobilisation for and the transparency of EAFRD assistance.

The Managing Authority shall be responsible for the publicity of the programme as follows:

- informs potential beneficiaries (especially rural population) professional organisations, the economic and social partners, bodies involved in promoting equal treatment and the non-governmental organisations concerned, including environmental organisations, of the possibilities offered by the programme and the rules for gaining access to programme funding;
- informs the beneficiaries of the Community contribution;
- informs the general public about the role played by the Community in the programmes and the results thereof.

The financial sources ensuring the information and publicity shall be made available from the programme's Technical Assistance chapter.

Communication activities and actions will be elaborated in a separate document (communication strategy), with the help of an independent professional organisation.

### **13.1. Actions foreseen to inform potential beneficiaries, professional organisations, the economic, social and environmental partners, bodies involved in promoting equality between men and women and the non-governmental organisations, of the possibilities offered by the programme and the rules for gaining access to programme funding**

- the Managing Authority provides clear, unambiguous and detailed information for the potential beneficiaries from the rural population;
- the Managing Authority ensures that the panels operating as intermediaries in informing the potential beneficiaries are involved in the activities;
- the Managing Authority provides information on the role of the Hungarian National Rural Network, and uses the possibilities of the Network in order to spread information.

In accordance with the requirements of electronic customer information, set forth in the law on public administration procedure, the Managing Authority, using the Government website, provides information to potential beneficiaries and the participants of the Programme. For potential beneficiaries a separate website ([www.program.fvm.hu](http://www.program.fvm.hu)), and an e-mail address ([emva@fvm.gov.hu](mailto:emva@fvm.gov.hu)) have been established in order to give quick and direct assistance.

On the basis of experience from the 2004-2006 period special, detailed information is to be provided on the measures of the NHRDP and such information is to be conveyed directly to the potential applicants (one of the tools for this can be searching for potential farmers and market players and 209 thousand registered agricultural producers in the database of the ARDA and sending the publication to their addresses). They have to be given guidelines on how to submit proper applications.

Tools:

- preparation of publication in order to make known the axes and measures of EAFRD rural development support (objectives, scope of beneficiaries, method of using the support, scope of parties entitled to submit applications, sum of support available, financial conditions, requirements for the form and content of the applications, evaluation of the applications) thus facilitating exact and overall supply of information to the applicants,
- preparation of an NHRDP circular, which contains the latest news, information and future events relating to rural development supports,
- preparation of a sample application in order to demonstrate how the application documents are to be filled, and making it available for those interested by the Paying Authority,
- organization of workshops and professional presentations mainly for colleagues from ARDA involved in the effective and uniform implementation of the Programme. Following this - in cooperation with the Paying Agency- workshops and professional presentations will also be organised for potential applicants throughout the country in order to ensure that they prepare and submit applications in proper quality. Handing over the sample applications to the participants.
- operation of a MA website ([www.program.fvm.hu](http://www.program.fvm.hu)) as well as the continuous supply of information about the NHRDP on the website of the MARD and the ARDA;
- participation at events, exhibitions, and road shows (eg., from 15 February 2007 to 9 March 2007, 19 events on county level will be organized to introduce the NHRDP where potential applicants can get a complex picture about all the planned measures with the help of different booklets .
- the application of other direct marketing tools,
- setting up special marketing channels targeted at the rural population.

## **13.2 Actions foreseen to inform the beneficiaries of the Community contribution**

The Managing Authority ensures that the beneficiary is informed in a notifying document about winning the support and that activities are financed by a programme, the source of which is partly the EAFRD and partly the Hungarian budget.

It is necessary to facilitate that applicants already having won support realize their applications with success. They are to be informed about events and publications that facilitate and support implementation. Direct marketing can be used as an effective tool to notify registered applicants directly in mail about latest news concerning the programme, events to be held and other relevant developments.

Tools:

- preparation of publication for making known tasks to be carried out during the implementation and realization of winning projects, to be mailed directly to the beneficiary,
- organisation of workshops to summarize experience gathered during the implementation of the programme, drawing conclusions, making forward-looking proposals and conveying these to the general public,

- website (continuous supply of information about the NHRDP on the website of the MARD and the ARDA).

### **13.3 Actions to inform the general public about the role played by the Community in the programmes and the results thereof**

The Managing Authority shall make every effort possible to inform the general public in the widest spectrum and through every means of communication about measures under the NHRDP..

The Managing Authority informs the general public about the adoption of the NHRDP by the EU Commission, the modifications, key results achieved in the course of the implementation of the programme, and the closing of the programme.

The Managing Authority publishes the list of beneficiaries of the NHRDP, the titles of the projects to be realised, and the sum of public funds spent on the projects.

The Managing Authority is responsible for executing measures aimed at the supply of information. In the course of the activity the MA uses all possible forms of informing the general public at regional level. It is necessary to make use of communication campaigns, printed and electronic media.

Wide-range information supply about support opportunities under the NHRDP and the results achieved in order to ensure full publicity.

Tools:

- preparation of brochures, leaflets for a brief introduction to the NHRDP. (eg. : we have prepared a booklet called "How to get support from the NHRDP between 2007-2013". The NHRDP will be introduced on county road shows and other events.
- production of publications on the activities co-financed by the EAFRD, the method of application, about the process and principles of evaluation of the applications, the steps of implementation and control of the projects to ensure transparency,
- advertising in the printed press (daily, weekly, monthly, professional, county, regional papers), preparation of articles and studies and their communication throughout the programme period,
- advertising in media, personal and telephone customer service,
- TV advertising spots, advertising in agricultural programmes or in the form of a public advertisement, in order to inform the target audience on the measures in relation to which applications can be submitted, and encourage them to prepare applications,
- questionnaire survey, public opinion poll on knowing about the NHRDP (EAFRD) and the general opinion about the NHRDP (EAFRD), so the Managing Authority can get a picture about the sources of information of the target groups, their needs, expectations and any problems, thus ensuring the successful supply of information,
- preparing marketing communications tools by using the NHRDP (EAFRD) image, signage and logo, which can be obtained by the parties interested and those affected by the support through the ARDA offices and at events organized in order to spread information,
- operation of a MA web site as well as the continuous supply of information about the NHRDP on the web site of the MARD and the ARDA;

- participation at events, exhibitions and road shows,
- the application of other direct marketing tools,
- setting up special marketing channels targeted at the rural population.

## **13.4 Main stages of communication**

### Making known the rural development programme

The objective is to direct the attention of the general public and specific target groups to the new application opportunities. Complete and all-encompassing information is to be provided on key issues relating to the programme. Applicants are to be given access to information related to developments, eligibility for support, the sum of support, acceptability of the applications, additional conditions to be fulfilled by the applicants, date of submission of the applications and miscellaneous information.

### All-encompassing communication

Target-oriented and efficient supply of information is of utmost importance for the preparation of the applications, and the steps and conditions of handling the applications shall be communicated towards the potential beneficiaries as a special topic. Special attention must be given to the conditions of awarding support as well.

In the course of the programme's implementation it is necessary to provide regular information about the programme, its current state and individual measures.

News about the programme's realization and contracts concluded have to be spread at national and local level through the media, printed materials, the Internet, forums and with person-to-person and telephone customer service. This can also contribute to transparency and draws the attention of potential applicants to opportunities.

### Closing the programme

The programme's evaluation has special importance, because experiences gained have to be enforced in the course of the preparation of the next programme for 2014-2020 and in the programme itself. It will be necessary to summarize experiences and prepare evaluation studies, when the planning of the next period is started.

## **13.5. Technical features of information supply activities**

All information supply activity has to contain the following elements:

- flag of the EU, explanation of the role of the Community, including the following information: "European Agricultural Fund for Rural Development: Europe supports the rural areas"
- in case of activities supported by the LEADER axis it is also necessary to use the LEADER logo.

Publications on the activities and measures co-financed by the EAFRD (pamphlets, brochures, bulletins) and posters must clearly show on the main page that the contribution originates from the Community, the symbol of the EU, and the national or regional symbols as well. The publications



have to contain the identification of the panel responsible for the information contained therein and the contact information of the MA.

In case of information published by electronic means (web sites, databases for the potential beneficiaries) and in case of audiovisual materials the provisions in the first paragraph shall be applied – with modifications as required. It is necessary to involve new techniques in the preparation of the communication plan in order to enable the efficient spread of information and exchange of opinion with the general public.

Websites supported by the MA in connection with the EAFRD:

- shall mention the ratio of EAFRD contribution at least on the main page;
- shall contain a link to the EU EAFRD web site.

In the provision of comprehensive information, the MA shall pay equal attention to both business organisations and successfully applying communities.

### **13.6. The administrative departments or bodies responsible for the communication**

*NHRDP Management Authority (Ministry of Agriculture and Rural Development)*

Pursuant to Article 75 of Regulation (EC) No. 1698/2005 the Managing Authority is responsible for the efficient, successful and lawful management and implementation of the programme in accordance with the specifications.

Furthermore, it is responsible for the supply of information to potential beneficiaries, farmers and rural residents about the information at hand and services available, moreover informing the general public about the support efforts of the European Community.

*Paying Agency (PA, Agricultural and Rural Development Agency)*

The PA is responsible for drawing the attention of local residents, beneficiaries and potential applicants, and provides exact and detailed information about the measures of the NHRDP for the submission of applications.

### **13.7. The criteria to be used to evaluate the impact of the information and publicity measures in terms of transparency, awareness of the rural development programmes and the role played by the Community**

The success of measures of the NHRDP Communication Plan shall be evaluated on a regular basis by using indicators, and the results and feedbacks of the evaluation shall be used in the course of future communications activities. The selection of the appropriate communications channels can be made easier by the preparation of studies and surveys.

An annual progress report is prepared for the European Commission on the measures taken in the reference year and their success – it is a part of the annual report approved by the Monitoring Committee.

## 14. The designation of the partners consulted and the results of the consultation

The New Hungary Rural Development Strategic Plan, determining the target areas of EU funds available for Hungary in the period 2007-2013 was completed after extensive social consultation.

But the process of social partnership is not closed by the review of the Strategic Plan and the implementation of the observations received. The Ministry prepared a further breakdown of the jointly developed strategy and it opened a social consultation on the New Hungary Rural Development Programme as well.

The social consultation on the Programme took place taking into consideration the basic principles, the legislation, and methodology to be followed in the framework of Strategic Plan partnership.

### 14.1. The designation of partners consulted

#### 14.1.1. Basic principles

**Open character:** Throughout the process of social partnership, the newly applying civil organisations were also given the possibility to join. Several social and sectoral players made use of this possibility, increasing the number of those who expressed their views on the contents of the Programme.

In line with the openness of the public debate, the position of the Council of the Equal Opportunities of Women and Men and also other – mostly roma – organisations were asked by the Ministry, besides the civil partners that are directly involved in agrar or rural development.

**Ensuring access:** We thought it was important to ensure access to all professional stakeholders. Through the Internet, on the websites [www.program.fvm.hu](http://www.program.fvm.hu) and [www.fvm.hu/EMVA](http://www.fvm.hu/EMVA) the Programme document could be downloaded, upon request, it was made available in hard copy or on CD.

**Creating the possibility of actual interactive expression of opinion:** In the framework of social consultation, we paid attention to ensuring not simply unilateral commenting, but direct and two-way communication as well. Our social partners received immediate feedback, on occasion of the topical discussions, consultations, regarding their questions and observations.

**Making possible various forms of expression of opinion, forums:** In order to ensure that all concerned and interested parties can give their opinions, we approached the partners through several channels. We offered forums, contribution possibilities via Internet. Direct observations could be made in the topical discussion forums and macro-forums.

**Extensive information supply:** On the process of social consultation and the opportunities for expressing their views, our social partners obtained information through the Internet and in e-mail.

**Feedback:** We provided ongoing information through the Internet on the processing of the observations received and their use in the Programme, as well as on the newest version of the Programme.

### ***14.1.2. The process of social consultation***

The process of social partnership can be split into three, well distinguishable stages. The different organisations of the agricultural profession and our civil partners were involved in the preparatory, planning and finalisation phases.

In October 2006, prior to the launch of the official public discussion of the Programme, expert consultations were organised on the basis of invitations sent, on the basis of the working paper of the Programme.

After the Government Decision of November 8, 2006, we entered the official phase of public discussions. In that framework, we ensured access to the draft document of the Programme to the wide public and we gave an opportunity to all interested parties to participate.

After the closing of this stage of the public discussions, there was another round of expert consultations in Brussels. We informed our social partners thereof in the framework of macro-forums and we ensured access to the freshest versions of the Programme via the Internet. In January 2007, in the finalisation stage of the Programme, we requested, in several rounds, our civil partners to submit their written observations. The closing of the social partnership process was closed in the framework of the macro-forum held on February 5, 2007.

Channels for the expression of views

***Topical discussions:*** We requested the civil and representative organisations of the sector, the advisory bodies, chambers and players of the educational and scientific life to express their views about the 12 topics of the Programme. The topical discussions were organised in the building of the Ministry of Agriculture and Rural Development.

***Macro-forums:*** The Programme was discussed, in several rounds, with the members of the Agricultural and Rural Development Interest Reconciliation Council (ARDIRC) and the topical group “Emerging Rural Regions (Agricultural Restructuring)” as well.

***Product path committees:*** On the basis of an official request, the product path committees formulated their proposals regarding the Programme.

***Consultations regarding equal chances:*** The Programme has been put onto the agenda and discussed by the National Council for Handicapped Persons, the Council of Social Equality between Women and Men, and the Inter-Ministry Committee on Roma Issues as well. In addition to that we invited to a successful consultation the most important Roma civil and other organisations.

***Internet:*** We launched the [www.program.fvm.hu](http://www.program.fvm.hu) website, where visitors could develop their opinions through 4 different channels and could submit their proposals (proposal about wording, topical forums, meeting with the Ministry Commissioner, expert meeting).

Based on the orientation provided by the Hungarian legislation in effect regarding social partnership, New Hungary Rural Development Programme has been discussed on a wide basis. For the determination of the organisations to be included in social partnership, in line with the legislation, Agricultural Economics Council, ARDIRC, the Product Path Committees, ARDOP and the NRDP Monitoring Committees represented the basis. There are significant overlaps between the member organisations of these bodies, therefore, organisations were approached through several forums and in connection with several topics of the Programme.

## **Invited guests of thematic debate circles**

### *Food and food processing industry*

- Hungarian Vegetable and Fruit Inter-professional Organization and Product Board
- National Association for Food Processors (ÉFOSZ)
- Milk Product Board
- Livestock and Meat Product Board
- Poultry Product Board
- Hungarian Agricultural Chamber
- Research Institute for Agricultural Economics (AKI)

### *Forestry*

- National Institute for Agricultural Quality Control
- Association for Forest Integrators of Szabolcs-Szatmár-Bereg County
- National Forestry Association
- National Association of Timber Industry (FAGOSZ)
- National Association of Private Forest Owners and Managers (MEGOSZ)
- Pro Silva Hungaria Association
- State Forest Service
- Protect the Future Society
- Palocsa Society
- Domberdő Society
- Bokartis Public Company
- Hungarian Ornithological and Nature Conservation Society
- Kerekerdő Foundation
- Western Hungarian University
- WWF Hungary
- Hungarian Agricultural Chamber
- Research Institute for Agricultural Economics (AKI)

### *Water management*

- National Association of Agricultural, Forestry and Water Managements Workers (MEDOSZ)
- National Association of Water basin Management Organisations (VTOSZ)
- Hungarian Irrigation Association
- Hungarian Academy of Science, Department for Agricultural Sciences, Agricultural Water Management Committee
- Hungarian Agricultural Chamber

- Research Institute for Agricultural Economics (AKI)

#### *Settlement development*

- National Interest Alliance of Small-town Local Governments
- National Association of Town Planning and Regional Development
- Hungarian Chamber of Architects (Faculty of Monument Protection, Faculty of Terrain Correction and Settlement Development)
- National Association of Local Governments of Settlements Association of City and Village Protectors
- Hungarian Society for Urban Planning – Village Department
- National Association of Rural Development Advisors
- Village Development Society
- European Council for the Village and Small Town (ECOVAST)
- Rural Parliament
- Scientific Association for Regional Development
- Association of Hungarian Ethnographical Houses
- Research Institute for Agricultural Economics (AKI)
- VÁTI Public Company
- Communities', Small Settlements' and Micro-regions' National Self-Governmental Association
- Regional Chief Building Offices
- Association of Regional (Development Council) vagy a zárójel van rossz helyen vagy nem teljes a név
- Teleház Public Company
- Association of Hungarian Local Governments
- LEADER Public Benefit Association of Hungary

#### *Renewable Energy re sources*

- Hungarian Agricultural Chamber
- Hungarian National Farmers' and Co-operatives' Association (MAGOSZ)
- National Association of Agricultural Research Institutes
- College of Agricultural Deans and Directors (ADFK)
- EuroPellet Hungary Ltd.
- BIOLÁNG Ltd.
- National Institute for Agricultural Quality Control
- Tedej Ltd.
- Hangya Futura
- Készenlét Ltd.

- Boly Ltd.
- Arany Kapu Ltd.
- Bio-diesel Non-profit Organisation
- Bio-Genesis Ltd.
- Western Hungarian University
- Szent István University
- Pécs University - Southern Transdanubian Cooperation Research Centre
- Agricultural Mechanisation Institute (AMI) of MARD
- Gödöllő Agricultural Centre Non-profit Organisation
- Association of Biomass Power Plants
- Innovation Cluster Gyöngyös
- Győr Distillery Ltd.

*Environmental-friendly farming methods*

- Hungarian Chamber of Plant Protection Professionals and Doctors of Plant Medicine
- AGRYA
- Central Plant and Soil Protection Service
- Association of Hungarian Agricultural Environment Farmers
- Hungarian Ornithological and Nature Conservation Society
- WWF Hungary
- Bioculture Society
- Hungarian Animal Breeders' Association
- CEEWEB
- Újfehértó Research Institute National Institute for Agricultural Quality Control

*Human infrastructure development*

- Hungarian Agricultural Chamber
- Research Institute for Agricultural Economics (AKI)
- MARD Educational and Advisory Institute
- Central Transdanubia Advisory System
- Technical School of Agriculture and Forestry
- Csapó Dániel Secondary School, Technical School of Agriculture
- Székács Elemér Technical School
- Agricultural Chamber of Veszprém County

*Rural Enterprise development*

- Association for Hungarian National Artistic Craftsmen
- Hungarian Agricultural Chamber
- Research Institute for Agricultural Economics (AKI)
- Association of Hungarian Wine Roads
- National Hungarian Chamber of Hunters
- Hungarian Association of Craftsman Corporation
- Hungarian National Tourist Office
- LEADER Public Benefit Association of Hungary
- Hungarian Development Bank (MFB)
- National Association of Village and Agro-Tourism
- National Association of Village and Agro-Tourism
- House of Traditions
- Hungarian Equestrian Tourism Association

*Animal breeding and animal welfare*

- Hungarian Animal Breeders' Association
- Sheep Product Board
- Hungarian Pork Association
- Association of Hungarian cattle Breeders
- Rabbit Product Board
- National Hungarian Chamber of Hunters
- National Association of Agricultural Co-operations and Producers (MOSZ)
- Hungarian Agricultural Chamber
- Research Institute for Agricultural Economics (AKI)
- Research Institute for Animal Breeding and Nutrition
- AGRYA
- Agrar Europa Ltd
- Hungarian Farmer Association

*Crop production and horticulture*

- Hungarian Vegetable and Fruit Inter-professional Organization and Product Board
- AGRYA
- Cereal Association
- Hungarian Agricultural Chamber
- Research Institute for Agricultural Economics (AKI)
- National Council of Wine Communities

### *Producing groups*

- Hangya Association
- National Association of Agricultural Co-operations and Producers (MOSZ)
- Hungarian Agricultural Chamber
- Research Institute for Agricultural Economics (AKI)

### *Semi subsistence farms*

- Hangya Association
- AGRYA
- National Association of Agricultural Co-operations and Producers (MOSZ)
- Hungarian Agricultural Chamber
- Research Institute for Agricultural Economics (AKI)
- National Council of Wine Communities

### **Invited guests of Macrofora**

#### *Members of the Agricultural and Rural Development Council for the Reconciliation of Interest*

- National Association of Agricultural Research Institutes
- Agricultural Employers' Association (AMSZ)
- Trade Union of Workers of Agricultural Education and Research (AOKDSZ)
- National Association of AGRYA
- National Association for State Land Leasers
- Union of Veterinary and Hygiene Control Workers (ÁÉDSZ)
- Trade Union of Workers in Forestry and Timber Industry
- Hungarian Federation of Food workers' Trade Union (ÉDOSZ)
- National Association of Food Processors (ÉFOSZ)
- National Wood Economy Professional Association (FAGOSZ)
- National Association of Fish Farmers
- National Association of Gardeners and Garden-fanciers
- National Association of Private Forest Owners and Managers (MEGOSZ)
- National Association of Hungarian Land Owners
- Hungarian National Farmers' and Co-operatives' Association (MAGOSZ)
- Trade Union of Hungarian Civil Servants
- Hungarian Farmer Association
- Federation of Association of Hungarian Producer Merchandising and Servicing and HANGYA
- National Association of Agricultural, Forestry and Water Managements Workers (MEDOSZ)
- Federation of Agricultural Management Association
- National Association of Agricultural Co-operations and Producers (MOSZ)



- Trade Union of Scientific and Innovation Workers (TUDOSZ)
- National Association of Water basin management Organisations (VTOSZ)

*Members of the Closing up Rural (Agricultural restructuring) work-group*

- Prime Minister's Office
- Modernization of Administration NFH
- Ministry of Local Government and Regional Development
- Ministry of Environment and Water
- Ministry of Education and Culture
- Ministry of Finance
- Ministry of Social Affairs and Labour
- Region Political Government Committee
- Ministry of Health
- Ministry of Economy and Transport
- Ministry of Foreign Affairs (for the Republic of Hungary)
- Lake Balaton Development Council
- National Region Development Civil Conciliatory Forum
- Research Institute for Agricultural Economics (AKI)
- VÁTI National Rural Development Office
- Hungarian Agricultural Chamber
- Hungarian Chamber of Commerce and Industry
- National Association of Food Processors (ÉFOSZ)
- Rural Parliament and Hungarian Federation of Rural and Agro-tourism
- delegate of the National Meeting of Social Organizations of Environment Protection and Conservation
- Association of Hungarian Environmentalists
- Hungarian Ornithological and Nature Conservation Society
- Agricultural Economics Council (representative)
- Agricultural and Rural Development Agency
- members of the Agricultural and Rural Development Council for the Reconciliation of Interest
- Hungarian Irrigation Association
- National Association of AGRYA
- Agricultural Guaranty Fund
- Regional Development Agencies:
  - Central-Hungary
  - Central-Transdanubia
  - West-Transdanubia
  - South-Transdanubia

- North-Hungary
- South Great Plane
- North Great Plane

*Product Path Committees*

- Sugar and isoglucose Product Path Committee
- Tobacco Product Path Committee
- Tobacco Product Path Committee
- Tobacco Product Path Committee
- Grape and Wine Product Path Committee
- Milk and Milk Products Product Path Committee
- Vegetable-Fruit and Bedding-plant Product path Committee

*Invited guests of Roma Civil Consultation*

- Wesley János High school for Clergymen Training
- Association of Those Living under the Minimum of Subsistence and National Conciliation  
Association of Roma Entrepreneurs
- Ex Trade Holding Ltd.
- Studio Metropolitana
- Sopron Bau Holding Ltd.
- Pécel Roma Minority Self-Government
- ESZA Company of public utility
- Hajnalfény Public Foundation
- "Accept each other" Association
- National Roma Self-Government
- Roma Parliament
- Hungarian Musicians' and Dancers' Brotherhood
- Sárszentmihály Castle
- Budapest Amateur Box Association
- ALNAIR Commercial and Financial Advisory deposit company
- Mohács Roma Minority Self-Government
- C.T.M.T.
- Bátaszék Roma Garden-fanciers' Circle
- Bátaszék Roma Minority Self-Government
- Romédia Foundation
- Junior Achievement
- Fullgas 2000 Ltd.
- Kalyi Jag RME

- Budapest Public Employment Service Non-Profit Company
- National Cultural Association
- Szabad Tér Theatre company of public utilization
- Labour Organization of Győr- Moson Sopron County Romas
- Member Organization of MCÉSZ Pázmándfalu
- Pázmándfalu Roma Minority Self-Government
- Association of Garabonc Romas
- Association for Rural Romas
- Roma Minority Association
- Give Chance Independent Roma Civil Association
- Á Nostra Cálye – Our Way regional Independent Roma Association
- Labor and Cultural Organization of Zala County Romas
- Association for Transdanubian Graduated Romas for Everybody
- Romas' Association for Youth
- Roma Minority Culture House Foundation
- Association of Roma Self-Governments
- Association for Roma Community Developers
- Association of Roma Representatives of Nógrád County
- Together for Halmajugráért Roma-Hungarian Association
- Erdőkövesd Independent Roma Association
- Nagylóc Roma Minority Self-Government
- Gyöngyös Roma Minority Self-Government
- Roma Human Rights Movement
- South-Somogy Roma Representatives' Organization
- RomAssist Association of Public Utility
- Baxtale Rom Association
- Association for East-Hungary's Public Roma Women
- Roma Genius Nursing Foundation of Public Utility
- Foundation for Graduated Roma Youth
- Szabadszállás Municipal Association for Helping Disadvantaged Persons
- Action Group of Szarvas Youth
- Network for Integration Foundation
- Independent Roma Civil Association for Rural Romas
- Transdanubian Roma Leaders' Association
- Roma Minority Association
- Association for Zala County Romas
- Kállai Mária Association

- Association for Balassagyarmati Roma Minority

## **14.2. The results of the consultation**

Social partners and the wide public made many observations in connection with the Programme. When the proposals were used, the Ministry's endeavour was to take into consideration, with justified compromises, the views expressed by all participants of the discussion and the interests should be properly reflected.

The most important proposals and the most important views that were accepted are shown below, when these resulted in significant changes in a comparison with the original plans.

A large majority of the social partners thought that the Programme was an easy-to-read and well-structured document.

A significant portion of the organisations having expressed their views agreed that the farms were mostly unable, due to the lack of funding, to create the technology background for competitive production. Several proposals were received in connection with a redistribution of the funds intended for use in technology development and in connection with the increase of aid intensity. Parallel to that, some organisations, especially the green organisations, urged to increase the funds available for Axis II.

Our civil partners formulated proposals to increase the intensity of aid for crop production and horticulture, and this was accepted in respect of young farmers and producers in less favoured areas and Natura territories. Facilities for nursing production were added to the eligible projects.

Upon a recommendation from civil organisations dealing with forestry, in the framework of forestry infrastructure, the forest schools and forestry information centres became eligible under the Programme.

As a result of the consultations, for the calculation of the revenues used as a basis for aid, the revenues of the producers (and not of the groups) are used.

In the case of semi-self-sustaining farms, it was accepted that in 5 years, it was necessary to achieve the plant size of 4 ESU, from the present, smallest size of 2 ESU.

A proposal was received from social partners on the emphasis to be put onto the role of R&D in the Programme. Innovation shall serve first of all the advisory system, its importance was recognised within the Programme as well, with the allocation of the necessary resources.

A decisive majority of the social partners said that the Programme was of appropriate quality and in accordance with the legal framework set by the European Union. A different opinion was formulated by the National Association of Hungarian Farmers' Societies and Co-operatives in the course of the public discussion.

All the opinions and comments of the social partners can be found in the summarising table in Annex 10. In addition a separate Annex (Annex 11.) is devoted to the public consultation procedure of the SEA.

## **15. Equality between men and women and non-discrimination**

### **15.1. The description of how equality between men and women will be promoted at the various stages of programme implementation**

The horizontal aspects determined by the Strategy (sustainability, equal opportunities, cohesion – regional, social) are also asserted in the course of the planning, implementation, monitoring and assessment of the Programme and its measures.

Special attention will be paid to the implementation of social equality between men and women, ensuring obstruction-free access for disabled people, promoting the social integration of the Roma and the non-discrimination at the same time, in respect of all projects supported within the framework of the Programme and the activity of the institutes taking part in implementation.

Furthermore, the aspects of environmental, social and economic sustainability and social and regional cohesion are horizontal aspects the assertion of which is obligatory.

For the implementation of horizontal policies, a basic requirement is to take into consideration the principles of local sustainability and of the landscape approach.

At the level of implementation the fulfilment of such obligations can be ensured by including them into commission – co-operation – contracts concluded with the co-operating organisations.

Regional and social sustainability is ensured by strengthening the capacities of local communities and their partnership co-operations and by enhancing their co-operation in the decentralised complex assessment process under the aegis of subsidiarity.

The scope of measures – both obligatory and voluntarily undertaken measures – that specifically ensure the possibility to implement horizontal aspects that can be asserted realistically through the project planning processes relating to such implementation will be determined.

The complex evaluation of the applicant, the project management and the projects ensures the assertion of relevant horizontal aspects, as well as their assessment and monitoring. Indirect aims set by the Programme also appear in the course of this evaluation process, such as the promotion of the development of approach, the propagation of communication technologies, the extension of employment, the strengthening of responsible business and social thinking, the encouragement of partnership co-operations.

Local rural development plans connected with Axis III (prepared by the LEADER group, under the LEADER-type planning) shall be prepared on the basis of a methodology guideline. The methodology shall be based on the sustainability guideline prepared for the programme's implementation, integrating the latter's criteria, to pay a maximum of attention to the requirement of aligning with local characteristics and the realisation of the requirements of "clean industry".

In the course of the planning, implementation and valuation of the local projects in regions with small villages, incentives will be provided for the development of eco-tourism, eco-farming, the protection of local heritage and development projects based on local specificities. In order to promote the implementation of the Programme, a Roma Programme Office shall be set up, to cooperate with RDEAI, via project generation, creating model projects (elimination of damages, social forest) and on the basis of its coordination activities and methodology suggestions, this could provide an incentive for the unfavoured regions and the validation of the sustainability criteria.

On the basis of SEA's environment assessment, a Sustainability Guideline shall be developed for the Programme.

## **15.2. The description of how any discrimination is prevented during the various stages of programme implementation**

Anti-discrimination is ensured in line with the national legislation during the whole procedure of the implementation of the Programme. The Act. CXXV. 2004. on the equal treatment and the facilitation of equal opportunities contains all the requirements concerning anti-discrimination that shall be fulfilled during the implementation of the Programme.

## 16. Technical assistance operations

The Technical Assistance is aimed at the efficient management and implementation of the “New Hungary” Rural Development Programme, serving the fulfilment of various needs for sources during the implementation of measures and activities, without which the implementation of the measures would be jeopardized.

The objective of the measure is:

to facilitate the establishment and operation of the national rural network,

the management, enforcement, continuous monitoring, evaluation, information and control activities of the NHRDP

to inform the potential and actual beneficiaries and general public about the opportunities and results of the NHRDP

The measures contribute to the implementation of the following main objectives:

- establishment, maintenance and operation of the National Rural Network;
- support for the preparation, evaluation, monitoring and revision of activities under the rural development programme (including audit and on-site inspections, facilitation of the application of environmental protection criteria, elimination of regional imbalances and creating equality of opportunities between men and women);
- establishment and operation of the NHRDP Monitoring Committee;
- preparation of studies and implementation actions to support the NHRDP;
- evaluation of the NHRDP through formal independent mid-term and ex post evaluations;
- ongoing evaluation work throughout the programme;
- control activities;
- supply of information, informing the public on a continuous basis about available measures, results of the rural development programme, and community contribution.

### 16.1. Description of the preparation, management, monitoring, evaluation, information and control activities of programme assistance financed by technical assistance

The technical assistance measure comprises three activities:

- **Activity 1.:** The establishment and operation of the National Rural Network (NRN) that coordinates the cooperation of organizations engaged in rural development and public administration panels concerning information supply.
- **Activity 2.:** Tasks related to the preparation, evaluation, audit, control and monitoring of the NHRDP, paying attention to horizontal topics.
- **Activity 3.:** Provision of information on the opportunities and results of the NHRDP, creating wide publicity and financing costs related to measures aimed at the implementation of the communication action plan: preparation of studies, training courses, workshops, publications, purchase and operation of computer system required for the proper implementation of the Programme.

- 0.25% of annual funds of the EAFRD are used for preparatory, monitoring, administrative support, evaluation and control measures pursuant to Article 5 Council Regulation (EC) 1290/2005 under the initiative – or in the name — of the Commission of the European Union. These actions shall be carried out in accordance with Article 53 (2) of Council Regulation (EC, Euratom) 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities, and any other provisions of that Regulation and of its implementing provisions applicable to this form of execution of the budget (this sum is deducted from the TA budget, the financial table does not contain it.)

Indicative allocation of costs among the individual activities planned:

Activity	% of TA fund	Sum
Activity 1	33.00%	66.982.844
Activity 2	60.00%	121.786.989
Activity 3	7.00%	14.208.482

### **Upper limit of rate of support and contribution from the Fund:**

For public interest spending: up to maximum 100% of all eligible costs.

Contribution of the European Agricultural Fund for Rural Development (EAFRD): 75% of total eligible cost.

The measure's share from the budget of the NHRDP: 4%

Support granted under this measure is not classified as state support under Article 87 of EC Treaty.

### **Form of support:**

Non-refundable support.

### **Beneficiaries:**

The NHRDP Management Authority (Ministry of Agriculture and Rural Development)

Co-operating organizations, technical co-operators (e.g. controlling, monitoring tasks): Agriculture and Rural Development Agency, Office of Agricultural Administration, Agricultural Economy Research Institute, VÁTI Public Nonprofit Company, Research Institute for Agricultural Machinery, MARD Rural Development Educational and Advisory Institute, LRDO, LEADER Contact Point, National Rural Network,

Organizations co-operating in the operation of the Hungarian National Rural Network.

### **Eligibility criteria:**

The Managing Authority shall establish the eligibility criteria and the list of eligible costs in the Rules of procedures for TA tendering procedure following open and transparent procedures for the selection of projects.

The Managing Authority shall select and decide on the beneficiary of a certain TA project in accordance with the aim of the TA.

### **Selection criteria:**



Under the Technical Assistance measure projects shall be selected by tendering procedure. The projects to be implemented:

- have high quality methodology, and contribute to the implementation of programme objectives at the maximum extent possible,
- enforce community policies (with special regard to state support, public procurement, environmental protection and equality of chance) in connection with the objective of the project,
- cost-efficient and economically the most advantageous form of implementation is ensured,
- all partners contributing to the efficiency of implementation are involved,
- innovative solutions are applied,
- have output, results and regular (implementation) reports that can be measured and checked.

#### **Horizontal issues:**

- **Sustainability:** The information supplied and preparations made under the measure place special emphasis on the EU's and Hungarian sustainability issues and raising the awareness on environmental protection requirements and check their enforcement.
- **Equal opportunities:** Equality of opportunities is fully strived for and ensured. The applications received are judged equal conditions. In case of applications of equal score, women, Roma and handicapped applicants will be given priority. In the applications persons living with disabilities shall be interpreted as persons with changed working capacity.
- **Expansion of the information society:** The establishment of electronic agricultural services and communication channels and their operation integrated with wide-scale trainings provide assistance for an ever increasing portion of the agricultural market.

#### **Legal basis of support:**

The measure is eligible for support under Article 66 of Reg. 1698/2005/EC.

As part of the technical assistance referred to in Article 5 of Reg. 1290/2005/EC a network for rural development should be set up at Community level.

#### **Planned results:**

The implementation of the measure leads to the creation of a National Rural Network that support each axis and cooperates in an efficient manner in the achievement of development policy objectives to be implemented through other Community or miscellaneous sources, and in formulating and strengthening the synergic effects of various instruments. Ensuring targeted and co-ordinated flow of a large mass of information, orientation of the development policy, and facilitating, in addition to players in agriculture, other parties concerned in the region and question and their co-operation.

By implementation of the TA measure will be ensured the effective management (preparation, implementation, control, monitoring, evaluation) of the NHRDP.

By implementation of the information activities financed from TA the programme's implementation will become transparent and the application schemes advertised will be available for each potential beneficiary.

## **16.2. National Rural Network**

Article 68 of the Regulation (EC) 1698/2005 contains provisions as to the establishment of the National Rural Network. In line with these provisions the primary aim of the Hungarian National Rural Network (HNRN) to be established is to unite the participants of rural development in an information and co-operation network. It cannot be emphasised enough that HNRN is not a separate

network of consultants, and it is not the same as rural development consulting agencies either. It is more like a loose network of already existing state networks, agricultural and rural development consulting networks and further civil organisations concerned, based on the flow of information. For local communities the primary form of appearance will be the Local Rural Development Office (LRDO).

List of organisations and administrations involved in rural development which will form part of the national rural network

Participation in the network is open to any organisations and administrations, who are willing to participate, are able to provide and receive information relevant from the point of view of rural development, and are eager to know the best practices, to change experiences and to be an active participant of trainings. The Managing Authority will refer to each member of the Monitoring Committee and the participants of the social debates of the Programme, offering for them the possibility of participation. Who will react positively, will automatically become part of the network and will have access to the different means of network building (website, questionnaires, leaflets etc.). Later on, when the action plan of the network is formulated, the concrete tasks and duties of the participants will be determined.

- All participants of rural development advisory systems (special agricultural advising, farm advisory system) and other sub-systems of agricultural administration automatically become members of the National Rural Development Network.
- Over the above any organisations (local authority associations, civil associations, enterprises) and private persons (specialists, entrepreneurs) that intend to do so may join HNRN - either as a potential beneficiary or as a civil partner.

Procedure and timetable for establishing the national rural network

The HNRN may consist of the following elements:

- The organising function of HNRN is performed by the New Hungary Rural Development Centre (NHRDC). It is a basically independent central co-ordination organisation operating within the framework of MARD, harmonising the professional work of the Local Rural Development Offices.
- The human and infrastructure background of HNRN at local level is ensured first of all by the Local Rural Development Offices described above, which play a key role in the preparation of rural development small region strategies.
- The HNRN must appoint a chairperson who co-ordinates the co-operation of the above participants with the operative support of the MARD Rural Development, Educational and Advisory Institute.

Summary description of the main categories of activity to be undertaken by the national rural network, which will form the basis of the action plan.

The general obligation of the MA is to facilitate the exchange of experience at the level of member states and support the implementation and evaluation of the rural development policy, and to ensure and co-ordinate the flow of information among local, national and European levels.

- The details of the tasks to be performed by the HNRN will be elaborated in the action plan to be prepared in the course of 2007.
- The action plan contains the following information:
  - ways of changing good examples, experiences and knowledge also applicable by others, information about and analysis of the good practice of rural development;
  - determination of related practical activities and transfer of experience such as network management, arrangement of exchange of good practice and innovative efforts, preparation of training programmes for a wide range of potential applications such as farmers, rural micro-, small- and medium enterprises, producer groups, producer organizations and local action groups being under formation, providing assistance for inter-regional and trans-national cooperation forms;
  - identification and analysis of practices suitable for transfer, and provision of information on the same;

Practice suitable for transfer covers the following areas:

- the four axes and the measures, the EU rural development strategy and the topics of the national strategies (innovation, renewable energy, creation of jobs in rural areas), position of rural women and youth,
- programme implementation issues, such as project selection requirements, monitoring, evaluation, formulation of local strategies, promotion of their realization, tracking,
- through the continuous and structured flow of information among parties concerned in the region the promotion of the local — micro-region synergic effects of development opportunities available under the Structural and Cohesion Funds and other domestic and international sources,
- organization of the exchange of experience and know-how, including the exchange of methodological, management and administration procedures, spreading the best practices in the widest extent possible;
- training programmes for the local action groups in the building phase;
- technical assistance for inter-regional and international co-operation (e.g. web sites, conference for partner search, training and advising for local action groups);
- general information supply in relation to the NHRDP;
- project-generation, contacting parties concerned, their orientation in any topic in the NHRDP or the NHDP;
- general advising related to planning developments
- facilitation of the establishment of multi-party developments and co-operation networks;
- facilitation of processes and animation in integrated region planning (Article 59);
- keeping contact with organizations concerned in regional planning;
- survey on needs in relation to measures under Axis III.

Amount reserved for establishing and operating the national rural network and implementing the action plan as referred to in Art. 68(2) of Reg 1698/2005.

The funds of network - financed from the technical assistance chapter -, are allocated for the following objectives:

- structures needed to run the Network;

- preparation and implementation of an action plan

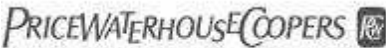
The budgets of the two components are shown in separate rows in the financial chart. The sum allocated for activity a) is limited to 25% of the sum planned for the Rural Network.

<b>Expenditures relating to the Hungarian National Rural Network</b>	<b>Total public expenditure</b>	<b>EAFRD contribution</b>
a) Network operation costs (1.2.1.1.a-b tasks)	16.745.711	12.559.283
b) Action plan implementation costs (1.2.1.1.1 - c tasks)	50.237.133	37.677.850
<b>Total:</b>	<b>66.982.844</b>	<b>50.237.133</b>

The Managing Authority ensures that the part of the amount under point a) will not unduly increase over time.

## ANNEXES

**Annex 1. The ex-ante evaluation of the Programme**





# The ex ante evaluation of the 'New Hungary' Rural Development Programme

20. February, 2007



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## **PART I. – Ex ante evaluation**

### **Introduction**

#### **Background of the ex ante evaluation**

The ex-ante evaluation of the New Hungary Rural Development Plan was conducted by PricewaterhouseCoopers Könyvvizsgáló és Gazdasági Tanácsadó Kft. in cooperation with Agrár-Európa Kft. and Fitzpatrick Associates Economic Consultants Ltd. as subcontractors. The Env-in-Cent Kft. was responsible for the Strategic environmental assessment, conducted separately from the ex ante evaluation, made in cooperation with the experts of natural protection NGOs.

The ex ante evaluation team got its commission in an open public procurement process issued by the Ministry for Agriculture and Rural Development. The work started in May, 2006. The report on the ex ante evaluation has been finished in February, 2007. The ex ante evaluation process follows the negotiations with the Commission, and ends with the acceptance of the Programme by the Commission.

The preparation of the ex ante evaluation is mandatory according to Article 85 of Council Regulation (EC) No. 1698/2005, and it is part of the elaboration of the rural development programme. Its aim is to optimize the use of the sources attached to the Programme and the general improvement of the quality of the programming. The evaluation identifies and evaluates according to the Regulation guideline:

- Medium and long-term needs;
- Aims to be realized;
- Expected results;
- Aims in numbers (aim values), especially in the aspect of the effect compared to the starting situation;
- Community added value;
- Extent of the consideration of the Community priorities;
- Lessons drawn from the previous programming; and
- Quality of the processes for the implementation, monitoring, evaluation and financial management.

The remarks and proposals of the evaluation report concerning the analysis of the situation and the strategy chosen are applicable to the draft of the New Hungary Rural Development Programme's 2007 January 18<sup>th</sup> version. The remarks and proposals taken previously were actualized accordingly. However, during the ex ante evaluation process the evaluators also followed and gave an opinion on the New Hungary Rural Development Strategic Plan. This document forms the basis of the programme and the two documents have to be in compliance with each other. When evaluating the compliance with the Strategic Plan, the evaluators took the 2007 January 8<sup>th</sup> draft into consideration. Since January 18<sup>th</sup> the evaluators have been working closely together with the planners. Several workshops on SWOT, the strategy chosen and the quantified targets have taken place. As a result, the quality of the document has significantly improved.

The evaluators took into consideration the relevant sources of law, methodological guidelines (among them primarily the working document "Rural Development 2007-2013, Common Monitoring and Evaluation Framework Guidelines for Ex-Ante Evaluation"), Community Strategic Guidelines

recommendations, the guidelines of Hungarian policies, strategies of the applicable studies, previous evaluations, partner opinions and other programmes. However, the work was significantly based on the regular and ad hoc meetings with the planners, experts of MARD, AKI, VÁTI, on the remarks of external experts and the opinions formulated on the level of enforcement (ARDA).

The ex ante evaluation process has been based on the interactivity between the planners and the evaluators. The final evaluation report was formulated as a result of continuous contact, regular conciliations and exchange of opinions. During these conciliations and meetings, recognized Hungarian and Irish agricultural and rural development experts, representatives of the Hungarian Universities and research institutes have contributed to the discussions.

During the conciliations, the ex ante evaluators supported the planners in a few practical planning questions. Among others the clarification of the structure of the measure descriptions and the requirements concerning their content, the elaboration of the rules on the realization of the Programme, but primarily in the finalization of the indicator system of the Strategic Plan and the Programme. The aims of the output and the expected results and effects were specified and recalculated in a workshop lasting for two days.

The stated and discussed expert opinions were taken into consideration by the MARD and have mostly been build into the draft programme.

The ex ante evaluation addressed also the requirements of the environmental assessment provided for by Directive 2001/42/EC of the European Parliament and of the Council.

## **Technical milestones of the evaluation process**

### ***Technical kick-off meeting***

8. May, 2006

At the technical kick-off meeting the colleagues of the Ministry of Agriculture and Rural Development's Strategic Planning Group, the colleagues of the Managing Authority and the advisors attended. The output of the meeting included the setting up of the project's structural units with the allocation of colleagues within the units; the setting of the circumstances of the meetings with the appropriate technical conditions; and the setting of the meeting order and the discussion of the tasks to be undertaken during the planning process

### ***Professional Managing Workgroup (PMW) meeting***

24. May, 2006

The first PMW meeting started with the discussion of the questions arisen in connection with the preparation of the Project Starting Document (PSD). The work phases of the evaluation process, the scheduling of the reports to be handed in and the list of relevant documents to be used have been accepted by all parties

### ***Project Starting Document (PSD)***

29. May, 2006



The Project Starting Document is the foundation document of the ex ante evaluation of the New Hungary Agriculture and Rural Development Programme, which has been ratified by both the client and the advisors. It assures an appropriate, professionally based frame for a successful ex ante evaluation process. The PSD, among the general introduction of the project, includes the detailed evaluation methodology and work schedule, the project management's detailed structure and the communicational plan. The 1<sup>st</sup> version of the PSD has been handed over for client acceptance on the 22<sup>nd</sup> of May, 2006. The document has been finalized and accepted on the 29<sup>th</sup> of May, 2006.

### ***1<sup>st</sup> SWOT workshop***

7. June, 2006

During the partnership meeting the questions and comments on the SWOT analysis of the programme were discussed with the participants of the following partner organizations:

- Ministry of Agriculture and Rural Development (MARD) Managing Authority
- MARD AVKF
- MARD ÉLIP FŐO.
- MARD Forestry Department
- MARD Mp. Department
- MARD HP
- Agricultural Economics Research Institute (AKI)
- Hungarian Public Nonprofit Company for Regional Development and Town Planning (VÁTI)
- Agriculture and Rural Development Agency (MVH VTI)
- National Society of Conservationists
- Western Hungarian University -MÉK Mosonmagyaróvár
- Hungarian Academy of Sciences, Institute of Economics
- Agricultural and Rural Youth Association Hungary (AGRYA)
- Szent István University Research Institute (SZIE-KTI)
- Agrár Európa Kft.
- PricewaterhouseCoopers Kft.

### ***2<sup>nd</sup> SWOT workshop***

12. June 2006

Discussion of the 3<sup>rd</sup> and 4<sup>th</sup> priority axis in coordination of VÁTI has taken place. The representatives of Agrár Európa Kft and PricewaterhouseCoopers Kft have attended this meeting. This was the closing meeting of the SWOT discussions.



### ***Project Leading Committee (PLC) meeting***

20. June, 2006

Beside the acceptance of the 2nd version of the Project Starting Document, the changes implicated has been discussed. The consortia leader representative have informed the client about the experiences of the workshops and drawn the attention on the importance of the SWOT analysis to be integrated into the New Hungarian Rural Development Strategic Plan.

The evaluators indicated the need for stronger partnership commitments. As a part of that scope regional partnership discussions have also been on the topic list.

Important technical matters have also been discussed on the meeting: the composition of the Monitoring Committee; the setting up of the Strategic Environmental Analysis (SEA) and the contact representative and its accessibility of the Committee.

### ***Ex ante workshop***

14-15. September 2006

On the first day the evaluators have discussed the current version of the New Hungary Rural Development Strategic Plan and the state of the evaluation. During the day the evaluators have discussed the relevant Community and National objectives, the subsistence of the intervention and the fund allocations. On the second day topics on the indicator system and the methodology of the goal setting have been discussed. As for the closing of the day the efficiency of the measures in means of the set of strategic goals and the expected outcomes have been discussed by the participants.

### ***Commission meeting***

18-19. September 2006

Representatives from the Committee:

- José M. Sousa Uva
- Anikó Németh
- Giulia Medico
- Eva Viestova

The representatives have informed the ministry representatives about their comments on the strategy and advised on the further development of the document. During an organized discussion day the relevant organizations and social partners had a chance to inform the Commission representatives about their expectancy from the programme. After the arguments the evaluators had a chance to present the current state of the evaluation and their expectation from the strategy.

### ***Indicator meeting***

27. September, 2006

The first part of the discussion handled questions arising from the defined baseline indicator system set in the Strategic Plan. In the second part of the meeting indicators identified for the measures have



been analysed with the focus on the requirements defined by the community, methodology and goals to achieve.

### ***Expert meetings on the proposed Axis***

10. October 2006: Axis I.

18. October 2006: Axis II.

26. October 2006: Axis III-IV

The discussions followed the proposed measures of the Programme with justification of the priorities and the goals to be achieved with regard to the Community strategic guidelines and the national strategy plan.

### ***Workshop on the implementation system***

9. November 2006

The workshop was held in four different groups where diverse topics have been discussed by the experts, planners and evaluators. The issues of the workshop have been the following proposed implementation procedures, including monitoring, evaluation and financial management

### ***Interim report***

27. November 2006

The document is the 1st Interim report of the ex ante evaluation of the National Agricultural and Rural Development Programme.

The document analyzes the adequacy of the situation analysis and the SWOT analysis and reviews the situation analysis of the programme. It also contains general evaluation allegations concerning the structure, contents and quantifiability of the situation analysis. It also comments the layout of the document and other technical type of questions.

### ***Meeting on horizontal issues***

8. January 2007

Due to Commission requirements also the horizontal issues have been taken into account while the programming. The key topics discussed were the following: equality between men and women, roma population, environmental protection connected to the different measures.

## **medium- and long-term needs**



## **SWOT-analysis and the evaluation of the suitability of the situation**

Following several expert meeting between planners and evaluators the final SWOT table and strategic goals has been incorporated into the programme.

### ***Introduction***

According to the Regulation the Program has to contain the “situation analysis considering the strengths and weaknesses” of the sectors, on areas covered by it. The joint aim of the situation and SWOT-analysis is the foundations of the strategic decisions made in the Program. The requirements relating to the designer’s output as well as the description of the areas examined by the ex ante evaluators are given in the table below.

### **General remarks**

The situation analysis chapter of the National Agricultural and Rural Development Programme contains the general description of the position of the environmental state and the rural economy and life quality of the agricultural main sectors. It mostly adjusts to the thematic structure outlined in the SGRD, but it also tends to follow a traditional, sector-oriented structure (mainly in connection with axis I). In our opinion, it would be more advantageous to shift this approach to an even more strategic structure, concentrating to the shortfalls or advantages within the thematic of the SGRD, then their analysis.

In the axes I. and II., are extensively supported by status description data, however, these data typically characterise only the most fundamental phenomena and trends, and are not always suitable for the characterization of strengths, weaknesses, development potential or for the establishment of the real development requirements. However, little quantification is shown in the field of rural development.

The majority of the presented data are not up-to-date any longer, their refreshment and supplementation is necessary.

The situation analysis generally contains no or hardly any international comparison. In the lack of this it is not obvious, whether in the field of the main subjects, a shortfall is encountered, what its extension is, and during its analysis the evaluators are unable to obtain a matter of fact idea, if the recovered reasons and motive forces mean strength or rather weakness.

The description of the situation – due to the above reasons – in our opinion contains few conclusions related to the development potential and the motive forces of the development. The determinations of the key fields of the development are restrictedly supported or not supported by the description of the situation (mainly in the field of agriculture).

The description of the situation is generally characterized by the absence of references to background studies, reports and further data accessible by the designers (e.g. the state of the motorization of crop production), even on quantifiable and investigated, analysed fields.

The strengths, weaknesses, possibilities and dangers, implicitly recovered in the text, can be qualified as suitable and important, but are not in full agreement with the items in the SWOT-table. This requires revision.



The description of the situation contains the description of the earlier, EU supported agricultural-, and rural development programs, including the LEADER-Program described in a separate subchapter, in a much shorter form than required. Differing from and supplementing the introduction according to the present state, the effects, experiences and conclusions of the former programmes contribute to the establishment of the development strategy.

In some arguments of the situation analysis (typically in the field of priority 3. and 4.) there is a consensus according also to our opinion. Although the statements are proved by some observations, there was no investigation supporting the processes, or the description of the situation contains no reference to such analysis. The evaluators agree with these statements, with the addition, that the possible research results of such situations should be mentioned. The determination of the weight of these fields obtained in the development strategy is considerably difficult, because of the lack of justifiable observations.

In some cases phenomena are described on the basis of national data, independently from the sector, which are partly unsuitable for breaking down to agricultural-rural development elements (e.g. the rate of dependents and supporters, the supply of pension, health insurance), partly it does not take other influencing factors (in the countryside there are more aged women than aged men) into consideration.

In the description of the situation the demand for the opportunity of mobility among the priorities appear in small extent. In case of the increase of the rural employment the designers mention the decrease of the agricultural employment, as the basic situation of a problem to be handled.

The situation analysis does not contain the description of the background of the Common Agricultural Policy, as well as the rural developmental effects of the predictable or expectable reforms.

The situation analysis includes regional references relating to the statistical regions. These regions exhibit considerably heterogeneity from developmental aspects, the description according to the current status is in lesser extent or not suitable for the area based approach of the developmental issues, neither in its content nor in its regional breaking down.

In the material some sections are put in inappropriate place (e.g. energy purpose agricultural production under the axis II., meanwhile the description emphasises the diversification of the agricultural products, which is the part of the axis I).

## **The improvement of the competitiveness of the agricultural and forestry sector (axis I.)**

### ***Defining, structure, main strategic fields***

The rural development supports, to be provided under axis I. of the National Agricultural-rural Development Programme, are aiming at improving the competitiveness of the agricultural and forestry sector. In agreement with this, the situation analysis of the National Agricultural-rural Development Programme, in connection with axis I. starts from the descriptive characterization of the main sectors – agriculture, forestry, fishery, game management - and food processing: it mainly describes the economy structural, output and employment indexes and their trends.

However, it strives only in lesser extent to indicate, characterize the strategic fields (main subjects) outlined by the Community Rural Development Strategic Directives and to analyse individually the motive forces, necessary for the identification, then the prioritisation of the development requirements to be aimed. In the absence of this it is much more complicated to summarise clearly and



transparently the position of the Hungarian agricultural-rural development, the strengths and weaknesses establishing the strategy, as well as the developmental potential (in general, harmony with the SWOT-analysis can be seen in a lesser extent). Therefore, during the updating of the situation analysis, it is worth considering the more determined visualization in the text of the strategic fields visualized in the SGRD, then the characterization of the relevant strengths, weaknesses and development potential and their motive forces, under the individual strategic fields.

Although the situation analysis – at least in parts describing the position of agriculture and food industry - considers the structure of the ERDF Regulation, the analysis of these big fields is not entire (e.g. it does not sufficiently concern the position of agricultural innovation).

Either the axes of the ERDF Regulation, or the priorities involved in the SGRD are based on the fundamentals of the multifunctional model of agriculture, these are:

- agriculture as production sector
- the environmental responsibility of agriculture
- agriculture, as activity possessing social function and elements

This structure is supplemented by the fourth priority, and axis, in the frame of which a special implementation system is provided, so as local interests could be enforced on a broader bases.

Particular problems, development requirements of this field are described below from the point of view of the preliminary evaluator.

In the field of development of agriculture as producing sector, the aim is to strengthen the market activity and the suitability for this. Naturally, it has requirements in competitiveness influencing the production, but the suitable human background is also important. Due to the changing market regulation, the agricultural production is more and more exposed to the international competition. This situation requires different behavioural patterns compared to the former marketing safety providing agricultural production, which was more or less isolated from the international competition. Under the current and the predictable production conditions the behaviour of the farmers should change in the field of flexibility, adaptability and ability to take decisions in accordance with the actual market competition. Currently in Hungary the smaller part of farmers are able to carry out this, which on the one hand, has long-term pointing back social reasons (e.g. expectation of central directions, but their continuous questioning in the same time), on the other hand the recent changes in Hungarian agriculture (privatisation, conveyance of agricultural capital goods, stable corn intervention, as safety market for arable land mass products) provide its background. The adaptability of the agricultural sector is greatly influenced, and simultaneously represents a significant development potential, by the development of the farmers' adaptation ability, in the field of educations and suitable advisory systems, as well as the establishment of continuous and reliable market analysis and information structures. The adaptability simultaneously creates suitability for the market activity of the farmers and the sector in long term.

The description of the situation mentions, consistent with reason, the competitiveness, as the area to be developed in connection with the axis I. of the ERDF Regulation. However, its exact meaning is not defined, the improvement of competitiveness is indicated only in general. As this is a rather complex field, a possible, investigation based, interpretation of the competitiveness is introduced below, which in its present form misses the difficult counting, but is suitable for practical application, and which may serve as the basis for the structured development of the strategy for reinforcement of



the competitiveness. The present definition of competitiveness is static, i.e. relates to one product (product group, farming unit, sector, etc.). This pattern is dynamized and supplemented with the time dimension by the farmer's adaptation ability mentioned before.

A product, farmer, processor, sector is considered to be competitive on the basis of the criteria listed below, as preliminary qualifiers:

- the product itself is good; i.e. made at high professional level, with leading technology, in good quality, the consumer accepts it and feels confidence in it;
- the selling price of the product – in the given quality category- is identical or lower than in case of principal market players;
- effective organisations are standing behind the sector (product), the supporting organisation is outstanding (distribution organisations and networks, financing banks, marketing and logistic system) – i.e. the distribution of the product to the consumer is safe.

May only one of the conditions unfulfilled, the high standard of the other two is useless. On the basis of these, the problems of the competitiveness, as well as the possibilities of its improvement can be identified.

The ex ante evaluators prepared their report on the situation and the SWOT-analysis based on an own thematic structure, which rely in great extent on strategic fields defined in the SGRD and in ERDF Regulation (not mentioning some horizontal subjects according to some specific Hungarian and national or Community definitions: e.g. the position of the agricultural sector and its leverage points in the most disadvantageous small regions, or the issues of the equal opportunities of genders relating to the labour market). The structure fixed as the starting point of the analysis is the following:

- The structural suitability of the production, restructuring
- Access to market
- Product quality
- Product processing
- Integration
- Employment (carrying capacity), state of human resources
- The environmental protection performance of the agricultural
- Production infrastructure, technical subsistence
- Regionality

Detailed evaluatory comments are provided in the following sub-section assorted to the given themes.



### *Detailed comments:*

#### *Structural suitability, restructuring*

The scope of restructuring involves according to the ERDF Regulation

- Modernizing of agricultural plants,
- The increase of economic value of forests,
- The increase of value of agricultural and forestry products,
- The improvement of cooperation within the food industry,
- The improvement of infrastructure connected to the development of agriculture and forestry and
- Action aiming at the restoration of damages caused by natural disasters.

Although there are big structural mistakes in the present Hungarian agricultural production, the NARDP cannot cover the widespread handling of those, since the Regulation No. 1698/2005/EC intends to promote the restructuring aiming at the improvement of competitiveness not on sectoral, but on enterprise level. Despite of this, utilizing the national possibilities, concerning the specific Hungarian structural problems, necessary priorities might be determined.

The designers deal with the disbalance of crop production and animal breeding, and with its restoration. It is a fact, that larger stocks of fodder consuming species facilitates the market bestowal of cereals, while the lack of such animals increase the cereal market problems, and Hungary is definitely located in the cereal producing area of Europe. The significantly high yields of 2004 and 2005 contribute to the present cereal market situation that along with a decreasing animal stock has resulted in a serious „cereal excess”. According to our opinion, it is not possible to talk about the balance of the 2 main sectors in this form. The two main sectors can be in balance not by comparison to each other, we can speak about the balance of sectorial production and the possibilities of the market. From this aspect, in case of some commodities an imbalance can be found, that is closely related to the ternary criterion-system of competitiveness mentioned in the introductory part (e.g. it was in 2005, for the first time, that Hungary became a net importer in pigs for slaughter). Thus, not the balance should be restored between the two main sectors, but the production should be fitted to market possibilities within a main sector, or the market behaviour should be turned so as production capacities could be economically used. In turn, support system should partly aim at the development of part-elements of competitiveness and serve the enlargement of market possibilities that can be followed by the increase of production.

In parallel, it must be noted that the presently decreased or further decreasing animal strength has been caused not by the earlier lack of rural development measures, but by the change of sector independent regulations and circumstances. Animal breeding according to the professional public feeling was a main sector of acceptably high living manpower, and the increase in taxes connected to manpower (tax, social insurance) entailed the decrease in the number of those employed. Due to capital insufficiency – that is partly the result of the fact, that Hungarian banks were not interested in the development of agricultural production after the political change (there was no considerable agricultural property in the portfolios) farmers could not carry out technological developments compensating the decreasing number of employees.



The further reason for the decrease of the number of animals is the decrease in the demand, that is the result of the decrease of income after the period of political change, and as a consequence the decrease of the consumption of food stuffs, and the decrease of the earlier Eastern markets. Nowadays, in Hungary, the decrease of the consumption of animal products has started to stop, moreover, started to increase in case of some products, but only a part of this demand can be supplied by Hungarian producers, due to the price competitiveness of imported goods, and to the extreme price sensitivity of the Hungarian consumers. Based on our determination of competitiveness, in this respect, the delivery of goods to consumers, the reinforcement of this primarily on the marketing side are those facts that can have strategic developmental potential. The proper price – concerning the purchase price or the process generating policy of retail networks – is a short term means, and cannot be precisely determined strategically.

Naturally, farmers striving for competitiveness have to keep their prices under or near the prices of those dominating the market, in this respect strategic possibility can be found in the „influencing” of consumers.

With respect to the development of foreign markets, there is a chance for development by the exploration of markets, by their realistic evaluation and by establishing products meeting the demands of those markets.

Referring to the structure of production the main issues are the size of farms and the characteristics of the agricultural crop/products produced by them. Concerning this, it is a main problem especially for the crop production, that in case of all plant sizes the produced crops are the same; and they are those crops, that are entitled to area based support based on the national supplement or SAPS, that can be merchandized in intervention, or due to the present state of motorization most of the farmers have machine-lines eligible to the production of these crops. These are those arable land cereals, the profitability of which is determined mainly by the size economy. This is not reinforced only by technical tasks of soil and crop cultivation or by the emerging market demand for unified, pure breeding on the side of crops in the recent years, but it is also served by the technical/technological development of machinery background (larger and more expensive harvesters, larger and more expensive soil preparation equipments, etc.) With larger and more expensive machines profitable farming can be achieved only on larger fields; in parallel with technical development the lower size limit for an area that can be economically cultivated is increasing. This weakens the competitiveness of smaller size farms in case of such crops, and there is a chance that considering the structure of crop production plant size can grow one-sided (exaggerated economy concentration), that can considerably weaken the carrying capacity of the sector. Weakening the carrying capacity cannot be a goal, therefore, besides spontaneous economic (concentration) processes the support system must provide chance, have to encourage the economy level product structure change, with what various plant sizes can be maintained, establishing various product structure meeting the market demands and suitable for the sizes of farms. This way the structure of the Hungarian rural agricultural production – that is integrated part of the European culture – can be maintained. The aim is not the conservation of a badly operating, production structure loaded with problems, but by maintaining the plant structure to maintain the carrying capacity of the agricultural in the same time with establishing a structure corresponding to the sizes of farms, and the establishment of product structure that if needed can be dynamically changed utilizing the actual local features. Strategically, the developmental potential for these plants are the entire organization of market bestowal of plants produced by them, organization of training and advisory network and merchandizing organizations related to the production of these plants, and the establishment of entrepreneurial, risk taking ability and initiation ability.

The structure of production and the size of the farm is equally important in animal breeding. In this sector basic issues are keeping/feeding technologies and the use of the breed. As it is known, breeds





with high genetic performance, under production circumstances significantly lower than their needs, will not only respond with a corresponding decrease in production, but will a decrease exceeding it, and their fodder consumption will increase, as well as their health problems. Developmental potential in this respect is the establishment of breeding technologies corresponding to the size of the farm, and that can be economically utilized, and the use of breeds corresponding these conditions.

In the strategic framing of product structure outstanding role should be given to the evaluation of market possibilities, as the product structure – due to profitably demands – responds to the size of the farm. Concerning the market possibilities product-processing-market distances from one another is an important issue in geographic sense, as the price of the products is significantly influenced by the needs and costs of transportation. Development possibilities in this respect are the framing of farming structure properly near to processors/markets and the exploration and mobilization of market possibilities near to the present location of production/processing.

Relating to restructuring, separation of land ownership and land use is an important phenomenon, though regulation No.1689/2005/EC does not contain any measures concerning this. The ex ante evaluators can make preliminary determination of the concentration of asset structure. Concentration results in the disappearance of smaller plants and in the same time propagation of larger ones. Accordingly, the structure of the crop production main sector is further simplifying, and steps serving product diversification does not go together with the increase of living manpower tie, i.e. the increase in the carrying capacity of the sector. Possibility for development are the encouragement of the production of proper products corresponding to the present asset structure, establishment of the ability of farmers to identify their market possibilities according to their farm size, and their cooperation with other producers.

Out statements concerning the production structure are valid for processing, naturally, properly adapting.

#### *Market entry*

Entering the market is a further important factor of competitiveness, determines the disposability of the produced goods.

In relation to getting to the market the evaluators agree with the negative effects of the price breaking down policy of retail chains. This is considerable, as more than 50% of the food stuff turnover is realized via these trading chains. The lack of supplying these retail chains is regularly specified as one of the main problems of getting to the market. This is true for a certain scope of producers (product or size), but the evaluators question this exclusive approach. In this case the main problem is the not proper behaviour of the producer originating from the lack of estimating the market demands, and the loss of market possibilities due to the improper serving of consumer demands (e.g. the elimination of traditional village merchandizing possibilities; the re-routing of these consumers to retail chains, by serving their further strengthening, and in the same time further decrease the scope of Hungarian producers not getting into such chains or those losing ground in them, therefore decreasing their market possibilities). naturally the problem in itself is not the growing of such chains, but the negative effects of their good acquisition policy, and the adverse changes of the habits of consumers on producers. Therefore, there developmental possibilities can be found in the establishment of adjusting to merchandizing channels others than the chains. This is effected by measures other than the rural



development (e.g. hygienic regulations related to food stores), that can require complex handling and only partly treats the problem from the side of the producers.

In getting to the market, i.e. in delivering the products to the consumers, further problems are the infrastructural background, and its imperfections, and the lack of market influencing merchandizability of products.

### *Product quality*

The quality of agricultural, forestry and processed products is of outstanding importance from the aspect of competitiveness of producing farmers and processors. Quality is an aspect of outstanding importance in case of all products and has influence on the merchandizability of goods.

In general, it can be stated, that the quality of Hungarian agricultural products do not fall behind that of the international competitors, moreover, it exceeds, they are of better quality. In the Hungarian agricultural production and food industry those problems that appear in Western-European countries are unknown. The reasons for the good quality of our products are climate and production.

A main problem in merchandizing the good quality products is the lack of considering the Hungarian aspect not applicable to the standardized approach of the European Union, especially from regulating point of view. A sample can be the EU quality regulations concerning vegetable and fruit products. Based on these, products – with the standard size and other characteristics - do not meet the Hungarian traditional consumer demands, that besides the physical appearance of the product at least to the same extent require features manifesting in flavour (which cannot be expressed in numbers). Trade, of course, buy in all fields according to the operative regulations, and corresponding to other practical interests (e.g. shelf-life, visual appearance). Vegetables and fruits with special flavour have a content value, that makes longer storing and transportation inapplicable. In parallel with the increase of the turnover of the retail chains, the decrease of the turnover of other merchandizing channels Hungarian products that are satisfactory to the traditional Hungarian consumer demands, decrease the chances of merchandizability of goods with distinguished quality. This is the main problem related to quality. In case of quality there is developmental potential in marketing of products.

Another problem concerning the quality is the lack of quality harmonization of products produced by different farmers. This does not make possible the supply of consumers (should it be end consumer or processing plant) with homogen commodities. This is a very important issue relating to processing, as by providing homogenic commodity processing can be standardized, and the homogenic product can be effectively produced, having income consequences. Development possibilities in this relation are the development of cooperation of farmers and the conciliation of interests in different phase of the product path.

### *Processing of goods*

The aim of situation analysis of strategic aspect is the establishment of strategic decisions. As such, it should reflect the situation and prospects of the given sector, at present that of Hungarian food



processing; in what market situation is it in, and in what direction is it developing to. This has crucial effect on how to allocate optimally the available resources.

Determining tendency of the planning period is the gradually increasing influence of commercial chains. It means only suppliers can survive, who have proper production size, performance and trademark. As an increasing portion of food stuff turnover get to the consumer through this channel, the role of some dozens (according to our opinion 60-70) enterprises will further grow. All the other enterprises will sell their goods on local markets, in independent small shops, on markets and in catering, while their ratio on the market will further marginalize.

Concerning the determination of the ratio of support of processing with the aim of rural development, it is important to embrace the real possibilities of small plant processing. It is an important fact, that while for 2003-2004 (covered by data) the expansion of commercial chains involved only larger cities, however, nowadays, and especially in the coming years there will be hard discount in almost all settlements having ten thousand inhabitants. Their effect will be significant on local retailers that will also influence the possibilities of their suppliers.

Another not exposed theme in the programme is the availability of the commodities. In the past, but especially in the coming years significant drive back in some processing activities or their geographic rearrangement can be expected due to the uneconomic commodity production. Such field is the production of canned food, due to the expensive and small amount of domestic goods and due to the lack of competitiveness. This can reach poultry processing too.

Foreign trade is another topic that can have decisive effect on planning. A durable tendency can be observed on this side. The presence of foreign goods will strengthen on the Hungarian market. This is in relation with the spreading of German discount stores, the unconsciousness of the consumers, and the competition limits in the domestic industry mentioned above. The consequence is the narrowing of the living space of the domestic industry that will influence small and middle sized companies the most painfully.

### *Integration*

Producers' cooperation in the Hungarian agricultural is not easily evaluated; in the professional public sense the opinion is: that the forced establishment of cooperation killed the intention for cooperation from the Hungarian farmers. There are numbers in case of producing groups (PGs) and cooperation (Cs), but part of the PGs are not real, they are jointly developing privately formed companies due to the need realized by farmers, and Cs are units of mutual vegetable-fruit market establishments, therefore, in our opinion in this form, are not categories of rural development.

Well operating, PGs fully serving the interests of the farmers, as preliminary evaluators, think, they play important role in establishing the income safety of farmers.

One of the main problems of the Hungarian food industry is the lack of vertical integration according to product path. A part of this is the narrow scope of producing ownership among processors (a regularly mentioned example of this is that Parmalat get into the possession of producers). A great problem emerges with this: the great geographic distance between the owner producer and its processing plant. Another important factor is the lack of cooperation between the producer and the processor, and the inevitable exposure of the producers. In settling the situation, in encouraging the





cooperation between processors and producers, there is a developmental potential for the producers. The processors in such a coordinated situation can optimise their purchase prices to a lesser extent; however, for small scale processors establishing the vertical integration with producers can lead to establish the optimal market possibilities.

Integration on the producers' side emerges from the merchants of input material and products, even today. Their role is important in cereal trade, and though they are profit oriented, they seek not the farmers direct financial profit, they have significant role in passing information towards farmers among changing market conditions, and in the development of farming culture. Besides, engrossers – dealing with arable land mass products in domestic scale - play an optimising role, considering the regional allocation of cereal storing capacity, new developments, and occasionally relinquishing the building of storage tanks due to merchandizing difficulties. Naturally high level of commitment is necessary from the side of those taking part in the development, because in case of cereals the present intervention system gives significant financial advantages for those storing the cereal, therefore, state intervention is needed in the form of support programmes, through the identification of target areas and target groups. In the producers' integration on the one hand there is developmental potential in market development, and on the other hand in optimising sectoral areas.

In relation of forestry the evaluators agree with the large number of private forest holders and the very low level of integration among them is also accepted.

#### *Employment (carrying capacity), human resources*

From rural developmental point of view agricultural production is a significant factor in employment.

The decrease of the employment in agriculture is a fact, and is considered to be among the reasons for the decrease in the output of certain sectors (mainly animal products, horticultural products). Concerning the agricultural employment main problem is decrease of demand for living manpower due to the changes in product structure and concentration, and the lack of social acknowledgement of agricultural activity. A further problem from rural development point of view is that the production of goods (food stuff) is evaluated with the same index-numbers in each farm size (exclusively on financial bases, including all other –food safety, income/cost relation, biodiversity, land usage, cultural landscape etc. - including „large scale” cereal production, and farm size that produce mainly for self consumption, perhaps selling the excess on market, albeit these farms of different size play different role from the aspect of rural development, therefore cannot be evaluated on the same manner. From the improving of carrying capacity point of view, there are great development possibilities in the changing of this sense, although it must be noted, that the present Hungarian society public sense focuses on the short-term financial profit, and this makes the changing of this approach difficult.

The evaluators agree with the qualification data of farmers as they are based on statistical analysis. As ex ante evaluators, our opinion is that through training the adapting capacity of farmers should be improved, and there is great developmental possibility in this. Besides, always the latest knowledge referring to the actual production of a product should be provided to them. Isolation of research-development and production practise is considered to be a great problem. This makes it difficult for the producers to accommodate to market circumstances, and sometimes research considered to be

practical deals with themes the usability of which can be questioned. There is great development potential in farmers joining to research-development.

There are problems in Hungarian. with the advisory system set up to pass information Several systems are operating next to each other working with the same target group, sometimes changing according to the political will, keeping the farmers in uncertainty. Advisory service for encouraging farmers in the field of accommodating ability is of outstanding importance.

Concerning human resources serious problem is, that among farmers the sense ruling still today is, that due to Hungary's excellent natural facilities, competition conditions are very good in agricultural, and it is not taken into consideration that besides natural facilities, lot of other factors are influencing competitiveness.

#### *Environmental protection*

In case of the performance of agricultural environmental protection significant problem is the allocation of manure in animal breeding. Concerning this, Hungary has temporary exemption from applying EC regulations, but in this context it is less reassuring, as our environment is being polluted. In case of environmental protection there is great development potential in the development of manure allocation. In case of environmental protection, there is serious development potential in the field of manure allocation.

Concerning environmental protection, the phenomenon that immigrant from other settlements do not intend to tolerate the smell accompanying animal keeping is an important problem, and settlement governments serving the needs of the inhabitants not really related to the settlement put regulations into operations that make traditional ways of animal keeping impossible. System to protect against the smell effects of animal keeping at settlements, in their development the ex ante evaluators think, there are big possibilities, as from rural development point of view animal breeding around houses in Hungarian having long term traditions, are desirable, having more advantages than disadvantages.

#### *Production infrastructure, technical furnishing*

Concerning the technical furnishing, farm site and the performance of power machines mean a great problem. According to certain studies, „small plants” are over machinarized. According to the experience of support systems of previous periods farm size and machine park size was not concerned when applications were evaluated.

Referring the sense of supporting, great problem is that farmers base their investments exclusively on investment supports, as they are conditioned to this, due to the former – preceding the EU accession – support systems. It is well reflected that the value of agricultural investments realized in recent years equals to the value of agricultural investments realized by the help of support. This partly shows the capital necessity of, and denotes the fact, that farmers do not consider area based supports arriving from the EU a developing source assisting their farming.



Obsolescence of the technical state, appears especially in animal breeding sectors having smaller cost bearing capacities, and in farming size, that can play important role from environmental and employment point of view. The improvement of these is important not only from performance point of view but considering all the elements of a multifunctional agricultural model.

The development of production infrastructure has potential too, most of them being community investment, the support of which makes the development easier, as an external source is connected to the development of the infrastructural means that always means strong motivation among Hungarian farmers.

Concerning production infrastructure, the utilization of renewable energy sources is low.

### *Regionality*

The evaluators do not comment statistical regions. Data are available to these area units, but within Hungarian regions area inhomogeneity is so significant, that no homogenic region can be mentioned from the rural development point of view, the provided data in this respect are inestimable, therefore area approach strategy cannot be based on them. It is considered to be important however, to handle separately the really homogenic regions, which are homogenic from geographic point of view, and on the other hand other features make them usable. From structural side, concerning cereal production, such an area is the Southern part of the area beyond the river Tisza. Here natural facilities for agricultural production are extremely good, but the state of railways, the big distance of ports the production of cereals are less profitable as in areas of less favourable location, or with better transportation (e.g.. the Small Hungarian Plain). Therefore, from strategic point of view, on the Southern part of the Great Hungarian Plain, farmers should be encouraged to product structure change, and not building of further cereal storing tanks should be assisted, that help to store the stock that is difficult to sell.

In relation to regional concerns an outstanding problem is the joining of Romania to the European Union, and the effect of opening the border to the merchandizability of agricultural commodities. According to market analyses Romania has considerable agricultural commodity releasing potential, the objections to its utilization at present are the lack of capital, the frittered plant size, the unqualified producing layer, the lack of co-operation and the insufficiencies of agricultural technologies. Geographic and climatic facilities are excellent, and Romania is traditionally admitting towards foreign investors. This is shown by e.g. that the biggest American pork processor is to build a considerable slaughter capacity, the enterprise sets up 200 pig farms in the area of Partium and Transylvania, and intends to cover the feed background from own production or let it be produced. The effect of this processor is binal, on one hand it could be a supplier target for the Hungarian producers, but based on market analyses and forecasts a more significant effect is that due to the free flow of goods, the products will get to Hungary, and due to the size effectiveness of the producing system most probably it will provide the Hungarian consumers with its slaughterhouse products till the border of Tisza. As the domestic consumers are fairly price sensitive, they will prefer the cheaper goods, and this in turn will weaken the Hungarian producers' competitiveness.



### *The suitability and harmony of SWOT analysis with the situation analysis*

By the processing of the SWOT table shown in the Programme, or by the supplementation of the modifying proposals of the SWOT workshop held on the 8th. June 2006 (drab background shows the new items) the evaluators phrase their comments relating to the SWOT items in the table below.

Table 2: Report on the SWOT-items connecting to axis I.

	SWOT-item	Comments
	Strengths	
S	Outstanding ecological endowments good habitat	The item is not sufficiently supported; evaluators agree with the item, but it deserves supplementation in the Situation Analysis, because although it raises the competitiveness of the agricultural production, the lack of the distribution possibilities may restrict the utilization of the favourable environmental characteristics. The good habitat endowments contribute to restructuring.
S	The abundance of the surface an underground water supply	The abundance of the water supply is not supported; we agree with the item, it promotes the development of the irrigability, hereby it contributes to the restructuring.
S	Habitats, suitable for production of unique quality region-specific products.	The item is not sufficiently supported. We disagree with the separate listing of this item, and suggest to merge it with the first item.
S	Up-to-date biological background, high performance biological resources	We agree with the item. The item is not sufficiently supported. In connection with the item, the events of the last years (e.g. integration of research institutes, difficulties of the state support system of the maintenance of the biological resources) exerting effect on the maintenance of the biological resources, require further analysis.
S	High standard theoretical-, research knowledge basis, developed vocational training network	We agree with the item. The item is not sufficiently supported. The specification of the item is required, concerning the theoretical-, research knowledge basis, and the theoretical knowledge and practical application. The specification of the item is required, concerning the quality of the knowledge of the pupils released by the vocational training network. The present of the vocational training network is an achievement in itself, but its suitable operation is more important, because a vocational training network providing a lesser usable knowledge is unsuccessful.
S	The big food processing businesses operate effectively	The item is too generalised, it requires specification. The item is not supported, moreover, the opposite is included in the material.
S	The bigger part of the processing industry operates integrated in the international market	The item in this form is not relevant, we disagree with the inclusion of the item.
S	The labour in the food industry is skilled and still cheap	The item in this form is not sufficiently detailed (e.g. plant size issues). The item is not sufficiently supported. The cheap labour is evanescent competitive advantage, we disagree its inclusion.
S	The renewed technical supplies in the arable crop production	The item is not sufficiently supported. We agree with the inclusion of the item.

	SWOT-item	Comments
S	The concentration of the land use has started	The description of the item is not sufficiently detailed. The item is mostly supported. We agree with the inclusion of the item, and suggest the specification of the item, and concerning the land use concentration we suggest the description of the real strength.
S	The absorptive capacity of the agricultural enterprises in the field of development supports is strong	We disagree with the inclusion of the item. The item relates to a narrow population, both as the target group and the subject of the development support.
S	Some SME-s achieved good results with certain special local products (good endeavours of the SME-s appeared in the field of the accession to the market, although, the volume is still not determinative)	We agree with the inclusion of the item. The item is not supported.
S	Low environmental load	We propose the transfer of the item to the axis II. The item is partly supported (there are data relating to the fertilizing, there are no pesticide and reference period).
S	Positive effects realized from the earlier rural development programs	We agree with the inclusion of the item. The support of the item is missing.
S	The presence of farming according to the long-term forest plan based on the yield regulation	We agree with the inclusion of the item. The item is supported.
	Weaknesses	
W	Extreme precipitation conditions, and the resulting unfavourable water balance situation	The item is not supported. The item requires specification. After specification we agree with its inclusion.
W	The low profitability of the sector, lack of capital	We agree with the inclusion of the item. The profitability is supported, the lack of capital, although well known, and is mentioned in the material, it is not supported by data.
W	The concordance among the size, form, producing capacity of the farms is not suitable, in some activities the technical standard is low	The item in this form requires specification. We agree with its inclusion. According to our opinion, the form of the farms is irrelevant concerning the item. The item is restrictedly supported.
W	Considerable part of the buildings, structures, animal farms disagree with the EU regulations.	We agree with the inclusion of the item. The support of the item is missing.
W	The producing infrastructure is incomplete, outdated	We agree with the inclusion of the item. The support of the item is incomplete.



	SWOT-item	Comments
W	The age composition of the farmers and the people employed in the agriculture in general, is unfavourable	We agree with the inclusion of the item. The item is supported.
W	The knowledge of the farmers in the fields of enterprise, market and marketing is incomplete	We agree with the inclusion of the item. The item is partly supported, The analysis, relating to the quality of professional knowledge, and the lack of the mentioned special knowledge, is not involved in the material.
W	The vocational training is not sufficiently practice oriented, the operation of the advisory system is not sufficient	We agree with the inclusion of the item, expanded to the whole agricultural education (mid- and high level). The item is not supported. We suggest the division of the item, the education (obviously the school based) and the advisory system are separated from each other. The support of the statements concerning the advisory activity is missing from the material.
W	The services, trading, logistic systems (storage, transportation), supporting the entire product paths are underdeveloped	We agree with the inclusion of the item. The support of the item is missing from the material, the storage developments implemented in the last years were not considered in the item and in the situation analysis. Especially important element of the item is the issue of transportation.
W	The market organization of the private farmers is of low level	We agree with the inclusion of the item, the item is partly supported, the reasons of the low level of the organization, and the effects of the supporting systems of the last years, are not included in the material. The material does not contain data on the degree of integration of the forest farming.
W	The structural weaknesses, outdated technical standard, weak marketing activity of the small and mid sized food processing businesses	We agree with the inclusion of the item, but suggest its separation, because its elements require different activities.
W	The considerable separation of the food processing and the raw material production, and the quality follow-up is not sufficient	The item contains statement opposing with the material or appears on a level differing from that. (The situation analysis treats on the one hand the differences of the degree of concentration of food industry-raw material production, on the other hand the optimal area distribution of the processing capacities). The first part of the item requires specification. We agree with the inclusion of the item. The item is not supported.
W	There is no accepted national agricultural strategy.	The item indicates a very important issue, we agree with its inclusion in the SWOT-analysis. Its support is missing. We suggest transforming its wording and its placement among the Risks.
W	No effectively operating production groups were established in the forestry (private forest farmers: the absence of instruments, capital and knowledge)	We agree with the inclusion of the item. The item is mostly supported.



	SWOT-item	Comments
W	The weak innovation activity and capacity of the SME-s (food industrial and agricultural)	We consider the item to be important, we agree with its inclusion. Its support is missing.
W	Weak or lacking integration and cooperation	We suggest the incorporation of the item into the item „The market organization of the private farmers is of low level”
W	Sectoral difficulties with area consequences	The item is of special importance from the point of view of the formulation of the strategy. Its support is missing. We propose to consider its transfer to Risks after reinterpretation.
	Opportunities	
O	Increasing national and international demand on good quality national raw materials, traditional, special, trademark bearing food industrial products	The item is not supported, it is relative, we suggest the introduction of the real demand, in each mentioned category. We agree with the inclusion of the item.
O	Safer, more uniform agricultural production	The item does not fit to the category „Possibilities” of the SWOT-analysis, because do not refer to external, positive effect. We disagree with the inclusion of the item, it is too general and unsuitable for establishing of strategy.
O	The improvement, updating of the conditions of food safety, quality, environment protection and hygiene	The item does not fit to the category „Possibilities” of the SWOT-analysis, because do not refer to external, positive effect. The content of the item in itself is a burden to the enterprises, it is rentable only, if the consumer acknowledges these advantages in the price of the products. We agree with the inclusion of the item after reinterpretation. The item is not supported.
O	The prospects of the access to the market, the increase of the safety of the farming	The item does not fit to the category „Possibilities” of the SWOT-analysis, because do not refer to external, positive effect. The item is not supported. We disagree with the inclusion of the item, however, if the designers keep it, we suggest its separation. Concerning the access to the market, we suggest emphasizing the possibilities involved in the new solutions, while concerning the safety of the farming, the possibilities involved in the market of the current and alternative products. The support of these is especially important.
O	The improvement of the knowledge and age structure of the farmers	The item does not fit to the category „Possibilities” of the SWOT-analysis, because do not refer to external, positive effect. The item refers to useful matter from the aspect of the sector. We agree with the inclusion of the item after reinterpretation. The item is not supported. The item in its present form (age structure and the improvement of the knowledge, as possible leverage point) is not supported.
O	The increasing headway of the producers’ organization	The item does not fit to the category „Possibilities” of the SWOT-analysis, because do not refer to external, positive effect. The item is an access to the market promoting condition. In this form it is not supported. We do not suggest the inclusion of the item, however we suggest its integration with the last item.

	SWOT-item	Comments
O	The utilisation of the national raw materials, meeting the consumers' demands, preparing and sale of high quality products can be enhanced by marketing	We agree with the inclusion of the item. The item is not supported.
O	Formulation of coordinated, well operable product paths (production, processing, marketing), harmonizing the interests	The wording of the item is passive, the product paths shall not be formulated by themselves, they can be formulated, however in this case the item does not fit to the category „Possibilities” of the SWOT-analysis, because do not refer to external, positive effect. We consider the item to be important and suggest the transformation of its wording and its proper supporting.
O	Alternative energy production	The item does not fit to the category „Possibilities” of the SWOT-analysis, because do not refer to external, positive effect. After reinterpretation we suggest its inclusion. The item is not supported.
O	The increase of the added value of agricultural and forestry products	The item does not fit to the category „Possibilities” of the SWOT-analysis, because do not refer to external, positive effect. After transforming its wording we propose its inclusion.
O	The demand for forest by-products is increasing.	We agree with the inclusion of the item. Its support is missing.
O	The revitalisation of the processing of forest by-products	The item does not fit to the category „Possibilities” of the SWOT-analysis, because do not refer to external, positive effect. We disagree with its inclusion and suggest its incorporation into the previous SWOT-item.
	Threats	
T	The increase of the competitive disadvantage of the agricultural sector	The item does not fit to the category „Risks” of the SWOT-analysis, because do not refer to external, negative effect. The item is important from the sector's point of view, after reinterpretation and transforming its wording we agree with its inclusion. The item does not appear factually, although, some elements of the competitiveness, as descriptions are included in the material. The reasons of the strengths and weaknesses of the competitiveness are not recovered.
T	The decline of the remedy	The item does not fit to the category „Risks” of the SWOT-analysis, because do not refer to external, negative effect. The item is not supported. The item is too general, in its present form we disagree with its inclusion, we suggest its reinterpretation.
T	The producers' market loss, the repression of the production, tensions in employment and subsistence	The item does not fit to the category „Risks” of the SWOT-analysis, because do not refer to external, negative effect. The item mentions important questions, therefore we suggest to keep it, however its reinterpretation is necessary, in order to establish SWOT-based sufficient strategy. If the item relates to agricultural producers, its support is missing.
T	The increase of regional differences	We disagree with the inclusion of the item in this form, its specification is required. The item is not supported.
T	The unimplemented developments maintain the environment damaging production procedures	We agree with the inclusion of the item. The item is not supported.



	SWOT-item	Comments
T	The price reducing efforts and import purchasing of the multinational firms and retail networks	We disagree with the inclusion of the item and suggest its incorporation to the market loss category during the transforming of its wording. The item is supported, without data. If it is relating only to the food processors, we suggest the expansion of the item in connection with the market loss of the processors, and suggest its inclusion.
T	The price-sensitive consumer demand prefers purchasing the cheap, often low quality and content imported goods	We agree with the inclusion of the item. The item is not supported.
T	The decline of natural and landscape values, the decrease of biodiversity	We agree with the inclusion of the item, it is not supported.
V	The possible reform of Common Agricultural Policy	We agree with the inclusion of the item, it is not supported.
V	Further decline the already weak remedy capacity	We disagree with the inclusion of the item and suggest its integration with „the decline of the remedy” item.
V	During the improvement of the competitiveness, the sustainability and the requirements of the environment protection are not considered	We agree with the inclusion of the item, it is not supported.

### *The determination of the key development areas*

The subsection can be find in one unit with the SWOT of the axes I and II, but among the key development areas it contains statements concerning the axis II very restrictedly. Our comments are shown in the table below:

*Table 3. Report on the key development areas connecting to Axis I.*

Key development areas	Comments
(1.) In the agricultural economy, next to the general capital insufficiency, the shortage of development sources and the unjustified development and surplus of some producing capacity are simultaneously present.	We partially agree with the statement, the capital insufficiency is not a real statement for all farming category. The lack of the capacity concordance is not supported by data in the material. The direction of the development is not determined.
(2.) Due to the ownership and organisational changes, the establishment of the (economical, technological) concordance between the size (form) of farming and the producing capacities, proceeds very slowly, the allocation of the development sources is not sufficiently reasoned and is uneven.	We agree with the statement, although its establishment is not thorough in the material. We agree with the statement relating to the allocation of the development sources, it is not supported in the material and it is not a key development area.
(2.) The diversified – considering its size and form – farming system of the agriculture is characterized by a very simple production- and activity structure.	We agree with the statement, the key development area is not determined.



