

SUBSIDIES FOR PIGS AND OTHER FARM ANIMALS

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Abstract

The topic aims to establish the influence of the Rural Development Programme on the animal farming in the conditions of the Moravian-Silesian Region, to establish potential influence on individual sectors out of available data, respectively how the individual sector changed after having received the subsidy, and to estimate how much money was allocated directly to the given sector (especially pigs, next laying hens, cattle, sheep). We are using the data of the headquarters of the State Agricultural Intervention Fund and the Integrated Farming Systems for the period of 2007-2012.

The thesis focused on measure I.1.1.1.a) Modernisation of agricultural holdings – animal farming, and on measure I.3.2. Setting up of young farmers. In compliance with the results of our works, we can state that the Rural Development Programme (RDP) for the Czech Republic for the period of 2007-2012 contributed to maintaining or increasing the number of livestock in the North Moravian Region, it helped both to natural and legal persons to endure the difficult situation during the economic crisis, it secured a higher degree of competitiveness of agro sector, it contributed to preserving jobs in rural regions. Furthermore, it supported reconstructions or building of farm buildings and premises and buying new machines and technology. However, the study refers to some aspects which would be advisable to change in the new programme period of 2014-2020 in the sector of the Ministry of Agriculture of the Czech Republic.

Key Words: SAIF, subsidies, Rural Development Programme for the Czech Republic, pigs

The Rural Development Programme for the Czech Republic (RDP) for 2007-2013 is based on the National Strategic Plan for the Rural Development. It was processed in accordance with the regulation of the Council (ES) No. 1698/2005 and implementing provisions of the given standard. The Rural Development Programme for the CR which is guaranteed by the European Agricultural Fund for Rural Development (EAFRD) specifies strategies in particular axes determined by the National Strategies Plan for Rural Development on implementing level in accordance with the Council Regulation (ES) 1698/2005 Article 15 and also guarantees its effective realisation.

Agriculture is undoubtedly the basic part of national economics. The agricultural policy represents the summary of activities that are based on determining objectives of agricultural policy, specification, construction and functioning of means to specification of these partial objectives and to institutional organization of objects or subjects of agricultural policy including organizational and controlling forms. It is a segment of economic policy of countries (BEČVÁŘOVÁ, 2001; BEČVÁŘOVÁ, 2009). Agricultural policy represents an exceptionally complex unit that is interconnected with other fields of economics and politics in a wide range (SVATOS, 1999). Czech agriculture had to face many changes including those connected with the land and economic subject ownership transformation in the past (DIVILA, SOKOL, GREGOR, 1994; SWINNEN, VRANKEN, 2010).

The Common Agricultural Policy (CAP) belongs to the oldest and financially the most demanding policies in the EU and unlike other policies it also meets the function of protection (KÖNIG, LACINA, PŘENOSIL, 2006). The beginning of forming of the foundations of the Common Agricultural Policy of the EU dates back to 1962 when the Common Agricultural Policy came into force (JAKOBE, 2008). It followed the Treaties of Rome signed by six founding

member states of the European Community on 25/07/1958: Germany, France, Italy, Belgium, the Netherlands and Luxembourg that formulated the first political aspects of the agricultural policy (ANONYM, 2012; JAKOBE, 2008):

- to secure a regular supply of safe and reasonably priced food,
- to secure to farmers an adequate living standard and at the same time to make development and modernisation of agricultural sector possible,
- to secure development of further pursuance of agriculture in all regions of the EU (JAKOBE, 2008; NEUMANN, 2004).

Understanding the regional and rural policy brings a wide range of specialized articles and books with this topic. Connection of the CAP and the development of rural areas are mentioned in the books of MAJEROVÁ (2008), WOOD (2005) or the transfer of major proportion of competence from the Ministry for Local Development to the Ministry of Agriculture, respectively the State Agricultural Intervention Fund (SAIF) (TRÁVNÍČEK, 2008). The differences among agrarian areas and activities and the differences in economic development of individual regions contribute to existence of many characteristics of rural areas. The country is often defined according to the density of inhabitants (BARTHELEMY, VIDAL, 1999). Rural areas have been undergoing great development during last years that can be characterised as: *“the process of improving the position of villages and countryside sphere in which these villages are situated heading especially towards creation of a harmony system of cultivated countryside, the development of an overall variety and specific conditions of villages. The creation of a stable economic system securing employment possibilities, securing quality living conditions for inhabitants, developing the civil society and securing adequate transport accessibility”* (BINEK, J. a kol., 2009).

The Czech Republic has a disintegrated residential structure and the definition of villages is, in comparison with our neighbouring countries, limited by population density, compact housing and a very low share of diffusive forms of settlements – solitary houses, farmsteads, etc. (MMR, 2006). The importance of rural areas lies in a series of various activities among which we count trades, tourism, healthy and active life, free-time activities, better environment (HRABÁNKOVÁ, BRANDOVÁ, 2001; PRAŽAN, RATINGER, 2000). On the other hand, it is essential to realize that agriculture is not able to provide an economic stability of rural areas (VAN DER PLOEG, 2000).

For a complex solution of rural development, it is necessary to take into consideration all specific conditions that rural areas have and include the present state and conditions in the country into development strategies (PAVLÍKOVÁ, MAŘIKOVÁ, HEROVÁ, 2009). PERLÍN (2006) dealt with the role of participants in the local development or the possibilities and limits of cooperation of villages. Villages and their surroundings are treated in the papers of SPIŠIAK, KLAMÁR, MICHAELI (2002); BINEK (2007); WHATMORE (2002); CLOKE, MARSDEN, MOONEY (2006); WOODS (2011). The rural countryside protection is one of the key issues in the rural policy on the EU level and their member states (DYTRTOVÁ, ŠARAPATKA, 2007). One of the most important factors of Czech agriculture is the agricultural production. It is “*an inseparable part of economic-social processes that work in nature and social region environment that should use as well as respect the conditions and specifications of this environment*” (KLAMÁR, 2006).

Material and Method

The aim of this paper is to find out the influence of the Rural Development Programme on animal production (especially pigs) in the conditions of the Regional Office Opava, or the Moravian-Silesian Region respectively; using available information, to find out potential influence of individual sectors or how the particular sector changed after achieving a subsidy; to define how much money was allocated into the particular sector (pigs, laying hens, cattle, sheep). Furthermore, we aimed to evaluate the level of drawing selected kinds of subsidies in priority axis I in the Rural Development Programme of the Czech Republic. On the basis of the findings we can get complex knowledge of the problem and find hidden meanings dispersed in the volume of unstructured information.

We mainly focused on arranging and summarising information supplied by the Headquarters of the State Agricultural Intervention Fund in selected measures. In these measures we aimed to define individual rounds of application acceptance as an integral whole as well as separately for each regional office; to find out the number of registered subsidy applications, requests for payment and the amount of funds requested and paid by the certified European Commission. For evaluating criteria, we chose the regional office of Opava. We aimed to evaluate the level of particular preferential criteria and their possible impact on the success of applicants in the Moravian-Silesian Region. We also wanted to show possible discrepancies and propose an adjustment of criteria for the new programming period 2014-2020 of the Ministry of Agriculture of the Czech Republic.

On the basis of data supplied by the Headquarters of the State Agricultural Intervention Fund, a summary database of input data has been created. The paper used these values in detail for selected defined measures, i.e. for sub-measure I.1.1.1.a) Modernisation of agricultural holdings – animal production and for sub-measure I.3.2. Setting up of young farmers. We treated the following data:

- number of registered subsidy applications,
- number of registered requests for payments,
- amount of money actually paid,
- certified amount of financial support calculated to one project

Information was obtained from these sources:

- public sources – published on the portal www.eagri.cz
- public sources – published on the portal www.szif.cz
- public sources – published on the portal www.czso.cz
- internal sources – analysis in the SAP system in the regional office Opava

For the analysis we used the following data:

- number of preferential points,
- fiscal allocation certified in individual codes of eligible expenditures,
- number of registered subsidy applications in the treated measure and sub-measure,
- number of approved subsidy applications in the treated measure and sub-measure,
- number of administrated requests for payment in the treated measure and sub-measure,
- amount of financial support planned in the subsidy application calculated to one project,
- amount of financial support certified in the request for payment calculated to one project,
- amount of financial support – a subsidy application compared to a request for payment
- number of successful applicants both natural and legal persons

For a complex evaluation, the information on population of domestic animals was used from the Integrated Agricultural Register for 2007-2012 incl. in the following categories:

- pigs
- cattle
- ewes and rams
- laying hens
- horses

In the framework of the sector analysis, we treated the following groups divided by codes of eligible expenditures in the sub-measure I.1.1.1.a):

- milking sheds,
- poultry houses,
- sheds for cows, heifers and bulls,
- sheds for sows and fattening pigs,
- horses,
- liquid manure reservoirs,
- grazing areas,
- feed and bedding storage