Key development areas	Comments
(3.) The agriculture is characterised by excessive – in many cases even not conforming to the production potentials – production orientation, and the effectiveness of the utilization of the potentials of the increasing of the cost efficiency, utilizing the environmental potential, conserving the rural life style, improving the life quality is much more modest.	We agree with the statement, it is a key development area, it is not sufficiently supported in the material.
(4.) There exist no well operable regulating system, development (handling) strategy for the separate handling of the agriculture exposible to the market competition (competitive agriculture) and the social purpose agriculture.	We agree with the statement.
(5.) The changes of too structured plant structure are very restricted, the establishment of the mid-sized, economically viable, market competition exposible farms is slow.	We partially agree with the statement, the structured plant structure, provided that the product structure is suitable, can be healthy.
(6.) Despite the slow asset concentration, the estate structure is still extremely frittered away, therefore the earliest implementation, encouragement of land reform is invariably timely. In the land use, following our EU accession, due to the relatively high proportion of the tenure of land, the uncertainty of the land use, the very significant increase of the rent comparing to the profitability cause trouble invariably.	We partially agree with the statement, the separation of the estate and the land use, in our opinion, does not obstruct the establishment of the profitable farm size. The issue of the rents is out of the scope of the of development sector policy, it is a market category.
(7.) The population involved in agricultural activity decreased significantly in the last years, the age structure of the family manpower of the private farms worsens dramatically.	We agree with the statement.
(8.) The qualification level of the private farmers, especially compared to the altered farming conditions, is unsuitable. Their knowledge on the complex farming (plant economy, plant operation, finance and marketing), and concerning the EU (support possibilities, requirements, preparation of application) is especially insufficient. The absence of the practical knowledge, practical training manifests more and more obviously, and the service, advisory system is not sufficiently developed either.	We agree with the statement, although its establishment is not thorough in the material.
(9.) The agriculture is characterised by the uneconomical and conflicting interests generating separation of the product paths (production – processing –marketing). The organisation level of the integrations is differentiated in each sector, the absence of the cooperation is more typical. The headway of the producers' organisations is rather slow.	We agree with the statement.
(10.) The primary food-processing is characterised by the predominance of the small and medium sized businesses, where the lack of capital enhances the drawback in competition, and powerfully restrict the quality, food safety and environment protection developments, conform with the EU regulations.	The statement (the predominance character) is inaccurate, and does not define development direction concerning the processing SME-s.

Key development areas	Comments
(11.) The standard of the forestry is invariable restrained by the high number of unskilled forest farmers, having frittered away areas. The organisation of forest farming affiliations is unsatisfactory either. However, the bigger share of the aforestations is realised on private forest areas, which can serve as an encouraging starting point for the forestry development of next planning period.	The statement contradicts to the corresponding chapter of the Situation Analysis, and with the relevant SWOT-item (the presence of long-term forest farming schedules). We agree with the statement concerning the level of organization of the forest farmers, although it is not supported by data.

## Environment and rural development (Axis II.)

### *Defining the programmes, main points*

Due to its multifunctional nature—which is nowadays more and more recognized—agriculture, including forestry, plays a decisive role in the protection of natural resources and, on the other hand, can also be a determining factor as a burden on environment.

The European Agricultural Fund for Rural Development (EAFRD) has the following subsections with regard to this field:

- Sustainable utilization of agricultural areas
- Sustainable utilization of forestry areas
- Setting the areas

Among the EAFRD Decree, Axis 2. subsections, the first two contain promotable measures, the part “setting the areas” contains additional specifications as for the definition of promotable areas.

Axis 2 requires an approach different from Axis 1, since the subject-matter here rather concentrates on reaching a certain state, and it is not so much project-oriented. Therefore, while analysing the situation—in addition to SWOT-analysis—it is not the driving forces of Axis 1 we are after, instead, we need to clarify the presence of those elements that refer to the sustainability of the natural environment, as an opportunity to develop the rural environment.

In light of this, the main points have been defined as follows:

- Natural and environmental capacities and status
- The role of agriculture in preserving the natural environment and rural environments
- The preservation of rural environments
- Animal welfare
- Environmental sustainability—a tool and a burden

## *The presence of main points in the analysis*

### *Natural and environmental capacities and status*

The natural environment of Hungary is something of a fact, we agree on its description.

The measures of the 2 axes highly concentrate on the issues of the multifunctional agricultural model as an agricultural sector with reasonable environmental responsibility.

On the basis of this, assessing it *ex ante* we find it fundamental to put emphasis on biodiversity.

A high degree of biodiversity needs to be sustained in order to maximize the survival potentials of a certain community. As for biodiversity, a monitoring system operates in Hungary which can be enabled to evaluate the effects of agricultural activities' biodiversity.

### **The role of agriculture in preserving the natural environment and the preservation of rural environments**

Agriculture moves more and more towards intensive agriculture, using greater amounts of chemicals to cover itself against production risks. This process leads to decreasing biodiversity.

Indeed, within the framework of the national rural development plan, a large number of farmers have gained financial support (partly under the umbrella of the agricultural development programmes), several of whom are so-called large-scale farmers. On the other hand, among the agrarian and environmental activities, the majority of the applicants was formed by the simplest models that require minimal administration.

These first steps are quite relevant in agrarian and environmental management; however, this is still not the sign of environmental awareness, but plays a role in mobilizing significant additional funds.

The delays in the programmes—launched as late as 2004—of agrarian and environmental management lead to the problems that rise in connection with the environmental role of agriculture. Payments of the Nature 2000 programme have not started yet in Hungary, which extremely keeps agricultural production from playing a potentially decisive role in the protection of the natural environment and in the preservation of rural environments.

### *Animal welfare*

As for the implementation of some animal welfare measures, Hungary as a new member-state of the European Union was given a temporary exemption. This time period has not expired, and the country has to face remarkable challenges with regard to these measures. According to the EAFRD Decree, only additional solutions that have point beyond the given regulations can be supported within the frame of Axis 2. Provisionally, there is no widespread demand to implement it. The statement needs revising during the interim assessment of the national agrarian and rural development programme.

Axis 1 supports the conformity to animal welfare specifications.



*Environmental sustainability—a tool and a burden*

Environmental sustainability is a significant part of both developments and any activities of a maintaining sort see measures of EAFRD Decree, Axis 2. Sustainability, environmental aspects often put a burden on economically justified developments; or the different interpretation of certain specifications can easily lead to negative consequences (the ultimate costs of implementing the HACCP regulation might as well spoil small shops in the countryside). The establishment of regulations falls outside rural development's duty, but it is our *ex ante* evaluation that all these regulations make their influence felt in reaching the goals of rural development.

***The suitability of SWOT-analysis, its conformity with the analysis of the situation.***

Having processed the SWOT Table presented in the programme, and, secondly, due to the proposed amendments (new items are emphasized in beige background in the Table) issued during the SWOT Workshop held on 8 June 2006, the following reflections have been made in connection with the SWOT-items. (See Table)

*Table 4 Report on SWOT items connecting to Axis II.*

	SWOT item	Comments
	Strengths	
S	On forest areas a multi-purpose, long term farming is done according to a forest plan	We agree that the item is included in axis I, here we disagree.
S	facilities of game management are good	The item is a general statement, has no special content, rephrasing is suggested. We disagree that the item is included (During the SWOT workshop day the item was excluded from the SWOT analysis).
S	Low environmental load	The phrasing of the item is too general. The item is considered to be important, therefore correction is suggested. The item is mostly supported.
S	Rich biodiversity	The item is extremely important, but is not supported sufficiently. We agree that the item is included.
S	Rich natural values	We agree with the inclusion of the item, it is partly supported.
S	The presence of extensive farming methods	We agree that the item is included, its establishing is exemplifying, it meets the practical of the Situation analysis requirements from this aspect.
S	farmers have recognized the needs for environmental protection/maintaining set against agriculture , and the possibilities included.	We agree that the item is included, its establishment is missing.
S	The several years long past of public welfare forest management	We disagree with the inclusion of the item in its present form, emphasizing one from among the methods of forest use without mentioning the others does not mean special strength category from the direct natural environmental aspect. It is good for changing the sense, and has other advantages, but rephrasing of the item is necessary. Its support is insufficient in the material.

	SWOT item	Comments
S	In relation to native animal species we have proper practice, and with systems and in most cases with basis aiming at the maintenance of genetic basis.	We agree that the item is included, it is considered important. Its support is insufficient in the material.
S	Continuous, well balanced afforestation programme.	We agree with the inclusion of the item, its support based with data are partly proper.
	Weaknesses	
W	Environmental-friendly technologies are not well spread, the protection and maintenance of resources are not proper	We consider the item to be very important, its support is not sufficient. We agree that the item is included.
W	Areas having natural values, and their proper handling is not solved	The item is considered to be very important, we agree that it is included. The item contradicts to the material, its support is inadequate. It is proposed to harmonize the item with the Situation analysis, and its correction.
W	The lack of knowledge in environment management	We agree that the item is included, its establishment is missing.
W	Measures relating to environment management are under financed	We agree with the inclusion of the item, its support and the exploration of conclusions is missing.
W	Ratios of procedures really measurably improving environmental protection and conservation are not sufficient (environmental aspects are not shown up in agricultural production	We agree that the item is included, its establishment is missing. The item is considered to be especially important.
W	The ratio of locally produced bioenergy/biomass utilization is very small	We disagree with the inclusion of the item in its present form, although it means an important issue.
W	The local sale of goods produced in small farms for local markets is difficult	The item is not directly relevant in the subject of environmental protection.
	Opportunities	
O	The spreading of alternative energy supply, agricultural environmental management	The item is inadequate to the SWOT-analysis „Possibilities” category, as it is not referring to an exterior, positive effect. We propose the division of the item. The first part of the item - according to the ERDF Regulation – is nearer to restructuring. Biomass production with energetic aim on lea-lands, or on areas fallowed can be an alternative activity, though areas with definitely bad facilities are not proper for biomass production with energetic aim. We propose the correction of the item. Not one part of the item is supported.



	SWOT item	Comments
O	The increase of the added value of forest management and the wider production of forest by-products	The item is inadequate to the SWOT-analysis „Possibilities” category, as it is not referring to an exterior, positive effect. The item is not with environmental but with market approach, and in this aspect serves mainly competitiveness according to axes I.. We disagree with the inclusion of the item. The item is not supported.
O	The improvement of the environmental condition, by developing the conditions of extensive agricultural production and of nature-close forest farming	The item is inadequate to the SWOT-analysis „Possibilities” category, as it is not referring to an exterior, positive effect. The item is extremely important, we agree that it is included. The rephrasing of the item is proposed to a „Possibilities” type SWOT item. The item is not properly supported.
O	With water retention, and governing the increase of local usable water supplies	The item is inadequate to the SWOT-analysis „Possibilities” category, as it is not referring to an exterior, positive effect. The item is partly a market category, its natural/environmental content is not proper. Its rephrasing is suggested, after this, we agree with its inclusion. In its present form it is refused. The item is not supported. (not included)
O	The increase of farming by utilizing the game protection target programme	The item is inadequate to the SWOT-analysis „Possibilities” category, as it is not referring to an exterior, positive effect. According to the ERDF Regulation there is no game protection target programme, there is no support in the material. (not included)
O	Further rationalization of land use	The item is inadequate to the SWOT-analysis „Possibilities” category, as it is not referring to an exterior, positive effect. The item is not properly supported. The item is too general, it is not proposed for inclusion in its present form. (not included)
O	The spreading of traditional farming methods and those requiring high amount of manpower.	The item is inadequate to the SWOT-analysis „Possibilities” category, as it is not referring to an exterior, positive effect. The rephrasing of the item is suggested, the requirement of living manpower is not natural environmental category in this form, however, traditional farming methods are. The establishing of the item is exemplifying, it meets the practical criteria of the Situation analysis from this aspect.
O	Saving soil fertility, therefore decreasing the possibilities of soil degradation	The item is inadequate to the SWOT-analysis „Possibilities” category, as it is not referring to an exterior, positive effect. We agree with the inclusion of the item, but with a modification that directly refers from among the possible soil fertility saving methods to advantageous solution from natural environmental aspects, (to the present wording fertilizing can also be understood). The item is supported.
	Threats	
T	Soil degradation can cause irreversible damages in natural heritages.	We agree with the inclusion of the item, it is supported.
T	farming conditions and market chances of private forest owners are worsening.	The item is inadequate to the SWOT-analysis „Dangers” category, as it is not referring to an exterior, negative effect. The item is not aiming a direct environmental danger, it approaches the issue through a market category, rephrasing is proposed. After modification, we agree with placing the environmental effects into the focus.
T	Extreme water balance situations (flood, internal water, drought) decrease the safetiness of agricultural production	We agree with the inclusion of the item, it is supported.

	SWOT item	Comments
T	Biological decline of natural and landscape values, the decrease of biodiversity	We agree that the item is included, its establishment is missing.

### *The determination of the developmental key areas*

Among the developmental key areas of the agricultural sector the material referring to the development of environment and countryside mentions 1 item according to the table below. The expansion and the further specification of the theme is considered to be important.

*Table 5. Report on SWOT items connecting to Axis II.*

Developmental key areas	Comments
(12.) Activity diversification connecting to agriculture or only loosely connecting activity, association of activities, the establishment of environmental conscious farming among those living in the countryside is essential – and encouraged by all means – need the change of approach.	We agree with the statement.

## **Quality of life and the diversification of rural economy (Axis III.)**

### *Defining and main topics*

The sub sections according to the ERDF Regulation in Axis III are as listed below:

- Diversification of rural economy
- Improvement of life quality
- Training learning skills

The quality of life is partly an economical question, but questions being outside of the economy - on long turn inevitably - play role with at least as much emphasis, that are indirectly have positive effect on the development of economy (traditions, the strength of local communities, local identity, etc.). All these are included in the passing, mediating and maintaining of relevant knowledge.

The main topics based on those mentioned above are determined as follows:

- Inhabitants
- Local communities
- Training and profession
- Services and infrastructure
- Job opportunities



The main topics in some instances cannot be expressed by numbers, or there are no official statistical data for them. In such cases it is suggested to cite analysis done in a wider scope – that is also appearing in some parts of the material – is there had been such research and study evaluation made.

### *The handling of the main topics in the Situation analysis*

#### *Inhabitants*

We agree with the statement referring the rural inhabitants. As a supplement it is stated – and it is obviously known by the designers- that inhabitant retaining ability besides rural development depends on other factors (e.g. willingness of banks to finance village building) to what the programme has no means, and yet significantly influence the achievement of the programme.

#### *Local communities, inheritance*

The strengthening of the local communities is an added value to the measures of rural development that as multiplier effect can influence the development of economy, and the life quality independent of financial prosperity. The Situation analysis mentions the problems of local communities, including problems derived from emigration, and the disadvantageous processes originating from Roma immigration. The development of local communities aims at these social problems, and partly in community levels and partly through complex programmes strengthen the unity of the local society. We agree with the statements.

As ex ante evaluators, under local inheritance we mean not only the built inheritance and folk traditions, but all elements of rural life and all part units of their scale of values, including independency, willingness to take independent responsibility, and the need for and possibility of independent decision. In connection with the measures of axis III. the disappearance of these is the most important factor, establishing all effective development sustainability. Without these there will be no long term sustainable rural existence. Without the ability of independent responsibility rural inhabitants will not survive the effects of rural service-distraction accomplished in the name of administrative and other rationalizations. Moreover, the successful realization of the programme will be essentially influenced by the changes of regulation systems during the 2007-2013 period besides the ERDF measures of the rural development. The improvement of local communities, their strengthening helps to redeem the reduction of decrease in services, and therefore helps the rural survival.

Concerning the problems of local inheritance and local communities the material phrases those, and lists the main requirements, we agree with them.

In relation to local communities no target group is determined, as the reinforcement of local communities in all regions, settlements, communities of Hungary are extremely important concerning the multiplier effect of the topic.



### *Training and profession*

Qualification level of the rural inhabitants, the problems of those and their reasons are identified, as well as the main areas to be developed; and we agree with them. In the field of profession/ability encouragement of becoming an entrepreneur, letting the entrepreneurial thinking be known, and therefore establishing the ability to economic diversification is of outstanding importance. Without this, production centred thinking will not turn into market centred thinking, i.e. the bases for successful economic diversification will not be established from human resources point of view. At present most of the rural entrepreneurs are not seeking the ways of sale but resign to the fact that there is no possibility to change product, because there is no sound consumer demand. The healthy market attitude is missing from those rural entrepreneurs who are at present not working on area monopoly, that is the might need possible diversification. The qualification and ability of those working in the agriculture make on-farm or off-farm diversification possible only in a narrow area. We agree with statements referring to profession

### *Services and infrastructure*

The development of rural basic services and infrastructure can only partly be aimed at by the measures of ERDF. Concerning services due to non rural developmental regulations in Hungary the disadvantage of rural areas is significant, the Government's present short term regionalization with economic approach overbalances the supply of rural areas - already being in disadvantageous situation – with services, it is enough to think of post offices schools, and we are to facet he reforms of health and government system. These are changes that in their effects are more significant in the negative direction (decrease the inhabitant retaining ability) then in the generally positive one, which might be achieved by the rural developmental measures of ERDF. It can be supplemented with the fact, that certain bank do not finance private house purchase, and therefore the service competition gets narrower in rural areas that is economically disadvantageous to the rural inhabitants.

In connection with the spreading of economic services the problem emerges differently, as it is regulated by economic lawfulness, where necessary economic services appear quickly competing with one another. On such areas regional problem is the lack of starting the development of the economy due to the absence of economic services. These services are regularly following ones, that is, the demand should appear for such services, and these in themselves do not create market in the countryside. The reason for this is the higher density of enterprises in larger cities that means a connection system that can be operated more effectively from the side of the service providers. A further problem is, concerning service providers, that they offer similar service price level, as in cities with greater economic potential. Naturally, it cannot be expected that they should gain less money for their job, but it is a fact, that higher prices prevent the forming of economic services in a wider scope.

If not the greatest, the provision of the participants of the rural economy with up-to-date information is still a problem. This problem does not apply to the given economic circumstances, but to market forecasts, to long term thinking from the aspect of evaluating the necessity of activity or product diversification that might emerge.

Concerning infrastructure, it is of outstanding importance that rural settlements are difficult to be reached physically and through information channels; - this is a great problem. this includes the poor quality of road network, involution in the name of rationalizing of public transportation, difficulties of rural families in the field of car keeping, and the lack of coverage of certain areas by mobile-phone networks, and the lack of a possible up-to-date internet connection.

In infrastructural relation further problem is the lack of spreading of the use of renewable energy resources.



### *Job opportunities*

On countryside there are two major problems concerning the working possibilities, One of them is the small number of workplaces, the other is the relatively high number of the unemployed people unwilling to work.

From the aspect of creating workplaces, the rural areas are not attractive, the bigger employers settle in the regional centres. This has company-seat selecting reasons, and the minimizing of the leaving barriers, the maintenance of the later marketability. These are economical regulating mechanisms, there is nothing to do with them with rural development measures. Concerning the workplaces the next problem is the existence of suitable skilled manpower, which is a considerable problem on countryside. Concerning this, the manpower adaptive capacity promoting character of the training in the countryside is an effective help in improvement of the employment conditions.

The low social appreciation of the self-employment, and the absence of the self employing ability among the rural population, is a considerable problem connecting to the increasing of the working possibilities in Hungary. The major part of the rural population of the age of employee, shows higher willingness to be employed at a workplace, work out the necessary time there, and after refraining from such economic activity, which would contribute to the improvement of his living conditions. This trend is stronger and stronger among the youth. This makes the rural population of the age of employee defenceless, which restrict the later capacity for changing of working activity and in the present economic situation it shall not be able to take a new job after discharge, so contributes to the increasing of the rural unemployment. The improvement of the capacity of the rural population to take the responsibility, is a major contribution to the increase of the working possibilities and through this to the improvement of the employment. In the development of this, as ex ante evaluators, we see great possibility.

On the countryside the social network which – may be, that due to its economic interest -adopt the matter of unemployed, and taking the local social responsibility, and realizing the social deviances originating from the unemployment, organizes the village employment network, is absent. The reinforcement of the local communities provides help in coping with this problem as well, we see considerable development potential in this.

We, as ex ante evaluators, consider the problems of the quality of life of the disadvantaged target groups, especially in case of the Romas, to be similar. In relation of the target groups mentioned, the greatest problem is that given solutions not taking into consideration or only to a smaller extent, the different cultural features of these social groups, and at implementing the solutions intended to be custom-tailored, they evaluate with identical measures as the mainstream programmes.

### ***2.5.3. The suitability of SWOT-analysis and its harmony with the situation analysis***

With the processing of the SWOT-table provided in the programme and with its supplementation with the modifying proposals of the SWOT-workshop day held on the 8th June 2006 (shown in drab background) the evaluators phrase the following comments in connection with SWOT-items.

Table 6. Comments on SWOT-items in connection with Axis 3.

	SWOT-item	Comments
	Strengths	
S	Rich cultural heritage, natural resources, variable regional conditions.	Expanded
S	Healthy, peaceful place to live	We agree that the item is included, but we propose transforming its wording so as to help it better convey the meaning of strength. The item is not supported with argumentation.
S	In rural settlements, the density of basic infrastructure is convenient with the exception of homestead areas, small village- and peripheral regions.	We agree that the item is included, it is partly supported with argumentation.
S	The rural areas' economic and cultural heritage, their natural and habitat properties serve as suitable ground for the development of economic activities in the non-agricultural sphere, as well as in other supplementary fields (world-heritage sites, architectural heritage, archaeological values, folklore, traditions).	We agree that the item is included.
S	Well-skilled craftsmen communities, professionally established panels of experts to judge folkloric arts and crafts.	We agree that the item is included, it is not supported with argumentation.
	Weaknesses	
W	The cultural values of rural areas are almost never exploited properly, the sustained utilization of natural resources also remains at a low level.	The item is not included in this form; parts of it have been reorganized into other items.

	SWOT-item	Comments
W	Small village regions give an overall deteriorating picture of themselves.	Not included.
W	Characteristically, public utility services are not always easily available for all inhabitants.	
W	The means of subsistence, that are not based on agriculture, are slowly spreading.	Expanded.
W	Reduced economic services and auxiliary infrastructure (sales, logistics, communication networks).	Transformed wording.
W	Low and ever decreasing economic activities in rural areas, a great number of 'involuntary entrepreneurs.'	We agree that the item is included, it is well supported.
W	Long established productive sectors with low profitability are of great importance in rural areas; the means of subsistence, that are not based on agriculture, are slowly spreading.	We agree that the item is included, it is partly supported with argumentation.
W	In rural areas, the capital attractiveness and the degree of knowledge intensive employment should be improved.	We agree that the item is included; while it is well-supported with argumentation, it lacks sufficient data.
W	The enterprise potential and the innovative capacities of the rural population is low; in the absence of the necessary abilities and own strength, they are less likely to make use of development programmes.	We agree that the item is included; the account of the prevailing conditions is not well-supported.

	SWOT-item	Comments
W	Lack of certain practices, e.g. partnership, well-functioning networks.	We agree that the item is included, the account of the prevailing conditions is not well-supported.
W	Poor promotion of traditional arts and crafts, lack of public recognition, vague practice of sales.	We agree that the item is included, the account of the prevailing conditions is not well-supported.
W	The utilisation of renewable energy in the private and public sectors has not gained ground so far.	We agree that the item is included, the account of the prevailing conditions is not well-supported.
W	Disparities as for the quality and regional heterogeneity of village tourism; a lack of integration.	We agree that the item is included, the account of the prevailing conditions is not well-supported.
W	Insufficient legislation in the field of direct marketing small-scale producers' products through tourism.	We agree that the item is included, the account of the prevailing conditions is not well-supported.
W	Infrastructure and service industries available for enterprises require improving.	We agree that the item is included, the account of the prevailing conditions is not well-supported.
	Opportunities	
O	Natural and cultural values are to be appreciated; the importance of healthy environment should be underlined.	The item is not included in this form; parts of it have been reorganized into other items.
O	A growing social demand on the utilization of renewable energy sources.	Transformed wording.
O	A growing and sound demand on foodstuffs that have been produced in more environment-friendly ways.	It has been reorganized into other items.



	SWOT-item	Comments
O	Cultural heritage comes to the fore worldwide.	We agree that the item is included, the account of the prevailing conditions is not well-supported.
O	A growing demand on products and services that are safe, healthy, and bear the marks of certain regions, with respect to the considerations of the labour market and ensuring the protection of values.	We agree that the item is included, the account of the prevailing conditions is not well-supported.
O	By means of the development of information and communication technologies, the capital attractiveness of peripheral areas is going to be increased, isolation is reduced.	We agree that the item is included, the account of the prevailing conditions is not well-supported.
O	In line with European trends, the options of energy sources available in rural areas (e.g. biomass) are to be re-evaluated; a high value is to be set on healthy environment and natural values.	We agree that the item is included, the account of the prevailing conditions is not well-supported.
O	A gradual presence of tourism's multiplier effects in the fields of agricultural products and services utilized in village tourism.	We agree that the item is included, the account of the prevailing conditions is not well-supported.
O	The reduction of infrastructural drawbacks emphasizing environment-friendly solutions as part of the EU's cohesion policy.	We agree that the item is included, the account of the prevailing conditions is not well-supported.
	Threats	





	SWOT-item	Comments
T	The migration of active, well-trained labour force is going to continue, similarly to the ageing and the decrease of rural populations in small village regions.	Transformed wording.
T	As a consequence of functional changes in rural areas (such as agglomeration or resort villages), existing values and unique characteristics are going to disappear.	We agree that the item is included, the account of the prevailing conditions is not well-supported.
T	As a consequence of the falling natural increase in population and the migration of the active, well-trained labour force, depopulation and deteriorating age-structure of the population is going to occur.	We agree that the item is included, it is well-supported.
T	The importance of agriculture in employment keeps falling; yet this phenomenon will not be followed by the development of non-agricultural economic activities.	We agree that the item is included, the account of the prevailing conditions is not well-supported.
T	As a result of the intensifying migration into urban areas, a strong regional concentration can be expected.	We agree that the item is included, it is well-supported.
T	Commercializing and a general value crisis in trade and in public opinion is going to show an upward tendency.	We agree that the item is included, the account of the prevailing conditions is not well-supported.





	SWOT-item	Comments
T	As a consequence of a lack of financial sources, in the fields of culture and traditionalism, it will be difficult to be respectful of traditions.	We agree that the item is included, the account of the prevailing conditions is not well-supported.
T	The security of property and public safety is going to change for the worse.	We agree that the item is included, the account of the prevailing conditions is not well-supported.

## *Defining key development areas*

As for the key development areas regarding the realignment of the most backward regions (as a subject matter), our comments will be the following. See Table.

*Table 7. Comments on the key development areas in connection with Axis 3.*

Development priorities	Comments
Low entrepreneurial skills; micro companies are prevalent; lack of integration; the low range of service industry is a proof of the economic dynamism that is lagging behind that of urbanized areas especially in the south, the eastern parts of the country, and in small village areas, of course. In rural areas, the falling economic strength of agriculture is not satisfactorily compensated by alternative and/or supplementary non-agricultural economic activities.	We agree that the statement is correct, the subject matter is well-supported with argumentation, but there is a relative lack of data and references on the basis of analysis.
(2.) In the structure of the economy, the less profitable sectors and activities are in majority, so the earnings of the enterprises and the employed lag behind townspeople's earnings, and behind the national level as well. The larger scales of manual workers and those with lower educational level, as well as the falling degree of the working population are another factor that reinforces the income conditions.	We agree that the statement is correct, while it lacks sufficient data, it is well-supported with argumentation.
(3.) The unemployment rate is more than twice the national average, especially in small settlements, which is due to the critical labour market situation. For people with higher qualification it is hard to find a suitable job; on the other hand, the employment of low skilled social groups, e.g. the Roma population, is also very problematic. All this leads to migration in the case of the former, and to unemployment, deviation, and disappearing from the labour market in the case of the latter group. The migration of those with higher qualification results in the lack of strong knowledge base in the countryside.	We agree that the statement is correct, while it is not well-supported with trends, it is well-supported with argumentation.
(4.) The service industry that helps restructure the economy and strengthen local enterprises are concentrated into towns, which makes it rather difficult for the rural population of peripheral areas to obtain them. Logistics, information networks, the number and capacity of organizations and networks are all unsatisfactory to reach efficient sales and marketing. With regard to basic services, small villages and homestead areas are still very problematic.	We agree that the statement is correct, it is partly supported in the analysis.

Development priorities	Comments
<p>(5.) Basis infrastructure has improved a lot in rural areas, however, in small villages and peripheral and homestead areas public supplies still need improving (sewerage system, periphery roads, electric network, drinking water etc.). The basic infrastructure, that is necessary to achieve the development of the entrepreneurial sector, is insufficient; the utilization of info-communication facilities is weak (with regards to both equipment and skills). The field of renewable energy resources is almost completely unexploited.</p>	<p>We agree that the statement is correct, it is partly supported with data.</p>
<p>(6.) Developing village tourism is one of the key areas of economic diversification. In order to intensify this phenomenon, an abundant supply of agro tourism, supported by the cooperation of regions, is required; a service and marketing network also needs to be established that help direct marketing of local enterprises. In addition to this, training in the field of tourism and catering is not satisfactory.</p>	<p>Overall, we agree that the statement is correct; within the domain of opportunities the question of demand needs further analysis.</p>
<p>(7.) Rural areas have their own special, characteristic and remarkably various cultural heritage, which is a cultural and economic resource at the same time. Therefore, it is rather important to protect these values, and to ensure its sustainable management. As a matter of fact, this is of great importance with regard to regional development, tourism, economic diversification, culture and local communities.                      Alongside the protection of values, it is just as relevant to increase value, especially in settlements with no architectural values, or no remarkable image.</p>	<p>We agree that the statement is correct, it is partly supported.</p>
<p>(8.) There is no considerable synergic relationship between local developments.</p>	<p>We agree that the statement is correct, we propose it for further analysis, it is partly supported.</p>

## Leader (Axis IV.)

### *Defining the programmes, main points*

As Axis 4 (Leader) does not have subsections, and the approach is standardized, no main points are differentiated.

Leader is still taken as a novel idea in Hungary apart from the fact that before the country's accession to the EU, there used to be a Leader programme, moreover, for the time being there is another Leader programme which has been launched by the Ministry of Agriculture and Rural Development, under the umbrella of the Agricultural and Rural Development Operational Programme (AVOP). At the



moment, little is known about the practical application of the approach and the problems involved, but some of the difficulties can be drawn from the progress of AVOP's Leader programme.

The implementation is significantly delayed, which is actually an obstructive factor in the widespread understanding of Leader's importance and its policies. Skills have to be improved; local planning and operational mechanisms all have to be cleared.

The obtainable sums of money per application are relatively small with regards to the complexity of the system. Leader supports smaller projects, and the obtainable sum of money is less than half of the accounted costs, if the application is submitted by a company. This raises no problem itself, because the smaller the amount of support, the more likely the project is further ensured at a higher rate. The problem arises when it comes to the complexity of the application system and decision mechanisms. The application form is too much complicated; in addition, it makes no differences between the legal entities of the potential applicants, nor between the types of financial commitments involved. Due to the standardization, there are some headings in the form that simply make no sense in the case of projects which otherwise are in line with the policies of Leader, a phenomena that ends in losing some scores in the final assessment.

In contradiction to the original Leader policies based on local decisions, new assessments are implemented in the application procedures which use a scoring method that is less able to judge the applications in local circumstances. On the other hand, according to the new method, the final decision is made by a central administrative authority independent from any region, in spite of the previous practice, when decisions would be made by the Local Action Group.

The principal responsibility of the final decision lies with the head of the managing authority, a decision that cannot be challenged afterwards. This approach is totally opposed to the policies of Leader.

***The suitability of SWOT-analysis, its conformity with the analysis of the situation.***

Having processed the SWOT Table presented in the programme, and, secondly, due to the proposed amendments (emphasized in beige background in the Table) issued during the SWOT Workshop held on 8 June 2006, the following reflections have been made in connection with the SWOT-items. (See Table)

*Table 8. Comments on the SWOT-items in connection with Axis 4.*

SWOT-item	Comments
Strengths	

	SWOT-item	Comments
S	Significant local experience and willingness to initiate and implement integrated development programmes at small area levels. Economic activity is on the rise in some areas.	Transformed wording.
S	Significant local experience and willingness to initiate and implement integrated regional development programmes at small area levels. The activity of local communities is on the rise in some areas.	We agree that the statement is correct, its argumentation is not presented.
	Weaknesses	
W	Low entrepreneurial skills, innovative capacities and economic activity of the rural population.	Removed.
w	Weak synergy among local developments, poor integration.	Transformed wording.
W	A lack of initiatives and trust.	We agree that the statement is correct, but there is no adequate argumentation.
W	Weak synergic relationship among local developments.	We agree that the statement is correct, but there is no adequate argumentation.
W	Public utility services are not always easily available; there is a lack of non-profit solutions; as for the existing services, there are significant regional differences between the quality of services.	We agree that the statement is correct, the argumentation is partly presented and incomplete.
W	Poor security of property in small villages and homestead areas.	We agree that the statement is correct, but there is no adequate argumentation.
	Opportunities	
O	An increasing demand on intensifying the relationships between regions and rural-urban areas.	Transformed wording.

	SWOT-item	Comments
O	The majority of rural population show a willingness to develop partnership and implement projects that are based on local resources and solutions.	Transformed wording.
O	By means of the development of information and communication technologies, the capital attractiveness of peripheral areas is going to be increased, accessibility is improved.	Removed.
O	A growing regional and rural-urban integration; more developments are implemented that are based on local resources and solutions.	We agree that the statement is correct, but there is no argumentation.
	Threats	
T	Segregation becomes stronger, further ghettoization of certain areas, deteriorating security of property.	Removed.
T	Agriculture keeps losing ground, which is not compensated by new economic activities or else.	Removed.
T	The accessibility of rural areas keeps falling (roads, public transport).	Removed.
T	Security of property and public safety keep deteriorating.	We agree that the statement is correct, but there is no argumentation.

### ***Determining key development areas***

No key development areas have been determined in connection with Leader.



## SWOT table

Below the final SWOT table is presented:

<b>Strategic goals:</b>	<b>Strengths:</b>	<b>Weaknesses:</b>
<p><b>Agriculture and food processing</b></p> <ul style="list-style-type: none"> <li>restructuring production,</li> <li>improving quality of production,</li> <li>operation of product-lines,</li> <li>improving competitiveness</li> </ul> <p><b>Environmental conditions</b></p> <ul style="list-style-type: none"> <li>Improvement of water management systems,</li> <li>sustainable use of agricultural land,</li> <li>conservation of biodiversity,</li> <li>restoring the effects of climate change</li> </ul> <p><b>Rural economy</b></p> <ul style="list-style-type: none"> <li>Improvement of the quality of rural life,</li> <li>accessibility to sustainable living standards</li> </ul>	<ul style="list-style-type: none"> <li>Outstanding ecological and habitat features</li> <li>Particularly good habitat features for countryside-specific products with unique quality</li> <li>Rising aim of founding co-operatives</li> <li>Rich in environmental and natural endowments (tourism)</li> <li>High level biodiversity and low level environmental load</li> <li>High initiative of entrepreneurship in the rural society</li> <li>Healthy living conditions</li> <li>Co-operativity of local communities</li> <li>Traditional and special quality products</li> </ul>	<ul style="list-style-type: none"> <li>Imperfect rural infrastructure (civil, entrepreneurial, production, e.g. transport, traffic, working-site)</li> <li>Unfavourable age-structure of the agricultural workforce</li> <li>Incomplete professional, managerial, marketplace and marketing knowledge base of farmers</li> <li>Partitioned farm-structure and land management</li> <li>Alternative utilisation of poor quality agricultural areas</li> <li>Agriculture as a full-time activity only provides livelihood for a limited number of farmers</li> <li>Investments failed from lack of capital, obsolete production assets</li> <li>Obsolete technologies used for animal husbandry</li> <li>The coherence between the size and production capacity of holdings are not appropriate, certain activities obtain a low technical and technological level</li> <li>Livestock emplacement and animal welfare compliance is not adequate - environmental load</li> <li>Services supporting product chain, trading and logistic systems are underdeveloped</li> <li>Underdeveloped tertiary sector in rural areas</li> <li>Tumbled rural communities</li> <li>Lack of employment opportunities in rural areas</li> <li>Dynamic differentialization of village development, the critical state of villages in areas lagging behind, increasing depopulation</li> <li>Lack of space used by communities</li> </ul>

<b>Trends</b>	<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>The proportion and balance of the two main sectors (plant production and animal husbandry) has unfavourable consequences</li> <li>The genetic resources are endangered and not developing</li> </ul>	<ul style="list-style-type: none"> <li>Increasing demand for renewable energy resources</li> <li>Increasing demand for traditional and special quality products</li> <li>Extension of Eco-production</li> <li>Broadening the</li> </ul>	<ul style="list-style-type: none"> <li>The spread of extensive animal husbandry technologies</li> <li>Disproportionate increase in the costs of agricultural production</li> <li>The use of inappropriate adulterants endanger the supply-demand balance and the quality of the products</li> <li>The lack of up-to-date knowledge</li> </ul>





<ul style="list-style-type: none"> <li>▪ The change in nutritional behaviours, increase in quality expectations, moderate increase is overall demand</li> <li>▪ Due to the structural problems of education the demand for market and labour force qualifications do not meet the market expectations</li> <li>▪ Growth of internal and international demand for eco-products</li> <li>▪ Emerging and further aggravation of EU environment protection, animal welfare, quality assurance normatives and requirements</li> <li>▪ Transmigration from rural areas</li> <li>▪ Increase of the demand for alternative free-time activities</li> <li>▪ Moderate strengthening of degradation processes connected to agriculture</li> <li>▪ The market selection resulting from professionalism is increasing</li> <li>▪ Change of the CAP</li> <li>▪ The decrease of partitioned, uncultivated privately owned forests</li> </ul>	<p>activities of the rural population provides safer living conditions</p> <ul style="list-style-type: none"> <li>▪ Locally binding rural workforce – diversification of activities</li> <li>▪ Increasing interest for gastronomy, eco- and recreational tourism</li> <li>▪ Increasing portion of competitive holdings</li> <li>▪ Utilisation of forestry and timber industry can be increased</li> </ul>	<p>endangers the utilization of highly capable production sites</p> <ul style="list-style-type: none"> <li>▪ The out-of-date knowledge and the low level of adaptivity may be a long-term limiting factor for the rural population</li> <li>▪ The small village areas are socially tending to lag behind</li> <li>▪ Water management problems – surface water, irrigation facilities</li> <li>▪ Global warming</li> <li>▪ The decrease in size and quality of outstanding agricultural areas</li> <li>▪ Realized product surplus derived from agricultural production</li> </ul>
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<b>Strategies</b>	<b>Offensive strategy (measures)</b>	<b>Defensive strategy (measures)</b>
<ul style="list-style-type: none"> <li>▪ Development of competitiveness</li> <li>▪ Supporting groups of production</li> <li>▪ Competence centres, Dissemination,</li> <li>▪ Renewable energy plants</li> <li>▪ Natura2000 sustenance plan, KAT, AKG,</li> <li>▪ Observance of normatives</li> </ul>	<ul style="list-style-type: none"> <li>▪ 112. Setting up young farmers</li> <li>▪ 122. Improving the economic value of the forest</li> <li>▪ 123. Adding value to agricultural and forestry products</li> <li>▪ 124. Cooperation for development of new products, processes and technologies in the agriculture, food and forestry sector</li> <li>▪ 125. Infrastructure related to the development and</li> </ul>	<ul style="list-style-type: none"> <li>▪ 111. Training, information and diffusion of knowledge</li> <li>▪ 113. Early retirement of farmers and farm workers</li> <li>▪ 114. Use of farm advisory services</li> <li>▪ 115. Setting up farm management, farm relief and farm advisory services, as well as forestry advisory services</li> <li>▪ 121. Modernization of agricultural holdings</li> <li>▪ 131. Meeting standards based on Community legislation</li> </ul>





<ul style="list-style-type: none"> <li>▪ Encouraging entrepreneurial drive</li> <li>▪ Non-agriculture driven enterprises (e.g. rural tourism)</li> <li>▪ Equality of chances</li> </ul>	<p>adaptation of agriculture and forestry</p> <ul style="list-style-type: none"> <li>▪ 132. Participation of farmers in food quality schemes</li> <li>▪ 133. Information and promotion activities on food quality schemes</li> <li>▪ 142. Setting up producer groups</li> <li>▪ 226. Restoring forestry potential and preventive actions</li> <li>▪ 313. Encouragement of tourism activities</li> <li>▪ 341. Skill acquisition, animation and implementation</li> </ul>	<ul style="list-style-type: none"> <li>▪ 141. Semi-subsistence farming</li> <li>▪ 212. Payments to farmers in areas with handicaps, other than mountain areas</li> <li>▪ 214 (A). Agri-environmental payments</li> <li>▪ 214 (B). Preservation of genetic resources</li> <li>▪ 215. Animal welfare payments</li> <li>▪ 216. Assistance provided to non-productive investments</li> <li>▪ 221. First afforestation of agricultural lands</li> <li>▪ 222. First establishment of agro forestry systems</li> <li>▪ 223. First afforestation of non-agricultural land</li> <li>▪ 224. Natura 2000 payments</li> <li>▪ 225. Forest-environment payments</li> <li>▪ 227. Non productive investments</li> <li>▪ 311. Diversification into non-agricultural activities</li> <li>▪ 312. Support for business creation and development</li> <li>▪ 321. Basic services for the economy and rural population</li> <li>▪ 322. Village renewal and development</li> <li>▪ 323. (323.1) Conservation and upgrading of the rural heritage; (323.2) preparation of Natura 2000 maintenance/development plans</li> <li>▪ 331. Training and information</li> <li>▪ 411, 412, 413. Implementation of the local development strategies</li> <li>▪ 421. International and transnational cooperation</li> <li>▪ 431. Running costs, acquisition of skills and animation</li> </ul>
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## Coherence of the SWOT table and baseline indicators

Description	Quantification of the characteristics	Unit	Year	Source	Hungary	EU Members States	
						EU-15	EU-25
<b>Strengths:</b>							
– A significant portion of the country's territory has excellent characteristics as a production site (121)	Share of agricultural area from total area	%	2003	CSO, EUROSTAT	63,0	38,8	40,0
	Share of arable land from total area	%	2003	CSO	48,5	22,4	24,4
	Share of productive area from total area	%	2005	CSO	83,0		
– Sites for the production of region-specific products with individual quality (123)							
– Variety of landscape elements, rich ecological and natural characteristics (tourism)	Protected area	thous. ha	2005	CSO	836		
	National park	thous. ha	2005	CSO	485		
	Landscape protection area	thous. ha	2005	CSO	324		
	Protected natural area	thous. ha	2005	CSO	27		
– Expansion of cooperative efforts (142)	Number of producer groups	Pc	2006	MARD	208+71		
– Low environmental load (212, 214, 216)	Water quality: gross nutriment balance (nitrogene surplus)	kg/ha	avg of 2002-2004	MTA-TAKI, EUROSTAT	20,0	89	n.a.
	Annual changes in the nitrate contents of soil and surface waters (1992-1994 = 100%)	mg/l,	avg of 2000-2002	EUROSTAT	77,5	n.a.	n.a.
	Soil devastation of areas with the danger of soil erosion	t/ha/year	2004	EUROSTAT	0,41	1,94	1,64
	Nitrate-sensitive demarcated area within total area	%	2005	CSO, EUROSTAT	53,4	n.a.	n.a.
	Use of artificial fertilisers per one hectare of cultivated land (in active substance)	kg	2002	CSO	104	174	154
	High natural value areas with agricultural utilisation	million ha	2005	MARD	~1,4	26,54	30,78



– High biodiversity (212, 213, 214, 221, 222, 223, 224, 225)	Share of protected areas with national importance	%	2004	CSO	8,9		
	Forestation	%	2005	SFO, EUROSTAT (2000)	19,9	36,4	35,7
	Share of NATURA 2000 forest areas	%	2005	CSO, EUROSTAT	43,6	11,8	n.a.
	Protected forest areas:						
	- preserved without actual intervention	%	2000-2002	ÁÉESZ, MCPFE, EUROSTAT (EU14 and EU22-23)	0,2	1,83	1,69
	- preserved with a minimum of intervention	%	2000-2002	ÁÉESZ, MCPFE, EUROSTAT (EU14 and EU22-23)	3,6	1,79	1,66
- preserved with active operations	%	2000-2002	ÁÉESZ, MCPFE, EUROSTAT (EU14 and EU22-23)	0,6	3,75	3,71	
- preserved due to the maintenance of the landscape and of natural values	%	2000-2002	ÁÉESZ, MCPFE, EUROSTAT (EU14 and EU22-23)	15,7	9,96	10,64	
	NATURA 2000 arable and grassland areas in the agricultural area	%	2005	EUROSTAT	17,2	12,1	n.a.
	High natural value areas with agricultural utilisation	million ha	2005	MARD	~1,4	26,54	30,78
– Strong entrepreneurial capabilities in some groups of the rural population – increase in the share of market-oriented farms (311, 312, 313)	Change in the number of market-oriented farms (2000=100%)	%	2003	CSO	116,6		
	Change in the area of market-oriented agricultural business (2000=100%)	%	2005	CSO	128,8		
	Change in the number of village tourism accommodations (2000=100%)	%	2005	TEIR	133,0		
	Change in the number of guestnights in village tourism (2000=100%)	%	2005	TEIR	110,0		
– Healthy natural and living conditions in rural areas (313, 321, 323)							
Cooperation willingness of local communities	Towns and villages participating in the LEADER programme						
	- number	pc	2006	MARD	960		
	- share	%	2006	MARD	30,6		



Description	Quantification of the characteristics	Unit	Year	Source	Hungary	EU Members States	
						EU-15	EU-25
<b>Weaknesses</b>							
– Underdeveloped tertiary sector in rural regions (312, 313, 321)	Share of the service sector in rural regions (national rate = 100%)	%	2004	TEIR	54		
– Deficient rural infrastructure (households, corporations and producers; eg.: carriage, transport, sites) (125, 312, 58 Art.)	Households with access to gas supply network in villages, per 1000 inhabitants	pc	2005	CSO	246		
	Share of homes with access to utilities in villages	%	2005		89,8		
	Share of homes with access to wastewater utilities in villages	%	2005		34,7		
– Lack of employment possibilities in rural regions (311, 312, 313)	Employment rate (population of 15-64 years' of age)	%	2005	EUROSTAT	56,9	65,2	63,8
	Unemployment rate	%	2005	EUROSTAT	7,2	7,9	8,2
	Backlog of employment rates of rural regions in a comparison with national average	%	2005	TEIR	-19,0		
	Unemployment rate by the type of towns and villages	%	2005	CSO	7,1		
	- county capitals				9,9		
	- other towns				12,4		
	- villages (2-5,000 inhabitants)				16,0		
- villages (500-1,000 inhabitants)							
Share of inactive population in towns and villages with less than 1000 inhabitants	%	2000	CSO	70,0			
Share of employees commuting daily	%	2005	TEIR	61,0			
Share of businesses in rural regions (country, total = 100%) within all businesses of the country	%	2005	TEIR	30			
– Unfavourable age mix	Share of agricultural manpower above the age of 40 years	%	2003	CSO	62,2		



of agricultural manpower (112, 113.)	Average age of individual entrepreneurs - men - women	year	2003	CSO	53 60		
	Share of older individual entrepreneurs (above 54 years)	%	2005	CSO	52,0		
	Increase in the number of individual entrepreneurs above the age of 50 years	%	2003/2000	CSO	110		
– Insufficient skills of the farmers from the point of view of professional, farm management, EU-related, market and marketing skills (111, 114, 132)	Share of farm managers without professional qualifications, with practical experience	%	2005	CSO	79,8		
	Share of individual farmers with qualifications in agriculture - primary level - secondary level - higher education	%	2005	CSO	7,4 5,6 1,8		
	Share of individual farmers using computers and Internet	%	2006	MARD	30		
– Scattered character of land use, of landholding structure (112, 113, 125, /1.2.5.7./)	Average size of farms (as an average of all farms)	ha	2003	EUROSTAT	7,6	20,1	16,1
	Average size of land used by individual farms	ha	2005	CSO	3,5		
	Land structure of individual farms - below 5 ha - 5- 20 ha -20-50 ha - above 50 ha	%	2003	CSO, ECOSTAT	89,6 7,2 1,8 1,4	56,6 22,5 11,0 9,9	61,9 23,0 8,3 6,8
	Share of the area of individual farms - below 5 ha - 5-10 ha -10-50 ha - above 50 ha	%	2003	CSO	19,6 10,4 31,6 38,2		
– Inappropriate utilisation of low quality cultivation areas, from the point of view of their characteristics –	High natural value areas with agricultural utilisation	million ha	2005	MARD	~1,4	26,54	30,78
	Distribution of agricultural area - outside LFA - mountainside LFA - other LFAs	%	2005	MARD, EUROSTAT	84,9 0,0 6,7	51,61 4,77 36,45	44,55 16,26 35,59



alternative utilisation, forest/bio-diversity – (122, 212, 221.1)	- LFAs with specific hindrances				8,3	5,27	3,23
	Area of forests and other arboreal areas providing primarily soil and water protection (total forest area = 100%)	%	2000-2002	SFO, MCPFE	9,6	5,7 (EU13)	6,8 (EU22)
Agriculture provides a living only to few, as a core business (141, 142, 111)	Share of the population engaged in agricultural production, above the age of 15 years	%	2003	CSO	15,9		
	Share of full-time agricultural employees:	%	2003	CSO	9,0	3,9	5,1
		%	2005	CSO	5,0	3,7	4,9



– Investments postponed due to the lack of funds, obsolete production assets (justification for support to machinery) (121)	Tractor stock per 100 ha of agricultural area	pc/ 100 ha	2000 2005	MGI	1,9 2,1	4,9	
	Combines per 100 ha of agricultural area	pc/ 100 ha	2000 2005	MGI	0,2 0,2	0,3	
	Share of agricultural investments in total investments	%	2005	CSO	4,4		
	Average age of machinery and equipment	year	2003	CSO	~10-12		
	Engine performance per 1 ha of agricultural area	kW	2000 2005	CSO	2,2 2,1	5,2	
	Area cultivated by one tractor	ha	2003	CSO	48,7	19,6	
– Insufficient harmony between the size and production capacity of the farms, the technical and technology level of processing is too low (121)							
– Deficiencies in animal accommodation, animal welfare provisions, environmental burden (121, 131, 215) - (target 2)	Accommodation created with high-level breeding technology	ÁE	2005				
– Obsolete technologies in animal husbandry (121)	Number of animal farms in need of modernisation: - large-size pig farm - large-size poultry farm - small-size animal farm	pc	2005	MARD	299 247 3300		
– Services providing assistance to product paths, underdevelopment							



of the commercial, logistics systems (123, 124, 125)							
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<p>– Weakness of cooperation between the production of basic materials and processing, lack of quality tracking (123, 142)</p>							
<p>– Insufficient product development and quality systems (124 132)</p>							
<p>– String differentiation in the development of the villages, critical situation in the villages of regions on the decline, loss of population (322, 323)</p>	<p>Number of villages with less than 500 inhabitants</p>	<p>pc</p>	<p>2005</p>	<p>CSO</p>	<p>1046</p>		
	<p>Number of villages with less than 500 inhabitants</p>	<p>%</p>	<p>2005</p>	<p>CSO</p>	<p>33,2</p>		
<p>– Lack of community spaces (321, 323)</p>							
<p>– Disintegrated rural communities (321, 34, LEADER)</p>							



Description	Quantification of the characteristics	Unit	Year	Source	Hungary	EU Members States	
						EU-15	EU-25
<b>Opportunities</b>							
– Increasing demand for domestic products with excellent content value (123, 124, 132)							
– Expansion of eco-production efforts (214)	Size of the area involved in ecological farming, controlled or in the process of transition	thous. ha	2005	MARD, EUROSTAT (2003)	128	5099,2	5677,8
	Supported area of ecological farming	thous. ha	2005	MARD	76,0		
	Size of animal stock, eco-animals	thous. animal units	2005	MARD	16		
– Increasing interest in gastronomy, eco- and recreation, hunting tourism (213, 214, 313)							
– Traditional and special quality products (123, 124, 132)	Share of the production of quality wines in total wine production	%	2004	National Council of Wine Communities	58,7		
	Number of products belonging to the category of excellent quality certified food	pc	2005	MARD	350		
– Potential to increase the capacity utilisation in forestry and wood processing industry (122, 221, 222, 223, 226, 227)	Forrestation	%	2005	SFO EUROSTAT (2000)	19,9	36,4	35,7
	Primary afforestation in agricultural areas	thous. ha	2005	CSO	17,8		
	Share of forest deployment in indigenous, deciduous species of trees	%	2005	CSO	59,0		
– Increase in demand for renewable energy sources	Arboreal energy plantations	thous. ha	2005	MARD	~0		



(123)							
– Increase in the share of competitive farms (141)	Change in the number of market-oriented farms (2000=100%)	%	2003	CSO	116,6		
	Change in the area of market-oriented agricultural business (2000=100%)	%	2003	CSO	128,8		
– An expansion of the activities of rural population provides a safer living (311)							
– Expansion of extensive graze-based animal breeding (213, 214)	Agricultural area used for extensive graze	thous. ha	2005	MARD	420,0		
– Use of the manpower supply of rural regions – diversification of activities (311, 312, 313)							
– An expansion of the opportunities to earn a living for the Roma population (312, 321)							



Description	Quantification of the characteristics	Unit	Year	Source	Hungary	EU Members States	
						EU-15	EU-25
<b>Threats</b>							
– Increase or no decrease in the lack of professionals with modern and renewed skills (111)	Share of persons with secondary level and higher education qualifications in agriculture	%	2005	CSO	7,4		12,4
	Number of persons participating in training or re-training in food economy	pc	2006	MARD	16000		
– Outdated knowledge in rural population, low level of adaptability, as a long-term hindrance factor (114, 115, 121)							
– Decrease in the size of areas with outstanding characteristics and their deterioration in quality terms							
– Unproportionate increase in the costs of agriculture							
– (a CAP reform makes production surpluses impossible to be financed, increase in the uncertainty for the producers) (Ádám)							



– Inadequate propagation materials endanger the balance between supply and demand, the quality of products							
– Due to the lack of modern knowledge, the utilisation of the good characteristics is in danger	Share of persons with secondary level and higher education qualifications in agriculture	%	2005	CSO	7,4		12,4
	Number of agricultural enterprises making use of advisory services	pc	2006	MARD	1500		
– Problems with water management – excess surface waters, irrigation channels	The share of authorised irrigation area within total agricultural area	%	2003	CSO	3,9	11	
– Global warming (123, 221.1, 221.2, 222, 223)	Production of renewable energy originating from agriculture	thous. t mineral oil equivalent	2004	EUROSTAT	~0	n.a.	2084,3
	Production of renewable energy originating from forest (wood and wood wastes)	thous. t mineral oil equivalent	2003	EUROSTAT	777,0	44596	53996
	Issue of greenhouse gases by agriculture	thous. t, CO <sub>2</sub>	2003	EUROSTAT	10130,0	414427,5	467803,3
– Socially backwarded regions with small villages (312, 321,34, LEADER)							

## Goals to be achieved, evaluation of the strategy chosen

### Overall strategy

The strategy identifies 3 Axis, along the Axis I-II-III, while the Leader serves as an implementation approach of the 3 Axis.

The intervention actions cover the needs of the agriculture, the environment and the rural areas. The weight of the Axis, taking into consideration the number of the intervention actions, reflects the possibilities of the EAFRD-measures. The rural development without the agricultural related measures (Axis I-II) has fewer possibilities on terms of intervention actions. Beside this, there are several kinds of circumstances, which influence the results of this strategy, mainly in the fields of services and enterprise-development, which are the two main areas of the present strategy's Axis III intervention actions.

The fund allocation answers the structural and employment problems should be solved within agriculture and forestry.

The horizontal issues and the need of meeting the Lisbon and Gothenburg principles, are handled well in the strategy, despite the fact of in some cases, in principle, improving competitiveness does not contribute to the increase of employment.

### Axis I. – Improving the competitiveness of the agricultural and forestry sector

In case of Axis I there the justification of the strategy chosen is not organised along one, broadly approved competitiveness definition, while the national priority refers some of the competitiveness elements. We suggest analysing market situation and impact of suggested measures on different commodity markets in more details. The Axis's strategy contains different, really important measures, but it is not clear enough how it will contribute to the competitiveness of the agricultural sector. It needs more explanation and analyse.

The goals are as follows (by intervention actions):

- Spreading information and knowledge: increasing knowledge, ensure possibility for tailor-made extension
- Improving age structure: encourage young farmers to start, through this lowering the average age in agricultural production
- Change in production structure: adjustment of grain-production, change the structure, along changing market possibilities, enhancement of role of agriculture and forestry in raw material production for renewable energy, change in structure of land use towards products with more added value
- Renewable energy use and production
- Strengthen the viability of animal husbandry
- More added value in horticulture
- Forestry
- Supporting quality: increase in added value of agricultural products through processing for food; strengthen the producer groups
- Infrastructural improvements: increase in irrigated land, as well as the farms' infrastructural development



The intervention actions cover the national priority, while the intervention actions contain the relevant EAFRD-measures. There is a need, which to take the environmental effects into account of the investments, during the implementation. We see that it might have a better place in Axis I.

Among the result we expect high interest in machinery development, since this measure has been “closed” almost two years ago. The same is valid for investments in buildings, technology. That is why we suggest strong market orientation and screening for deadweight, in the application procedure. The same situation is expected in the forestry measure.

The trainings need strong proactive steps, without it this measure will not attract many farmers. The extension service will be popular, since this is based on the obligatory established farm advisory system.

Setting up young farmers will also be popular; in particular if the farms transfer measure also will run. There is a large interest in transferring farms. So, finally there will be more young farmers.

Since the processing is limited, the large factories are not eligible; there will be more, much smaller projects in food. The non food sub-measures are not supported with market analysis however could be good way to decrease the grain market disorder, in case of proven market possibilities.

In case of infrastructural investments the irrigation will attract relative high interest, as well as the amelioration. In both cases the private investments will be more popular. But, since the common improvement is at least important, strong proactive steps are needed to enhance those.

The meeting standards seem to be very popular, all of the farmers concerned are expected to join.

Concerning food quality systems, we expect not too high interest, although the fund allocated can be covered. The marketing support of producer groups will not be a real attractive measure, except they will have outside contribution besides the subsidy (proactivity).

The semi-subsistence farm measure will be of high interest, if the implementation tends to simple enough. As it is stated, it requires strong capacity building support.

The producer group measure is really important, because there is strong potential in cost-decreasing with co-operation among farmers, mainly on the purchase side.

Among the measure indicators, there is no reference to workplaces (maintained or created) in Axis I. As the competitiveness in Hungary goes almost hand in hand with the increasing unemployment, we suggest referring in the description of the measures the expected increase of unemployment, or, at least, which measures will help the people getting unemployed by the effect of the investments.

The Program does not identify target groups, based on structural features, only gives legal form, as well as statistical numbering of the activities. The structural change is not measurable on this basis. If the Program aims at structural change, we suggest the measures to be complemented these target groups.

With the help of EAFRD Hungary’s natural potential remains as a resource in rural areas for maintaining and creating workplaces, helps to maintain the countryside and ensures good quality raw material for potential markets. If, during the implementation, there will be intention from the management side to take into consideration and prefer broad rural development objectives (e.g. employment, rural services, environment, local products), the EAFRD-support to the agricultural sector will be of a great help for the rural areas.

In the previous programming period the Priority I. investment in agricultural holding was the most popular group of measures and sub-measures. The possibility of submitting applications was left in abeyance relatively early, in the spring/summer of 2004, which shows an extreme strong interest. More than half of the applications have been supported, which resulted in a significant improvement of basic machinery in arable, and also a strong improvement of grain warehouse capacity.

The agricultural investments implemented with help of subsidy during the ARDOP were almost the same as the total agricultural investment. It shows a strong interest towards EU resources.

## **Axis II. – Improving the environment and the countryside**

### ***Payments to agricultural producers of less favoured areas, other than mountainous areas***

#### *Identification of the problems*

##### *Analysis of the current situation*

For agricultural activities performed in less favoured areas, as defined by the characteristics determined by the European Union (which represent 14% of agricultural land in Hungary) the yields are lower in our country as well. Due to a simplification of the agricultural production's structure, on a portion of these areas, there is arable food production. The experiences of NRDP have shown that part of the farmers prefer not to use the LFA measure, because they are hardly willing to change their product patterns. In the LFA areas, in spite of low profitability, production is not given up entirely, for historical and emotional reasons. In addition, the land user and the owner are also liable for cultivation, and on this basis they are required to keep the land in their ownership/use free of weed, at least.

##### *The problems to be targeted*

In less favoured areas (less favoured due to natural or economic reasons), profitability of the local economy is below the national average, because of the high dependence on agriculture. In a portion of the less favoured areas, in order to protect the environment, the traditional use of the territory, agricultural cultivation shall be maintained, even if this is not sustainable in the short term, from an economic point of view.

##### *Identification of the target group*

Those agricultural producers who carry out farming activities in certain territories specified by legislation on parcels larger than 0.3 hectares, on a total area of at least 1 hectare, in arable forage production and do not produce wheat, maize, sunflower, sugar beet, potato, industrial plants, vegetables and rice. The demarcation of the target group is essentially identical with the one described in the LFA measure in NRDP.

##### *Objectives of the measures*

###### *Comprehensive objectives*

The main purposes of the measure are: (1) development of a production pattern in accordance with the specificities of the production area, environment-conscious management and sustainable landscape use; (2) expansion and improvement of rural employment and income generating opportunities, development of a new, alternative rural economic environment, complying with the requirements of environmental protection, and (3) ensuring the continuation of agricultural activities and the





maintenance of agricultural-purpose land use on less favoured areas, as well as contribution to the preservation of viable rural communities.

#### *Specific objectives*

Revenue compensation aid for farmers of LFA regions.

#### *Coherence with the Strategic Plan*

The measure fits the Strategic Plan's system of objectives, it contributes to the protection of environmental elements, their long-term sustenance, it produces public goods, has a positive impact on employment, strengthens the population retention capacity of the rural regions and motivates for a diversification of revenues. By the same, it mitigates the problems of the Hungarian agriculture in terms of production structure.

#### *Actions proposed in the measure/ submeasure*

##### *The proposed actions*

There are no sub-areas within the measure.

#### *Experiences of the previous period*

In 2004-2006, the LFA support was programmed and announced in the framework of NRDP. The popularity of the measure was lower than expected. The main reason for that was a restriction in terms of production, first of all, in respect of wheat production. The relative safe market placement of corn, as opposed to lower forage requirements, was the reason for a low popularity of the previous LFA support. Now again, the production of these crops is a reason for exclusion in the system of criteria for this measure, primarily in respect of the 5-years LFA contracts concluded on the basis of the NRDP. In this respect, the present Programme specifies that the LFA measure of the Programme is a continuation of the NRDP's LFA measure, at least until December 31, 2009.

#### *Coherence between the measures*

The measure has no direct connection with other measures, they only strengthen with their effects the same system of objectives.

#### *Expected effects of the measure*

According to the criteria set, we do not expect from the LFA measure a significant increase in popularity. Even though the market regulations of the Common Agricultural Policy are subject to reforms, including direct intervention on the product mix, no major strengthening is expected in the availability of funds for farmers in the medium term, and therefore, they will not make changes in their production structures in favour of forage production in large numbers (ie. in excess of 14% of the arable land). A precondition for that is the development of animal husbandry, an issue to which the Programme grants much attention, but the marketing possibilities for animal products in large volumes are not supported by market analyses.



### *Community value added*

#### *Compliance with Community objectives (relevance)*

The measure assists the achievement of Community objectives in several aspects, including environmental, economic and social issues. It has a positive impact on the preservation of landscape, the maintenance of farming helps to maintain the productivity of soil, it strengthens rural employment, provides revenue-compensation benefits, improves the living conditions in rural regions, generates income in areas with unfavourable economic conditions.

#### *Cost efficiency of the measure*

##### *Reality of the financial plan*

The Programme set apart 24.6 million euro for the measure. The eligible area is 350,000 hectares; this means an aid of 10 euro per hectare and per year, on average. This amount is lower than the lowest appropriation for support (25 euro), even calculating with the maximum degressivity, the output indicator and the public expense appropriation are not in maximum accordance. The measure calculates with 7,800 beneficiaries, this means an average land area of 45 hectares per producer, and this entitles, according to the data of the degressivity table, to the full amount of the aid.

#### *Conclusions, suggestions*

We suggest harmonising the output target values, the public expense appropriations with the established calculation method of the amount of the support.

## ***Natura 2000 payments and payments linked to the implementation of Directive 2000/60/EC***

### *Identification of the problems*

#### *Analysis of the current situation*

The analysis of the current situation in the Programme is based on legislation and statistics and we agree with it.

#### *The problems to be targeted*

In the Natura 2000 areas, the farmers can carry out their business with smaller or larger restrictions, in order to maintain the biological value of the area. These limitations involve a loss of revenues, on the one hand, and additional expenses, on the other.

### *Identification of the target group*

The target group of the measure consists of agricultural and forest farmers who perform their activities in Natura 2000 areas, do not participate in an agri-environmental programme and who hold a

certain minimum of land (0,3 hectares). Local municipalities are also entitled to Natura 2000 payments in forestry. The state, as a land user, is not entitled to Natura 2000 payments.

We agree with the identification of the target group, there is no rationality in a further squeeze.

### *Objectives of the measures*

#### *Comprehensive objectives*

The comprehensive target of the measures is to maintain the environmental situation to be preserved.

#### *Specific objectives*

The main objective of the measure is (1) to preserve and sustain, by ways of upkeeping environmentally sound cultivation methods, the favourable situation to preserve the species and selected habitats listed in the respective EU legislation; (2) ensuring the settings for the natural condition and for a management of creating and sustaining such a condition, (3) protection of the species and of habitats in the indicated areas (with particular regard to grasslands with high levels of biodiversity and waterside habitats), as well as (4) the enforcement of compliance with the rules of land use, in line with the provisions.

#### *Coherence with the Strategic Plan*

The objectives of the measure comply with the system of environmental criteria in the Strategic Plan, it actively contributes to their achievement.

#### *Actions proposed in the measure/ submeasure*

##### *The proposed actions*

The measures do not include sub-areas.

#### *Experiences of the previous period*

In respect of Natura 2000 payments, no experiences are available in Hungary, the measure is a new one.

#### *Coherence between the measures*

The measure is closely connected with non-productive investments within the measure group, because eligibility criteria include the possibility of farming on a Natura 2000 area.

In its impact, this measure is connected with the other agricultural and forest-related environmental measures. Farmers in the agri-environmental system are not eligible for Natura 2000 payments.

The measure of Measure Group I, Modernisation of agricultural plants may also serve Natura 2000 targets, in case of the valuation system will take into consideration environmental aspects. At present, this connection is not evident in the Programme.



### *Expected effects of the measure*

The Natura 2000 system of provisions establishes liabilities for farmers, to be complied with the loss of revenues and the increase in costs applies to all farmers, depending on the extent of the restriction. Therefore, requests from payments shall arrive from the whole of the Natura 2000 area.

The environmental effect of the measure is expected to be positive, because the system of farming restrictions will be established in a way to let their compliance be coupled with environmental advantages.

### *Community value added*

#### *Compliance with Community objectives (relevance)*

Natura 2000 payments and any restrictions in production contribute to the maintenance of biodiversity and the compensation, proportionate to restrictions, contributes to the maintenance of farming and, through that, to the preservation of the landscape.

### *Cost efficiency of the measure*

#### *Reality of the financial plan*

The Programme earmarks almost 37 million euro for the Natura 2000 areas, while for Natura 2000 payments in forestry, the public expense shall be 151.6 million euro. Out of the agricultural areas, 1.96 million hectares were selected or suggested for selection under Natura 2000. Within the territory of the forests, Natura 2000 areas amount to 774,000 hectares. The recommended support size in agriculture is 25-40 euro per hectare (expected values), while in the case of forests; the size of the support shall be 40-200 euro/ hectare. Natura 2000 grants expected in agriculture cover 400,000 hectares, while this value in the case of forestry is 207,000 hectares. On this basis, the earmarked aids and the output target values of the area to be granted aid do not harmonise, especially taking into account the fact that in the planning period, the detailed rules of Natura 2000 restrictions in agriculture and forestry are not known yet.

### *Conclusions, suggestions*

We suggest to review and to harmonise the output target values and the public expense allocations, and to include the calculation method of the amount of the support into the Programme.

## ***Agro-environment payments***

### ***Preservation of genetic resources***

### *Identification of the problems*

#### *The problems to be targeted*

In the case of environmental measures, the main problem is the priority given to short-term economic interests as opposed to long-term environmental interests, and, in the case of the preservation of the genetic resources, the reduction in biodiversity and the danger that certain species might disappear.

#### *Identification of the target group*

The target group of the measure consists of agricultural producers who, in the case of horizontal programmes, comply with the provisions of the special programmes, and in the case of zonal programmes, those who carry out farming activities in the physical blocks, selected for the programme. Beneficiaries can be natural and legal persons, in the case of forests, private individuals, local municipalities and their associations, as well as agricultural producers and organisations performing activities relating to the preservation of genes.

In the case of forestry, the target group under the Programme does not cover legal persons.

### *Objectives of the measures*

#### *Comprehensive objectives*

The main objectives of the measure are: assistance to sustainable development of rural areas, preservation and improvement of the environment's condition, reduction of environmental load originating from agriculture, provision of environmental services, strengthening of agricultural practices based on a sustainable development of natural resources.

#### *Specific objectives*

In agriculture and forestry, the measure intends to support in particular (1) the preservation of genetic diversity, (2) protection of the nature, waters and soil, with the development of a production structure appropriate for the local characteristics, environment-conscious farming and sustainable landscape management, (3) preservation of the genetic resources in agriculture ex situ and in situ, (4) records of the genetic sources and ex situ collections (gene banks) based on the Internet, and furthermore, (5) information, the dissemination and knowledge and advisory activities as well.

#### *Coherence with the Strategic Plan*

The measure promotes the achievement of the environmental targets set in the Strategic Plan, it is in harmony with these.

### *Actions proposed in the measure/ submeasure*

#### *The proposed actions*

The measures apply to the following sub-areas:

In agro-environment, in a horizontal or zonal approach, arable crop production, grassland management, plantations and waterside habitats.



In the forestry-environmental measure, the sub-areas were determined as special programmes.

The sub-areas of the measure for the preservation of genetic resources are: preservation in collections and in the agricultural plants, and third, promotion of the repatriation of a prime aboriginal species of wild bird, partridge.

#### *Experiences of the previous period*

Regarding the measure of gene preservation and in the forest-environmental measure, there are no local experiences in connection with plans funded by the European Union or on the basis of a development programme.

The special programmes for agro-environmental issues were included in NRDP for 2004-2006. The basic-level programmes (not included in the sub-areas or special programmes of the Programme for the period 2007-2013) were particularly popular. This was due to the fact that the set of rules, created on a national basis, actually represented a basic level, without intending to intervene significantly in everyday farming practice, which could have been a holdback from the point of view of granting the aid. Therefore, in that programme, there was/ is a significant number of farmers and a large size agricultural land involved. These five-year contracts expire in 2009. For the farmers, the complicated documentation is a difficulty, but the NRDP advisory network, set up in the meantime, takes over this concern.

#### *Coherence between the measures*

The measures are closely connected with the measure of non-productive investments, because in that measure, one of the criteria for eligibility is participation in agro-environmental programmes. In terms of their impacts, they interlock with other measures, while the measure on advisory services used covers agro-environmental advisory services as well. In addition, the training measure within Measure Group 1 also contains the topic of agro-environmental issues, as an eligible topic.

#### *Expected effects of the measure*

The advanced special programmes will be less attractive, according to the experience of the basic special programmes in the previous period. Applications from a wider range are expected in the case of special programmes where the least deviation takes place in a comparison with general farming practice, and where the professional rules and consumers' demand provoke, on their own, a shift in practice towards the directions supported according to the special programmes.

#### *Community value added*

#### *Compliance with Community objectives (relevance)*

The objectives of the measures comply with the Community system of objectives.

### *Cost efficiency of the measure*

#### *Reality of the financial plan*

Within Measure Group 2, the measure with the largest public expense is the agro-environmental measure, representing 39% of the sources in this measure group: about 656 million euro. For the preservation of genetic resources, the Programme earmarks 12 million euro, while for forest-environmental payments, the public expense shall be almost 18 million euro under the Programme.

The eligible area in agro-environmental farming is 2.1 million hectares; this means an aid of 45 euro per hectare and per year, on average. This is substantially less than the upper limits indicated in Regulation (EC) No. 1698/2005. In gene preservation, the Programme calculates with 150 actions, this means public expenses of 80,000 euro per action, or 20 million HUF, on average. On the basis of information included in the Programme, we believe this is too much.

In respect of the forests, the 18 million euro support is planned by the Programme for an area of 160,000 hectares, meaning an average support of 16 euro per hectare, per year. This amount is also far below the planned support values of the Programme.

### *Animal welfare payments*

#### *Identification of the problems*

##### *Analysis of the current situation*

With the accession of Hungary to the European Union in 2004, substantial animal welfare obligations were established and these are gradually becoming actual obligations.

In addition to these, there are certain standardised systems that are not obligatory, but compliance with these allows more comfortable breeding circumstances for the animals and so, a better animal product quality can be expected.

#### *The problems to be targeted*

For the time being, the market does not recognise yet, with a readiness to pay a higher price, the operation of animal welfare systems representing levels that are higher than the ones in the obligatory provisions, but compliance with these rules implies additional costs for the farmers.

#### *Identification of the target group*

The target group of the measure represent animal breeders, irrespective of their sizes. Within the framework of the measure, a reduction of the target group is not justified.

### *Objectives of the measures*

#### *Comprehensive objectives*

The comprehensive objective of the measure are: (1) popularisation of an animal breeding practice better applied to sustainable development, higher-level work performance and a widening of its acceptance, and (2) compliance with the requirements of animal healthcare, anti-epidemic measures



and food safety, together with an increase in animal welfare, with the selection of the appropriate species, high quality forage, to improve the economic situation of the farmers.

#### *Specific objectives*

The specific objective of the measure is a compensation for the lost revenues and for the additional costs occurred in the course of the implementation of requirements exceeding the levels required by the basic animal welfare rules.

#### *Coherence with the Strategic Plan*

The objectives of the measures comply with the ones included in the Strategic Plan.

#### *Actions proposed in the measure/ submeasure*

##### *The proposed actions*

Sub-areas of the measure:

- Commitments relating to typical climatic and air cleanness of livestock keeping Commitments relating to site use typical for animal breeding
- Commitments connected with the quality of forage and water provided in the livestock keeping
- Commitments regarding the maintenance of records connected with livestock keeping and provision of regular information
- Commitments to apply preventive measures against animal illnesses

The sub-areas of the measure cover the possibilities of undertaking additional burdens by animal breeders. Shifts between the sub-areas are permitted, towards the sub-areas where provisions are stricter. It is not clear on the basis of the Programme, what are the stricter provisions in the different sub-areas, in a comparison with the other ones.

#### *Experiences of the previous period*

In Hungary, we do not have experience with commitments relating to animal welfare, in excess of the obligatory provisions; in NRDP, compliance with the provisions was applicable to the obligatory provisions.

#### *Coherence between the measures*

The measure is aimed at the strengthening of readiness for animal breeding, but it contains very high-level and freely selectable provisions. Compliance with these is realistic only in an outstandingly high-level animal breeding culture and in Hungary; this is not the general rule yet. Also, in market prices, the application of higher level animal welfare circumstances cannot be realised, therefore, no major coherence can be established with other measures.



### *Expected effects of the measure*

In the quality of evaluators, we do not expect a major success in respect of the measure, but this is not because of the provisions in the measure, rather the reason is that profitability and technological efficiency in Hungarian animal husbandry is not yet at levels where the application of the higher animal welfare standards would be a tool for increasing profitability.

### *Community value added*

#### *Compliance with Community objectives (relevance)*

The measure complies with the Community objectives, both in terms of the environmental, animal welfare and economic issues. A stabilisation of revenues has a positive effect on employment, even though compliance with higher level provisions might require mechanization and this, in general, has an effect of reducing employment.

### *Cost efficiency of the measure*

#### *Reality of the financial plan*

The Programme set apart about 12.2 million euro for the measure, for 7 years, that is, 1.7 million euro per year. There are 3,000 farms to be supported, their average size is 12 Large Stock Units, and these shall receive 580 euro per year. This amount is realistic, taking into consideration the value of the support.

## ***Assistance provided to non-productive investments***

### *Identification of the problems*

#### *Analysis of the current situation*

We agree with the snapshot on the non-productive investments.

#### *The problems to be targeted*

The basic problem targeted by the measure is the priority of production, even in detriment of biodiversity, in terms of the sourcing of the farmers. In this respect, non-productive investments do not bring direct benefits in the short run that the producers would consider equivalent to monies invested into the expansion of the production. Due to that, few or no sources are allocated to these development projects, but in the long run, they generate important public assets.



### *Identification of the target group*

The target groups of the measures, in the case of non-productive investments concerning agriculture, represent agricultural producers participating in the agro-environmental programme, in the case of non-productive investments in forestry, the local municipalities, the small region associations, civil organisations.

### *Objectives of the measures*

#### *Comprehensive objectives*

The main target of the measures is to maintain the rural landscape, to preserve biodiversity.

#### *Specific objectives*

The specific objectives of the measure, in the field of agricultural production are: (1) to promote the conservation of the rural landscape, (2) to increase of the richness in species of the fauna and flora, (3) to improve the environment's condition, (4) to facilitate the fulfilment of the commitments made on a voluntary basis and (5) to assist compliance with the provisions and to increase the public welfare value of the Natura 2000 areas and other high natural value areas.

The target of the measure in the field of forest management is (1) to implement the proper level of mix, multi-level stocks in the forests, (2) to improve the natural character, biodiversity, health condition of the forests, (3) to stimulate and to support of the transformation of forests with neglected pattern or the ones consisting of foreign-origin tree species into indigenous forest combinations.

### *Coherence with the Strategic Plan*

The measures comply with the detailed strategy described in connection with Measure Group 2 of the Strategic Plan, they contribute to the increase of biodiversity, to the conservation of the water reserves and of the landscape.

### *Actions proposed in the measure/ submeasure*

#### *The proposed actions*

In the case of non-productive investments relating to agriculture, the measure contains the following sub-areas:

Non-productive investments required for voluntary commitments to agro-environmental provisions and for liabilities connected with mandatory provisions prescribed in the Natura 2000 areas and their implementation:

Non-productive investments implemented on the territory of the farms, increasing the public welfare value of the Natura 2000 areas or other high natural value areas. Restoration of small-size erections, image elements, landscape elements in the grassland, ploughland, cultivation sector territories of the farm.

Sub-areas for non-productive investments in the forests are as follows:

- Restructuring with afforestation stock
- Restructuring after cutting
- Restructuring with stock replenishment
- Improvement of the forest structure by growing stocks within indigenous, deciduous forests.
- Creation of forest borders
- Creation, renovation of public welfare facilities in forests

The sub-areas include the scope on non-productive investments. The basic problem with the identification of sub-areas is that neither sources nor an exact indicator are associated with these and this shall make evaluations far more difficult, later on.

#### *Experiences of the previous period*

The agro-environmental measures in NRDP did contain similar special programmes, primarily in respect of creating grass lands. These were supplementary measures, which can be combined with the basic programmes. The popularity of the measures was not significant. As opposed to the present Programme, support was different, established in a normative way, without an application to the actual costs of the investments.

#### *Coherence between the measures*

The measures are closely connected with the agricultural and forest-related environmental and the Natura 2000 measures, enhance their impact and eligibility for non-productive investments is granted only to those persons who participate in some environment management measure.

#### *Expected effects of the measure*

Aid intensity reaches 100% in the case of these measures and this can be attractive for the farmers, especially because this is an investment-type support, not a revenue-compensating aid, to counterbalance an increase in costs. Another incentive for farmers can be that the result of the investment may mean a direct economic advantage for them.

#### *Community value added*

##### *Compliance with Community objectives (relevance)*

Non-productive investments contribute to the Community targets with the increase of biodiversity. To that end, the measure provides efficient help, because the attractive aid intensity stimulates farmers to make investments.

#### *Cost efficiency of the measure*

##### *Reality of the financial plan*

Non-productive investments in agriculture received an allocation of almost 437 million euro, representing 26% of the public sources of Measure Group 2 in the financial plan, in the case of forestry investments; the amount is about 45 million euro. In the case of agricultural investments, an eligible farmer would receive investment support to an average value of 43,700 euro, and in the case of forestry, this value is much lower, 4,500 euro. If the national sources are available, this size of sources allows significant progress to be made.

The method of establishing the size of the support is not included in the Programme, it only refers to the fact that in each project, the size of the support shall be established based on professional valuations. Also, it gives a 100% value for aid intensity in the case of agricultural investments, in respect of forestry, even that is missing.

#### *Conclusions, suggestions*

We suggest supplementing the Programme with a presentation of the calculation method to be used for the size of the support.

### **Axis III. – The quality of life in rural areas and diversification of the rural economy**

In terms of Axis III the national priorities take into account partly the needs of rural areas and to some extent handle the social, and partly the infrastructural issues. The three actions do not cover the national priorities, although the actions lie closer to the needs. In case of micro enterprises one of the most important fact, the market has not been taken into account as strategic importance. In terms of services, the access to the services in those areas, where the presentation of these services is not reasonable (very small villages, outskirt areas, homesteads), taking into consideration the nature of the service (e.g. employment consultation, post office, healthcare, education) is not present in the strategy. Axis III has 17% of EAFRD, 13.425% without the Leader share (5.5% x 65%).

The services centres can result significant improvement of the quality of rural life.

The diversification differs from the ARDOP diversification measure; the one presented in the Program needs strong proactive steps.

The trainings based on the statistical areas, intended to prepare the areas to the Leader. These areas are not homogeneous, concerning Leader requirements, therefore are not suitable for this objective.

The diversification and the rural enterprise development almost the same measure, the target group differs. There are exclusions concerning subsidised activities, which are not explained.

The tourism is expected to be a popular measure.

Improving rural services is really important, we expect high interest.

The target for employment maintenance and workplace creation is 16,000 at Axis level, which is a significant improvement in the field of rural unemployment, subsidising 4500 micro-enterprises and 400-500 farmers, it means 3-4 workplaces per enterprise.

The rural tourism guest night target is 600,000 per 7 years. It will be achievable, if complex projects will be implemented, attracting more tourists.



300-400 Rural Service Centres will be supported. It will have a significant effect on rural services. There are buildings which are suitable to be a basis for this improvement, thanks to the latest institution closes (e.g. rural post offices).

The Community's financial contribution is 437.6 million euro, which is 11.5% of the EAFRD.

These measures help to improve the quality of life and the income generation possibilities in rural areas, which contribute to the maintenance of the rural heritage, and help to improve the age, education situation of the rural areas. Some of these measures require a local development plan, which gives a coordinated approach to these instruments.

The Axis takes into account the Community's priorities almost completely. Which is missing the ICT take-up a diffusion, and upgrading local infrastructure, which helps to access the services as well and also makes the "outside world" accessible.

The problems with these measures in general are the market of local products and the absorption capacity of some of the target group. These issues in some cases came from the low training situation, resulting lower flexibility and market orientation.

In case of rural tourism part of the project aimed at improving family houses, without real tourism activities. In some cases, tourism projects (mainly infrastructural) without real local tourism potential of a particular micro region have been supported. In the future more attention should be paid to complex development programmes.

Great interest could be observed in case of improving rural road, local built heritage and local marketplaces.

There were no possibilities to apply the ARDOP to the outskirts areas of the towns, although those areas are typical rural, with all the problems of the rural areas (workplaces, services, infrastructure, etc.)

In the ARDOP we did not have measures for local services, nor for outskirts areas.

## **Axis IV. – Leader**

The following opinion has been prepared on the basis of version of February 7, 2007 of the New Hungary Rural Development Programme (NHRDP), the page numbers and line references relate to this document. During the preparation of the analysis we have proceeded basically according to the structure of the programme document. Since the LEADER is not indicated in the programme as a separate axe and therefore, there are no separate LEADER measures either, the remarks regarding the measures are not repeated here, major part of our remarks deal with the implementation and execution scheme of the programme.

### **General remarks**

The phrasing of the main objectives complies with the principles of LEADER and the relevant practice of the EU. The strategy is definitive; it has clear objectives and priorities. Therefore, the text gives a wide scope for "subsequent interpretation" during implementation, that provides opportunity for centralized alteration of the programme according to the dynamic agricultural needs.

LEADER may not be stressed enough in respect of the budget and elaboration of the programme elements as the LEADER approach could manage a considerable part of the Hungarian rural problems



according to the international experiences. In the course of preparation the question has been raised whether the whole or a certain part of the 3rd axis should be spent along the LEADER rules, with involvement of the LAGs in the fields where LAGs are in operation.

The LEADER programme appears in the Hungarian plan not as a separate axis but as a “derivate” of axes 1-3, that is it gives an opportunity for (bottom up) application of the same measures by the LEADER method. It is an important question whether the implementation and accounting rules as well as the bureaucratic organization controlling of the execution move apart from the other parts of the NHRDP or not in the course of execution. (In implementation of the current AVOP LEADER the greatest problem is caused exactly by the fact that, though its nature is rather different but its administration is not markedly segregated from the other parts of the programme. Therefore, the Regional divisions of the Paying Agency are burdened by too much surplus work and simultaneously, they exercise too strict bureaucratic control on the LAGs by which, at least in certain regions, they considerably impede implementation of the programme.)

In the current programme, the LEADER LAGs implicitly depend on the Local Rural Development Communities (LRDCs) at several points (alongside the statistical micro regions, centrally, „top-down” established areas and the partnerships established by them). This involves that the LAGs will be connected to the system of the statistical micro regions. It also gives the possibility that LRDCs will be prepared for the implementation of the LEADER approach, and the most innovative LRDCs will become LEADER action groups as a development. Through the trainings and the elaboration of the overall plan for the micro region, LRDCs will prepare the rural actors to get ready for the implementation of the three axis of NHRDP, and the LEADER approach. The Local Development Strategies, as a frame will facilitate the elaboration of LEADER action plans, and in the evaluation of the action plans there will be emphasis on the linkage with the strategies elaborated by LRDCs. It will give the possibility of the improvement of the existing experiences and developments of LRDCs. The LRDOs will provide trainings and advisory services linked to the available measures of NHRDP before the announcement of the LEADER, which will affect the aggregation of knowledge at the beginning of the LEADER. (We propose making clear the equal relation of the Local Action Groups (LAGs) and the Local Rural Development Communities (LRDCs)). It would also be worth considering whether parallel work of the LRDCs and LAGs does not unnecessarily double the institution network, education, etc.

It might be useful to look at EU best practices (the example of Finland, Spain) and, to provide plus funds to the existing LAGs from the available surplus funds, on the one hand, and launch new programmes based on domestic (or converted EU) funds, working according to LEADER principles in areas not covered by the LEADER, on the other.

According to the NHRDP, the next round of LEADER tenders should be invited within one year after approval of the programme. The evaluators see a risk in the late start of the tenders; successful implementation of the LEADER needs time. Until now, due to the late tendering, conclusion of contract, delayed definition of the central requirements, short time remained available for the local tendering and implementation of the projects (as yet, selecting the beneficiaries has not been successful in the AVOP LEADER in some places).. In this way, also the future LAGs will be able to prepare the applications (they will know exactly what kind of criteria they have to fulfil) and the relevant departments of the Ministry of Agriculture and Rural Development (MARD) and the Agricultural and Rural Development Agency (ARDA) will be able to better prepare for receipt of the applications (for the same reason). If one year is granted as a final deadline for invitation of applications, then it will not be done earlier either according to the “usual process of matters” because the task always occupies the time available.





### ***Situation analysis and analysis of the former experiences***

The analysis of the current situation regarding LEADER could be more comprehensive. It is not properly explained that solution of the complex social-economic problems of the Hungarian rural areas as well as the conservation of the natural, cultural, community values in the countryside and its involvement in the development process is possible only by the LEADER approach.

The domestic experiences relating to the LEADER have analysed in more details. There are remarks included in the NHRDP both in respect of the experimental and the AVOP LEADER. One of the major benefits of implementation of the currently applied AVOP-LEADER programme could be the better preparation of the next round of application.

### ***Amount of the assistance and the financing system***

The LEADER does not constitute a separate axis in the Programme, its resources will come from the other three axes. It is not clear from the Programme whether, accordingly, the LAGs may spend funds to programmes fitting to the individual axis according to a certain ratio specified in advance and what should be the ratio of allocation of contribution to the administration costs or to the normally legitimate projects but not fitting to any of the axes, etc. among the axis 1-3. Summarizing the above, any similar limitation may greatly encumber the implementation of LEADER and it is important that “independence” from the other three axes of the funds designed to the LEADER should explicitly appear in the Programme. On the other hand, it gives the chance that the LEADER-type methodology can be an implemented principle in case of all the other three axis of NHRDP.

It is not clear from the Programme according to what a logarithm the available funds will be allocated among the groups of different size, similarly to the fact what kind of incentive will be available for establishment of the “bigger LAGs”.

The financing and control system of the LEADER is could be specified more in the NHRDP, according to the programme document the detailed provisions will be contained in the “rules of procedure” (page 237, line 35) to be elaborated later. The applicability of the Programme will basically be determined by these rules of procedure, therefore, in addition to the colleagues of MARD and ARDA, the active participation of external experts (also international!), the Leader Centre in Hungary and the actual employees of LAGs is also necessary in their elaboration. It would be necessary to give guarantee for it in the Programme since the success of LEADER will largely depend on the quality and user-friendly character of the “rules of procedure”.

The EU rules (Common eligibility rules for Axis 3 measures) allow accounting the own work, service, products, etc. as costs (investment in kind). This allowance is not part of the recent Hungarian rural development practice; however, it could largely promote the successful implementation of LEADER in the Hungarian rural areas with lack of funds. We deem it important that this possibility should not appear only in the future rules of procedure but explicitly already at the level of the programme.

According to the Programme only the municipality investments are for “public purposes” (page 237, line 27) what is, in our opinion, not the right approach. In the case of local action group level cooperation projects, if they are not profit-oriented, serving the public benefit as well as the local economic, social development or protection of the local values, we suggest that they should receive 85% aid. We also suggest that participation of all three sectors (municipal, civil, enterprise) should not be a criterion.

### ***Activities eligible for support***

The range of activities eligible for support is determined by the measures of the other three axes as well as contribution to projects not supported by these but otherwise fitting to the local rural development strategy is also possible.. However, it would be desirable to explicitly emphasize some activities that are usually not supported:

- The importance of the social economy, the non-profit activities, the community development are hardly emphasized;
- Though capacity building is mentioned in the programme, but exclusively in terms of trainings, education and physical developments. In the LEADER philosophy the local participation, the strengthening of civil life and, at last instance, development of a governance level is a similarly important element of the programme, and this from Hungarian materials.

### ***Criteria of the implementation system, the selection, work and control of LAGs***

The most important progress against the AVOP LEADER is that the LAGs will work as associations with legal personality in the future. It may largely contribute to the efficiency of their work, to the involvement of further resources, etc. On the other hand, in relation to selection, control and work of the LAGS, a great number of points can be found that may bring the bottom-up character of the programme, the independence and operability of the LAGs into question.

We want to make the following remarks in relation to the selection of the LAGs to be supported:

- According to the current version of the Programme: “The verification of formal eligibility and completeness as well as the content-related pre-valuation of the local development strategies is performed by the Paying Agency” (page 235, lines 3-4). We deem it disquieting anyhow and suggest the restitution of the Section included in the version of January 29 of the NHRDP: “The verification of formal eligibility and completeness as well as the content-related pre-valuation of the local development strategies is performed by competent regional branch offices of the MARD The content-related evaluation of the strategies is made by the MA, by involvement of the affected partner ministries. The list of the selected local action groups will be approved by the head of the MA.”
- We basically agree with the necessity of increase of size of the LAGS, at least in certain regions but we suggest achieving it rather by positive incentives than prohibition.
- We suggest that the indicative number of LAGs be defined in maximum 100 groups as planned originally (but anyhow in a greater number than the number of the currently operating LAGs). On the other hand, reasonable (but not excluding the smaller ones!) incentives are necessary in the interest of increase of the number of groups.





- “Innovativity” is a central definition in the LEADER method and is also indicated in the Programme as one of the main selection criteria (page 235, line 41). However, it must be made clear that innovation in the rural development is a relative definition: what has "expired" in one area, still can be innovative in another. The paragraph referred to above is suggested to be amended as follows: “content and/or methodological novelty, innovativity of the developments included in the local rural development strategy within the given geographical frames.”
- The “existence of the management and the technical, administrative and managerial capacity necessary for implementation of the programme” (page 235, lines 17 and 38) is included in the eligibility and selection criteria. According to international experiences, the main objective and possible result of the Leader is just the establishment of this management capacity. “In a normal case” the work of a LAG was started in general so that an office was established from LEADER fund and 2-4 colleagues were employed (project manager, administrator, bookkeeper, etc.) whose task was nothing else but implementation of the LEADER. By now, the number of these offices has increased to their multiple and has become the most significant results of building of the local rural development capacities. It can be well observed in the current AVOP LEADER programme that the responsible organizations work dominantly as a part of the municipalities. Thus, there is a risk that the municipalities get a too strong role.
- It is important to clear the relation, independence and co-ordination of the LAGs and LRDCs. Since the LRDCs are established earlier because the next round of LEADER is invited, they will presumably be dominated by municipalities and have a relatively good financial and management basis, there is a risk that they will crowd out the LAGs that are really built bottom-up, and the LRDCs will strongly approach the LEADER regions to the statistical small-regions. This may raise concernment in respect of equitableness of LEADER for the future.

### ***Domestic and international experience exchange***

The NHRDP prohibits contribution to projects aiming at a “mere exchange of experience” (page 240, lines 9-10). Exchange of experience is one of the most useful activity in the course of participation in national and international networks. Of course, it is advantageous if it is associated with some other activity. In case of domestic and international cooperation projects it is very useful to motivate the LAG's on the way that the projects will be financed from a different budget. In this way there will hopefully be more international and domestic cooperation, and LAG's can manage the cooperation projects separately, which gives the possibility to put enough emphasise on the elaboration of them.

### ***Operational costs, acquirement of skills and animation (incentive)***

This part of the programme can be interpreted together with Article 59 (4.3.7 Acquirement of skills, incentive and elaboration and implementation of local development strategies). With regard to this background, we want to make the following remarks:

It is disquieting that the LEADER education, animation is not properly segregated from similar measures of the LRDCs either in financial or professional respect. It would be necessary to separate the educations.

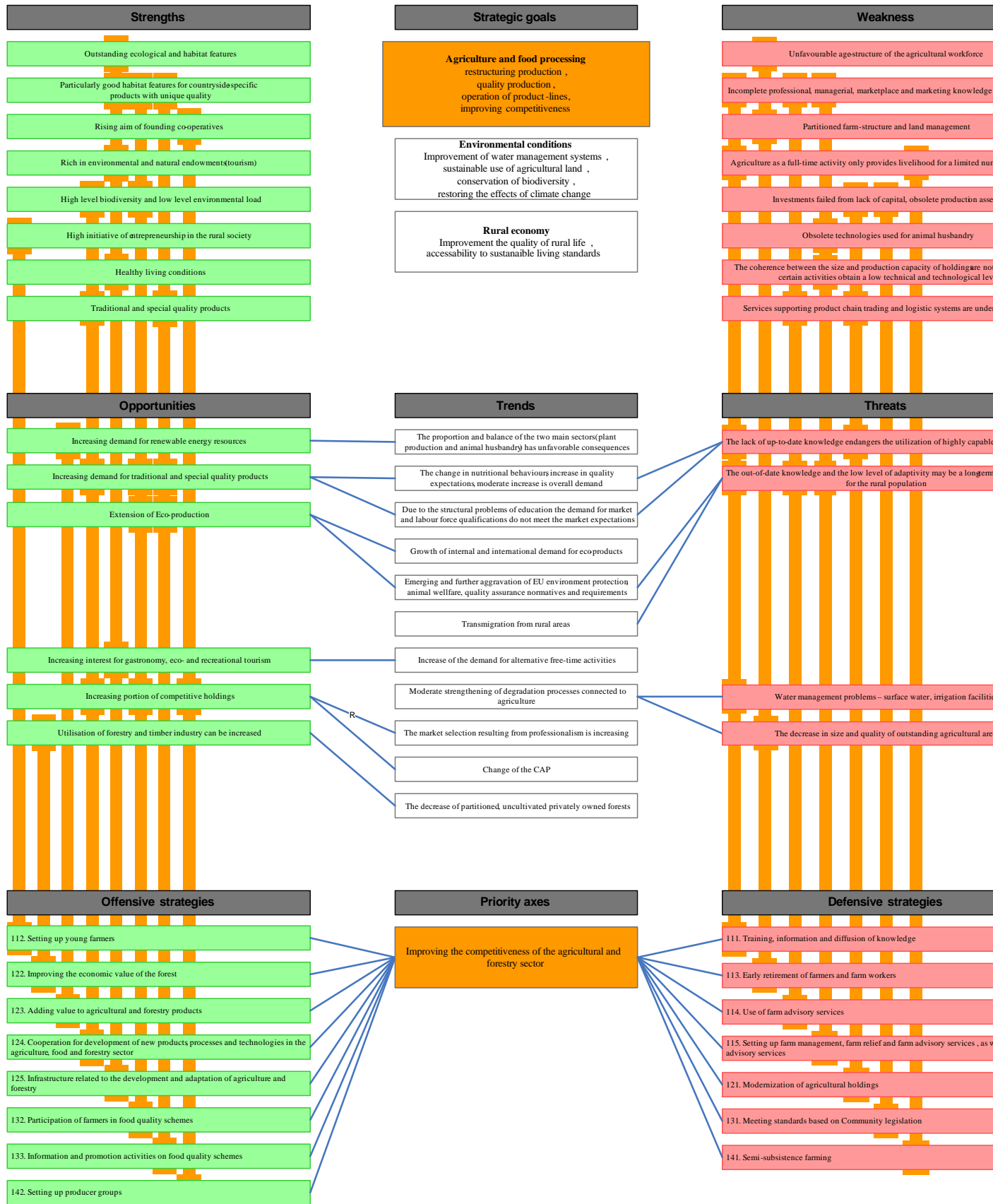
The support and encouragement of “self-estimation” has been committed from the programme. This is a very important and efficient way for group building, organization development, motivation of the local participants (animation), support of planning based on consciousness and earlier results both according to domestic and international experiences. There are a lot of ongoing international and

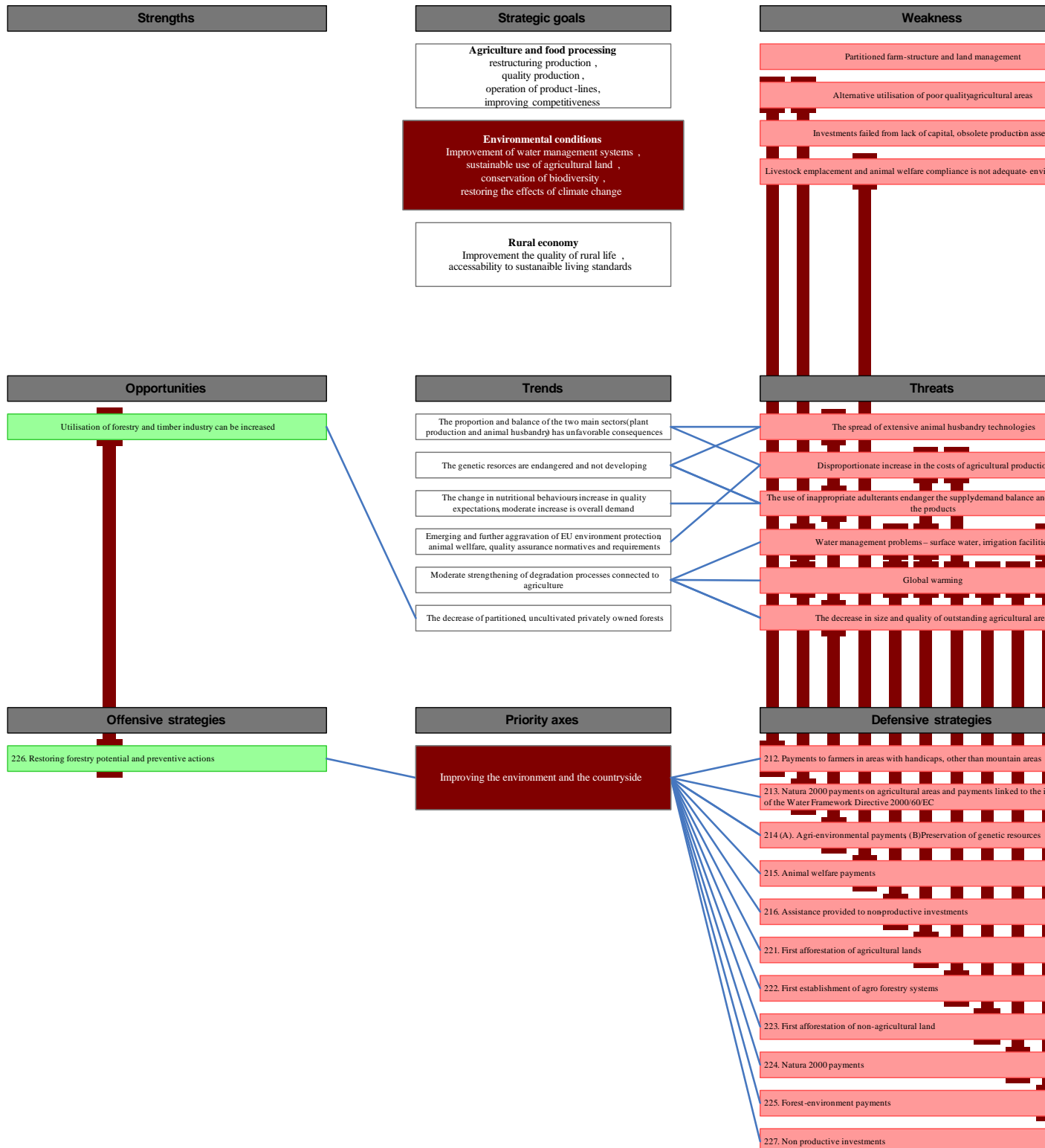


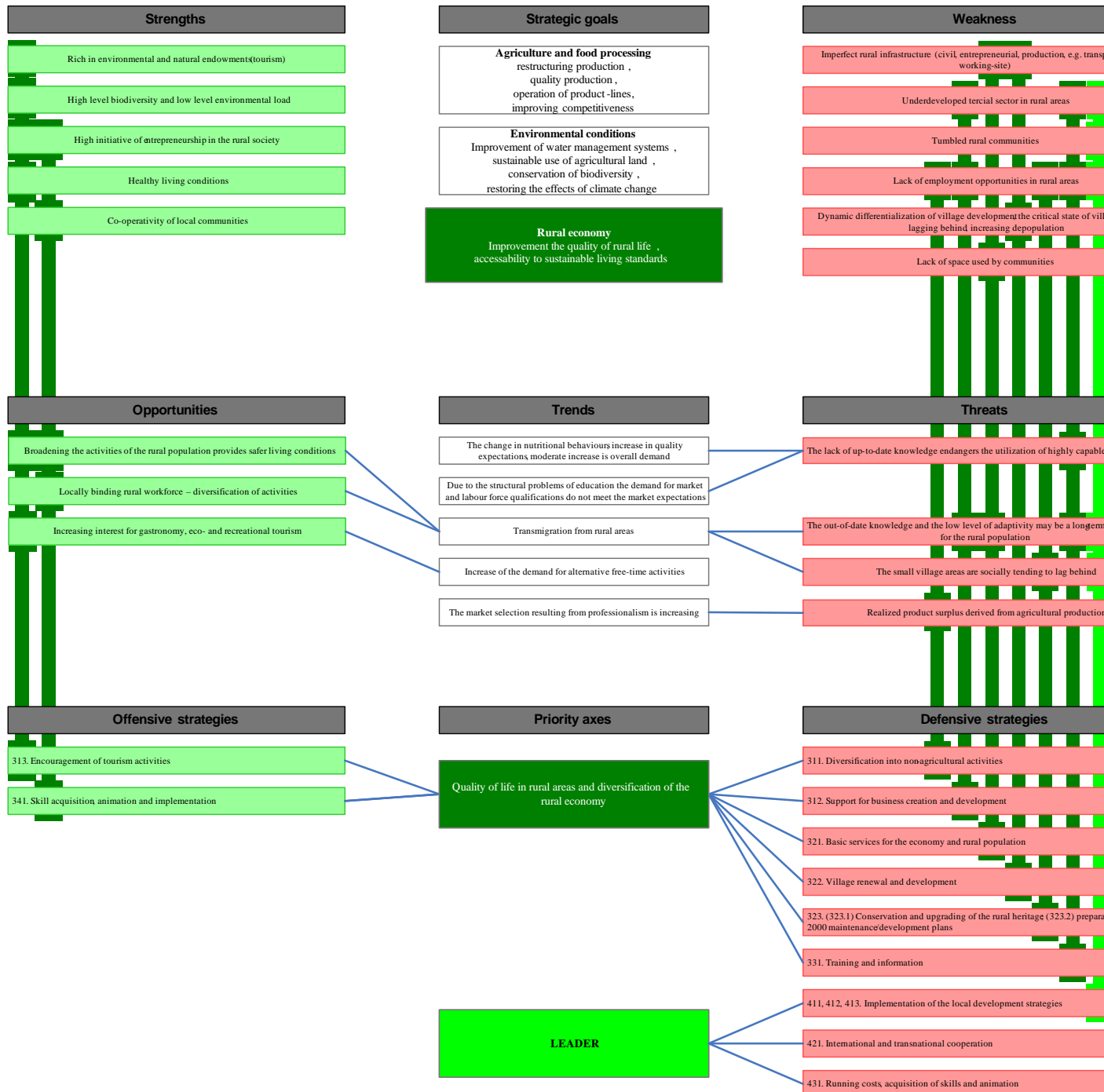
national experiments for development of the self-estimation methods, their outputs could be well and efficiently used in the domestic LEADER programme.

### **Internal coherence of the programme**

According to the SWOT analysis the following exhibit shows the procedure how the specific measures have been identified. Concerning the measures two groups (offensive and defensive strategies) have been identified. In both cases the connection is shown by vertical lines, which demonstrates the linkages to the components of the SWOT analysis with a bullet. Besides the SWOT analysis there is also a table with the trends showing the correlation between the targeted opportunities or threats by the specified measure.







## The results expected and quantified targets

### Expected outcomes of the Programme

The evaluation of the expected results of the „New Hungary” Rural Development Programme has been done according to the 85th article of 1698/2005/EK decree and the relevant guidelines of the CMEF. These cover the following:

- The evaluation of the suitability of the indicator system



- Evaluation of the quantification of goals

The evaluators started off from the measure level (output, result and impact) indicators. After the discussions concerning these indicators and the verification of the target values, did the evaluation of the programme level impact indicators and the national base indicators connecting or supplementing the objectives, start. These tasks were done by the evaluators in collaboration with the planners (MARD planners and AKI experts) during numerous workshops.

### *The suitability of the use of common base indicators*

All the common indicators listed in the “F” guideline of CMEF has to be used by all rural development programmes. The CMEF provides output, result and impact level indicators as well as context and base indicators connecting to the set targets. The breakdown of definitions, measuring methodology and the unit of measurements of these indicators are stated in the indicator fiches “G”-“J” of the CMEF.

The planners of the “New Hungary” Rural Development Programme have complied with the obligations concerning the common indicators and the quantified targets were drafted accordingly.

Although in the evaluated draft of the Programme only the indicators connecting to each priority appeared, the planners have attached the programme level impact and base indicators from the Strategic Plan in the Annex.

The common indicators were mainly interpreted and used by the planners according to the guidelines. However, although the ex ante evaluators and the planners have made many common efforts, there are still some indicators that’s definition or the methodology of data collection (eg.: at company level value added the time of data collection, the setting of reference year, the kept or new workplaces) needs further efforts. The ex ante evaluators advise further reconciliation with the Commission and at workgroup level between each member state.

Further tasks are visible when breaking down the CMEF guidelines concerning data collection: in the evaluator’s opinion it should be well defined for the MVH what data supply is obligatory at each measure at project level and to work out the methodology for the monitoring of the data collected.

### *The suitability of the supplementing national indicators*

During the preparation of the Strategic Plan the planners have provided supplementing indicators connecting to the base indicators. The contents of each indicator has been reviewed by the evaluators and are generally are clear, well defined. Only a few indicators might need further alignment.

The common and supplement indicators together cover the program appropriately and are relevant from the perspective of targeted goals.

At measure level the Program only uses a few supplement indicators, which the evaluators totally agree with, as these would greatly complicate the relatively young Hungarian rural development monitoring and evaluation system. The providing of too much data might be unnecessary pressure for both the applicants and the institutional background.

This also means that the proportion defined in the CMEF concerning the output, result and impact indicators will be met.

### *Evaluation of the quantification of goals*

The evaluation of the quantification has been done by the evaluators at numerous internal workshops with the planners. This contained the examination of the measure level result and impact indicator's target values have been planned reasonably and verifiably. The assessments are adequate and during the execution the data considering the indicators are trustable and can be obtained in time.

During the task the evaluators verified that the actions and the indicators can be reasonably linked and that there is a verifiable numerical coalition between the indicator levels. The methods and base indicators used for assessing target values have been reviewed and discussed (eg.: unit costs, project sizes of previous programming, applicant interest).

As a result of the work done many missing target value got formed and the ones existing got more precise. In the ex ante evaluator's opinion the system of target values have developed significantly, mostly realistic and verifiable. The system of each target value is consistent, only the different type of measurements and data collection can cause inconsistency.

The indicators well describe the change in the role of agricultural economic, the rural population and rural economy and the effects of the agricultural rural development subventions. The Programme probably will just moderately affect the decrease of employment as increase can only be expected in the non-agricultural service sector. The agricultural, food processing and forestry output has a slower development compared to the national economic average, but it does develop. The balance between crop farming, animal husbandry and food processing have shifted, the product lines and the production is shifting towards the high added value activities.

The decreasing inactivity and the increasing profitability helps to increase the income level of the rural population, which is further stabilized by the diversification of the activities. The environmental effect of the agriculture is decreasing, which ensures an increasing environmental service to the other sectors.

## **Expected results by Axes**

### *I. Improving the competitiveness of the agricultural and forestry sector*

Due to the financial allocation and the two-year period without development subsidies we expect a high intention in investing in machinery. But, it will not be completed fully with reasonable structural improvement in machinery. The Program has a weak effect in the field of increasing employment in rural areas. The decrease of number of workplaces is expected to continue, which is not direct effect of the Program, but the general restructuring of the economic sectors. The manure-handling systems of the animal farms will improve, as well as the technological status will reach a higher level. We expect a further concentration in production, decrease in number of farms, mainly family farms. The Program itself has some effect in structural production change, but does not utilise sufficiently the possibilities the measures offer.

### *II. Improving the environment and the countryside*

Afforestation of agricultural land will support to increase the areas of the short rotation coppice, instead of the forests, which would supply long term positive effect on environment. We expect a lower interest in agri-environment programs, due to the structure of the measure with ending the low requirement basic programs and introducing integrated and bio-production. The forestry measures of



the Axis 2. will attract high interest. The measure supporting Less Favoured Areas will have a lower interest, since the crops which cannot be produced in these areas are the main products of the present production structure. The popularity of producing feed would need a stronger market demand from animal production, finally towards animal products. Although the environmental effects of the basic rules of the Axis 2 measures are definitely positive, but the real effects strongly depend on the detailed rules of the implementation.

### ***III. The quality of life in rural areas and diversification of the rural economy***

The significant increase of number of new workplaces in rural areas is not expected. The technological improvement of rural businesses will be of a high interest, but the enterprises will struggle with low capital endowment. In the field of rural services we do not expect a spectacular improvement. The maintenance of the rural built heritage is expected to reach a significant progress. We do not expect a significant progress in improvement of the situation of the rural women, romas and other disadvantaged groups.

### ***IV. LEADER***

The LEADER has a great potential in Hungarian rural development, nevertheless, this approach does not quite have a great emphasis within the Programme. Some uncertainties about financial resources, connection to domestic rural development institutions and sometimes inadequate (too strict) practices in central administration and control might decrease the overall positive results. The presented system of Leader at some parts does not support sufficiently a development structure based on local resources and targeting local problems in an integrated way.

The development of the rural economy and society, including agriculture, does not specify clear directions too deeply; therefore a structured development of rural areas, in terms of economy, environment and rural life might not emerge. This is reinforced by the fact that other national rules influence the quality of rural life to such a great extent that may not be only balanced with the measures of the present Programme.

## **The system of indicators**

### ***List of indicators***

#### **EU impact indicators**

	<b>Indicator</b>	<b>Measurement of the indicator</b>	<b>Unit</b>	<b>Assessment Target value</b>
1	Economic growth	Net added value	Million € PPS	393,5
2	Employment creation	Net number of jobs created	Thousand capita	4,5+8,6
3	Labour productivity	Change in GVA per full time equivalent	€/AWU	4940



4	Reversing biodiversity decline	Change in the decline of biodiversity measured by population developments of selected bird species	%	3,2
5	Preserving agricultural and forestry areas with a high natural value	Changes in areas with high natural values	Thousand ha	517,0
6	Increasing water quality (caused by the reduction of the amount of fertilisers)	Changes in nutrient balance - N (values and trend)	Thousand tons	-238,4
7	Contribution to fighting climate change	Increasing energy production from renewable energy sources (agriculture/forestry)	kt/ oil equivalent	1600

### Objective related baseline indicators

Indicator	Measurement of the indicator	Unit	Base year	Baseline data	Source/TARGET??
<b>Horizontal (Programme level)</b>					
1. Economic development	GDP /capita in p.p.s. (EU-25 = 100, three year average 2000-2002)	PPS/capita	2005	61.4	NHDP
2. Employment rate	Employed persons as a share of total population of age class of 15-64 years old	%	2005	56.9	NHDP
3. Unemployment	Rate of unemployment (unemployed persons as a percentage of economically active population)	%	2005	7.2	NHDP
<b>Axis I. – Improving the competitiveness of the agricultural and forestry sector</b>					
4. Training and education in agriculture	Percentage of farmers with basic and full education in agriculture	%	2005	4.9/7.5	15/22
5. Age structure in agriculture	Ratio between farmers less than 35 years old and farmers of 55 years old or more	%	2005	0.15	0.2
	Farmers less than 35 years old	%	2005	54,7	65,0
	Farmers of 55 years old or more	%	2005	365,7	330,0
6. Labour productivity in agriculture	Gross Value Added per annual work unit	Euro/AWU	2005	4170	5970
7. Gross fixed capital formation in agriculture	Gross fixed capital formation in agriculture	Mio Euro	2005	801	1067,8
8. Employment development in the primary sector	Employment in primary sector	Thousand capita	2005	194	179
9. Economic development in the primary sector	Gross Value Added in the primary sector	Million €	2004	2688.5	3500
10. Labour productivity in food industry	Gross Value Added per people employed in food industry	Thousands euro per people employed	2004	13900	20100
11. Gross fixed capital formation in food industry	Gross fixed capital formation in food industry	Million €	2005	508.2	627,1

12. Employment development in food industry	Employment in food industry	Thousands of people employed	2005	140.4	132,4
13. Economic development of food industry	Gross value added in the food industry	Million €	2004	1961.6	2661,0
14. Labour productivity in forestry	Gross Value Added per people employed in forestry	Thousands euro per people employed	2004	14900	15870
15. Gross fixed capital formation in forestry	Gross fixed capital formation in forestry	Million €	2004	116,5	125,8
16. Importance of semi-subsistence farming in New MSs	Number of farms smaller than 1 Economic Size Unit in New MS	%	2005	79.6	54,1
<b>Axis II. – Improving the environment and the countryside</b>					
17. Biodiversity: Population of farmland birds	Development of populations of selected bird species / change in numbers	%	2003	108.8	112
18. Biodiversity: high nature value areas farmland and forestry	UAA of High Nature Value farmland	Million ha	2005	1,4	2,3
19. Biodiversity tree species composition	Area of forest and other wooded land classified by number of tree species occurring and by forest type	%	2006	13,0/82,0/5,0	11,0/86/3,0
20. Water quality: gross nutrient balance	Surplus of nutrient per ha	kg /ha	2002-2004 average	20,0	17,5
21. Water quality: pollution by nitrates and pesticides	Annual trends in the concentrations	mg/l	2000-2002 average	77.5	73
22. Soil: Areas at risk	Areas at risk of soil erosion	tons/ha/year (estimate)	2004	0,41	0.35
23. Soil: Organic farming	Utilised Agricultural Area under organic farming	thousand ha	2005	128	300
24. Climate change: production of renewable energy from agriculture and forestry	Production of renewable energy sources from agriculture and forestry	Ktoe	2004	0	800
25. Climate change: UAA devoted to renewable energy	Utilised Agriculture Area devoted to energy and biomass crops	Ktoe	2003	777,0	1577,0
26. Climate change/air quality: gas emissions from agriculture	Emissions of greenhouse gases, and of ammonia from agriculture	1000 t of CO <sub>2</sub> 1000 t of ammonia	2003	10130,0/66,0	9927,0/64,7
<b>Axis III. – Quality of life in rural areas and diversification of rural economy</b>					
27. Farmers with other gainful activity	Percentage of farmers with other gainful activity than agriculture	%	2005	38.5	47,0
28. Employment development of non-agricultural sector	Employment in secondary and tertiary sectors (in rural regions)	Number of persons in thousand	2005	3707.5	3745
29. Economic development of non-agricultural sector	Gross Value Added in secondary and tertiary sectors (in rural regions)	Million €	2004	66338,6	72200

30. Self-employment development	Number of self-employed persons (in rural regions)	Number of persons in thousand	2004	552,6	549,0
31. Tourism infrastructure	Total number of bed places in all forms of tourist accommodation	Thousand pcs.	2005	569,2	582,0
32. Internet take-up in rural areas	Persons having subscribed to DSL internet as percentage of total population	%	2004	N.A.	N.A.
33. Development of services sector	GVA in services as percentage of total GVA	%	2004	65,2	72,0
34. Net migration	Annual crude rate of net migration	Rate per 1000 inhabitants	2005	-0,87	-0,67
35. Life-long learning in rural areas	% of adults (25-64 ys. old) participating in education and training	%	2004	4.6	7.5
<b>Axis IV. – LEADER</b>					
36. Development of Local Action Groups	Share of population on the territory where the LAS is active	Number of persons in thousand	2005	1600,0	2350,0

**Additional, objective related baseline indicators:**

Indicators	Measurement of the indicator	Unit	Base year	Baseline condition	Target condition
<b>Horizontal indicators</b>					
1. Economic development	Share of agricultural production in the GDP, (%), 2004	%	2004	3,1	2,9
2. Agricultural employment	Ratio of agricultural employees in the total number of employees, (%), 2005	%	2005	4,97	4,1
3. Sustainability of equal opportunities	Ratio of women in the agricultural employees, (%), 2004	%	2004	22,9	23,2
4. Environmental sustainability	Ratio of biomass produced used for energy generation (%)	%	2005	8-10	22,0
5. Sustaining the regional cohesion	The difference among the extreme values of figures of GDP per capita (measured at the level of regions)	%	2003	39,7	43,5
	Difference of migration in the rural areas	capita	2005	-4020	-3500
6. Sustaining the social cohesion	Number of households without active earners in the rural areas	Thousand households	2001	655,7	620,0
<b>Axis 1: Improving the competitiveness of agriculture and forestry</b>					
<b>General objective: Establishment of sustainable and competitive agriculture and food economy</b>					
7. Value added of agriculture	Added value of agriculture	Billion HUF	2004	676,6	976,6
8. Profitability of agriculture	Profitability of agriculture	Billion HUF	2004	1,3	1,6
	Profitability of food industry	Billion HUF	2004	2,6	3,6
	Profitability of forestry	Billion HUF	2004	2,1	2,9
9. Agricultural export	Share of food processing sector of total exports	%	2005	6,1	6,6
<b>Specific objective: Supporting the acquisition of knowledge and the improvement of human resource skills and age structure</b>					
10. Age structure	Ratio of individual farmers below 40 years of age	%	2005	14,4	16,4
	Ratio of individual farmers above 55 years of age	%	2005	51,7	50,7
11. Internet use	Ratio of individual farmers using computer and internet	%	2005	28	48
<b>Specific objective: Motivation production restructuring in the interest of achieving sustainable production structure</b>					
12. Output of agricultural sectors	Distribution of gross output of agriculture in the main sectors (livestock keeping/plant production, of which: horticulture)	%	2004	43,2/56,9/ 6,1	49,0/51,0/ 7,0
13. Grain	Ratio of energy generation oriented grain production	%	2004	0,3	9,0

production for energy generation purposes					
14. Development of animal husbandry	Number of individual farms engaged in livestock keeping	Thousand farms	2005	222,7	201,0
15. Development of horticulture	Number of individual farms engaged in horticultural production	Thousand farms	2005	11,1	12,6
16. Producer groups	Number of producer groups	Number	2004	252,0	552
	Net revenue of producer groups	Billion HUF	2004	118,0	348,0
	Ratio of revenue of products marketed by producer groups in agricultural revenues	%	2006	6,0	6,0
	Agricultural area covered by producer groups	Thousand ha	2005	550,0	1315,0
17. Diversification of production	Ratio of individual farms engaged in food processing (meat/milk/fruit and vegetable / winemaking, wine bottling)	%	2005	0,8/0,5/1,3/0,6	1,2/0,7/2,0/0,8
<b>Specific objective: Modernisation and development of physical resources, promotion of innovation</b>					
18. Value of agricultural investments	Value of agricultural investments	Billion HUF	2005	197,5	240,6
19. Modernisation of animal husbandry	Number of livestock farms requiring modernisation	Farms	2005	3850,0	1850,0
20. Modernisation of primary processing of agricultural products	Ratio of processing plants with modern technology	%	2006	30	35
	Ratio of investment projects for the complex modernisation of processing and sale (quality monitoring, storage, packaging, inventory maintenance)	%	2006	60	65
21. Development of irrigation	Irrigated area	Thousand ha	2004	93,0	143,0
22. Energy use efficiency of agriculture	Energy use of agriculture per unit GDP	Terrajoule / billion HUF	2004	43,5	41,0
<b>Specific objective: Improvement of agricultural production and of the quality of products</b>					
23. Producer organisations	Number of basic material and processing integrations (organisations) (plant production/animal husbandry/horticulture/forestry)	N.A.	N.A.	N.A.	N.A.
24. Production of high quality goods	Number of registered products provided with geographic product marker	Number	2005	11,0	14,0
	Number of products included in the certification system of food products of excellent quality	Number	2005	350,0	400,0
	Ratio of sales revenue from traditional, special goods having geographic products markers in the total sales revenue of food economy	%	2005	0,5	1,0
	Ratio of products of higher quality with higher value added	%	2005	2-3	5,0
<b>Axis II: Development of the environment and of the countryside</b>					
<b>General objective: Development of the agriculture and forestry in an environmentally friendly manner through the progress of land-use adjusted to the agro-ecological endowments of the area, the protection of the natural-landscape resources, the improvement of their condition</b>					
25. Extensive land use	Farmland involved in agriculture and forestry management committed to the requirements of environmental protection and landscape management and adjusted to the agro-ecological conditions	million ha	2005	1,9	3,1
26. Moderation of climate change	Arboreal energy plantation	Thousand ha	2005	0	49,0
<b>Specific objective: Sustainable use of agricultural land areas, dissemination of environmentally friendly farming methods</b>					
27. Agricultural areas in extensive	Size of area in controlled organic farming or under transition	Thousand ha	2005	128	300

use	Share of area under agro-environmental program, of the total agricultural area	%	2005	25,3	28
28. Sensitive natural area	Size of area subject to contracts on the preservation of various wild species or communities	Thousand ha	2005	119,7	220,0
	Area affecting moderation/prevention of the discharge of pollutants into water bases	Thousand ha	2005	0,8	12,0
29. Improvement of unfavourable soil conditions	Preservation of wetland and water habitats	Thousand ha	2005	35,3	40,0
	Supported organic farming area	Thousand ha	2005	76,0	130,0
	Integrated farming	Thousand ha	2005	297,2	600,0
	Protection of cultivated area jeopardised by soil loss (water and wind erosion)	Thousand ha	2005	0	65,0
	Area affecting reduction of active agents/chemicals applied in the soil, (thousand ha), 2005	Thousand ha	2005	1450,6	2350,0
30. Natura 2000 agricultural areas	NATURA 2000 arable land and grasslands from agricultural areas	%	2005	17,2	17,2
	Supported NATURA 2000 arable land and grassland	Thousand ha	2005	150,0	480,0
<b>Specific objective: Sustaining agricultural activities on less favoured areas</b>					
31. Less favoured area	Less favoured area	Thousand ha	2005	883,6	883,6
	Ratio of subsidised less favoured area from the agricultural area	Thousand ha	2005	218,0	350,0
	Number of farmers operating on less favoured area	Thousand capita	2005	6,6	7,8
32. Abandoning cultivation	Ratio of plough-land left fallow	%	2004	4,1	3,5
<b>Specific objective: Sustainable use of forestry areas and the increase of forest cover</b>					
33. Forest cover of the country	Forest cover	%	2006	21,5	22,2
34. Afforestation	First afforestation of agricultural land	Thousand ha	2005	17,8	70,0
	Ratio of afforestation using indigenous frondiferous tree species	%	2005	59,0	65,0
35. Forest environment	Area of forests under forest-environment programme	Thousand ha	2006	0	160,0
36. Natura 2000 forest	Natura 2000 forest area	Thousand ha	2005	773,4	773,4
	- of which, private forest	%	2005	26,8	26,8
<b>Specific objective: Payment of animal welfare provisions</b>					
37. Animal welfare	Number of farms receiving animal welfare and hygienic provisions	Number	2005	-	4500
	Keeping spaces established with high level keeping technologies		2005	-	
<b>Axis III: Improvement of quality of life in rural areas and promotion of diversification</b>					
<b>General objective: Improvement of quality of life, income and employment conditions of the rural population</b>					
38. Income level	Average per capita domestic income in the rural areas	Thousand HUF %	2004	394,0 71,4	425 73
<b>Specific objective: Relief of rural employment tensions, enlarging the income earning possibilities</b>					
39. Number of enterprises	Number of enterprises employing 1-9 persons operating in the rural areas (thousand enterprises), 2004	Thousand enterprises	2004	207,3	215,0
40. Enterprise density	Number of operating enterprises per thousand capita in rural regions (pcs)	Number	2004	56,45	58,0
41. Village accommodations	Number of hosts of village accommodations	Thousand Capita	2005	7,3	8,2
	Number of guests in rural private accommodations (foreign/domestic)	Thousand capita	2005	36,2/116,4	48/140
	Number of guest nights spent in rural private accommodations (foreign/domestic)	Thousand guest nights	2005	171,3/ 396,6	188/417

<i>Specific objective: Improvement of rural quality of life, through the sustainable, complex utilisation of the cultural and natural values</i>					
42. Heritage protection	Ratio of monuments endangered in the rural areas	%		41	33
43. Presentation of the village (rural) cultural and natural heritage	Descriptive (Based upon the survey made among the rural development micro-regional managers in 2005, such activities are performed in about 16% of the settlements. The description includes the number of rural settlements having display facilities, which present the rural life, traditions, natural values (village museum, regional heritage house, unique landscape etc. presentation of values designated as protected heritage sites) and the number of display facilities.				
44. Infrastructure for the sale of locally made products (local markets)	Descriptive (A small ratio of settlements operate markets for the sale of local products. The description includes the number and location of the local markets having appropriate infrastructure and operated at least with weekly regularity in the rural areas).				
<i>Specific objective: development of basic services provided for the rural population</i>					
45. Access to basic services	Descriptive: Improvement of supply of rural settlements with services supportable by the program (by types of services)				

### Context related baseline indicators

Indicator	Measurement of the indicator	Unit	Base year	Baseline data	Target data
Horizontal (Programme level)					
1. Designation of rural areas	Defining the rural areas NOT according to the OECD methodology (for definition see: Chapter 3.1)	Number	2005	2986	2986
	Number of settlements	Km <sup>2</sup>	2005	81493	81493
	Number of permanent residents	Thousand capita	2005	4697,4	4576,7
2. Importance of rural areas	Territory of rural areas	%	2005	87,6	87,6
	Population in rural areas	%	2005	46,15	45,8
	GVA in rural areas	%	2005	N.A.	N.A.
	Employment in the rural areas	%	2005	49,9	51,0
Axis 1: Improving the competitiveness of agriculture and forestry					
3. Agricultural land use	Arable area	%	2005	84,8	80,0
	Permanent grassland/pastures	%	2005	11,0	15,0
	Permanent crops	%	2005	3,0	5,0
4. Farm structure	Number of farms	Number thousand	2005	714,8	499,0
	Cultivated agricultural area	thousand ha	2005	4.266,6	4180,0
	Average farm size	ha	2005	8,6	14,5
	Average proportions of the farms according utilization of the agricultural area (ratio of farms under 5 ha UAA, from 5 to 50 ha UAA, 50 ha and more UAA)	%	2005	88,9/9,4/1,8	83,0/14,0/3,0
	Average farm size and distribution (ratio of farms less than 2 ESU, from 2 ESU fo less than 100 ESU, 100 ESU and more)	%	2005	88.3/11.6/0.1	81,1/18,0/1,0
	Labour force	AWU	2005	462740	323000



5. Structure in forestry	Area of forest available for wood supply (FAWS)	thousand ha	2000	1702,0	2028,0
	Ownership (ratio of area of FAWS under "eligible" ownership – public, private)	%	2000	0,5/36,6	0,5/42,0
	Average size of private holding of Forest and other Wooded Land (FOWL)	ha	2005	22,3	25,0
<b>Axis II: Development of the environment and of the countryside</b>					
6. Forest productivity	Average net annual volume increment (FAWS)	m <sup>3</sup> /year/ha	2000	5.8	6,0
7. Land Cover	Ratio of agricultural/forest/natural/artificial areas	%	2000	68,2/20,2/5,9/5,7	62,2/21,9/5,9/6,0
8. LFA	Agricultural land in use – non LFA/other LFA/LFA with specific handicaps	%	2005	84,9/6,7/8,3	84,9/6,7/8,3
9. Areas of extensive agriculture	Used agricultural area for extensive arable crops	thousand ha	2005	1350,0	1860,0
	Used agricultural land for extensive grazing	thousand ha	2005	420,0	690,0
10. Natura 2000	Area of territory under Natura 2000	%	2005	20,6	20,6
	Area of agricultural land on the territory under Natura 2000	%	2005	17,2	17,2
	Forest area under Natura 2000 territory	%	2005	43,6	43,6
11. Biodiversity: protected forests	Area of forests protected to conserve biodiversity, landscape and specific natural elements (MCPFE 4.9, classes 1.1, 1.2, 1.2 and 2)	%	2000-2002	0.2/3.6/0,6/15.7	10,0/6,0/4,0/20,0
12. Development of forest area	Average annual increase of forest and wooded land areas	thousand ha/year	2000-2005	13,8	11
13. Forest ecosystem health	Ratio of trees/conifers/broadleaved in defoliation classes 2-4	%	2004	21,5/24,2/21,0	20,0/24,2/19,0
14. Water quality	Ratio of the territory designated as Nitrate Vulnerable Zone in Hungary	%	2005	53.4	53.4
15. Water use	Rate of irrigated UAA	%	2005	1,8	2.5
16. Protecting forests concerning primarily soil and other ecosystem functions	FOWL area managed primarily for soil and water protection (MCPFE 5.1 class 3.1)	% total forest area	2000-2002	9.6	11,0
<b>Axis III: Improvement of quality of life in rural areas and promotion of diversification</b>					
17. Population density	Population density in the countryside	residents./k m <sup>2</sup>	2005	108,5	106,2
18. Age structure	share of people aged 0-14 years old	%	2005	15.6	16.2
	share of people aged 15-35 / 54-64 years old	%	2005	68.7	63
	share of people aged 64 + years old	%	2005	15.6	20.8

19. Structure of economy	GVA in the primary sector	%	2004	4,8	4,0
	GVA in the secondary sector	%	2004	30,3	29,0
	GVA in the tertiary sector	%	2004	64,9	67,0
20. Structure of employment	Employment in the primary sector	%	2005	5.0	4.4
	Employment in the secondary sector	%	2005	32.4	31.2
	Employment in the tertiary sector	%	2005	62.6	64.4
21. Long-term unemployment	Long-term unemployment	%	2005	3.2	3
22. Educational attainment	Persons with Medium and High educational attainment (of people aged from 25-64 years)	%	2004	76.4	79
23. Internet infrastructure	Primary DSL coverage in Hungary	%	2004	N.A.	

### Additional national context indicators

Indicator	Measurement of the indicator	Unit	Base year	Baseline data	Target data
<b>Axis I: Improving the competitiveness of agriculture and forestry</b>					
1. Average size of holdings	Average size of holdings (individual farms / farming organisations), (ha), 2005	ha	2005	3,5/486,8	3,9/510
2. Supply of assets	Number of grain harvesters, (1000 pcs), 2005	Thousand pcs	2005	120,5	150,5
	Tractor power capacity per 1000 ha agricultural area, (kW), 2000	Thousand pcs	2005	12,1	14,1
3. machine power density	Tractor capacity per Thousand ha agricultural area	kW	2000	815,0	905,0
4. Tractor density	No. of tractors per 100 ha agricultural area,	pcs	2005	2.10.21	+0.60.04
5. Density of combine harvesters	No. of combine harvesters per 100 ha agricultural area	Pcs	2005	0,21	0,25
<b>Axis II: Development of the environment and of the countryside</b>					
6. Ratio of nature conservation areas	Ratio of protected areas of national significance	%	2004	8.9	8.9
7. Soil amelioration	Area treated with organic manure	Thousand ha	2004	460,2	500,0
	Active ingredient of fertiliser amount used on areas treated with artificial fertiliser	Kg/ha	2005	133,0	128,0
	Active ingredient of artificial fertiliser sold for agricultural area	Kg/ha	2005	67,0	66,0
8. Use of plant protection chemicals	Chemicals used for plant protection:				
	- herbicide	Thousand ha	2005	1562,1	1410,0





	- insecticide	Thousand ha	2005	733,2	580,0
	- fungicide	Thousand ha	2005	791,1	640,0
	- other plant protection chemicals	Thousand ha	2005	363,1	210,0
<b>Axis III: Improvement of the quality of life in the rural areas and the promotion of diversification</b>					
9. Long-term unemployment	Share of registered long-term unemployed within the registered unemployed in the rural areas	%	2005	48,76	42,5

**Additional (context related<sup>4</sup>) baseline indicators:**

Indicator	Measuring number, (measuring unit), year	Baseline condition	Objective condition
<b>Horizontal indicators</b>			
<b>Axis 1: Improvement of competitiveness of agriculture and forestry sector</b>			
Average size of holdings	Average size of holdings (individual farms / farming organisations), (ha), 2005	3.5/486.8	15/650
Supply of assets	Number of grain harvesters, (1000 pcs), 2005	12.1	+2
	Tractor power capacity per 1000 ha agricultural area, (kW), 2000	815	+90
Tractor density	No. of combine harvesters per 100 ha agricultural area, 2005	2.10.21	+0.60.04
Density of combine harvesters	No. of combine harvesters per 100 ha agricultural area, 2005	0.21	+0.04
<b>Axis 2: Development of the environment and the countryside</b>			
Ratio of nature conservation areas	Ratio of protected areas of national significance, (%), 2004	8.9	8.9
Soil amelioration	Area treated with organic manure, (1000 ha), 2004	460.2	500
	Active ingredient of fertiliser amount used on areas treated with artificial fertiliser, (economic organisations, kg/ha), 2005	133	150
	Active ingredient of artificial fertiliser sold for agricultural area, (kg/ha), 2005	67	85
Use of plant protection chemicals	Basic area treated with plant protection chemicals, (economic organisations, 1000 ha), 2005		
	- herbicide	1562.1	1410
	- insecticide	733.2	580
	- fungicide	791.1	640
	- other plant protection chemicals	363.1	210
<b>Axis 3: Improvement of the quality of life in the rural areas and the promotion of diversification</b>			
Long-term unemployment	Share of registered long-term unemployed within the registered unemployed in the rural areas, (%), 2005	48.76	42.5

## coherence with relevant guidelines and other programming documents

### Complementarities with Other Programmes

In the elaboration of the New Hungary Rural Development Strategic Plan (NHRDSP), targeted at the utilization of the European Agricultural Fund for Rural Development (EAFRD), and in the development of the Programme, established on this basis (NHRDP), integrated approach is a requirement and a method. This means a connection of NHRDP to the EU strategies, action programmes, to the different national operational programmes, on the one hand, and the creation of the programme's internal consistence, on the other. The requirement of establishing synergies between the different programmes, plans and planning levels, the elimination of contradictions applies to all phases of planning.

<sup>4</sup> Effect of changes related to general economic, environmental, structural and social relations (context)



## Connection with Community policies and priorities

The New Hungary Rural Development Programme takes largely into account the market regulation and rural development objectives of the new Community Agricultural Policy, amendments in the proportions and in the system of objectives. The purpose of the reform of the Common Agricultural Policy, launched in 2003 was to realize an aid system that is independent from production, and to increase the population retention capacity of the rural regions and the strengthening of rural development (Pillar II). The New Hungary Rural Development Programme continues to consider the modernization of agricultural production, of the conditions of food economy (mainly the quality ones) and a mitigation of technical-technological disadvantages to be a priority. Parallel to that, measures serving rural development, sustainable development, the retention of population, an improvement of the quality of life are enhanced and applied in a comprehensive way.

### *Connection with the Common Agricultural Policy*

One of the most important structural concerns for the Hungarian agriculture is the disharmony between plant production and animal husbandry (a surplus of crops, a major reduction in stock-raising). The planned change in the CAP reform – due to a strengthening of variability, of landscape – may have a favourable impact on the structure of crop production, but – without the use of other funds and without further development targets – it is not expected to reduce structural tensions, in actual terms. On the basis of the production's conditions, the production of the COPF-plants (corn, oil, protein, fibre) shall remain determinant, and animal husbandry shall lose even more from its weight, representing an even lower demand for forage crops.

The Rural Development Programme is in harmony with the measures funded from EAGF.

From among the areas listed in Annex I of Commission Regulation 1974/2006/EC, there is no danger of a duplication of the assistance in the following sectors:

- **Wine:** the CMO's restructuring measure is operational, but there are no overlapping measures in the Rural Development Programme
- **Tobacco:** During 2007, Hungary plans to give a production-related supplementary aid to tobacco producers, but they cannot benefit from the agri-environmental measures of the Rural Development Programme
- **Hop:** During 2007, Hungary does not plan to provide a production-related national supplementary aid (there is only one hop producer, on an area of 40 ha)
- **Direct payments:** Hungary applies SAPS
- **Olive oil and specific measures:** not relevant

In the following areas, duplication of assistance shall be eliminated:

- **Fruits and vegetables:** the supplementary character is ensured in line with the measures. Operational Programmes submitted by the producer groups contain information on the use of the Operational Fund.



**No aid shall be given to:**

- Investments (qualifying under Art. 16, c) of Regulation 1432/2003/EC) included in the recognition plan of the preliminarily recognized producer groups (on the basis of Art. 14 of Regulation 2200/1996/EC),
- Investments financed from the Operational Fund (determined in Art. 5 of Regulation (EC) 1433/2003) by a recognised producer group (in accordance with Art. 11 of Regulation (EC) 2200/1996).

The recognition plans and the Operational Programmes containing the measures to be financed from the Operational Fund can be found at ARDA (Paying Agency) that shall eliminate eventual duplications of payments.

- **Sugar:** The Sugar Restructuring Fund (RF), created by the reform of the sugar CMO has one component that might be overlapping with the diversification measure of EAFRD. The timing of the use of these two funds shall be implemented as follows: the applicant can make use of the EAFRD diversification measure only if the project funded from RF is completed. The call for applications of the EAFRD diversification measure shall contain the requirement that no applicant benefiting from RF can apply as long as the payments from RF were terminated.
- **Bee keeping:** An application submitted under the measure included in Art. 2, paragraph (c) of Council Regulation No. 797/2004 may contain an investment that would be eligible for financing from EAFRD as well. In order to exclude a duplication of assistance, Regulation 81/2006 FVM obliges the applicants to issue a statement that they use no aid from other sources for the same investment.

**Production-related national supplementary aids (top-up)** Hungary studied the references included in Annex I to Commission Regulation No. 1974/2006 in terms of aid for bovine, as well as sheep and goat (Council Regulation No. 1782/2003, Articles 114, 119 and 132). In respect of measures included in Articles 132 and 114, supplementary aid planned for the year 2007 shall be allocated on a historical basis, decoupled from production. In respect of the aid form mentioned in Art. 119, Hungary does not plan to grant national supplementary aid. On the basis of the above, no distinction is required.

The rational use of development funds of the New Hungary Rural Development Programme offers several possibilities for a mitigation of structural tensions. The use of the product surplus in crop production for energy generation, the launch of energy crop production promotes the change of production structure, the application of modern technologies, as well as job creation in the rural regions. A restructuring of crop production is justified also by an unfavourable change in the corn intervention system. The programme intends to ensure a restructuring role to the development of horticulture, and it considers a development of animal husbandry in line with the EU requirements, the creation of the conditions for quality production and the full use of the production potential. Incentives for environmental protection, environmental management, and landscape management are also areas of outstanding importance.



### ***Connection to the Fisheries Operational Program***

The measures of the Fisheries Operational Program (FOP), which is co-financed by the European Fisheries Fund (EFF) are the followings:

- Modernization of existing and creation of new fish production and storing capacities
- Acquisition and renewal of fisheries implements
- Building and modernization of fish processing facilities
- Research and quality control
- Promotion campaigns and actions
- Pilot research projects

Demarcation in Axis 1 and 3 is not necessary; there is no possible overlapping between the measures of FOP and NHRDP. However, the similar measures of the two programs can reinforce the effect of each other, the measures of FOP can contribute to the targets of rural development.

Art. 38 of Reg. 1698/2005 allows compensation for respecting the Natura 2000 directives –costs incurred and income foregone resulting from respecting commitments going beyond the relevant standards - only in the case of Utilised Agricultural Area (UAA). Therefore Natura 2000 compensation of wetlands and fishponds on the account of the NHRDP is not possible.

FOP does not include measures neither for the compensation of Natura 2000, nor for the environment conscious utilisation of lands/fish ponds.

Among the measures of Axis 2 of the NHRDP – similar to the Rural Development Plan 2004-2006 – in Art. 39 agri-environment payments the support of extensive fish ponds is eligible. The support can be claimed for respecting requirements going beyond standards in connection with environment conscious utilisation of fish ponds.

### ***Connection to EU policies***

In the realisation of the New Hungary Rural Development Programme, another possibility – in some cases, criteria for the use of such assistance – is a connection to the different EU strategies. The implementation of competitive agricultural production, restructuring, the creation of food safety are consistent with the Bio-farming Action Programme (COM 2004 - 415), the commitment to enhance the use of renewable energy resources (COM 2004 – 366). Sources for rational land use, development of agricultural and forestry systems can increase by participation in Natura 2000 and the programmes of the Water Framework Directive. In order to provide conscious compensation for the effects of climate change, another possibility is offered by the EU's forestry strategy and action plan (COM 2005 – 84), which is particularly important in the implementation of measures connected with sustainability and job creation. All of the priorities of the New Hungary Rural Development Programme are indirectly or directly related to the environmental action programme of the EU (Regulation No. 1600/2002/EC). The tools of technical assistance, affecting all groups of measures



may provide significant help already in the preparation phase of programming, in the coaching of the affected persons, in up-to-date information.

In accordance with the domestic and European conceptual documents and the Community Strategic Orientation, NHRDP pays special attention to the validation of horizontal policies and to programme-level implementation (sustainability, equal chances, social/ economic/ environmental safety, territorial principle). These policies shall be taken into account in the planning of the strategy, in the preparation of the programme, in the assessment and the control process, equally.

## **Connection with the operational programmes in Hungary**

The New Hungary Rural Development Programme is organically connected with the planning processes, concepts applicable to the other areas of the national economy. The Government, by approving the Government Regulation No. 1076/2004 (VII. 22.) made a decision on the contents and the organisational framework for the elaboration of the Europe Plan (2007-2013). In accordance with this decision, long-term (2005-2020) development policy documents were prepared – the National Development Policy Concept (NDP) and the National Regional Development Concept (NRDC) – to determine the areas and objectives for the use of the EU's structural funds and of its Cohesion Fund. The strategic framework laying down the basis for an effective and efficient use of the funds allocated for the period 2007-2013 from the Cohesion Fund and the structural funds of the EU is included in New Hungary Development Plan (NHDP), which is the equivalent of the National Strategy Reference Framework (NSRF), provided for by the European Union. The actual implementation of the development strategy outlined in NHDP and in NSRF is provided by operational programmes, with the respective details. There are seven operational programmes for the priority development areas, and another seven operational programmes for the development regions. Parallel to these operational programmes, prepared for the use of the Cohesion Fund and of the structural funds, the New Hungary Rural Development Strategic Plan was prepared. Its implementation takes place on the basis of the New Hungary Rural Development Programme. Most of the financing of NHRDP is provided by the European Agricultural Fund for Rural Development (EAFRD). It finances integrated development projects, through different comprehensive development projects, using the available resources of the structural funds and of the Cohesion Fund, as well as national aids, preferential loans.

The objectives of the national concepts and of the groups of rural development measures are interrelated, on the one hand, and represent a continuation, extension of each other, on the other hand. As a result, a basic requirement to implementation is to create the coherence of the development projects – in order to avoid any duplication of aids –, with a clear separation, demarcation of the areas.

The main characteristics of the connections of the New Hungary Rural Development Programme to the operational programmes, of the demarcation of the development projects can be summarised as follows:

- The Axis for environment and rural development (Axis 2) of the NHRDP is connected in several aspects to the Environment and Energy Operational Programme (EEOP). A considerable portion of the activities to be financed from EAFRD are connected with the protection of nature and of the environment, land use, production of renewable energy, biomass utilisation and the development of infrastructure. The scope of utilisation of the EAFRD, however, is limited in respect of the eligible activities and beneficiaries, therefore, harmonisation, combination of the targets and measures in NHRDP and in EEOP are of prime importance. Between the two programmes, coordination is necessary, in order to supplement the resources and increase the efficiency of the measure:
- Measures to protect the environment in agriculture and forestry, in order to finance the Natura 2000 network, water management,





- Measures to preserve the values of the protected natural areas, for a new type of floodplain management relating to VTT,
- Deferred environmental protection investments at the animal husbandry sites,
- The primary processing of biomass,
- Development of infrastructure,
- The beneficiaries of NHRDP are agricultural producers, the projects can be implemented in outskirts territories for agricultural use. The sources for EEOP are used for the environmental and energy development of the enterprises carrying out non-agricultural activities. Development projects in renewable energy are eligible for EAFRD assistance only in the case of small-size processing sites, owned by the producers. EEOP supports energy production intended for sale. The synergy between the two areas is a prime condition for the use of the resources. The preservation of the natural values in protected areas managed by the state, the infrastructural investments there are financed by EEOP,
- An important objective of NHRDP is to keep the rural population locally, to create the means of living, the possibility of alternative income-earning. The financing of measures aimed at the construction, modernisation of rural infrastructure takes places from the resources of the Transport Operational Programme (TOP). These investments can generate economic growth also in rural regions, by improving the possibilities of product sales (markets) and by bringing jobs “closer”, by improving the quality of the entrepreneurial environment. Construction, modernisation of the agricultural service and access roads, forestry roads, the construction, modernisation of facilities shall be implemented from EAGF,
- In the programmes, the development of the activities of micro-businesses is of prime importance, with special regard to the rural regions. For the development of agricultural activities and food processing micro businesses, the EAGF sources shall be used. For the support of businesses belonging to other sectors of the national economy, the operational programmes for Economic Development and the regional operational programmes shall be used,
- Significant quality improvement can be achieved by the application of modern technologies and know-how based on the results of research and development and innovation activities. Synergy between the programmes can be strengthened with the promotion of technology transfers between sectors, where important roles can be played by both the R&D Measures of the Competitiveness Operational Programme and the regional operational programmes,
- The resources of the Social Renewal Operational Programme (SROP) and Social Infrastructure (SIOP) are connected with the EAGF Axis I and III via the improvement of education, culture, employment, the social sphere, the improvement of the quality of life in rural regions, support to tourism-related activities. The sources of operational programmes expand the scope of the beneficiaries and create an environment with a higher knowledge level and expectations for the rural population, in particular, agricultural population,
- The measures of the Electronic Public Administration and State Reform Operational Programmes (EPAOP, SROP), through a renewal of the social, public administration services, exercise direct and indirect influence on a more efficient, smooth operation of the agricultural investments, businesses,
- The measures of Axis III (Quality of life in rural regions and rural economy) and Axis IV (LEADER) are connected in many aspects to the regional operational programmes (ROP). The measures aimed at rural development targets, in particular, local capacity increase, a strengthening of local partnerships, shall be implemented in connection with the government programme aimed at the development of the 28 most disadvantaged small regions. The implementation of the LEADER programme takes place in close coordination with the comprehensive programme,



where the special considerations of the most disadvantaged small regions receive particular attention in the programme,

- According to the demarcation of tasks, based on inter-ministry consultations, the sources of the EAGF Axis III and IV give priority to agricultural and agriculture related development projects. The infrastructure, road and utility development projects for the rural population are not eligible for funding from EAGF sources,
- In the field of tourism, for the infrastructure of accommodation and services for non-commercial purposes and sizes, using the principle of horizontal integration, EAGF sources can be used. Support to other investments in tourism, in coordination with the previous projects, is the task of the regional operational programme,
- Measures aimed at the renewal of villages shall be concentrated on villages with buildings representing significant cultural values, having obtained protection. When aid is used, the list of the villages selected for support, as well as the size, complexity of the project shall be considered a criteria for the demarcation. Towns and villages in the country and the simple project shall receive support from EAGF,
- Infrastructure development in villages is outside the scope of the eligible projects. The development sources for the basic services in the country can be used, depending on their origin, subject to the size of the towns and villages. The centres of the small regions shall receive support from the regional programmes, the development of services in small villages shall receive support from the Rural Development Programme. Development projects with synergy effects shall receive priority.







## Coherence with CSG

As set in the Community Strategic Guidelines, support in the area of rural development based on Council Regulation 1698/2005/EC has to contribute to the key community priorities, to other measures defined for cohesion and environment and furthermore to the implementation of the CAP reforms. The measures set in the “New Hungary” Rural Development Programme resulting from the Community Strategic Guidelines are widely coherent with the documents mentioned above.

The following table demonstrates the coherence of the various measures with the 1698/2005/EC Regulation, the Community Strategic Guidelines and the National Strategy Plan

Code	Name of the measure	1698/2005/EC EAFRD Regulation	Community Strategic guidelines	National Strategy Plan
<b>Axis I: Improving the competitiveness of the agricultural and forestry sector</b>				
111	Training, information and diffusion of knowledge	+	+	+
112	Setting up young farmers	+	+	+
113	Early retirement of farmers and farm workers	+	o	+
114	Use of farm advisory services	+	+	+
115	Setting up farm management, farm relief and farm advisory services, as well as forestry advisory services	+	+	+
121	Modernization of agricultural holdings	+	+	+
122	Improving the economic value of the forest	+	+	+
123	Adding value to agricultural and forestry products	+	+	+
124	Cooperation for development of new products, processes and technologies in the agriculture, food and forestry sector	+	+	+
125	Infrastructure related to the development and adaptation of agriculture and forestry	+	o	+
131	Meeting standards based on Community legislation	+	+	+
132	Participation of farmers in food quality schemes	+	+	+
133	Information and promotion activities on food quality schemes	+	+	+
141	Semi-subsistence farming	+	o	o
142	Setting up producer groups	+	+	+
<b>Axis II: Improving the environment and the countryside</b>				
212	Payments to farmers in areas with handicaps, other than mountain areas	+	+	+
213	Natura 2000 payments on agricultural areas and payments linked to the implementation of the Water Framework Directive 2000/60/EC	+	+	+

214 (A)	Agri-environmental payments	+	+	+
214 (B)	Preservation of genetic resources	+	+	+
215	Animal welfare payments	+	+	+
216	Assistance provided to non-productive investments	+	+	+
221	First afforestation of agricultural lands	+	+	+
222	First establishment of agro forestry systems	+	+	+
223	First afforestation of non-agricultural land	+	+	+
224	Natura 2000 payments	+	+	+
225	Forest-environment payments	+	+	+
226	Restoring forestry potential and preventive actions	+	+	+
227	Non productive investments	+	+	+
<b>Axis III: Quality of life in rural areas and diversification of the rural economy</b>				
311	Diversification into non-agricultural activities	+	+	+
312	Support for business creation and development	+	+	+
313	Encouragement of tourism activities	+	+	+
321	Basic services for the economy and rural population	+	+	+
322	Village renewal and development	+	+	+
323	(323.1) Conservation and upgrading of the rural heritage (323.2) preparation of Natura 2000 maintenance/development plans	+	+	+
331	Training and information	+	+	+
341	Skill acquisition, animation and implementation	+	+	+
<b>Axis IV: LEADER</b>				
411 412 413	Implementation of the local development strategies	+	+	+
421	International and transnational cooperation	+	+	+
431	Running costs, acquisition of skills and animation	+	+	+

**Legend:**

+ showing a strong coherence

0 low level of coherence



## Community added value

As far as community added value is concerned it is important to understand the difference it would make if the problems and solutions given addressed by the programme would be looked at purely at national level, and what is the added value of community support. For Hungary, in the process of catching up it is crucial that she can stronger rely on the experience of other member states, she can participate in joint actions and common problems can be solved in partnership with other member states.

There is financial added value in the present circumstances of Hungary; national resources would not be able to support the level of rural development investment taking place under the programme without the support of the European Union.

A programming added value can also be identified. In the absence of EU funds and the related programming requirements, it is unlikely that the Hungarian authorities on their own would enter into a multi-annual commitment to invest in this sector over a seven year period. Linked to this, any purely national investment would also not involve the same level of monitoring including use of performance indicators, of formal evaluation, or of partnership in planning and implementation.

A third added value relates to policy. In the absence of EU funding and regulatory requirements many of the priorities and measures in the programme would be unlikely to attract national Hungarian public investment, or attract it to the same extent. This is especially so in the case of some of the newer or more innovative interventions in such areas as the environment, rural tourism, other alternative farm enterprises or ICT.

A further added value lies in networking. Participation in rural development programming at an EU level also gives rise to networking and associated learning opportunities involving the relevant Commission services, national authority counterparts in other member states, and international experts.

## Quality of the procedures

### **Assessment of proposed implementation procedures, including monitoring, evaluation and financial management**

The **setting up of the implementation system**, including the designation of competent authorities and bodies responsible, the description of their management and control structure, the monitoring and evaluation systems, as well as arrangements for information and publicity, was under finalisation at the time the ex ante evaluation was undertaken.

#### *Designation of competent authorities and responsible bodies*

The designation of the competent authorities, as required by Council Regulation (EC) No. 1698/2005, has been already set in first instance in Government Decree No. 275/2005. (XII. 20.) on the establishment of the Hungarian institutional system of the European Agricultural Rural Development Fund. Correspondingly,

the Ministry of Agriculture and Rural Development has been devised as the **Managing Authority** of the Programme, with operational tasks to be performed by the “Agricultural and Rural Development Main Division” (ARDMD)



the Agricultural and Rural Development Office (ARDO) will be the **accredited Paying Agency** within the meaning of Article 6 of Regulation (EC) No 1290/2005.

This is in accordance with the Commission's position, as ARDO was the agency responsible for payments from EAGGF Guarantee Section in the period 2004-2006, as well as for payments from EAGF from 2007 on.

as concerning the tasks of the **Certifying Body**, the audit company KPMG has been appointed to perform these, following an open tender public procurement process.

KPMG will perform its tasks independently, However, the Ministry, as the procurer, remains in charge of supervising the quality and accuracy of its work.

The Monitoring Committee will be established mainly on the basis of the past Monitoring Committees of the ARDOP and NRDP (for the programming period of 2004 to 2006).

The description of the **roles and responsibilities** of the competent authorities, as provided in the Programme, originates in Government Decree No. 275/2005. (XII. 20.) on the establishment of the Hungarian institutional system of the European Agricultural Rural Development Fund. This is broadly seen as compliant with the relevant Council Regulations (1698/2005, 1290/2005, 1974/2006), however, some details (concerning the tasks and responsibilities of the Certifying Body) may need a revision.

Detailed information regarding specific implementing arrangements (e.g. co-operation with, and among ARDO and KPMG as the Certifying Body, ARDMD's as Managing Authority's steering and supervisory powers over the operations of ARDO) were not fully available at the time of concluding the evaluation. These are still subject to negotiations with ARDO, as well as with the Commission services.

No serious **capacity shortages** can be identified at this time. As the Implementing Body of SAPARD, ARDOP and NRDP, ARDO has acquired the necessary expertise, organisational knowledge and skills to successfully implement the Programme. The agency disposes over sufficiently skilled labour in its central and regional offices, including all project selection and management, financial management and control activities.

However, the training and skills development of new labour, the setting up of effective and efficient intra- and inter-agency processes and information flows require special attention, as these were regarded as serious institutional bottlenecks in the implementation of past programmes.

### ***Monitoring and evaluation arrangements***

As regards **monitoring arrangements**, the Programme identifies the roles and responsibilities of the Monitoring Committee. This is compliant with Article 78 of Regulation 1698/2005. The list of participants has been supplemented in the last version of the programme.

The Programme provides a picture on the allocation of responsibilities, but the evaluators feel the need for a detailed review of previous, as well as newly planned monitoring structures and processes. Implementation experience of ARDOP and NRDP showed that there is room for development in devising an effective and efficient monitoring system (EMIR), providing reliable data on a timely basis (covering both physical and financial progress), and comprehensible reports that are understood and actually used by the people responsible.

The evaluators think that some **indicators**, required by the Commission in the CMEF (and some additional national indicators), would not score well, when compared against the SMART criteria: being very hard and expensive to obtain, and not sufficiently reliable or controllable. In addition, the link is not always clear between the outcomes of Programme actions, and the change in indicators.



The evaluators made overall comments on this, while their detailed comments and recommendations are under finalisation.

New policy and regulatory requirements on strategic leadership directed at the Managing Authority and Monitoring Committee, focusing on the “strategic monitoring” function, may necessitate further development of corresponding knowledge and skills of the responsible people within the Ministry, ARDO and the Monitoring Committee. Only a limited number of members of the Monitoring Committee were intensely participating in surveying and debating the strategic, as well as the operational issues of programme implementation in the past. A better back-office support, more comprehensible reporting may help the Committee to more effectively exert its powers to monitor progress.

In relation to planned **evaluation** of the New Hungary Rural Development Programme, the actions foreseen are compliant with the Common Monitoring and Evaluation Framework. Given the lack of knowledge and on-the-ground experience as concerning the actual needs of target groups, and effects of interventions, there might be a need for going beyond the scope of CMEF and devise a small-scale, but effective ongoing evaluation function within the Ministry and ARDO.

### ***Financial management***

The Programme does not specifically provide a description of the **financial implementation and control arrangements**, but these are sufficiently elaborated by the responsible authorities (most notably ARDO). Previous experience shows that ARDO’s operations are consistent with the Commission’s requirements and the relevant national regulation. Financial control seems to be up to standards, but delays – as in the implementation of ARDOP – are likely, due to extensive checking and bureaucratic procedures, a high workload, and possible co-ordination flaws.

### ***Partnership consultations***

Extensive **partnership consultations** have taken place in the course of preparing the Programme. The list of the main social and economic partners have been provided in the Annex, and constitute a broad range of stakeholders.

The partners were mostly involved in terms of commenting on the draft Strategic Plan and Programme, rather than participating proactively at the design stage. Their comments were registered and reviewed by the Ministry, and decided upon acceptance or rejection. Some concerns regarding the effectiveness of the organisation of the partnership procedure, and the adequacy of feedback still remain with the evaluators.

## **PART II. – Strategic Environmental Assessment**





## **Annex 2. The Strategic Environmental Assessment of the Programme**





Part II of the ex ante evaluation of the “New Hungary” Rural Development Strategic Plan and Programme  
**STRATEGIC ENVIRONMENTAL ASSESSMENT**



**Ministry of Agriculture and Rural Development**



**February 2007**  
Environmental report  
to the Strategic Environmental Assessment of the New Hungary Rural Development Strategic Plan and Programme

***Commissioned by:***

Ministry of Agriculture and Rural Development

***Contractor:***

PricewaterhouseCoopers Hungary

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## ABBREVIATIONS

ARDOP	Agricultural and Rural Development Operative Program
BAT	Best Available Techniques
EEA	European Environmental Agency
EiC	Env-in-Cent Consulting Ltd.
EAFRD	European Agricultural Fund for Rural Development
MARD	Ministry of Agriculture and Rural Development
EEOP	Environment and Energy Operative Programme
MEW	Ministry of Environment and Water
MC	Monitoring Committee
HAS	Hungarian Academy of Sciences
NSC	National Society of Conservationists
NAEP	National Agri-Environmental Programme
NDP-1	National Development Plan-1
NDA	National Development Agency
NEP-II	National Environmental Programme-II
NRDP	National Rural Development Plan
NDPC	National Development Policy Concept
NWMP	National Waste Management Plan
NEC	National Environmental Council
NIENW	National Inspectorate of Environment, Nature and Water
NRDC	National Regional Development Concept
PWC	PricewaterhouseCoopers Hungary
ROP	Regional Operative Programme
SF	Structural Funds
SEA	Strategic Environmental Assessment
SROP	Social Renewal Operative Programme
SIOP	Social Infrastructure Operative Programme
NHDP	New Hungary Development Plan

NHRDP	New Hungary Rural Development Programme
NHRDSP	New Hungary Rural Development Strategic Plan
WFD	Water Framework Directive

## INTRODUCTION

### *Antecedents and legal background of strategic environmental assessment*

The Ministry of Agriculture and Rural Development (hereinafter: MARD) – as the responsible planning organisation of the New Hungary Rural Development Strategic Plan and of the New Hungary Rural Development Programme based thereon – officially initiated the preparation of the environmental report and the Strategic Environmental Assessment (hereinafter: SEA) according to the 2/2005 (I. 11.) Government Regulation (hereinafter: SEA Regulation) toward the National Inspectorate for Environment, Nature and Water (hereinafter: NIENW) on 13 October 2006. The MARD submitted the draft content of the SEA according to the subsections (1)-(6) Section 7 of the SEA Regulation to the NIENW for approval. The draft was approved by the NIENW with minor amendments. **This environmental report was elaborated by taking into account of the views and suggestions of the NIENW.**

### *The object of the strategic environmental assessment*

On the basis of the Council Regulation No 1698/2005/EC on support for rural development by the European Agricultural Fund for Rural Development (hereinafter: EAFRD) the MARD has started the elaboration of the New Hungary Rural Development Strategic Plan and Programme (hereinafter: NHRDSP and NHRDP as well as Plan and Programme). In accordance with the subarticle (2) Article 12 of the Regulation 1698/2005/EC planning and programming should be performed in two steps:

1. The **national strategic plan of rural development** should be elaborated and sent to the Commission for analysis. This document is the New Hungary Rural Development Strategic Plan that has been finished and its negotiation is in progress with the European Commission during the elaboration of the environmental report.
2. The **rural development programme** implemented by taking into account of the opinion of the Commission as well as of the partnership opinions according to the subarticle 3 Article 6 of the Council Regulation 1698/2005/EC. This document is the New Hungary Rural Development Programme whose negotiation with the partners is in progress during the preparation of the environmental report and the floor is open to integrate the SEA proposals.

The subject of the SEA based upon the European Agricultural Fund for Rural Development (Council Regulation 1698/2005/EC). Therefore, the SEA **integrated both the Plan and the Programme with the same approach and unified methodology and also with the same social consultation.** Furthermore, the two-step rural development planning

is based on the **final decision of the MARD on the proposals prepared by the SEA**. Therefore, the integrated SEA approach opens the door to elaborate and integrate all the comments into the Programme - in line with the opinion of the Commission.

*The feature, mission and objective of the strategic environmental assessment*

From 2007 the European Commission intends to take into account in a more powerful way the requirements of both Lisbon and Goteborg Strategy in the programming process, namely the programmes should stressfully support **the environmentally sustainable improvement of competitiveness and social cohesion**. An important element of the new programming approach is to ensure that the implementation of the agriculture and rural development policy of the EU in member state level should contribute to the EU's Sustainable Development Strategy; at community, member state, regional, and local level. According to the sustainability policy of the EU **the strategic environmental assessment (SEA) is an instrument of the proactive environmental protection**: it filters out the interventions, measures potentially causing risk to the environment already in the strategic phase of programming.

The starting point of the elaboration of the SEA is that the **rural development measures** getting support from community sources **should be as useful as possible in environmental terms** and the negative effects on the individual environmental elements should be minimised. Thus the mission of the SEA of the Plan and the Programme is the "early warning" function that enables the society (including the planners, decision-makers and the actors of the implementation, too) to improve the environmental performance of the rural development policy; to promote the implementation of the environmental policy objectives; as well as to avoid latter corrections that are usually expensive by considered decisions.

**The ultimate goal of the SEA prepared to the New Hungary Rural Development Strategic Plan and Programme is to deliver an environmental report that provides realisable proposals in order to improve the environmental performance of the rural development measures and to enforce sustainable development in agriculture and rural development.**

The final version of the New Hungary Rural Development Programme before submitting by the Government, the MARD takes into account the outcome of the SEA environmental report and the social consultation and thereafter hands in the Program with the SEA report.

# 1. THE ELABORATION PROCESS OF ENVIRONMENTAL REPORT

## 1.1 The conditions of the elaboration of environmental report

### 1.1.1. The organisation of the elaboration and the consultation of the SEA

The MARD – in co-operation with the Ministry of Environment and Water (MEW) – delegated the elaboration of the SEA and the performance of the process to independent experts experienced in SEA and rural development (hereinafter: **SEA working group**). The contractor as well as the leader of the ex ante evaluation of the New Hungary Rural Development Strategic Plan and Programme is the PricewaterhouseCoopers Hungary (PWC). The subcontractor, who is coordinating the activity of the SEA and the working group is the Env-in-Cent Consulting Ltd. (EiC). The social consultation process is managed by the **National Society of Conservationists (NSC)**. In the course of the planning- and managing process of the social consultation the NSC reconcile all the actions with the MARD (who is responsible for the planning of the Strategy and the Programme) and with the PWC and the EiC.<sup>5</sup> The members of the working group are as follows, the details of the social consultation can be found in Chapter 1.3.

**Table 1. Members of the SEA working group**

Planning, programming expert (MARD representative)	<b>Anna Hortobágyi</b> (MARD, rapporteur in EAFRD Public Relations)
Agri-environmental expert (MEW representative)	<b>Tamásné Vajna</b> (MEW, deputy head of department)
Water management expert	<b>Tamás Czira</b> (geographer, Envigraph Bt.)
Co-ordinator of the social consultation	<b>István Farkas</b> (acting chairman, NSC)
Environmental assessment expert	<b>Zoltán Máyer</b> (environmental engineer, Env-in-Cent Consulting Ltd.)
SEA professional co-ordinator	<b>Tamás Pálvölgyi</b> (managing director, Env-in-Cent Consulting Ltd.)
Sustainable land-use planning expert	<b>Márton Péti</b> (geographer, expert in geoinformatics, Envigraph Bt.)
Management and consultation expert	<b>Éva Enikő Szabó</b> (biologist, Env-in-Cent Consulting Ltd.)
Ex-ante evaluation expert	<b>Krisztina Szenci</b> (analyst, PriceWaterhouseCoopers Hungary)
Proof-reader	<b>János Szlávik</b> (head of Department for Environmental Economics, Budapest Univ. of Technology and Economics)
Proof-reader	<b>Gábor Figeczky</b> (director in nature conservation, WWF)
Proof-reader	<b>Ferenc Ligetvári</b> (professor, Department of Pedology and Water Management, Szent István University)

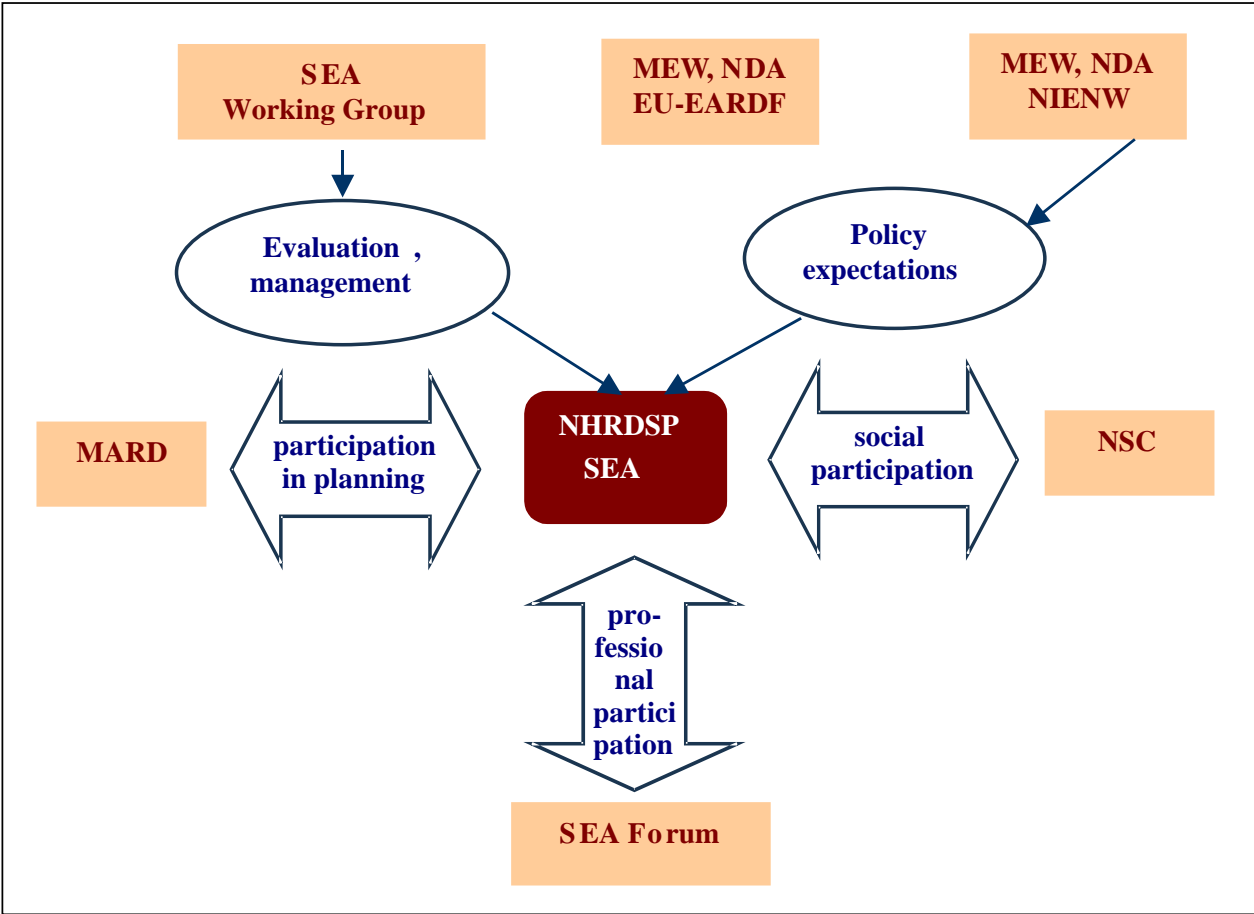
<sup>5</sup> The expert and organisational costs of the social consultation were incurred by the NSC itself. The participation in the environmental evaluation as well as the management of the social consultation did not affect the right of the NSC as NGO to perform publicly its opinion on the New Hungary Rural Development Strategic Plan and Programme as well as on the planning process.



The proof-readers did not participate in the elaboration of the environmental report. The t proof-readers' task was to perform professional evaluation and to form opinion on the version of the social consultation.

The elaboration process of the SEA – after the approval of the concept and the working schedule by the MARD – started in the first days of October; the applied methodology and the preliminary outcomes of the SEA were negotiated (among others) at the **SEA Forum** and with the National Environmental Council. The SEA working group received the Programme version which already contained all the sub-measures on 31st October, 2006<sup>6</sup>.

**Figure 1 Organisation of the strategic environmental assessment**



**1.1.2. Connection to the planning process of the NHRDP**

The elaboration, consultation and modification processes of the Plan and the Programme had serious influence on the SEA working schedule. The major factors determining the elaboration of the environmental report were the following:

1. The narrow time constraint of the elaboration of the Programme and the Plan, and the decision making on the starting date of the SEA happened much later than for the other

<sup>6</sup> The statements of this environmental report apply to the 30 October 2006 version of the Programme and the Plan. The comments of the authority and social consultations are in Chapter 1.3.4.

Operative Programmes of the NHDP – these events **significantly narrowed the available time for elaborating the environmental report**. Many parts of the assessment (will be pointed out in this environmental report) would have required scientific, more profound analysis but due to lack of time it was impossible to manage it.

2. Both the elaboration of the New Hungary Rural Development Strategic Plan and Programme and the ex-ante evaluation and the **SEA report** thereof **are heavily influenced by the fact that fundamental strategic documents are still missing**<sup>7</sup>. (For example, now Hungary does not have an approved agriculture strategy that went under public consultation, concept for renewable energy utilisation as well as the National Sustainable Development Strategy and the strategy on biodiversity are also not elaborated.) Without these fundamental documents certain statements of the environmental report can only be considered as preliminary estimations.
3. During the elaboration of this environmental report **there were intensive consultations and constructive professional debates on certain fields (e.g. water management, renewable energy, animal breeding)** between the MARD experts and the SEA working group. In the 30-day SEA social consultation period these consultations resulted a consensus that **may significantly affect the final versions of both the Programme and the SEA**.

## **1.2. The effect of the proposals made during the elaboration on the NHRDP**

In the “accelerated” SEA process the role of the MARD became relatively important in the field of providing the information necessary to the successful elaboration of the environmental report. **The MARD helped the work of the SEA working group with open and constructive approach both at management and expert levels** and the – far beyond the legal obligations – positive administrative attitude significantly contributed to the completion of the environmental report.

## **1.3. The inclusion of the public into the elaboration of the environmental report**

### ***1.3.1. The concept of the professional-social consultation***

The legal framework in terms of social consultation is provided by the Aarhus Convention and the Espoo Convention as well as by several Hungarian rules of law, mainly the SEA Regulation. The concept is built on the requirements and principles of these rules of law. The SEA Regulation defines the notion of public. **The ‘public’ generally means professionals, NGOs and other organisations dealing with environmental protection, agriculture and rural development and the general public**. These groups are the subjects of the social consultation.

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<sup>7</sup> Occasionally – for example in the field of water management – the professional-scientific elaboration of the sectoral strategies has been finished, the strategies have been completed, but their final approval has not occurred yet so far.

### *Access to information*

1. *Homepage*: the working documents generating during the assessment and are debated by the working group are available for the general public, including the public draft versions of the Strategy and the Programme, the notes from the general public, the memos of the forums, etc. The public documents are available on the homepage of the NSC ([www.mtvosz.hu/skv](http://www.mtvosz.hu/skv)) that can be reached from the homepage of the MARD (subsection (5) Section 8 of the Regulation) ([www.program.fvm.hu](http://www.program.fvm.hu)) as well as from EIC ([www.env-in-cent.hu](http://www.env-in-cent.hu)). The homepage is managed by the NSC.
2. *Other access*: as it was requested, we sent the key documents on paper, on CD by mail for those having no access to the internet.

### *Informing the general public*

3. *Press*: in the key stages of the planning of NSC together with the NARD actively informs the interested public beyond the homepage. At the beginning of the planning process the MARD informed the widest public through a press release in the national newspapers and other media on the launch of the strategic assessment and on the possibilities of participation. In addition, the MARD published a press release after the completion of the environmental report as well as advertised in a national newspaper.
4. *Direct requests*: at the beginning of the environmental assessment we e-mailed the 100 most important professional and interest representing environmental NGOs as well as we spread the news through email lists of the professional and interest representing environmental NGOs.
5. *Regular notices*: Those registered on the homepage are sent a notice if a new document is uploaded to the homepage as well as we inform the registered users on the completion of the environmental assessment and on the launch of the 30-day consultation period.

### *Consultation with the interested public and public administration actors as well as the opportunities of the direct public participation*

6. *General possibility of forming opinion*: on the homepage the current working materials were available, anyone was allowed to send comments on the documents at any stages through the homepage. These comments were received by the experts participating in the assessment and they took them into account.
7. *Development of the SEA Forum*: a 20-member working panel has been established from the interested public administration actors and the NGO representatives. This group met the SEA experts twice during the assessment. The environmental NGO-members of the Monitoring Committees of NRDP and ARDOP are invited to this Forum.
8. *Social debate of the SEA environmental report – Partnership Conference and forums in the countryside*: the strategic environmental assessment document (according to the rules of the consultation document according to the Regulation) –

was negotiated on a partnership conference by the assessment performer. The invited parties – through the email lists and direct mails – were about 100 organisations and institutions. The number of the expected participants was 29. In addition we organised a forum in Debrecen. The consultation period of the document was 30 days. In the meetings one could give oral opinion for the documents and it was possible to make written comments through the homepage and by mail. The oral comments were recorded in memos.

9. *National Environmental Council*: We initiated that the National Environmental Council should have debate on the environmental report document and the Rural Development Programme. The Council debated the material on a plenary session and on a working group meeting as well as prepared a written comment

We processed the received comments and the participants of the assessment took into account these at the finalisation of the documents. Each comment – both the oral and written ones – will be reacted in written form and will be informed about the way the comment was taken into account. The MARD – in accordance with the provisions of the SEA Regulation – will take into account the outcomes of the environmental report at the formation of the final version of the Rural Development Programme that will be submitted to the Government.

**Table 2 Schedule of social consultation**

<b>Consultation tasks</b>	<b>time</b>
Debate on the social consultation concept, MARD/SEA working group	6 Oct
Launch of the homepage	10 Oct
SEA Forum meeting I.	18 Oct
NEC meeting	2 Nov
Completion of environmental report, making it public	20 Nov
Interviews	25 Nov
SEA Forum meeting II.	4 Dec
Partnership forum (SEA Conference)	6 Dec
Forums on the countryside	29 Nov
Delivery of the social opinions to the MARD	27 Dec
Delivery of the final environmental report to the MARD	25 Jan
Feedback to the social consultation participants	25 Feb

### ***1.3.2. Involvement of the bodies responsible for environmental protection***

#### *Identification of the bodies responsible for environmental protection*

According to the Government Regulation No. 2/2005. (I. 11.), the following authorities should be involved in the assessment process: the Ministry of Environment and Water, the Chief Medical Sanitation Office, the Ministry of Agriculture and Rural Development as well as the other organisation with national authority listed in Annex 3 of the SEA Regulation.

The SEA working group personally negotiated on the performance of the assessment process with the competent department of the MEW that assigned the NIENW as environmental authority for the administration of issues of the assessment. The MARD notified the authority on the launch of the assessment as well as officially sent it to the

authority for consultation. The SEA group integrated the opinion of the authority into the finalised syllabus. In addition we invited the representatives of the mentioned three authorities to participate in the work of the SEA Forum. After the completion of the assessment the authorities received the environmental report document that was commented by them. The final version of the environmental report was elaborated by taking into account these comments.

#### *Involvement of professional organisations*

**We established a SEA Forum** in order to involve the professional organisations that had two meetings during the assessment process. The members of the Forum were the environmental authorities, the designers of the MARD, the representatives of the universities and the science, the representatives of the interested social organisations. The first meeting was held on 18 October and its topic was the syllabus of the SEA. 24 experts participated on the Forum meeting. The members of the Forum essentially found the syllabus appropriate. They drew the attention to the fact that due to certain international obligations it was not acceptable if certain measures would be launched only from 2009 (e.g. NATURA 2000, IPPC); they stressed the importance of the integration of the environmental aspects; they indicated that it was important that the MARD should examine on the merits the possibility of integration of the SEA proposals, among others the source allocation among the axes. The next meeting of the Forum was held on 4 December, its topic was the environmental report document. The participants made several concrete proposals on the text of the SEA, and deeply dealt with the following topics: agri-environmental management, water management, NATURA 2000.

#### *Involvement of the National Environmental Council*

The SEA working group presented the syllabus and the preliminary results of the report on the NEC meeting on 2 November. **The NEC approved the concept of the SEA report and made comments on the topics of water management and soil resource management.** The comments of the NEC members as well as the personal consultations greatly supported the professionalism of the environmental assessment in the aforementioned topics. The NEC established an official statement on the SEA consultation draft on 11 December 2006 and – except for the parts on water management – it was acknowledged in terms approval. On the basis of the NEC comments on agricultural water management the SEA Working group held a consultation on 15 December together with water management experts<sup>8</sup> where the actual parts were entirely re-assessed both in terms of the SEA and the Programme.

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<sup>8</sup> György Dobos, Gábor Figezky, Péter Kajner, Ferenc Ligetvári, Gyula Szabó, Sándor Szalai, Árpád Varga as well as on behalf of the SEA Working group: Tamás Czira and Tamás Pálvölgyi.

### 1.3.3. The involvement of the interested public

As it is laid in the principles, we directly involved the representatives of the environmental NGOs into the work of the SEA Forum. In addition everyone had the opportunity to participate in the process through the homepage and the forums.

**Table 3 The members of the SEA Forum**

Name	Position	Organisation
István Bondor	analyst	MARD
Bálint Csatári	director	HAS CRS Great Plain Research Institute
Péter Csóka	head of department	MARD
Ferenc Fehér	president	National Union of Water Management Associations
Gábor Figeczky	NRDP MC	WWF
Ildikó Filotás	general director	National Inspectorate for Environment, Nature and Water
Iván Gyulai	director	Ecological Institute
Erzsébet Horkay	responsible for axis III	Department of agri-rural development, MARD
Katalin Horváth	responsible for axis IV	Department of agri-rural development, MARD
Péter Kajner	secretary	Alliance for the Living Tisza
Kinga Kenyeres	head of division	Department of analysis, evaluation and modelling, National Development Agency
Attila Kovács	deputy head of department	Department of agri-rural development, MARD
Ágnes Kőváriné Bartha	secretary	Bács-Kiskun County Chamber of Agriculture
Kriszta Magócs	chief designer	Rural Development Office, Directorate for Strategic Planning and Assessment, Váti Kht.
Anna Makovényi	responsible for axis II	Department of agri-rural development, MARD
Éva Ócsainé Tomocz dr	head of department	Chief Medical Sanitation Office
Ferenc Pallagi	project manager	Association of Hungarian Private Forest Owners
László Podmaniczky	associate professor	SZIE-KTI
Péter Roszik	president	Hungarian Biokultura Federation
Anna Sánta	responsible for axis I	Department of agri-rural development, MARD
Erzsébet Schmuck	NRDP MC	National Society of Conservationists
Zsolt Szilvácsku	ARDOP MC	Hungarian Ornithological Society
János Szlávik	head of department	Department of Environmental Economics, BUTE

#### *The SEA homepage*

The SEA homepage ([www.mtvosz.hu/sky](http://www.mtvosz.hu/sky)) has been available since the beginning of the preparation of the SEA. The MARD published a press release on the launch of the homepage and the SEA, the NSC informed the potential stakeholders on it in direct ways and through mailing lists. The homepage contains:

10. Current information on the elaboration process of the SEA.
11. The social consultation syllabus of the SEA that contains the elaboration process and schedule of the SEA as well as the way of getting involved to the elaboration process of the SEA and the way of making comments on it.
12. Working documents of the SEA, preliminary outcomes.
13. All comments on the SEA in full size.
14. Documents connected to the SEA elaborated by the MARD.

If someone requests, we are continuously informing her/him if a new document is uploaded to the homepage, and we are waiting for the comments and questions at [skv@mtvsz.hu](mailto:skv@mtvsz.hu).

#### *Forum – SEA Conference*

We organised an open partnership forum on the environmental report documents in the MARD (date: 6 December); we invited the environmental and the agri- and rural development partners but anyone could participate. There were 29 participants on the event. In addition we organised a forum together with the regional NGO consultation forum in Debrecen.