Numbers of successful subsidy application, financial flows into individual sectors, success rate of applicants within particular sectors as well as the influence of chosen criteria on their success were compared. These results were compared with the population of domestic animals in the Moravian-Silesian Region and the potential influence of subsidy

measures on the development of husbandry of particular kinds of animals; for example, the influence of preferential criterion advantaging pigs on pig population and the success of applicants in the conditions of the Moravian-Silesian Region. We have also considered the success of applicants comparing the number of subsidy applications with the requests for payment. It is expressed by a share of unsuccessful applicants whose subsidy application had not been chosen for subsidy from the Rural Development Programme of the Czech Republic, also applicants' withdrawal of the signed agreement within the period of two years since its signing, or for the reason when the applicant did not come to have the request for payment registered. Successful were those applicants who had undergone the demanding administrative process, signed the subsidy agreement, and submitted the request for payment and the physical control of the realized project had been good.

Results and Discussion

The number of registered subsidy applications had a growing tendency (Figure 1). Especially, the number of subsidy application in sub-measure I.1.1.1.a) Modernisation of agricultural holdings – animal production showed an interannual growth. The highest interannual growth could be seen in the 13th round of application acceptance of the subsidies in the Rural Development Programme of the Czech Republic as this was the last round of application acceptance for this measure, so the agricultural holdings interested in the co-financing their projects had the last chance to receive a subsidy. The number of applicants exceeds the annual allocated sum of money for this measure every year. Growing interest in subsidies is due to good experience of applicants in previous programming periods (SAPARD, PROVMZ).

In the first round of application acceptance the interest of applicants was lower, especially for the reason of impossibility to prepare all obligatory enclosures, e.g. a valid and effective planning permission.

Within the framework of sub-measure I.1.1.1.a), it is possible to maintain that between the years 2007-2012, a substantial share of terminated projects (20 per cent was found out). This state was caused especially due to not keeping the date of submitting a request for payment, the applicant withdrew from a signed subsidy agreement, the applicant did not keep the maximum period of the project realization (24 months since signing the subsidy agreement). Furthermore, many agricultural holdings do not dispose of sufficient financial resources to pre-finance their projects. This situation is unfortunately supported by the banking sector with its fear to lend money to the agrarian sector. Thanks to co-financing the projects focusing on building reconstructions and purchase of new technologies for animal production, the energy demand was lower as well as the demand for human work during the monitored period.

In sub-measure I.3.2. Setting up of young farmers, an interannual growth of a number of applications was remarkable up to the ninth round, in the twelfth and sixteenth rounds the number of applications declined. This situation was caused by decreasing the allocated amount of money assigned for the 12th and 16th rounds and applicants with lower preferential points allowance did not even try to register their applications. Another reason could be that unsuccessful applicants tried to apply for subsidies repeatedly within 16 months since the registration of the subsidy application.

In general, arousing interest of a young generation in agriculture has been traced. This statement can be supported by an interannual excess demand for subsidies over the sum of money allocated to this particular measure. It is necessary to point out that many applicants registered as entrepreneurs in agriculture, yet not selected for co-financing, stay in agrarian sector of the Moravian-Silesian Region and participate in maintaining employment in agriculture and in rural areas. These applicants could potentially apply for co-financing of their entrepreneur activities in the framework of other allocated measures in the Rural Development Programme of the Czech Republic for 2007-2013. Last but not least, more people with secondary or university education enter Czech agriculture in comparison with the average in the Czech Republic. The ratio of people with a university degree entering the Moravian-Silesian agricultural sector is higher than the ratio of people with a university degree in the rest of the Czech Republic. Former practical experience and knowledge as well as the age of young farmers are very good. Requalification is used quite rarely – approximately in two fifths of cases. Women form an important group among young farmers; they take over farms from another person, usually their husband. Subsidies are definitely beneficial for starting a business in agriculture for people of both sexes although women in general are less interested in agricultural activities than men: the proportion between men and women who received support in sub-measure I.3.2. in the Moravian-Silesian Region is 2:1. While in the agricultural sector in general, only approximately 7 per cent of entrepreneurs (natural persons or executive workers in agricultural businesses of natural persons) have finished higher and university education, in supported businesses in the Moravian-Silesian Region the share of people with this type of education exceeds 35 per cent (more than 30 per cent of them graduated at universities). The possibility of requalification courses was preferred by women who took over the farms from another person.

The number of requests for payment (Figure 1 and 2) grew in a complex point of view. In sub-measure I.1.1.1.a) as well as in the sub-measure focused on the Setting up of young farmers, the 6th round of application acceptance was found out to be the most effective. Thanks to the record number of projects selected for co-financing (I.1.1.1.a) or financing (I.3.2.). In this round, based on the decision of the Managing Authority for the Rural Development Programme, i.e. the Ministry of Agriculture of the Czech Republic, financial resources allocated for 2012 and 2013 were partly moved forward, which caused an increase in the number of accepted projects; thus causing lack of financial resources for rounds of application acceptance in 2012 and 2013.

The average sum of money in sub-measure I.1.1.1.a) had a growing tendency (Figure 3) with subsidy applications and requests for payment. In the monitored period, an average demanded sum of money in the subsidy application was 2 708 591 CZK, a really paid sum of money was 2 524 449 CZK. With growing costs of building expenditures in case of reconstructions or modernisation and of purchase of new technologies for pigs, the demand for financial resources for co-financing grew as well. In the first round, the difference between the demanded sum of money in the subsidy application and a really paid sum of money after the request for payment was lower than one percentage point.

In the third and sixth rounds, applicants got 95 per cent of demanded financial resources, in the ninth round 91.28 per cent. We think that this difference was caused by lowering

the sum of subsidy by the applicant/subsidy acceptant, as well as corrections and sanctions given by the control organ. This unspent sum of money was reallocated to the following round of subsidy acceptance.

An average sum of money in the sub-measure Setting up of young farmers underwent a balanced tendency in the monitored period, nevertheless, thanks to unbalanced exchange differences with the conversion of the sum of 40 000 EUR, the interannual sum of money paid by the State Agricultural Intervention Fund was lower. Here is necessary to remind that the maximum amount of subsidies to an applicant is 1 100 000 CZK within sub-measure I.3.2.

There are also applicants whose subsidy applications had already been accepted but they did not have enough money to realize their projects and after a two-year period since signing the subsidy agreement they send a request for terminating administration of the project, or they decided to lower the sum of money needed for eligible expenditures and realise only a part of their approved project intention. This situation is caused by the economic crisis or a difficult situation in the given sector of business.

Successful applicants can be divided according to a form of business organization: a natural person or a legal entity. We can maintain that mainly projects of legal entities were selected for co-financing. This tendency could also be seen with subsidy applications that were submitted especially by legal entities. Interest in agrarian activities from young people up to 40 years of age was remarkable. To prove this, we found out that in every round of application acceptance within the framework of sub-measure I.3.2. Setting up of young farmers, a higher financial demand was registered than it was allocated in individual rounds. In Czech agriculture were also natural and legal persons who had already started their agricultural activities (for preferential points allowance before the subsidy application registration), and in the agricultural sector they stayed although the subsidy had not been granted. These persons can draw financial support within the framework of all four priority axes of the Rural Development Programme. In the conditions of the Regional Office Opava, most certified expenditures went to the husbandry of grazing livestock, mixed plant and animal production or growing field crops. The majority part realized their business activities in purchase of new agricultural machinery or purchase of buildings or arable land. In a great range, investments into reconstruction and modernisation of buildings used solely for agricultural primary industry were realised. With most projects, we found out that overall expenditures were higher than 1.1 million CZK (higher than 40 000 EUR), which was caused firstly by the effort to take advantage of preferential criteria, and secondly, by the actual need within the framework of a business plan.

Sub-measure I.1.1.1.a) Modernisation of agricultural holdings – animal production has substantially supported changes of morally and functionally obsolete machinery for pigs and technology in this commodity. Investments into animal production reduced the need of manual work and in the times of recession, it helped to hold the market position in the given sector, reduce energetic and material costs, and it also had a positive influence on competitiveness of supported holdings. Furthermore, thanks to obtaining a part of financial resources that had already been spent, it is possible to expect further investments into the objective-directed segment of business, thus within the framework of new subsidies or investments without expected subsidies. Subsidies often

helped to maintain employment in less favoured areas (LFA). Thanks to this measure, many dilapidated agricultural buildings and farms were preserved and reconstructed.