#### ***1.3.4. Comments and the way taking them into account***

The group processed the comments received to the document and put to the SEA homepage. After finishing the process each party making comment would receive the detailed answer of the group on its comment. 116 proposal and 42 comments arrived to the document whose majority was accepted and processed by the SEA group.

#### *Proposals from the authorities to the environmental report document and the way of taking them into account*

Out of the contacted authorities the National Environmental Council, the National Inspectorate of Environment, Nature and Water, the Ministry of Education and Culture and the Department of Natural Resources of the MARD sent written comments to the document, 48 concrete proposals altogether. The SEA group 46 proposals of the 48 ones accepted and integrated into the document.

The National Environmental Council dealt with water management the most profoundly. The comment of the NEC refined the SEA proposals pertaining to irrigation, inland protection, soil protection and amelioration.

The National Inspectorate of Environment, Nature and Water made many concrete proposals in the topics of waste and wastewater management, IPPC and BAT, pesticides and landscape protection. The SEA working group has integrated the proposals.

The Ministry of Education and Culture improved the text and the statements of the document in the field of landscape protection and the rural cultural heritage.

The proposals of the Department of Natural Resources of the MARD were on water management and landscape protection.

#### *The NGO proposals to the environmental report document and the way taking them into account*

8 NGOs made 68 written proposals to the document, 13 further NGOs made further 42 comments through the forums and the homepage.

The majority of the proposals was accepted by the SEA working group – 57 of the 68 written proposals were fully or partially accepted and the oral comments were also taken into account.

In some cases the cause of the omission was that according to the working group the topic did not belong to the scope of the SEA. Another type of the discarded proposals was those were pertaining to the methodology. At the closing stage of the SEA process the working group could not modify the methodology due to the advanced process.

One of the most active organisations was the Alliance for the Living Tisza. Their proposals (among others) were aiming at the increase of the granting rate of the agri-environmental and environmental-friendly measures, at stressing the confliction between the biomass and other industrial methods, at increasing the importance of the NATURA 2000 and the WFD, at enhancing the environmental-friendly character of water management. Some of the proposals on water management were opposite in content to the opinion of the National Environmental Council. In these cases the SEA working group accepted the latter one. The examination of the resource distribution among the axes was partially accepted by the SEA group: It dealt with the effects of the tendencies but did not made numerical proposal for a different resource distribution due to the methodological limitations of the assessment.

The Association of Hungarian Private Forest Owners and the Hungarian Federation of Forests and Wood Industries mainly provided proposals on forests and landscape management.

The Hungarian Biokultura Federation drew the attention to the importance of the role of the agri-environmental management and the organic farming.

Several proposals of the Foundation for Otters belong to the scope of the Fishery Operative Programme, so the SEA could not deal with it.

The Reflex Association made a proposal on the resource distribution among the axes as well as on the ban of granting the genetically modified plants.

**The general impression of the SEA Working Group was that the MARD widely took into account the proposals made by the SEA Working Group and it maintained a constructive and helping attitude throughout the whole SEA process.**

#### **1.4. The reliability of the used data and information**

The main information base of the environmental report was the New Hungary Rural Development Strategic Plan and the Programme, so the data thereof fundamentally determine the use of the SEA, too. The ex-ante evaluation of the Plan and the Programme examines the uncertainty of the information used for the Plan and the Programme, so we do not deal with it in the environmental report.

We consider important, however, to note that the uncertainty of both the Plan and the Program and certain parts (statements) of the environmental report would be significantly reduced if **research-analysis studies were elaborated – in authentic scientific workshops** – for certain key issues (e.g. climate change, environmental issues of changing to animal breeding, methodological issues of the regional planning co-ordination). We indicate the scientific analysis demands in the environmental report. We consider especially important that such science-based methodology developments should be commenced that



would render possible that **the sustainability of rural development efforts can be examined by indicators**, with less uncertainty than in the case of subjective, expert evaluation.

We proposed that in the period of the social consultation of the SEA the **competent scientific committees of the HAS** should debate the following key issues and – as far as possible – form opinion on them:

15. aspects of taking into account the climate change,
16. environmental and nature conservation regards of changing to animal breeding,
17. aspects of sustainable water management in agriculture<sup>9</sup>,
18. lifecycle-type sustainability advantage-disadvantage analysis of energy plantations

The reliability of the information is also influenced by the fact that **sectoral or thematic strategies of certain fields are missing**. The conceptual documents that are scientifically grounded, based on wide professional and social consensus – unfortunately not existing in Hungary yet – (e.g. National Sustainable Development Strategy, National Biodiversity Strategy, Utilisation Concept of Renewable Energy Sources, Agriculture Strategy, etc.) would support the elaboration of the Programme and the Plan as an information basket as well as the ex-ante evaluation and environmental assessment thereof, too. The reliability of the data and information of these strategies would significantly increase the data reliability of the Programme and the Plan, too.

## **1.5. Presentation of the applied methodology**

### ***1.5.1. Requirements against the methodology***

In our approach the SEA is not only a “green mirror” (namely, not only the tool of the environmental and sustainability evaluation and screening of the programme), but also a “green engine” (namely the force driving the elaboration, implementation and monitoring of the programme into environmental direction). It can be achieved, if the applied methodology examines **the extent to which the relevant sustainability and environmental objectives integrate into the rural development policy supported by Community financial resources**. On the basis of taking into account the relevant rules of law<sup>10</sup> the – also enabling environmental integration – SEA methodology should provide the following:

19. it should provide analysis support to that the Plan and the Programme should enable the consequent validation of prevention principle and the mitigation of the non-preventable environmental effects,

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<sup>9</sup> The competent committees of the Hungarian Scientific Academy (with 63 scientists being present) debated on the parts of the environmental report pertaining to the water management in agriculture at their common session on 18 January 2007. The relevant opinion of the HAS was taken into account in the final version of the SEA.

<sup>10</sup> Directive 2001/42/EC of the European Parliament and of the Council on the assessment of the effects of certain plans and programmes on the environment; Government Decree No. 2/2005. (I. 11.) on the environmental assessment of certain plans and programmes; Government Decree No. 148/1999. (X. 13.) on the announcement of the Espoo Convention on environmental impact assessment in a transboundary context.

20. it should influence the planning process in terms of environment and sustainability, elaborate alternatives and proposals and promote the life-cycle analysis,
21. it should determine the environmental problems and values characteristic of the Hungarian countryside and agriculture, sustainability order of value the analysis of the importance thereof in terms of rural development efforts.

### ***1.5.2. Presentation of the applied methodology***

The applied SEA methodology based on the GRDP Handbook<sup>11</sup> is such an analysis-evaluation framework that explores the direct and indirect effects of the plan on the environment, the environmental changes due to the effect, the nature and size of the occurring effects as well as whether it is possible to prevent or reduce the expected significant damage. The analysis-evaluation methodology is built on the formerly elaborated<sup>12</sup> and applied<sup>13</sup> approach that the **strategic level of the rural development policy (objectives and priority) is compared to a sustainability order of value, while the more concrete tools and interventions of the programme are examined in the context of an environmental performance evaluation scheme.**

#### *Methodology for the sustainability evaluation of the Plan*

The New Hungary Rural Development Strategic Plan contains the **priorities and the system of targets of the rural development policy** being implemented from Community sources. The sustainability of the priorities and targets was examined by the following method:

1. We determined and debated with experts the sustainability order of values pertaining to the agriculture and rural development adapted to the domestic conditions. The **sustainability order of values** (see Annex 1) would like to tackle an approach of sustainable agriculture and rural development, controlling criteria and benchmark. The sustainability order of values of rural development – during the determination thereof we relied on many former studies and publications<sup>14</sup> - is based on the approach that sustainability has 3+1 pillars:

<sup>11</sup> Handbook on SEA for Cohesion Policy 2007-2013, Greening Regional Development Programmes Network February 2006, Exeter, UK

<sup>12</sup> T Pálvölgyi, E Tombác (2004): Methodology for the strategic environmental assessment of regional developments, In: Structural funds and sustainability, National Society of Conservationists, 2004, Budapest.

<sup>13</sup> T Fleischer, J Szlávik, R Baranyi, F Branner, N Nagypál, M Füle, K Kósi, T Pálvölgyi, T Princz-Jakovits, P Szlávik (2005) Strategic environmental assessment of the Hungarian transport policy. Közlekedéstudományi Szemle (Scientific Review of Transport), 2/LV, pp. 47-55.

<sup>14</sup> Literature used for the sustainability scale of values:

József Ángyán, 2005: The future of rural development and agriculture – draft strategy and civil programme. In: Current issues of the Union's environmental policy, National Society of Conservationists

CORASON Report, 2006. The knowledge-based approach of the sustainable rural development – dynamics expert and local knowledge forms. Research Report, Hungarian Academy of Sciences, Institute of Political Sciences.

Bálint Csatári, 2005: Where to go, Hungarian countryside? Possibilities and barriers HAS CRS Great Plain Research Institute

Iván Gyulai, Gusztáv Vágvolgyi, Zsolt Szilvácsku, 2005: sustainability and nature conservation assessment of the National Development Policy Concept. National Society of Conservationists.

- environmental sustainability
- economic sustainability
- social sustainability

We completed these ones with holistic aspects that embrace the entirety of natural and social-economic existence. We shaped the 32-criterion order of values of the domestic rural development policy within the frames of the 3+1 pillars. Of course, the sustainability order of values cannot be considered as an absolute sustainability message and one cannot “judge” the sustainability of the Plan and the Programme on the basis of this. We consider it suitable only for “comparing” the priorities and the objectives to it as a relative reference.

2. We examined the compliance of the priorities and objectives of the Programme with the sustainability order of values separately, in standard input/output effect matrix in a way that **we characterised the sustainability compliance for each element of the order of values by a value between -2 and +2 with the help of the collective expert evaluation** of the SEA working group (see Annex 2 and 3 for the input/output effect matrices).
3. We note that the “scoring” evaluation does not serve the general judgement of the priorities and objectives but – in accordance with the proposal-making feature of the SEA – with the negative values it draws attention to those sustainability aspects (elements of order of values) where the development of the priorities and objectives the sustainability aspects should be represented in a more definite way. Namely, **the methodology does not want to position the priorities and objectives in the dimension of “sustainable – not sustainable” but it wants to be an analytical decision-making tool** that would like to provide concrete guidance on the priorities/objectives we propose to modify.

#### *Methodology for the evaluation of the environmental performance of the Programme*

As we mentioned earlier, we examine the more concrete tools and interventions of the programme in the context of an environmental performance evaluation scheme in order to get a picture on that how the measures comply with environmental, environmental policy aspects that are based on the National Environmental Programme and on other environmental strategy documents. We examine the environmental performance of the New Hungary Rural Development Programme with the following method:

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András Krolopp, József Marticsek, Rita Francia, 2005: The European present and future of rural development . Expected changes in the Union’s rural development regulatory system and the probable consequences thereof, CEEWEB, Miskolc.

Gusztáv Nemes, 2000: The actors of rural development in Hungary. Institutions, approaches and resources. Institute of Economics, HAS; Budapest

Endre Tombác, Tamás Pálvölgyi, Iván Gyulai, Zsolt Szilvácsku, Tamás Fleischer, Katalin Mozsai, Emőke Magyar, 2003: Strategic Environmental Assessment for grounding the environmental ex-ante evaluation of Regional Operative Programme. VÁTI Kht.

1. We determined a set of environmental objectives – that is suitable for evaluating the rural development measures – on the basis of the relevant environmental policy documents<sup>15</sup>. The system of objectives takes into account the environmental policy priorities of prevention, recycling (reuse) and disposal.
2. We compared the measures of the Programme – by using collective expert evaluation – to the environmental aspects and we characterised the environmental performance of each measure by a score between -2 and +2.
3. Similarly to those mentioned at the sustainability evaluation, we also note here that the “scoring” evaluation does not serve the general judgement of the individual measures but – in accordance with the proposal-making feature of the SEA – with the negative values it draws the attention to those environmental aspects where at the determination of the details of the measures the environmental aspects should be represented in a more definite way. Namely, **the methodology does not want to position the measures in the dimension of “environment-friendly – environment-damaging” but it wants to be an analytical decision-making tool** that would like to provide concrete guidance on the measures we propose to modify and how.

The aspects applied during the environmental performance evaluation are as follows:

**Table 4 The aspects of the evaluation of environmental performance**

E1	Reduction of air pollution
E2	Reduction of global air polluting impacts
E3	Protection of surface waters, integrated river basin management
E4	Protection of underground waters
E5	Protection of soil and geological values
E6	Protection against the consequences of extreme climate events and environmental catastrophes
E7	Protection of areas under natural protection of national and local importance
E8	Protection and sustainable use of Natura 2000 and sensitive natural areas
E9	Nature conservation of forests
E10	Spreading of organic farming
E11	Sustainable regional management, development of complex environmental management systems
E12	Increase of the use of renewable energy sources
E13	Increase of material and energy efficiency
E14	Mitigation of chemical risks
E15	Health promotion and the increase of food safety
E16	Increase of the environmental awareness of the citizens, spreading of sustainable consumption patterns
E17	Sustainable use of landscape cultural heritage protection
E18	Improvement of urban environmental quality, development of environmental infrastructure

<sup>15</sup> National Strategic Reference Framework, The Sixth Environmental Action Programme of the EU, National Environmental Programme, National Regional Development Concept, National Waste Management Plan, National Agri-environmental Programme, National Environmental Health Action Programme.

## 2. THE OVERVIEW OF THE PROGRAMME AND THE PLAN

### 2.1. The schematic presentation of the Plan and the Programme

As we referred to it in the Introduction, in our approach the subject of the SEA is the rural development policy of EAFRD-source, namely we elaborated the SEA as integrated to the Plan and the Programme, with identical approach, with uniform methodology and with common social consultation. Therefore we review the content and the objectives of both the New Hungary Rural Development Strategic Plan and the New Hungary Rural Development Programme as it follows.

#### 2.1.1. *New Hungary Rural Development Strategic Plan*

The New Hungary Rural Development Strategic Plan – that is elaborated on the basis of the Council Regulation 1698/2005/EC – contains the strategic framework of the Hungarian rural development programme. The Plan was elaborated in accordance with the Council Decision 2006/144/EC on Community strategic guidelines for rural development. The starting-point of the Plan is that **in the period of 2007-2013 Hungary has the opportunity to spend about EUR 5 billion development source on the development of agriculture, rural environment and rural regions.** The Plan aims at creating the development framework necessary for the development of agriculture, the preservation of environmental values of rural areas, the strengthening of rural economy and the cohesion of rural society in line with the Lisbon objectives and the principles set out in the conclusions of the Göteborg European Council.

Based on the experience of the recent agricultural and rural development programmes financed from national sources or co-financed by European funds, **the objective of the Plan is to set up the directions and objectives of rural development** and to identify the tools and methods for attaining the objectives in line with the New Hungary Development Plan. The elaboration of the Plan started in October 2005 and it went under wide-ranging professional and social consultation so far. At the time of the elaboration of the environmental report the Plan is under final consultation with the Commission. The Plan contains the following:

22. future scenarios of the strategy
23. Situation analysis: presentation of the situation of agriculture, forest management, food processing and rural regions
24. State of environment
25. Socio-economic situation of the rural areas
26. Experience of the previous programming periods
27. Strategic priorities of the agro-rural development of the period of 2007 and 2013 and the main actions
28. Balance among the individual priorities
29. The exertion of horizontal policies

30. Coherence with the Lisbon Strategy, the linking national action programme and the Goteborg objectives
31. Strategy per EAFRD axis:  
 Axis I: improving the competitiveness of agriculture, food processing and forestry  
 Axis II: improving state of environment and countryside  
 Axis III: improving the quality of life in rural areas and encouraging diversification  
 Axis IV: LEADER
32. Axes of the New Hungary Rural Development Strategic Plan and the indicative resource allocation thereof
33. The internal and external consistency of the New Hungary Rural Development Strategic Plan and the complementarity thereof with other Community funding instruments
34. Setting up the National Rural Development Network

### ***2.1.2. New Hungary Rural Development Programme***

The New Hungary Rural Development Programme should be elaborated by taking into account the opinion of the Commission as well as the partnership opinions according to the subarticle 3 Article 6 of the Regulation 1698/2005/EC whose partnership consultation is in progress during the elaboration of the environmental report. The aim of the Programme is to determine such interventions and measures that are suitable for the distribution of the financing funds according to the Plan and for actualisation of support mechanisms (applications). The main elements of the Programme are the following:

35. General situation analysis (socio-economic background, regional features of agriculture)
36. Thematic situation analysis along the individual measures (environmental economics and land use, rural economy and quality of life, LEADER)
37. The strategy chosen to meet strengths and weaknesses
38. Setting priorities
39. Indicative distribution of resources among axes
40. Impact from the previous programming period (SAPARD, ARDOP, NRDP)
41. Supporting of setting up and operation of producer groups
42. Supporting less favoured areas
43. Justification of the priorities
44. Detailed description of the measures
45. Financial plan
46. Designation of competent authorities and bodies responsible
47. Description of the monitoring and evaluation systems
48. Provisions to ensure that the Programme is publicised

- 49. Results of the consultations with the partners
- 50. Equality between men and women and non-discrimination
- 51. Technical assistance operations

## 2.2. Links with other strategic documents

### 2.2.1. Links with development policy documents

#### *National Development Policy Concept*

The National Development Policy Concept<sup>16</sup> (NDPC) determines the medium and long term directions and frames of the entire domestic public development. The NDPC contains „messages” on agriculture and rural development as well as ones connected to the environmental integration of the developments. Rural development is contained by the vision of the future and in the regional policy objective, and agriculture development is contained by the priorities, too. The rural development content of the vision of the future and of the objectives of the NDPC are built on the National Regional Development Concept. The agriculture development statements of the NDPC are both on:

- 52. environment-friendly, ecological and extensive activities that maintain landscape, and
- 53. intensive and competitive modern commodity-producer agriculture served by informatics and logistic infrastructure and by research and development capacity.

The development policy did not want to solve the doctrinal contradiction hidden in this dual effort at its own general level but the New Hungary Rural Development Strategic Plan and Programme cannot avoid – at least partial – solution of this contradiction.

<b>Proposal 1</b>	In the course of the implementation of the Programme, where it is possible, the application of supporting conditions and criteria determined at micro-regional level should be ensured, by taking into account the environmental sensitivity and agricultural suitability of certain areas of Hungary.
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#### *National Regional Development Concept*

The National Regional Development Concept<sup>17</sup> (NRDC) determines the medium and long term directions and frames of the Country’s regional development and of the regional relations of all public developments. The NRDC also contains relevant elements from the point of view of rural development strategic environmental assessment. **In the NRDC the rural development is present in each part of the planning document as one of the pillars of regional policy**, the regional policy tasks of agriculture policy are determined by a separate chapter. Among the regional policy development principle of the NRDC sustainability receives not only global but also regional interpretation. This interpretation is extremely important in the case of developments for the local communities, so in the case of

<sup>16</sup> Parliament Decision No. 96/2005. (XII.25.)

<sup>17</sup> Parliament Decision No. 97/2005. (XII.25.)

rural development, too. In rural development the also stressed other NRDC principle is the principle of landscape aspect that requires the developments complying with the landscape systems.

<b>Proposal 2</b>	<i>We propose to complete the concept of horizontal sustainability in the Plan: “At the enforcement of the horizontal policies it is a basic criterion to take into account the principles of local sustainability and landscape approach”</i>
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The NRDC assigns micro-region as the spatial category of rural development and appoints rural regions. In terms of environment and sustainability it is important because rural development is placed to landscape context (with the so-called micro-regional dimension). **According the NRDC agriculture policy should develop forestry and agriculture that serve rural carrying capacity, landscape maintenance, environmental protection, organic farming as well as that fit to the local endowments**, so it should also establish agriculture development that is decentralised at regional level at least. On the contrary, the competitive commodity producer agriculture is a stressed component of the Programme, it interprets rural development as a sector, it does not introduce regional-specific tools, and its planning method is not regional-type. In order to establish – at least partially – the missing conformity, we propose the following:

<b>Proposal 3</b>	<i>(1) The conformity between the Programme and the Regional Operative Programmes (they also play role in regional development) should be ensured (2) The claim of accommodation to the local endowments should be secured as a principle in the Plan.</i>
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Out of the special interventions of the NRDC determined for the rural region types **several ones have sustainability and environmental protection characters. Most of them can be granted from the Regulation 1698/2005/EC but the intervention or the regional focus thereof is not represented in the Programme.** In order to establish the conformity with the National Regional Development Concept we propose the following to integrate into the appropriate measures:

<b>Proposal 4</b>	<i>In the course of the implementation of the Programme: (1) For all investment and development measures the enforcement of the <b>requirements of “clean industry”</b> should be pursued. (2) The <b>development of eco-tourism</b> should be promoted in the regions being rich in landscape values, in small village and scattered farm regions. (3) In the rural regions being rich in landscape values the <b>spreading of integrated landscape management</b> incorporating agriculture, forest management, hunting management and recreation activities should be promoted. (4) In the small village regions the spreading of the <b>production of local products and the organic farming</b> should be promoted. (5) In the rural regions being rich in landscape values the <b>elaboration of local sustainability strategies (LA-21)</b> as well as the completion of strategic environmental assessments should be promoted. (6) Pilot projects for the introduction of the so-called social forest as well as for the protection of heritage and the development based on the cultural resource thereof should be launched in the regions mainly inhabited by deprived social groups.</i>
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| <p>(7) Pilot projects for surveying and eliminating the environmental pollution sources should be launched in scattered farm and small village regions.</p> <p>(8) The granting of the developments pertaining to renewable energy sources of agricultural base should be underpinned by complex life-cycle analyses with sustainability approach.</p> |
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### ***2.2.2. Links with the New Hungary Development Plan and with the Operative Programmes***

The New Hungary Development Plan (NHDP) is the plan for using the funds of the Structural Funds and the Cohesion Fund. Both the objectives and priorities of the NHDP contain rural development aspects and it undertakes that the Structural Funds also play role in rural development. At the same time, the NHDP does not contain agricultural developments. The NHDP is a strategic planning document to which operative programmes (OPs) are connected. In terms of rural development, the most important OPs are the following:

54. *Social Renewal Operative Programme (SROP)*. Rural development content: training and employment programmes focussed to the most disadvantaged micro-regions.
55. *Social Infrastructure Operative Programme (SIOP)*. Rural development content: public utility infrastructure development in the most disadvantaged micro-regions.
56. *Regional Operative Programmes (ROPs)*. Rural development content: public utility and transport infrastructure development integrated at regional level, small-scale economic infrastructure and enterprise development.
57. *Environment and Energy Operative Programme (EEOP)*. Rural development content: integrated river basin development (water management), renewable energy, nature conservation.
58. *Economy Development Operative Programme (EDOP)*. Rural development content: SME and logistic developments.
59. *Electronic Public Administration Operative Programme (EPAOP)* Rural development content: modernisation of public services at micro-regional level.

Out of the important aspects of the strategic environmental assessment the **regional cohesion horizontal objective of the NHDP** can be highlighted. This objective requires a balanced urban-rural relationship, its connecting regional development priority element demands the strengthening of the urban-type functions that are able to serve the countryside. The horizontal objective contains so-called spatial utilisation principles as well whose majority is based on sustainability considerations. The principles preferring the maintenance of the separation of rural and urban features, the availability of values, the sustainable transport and brownfield investments can be highlighted. According to the principle of the NHDP, in terms of rural development the NHDP and the OPs thereof as well as the NHRDSP and the NHRDP complete each other. The **most important factor of ensuring the conformity that co-ordination, co-decision process between the OPs of the NHDP and the implementation of the NHRDP should be established.** Such

implementation system should be elaborated that enables that the use of the rural development (EAFRD) and structural (SF) funds received by the regions could strengthen and complete each other and they should not spoil the efficiency of the other. **In order to reach the conformity with the Operative Programmes we propose the following:**

<b>Proposal 5</b>	<p>(1) <b>The experts of the regions should participate</b> (at least with consultative role) in the monitoring and the decision preparatory committees of the NHRDP.</p> <p>(2) The implementation of the NHRDP should be represented in the monitoring committees of the Regional Operative Programmes as well as of the TAMOP (Social Renewal Operative Programme) and the TIOP (Social Infrastructure Operative Programme).</p> <p>(3) In the procedural guideline of the NHRDP it should be ensured that the <b>developments also granted from the operative programmes (OPs) of the NHDP</b> (New Hungary Development Plan) <b>are preferred</b>.</p> <p>(4) The common representative of the LEADER-type actions should also be present in the monitoring committees of the Regional Operative Programmes.</p> <p>(5) The monitoring and evaluation system of the ÚMVP should be capable of determining the <b>common professional performance measured</b> in the individual micro-regions (mainly in the rural micro-regions as well as settlements) of the OPs of the NHRDP and the NHDP.</p> <p>(6) From the technical assistance budget of the NHRDP it should be ensured that the implementation is capable of improving the performance of certain weakly performing micro-regions or region-types (e.g. consultancy, expert availability, introduction of further application criteria).</p>
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### **2.2.3. Links with environmental policy documents**

#### *National Environmental Programme*

The second National Environmental Programme (for the period of 2003-2008)<sup>18</sup> (NEP-II) determines the objectives and priorities of the Hungarian environmental policy. Contrary to the objectives of the first NEP (that were mainly on environmental elements and acting factors), it drafts such an intervention plan scheme that is based on the implementation of the guidelines of the Sixth Environmental Action Programme of the European Union (valid to 2010)<sup>19</sup>. The NEP-II focuses on those environmental objectives that emerge in a complex way in the meeting point of the socio-economic-environmental problems that require interventions affecting several environmental elements, that widely affect the society and the economy and that can be solved by involving wide range of the stakeholders. NEP-II is not a sectoral program but a strategic document interweaving the entire society and economy, in which the common action of the sectors should comply with the quality and quantity objectives for improving the state of environment. The success of the NEP-II can be assured

<sup>18</sup> Parliament Decision No. 132/2003. (XII.11.) on the National Environmental Programme for the period 2003-2008.

<sup>19</sup> Decision No 1600/2002/EC of the European Parliament and of the Council of July 22 2002 laying down the Sixth Environmental Action Programme (“Environment 2010: Our Future, Our Choice”).

by the implementation of thematic action programmes ensuring cross-sectoral integration. The NHDP can mainly contribute to the following ones out of the NEP-II objectives:

60. To the conservation of biodiversity, to the maintenance of natural heritage and to the subsistence of the ecological systems through the **conservation of the values of the natural areas protected** by domestic and international rules of law, **the implementation of the optimal nature conservation management**, the agri-environmental and the forest-environmental measures, the support of the areas of the Natura 2000 network.
61. To the good condition and protection of waters **through the increase of the efficiency of the integrated river basin management** – like the utilisation of the dead channels and the affected zone thereof, supporting of nature-friendly agricultural land use, supporting of farmers in the rehabilitation areas of flood and drainage areas, spreading good agricultural practice.
62. To the reduction in the use of fossil fuels **through the production of biofuels – through the production of the alcohol in the case of bioethanol** and through the production of crude oil **at biodiesel production**.
63. To the increase in energy efficiency and to the reduction of energy consumption **through supporting of energy efficiency investments of agriculture technologies**.
64. To the reduction of GHG emissions through the modernisation of livestock farms, to the protection of the geological medium and waters **through preventing the getting of liquid manure to the soil and groundwater and the adequate controlling thereof**.
65. To soil protection, to the reduction of erosion, soil contamination and dust pollution **through supporting of land use, product structure and change in cultivation method** as well as with measures against drought damage.
66. To the protection of waters and to the improvement of urban environmental quality **through the modernisation of wastewater treatment** as well as through the environment-friendly agricultural use of sludge from wastewater treatment plants.
67. To the increase of environmental safety, to the maintenance and protection of the good condition of waters **through supporting of investments in the field of water management, water-damage prevention** regionally differentiated and **integrated** among sectors.
68. By supporting the infrastructural conditions of eco-tourism and the connecting attitude-developing measures

**In order to establish the conformity with the NEP-II** we propose to insert the following text version:

<b>Proposal 6</b>	<p><i>The Programme should contain express reference to the fundamental document of Hungarian environmental policy:</i></p> <p>“On the basis of the second National Environmental Programme (NKP-II, 2003-2008) the NHRDP takes into account the strategic aims and objectives of the Hungarian</p>
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	<p>environmental policy, and it contributes to the environmental goals of the NKP-II, especially in the following fields:</p> <ul style="list-style-type: none"> <li>- establishment and protection of the good state of waters in the frame of the integrated water management;</li> <li>- conservation of the values of the nature conservation areas, reservation of natural heritage and subsistence of ecological systems;</li> <li>- agri- and forest environmental measures and conservation of biodiversity through supporting the areas of the Natura 2000 network;</li> <li>- increase of forestation;</li> <li>- increase of the utilisation proportion of renewable energy sources;</li> <li>- reduction in the emissions of greenhouse gases;</li> <li>- qualitative and quantitative protection of soil;</li> <li>- reduction of erosion, soil contamination and dust pollution.”</li> </ul>
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### *National Waste Management Plan*

The National Waste Management Plan<sup>20</sup> (NWMP) is a complex action plan covering the entirety of waste management. The definition of the tasks and programmes of the NWMP occurred in accordance with the elaboration of the NEP-II and the NWMP represents the implementation plan of the Waste Management Thematic Action Programme, too. The NWMP – in the framework of the Agricultural and food industry biomass programme – declares that the disposal of the biologically degradable vegetable and animal waste practically should be ceased. Almost the entire utilisation of the biologically degradable vegetable and animal waste of food industry origin should be reached. The utilisation of the wastes containing biologically degradable organic matter of agriculture origin should be managed in order to recycle the utilisable elements into the biological cycle. This is intended to be met by the development of working into the soil, secondary processing and composting. The NHRDP encourages the recycling of vegetable remains generating from agriculture and forestry as well as manures coming from animal breeding into the biological cycle by supporting the environment-friendly farming methods in the frame of agri-environmental measures, too. The establishment of new waste treatment capacities (composting, biogas-producing and utilising facilities) is envisaged for treating the vegetable and animal wastes. However, the NHRDP does not deal with the biomass utilisation possibilities (production of other products, soil fertilisation, spreading of composting) other than energetic use, the EEOP supports only the spreading of the so-called site and household composting (that belongs to the scope of local governments) and does not provide solution for the treatment of organic wastes of agriculture origin.

The NHRDP intends to use the residuary materials in amelioration, so it contributes to the increase of the utilisation of residuary materials of the food industry.

According to the NWMP all the operating and closed carcass wells and animal waste disposal sites. Regional (selective) collecting and treating system should be established for the utilisation of animal waste. This objective was also supported from the Environmental and

<sup>20</sup> Parliament Decision No. 110/2002. (XII. 12.) on the National Waste Management Plan.

Infrastructure Development Operative Programme of the first NDP; it will be supported from the EEOP in the future.

Through the agri-environmental measures, in certain fields the NHRDP directly contributes to the rational use of agriculture chemicals, so indirectly contributes to the reduction of the wastes thereof (packaging of fertilisers, packaging of hazardous and non-hazardous pesticides) as well as to agricultural utilisation of manure and vegetable by-products. In addition – also in accordance with the provisions of the NWMP –, the harmless elimination of accumulated pesticide residues and the packaging thereof should be solved.

An important NWMP objective is to increase the utilisation ratio of sewage sludge (from 40% to 55% at least) through e.g. agriculture utilisation since with the continuous increase in establishing canalisation and wastewater treatment capacities the amount of sewage sludge is increasing, too. **However, the treatment of sewage sludge will be financed by not the NHRDP but the EEOP**, and the agricultural utilisation (adequate pre-treatment, analysis and supply) of the generating sewage sludge should be provided through the EEOP.

The total amount of liquid wastes is continuously increasing due to the increase in canalisation and wastewater treatment capacities. Still, it is important to take into account the NWMP objective that encourages the agricultural utilisation of such municipal and agricultural liquid wastes.

**In order to establish the conformity with the NWMP** we propose to take into account the following measures in the Programme:

<b>Proposal 7</b>	<p>1) <i>In the case of the farms with high number of livestock the treatment of <b>sludge of agricultural origin and manure</b> should be especially promoted.</i></p> <p>2) <i>As far as possible, the <b>treatment of organic wastes of agricultural origin</b> (e.g. production of other products, soil fertilising, spreading of composting) should be supported.</i></p>
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**2.2.4. Link to the National Agri-Environmental Programme<sup>21</sup>**

The National Agri-Environmental Programme<sup>22</sup> (NAEP) was prepared in the pre-accession period to the European Union, with the co-operation of the MARD and the MEW, according to the provisions of the Common Agriculture Policy. The programme (that was launched in 2002 and was continuing in 2003) wanted to meet complex demands. The policy aimed at the structural change of agriculture, the reduction of the environmental load of agriculture origin and the preservation of biodiversity, while the farmers expected improving living conditions as well as the compensation of environmental and nature conservation restrictions from the Programme. The professional nature conservation organisations and the NGOs with good reason considered this agriculture granting system as the implementation tool of nature conservation management. By taking into account all these demands the results of the first years confirmed the success of the programme – it was popular among the

<sup>21</sup> We also note the link with the National Forest Programme, especially in terms of attitude-development and environmental education.

<sup>22</sup> Government Decree No. 2253/1999. (X. 7.).

farmers. The proceeding of the nature- and environment-friendly land use was **integrated into the agri-environmental measures of the National Rural Development Strategic Plan from our accession in 2004**, and its volume increased. If we also look at the pre-accession period (4 years passed so far) it should be stressed that the expansion of agri-environmental land use promotes the exercise of the Hungarian interests, the access to the additional Union sources, living conditions of the farmers as well as access to new markets. It mainly serves the common goals of agriculture and environmental protection and nature conservation and beyond this rural development and employment policy. In our opinion – though agri-environmental management is one of the main priorities of the New Hungary Rural Development Programme – but its weight (financing ratio) seems insufficient to reach the necessary size of agri-environmental management. In order to keep the results that have been reached since 2002 and to increase the agricultural area that is closer to the ecological endowments and that is cultivated under agri-environmental management methods the resource distribution among the axes should be changed in favour of Axis II. In addition we consider important that the Programme should support the landscape management measures connected to the New Vásárhelyi Plan. **In order to establish the conformity with the NAEP** we propose to take into account the following measures in the Programme:

<b>Proposal 8</b>	<p>(1) <i>Within the agri-environmental measure the Sensitive Natural Areas Programme having concrete nature conservation objective and providing high enough revenue for sustaining the nature-friendly management methods should receive paramount role.</i></p> <p>(2) <i>Within the agri-environmental measure – after the expiry of the 5-year commitment – it is expedient to reduce the proportion of the environmental programs bringing more modest environmental outcomes by discarding the arable land basic program and by relatively reducing the area proportion and supporting intensity of integrated farming.</i></p>
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### **2.3. The links of the Programme and the Plan with the implementation of certain environmental rules of law of paramount importance**

#### **2.3.1. Integrated permits for use of the environment**

The Council Directive concerning integrated pollution prevention and control<sup>23</sup> (IPPC Directive) and the relevant domestic rule of law<sup>24</sup> expressly determine that the agricultural activities falling under the scope of the rule of law should comply with the requirements of the Best Available Techniques (BAT), **not later than 31 October 2007**.

**Table 5 The agricultural facilities that should comply with the BAT requirements**

Type of livestock farm	Estimated number
Facilities for intensive poultry breeding (with capacity of at least 40,000 poultries)	249 facilities
Facilities for intensive pig breeding - with capacity of at least 2000 pigs (over 30 kg) - with capacity of at least 750 sows	215 facilities 50 facilities

<sup>23</sup> 96/61/EC Directive: Integrated Pollution Prevention and Control

<sup>24</sup> Government Decree No. 314/2005. (XII. 25.) on environmental impact assessment and integrated permits.



We note that – as a consequence of the current review of the IPPC Directive – it is possible that cattle management can fall under the scope of the IPPC, so a BAT-quality operation would be required in this subsector, too.

The competent environmental authorities issued about 300 integrated permits for use of the environment altogether for the listed three subsectors not later than June 2006. This amount has certainly significantly increased since then, and the issue of about 100-150 permits remains. The real difficulty for these livestock farms are not the process of getting the environmental permits (though taking environmental consultancy service and of performing environmental measurements are already costly for many operators) but the **development costs of technology necessary to reach the BAT-level are significant for them**. According to the EU Directive and the national government Regulation all operating facilities should comply with the provisions of the integrated environmental permits (i.e. should meet the BAT-requirements) not later than 31 October 2007. **We stress that not only getting the permit but also complying with the BAT-quality should be fulfilled for this deadline!** The EU pays special attention to its practical fulfilment, so serious inspections are expected! The following BAT-requirements – this list does not contain all of them – would represent serious expenditures for the operators of livestock farms:

69. liquid manure, dung water and return flow can only be stored in insulated, leakproof tanks and basins (as opposed to the former case, liquid manure should not be even partially desiccated);
70. the storage space should be enough for at least 4 month-amount of liquid manure, dung water and return flow;
71. facilities serving both manure and liquid manure should be equipped with leakage detectors and adequate monitoring systems.

The Plan in its situation analysis part (subchapter “Nitrate directive”, Chapter “Environment and land use”) raises the problem of liquid manure annually generating an amount of several million cubic metres but the document does not mention the BAT at all. Though the listing in “*Cross-compliance*” requirements in Chapter “4.2.3. *Agri-environmental payments*” measure contains a reference to the IPPC Directive but it refers only to the supplying of data required by the Directive.

There is one more reference to the IPPC: in chapter “*Meeting standards based on Community legislation*” measure where it is mentioned within the definition of beneficiaries that the measure *With respect to environmental requirements, certain support titles are open only for parties involved in animal breeding in nitrate-sensitive areas or IPPC sites*”. **In order to take into account the compliance with the BAT-requirements** we propose the following measure in the Programme:

<b>Proposal 9</b>	<i>In the case of livestock farms – in order to comply with the BAT – the establishment of insulated manure storing basin of adequate size and of the related monitoring systems</i>
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*should be supported.*

### 2.3.2. Directive 2006/32/EC on energy end-use efficiency and energy services

A relatively new EU regulation – the Energy Efficiency Directive<sup>25</sup> – orders an annual average reduction of 1% of the energy end-use between 2008 and 2016 in the EU countries. Though the Directive itself does not make the reduction of energy end-use obligatory, but it declares: „Member States shall adopt and aim to achieve an overall national indicative energy savings target of 9% for the ninth year of application of this Directive, to be reached by way of energy services and other energy efficiency improvement measures.” The Directive demands that **Member States should elaborate Energy Efficiency Action Plans not later than 30 June 2007, and they should undertake energy efficiency commitments expressed in numbers.**

Those contained by the EEOP shows that energy savings of annual 1% should be determined in Hungary, so the domestic fuel consumption should be annually reduced by 10-11 PJ. *It is expected that agriculture* – as significant energy-consuming sector – should make an energy-saving commitment. **In order to comply with the Energy Efficiency Directive** we propose the following “amending” measure (condition specifying a measure) in the Programme:

<b>Proposal 10</b>	<i>At the grants (especially in the case of purchasing machinery, irrigation and infrastructural development) the spreading of <b>energy-saving solutions</b> should be emphasized.</i>
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### 2.3.3. NATURA 2000 directives

Natura 2000 (that was created by the European Union) is a coherent European ecological network that ensures the preservation of biodiversity and contributes to the maintenance and restoration of the favourable nature conservation state thereof through the protection of natural habitats and wildlife species of European Community importance. The Natura 2000 network<sup>26</sup> contains the areas to be designated on the basis of two nature conservation directives of the European Union – the special bird protection areas to be designated by the implementation of the Directive on the conservation of wild birds (79/409/EEC, passed in 1979) and the special nature conservation areas to be designated according to the Habitats Directive (43/92/EEC, passed in 1992). (We note that the draft of land use requirements of the Natura 2000 areas is under public administration debate, the cadastral list of Natura 2000 areas is just before promulgation.)

**The general objective of the Birds Directive** is the protection of all bird species living under natural conditions in the Member States. Special bird protection areas are those

<sup>25</sup> Directive 2006/32/EC on energy end-use efficiency and energy services.

<sup>26</sup> a) Government Decree No. 275/2004 (X. 8.) on nature conservation areas of European Community importance.

b) MEW Communication on the list of compartments with nature conservation areas of European Community importance (Publication: Hungarian Official Gazette, Vol. II, 80/2005, 16 June 2005).



regions that provide habitat for large population for species regularly occurring and migrating through the area of the Member State as well as that contain wetlands of international importance for water birds.

**The main objective of the Habitats Directive** is to preserve biodiversity, to ensure long-term survival of species and habitat types by maintaining or increasing their level of natural range. The Directive orders the creation of Natura 2000, the European ecological network that also contains the areas designated by the Birds Directive. The habitat types and species whose survival can only be ensured by immediate measure are of paramount importance and get priority in the Union. The Habitats Directive unanimously expresses that the goal by designating Natura 2000 areas is not preventing economic development and not establishing closed reservations where all activities are banned. Certain farming structures are allowed to pursue on the area if they meet the protection requirements. **Protection should only be ensured in terms of such species and habitat types that were the ground of the designation.**

**Natura 2000 network clearly supports the Plan and the Programme** by contributing to the sustainable rural development through increasing the employment of rural manpower, creating alternative income-generating opportunities, increasing the attractiveness of rural tourism, trading bio-products and agri-environmental measures. The biggest advantage of establishing the network is that the natural values of Hungary receive a higher level of protection (European Union legal protection) than they did so far that widely support the national nature conservation efforts and works, promoting the protection of our uniquely rich natural values. It should also be noted that the Natura 2000 network is a complementary tool for the national nature conservation. The areas of the network do not replace but complete the system of the domestic nature conservation areas.

**Our country outstands out of the European countries since the majority of the natural values is tied to areas under forest and agricultural cultivation, to ecosystems established under human influence.** The activities pursued in these areas have significant impacts on the success of endeavours aiming at the conservation thereof. **So the interdependence of nature conservation and agriculture is highly true for Hungary** with regard to the high proportion of the areas under tillage and to the connection between natural values and farming methods. In Hungary, in accordance with the European Union directives, **467** special nature conservation areas (1.4 million hectares) and **55** special bird protection areas (1.38 million hectares) were designated. Due to overlaps between the nature conservation and bird protection areas it amounts altogether to **1.96 million hectares**, so does **21%** of the territory of the country (EU average: 20%).

Though the Commission assigned the European Agricultural Fund for Rural Development as the source of compensating the lost benefits and additional costs deriving from the compliance with the requirements of the Natura 2000 areas, the New Hungary Rural Development Programme plans to introduce the Natura 2000 compensation system only from 2009 and with small financing. **In order to comply with the NATURA 2000 directives** we propose to take into account the following in the Programme:

<b>Proposal 11</b>	<b>The NATURA 2000 measure should be launched from 2007. After the new resource distribution among the axes it is expedient to provide larger sources for those measures that result in better environmental outcome.</b>
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### 2.3.4. Water Framework Directive

The Water Framework Directive<sup>27</sup> (WFD) pertains to the entire water management, to all policies all human activities connected to water, and one of the fundamental documents of the EU's environmental policy. The **main objective** of the Water Framework Directive is the **elaboration and implementation of the integrated, sustainable water management policy**. The major provisions of the WFD are the following:

72. putting the surface waters and groundwaters into good (chemical and ecological) status and maintaining this good status for 2015;
73. reaching a sustainable water use based on the long-term protection of available water resources;
74. introducing river basin management planning and implementing the integrated river basin management programmes of measures with ensuring a high-level public participation;
75. mapping and long-term forecasting social and economic water demands;
76. elaborating the implementation plans of measures thereof that take into account the aspects of cost-efficiency and sustainability;
77. determining environmental objectives and criteria, monitoring and evaluation thereof.

Agriculture production and agricultural water uses heavily influence the realisation of the environmental objectives determined in the Water Framework Directive and in other connecting water management rules of law<sup>28</sup> and reaching as well as maintaining the good status of waters.

The Programme refers to the WFD several times, in the reasoning of the 4.2.10. *Forest-environment payments* measure the planners appraise the contribution to the goals of the Directive as well as in the description of the 4.2.2. *Natura 2000 payments and payments linked to the implementation of Directive 2000/60/EC* measure, in subchapter Complementarity within the Programme WFD is mentioned as the measure within which further programme elements contributing to the national implementation of the WFD can be found. Not only the measures serving the integrated river basin management supported from the EEOP and partly from the ROPs could contribute to the objectives of the WFD but also on all interested agricultural fields according to the WFD. The **deadline of 2015** set by the WFD for reaching the good status of waters **coincides the closing deadline of the NHRDP, so it is another reason for seriously taking into account the requirements of the WFD.**

<sup>27</sup> Directive 2000/60/EC, Government Decree No. 221/2004. (VII. 21.) on certain rules of river basin management.

<sup>28</sup> (a) Government Decree No. 27/2006. (II. 7.) on protection waters against nitrates from agricultural sources  
(b) Government Decree No. 21/2006. (I. 31.) on use and utilisation of high water river beds, riparian zones, wetland areas and areas endangered by piping waters as well as on the depreciation process of areas protected by summer dykes

It should be noted that the **Directive 2006/118/EC on the protection of groundwater against pollution and deterioration (this directive is to replace Directive 80/68/EEC) entered into force at the end of 2006**. The Directive – referring to the WFD – defines the criteria for the assessment of good groundwater chemical status, the tasks of the Member States in preventing the pollution and deterioration of groundwater, in cleaning up the pollutions, in monitoring and assessment issues and in determining the criteria. The Directive protects the ecosystems depending on the groundwaters (so those ones that are in connection with the groundwaters and those whose chemical and ecological status depends on the chemical and quantity status of groundwaters).

**The Directive also draws the attention to the fact that in certain areas the protection of groundwaters requires changes in agriculture and forestry practice.** These changes may lead to decreasing revenues. Both the first assessment of the implementation of the Water Framework Directive and the EU Report prepared to the Nitrate Directive show that the measures taken in the period of 2000-2003, **including the provision on sanctioning of the good agricultural practice (GAP) have not resulted in the significant decrease of loading of groundwaters in agricultural areas.** All these render probable that the European Commission will pay special attention to the supervision of the member state level implementation of the WFD and the EU Directive on the protection of groundwater against pollution and deterioration.

**The priorities of the Plan fully fit to the objectives of the WFD; the planned measures of the Programme render probable that the agricultural water management will significantly contribute to the Hungarian implementation of the WFD. In order to achieve this, we propose to take into account the following in the Programme:**

<b>Proposal 12</b>	<p>(1) <i>In the case of measures related to water management the Applicant should present <b>the way the investment or development contributes to the objectives of the WFD (Water Framework Directive).</b></i></p> <p>(2) <i>Grant should be given <b>for the rural development consultants in order to improve their information on WFD.</b></i></p>
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### **3. ASSESSMENT OF THE ENVIRONMENTAL IMPACTS OF THE PROGRAMME AND THE PLAN**

#### **3.1. Sustainability compliance: the sustainability evaluation of the NHRDSP**

As we presented in Chapter 1.5.2., we examined the priorities and objectives of the New Hungary Rural Development Strategic Plan in terms of sustainability. We note that the situation analysis of the Plan adequately takes into account the environmental aspects of sustainability, at the same time it pays less attention to the social and economic pillars of sustainability. The Plan dedicates a separate chapter for presenting the emergence of horizontal policies, where the requirements determined by sustainable development are adequately presented.

### ***3.1.1. The sustainability assessment of the priorities of the Plan***

The New Hungary Rural Development Strategic Plan defines the **following priorities** within the frame of its agricultural and rural development priorities:

#### **I. Increasing the competitiveness of the agricultural and forestry sector, mitigation of structural tensions, promotion of change in production structure;**

- I/1a. *Renewable energy sources – energy plantations*: production and use, spreading the production systems based on it (energy plantations of ligneous and herbaceous plants)
- I/1b. *Renewable energy sources – agricultural by-products*: production and use, spreading the production systems based on it (production of raw materials necessary to the production of agricultural by-products and use of biomass)
- I/2. *Technological development*: purchasing of agricultural machinery fitting to the structural change, developments and infrastructure investments connected to agri-logistics as well as modernisation of farms in accordance with Community requirements
- I/3. *Animal breeding*: Transformation of livestock farms by taking into account animal health safety issues
- I/4. *Food-processing*: food industry integrations, continuous development of technological level, food safety, ecological and geographical trademarks, integrated product labelling
- I/5. *Horticulture*: Development potential in gardening of non-food purpose, the development of horticulture should also be linked with the utilisation of geothermic energy
- I/6. *Arrangement of holdings*: legal regulation of land purchase of holding-concentration purpose and of option to purchase land and pre-leasing , supporting of land-measuring works serving the arrangement of holdings, of preparing partition, consolidation, modification, etc. diagrams providing opportunities for young farmers to purchase land
- I/7. *Water management, protection against excess surface waters*: establishment and modernisation of regional and industrial water management facilities, supporting the abatement of local water damage and drought damage

#### **II. Creation of the human conditions of the competitive agriculture, with special regard to the spreading of innovation skills and market-oriented approach**

- II/1. *Improving age-structure*: grant for taking over the farm by providing support for young farmers
- II/2. *Innovation and market orientation*: along the product track organisations: innovation and strategy are parts of all axes (horizontal objective). The reorganisation of the agricultural product tracks should be performed in accordance with the market and producer demands by operation and development resources, involving the potential of part-time and semi-subsistence farmers, too. The marketing activity connected to agriculture products should be supported by increasing the awareness of the consumers
- II/3. *Knowledge-based rural society*: sending fresh information to the rural communities and farmers, training, and supporting the use of advisory, information and communication technologies

#### **III. Strengthening of the guarantees of sustainable production and land use**

- III/1. *Forestry*: afforestation of the agricultural areas being less suitable for competitive production and maintenance of the environmental status of forests, supporting the traditional forest management. Supporting the plantation of ligneous energy crops.
- III/2. *Environment-friendly management methods*: the spreading of organic farming, supporting of the compliance with voluntary provisions of agri-environmental management and with obligatory and voluntary provisions of Natura 2000 network, supporting of the environment-friendly agricultural practice implemented according to the programmes of measures of river basin management plans under the Water Framework Directive
- III/3. *Farming on Less Favoured Areas*: income-supplementing grants
- III/4. *Animal welfare requirements*

#### **IV. Reduction of rural employment conflicts, enlargement of rural opportunities for earning income as well as improving the quality of rural life, better availability of services for the inhabitants of rural settlements**

IV/1. *Rural business development*: encouraging diversification, creation of new jobs, development of rural tourism, supporting of the businesses producing and processing of products being characteristic of the region

IV/2. *Village renewal*: renewal of villages, enlargement of the cultural and recreational possibilities

V/3. *Integrated service spaces for small settlements*: supporting fundamental communication, administration and other services improving the quality of life in small settlements

#### **V. Development of local communities. Mobilisation of internal resources covering several rural settlements (micro-regions), it serves the implementation of Axis IV**

Annex 2 shows the sustainability evaluation matrix of priorities. Our notes are as follows:

78. Evaluation does not serve for the general judgement of the priorities but – in accordance with the proposal-making feature of the SEA – it draws attention to those sustainability aspects (order of values elements) where the development of the priorities the sustainability aspects should be represented in a more definite way. The evaluations were prepared on the basis of the knowledge and information available at the elaboration of the SEA.

79. Priority I/1 was divided into two parts – priority a) and b) – by the SEA working group in order to have a sustainability evaluation differentiated enough. The relatively negative sustainability judgement of energy plantation priority is based on that “pessimistic” assumption that these measures do not take into account the probable external effects.

80. We stress that the grounding of especially the “negative conclusions” would render necessary more profound examinations of scientific need. **Our statements serve the comparison of the priorities and they mainly intend to draw attention to the fact that the sustainability compliance of certain priorities ought to be ensured by regional focusing, or by conditions.**

81. As regards the environmental sustainability of the LEADER-type priorities we consider the enhanced representation of the environmental conscious education in all media as well as the development of the affinity to the nature for the different age-groups as important.

### ***3.1.2. Sustainability assessment of the objectives of the Plan***

The New Hungary Rural Development Strategic Plan – in “strategic objectives per EAFRD axes” – defines the following specific objectives:

#### **Axis I: Improving the competitiveness of the agricultural and forestry sector**

I.1. Supporting of gaining knowledge and improving the competence of human resources and age-structure

I.2a. Promoting changes in land use in order to have a production structure sustainable even in ecological terms

I.2b. Creation of sectoral balance between cultivation of plants and animal breeding

I.3. Modernisation and development of physical resources, promoting innovation

I.4. Improving the quality of agricultural production and products

#### **Axis II: Improving the environment and the countryside**

- II.1. Sustainable utilisation of agricultural areas, spreading of environment-friendly management methods
- II.2. Maintenance of agricultural activities on Less Favoured Areas
- II.3. Increase and sustainable management of forest resources
- II.4. Ensuring the animal welfare payments

#### **Axis III: Improving the quality of life in rural areas and promoting diversification**

- III.1. Reduction of rural employment tensions, enlargement of opportunities of earning income
- III.2. Improving the quality of rural life through the sustainable and complex utilisation of cultural and natural values, village renewal
- III.3. Development of basic services provided for rural inhabitants

#### **Axis IV: LEADER-type local developments**

Annex 3 contains the sustainability evaluation matrix of the objectives. Our notes are the same as they were in chapter 3.1.1., in addition:

82. we propose to take into account the fact that the negative judgement of “Creation of sectoral balance between cultivation of plants and animal breeding” is based on that theoretical (pessimistic) assumption that the number of livestock exceeds the carrying capacity of natural and ecosystems. **Obviously, the moderate increase in number of livestock could result in environmental advantages but the determination of the numbers by breeds that are optimal in terms of carrying capacity requires further scientific analyses.** Without these analyses we used conservative estimations.

## **3.2. Environmental policy compliance: environmental performance of the NHRDP**

### ***3.2.1. Evaluation of the Chapter “State of environment in agriculture”***

Chapter 2 of the draft NHRDP contains the situation analysis. It is a relatively large part, profound enough in general but in terms of certain issues it is not comprehensive as well as a bit difficult to follow the structure. The mentioned chapter starts with the presentation of the general geographical and socio-economic background (2.1.1), continues with the regional characteristics of agriculture (2.1.2). It contains the situation analysis per axis (2.1.3), then the description of environmental management and land use (2.1.4), and within this a situation analysis per each axis.

It is a general comment that **the situation analysis part mainly highlights only the weaknesses and the strengths; sometimes opportunities (e.g. cultivation traditions) and threats (e.g. drought) emerge but they remain unexplored or ignored.** It is also a general comment that it would help the better interpretation and usability of the situation analysis (so, for example, setting objectives and defining measures on the basis of it) if it

used DPSIR scheme, logical framework. This model (developed by the OECD and the EEA), that is an acronym of “**D**iving forces, **P**ressures, **S**tates, **I**mpacts, **R**esponses”, namely a logical framework that examines and explores the interactions of economy-society-environment through the chain of „motivation (driving force) → pressure → state → (environmental) impact → response (solution)”.

**Out of the threats, the challenges in climate change are not or only indirectly mentioned;** these occur now through the more frequent extreme weather events. Though this will be one of the significant influencing factors of agricultural production in the near future.

The chapter correctly highlights that “*In Hungary the institutional background of vocational training on agriculture is stable, still, the qualification of farmers is low... mainly the knowledge on the functions of the European Union (including market and production regulation, support systems, quality standards of products, the rules of animal keeping, and environmental requirements) and the knowledge and skills of farm management are missing... there are shortcomings in the consultancy system and adult education outside the regular school network.*”. At the same time it correctly says that “... *the historic traditions of production and farming are still present, particularly in small settlements.*” Therefore it would be expedient to manage it as unique value and measure.

**Situation analysis only mentions such important factors like the use of chemicals and fertilisers, the future trends thereof.** In addition, it would be worth examining the development of the features of chemicals on the „supply” side, for example in terms of toxicity and degradability in the environment.

At the end of Chapter 2.1.3 it is very positive that the text mentions that “*(...) The level of organisation of the producers is rather poor, and it is still one of the biggest problem in food industry (...). Their representation powers are particularly weak along the sensitive product lines (pig, poultry).*” This is a key issue, the reasons for the poor representation power would be worth further detailing as well as the ways of strengthening would be presented for the Hungarian farmers.

In Chapter 2.1.4, however, the very short subchapter “*Air quality*” is practically about forest belts. **The contribution of agriculture to air quality is significant, first of all the development of dust and stench pollution** but it is worth taking into account the realisation of gradual ban of using bromomethane (this substance is used by almost exclusively by agriculture) required by the Government Regulation No. 94/2003. (VII. 2.) on substances depleting the ozone layer.

The subchapter “*Renewable energy, biomass production*” shows some inconsistency with other parts of the situation analysis since it contains not only situation analysis but also measures; e.g. “*(...) the plantation of fast-maturing energy plants, both herbaceous and ligneous and further afforestation are necessary.*” At the same time, this topic would be worth much wider negotiation due to its novelty, importance and controversial nature. **The text does not mention research directions, the species suitable for the climate and other endowments of the country; there are no data on the quantity of the currently**

**generating biomass wastes (e.g. forestry waste), etc.** One should be careful with the “advanced” measures since many studies indicate problems in terms of natural and energy balance issues of energy plantations. Here it would be necessary to present the pros and the cons.

At the issue of average holding size the situation analysis mainly describes the problems of the small average holding size (e.g. market access problems) while it says nothing about the social danger caused by the existing, exaggerated holding concentrations.

It is positive that the situation analysis mentions the conditions of the Romas. This part would be more highlighted, mainly because the majority of the Romas live in rural regions and their situation is very complex. At the same time, the situation analysis says nothing about the potential impacts of the current EU-enlargement (Romania and Bulgaria; with significant agricultural potential and many social problems).

**It would be useful to present the results deriving from the use of agricultural and rural development sources (SAPARD, ARDOP, NRDP, NDP-1), and – compared to these – what kind of shift would be expedient in the case of the NHRDP.**

### ***3.2.2. The environmental evaluation of the axes and measures of the NHRDP***

Chapter 4 of the Programme contains the information on the axes and the measures proposed to the individual axes. These measures can be considered as the more concrete tools of the Programme, so we assess these (and the interventions thereof) in an environmental performance evaluation scheme (see Chapter 1.5.2.). The environmental evaluation differentiates several types of the NHRDP measures:

1. The first type means those measures that were evaluated in unchanged form.
2. The second type of measures is those ones that we had to break up submeasures in order to be evaluated in environmental terms since they would not (or not unequivocally) be evaluated in the “merged” way by the Programme. For example, the “4.1.6. Modernisation of agricultural holdings” (group of) measure(s) contained several submeasures – like supporting animal breeding, horticulture (fruits, grapes, ornamental plants, vegetables, herbs), “GAZDA” NET PROGRAMME – whose common evaluation cannot be performed since the environmental judgement of the submeasures can be totally different, so in this case the evaluation occurred by broken up to submeasures. (Here it is worth mentioning that the type 1 analysis “in unchanged forms” only means that those measures were not broken up or merged.)
3. The third group of measures contains such items that were not analysed because it is not possible due to their widely interpretable nature and/or uncertain content; such measures were, for example: the “LEADER Programme” or the “4.3.6. Skill acquisition, animation and implementation”. We are not able to say on this type of measures what will be implemented within their frames, so the analysis cannot be performed. The results of the evaluation according to the axes as well as measures of the Programme are as follows.

We enclosed the environmental performance evaluation matrix in Annex 4; we indicated the allocated supports, too. We note that the resource distribution among the axes



fundamentally affects environmental performance. Axis I concentrates almost half of the resources (47%) to enhance competitiveness, and this mainly means technical modernisation, more intensive production, increase in quantity and through this, the support of the current land use structure. **The organisation of the Programme should be careful and it should take into account the environmental aspects in order to avoid that the resource distribution could lead to the fixation of the outdated production structure and to the increase of the connecting environmental loads.** We provide additional comments to the environmental performance evaluation in the following.

*axis I: Improving the competitiveness of the agricultural and forestry sector*

**1.1.1.1.1.1.1.1 111. Training, information and diffusion of knowledge**

This measure received positive (in one case 0, so neutral) judgements in all evaluation categories. In addition, it received the highest (+2) value at almost half of the categories. So it is not surprising that **this is one of the best measures of Axis 1 in environmental terms, but even one of the best ones among all measures in terms of “goodness”.** Of course, it depends on the subject of the training that could further strengthen or weaken the impact.

**1.1.1.1.1.1.1.2 112. Setting up of young farmers**

This measure is the example when it cannot be “classically” evaluated according to the impacts of environmental elements (so it received “?” in the evaluation matrix) since for example it is difficult to connect the improvement of the age structure itself to these. At the same time, **all the other aspects with wider spectrum (almost without exception) received modest positive judgement (+1).**

**1.1.1.1.1.1.1.3 113. Supporting farmers in farm transfers**

This measure is very similar to 112 in terms of objective and tool, so its judgement is the same.

**1.1.1.1.1.1.1.4 121.1. Plant farming and horticulture (within the modernisation of agricultural holdings)**

Since it is technical infrastructure development, it means energy and material intensive activities, therefore its judgement in terms of environmental elements and nature conservation was a bit negative, at the other aspects it was a bit positive, while – due to the modernisation impact – as regards energy efficiency, very positive (+2). On the whole this submeasure can be characterised by a neutral (about 0) judgement. **The environmental performance of the measure can be significantly improved by adequate conditions.**

**1.1.1.1.1.1.1.5 121.2. Animal breeding (within the modernisation of agricultural holdings)**

Owing to the modernisation of the installations (e.g. adequate manure storage and management), mainly in terms of water and soil quality it received maximally positive judgement but there were not any negative judgements in the other categories, only a couple of neutral ones (“0”). On the whole, it is a good measure.

**1.1.1.1.1.1.1.6 121.3 Purchase of machinery (within the modernisation of agricultural holdings)**

This measure received slightly negative judgements for the emissions into the air and the protected natural areas, its impact on the other environmental elements is neutral (“0”) and for four aspects (e.g. in terms of material and energy savings) a bit positive (+1). On the whole, this measure finished with an overall judgement of neutral, slightly positive (+0, 1). (The judgement can be modified if this measure would replace outdated machinery, or would put into operation new machinery.) **The environmental performance of the measure can be significantly improved by adequate conditions.**

**1.1.1.1.1.1.1.7 121.4 “GAZDA” Net Programme (within the modernisation of agricultural holdings)**

This is such a measure where half of the evaluation categories received non-relevant (NR) judgement, since it cannot be really connected to the development for example of food safety (as evaluation category). In the remaining categories, however, a weak positive impact can be assumed, so on the whole it is a good submeasure.

**1.1.1.1.1.1.1.8 121.5 Plantation (within the modernisation of agricultural holdings)**

At this measure there are three categories with „non-relevant (NR) judgements: settlement quality forests, environmental awareness. Beside this it received slightly negative judgements for environmental elements and protected natural areas (-1), but the protection and utilisation of landscape values received very positive judgement (+2), the remaining ones were neutral. **The environmental performance of the measure can be significantly improved by adequate conditions.**

**1.1.1.1.1.1.1.9 122. Improving the economic value of the forest**

This measure received five non-relevant judgements (out of 18) but since it mainly would help putting into operation of machinery, it received negative (-1 or even -2) scores. It received four neutral judgements and only one (energy efficiency) slightly positive one (+1).

**1.1.1.1.1.1.1.10 123. Adding value to agricultural and forestry products**

It received four non-relevant and seven neutral judgements, in the remaining evaluation categories rather positive results – on the whole, this measure received a favourable judgement.

**1.1.1.1.1.1.1.11 124. Development of new products**

Due to its intellectual character of the activity this measure received non-relevant judgements in six evaluation categories (mainly for environmental elements). But in all the remaining categories received slightly positive judgements (+1), so on the whole **this measure can be characterised by a fairly good environmental performance.**

**1.1.1.1.1.1.1.12 125.1 Development of the agricultural plant and communal facilities of irrigation**

This submeasure received seven non-relevant (e.g. chemical risk) and six neutral (e.g. renewable energy sources) judgements. **The possible disadvantages of the submeasure can be significantly improved by water- and energy-saving irrigation.** Due to the very positive (+2) received for the extreme climate events on the whole it received a positive final judgement, close to neutral.

**1.1.1.1.1.1.1.13 125.2 Amelioration: development of the facilities**

This submeasure received many (at one-third of the evaluation aspects) non-relevant judgements (e.g. for environmental awareness, renewable resources, energy efficiency). Beside the many neutral impacts it received slightly positive judgements for soil and food safety, so **the submeasure can be considered as favourable in environmental terms.**

**1.1.1.1.1.1.1.14 125.3 Collective investments in water-flow regulations**

This submeasure received six non-relevant judgements but it “cannot be judged” (“?”) in two evaluation categories, like for example: possibility of organic farming, possibility of sustainable regional management. (We remind that this “cannot be judged” means that the measure probably affects the given evaluation aspect, but since the measure is too general, or can be performed in many ways, so the evaluation could not judge the impact.) Due to the four slightly positive judgements **the submeasure can be considered as favourable in environmental terms.**

**1.1.1.1.1.1.1.15 125.4-5. Improvement of physical infrastructure related to forestry and agriculture**

This submeasure received five non-relevant judgements. Beside this it received only mid-scores (-1, 0, +1) in the individual categories. Slightly negative impacts were identified at the emissions into air, soil protection and the types of protected natural areas. There were three neutral (0) judgements for water quality and the possibility of sustainable regional management. The measure received slightly positive (+1) judgements for the remaining categories. Based on these, on the whole this measure received a slightly negative judgement.

**1.1.1.1.1.1.1.16 125.6. Energy supply and distribution**

At four evaluation categories were the judgement non-relevant. The measure received slightly negative scores for four aspects but beside many (six) neutral judgements we can find maximum score (+2), too; of course, in the category of „renewable energy sources“. There are positive judgements: global air pollution impacts, protection against extreme climate events and quality of urban environment. On the whole, the judgement of the measure is neutral (slightly positive).

**1.1.1.1.1.1.1.17 125.7. Proper arrangement of holdings**

This is the measure that received one of the most non-relevant judgements, eight ones (out of 18), so almost in half of the categories. At the same time, it received slightly positive (+1) judgements in all other categories, so on the whole it is rather favourable.

**1.1.1.1.1.1.1.18 131. Meeting standards based on Community legislation**

Since this measure is aimed to serve the compliance with environmental, public health, plant health and animal welfare requirements, so no wonder that it received – with two non-relevant judgements (e.g. nature conservation of forests) – only positive judgements; out of these maximum scores (+2) in many cases. **On the whole, this measure has one of the best environmental performances.**

**1.1.1.1.1.1.1.19 132. Supporting the participation of farmers in food quality schemes**

Due to its feature this measure received non-relevant judgements at five evaluation aspects, mainly in the case of environmental elements, renewable energy sources and material and energy efficiency. Beside these, in half of the remaining categories it received slightly positive (+1), and in the remaining half very positive (+2) judgements (e.g. for the possibility of sustainable regional management). So the final score is positive but due to the many non-relevant judgements this measure has a smaller environmental relevance.

**1.1.1.1.1.1.1.20 133. Supporting of producer groups in the field of information and promotion activities:**

Due to its feature this measure received non-relevant judgements at seven evaluation aspects, mainly in the case of environmental elements, renewable energy sources and material and energy efficiency. At all the remaining categories it received slightly positive (+1) judgements, so the final score is positive but due to the many non-relevant judgements this measure has a smaller environmental relevance.

**1.1.1.1.1.1.1.21 141. Semi-subsistence farming**

Due to its feature this measure received non-relevant judgements at half (nine) of the evaluation aspects. The categories of health promotion and food safety were neutral, at all the remaining categories it received slightly positive (+1) judgements, so the final judgement is good but due to the many non-relevant judgements this measure has a smaller environmental relevance.

**1.1.1.1.1.1.1.22 142. Supporting of setting up producer groups:**

This measure received non-relevant judgements at seven evaluation aspects, mainly in the case of water and soil quality and at impacts on protected areas. With only one neutral evaluation all the remaining categories received positive judgements. In the case of sustainable regional management was maximally positive (+2). **So the final judgement of the measure is very positive.**

**1.1.1.1.1.1.1.23 114. Use of farm advisory services**

For the environmental elements (air, waters, soil) the judgement is non-relevant. However, in all the remaining categories is positive; in the case of sustainable regional management is (+2). **So on the whole, the aggregated judgement of the measure is very favourable.**

**1.1.1.1.1.1.1.24 115 Setting up farm management and forestry advisory services:**

This measure is very similar to 114 in terms of its objectives and methods, **so its judgement is the same: very favourable.**

*Axis II: Improving the environment and the countryside*

**1.1.1.1.1.1.1.25 212. Payments to farmers in Less Favoured Areas**

This measure received slightly negative judgement (-1) only for emissions into air. In the remaining categories its judgement was mainly slightly positive (+1), while for three aspects (material and energy efficiency, renewable energy sources and quality of urban environment) the judgements were neutral. **On the whole, the final judgement is moderately favourable.**

**1.1.1.1.1.1.1.26 213. Natura 2000 payments**

This measure received non-relevant judgements at four evaluation aspects (e.g. energy efficiency, quality of urban environment), but since these areas a priori were designated of nature conservation

purpose, no wonder that the measure received positive judgements in all the remaining evaluation categories. Within this, it received the maximum score (+2) in six cases: impacts on protected areas, Natura 2000, possibilities of organic farming, possibility of sustainable regional management, environmental awareness and protection of landscape cultural heritage. **On the whole, the measure is judged as very positive.**

**1.1.1.1.1.1.1.1.27 214. Agri-environmental payments**

This measure is similar to 213 (Natura 2000 payments), but there is not any non-relevant categories but all judgements are positive. Out of these it received the maximum score (+2) in nine (!) categories, so on the whole it became **one of the most favourable measures.**

**1.1.1.1.1.1.1.1.28 214.a. Preservation of genetic resources**

This measure is similar to 214, so its judgement is the same. (There are not any non-relevant judgements but only positive scores.).

**1.1.1.1.1.1.1.1.29 214.b. NRDP agri-environmental determination**

This measure is similar to 214, so its judgement is the same.

**1.1.1.1.1.1.1.1.30 214.c. NRDP forest determination**

This measure is similar to 214, so its judgement is the same.

**1.1.1.1.1.1.1.1.31 215. Animal welfare payments**

Four evaluation aspects (e.g. air quality and soil quality) received non-relevant judgements. Two categories were neutral (0) but the remaining ones received positive judgements. Within this organic farming, food quality and environmental awareness received the maximum score (+2). **On the whole, the measure is judged as very positive.**

**1.1.1.1.1.1.1.1.32 216. Assistance provided to non-productive investments**

Due to its feature this measure received non-relevant judgements in seven categories (e.g. quality of environmental elements, energy efficiency). Beside these the individual categories received only positive evaluations, dominantly (+1). The evaluation category of protection of landscape cultural heritage received a (+2) score. **On the whole, the judgement of the measure is favourable.**

**1.1.1.1.1.1.1.1.33 221.1. First afforestation of agricultural lands**

This measure was interpreted that it did not contain energy plantation. According to this, in the majority of the categories it received positive judgements (except for two neutral judgements), and it received maximum scores (+2) in eight cases. **On the whole, the final judgement is very positive.**

**1.1.1.1.1.1.1.1.34 221.2. Plantation of energy crops**

Here the evaluation should be interpreted that the energy crops are not planted to the place of an existing forest (since in this case there would have been worse judgements). There were non-relevant judgements in five cases, in the category of the extreme climate events the qualification is „cannot be judged“ („?“). For the renewable energy sources it received the maximum score (+2) but for the protected natural areas the worst (-2). The environmental performance of the measure can be significantly improved by adequate conditions.

**1.1.1.1.1.1.1.1.35 222. First establishment of agro-forestry systems**

This measure was interpreted in a way that it does not contain energy plantation (since in this case there would have been worse judgements). It received non-relevant judgement only at one evaluation category, the global atmosphere pollutants, in all the other categories it was positive, mainly (+1). The categories of forest nature protection, sustainable regional management and protection of landscape cultural heritage received maximum score (+2). **On the whole, the judgement of the measure is favourable.**

**1.1.1.1.1.1.1.1.36 223. First afforestation of non-agricultural lands**

This measure received maximum score (+2) for the amount of the global air pollutants. Beside this it mainly received (except for two non-relevant and one neutral categories) slightly positive judgements for all remaining aspects; so **on the whole, it can be considered as a favourable measure.**

**1.1.1.1.1.1.1.37 224. Natura 2000 payments: forest**

This measure is similar to 213, the Natura 2000 payments, but it is restricted to forest areas. Beside three non-relevant evaluations the judgements of the measure are positive; within this there are six categories with maximum scores (+2), for example: forest nature conservation, Natura 2000 areas, organic farming, protection of landscape cultural heritage, environmental awareness. **On the whole, the final judgement of the measure is very positive.**

**1.1.1.1.1.1.1.38 225. Forest-environment payments**

Since this measure is clearly supporting activities of nature conservation and environmental protection purposes, so it received positive evaluations in all categories. In the majority of these evaluation categories (11) it received the maximum scores (+2). **So it can be considered as one of the measures with the best environmental performance.**

**1.1.1.1.1.1.1.39 226.a. Forest rehabilitation – forestry potential (within Restoring forestry potential and prevention actions measures)**

This measure received non-relevant judgement only for the conditions of organic farming, and slightly negative judgement (-1) for material and energy efficiency. By the other aspects the judgements are mainly positive, moreover, in eight categories it received the maximum scores (+2), e.g. global air pollutants, quality of surface waters, soil quality, sustainable regional management, etc. **On the whole, the measure received very favourable judgement.**

**1.1.1.1.1.1.1.40 226b. Prevention of natural catastrophes affecting forests (within Restoring forestry potential and prevention actions measures)**

Due to its feature, this measure received non-relevant judgements in nine evaluation categories. **Its final judgement is neutral.**

**1.1.1.1.1.1.1.41 227. Supporting of non-productive forest-environmental investments**

This measure, beside three non-relevant judgements, received only positive scores, within this the maximum (+2) for six evaluation categories. **On the whole, it can be considered as a very positive measure.**

*Axis III: Improving quality of life*

**1.1.1.1.1.1.1.42 311. Diversification into non-agricultural activities**

For the majority of environmental elements this measure received non-relevant judgements, and the case was the same for mitigating chemical risks. The impact cannot be judged („?”) in the categories of food safety and health promotion, but in all other cases the judgements are slightly positive, in the category of protection and sustainable utilisation of landscape cultural heritage it received maximum score (+2). **On the whole, it can be considered as a very positive measure.**

**1.1.1.1.1.1.1.43 312.a Micro-enterprises: technological developments (within the Development of micro-enterprises)**

At this measure the slightly negative, positive and neutral judgements are alternating. A different score can be found only in the category of food safety, where the score is the maximum (+2). **On the whole, its final judgement is neutral.**

**1.1.1.1.1.1.1.44 312.b Micro-enterprises: marketing, quality assurance, innovation, cluster (within the Development of micro-enterprises)**

Due to its feature the measure received a non-relevant judgement for environmental elements, but in all other categories it received slightly positive (+1) judgements, while in one (sustainable regional management) the score was the maximum (+2). **On the whole, it can be considered as a fairly positive measure.**

**1.1.1.1.1.1.1.45 313. Encouragement of tourism activities**

The evaluation did not count hunting tourism into this measure (it would worsen the judgement of the measure). In several categories there would be slightly negative impacts, like emissions into air, protection of soil and geological values; but there were four neutral judgements and slightly positive judgements in the remaining categories. Of course, in health promotion category maximum positive

impact (+2) is likely since the purpose of the measure is mainly this. **On the whole, it can be considered as a moderately positive measure.**

**1.1.1.1.1.1.1.46 321. Basic services for the economy and rural population**

This measure received non-relevant judgements in half of the evaluation categories. In all the remaining categories the judgements were slightly positive, like for material and energy efficiency, quality of urban environment, environmental awareness. On the whole, the measure is of strongly positive (+1, 0) feature but **its environmental weight cannot be considerable due to the many neutral judgements.**

**1.1.1.1.1.1.1.47 323.1 Conservation and upgrading of the rural heritage**

This measure also received many non-relevant judgements (10) but the at the remaining categories it received positive evaluation, within this in four cases (quality of urban environment, landscape cultural heritage, conservation of protected areas, etc.) the scores were the maximum (+2). **So on the whole, the final judgement is very favourable but its environmental weight cannot be considerable due to the many neutral judgements.**

**1.1.1.1.1.1.1.48 323.2 Preparation of Natura 2000 plans**

The measure received non-relevant judgements in seven evaluation categories, but for all the other aspects there are only positive scores, within this seven (+2) scores. The measure is **definitely favourable.**

**1.1.1.1.1.1.1.49 34. Skill acquisition, animation and implementation**

Due to its feature this measure is non-relevant for the environmental elements. All the other judgements were slightly positive (+1), for the possibilities of sustainable regional management it received the maximum score (+2). On the whole, **this measure can be considered as definitely favourable.**

**3.2.3. Identification of measures with paramount and uncertain impacts**

The following measures are of paramount importance for the integration of the sustainable efforts of rural development, agriculture and water management:

- 83. 125.1. Development of the agricultural plant and communal facilities of irrigation
- 84. 125.3 Collective investments in water-flow regulations

Keeping the importance of the topic in view, we propose the following:

<b>Proposal 13</b>	<i>Overall scientific assessments should be launched on the "location-dependent" environmental relations of irrigation, melioration and water management.</i>
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In the case of the following measures there were uncertain or slightly negative, environmental impacts:

- 85. 226b. Prevention of natural catastrophes affecting forests – forestry potential
- 86. 312.a Micro-enterprises technological developments

In order to reduce uncertainty we propose the following:

<b>Proposal 14</b>	<i>A study should be prepared on the possibilities of environment-friendly technological developments at micro-enterprises.</i>
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**Certain measures – at least at the general level presented in the Programme – proved disadvantageous in environmental terms; these are as follows:**

87. 125.4-5. Improvement of physical infrastructure related to forestry and agriculture

88. 221.2. Plantation of energy crops

89. 121.5. Plantation – the modernisation of agricultural holdings

90. 122. Improving the economic value of the forest

In order to avoid unfavourable impacts we propose the following:

<b>Proposal 15</b>	<p>(1) <i>An environmental-type priority list (with life-cycle analysis, based on energy balance) should be prepared on the plant species of energy plantations. At the evaluation of the applications the plant species with higher priority should be given preference.</i></p> <p>(2) <i>A “positive list” should be prepared on those agricultural areas that can be suitable for energy plantations and this list should be applied as an evaluation aspect.</i></p> <p>(3) <i>At the grants the small-scale, local biomass utilisation (composting using organic waste + biogas-generating equipment, village heating plants) should be preferred.</i></p>
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<b>Proposal 16</b>	<p><i>In the course of purchasing machinery and the development of physical infrastructure <b>material- and energy-saving equipment and processes should be preferred.</b> The reduction of the energy demand of agricultural plants and farmers, the increase of energy efficiency and the spreading of small equipment utilising solar, wind and geothermic energy should be promoted.</i></p>
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### 3.3. Environmental consistency of NHRDP objectives

**There is a contradiction in the Programme between the measures supporting the development of intensive factory farming and those promoting the adaptation to the local endowments (organic farming).** The contradictions possibly arising from this are not resolved either at theoretical (e.g. in the objectives) or at practical level (e.g. in the supporting conditions or in regional focus).

**There is a contradiction in handling invasive species.** In the measures of the NHRDP supporting the protection against invasive species can be found, while the forestry and agricultural measures do not contain sanctions or conditions on the supportability of using invasive species.

**There are also smaller contradictions in the NHRDP in terms of supporting the traditional cultivation forms.** On the one hand, the production of traditional, local products is supported. However, the Programme does not adequately support the developments of production schemes that require the knowledge of traditions and expertise, much human interaction, special (not high-tech) tools instead of modernisation.

**The Programme, on the one hand, stresses the necessity of holding-concentrations, and on the other hand it supports the roads between the parts of the holdings as well as the arrangement tasks of the undivided common lands.** It obviously shows that a holding-arrangement strategy would be necessary.

In Hungary the new, sustainable methods of sustainable regional water management, irrigation, water-flow regulation, protection against excess surface waters and soil protection are developed. The agricultural water management measures of the Programme should entirely fit to the integrated water management system of the Carpathian basin. One of the

main tasks of the modern agriculture (together with water management, environmental protection and regional development) should be to perform a change in the agricultural structure fitting to the water scheme of Hungary deriving from the country's basin-nature and climate.

### **3.4. The probable environmental impacts during the implementation of the NHRDP**

#### ***3.4.1. Impacts on air***

The Programme in its current form **has a neutral effect on air quality and on the volume of greenhouse gas emissions on the whole**, but there are measures generating supposedly positive and negative impacts, too. Out of the impacts of the Programme on air, the energetic utilisation of resources generating and to be processed in agriculture (biomass, agricultural waste), production of bioethanol and (to a less extent) biodiesel, so indirectly the increase in the use of alternative fuels could have slightly positive impacts.

**The nature-like afforestation could have favourable and stabilising impacts on air through carbon dioxide sink as well as replacing fossil fuels at local and small enterprise levels** since these may reduce the greenhouse gas emissions to the atmosphere, so the risk of global warming. Modernisation of livestock farms and the utilisation of biogas generating from agricultural wastes could reduce the emissions of methane. Supporting of the measures aiming at the compliance with the Best Available Techniques (BAT) certainly has positive impacts on air quality; at local level mainly in the field of stench emissions but also of other „traditional” air pollutants; in addition, the BAT, by definition, could strengthen the spreading of preventive environmental measures, more significant headway thereof in farming approach – it would also be an important aspect.

At the same time, **the emission of greenhouse gases may increase due to the large-scale use of machinery, the additional fuels used in production process as well as the heating of new livestock farms, gardens and greenhouses by fossil fuels**, and even the local air pollution could increase. The local and regional air quality may deteriorate due to the flue dust component; dust gets into the air is generated during the application of inadequate cultivation technologies and over-motorised tillage. The local and regional air quality may deteriorate due to the measures generating and increasing motorised passenger and freight transportation.

#### ***3.4.2. Impacts on surface waters***

The pollution degree of surface waters heavily depends on land use, the quality of agricultural machinery, cultivation methods, crop structure, naturalness of surface water systems, plant cover, the quality and quantity of used pesticides, fertilisers and reclaiming materials, timing of the use thereof.

**The damage caused by floods and excess surface waters can be reduced by change in land use, afforestation, development of wetland habitats, establishment of fish ponds, establishment of rational and integrated management of excess surface**



**waters and (harmonising with this) supporting flood plain landscape management,** taking into account the revenue-generating effects thereof.

The pollution of surface waters can be decreased by the modernisation of livestock farms, transformation of machinery stock and fuel storage facilities, adequate management of liquid manure and agricultural wastes, establishment of environmental infrastructure, prevention of the development of stagnant waters, outer and inner integrated establishment and maintenance of drainage, water management and water retention systems.

As a consequence of causeless degree of holding-arrangement, the partial liquidation and destruction of boundaries, wood belts and water systems could cause the increase of surface runoff and the degree of nutrient inwash to living waters, so may lead to eutrophication.

**In accordance with the requirements of the WFD, in order to avoid the detrimental impacts on surface waters** we propose the following:

<b>Proposal 17</b>	<p>(1) <i>At supporting the irrigation development investments, water use occurring from water reserves retained in water surplus periods as well as the application of water-saving processes of modern technology should be preferred, mainly in the case of garden and orchard cultures providing high profit.</i></p> <p>(3) <i>The interventions providing the achievement of good ecological state of waters by adequately selected agri-technological operations should be preferentially supported.</i></p> <p>(4) <i>The local conformity of the flood-control, agricultural and regional development tasks should be ensured <b>by supporting complex regional landscape management systems.</b></i></p>
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**3.4.3. Impacts on groundwaters**

The pollution of groundwaters is close connection with surface land use. Cultivated lands cause larger load for the environment than the areas continuously covered by vegetation. The forced holding-concentration may increase the nutrition load of groundwaters and may deteriorate the water retention capacity of the soil by eliminating the role of ecological protecting zone on reducing diffuse pollutions and regulation as well as by maintaining the high proportion of cultivation. Due to the more frequent desiccation of these areas the danger of inwash is stronger and it is aggravated by the limited nutrient recovery capacity due to the shallower root zone. In order to keep the quality of groundwaters the nutrient load of soils should be limited that is performed by regionally, through determining the optimised land size.

Stopping of further increase in nitrate concentration of groundwaters, maintaining the quality of subsurface aquifers and reducing the existing nitrate pollution can be ensured by the compliance and enforcement of the regulation on nitrate sensitive areas. **This issue is handled adequately by the Programme.** The integrated flood plain and excess surface water management and the rational land use based thereon contribute to the long-lasting assurance of good quantity and quality parameters of groundwaters. The risk of groundwater

pollution and the degree of pollution **can be reduced by the following measures supported by the Programme:**

91. change in land use,
92. choosing the right agrotechnical practice,
93. afforestation (larger and area protecting wood belts)
94. establishment of wetland habitats and fish ponds,
95. establishment of rational and integrated excess surface water management and supporting of flood plain landscape management,
96. Natura 2000 grants,
97. organic farming (especially because of not using fertilisers and persistent, synthetic pesticides)
98. modernisation of livestock farms, spreading of extensive animal management, modernisation and utilisation of manure storage,
99. modernisation of machinery stock and fuel storage facilities,
100. adequate management of liquid manures and agricultural wastes,
101. establishment of environmental infrastructure,
102. prevention of the development of stagnant waters,
103. outer and inner integrated establishment and maintenance of drainage, water management and water retention systems.

The risk of pollution is increased by holding-concentration, the elimination of ecological protecting zones, neglecting and eliminating surface water systems, trenches and beds, use of agrochemicals applied for higher crops in intensive agriculture, the accumulated spoiled pesticides and fertilisers and the packaging thereof.

**In conformity of the requirements of the WFD, in order to avoid the unfavourable impacts on groundwaters we propose the following:**

<b>Proposal 18</b>	<i>The <b>significant reduction in nutrient load burdening waters</b> deriving from arable land cultivation and subsurface waters <b>should be achieved</b> by a considered restoration of the mosaic pattern of agricultural landscapes (e.g. establishment of boundaries, alleys, wood belts, riparian natural habitat zones and smaller ponds).</i>
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#### ***3.4.4. Impacts on soil and geological medium***

The impacts on soils as conditionally renewably resources may be very diverse, and even opposite impacts may occur in a given area due to the different interventions of agriculture and forest management. In the same way, depending on the soil type the impacts of a measure may be opposite by regions.

The over-motorisation can lead to soil degradation, soil compaction, erosion, air pollution; even the risk of possible inwash of pollutants released by machines may increase.

The impacts of pesticides and crop-increasing substances on soil can be harmful in the case of inadequate cultivation method and agrotechnology. The residues of pesticides and

the packaging wastes thereof also mean significant pollution risks. The agricultural and production wastes, wastewaters and sewage sludges of different origins and chemical compositions pollute soils by their heavy metal and detergent contents. The Programme supports the uncontrolled release to the environment of manures (including liquid manures), however the harmless management and storage thereof should also be ensured. **The utilisation of municipal wastewaters and sewage sludges is financed by the EEOP (and not by the rural development programme);** the agricultural utilisation (adequate management, analysis and release) of generating sewage sludges should be solved through the EEOP.

The risk of erosion may be increased by the too large land-size, inadequate land use, cultivation method, crop structure, application of inadequate agrotechnics. Out of the water and soil management measures of the Programme, in the case of amelioration interventions, **deep tillage of soil may improve the nutrient and water regime of soil and may decrease the risk of excess surface waters,** the energy- and water-saving irrigation methods may reduce the desiccation and erosion of soils. The release of reclaiming materials may help in improving nutrient and water regime of soil and in increasing fertility. The strengthening of the role of biologically degradable agricultural and municipal wastes in soil fertilising may be ensured by establishing composting facilities, releasing the compost to cultivated areas and putting it into the soil. The NHRDP also deals with the residual materials, so it contributes to the increasing of the utilisation of residuals of food industry.

The Programme may reduce the degree of water and wind erosion in certain regions through the increase of the proportion of forests and afforestation, contributing so to the quantitative protection of soils as well as it may improve the nutrient and water balance of soil.

Supporting of the introduction of good agricultural practice, financing the measures against nitrate pollution may also be beneficial to the soils.

The modernisation of livestock farms, spreading of extensive animal management, modernisation of manure storage, modernisation of machinery stock and fuel storage facilities, adequate management of liquid manure and agricultural wastes, establishment of environmental infrastructure may have positive impacts on soils.

The rational, integrated and regionally differentiated excess water management measures may reduce soil erosion caused by waters, leaching, sodification, inwash of released nutrients and chemicals into waters, physical, chemical and biological quality deterioration of soils as well as drought sensitivity of soils. So the excess surface water measures contribute to the increase in fertility of soils.

**In order to avoid the unfavourable impacts on soil** we propose the following:

<b>Proposal 19</b>	<i>(1) For the environment-friendly soil use there is a need for professional tillage, change in cultivation method, organic matter management, spreading of reclaiming materials, use of environment-friendly pesticides and fertilisers adequate to the agri-ecological endowments, animal and floral manure as well as the establishment of the appropriate crop structure. <b>In order to prevent soil compaction and structure deterioration as well</b></i>
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	<p>as to improve the water balance characteristics of the soil, <b>the application of the adequate deep-tillage and soil digging agrotechnical procedures should be promoted.</b></p> <p>(2) <i>Only the establishment and value added reconstruction of those water- and energy-saving irrigation plants and systems should be supported that take into account the already evolved property structure and comply with the environmental requirements.</i></p>
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### ***3.4.5. Impacts on biodiversity***

Biological diversity is fundamentally threatened by two concrete dangers (not only for the Programme and not only in Hungary). The first one is the land use and regional development that are not considered enough. The second one is the strengthening impact of **climate change** on biological diversity.

Hungary's natural flora and fauna (that subsist in a fairly good condition compared to other European countries, despite the complex transformation thereof) is a fundamental part of our national values. **The characteristics of the Hungarian natural areas are that – mainly due to human transformation activity on landscape – they are of small size and in mosaic patterns. Their subsistence mainly requires continuous and often special interventions.** It is an important influencing factor in their conservation whether what kind of human activities characterise the protected areas and their vicinities, namely what kind of land use is characteristic around the nature-friendly areas. The Programme should take into account that wildlife could only be conserved together with the maintenance of their habitats and ecosystems, but in many cases the mere expansion of habitats in protected natural areas is not enough to preserve the viable populations of species in the longer run. Therefore the habitats should also be maintained outside the protected areas. It is important that the Programme **should promote the conservation of the landscape patterns that are paramount for the natural flora and fauna, namely biodiversity should be performed at landscape level.**

**In order to avoid the unfavourable impacts on biodiversity** (besides the proposals made at the compliance with Natura 2000) we propose the following:

<b>Proposal 20</b>	<p>(1) <i>The designation of the Less Favoured Areas should be modified in a way that it mainly concentrates on the areas with high natural value and the sustenance of the landscape-conserving farming performed there, in accordance with the intention of the Union.</i></p> <p>(2) <i>The monitoring activity focussing on the NATURA 2000 network should be immediately launched in order to provide the necessary information for conserving certain habitats and species less explored so far, then (on the basis of this) for elaborating conservation plans.</i></p> <p>(3) <i>Grant must not be provided for cultivating genetically modified plant species.</i></p>
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### ***3.4.6. Impacts connected to the consequences of climate change and to the risk of an environmental catastrophe***

The measures of the Programme – beside taking into account of the adequate regional specialities and through the water schemes established within the frame of integrated river basin management as well as the modernisation of forest management – may reduce the environmental risks caused by climate change and other factors and the volume of the possible damage.

As a consequence of climate change **the probability of occurrence of precipitations with extreme distribution and increasing quantity**, the distribution of precipitation in time and space may be more diversified causing an increase in the occurrence frequency of floods and excess surface waters. **At the same time the period of droughts may increase and also the size of the affected areas.** In the past decades, with the transformation of the industrial agriculture the water infrastructure (that in the past mainly served the cultivation methods of large lands ensuring the safety of agricultural production and the drainage of excess surface waters) did not adapt to the holding structure changed in large areas and to the changed land use practice. The schemes are partly deteriorated or eliminated. In addition, the conformity between outer and inner area excess surface water systems is missing.

The mitigation of water damage caused by the climate change may mainly be ensured by increasing the water storage capacity of the soil (deep tillage), by rational arrangement of holdings and change in cultivation method in land use, by concerted establishment of the elements of water retention and storage and by the maintenance of the schemes (river dredging, terrain correction). At the arrangement of holdings, during the integration of undivided common lands the division of the existing canals should be prevented. If these activities receive serious support out of the measures of the Programme, and their connection to water-flow regulation projects funded from other sources in order to utilise synergic effects, then the Programme will be able to reduce the heaviest water management risks significantly.

**In the field of the mitigation of drought damage**, out of the elements of the Programme the following ones may help: water retention, storage of excess surface waters, the economical use of water supply, increase of the water storage capacity of the soil, regionally different development of irrigation, the reconstruction of water-flow regulation facilities, namely **the concerted, integrated excess surface water management and the regional water management**. In the areas mostly endangered by drought it is recommended (beside water supplementation) to apply environment-friendly irrigation, to spread drought tolerant cultures or to change land use. **The Programme contains these measures but the integrated approach should be strengthened.**

Within the natural catastrophes, beside the damage caused by extreme weather and forest fires mainly the biotic factors, and within it the insects cause damage for forest management. The Programme provides support for both restoration and prevention of damage, and the supportable activities contain the enhancement of naturalness that positively affects biodiversity, too. Afforestation may significantly mitigate soil erosion and water damage, too.

### ***3.4.7. Impacts on areas under natural protection and on Natura 2000 areas***

9.4% of Hungary's territory, so 874 440 hectares are under natural protection. Our natural heritage – owing to the geographical location, biogeographical position and earth historical past of the country – today is relatively rich in values. In our area the elements of three climate regions (Atlantic-Alpine, continental and sub-Mediterranean) are mixed. Due to these things, many and various habitat types could evolve in a small area; out of them the so-called relict or glacial habitats are irrecoverable values of our natural heritage, sanctuaries and living museums of the Hungarian earth and biohistory. These diversified habitats that are rich in species are very vulnerable due to their mosaic pattern and wide-range. The threat of their fragmentation and weakening is serious so their conservation may only be realised by increased protection.

Due to the distinctive physical geographical endowments and land use traditions of Hungary, the nature conservation objectives can mainly be met by agriculture and forest management adjusted to the ecological endowments. The principle reason for it is the Hungarian feature that almost all the protected natural areas are cultivated lands at the same time, where land use should harmonise with protection in order to conserve the natural values.

83% of the country's territory is affected by the abovementioned agricultural branch, out of them the harmonisation of agriculture and nature conservation can be established by the so-called agri-environmental management. **The matter of agri-environmental management that environmental and nature protection aspects are built in the use of natural resources, so here in land use.** The NHRDP pays less attention to these endowments and features, it concentrates on the intensive agricultural lands, though the protected areas and areas requiring protection (Natura 2000, Sensitive Natural Areas, Less Favoured Areas) the target areas of agri-environmental management. Their size altogether amounts to 30% of the country's territory. In order to avoid the unfavourable impacts on areas under natural protection (besides the proposals made at the compliance with Natura 2000) we propose the following:

<b>Proposal 21</b>	<i>In order to establish the synergic effects among the axes those applicants that participate in the agri-environmental, the forest-environmental management programmes, should be preferred (as far as possible) at the evaluation of applications for the remaining measures.</i>
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### ***3.4.8. Impacts on forests***

On the whole, the NHRDP has very positive or neutral impacts on forests. As regards the naturalness, health condition, quantity and spatial structure of forests, however, several measures may have environmental risks in the long run, and the environmental performance of the measures can be significantly improved in general.

In the case of the impacts **on the naturalness of forests (on the physical structure and biological diversity of forests)** the most dilemmas are hidden in the already mentioned dichotomy of the NHRDP (see the connection with the NDPC). It would like to perform both competitive interventions serving the economic interests and nature-friendly interventions at the same time. The former effort leads to better equipment for forest managers that would result in the change for the easier motorised management of the forests. The nature-friendly, work-intensive cultivation methods (that are still competitive due to the quality production), the associated knowledge would be lost. The investments preserving biological basis would release lots of invasive species.

Afforestations affect the naturalness of forests to a greater extent. The preference of the indigenous species is missing, and the **health conditions of the forests** may be endangered by invasive species and mono-cultural wood plantations. These bear the risk of introducing new pathogens as well as of the proliferation of pathogens. The NHRDP, though it serves the **quantitative increase of forest stocks**, does not have direct beneficial impact **on the spatial structure** thereof.

**At the increase of biological values of forests the following should be taken into account:**

<b>Proposal 22</b>	<p>(1) <i>In the production of the biological basis the native species should be preferred. The preference of the native species should be integrated into the application criteria.</i></p> <p>(2) <i>At the supporting of the plantings and forestation the actions connecting to forest blocks, or even more, connecting forest stands or constituting macro-regional eco-network element should be preferred.</i></p>
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**3.4.9. Impacts on human health and quality of life**

The measures of the Programme mainly have positive impacts on the health conditions of the inhabitants, so partly the quality of life, too, but this latter one is affected by several other factors beside health.

The Programme contributes to the increase of the quality of food and products, to the minimisation of the potential accumulation of chemicals in food products through supporting organic farming, extensive farming and the introduction of product certification and labelling, so increasing food safety and quality. Animal welfare payments also reduce the health risks threatening human beings that emerge in livestock management.

It contributes to the improvement of the quality of life through the development of agricultural, environmental and urban infrastructure, the integrated protection of built, natural and cultural heritage of rural settlements, supporting the programmes of rural communities for population retaining capacity and increasing revenues, ensuring the profitability of agriculture and the improvement of rural employment conditions.



Certain measures may have negative impacts and losers in the society. So over-motorisation, preference of large industrial farms through the reduction of human resource intensity may have negative impacts on rural employment. In the same way, the operation of the sustainable systems of the so-called social forest (and landscape) utilisation may be prevented by the planned energy plantations through blocking the access to natural resources, by extinguishing the nature-friendly, traditional, work-intensive forestry production methods, and indirectly by reducing the opportunities of employment, earning revenues and subsistence.

The touristic utilisation of the local and regional landscape-natural and cultural heritage attractions may improve the disadvantageous employment conditions of rural regions.

The escalation of environmental impacts may exercise new phenomena in different parts of the regional structures. These phenomena may cause conflicts between economic or social and environmental structures in certain regions, region types. The NHRDP has significant, aimed direct and indirect impacts on the social and economic life of rural regions. Out of these indirect impacts those generated explicitly by environmental impacts and those creating conflicts are present, though to a little extent.

104. **The intention of spreading the perennial, fast-maturing plantation monocultures (that is supported by the NHRDP) may cause conflicts.** Their cultivation requires much less manpower with adequate motorisation, and in addition, this demand will be seasonal. The growing afforestation has similar impacts. If this change in land use significantly affects a region or a settlement, the decrease of the workforce demand results in difficulties in the population retaining capacity of the village. It would enhance migration and ageing of regions. These social processes would also result in secondary unfavourable impacts. If the revaluation neither of real estate market conditions nor of rural endowments emerges to an adequate extent, and it cannot launch a rural functional change (recreational potential, residence) in time, then the number of neglected houses is increasing, the image of the settlement deteriorates. It would be aggravated if the isolated segregations of a population with low or without income establish in the settlement.

105. **The encouraging of the processing of certain forest products (that is in the NHRDP) within the frames of national regulation would result in the commercial collection of the products.** This may exploit the goods of the forests. This environmental impact naturally may cause conflicts between forest owners and managers and those collect the wooden products (they are the beneficiaries of the measure) since the origin of these products is difficult to verify. A similar conflict may occur if the inhabitants of settlements that do not have opportunities for living but have demographic problems are forced to exploit the goods of the forests and landscape. Without adequate measures (namely the establishment of forest and landscape utilisation methods in partnership with the owners and managers) this environmental impacts may also cause conflicts among the inhabitants of the villages (moreover, this way of earning revenues would be ceased early and it would push people in need to a deeper crisis). These processes would be intensified by the modernisation of agriculture and forest



management since the owners and managers will even more protect their mobile and immobile assets (whose values are increasing due to the supports) from the population in need using the agricultural and forest goods. Those in need having no management or possession rights will hardly receive from the development sources. Rural segregation may deepen.

### 3.4.10. *The expected development of environmental awareness*

**On the whole, the NHRDP has favourable impacts on the environmental awareness of the population.** Negative impacts can be found mainly in the field of the local environment and landscape values of the inhabitants and the deterioration of landscape knowledge. Without these the unfavourable consequences of human activities or values to be protected cannot be experienced.

The spreading **industrial, modern cultivation method** causes the deterioration of the connection with the landscape. Industrial cultivation worsens the access to landscape values both in forest management and agriculture owing to the large lands or the intensive cultivation on large lands. The landscape utilisation with invasive species and in plantation-like ways (destroying landscape and land character) is also not for landscape values and the deepening of environmental awareness, but there is a possibility to establish state-planted shelter belts that make the environment more nature-like.

The prosperity of the tourism of rural regions may only work towards environmental awareness if it relies on natural and cultural landscape values, and protects them at the same time, moreover, it helps their evolution. Opposite the destruction of the rural heritage during the last decades it sustains and revitalises the traditional cultivation methods and the ethnographical heritage. In other cases, if it does not rely on local resources then it will not only show lower environmental performance but it may explicitly affect adversely on the values. The infrastructures and stressing endowments that do not fit into the landscape or are not local ones as well as the propagation thereof destroy landscape character and the uniqueness of landscape.

**Hunting tourism** is also worthy of note since it directly hinders the access to public and landscape values (first of all to forests) for both the local inhabitants and the visitors arriving for not hunting, or directly (fencing), or passively, deriving from the activities (e.g. conflicts between hunters and tourists). Nevertheless, it may constrain the hunting possibilities and the collection of the forest products of the local inhabitants, namely the access to the goods of the forest and the management thereof – it results in the deterioration of the relationship of landscape and man. (It also causes further conflicts, see environmental conflicts.)

**In order to improve environmental awareness** we propose the following:

<b>Proposal 23</b>	(1) <b>Local methodological guidelines should be elaborated</b> for the supporting possibility of <b>hunting tourism</b> . Hunting tourism activities resulting in the establishment of facilities with restricted availability (intensive hunting, game preserve, other fencing) as well as using such existing facilities should not be supported.
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(2) <i>A local methodological guideline should be elaborated for the supporting possibility of countryside tourism.</i>
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### ***3.4.11. Impacts on organic farming and on the development of sustainable regional management and complex environmental management schemes***

Within the frame of establishing organic farming and sustainable regional management and complex environmental management schemes the establishment of such type of agricultural production may occur that is operable without using artificial materials (soil fertilisers and pesticides), harmonising with the local natural endowments and utilising the resources thereof in a multi-coloured and sustainable way. **On the whole, the NHRDP has very positive impacts on the factors since a part of the planned supports directly aim at the establishment of the schemes, and such type of indirect impacts can also be indicated in the majority of the measures.** Mainly the local natural conditions of the schemes could suffer negative impacts due to the management that does not fit into but changes them as well as due to the utilisation of local conditions where the resources of non-local origin could play role.

### ***3.4.12. Identification of the impacts on land use and spatial structure***

Land use and spatial structure mainly have paramount importance in terms of landscape diversity and landscape ecological stability, namely the operation of landscape ecosystem. The stability of landscape ecosystems is enhanced by divers land use, if the stability (in size) of the patches of nature-friendly land use is ensured as well as if the landscape ecological spatial structure facilitates material and energy flow within the landscape. **On the whole, the NHRDP has beneficial impact on space utilisation and neutral effect on spatial structure.** The possible negative impacts of several measures can be eliminated as well as favourable spatial structural impacts can be established.

Today in Hungary the more and more fading but still existing function of **land use** is the establishment of a mosaic pattern against the monotony of agricultural areas (belts and clumps disrupting the large lands and located between the smaller lands). There has been an important task since 15 years and still is the amelioration of land use of areas that were abandoned or have non-agricultural utilisation, or went wild or weedy as well as serving as the starting point of these problems through extensive cultivation or the acceleration of their afforestation. In the domestic forests – instead of the even-aged and monocultural stocks of industrial cultivation – mixed or mosaic-patterned stocks dotted with land use patches without trees (clearings, wetland habitats) are welcomed. A further task is to confine the land use of invasive species. In order to reach land use diversity it is very efficient the conservation (probably careful establishment) of wetland habitats and aquifers as well as the rehabilitation of locations that were damaged and eliminated by human activities. It is important that afforestation should connect to the green areas of the settlements. Beside the afforestation of agricultural areas we propose to support the establishment of shelter belts around facilities, the welfare forests and recreational green areas having positive impacts on the

health conditions of the inhabitants, too. The establishment of a network of nature-like habitats, cultivated lands and green areas of settlements should be promoted by co-ordinating the measures of the NHDP and the NHRDP.

**Many measures of the NHRDP have beneficial impacts on land use.** At the same time, supporting of producer groups, holding-concentration and the initiations of plantations may lead to the development of monocultures and may result in the fallback of nature-friendly land use forms. **It is desirable that the change in land use should fit into the local or even the county spatial planning plans.**

Landscape ecological stability is served to a large extent if the interventions pay regard to **spatial structure**. This effort has hardly emerged so far in Hungary (except for at designating ecological networks). The connection of nature-friendly land use patches has actively beneficial impacts on spatial structure. So in the course of the establishment of nature-friendly locations (e.g. wetland habitats and afforestation) the fitting into ecological corridors, the connection of forest blocks as well as the bridging and eliminating of ecological barriers should be taken into account. The favourable spatial structure is served in a passive way if the introduction of artificial land use forms and establishment of barriers are banned in the ecological corridors and in the vicinity thereof. If the zone of a nature-friendly land use is around the settlement (especially if it is a forest), then it is beneficial for the dwelling environment.

**The NHRDP does not have direct impacts against the landscape spatial structure stability but there are not any clear beneficial impacts, too.** Such type of environmental performance of this could be significantly increased if the intervention forms having beneficial impacts on spatial structure would be preferred and if the interventions with potential adverse effects would be excluded from the supports. This latter one is relevant in the case of exploratory roads, the investments of economic infrastructure (energy supply, installations, buildings) and water-flow regulation. The inadequate allocation of these developments could endanger ecological corridors and could form barriers. The supportability of interventions having aimed positive impacts on spatial structure should also be represented in the measures.

**In order to mitigate the negative impacts on land use and spatial structure we propose the following:**

<b>Proposal 24</b>	<i>The establishment and reservation of the mosaic pattern of land use should be promoted. There is a need to consider the change in cultivation method in the case of nature-friendly land use forms (forests, grasses, reed, water body), or planting on them carefully, according to the local conditions.</i>
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### ***3.4.13. Impacts on landscape management and landscape carrying capacity***

It is expected that the European Landscape Convention (that are currently under elaboration) will come into effect in the implementation period of the NHRDP. The most important principle of the Convention is to reach the sustainable development based on the

balanced relationship among social needs, economic activities and environment. Landscape management is an economic resource, it could create new jobs so it contributes to the improvement of the quality of human life both in deteriorated and developed areas. **So the Programme could be one of the substantial implementation tools of the EU's landscape policy.**

The development of landscape management enables the establishment the traditional farming methods that provide individual landscape character or strengthen it. Landscape management utilises the natural and cultural landscape values as resources, in a sustainable way. Therefore it should accommodate to the local natural endowments and it should not change them as well as it protects the values and heritages forming the resources thereof and serves their evolution. Landscape management serves the maintenance of its carrying capacity pertaining on the flora and fauna and on local community. **On the whole, the NHRDP has beneficial impacts on the mentioned landscape categories.** Negative impacts may be suffered mainly by certain resources of landscape management as well as certain measures may also endanger the attainment of the optimum of landscape carrying capacity.

1. Out of the resources of landscape management the inadequately allocated infrastructural developments not carrying local landscape characters (e.g. roads, buildings) could endanger landscape values. It is to be feared that significant development resources contribute to the rapid degradation of Hungarian landscape values and the landscape character (this process has already been lasting for six decades). Plantations could also perform negative landscape impacts. In case of their inadequate application the measures aiming at preventing catastrophes also belong to this circle that could result in a more artificial appearance of anyway invasive forest stocks (e.g. fire cuttings).

Measures serving modernisation could endanger the traditional cultivation methods. In the frame of modernisation it is not possible to establish cultivation forms that are not modern in technological terms or utilise mainly human or animal resources instead of motorisation and rely on expertise; in the most cases these would be necessary to produce the traditional local products that are supported by the NHRDP.

The most important resource of landscape management is the landscape ecological system itself with the landscape ecological processes, landscape household, material and energy flow within landscape and the cycles thereof. **The NHRDP mainly bears risks in spreading monocultural plantations and in changing the landscape water balance conditions pertaining to the operation of landscape ecological systems.**

2. The NHRDP supports holding-concentration, producer co-operation and the modernisation of forest management and agriculture (they take effect towards the modernisation of industrial production) supporting these obviously will demand less workforce in the production. The employment of low-qualified workforce cannot be a long-term goal, however it may be a solution for alleviating serious social problems in certain regions (e.g. in regions densely inhabited by Romas).

The overuse of forest by-products could cause the deterioration of landscape carrying capacity. The non-sustainable collection of forest by-products could result in the

disappearance thereof within very short time, and the activity could endanger protected species, too.

The overuse of biomass in the long run could also cause the deterioration of landscape carrying capacity. **The aimed production of biomass of energetic purpose without adequate feasibility studies may exhaust the nutrient stocks of soil.** The utilisation of the biomass without the provenance analysis of raw materials and the regional biomass management framework (local plans) it could easily lead to the exhaustion of the soils or forest organic matter supply of certain regions.

The aimed production of biomass of energetic purpose goes together with the appearance of invasive species and the spreading of monocultures, like the afforestation with non-native species. **In order to mitigate the negative impacts on landscape** we propose the following:

<b>Proposal 25</b>	<i>(1) Developments containing landscape protection aspects should be preferred in areas being rich in landscape values. (2) It is useful to determine the threshold limit of the domain of the granted areas by production districts or micro-regions in the supporting of plantations.</i>
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#### ***3.4.14. Impacts on the renewal and spatial utilisation of natural resources***

**Out of the natural resources, the renewal of soils is clearly supported by the measures of the Programme.** Deep tillage, modern agrotechnical operations, supports for protection against erosion as well as supporting of changes in land use and cultivation methods in the case of lands with weaker crops or usually flooded, and the mandatory pedological expert opinions necessary to these actions all serve renewal. **At the same time, the Programme does not stress enough the different intervention possibilities deriving from regional differences,** mainly the comparison of the climate, hydrographical and geographical endowments strongly affecting the water balance of soils to the different constraints determined by national and EU regulations. Though, the individual regions should be prioritised on the basis of endangeredness.

**The Programme probably ensures the renewal of water supplies.** At the same time, there are only few words on water retention, the quantitative protection thereof, the possibilities of flood and excess surface water management, though these tasks do not belong to the scope of agriculture and rural development. The water-saving irrigation methods, the extensive cultivation methods, transformation of certain areas into wetland habitats, however, may help the renewal of living waters and the implementation of integrated water management.

Out of the renewable biological resources, in the case of production of energy grass the damage deriving from the monocultural and very intensive cultivation (the reduction of biodiversity, damage done by biotic pests, deterioration of soil quality), the costs of production, process, transport and energy generation are disproportionate to the expected energy win. The transporting distance is not determined where it is worth taking the energy grass to processing facilities for utilisation. Negative impacts are partly true for energy

plantations, except for soil utilisation. Forest are planted in such locations where they improve the water balance and nutrient circulation of soils, and would represent a solution alternative for change in land use. The problem here is the possible negative energy balance and the vulnerability of the monocultural association. The load of the environment is aggravated by transport and fuel consumption of machinery.

In the case of plant cultures suitable for producing bioethanol the processing of crops that are grown on industrial farms (e.g. corn) looks a good solution since there are excess stocks of this crop. In the case of oily-seed crop cultures suitable for producing biodiesel the big distances between the processing plants and the farms are unjustified. In order to establish sustainable regional systems the possibilities of establishing processing plants located close to the growing farms should be examined.

The sustenance of nature-friendly ecosystems as renewable resources should be one of the fundamental pillars of modern agriculture since these systems – with little material and energy investment – provide living for local inhabitants, spare resources, they are less vulnerable to pests owing to their high biodiversity, the extensive production cultures guarantee high quality and safe products, the risk of environmental pollution is low.

**In order to mitigate the negative impacts on natural resources** we propose the following:

<b>Proposal 26</b>	<p>(1) <i>In the call for applications the regional differentiation by criteria of environmental or natural endangeredness should be taken into account as far as possible.</i></p> <p>(2) <i>In the case of energetic utilisation of biomass, the optimal factory scale should be grounded by a life-cycle analysis of sustainability approach. By default the establishment of local systems is recommended, where the generated heat energy is locally utilised, there are no large transporting distances, and the standard of living of the population is increasing as a consequence of the investments.</i></p>
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**3.4.15. Impacts on urban environmental quality**

Out of the measures planned in villages and rural regions the preference of touristic utilisation methods based on landscape-natural and cultural heritage attractions, establishment of integrated small settlement community and service zones, outer and inner renovation, modernisation and making demonstrable of buildings under local protection, renovation of settlement structural units under local protection – these could have positive impacts on the quality of built environment in settlements. These measures also serve the conservation of natural and historical values and landscape elements of settlements.

**The Programme does not support the establishment of inner environmental infrastructure of rural settlements, which may cause further deterioration of the environment in the already bad infrastructural state of villages, mainly in less favoured regions.** The establishment of infrastructure improving inner environmental quality in villages is currently not solved. The co-ordination of outer water schemes with inner rainwater drainage and excess surface water protection network is not solved yet. In the past years the environmental emergencies in villages showed that the damage costs manifold

exceeded the costs of prevention. Co-ordination is the fundamental pillar of integrated river basin management.

### **3.5. The overall impact of the measures of the NHRDP**

#### ***3.5.1. The cumulative impact of implementation***

The planned Programme – owing to their measures – will have positive impacts on the environment in several fields, and out of them – in an optimal case – there will be synergic impacts that strengthen the effects of each other and probably there will be negative ones, too. The Programme in its current form, on the whole, has neutral impacts **on air quality and the volume of greenhouse gas emissions** but there are measures rendering positive (afforestation, production of renewable energy sources, biogas utilisation) and negative (emission of air pollutants deriving from motorisation, transport, heating with fossil fuels) impacts.

Positive impacts can be rendered **to surface waters and groundwaters** by change in land use, deep tillage of soil, afforestation, establishment of wetland habitats, establishment of fish ponds, development of rational and integrated excess surface water management and flood plain management, modernisation of livestock farms, modernisation of machinery stocks and fuel storage facilities, adequate management of liquid manure and agricultural wastes, establishment of environmental infrastructure. Negative impacts can be rendered to waters by unjustified holding-concentration with large lands, partial elimination of boundaries, wood belts and water systems, release of agrochemicals in unjustified amount.

Negative impacts can be rendered to **soils** by soil degradation, soil compaction and increased erosion deriving from the overuse of machinery as well as the release of agrochemicals in unjustified amount. Positive impacts can be rendered to soils by the deep tillage of soil, improvement of nutrient and water household of soils, energy- and water-saving irrigation methods, afforestation, supporting of the introduction of the best agricultural practice, modernisation of livestock farms, spreading of extensive livestock management, modernisation of manure storage, modernisation of machinery stocks and fuel storage facilities, adequate management of liquid manure and agricultural wastes, establishment of environmental infrastructure and the integrated and regionally differentiated water management measures.

Beside taking into account of the adequate regional specialities and through the water schemes established within the frame of integrated river basin management as well as the modernisation of forest management may reduce the environmental risks caused by climate change and other factors and the volume of the possible damage. The mitigation of drought damage is served by water retention, storage of excess surface waters, the economical use of water supply, increase of the water storage capacity of the soil, regionally different development of irrigation, the reconstruction of certain water-flow regulation facilities.

On the whole, the NHRDP has decisively positive or neutral impacts on **forests**. The naturalness, health condition, quantity and spatial structure of forests, however, several measures may have environmental risks in the long run, and the environmental performance

of the measures can be significantly improved in general. The environmental damage threatening the forests may be mitigated by the sources for restoration and prevention and the increase of natural state. At the same time, the NHRDP may endanger the health conditions of the forests by invasive species and mono-cultural wood plantations, so the traditional, nature-friendly forests may be extinguished.

The NHRDP has significant, aimed direct and indirect impacts **on the social and economic life of rural regions**. Out of these indirect impacts those generated explicitly by environmental impacts and those creating conflicts are present, though to a little extent. The intention of spreading the perennial, fast-maturing plantation monocultures may cause conflicts, extinguishing the nature-friendly, traditional, work-intensive forestry production methods, water-flow regulation limited to agricultural areas would further increase the risks of excess surface waters, especially in inner areas. All these may cause conflicts between farmers and the inhabitants, degrade the real estates of a given part of the settlement, may reduce the mobility of those living there. The encouraging of the processing of forest products within the frames of national regulation may cause conflicts since it would result in the commercial collection of the products, and in collision between forest owners and those collect the wooden products. In hunting tourism the unduly high damage caused by wildlife populations may cause conflicts between forest owners, forest managers, farmers and wildlife managers.

On the whole, the NHRDP has favourable impacts **on the environmental awareness of the population**. Negative impacts can be found mainly in the field of the relationship with the local environment and landscape values – due to the impoverishment – of the inhabitants and the deterioration of landscape knowledge. The prosperity of the tourism of rural regions may only work towards environmental awareness if it relies on natural and cultural landscape values, and protects them at the same time, moreover, it helps their evolution.

The measures of the Programme mainly have positive impacts on the **health conditions of the inhabitants**, so partly the quality of life, too through supporting of food safety, environmental safety, facilitating infrastructure and community programmes. Negative impacts may be rendered by the extinguishment of work-intensive forestry and agricultural production methods, and indirectly by reducing the opportunities of employment, earning revenues and subsistence.

The NHRDP has very positive impacts **on the establishment of** organic farming and sustainable regional management and **complex environmental management schemes** since a part of the planned supports directly aim at the establishment of the schemes, and such type of indirect impacts can also be indicated in the majority of the measures. Mainly the local natural conditions of the schemes could suffer negative impacts due to the management that does not fit into but changes them as well as due to the utilisation of local conditions where the resources of non-local origin could play role.

The NHRDP has decisively beneficial impacts **on space utilisation** through supporting of the conversion to the extensive and organic farming, at the same time, supporting of producer groups, water-flow regulation, holding-concentration and the initiations of



plantations prefer the monocultures with large lands that may result in the fallback of nature-friendly land use forms. The Programme has neutral impacts on spatial structure since it does not have direct impacts against the landscape spatial structure stability but there are not any clear beneficial impacts, too. The connection of nature-friendly land use patches has actively beneficial impacts on spatial structure but the investments of economic infrastructure (energy supply, installations, buildings) may render negative impacts. The inadequate allocation of these developments could endanger ecological corridors and could form barriers.

On the whole, the NHRDP has beneficial impacts on landscape through supporting of the spreading of **landscape management**, the maintenance of carrying capacity pertaining on the flora and fauna and on local community, protection and utilisation of resource-generating natural and cultural landscape values and heritages. Negative impacts may be suffered mainly by certain resources of landscape management like landscape and landscape ecosystem as well as the traditional cultivation methods (with the impacts of plantations, invasive tree species, buildings, irrigation and water-flow regulation facilities). Negative impacts may render the reaching of the optimum of the landscape carrying capacity through the holding concentration with large lands and the development and modernisation of industrial farming since the employment of local communities may decrease, the defencelessness may increase, the ecological living conditions of wildlife may decrease. The energetic overuse of biomass in the long run could also cause the deterioration of landscape carrying capacity by causing the exhausting of nutrient stocks, by the appearance of invasive species and the spreading of monocultures. The overuse of forest by-products may even lead to the disappearance thereof.

The NHRDP probably will have positive impacts on the environmental performance of the **branches connected to agriculture** (e.g. food industry, production of biofuels) but the capacity and the geographical location may significantly affect this impact. It is important that during the implementation of the Programme the impacts on the connected branches should be taken into account.

### ***3.5.2. Probable environmental conflicts in the case of the cancellation of the implementation of the Plan***

The support of **afforestations** is one of the stressed elements of the NHRDP. In the case of the cancellation of the Programme and by knowing the perspectives of the Hungarian central budget the good processes of the increasing forestation of the last decades would be stopped for long years due to the expected lack of national sources. The rather it is true since the afforestations funded by Union sources – according to the experience so far – will be able to replace the afforestation supports earlier provided only from national sources.

The **case of naturalisation and spreading of organic farming** is similar to afforestations. In the case of the cancellation of the NHRDP, with the lack of national sources the evolving favourable processes cannot be supported. The naturalisation of the agri-environmental measures and the granting of the payments, namely the implementation of the National Agri-Environmental Programme would be endangered without the Programme.

Without funding the eligible activities of **outer water-flow regulation** Hungary cannot comply with its commitments within the frame of the Water Framework Directive, the conservation of the good status of groundwaters and surface water and the quantitative and qualitative protection of waters cannot be ensured, the environmental damage caused by extreme weather events generated by the climate change cannot be mitigated. It is important, however, that the establishment of sustainable flood and excess surface water management schemes should be occurred in an integrated manner, by taking into account the regional specialities and as the co-ordinated systems of water retention and distribution.

The utilisation of **biomass** in accordance with the environmental criteria and the increase of the existing proportion of renewable energy sources in energy production is a national interest. However, the utilisation of biomass – according to cost-efficiency, sustainability and environmental aspects – does not contribute to the environmental compliance of the Programme in a unanimously positive way. Therefore at this supporting construction it is important to carry out the energy balance analyses, to consider ecological aspects and to support of the establishment of regional energy schemes.

## **4. PROPOSALS TO MANAGE THE NEGATIVE ENVIRONMENTAL IMPACTS OF THE NHRDP**

### **4.1. Proposals rendering the Plan and the Programme more sustainable**

In this chapter we summarise and systematise the proposals presented in the previous chapters of the environmental report. So we do not make any new proposals in this chapter. (The number in brackets before the proposal is the number of the proposal.)

#### ***4.1.1. Proposals to the Plan***

1. In the course of the implementation of the Programme, where it is possible, the application of supporting conditions and criteria determined at micro-regional level should be ensured, by taking into account the environmental sensitivity and agricultural suitability of certain areas of Hungary.
2. We propose to complete the sustainability horizontal policy in the Plan: “At the enforcement of the horizontal policies it is a basic criterion to take into account the principles of local sustainability and landscape approach”.
- 3(1) The conformity between the Programme and the Regional Operative Programmes (they also play role in regional development) should be ensured.
- 3(2) The claim of accommodation to the local endowments should be secured as a principle in the Plan.

#### ***4.1.2 Proposals to the Programme***

*To the measures of Axis I*

- 4(4) In the small village regions the spreading of the production of local products and the organic farming should be promoted.

- 7(1) In the case of the farms with high number of livestock the treatment of sludge of agricultural origin and manure should be especially promoted.
- 7(2) As far as possible, the treatment of organic wastes of agricultural origin (e.g. production of other products, soil fertilising, spreading of composting) should be supported.
- 9. In the case of livestock farms – in order to comply with the BAT – the establishment of insulated manure storing basin of adequate size and of the related monitoring systems should be supported.
- 10 At the grants (especially in the case of purchasing machinery, irrigation and infrastructural development) the spreading of energy-saving solutions should be emphasized.
- 12(1) In the case of measures related to water management the Applicant should present the way the investment or development contributes to the objectives of the WFD (Water Framework Directive).
- 12(2) Grant should be given for the rural development consultants in order to improve their information on WFD.
- 13. Overall scientific assessments should be launched on the “location-dependent” environmental relations of irrigation, melioration and water management.
- 16. In the course of purchasing machinery and the development of physical infrastructure material- and energy-saving equipment and processes should be preferred. The reduction of the energy demand of agricultural plants and farmers, the increase of energy efficiency and the spreading of small equipment utilising solar, wind and geothermic energy should be promoted.
- 17(1) At supporting the irrigation development investments, water use occurring from water reserves retained in water surplus periods as well as the application of water-saving processes of modern technology should be preferred, mainly in the case of garden and orchard cultures providing high profit.
- 17(2)The interventions providing the achievement of good ecological state of waters by adequately selected agri-technological operations should be preferentially supported.
- 17(3) The local conformity of the flood-control, agricultural and regional development tasks should be ensured by supporting complex regional landscape management systems.
- 19(1)For the environment-friendly soil use there is a need for professional tillage, change in cultivation method, organic matter management, spreading of reclaiming materials, use of environment-friendly pesticides and fertilisers adequate to the agri-ecological endowments, animal and floral manure as well as the establishment of the appropriate crop structure. In order to prevent soil compaction and structure deterioration as well as to improve the water balance characteristics of the soil, the application of the adequate deep-tillage and soil digging agrotechnical procedures should be promoted.
- 19(2)Only the establishment and value added reconstruction of those water- and energy-saving irrigation plants and systems should be supported that take into account the already evolved property structure and comply with the environmental requirements.

*To the measures of Axis II*

- 4(5) In the rural regions being rich in landscape values the elaboration of local sustainability strategies as well as the completion of strategic environmental assessments should be promoted.
- 8(1) Within the agri-environmental measure the Sensitive Natural Areas Programme having concrete nature conservation objective and providing high enough revenue for sustaining the nature-friendly management methods should receive paramount role.
- 8(2) Within the agri-environmental measure – after the expiry of the 5-year commitment – it is expedient to reduce the proportion of the environmental programs bringing more modest environmental outcomes by discarding the arable land basic program and by relatively reducing the area proportion and supporting intensity of integrated farming.
- 11. The NATURA 2000 measure should be launched from 2007. After the new resource distribution among the axes it is expedient to provide larger sources for those measures that result in better environmental outcome.
- 15(1)An environmental-type priority list (with life-cycle analysis, based on energy balance) should be prepared on the plant species of energy plantations. At the evaluation of the applications the plant species with higher priority should be given preference.

- 15(2)A “positive list” should be prepared on those agricultural areas that can be suitable for energy plantations and this list should be applied as an evaluation aspect.
- 15(3)At the grants the small-scale, local biomass utilisation (composting using organic waste + biogas-generating equipment, village heating plants) should be preferred.
18. The significant reduction in nutrient load burdening waters deriving from arable land cultivation and subsurface waters should be achieved by a considered restoration of the mosaic pattern of agricultural landscapes (e.g. establishment of boundaries, alleys, wood belts, riparian natural habitat zones and smaller ponds).
- 20(1)The designation of the Less Favoured Areas should be modified in a way that it mainly concentrates on the areas with high natural value and the sustenance of the landscape-conserving farming performed there, in accordance with the intention of the Union.
- 20(2)The monitoring activity focussing on the NATURA 2000 network should be immediately launched in order to provide the necessary information for conserving certain habitats and species less explored so far, then (on the basis of this) for elaborating conservation plans.
- 20(3)Grant must not be provided for cultivating genetically modified plant species.
21. In order to establish the synergic effects among the axes those applicants that participate in the agri-environmental, the forest-environmental management programmes, should be preferred (as far as possible) at the evaluation of applications for the remaining measures.
- 22(1)In the production of the biological basis the native species should be preferred. The preference of the native species should be integrated into the application criteria.
- 22(2)At the supporting of the plantings and forestation the actions connecting to forest blocks, or even more, connecting forest stands or constituting macro-regional eco-network element should be preferred.
- 24 The establishment and reservation of the mosaic pattern of land use should be promoted. There is a need to consider the change in cultivation method in the case of nature-friendly land use forms (forests, grasses, reed, water body), or planting on them carefully, according to the local conditions.
- 25(2)It is useful to determine the threshold limit of the domain of the granted areas by production districts or micro-regions in the supporting of plantations.
- 26(2)In the case of energetic utilisation of biomass, the optimal factory scale should be grounded by a life-cycle analysis of sustainability approach. By default the establishment of local systems is recommended, where the generated heat energy is locally utilised, there are no large transporting distances, and the standard of living of the population is increasing as a consequence of the investments.

*To the measures of Axis III*

- 4(2) The development of eco-tourism should be promoted in the regions being rich in landscape values, in small village and scattered farm regions.
- 4(7) Pilot projects for surveying and eliminating the environmental pollution sources should be launched in scattered farm and small village regions.
6. The Programme should contain express reference to the fundamental document of Hungarian environmental policy:
- “On the basis of the second National Environmental Programme (NKP-II, 2003-2008) the NHRDP takes into account the strategic aims and objectives of the Hungarian environmental policy, and it contributes to the environmental goals of the NKP-II, especially in the following fields:
- establishment and protection of the good state of waters in the frame of the integrated water management;
  - conservation of the values of the nature conservation areas, reservation of natural heritage and subsistence of ecological systems;
  - agri- and forest environmental measures and conservation of biodiversity through supporting the areas of the Natura 2000 network;
  - increase of forestation;
  - increase of the utilisation proportion of renewable energy sources;
  - reduction in the emissions of greenhouse gases;
  - qualitative and quantitative protection of soil;
  - reduction of erosion, soil contamination and dust pollution.”

14. A study should be prepared on the possibilities of environment-friendly technological developments at micro-enterprises.
- 23(1) Local methodological guidelines should be elaborated for the supporting possibility of hunting tourism. Hunting tourism activities resulting in the establishment of facilities with restricted availability (intensive hunting, game preserve, other fencing) as well as using such existing facilities should not be supported.
- 23(2) A local methodological guideline should be elaborated for the supporting possibility of countryside tourism.

*Proposals helping implementation (e.g. institutional system, technical assistance)*

- 5(1) The experts of the regions should participate (at least with consultative role) in the monitoring and the decision preparatory committees of the NHRDP.
- 5(2) The implementation of the NHRDP should be represented in the monitoring committees of the Regional Operative Programmes as well as of the TAMOP (Social Renewal Operative Programme) and the TIOP (Social Infrastructure Operative Programme).
- 5(3) In the procedural guideline of the NHRDP it should be ensured that the developments also granted from the operative programmes (OPs) of the NHDP (New Hungary Development Plan) are preferred.
- 5(4) The common representative of the LEADER-type actions should also be present in the monitoring committees of the Regional Operative Programmes.
- 5(5) The monitoring and evaluation system of the ÚMVP should be capable of determining the common professional performance measured in the individual micro-regions (mainly in the rural micro-regions as well as settlements) of the OPs of the NHRDP and the NHDP.
- 5(6) From the technical assistance budget of the NHRDP it should be ensured that the implementation is capable of improving the performance of certain weakly performing micro-regions or region-types (e.g. consultancy, expert availability, introduction of further application criteria).

*Overall proposals that can be taken into account for several measures*

- 4(1) For all investment and development measures the enforcement of the requirements of “clean industry” should be pursued.
- 4(3) In the rural regions being rich in landscape values the spreading of integrated landscape management incorporating agriculture, forest management, hunting management and recreation activities should be promoted.
- 4(6) Pilot projects for the introduction of the so-called social forest as well as for the protection of heritage and the development based on the cultural resource thereof should be launched in the regions mainly inhabited by deprived social groups.
- 4(8) The granting of the developments pertaining to renewable energy sources of agricultural base should be underpinned by complex life-cycle analyses with sustainability approach.
- 25(1) Developments containing landscape protection aspects should be preferred in areas being rich in landscape values.
- 26(1) In the call for applications the regional differentiation by criteria of environmental or natural endangeredness should be taken into account as far as possible.
27. On the basis of the SEA environmental report a separate Sustainability Guideline should be elaborated for the Programme.

## **4.2. “Compensation” measures aiming at the mitigation of the emerging impacts**

In this chapter we summarise those proposals that we elaborated in order to compensate the possibly emerging negative environmental impacts by the measures of the New Hungary Rural Development Programme. We note that this list contains only the indispensable

compensations; we presented our proposals in details in Chapter 4.1. Only Axis I requires compensation measures.

<b>Axes, measures</b>	<b>Compensation proposal</b>	<b>Note</b>
<b>Axis I: Improving the competitiveness of the agricultural and forestry sector</b>		
111. Training, information and diffusion of knowledge	Assurance of agricultural and rural development R&D conditions	For the examination of the negative environmental impacts of the axis
112. Setting up of young farmers		
113. Supporting farmers in farm transfers		
121.1. Plant farming and horticulture (modernisation of agricultural holdings)	With the priority of small- and medium-size farms	Horticulture on arable lands: use of fertilisers according to the Nitrate Directive;
121.2. Animal breeding (modernisation of agricultural holdings)	With the priority of small- and medium-size farms	Animal species and animal density in accordance with the ecological endowments of the landscape (Livestock unit/hectare); animal welfare and environmental requirements as the condition of supporting in the case of intensive animal management technology
121.3. Purchase of machinery	With the priority of family farms	
121.4 "GAZDA" Net Programme (modernisation of agricultural holdings)	Support of technological developments of low energy demand	
121.5. Plantation (modernisation of agricultural holdings)	Support of landscape cultivation in accordance with the ecological endowments	
122. Improving the economic value of the forest		
123. Adding value to agricultural and forestry products		
124. Development of new products		
125.1-3. Irrigation, amelioration, water-flow regulations (improvement of the infrastructure of agriculture and forestry)	Preference of water retention facilities; launch of VTT landscape management programme	
125.4-5. Improvement of physical infrastructure related to forestry and agriculture (improvement of the infrastructure of agriculture and forestry)	Support of technical and infrastructural developments fitting to nature-like forest management	
125.6. Energy supply and distribution	Preference of energy-saving solutions	

## **5. FURTHER PROPOSED MEASURES**

### **5.1. Measures adaptable to other strategic documents**

### ***5.1.1. Environment and Energy Operative Programme***

The utilisation possibilities of the EAFRD – mainly as regards the supported activities and the scope of beneficiaries – are limited, so the co-ordination of the objectives and measures of the NHRDP and the EEOP has significant role (energetics, water-flow regulations, environmental infrastructure). Those infrastructural investments not receiving support from the EAFRD but connected to the management and use necessary to conserve the natural values of protected areas under state management would be implemented within the frame of the EEOP.

It is worth focussing the renewable energy use of the EEOP (beyond biomass) to rural regions and settlements since these are the locations where the communities really feel the developments as their own and they adapt to the local natural endowments. This also requires that the support intensity should be the possible highest (especially in scattered farm regions).

### ***5.1.2 Regional Operative Programmes***

The implementation of submeasures planned within the frame of outer water-flow regulations in the NHRDP (in accordance with the Water Framework Directive) should be harmonised with the inner water-flow regulation operations funded within the frame of settlement rehabilitation of the ROPs.

In the procedural orders of the implementation requirements of the EEOP and the ROPs those developments (projects; integrated projects in the case of the ROPs) should be preferred to that the projects funded from the NHRDP are demonstrably connected. The central projects (especially within e.g. renewable energy investment, national park tourism, eco-tourism, development of attractiveness, organisation of public transport or of regional public services, inner water-flow regulation settlement development) should be established in a way that the smaller projects of the containing or neighbouring rural regions could be associated.

## **5.2. Proposals adaptable to the documents connected to the NHRDP**

We consider important that the aspects presented in the proposals should be consequently represented in calls for application, in judgement guidelines and in procedural orders.

<b>Proposal 27</b>	On the basis of the SEA environmental report a separate Sustainability Guideline should be elaborated for the Programme.
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## **6. EVALUATION OF THE INDICATORS OF THE NHRDP**

### **6.1. Indicators of the Plan**

At the level of the New Hungary Rural Development Strategic Plan the indicators assigned to the individual axes are the following:

*Axis I (indicators assigned to the priority):*

- 106. Profitability of agriculture
- 107. Number of maintained and created jobs
- 108. Gross value added of agriculture sector

*Axis II (indicators assigned to the priority):*

- 109. Increase of the agricultural lands that emphasise environmental and landscape management aspects and affected by agriculture and forest management adapting to agri-ecological endowments
- 110. Decrease of agricultural lands endangered by water and wind erosion

*Axis III (indicators assigned to the priority):*

- 111. Proportion of farmers pursuing economic activity outside agriculture
- 112. Increase in employment of non-agricultural sectors
- 113. Improvement of self-employment

*Axis IV: LEADER (indicator assigned to the priority):*

- 114. Area and population covered by the Local Action Groups

It can be asserted that even with the environmental-type indicators of Axis II we cannot receive a more detailed picture of the sustainability relevance of the Plan.

## **6.2. Indicators of the Programme**

In the New Hungary Rural Development Programme the (common EU) indicators connected to the given measure are in table format at each measure; the quantified goals of the measure are set on the basis of these. The indicators will be defined separately, by the following types:

- 115. *Output indicator* (it measures in financial or physical units; mainly e.g. the number of supported applications, farmers, communities)
- 116. *Result indicator* (it measures the direct and immediate impacts of the measures; e.g. the number of those farms that introduce new products or technologies; that comply with new requirements, created jobs)
- 117. *Impact indicator* (it measures results going beyond the direct impacts; e.g. it examines some kind of added – economic – value)

This triple indicator scheme consequently appears in all measures, according to Article 81 of Council Regulation 1698/2005, though the tables are short in several cases.

It is difficult to find environmental or environmental-type ones among them. To mention an example, where the environmental indicator appears at the measure “Meeting standards based on Community legislation”, the triple indicator structure is as follows:

**Table 8 Sample for indicator types, from the NHRDP**



Indicator type	Indicator	Goal
Output	Number of supported farms; Environmental protection; Animal welfare, health; Horticulture	5.000
Result	The number of those farms that comply with the new requirements	
Impact	Net value added expressed in PPS; Change in gross value added per workday unit	

Source: NHRDP

The Table shows that the output, moreover, even the result indicator (in an implicit way) contains environmental aspects though these are not clear and they have no assigned goal values.

### 6.3. Proposed environmental indicators to the Programme

#### 6.3.1. Necessity of *en* indicators and the possibilities of the development thereof

The relevant EU regulation makes possible for the Member States to use additional indicators beyond the common indicators to be used compulsorily. **We propose that the indicators should be completed by environmental indicators at the individual measures.** The environmental indicators have three main purposes:

118. Provide information on the environmental problems for the decision-makers so they could weigh up the severity of the given problem.
119. Support the development of the adequate policy by exploring the primary reasons for environmental loading.
120. Examine the impacts of the responses given by the policy.

The matrix evaluating environmental performance could provide help in developing the indicators, if necessary. Basically two questions could be raised on it:

121. At which measures is it expedient to use environmental/natural indicators?
122. What should this indicator “indicate”?

The answer could be given by the matrix evaluating environmental performance. **First, it is expedient to use “green” indicators at those measures that received stronger negative or positive overall judgements but obviously the former is more important. So it would be reasonable to use environmental indicators at the following measures:**

123. 125.4-5. Improvement of physical infrastructure related to forestry and agriculture
124. 221.2. Plantation of energy crops
125. 121.5. Plantation – modernisation of agricultural holdings
126. 122. Improving the economic value of the forest

The answer to the second question (What should this indicator “indicate”?) could also be deduced from the adequate line of the matrix evaluating environmental performance.

Obviously, it is expedient to create the indicator to those environmental evaluation aspect(s) that received strong negative (-2) judgement. Beside these, in certain cases it would be worth creating indicators for those aspects received “?”, so that could not be judged since in these cases probably there is connection between the measure and the environmental aspect but the degree and the nature thereof was not judgeable in the SEA stage.

We note that in the Programme there is nothing about the data collection, process and analysis chain in the course of the implementation of the measures, so we do not know who and how will be the defined many indicators measures, monitored, and how the general public will be informed on the development of these values (namely on the successfulness of the measure).

### ***6.3.2. Concrete proposed environmental indicators***

In the following section we propose environmental indicators serving the monitoring of the environmental aspects of the implementation of the Programme.

#### *Regional sustainability:*

127. The proportion of the local beneficiaries of the support (especially support of micro-enterprises, tourism development, village renewal, service centres, plantation of agricultural crops, forest plantation, water-flow regulations, infrastructure investments) and the proportion of subcontractors involved from outside the micro-region.
128. The proportion of the materials coming from inside and outside the given micro-region within the amount of the raw material utilised in the supported facility serving the energetic process of biomass.
129. The proportion of the holiday population potentially appearing owing to the touristic developments compared to the residents of the settlement
130. The proportion of the new agricultural and forestry plantations at settlement/micro-regional level (hectares/hectares).

#### *Forests, energy plantations:*

131. The proportion of forest plantations with invasive and native species (hectares/hectares)
132. The number of farms supplied by energy deriving from renewable energy sources
133. The proportion of energy forests of the planted forest areas
134. Energy grass established from support [hectares]
135. Energy forest established from support but broken down to each type within it, e.g. acacia, poplar, etc. [hectares/type]
136. Bioethanol or biodiesel producing facilities established from support but broken down to each type within it, e.g. rape, corn, sunflower, etc. [hectares/type]

137. The land size distribution of supported plantation types, by plant species.

*Sustainable water management*

138. The size of areas covered by excess surface waters (hectares)
139. The development of endangeredness by excess surface waters (number of protection days against excess surface waters)
140. New water reservoir capacities established to meet the ecological water demand, million m<sup>3</sup>
141. The size of new wetland habitats established by change in land use (hectares)
142. The amount of water spared by the use of water-saving irrigation systems (m<sup>3</sup>)
143. The size of areas rendered deep-tillage (hectares)

*Purchase of machinery*

144. The number of purchased new machinery [pcs]
145. The number of old machinery replaced by new machinery (= the number of old machinery put out of use explicitly due to the purchase of new machinery).

We note that our proposals on indicators cannot be considered as overall, and axis-specific proposals on the indicators should be done within the frame of the Sustainability Guideline to be elaborated.

## **ACKNOWLEDGEMENTS**

The SEA Working Group hereby thank for opinions and comments of all who have contributed to the finalisation of the statements and proposals of the environmental report.

The lead co-ordinator especially thanks György Dobos, István Ijjas Dr. and György Várallyay Dr. for the helping co-operation in the field of agricultural water management as well as Iván Gyulai Dr. and Endre Tombácz Dr. for their previous works that grounded the establishment of the sustainability order of values.

## **EXECUTIVE SUMMARY**

*Background, subject and goal of strategic environmental assessment*

The Ministry of Agriculture and Rural Development (MARD) – as the responsible planning organisation of the New Hungary Rural Development Strategic Plan and of the New Hungary Rural Development Programme based thereon – officially initiated the preparation of the environmental report and the strategic environmental assessment (SEA) according to the 2/2005 (I. 11.) Government Regulation toward the National Inspectorate for Environment, Nature and Water (NIENW) on 13 October 2006.

In our approach the subject of the SEA is the EU-sourced rural development policy, namely we prepared the SEA **as integrated on the Plan and the Programme, with the same approach and unified methodology, through common stakeholder's consultation**. The ultimate goal of the SEA prepared to the New Hungary Rural Development Strategic Plan and Programme is to compile an environmental report that provides realisable proposals in order to improve the environmental performance of the rural development measures and to enforce sustainable development in agriculture and rural development.

#### *The organisation of the elaboration and the consultation of the SEA*

The MARD – in co-operation with the Ministry of Environment and Water (MEW) – delegated the elaboration of the SEA and the performance of the process to independent experts experienced in SEA and rural development (**SEA working group**), the activity of the working group is co-ordinated by the Env-in-Cent Consulting Ltd. (EiC). The contractor (and simultaneously the co-ordinator of the ex ante evaluation of the New Hungary Rural Development Strategic Plan and Programme) of the elaboration of the SEA is the PricewaterhouseCoopers Hungary (PWC). The social consultation process was managed by the National Society of Conservationists (NSC).

#### *The impact of the proposals made during the elaboration on the NHRDP*

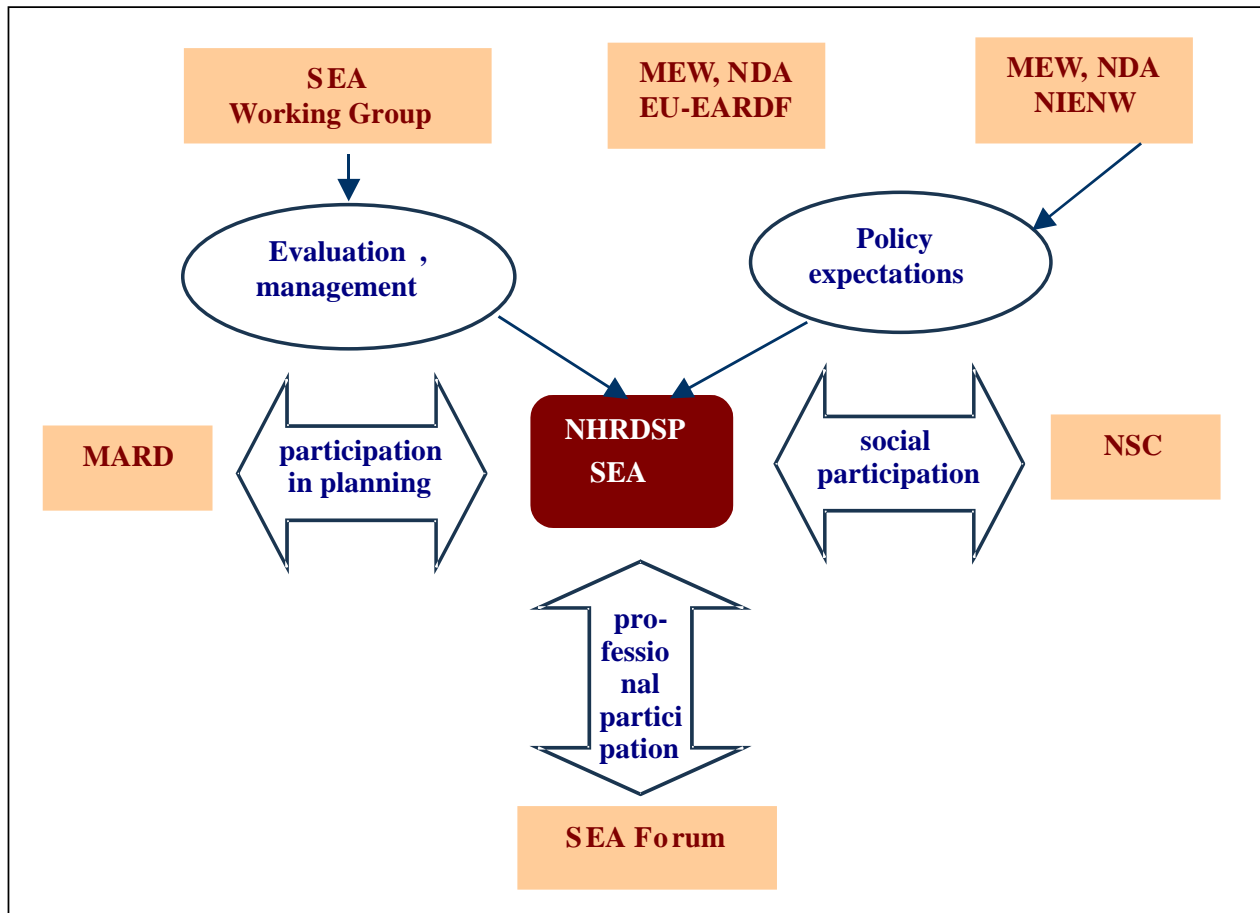
In the “accelerated” SEA process the role of the MARD became relatively important in the field of providing the information necessary to the successful elaboration of the environmental report. **The MARD helped the work of the SEA working group with open and constructive approach both at management and expert levels** and the – far beyond the legal obligations – positive administrative attitude significantly contributed to the completion of the environmental report.

#### *The inclusion of the stakeholders into the elaboration of and opinion-making on the environmental report*

Since the New Hungary Rural Development Strategic Plan and Programme are considered as plans of national impact and importance, the notion of interested public generally covers professional, interest representing and social organisations dealing with environmental protection and nature conservation, other organisations dealing with environmental, agriculture and rural development and the general public, too. The working documents of the SEA are available on the **homepage of the NSC** ([www.mtvsz.hu/sky](http://www.mtvsz.hu/sky)). The MARD published a press release on the launch of the elaboration of the SEA, the NSC informed the potential stakeholders on it in direct ways and through mailing lists.

We established a 20-member panel of experts (**SEA Forum**) in order to involve the professional organisations that had two meetings during the assessment process. The members of the Forum were the environmental authorities, the designers of the MARD, the representatives of the universities and the science, the representatives of the interested social organisations. the strategic environmental assessment document was negotiated on a **partnership conference**, the invited parties were about 100 organisations and institutions.

## **Organisation of the strategic environmental assessment**



The SEA working group presented the concept and the preliminary results of the report on the **National Environmental Council (NEC)** meeting on 2 November. The NEC approved the concept and made comments on the topics of water management and soil resource management. The comments of the NEC members as well as the personal consultations greatly supported the professionalism of the environmental assessment in the aforementioned topics. The NEC established an official point of view on the SEA consultation draft on 11 December 2006 and – except for the parts on water management – it was acknowledged in terms approval. On the basis of the NEC comments on agricultural water management the SEA Working group held a consultation on 15 December together with water management experts where the actual parts were entirely re-assessed both in terms of the SEA and the Programme.

Out of the contacted authorities the National Environmental Council, the National Inspectorate of Environment, Nature and Water, the Ministry of Education and Culture and the Department of Natural Resources of the MARD sent written comments to the consultation version of the SEA en report, 48 concrete proposals altogether. The SEA working group 46 proposals of the 48 ones accepted and integrated into the document. 8 NGOs made 68 written proposals to the document, 13 further NGOs made further 42 comments through the forums and the homepage. The majority of the proposals was accepted by the SEA working group – 57 of the 68 written proposals were fully or partially accepted and the oral comments were also taken into account.

We proposed that in the period of the social consultation of the SEA the **competent scientific committees of the Hungarian Academy of Sciences** should debate the following key issues and – as far as possible – form opinion on them (e.g. aspects of taking into account the climate change, environmental and nature conservation regards of changing to animal breeding, aspects of sustainable water management in agriculture, lifecycle-type sustainability advantage-disadvantage analysis of energy plantations). The competent committees of the Hungarian Academy of Sciences (with 63 scientists being present) debated on the parts of the environmental report pertaining to the water management in agriculture at their common session on 18 January 2007. The relevant opinion of the HAS was taken into account in the final version of the SEA.

### *Presentation of the applied methodology and overview of the results*

The analysis-evaluation methodology is built on the approach – formerly elaborated and applied in the national SEA practice – that the **strategic level of the rural development policy (objectives and priority) is compared to a sustainability order of values, while the more concrete tools and interventions of the programme are examined in the context of an environmental performance evaluation scheme.** Within this frame:

146. We determined and debated with experts the **sustainability order of values** (which consists of 32 criteria) pertaining to the agriculture and rural development adapted to the domestic conditions. Of course, the sustainability order of values cannot be considered as an absolute sustainability message and one cannot “judge” the sustainability of the Plan and the Programme on the basis of this. We consider it suitable only for “comparing” the priorities and the objectives to it as a relative reference. We examined the compliance of the priorities and objectives of the Programme with the sustainability order of values separately, in standard input/output effect matrix.

147. We examined the more concrete tools and interventions of the programme in the context of an **environmental performance evaluation scheme** in order to get a picture on that how the measures comply with environmental, environmental policy aspects that are based on the National Environmental Programme and on other environmental strategy documents. (The system of targets takes into account the environmental policy priorities of prevention, recycling (reuse) and disposal.) We compared the measures of the Programme – by using collective expert evaluation – to the environmental aspects, and we presented environmental performance also in an impact matrix.

We note that the methodology does not want to position the measures in the dimension of “environment-friendly – environment-damaging” but it is **an analytical decision-making tool** that would like to provide concrete guidance on the priorities/objectives we propose to modify and how. We present and analyse the sustainability evaluations and the environmental performance evaluation in details in the environmental report, and we reached the following consequences based thereof:

148. The **Plan could contribute to the national transition towards sustainability**, if in the course of the implementation the aspects proposed by the SEA will be integrated.

149. The **environmental performance of the Programme is acceptable, moreover, it could be significantly improved** if the improving and compensating measures proposed by the SEA will be integrated. Certain measures – at least at the general level presented in the Programme – proved disadvantageous in environmental terms; these belong to the topic of the improvement of physical infrastructure related to forestry and agriculture, the plantation of energy crops, the modernisation of agricultural holdings and the improvement of the economic value of the forest. In order to improve the environmental performance thereof we made a 4-item proposal package.

150. The organisation of the Programme should be careful and it should **take into account the environmental aspects** in order to avoid that the resource distribution could lead to the fixation of the outdated production structure and to the increase of the connecting environmental loads.

### *Links with other strategic documents*

We examined the links with the **National Development Policy Concept** and the **National Regional Development Concept**. According the NRDC agriculture policy should develop agriculture policy that serve rural carrying capacity, landscape maintenance, environmental protection, organic farming as well as that fit to the local endowments, so it should also establish agriculture development that is decentralised at regional level at least. On the contrary, the competitive commodity producer agriculture is a stressed component of the Programme, it interprets rural development as a sector, it does not introduce regional-specific tools, and its planning method is not regional-type. In order to establish the missing conformity, the environmental report made 12 proposals (see below).

We analysed the relationship between the **New Hungary Development Plan (NHDP)** and its operation programmes. The most important factor of ensuring the conformity that co-ordination, co-decision process between the OPs of the NHDP and the implementation of the NHRDP should be

established. In order to reach the conformity with the Operative Programmes we made a proposal package of 6 elements.

In addition, we reviewed the relations with the **National Environmental Programme (NEP-II)** and the **National Waste Management Plan**. In order to establish the conformity with the NEP-II we proposed concrete texts to be inserted into the Programme. As regards the NWMP, our proposals drew the attention to the treatment of sludge of agricultural origin and manure and the treatment of organic wastes of agricultural origin (e.g. production of other products, soil fertilising, spreading of composting).

#### *Links with the implementation of certain environmental rules of law of paramount importance*

We analysed the compliance with the requirements of the Council Directive concerning integrated pollution prevention and control (**IPPC Directive**) and the **Best Available Techniques (BAT)**. It is probable that the compliance with the BAT-requirements demand serious expenditures from the operators of livestock farms, therefore we proposed the aimed support of the compliance with the BAT.

We examined the **directive on energy end-use efficiency and energy services** that orders an annual average reduction of 1% of the energy end-use between 2008 and 2016 in the EU countries. For this we proposed that at the grants (especially in the case of purchasing machinery, irrigation and infrastructural development) the spreading of energy-saving solutions should be emphasized.

We reviewed in details the rural development relationships of the implementation of the **NATURA 2000 Directives**. The interdependence of nature conservation and agriculture is highly true for Hungary: the nature conservation and bird protection areas affect 21% of the territory of the country. Natura 2000 network clearly supports the Plan and the Programme by contributing to the sustainable rural development – for this we proposed that the NATURA 2000 measure should be launched from 2007.

We also presented in details the aspects connected to the implementation of the **Water Framework Directive (WFD)**. The main objective of the WFD is the elaboration and implementation of the integrated, sustainable water management policy. The deadline of 2015 set by the WFD for reaching the good status of waters coincides the closing deadline of the NHRDP, so it is a good reason for seriously taking into account the requirements of the WFD. The priorities of the Plan fully fit to the objectives of the WFD; the planned measures of the Programme render probable that the agricultural water management will significantly contribute to the Hungarian implementation of the WFD. For this we made two concrete proposals.

#### *The probable environmental impacts during the implementation of the Programme*

The Programme has a neutral effect **on air quality and on the volume of greenhouse gas emissions** on the whole, but there are measures generating supposedly positive and negative impacts, too. The nature-like afforestation could have favourable and stabilising impacts on air through carbon dioxide sink as well as replacing fossil fuels at local and small enterprise levels. At the same time, the emission of greenhouse gases may increase due to the large-scale use of machinery, the additional fuels used in production process as well as the heating of new livestock farms, gardens and greenhouses by fossil fuels, and even the local air pollution could increase.

The damage caused by floods and excess surface waters can be reduced by change in land use, afforestation, development of wetland habitats, establishment of fish ponds, establishment of rational and integrated management of excess surface waters and (harmonising with this) supporting flood plain landscape management. The pollution of **surface waters** can be decreased by the modernisation of livestock farms, transformation of machinery stock and fuel storage facilities, adequate management of liquid manure and agricultural wastes. The risk of **groundwater** pollution and the degree of pollution can be reduced by the following measures supported by the Programme. In conformity of the requirements of the WFD, in order to avoid the unfavourable impacts on surface waters and groundwaters we made 4 proposals.

Out of the water and soil management measures of the Programme, in the case of amelioration interventions, deep tillage of soil may improve the nutrient and water regime of **soil** and may decrease the risk of excess surface waters, the energy- and water-saving irrigation methods may reduce the

desiccation and erosion of soils. The modernisation of livestock farms, spreading of extensive animal management, modernisation of manure storage, modernisation of machinery stock and fuel storage facilities, adequate management of liquid manure and agricultural wastes, establishment of environmental infrastructure may have positive impacts on soils. In order to avoid the unfavourable impacts on soil we made 2 proposals.

**Biological diversity** is fundamentally threatened by two concrete dangers (not only for the Programme and not only in Hungary). The first one is the land use and regional development that are not considered enough. The second one is the strengthening impact of climate change on biological diversity. The Programme should promote the conservation of the landscape patterns that are paramount for the natural flora and fauna, namely biodiversity should be performed at landscape level. In order to avoid the unfavourable impacts on biodiversity we made 3 proposals.

As a consequence of **climate change** the probability of occurrence of precipitations with extreme distribution and increasing quantity, the distribution of precipitation in time and space may be more diversified causing an increase in the occurrence frequency of floods and excess surface waters. At the same time the period of droughts may increase and also the size of the affected areas. In the field of the mitigation of drought damage, out of the elements of the Programme the following ones may help: water retention, storage of excess surface waters, the economical use of water supply, increase of the water storage capacity of the soil, regionally different development of irrigation, the reconstruction of water-flow regulation facilities.

Due to the distinctive physical geographical endowments and land use traditions of Hungary, the nature conservation objectives can mainly be met by agriculture and forest management adjusted to the ecological endowments. The principle reason for it is the Hungarian feature that almost all the protected natural areas are cultivated lands at the same time, where land use should harmonise with protection in order to conserve the natural values. For this we proposed that the applicants that participate in the agri-environmental, the forest-environmental management programmes, should be preferred (as far as possible) at the evaluation of applications for the remaining measures.

On the whole, the NHRDP has very positive or neutral impacts on **forests**. As regards the naturalness, health condition, quantity and spatial structure of forests, however, several measures may have environmental risks in the long run, so we made 2 proposals in order to compensate these.

The measures of the Programme mainly have positive impacts on the **health conditions of the inhabitants**, so partly the quality of life, too, but this latter one is affected by several other factors beside health. The Programme contributes to the increase of the quality of food and products, to the minimisation of the potential accumulation of chemicals in food products through supporting organic farming, extensive farming and the introduction of product certification and labelling, so increasing food safety and quality. Animal welfare payments also reduce the health risks threatening human beings that emerge in livestock management.

On the whole, the Programme has favourable impacts on the **environmental awareness of the population**. Negative impacts can be found mainly in the field of the local environment and landscape values of the inhabitants and the deterioration of landscape knowledge. Without these the unfavourable consequences of human activities or values to be protected cannot be experienced. In order to improve environmental awareness we made 2 proposals.

On the whole, the NHRDP has beneficial impact on **space utilisation and neutral effect on spatial structure**. The possible negative impacts of several measures can be eliminated as well as favourable spatial structural impacts can be established. At the same time, holding-concentration and the initiations of plantations may lead to the development of monocultures and may result in the fallback of nature-friendly land use forms. It is desirable that the change in land use should fit into the local or even the county spatial planning plans.

On the whole, the NHRDP has beneficial impacts on **landscape management**. At the same time, the overuse of biomass in the long run could also cause the deterioration of landscape carrying capacity. In order to mitigate the negative impacts on landscape we made 2 proposals.

Out of the **natural resources**, the renewal of soils is clearly supported by the measures of the Programme. The Programme probably ensures the renewal of water supplies. At the same time, there are only few words on water retention, the quantitative protection thereof, the possibilities of flood and excess surface water management, though these tasks do not belong to the scope of agriculture and rural development. In order to mitigate the negative impacts on natural resources we made 2 proposals.



The Programme does not support the establishment of **inner environmental infrastructure** of rural settlements, which may cause further deterioration of the environment in the already bad infrastructural state of villages, mainly in less favoured regions.

#### *Probable environmental conflicts in the case of the cancellation of the implementation of the Plan*

The support of **afforestations** is one of the stressed elements of the NHRDP. In the case of the cancellation of the Programme the good processes of the increasing forestation of the last decades would be stopped for long years due to the expected lack of national sources. The **case of naturalisation** and spreading of **organic farming** is similar to afforestations. In the case of the cancellation of the NHRDP, with the lack of national sources the evolving favourable processes cannot be supported. The naturalisation of the agri-environmental measures and the granting of the payments would be endangered without the Programme.

Without funding the eligible activities of **outer water-flow regulation** Hungary cannot comply with its commitments within the frame of the Water Framework Directive, the conservation of the good status of groundwaters and surface water and the quantitative and qualitative protection of waters cannot be ensured, the environmental damage caused by extreme weather events generated by the climate change cannot be mitigated.

The utilisation of **biomass** in accordance with the environmental criteria and the increase of the existing proportion of renewable energy sources in energy production is a national interest. However, the utilisation of biomass – according to cost-efficiency, sustainability and environmental aspects – does not contribute to the environmental compliance of the Programme in a unanimously positive way. Therefore at this supporting construction it is important to carry out the energy balance analyses, to consider ecological aspects and to support of the establishment of regional energy schemes.

#### *Proposals to the Plan*

1. In the course of the implementation of the Programme, where it is possible, the application of supporting conditions and criteria determined at micro-regional level should be ensured, by taking into account the environmental sensitivity and agricultural suitability of certain areas of Hungary.
2. We propose to complete the sustainability horizontal policy in the Plan: “At the enforcement of the horizontal policies it is a basic criterion to take into account the principles of local sustainability and landscape approach”.
- 3(1) The conformity between the Programme and the Regional Operative Programmes (they also play role in regional development) should be ensured.
- 3(2) The claim of accommodation to the local endowments should be secured as a principle in the Plan.

#### *SEA proposals to the Programme*

To the measures of Axis I

- 4(4) In the small village regions the spreading of the production of local products and the organic farming should be promoted.
- 7(1) In the case of the farms with high number of livestock the treatment of sludge of agricultural origin and manure should be especially promoted.
- 7(2) As far as possible, the treatment of organic wastes of agricultural origin (e.g. production of other products, soil fertilising, spreading of composting) should be supported.
9. In the case of livestock farms – in order to comply with the BAT – the establishment of insulated manure storing basin of adequate size and of the related monitoring systems should be supported.
- 10 At the grants (especially in the case of purchasing machinery, irrigation and infrastructural development) the spreading of energy-saving solutions should be emphasized.

- 12(1) In the case of measures related to water management the Applicant should present the way the investment or development contributes to the objectives of the WFD (Water Framework Directive).
- 12(2) Grant should be given for the rural development consultants in order to improve their information on WFD.
- 13. Overall scientific assessments should be launched on the "location-dependent" environmental relations of irrigation, melioration and water management.
- 16. In the course of purchasing machinery and the development of physical infrastructure material- and energy-saving equipment and processes should be preferred. The reduction of the energy demand of agricultural plants and farmers, the increase of energy efficiency and the spreading of small equipment utilising solar, wind and geothermic energy should be promoted.
- 17(1) At supporting the irrigation development investments, water use occurring from water reserves retained in water surplus periods as well as the application of water-saving processes of modern technology should be preferred, mainly in the case of garden and orchard cultures providing high profit.
- 17(2) The interventions providing the achievement of good ecological state of waters by adequately selected agri-technological operations should be preferentially supported.
- 17(3) The local conformity of the flood-control, agricultural and regional development tasks should be ensured by supporting complex regional landscape management systems.
- 19(1) For the environment-friendly soil use there is a need for professional tillage, change in cultivation method, organic matter management, spreading of reclaiming materials, use of environment-friendly pesticides and fertilisers adequate to the agri-ecological endowments, animal and floral manure as well as the establishment of the appropriate crop structure. In order to prevent soil compaction and structure deterioration as well as to improve the water balance characteristics of the soil, the application of the adequate deep-tillage and soil digging agrotechnical procedures should be promoted.
- 19(2) Only the establishment and value added reconstruction of those water- and energy-saving irrigation plants and systems should be supported that take into account the already evolved property structure and comply with the environmental requirements.

#### To the measures of Axis II

- 4(5) In the rural regions being rich in landscape values the elaboration of local sustainability strategies as well as the completion of strategic environmental assessments should be promoted.
- 8(1) Within the agri-environmental measure the Sensitive Natural Areas Programme having concrete nature conservation objective and providing high enough revenue for sustaining the nature-friendly management methods should receive paramount role.
- 8(2) Within the agri-environmental measure – after the expiry of the 5-year commitment – it is expedient to reduce the proportion of the environmental programs bringing more modest environmental outcomes by discarding the arable land basic program and by relatively reducing the area proportion and supporting intensity of integrated farming.
- 11. The NATURA 2000 measure should be launched from 2007. After the new resource distribution among the axes it is expedient to provide larger sources for those measures that result in better environmental outcome.
- 15(1) An environmental-type priority list (with life-cycle analysis, based on energy balance) should be prepared on the plant species of energy plantations. At the evaluation of the applications the plant species with higher priority should be given preference.
- 15(2) A "positive list" should be prepared on those agricultural areas that can be suitable for energy plantations and this list should be applied as an evaluation aspect.
- 15(3) At the grants the small-scale, local biomass utilisation (composting using organic waste + biogas-generating equipment, village heating plants) should be preferred.
- 18. The significant reduction in nutrient load burdening waters deriving from arable land cultivation and subsurface waters should be achieved by a considered restoration of the mosaic pattern of agricultural landscapes (e.g. establishment of boundaries, alleys, wood belts, riparian natural habitat zones and smaller ponds).

- 20(1) The designation of the Less Favoured Areas should be modified in a way that it mainly concentrates on the areas with high natural value and the sustenance of the landscape-conserving farming performed there, in accordance with the intention of the Union.
- 20(2) The monitoring activity focussing on the NATURA 2000 network should be immediately launched in order to provide the necessary information for conserving certain habitats and species less explored so far, then (on the basis of this) for elaborating conservation plans.
- 20(3) Grant must not be provided for cultivating genetically modified plant species.
21. In order to establish the synergic effects among the axes those applicants that participate in the agri-environmental, the forest-environmental management programmes, should be preferred (as far as possible) at the evaluation of applications for the remaining measures.
- 22(1) In the production of the biological basis the native species should be preferred. The preference of the native species should be integrated into the application criteria.
- 22(2) At the supporting of the plantings and forestation the actions connecting to forest blocks, or even more, connecting forest stands or constituting macro-regional eco-network element should be preferred.
- 24 The establishment and reservation of the mosaic pattern of land use should be promoted. There is a need to consider the change in cultivation method in the case of nature-friendly land use forms (forests, grasses, reed, water body), or planting on them carefully, according to the local conditions.
- 25(2) It is useful to determine the threshold limit of the domain of the granted areas by production districts or micro-regions in the supporting of plantations.
- 26(2) In the case of energetic utilisation of biomass, the optimal factory scale should be grounded by a life-cycle analysis of sustainability approach. By default the establishment of local systems is recommended, where the generated heat energy is locally utilised, there are no large transporting distances, and the standard of living of the population is increasing as a consequence of the investments.

#### To the measures of Axis III

- 4(2) The development of eco-tourism should be promoted in the regions being rich in landscape values, in small village and scattered farm regions.
- 4(7) Pilot projects for surveying and eliminating the environmental pollution sources should be launched in scattered farm and small village regions.
6. The Programme should contain express reference to the fundamental document of Hungarian environmental policy:
- “On the basis of the second National Environmental Programme (NKP-II, 2003-2008) the NHRDP takes into account the strategic aims and objectives of the Hungarian environmental policy, and it contributes to the environmental goals of the NKP-II, especially in the following fields:
- establishment and protection of the good state of waters in the frame of the integrated water management;
  - conservation of the values of the nature conservation areas, reservation of natural heritage and subsistence of ecological systems;
  - agri- and forest environmental measures and conservation of biodiversity through supporting the areas of the Natura 2000 network;
  - increase of forestation;
  - increase of the utilisation proportion of renewable energy sources;
  - reduction in the emissions of greenhouse gases;
  - qualitative and quantitative protection of soil;
  - reduction of erosion, soil contamination and dust pollution.”
14. A study should be prepared on the possibilities of environment-friendly technological developments at micro-enterprises.
- 23(1) Local methodological guidelines should be elaborated for the supporting possibility of hunting tourism. Hunting tourism activities resulting in the establishment of facilities with restricted availability (intensive hunting, game preserve, other fencing) as well as using such existing facilities should not be supported.

23(2) A local methodological guideline should be elaborated for the supporting possibility of countryside tourism.

Proposals helping implementation (e.g. institutional system, technical assistance)

- 5(1) The experts of the regions should participate (at least with consultative role) in the monitoring and the decision preparatory committees of the NHRDP.
- 5(2) The implementation of the NHRDP should be represented in the monitoring committees of the Regional Operative Programmes as well as of the TAMOP (Social Renewal Operative Programme) and the TIOP (Social Infrastructure Operative Programme).
- 5(3) In the procedural guideline of the NHRDP it should be ensured that the developments also granted from the operative programmes (OPs) of the NHDP (New Hungary Development Plan) are preferred.
- 5(4) The common representative of the LEADER-type actions should also be present in the monitoring committees of the Regional Operative Programmes.
- 5(5) The monitoring and evaluation system of the ÚMVP should be capable of determining the common professional performance measured in the individual micro-regions (mainly in the rural micro-regions as well as settlements) of the OPs of the NHRDP and the NHDP.
- 5(6) From the technical assistance budget of the NHRDP it should be ensured that the implementation is capable of improving the performance of certain weakly performing micro-regions or region-types (e.g. consultancy, expert availability, introduction of further application criteria).

Overall proposals that can be taken into account for several measures

- 4(1) For all investment and development measures the enforcement of the requirements of “clean industry” should be pursued.
- 4(3) In the rural regions being rich in landscape values the spreading of integrated landscape management incorporating agriculture, forest management, hunting management and recreation activities should be promoted.
- 4(6) Pilot projects for the introduction of the so-called social forest as well as for the protection of heritage and the development based on the cultural resource thereof should be launched in the regions mainly inhabited by deprived social groups.
- 4(8) The granting of the developments pertaining to renewable energy sources of agricultural base should be underpinned by complex life-cycle analyses with sustainability approach.
- 25(1) Developments containing landscape protection aspects should be preferred in areas being rich in landscape values.
- 26(1) In the call for applications the regional differentiation by criteria of environmental or natural endangeredness should be taken into account as far as possible.
27. On the basis of the SEA environmental report a separate Sustainability Guideline should be elaborated for the Programme.

We consider important that the aspects presented in the proposals should be consequently represented in calls for application, in judgement guidelines and in procedural orders, therefore we proposed that on the basis of the SEA environmental report a separate **Sustainability Guideline** should be elaborated for the Programme.

#### *Proposed environmental indicators to the Programme*

#### Regional sustainability

151. The proportion of the local beneficiaries of the support (especially support of micro-enterprises, tourism development, village renewal, service centres, plantation of agricultural crops, forest plantation, water-flow regulations, infrastructure investments) and the proportion of subcontractors involved from outside the micro-region.

152. The proportion of the materials coming from inside and outside the given micro-region within the amount of the raw material utilised in the supported facility serving the energetic process of biomass.
153. The proportion of the holiday population potentially appearing owing to the touristic developments compared to the residents of the settlement
154. The proportion of the new agricultural and forestry plantations at settlement/micro-regional level (hectares/hectares).

#### Forests, energy plantations

155. The proportion of forest plantations with invasive and native species (hectares/hectares)
156. The number of farms supplied by energy deriving from renewable energy sources
157. The proportion of energy forests of the planted forest areas
158. Energy grass established from support [hectares]
159. Energy forest established from support but broken down to each type within it, e.g. acacia, poplar, etc. [hectares/type]
160. Bioethanol or biodiesel producing facilities established from support but broken down to each type within it, e.g. rape, corn, sunflower, etc. [hectares/type]
161. The land size distribution of supported plantation types, by plant species.

#### Sustainable water management

162. The size of areas covered by excess surface waters (hectares)
163. The development of endangeredness by excess surface waters (number of protection days against excess surface waters)
164. New water reservoir capacities established to meet the ecological water demand, million m<sup>3</sup>
165. The size of new wetland habitats established by change in land use (hectares)
166. The amount of water spared by the use of water-saving irrigation systems (m<sup>3</sup>)
167. The size of areas rendered deep-tillage (hectares)

#### Purchase of machinery

168. The number of purchased new machinery [pcs]
169. The number of old machinery replaced by new machinery (= the number of old machinery put out of use explicitly due to the purchase of new machinery).

*WE NOTE THAT OUR PROPOSALS ON INDICATORS CANNOT BE CONSIDERED AS OVERALL, AND AXIS-SPECIFIC PROPOSALS ON THE INDICATORS SHOULD BE DONE WITHIN THE FRAME OF THE SUSTAINABILITY GUIDELINE TO BE ELABORATED.*

## ANNEXES

We note that the values of matrices presented in Annex 2 and 3:

1. pertain to the 15 November 2006 version of the expert estimations elaborated on the basis of the knowledge and information available at the elaboration of the SEA and of the Plan and the Programme. In the course of the final elaboration of the Plan and the

Programme – by taking into account our proposal – the evaluations were modified on the merits and to advantage.

2. do not serve for the general judgement of the priorities, objectives and the environmental performance but – in accordance with the proposal-making feature of the SEA – with the negative values it draws the attention to those aspects where the environmental and sustainability aspects should be represented in a more definite way.

## Annex 1 Sustainability order of values

The objectives, priorities and tools of rural development policy should contribute to the compliance with the following:

### *1. Holistic, overall and general values*

#### H1 LOCAL AND REGIONAL SUSTAINABILITY

It should contribute to **local sustainability** through handling the unique agricultural and natural endowments as national treasure as well as it should help in offsetting product, raw material and energy import of the region.

#### H2 GLOBAL SUSTAINABILITY

It should contribute to **global sustainability**, especially in the field of prevention of climate change, preservation of biodiversity as well as conservation of water supplies and soil.

#### H3 ECO-SOCIAL RURAL DEVELOPMENT

It should promote the solution of the structural problems of land use and the **environment-friendly, nature conserving change in agricultural structure**.

#### H4 ATTRACTIVE RURAL WORLD

It should promote the improvement of rural mode of life, **strengthen rural retaining capacity and attractiveness**, promote the acquaintance of rural Hungary.

#### H5 VALUE-PRESERVING, DIVERSIFIED FARMING

It should promote the **preservation of the diversity of rural mode of life, culture and traditions**, ensure the subsistence of architectural, archaeological, ethnographical, settlement structural and landscape values (all these form part of cultural heritage), preserve the biodiversity and relatively good state of environment of the countryside.

#### H6 CAREFULNESS AND ALTRUISM

It should ensure the realisation of the principle of "diligence of good keeper" but it could not hurt the values and interests of other communities (e.g. the neighbouring regions of the affected region) and **it could not result in the increase of regional differences**.

#### H7 ETHICAL BEHAVIOUR

It should promote the production of healthy products, animal welfare activities and the establishment of the framework of **ethical production and trade**.

#### H8 CONSCIOUS FOOD CONSUMPTION

It should promote the improvement of the consumer behaviour to food products and the spreading of the **sustainable consumption patterns**.

### *2. Environmental and natural aspects and criteria*

#### K1 NATURE CONSERVATING RURAL DEVELOPMENT

It should clearly support the conservation of natural values, **biodiversity**, genetic stock and natural spatial structure.

#### K2 ECOLOGICAL RURAL DEVELOPMENT

In the course of farming activities as well as of land and landscape use resource demand and the use of the environment should take into account the **limited carrying capacity of the environment** and the local natural endowments.

#### K3 POLLUTION PREVENTION, MINIMISATION

It strives for the **prevention of the release of pollutions and wastes** as well as where it is not possible, for minimising these emissions (it loads the local environment up to its carrying capacity).

#### K4 MINIMISING FURTHER IMPACTS

It should mitigate the adverse environmental impacts caused by agriculture; especially it **cannot amplify the adverse environmental impacts of desertification, extreme water regimes and soil erosion** as well as it cannot lead to trade-offs among the different environmental systems.

K5 DEMATERIALISATION

The amount of used **industrial raw materials** (e.g. fertilisers, pesticides, agrotechnics) and the transport and storage demands should be minimised.

K6 RECYCLING

The measures should promote the **recycling of** wastewaters, liquid manures and wastes, **agricultural by-products**.

K7 ECONOMICAL USE OF EXHAUSTING RESOURCES

The use of **non-renewable** natural resources and vital elements should be minimised.

K8 VALUE-PROTECTING MANAGEMENT OF RENEWABLE RESOURCES

The stocks, state and self-regulatory capacity of **conditionally renewable** natural resources and environmental elements should be maintained and these can be used only by taking into account their renewal capacity and pace.

K9 SECTORAL INTEGRATION

It should promote the realisation of **sustainable transport policy, sustainable energy policy and ecological landscape management approach**.

*3. Economic aspects and criteria*

G1 PROSPERING RURAL ECONOMY

It should promote farming producing high added value, mitigation of the lack of capital in agriculture, **stability** and calculability **of farming**.

G2 INTEGRATED PRODUCT POLICY

It should promote the realisation of the integrated product policy through that the direction change of consumption patterns should change **from the material- and energy-intensive products and services toward material- and energy-saving, knowledge- and culture-based production and consumption**.

G3 DECENTRALISED RURAL DEVELOPMENT

It cannot lead to the undue concentration of agricultural enterprises and it should promote the **diverse** and competition-neutral development of **businesses**.

G4 "PRODUCE IN PLACE, CONSUME IN PLACE"

It should promote the **access to local markets**, community-level autarchy, support the local food production and trade.

G5 "WORK IN PLACE"

It should promote **local employment, development of the local SMEs**, spreading of family and small community farming forms, support headway of rural way of life, living forms based on traditions.

G6 QUALITY PRODUCTS, INNOVATION

It should promote innovation in agriculture, **spreading of innovative farming techniques and quality agricultural production**.

G7 DIVERSIFIED RURAL PRODUCT SUPPLY

It should promote the manufacturing of products **with special marketing and unique quality** (e.g. hungaricum).

G8 REGIONAL PRODUCTION CO-OPERATIONS

It should strengthen the **development of product processing chains within the regions and settlements**, the improvement the marketing relationship between producers.



#### *4. Social aspects and criteria*

##### T1 LOCAL ECO-SOCIAL INTERESTS AND SOCIAL RESPONSIBILITY

It should ensure that the use of resources occurs under responsible conditions and serves the **interests of local communities**.

##### T2 SOCIAL JUSTICE

It should contribute to the improvement of the living of rural population, the **combat against poverty**, the closing-up of deprived social groups.

##### T3 KNOWLEDGE-BASED RURAL DEVELOPMENT

It should promote the **training and access to information** and knowledge **of those working in agriculture**, the establishment of local intellectual capacities, services supporting farming.

##### T4 SOCIAL COHESION

It should help for rural communities to **invent their own image of future**, identity as well as support the evasion of the import social problems from regions and settlements (e.g. rural segregation of those moving from urban environment).

##### T5 SOLIDARITY, REGIONAL COHESION

It should promote the **recognition of the interdependence** of food producers and consumers as well as the improvement of the relationship between farmer communities and local society.

##### T6 JUSTICE AMONG GENERATIONS AND SOCIAL EQUALITY

The value-protecting, **economical** use of resources that keeps **long-term aspects** in view should be implemented in a way that equal opportunities for women, children, elderly and handicapped people should be ensured.

##### T7 SOCIAL PARTICIPATION

It should promote the **participation of** farmer community and the interested local communities, **professional organisations and NGOs in rural development decisions**, support self-organisation and development of rural civil society.