Populations of livestock in years 2007-2011 were chosen for a sector analysis in the conditions of the Moravian-Silesian Region. On the basis of the Integrated Animal Register, the numbers of cows, pigs, horses, cattle, ewes, rams and laying hens were found out. Populations of above-mentioned animals were analysed in detail and confronted with the amount of financial resources flowing into each sector. The monitored sectors were: milking sheds, poultry houses, sheds for cows, heifers and bulls, sheds for sows and fattening pigs, horses, liquid manure reservoirs, grazing areas, feed and bedding storage. The cattle population (cows) in the Moravian-Silesian Region maintained a balanced state within the framework of 2007-2011, however, at the beginning of 2010, a decreasing tendency was seen (Figure 6). In the sector of milking sheds, record-breaking 46.23 million CZK was paid out in the first round, with a slow decrease in the following rounds (Figure 7). An increasing tendency was found out in the monitored sector of sheds for cows, heifers and bulls (Figure 7). It indicates that subsidies into the sector of cattle helped to maintain the population of cows in the Moravian-Silesian Region. Although in the first round, mainly subsidies into milking sheds were certified, in the following years the financial resources were used mainly for reconstructions or technologies for cows, heifers and bulls. This condition was not influenced by classification by points, as from the first round of application acceptance did not come into force criterion index favouring cattle breeders, as it was with pigs or laying hens in the monitored period.

With a decreasing population of pigs (Figure 8) in 2007-2011 in the Moravian-Silesian Region, the financial support paid in the sector of sheds for sows and fattening pigs was also lower. We have noticed a direct proportion between the population of pigs and the amount of paid subsidies in the particular code (Figure 9). In the commodity of liquid manure reservoirs, a decreasing tendency was traced in the first, third and sixth rounds of application acceptance (Figure 10), with an important increase in the ninth round. Nevertheless, the summary amount of financial resources certified in pig breeding did not prevent interannual decrease in their population which dropped by almost 50 per cent during the period of 2007-2010. We do not think that this situation was caused by a lack of investments of the applicants in the Moravian-Silesian Region; it was caused mainly by a very low profit rate, high prices of input commodities and low prices of output.

On the basis of a poultry sector analysis, we investigated the investments into laying hens. The population of laying hens had an increasing tendency in the Moravian-Silesian Region when between 2008-2011 the population doubled. However, increasing the population of laying hens (Figure 11) did not reflect the sum of financial resources certified for poultry houses. The condition stayed the same for the first, third and sixth rounds, in the ninth round the population increased sharply (Figure 12). This was caused especially by reflecting the situation on the Czech market with this commodity and by indicating criterion “*The subject of the project is a building/construction/technology for rearing and breeding laying hens only*”, which was classified by 20 points of preferential criteria in sub-measure I.1.1.1.a). In the ninth round, all applicants were selected for co-financing who submitted the applications in this particular

with this preferential condition. In the thirteenth round, 17 projects were selected for co-financing out of 22 registered projects with this criterion, which corresponds to 77.27 per cent success. Financial resources into this sector helped to increase the population of laying hens in the Moravian-Silesian Region.

In the monitored period of 2007-2011, we found out the interannual increase in number of horses (Figure 13). Subsidies from the Rural Development Programme, axis I, did not significantly influence this increase because according to the sector analysis the subsidies were granted only in the sixth round (Figure 14), thus in the overall sum of 819 000 CZK. In this sector, only five applications were submitted in the monitored period out of which only one was chosen for co-financing. It shows that small interest in subsidies in the sector of horses does not reflect a rising number in the horse population. One application was selected, apart from other things, because there does not exist a preferential criterion for horse breeding. Although interannual fluctuations in the population of ewes and rams was noted with the final increase in 2011 (Figure 15), according to the sector analysis the financial resources from the RDP did not flow into this commodity. Financial resources

into this sector did not help to increase the population ewes and rams in the Moravian-Silesian Region. Financial resources certified for grazing areas had in the first, third and sixth rounds of application acceptance a growing tendency (Figure 9) with an interannual decrease in this sector. In 2010 (9th round) the request for a financial support in this sector was not found out. To sum up, only 4 grazing areas were supported by this, that is why we can maintain that the financial resources into this sector did not help in a greater range to create or reconstruct fences and equipment of grazing areas in the Moravian-Silesian Region. The sector analysis also focused on the feed and bedding storage (Figure 16) for all kinds and categories of monitored livestock. We found out an interannual difference in individual rounds of acceptance. The maximum value was found out in the sixth round, the minimum value then in the third round.

On the whole, the financial resources in the monitored sectors could contribute to increasing the numbers of livestock (except for pigs) in the Moravian-Silesian Region, to change of morally and functionally obsolete machinery and technology, maintaining employment in the rural areas.