## Annex 2 Sustainability evaluation matrix of the priorities of the NHRDSP

PRIORITIES	Holistic, overall and general values								Environmental and natural aspects and criteria									Economic aspects and criteria					
	H1 local and regional sustainability	H2 global sustainability	H3 eco-social rural development	H4 attractive rural work	H5 value-preserving diversified farming	H6 carefulness and altruism	H7 ethical behaviour	H8 conscious food consumption	K1 nature conserving rural development	K2 ecological rural development	K3 pollution prevention minimisation	K4 minimising further impact	K5 dematerialisation	K6 recycling	K7 economical use of resources	K8 value-protecting management of resources	K9 sectoral integration	G1 prospering rural economy	G2 integrated product policy	G3 decentralised rural development	G4 "Produce in place, consume in place"	G5 "work in place" quality products	G6 agriculture
<b>I. Increasing the competitiveness of the agriculture</b>	0.7	0.3	0.9	1.1	0.7	1.0	1.3	1.3	-0.6	0.3	0.3	0.7	-0.3	1.0	0.7	1.0	1.0	1.6	0.4	0.1	0.7	1.3	1.4
<b>I/1.a. Renewable energy sources - ENERGY PLANTATIONS</b>	-1	0	-1	0	-1	NR	NR	NR	-2	-1	-1	1	0	NR	1	NR	1	0	-1	-2	1	0	1
<b>I/1.b. Renewable energy sources - AGRICULTURAL BY-PRODUCTS</b> (production of raw materials necessary to the production of agricultural by-products and use of biomass)	2	2	1	1	1	2	NR	NR	0	1	0	1	1	2	2	2	1	1	0	1	1	1	1
<b>I/2. Technological development</b> purchasing of agricultural machinery fitting to the structural change, developments and infrastructure investments connected to agri-logistics as well as modernisation of farms in accordance with Community requirements	0	-1	2	1	NR	1	NR	0	-1	-1	1	NR	-1	1	NR	1	1	2	1	0	1	1	1
<b>I/3. Animal breeding</b> Transformation of livestock farms by taking into account animal health safety issues	1	1	1	1	0	1	1	1	0	NR	2	0	0	1	NR	NR	1	2	0	0	-1	1	2
<b>I/4. Food-processing</b> food industry integration, continuous development of technological level, food safety, ecological and geographical trademarks, integrated product labelling	2	0	1	2	2	1	2	2	NR	2	0	NR	0	NR	-1	0	2	2	2	2	1	2	2
<b>I/5. Horticulture</b> Development potential in gardening of non-food purpose, the development of horticulture should also be linked with the utilisation of geothermic energy	0	0	1	2	1	1	1	2	-2	0	-1	-1	-2	0	1	1	0	2	1	1	1	2	2
<b>I/6. Arrangement of holdings</b> legal regulation of land purchase of holding-concentration purpose, supporting of land-measuring works serving the arrangement of holdings, of preparing partition, consolidation, modification, etc. diagrams providing opportunities for young farmers to purchase land	NR	NR	1	1	1	1	NR	NR	0	NR	1	1	1	1	1	1	NR	2	0	-1	1	2	1
<b>I/7. Water management, protection against excess surface waters</b> establishment and modernisation of regional and industrial water management facilities, supporting the abatement of local water damage and drought damage	1	0	NR	1	NR	0	NR	NR	1	1	NR	2	-1	NR	0	NR	NR	2	NR	0	NR	1	NR
<b>II. HR Conditions</b> Creation of the human conditions of the competitive agriculture, with special regard to the spreading of innovation skills and market-oriented approach	1.5	1.0	1.3	1.3	1.7	1.0	1.7	1.5	1.0	1.0	1.5	1.0	1.5	1.5	1.5	1.3	1.7	1.3	1.3	0.7	1.7	1.7	
<b>II/1. Improving age-structure</b> grant for taking over the farm by providing support for young farmers	NR	NR	0	1	2	2	2	NR	NR	NR	NR	NR	NR	NR	NR	NR	1	2	1	1	2	2	1
<b>II/2. Innovation and market orientation</b>	1	0	2	2	2	0	1	1	NR	1	1	NR	1	1	1	1	1	2	1	2	0	2	2
<b>II/3. Knowledge-based rural society</b> Sending fresh information to the rural communities and farmers, training, and supporting the use of advisory, information and communication technologies	2	2	2	1	1	1	2	2	1	1	2	1	2	2	2	2	2	1	2	1	0	1	2
<b>III. Sustainable production and land use</b>	1.8	1.5	1.0	1.8	1.5	1.5	1.3	1.3	1.5	2.0	1.0	1.5	0.0	1.0	1.3	1.7	1.3	0.8	0.5	0.8	0.8	1.5	1.3
<b>III/1. Forestry</b> Afforestation of the agricultural areas being less suitable for competitive production	2	2	0	2	2	2	1	1	2	2	0	2	-1	2	2	2	2	1	NR	0	1	2	0
<b>III/2. Environment-friendly management</b>	2	2	2	2	2	1	1	2	2	2	1	2	1	1	2	2	1	0	1	2	2	2	2
<b>III/3. LFA farming</b> Less Favoured Areas: income-supplementing grants	2	1	1	2	2	2	2	NR	2	2	1	2	0	0	0	1	NR	0	NR	1	1	1	NR
<b>III/4. Animal welfare requirements</b>	1	1	1	1	0	1	1	1	0	NR	2	0	0	1	NR	NR	1	2	0	0	-1	1	2
<b>IV: Improving the quality of rural life</b>	2.0	1.0	1.7	2.0	2.0	2.0	2.0	2.0	NR	1.5	0.5	NR	0.3	1.0	0.7	1.0	2.0	1.3	2.0	1.7	1.7	1.7	1.5
<b>IV/1. Rural business development</b> Encouraging diversification, creation of new jobs, development of rural tourism, supporting of the businesses producing and processing of products	2	1	2	2	2	2	2	2	?	2	0	NR	1	1	0	1	2	2	2	2	2	2	2
<b>IV/2. Village renewal</b> Renewal of villages, enlargement of the cultural and recreational possibilities	2	1	1	2	2	2	2	NR	NR	1	1	NR	-1	1	1	1	2	1	NR	1	2	2	NR
<b>IV/3. Integrated service spaces</b> supporting fundamental communication, administration and other services improving the quality of life in small settlements	2	1	2	2	2	2	2	NR	NR	NR	NR	NR	1	NR	1	1	2	1	NR	2	1	1	1
<b>V. Development of local communities</b> Mobilisation of internal resources covering several rural settlements (micro-regions), it serves the implementation of Axis IV	2	2	2	2	2	2	2	2	NR	NR	NR	NR	NR	NR	NR	NR	NR	2	2	2	2	2	2
<b>TOTAL:</b>	1.59	1.16	1.37	1.64	1.57	1.5	1.65	1.62	0.64	1.21	0.82	1.06	0.4	1.13	1.04	1.29	1.42	1.48	1.25	1.18	1.16	1.62	1.59

## Annex 3 Sustainability evaluation matrix of the objectives of the NHRDSP

DESIGNATION OF SPECIFIC OBJECTIVES	Holistic, overall and general values								Environmental and natural aspects and criteria									Economic aspects and criteria					
	H1	H2	H3	H4	H5	H6	H7	H8	K1	K2	K3	K4	K5	K6	K7	K8	K9	G1	G2	G3	G4	G5	G6
	local and regional sustainability	global sustainability	eco-social rural development	attractive rural world	value-preserving, diversified farming	carefulness and altruism	ethical behaviour	conscious food consumption	nature conserving rural development	ecological rural development	pollution prevention, minimisation	minimising further impacts	dematerialisation	recycling	economical use of exhausting	value-protecting management of	sectoral integration	prospering rural economy	integrated product policy	decentralised rural development	"Produce in place, consume in place"	"work in place"	quality products, agricultural
<b>Axis I: Improving the competitiveness of the agricultural and forestry sector</b>	<b>1,0</b>	<b>0,6</b>	<b>0,8</b>	<b>0,8</b>	<b>0,8</b>	<b>0,6</b>	<b>1,3</b>	<b>1,0</b>	<b>0,4</b>	<b>0,6</b>	<b>0,2</b>	<b>0,4</b>	<b>0,0</b>	<b>0,8</b>	<b>0,0</b>	<b>0,4</b>	<b>1,2</b>	<b>1,4</b>	<b>0,6</b>	<b>0,6</b>	<b>0,6</b>	<b>1,4</b>	<b>1,4</b>
I.1. Supporting of gaining knowledge and improving the competence of human resources and age-structure	2	2	2	1	1	0	NR	2	1	1	1	1	1	1	1	1	1	2	2	1	1	1	2
I.2a. Promoting changes in land use in order to have a production structure sustainable even in ecological terms	2	2	2	1	2	1	1	1	2	2	1	1	1	1	2	2	2	1	1	2	2	2	1
I.2b. Creation of sectoral balance between cultivation of plants and animal breeding	-1	-1	-1	0	-1	0	NR	-1	-2	-1	-2	-1	-2	1	-2	-1	1	1	1	-1	-1	1	0
I.3. Modernisation and development of physical resources, promoting innovation	0	-1	0	1	0	0	1	NR	-1	0	1	1	1	1	-1	0	1	2	0	0	0	1	2
I.4. Improving the quality of agricultural production and products	2	1	1	1	2	2	2	2	2	1	0	0	-1	0	0	0	1	1	-1	1	1	2	2
<b>Axis II: Improving the environment and the countryside</b>	<b>1,8</b>	<b>1,5</b>	<b>1,3</b>	<b>1,8</b>	<b>1,5</b>	<b>1,8</b>	<b>1,3</b>	<b>1,7</b>	<b>1,7</b>	<b>1,3</b>	<b>1,3</b>	<b>2,0</b>	<b>0,8</b>	<b>0,8</b>	<b>1,0</b>	<b>1,3</b>	<b>1,3</b>	<b>0,5</b>	<b>1,0</b>	<b>1,3</b>	<b>1,0</b>	<b>1,5</b>	<b>1,5</b>
II.1. Sustainable utilisation of agricultural areas, spreading of environment-friendly management methods	2	2	2	2	2	2	1	2	2	2	1	2	1	2	2	2	2	1	2	2	2	2	1
II.2. Maintenance of agricultural activities on Less Favoured Areas	2	1	1	2	2	2	2	NR	2	2	1	2	0	0	0	1	NR	0	NR	1	1	1	NR
II.3. Increase and sustainable management of forest resources	2	2	1	2	1	1	0	1	1	1	1	2	1	1	1	1	1	0	0	1	1	2	NR
II.4. Ensuring the animal welfare payments	1	1	1	1	1	2	2	2	NR	0	2	NR	1	0	1	1	1	1	1	1	0	1	2
<b>Axis III: Improving the quality of life in rural areas and promoting diversification</b>	<b>1,7</b>	<b>1,0</b>	<b>2,0</b>	<b>2,0</b>	<b>1,7</b>	<b>1,7</b>	<b>1,3</b>	<b>NR</b>	<b>2,0</b>	<b>1,0</b>	<b>1,0</b>	<b>1,0</b>	<b>1,0</b>	<b>NR</b>	<b>0,3</b>	<b>1,0</b>	<b>1,7</b>	<b>1,0</b>	<b>1,5</b>	<b>1,7</b>	<b>1,3</b>	<b>1,7</b>	<b>1,0</b>
III.1. Reduction of rural employment tensions, enlargement of opportunities of earning income	1	1	2	2	1	1	1	NR	NR	0	1	NR	NR	NR	-1	0	2	1	1	1	1	2	1
III.2. Improving the quality of rural life through the sustainable and complex utilisation of cultural and natural values, village renewal	2	1	2	2	2	2	1	NR	2	2	1	1	1	NR	1	2	1	1	2	2	2	2	1
III.3. Development of basic services provided for rural inhabitants	2	1	2	2	2	2	2	NR	NR	NR	NR	NR	1	NR	1	1	2	1	NR	2	1	1	1
<b>Axis IV: LEADER-type local developments</b>	<b>2,0</b>	<b>2,0</b>	<b>2,0</b>	<b>2,0</b>	<b>2,0</b>	<b>2,0</b>	<b>2,0</b>	<b>NR</b>	<b>1,0</b>	<b>1,0</b>	<b>1,0</b>	<b>1,0</b>	<b>0,0</b>	<b>0,0</b>	<b>1,0</b>	<b>1,0</b>	<b>2,0</b>	<b>2,0</b>	<b>2,0</b>	<b>2,0</b>	<b>2,0</b>	<b>2,0</b>	<b>1,0</b>
<b>TOTAL</b>	<b>1,6</b>	<b>1,28</b>	<b>1,51</b>	<b>1,64</b>	<b>1,49</b>	<b>1,5</b>	<b>1,48</b>	<b>1,33</b>	<b>1,27</b>	<b>0,96</b>	<b>0,86</b>	<b>1,1</b>	<b>0,44</b>	<b>0,52</b>	<b>0,58</b>	<b>0,91</b>	<b>1,55</b>	<b>1,23</b>	<b>1,28</b>	<b>1,38</b>	<b>1,23</b>	<b>1,64</b>	<b>1,23</b>

## Annex 4 Environmental evaluation matrix of the measures of the NHRDP (continued on next page)

NHRDP MEASURES	Million €	Environmental aspects																	
		E1	E2	E3	E4	E5	E6	E7	E8	E9	E10	E11	E12	E13	E14	E15	E16	E17	E18
		Reduction of air pollution	Reduction of global air pollution impacts	Protection of surface waters, integrated	Protection of underground waters	Protection of soil and geological values	Protection against the consequences of	Protection of areas under natural	Protection and sustainable use of	Nature conservation of forests	Spreading of organic farming	Sustainable regional management,	Increase of the use of renewable energy	Increase of material and energy efficiency	Mitigation of chemical risks	Health promotion and the increase of	Increase of the environmental	Sustainable use of landscape cultural	Improvement of urban environmental
<b>Axis I Improving the competitiveness of the agricultural and forestry sector</b>	<b>2384,0</b>	<b>-0,3</b>	<b>-0,1</b>	<b>0,4</b>	<b>0,4</b>	<b>0,3</b>	<b>1,1</b>	<b>0,4</b>	<b>0,4</b>	<b>0,6</b>	<b>0,9</b>	<b>1,0</b>	<b>1,0</b>	<b>0,6</b>	<b>1,0</b>	<b>1,1</b>	<b>0,9</b>	<b>0,6</b>	<b>0,7</b>
111. Training, information providing activities, innovation	82,4	1	1	2	2	2	1	1	1	1	2	2	2	1	1	2	1	1	0
112. Setting up of young farmers	33,0	?	?	?	?	?	NR	1	1	1	1	1	1	1	1	1	1	1	1
113. Supporting farmers in farm transfers	25,7	?	?	?	?	?	NR	1	1	1	1	1	1	1	1	1	1	1	1
121.1.Plant farming and horticulture (modernisation of agricultural	477,9	-2	-2	-1	-1	-1	1	-1	-1	NR	1	1	1	2	1	1	NR	0	1
121.2. Animal breeding (modernisation of agricultural holdings)	675,1	1	0	2	2	2	2	0	1	NR	1	1	1	2	2	1	1	0	1
121.3 Purchase of machinery	367,6	-1	-1	0	0	0	1	-1	-1	0	0	1	1	1	NR	1	0	0	NR
121.4 "GAZDA" Net Programme (modernisation of agricultural	25,7	NR	NR	1	1	1	NR	1	1	1	1	1	NR	NR	NR	NR	2	NR	NR
121.5. Plantation (modernisation of agricultural holdings)	0,0	-1	-1	-1	-1	-1	1	-1	-1	NR	-1	-1	0	0	-1	0	NR	2	NR
122. Improving the economic value of the forest	7,3	-2	-2	0	0	-2	NR	-1	-1	-2	NR	NR	0	1	NR	NR	-1	-1	0
123. Adding value to agricultural and forestry products	198,5	-1	0	0	0	0	NR	NR	NR	1	1	1	2	0	NR	1	1	0	0
124. Development of new products	40,4	NR	NR	NR	NR	NR	1	1	1	1	1	1	1	1	1	1	1	NR	1
125.1. Development of irrigation plant facilities	55,1	-1	0	-1	0	0	2	NR	NR	NR	NR	0	0	0	NR	1	NR	NR	1
125.2 Amelioration: facility development	51,4	0	0	0	0	1	0	NR	0	0	0	?	NR	NR	NR	1	NR	0	NR
125.3 Collective investments in water-flow regulations	55,1	0	0	1	1	0	1	NR	NR	NR	?	?	NR	-1	NR	1	NR	0	0
125.4-5. Improvement of physical infrastructure related to forestry	0,0	-1	-1	0	0	-1	NR	-1	-1	-1	1	0	NR	-1	NR	NR	NR	1	1
125.6. Energy supply and distribution	29,4	-1	1	0	0	0	1	-1	-1	NR	0	0	2	-1	NR	NR	0	NR	1
125.7. Arrangement of holdings (improving of agricultural and	25,7	1	1	NR	NR	1	1	1	1	1	1	1	NR	1	NR	NR	NR	NR	NR
131.Meeting standards based on Community legislation	48,0	1	1	2	2	2	1	2	2	NR	1	1	1	1	2	2	1	NR	1
132. Supporting the participation of farmers in food quality schemes	20,2	NR	NR	NR	NR	1	1	1	1	1	2	2	NR	NR	1	2	2	2	1
133. Supporting of producer groups in the field of information and	36,7	NR	NR	NR	NR	NR	1	1	1	1	1	1	NR	NR	1	1	1	1	1
141.Supporting semi-subsistence farming	18,3	NR	NR	NR	NR	NR	1	1	1	1	1	1	NR	NR	NR	0	NR	1	1
142.Supporting of setting up producer groups	73,5	1	1	NR	NR	NR	1	NR	NR	NR	1	2	1	1	1	1	1	NR	0
114 Use of farm advisory services	36,3	NR	NR	NR	NR	NR	1	1	1	1	1	2	1	1	1	1	1	1	1
115 Setting up farm management and forestry advisory services	0,7	NR	NR	NR	NR	NR	1	1	1	1	1	2	1	1	1	1	1	1	1

**Annex 4 Environmental evaluation matrix of the measures of the NHRDP (continued from previous page)**

NHRDP MEASURES	Million €	Environmental aspects																	
		E1	E2	E3	E4	E5	E6	E7	E8	E9	E10	E11	E12	E13	E14	E15	E16	E17	E18
		Reduction of air pollution	Reduction of global air pollution impacts	Protection of surface waters, integrated waters	Protection of underground waters	Protection of soil and geological values	Protection against the consequences of	Protection of areas under natural	Protection and sustainable use of	Nature conservation of forests	Spreading of organic farming	Sustainable regional management,	Increase of the use of renewable energy	Increase of material and energy efficiency	Mitigation of chemical risks	Health promotion and the increase of	Increase of the environmental	Sustainable use of landscape cultural	Improvement of urban environmental
<b>Axis II.: Improving the environment and the countryside</b>	<b>1521,0</b>	<b>0,6</b>	<b>1,1</b>	<b>1,3</b>	<b>1,1</b>	<b>1,2</b>	<b>1,0</b>	<b>1,1</b>	<b>1,2</b>	<b>1,4</b>	<b>1,7</b>	<b>1,4</b>	<b>1,1</b>	<b>0,4</b>	<b>1,0</b>	<b>1,6</b>	<b>1,5</b>	<b>1,4</b>	<b>1,0</b>
212. Payments to farmers in Less Favoured Areas (LFA)	22,0	-1	-1	1	1	1	0	1	1	1	1	1	NR	NR	1	1	1	1	NR
213. Natura 2000 payments	33,0	NR	NR	1	1	1	1	2	2	2	2	1	1	NR	1	1	2	2	NR
214. Agri-environmental payments	588,2	1	1	2	2	2	1	2	2	2	2	2	1	1	1	2	2	2	1
214.a. Preservation of genetic resources	11,0	1	1	2	2	2	1	2	2	2	2	2	1	1	1	2	2	2	1
214b. NRDP agri-environmental determination	391,1	1	1	2	2	2	1	2	2	2	2	2	1	1	1	2	2	2	1
214c. NRDP forest determination	88,2	1	1	2	2	2	1	2	2	2	2	2	1	1	1	2	2	2	1
215. Animal welfare payments	46,6	NR	NR	1	1	NR	NR	1	0	0	2	1	1	1	1	2	2	1	1
216. Assistance provided to non-productive investments	10,4	NR	NR	NR	NR	NR	1	1	1	1	1	1	1	NR	NR	1	1	2	1
221.1. Agricultural areas - afforestation (first afforestation of	135,9	1	2	2	1	2	1	0	0	2	NR	2	1	-1	1	2	2	2	1
221.2. Plantation of energy crops	16,2	-1	1	1	0	-1	?	-2	NR	-1	NR	-1	2	-1	NR	NR	-1	-1	NR
222. First establishment of agro-forestry systems	0,7	1	NR	1	1	1	1	1	1	2	1	2	1	1	1	1	1	2	1
223. First afforestation of non-agricultural lands	1,7	1	2	1	1	1	1	1	1	1	NR	1	1	0	1	1	1	1	NR
224. Natura 2000 payments: forest	40,3	NR	NR	1	1	1	1	2	2	2	2	1	1	NR	1	1	2	2	NR
225. Forest-environment payments	83,5	1	1	2	2	2	1	2	2	2	2	2	1	1	1	2	2	2	1
226a. Forest rehabilitation (forestry potential)	8,0	1	2	2	1	2	1	0	0	2	NR	2	1	-1	1	2	2	2	1
226b. Prevention of natural catastrophes affecting forests (forestry	2,0	NR	NR	-1	-1	-1	2	0	0	0	NR	NR	NR	NR	NR	NR	1	-1	NR
227. Supporting of non-productive forest-environmental investments	42,2	1	2	1	1	1	1	2	2	2	NR	1	0	NR	NR	1	2	2	1
<b>Axis III Improving quality of life</b>	<b>583,2</b>	<b>-0,3</b>	<b>-0,3</b>	<b>0,0</b>	<b>0,5</b>	<b>-0,3</b>	<b>1,0</b>	<b>0,6</b>	<b>0,6</b>	<b>0,8</b>	<b>0,8</b>	<b>1,2</b>	<b>0,8</b>	<b>0,3</b>	<b>0,0</b>	<b>1,5</b>	<b>0,7</b>	<b>1,2</b>	<b>1,2</b>
311. Diversification into non-agricultural activities	33,0	NR	NR	NR	NR	1	1	1	1	1	1	1	0	1	NR	?	1	2	NR
312.a Micro-enterprises: technological developments	200,0	-1	-1	0	0	-1	1	-1	-1	0	0	1	1	0	-1	2	-1	0	1
312.b Micro-enterprises: marketing, quality assurance, innovation,	15,0	NR	NR	NR	NR	NR	1	1	1	1	1	2	1	1	1	1	1	1	1
313. Encouragement of tourism activities	82,7	-1	-1	0	1	-1	NR	0	1	1	1	1	1	-1	0	2	0	1	1
321. Basic services for the economy and rural population	99,2	1	1	NR	NR	NR	NR	NR	NR	NR	1	1	NR	1	NR	1	1	1	1
323.1 Conservation and upgrading of the rural heritage	90,0	NR	NR	NR	NR	NR	NR	2	1	NR	1	1	NR	0	NR	NR	2	2	2
323.2 Preparation of Natura 2000 plans	1,8	NR	NR	NR	NR	1	1	2	2	2	1	2	0	NR	NR	2	2	2	NR
34. Skill acquisition, animation and implementation	61,5	NR	NR	NR	NR	NR	1	1	1	1	1	2	1	1	1	1	1	1	1
<b>TOTAL:</b>	<b>4488</b>	<b>-0</b>	<b>0,21</b>	<b>0,56</b>	<b>0,69</b>	<b>0,4</b>	<b>1,02</b>	<b>0,68</b>	<b>0,73</b>	<b>0,9</b>	<b>1,14</b>	<b>1,19</b>	<b>0,94</b>	<b>0,44</b>	<b>0,67</b>	<b>1,37</b>	<b>1,01</b>	<b>1,08</b>	<b>0,98</b>

**Environmental report  
to the Strategic Environmental Assessment of the New Hungary Rural Development  
Strategic Plan and Programme**



**January 2007**





### Annex 3. Areas in need of complex water management at micro-regional level

1. Kutas-Ölyvös és Kálló öblözet	Békés county
2. Dorozsma-Halasi öblözet	Bács-Kiskun és Csongrád county
3. Meggyes-Csaholyi, Bodvaj és Szénási ö.	Szabolcs-Szatmár-Bereg county
4. Királyéri öblözet	Szabolcs-Szatmár-Bereg county
5. Felsőréhelyi, Szeghalmi, Peresi öblözet	Békés county
6. Túr-belvíz főcsatorna térsége	Szabolcs-Szatmár-Bereg county
7. Tapolnok-Kömörő térség	Szabolcs-Szatmár-Bereg county
8. Harangzúgi-Mezőtúr-Halásztelki és Mezőtúr-Túrkevei öblözetek	Jász-Nagykun-Szolnok county
9. Kígyós Fogyűjtő csatorna öblözet	Bács-Kiskun county
10. Nagyhalászi, Ajak-Nyírtass-Gyulaházi öblözetek	Szabolcs-Szatmár-Bereg county
11. Makói, Nagyfa-Hódtói, Sámson-Apátfalva-Szárazéri, Pusztai öblözetek	Csongrád county
12. Sarkadéri öblözet	Jász-Nagykun-Szolnok county
13. Galga patak térsége	Pest county
14. Sákor-Budzsáki-V/d csatornák térsége	Bács-Kiskun county
15. Szivárgó: Négyes-Tiszapalk, Ostoros páskom-Kánya, Kánya-Határárok, Tiszavalki, Sulymos, Rigós, Helyő öblözetek	Borsod-Abaúj-Zemplén county
16. Mezőberényi és Szarvas-Békésszentandrás öblözet	Békés county
17. Makkodi, Alsófutaki, Hamvas, Sárréti, Szeghalmi és Kösely öblözet	Hakdú-Bihar county
18. Eperjesi-Jánosmajori, Nagybajcs-Csápolnoki, Szőgye-Véneki, Kucséroki, Zselykei öblözet	Győr-Moson-Sopron county
19. Karasica felső szakasz és Vasas-Belvárdi vízf. felső szakasz öblözet	Baranya county
20. Érpataki és Simai főfolyás, Máriapócsi főfolyás, Vajai főfolyás öblözet	Szabolcs-Szatmár-Bereg county
21. Ikva patak és Keszegér öblözet	Győr-Moson-Sopron county
22. Lábodi Rinya és Szabási Rinya öblözetek	Somogy county
23. Gyálai, Maty-Subasai, Papphalmi főcsatorna, Széksóstói főcsatorna, Deszk-Fehértói, Percsori öblözet	Csongrád county
24. Peitsik-éri, Gátéri és Kövágó-éri öblözet	Bács-Kiskun county
25. Prügyi főcsatorna, Taktaföldvári, Tiszadobi, Tiszaluc-Taktaharkányi öblözet	Borsod-Abaúj-Zemplén county
26. Törökéri főcsatorna, Karos-Szerdahelyi csatorna, Tiszakarádi főcsatorna, Ricsei főcsatorna öblözet	Borsod-Abaúj-Zemplén county
27. Tarna és Eger patak öblözet	Heves county
28. Csaroda főcsatorna, Szipa főcsatorna, Dédai Micz öblözet	Szabolcs-Szatmár-Bereg county
29. Kurcza térség (Szentes)	Csongrád county
30. Vidre-éri belvízrendszer (Csongrád)	Csongrád county

#### Annex 4.: List of rare vegetable varieties with a cultural or genetic value

Faj	Fajta	Nemzetközi hivatkozás	Termesztett terület (ha)	Elterjedés
Paradicsom (Lycopersicon esculentum L.)	Ökörszív	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben
	Fóti	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben
	Tápláni	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben
	Lugas	FAO WIEWS, ECP/GR	<1 ha	házikertekben
Zöldpaprika (Capsicum annum L.)	Bogyesz	FAO WIEWS, ECP/GR	<5 ha	Tápió-völgye, Jászság
	Bocskor	FAO WIEWS, ECP/GR	<5 ha	Békés- és Hajdú megye
	Bugaci	FAO WIEWS, ECP/GR	<1 ha	Duna-Tisza köze
	Kalinkói	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben
	Gogos paradicsom-paprika	FAO WIEWS, ECP/GR	<1 ha	Békés- és Csongrád megye
	Szentesi	FAO WIEWS, ECP/GR	<1 ha	Békés- és Csongrád megye
Fűszerpaprika (Capsicum annum var. longum)	Boldogi	FAO WIEWS, ECP/GR	<1 ha	Mátra alja
	Kalocsai	FAO WIEWS, ECP/GR	<1 ha	Kalocsa környéke
	Dokomlási	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben
Hagyma (Allium cepa L.)	Alsógödi	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben
	Jászsági	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben
Hagyma (Allium cepa var. aggregatum G. Don)	Csokros	FAO WIEWS, ECP/GR	<1 ha	Tiszántúl
Fokhagyma (Allium sativum L.)	Kadarkúti	FAO WIEWS, ECP/GR	<1 ha	Somogy megye
	Makói	FAO WIEWS, ECP/GR	<1 ha	Makó környéke
	Cigándi	FAO WIEWS, ECP/GR	<1 ha	Tiszántúl
	Sárospataki	FAO WIEWS, ECP/GR	<1 ha	Tokaj-Hegyalja
Póréhagyma (Allium porrum L.)	Nagykátai	FAO WIEWS, ECP/GR	<1 ha	Tápió völgye
Metélő hagyma (Allium schoenoprasum L.)	Napkori	FAO WIEWS, ECP/GR	<1 ha	Tiszántúl
	Taktaharkányi	FAO WIEWS, ECP/GR	<1 ha	Tiszántúl
Sarjadék hagyma (Allium fistulosum L.)	Nagykátai	FAO WIEWS, ECP/GR	<1 ha	Tápió völgye
Saláta (Lactuca sativa L.)	Villányi	FAO WIEWS, ECP/GR	<1 ha	Dél-Baranya
	Csehimindszent i	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben
	Fiadi	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben
	Isztiméri	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben
	Hernádcécei	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben

	Biri	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben
Fejeskáposzta ( <i>Brassica oleracea</i> convar. <i>capitata</i> var. <i>capitata</i> f. <i>alba</i> )	Vecsési	FAO WIEWS, ECP/GR	<50 ha	Pest környéke
	Hajdúsági	FAO WIEWS, ECP/GR	<15 ha	Debrecen környéke
Kelkáposzta ( <i>Brassica oleracea</i> convar. <i>capitata</i> var. <i>sabauda</i> )	Mohácsi őszi	FAO WIEWS, ECP/GR	<5 ha	Mohács környéke
Spenót ( <i>Spinacea oleracea</i> L.)	Békési	FAO WIEWS, ECP/GR	<1 ha	Tiszántúl
Újzélandi spenót ( <i>Tetragonia tetragonioides</i> (Pall.) O. Kuntze	Sajószentpéteri	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben
Sóska ( <i>Rumex acetosa</i> L.)	Pallagi	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben
Petrezselyem ( <i>Petroselinum crispum</i> . (Mill.) Nym.	Napkori	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben
	Gyomaendrődi	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben
Paszternák ( <i>Pastinaca sativa</i> L.)	Semjéni	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben
Zeller ( <i>Apium graveolens</i> L.)	Monostorapáti	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben
Retek ( <i>Raphanus sativus</i> L.)	Nagykállói	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben

## Annex 5.: List of rare arable crops varieties with a cultural or genetic value

Faj	Fajta	Nemzetközi hivatkozás	Termesztett terület (ha)	Elterjedés
Búza ( <i>Triticum aestivum</i> L. subsp. <i>aestivum</i> var. <i>erythrosperrum</i> )	Tiszavidéki	FAO WIEWS (World Information and Early Warning System)	<1 ha	gyűjteményekben
	Mezőségi	FAO Treaty (International Treaty on Plant Genetic Resources for Food and Agriculture)	<1 ha	gyűjteményekben
	Bánkúti 1201	ECP/GR (European CoOperational Programme for Genetic Resources Networks)	5-10 ha	Alföld
Alakor ( <i>Triticum monoccocum</i> L.)		ECCDB (ECP/GR European Central Crop Data Basis)	<1 ha	gyűjteményekben
Tönke ( <i>Triticum dicoccon</i> Schrank)		FAO WIEWS, FAO Treaty, ECP/GR	<1 ha	gyűjteményekben
Árpa ( <i>Hordeum vulgare</i> L.)	Gádorosi fekete	FAO WIEWS, FAO Treaty, ECP/GR	<1 ha	gyűjteményekben
Kukorica ( <i>Zea mays</i> L.)	Mindszentpusztai fehér	FAO WIEWS, FAO Treaty, ECP/GR	<1 ha	gyűjteményekben
	Bánkúti lófogú sárga	FAO WIEWS, FAO Treaty, ECP/GR	<1 ha	gyűjteményekben
	Mezőhegyesi sárga lófogú	FAO WIEWS, FAO Treaty, ECP/GR	<1 ha	gyűjteményekben
	Putyi	FAO WIEWS, FAO Treaty, ECP/GR	<1 ha	gyűjteményekben
	Piros kukoricák	FAO WIEWS, FAO Treaty, ECP/GR	5-10 ha	Őrség, Tiszántúl
	Iregi 12 hetes	FAO WIEWS, FAO Treaty, ECP/GR	<1 ha	gyűjteményekben
	Száznapos	FAO WIEWS, FAO Treaty, ECP/GR	<1 ha	gyűjteményekben
	Sárga magyar	FAO WIEWS, FAO Treaty, ECP/GR	5-10 ha	Tiszántúl
Napraforgó ( <i>Helianthus annuus</i> L.)	Nagykállói	FAO WIEWS, FAO Treaty, ECP/GR	<1 ha	gyűjteményekben
	Bajai fehér	FAO WIEWS, FAO Treaty, ECP/GR	<1 ha	gyűjteményekben
Köles ( <i>Panicum miliaceum</i> L.)	Fertődi piros	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben
	Mesterházai	FAO WIEWS, ECP/GR	<5 ha	Alföld
Veteménybab ( <i>Phaseolus vulgaris</i> L.)	Futó fürjbabok	FAO WIEWS, FAO Treaty, ECP/GR	<50 ha	köztesvetésként elterjedt
	Bokor fürjbabok	FAO WIEWS, FAO Treaty, ECP/GR	<5 ha	szórványosan

	Pacsibab	FAO WIEWS, FAO Treaty, ECP/GR	<10 ha	köztesvetésként az Alföldön
	Menyecskebabok	FAO WIEWS, FAO Treaty, ECP/GR	<20 ha	Alföld
	Büdöskőbabok	FAO WIEWS, FAO Treaty, ECP/GR	<5 ha	szórványosan
	Fecskehasú babok	FAO WIEWS, FAO Treaty, ECP/GR	<5 ha	szórványosan
	Gyöngybabok	FAO WIEWS, FAO Treaty, ECP/GR	<5 ha	szórványosan
	Cukorbabok	FAO WIEWS, FAO Treaty, ECP/GR	<5 ha	szórványosan
	Gesztenyebabok	FAO WIEWS, FAO Treaty, ECP/GR	<5 ha	szórványosan
	Gyíkbabok	FAO WIEWS, FAO Treaty, ECP/GR	<5 ha	szórványosan
	Békahátúbabok	FAO WIEWS, FAO Treaty, ECP/GR	<5 ha	szórványosan
	Libamájbabok	FAO WIEWS, FAO Treaty, ECP/GR	<5 ha	szórványosan
	Békési rizsbabok	FAO WIEWS, FAO Treaty, ECP/GR	<5 ha	szórványosan
	Tolnai borsóbabok	FAO WIEWS, FAO Treaty, ECP/GR	<5 ha	szórványosan
Tűzbab ( <i>Phaseolus coccineus</i> L.)	Fehér salátabab	FAO WIEWS, FAO Treaty, ECP/GR	<10 ha	konyhakertekben elterjedt
	Tarka salátabab	FAO WIEWS, FAO Treaty, ECP/GR	<5 ha	konyhakertekben elterjedt
Csicsriborsó ( <i>Cicer arietinum</i> L.)	Békéscsabai	FAO WIEWS, FAO Treaty, ECP/GR	<10 ha	Duna-Tisza köze
Homoki bab ( <i>Vigna unguiculata</i> (L.) Walp.)	Bajai	FAO WIEWS, FAO Treaty, ECP/GR	<1 ha	gyűjteményekben
	Mohácsi	FAO WIEWS, FAO Treaty, ECP/GR	<1 ha	gyűjteményekben
Lóbab ( <i>Vicia faba</i> L.)	Tataházi	FAO WIEWS, FAO Treaty, ECP/GR	<50 ha	országszerte
Földimogyoró ( <i>Arachis hypogaea</i> L.)	Kisteleki, Tápiószelei	FAO WIEWS, ECP/GR	<5 ha	Dél-Alföld
Burgonya ( <i>Solanum tuberosum</i> L.)	Porvai	FAO WIEWS, FAO Treaty, ECP/GR	<1 ha	gyűjteményekben
	Aranyalma	FAO WIEWS, FAO Treaty, ECP/GR	<1 ha	házikertben
	Somogyi	FAO WIEWS, FAO Treaty, ECP/GR	<1 ha	házikertben
Csicsóka ( <i>Helianthus tuberosus</i> L.)	Farmosi	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben
	Nagykállói	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben
Nyúlszapuka ( <i>Anthyllis vulneraria</i> L.)	Helyi típusok	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben
Fehérvirágú somkóró ( <i>Melilotus alba</i> Medik.)	Helyi típusok	FAO WIEWS, FAO Treaty, ECP/GR	<5 ha	Duna-Tisza köze
Svéd here ( <i>Trifolium hybridum</i> L.)	Helyi típusok	FAO WIEWS, FAO Treaty, ECP/GR	<1 ha	gyűjteményekben

Mezei csibehúr (Spergula arvensis L.)	Helyi típusok	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben
Takarmánymályva (Malva verticillata L.)	Helyi típusok	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben
Takarmány és sütőtök (Cucurbita maxima Duch.ex Lam)	Helyi típusok	FAO WIEWS, ECP/GR	<50 ha	Alföld
Takarmánydinnye (Citrullus lanatus Pang.)	Újszilvási	FAO WIEWS, ECP/GR	<1 ha	gyűjteményekben

## Annex 6.: List of plant varieties concerned in ex situ conservation

Termesztett fajok	Magyar növénynév
<i>Achillea filipendulina</i>	Páfránylevelű cickafark
<i>Achillea millefolium</i>	Közönséges cickafark
<i>Agropyron cristatum</i>	Taréjos búzafű
<i>Agropyron elongatum</i>	Magas tarackbúza
<i>Agropyron intermedium</i>	Deres tarackbúza
<i>Agrostis alba</i>	Tarackos tippán
<i>Agrostis alba</i> subsp. <i>gigantea</i>	Óriás tippán
<i>Agrostis capillaris</i>	Cérnatippán
<i>Alcea rosea</i> ( <i>Althaea rosea</i> )	Kerti mályva
<i>Allium ascalonicum</i>	Mogyoróhagyma
<i>Allium cepa</i> var. <i>aggregatum</i>	Csokroshagyma
<i>Allium cepa</i> var. <i>cepa</i>	Vöröshagyma
<i>Allium fistulosum</i>	Téli hagyma
<i>Allium galanthum</i>	Díszhagyma
<i>Allium porrum</i>	Poréhagyma
<i>Allium sativum</i>	Fokhagyma
<i>Allium schoenoprasum</i>	Metélőhagyma
<i>Allium tuberosum</i>	Tatár hagyma
<i>Alopecurus pratensis</i>	Réti ecsetpázsit
<i>Amaranthus caudatus</i>	Bókoló amaránt
<i>Amaranthus cruentus</i>	Bíbor amaránt
<i>Amaranthus hypochondriacus</i>	Piros amaránt
<i>Amygdalus communis</i> ( <i>Prunus dulcis</i> var. <i>sativa</i> )	Édesmandula
<i>Anethum graveolens</i>	Kapor
<i>Anthoxanthum odoratum</i>	Illatos borjúpázsit
<i>Anthyllis vulneraria</i> subsp. <i>vulneraria</i>	Nyúlszapuka
<i>Apium graveolens</i> var. <i>graveolens</i>	Erősszagú zeller
<i>Apium graveolens</i> var. <i>rapaceum</i>	Kerti zeller
<i>Apium graveolens</i> var. <i>secalinum</i>	Metélőzeller
<i>Arachis hypogaea</i>	Amerikaimogyoró
<i>Arrhenatherum elatius</i>	Franciaperje
<i>Asparagus officinalis</i>	Spárga
<i>Atriplex hortensis</i>	Kerti laboda
<i>Avena byzantina</i>	Bizánci zab
<i>Avena sativa</i>	Abrakzab
<i>Avena strigosa</i>	Érdes zab
<i>Basella alba</i>	Fehér spenót
<i>Benincasa hispida</i>	Viasztök
<i>Beta vulgaris</i> var. <i>cicla</i>	Mangold
<i>Beta vulgaris</i> var. <i>conditiva</i>	Cékla
<i>Beta vulgaris</i> var. <i>crassa</i>	Takarmányrépa
<i>Beta vulgaris</i> var. <i>altissima</i>	Cukorrépa

<i>Borago officinalis</i>	Kerti borágó
<i>Brassica juncea</i>	Szareptai mustár
<i>Brassica napus</i> subsp.napus	Olajrepe
<i>Brassica napus</i> var.napobrassica	Karórépa
<i>Brassica nigra</i>	Fekete mustár
<i>Brassica oleracea</i> convar.acephala var.goygolodes	Karalábé
<i>Brassica oleracea</i> convar.acephala var.sabellica	Szárnyas káposzta
<i>Brassica oleracea</i> convar.acephala var.viridis (acephala)	Marhakáposzta
<i>Brassica oleracea</i> convar.botrytis var.botrytis	Karfiol
<i>Brassica oleracea</i> convar.botrytis var.italica	Brokkoli
<i>Brassica oleracea</i> convar.capitata var.capitata f.alba	Fejes káposzta
<i>Brassica oleracea</i> convar.capitata var.capitata f.rubra	Vörös káposzta
<i>Brassica oleracea</i> convar.capitata var.sabauda	Kelkáposzta
<i>Brassica oleracea</i> convar.fruticosa var.gemmifera	Bimbóskel
<i>Brassica rapa</i> subsp.rapa (campestris var.rapifera)	Tarlórépa
<i>Brassica rapa</i> subsp.chinensis	Kínai káposzta
<i>Brassica rapa</i> subsp.pekinensis	Pekingi káposzta
<i>Bromus erectus</i>	Sudár rozsok
<i>Bromus inermis</i>	Árva rozsok
<i>Cajanus cajan</i>	Kajánbab
<i>Calendula officinalis</i>	Körömvirág
<i>Callistephus chinensis</i>	Kerti őszirózsa
<i>Camelina sativa</i>	Magvas gomborka
<i>Cannabis sativa</i>	Kender
<i>Capsicum annuum</i> var.cerasiforme	Cseresznyepaprika
<i>Capsicum annuum</i> var.grossum	Étkezési paprika
<i>Capsicum annuum</i> var.longum	Fűszerpaprika
<i>Capsicum annuum</i> var.lycopersiciforme	Paradicsompaprika
<i>Capsicum baccatum</i>	Bogyós paprika
<i>Capsicum frutescens</i>	Cserjés (chili) paprika
<i>Carthamus tinctorius</i>	Sáfrányos széklice
<i>Carum carvi</i>	Fűszerkömény
<i>Chamomilla recutita</i>	Orvosi székfű
<i>Cheiranthus cheiri</i>	Sárgaviola
<i>Clarkia elegans</i>	Pompás klárka
<i>Cicer arietinum</i>	Csicseriborsó
<i>Cichorium endivia</i>	Endívia
<i>Cichorium intybus</i> var.foliosum	Cikóriakatáng
<i>Citrullus lanatus</i> subsp.lanatus	Takarmány görögdinnye
<i>Citrullus lanatus</i> subsp.vulgaris	Görögdinnye
<i>Citrullus colocynthis</i>	Sártök
<i>Cnicus benedictus</i>	Benedekfű
<i>Coix lacryma-jobi</i> var.ma-yuen	Jób könnye
<i>Coriandrum sativum</i>	Koriánder
<i>Coronilla varia</i>	Tarka koronafürt
<i>Cosmos bipinnatus</i>	Sallangos pillangóvirág



<i>Cosmos sulphureus</i>	Sárga pillangóvirág
<i>Crambe abyssinica</i>	Abesszín tátorján
<i>Crotalaria juncea</i>	Krotalária (Bengálikender)
<i>Cucumis anguria</i>	Anguria uborka
<i>Cucumis melo</i>	Sárgadinnye
<i>Cucumis sativus</i>	Uborka
<i>Cucurbita ficifolia</i>	Laskatök
<i>Cucurbita maxima</i>	Sütőtök
<i>Cucurbita moschata</i>	Pézsmatök
<i>Cucurbita pepo</i> subsp. <i>pepo</i> convar <i>microcarpina</i>	Dísz tök
<i>Cucurbita pepo</i> convar. <i>giromotiina</i>	Cukkini (Csíkos tök)
<i>Cucurbita pepo</i> convar. <i>patissonina</i>	Csillagtök (Patisszon)
<i>Cucurbita pepo</i> convar. <i>pepo</i>	Úritök (Étkezési spárgatök)
<i>Cydonia oblonga</i>	Birs
<i>Cynara cardunculus</i>	Kárdi
<i>Cynoglossum officinale</i>	Orvosi ebnyelvfű
<i>Cynoglossum amabile</i>	Kerti ebnyelvfű
<i>Cynosurus cristatus</i>	Taréjos cincor
<i>Cyperus esculentus</i>	Mandulafű
<i>Cyperus involucratus</i> (alternifolius subsp. <i>flabelliformis</i> )	Galléros palka
<i>Dactylis glomerata</i>	Csomós ebír
<i>Dalea gattingeri</i> ( <i>Petalostemon</i> )	Bíborrojt
<i>Datura innoxia</i>	Indián maszlag
<i>Datura metel</i>	Egyiptomi maszlag
<i>Datura meteloides</i>	Maszlag
<i>Datura stramonium</i>	Csattanó maszlag
<i>Daucus carota</i> subsp. <i>sativus</i>	Sárgarépa
<i>Deschampsia cespitosa</i>	Sédbúza
<i>Desmodium canadense</i>	Kanadai hüvelycsomó
<i>Dianthus barbatus</i>	Török szegfű (Szakállas)
<i>Dianthus deltoides</i>	Fenyérszegfű (Mezei)
<i>Dianthus plumarius</i>	Tollas szegfű (Német)
<i>Digitalis ferruginea</i>	Rozsdás gyűszűvirág
<i>Digitalis purpurea</i>	Piros gyűszűvirág
<i>Digitaria sanguinalis</i>	Pirók ujjasmuhar
<i>Dorycnium pentaphyllum</i>	Cserjésedő dárda here
<i>Dracocephalum moldavica</i>	Kerti sárkányfű
<i>Echinacea purpurea</i>	Lángvörös kasvirág
<i>Echinochloa colonum</i> ( <i>Panicum colonum</i> )	Sáma-köles
<i>Echinochloa crus-galli</i> var. <i>frumentacea</i>	Japánköles
<i>Echinops ruthenicus</i> subsp. <i>ritro</i>	Kék szamárkenyér
<i>Eleusine coracana</i>	Ujjasköles
<i>Eleusine indica</i>	Aszályfű
<i>Eragrostis tef</i> ( <i>Poa abyssinica</i> )	Abesszín tőtippán (Tef)
<i>Eruca sativa</i>	Borsmustár
<i>Eupatorium cannabinum</i>	Kenderpakóca (Sédkender)

<i>Euphorbia lathyris</i>	Kerti sárfű (Hasindító kutyatej)
<i>Fagopyrum esculentum</i>	Pohánka (Hajdina)
<i>Fagopyrum tataricum</i>	Tatárka
<i>Festuca arundinacea</i>	Nádképű csenkesz
<i>Festuca heterophylla</i>	Felemáslevelű csenkesz
<i>Festuca ovina</i>	Juhcsenkesz
<i>Festuca pratensis</i>	Réti csenkesz
<i>Festuca rubra</i>	Vörös csenkesz
<i>Festuca sulcata (rupicola)</i>	Barázdált csenkesz (Pusztai)
<i>Foeniculum vulgare</i>	Édeskömény
<i>Fragaria ananassa</i>	Szamóca
<i>Galega officinalis</i>	Kecskeruta
<i>Gazania rigens (splendens)</i>	Pompás záporvirág
<i>Gentiana lutea</i>	Sárga tárnics
<i>Glycine max</i>	Szója
<i>Glycyrrhiza glabra</i>	Édesgyökér
<i>Gomphrena globosa</i>	Kerti golyófüzény (Bíborka)
<i>Gossypium hirsutum</i>	Hegyvidéki gyapot
<i>Guizotia abyssinica</i>	Négermag
<i>Gypsophila elegans</i>	Kerti fátyolvirág
<i>Helianthus annuus</i>	Termesztett napraforgó
<i>Helianthus tuberosus</i>	Csicsóka
<i>Helichrysum bracteatum</i>	Kerti szalmavirág
<i>Hibiscus cannabinus</i>	Rostmályva (Kenáf)
<i>Hibiscus esculentus</i>	Gombó (Bámia, Okra)
<i>Holcus lanatus</i>	Gyapjas selyemperje
<i>Hordeum jubatum</i>	Díszárpa
<i>Hordeum vulgare var. distichon</i>	Kétsoros árpa (Tavaszi)
<i>Hordeum vulgare var. hexastichon</i>	Hatsoros árpa (Őszi)
<i>Hypericum perforatum</i>	Közönséges orbáncfű
<i>Hyssopus officinalis</i>	Izsóp
<i>Iberis amara</i>	Kerti tatárvirág
<i>Iberis umbellata</i>	Ernyős tatárvirág
<i>Ibicella lutea</i>	Sárga ördögszarv
<i>Impatiens balsamina</i>	Keri fájvirág (Nenyúljhózzám)
<i>Inula helenium</i>	Örménygyökér
<i>Ipomoea batatas</i>	Édesburgonya (Batáta)
<i>Ipomoea bona-nox</i>	Hajnalka
<i>Ipomoea purpurea</i>	Bíboros hajnalka
<i>Juglans regia</i>	Közönséges dió
<i>Lablab purpureus (Dolichos lablab)</i>	Sisakbab
<i>Lactuca sativa var. angustana (asparagina)</i>	Spárgasaláta
<i>Lactuca sativa var. capitata</i>	Fejes saláta
<i>Lactuca sativa var. crispa</i>	Metélősaláta (Tépő)
<i>Lactuca sativa var. longifolia</i>	Kötözősaláta
<i>Lagenaria siceraria</i>	Lopótök

<i>Lallemantia iberica</i>	Feketeszezám
<i>Lathyrus sativus</i>	Szegletes lednek
<i>Lathyrus cicera</i>	Csicserilednek
<i>Lathyrus odoratus</i>	Szagos lednek
<i>Lavandula angustifolia</i>	Keskenyleveű levendula
<i>Lavandula latifolia</i>	Széleslevelű levendula
<i>Lens culinaris</i>	Termesztett lencse
<i>Leonurus cardiaca</i>	Szúrós gyógyajak
<i>Lepidum sativum</i>	Kerti zsázsa
<i>Levisticum officinale</i>	Lestyán
<i>Limonium sinuatum</i>	Kerti sóvirág
<i>Linum usitatissimum</i> var. <i>mediterraneum</i>	Olajlen
<i>Linum usitatissimum</i> var. <i>usitatissimum</i>	Rostlen
<i>Lolium perenne</i>	Angolperje
<i>Lolium multiflorum</i>	Olaszperje
<i>Lotus corniculatus</i>	Szarvaskerep
<i>Luffa acutangula</i>	Szivacsök
<i>Lupinus albus</i>	Fehér csillagfürt
<i>Lupinus angustifolius</i>	Keskenylevelű csillagfürt
<i>Lupinus luteus</i>	Sárga csillagfürt
<i>Lupinus polyphyllus</i>	Erdei csillagfürt
<i>Lycopersicon esculentum</i> convar. <i>esculentum</i> var. <i>esculentum</i>	Termesztett paradicsom
<i>Lycopersicon esculentum</i> convar. <i>parvibaccatum</i> var. <i>cerasiforme</i>	Cseresznyeparadicsom
<i>Lycopersicon esculentum</i> convar. <i>parvibaccatum</i> var. <i>pyriforme</i>	Körteparadicsom
<i>Lycopersicon pimpinellifolium</i>	Ribiszke paradicsom
<i>Malus domestica</i>	Alma
<i>Malva verticillata</i>	Takarmány mályva
<i>Medicago sativa</i>	Termesztett lucerna
<i>Medicago x varia</i>	Homoki lucerna
<i>Melilotus alba</i>	Fehér somkóró
<i>Melissa officinalis</i>	Citromfű
<i>Mentha x piperita</i>	Borsmenta
<i>Mespilus germanica</i>	Naspolya
<i>Mirabilis jalapa</i>	Csodatölcsér
<i>Momordica balsamina</i>	Balzsamalma
<i>Momordica charantia</i>	Balzsamuborka (Momordika)
<i>Morus nigra</i>	Fekete eperfa
<i>Morus alba</i>	Fehér eperfa
<i>Nasturtium officinale</i>	Vízitorma
<i>Nicotiana glauca</i> (affinis)	Díszdohány
<i>Nicotiana glauca</i>	Kapadohány
<i>Nicotiana glauca</i>	Közönséges dohány
<i>Nigella damascena</i>	Kerti katicavirág
<i>Nigella arvensis</i>	Szőrös katicavirág
<i>Ocimum basilicum</i>	Kerti bazsalikom
<i>Ocimum gratissimum</i>	Gerezd bazsalikom

<i>Onobrychis viciifolia</i>	Baltacim
<i>Origanum majorana</i>	Majoránna
<i>Ornithopus sativus</i>	Szerradella (Vetési csibeláb)
<i>Oryza sativa</i>	Termesztett rizs
<i>Panicum miliaceum</i>	Termesztett köles
<i>Papaver bracteatum</i>	Murvásmák
<i>Papaver orientale</i>	Dízmák
<i>Papaver somniferum</i>	Termesztett mák
<i>Pastinaca sativa</i>	Pasztinák
<i>Petroselinum crispum</i>	Petrezselyem
<i>Petunia x hybrida</i>	Nagyvirágú petúnia
<i>Phacelia tanacetifolia</i>	Mézontófü
<i>Phalaris canariensis</i>	Fénymag
<i>Phaseolus acutifolius</i> var. <i>latifolius</i>	Tepari bab
<i>Phaseolus coccineus</i> subsp. <i>coccineus</i>	Tűzbab
<i>Phaseolus lunatus</i> var. <i>lunatus</i>	Limabab
<i>Phaseolus vulgaris</i> var. <i>nanus</i>	Bokorbab
<i>Phaseolus vulgaris</i> var. <i>vulgaris</i> (zebra var. <i>purpurascens</i> )	Karósbab
<i>Phleum pratense</i>	Mezei komócsin
<i>Physalis ixocarpa</i> (philadelphica)	Mexikói földicseresznye
<i>Physalis peruviana</i>	Ehető földicseresznye
<i>Physalis pruinosa</i>	Édes földicseresznye
<i>Phytolacca americana</i>	Amerikai alkörmös
<i>Pimpinella anisum</i>	Ánizs
<i>Pisum sativum</i> convar. <i>axiphium</i>	Cukorborsó
<i>Pisum sativum</i> convar. <i>medullare</i>	Velőborsó
<i>Pisum sativum</i> convar. <i>speciosum</i>	Takarmányborsó
<i>Pyrus domestica</i>	Körte
<i>Poa pratensis</i>	Réti perje
<i>Portulaca grandiflora</i>	Porcsinrózsa (Kossuth-csillag)
<i>Portulaca oleracea</i> var. <i>sativa</i>	Termesztett porcsin
<i>Proboscidea louisianica</i>	Zergeszarv
<i>Prunus amygdalus</i>	Mandula
<i>Prunus avium</i>	Cseresznye
<i>Prunus cerasus</i>	Meggy
<i>Prunus domestica</i>	Szilva
<i>Prunus armeniaca</i>	Kajszi
<i>Prunus persica</i>	Őszibarack
<i>Raphanus sativus</i> var. <i>oliferus</i>	Olajretek
<i>Raphanus sativus</i> var. <i>niger</i>	Fekete retek
<i>Raphanus sativus</i> var. <i>sativus</i>	Hónapos retek
<i>Rheum rhaponticum</i>	Közönséges rebarbara
<i>Ribes nigrum</i>	Feketeribiszke
<i>Ribes rubrum</i>	Kerti ribiszke
<i>Ribes uva-crispa</i>	Köszméte (Egres)
<i>Ricinus communis</i>	Ricinus

<i>Rubus idaeus</i>	Málna
<i>Rubia tinctorum</i>	Festő buzér
<i>Rudbeckia hirta</i>	Borzas kúpvirág
<i>Rumex acetosa</i> var. <i>hortensis</i> ( <i>rugosus</i> )	Kerti sóska
<i>Ruta graveolens</i>	Kerti ruta
<i>Salvia farinacea</i>	Hamvas zsálya
<i>Salvia officinalis</i>	Orvosi zsálya (Kerti)
<i>Salvia sclarea</i>	Muskotályzsálya
<i>Sambucus nigra</i>	Fekete bodza
<i>Satureja hortensis</i>	Csombor (Borsikafű)
<i>Scorzonera hispanica</i>	Feketegyökér (Spanyol pozdor)
<i>Scrophularia nodosa</i>	Göcsös görvélyfű
<i>Secale cereale</i>	Termesztett rozs
<i>Sesamum indicum</i>	Szezám
<i>Setaria italica</i> var. <i>maxima</i>	Óriás muhar (Csumiz)
<i>Setaria italica</i> var. <i>moharia</i>	Olasz muhar
<i>Silybum marianum</i>	Máriatövis
<i>Silphium perfoliatum</i>	Csészekóró (Szilfium)
<i>Sinapis alba</i>	Fehér mustár
<i>Solanum melongena</i>	Tojásgyümölcs (Padlizsán)
<i>Solanum tuberosum</i>	Burgonya
<i>Sorghum bicolor</i> subsp. <i>bicolor</i>	Szemes cirok
<i>Sorghum bicolor</i> subsp. <i>caffrorum</i>	Kaffer cirok
<i>Sorghum bicolor</i> subsp. <i>durra</i>	Durra köles
<i>Sorghum bicolor</i> subsp. <i>saccharatum</i>	Cukorcirok
<i>Sorghum dochna</i> var. <i>technicum</i>	Seprűcirok
<i>Sorghum sudanense</i>	Szudánifű
<i>Spinacea oleracea</i>	Spenót
<i>Tagetes patula</i>	Bársonyvirág (büdöske)
<i>Tetragonia tetragonioides</i>	Új-zélandi spenót
<i>Thymus vulgaris</i>	Kerti kakukkfű
<i>Tithonia rotundifolia</i> ( <i>speciosa</i> )	Pompás napranéző (Titónia)
<i>Trichosanthes anguina</i>	Kígyóuborka
<i>Trifolium alexandrinum</i>	Alexandriai here
<i>Trifolium hybridum</i>	Korcs here (Svéd here)
<i>Trifolium incarnatum</i>	Bíbor here
<i>Trifolium pratense</i>	Vöröshere
<i>Trifolium repens</i>	Féherhere
<i>Trifolium resupinatum</i>	Perzsahere
<i>Trigonella caerulea</i>	Kékhere
<i>Trigonella foenum-graecum</i>	Görögszéna
<i>Triticum aestivum</i>	Közönséges búza
<i>Triticum compactum</i>	Tömör búza (törpe)
<i>Triticum dicoccon</i>	Tönke
<i>Triticum durum</i>	Kemény szemű búza (Dúrum)
<i>Triticum monococcum</i>	Alakor

<i>Triticum polonicum</i>	Lengyel búza
<i>Triticum sinskajae</i>	Csupaszszemű alakor
<i>Triticum spelta</i>	Tönköly
<i>Triticum turgidum</i>	Angol búza (Hasas)
x <i>Triticosecale</i>	Tritikálé
<i>Tropaeolum majus</i>	Nagy sarkantyúka
<i>Valeriana officinalis</i>	Orvosi Macskagyökér
<i>Valerianella locusta</i>	Galambbegy saláta (Madársaláta)
<i>Vicia ervilia</i>	Cicorlencse
<i>Vicia faba</i>	Lóbab
<i>Vicia pannonica</i>	Pannon bükköny
<i>Vicia narbonensis</i>	Római bükköny
<i>Vicia sativa</i>	Takarmánybükköny
<i>Vicia villosa</i>	Szöszös bükköny
<i>Vigna angularis</i>	Adzukibab
<i>Vigna mungo</i>	Mungóbab
<i>Vigna unguiculata</i> subsp.cylindrica	Homoki bab
<i>Vigna unguiculata</i> subsp.sesquipedalis	Ölesbab
<i>Vitis vinifera</i>	Szőlő
<i>Zea mays</i> convar.dentiformis	Lófogú kukorica
<i>Zea mays</i> convar.mays	Kemény szemű kukorica
<i>Zea mays</i> convar.mays var. japonica	Díszkukorica
<i>Zea mays</i> convar.mays var.tunicata	Pelyvás kukorica
<i>Zea mays</i> convar.microsperma	Pattogató kukorica
<i>Zea mays</i> convar.saccharata	Csemegekukorica
<i>Zinnia angustifolia</i> (linearis)	Keskenylevelű rézvirág
<i>Zinnia elegans</i>	Pompás rézvirág
<i>Zinnia haageana</i>	Sáfrányos rézvirág
<i>Zinnia peruviana</i>	Perui rézvirág
<i>Zizania aquatica</i>	Indiánrizs

**Annex 7.: Settlements with a number of inhabitants less than 5.000 or with a population density under 100 persons/sq km (without the settlements of the Budapest agglomeration)**

Aba	Alsópetény	Bácsborsód
Abádszalók	Alsórajk	Bácsszentgyörgy
Abaliget	Alsóregmec	Bácsszőlős
Abasár	Alsószenterzsebét	Badacsonytomaj
Abaújalpár	Alsószentiván	Badacsonytördemic
Abaújkér	Alsószentmárton	Bag
Abaújlak	Alsószölnök	Bagamér
Abaújszántó	Alsószuha	Baglad
Abaújszolnok	Alsótelekes	Bagod
Abaújvár	Alsótold	Bágyogszovát
Abda	Alsóújlak	Baj
Abod	Alsóvadász	Bajánsenye
Ábrahámhegy	Ambrózfalva	Bajna
Ács	Anarcs	Bajót
Acsa	Andocs	Bak
Acsád	Andornaktálya	Bakháza
Acsalag	Andrásfa	Bakóca
Ácstesztér	Annavölgy	Bakonszeg
Adács	Apácatorna	Bakonya
Ádánd	Apagy	Bakonybánk
Adásztevel	Apaj	Bakonybél
Adony	Aparhant	Bakonycernye
Adorjánháza	Apátfalva	Bakonygyirót
Adorjás	Apátistvánfalva	Bakonyjákó
Ág	Apátvarasd	Bakonykoppány
Ágasegyháza	Apc	Bakonykúti
Ágfalva	Áporka	Bakonynána
Aggtelek	Apostag	Bakonyoszlop
Agyagosszergény	Aranyosapáti	Bakonypéterd
Ajak	Aranyosgadány	Bakonypölöske
Aka	Arka	Bakonyság
Akaszto	Arló	Bakonysárkány
Alacska	Arnót	Bakonyszentiván
Alap	Ároktó	Bakonyszentkirály
Alattyán	Árpádhalom	Bakonyszentlászló
Alcsútdoboz	Árpás	Bakonyszombathely
Aldebrő	Ártánd	Bakonyszücs
Algyő	Ásothalom	Bakonytamási
Alibánfa	Ásványráró	Baks
Almamellék	Aszaló	Baksa
Almásfüzitő	Ászár	Baktakék
Almásháza	Aszófő	Baktalórántháza
Almáskamarás	Áta	Baktüttös
Almáskeresztúr	Átány	Balajt
Álmosd	Atkár	Balástya
Alsóberecki	Attala	Balaton
Alsóbogát	Babarc	Balatonakali
Alsódobsza	Babarcszőlős	Balatonberény
Alsógagy	Babócsa	Balatoncsicsó
Alsómocsolád	Bábolna	Balatonederics
Alsónána	Bábonymegyer	Balatonendréd
Alsónemesapáti	Babosdöbréte	Balatonfenyves
Alsónyék	Babót	Balatonfőkajár
Alsóörs	Bácsalmás	Balatonföldvár
Alsópáhok	Bácsbokod	Balatonfűzfő



Balatongyörök	Battonya	Bezeréd
Balatonhenye	Bátya	Bezi
Balatonkenese	Batyk	Bicsérd
Balatonkeresztúr	Bázakerettye	Bihardancsháza
Balatonmagyaród	Bazsi	Biharkeresztes
Balatonmáriafürdő	Béb	Biharnagybajom
Balatonőszöd	Becsehely	Bihartorda
Balatonrendes	Becske	Biharugra
Balatonszabadi	Becskeháza	Bikács
Balatonzárszó	Becsvölgye	Bikal
Balatonzemes	Bedegkér	Biri
Balatonszentgyörgy	Bedő	Birján
Balatonszepes	Bejczyertyános	Bisse
Balatonszőlős	Békás	Boba
Balatonudvari	Bekecs	Bocfölde
Balatonújlak	Békéssámson	Boconád
Balatonvilágos	Békésszentandrás	Bócsa
Balinka	Bekölce	Bocska
Balkány	Bélapátfalva	Bocskaikert
Ballószög	Bélavár	Boda
Balmazújváros	Belecska	Bodajk
Balogunyom	Beled	Bodmér
Balotaszállás	Beleg	Bodolyabér
Balsa	Belezna	Bodonhely
Bálványos	Bélmegyer	Bodony
Bana	Beloiannisz	Bodorfa
Bánd	Belsőárd	Bodrog
Bánfa	Belvárdgyula	Bodroghalom
Bánhorváti	Benk	Bodrogkeresztúr
Bánk	Bénye	Bodrogkisfalud
Bánokszentgyörgy	Bér	Bodrogolaszi
Bánréve	Bérbaltavár	Bódvalenke
Bár	Bercel	Bódvarákó
Barabás	Beregdaróc	Bódvaszilás
Baracs	Beregsurány	Bogács
Baracska	Berekbőszörmény	Bogád
Báránd	Berekfürdő	Bogádmindszent
Baranyahídvég	Beremend	Bogdása
Baranyajenő	Berente	Bogyiszló
Baranyaszentgyörgy	Beret	Bogyoszló
Barbacs	Berettyóújfalu	Bojt
Barcs	Berkenye	Bókaháza
Bárdudvarnok	Berkesd	Bokod
Barlahida	Berkesz	Bokor
Bárna	Bernecebaráti	Boldog
Barnag	Berzék	Boldogasszonyfa
Bársonyos	Berzence	Boldogkőújfalu
Basal	Besence	Boldogkővára
Baskó	Besenyőd	Boldva
Báta	Besenyőtelek	Bolhás
Bátaapáti	Besenyszög	Bolhó
Baté	Besnyő	Bóly
Bátmonostor	Beszterc	Boncodfölde
Bátor	Bezedek	Bonyhádvarasd
Bátorliget	Bezenye	Bonnya

Bordány	Büssü	Csengersima
Borgáta	Büttös	Csengerújfalu
Borjád	Cák	Csengőd
Borota	Cakóháza	Csénye
Borsfa	Cece	Csenyéte
Borsodbóta	Cégénydányád	Csép
Borsodgeszt	Ceglédbercel	Csépa
Borsodivánka	Cered	Csepreg
Borsodnásasd	Chernelházadamonya	Csér
Borsodszentgyörgy	Cibakháza	Cserdi
Borsodszirák	Cigánd	Cserénfa
Borsosberény	Cikó	Cserépfalu
Borszörcsök	Cirák	Cserépváralja
Borzavár	Cún	Cserháthaláp
Bosta	Csabacsüd	Cserhátsurány
Botpalád	Csabaszabadi	Cserhátszentiván
Botykapeterd	Csabdi	Cserkeszölő
Bozzai	Csabrendek	Cserkút
Bozsok	Csáfordjánosfa	Csernely
Bózsva	Csaholc	Cserszegtomaj
Bő	Csajág	Csertalakos
Bőcs	Csákány	Csertó
Böde	Csákánydoroszló	Csesznek
Bödeháza	Csákberény	Csesztreg
Bögöt	Csákvár	Csesztve
Bögöte	Csanádalberti	Csetény
Böhönye	Csanádapáca	Csévharaszt
Bököny	Csanádpalota	Csibrák
Bölcske	Csánig	Csikéria
Bőny	Csány	Csikóstóttós
Börcs	Csányoszró	Csikvánd
Börzönce	Csanytelek	Csincse
Bősárkány	Csapi	Csipkerek
Bőszénfa	Csapod	Csitár
Bucsa	Csárdaszállás	Csobád
Bucusu	Csarnóta	Csobaj
Búcsúszentlászló	Csaroda	Csókakő
Bucsuta	Császár	Csokonyavisonta
Bugac	Császártöltés	Csokvaomány
Bugacpusztaháza	Császló	Csolnok
Bugyi	Csátalja	Csolyospálos
Buj	Csatár	Csoma
Buják	Csataszög	Csombárd
Buzsák	Csatka	Csonkahegyhát
Bük	Csávoly	Csonkamindszent
Bükkábrány	Csebény	Csopak
Bükkaranyos	Csécse	Csór
Bükkmogyorósd	Csegöld	Csorvás
Bükkösd	Csehbánya	Csót
Bükkszék	Csehi	Csóde
Bükkszenterzsébet	Csehimindszent	Csőgle
Bükkszentkereszt	Csém	Csőkmő
Bükkszentmárton	Csemő	Csököly
Bükkszérc	Csempezkopács	Csömend
Bürös	Csengele	Csömödér

Csönge	Dombegyház	Ebergőc
Csörnyeföld	Dombiratos	Ebes
Csörög	Dombrád	Écs
Csörötnek	Domony	Ecséd
Csősz	Domoszló	Ecseg
Csővár	Dormánd	Ecsegfalva
Csurgó	Dorogháza	Ecseny
Csurgónagymarton	Dozmat	Edde
Dabas	Döbörhegy	Edve
Dabronc	Döbröce	Egerág
Dabrony	Döbrököz	Egeralja
Dad	Döbrönte	Egeraracsa
Dág	Döge	Egerbakta
Dáka	Dömös	Egerbocs
Dalmand	Dömsöd	Egercsehi
Damak	Dör	Egerfarmos
Dámóc	Dörgicse	Egerlövő
Dánszentmiklós	Döröske	Egerszalók
Dány	Dötk	Egerszólát
Daraboshegy	Dövény	Égerszög
Darány	Drágszél	Egervár
Darnó	Drávacsehi	Egervölgy
Darnózseli	Drávacsepely	Egyed
Daruszentmiklós	Drávafok	Egyek
Darvas	Drávagárdony	Egyházasdengeleg
Dávod	Drávaiványi	Egyházasfalu
Debercsény	Drávakeresztúr	Egyházasgerge
Debréte	Dráwapalkonya	Egyházasharaszti
Decs	Dráwapiski	Egyházashetye
Dédestapolcsány	Drávaszabolcs	Egyházashollós
Dég	Drávaszerdahely	Egyházaskesző
Dejtár	Drávasztára	Egyházaskozár
Demecser	Drávatamási	Egyházasrádóc
Demjén	Drégelypalánk	Elek
Dencsháza	Dubicsány	Ellend
Dénesfa	Dudar	Előszállás
Derecske	Duka	Encsencs
Derekegyház	Dunaalmás	Endrefalva
Deszk	Dunaegyháza	Endrőc
Detek	Dunafalva	Enese
Detk	Dunaföldvár	Enying
Dévaványa	Dunakiliti	Eperjes
Devecser	Dunapataj	Eperjeske
Dinnyeberki	Dunaremete	Eplény
Diósberény	Dunaszeg	Epöl
Diósjenő	Dunaszekcső	Erdőbénye
Dióskál	Dunaszentbenedek	Erdőhorváti
Diósvizlő	Dunaszentgyörgy	Erdőkövesd
Doba	Dunaszentmiklós	Erdőkürt
Doboz	Dunaszentpál	Erdősmárok
Dobri	Dunasziget	Erdősmecske
Dobronhegy	Dunatétlen	Erdőtarcsa
Dóc	Dunavecse	Erdőtelek
Domaháza	Dusnok	Erk
Domaszék	Dúzs	Érpatak

Érsekcsanád	Felsőtelekes	Galgamácsa
Érsekhalma	Felsőtold	Gálosfa
Érsekvadkert	Felsővadász	Galvács
Értény	Fényeslitke	Gamás
Erzsébet	Fenyőfő	Ganna
Esztár	Ferencszállás	Gánt
Eszteregnye	Fertőboz	Gara
Esztergályhorváti	Fertőd	Garáb
Ete	Fertőendréd	Garabonc
Etes	Fertőhomok	Garadna
Etyek	Fertőrákos	Garbolc
Fábiánháza	Fertőszentmiklós	Garé
Fábiánsebestyén	Fertőszéplak	Gasztony
Fácánkert	Fiad	Gátér
Fadd	Filkeháza	Gávavencsellő
Fáj	Fityeház	Géberjén
Fajsz	Foktó	Gecse
Fancsal	Folyás	Géderlak
Farád	Fonó	Gégény
Farkasgyepű	Fony	Gelej
Farkaslyuk	Forráskút	Gelénes
Farmos	Forró	Gellénháza
Fazekasboda	Földeák	Gelse
Fedémes	Földes	Gelsesziget
Fehértó	Főnyed	Gemzse
Fehérvárcsurgó	Fulókércs	Gencsapáti
Feked	Furta	Gérce
Feketeerdő	Füle	Gerde
Felcsút	Fülesd	Gerendás
Feldebrő	Fülöp	Gerényes
Felgyő	Fülöpháza	Geresdlak
Felpéc	Fülöpkab	Gerjen
Felsőberecki	Fülöpszállás	Gersekarát
Felsőcsatár	Fülpösdaróc	Geszt
Felsődobsza	Fürged	Gesztely
Felsőegerszeg	Füzér	Gesztérd
Felsőgagy	Füzérkajata	Gétye
Felsőjánosfa	Füzérkamlós	Gic
Felsőkelecsény	Füzérradvány	Gige
Felsőlajos	Füzesgyarmat	Gilvánfa
Felsőmarác	Fűzvölgy	Girincs
Felsőmocsolád	Gáborján	Gógánfa
Felsőnána	Gáborjánháza	Golop
Felsőnyárád	Gacsály	Gomba
Felsőnyék	Gadács	Gomboszeg
Felsőörs	Gadány	Gór
Felsőpáhok	Gadna	Gordisa
Felsőpetény	Gádoros	Gosztola
Felsőrajk	Gagyapáti	Gödre
Felsőregmec	Gagybátor	Gölle
Felsőszenterzsébet	Gagyvendégi	Gömörszőlős
Felsőszentiván	Galambok	Gönc
Felsőszentmárton	Galgaguta	Göncruszka
Felsőszölnök	Galgagyörk	Gönyű
Felsőtárkány	Galgahévíz	Görbeháza

Görcsöny	Hajdúszoboszló	Herencsény
Görcsönydoboka	Hajdúszovát	Herend
Görgeteg	Hajmás	Heresznye
Gősfá	Hajmáskér	Hermánszeg
Grábóc	Hajós	Hernád
Gulács	Halastó	Hernádbúd
Gutorfölde	Halászi	Hernádcéce
Gyalóka	Halimba	Hernádkak
Gyanógergye	Halmaj	Hernádkércs
Gyarmat	Halmajugra	Hernádnémeti
Gyékényes	Halogy	Hernádpetri
Gyenesdiás	Hangács	Hernádszentandrás
Gyepükaján	Hangony	Hernádszurdok
Gyermely	Hantos	Hernádvécse
Gyód	Harasztifalu	Hernyék
Gyomaendrőd	Harc	Hét
Gyóró	Harka	Hetefejércse
Gyömöre	Harkakötöny	Hetes
Gyöngyfa	Harkány	Hetvehely
Gyöngyösfalu	Háromfa	Hetyefő
Gyöngyöshalász	Háromhuta	Hevesaranyos
Gyöngyösmellék	Harsány	Hevesvezekény
Gyöngyösoroszi	Hárskút	Hévíz
Gyöngyöspata	Harta	Hévízgyörk
Gyöngyössolymos	Hásságy	Hidas
Gyöngyöstarján	Hédervár	Hidasnémeti
Gyönk	Hedrehely	Hidegkút
Győrasszonyfa	Hegyesd	Hidegség
Györe	Hegyeshalom	Hidvégardó
Györgyarló	Hegyfalva	Himesháza
Györköny	Hegyháthodász	Himod
Györladamér	Hegyhátmaróc	Hirics
Győröcske	Hegyhátsál	Hobol
Győrság	Hegyhátszentjakab	Hodász
Győrsövényház	Hegyhátszentmárton	Hódmezővásárhely
Győrszemere	Hegyhátszentpéter	Hollád
Györtelek	Hegykö	Hollóháza
Győrújfalva	Hegymagas	Hollókő
Győrvár	Hegymeg	Homokbödöge
Győrzámoly	Hegyszentmárton	Homokkomárom
Gyugy	Héhalom	Homokmégy
Gyulaháza	Hejce	Homokszentgyörgy
Gyulaj	Hejőbába	Homorúd
Gyulakeszi	Hejőkeresztúr	Homrogd
Gyúró	Hejőkürt	Hont
Gyügye	Hejőpapi	Horpács
Gyüre	Hejőszalonta	Hort
Gyűrűs	Helesfa	Hortobágy
Hács	Helvécia	Horváthertelend
Hagyárosbörönd	Hencida	Horvátlövő
Hahót	Hencse	Horvátzsidány
Hajdúbagos	Hercegekút	Hosszúhetény
Hajdúböszörmény	Hercegszántó	Hosszúpályi
Hajdúdorog	Heréd	Hosszúpereszteg
Hajdúnánás	Héreg	Hosszúvíz

Hosszúvölgy	Jákfalva	Kánó
Hosztót	Jákó	Kántorjánosi
Hottó	Jánd	Kány
Hőgyész	Jánkmajtis	Kánya
Hövej	Jánoshalma	Kányavár
Hugyag	Jánosháza	Kapolcs
Hunya	Jánoshida	Kápolna
Hunyadfalva	Jánossomorja	Kápolnásnyék
Husztót	Járdánháza	Kapoly
Ibafa	Jármi	Kaposfő
Iborfia	Jásd	Kaposgyarmat
Igal	Jászágó	Kaposhomok
Igar	Jászsalsószentgyörgy	Kaposkeresztúr
Igrici	Jászboldogháza	Kaposmérő
Iharos	Jászdózsa	Kapospula
Iharosberény	Jászfelsőszentgyörgy	Kaposújlak
Ikervár	Jászfényszaru	Kaposszekcső
Iklad	Jászivány	Kaposszerdahely
Iklanberény	Jászfákóhalma	Káptalanfa
Iklódbördőce	Jászkarajenő	Káptalantóti
Ikrény	Jáskisér	Kára
Iliny	Jászladány	Karácsond
Ilk	Jászszentandrás	Karád
Illocska	Jászszentlászló	Karakó
Imola	Jásztelek	Karakószörcsök
Imrehegy	Jéke	Karancsalja
Ináncs	Jenő	Karancsberény
Inárcs	Jobaháza	Karancskeszti
Inke	Jobbágyi	Karancslapujtó
Ipacsfa	Jósvafő	Karancsság
Ipolydamásd	Juta	Kárász
Ipolytarnóc	Kaba	Karcag
Ipolytölgyes	Kacorlak	Karcsa
Ipolyvece	Kács	Kardos
Iregszemcse	Kacsóta	Kardoskút
Irota	Kadarkút	Karmacs
Ispánk	Kajárpéc	Károlyháza
Istenmezeje	Kajászó	Karos
Istvándi	Kajdacs	Kásád
Iszkaszentgyörgy	Kakasd	Kaskantyú
Iszkáz	Kákics	Kastélyosdombó
Isztimér	Kakucs	Kaszaper
Ivád	Kál	Kaszó
Iván	Kalaznó	Katádfa
Ivánbattyán	Káld	Katafa
Ivánc	Kálló	Kátoly
Ivánca	Kállósd	Katymár
Ivándárda	Kállósemjén	Káva
Izmény	Kálmánca	Kávás
Izsák	Kálmánháza	Kazár
Izsófalva	Kálódfa	Kázsmárk
Jágónak	Káloz	Kazsok
Ják	Kám	Kecel
Jakabszállás	Kamond	Kecskéd
Jákfa	Kamut	Kehidakustány

Kék	Kétsoprony	Kiskunmajsa
Kékcse	Kétújfalu	Kiskutas
Kéked	Kétvölgy	Kisláng
Kékesd	Kéty	Kisléta
Kékkút	Kevermes	Kislippó
Kelebia	Kilimán	Kislőd
Keléd	Kimle	Kismányok
Kelemér	Kincsesbánya	Kismarja
Kéleshalom	Királd	Kismaros
Kelevíz	Királyegyháza	Kisnamény
Kemence	Királyhegyes	Kisnána
Kemendollár	Királyszentistván	Kisnémedi
Kemeneshőgyész	Kisapáti	Kisnyárad
Kemeneskápolna	Kisapostag	Kispalád
Kemenesmagasi	Kisar	Kispáli
Kemenesmihályfa	Kisasszond	Kispirit
Kemenespálfa	Kisasszonyfa	Kisrákos
Kemenessömjén	Kisbabot	Kisrécse
Kemenesszentmárton	Kisbágyon	Kisrosvág
Kemenesszentpéter	Kisbajcs	Kissikátor
Keménfa	Kisbajom	Kissomlyó
Kémes	Kisbárapáti	Kistamási
Kemestaródfa	Kisbárkány	Kistapolca
Kemse	Kisberény	Kistokaj
Kenderes	Kisberzseny	Kistolmács
Kenéz	Kisbeszterce	Kistormás
Kenézlő	Kisbodak	Kistótfalu
Kengyel	Kisbucsa	Kisújszállás
Kenyeri	Kisbudmér	Kisunyom
Kercaszomor	Kiscsécs	Kisvarsány
Kercseliget	Kiscsehi	Kisvásárhely
Kerecsend	Kiscsős	Kisvaszar
Kerecseny	Kisdér	Kisvejke
Kerekegyháza	Kisdobsza	Kiszombor
Kereki	Kisdombegyház	Kiszsidány
Kerékteleki	Kisdorog	Kisszállás
Keresztéte	Kisecset	Kisszékely
Kerkabarabás	Kisfalud	Kisszekeres
Kerkafalva	Kisfüzes	Kisszentmárton
Kerkakutas	Kisgörbő	Kissziget
Kerkáskápolna	Kisgyalán	Kisszőlős
Kerkaszentkirály	Kisgyőr	Klárafalva
Kerkateskánd	Kishajmás	Kocs
Kérsemjén	Kisharsány	Kocsér
Kerta	Kishartyán	Kocsola
Kertészsziget	Kisherend	Kocsord
Keszeg	Kishódos	Kóka
Kesznyéten	Kishuta	Kokad
Keszőhidegkút	Kisigmánd	Kolontár
Kesztölc	Kisjakabfalva	Komádi
Keszü	Kiskassa	Komjáti
Kétbodony	Kiskinizs	Komlódótfalu
Kétegyháza	Kiskorpád	Komlósd
Kéthely	Kisköre	Komlóska
Kétpó	Kiskunlacháza	Komoró

Kompolt	Kunágota	Létavértes
Kondó	Kunbaja	Letenye
Kondorfa	Kunbaracs	Letkés
Kondoros	Kuncsorba	Levél
Kóny	Kunfehértó	Levelek
Konyár	Kunhegyes	Libickozma
Kópháza	Kunmadaras	Lickóvadamos
Koppányszántó	Kunpeszér	Liget
Korlát	Kunszállás	Ligetfalva
Koroncó	Kunszentmárton	Lipót
Kórós	Kunszentmiklós	Lippó
Kosd	Kunsziget	Liptód
Kóspallag	Kup	Lispezentadorján
Kótaj	Kupa	Liszó
Kovácsbida	Kurd	Litér
Kovácsszénája	Kurtyán	Litka
Kovácsvágás	Kustánszeg	Litke
Kozárd	Kutas	Lócs
Kozmadombja	Kutasó	Lókút
Köblény	Kübekháza	Lónya
Köcsk	Külsősárd	Lórév
Kökény	Külsóvat	Lothárd
Kőkút	Küngös	Lovas
Kölcse	Lábod	Lovasberény
Kölesd	Lácacséke	Lovászhetény
Kölked	Lad	Lovászi
Kömlő	Ladánybene	Lovászpata
Kömlőd	Ládbesenyő	Lókősháza
Kömörő	Lajoskomárom	Lövő
Kömpöc	Lajosmizse	Lövőpetri
Környe	Lak	Lucfalva
Köröm	Lakhegy	Ludányhalászi
Kőröshegy	Lakitelek	Ludas
Körösadány	Lakócsa	Lukácsháza
Körösnyárharsány	Lánycsók	Lulla
Köröstarcsa	Lápfő	Lúzsok
Köröstimén	Lapáncsa	Mád
Körösújfalva	Laskod	Madaras
Körösszakál	Lasztonya	Madocsa
Körösszegapáti	Látrány	Maglóca
Kőszárhegy	Lázi	Mágocs
Kőszegdoroszló	Leányvár	Magosliget
Kőszegpaty	Lébény	Magy
Kőszegszerdahely	Legénd	Magyaralmás
Kötce	Legyesbénye	Magyaratád
Kötegyán	Léh	Magyarbánhegyes
Kötelek	Lénárdaróc	Magyarbóly
Kövágóörs	Lendvadedes	Magyarcsanak
Kövágószőlős	Lendvajakabfa	Magyardombegyház
Kövágótöttös	Lengyel	Magyaregregy
Kövegy	Lengyeltóti	Magyaregres
Köveskál	Lepsény	Magyarföld
Krasznokvajda	Lesencefalva	Magyargéc
Kules	Lesenceistvánd	Magyargencs
Kunadacs	Lesencetomaj	Magyarhertelend



Magyarhomorog	Mátraszele	Mezőszentgyörgy
Magyarkeresztúr	Mátraszentimre	Mezőszilas
Magyarkeszi	Mátraszőlős	Mezőtárkány
Magyarlak	Mátraterenye	Mezőtúr
Magyarlukafa	Mátraverebély	Mezőzombor
Magyarmecske	Mátyásdomb	Miháld
Magyarnádalja	Matty	Mihályfa
Magyarnándor	Mátyus	Mihálygerge
Magyarpolány	Máza	Mihályháza
Magyarsarlós	Mecseknádasd	Mihályi
Magyarszecsőd	Mecsekpölöske	Mike
Magyarszék	Mecsér	Mikebuda
Magyarszentmiklós	Medgyesbodzás	Mikekarácsonyfa
Magyarszerdahely	Medgyesegyháza	Mikepércs
Magyarszombatfa	Medina	Miklósi
Magyartelek	Megyaszó	Mikófalva
Majs	Megyehid	Mikóháza
Makád	Megyer	Mikosszéplak
Makkoshotyka	Meggyeskovácsi	Milejszeg
Maklár	Méhkerék	Milota
Malomsok	Méhtelek	Mindszentgodisa
Mályi	Mekényes	Mindszentkálta
Mályinka	Mélykút	Misefa
Mánd	Mencshely	Miske
Mándok	Mende	Miszla
Mánfa	Méra	Mocsa
Mány	Merenye	Mogyorósbánya
Maráza	Mérges	Mogyoróska
Marcalgergelyi	Mérk	Moha
Marcaltó	Mernye	Mohora
Márfa	Mersevát	Molnári
Máriaalom	Mesterháza	Molnaszecsőd
Máriakálnok	Mesteri	Molvány
Máriakéménd	Mesterszállás	Monaj
Márianosztra	Meszcs	Monok
Máriapócs	Meszlen	Mónosbél
Markaz	Mesztegnő	Monostorapáti
Márkháza	Mezőberény	Monostorpályi
Márkó	Mezőcsát	Monosló
Markóc	Mezőcsokonya	Monyoród
Markotabödöge	Meződ	Mórág
Maróc	Mezőfalva	Mórahalom
Marócsa	Mezőgyán	Móricgát
Márok	Mezőhegyes	Mórichida
Márokföld	Mezőhék	Mosdós
Márokpapi	Mezőkeresztes	Mosonszentmiklós
Maroslele	Mezőkomárom	Mosonszolnok
Mártély	Mezőladány	Mozsgó
Martonfa	Mezőlak	Mőcsény
Martonyi	Mezőnagy Mihály	Mucsfa
Mátételke	Mezőnyárad	Mucsi
Mátraballa	Mezőörs	Múcsony
Mátradercske	Mezőpeterd	Muhi
Mátramindszent	Mezősas	Murakeresztúr
Mátranovák	Mezőszemere	Murarátka

Muraszemenye	Nagykölked	Nemesborzova
Murga	Nagykörű	Nemesbőd
Murony	Nagykutas	Nemesbük
Nábrád	Nagylak	Nemescsó
Nadap	Nagylengyel	Nemesdéd
Nádasd	Nagylóc	Nemesgörzsöny
Nádasdladány	Nagylók	Nemesgulács
Nádudvar	Nagylózs	Nemeshany
Nágocs	Nagymágocs	Nemeshetés
Nagyacsád	Nagymányok	Nemeske
Nagyalásony	Nagymaros	Nemeskér
Nagyar	Nagymizdó	Nemeskeresztúr
Nagybajcs	Nagynyárád	Nemeskisfalud
Nagybajom	Nagyoroszi	Nemeskocs
Nagybakónak	Nagypáli	Nemeskolta
Nagybánhegyes	Nagypall	Nemesládony
Nagybaracska	Nagypeterd	Nemesmedves
Nagybarca	Nagypirit	Nemesnádudvar
Nagybárkány	Nagyrábé	Nemesnép
Nagyberény	Nagyrada	Nemespátró
Nagyberki	Nagyrákos	Nemesrádó
Nagybörzsöny	Nagyréce	Nemesrempehollós
Nagybudmér	Nagyréde	Nemessándorháza
Nagycenk	Nagyrév	Nemesvámos
Nagycsány	Nagyrosvágy	Nemesvid
Nagycsécs	Nagysáp	Nemesvita
Nagycepely	Nagysimonyi	Nemesszalók
Nagycserkesz	Nagyszakácsi	Nemesszentandrás
Nagydém	Nagyszékely	Németbánya
Nagydobos	Nagyszekeres	Németfalu
Nagydobsza	Nagyszénás	Németkér
Nagydorog	Nagyszentjános	Nemti
Nagyér	Nagyszokoly	Neszmély
Nagyesztergár	Nagytálya	Nézsza
Nagyfüged	Nagytevel	Nick
Nagygeresd	Nagytilaj	Nikla
Nagygörbő	Nagytótfalu	Nógrád
Nagygyimót	Nagytóke	Nógrádkövesd
Nagyhajmás	Nagyút	Nógrádmarcal
Nagyharsány	Nagyvarsány	Nógrádmegyer
Nagyhegyes	Nagyváty	Nógrádsáp
Nagyhódos	Nagyvázsony	Nógrádsipek
Nagyhuta	Nagyvejke	Nógrádszakál
Nagyigmánd	Nagyveleg	Nóráp
Nagyiván	Nagyvenyim	Noszlop
Nagykamarás	Nagyvisnyó	Noszvaj
Nagykapornak	Nak	Nova
Nagykarácsony	Napkor	Novaj
Nagykereki	Nárai	Novajdrány
Nagykeresztúr	Narda	Nótincs
Nagykinizs	Naszály	Nyalka
Nagykónyi	Négyes	Nyárád
Nagykorpád	Nekézseny	Nyáregyháza
Nagykozár	Nemesapáti	Nyárlőrinc
Nagykőkényes	Nemesbikk	Nyársapát

Nyésta	Oltárc	Páka
Nyim	Onga	Pakod
Nyírábrány	Ónod	Pákozds
Nyíracsád	Ópályi	Palé
Nyírád	Ópusztaszer	Pálfa
Nyíradony	Orbányosfa	Pálfiszeg
Nyírbéltek	Orci	Pálháza
Nyírbogát	Ordacsehi	Páli
Nyírbogdány	Ordas	Palkonya
Nyíracsaholy	Orfalu	Pálmajor
Nyíracsászári	Orfú	Pálmonostora
Nyírderzs	Orgovány	Palotabozsok
Nyírgelse	Ormándlak	Palotás
Nyírgyulaj	Ormosbánya	Paloznak
Nyíri	Oroszi	Pamlény
Nyíribrony	Oroszló	Pamuk
Nyírtjékó	Orosztony	Pánd
Nyírkarász	Ortaháza	Pankasz
Nyírkáta	Osl	Pannonhalma
Nyírkércs	Ostffyasszonyfa	Pányok
Nyírlövő	Ostoros	Panyola
Nyírlugos	Oszkó	Pap
Nyírmártonfalva	Oszlár	Pápadereske
Nyírmeggyes	Osztopán	Pápakovácsi
Nyírmihálydi	Ózdfalu	Pápasalamon
Nyírparasznya	Ozmánbük	Pápateszér
Nyírpazony	Ozora	Papkeszi
Nyírpilis	Öcs	Pápoc
Nyírtass	Öcsény	Papos
Nyírtét	Öcsöd	Páprád
Nyírtura	Ökörítőfülpös	Parád
Nyírvasvári	Ölbő	Parádsasvár
Nyomár	Ömböly	Parasznya
Nyögér	Ör	Paszab
Nyugotszenterzsébet	Öregcsertő	Pásztori
Nyúl	Öreglak	Pat
Óbánya	Örhalom	Patak
Óbarok	Órimagyarósd	Patalom
Óbudavár	Óriszentpéter	Patapoklosi
Ócsárd	Örkény	Patca
Ófalu	Örményes	Pátka
Ófehértó	Örménykút	Patosfa
Óföldreák	Örtilos	Pátroha
Óhíd	Örvényes	Patvarc
Okány	Ósagárd	Pátyod
Okorág	Ósi	Pázmánd
Okorvölgy	Öskü	Pázmándfalva
Olasz	Öttevény	Pecöl
Olaszfa	Öttömös	Pécsbagota
Olaszfalu	Ötvöskónyi	Pécsdevecser
Olaszliszka	Pácin	Pécsely
Olcsva	Pacsa	Pécsudvard
Olcsvaapáti	Pácsony	Pécsvárad
Old	Padár	Pellérd
Ólmod	Páhi	Pély

Penc	Pósfa	Rádóckölked
Penészlek	Potony	Radostyán
Pénzesgyőr	Potyond	Ragály
Penyige	Pölöske	Rajka
Pér	Pölöskefő	Rakaca
Pere	Pörboly	Rakacaszend
Perecse	Pördefölde	Rákóczibánya
Pereked	Pötréte	Rákócziújfalu
Perenye	Prügy	Ráksi
Peresznye	Pula	Ramocsa
Peresztég	Pusztapáti	Ramocsaháza
Perkátá	Pusztaberki	Rápoltt
Perkupa	Pusztacsalád	Raposka
Perőcsény	Pusztacsó	Rásonysápberencs
Peterd	Pusztadobos	Rátka
Péterhida	Pusztaderics	Rátót
Péteri	Pusztafalu	Ravazd
Pétervására	Pusztaföldvár	Recsk
Pethőhenye	Pusztahencse	Réde
Petneháza	Pusztakovácsi	Rédics
Petőfibánya	Pusztamagyaród	Regéc
Petőfiszállás	Pusztamérges	Regenye
Petőháza	Pusztamiske	Regöly
Petőmihályfa	Pusztamonostor	Rém
Petrikeresztúr	Pusztatölke	Répáshuta
Petrivente	Pusztaradvány	Répcelak
Pettend	Pusztaszemes	Répceszemere
Piliny	Pusztaszentlászló	Répcszentgyörgy
Piliscsév	Pusztaszert	Répczevis
Pilismarót	Pusztavacs	Resznek
Pincehely	Pusztavám	Rétalap
Pinkamindszent	Püski	Rétközberencs
Pinnye	Püspökhatvan	Rétság
Piricse	Püspökladány	Révfülöp
Pirtó	Püspökmolnári	Révleányvár
Piskó	Püspökszilágy	Rezi
Pitvaros	Rábacsanak	Ricse
Pócsa	Rábacsécsény	Rigács
Pocsaj	Rábagyarmat	Rigyác
Pócspetri	Rábahídvég	Rimóc
Pogány	Rábakecöl	Rinyabesenő
Pogányszentpéter	Rábapatoná	Rinyakovácsi
Pókaszeptek	Rábapaty	Rinyaszentkirály
Polány	Rábapordány	Rinyaújlak
Polgár	Rábasebes	Rinyaújnép
Polgárdi	Rábaszentandrás	Rohod
Porcsalma	Rábaszentmihály	Románd
Pornóapáti	Rábaszentmiklós	Romhány
Poroszló	Rábatamási	Romonya
Porpác	Rábatöttös	Rózsafa
Porrog	Rábcakapi	Rózsály
Porrogszentkirály	Rácalmás	Rózsaszentmárton
Porrogszentpál	Ráckeresztúr	Röjtökmuzsaj
Pórszombat	Rád	Rönök
Porva	Rádfalva	Rösze

Rudabánya	Sárszentágota	Somogyhárság
Rudolftelep	Sárszentlőrinc	Somogyhatvan
Rum	Sárszentmihály	Somogyjád
Ruzsa	Sarud	Somogymeggyes
Ságújfalu	Sásd	Somogysámson
Ságvár	Sáska	Somogysárd
Sajóbábony	Sáta	Somogysimonyi
Sajóecseg	Sátorhely	Somogyszentpál
Sajógalgóc	Sávoly	Somogyszil
Sajóhídvég	Sé	Somogyszob
Sajóivánka	Segesd	Somogytúr
Sajókápolna	Selyeb	Somogyudvarhely
Sajókaza	Sellye	Somogyvámos
Sajókeresztúr	Semjén	Somogyvár
Sajólád	Semjénháza	Somogyviszló
Sajólászlófalva	Sénye	Somogyzsitfa
Sajómercse	Sényő	Sonkád
Sajónémeti	Seregélyes	Soponya
Sajóörös	Serényfalva	Sopronhorpács
Sajópálfala	Sérsekszőlős	Sopronkövesd
Sajópetri	Sikátor	Sopronnémeti
Sajópüspöki	Siklósbodony	Sorkifalud
Sajósenye	Siklósnagyfalu	Sorkikápolna
Sajószöged	Sima	Sormás
Sajóvámos	Simaság	Sorokpolány
Sajóvelezd	Simonfa	Sóshartyán
Sajtoskál	Simontornya	Sóstófalva
Salföld	Sióagárd	Sósvertike
Salköveskút	Siójut	Sótony
Salomvár	Sirok	Söjtör
Sály	Sitke	Söpte
Sámod	Sobor	Söréd
Sámsonháza	Sokorópátka	Sukoró
Sand	Solt	Sumony
Sántos	Soltszentimre	Súr
Sáp	Soltvadkert	Surd
Sáránd	Sóly	Sükösd
Sárazsadány	Som	Sümegecsehi
Sárbogárd	Somberek	Sümegeprága
Sáregres	Somlójenő	Süttő
Sárfimizdó	Somlószőlős	Szabadbattyán
Sárhida	Somlóvásárhely	Szabadegyháza
Sárisáp	Somlóvecse	Szabadhídvég
Sarkad	Somodor	Szabadi
Sarkadkeresztúr	Somogyacsa	Szabadkígyós
Sárkeresztes	Somogyapáti	Szabadszállás
Sárkeresztúr	Somogyaracs	Szabadszentkirály
Sárkeszi	Somogyaszaló	Szabás
Sármellék	Somogybabod	Szabolcs
Sárok	Somogybükkösd	Szabolcsbáka
Sárosd	Somogyicsó	Szabolcsveresmart
Sárospatak	Somogydöröcske	Szágy
Sárpilis	Somogyegres	Szajk
Sárrétudvari	Somogyfajsz	Szajla
Sarród	Somogyeszti	Szajol

Szakácsi	Szegerdő	Szigetbecse
Szakadát	Szeghalom	Szigetcsép
Szakáld	Szegi	Szigetszentmárton
Szakály	Szegilong	Szigetújfalu
Szakcs	Szegvár	Szigliget
Szakmár	Székely	Szihalom
Szaknyér	Székelyszabar	Szijártóháza
Szakoly	Székkutas	Szil
Szakony	Szeleste	Szilágy
Szakonyfalu	Szelevény	Szilaspogony
Szákszend	Szellő	Szilsárkány
Szalfő	Szemely	Szilvág
Szalánta	Szemenye	Szilvás
Szalapa	Szemere	Szilvásvárad
Szalaszend	Szendehely	Szilvásszentmárton
Szalatnak	Szendrő	Szin
Szálla	Szendrőlád	Szinpetri
Szalkszentmárton	Szena	Szirák
Szalmatercs	Szenta	Szirmabesenyő
Szalonna	Szentantalfa	Szob
Szamosangyalos	Szentbalázs	Szokolya
Szamosbecs	Szentbékkálla	Szólád
Szamoskér	Szentborbás	Szomód
Szamosossályi	Szentdénes	Szomolya
Szamoszatárfalva	Szentdomonkos	Szomor
Szamosújlak	Szente	Szorgalmatos
Szamoszeg	Szente	Szorosad
Szanda	Szentes	Szóc
Szank	Szengál	Szóce
Szántód	Szengáloskér	Szögliget
Szany	Szentgyörgyvár	Szőke
Szápár	Szentgyörgyvölgy	Szőkéd
Szaporca	Szentimrefalva	Szőkedencs
Szár	Szentistván	Szőlősardó
Szárász	Szentistvánbaksa	Szőlősgyörök
Szárasd	Szentjakabfa	Szörény
Szárfold	Szentkatalin	Szúcs
Szárliget	Szentkirály	Szuha
Szarvasgede	Szentkirályszabadja	Szuhafő
Szarvaskend	Szentkozmadombja	Szuhakálló
Szarvaskő	Szentlászló	Szuhogy
Szászberek	Szentliszló	Szulimán
Szászfa	Szentlőrinckáta	Szulok
Szászvár	Szentmargitfalva	Szurdokpüspöki
Szatmárcseke	Szentmártonkáta	Szúcsi
Szátok	Szente	Szügy
Szatta	Szente	Szúr
Szatymaz	Szente	Tab
Szava	Szente	Tabajd
Szebény	Szente	Tabdi
Szécsénke	Szete	Táborfalva
Szécsényfelfalu	Szerecseny	Tác
Szécsisziget	Szeremle	Tagyon
Szederkény	Szerep	Takácsi
Szedres	Szergény	Tákos

Taktabáj	Terem	Tiszarád
Taktaharkány	Terény	Tiszaroff
Taktakenéz	Tereske	Tiszasas
Taktaszada	Teresztenye	Tiszasüly
Taliándörög	Terpes	Tiszaszalka
Tállya	Tés	Tiszaszentimre
Tamási	Tésa	Tiszaszentmárton
Tanakajd	Tésenfa	Tiszasziget
Táp	Tésény	Tiszaszőlős
Tápióbicske	Teskánd	Tiszatardos
Tápiógyörgye	Tét	Tiszatarján
Tápióság	Tetétlen	Tiszatelek
Tápiószentmárton	Tevel	Tiszatenyő
Tápiószőlős	Tibolddaróc	Tiszaug
Táplánszentkereszt	Tiborszállás	Tiszavalk
Tapsony	Tihany	Tiszavárkony
Tápszentmiklós	Tikos	Tiszavid
Tar	Tilaj	Tisztaberek
Tarany	Timár	Tivadar
Tarcal	Tiszaadony	Tóalmás
Tard	Tiszaalpár	Tófalu
Tardona	Tiszabábolna	Tófej
Tardos	Tiszabecs	Tófü
Tarhos	Tiszabercel	Tokaj
Tarján	Tiszabездéd	Tokod
Tarjánpuszta	Tiszabő	Tokodaltáró
Tárkány	Tiszabura	Tokorcs
Tarnabod	Tiszacséce	Tolcsva
Tarnalelesz	Tiszacsege	Told
Tarnaméra	Tiszacsermely	Tolmács
Tarnaörs	Tiszadada	Tolnanémedi
Tarnaszentmária	Tiszaderzs	Tomajmonostora
Tarnaszentmiklós	Tiszadob	Tomor
Tarnazsadány	Tiszadorogma	Tompa
Tárnokréti	Tiszaeszlár	Tompaládony
Tarpa	Tiszafüred	Tordas
Tarrós	Tiszagyenda	Tormafölde
Táska	Tiszagyulaháza	Tormás
Tass	Tiszaigar	Tormásliget
Taszár	Tiszainoka	Tornabarakony
Tataháza	Tiszajenő	Tornakápolna
Tatárszentgyörgy	Tiszakanyár	Tornanádaska
Tázlár	Tiszakarád	Tornaszentandrás
Tékes	Tiszakécske	Tornaszentjakab
Teklafalu	Tiszakerecseny	Tornyiszentmiklós
Telekes	Tiszakeszi	Tornyosnémeti
Telekgerendás	Tiszakóród	Tornyospálca
Teleki	Tiszakürt	Torony
Telkibánya	Tiszaladány	Torvaj
Tengelic	Tiszamogyorós	Tószeg
Tengeri	Tiszanagyfalu	Tótkomlós
Tengőd	Tiszanána	Tótszentgyörgy
Tenk	Tiszaörs	Tótszentmárton
Tényő	Tiszapalkonya	Tótszerdahely
Tépe	Tiszapüspöki	Tótújfalu

Tótvázsony	Üllés	Vasasszonyfa
Töltéstava	Vácduka	Vasboldogasszony
Tömörd	Vácegres	Vasegerszeg
Tömörkény	Váchartyán	Vashosszúfalu
Törökkoppány	Váckisújfalu	Vaskeresztes
Törtel	Vácszentlászló	Vaskút
Töttös	Vadna	Vasmegyer
Trizs	Vadosfa	Vaspör
Tunyogmatolcs	Vág	Vassurány
Túristvándi	Vágáshuta	Vasvár
Túrkeve	Vaja	Vaszar
Túrony	Vajdácska	Vászoly
Túrricse	Vajszló	Vasszécseny
Tuzsér	Vajta	Vasszentmihály
Türje	Vál	Vasszilvagy
Tüskevár	Valkó	Vát
Tyukod	Valkonya	Vatta
Udvar	Vállaj	Váznok
Udvari	Vállus	Vécs
Ugod	Vámosatya	Végegyháza
Újbarok	Vámoscsalád	Vejtí
Újcsanáros	Vámosgyörk	Vékény
Újdombrád	Vámosmikola	Vekerd
Újfehértó	Vámosoroszi	Velem
Újhartyán	Vámospércs	Velemér
Újiráz	Vámosújfalu	Velény
Újireg	Vámosszabadi	Véménd
Újkenéz	Váncsod	Vének
Újkér	Vanyarc	Vép
Újlengyel	Vanyola	Vereb
Újléta	Várad	Verőce
Újlőrincfalva	Váralja	Verpelét
Újpetre	Várászló	Verseg
Újrónafő	Váraszó	Versend
Újsolt	Várbalog	Vértesacsa
Újszalonta	Varbó	Vértesboglár
Újszentiván	Varbóc	Vérteskethely
Újszentmargita	Várda	Vértessomló
Újszilvás	Várdomb	Vértestolna
Újtelek	Várfölde	Vértesszőlős
Újtikos	Varga	Vése
Újudvar	Várgesztes	Veszkény
Újvárfalva	Várkesző	Veszprémfajsz
Ukk	Várong	Veszprémgalsa
Und	Városföld	Veszprémvarsány
Úny	Városlőd	Vésztő
Uppony	Varsád	Vezseny
Ura	Varsány	Vid
Uraiújfalu	Várvölgy	Vigántpetend
Úrhida	Vasad	Villány
Úri	Vasalja	Villánykövesd
Úrkút	Vásárosbéc	Vilmány
Uszka	Vásárosdombó	Vilonya
Uszód	Vásárosfalu	Vilyvitány
Uzsa	Vásárosmiske	Vinár



Vindornyafok	Zalaszentbalázs
Vindornyalak	Zalaszentgrót
Vindornyaszőlős	Zalaszentgyörgy
Visnye	Zalaszentiván
Visonta	Zalaszentjakab
Viss	Zalaszentlászló
Visz	Zalaszentlőrinc
Viszák	Zalaszentmárton
Viszló	Zalaszentmihály
Visznek	Zalaszombatfa
Vitnyéd	Zaláta
Vízvár	Zalatárnok
Vizslás	Zalaujlak
Vizsoly	Zalavár
Vokány	Zalavég
Vonyarcvashegy	Zalkod
Vöckönd	Zamárdi
Völcséj	Zámoly
Vönöck	Zánka
Vöröstó	Zaránk
Vörs	Závod
Zabar	Zebecke
Zádor	Zebegény
Zádorfalva	Zemplénagárd
Zagyvarékas	Zengővárkony
Zagyvaszántó	Zichyújfalu
Záhony	Zics
Zajk	Ziliz
Zajta	Zimány
Zákány	Zók
Zákányfalva	Zomba
Zákányszék	Zubogy
Zala	Zsadány
Zalaapáti	Zsáka
Zalabaksa	Zsámbok
Zalabér	Zsana
Zalaboldogfa	Zsarolyán
Zalacsány	Zsebeháza
Zalacséb	Zsédeny
Zalaerdőd	Zselickisfalud
Zalagyömörő	Zselickislak
Zalahaláp	Zselicszentpál
Zalaháshágy	Zsennye
Zalaigrice	Zsira
Zalaistvánd	Zsombó
Zalakaros	Zsujta
Zalacomár	Zsurk
Zalaköveskút	
Zalalövő	
Zalamegyes	
Zalamerenye	
Zalasárszeg	
Zalaszabar	
Zalaszántó	
Zalaszegvár	

**Annex 8. Settlements with less than 10.000 inhabitants and with population density lower than 120 persons/sq. km (excluding the settlements of the Budapest agglomeration)**

Aba	Alsómocsolád	Aszófő	Bakonyszombathely
Abádszalók	Alsónána	Áta	Bakonyszücs
Abaliget	Alsónemesapáti	Átány	Bakonytamási
Abasár	Alsónyék	Atkár	Baks
Abaújalpár	Alsóörs	Attala	Baksa
Abaújkér	Alsópáhok	Babarc	Baktakék
Abaújlak	Alsópetény	Babarcszőlős	Baktalórántháza
Abaújszántó	Alsórajk	Babócsa	Baktüttös
Abaújszolnok	Alsóregmec	Bábolna	Balajt
Abaújvár	Alsószenterzsébet	Bábonymegyer	Balástya
Abda	Alsószentiván	Babosdöbréte	Balaton
Abod	Alsószentmárton	Babót	Balatonakali
Ábrahámhegy	Alsószölnök	Bácsalmás	Balatonalmádi
Ács	Alsószuha	Bácsbokod	Balatonberény
Acsa	Alsótelekes	Bácsborsód	Balatonboglár
Acsád	Alsótold	Bácsszentgyörgy	Balatoncsicsó
Acsalag	Alsóújlak	Bácsszőlős	Balatonederics
Ácsteszer	Alsóvadász	Badacsonytomaj	Balatonendréd
Adács	Alsózsolca	Badacsonytördemic	Balatonfenyves
Ádánd	Ambrózfalva	Bag	Balatonfőkajár
Adásztevel	Anarcs	Bagamér	Balatonföldvár
Adony	Andocs	Baglad	Balatonfűzfő
Adorjánháza	Andornaktálya	Bagod	Balatongyörök
Adorjás	Andrásfa	Bágyogszovát	Balatonhenye
Ág	Annavölgy	Baj	Balatonkenese
Ágasegyháza	Apácatorna	Bajánsenye	Balatonkeresztúr
Ágfalva	Apagy	Bajna	Balatonlelle
Aggtelek	Apaj	Bajót	Balatonmagyaród
Agyagosszergény	Aparhant	Bak	Balatonmáriafürdő
Ajak	Apátfalva	Bakháza	Balatonószöd
Aka	Apátistvánfalva	Bakóca	Balatonrendes
Akaszto	Apátvarasd	Bakonszeg	Balatonszabadi
Alacska	Apc	Bakonya	Balatonszárszó
Alap	Áporka	Bakonybánk	Balatonszemes
Alattyán	Apostag	Bakonybél	Balatonszentgyörgy
Alcsútdoboz	Aranyosapáti	Bakonycsernye	Balatonszepezd
Aldebrő	Aranyosgadány	Bakonygyirót	Balatonszőlős
Algyő	Arka	Bakonyjákó	Balatonudvari
Alibánfa	Arló	Bakonykoppány	Balatonújlak
Almamellék	Arnót	Bakonykúti	Balatonvilágos
Almásfüzitő	Ároktó	Bakonynána	Balinka
Almásháza	Árpádhalom	Bakonyoszlop	Balkány
Almáskamarás	Árpás	Bakonypéterd	Ballószög
Almáskeresztúr	Ártánd	Bakonypölöske	Balmazújváros
Álmosd	Ásotthalom	Bakonyság	Balogunyom
Alsóberecki	Ásványráró	Bakonysárkány	Balotaszállítás
Alsóbogát	Aszaló	Bakonyszentiván	Balsa
Alsódobsza	Ászár	Bakonyszentkirály	Bálványos
Alsógagy	Aszód	Bakonyszentlászló	Bana

Bánd	Beloianisz	Bodony	Bögöt
Bánfa	Belsósárd	Bodorfa	Bögöte
Bánhorváti	Belvárdgyula	Bodrog	Böhönye
Bánk	Benk	Bodroghalom	Bököny
Bánokszentgyörgy	Bénye	Bodrogkeresztúr	Bölcske
Bánréve	Bér	Bodrogkisfalud	Böny
Bár	Bérbaltavár	Bodrogolaszi	Börcs
Barabás	Bercel	Bódvalenke	Börzönce
Baracs	Beregdaróc	Bódvarákó	Bősárkány
Baracska	Beregsurány	Bódvaszilás	Böszénfa
Báránd	Berekböszörmény	Bogács	Bucsa
Baranyahídvég	Berekfürdő	Bogád	Bucusu
Baranyajenő	Beremend	Bogádmindszent	Búcsúszentlászló
Baranyaszentgyörgy	Berente	Bogdása	Bucsuta
Barbacs	Beret	Bogyiszló	Bugac
Barcs	Berettyóújfalu	Bogyoszló	Bugacpusztaháza
Bárdudvarnok	Berhida	Bojt	Bugyi
Barlahida	Berkenye	Bókaháza	Buj
Bárna	Berkesd	Bokod	Buják
Barnag	Berkesz	Bokor	Buzsák
Bársonyos	Bernecebaráti	Boldog	Bük
Basal	Berzék	Boldogasszonyfa	Bükkábrány
Baskó	Berzence	Boldogkőújfalu	Bükkaranyos
Báta	Besence	Boldogkővárалja	Bükkmgyorósd
Bátaapáti	Besenyőd	Boldva	Bükkösd
Bátaszék	Besenyőtelek	Bolhás	Bükkszék
Baté	Besenyszög	Bolhó	Bükkszenterzsébet
Bátmonostor	Besnyő	Bóly	Bükkszentkereszt
Bátor	Beszterec	Boncodföldre	Bükkszentmárton
Bátorliget	Bezedek	Bonyhádvarasd	Bükkzsérc
Battonya	Bezenye	Bonnya	Bürüs
Bátya	Bezeréd	Bordány	Büssü
Batyk	Bezi	Borgáta	Büttös
Bázakerettye	Bicsérd	Borjád	Cák
Bazsi	Bihardancsháza	Borota	Cakóháza
Béb	Biharkeresztes	Borsfa	Cece
Becsehely	Biharnagybajom	Borsodbóta	Cégénydányád
Becske	Bihartorda	Borsodgeszt	Ceglédbercel
Becskeháza	Biharugra	Borsodivánka	Cered
Becsvölgye	Bikács	Borsodnádásd	Chernelházadamonya
Bedegkér	Bikal	Borsodszentgyörgy	Cibakháza
Bedő	Biri	Borsodszirák	Cigánd
Bejcgertyános	Birján	Borsosberény	Cikó
Békás	Bisse	Borszörcsök	Cirák
Bekecs	Boba	Borzavár	Cún
Békéssámson	Bocföldre	Bosta	Csabacsúd
Békésszentandrás	Boconád	Botpalád	Csabaszabadi
Bekölce	Bócsa	Botykapeterd	Csabdi
Bélapátfalva	Bocska	Bozzai	Csabrendek
Bélavár	Bocskai kert	Bozsok	Csáfordjánosfa
Belecska	Boda	Bózsva	Csaholc
Beled	Bodajk	Bő	Csajág
Beleg	Bodmér	Bőcs	Csákány
Belezna	Bodolyabér	Böde	Csákánydoroszló
Bélmegyer	Bodonhely	Bödeháza	Csákkberény

Csákvár	Csesztreg	Darnó	Drávacsehi
Csanádalberti	Csesztve	Darnózseli	Drávacsepey
Csanádapáca	Csetény	Daruszentmiklós	Drávafok
Csanádpalota	Csévharaszt	Darvas	Drávagárdony
Csánig	Csibrák	Dávod	Drávaiványi
Csány	Csikéria	Debercsény	Drávakeresztúr
Csányoszró	Csikóstóttós	Debréte	Dráwapalkonya
Csanytelek	Csikvánd	Decs	Dráwapiski
Csapi	Csincse	Dédestapolcsány	Drávaszabolcs
Csapod	Csipkerek	Dég	Drávaszerdahely
Csárdaszállás	Csitár	Dejtár	Drávasztára
Csarnóta	Csobád	Demecser	Drávatamási
Csaroda	Csobaj	Demjén	Drégelypalánk
Császár	Csókakő	Dencsháza	Dubicsány
Császártöltés	Csokonyavisonta	Dénesfa	Dudar
Császló	Csokvaomány	Derecske	Duka
Csátalja	Csolnok	Derekegyház	Dunaalmás
Csatár	Csolyospálos	Deszk	Dunaegyháza
Csataszög	Csoma	Detek	Dunafalva
Csatka	Csombárd	Detk	Dunaföldvár
Csávoly	Csongrád	Dévaványa	Dunakiliti
Csebény	Csonkahegyhát	Devecser	Dunapataj
Csécse	Csonkamindszent	Dinnyeberki	Dunaremete
Csegöld	Csopak	Diósberény	Dunaszeg
Csehbánya	Csór	Diósjenő	Dunaszekcső
Csehi	Csorna	Dióskál	Dunaszentbenedek
Csehimindszent	Csorvás	Diósviszló	Dunaszentgyörgy
Csém	Csót	Doba	Dunaszentmiklós
Csemő	Csöde	Doboz	Dunaszentpál
Csempezkopács	Csögle	Dobri	Dunasziget
Csengele	Csökmő	Dobronhegy	Dunatétlen
Csenger	Csököly	Dóc	Dunavecse
Csengersima	Csömend	Domaháza	Dusnok
Csengerújfalu	Csömödér	Domaszék	Dúzs
Csengőd	Csöngé	Dombegyház	Ebergöc
Csénye	Csörnyeföld	Dombiratos	Ebes
Csenyéte	Csörög	Dombrád	Écs
Csép	Csörötnek	Domony	Ecséd
Csépa	Csősz	Domoszló	Ecseg
Csepreg	Csővár	Dormánd	Ecsegfalva
Csér	Csurgó	Dorogháza	Ecseny
Cserdi	Csurgónagymarton	Dozmat	Edde
Cserénfa	Dabas	Döbörhegy	Edve
Cserépfalu	Dabronc	Döbröce	Egerág
Cserépváralja	Dabrony	Döbrököz	Egeralja
Cserháthaláp	Dad	Döbrönte	Egeraracsa
Cserhátsurány	Dág	Döge	Egerbakta
Cserhátszentiván	Dáka	Dömös	Egerbocs
Cserkeszölő	Dalmand	Dömsöd	Egercsehi
Cserkút	Damak	Dör	Egerfarmos
Csernely	Dámóc	Dörgicse	Egerlövő
Cserszegtomaj	Dánszentmiklós	Döröske	Egerszalók
Csertalagos	Dány	Dötk	Egerszólát
Csertő	Daraboshegy	Dövény	Égerszög
Csesznek	Darány	Drágszél	Egervár

Egervölgy	Farád	Fityeház	Gasztony
Egyed	Farkasgyepű	Foktő	Gátér
Egyek	Farkaslyuk	Folyás	Gávavencsellő
Egyházasdengeleg	Farmos	Fonó	Géberjén
Egyházásfalu	Fazekasboda	Fony	Gecse
Egyházasgerge	Fedémes	Fonyód	Géderlak
Egyházasharaszti	Fegyvernek	Forráskút	Gégény
Egyházashetye	Fehérgyarmat	Forró	Gelej
Egyházashollós	Fehértó	Földeák	Gelénes
Egyházaskesző	Fehérvárcsurgó	Földes	Gellénháza
Egyházaskozár	Feked	Főnyed	Gelse
Egyházásrádóc	Feketeerdő	Fulókércs	Gelsesziget
Elek	Felcsút	Furta	Gemzse
Ellend	Feldebrő	Füle	Gencsapáti
Előszállás	Felgyő	Fülesd	Gérce
Emőd	Felpéc	Fülöp	Gerde
Encs	Felsőberecki	Fülöpháza	Gerendás
Encsencs	Felsőcsatár	Fülöpkajab	Gerényes
Endrefalva	Felsődobsza	Fülöpszállás	Geresdlak
Endróc	Felsőegerszeg	Fülpösdaróc	Gerjen
Enese	Felsőgagy	Fürged	Gersekarát
Enying	Felsőjánosfa	Füzér	Geszt
Eperjes	Felsőkelecsény	Füzérkajata	Gesztely
Eperjeske	Felsőlajos	Füzérkomlós	Gesztérd
Eplény	Felsőmarác	Füzérradvány	Gétye
Epöl	Felsőmocsolád	Füzesabony	Gic
Ercsi	Felsőnána	Füzesgyarmat	Gige
Erdőbénye	Felsőnyárad	Fúzvölgy	Gilvánfa
Erdőhorváti	Felsőnyék	Gáborján	Girincs
Erdőkövesd	Felsőörs	Gáborjánháza	Gógánfa
Erdőkürt	Felsőpáhok	Gacsály	Golop
Erdősmárok	Felsőpetény	Gadács	Gomba
Erdősmecske	Felsőrajk	Gadány	Gombosszeg
Erdőtarcsa	Felsőregmec	Gadna	Gór
Erdőtelek	Felsőszenterzsébet	Gádoros	Gordisa
Erk	Felsőszentiván	Gagyapáti	Gosztola
Érpatak	Felsőszentmárton	Gagybátor	Gödre
Érsekcsanád	Felsőszölnök	Gagyvendégi	Gölle
Érsekhalma	Felsőtárkány	Galambok	Gömörszőlős
Érsekvadkert	Felsőtelekes	Galgaguta	Gönc
Értény	Felsőtold	Galgagyörk	Göncruszka
Erzsébet	Felsővadász	Galgahévíz	Gönyű
Esztár	Felsőzsolca	Galgamácsa	Görbeháza
Eszteregnye	Fényeslitke	Gálosfa	Görcsöny
Esztergályhorváti	Fenyőfő	Galvács	Görcsönydoboka
Ete	Ferencszállás	Gamás	Görgeteg
Etes	Fertőboz	Ganna	Gősfá
Etyek	Fertőd	Gánt	Grábóc
Fábiánháza	Fertőendréd	Gara	Gulács
Fábiánsebestyén	Fertőhomok	Garáb	Gutorföldre
Fácánkert	Fertőrákos	Garabonc	Gyalóka
Fadd	Fertőszentmiklós	Garadna	Gyanógergye
Fáj	Fertőszéplak	Garbolc	Gyarmat
Fajsz	Fiad	Gárdony	Gyékényes
Fancsal	Filkeháza	Garé	Gyenesdiás

Gyepükaján	Halmajugra	Hernádnémeti	Husztót
Gyermely	Halogy	Hernádpetri	Ibafa
Gyód	Hangács	Hernádszentandrás	Iborfia
Gyomaendrőd	Hangony	Hernádszurdok	Ibrány
Gyóró	Hantos	Hernádvécse	Igal
Gyömöre	Harasztifalu	Hernyék	Igar
Gyöngyfa	Harc	Hét	Igrici
Gyöngyösfalu	Harka	Hetefejércse	Iharos
Gyöngyöshalász	Harkakötöny	Hetes	Iharosberény
Gyöngyösmellék	Harkány	Hetvehely	Ikervár
Gyöngyösoroszi	Háromfa	Hetyefő	Iklad
Gyöngyöspata	Háromhuta	Heves	Iklanberény
Gyöngyössolymos	Harsány	Hevesaranyos	Iklódbördőce
Gyöngyöstarján	Hárskút	Hevesvezekény	Ikrény
Gyönk	Harta	Hévíz	Iliny
Győrasszonyfa	Hásságy	Hévízgyörk	Ilk
Györe	Hédervár	Hidas	Illocska
Györgyarló	Hedrehely	Hidasnémeti	Imola
Györköny	Hegyesd	Hidegkút	Imrehegy
Györladamér	Hegyeshalom	Hidegség	Ináncs
Győröcske	Hegyfalva	Hidvégardó	Inárcs
Győrság	Hegyháthodász	Himesháza	Inke
Győrsövényház	Hegyhátmaróc	Himod	Ipacsfa
Győrszemere	Hegyhátsál	Hirics	Ipolydamásd
Györtelek	Hegyhátszentjakab	Hobol	Ipolytarnóc
Győrújbarát	Hegyhátszentmárton	Hodász	Ipolytölgyes
Győrújfalva	Hegyhátszentpéter	Hódmezővásárhely	Ipolyvece
Győrvár	Hegykö	Hollád	Iregszemcse
Győrzámoly	Hegymagas	Hollóháza	Irota
Gyugy	Hegymeg	Hollókő	Ispánk
Gyulaháza	Hegyszentmárton	Homokbödöge	Istenmezeje
Gyulaj	Héhalom	Homokkomárom	Istvándi
Gyulakeszi	Hejce	Homokmégy	Iszkaszentgyörgy
Gyúró	Hejőbába	Homokszentgyörgy	Iszkáz
Gyügye	Hejőkeresztúr	Homorúd	Isztimér
Gyüre	Hejőkürt	Homrogd	Ivád
Gyűrűs	Hejőpapi	Hont	Iván
Hács	Hejőszalonta	Horpács	Ivánbattyán
Hagyárosbörönd	Helesfa	Hort	Ivánc
Hahót	Helvécia	Hortobágy	Iváncsa
Hajdúbagós	Hencida	Horváthertelend	Ivándárda
Hajdúböszörmény	Hencse	Horvátlövő	Izmény
Hajdúdorog	Hercegekút	Horvátzsidány	Izsák
Hajdúhadház	Hercegszántó	Hosszúhetény	Izsófalva
Hajdúnánás	Heréd	Hosszúpályi	Jágónak
Hajdúsámson	Héreg	Hosszúpereszteg	Ják
Hajdúszoboszló	Herencsény	Hosszúvíz	Jakabszállás
Hajdúszovát	Herend	Hosszúvölgy	Jákfa
Hajmás	Heresznye	Hosztót	Jákfalva
Hajmáskér	Hermánszeg	Hottó	Jákó
Hajós	Hernád	Hőgyész	Jánd
Halastó	Hernádbúd	Hövej	Jánkmajtis
Halászi	Hernádcéce	Hugyag	Jánoshalma
Halimba	Hernádkak	Hunya	Jánosháza
Halmaj	Hernádkércs	Hunyadfalva	Jánoshida

Jánossomorja	Kapolcs	Kékesd	Kétvölgy
Járdánháza	Kápolna	Kékkút	Kéty
Jármi	Kápolnásnyék	Kelebia	Kevermes
Jásd	Kapoly	Keléd	Kilimán
Jászágó	Kaposfő	Kelemér	Kimle
Jászsalsószentgyörgy	Kaposgyarmat	Kéleshalom	Kincsesbánya
Jászapáti	Kaposhomok	Kelevíz	Királd
Jászárokszállás	Kaposkeresztúr	Kemecse	Királyegyháza
Jászboldogháza	Kaposmérő	Kemence	Királyhegyes
Jászdózsa	Kapospula	Kemendollár	Királyszentistván
Jászfelsőszentgyörgy	Kaposújlak	Kemeneshőgyész	Kisapáti
Jászfényszaru	Kaposszekcső	Kemeneskápolna	Kisapostag
Jászivány	Kaposszerdahely	Kemenesmagasi	Kisar
Jászkárohalma	Káptalanfa	Kemenesmihályfa	Kisasszond
Jászkarajenő	Káptalantóti	Kemenespálfa	Kisasszonyfa
Jáskisér	Kapuvár	Kemenessömjén	Kisbabet
Jászládány	Kára	Kemenesszentmárton	Kisbágyon
Jászszentandrás	Karácsond	Kemenesszentpéter	Kisbajcs
Jászszentlászló	Karád	Keménfa	Kisbajom
Jásztelek	Karakó	Kémes	Kisbárapáti
Jéke	Karakószörcsök	Kemestaródfa	Kisbárkány
Jenő	Karancsalja	Kemse	Kisbér
Jobaháza	Karancsberény	Kenderes	Kisberény
Jobbágyi	Karancskeszi	Kenéz	Kisberzseny
Jósvafő	Karancslapujtó	Kenézlő	Kisbeszterce
Juta	Karancsság	Kengyel	Kisbodak
Kaba	Kárász	Kenyeri	Kisbucsa
Kacorlak	Karcag	Kercaszomor	Kisbudmér
Kács	Karcsa	Kercseliget	Kiscséc
Kacsóta	Kardos	Kerecsend	Kiscsehi
Kadarkút	Kardoskút	Kerecseny	Kiscsősz
Kajárpéc	Karmacs	Kerekegyháza	Kisdér
Kajászó	Károlyháza	Kereki	Kisdobsza
Kajdacs	Karos	Kerékteleki	Kisdombegyház
Kakasd	Kartal	Keresztéte	Kisdorog
Kákics	Kásád	Kerkabarabás	Kisecset
Kakucs	Kaskantyú	Kerkafalva	Kisfalud
Kál	Kastélyosdombó	Kerkakutas	Kisfüzes
Kalaznó	Kaszaper	Kerkáskápolna	Kisgörbő
Káld	Kaszó	Kerkaszentkirály	Kisgyalán
Kálló	Katádfa	Kerkateskánd	Kisgyőr
Kallósd	Katafa	Kérsemjén	Kishajmás
Kállósemjén	Kátoly	Kerta	Kisharsány
Kálmánca	Katymár	Kertészsziget	Kishartyán
Kálmánháza	Káva	Keszeg	Kisherend
Kálódfa	Kávás	Kesznyéten	Kishódos
Káloz	Kazár	Keszőhidegkút	Kishuta
Kám	Kázsmárk	Kesztölc	Kisigmánd
Kamond	Kazsok	Keszü	Kisjakabfalva
Kamut	Kecel	Kétybodony	Kiskassa
Kánó	Kecskéd	Kétegyháza	Kiskinizs
Kántorjánosi	Kehidakustány	Kéthely	Kiskorpád
Kány	Kék	Kétpó	Kisköre
Kánya	Kékce	Kétsoprony	Kiskunlacháza
Kányavár	Kéked	Kétújfalu	Kiskunmajsa

Kiskutas	Kompolt	Kunadacs	Lesencefalu
Kisláng	Kondó	Kunágota	Lesenceistvánd
Kisléta	Kondorfa	Kunbaja	Lesencetomaj
Kislippó	Kondoros	Kunbaracs	Létavértes
Kislőd	Kóny	Kuncsorba	Letenye
Kismányok	Konyár	Kunfehértó	Letkés
Kismarja	Kópháza	Kunhegyes	Levél
Kismaros	Koppányszántó	Kunmadaras	Levelek
Kisnamény	Korlát	Kunpeszér	Libickozma
Kisnána	Koroncó	Kunszállás	Lickóvadas
Kisnémedi	Körös	Kunszentmárton	Liget
Kisnyárad	Kosd	Kunszentmiklós	Ligetfalva
Kispalád	Kóspallag	Kunsziget	Lipót
Kispáli	Kótaj	Kup	Lippó
Kispirit	Kovácsbuda	Kupa	Liptód
Kisrákos	Kovácsszénája	Kurd	Lispesztadorján
Kisrécsce	Kovácsvágás	Kurtyán	Liszó
Kisrosvágy	Kozárd	Kustánszeg	Litér
Kissikátor	Kozármisleny	Kutas	Litka
Kissomlyó	Kozmadombja	Kutasó	Litke
Kistamási	Köblény	Kübekháza	Lócs
Kistapolca	Köcsk	Külsősárd	Lókút
Kistelek	Kökény	Külsővat	Lónya
Kistokaj	Kökút	Küngös	Lórév
Kistolmács	Kölcse	Lábatlan	Lothárd
Kistormás	Kölesd	Lábod	Lovas
Kistótfalu	Kölked	Lácacséke	Lovasberény
Kisújszállás	Kömlő	Lad	Lovászhetyény
Kisunyor	Kömlőd	Ladánybene	Lovászi
Kisvarsány	Kömörő	Ládbesenyő	Lovászpata
Kisvásárhely	Kömpöc	Lajoskomárom	Lőkősháza
Kisvaszar	Környe	Lajosmizse	Lőrinci
Kisvejke	Köröm	Lak	Lövő
Kiszombor	Köröshegy	Lakhegy	Lövőpetri
Kiszsidány	Körösladány	Lakitelek	Lucfalva
Kisszállás	Körösnagyharsány	Lakócsa	Ludányhalászi
Kisszékely	Köröstarcsa	Lánycsók	Ludas
Kisszekeres	Köröstetetlen	Lápfő	Lukásháza
Kisszentmárton	Körösújfalva	Lapáncsa	Lulla
Kissziget	Körösszakál	Laskod	Lúzsok
Kisszőlős	Körösszegapáti	Lasztonya	Mád
Klárafalva	Kőszárhegy	Látrány	Madaras
Kocs	Kőszegdoroszló	Lázi	Madocsa
Kocsér	Kőszegpaty	Leányvár	Maglóca
Kocsola	Kőszegszerdahely	Lébény	Mágocs
Kocsord	Kötcse	Legénd	Magosliget
Kóka	Kötegyán	Legyesbénye	Magy
Kokad	Kötelek	Léh	Magyaralmás
Kolontár	Kővágóörs	Lénárddaróc	Magyaratád
Komádi	Kővágószőlős	Lendvadedes	Magyarbánhegyes
Komjádi	Kővágótöttös	Lendvajakabfa	Magyarbóly
Komlódótfalu	Köveg	Lengyel	Magyarcsanak
Komlósd	Köveskál	Lengyeltóti	Magyardombegyház
Komlóska	Krasznokvajda	Lenti	Magyaregregy
Komoró	Kulcs	Lepsény	Magyaregres



Magyarföld	Martonfa	Mezőkovácsháza	Mosonszentmiklós
Magyargéc	Martonvásár	Mezőladány	Mosonszolnok
Magyargencs	Martonyi	Mezőlak	Mozsgó
Magyarhertelend	Mátételke	Mezőnagy Mihály	Mócsény
Magyarhomorog	Mátraballa	Mezőnyárád	Mucsfa
Magyarkeresztúr	Mátraderecske	Mezőörs	Mucsi
Magyarkeszi	Mátramindszent	Mezőpeterd	Múcsony
Magyarlak	Mátranovák	Mezősas	Muhi
Magyarlukafa	Mátraszele	Mezőszemere	Murakeresztúr
Magyarmecske	Mátraszentimre	Mezőszentgyörgy	Murarátka
Magyarnádalja	Mátraszőlős	Mezőszilas	Muraszemenye
Magyarnándor	Mátraterenye	Mezőtárkány	Murga
Magyarpolány	Mátraverebély	Mezőtúr	Murony
Magyarsarlós	Mátyásdomb	Mezőzombor	Nábrád
Magyarszecsőd	Matty	Miháld	Nadap
Magyarszék	Mátyus	Mihályfa	Nádasd
Magyarszentmiklós	Máza	Mihálygerge	Nádasdladány
Magyarszerdahely	Mecseknádasd	Mihályháza	Nádudvar
Magyarszombatfa	Mecsekpölöske	Mihályi	Nágocs
Magyartelek	Mecsér	Mike	Nagyacsád
Majs	Medgyesbodzás	Mikebuda	Nagyalásony
Makád	Medgyesegyháza	Mikekarácsonyfa	Nagyar
Makkoshotyka	Medina	Mikepércs	Nagybajcs
Maklár	Megyaszó	Miklósi	Nagybajom
Makó	Megyhíd	Mikófalva	Nagybakónak
Malomsok	Megyer	Mikóháza	Nagybánhegyes
Mályi	Meggyeskovácsi	Mikosszéplak	Nagybaracska
Mályinka	Méhkerék	Milejszeg	Nagybarca
Mánd	Méhtelek	Milota	Nagybárkány
Mándok	Mekényes	Mindszent	Nagyberény
Mánfa	Mélykút	Mindszentgodisa	Nagyberki
Mány	Mencshely	Mindszentkállya	Nagybörzsöny
Maráza	Mende	Misefa	Nagybudmér
Marcalgergelyi	Méra	Miske	Nagycenk
Marcali	Merenye	Miszla	Nagycsány
Marcaltó	Mérges	Mocsa	Nagycsécs
Márfa	Mérk	Mogyorósbánya	Nagycsepely
Máriaalom	Mernye	Mogyoróska	Nagycserkesz
Máriakálnok	Mersevát	Moha	Nagydém
Máriakéménd	Mesterháza	Mohora	Nagydobos
Márianosztra	Mesteri	Molnári	Nagydobsza
Máriapócs	Mesterszállás	Molnaszecsőd	Nagydorog
Markaz	Meszes	Molvány	Nagyecsed
Márkháza	Meszlen	Monaj	Nagyér
Márkó	Mesztegyő	Monok	Nagyesztergár
Markóc	Mezőberény	Mónosbél	Nagyfüged
Markotabödöge	Mezőcsát	Monostorapáti	Nagygeresd
Maróc	Mezőcsokonya	Monostorpályi	Nagygörbő
Marócsa	Meződ	Monosló	Nagygyimót
Márok	Mezőfalva	Monyoród	Nagyhajmás
Márokföld	Mezőgyán	Mórág	Nagyhalász
Márokpapi	Mezőhegyes	Mórahalom	Nagyharsány
Maroslele	Mezőhék	Móricgát	Nagyhegyes
Mártély	Mezőkeresztes	Mórichida	Nagyhódos
Martfű	Mezőkomárom	Mosdós	Nagyhuta

Nagyigmánd	Nagyvázsony	Nógrádsipek	Óbánya
Nagyiván	Nagyvejke	Nógrádszakál	Óbarok
Nagykálló	Nagyveleg	Nóráp	Óbudavár
Nagykamarás	Nagyvenyim	Noszlop	Ócsárd
Nagykapornak	Nagyvisnyó	Noszvaj	Ófalu
Nagykarácsony	Nak	Nova	Ófehértó
Nagykereki	Napkor	Novaj	Óföldséki
Nagykeresztúr	Nárai	Novajdrány	Óhíd
Nagykinizs	Narda	Nőtincs	Okány
Nagykónyi	Naszály	Nyalka	Okorág
Nagykorpád	Négyes	Nyárad	Okorvölgy
Nagykozár	Nekézseny	Nyáregyháza	Olasz
Nagykökényes	Nemesapáti	Nyárlőrinc	Olaszfa
Nagykölked	Nemesbikk	Nyársapát	Olaszfalu
Nagykörös	Nemesborzova	Nyékládháza	Olaszliszka
Nagykörű	Nemesböd	Nyergesújfalú	Olcsva
Nagykutas	Nemesbük	Nyésta	Olcsvaapáti
Nagylak	Nemescsó	Nyim	Old
Nagylengyel	Nemesdéd	Nyírábrány	Ólmod
Nagylóc	Nemesgörszöny	Nyíracsád	Oltárc
Nagylók	Nemesgulács	Nyírád	Onga
Nagylózs	Nemeshany	Nyíradony	Ónod
Nagymágocs	Nemeshetés	Nyírbátor	Ópályi
Nagymányok	Nemeske	Nyírbéltek	Ópusztaszer
Nagymaros	Nemeskér	Nyírbogát	Orbánosfa
Nagymizdó	Nemeskeresztúr	Nyírbogdány	Orci
Nagynyárád	Nemeskisfalud	Nyírcaholy	Ordacsehi
Nagyoroszi	Nemeskocs	Nyírcaászári	Ordas
Nagypáli	Nemeskolta	Nyírderzs	Orfalu
Nagypall	Nemesládony	Nyírgelse	Orfű
Nagypeterd	Nemesmedves	Nyírgyulaj	Orgovány
Nagypirit	Nemesnádudvar	Nyíri	Ormándlak
Nagyrábé	Nemesnép	Nyíribrony	Ormosbánya
Nagyrada	Nemespátró	Nyírjákó	Oroszi
Nagyrákos	Nemesrádó	Nyírkarász	Oroszló
Nagyrécse	Nemesrempehollós	Nyírkáta	Orosztony
Nagyréde	Nemessándorháza	Nyírkércs	Ortaháza
Nagyrév	Nemesvámos	Nyírlövő	Osló
Nagyrozvágy	Nemesvid	Nyírlugos	Ostffyasszonyfa
Nagysáp	Nemesvita	Nyírmada	Ostros
Nagysimonyi	Nemesszalók	Nyírmártonfalva	Oszkó
Nagyszakácsi	Nemesszentandrás	Nyírmeggyes	Oszlár
Nagyszékely	Németbánya	Nyírmihálydi	Osztopán
Nagyszekeres	Németfalu	Nyírparasznya	Ózdfalu
Nagyszénás	Németkér	Nyírpazony	Ozmánbük
Nagyszentjános	Nemti	Nyírpilis	Ozora
Nagyszokoly	Neszmély	Nyírtass	Öcs
Nagytálya	Nézsá	Nyírtelek	Öcsény
Nagytevel	Nick	Nyírtét	Öcsöd
Nagytilaj	Nikla	Nyírtura	Ökörítőfülpös
Nagytótfalu	Nógrád	Nyírvasvári	Ölbő
Nagytóke	Nógrádkövesd	Nyomár	Ömböly
Nagyút	Nógrádmarcal	Nyögér	Ör
Nagyvarsány	Nógrádmegyer	Nyugotszenterzsébet	Öregcsertő
Nagyváty	Nógrádsáp	Nyúl	Öreglak

Órhalom	Pat	Pirtó	Püspökhatvan
Örimagyarósd	Patak	Piskó	Püspökladány
Öriszentpéter	Patalom	Pitvaros	Püspökmolnári
Örkény	Patapoklosi	Pócsa	Püspökszilágy
Örményes	Patca	Pocsaj	Rábacsanak
Örménykút	Pátka	Pócspetri	Rábacsécsény
Őrtilos	Patosfa	Pogány	Rábagyarmat
Örvényes	Pátroha	Pogányszentpéter	Rábahídvég
Ősagárd	Patvarc	Pókaszepetk	Rábakecöl
Ósi	Pátyod	Polány	Rábapatoná
Öskü	Pázmánd	Polgár	Rábapaty
Öttevény	Pázmándfalu	Polgárdi	Rábapordány
Öttömös	Pecöl	Porcsalma	Rábasebes
Ötvöskónyi	Pécsbagota	Pornóapáti	Rábaszentandrás
Pácin	Pécsdevecser	Poroszló	Rábaszentmihály
Pacsa	Pécsely	Porpác	Rábaszentmiklós
Pácsony	Pécsudvard	Porrog	Rábatamási
Padár	Pécsvárad	Porrogszentkirály	Rábatöttös
Páhi	Pellérd	Porrogszentpál	Rábcakapi
Páka	Pély	Pórszombat	Rácalmás
Pakod	Penc	Porva	Ráckeresztúr
Pákozd	Penészlek	Pósfa	Ráckeve
Palé	Pénzesgyőr	Potony	Rád
Pálfa	Penyige	Potyond	Rádfalva
Pálfiszeg	Pér	Pölöske	Rádóckölked
Pálháza	Pere	Pölöskefő	Radostyán
Páli	Perecse	Pörböly	Ragály
Palkonya	Pereked	Pördefölde	Rajka
Pálmajor	Perenye	Pötréte	Rakaca
Pálmonostora	Peresznye	Prügy	Rakacaszend
Palotabozsok	Peresztég	Pula	Rakamaz
Palotás	Perkátá	Pusztapáti	Rákóczibánya
Paloznak	Perkupa	Pusztaberki	Rákóczifalva
Pamlény	Perőcsény	Pusztacsalád	Rákócziújfalú
Pamuk	Peterd	Pusztacsó	Ráksi
Pánd	Péterhida	Pusztadobos	Ramocsa
Pankasz	Péteri	Pusztaderics	Ramocsaháza
Pannonhalma	Pétervására	Pusztafalu	Rápolc
Pányok	Pétfürdő	Pusztaföldvár	Raposka
Panyola	Pethőhenye	Pusztahencse	Rásonysápberencs
Pap	Petneháza	Pusztakovácsi	Rátka
Pápadereske	Petőfibánya	Pusztamagyaród	Rátót
Pápakovácsi	Petőfiszállás	Pusztamérges	Ravazd
Pápasalamon	Petőháza	Pusztamiske	Recsk
Pápateszér	Petőmihályfa	Pusztamonostor	Réde
Papkeszi	Petrikeresztúr	Pusztaottlaka	Rédics
Pápoc	Petriverte	Pusztaradvány	Regéc
Papos	Pettend	Pusztaszabolcs	Regenye
Páprád	Piliny	Pusztaszemes	Regöly
Parád	Piliscsév	Pusztaszentlászló	Rém
Parádsasvár	Pilismarót	Pusztaszer	Répáshuta
Parasznya	Pincehely	Pusztavacs	Répcelak
Paszab	Pinkamindszent	Pusztavám	Répceszemere
Pásztó	Pinnye	Putnok	Répceszentgyörgy
Pásztori	Piricse	Püski	Répcevis

Resznek	Salomvár	Siójut	Sótony
Rétalap	Sály	Sírok	Söjtör
Rétközberencs	Sámod	Sitke	Söpte
Rétság	Sámsonháza	Sobor	Söréd
Révfülöp	Sand	Sokorópátka	Sukoró
Révleányvár	Sándorfalva	Solt	Sumony
Rezi	Sántos	Soltszentimre	Súr
Ricse	Sáp	Soltvadkert	Surd
Rigács	Sáránd	Sóly	Sükösd
Rigyác	Sárazsadány	Som	Sülysáp
Rimóc	Sárbogárd	Somberek	Sümeg
Rinyabesenyő	Sáregres	Somlójenő	Sümegecsehi
Rinyakovácsi	Sárfimizdó	Somlószőlős	Sümegeprága
Rinyaszentkirály	Sárhida	Somlóvásárhely	Süttő
Rinyaújlak	Sárisáp	Somlóvecse	Szabadbattyán
Rinyaújnép	Sarkad	Somodor	Szabadegyháza
Rohod	Sarkadkeresztúr	Somogyacsa	Szabadhídvég
Románd	Sárkeresztes	Somogyapáti	Szabadi
Romhány	Sárkeresztúr	Somogyaracs	Szabadkígyós
Romonya	Sárkeszi	Somogyaszaló	Szabadszállás
Rózsafa	Sármellék	Somogybabod	Szabadszentkirály
Rozsály	Sárok	Somogybükkösd	Szabás
Rózsaszentmárton	Sárosd	Somogycsicsó	Szabolcs
Röjtökmuzsaj	Sárospatak	Somogydöröcske	Szabolcsbáka
Rönök	Sárpilis	Somogyegres	Szabolcsveresmart
Rösze	Sárrétudvari	Somogyfajsz	Szágy
Rudabánya	Sarród	Somogygeszti	Szajk
Rudolftelep	Sárszentágota	Somogyhárságy	Szajla
Rum	Sárszentlőrinc	Somogyhatvan	Szajol
Ruzsa	Sárszentmihály	Somogyjád	Szakácsi
Ságújfalu	Sarud	Somogyeggyes	Szakadát
Ságvár	Sásd	Somogysámson	Szakáld
Sajóbábony	Sáska	Somogysárd	Szakály
Sajóecseg	Sáta	Somogysimonyi	Szakacs
Sajógalgóc	Sátorhely	Somogyszentpál	Szakmár
Sajóhídvég	Sávoly	Somogyszil	Szaknyér
Sajóivánka	Sé	Somogyszob	Szakoly
Sajókápolna	Segesd	Somogytúr	Szakony
Sajókaza	Selyeb	Somogyudvarhely	Szakonyfalu
Sajókeresztúr	Sellye	Somogyvamos	Szákszend
Sajólád	Semjén	Somogyvár	Szalfő
Sajólászlófalva	Semjénháza	Somogyviszló	Szálánta
Sajómercse	Sénye	Somogyzsitfa	Szalapa
Sajónémeti	Sényő	Sonkád	Szalaszend
Sajóörös	Seregélyes	Soponya	Szalatnak
Sajópálfala	Serényfalva	Sopronhorpács	Szálka
Sajópetri	Sérsekszőlős	Sopronkövesd	Szalkszentmárton
Sajópuspöki	Sikátor	Sopronnémeti	Szalmatercs
Sajósenye	Siklósbodony	Sorkifalud	Szalonna
Sajószöged	Siklónagyfalva	Sorkikápolna	Szamosangyalos
Sajóvamos	Sima	Sormás	Szamosbecs
Sajóvelezd	Simaság	Sorokpolány	Szamoskér
Sajtoskál	Simonfa	Sóshartyán	Szamosossályi
Salföld	Simontornya	Sóstófalva	Szamosatárfalva
Salköveskút	Sióagárd	Sósvertike	Szamosújlak

Szamosszeg	Szentdomonkos	Szólád	Tarcal
Szanda	Szente	Szomód	Tard
Szank	Szenteagát	Szomolya	Tardona
Szántód	Szentes	Szomor	Tardos
Szany	Szengál	Szorgalmatos	Tarhos
Szápár	Szengáloskér	Szorosad	Tarján
Szaporca	Szengothárd	Szóc	Tarjánpuszta
Szár	Szengyörgyvár	Szöce	Tárkány
Szárász	Szengyörgyvölgy	Szögliget	Tarnabod
Szárazd	Szentimrefalva	Szöke	Tarnalelesz
Szár föld	Szentistván	Szökéd	Tarnaméra
Szárliget	Szentistvánbaksa	Szökedencs	Tarnaörs
Szarvas	Szentjakabfa	Szőlősardó	Tarnaszentmária
Szarvasgede	Szentkatalin	Szőlősgyörök	Tarnaszentmiklós
Szarvaskend	Szentkirály	Szörény	Tarnazsadány
Szarvaskő	Szentkirályszabadja	Szúcs	Tárnokréti
Szászberek	Szentkozmadombja	Szuha	Tarpa
Szászfa	Szentlászló	Szuhafő	Tarrós
Szászvár	Szentliszló	Szuhakálló	Táska
Szatmárcseke	Szentlőrinc	Szuhogy	Tass
Szátok	Szentlőrinckáta	Szulimán	Taszár
Szatta	Szentmargitfalva	Szulok	Tát
Szatymaz	Szentmártonkáta	Szurdokpüspöki	Tataháza
Szava	Szentpéterfa	Szücsi	Tatárszentgyörgy
Szebény	Szentpéterföldre	Szügy	Tázlár
Szécsénke	Szentpéterszeg	Szűr	Téglás
Szécsény	Szentpéterúr	Tab	Tékes
Szécsényfalfalu	Szenyér	Tabajd	Teklafalu
Szécsisziget	Szepetnek	Tabdi	Telekes
Szederkény	Szerecseny	Táborfalva	Telekgerendás
Szedres	Szeremle	Tác	Teleki
Szegerdő	Szerep	Tagyon	Telkibánya
Szeghalom	Szergény	Takácsi	Tengelic
Szegi	Szigetbecse	Tákos	Tengeri
Szegilong	Szigetsép	Taktabáj	Tengőd
Szégvár	Szigetszentmárton	Taktaharkány	Tenk
Székely	Szigetújfalu	Taktakenéz	Tényő
Székelyszabar	Szigliget	Taktaszada	Tépe
Székkutas	Szihalom	Taliándörög	Terem
Szeleste	Szijártóháza	Tállya	Terény
Szelevény	Szikszo	Tamási	Tereske
Szellő	Szil	Tanakajd	Teresztenye
Szemely	Szilágy	Táp	Terpes
Szemenye	Szilaspogony	Tápióbicske	Tés
Szemere	Szilsárkány	Tápiógyörgye	Tésa
Szendehely	Szilvágy	Tápióság	Tésenfa
Szendrő	Szilvás	Tápiószező	Tésény
Szendrőlád	Szilvásvár	Tápiószele	Teskánd
Szena	Szilvásszentmárton	Tápiószenmárton	Tét
Szenta	Szin	Tápiószőlős	Tetétlen
Szentantalfa	Szinpetri	Táplánszentkereszt	Tevel
Szentbalázs	Szirák	Tapsony	Tibolddaróc
Szentbékállá	Szirmabesenyő	Tápszentmiklós	Tiborszállás
Szentborbás	Szob	Tar	Tihany
Szentedés	Szokolva	Tarany	Tikos

Tilaj	Tiszavalk	Túrricse	Vaja
Timár	Tiszavárkony	Tuzsér	Vajdácska
Tiszaadony	Tiszavasvári	Türje	Vajszló
Tiszaalpár	Tiszavid	Tüskevár	Vajta
Tiszabábolna	Tisztaberek	Tyukod	Vál
Tiszabecs	Tivadar	Udvar	Valkó
Tiszabercel	Tóalmás	Udvari	Valkonya
Tiszabezdéd	Tófalu	Ugod	Vállaj
Tiszabő	Tófej	Újbarok	Vállus
Tiszabura	Tófű	Újcsanáros	Vámosatya
Tiszacsécse	Tokaj	Újdombrád	Vámoscsalád
Tiszacsege	Tokod	Újfehértó	Vámosgyörk
Tiszacsermely	Tokodaltáró	Újhartyán	Vámosmikola
Tiszadada	Tokorcs	Újiráz	Vámosoroszi
Tiszaderzs	Tolesva	Újireg	Vámospércs
Tiszadob	Told	Újkenéz	Vámosújfalú
Tiszadorogma	Tolmács	Újkér	Vámosszabadi
Tiszaeszlár	Tolnanémedi	Újkígyós	Váncsod
Tiszaföldvár	Tomajmonostora	Újlengyel	Vanyarc
Tiszafüred	Tomor	Újléta	Vanyola
Tiszagyenda	Tompa	Újlőrincfalva	Várad
Tiszagyulaháza	Tompaládony	Újpetre	Váralja
Tiszaigar	Tordas	Újrónafő	Varászló
Tiszainoka	Tormafölde	Újsolt	Váraszó
Tiszajenő	Tormás	Újszalonta	Várbalog
Tizakanyár	Tormásliget	Újszász	Varbó
Tizakarád	Tornabarakony	Újszentiván	Varbóc
Tizakécske	Tornakápolna	Újszentmargita	Várda
Tizakerecseny	Tornanádaska	Újszilvás	Várdomb
Tizakeszi	Tornaszentandrás	Újtelek	Várfölde
Tizakóród	Tornaszentjakab	Újtikos	Varga
Tizakürt	Tornyiszentmiklós	Újudvar	Várgesztes
Tizaladány	Tornyosnémeti	Újvárfalva	Várkesző
Tizalök	Tornyospálca	Ukk	Várong
Tizalúc	Torony	Und	Városföld
Tizamogyorós	Torvaj	Úny	Városlőd
Tizanagyfalu	Tószeg	Uppony	Varsád
Tizanána	Tótkomlós	Ura	Varsány
Tizaörs	Tótszentgyörgy	Uraiújfalú	Várvölgy
Tizapalkonya	Tótszentmárton	Úrhida	Vasad
Tizapüspöki	Tótszerdahely	Úri	Vasalja
Tizarád	Tótújfalu	Úrkút	Vásárosbéc
Tizaróff	Tótvázsony	Uzka	Vásárosdombó
Tizساس	Töltéstava	Uzód	Vásárosfalu
Tizասյւլ	Tömörd	Uzsa	Vásárosmiske
Tizասալկա	Tömörkény	Üllés	Vásárosnamény
Tizասսէտիմրէ	Törökkoppány	Vácduka	Vasasszonyfa
Tizասսէտմարտոն	Törtel	Vácegres	Vasboldogasszony
Tizասզիգէت	Töttös	Váchartyán	Vasegerszeg
Tizասزۆلۆس	Trizs	Váckisújfalu	Vashosszúfalú
Tizատարდوس	Tunyogmatolcs	Vácszentlászló	Vaskeresztes
Tizاتارján	Tura	Vadna	Vaskút
Tizatelek	Túristvándi	Vadosfa	Vasmegyer
Tizatenyő	Túrkeve	Vág	Vaspör
Tizaug	Túrony	Vágáshuta	Vassurány

Vasvár	Viszló	Zalaszenthalmály
Vaszar	Visznek	Zalaszombatfa
Vászoly	Vitnyéd	Zaláta
Vasszécseny	Vízvár	Zalatárnok
Vasszentmihály	Vizslás	Zalaújlak
Vasszilvagy	Vizsoly	Zalavár
Vát	Vokány	Zalavég
Vatta	Vonyarcvashegy	Zalkod
Vázsnok	Vöckönd	Zamárdi
Vécs	Völcsej	Zámoly
Végegyháza	Vönöck	Zánka
Vejtí	Vöröstó	Zaránk
Vékény	Vörs	Závod
Vekerd	Zabar	Zebecke
Velem	Zádor	Zebegény
Velemér	Zádorfalva	Zemplénagárd
Velence	Zagyvarékas	Zengővárkony
Velény	Zagyvaszántó	Zichyújfalu
Véménd	Záhony	Zics
Vének	Zajk	Ziliz
Vép	Zajta	Zimány
Vereb	Zákány	Zirc
Verőce	Zákányfalva	Zók
Verpelét	Zákányszék	Zomba
Verseg	Zala	Zubogy
Versend	Zalaapáti	Zsadány
Vértesacska	Zalabaksa	Zsáka
Vértesboglár	Zalabér	Zsámbok
Vérteskethely	Zalaboldogfa	Zsana
Vértessomló	Zalacsány	Zsarolyán
Vértestolna	Zalacséb	Zsebeháza
Vértesszőlős	Zalaerdőd	Zsédeny
Vése	Zalagyömörő	Zselickisfalud
Veszkény	Zalahaláp	Zselickislak
Veszprémfajsz	Zalaháshággy	Zselicszentpál
Veszprémgalsa	Zalaiatrice	Zsennye
Veszprémvarsány	Zalaistvánd	Zsira
Vésztó	Zalakaros	Zsombó
Vezseny	Zalakovár	Zsujta
Vid	Zalakovésút	Zsurk
Vigántpetend	Zalalövő	
Villány	Zalameggyes	
Villánykövesd	Zalamerenye	
Vilmány	Zalásárszeg	
Vilonya	Zalaszabar	
Vilyvitány	Zalaszántó	
Vinár	Zalaszegvár	
Vindornafok	Zalaszenthalmály	
Vindornyalak	Zalaszentgrót	
Vindornyaszőlős	Zalaszentgyörgy	
Visnye	Zalaszentiván	
Visonta	Zalaszentjakab	
Viss	Zalaszentlászló	
Visz	Zalaszentlőrinc	
Viszák	Zalaszentmárton	





**Annex 9. Settlements, the outskirt territories of which are eligible under the measures of Axis III. and IV. Only the outskirt areas of the following settlement are eligible under the Programme.**

- Abony
- Albertirsa
- Baja
- Békés
- Békéscsaba
- Bonyhád
- Cegléd
- Debrecen
- Edelény
- Gyula
- Jászberény
- Kaposvár
- Kecskemét
- Keszthely
- Kiskőrös
- Kiskunfélegyháza
- Kiskunhalas
- Mohács
- Monor
- Mór
- Nagykáta
- Nyíregyháza
- Orosháza
- Pápa
- Pilis
- Siklós
- Szekszárd
- Szigetvár
- Tapolca
- Tata
-

## Annex 10. The comments of civil partners that were taken during the public debate of the NHRDP

### *GENERAL COMMENTS*

No.	Date opinion given	Form of opinion	Name of respondent	No. of comment	Observation, proposal
1.	1-nov-2006	Written	Hungarian Chamber of Agriculture - Chief Secretary	1.	In his opinion the word "agrár" (agricultural) should be kept in the title (New Hungary Agricultural-Rural Development Strategic Plan/Program).
				2.	The material produced up until now is laid out well and is easy to comprehend, it contains information that is easy to access and understand.
				3.	The status analysis and evaluation on agriculture and the situation of rural areas contains detailed, precise data with respect to agriculture and those living from agriculture.
				4.	The Chamber of Agriculture agrees with the priority system outlined on page 39, it is in harmony with the objectives outlined in the strategy.
				5.	He continues to view the position of axis I participating with a proportion of at least 50% as being advantageous from the point of view of the sector.
				6.	He points out that the view that the current low artificial fertiliser use level is good should not be promoted because this status come from a form of forced economy the agriculture has been suffering since the change in political regime and in general this is the cause for the fluctuating harvest levels and the quality problems.
				7.	He remarks that the part about the earlier programming period provides appropriate information, however, it goes no further than a mere description and fails to give an actual evaluation of it, as carrying out an effect study of the previous years would have been practical for the new program.
				8.	The working version does not contain financial source specifications in places.
				9.	In summary it can be said that the material presented is good in terms of structure, content and concept, but it does need supplementing and minor changes.
2.	2-nov-2006	Written	Ferenc Fehér - Executive Chairman (VTOSZ)	1.	It was determined that that their earlier recommendations, given for the Strategic Plan, have appeared in the Program.

			2.	From the status analysis it continues to be apparent that a significant risk factor of the country's agricultural production is water. Agricultural water management risks can only be relevantly addressed by measures in connection with water management. These measures do not provide a final solution to the water management problems, but they can significantly reduce the damaging effects, and, in this way, the production risks.	
			3.	The unfavourable water management effects were given sufficient emphasis in the status analysis. He agrees with this part of the status analysis.	
			4.	In their opinion the measures address the problems presented sufficiently.	
			5.	The improvement of the situation within the table, the protection and improvement of soils, the improvement of the water management of the table, and the improvement of the storage ability of the soil are objectives that can be solved with the instruments of amelioration within the plants. Closely linked to this are the community facilities that are, in general, public plants that are operated by the water associations.	
			6.	A serious problem is caused by drought, and by the provision of water in dry periods. Therefore, apart from the development and reconstruction of plant and community irrigation facilities it is essential in the future to make the economic environment more favourable in which irrigated farms operate.	
			7.	Water damage prevention, and ground water protection are interventions for which at the moment there are no alternatives. Naturally it is not only the ground water systems that need to be modernised, but new solutions need to be widely introduced, in other words water retention and storage solutions need to be applied to a greater extent.	
			8.	He remarks that the three sub-measures in connection with agricultural water management (amelioration, irrigation, water damage prevention, ground water drainage) naturally require further technical consultation.	
3.	6-nov-2006	Written	István Jakab - Chairman (MAGOSZ)	1.	In his opinion the status analysis contained in the New Hungary Rural Development Program does not provide a structure, it is generalising, it is lacking an analysis of the international and Union environment, the analysis does not deal with consumer trends, expectations and changes in the consumer market that form the basis of competitiveness. The analysis does not expose the causes of the individual positive and negative phenomena.

4.	6-nov-2006	Written	National Development Agency - Deputy Chairman - general	<p>2. Similarly to the Strategic Plan the New Hungary Rural Development Program have no future view. The objectives have not been determined within a unified framework, but in line with the economic power relations of the sector.</p> <p>3. In several places the New Hungary Rural Development Program uses the expression "competitiveness", however, the document does not contain an interpretation of this.</p> <p>1. According to the strategic indications the interventions of priorities I-II (85% of the program) are of a completely horizontal nature, territoriality receives no role whatsoever in it (the "homogenous agricultural area" as a new concept really only covers a single condition group of the support title "less favoured areas, which is just 6% of the farmed area).</p> <p>2. The critical regions, groups and the horizontal equal opportunity requirements do not appear in any operative form whatsoever.</p> <p>3. The primarily declared strategic objectives of section I (agro-food) (market orientation, training, cooperation, consulting, etc.), according to the financial breakdown are only given a total of a 2-5% share (e.g. training output indicator 100,000 persons (3 days), which on the basis of the contents of the status report makes the adaptation abilities of large numbers of those carrying out agricultural activities seriously worrying.</p> <p>4. On the sources side under the most emphasised title of "modernisation of agricultural plants" (23% on its own) the strategy also fails to reflect its sector-orientation and the guarantees of this: in the scope of the plant production sector. Similarly to the Agricultural and Rural Development Operative Program the plant production and horticultural branches are again together, in this way it may happen again that the current investment demand of a mass product with a strong lobbying position will, in practice push out of the resources budget the other sub-branches that represent greater added value.</p> <p>5. Similarly, in the case of stock keeping investments conformity to the EU environmental protection, and animal well-being requirements will not appear as a real priority (instead: creation of spaces, feed production investments), as these have a place after space expansion in the description listing.</p> <p>6. Named under the value-increasing processing of agricultural products and with significant value appear only bio-diesel and bio-ethanol semifinished-product processing.</p>
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- Renewable energy: the basic concept reflects a basic technical misunderstanding, according to which biogas production is basically based on manure, as a manure treatment method. Biogas production technology can really be used with associated profit, however, this basic material provides the lowest degree of efficiency (manure is required to initiate the fermentation of green raw material ). He recommends that stipulating the raw material and the functionality be avoided. Similarly he recommends that this restriction be left out in the case of investments related to the production of intermediate renewable energy products to be produced only for "on-farm" use on the objective side. The stipulation on the subject side (only producer) is understandable, so the support would go in all cases to agricultural and forestry producers, however, the processing of biomass basic material into an intermediate energy product and its sale is a basically necessary link in the chain on the supplier side of the construction of community heating plants. And otherwise the same (diversified) products sale can be interpreted in the case of the producing agricultural or forestry producer , like, e.g. raw alcohol. The Natura 2000 compensation support construction (especially expected by the EU) to be found in priority II (land-management) appears in the technical regulatory details and the amounts of the support with the remark "still being worked on", so in this way it cannot be compared with the other related constructions.
7. Under priority III (rural quality of life and rural economy) in the scope of micro-enterprise development competing interventions appear that deviate from the earlier branch part-agreements and overlap them (as: "in rural areas the GOP and the ROP do not support micro-enterprises").
8. The state reform continues to be worrying with structure changes planned in several subject areas, as beside the interventions of the Operative Program aimed at various public service infrastructure developments the undertaking of an "integrated small settlement service area" for EVERY village with a population between 500 and 2500 (irrespective of whether the given settlement actually needs it?).
9. In the relationship between the program preparation (Local Rural Development Initiative) and the LEADER measure it is not clear what selection will take place from among the 200 planned Local Rural Development Initiatives as the number given as a LEADER HACS indicator is also 200.
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13. A further problem in connection with the planned results of the LEADER program-element is that with an expenditure of HUF 71 billion only a total of 400 jobs are planned. This, in practice, equals the management capacity of 2 persons per group, which, however, cannot be separated from the specialist management capacity outlined in the Local Rural Development Initiative process and from the (further) management-specialist personnel capacity proposed in connection with the national rural network to be financed from the TA budget.
14. Sections 13 and 14 of the program are exceptionally lacking in completeness (ensuring partnerships and equal opportunities): equal opportunities does not appear in any operative intervention, or in any special thematic or procedural surplus.
15. The communication section of the Program does not contain the national rural network - that is, on the other hand, primarily to be set up expressly for communication tasks; in this way it brings up serious technical and financial efficiency doubts.
16. The institutional section of the program - over and above the adoption of community framework-decree regulations - does not contain the actual framework and conditions of the operation. So it does not contain the concrete means and modes of cooperation with the New Hungary Development Plan. For example, the national Development Agency is not named among the future members of the sphere of partners nor of the Monitoring Committee. Electronic data exchange and the ensuring of compatibility is not mentioned either.

5. 10-nov-2006      Written      Gábor Horváth - Chief Secretary (National Federation of Agricultural Co-operators and Producers)

1. He finds it unfortunate that the material sent before the work meetings and the present Program are not in harmony with each other.
2. In several cases the financing amount has not been shown for certain measures.
3. The Program suggests that large-scale operations are not desirable for Hungarian agriculture. The National Federation of Agricultural Co-operators and Producers rejects this point of view.
4. In connection with this in all cases it rejects the degression aligned to the size of the support.

6.	13-nov-2006	Written	Federation of Hungarian Food Industries - Chief Secretary	1.	he agrees with the objectives and priorities in connection with agriculture, forestry, the food industry and rural development.
				2.	In his opinion, however, the resource allocation does not confirm these priorities. The program devotes a low support amount to the extremely outstanding sub-measures, i.e.: for the value increasing of agricultural and forestry products, and for the production of bio-ethanol and bio-diesel.
				3.	He states that the modernisation of the foodstuff industry has been pushed into the background.
				4.	He points out that in the lack of support the competitive ability of small and medium sized enterprises will continue to decrease, structural transformation will fail to take place, and the lack of specialisation and concentration required to attain appropriate size efficiency will further increase their competitive disadvantage.
				5.	Section 2.1.3 of the Program "Status Analysis with respect to the individual measures" correctly describes the out of date technology characteristic of the foodstuff industry and the old fashioned product structure. (This is mainly characteristic of the small and medium sized enterprises carrying out primary foodstuff processing.) The statements in the status analysis make the development and the increase of the amount of the support absolutely necessary.
				6.	In some sections of the program there is significant overlapping and repetition, for example, the second paragraph of section 2.1.1 is the same as the last paragraph, section 2.1.3. contains several repetitions of "...a kibocsátás 12 % reprezentáló TÉSZ-ek..." "producer organisations representing 12% of emissions"
7.	15-nov-2006	Written	Dr. László Takács	1.	The New Hungary Rural Development Program group of projects deals globally with rural development objectives, it does not contain named objectives broken down to sub-branches. However, it can be said to be structurally good and the priorities are fair.
				2.	In his opinion the funding allocation proportions are distorted, if the 1st objective receives 47% the 2nd objective receives 32%. The latter seems unjustifiably high to the disadvantage of the former. His opinion is that it would be sufficient to provide 20-25% funding to this group of measures, and the funding released through this could be regrouped for measures group I.
				3.	He finds it a correct standpoint to emphasise that an important objective is the increase of the weighting of livestock farming.

4. Another positive feature is that the document contains support for conformity to EU prescriptions under such titles as e.g. environmental protection, animal welfare, hygiene requirements, quality assurance systems, and that the Program does not leave the support of production groups out of consideration either.
5. He complains that the total public funding contribution for the execution of the Program is EUR 4,955,525,250, of this the budget allocated for measure 123 is a total of EUR 172,794,118, that is a mere 3.5% of the total budget. The program is to devote this small amount of support to exceptional sub-measures, i.e.: for the value increasing of agricultural and forestry products, and for the production of bio-ethanol and bio-diesel.
6. The amount budgeted for measure 124, research and development and innovation is exceptionally small, a greater amount of support is needed.
7. He states his detailed opinion in the following:
8. a) During livestock farming the development of the living conditions of animals, of their environment and of the protection of their health.
9. b) Improvement of animal transportation conditions, as well as the modernisation of the live animal receiving and resting technology of processing plants.
10. c) Because of animal welfare prescriptions almost the entire equipment used in egg production needs to be replaced by January 2012. There is no sign of this in this draft, the HUF 12 billion investment program must be built in.
11. d) As meat chicken animal welfare prescriptions are being introduced, the production plant control system needs to be modernised (computer control). Monitoring systems need to be developed and operated for animal welfare evaluation.
12. e) Due to avian flu a technology change needs to be implemented in the waterfowl branch.
13. Organic food from organic poultry: In accordance with the prescriptions of organic farming, the production of meat poultry raised under controlled conditions. The creation of the organic feed production base required for this and the transformation of the production farms in accordance with organic farming processes.
14. Kitchen-ready products: Modern, kitchen-ready products with a high degree of processing, as well as the expansion of the production of ready foods. The support of the development and production of new products. The creation of the production conditions of products requiring special packaging.



15. Egg processing, production of egg products: Hungarian egg processing industry is very small, at present only one more significant plant is in operation. The range of processed and reprocessed egg products needs to be expanded.
16. Healthy eating: Product structure expansion: special products meeting the expectations of narrower customer layers (e.g.: products free of allergens, region and country specific products).
17. Food safety, quality: Setting up and equipping modern plant laboratories, development of the existing equipment also in the form of fast evaluation devices, also taking into consideration environmental protection aspects, as well as the promotion of the use of feed of controlled quality and content in the interest of ensuring the dietary health testing of meat poultry and the foodstuff safety of the produced products, and its quality.
18. Cold storage capacities: Improvement of the storage and warehousing conditions of frozen products, renovation of existing cold storage facilities, the improvement and modernisation of their energy efficiency. The increase of cooling capacities with the construction of new cold storage facilities.
19. Information technology development: Further development and expansion of the existing IT hardware and software systems production control, records, commercial), widening of online services.
20. Education development: Support of the acquisition of theoretical and practical knowledge, trainer base, special courses, e.g.: animal welfare.
21. Research and development: Joint funding opportunities for theoretical and practical specialists in the interest of developments being realised that make efficient industrial use possible.
22. Industrial branch statistics, and data collection, processing support, unification, setting up benchmarks.
23. Biogas: The neutralisation and utilisation of the organic wastes formed during poultry processing and of the manure created during livestock farming in an environmentally friendly way through the production of biogas.
24. Thermal waters: The more varied utilisation of existing thermal water wells geothermal mini-power plants and research into other utilisation possibilities, implementation of pilot projects.
25. Wind and solar energy: The total or partial supply of the energy requirements of larger plants and farms using wind or solar energy.
26. Implementation problems in connection with the project funding system:

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| 8. | 17-nov-2006<br>Thematic work team<br>meeting: Water<br>management | Ferenc Fehér –<br>National Federation of<br>Water Management<br>Associations | <p>27.</p> <p>28.</p> <p>29.</p> <p>30.</p> <p>1.</p> <p>2.</p> <p>3.</p> <p>4.</p> <p>5.</p> | <p>The staff undertaking obligation is an obstacle to the public funding of new, modern, competitive technologies. With this the participants of the Hungarian processing industry are forced to compete with EU competitors with out of date technology and the high wage costs involved with high staffing levels.</p> <p>The huge amount of bureaucratic documentation experienced in connection with SAPARD and AVOP projects do not protect the applicants from decisions that prove to be bad later on, this does not guarantee the viability of the project or the applicant enterprise. Project documentation needs to be simplified, both in the submittal and accounting phases. greater emphasis needs to be placed on communication with the applicants, on supportive cooperation in the implementation phase.</p> <p>With respect to project accounting reviews need to be made faster, clear requirements need to be stated when making up for missing documentation, so that multiple requests for missing documentation can be avoided. It is necessary to make payments faster through the rationalisation of accounting, and reducing the turn-around times.</p> <p>The financing possibilities of companies winning funding should not be obstructed by a mortgage lien being placed on property or moveable assets in first place by the contracting authority. It should be possible for the Agriculture and Rural Development Office (Ministry) to allow the mortgage lien of a financing bank in front of it within the value of the property.</p> <p>He states that from the point of view of water management the number of extreme situations has multiplied that have to be dealt with in one way or another.</p> <p>He agrees fully with the situation analysis.</p> <p>In his opinion the three measures group appearing in the Strategy make complete use of the opportunities available.</p> <p>He said that if the community facilities do not operate appropriately then they cannot be utilised sufficiently.</p> <p>He supports measures that are brought forward. Programs are needed that can be implemented quickly.</p> |
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9.	20-nov-2006	Written	Prof. Ferenc Ligetvári – Hungarian Academy of Sciences Agricultural Water Management Committee	1.  2.  3.  4.	<p>He emphasised the clarification of two concepts: "kultúr táj" (culture landscape" and "termék biztonság" (product safety). He stated that the environment of culture landscapes (e.g. Badacsony) needs to be maintained at the appropriate level. In the case of product safety procedure fluctuation is not permissible. The farmers have to be helped in order to achieve product safety. irrigation is very important in this case.</p> <p>He pointed out that the planting of energy grass was HUF 50 thousand/ha, not this is HUF 100 thousand/ha. Irrigation has a special role here too.</p> <p>He emphasised that in the utilisation of water resources, for example the irrigation of energy grass and energy forests could be helped. Much could be saved in this way.</p>
			Illés Bényei - Chairman (MADOSZ) National Federation of Hungarian Tobacco Producers	1.  2.  3.  4.	<p>Part 2.1.2 of the document entitled "The regional features of the agricultural economy" fails to mention the primarily Great Plain areas the production characteristics of which are very weak but the traditions of farming and primarily tobacco production are present. With this filling a significant role in the maintenance of the agricultural sector in a given region.</p> <p>A positive feature is that in several places, for example in the part "2.1.3 . situation analysis with respect to certain measures" it is very critical of the developments of the past years, the equipment developments - besides mentioning the positive features – stating those areas that are in need of development in the near future.</p> <p>The modernisation of tobacco drying equipment within the scope of the new Hungary Rural Development program is organically linked to the objectives determined in "3.2. The strategic development directions of agricultural-rural development in the period between 2007 and 2013, the related intervention programs and the measures serving to implement these".</p> <p>technological development may, on the one part, contribute to the competitiveness of the sector, reduce environmental loads, and promote environmentally friendly farming.</p>

- On the basis of the above he recommends that for the national development direction of agricultural-rural development I. The improvement of agriculture, the food processing and the forestry sector, the moderation of structural tensions, the promotion of changes to production structure a priority I/2. Technological
5. development should be ensured within the sub-point / 4.1.6. Modernisation of agricultural plants providing support for tobacco drying equipment, as well as special tobacco tending and harvesting machines, the reduction of environmental loading and the use of energy, so leading to the improvement of the competitiveness of the branch.  
He also recommends that the support for the topic of the introduction of interactive IT systems be reconsidered, which would make the implementation and operation of specialist consulting possible on the Internet , with respect to product path organisations, linked to the accredited Regional Specialist Consulting Centres specialising in individual specialised consulting, and with the R&D organisations interested in the product path. So making it possible to increase the competitiveness of agricultural enterprises and their performance, the promotion of participation in the quality systems complying with the stipulations contained in EU decrees 509/2006/EC and 510/2006/EC.
  6. If organisation with respect to interests is really an objective, then it is essential to set a significantly lower turnover limit at the decree level (ministry of agriculture decree 81/2004. (V. 4.) FVM ), which may start off a cooperation grouping based on self-organisation. Both the current decree and the New Hungary Rural Development Program are consistently discriminative in connection with the support of tobacco producer groups in such a way that they are excluded from access to support.
  7. In several points the document refers to less favoured areas and to that in these areas – in the interest of sustaining employment and the retaining ability of the region - those carrying out agricultural activities are entitled to apply for separate supplementary support. It is unfortunate that for administrative reasons farmers in really less favoured areas are those who are not able to use the support that they are entitled to. Therefore he requests that in this issue immediate and reassuring corrections be applied.
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10. 20-nov-2006	Written	János Benedek - CEO (Dohányfermentáló (Tobacco Fermenting) Zrt.)	1.	With respect to the extent and possibilities of the New Hungary Rural Development Program it has a realistic and critical evaluation of the features, and of the strengths and weaknesses, but, of course, it is not able to reach out to every detail.
			2.	Point 2.1.3. of the document very correctly states that "due to the lack of capital most of the farms are not able to create the technical background for competitive production from their own resources. Especially significant is the modernisation demand of post-harvest phases."
			3.	The basic condition of the maintenance of the employment of those living in rural areas, the basic condition of the marketable quality of tobaccos produced with support due to the utilisation of areas with weaker production features and the basic condition of the production of tobacco industry basic material (fermented tobacco) that can be processed under rational energy conditions is that they get access to energy and technology development opportunities without primary processing differentiation being made.
			4.	Also due to the mutual effect on each other and the mutual interest of the producers and the primary processors it is important for there to be fast and effective information exchange, the direct forwarding and realisation of market information and expectations, therefore the expansion of the GAZDANet program appearing in point 4.1.6.3. is justified for agricultural plants carrying out primary processing as well.
11. 21-nov-2006	Written	Béla Szeremley - HANGYA	1.	He emphasises as a general statement that the program, as compared to the strategic document has significantly approached the approach that is derived from the spirit of EU decree 1698/2005/EC. The document basically complies with the EU programming prescriptions; further, more detailed observations in the following:
			2.	page 9, paragraph 1. It is not clear that the farm size of 3.5 ha relating to individual farms is true for use or ownership.
			3.	Page 9 paragraph 5: The role of the branch appears here without the processing industry, the real weight is the joint value with the foodstuff industry and the primary wood industry.
			4.	Table on page 10: It is justified to present the deteriorating tendency of distribution between the branches over a longer time period (even the text itself refers to the exceptional nature of the data from 2004 and the textual part concerns a greater time period.)

5. Page 14, paragraph 2. The first sentence integrates two different relationships (qualification ratio, semi-self-sufficient producing farmer) illogically.  
Page 14 paragraph 4: the "flowing out" of 631.5 thousand "family employees" (what does this concept cover, what is the statistic data in connection with this?)
6. over 3 years is doubtful to have taken place. It is probable that statistic data of different content was drawn together, this should be checked from a data and conceptual point of view.  
Page 16: The presentation of the state specialist consulting system is fair, although it is precisely the report that makes it clear that the delimitation between the system elements and the cooperation framework is missing. Therefore he finds the expression "well constructed" to be unjustified, what is more, an analysis with such content reduces the chances of the acquisition of the support. Due to the compulsory nature prescribed in the KAP reform of specialist consulting providing a service to all farmers, the reform of the system is seen as an urgent task with the active involvement of the representative bodies.
7. Page 22 last paragraph: The TЭСZ is a producer organisation that also supplies the market regulation of the vegetable-fruit branch, so references to other sectors need to be placed into a new paragraph.
8. Pages 52-53: In the presentation of the KAT measures it would be justified to record that the official data of the socio-economic indicators (especially the unemployment rate) do not reflect the real relations in areas affected by long-term unemployment, so the categorisation has become contradictory.
9. Page 57, section I/1: In its present form sentence 2 (The spreading of production systems based on renewable energy sources) only contains reference to the use by producers of renewable energy sources, although the success in the branch of the measure makes it essential for it to be kept completely in the hands of the producers in the place of passive use. Therefore, among the measures serving as interventions – with the application of appropriate legal regulation - the "producer groups" measure also plays a role, or rather priority must be given to the producer groups in the listed measures.
10. Page 65, point 4.1.1. g.: It is justified for the information provision and customer relations activity of the interest representations to receive support, otherwise the measure is discriminative.
- 11.

12. Page 74, point 4.1.4.: The sphere of those entitled to carry out specialist consulting should be supplemented with those acquiring entitlement according to 4.1.5. and this includes interest representations undertaking tasks on the basis of the transfer of state tasks.
13. Page 79 the title of 4.1.5.1 should be supplemented in the following way: .....for producers and forest managers, and, furthermore, for their producer groups.....
14. Page 82, point 4.1.6. g.: The expression "agricultural producers" cannot be interpreted.
15. Page 92 (and in several places): He recommends that the expression "bridge-forming organisation" be explained. In his interpretation this organisation promoting the innovation process could be combined with the activity of organisations carrying out other functions, in this way the interest representation may perform such functions 15/2/2007 in the case of the existence of the appropriate conditions.
16. Page 104: The naming of the official competent body is missing with respect to the introduction of brands and trademarks, and with respect to the registration of geographical marks.
17. Page 110, point 4.1.14. i: The business plan must contain preparation for the use of other measures of the New Hungary Rural Development Program, especially the stipulations contained in the environmental management, animal welfare and quality prescriptions, and transfer to sale via producer sales organisations.
18. Page 111 point 4.1.14. n: besides those with special qualifications, those who are also starting to obtain this should be entitled, at the same time the cover for the support of this should also be created.
19. Page 112: Among the "Semi-self-sufficient farms" measure indicators within the increase of the degree of the increase of sales, it would be justified to separately examine the increase of the ratio of sales via the producer groups.
20. Page 115, point 4.1.15. k. : beside (instead of) the increase of the number of producing organisations, he finds the increase of the degree of market share in the given product path to be more important.
21. Page 171, point 4.3.1. h paragraph 3: ..... creation of sales network, promotion of connection to networks.
22. On page 201 paragraph (3) of the tasks of the Control Authority is in contradiction with the first sentence of page 202.
23. Third paragraph of page 204: the verb is missing (probably "may be transferred").

12. 22-nov-2006	Written	Eszter Kiss-Kollár - NFTET (Social Equality Council)	<p>24. Page 205, paragraph 3: EMOGA Guarantee Branch accreditation is not equal to accreditation taking place for EMVA measures, for this accreditation has to be given on the basis of a new legal act.</p> <p>25. He does not agree with the current form of the section on Technical assistance provision operations, as:</p> <p>26. I. The connection of the National Rural Development Office to other networks, the limits of its activities are not clear</p> <p>27. II. the actual nature of the activities 1-3 on page 227 and the basis of the financial allocation of point 1.2.1.1.a-c. is not clear.</p> <p>1. The system of aspects of equal opportunities consists of a total of 1 page in the entire document of 229 pages (on page 222), which is not only short, it is unjustifiably narrow and so general that no opinion can be made of it. In the document the measure entitled "Agricultural producer farm transfer support" is connected to the sphere of responsibility of the Ministry of Social and Labour Affairs. The justification of the measure does not contain what the gender composition of the potential users is, it can be concluded from this that a significant proportion of the beneficiaries consists of men. She complains that there is no reference to which minimum wage the support relates to, it is not clear whether the duration of the support receive counts as employment, furthermore, do health insurance contributions have to be paid or deducted by the payer (e.g. in a care fee system), and whether the support is taxable or not.</p> <p>2. In connection with the current LEADER programs, she sees that it would be justified to make the tendering system simpler and more comprehensible. Furthermore, in the case of the non-profit sector (NGOs), and for non NGOs with an annual turnover under HUF 50 million it is justified to introduce the simplified data sheet procedure. In connection with this, she asks that in the simple procedure the milestones, the cash flow plan and the marketing plan be left out. As 99% of the missing documents are linked to these three tables, which are not justified in every case.</p> <p>3. Of the positive aspects of the document, it is worth highlighting the measure entitled "The support of non-producing investments", which supports the development of forest schools and the development of eco-tourism. The development of these activities promotes the health development of children and families and their physical-spiritual-social well-being.</p> <p>4.</p>
13. 24-nov-2006	Written	Mrs László Csiszár - Association of Hungarian District Nurses	<p>1. Of the positive aspects of the document, it is worth highlighting the measure entitled "The support of non-producing investments", which supports the development of forest schools and the development of eco-tourism. The development of these activities promotes the health development of children and families and their physical-spiritual-social well-being.</p>



14. 29-nov-2006	Written	dr. Ibolya Gombaszögi-Balogh - Chairwoman (Fejér County Assembly and Fejér County Area Development Council)	1.	The status analysis correctly states that in rural regions the economic-social weight of agricultural activities is more significant than its economic performance measured in terms of GDP.
			2.	The most burning problem of the rural society is the lack of jobs and the very low standard of services. All measures that help to solve these problems strengthen social cohesion, the result of which is the formation of a rejuvenated, united and cooperative rural society. IN the opposite case rural areas will become depopulated.
			3.	About 50% of the available public funds is available for job creation. The amount seems significant but in the knowledge of the size of the basic problem that is waiting to be solved she recommends that the amount of this proportion be increased.
			4.	She remarks that those resources seem little that are available to local authorities for the improvement of the quality of life of rural people (measure group 3).
			5.	The possibilities of the measure entitled "The basic services provided to the rural economy and the rural population" are to be provided by all means to the local authorities of the communities.
15. 30-nov-2006	Written	Dr. László Stündl Ph.D. Senior Lecturer Debrecen University - Agricultural Centre, Debrecen University - Agricultural-Innovation Knowledge Centre	1.	The measures in the New Hungary Rural Development Program should give special emphasis to encouraging innovation and R&D activities that increase competitiveness, which at present means the support of innovation and research cooperation between agricultural institutions of higher education, research institutes and agricultural enterprises.
			2.	Encouraging competitiveness is important because the development infrastructure and equipment, the construction of relations and collaborations and participation in specialist consulting systems represent efficient support to agricultural and food industry enterprises that have competitive products and services and so are prosperous.