Figure 1. Number of Subsidy Applications and Requests for Payment I.1.1.1.a)

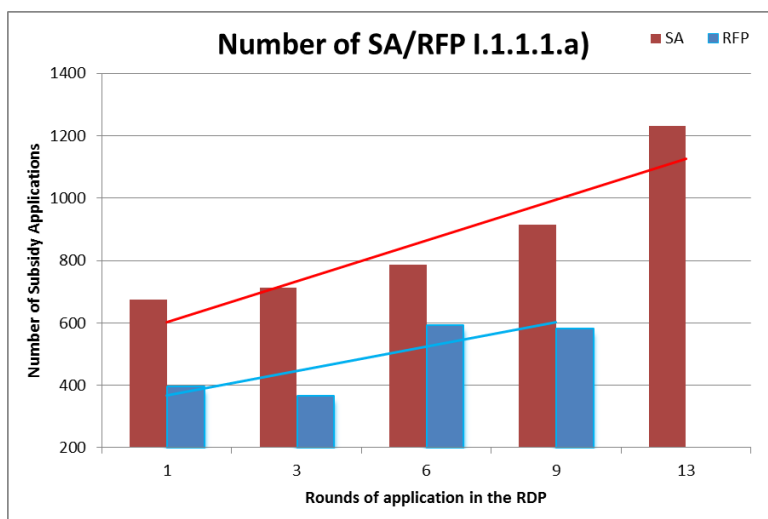


Figure 2. Number of Subsidy Applications and Requests for Payment I.3.2.

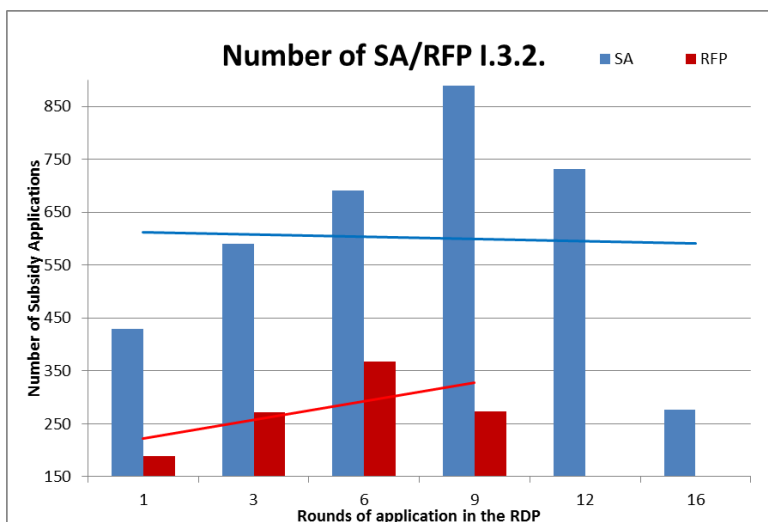


Figure 3. Average Sum of Money at Subsidy Application/request for Payment I.1.1.1.a)

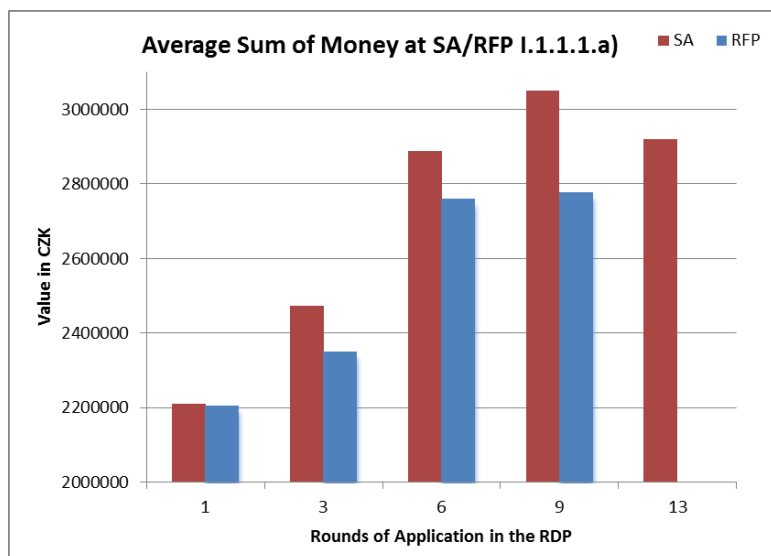


Figure 4. Summarisation of classification I.1.1.1.a)

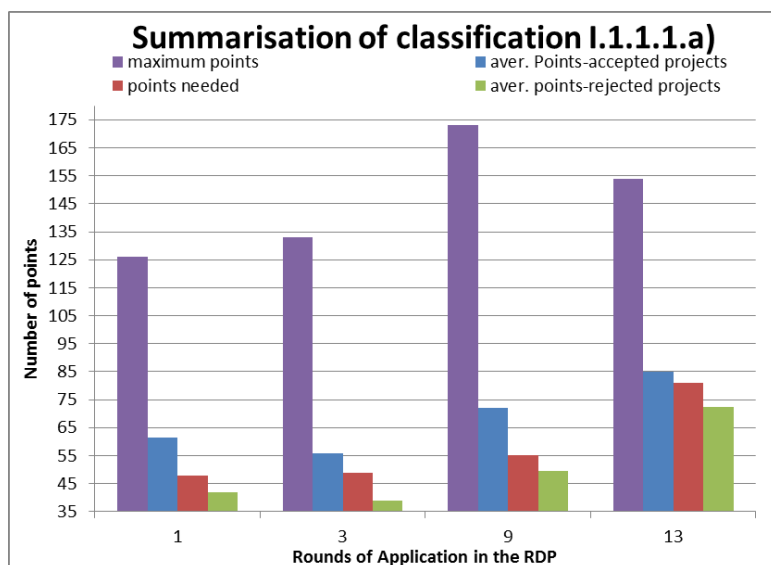


Figure 5. Summarisation of classification I.3.2.

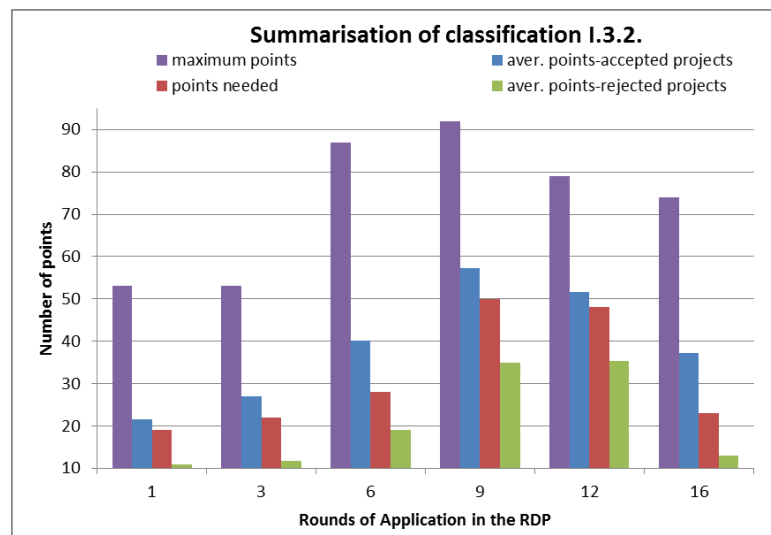


Figure 6. Cattle Population in the Moravian-Silesian Region (MSR)