16. 30-nov-2006	Written	Pro Régió Agency Program Office	<p>3. He finds it unfortunate that contrary to this only a single measure of the present Program contains innovation and R&amp;D elements (<i>4.1.9. Cooperation aimed at developing new products, procedures and technologies in the agriculture and food sectors, and in the forestry sector.</i>)</p> <p>4. According to his professional opinion the indicative budgeted amount shown here, which is a total of 0.84% of the total budget of the Program, does not provide the resources required for the establishment of a competitive agriculture over the following 7 years, therefore he feels that this amount should be increased to up to at least 1.8-2.0%, and a further 1.6-1.8% of the resources should be set aside for the introduction of developments (technology transfer).</p> <p>5. Furthermore, he recommends that the support of innovation and R&amp;D collaborations be placed in the other, relevant measures as well.</p> <p>1. In general it can be said that the Program is logically structured, easily comprehensible, the individual parts can be identified easily in terms of content. However, comprehensibility should be improved by attaching a management summary, and a graph presenting the priorities and measures should be built into the document.</p> <p>2. When putting together the Program the special characteristics of planning levels lower than the national should be taken into consideration, as in dynamically developing regions (like, for example, the greater Budapest area) there are some isolated settlements that are under-developed or suffer from disadvantages from a certain point of view the support of which from regional development sources is impossible.</p> <p>3. The Agency recommends that the settlements from the greater Budapest area not be excluded from tendering in the regional development projects. It is necessary to support under-developed settlements within the greater Budapest area by ensuring preferences.</p> <p>4. In the interest of ensuring a stable living for the rural population, the opportunities for acquiring alternative income need to be expanded to an increasing extent. This is why it is justified to increase the proportion of rural development support to 40% of the total EAFRD support.</p> <p>5. An important task is the clear and overlap-free separation of developments supported by the EAFRD and the ERDF in the interest of a synergy being realised between Union resources, and no sphere of potential beneficiaries should be left out of the support opportunity because of some task allocation uncertainty.</p>
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17. 30-nov-2006	Written	Hungarian Organic Farming Federation and the Hungarian Nature Protection Federation	1.	A horizontal principle should be placed into the document that the support linked to the measures of the New Hungary Rural Development Program should only be available to producers who do not produce gene-modified varieties.
			2.	Another horizontal principle should be placed into the document is that the participants in the measures of axis 2 should have the advantage if they submit tenders within the scope of measures related to axes 1, 3 and 4.
			3.	They recommend that the allocation of resources between the axes of the Program be reconsidered. Even in the latest version of the Program the resource allocation appearing at the beginning of the document is not in harmony with the size of the resources to be found at the end of the document. They recommend that the proportion of axis 1 be reduced to the benefit of the other axes, especially axis 2.
			4.	In the draft of the New Hungary Rural Development Program, mainly in the case of the sphere of beneficiaries, it is not clear in every case who the various code numbers refer to. They request that the next version of the program contain who may be the beneficiaries of the measures in textual form. This would be much more comprehensible, understandable for those affected, than the use of code numbers.
			5.	To point 4.1.13.: The support of the promotion activity of the beneficiaries in 4.1.12., which serve the popularity of product with protected geographical origin, organic products and quality wines. We did not find measures in connection with this in the ROPs referred to, we recommend the updating the connection with the operative program of the regions mentioned in point n).
18. 1-dec-2006	Written	Hungarian Nature Protection Federation	1.	The Federation recommends that a horizontal principle be placed in the document that the support linked to the measures of the New Hungary Rural Development Program only be available to producers who do not produce gene-manipulated varieties.
			2.	Another horizontal principle should be placed into the document is that the participants in the measures of axis 2 should have the advantage if they submit tenders within the scope of measures related to axes 1, 3 and 4.
			3.	They recommend that the allocation of resources between the axes of the Program be reconsidered. Even in the latest version of the Program the resource allocation appearing at the beginning of the document is not in harmony with the size of the resources to be found at the end of the document. They recommend that the proportion of axis 1 be reduced to the benefit of the other axes, especially axis 2.

			4.	In the draft of the New Hungary Rural Development Program, mainly in the case of the sphere of beneficiaries, it is not clear in every case who the various code numbers refer to. They request that the next version of the program contain who may be the beneficiaries of the measures in textual form. This would be much more comprehensible, understandable for those affected, than the use of code numbers.
19. 12-febr-2007	Written	Mrs. László Bagoly	1.	In connection with climate change she requests that a greater role undertaking by the insurance companies be built in, and that the insurance costs of producers be supported.
20. 13-febr-2007	Written	HANGYA	1.	They make the following determinations in connection with the "General status analysis, strengths, weaknesses" section: I. Processing integration puts the external capital investors into a more advantageous situation and not the producers. II. The structure of the paragraph suggests that self-organisation of producers is only a problem in the vegetable-fruit sector, at the same time in the vegetable and fruit sector producer organisations cannot be supported from EAFRD sources. III. At present in Hungary there is no systemised specialist consulting, it has not yet been formed into a European-type system.
			2.	They make the following statement to the section entitled "The indicative allocation of resources between the measure groups": sector-neutral, systemised operation of specialist consulting has not yet been realised.
21. 2007. 15. February	In written form	Hungarian Chamber of Commerce and Industry	1.	In case of the „eco-farming and animal welfare” section it is stated that one of the reasons of moderate increase in the demand for bio-food staffs can be the lack of entrepreneurial resources, as in the present situation investments cannot be implemented, and the lack of proper inspiration.
22. 2007. 15. February	In written form	NAACP	1.	In case of the detailed introduction of the measure the working-out is missing in many cases. In some cases the postponing of the determination to a later datum is understandable (see: defining the disadvantaged areas) however, in case of agricultural-environment management, animal welfare measures or for measure on forestry, this cannot be accepted.
			2.	It misses the detailed introduction of the Technical Assistance.
23. 2007. 15. February	In written form	Dr. Kárpáti László Director (Pannon University Institute of Andragogy)	1.	Concerning the composition of the Monitoring Committee it is considered to clarify the legal situation of organizations to be invited to the Committee. If possible, public boards – professional chambers are missing – and professional organizations should take part in the task of the Committee.

24. 2007. 15. February	In written form	Green Organizations	2.	The Technical Assistance chapter is supplemented by: the establishment of the NHRD Centre and the Local Rural Development Offices is included in the establishment of NRDN. It would be desirable if these could be realized in step with the Advisory service.
			1.	In the ex-ante evaluation of the NHRDP competitiveness is exclusively stated in the sense of economy. Instead of this a wider definition is proposed in relation to competitiveness that integrates social and environmental aspects besides economic ones.
			2.	From the environmental and social point of view it is of critical importance to accentuatedly support ecological farming within the frame of NHRDP.
			3.	It was mentioned in several fora and conciliation meetings, that farmers participating in the measures of Axis II. will have advantage at the measures of the other axes (e.g. they get extra points when the applications are evaluated). It is required, that this should be included in the Programme.
25. 2007. 16. February	In written form	Association of National Hungarian Apiarians	1.	The development of the processing industry related to the apiarian sector is essentially important in order to save the origin of the export goods – still leaving the country in barrels - and to provide guaranteed quality. In the long run, this is the only way for countenance the domestic excess expenditure in the prices of our goods that is at present means disadvantage compared to tropical countries.
			2.	The conservation of the ratio of non-native tree species on protected areas is important as at these areas these species prevent the landscape from destruction (see, the Kiskunság National Park, or the acacia trees fixing sand at the foot of the monad-nocks of the Tapolca basin). These forests significantly contribute to the insurance of successful landscape protection effectiveness.
26. 2007. 16. February	In written form	Strategic Environmental Research	1.	During the execution of the Programme – where possible - the application of the support conditions, and criteria determined in small region levels should be provided.
			2.	It proposes to supplement the sustainability horizontal policy of the Programme: „At the realization of the horizontal policies basic criteria are the local sustainability, and the consideration of the policies referring to landscape aspect”.
			3.	The harmony among regional operative programmes taking part in rural development and the Programme must be ensured.
			4.	The need to adjust to local capabilities must be laid down as policies in the Plan.
			5.	The development of eco-tourism should be encouraged in areas rich in landscape values, and in areas of small villages and farm-stead regions.

6. On areas rich in landscape values, the distribution of the integrated landscape management including the activities of field, forest, gain management and recreation should be encouraged.
7. In areas of small villages the distribution of the production of local products and ecological farming should be encouraged.
8. On countryside-like areas rich in landscape values, the establishment of local sustainable strategies, and the accomplishment of strategic environmental studies should be encouraged.
9. In areas largely inhabited by social groups of disadvantageous condition sample projects must be launched to implement the so called social forest, and developments based on the protection of inheritance and cultural resources.
10. In areas with small villages and farm-steads sample projects should be launched to evaluate and eliminate the environment polluting sources.
11. The support of developments related to the agriculture-based renewable energy sources should be confirmed by complex, life cycle analysis of sustainability aspects.
12. In the monitoring and decision preparing committees of the NHRDP – at least with consultation role – regional experts should take part.
13. In the Monitoring Committees of the Regional Operative Programmes, and of the SROP and SIOP the execution of NHRDP should be represented.
14. In the NHRDP process order it should be ensured that developments supported from NHDP OP should take advantage.
15. The common representative of the LEADER-like actions should get place in the Monitoring Committees of the Regional Operative Programmes.
16. The monitoring and evaluating system of NHRDP should be able to state the mutual professional performance measured in small regions of NHRDP and NHDP OP (specially in countryside-like small regions, and settlements).
17. From the technical assistance of NHRDP it should be ensured that the execution shall be able to improve small regions or region types performing poorly (e.g. advising, to provide experts the establishment of new application criteria).
18. In case of breeding plants with large number of animals treatment of sludge of agricultural origin and manure should be especially encouraged.
19. If possible, the treatment of organic material originating from agricultural activity should be supported (e.g. the production of other products, the supply soil fertility, the disperse of composting).

20. Within the agricultural-environmental management measure outstanding role should be given to the Sensitive Natural Areas Programme, to sustain nature friendly farming methods, and having determined environmental protecting aims providing adequately high income.
21. Within the agricultural-environmental management measure - after the expiration of the 5 years long undertaking – it is advised to decrease the ratio of environment protection programmes resulting in moderate environmental result by omitting the arable land sub-programme, and by the relative decrease of the area ratio and of the intensity of support.
22. In case of animal breeding plants support should be given to the establishment of appropriate size, isolated manure storage tanks and the connecting monitoring systems – aiming at achieving a BAT congruence.
23. In case of supports distribution of energy saving methods should be emphasized (especially in case of purchasing machines, irrigation and infrastructural development).
24. The Natura 2000 measure should be launched from 2007. After the redistribution of Axes, grater support should be given to measures, that will give better results from environment protection point of view.
25. In case of measures related to water management the Applicant shall demonstrate, how the measure will play part in achieving the goals of WFD.
26. Support should be given to improve the WFD knowledge of rural development advisors.
27. On „location dependent” environmental aspects of the community investments in irrigation, melioration and water regulation a thorough scientific study should be started.
28. A study on the possibilities of environmental-friendly technological developments of micro enterprises should be made.
29. A priority list should be prepared with respect to the environment (with life cycle aspect, and based on energy balance) on the plant species of energetic plantations. When evaluating the applications higher priority plants should get advantage.
30. A „positive list” should be made on agricultural areas, that are eligible for plantation of energetic plants, and this list should be used as an evaluation aspect.
31. In the course of support small scale, local biomass utilization (organic waste utilizing compost + biogas producing equipments, village heating plants) should get advantage.

- In case of machinery acquisition and the development of physical infrastructure advantage should be given to material and energy saving equipments and methods.
32. The decrease of energy use of agricultural plants and of farmers, the increase of energy efficiency and the distribution of sun- wind- and geothermic energy utilizing small equipments should be encouraged.
- At the support of investments in irrigation development advantage should be given to water usage from retained water supply originating from excess water periods, and to the application of water saving, methods with up-to-date technologies, especially in case of horticultural and fruit cultures producing high economic profit.
- 33.
34. Interventions should be especially supported that ensure the good ecological status of waters with properly chosen agro-technological operations.
35. The local harmony of flood control, agricultural and rural developmental tasks should be provided by supporting the complex regional landscape managing systems.
36. With the rational restoration of the mosaic state of the agricultural areas a significant decrease should be achieved in the nutrient load of subsurface waters originating from arable land management. (e.g. by establishing borderlands, tree lines, forest lines, natural habitat zones of river banks and smaller lakes).
37. In order to reach environment saving soil usage professional tilling, change of the type of cultivation, organic matter management, distribution of soil improving materials, usage of environment saving pesticides and fertilizers proper for the agro ecological capabilities, and utilization of manure of animal and plant origin, as well as the establishment of proper crop structure are necessary. To prevent soil compaction and the decay of soil structure as well as to improve the soil's water balance proper deep cultivation and soil loosening agro technical methods should be encouraged.
38. The building and value added renovation of water and energy saving irrigation plants and systems should be supported keeping in mind the existing land ownership, and meeting the environmental protection.
39. Determination of disadvantageous areas should be changed so as to focus primarily on areas of high natural values and to sustain landscape saving farming on them according the intentions of the Union.



40. The monitoring activity referring to the Natura 2000 network should be started as soon as possible, in order to have the necessary information on saving of the not really investigated areas and for saving species, and based on their result to prepare the maintenance plan.
41. Support cannot be given to the production of genetically modified plants.
42. In order to establish synergic effects among axes, applicants who take part in the agricultural-environmental management, forest management programme should take advantage at the evaluation of applications for other measures.
43. In the preparation of biological basis native species should take advantage. The preference of native species should be included within the support conditions.
44. In the support of plantations and aforestation preference should be given to actions joining to a forest blocks, moreover to those connecting forest stocks or those forming a big regional ecological network item.
45. A local methodology guideline should be prepared on the supportability of game tourism. Hunting tourism activity based on the establishment of objects strongly limiting access (intensive hunting, game parks, other fencing), or the usage of such existing objects should not be supported.
46. A local methodology guideline should be prepared for the supportability of country tourism.
47. The mosaic type area usage and maintenance should be encouraged. Nature-close area usage types (forests, grasslands, reeds, water bodies), the change of the type of cultivation, or plantation on such areas should be evaluated after the proper analysis of the local conditions.
48. On areas rich in landscape values developments, considering the landscape saving aspects, should take advantage.
49. In the support of plantations the threshold expansion of the supported area should be determined by producing regions or small regions.
50. In the call for tenders if possible area differentiation should be concerned according to environmental, natural insecurity criteria.
51. In case of energetic utilization of biomass, a life cycle analysis should be made with respect to sustainability, in order to establish the optimal plant size. Basically local systems should be established, where the produced energy can be utilized locally, and there are no big transportation distances, and unnecessary environmental pollution, and the life quality of the local inhabitants will improve due to the investment.

52. A Sustainability Guideline should be prepared to the Programme based on the environmental evaluation of SES.
- It is proposed that the material should deal with the compensational supportability of regions of disadvantageous capabilities and areas that are involved in environmental protection limitations according to the intention of the European Union, and this support is not applicable to areas being under agricultural cultivation that are protected with the aim of saving cultural inheritance. Though in many cases long term protection could be provided by land usage or the change of the type of cultivation. The owners of such areas regularly wish to apply for compensational support – due to the limitations referring to cultivation.
- 53.

### ***I. AXIS***

No.	Date of comment	Form of comment	Comment made by	Comment no.	Comment, proposal
1.	1-nov-2006	written	Hungarian Agricultural Chamber – Secretary General	1.	Measure 4.1.6 (code 121) does not identify or emphasize machine cooperatives among the beneficiaries, although this would be a desirable goal for proper planning and use of machine capacities.
				2.	Measure 4.1.1.1 (code:125) "Energy supply and road ..." does not receive high rate support (70%), as included in the EAFRD material to be commented. This should be harmonized with a higher ratio figure.
				3.	In point "m" of measure 4.1.2 it would be necessary to break down in a differentiated manner by region and area the number of entities eligible for support.
				4.	In the case of measure 4.1.3. "Support for the transfer of farms" in the program the number of farmers to transfer their farms is expected to be several times that of those receiving those. In this case it is not clear what the fate of the farm and the land will be, and what happens if there is no receiving party at the given settlement.
2.	6-nov-2006	written	István Jakab - Chairman National Association of Hungarian Farmer Rings (MAGOSZ)	1.	111. Vocational training, informing activities, innovation:  a.) The measure is not in harmony with the objectives of the NHRDSP. The planned courses and professional visits do not ensure the adoption of innovation among the producers. The EU provides tested methodologies for member-states to realize the objectives of the Lisbon Strategy, including the enhancement of innovation. Due to the faulty methodology of the NHRDP and deficient survey of conditions there is no competence and knowledge map for agricultural producers, as well as a competence and knowledge map required for the targeted structural change, markets and services. In possession of these it would be possible to identify the required competence development and knowledge expansion programs. The deficiencies should be remedied, training shall be made available for all producers, and the fields below should be included among the required competence and knowledge:

- I. Farm management skills
  - II. Strategic planning
  - III. Communication, cooperation
  - IV. Cooperation skills
  - V. IT knowledge
  - VI. Cooperation in business networks, their creation
  - VII. EU and national agricultural policies, reform of CAP
  - VIII. CAP sectoral reforms (sugar, SPS, wine, etc.)
  - IX. Innovation in production
  - X. Agricultural and rural development
- b.) The 1.5% envisaged for the measure opposes the priorities of both the NHRDSP and the Lisbon Strategy. In our opinion one of the main reasons for the problems of the Hungarian agriculture is the lack of competence and knowledge. Minimum 3% should be allocated on the measure and it should be launched in 2007.
2. 112. Launch of young agricultural producers:
- a.) The measure does not touch upon the reasons for the failure of similar measure advertized in ARDOP.
  - b.) It is not clear how the measure supports the structural transformation of agriculture, which sectors are eligible for applications and which have priority.
  - c.) Proposes the inclusion of additional competence and knowledge specifications in the measure (e.g. farm management) and involvement in sectors that do not struggle with sales problems.
  - d.) Considers it important for young farmers to receive support for compiling its strategy and business plan, serving as the basis of the application.
3. 114. Use of advisory services:
- a.) Due to the deficiencies of the NHRDSP no comprehensive strategy was made on the competence, knowledge and information system of agricultural production in Hungary, nor about necessities and the system of education and advisory services to meet the necessities.
  - b.) It is mandatory to establish several new institutions from 2007, such as: FAS, National Rural Development Network.
  - c.) In order to plan the measure it would be necessary to survey the entire system (FAS, NRDN), considering that the foundation of advisory services and education is not the creation of institutions, but trust in the organization conveying information and knowledge.
  - d.) Considers it indispensable for organizations involved in advisory services and having trust capital (e.g. professional associations, interest representations, cooperatives) to get a role also.

- e.) Disagrees with the monopolization of producers cooperatives, whose majority has no relations among producers. At the same time proposes the preparation of a comprehensive strategic material – with the involvement of parties concerned – on the competence, knowledge and information system of agriculture and rural development.
4. has the same opinion as mentioned concerning the previous measure in respect of measure 115. "Creation of plant management, substitution and advisory services, and forestry advisory services".
5. 121. Modernization of agricultural plant:
- a.) The measure's reasoning and detailing is far below EU requirements. The document does not justify the need, objective and efficiency of spending 1.5 bln EUR intended for this measure.
- b.) The most important objective related to production from the triple function of the domestic agriculture (production, environmental, social) is to carry out a sustainable structural transformation in domestic agricultural production that ensures an increase in income for rural regions. Its tools:
- I. Programs to increase consciousness;
  - II. Development of competencies;
  - III. Education;
  - IV. Advisory services;
  - V. Direct access to market and technological info;
  - VI. Strategy of support related to production (e.g. creation of SPS);
  - VII. Support for technological development;
  - VIII. Diversification of income;
  - IX. Tools for leaving agricultural production.
- c.) The measure's generalized and inaccurate wording does not make possible a structural transformation. The government's attention should be drawn to that it would be necessary to prepare a strategy of rural development and structural transformation in agriculture, based on the consensus of parties concerned, to improve the economic position of rural regions, including agriculture. In the lack of these the efficiency of EU payments can not be guaranteed. The measure – as a tool of structural transformation – is important, but in such level of detail it is not acceptable.
- d.) Does not agree with the measure's indicator figures. The 7000 supported farms and the 60 million average value of support means that the majority of domestic farmers will not be able to take part in the structural transformation.
6. 122. Improvement of the economic value of forests:
- a.) The objectives and their justification is acceptable.

- b.) In respect of machine purchase he notes that the level of general agricultural support should be made available in the field of forest management as well.
- c.) In the case of IT purchases and expansions it would be necessary to have support more favorable than the general conditions, because otherwise no progress will be made. What is more special support should be given to promote IT developments. It seems feasible that software having been developed made available by state organizations to private forest managers charge-free.
7. 123. Adding value to agricultural and forestry products:
- a.) Points out that adding value to products is part of the structural transformation of agriculture, so the remark on measure 121 should also be considered here.
- b.) Disagrees with the measure's indicator figures. 900 supported farms and average support value at 52 million means that the majority of farmers will be left out from the structural transformation.
8. 124. Cooperation for the development of new products, procedures and technologies in the agriculture, food and forestry sector.
- a.) Agrees with the contents of the measure, but proposes elaboration of the strategy of a complete system backing innovation.
- b.) In addition to this proposes that funds should be made available for the preparation of cooperation projects (awareness, training, advisory services), and that local producers group be able to take part in the creation of bridge organizations.
9. 125. Improvement and development of agricultural and forestry infrastructure:
- Agrees with the contents of the measure, but considers it quite vague in its present form. The envisaged funds are not sufficient for the fields in question, funds should be increased.
10. 131. Compliance with EU standards:
- The measure is strategically important for both the introduction of the SPS and the planned structural transformation of agriculture. Special tasks are not supported by the planned funds (0,97%). Lacks the survey of needs and the alignment of support funds on needs and objectives.
11. 132. Supporting farmers participating in food quality schemes:
- a.) Points out another deficiency in the strategy. Joining agricultural quality assurance and tracking systems is a strategic task. The „From the farm, to the fork” measures, the voluntary (e.g. Eurepgap) and the compulsory (good farming practise) quality-related undertakings contribute to meeting the changing needs of consumers. The NHRDSP contains no market analysis of this (possibilities, threats).

				<p>b.) The „From the farm, to the fork” measures should be treated as a strategic issue, and it is necessary to prepare the strategy of Hungarian agriculture in the field of application of quality assurance systems. The awareness and the knowledge transfer programs have to be given priority among the measures backing realization, and these can be followed by measures backing introduction.</p> <p>c.) Points out particularly the strategic importance of the measure, at the same time recommends a substantial increase of funds (min. 3%).</p>
			12.	<p>133. Support of producers groups in information and promotion activities concerning products subjects to food quality systems: Opinion same as for measure 132.</p>
			13.	<p>141. Support for semi-subsistence farms under structural transformation: a.) Support for semi-subsistence farms is lacking support experience from the past, evaluation and experience from the measure planned NRDP. b.) Supports the measures, but considers that the number of 10000 farms in the indicator figure is low. It should be increased.</p>
			14.	<p>142. Support for the creation of producers groups: Agrees with the content of the measure, but considers it vague in its present form. It is important to analyze the operation of groups created to date and draw experience.</p>
3.	10-nov-2006	written		<p>Gábor Horváth – Secretary General National Association of Agricultural Co- operations and Producers (MOSZ)</p>
			1.	<p>Non-profit organizations should also be mentioned in relation to public procurement at the end of the second paragraph in point "g) Scope of beneficiaries” in sub-measure "4.1.1.6. Information about the requirements of the SPS and mutual compliance, preparation of application for support and tenders".</p>
			2.	<p>The duration of the contract should be corrected to “at least 1 year” in sub-measure "4.1.4.1. Support for advisory services to agricultural producers and forest managers".</p>
			3.	<p>Also in respect of sub-measure 4.1.4.1 points out concerning the table containing support ratios that higher level support would be necessary, if the goal is to expand the use of advisory services. The average support sum is around HUF 48,000 for the 35,000 farmers set a goal.</p>
			4.	<p>The Qualitative replacement of livestock investment is missing from point “4.1.6.2 Investments for livestock keeping” in measure "4.1.6. Modernization of agricultural plants".</p>
4.	13-nov-2006	written		<p>National Association of Food Processors (ÉFOSZ) – Secretary General</p>
			1.	<p>The sum of support for sub-measure 123. should be increased. (As part of that support for food industry developments should be determined at minimum HUF 5 bln per year.)</p>

2. The appropriation for measure 124 that is research and development, innovation is quite low. In the justification of the measure the program reveals the lack of innovation and need for the same in a proper manner, but this is not backed by the sum of support. In this respect the low level appropriation for innovation should be increased.
3. The justification of the chapter on adding value to agricultural and forestry products is vague, it is lacking the reasons even in the form of a list (e.g. capital deficiency, low efficiency of living labor, no structural transformation, lack of specialization, concentration and modernization to be efficient for size, etc.). The same is true for what was said under objectives (point d.).
4. In respect of sub-measure 1231 the specification of the scope of beneficiaries (point g., page 80) is not precise (SMEs and undertakings up to maximum 750 persons – pursuant to EC Reg. 1698/2005).
5. Interest support and bank guarantee support should be added to the support (point i.).
6. Also in respect of adding value to agricultural and forestry products the following should be added to the paragraph "Links within the program":
  - I. the measure is linked to the Environmental Protection Operational Program, so the undertakings' own environmental protection investments are realized with EPOP support.
  - II. the measure is linked to the Economy Development Operational Program, because the developments related to the production of food industry products not included in Annex 1 of the Treaty of Rome can be realized with EDOP support.

5. 23-nov-2006 Topical workgroup meeting: István Krista – National Association of Agricultural Co-cultivatio operations and n, Producers (MOSZ) gardenin g

1. Recommends 24+6 months for public procurement.
2. In respect of the 5-year proper use there should be a more concrete definition of major change.
3. Modifications should be made among sanctions also.
4. It is a positive development that the double-wall fuel tanks were included in the catalog.
5. Machine classification should be made easier to understand.
6. In respect of scoring: for complexity 20 would be sufficient instead of 30 point, and in case of horizontal criteria younger generations may be discriminated by whether or not they participated in the ARDOP.



			Dr. János Bittsánszky – Hungarian Gardening Council	1. Ask whether the machines used for producing and processing sowing seeds can be included in the catalog? 2. It is necessary to determine the minimum size of gardening equipment. 3. Support for decorative plants is pleasant to see. 4. Investment projects on processing sowing seeds and nursing seedlings should be included among investments to be supported in clearly identified form. 5. The wording "stable machinery of plant cultivation" at machine investments narrows the scope of supportable machinery without any reason. 6. The proposal of the Fruitveb should be specified as a condition for fruit-vegetable applications. 7. The Fruitveb should be included in the compilation of the list of machines preferred for support in additional to the Hungarian Institute of Agricultural Engineering.
			Dr. Béla Mártonfy – Fruit-Vegetable Product Council	1. The 5 eume will cause big problems in this sector. 2. Special machinery should also be included. 3. Sweet corn should be assigned with a VTSZ code.
6.	28-nov-2006	written	József Luzsi – Chairman National Association of Private Forest Owners and Managers (MEGOSZ)	1. The measure enabling the provision and use of forestry professional guidance should be prepared within Axis I (as a separate measure, or appearing as part of advisory services), and publishing the tender accordingly. Otherwise there is no chance for Hungarian private forest management to reach EU standards.
7.	29-nov-2006	written	Mrs. Gombaszögi dr. Ibolya Balogh - Chairman (Fejér County General Assembly and Fejér County Regional Development Council)	1. New jobs can be created with the establishment of advisory services (measure code: 115), modernization of agricultural plants (measure code: 121) and adding economic value to forests (measure code: 122).

				<p>The development of livestock keeping is missing from the axis. In addition to providing added value to by transforming plant origin fodder into animal products livestock keeping can create many new jobs for the keepers of animals and those working in processing industry. In themselves the modernization of livestock keeping sites and the realization of animal welfare measure will not yield the desired growth and change in proportions. New livestock is needed.</p> <p>The measure facilitating the development of horticulture is also missing.</p>
8.	30-nov-2006	written	Dr. János Bittsánszky - Chairman (Hungarian Gardening Council)	<p>1. Investments related to processing sowing seeds and nursing seedlings should be included in a clearly identified manner among investments to be supported.</p> <p>2. The wording "stable machinery of plant cultivation" at machine investments narrows the scope of supportable machinery without any reason.</p>
9.	30-nov-2006	written	András Polgár – Tender advisor (West Transdanubia Regional Development Agency)	<p>1. The organization and realization of training courses and professional programs aimed at the transfer of agricultural and environmental management knowledge should be identified among the part areas of the "Vocational training, informing activities, innovation " (111.) measure, since this field had drawn the highest number of potential participants among the measures of the NDP, but the details of environment management and the conditions of fulfilling the system of conditions is not properly known by the majority of farmers.</p> <p>2. Recommends reducing the 3ha farm size to 1ha for the beneficiary in case of measure "Support for the transfer of farms" (112.), because some activities (e.g. gardening) can be carried on with success on an area that is smaller than 3ha.</p> <p>3. In the case of sub-measure 4.1.4.1 of measure "Use of advisory services" (114.) the progress of the maximum support sum should be reduced. In some cases there is no relation between the size of the forestry and the rate of advisory service to be used. Since the basic goals of the NHRDSP include the assurance of competitiveness, priority should be given to improving the level of professional knowledge of farmers operating mainly on small land areas and having a substantial self-employment role. In most cases undertakings operating on several thousand hectares possess modern knowledge. In this approach the alteration between the top limits of advisory support available for the 3ha and the 500ha farms, respectively, is not justified.</p> <p>4. In respect of the measure "Support for the modernization of agricultural plants" (121.) support should be given mainly for the replacement of old machines and equipment instead of increases in capacity. Does not agree with that the engine performance per 1ha lower than the EU average and the high sum machine purchase support in the period prior to the accession with the EU would be sufficient reasons for allocating more than one half of NHRDP funds to Axis I.</p>

10. 25 January 2007 Social discussion

- In itself the improvement of competitiveness can not be an objective, unless it coincides with the expansion of employment opportunities. In the lack of that the phenomenon seen from the present-day ARDOP experience might continue in 2007- 2013: the majority of support funds will end up on making even greater profits for large size undertakings that are competitive on their own. In order to avoid this the intensity of support should reach the maximum in EC Reg. 1698/2005 only for small and medium size (family farms), and for large farms it has to be at least 10-15% lower. The weight of the measure is highly over-planned in respect of the allocation of sources.
5. In respect of point j.) of measure "Improvement and development of agricultural and forestry infrastructure" (125) it would be necessary to detail exactly what "community" objective means. Support for production purpose amelioration is not advisable; instead of costly interventions that might be harmful on the environment it would be better to adjust farming activities to the land.
6. In respect of the sub-measure "Production of bio-products" in point j.) of the measure "Support for agricultural producers taking part in food quality systems" (132) support should be made available not only for processors, but producers of raw material as well. Point g.) of the same measure contains the provision that under the production of bio-products sub-measure producers having taken part in the 2004-2006 agri-environment measure are not eligible for support in 2007- 2008.
7. Objects in respect of the Support for the creation of producers group measure that production and sale organizations engaged in the fruit and vegetable sector, and producers groups in the tobacco and in the fisheries sector are not supported with reference to parallelity, although this would be of key importance for the fruit and vegetable sectors.
- 8.
1. Plant cultivation, gardening, machinery (Art.26)
- a) The 40% support rate at the development of plant cultivation and gardening should be supplemented with (+) 10-10% for young farmers and farmers engaged on areas specified in Art. 36 i, ii, iii. (adopted, included)
- b) For vegetable producers FruitVeb membership should be a prerequisite for support. (adopted, included)
- c) The duration of the public procurement procedure should be added to the 24-month period calculated from the end of the investment project. Proposal: 6 months. Implemented: investment period is 36 months for those subject to public procurement. (adopted, included)
- d) The 20% alteration possibility for sanctions should be modified to 30%. (adopted, included)
- e) Seedling nursing facilities should be included among supported developments. (adopted, included)

- f) Only machines and technological equipment should be included in the Catalog that have CE certificate. (adopted, included)
2. Initial support for young farmers (Art.22)
- 1) The models contains an advance, but the representative of the AGRYA recommended its deletion, but farmers are not able to produce a bank guarantee. (adopted, included)
3. Forestry support (Art.26.,27., 28.)
- I. The representatives of the NYME and the MEGOSZ requested support possibilities for forest schools and forestry information centers as part of the development of forestry infrastructure. (Art.30) (adopted, included)
- II. Forestry power machinery should be supportable from Art. 26 (here the state sector can submit applications as well. The recommendation was recorded, but we are awaiting confirmation from Brussels whether forestries may be supported under this measures.)
4. Support for producers groups (Art.35)
1. The participants requested that the revenues of producers and not that of the group be used for calculating the basis of support. In the majority of sectors this is more favorable, due to overlappings between years.
2. The issue was mentioned during the consultation in Brussels and the representatives of the Commission gave their consent to the previous procedure - also meeting the request of interest representations. The MARD had agreed and included the proposal.
3. It was also mentioned during the discussion that the sum of the compensation surcharge be calculated in the sum of the basis of support as well. In this respect the legal statement worded by the ARDA has relevance, whereby the compensation surcharge should be interpreted as a tax and as such it can not serve as the basis of support. No progress could be made in this issue.
4. It was mentioned that greater support would be needed to increase revenues and thus facilitate the increase of the market share of the groups. In order to increase support maximums and calculation rates Hungary has already submitted a request to the EU, but it was rejected. There seems to be no point in repeating this request, because the base regulation clearly specifies support rates.
5. Vocation training, advisory services (Art.21., 24., 25)
- a) The representatives of the MEGOSZ had indicated that forestry training and advisory services are not present in the draft of the NHRDP (December) with the required emphasis. They also made a proposal on personnel requirements related to forestry advisory services in the advisory service system.

Social discussion Péter Szász - AGRYA

Social discussion NYME, MEGOSZ

Social discussion MEGOSZ

- b) The representatives of the MEGOSZ adopted the proposal by Mr. Ádám Ficsor specialized secretary of state on that the relevant measures of the NHRDP will allocate HUF 100 million for training related to forestry and HUF 350 million for forestry advisory services per year.
- c) In addition to the above the proposals by the MEGOSZ representatives were also built into the draft decree on advisory services: legal regulation of advisory service assistant status, and modification of personnel requirements for forestry advisors.
6. Comments concerning informing by customer service
- I. Several parties proposed the clear separation of informing by customer service and the advisory service, because in the lack of that the charge-free customer service would impossibilite the advisory service to be paid for. Thus the MARD plans to:
- I.1. separate staffs by banning those engaged in free customer service activities from the list of advisors,
- I.2. separate by scope of activity through the exact definition of the service that can be rendered by the customer service.
- Another proposal that was mentioned is that the customer service organization should be selected in a tender and not by appointment.
7. Support for semi-subsistence farms (Art.34)
- 1.) Farmers have to be orientated towards producers communities, and their market share will then grow.
- 2.) The size threshold has to be made as high as possible, because from 1 EUME there is little chance of reaching 5. The representatives of the HANGYA proposed that the smallest farm size should be 2 EUME and 4 EUME should be reached under 5 years. (adopted, included)
8. Adding value to agricultural and forestry products (Art.28)
- 1.) On the proposal of the ÉFOSZ the form of support was supplemented with the following: "Interest support and bank guarantee support."
- 2.) The social partners had mentioned that substantial funds are required to obtain a final construction permit, and if the applicant fails to win this cost burdens him in vain. Proposal adopted.
9. Participation of agricultural producers in food quality systems (Art.32)
- On the proposal of the Regional Development Agency the following was included in the reasoning of the measure: "In many cases the quality of the products is lower than ordinary due to the outdated industrial-like technologies intended for mass production."
- Social discussion HANGYA
- Social discussion ÉFOSZ
- Social discussion West Transdanubia - Regional Development Agency

11.	30-jan-2007	Written	AGRYA	1.	<p>They remark in connection with the definition of "starting economy" in measure 1.1.2. "The starting of the activities of young agricultural producers: according to the present determination numerous, potential young farmers are unable to receive support who are not economically viable, but as members of family farms or as supplementary activity have, have the use of a few ha of land which do not ensure earning that can be lived off, at the same time would provide normative support applied for with respect to the above assets.</p> <p>The following remark is made in connection with measure entitled "Infrastructure for the development and modernisation of agriculture and forestry" "sub-measure 1.2.5.3.: The collective investment of water regulation, water damage preventions, groundwater drainage:" there may be overlaps with the construction affecting the KD OP water base, therefore it would be desirable to make the delimitations more precise and harmonisation in implementation after support has been issued.</p>
12.	14-febr-2007	Written	Közép-dunántúli RFÜ Kht.	1.	<p>The following determinations are made in connection with Axis I:</p> <p>I. 111. vocational training, information provision activity innovation: The measure is not in harmony with the objectives of the New Hungary Rural Development Strategic Plan. The planned courses and professional visits do not ensure the adoption of innovation by producers. We recommend a minimum of 3% to be allocated to the measure, and it should be initiated in 2007.</p> <p>II. 112. The starting of the activities of young agricultural producers: It is not clear how the measure would support the structural transformation of agriculture, which branches applications for funding can be made in or what branches are preferred. They recommend that further competence and knowledge prescriptions be placed in the measure (e.g. farm management) and permit access to branches in which they are no problems with sales. Young farmers should receive support for the creation of their strategy and business plan which forms the basis of their tender.</p> <p>III. 114. Using specialist consulting services: They find it essential that organisations that are highly trusted should receive a role in the performance of specialist consulting tasks (e.g. professional associations, interest representations, collectives).</p> <p>IV. 121. Modernisation of agricultural plants: Justification and elaboration of the measure is far away from the Union requirements. The document does not certify the necessity for the spending of the 1.6 billion euros destined for the measure, nor its objective and effectiveness. The call attention to that in the interest of the improvement of the economic situation of rural areas and, within it, agriculture a strategy has to be drawn up for the changing of the structure of rural development and agriculture based on the consensus of the affected parties.</p>
13.	14-febr-2007	Written	MAGOSZ	1.	

V. 122. Increasing the economic value of forests: The objectives and justifications are appropriate. With respect to machine acquisitions, there the level of general agricultural support needs to be ensured also in the field of forest management. In the case of IT acquisition, expansion more favourable support is required than in the case of the usual conditions, otherwise there will be no progress.

VI. 123. Increasing the value of agricultural and forestry products: They do not agree with the indicators of the measure. The 900 supported farms and the average value of support of 52 million means shutting out the majority of the Hungarian farming society from the possibilities of the change in structure.

VII. 124. Cooperation for the development of new products, procedures and technologies: They agree with the content of the measure, however, they recommend that the strategy of the whole system that ensures innovation be drawn up.

VIII. 131. The observance of prescriptions based on community legal acts: The measure is important both from the point of view of the introduction of the SPS and from the point of view of the planned structure change in agriculture. The planned resources for special tasks is not supported (0.97%). A survey of the needs is missing as is the adjustment of the support sources to the needs and the objective.

IX. 132. The participation of agricultural producers in foodstuff quality systems: They call special attention to the strategic Importance of the measure and recommend the significant increase of the sources (min. 3%).

X. 141. The support of semi-self-sufficient farms going through structural transformation: In the case of semi-self-sufficient farms there are no support practices to date, nor evaluation or experience of measures planned within the National Rural Development Plan. They support the measure, they find the number of 10000 farms contained in the indicator figures low, they recommend this be increased.

It mentions concerning the agricultural plants, that the introduction of the measure is very short. The importance of the measure requires a more detailed work-out. The specification of the aims should contain the confirmation of the motivation of the investments by numbers, and the justification of the needs required for the development of the Hungarian agriculture. Both confirming numbers and proper aims are missing. Concerning other measures, a more detailed work-out is needed.

14. 2007. 15. In written NAACP  
February form

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15.	2007. 15. February	In written form	Western-Transdanubian Region	1.	Intends to include within the aims of the measure of agricultural producers economic support, the sentence „the increase of the capacity of the inhabitant retaining ability of the countryside and the long-term maintenance of the agricultural activity”. According to their opinion, the measure should mainly serve these aims, and to a lesser extent the increase of farm size and competitiveness (above a certain level).
				2.	Proposes to decrease the 3 ha limit - concerning the beneficiary handing over the farm - to 1 ha.
				3.	In case of the measure on modernizing agricultural plants (121.) it proposes to support the changing of the already existing equipment and machinery instead of supporting increase of capacity.
16.	2007. 15. February	In written form	Dr. Kárpáti László Director (pannon University Institute of Andrgagogy)	1.	It states in relation to 111. measure on training and information activity sub-field of „The introduction of innovative technologies by the help of demo-plant information programmes” that not only the „demo-plant” should be entitled, because it is possible that a plant being able to demonstrate a new thing is yet not having this title. He proposes that a demo-plant and a plant holding a demonstration to the request of an accredited advisory organization (LOC) could also apply for the support.
				2.	Considering the sub-field of the requisition of Advisory services it is mentioned that those non-profit organizations, civil organizations could also be supported, who take group advisory service from LOC in case of their producing members based on a contract . In relation to the level of support, it is stated that in case of small plants this should be a bit bigger at the expanse of larger plants.
				3.	In connection with the GAZDANet programme, it is considered appropriate to require a supporting opinion from the advisory organisation in order to obtain the aid.
17.	2007. február 15.	In written form	Green Organizations	1.	As to infrastructure development projects, it is noted that a natural characteristic of the areas with inland waters is the emergence of excess surface water from time to time, and so, land use shall be adapted to that circumstance.



## ***II.AXIS***

No.	Date of comment	Form of comment	Comment made by	Comment no.	Comment, proposal
1.	01.nov.06	Written	Hungarian Agricultural Chamber – Secretary General	1.	In respect of point “k” of measure 4.2.2 it is questionable whether compliance with land use rules to be determined in the future is compensated by the support. Better elaboration and definition is needed.
2.	06.nov.06	Written	István Jakab - Chairman (MAGOSZ)	1.	213. Natura 2000 payments and payments related to Directive EC no. 2000/60:  Agrees with the contents of the measure, but considers it vague in its present form. It is necessary to analyze payments made and draw experience.
				2.	214. Agri-environment payments: Agrees with the contents of the measure, but considers it vague in its present form. It is necessary to analyze payments made and draw experience.
				3.	215. Animal welfare payments: Agrees with the contents of the measure, but considers it vague in its present form. It is necessary to analyze payments made and draw experience.
				4.	216. Support for non-producing investments: Agrees with the contents of the measure, but considers it vague in its present form.
				5.	224. Natura 2000 payments: Agrees with the contents of the measure, but considers it vague in its present form. It is necessary to analyze payments made and draw experience.
				6.	227. Support for non-producing investments: Agrees with the contents of the measure, but considers it vague in its present form.
3.	10.nov.06	Written	Gábor Horváth – Secretary General (MOSZ)	1.	Within the measure "4.2.1. Payments to farmers in areas with handicaps, other than mountain areas" it should be indicated what data is used to determine the BGJ average.
				2.	On the basis of the decision of the Monitoring Committee the wording "industrial plants" should be deleted from non-cultivable plants.

4.	28.nov.06	Written	József Luzsi - Chairman (MEGOSZ)	1.	Remark made in respect of including forest renovation and traditional forest management activities into Axis II: the present forest maintenance contribution system is unacceptable for the forest manager profession, it has negative impacts and ongoing commitment in the billions, thus it can no longer be continued in the present national framework. Solutions would include the abolishment of the current system by letting commitments end and prepare new ones under the NHRDP.
				2.	Mentions in respect of the NATURA 2000 payments that the Association support the payments and their potential bringing forward to 2008, if its source does not originate from the titles of forestry tasks. Mentions also that the present version of the draft government decree on the rules of land use on the NATURA 2000 areas contains environmental protection specifications to such a degree that exceed at least tenfold the planned 40 EUR/ha/yr value of the area based support. For this reason the realization of the NATURA 2000 payments under such a level of compensation is acceptable, if the restrictions are moderated as well.
5.	29.nov.06	Written	Mrs. Gombaszögi dr. Ibolya Balogh - Chairwoman (Fejér County General Assembly and Fejér County Regional Development Council) Hungarian Bioculture Association and the National Association of Conservationists	1.	Payments to farmers in areas with handicaps, other than mountain areas (measure code: 212), support for non-producing investments (measure code: 216, 227) agri-environment payments (measure code: 214), first afforestation of lands (measure code: 221, 223) facilitates the creation of new jobs.
6.	30.nov.06	Written		1.	In the funds allocated for 4.2.6. First afforestation of agricultural lands the size of sources for the two-submeasures (afforestation and energy plantations) should be shown separately. The amendment of the Act on forests, under preparation, also differentiates between the two, and the plantation thus realized will be subject to forest branch of cultivation.
				2.	In respect of measures 4.2.6. and 4.2.7. support should not be given for non-native afforestations. It has to be pointed out that one of the objectives of the 4.2.10. Forest-environment payments measure is to hold back aggressively spreading non-native tree and bush species, so it is of key importance that no support is granted for afforestation in one measure of the program with another measure having the opposite effect.

7.	30.nov.06	Written	Dr. István Vályi – Hungarian Plant Protection Engineering and Plant Protection Engineer Chamber	1.	Mentions in respect of the purchase of equipment related to agri-environment payments that it is importance to create a site for checking the technical (environmental) condition of insecticide applying machines.
8.	30.nov.06	Written	András Polgár – Tender advisor (West Transdanubian Regional Development Agency)	1.	The payments measure (213) connected to the Natura 2000 payments and Directive EC no. 2000/60 should be launched as a whole from 2007. Per hectare payments should be increased significantly, because even the 40 EUR/ha for grasslands is lacking in attracting force and compensation for participants of the program. The degressivity proposed for less favored areas should also be applied in the agri-environment measure.
				2.	In order to get a more thorough view of agri-environment payments it would have been more purposeful to become better acquainted with the detailed schemes and support sums. The measure should definitely be launched in 2007 because of its expected popularity and positive impacts. The degressivity proposed for less favored areas should also be applied in the agri-environment measure.
				3.	The output indicator target value of the number of farms and land users receiving support should be increased substantially, taking into consideration the number of applications for support submitted for the agri-environment measure in 2004-2006.
				4.	Requests and proposes in respect of the agri-environment payments that instead of low cost-efficiency schemes affecting large areas of land, having loose specifications, but low specific support higher specific support under stricter specifications should be applied.
				5.	In respect of the first afforestation of agricultural land measure (221.) energy plantations and afforestation should be separated. It should be specified in the draft that energy plantations should be created, managed and destroyed in such a way that it does not affect neighboring areas, particularly neighboring or nearby native tree forests, not threatening those.
				6.	Recommends particularly that only native tree species should be eligible for support under afforestation. The internal logics of the program also aims at stopping the spread of non-native, aggressive tree species that threaten the natural vegetation and native forests.
				7.	Proposes the prohibition of aggressively spreading tree and bush species for the first establishment of agri-forestry systems on agricultural lands (222.).
				8.	Recommends also for the first afforestation of non-agricultural land (223.) that support be available only for afforestation with native species.

9.	13-febr-2007	Written	HALTERMOSZ (National Association of Fish Producers and Product Council)	1.	In connection with the measure "Natura 2000 payments in agricultural areas and payments in connection with the Water Directive 2000/60/EC" they call attention to that in the case of such Agricultural Environmental Management programs, extensive fishing lakes receive nearly double the amount of support.
				2.	With respect to the measure "Natura 2000 payments in agricultural areas and payments in connection with the Water Directive 2000/60/EC" they point out that a dual financing situation cannot arise, as the NATURA 2000 is based on legal act obligations, while the Agricultural Environmental Management programs publish and finance restrictions based on voluntary undertakings.
				3.	They wish to place HALTERMOSZ among the interest representations affected in axes I-VI in the section entitled "The planned composition of the Monitoring Committee."
10.	14-febr-2007	Written	MAGOSZ	1.	They make the following determinations in connection with Axis I:  I. Natura 2000 payments in agricultural areas and payments in connection with the Water Directive 2000/60/EC: They find the analysis of the payments made to date and the need to draw on the experiences important.
11.	2007. 15. February	In written form	Western-Transdanubian Region	1.	The Natura 2000 payments and the payment related to the Directives of 2000/60/EC measure (213) is proposed to be fully started. Considers the amount of support per ha to be increased significantly, as 40 EUR/ha in case of grass land in not high enough to provide attraction and compensation to the participants of the Programme.
				2.	In case of unfavourable areas the proposed degressivity is advised to be used within the frame of the measure of agricultural-environment management.  The measure of agricultural-environmental protection payments (214.) is considered very reasonable due to its expected popularity and positive effects, therefore it is proposed to be implemented from 2007.
				3.	In case of AKG supports it is asked and advised to give bigger support to those meeting the requirements on a smaller area but according to stricter regulations (sensitive production areas, bio-farming, within grass land farming, the farming with the aim of ecology and environmental protection, in case of fruit production instead of integrated farming the support of ecological and fruit gene saving farming) to the expense of low efficiency, large area, loose regulations, but specifically low support AKG target programmes.

12. 2007.  
15. In written form Green  
February Organizations 1.

In case of the measure maintaining genetic resources, it points out: as the status analysis also considers the imbalance of the crop production and animal breeding sector a weakness, therefore, it is proposed to increase the amount of support aimed at the measure.

### **III.AXIS**

No.	Date of comment	Form of comment	Comment made by	Comment no.	Comment, proposal
1.	06.nov.06	Written	István Jakab - Chairman (MAGOSZ)	1.	311. Diversification into non-agricultural activities:  a.) The NHRDP does not place sufficient emphasis on the social tasks of agriculture. b.) Minimum sources specified by the EU are not sufficient for handling problems of rural areas. c.) Development of the economic environment of agricultural production plays a role in the structural change as a factor developing the economy. This requires local economy and social resource support and increasing such support for a structural change in agriculture based on a concensus, because they provide a reasonable opportunity for subsistence for those leaving farming activities. d.) Proposes strategic reconsideration of the relation of agriculture and rural development, having prepared and adopted the envisaged year 2013 future of agriculture supporting rural life by involving the parties concerned, based on their concensus.
				2.	312. Support for the establishment and development of micro-ventures: Opinion is identical to that under measure 311.
				3.	313. Promotion of tourism: Opinion is identical to that under measure 311.
				4.	321. Basic services for the rural economy and people: Opinion is identical to that under measure 311.
				5.	323. Preservation and modernization of the rural heritage: Opinion is identical to that under measure 311.
				6.	341. Acquisition of skills, promotion and preparation and realization of local development strategies: Considers the measure important and supports it. At the same time points out the lack of a strategic connection with the Leader axis. Due to its strategic deficiencies it is not possible to interpret the role of Local Rural Development Communities.

2.	29.nov.06	Written	Mrs. Gombaszögi dr. Ibolya Balogh - Chairwoman (Fejér County General Assembly 1. and Fejér County Regional Development Council)		Diversification into non-agricultural activities (measure code: 311), support for the creation and development of micro-ventures (measure code: 312), encouragement of tourism activities (measure code: 313) can also increase the number of jobs in rural areas.
3.	29.nov.06	Written	Gyöngyi Gila – Deputy Director (DARFT Regionális Fejlesztési Ügynökség Kht.)	1.	In the demarcation of the program's measure "Encouragement of tourism activities" there is only a resident number of 10,000 as opposed to what is mentioned in the Strategy. Please have the following demarcation shown: 120 persons/sq. km population density and for Plains regions residents of 15,000.
				2.	Presents that the complex development of tourism products demands that developments receive support from a single operational program, so it is important that active tourism program (equestrian and water) be supportable from a single Operational Program. The target area of the NHRDSP does not cover the entire region, so comprehensive realization of active tourism is possible only from the ROP. Thus the development of infrastructural conditions and services of active tourism should be removed from the NHRDP.
4.	30.nov.06	Written	Mrs. Márton Kinga Máthé (Magyar Turizmus Zrt.)	1.	For the support titles aimed at the development of non-village accommodations (see: private accommodation site) the territorial scope of the measure should cover all settlement favored from a rural point of view.
				2.	Apart from the development of village accommodation site there seems to be no reason for excluding from beneficiaries micro-ventures that have only a premise locally. Being a local resident is understandable for village accommodation, but for other measures it seems too strict.
				3.	It is by all means necessary to include among criteria the contents of the National Tourism Development Strategy having been prepared and adopted by the Government, moreover the priorities and specific local goals of regional level strategies elaborated for each touristic region since then.
				4.	A potential indicator proposed is "number of jobs created/kept per single sum of support paid".

				5.	Glad to see that support for rural handicrafts, preservation of living heritage, making products from raw materials produced locally appear in the material as a new item. The Regional Marketing Directorate of the Magyar Turizmus Zrt. will be glad to help in their selection and any product development, because the "Region's Recommendation" project has been carried on for years in the same field.
5.	30.nov.06	Written	András Polgár – Tender advisor (West Transdanubia Regional Development Agency)	1.	In respect of the output indicator of the Diversification into non-agricultural activity measure (311.) the 47% target value seems to be too high with regard to the subsistence potential of Hungarian agriculture. It can be made use of only, if support in the NHRDP are concentrated on strengthening the position of small and medium size (family) farms.
6.	03.dec.06	Written	Péter Szablyár – Association of Village Houses	1.	Comments for the preparation of the planning guidelines measure in relation to the Preservation and modernization of the rural heritage material:
				2.	Specific goals: Instead of the word "building" the word "structure", or "building and ancillary buildings" should be used.
				3.	Subjective eligibility: Making property insurance mandatory is questionable, and should be clarified.
				4.	The criteria for the "I/1. Non-supportable" category should be clarified as follows: I. the "national monument protection" category is inaccurate (National Monument Register, etc.) II. World Heritage site facilities have to be named in an identifiable manner. III. Definition of "farming service building" needs clarification (granary, sheds, cellar...) IV. The National Monument Protection Agency is non-existent for years. Related activities are performed by the Agency for the Protection of Cultural Heritage.
				5.	I./2. Private persons should not be excluded from among the applicants, because many villages houses were established by private persons in recent years.
				6.	In respect of the establishment of village houses the consent of the Village House Supervisory Authority should be specified as a requirement. This way many future misunderstandings can be avoided.
				7.	I/3. Definition of farming service building needs clarification.
				8.	The text "Exception from protection..." is difficult to understand. Should be described more precisely. The National Monument Protection Agency is non-existent for years. Related activities are performed by the Agency for the Protection of Cultural Heritage.



7.	03.dec.06	Written	Dr. Piroska Czétényi - Chairwoman (Hungarian Chamber of Architects – Monument Protection Section)	9.	I/4. The National Monument Protection Agency is non-existent for years. Related activities are performed by the Agency for the Protection of Cultural Heritage.
				1.	Remarks in respect of the “Preservation and modernization of rural heritage” under planning guidance:
				2.	h) Part areas of the measure: „Making suitable for the purposes of tourism structures having at least local protection”: Only a few of the 3200 settlements enjoy local protection or where they took the effort to inform about that receiving local protection is a decision subject to the authority of the local panel of representatives. It would be necessary to send to the municipalities of settlement detailed official information about this in advance. Otherwise settlements will miss support for investments improving the village and town image and their direct environment outside their own fault.
				3.	External renovation of buildings by keeping their stylemarks to ensure a uniform settlement (street) image: Objects why buildings of municipalities serving mandatory tasks (e.g. medical consultation buildings, hospital, school, kindergarten) are omitted, they are just as much part of uniform settlement and street image as a castle or museum.
				4.	It is of utmost importance to have pages 6-13 rewritten by a heritage protection and monument expert in such a way that it fulfills conditions and requirements for the renovation of traditional buildings. It is necessary to determine requirements for materials and forms to be used, both in respect of the building’s frontal forms, doors and windows, coverings and roofing, as well as work on outside areas. In an opposite case the support will serve the purpose of destroying and not preserving heritage. This requires pages 6-13 to be fully rewritten by a heritage protection expert.
				5.	Funds appropriated for the realization of objectives under Axis III- IV are not sufficient. The funds should be doubled.

7.	5-febr-2007	Written	South Great Plain Regional Development Council DARFT - 1. Regionális Fejlesztési Ügynökség Kht.	1.	In the case of the measures "The basic services provided to the rural economy and population, The encouragement of tourism activities" "The protection of rural heritage and its sustainable development" they recommend that consultations be carried out with the regions as soon as possible in the interest of finalising the delimitations.
8.	12-febr-2007	Written	Balaton region	1.	The individual areas of the measure 5.3.3.2.2. "Village rejuvenation and development" are recommended to be supplemented with an area entitled "Settlement image development", which is not only in relation with the renovation of protected buildings. In connection with the measure 5.3.3.1.3. Encouraging tourist activities" they make the following remark: The development of wine tourism services, riding tourism services, and small-scale tourism infrastructure development could all be supported from the ROPs. Commercial accommodation development could also appear in the ROPs. It is essential to name agricultural tourism services.
9.	12-febr-2007	Written	South Western Hungary Region	1.	Commercial accommodation development could also appear in the ROPs. It is essential to name agricultural tourism services.
10.	13-febr-2007	Written	VÁTI	1.	Remarks in connection with all of the measures in Axis 3: a) They recommend that the possibility of using advances be ensured. b) They recommend that, on the one part, precisely the indicators made compulsory by the EU be shown in the indicator tables at the ends of the measures, and on the other part, the indicators should be shown without the breakdown and target values prescribed by the EU. c) In the case of measures serving economy development, they recommend that a single paragraph contain the compulsory conformity to the state aid regulations and the de-minimis regulations.
				2.	Remarks in connection with individual measures: I. "Diversification into a non-agricultural activity": They recommend that the sphere of those carrying out agricultural and forestry activities be defined. II. "Diversification into a non-agricultural activity": They recommend that the members of the household be defined. III. The basic services provided to the rural economy and the population: the social land program built into the measure; on evaluating they recommend that the multipurpose nature be emphasised, and that those settlements/non-profit organisations should get community, sport, cultural areas that can prove that they actually carry out such an activity actively, but that quality and quantity development is required for their future plans;

					IV. "Learning skills, encouragement and working out and implementing local development strategies": They point out that if the potential LEADER local action groups and the Local Rural Development Offices not becoming LEADERS are treated separately, and the regional basic units of these and executive local institutions are different, then it is not clear what the relationship between the two groups will be like from the aspects of territory, content and organisation.
					V. "Learning skills, encouragement and working out and implementing local development strategies": They recommend that the execution of the strategy be supported as well within the scope of the measure.
					VI. "Learning skills, encouragement and working out and implementing local development strategies": They recommend that the Local Rural Development Offices should not carry out the writing of the strategy but participation based planning coordination, plan finalisation as well as project generation and animation activities.
					VII. "Learning skills, encouragement and working out and implementing local development strategies": They recommend that on the basis of the deficiencies and needs of the regions they make free use of accredited courses, for which they receive the resource budgets and the list of accredited trainers.
11.	14-febr-2007	Written	Közép-dunántúli RFÜ Kht.	1.	Numerous measures of Axis III contain overlaps with the Central Western Hungary Operative Program, so these should be reworked (e.g.: encouraging tourism activities).
12.	14-febr-2007	Written	MAGOSZ	1.	They make the following determinations in connection with Axis III: I. Diversification taking place not into an agricultural activity: They recommend that the relationship between agriculture and rural development be strategically reconsidered, and that the future image of 2013 of rural areas and agriculture that supports rural life be drawn up and approved by consensus of those affected.

#### ***IV. AXIS***

No.	Date of comment	Form of comment	Comment made by	Comment no.	Comment, proposal
1.	06.nov.06	Written	István Jakab - Chairman (MAGOSZ)	1.	<p>411, 412, 413. LEADER:</p> <p>a.) The wording of the key objectives is in compliance with the LEADER principles and EU practise. However, details are misunderstandable and incomplete. There is great room for subsequent interpretation during implementation, which is already causing serious problems for the HACSSs.</p> <p>b.) The survey of conditions related to the LEADER is highly incomplete. There is no proper reasoning why only the LEADER approach is available for solving the complex social and economic problems of rural areas in Hungary, moreover preservation of natural, cultural and community values preserved in rural areas and their involvement in the process of development.</p> <p>c.) Moreover, the analysis of domestic experience from the past concerning the LEADER is missing, whilst one of the key benefits of the implementation of the current ARDOP-LEADER program could be a more thorough preparation of the next round. Without this happening the elements causing serious problems at the present will not change, and the existing practise will be relied on in the future as well.</p> <p>d.) Capacity-building is present in the program, but only in relation to training course and physical developments. In the philosophy of the LEADER local participation, strengthening of civilian life, and in the end the creation of a new level of governance are just as important elements of the program.</p> <p>e.) It is an incorrect standpoint that it mentions only the creation of jobs as a measure for innovation and local development, and nothing is said about self-employment, ancillary employment, non-profit ventures, social economy etc.</p> <p>f.) The material identifies the LEADER as a tool for managing the problems of social groups in a less favored position. Under the present circumstances, due mainly to the narrow resources, the LEADER is not or just barely capable of achieving this.</p>

g.) The part on the building of capacities is lacking animation, involvement of local persons in planning and implementing, interest protection, new level of governing, etc.

h.) As a whole it can be said that the part of the NHRDP on the LEADER is vague, its level of preparation is low, it is lacking answers mainly to problematic issues. It is not clear whether the Local Rural Development Community (HVK) is a new category/level. What does it mean, in what does it differ from the HACS, what will be its role?

2. 421. Domestic and international cooperation:

Agrees with the contents of the measure, but considers it vague in its present form.

3. 431. Current expenses, acquisition of skills and animation (vitalization):

Agrees with the contents of the measure, but considers it vague in its present form.

In respect of the LEADER axis recommends taking into consideration experience from the LEADER program currently in progress, namely that the system of conditions is quite strict if compared to the size of the LEADER programs and the knowledge of the special scope of applicants (substantial easing and simplification of administrative burdens, accounting tasks).

They make the following determinations in connection with Axis IV:

I. The wording of the main objectives conforms with the LEADER basic principles and EU practices. The details, however, are lacking. The status analysis related to LEADER is also lacking. The analysis of the Hungarian experiences in connection with LEADER is also lacking.

2.	30.nov.06	Written	András Polgár – Tender advisor (West Transdanubian Regional Development Agency)	1.
3.	14-febr-2007	Written	MAGOSZ	1.

## Annex 11. The public consultation of the SEA procedure

The participants in the social consultation were professional, representative and social organisations involved in the protection of the environment and of nature, other organisations and institutions dealing with agricultural and rural development issues.

### *Opportunities for consultation*

170. **Expression of general opinion:** Documents were made available on the website anybody, at any point of time could give their views, via the webpage, to be used by the participants of the assessment.
171. **Creation of the SEA Forum** A 20-member group was set up from the representatives of the public administration institutions and civil organisations concerned, and civil members engaged in environmental protection from DARD and ARDOP were also invited to join. The members of the Forum were the environmental authorities, planners of the MARD and representatives of the scientific life and involved civil organisations.
172. **Public discussions of the SEA environmental assessment – Partnership Conference and rural forums:** In order to obtain views on the strategic document about environmental assessment, several rural forums and a partnership conference were organised. One month was ensured for reviewing the consultation document.
173. **Interviews:** In order to get acquainted in more detail with the views of certain stakeholders, interviews were prepared on the strategic environment assessment document.
174. **National Council of Environment Protection** The National Council of Environment Protection discussed the New Hungary Rural Development Programme and the environment assessment document as well.

### *Participation of the stakeholders in the elaboration and review of the environmental assessment*

Due to the fact that the New Hungary Rural Development Strategic Plan and Programme shall be considered a plan of national effect and importance, stakeholders include the professional, representative and social organisations involved in the protection of the environment and of nature, other organisations and institutions dealing with agricultural and rural development issues, other organisations and institutions, and the wide public as well. The documents of the SEA work can be accessed on the **website of MTvSz** ([www.mtvshu/skv](http://www.mtvshu/skv)). On the start of the work with SEA, MARD published a communication and MTvSz informed potentially interested parties through direct access and mailing lists.

The strategic environment assessment document was reconciled at a **partnership conference**, to which about 100 organisations and institutions were invited,

The SEA Working Group presented the topics and the preliminary results of the assessment on the November 2 session of the **National Council for Environment Protection (EPC)**. EPC approved the topics and made certain remarks in the subjects of water management and soil management. Remarks of EPC-members and personal interviews represented an important help to ensure the professional

character of the environment assessment in the topics listed above. EPC formulated an official opinion on December 11, 2006 about the draft working paper prepared by SEA and approved it (with the exception of the parts covering water management). On the basis of the EPC conclusions regarding agricultural water management, on December 15, the SEA Working Group held a consultative meeting with experts of water management, where all portions of the working paper concerned were fully reviewed and revised, both in terms of SEA and of the Programme.

A total of 48 specific proposals were received from the contacted authorities, such as the National Council of Environment Protection, the National Supervisory Authority for Environment Protection, Nature Protection and Waters, the Ministry of Education and Culture and the Department for Natural Resources of MARD. Out of the 48 proposals, SEA accepted 46 and used these in the document. Written proposals to the document were received from 8 social organisations, a total of 68 proposals, in addition to that, on the forums and through the website, 13 more organisations made 42 comments. The decisive majority of the proposals was accepted by the SEA working group – out of these 68 written proposals, 57 were utilised fully or partially, and verbal comments were also utilised.

The evaluators recommended that during the period of social consultation, the **competent committees of the Hungarian Academy of Sciences** should also discuss these and could give their opinion on some of the key issues (e.g. criteria for taking climate change into consideration, the life cycle approach to energy plantations, analysis of advantages and disadvantages from the point of view of sustainability, criteria for water management in agriculture). The competent committees of the Hungarian Academy of Sciences, on their joint meeting held on January 18, 2007 – where 63 persons attended – discussed the portions of the environment assessment regarding water management. The respective opinion of the HAS was taken into consideration in full when the final version of SEA was prepared.

Views presented during the Strategic Environment Assessment and the method of their consideration

The group processed the opinions received in respect of the document and made these available through the SEA website. After the closing of the procedure, each reviewer will receive the detailed answer of the group to all questions asked. A total of 116 proposals and 42 observations were received to this document, most of which were accepted and processed by the SEA Group.

Authority proposals received in connection with the environment assessment document and their taking into consideration

A total of 48 specific proposals were received from the contacted authorities, such as the National Council of Environment Protection, the National Supervisory Authority for Environment Protection, Nature Protection and Waters, the Ministry of Education and Culture and the Department for Natural Resources of MARD. Out of the 48 proposals, SEA accepted 46 and used these in the document. The National Council of Environment Protection dealt with the issue of water management particularly intensively. The opinion given by the Council refined the SEA proposals in connection with irrigation, protection against excess surface waters, soil protection and melioration. The National Supervisory Authority for Environment Protection, Nature Protection and Waters provided a number of specific suggestions in terms of waste and wastewater management, IPCC and BAT, pesticides and landscape.

Proposals from the public received in connection with the environment assessment document and their taking into consideration

Written proposals to the document were received from 8 social organisations, a total of 68 proposals, in addition to that, on the forums and through the website, 13 more organisations made 42 comments.

The decisive majority of the proposals was accepted by the SEA working group – out of these 68 written proposals, 57 were utilised fully or partially, and verbal comments were also utilised.

The reason for the refusal in many cases was that in the opinion of the working group, the topic did not enter into the scope of competence of SEA. The other part of the proposals left out was connected with methodology issues. The working group, in the closing phase of the SEA process, could no longer amend the methodology, due to the progress already made.

One of the organisations from which the largest number of proposals arrived was the Society for the Living Tisza. Their proposals included an increase in the proportion of agri-environmental and environment-friendly support allocations, emphasis of the contradiction between biomass and large-scale production methods, an increase of the importance of NATURA 2000 and VKI, an enhancement of the environment-friendly character of water management. Some of the proposals on water management contradicted to the opinion of the National Council of Environment Protection. In these cases, the SEA workgroup accepted the opinion of the latter. The examination of asset allocation between the different Axis was partially accepted by the SEA group: it dealt with the effects of the trends, but did not make a quantifiable proposals regarding a different allocation, due to the methodology limitations of the assessment.

The National Association of Private Forest Owners and FAGOSZ formulated proposals mostly in connection with forests and landscape.

The Hungarian Bioculture Association called the attention to the role of agri-environmental management and the importance of eco-farming.

On the whole, it can be established that MARD took into consideration the proposals of the SEA working group, as much as possible and it demonstrated a constructive, helping behaviour, all throughout the SEA process.



## Annex 12. The list of indicators

### EU impact indicators

	Indicator	Measurement of the indicator	Unit	Assessment Target value
1	Economic growth	Net added value	Million € PPS	393,5
2	Employment creation	Net number of jobs created	Thousand capita	4,5+8,6
3	Labour productivity	Change in GVA per full time equivalent	€/AWU	4940
4	Reversing biodiversity decline	Change in the decline of biodiversity measured by population developments of selected bird species	%	3,2
5	Preserving agricultural and forestry areas with a high natural value	Changes in areas with high natural values	Thousand ha	517,0
6	Increasing water quality (caused by the reduction of the amount of fertilisers)	Changes in nutrient balance - N (values and trend)	Thousand tons	-238,4
7	Contribution to fighting climate change	Increasing energy production from renewable energy sources (agriculture/forestry)	kt/ oil equivalent	1600

### Objective related baseline indicators

Indicator	Measurement of the indicator	Unit	Base year	Baseline data	Source/TARGET??
Horizontal (Programme level)					
1. Economic development	GDP /capita in p.p.s. (EU-25 = 100, three year average 2000-2002)	PPS/capita	2005	61.4	NHDP
2. Employment rate	Employed persons as a share of total population of age class of 15-64 years old	%	2005	56.9	NHDP
3. Unemployment	Rate of unemployment (unemployed persons as a percentage of economically active population)	%	2005	7.2	NHDP
<b>Axis I. – Improving the competitiveness of the agricultural and forestry sector</b>					
4. Training and education in agriculture	Percentage of farmers with basic and full education in agriculture	%	2005	4.9/7.5	15/22
5. Age structure in agriculture	Ratio between farmers less than 35 years old and farmers of 55 years old or more	%	2005	0.15	0.2
	Farmers less than 35 years old	%	2005	54,7	65,0
	Farmers of 55 years old or more	%	2005	365,7	330,0
6. Labour productivity in agriculture	Gross Value Added per annual work unit	Euro/AWU	2005	4170	5970
7. Gross fixed capital formation in agriculture	Gross fixed capital formation in agriculture	Mio Euro	2005	801	1067,8

8. Employment development in the primary sector	Employment in primary sector	Thousand capita	2005	194	179
9. Economic development in the primary sector	Gross Value Added in the primary sector	Million €	2004	2688.5	3500
10. Labour productivity in food industry	Gross Value Added per people employed in food industry	Thousands euro per people employed	2004	13900	20100
11. Gross fixed capital formation in food industry	Gross fixed capital formation in food industry	Million €	2005	508.2	627,1
12. Employment development in food industry	Employment in food industry	Thousands of people employed	2005	140.4	132,4
13. Economic development of food industry	Gross value added in the food industry	Million €	2004	1961.6	2661,0
14. Labour productivity in forestry	Gross Value Added per people employed in forestry	Thousands euro per people employed	2004	14900	15870
15. Gross fixed capital formation in forestry	Gross fixed capital formation in forestry	Million €	2004	116,5	125,8
16. Importance of semi-subsistence farming in New MSs	Number of farms smaller than 1 Economic Size Unit in New MS	%	2005	79.6	54,1
<b>Axis II. – Improving the environment and the countryside</b>					
17. Biodiversity: Population of farmland birds	Development of populations of selected bird species / change in numbers	%	2003	108.8	112
18. Biodiversity: high nature value areas farmland and forestry	UAA of High Nature Value farmland	Million ha	2005	1,4	2,3
19. Biodiversity tree species composition	Area of forest and other wooded land classified by number of tree species occurring and by forest type	%	2006	13,0/82,0/5,0	11,0/86/3,0
20. Water quality: gross nutrient balance	Surplus of nutrient per ha	kg /ha	2002-2004 average	20,0	17,5
21. Water quality: pollution by nitrates and pesticides	Annual trends in the concentrations	mg/l	2000-2002 average	77.5	73
22. Soil: Areas at risk	Areas at risk of soil erosion	tons/ha/year (estimate)	2004	0,41	0.35
23. Soil: Organic farming	Utilised Agricultural Area under organic farming	thousand ha	2005	128	300
24. Climate change: production of renewable energy from agriculture and forestry	Production of renewable energy sources from agriculture and forestry	Ktoe	2004	0	800
25. Climate change: UAA devoted to renewable energy	Utilised Agriculture Area devoted to energy and biomass crops	Ktoe	2003	777,0	1577,0
26. Climate change/air quality: gas emissions from agriculture	Emissions of greenhouse gases, and of ammonia from agriculture	1000 t of CO <sub>2</sub> 1000 t of ammonia	2003	10130,0/66,0	9927,0/64,7
<b>Axis III. – Quality of life in rural areas and diversification of rural economy</b>					

27. Farmers with other gainful activity	Percentage of farmers with other gainful activity than agriculture	%	2005	38.5	47,0
28. Employment development of non-agricultural sector	Employment in secondary and tertiary sectors (in rural regions)	Number of persons in thousand	2005	3707.5	3745
29. Economic development of non-agricultural sector	Gross Value Added in secondary and tertiary sectors (in rural regions)	Million €	2004	66338,6	72200
30. Self-employment development	Number of self-employed persons (in rural regions)	Number of persons in thousand	2004	552,6	549,0
31. Tourism infrastructure	Total number of bed places in all forms of tourist accommodation	Thousand pcs.	2005	569,2	582,0
32. Internet take-up in rural areas	Persons having subscribed to DSL internet as percentage of total population	%	2004	N.A.	N.A.
33. Development of services sector	GVA in services as percentage of total GVA	%	2004	65,2	72,0
34. Net migration	Annual crude rate of net migration	Rate per 1000 inhabitants	2005	-0,87	-0,67
35. Life-long learning in rural areas	% of adults (25-64 ys. old) participating in education and training	%	2004	4.6	7.5
<b>Axis IV. – LEADER</b>					
36. Development of Local Action Groups	Share of population on the territory where the LAS is active	Number of persons in thousand	2005	1600,0	2350,0

#### Additional, objective related baseline indicators:

Indicators	Measurement of the indicator	Unit	Base year	Baseline condition	Target condition
<b>Horizontal indicators</b>					
1. Economic development	Share of agricultural production in the GDP, (%), 2004	%	2004	3,1	2,9
2. Agricultural employment	Ratio of agricultural employees in the total number of employees, (%), 2005	%	2005	4,97	4,1
3. Sustainability of equal opportunities	Ratio of women in the agricultural employees, (%), 2004	%	2004	22,9	23,2
4. Environmental sustainability	Ratio of biomass produced used for energy generation (%)	%	2005	8-10	22,0
5. Sustaining the regional cohesion	The difference among the extreme values of figures of GDP per capita (measured at the level of regions)	%	2003	39,7	43,5
	Difference of migration in the rural areas	capita	2005	-4020	-3500
6. Sustaining the social cohesion	Number of households without active earners in the rural areas	Thousand households	2001	655,7	620,0
<b>Axis 1: Improving the competitiveness of agriculture and forestry</b>					
<i>General objective: Establishment of sustainable and competitive agriculture and food economy</i>					
7. Value added of agriculture	Added value of agriculture	Billion HUF	2004	676,6	976,6
8. Profitability of agriculture	Profitability of agriculture	Billion HUF	2004	1,3	1,6
	Profitability of food industry	Billion HUF	2004	2,6	3,6
	Profitability of forestry	Billion HUF	2004	2,1	2,9
9. Agricultural export	Share of food processing sector of total exports	%	2005	6,1	6,6
<i>Specific objective: Supporting the acquisition of knowledge and the improvement of human resource skills and age structure</i>					
10. Age structure	Ratio of individual farmers below 40 years of age	%	2005	14,4	16,4
	Ratio of individual farmers above 55 years of age	%	2005	51,7	50,7
11. Internet use	Ratio of individual farmers using computer and internet	%	2005	28	48

<b>Specific objective: Motivation production restructuring in the interest of achieving sustainable production structure</b>					
12. Output of agricultural sectors	Distribution of gross output of agriculture in the main sectors (livestock keeping/plant production, of which: horticulture)	%	2004	43,2/56,9/ 6,1	49,0/51,0/ 7,0
13. Grain production for energy generation purposes	Ratio of energy generation oriented grain production	%	2004	0,3	9,0
14. Development of animal husbandry	Number of individual farms engaged in livestock keeping	Thousand farms	2005	222,7	201,0
15. Development of horticulture	Number of individual farms engaged in horticultural production	Thousand farms	2005	11,1	12,6
16. Producer groups	Number of producer groups	Number	2004	252,0	552
	Net revenue of producer groups	Billion HUF	2004	118,0	348,0
	Ratio of revenue of products marketed by producer groups in agricultural revenues	%	2006	6,0	6,0
	Agricultural area covered by producer groups	Thousand ha	2005	550,0	1315,0
17. Diversification of production	Ratio of individual farms engaged in food processing (meat/milk/fruit and vegetable / winemaking, wine bottling)	%	2005	0,8/0,5/1, 3/0,6	1,2/0,7/2, 0/0,8
<b>Specific objective: Modernisation and development of physical resources, promotion of innovation</b>					
18. Value of agricultural investments	Value of agricultural investments	Billion HUF	2005	197,5	240,6
19. Modernisation of animal husbandry	Number of livestock farms requiring modernisation	Farms	2005	3850,0	1850,0
20. Modernisation of primary processing of agricultural products	Ratio of processing plants with modern technology	%	2006	30	35
	Ratio of investment projects for the complex modernisation of processing and sale (quality monitoring, storage, packaging, inventory maintenance)	%	2006	60	65
21. Development of irrigation	Irrigated area	Thousand ha	2004	93,0	143,0
22. Energy use efficiency of agriculture	Energy use of agriculture per unit GDP	Terrajoule / billion HUF	2004	43,5	41,0
<b>Specific objective: Improvement of agricultural production and of the quality of products</b>					
23. Producer organisations	Number of basic material and processing integrations (organisations) (plant production/animal husbandry/horticulture/forestry)	N.A.	N.A.	N.A.	N.A.
24. Production of high quality goods	Number of registered products provided with geographic product marker	Number	2005	11,0	14,0
	Number of products included in the certification system of food products of excellent quality	Number	2005	350,0	400,0
	Ratio of sales revenue from traditional, special goods having geographic products markers in the total sales revenue of food economy	%	2005	0,5	1,0
	Ratio of products of higher quality with higher value added	%	2005	2-3	5,0
<b>Axis II: Development of the environment and of the countryside</b>					
<b>General objective: Development of the agriculture and forestry in an environmentally friendly manner through the progress of land-use adjusted to the agro-ecological endowments of the area, the protection of the natural-landscape resources, the improvement of their condition</b>					
25. Extensive land use	Farmland involved in agriculture and forestry management committed to the requirements of environmental protection and landscape management and adjusted to the agro-ecological conditions	million ha	2005	1,9	3,1
26. Moderation of climate change	Arboreal energy plantation	Thousand ha	2005	0	49,0
<b>Specific objective: Sustainable use of agricultural land areas, dissemination of environmentally friendly farming methods</b>					
27. Agricultural areas in extensive	Size of area in controlled organic farming or under transition	Thousand ha	2005	128	300

use	Share of area under agro-environmental program, of the total agricultural area	%	2005	25,3	28
28. Sensitive natural area	Size of area subject to contracts on the preservation of various wild species or communities	Thousand ha	2005	119,7	220,0
	Area affecting moderation/prevention of the discharge of pollutants into water bases	Thousand ha	2005	0,8	12,0
29. Improvement of unfavourable soil conditions	Preservation of wetland and water habitats	Thousand ha	2005	35,3	40,0
	Supported organic farming area	Thousand ha	2005	76,0	130,0
	Integrated farming	Thousand ha	2005	297,2	600,0
	Protection of cultivated area jeopardised by soil loss (water and wind erosion)	Thousand ha	2005	0	65,0
	Area affecting reduction of active agents/chemicals applied in the soil, (thousand ha), 2005	Thousand ha	2005	1450,6	2350,0
30. Natura 2000 agricultural areas	NATURA 2000 arable land and grasslands from agricultural areas	%	2005	17,2	17,2
	Supported NATURA 2000 arable land and grassland	Thousand ha	2005	150,0	480,0
<b>Specific objective: Sustaining agricultural activities on less favoured areas</b>					
31. Less favoured area	Less favoured area	Thousand ha	2005	883,6	883,6
	Ratio of subsidised less favoured area from the agricultural area	Thousand ha	2005	218,0	350,0
	Number of farmers operating on less favoured area	Thousand capita	2005	6,6	7,8
32. Abandoning cultivation	Ratio of plough-land left fallow	%	2004	4,1	3,5
<b>Specific objective: Sustainable use of forestry areas and the increase of forest cover</b>					
33. Forest cover of the country	Forest cover	%	2006	21,5	22,2
34. Afforestation	First afforestation of agricultural land	Thousand ha	2005	17,8	70,0
	Ratio of afforestation using indigenous frondiferous tree species	%	2005	59,0	65,0
35. Forest environment	Area of forests under forest-environment programme	Thousand ha	2006	0	160,0
36. Natura 2000 forest	Natura 2000 forest area	Thousand ha	2005	773,4	773,4
	- of which, private forest	%	2005	26,8	26,8
<b>Specific objective: Payment of animal welfare provisions</b>					
37. Animal welfare	Number of farms receiving animal welfare and hygienic provisions	Number	2005	-	4500
	Keeping spaces established with high level keeping technologies		2005	-	
<b>Axis III: Improvement of quality of life in rural areas and promotion of diversification</b>					
<b>General objective: Improvement of quality of life, income and employment conditions of the rural population</b>					
38. Income level	Average per capita domestic income in the rural areas	Thousand HUF %	2004	394,0 71,4	425 73
<b>Specific objective: Relief of rural employment tensions, enlarging the income earning possibilities</b>					
39. Number of enterprises	Number of enterprises employing 1-9 persons operating in the rural areas (thousand enterprises), 2004	Thousand enterprises	2004	207,3	215,0
40. Enterprise density	Number of operating enterprises per thousand capita in rural regions (pcs)	Number	2004	56,45	58,0
41. Village accommodations	Number of hosts of village accommodations	Thousand Capita	2005	7,3	8,2
	Number of guests in rural private accommodations (foreign/domestic)	Thousand capita	2005	36,2/116,4	48/140
	Number of guest nights spent in rural private accommodations (foreign/domestic)	Thousand guest nights	2005	171,3/ 396,6	188/417
<b>Specific objective: Improvement of rural quality of life, through the sustainable, complex utilisation of the cultural and natural values</b>					
42. Heritage protection	Ratio of monuments endangered in the rural areas	%		41	33

43. Presentation of the village (rural) cultural and natural heritage	Descriptive (Based upon the survey made among the rural development micro-regional managers in 2005, such activities are performed in about 16% of the settlements. The description includes the number of rural settlements having display facilities, which present the rural life, traditions, natural values (village museum, regional heritage house, unique landscape etc. presentation of values designated as protected heritage sites) and the number of display facilities.				
44. Infrastructure for the sale of locally made products (local markets)	Descriptive (A small ratio of settlements operate markets for the sale of local products. The description includes the number and location of the local markets having appropriate infrastructure and operated at least with weekly regularity in the rural areas).				
<i>Specific objective: development of basic services provided for the rural population</i>					
45. Access to basic services	Descriptive: Improvement of supply of rural settlements with services supportable by the program (by types of services)				

### Context related baseline indicators

Indicator	Measurement of the indicator	Unit	Base year	Baseline data	Target data
<b>Horizontal (Programme level)</b>					
1. Designation of rural areas	Defining the rural areas NOT according to the OECD methodology (for definition see: Chapter 3.1)	Number	2005	2986	2986
	Number of settlements	Km <sup>2</sup>	2005	81493	81493
	Number of permanent residents	Thousand capita	2005	4697,4	4576,7
2. Importance of rural areas	Territory of rural areas	%	2005	87,6	87,6
	Population in rural areas	%	2005	46,15	45,8
	GVA in rural areas	%	2005	N.A.	N.A.
	Employment in the rural areas	%	2005	49,9	51,0
<b>Axis 1: Improving the competitiveness of agriculture and forestry</b>					
3. Agricultural land use	Arable area	%	2005	84,8	80,0
	Permanent grassland/pastures	%	2005	11,0	15,0
	Permanent crops	%	2005	3,0	5,0
4. Farm structure	Number of farms	Number thousand	2005	714,8	499,0
	Cultivated agricultural area	thousand ha	2005	4.266,6	4180,0
	Average farm size	ha	2005	8,6	14,5
	Average proportions of the farms according utilization of the agricultural area (ratio of farms under 5 ha UAA, from 5 to 50 ha UAA, 50 ha and more UAA)	%	2005	88,9/9,4/1,8	83,0/14,0/3,0
	Average farm size and distribution (ratio of farms less than 2 ESU, from 2 ESU to less than 100 ESU, 100 ESU and more)	%	2005	88,3/11,6/0,1	81,1/18,0/1,0
	Labour force	AWU	2005	462740	323000
5. Structure in forestry	Area of forest available for wood supply (FAWS)	thousand ha	2000	1702,0	2028,0
	Ownership (ratio of area of FAWS under "eligible" ownership – public, private)	%	2000	0,5/36,6	0,5/42,0
	Average size of private holding of Forest and other Wooded Land (FOWL)	ha	2005	22,3	25,0

<b>Axis II: Development of the environment and of the countryside</b>					
6. Forest productivity	Average net annual volume increment (FAWS)	m <sup>3</sup> /year/ha	2000	5.8	6,0
7. Land Cover	Ratio of agricultural/forest/natural/artificial areas	%	2000	68,2/20,2/5,9/5,7	62,2/21,9/5,9/6,0
8. LFA	Agricultural land in use – non LFA/other LFA/LFA with specific handicaps	%	2005	84,9/6,7/8,3	84,9/6,7/8,3
9. Areas of extensive agriculture	Used agricultural area for extensive arable crops	thousand ha	2005	1350,0	1860,0
	Used agricultural land for extensive grazing	thousand ha	2005	420,0	690,0
10. Natura 2000	Area of territory under Natura 2000	%	2005	20,6	20,6
	Area of agricultural land on the territory under Natura 2000	%	2005	17,2	17,2
	Forest area under Natura 2000 territory	%	2005	43,6	43,6
11. Biodiversity: protected forests	Area of forests protected to conserve biodiversity, landscape and specific natural elements (MCPFE 4.9, classes 1.1, 1.2, 1.2 and 2)	%	2000-2002	0.2/3.6/0,6/15.7	10,0/6,0/4,0/20,0
12. Development of forest area	Average annual increase of forest and wooded land areas	thousand ha/year	2000-2005	13,8	11
13. Forest ecosystem health	Ratio of trees/conifers/broadleaved in defoliation classes 2-4	%	2004	21,5/24,2/21,0	20,0/24,2/19,0
14. Water quality	Ratio of the territory designated as Nitrate Vulnerable Zone in Hungary	%	2005	53.4	53.4
15. Water use	Rate of irrigated UAA	%	2005	1,8	2.5
16. Protecting forests concerning primarily soil and other ecosystem functions	FOWL area managed primarily for soil and water protection (MCPFE 5.1 class 3.1)	% total forest area	2000-2002	9.6	11,0
<b>Axis III: Improvement of quality of life in rural areas and promotion of diversification</b>					
17. Population density	Population density in the countryside	residents./k m <sup>2</sup>	2005	108,5	106,2
18. Age structure	share of people aged 0-14 years old	%	2005	15.6	16.2
	share of people aged 15-35 / 54-64 years old	%	2005	68.7	63
	share of people aged 64 + years old	%	2005	15.6	20.8
19. Structure of economy	GVA in the primary sector	%	2004	4,8	4,0
	GVA in the secondary sector	%	2004	30,3	29,0
	GVA in the tertiary sector	%	2004	64,9	67,0
20. Structure of employment	Employment in the primary sector	%	2005	5.0	4.4

	Employment in the secondary sector	%	2005	32.4	31.2
	Employment in the tertiary sector	%	2005	62.6	64.4
21. Long-term unemployment	Long-term unemployment	%	2005	3.2	3
22. Educational attainment	Persons with Medium and High educational attainment (of people aged from 25-64 years)	%	2004	76.4	79
23. Internet infrastructure	Primary DSL coverage in Hungary	%	2004	N.A.	

### Additional national context indicators

Indicator	Measurement of the indicator	Unit	Base year	Baseline data	Target data
<b>Axis I: Improving the competitiveness of agriculture and forestry</b>					
1. Average size of holdings	Average size of holdings (individual farms / farming organisations), (ha), 2005	ha	2005	3,5/486,8	3,9/510
2. Supply of assets	Number of grain harvesters, (1000 pcs), 2005	Thousand pcs	2005	120,5	150,5
	Tractor power capacity per 1000 ha agricultural area, (kW), 2000	Thousand pcs	2005	12,1	14,1
3. machine power density	Tractor capacity per Thousand ha agricultural area	kW	2000	815,0	905,0
4. Tractor density	No. of tractors per 100 ha agricultural area,	pcs	2005	2.10.21	+0.60.04
5. Density of combine harvesters	No. of combine harvesters per 100 ha agricultural area	Pcs	2005	0,21	0,25
<b>Axis II: Development of the environment and of the countryside</b>					
6. Ratio of nature conservation areas	Ratio of protected areas of national significance	%	2004	8.9	8.9
7. Soil amelioration	Area treated with organic manure	Thousand ha	2004	460,2	500,0
	Active ingredient of fertiliser amount used on areas treated with artificial fertiliser	Kg/ha	2005	133,0	128,0
	Active ingredient of artificial fertiliser sold for agricultural area	Kg/ha	2005	67,0	66,0
8. Use of plant protection chemicals	Chemicals used for plant protection:				
	- herbicide	Thousand ha	2005	1562,1	1410,0
	- insecticide	Thousand ha	2005	733,2	580,0
	- fungicide	Thousand ha	2005	791,1	640,0
	- other plant protection chemicals	Thousand ha	2005	363,1	210,0
<b>Axis III: Improvement of the quality of life in the rural areas and the promotion of diversification</b>					
9. Long-term unemployment	Share of registered long-term unemployed within the registered unemployed in the rural areas	%	2005	48,76	42,5





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2007–2013