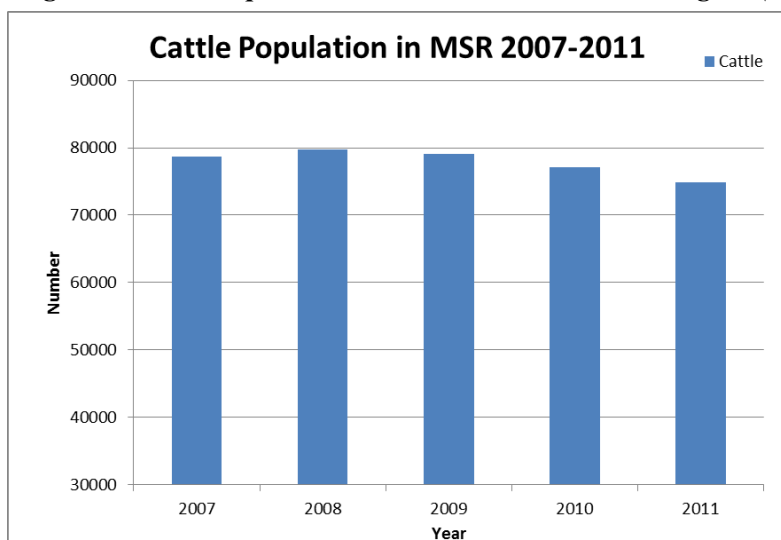


Figure 7. Sector analysis of the Cattle Population

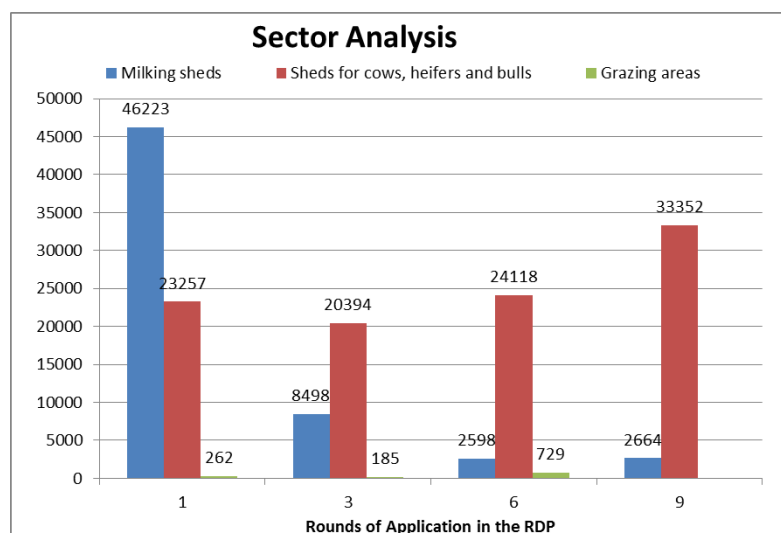


Figure 8. Pig Population in the Moravian-Silesian Region (MSR)

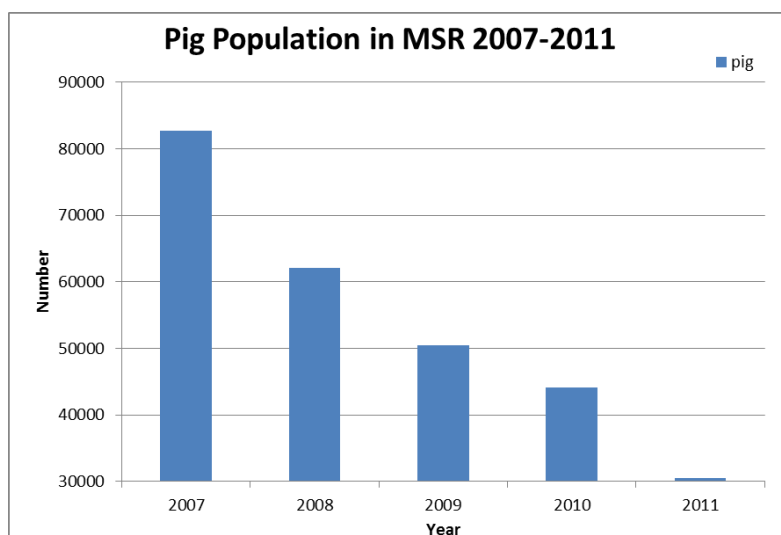


Figure 9. Sector analysis of the Pig Population

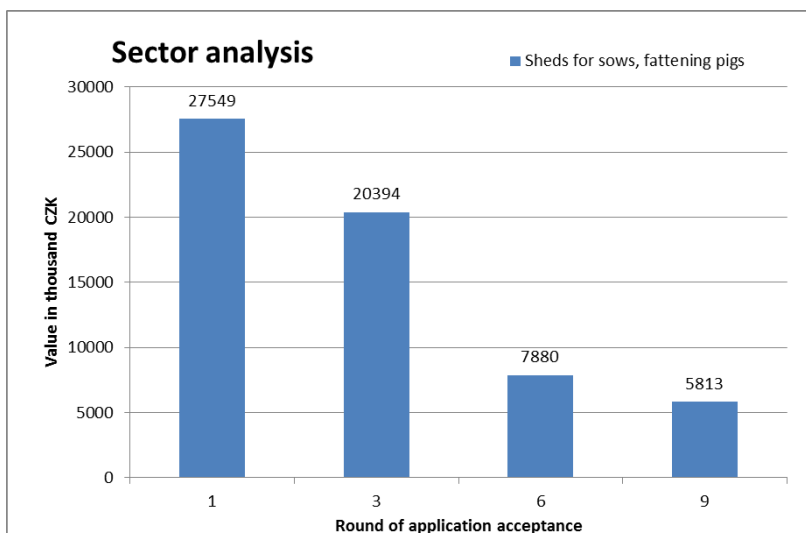


Figure 10. Sector analysis of Liquid Manure Reservoir

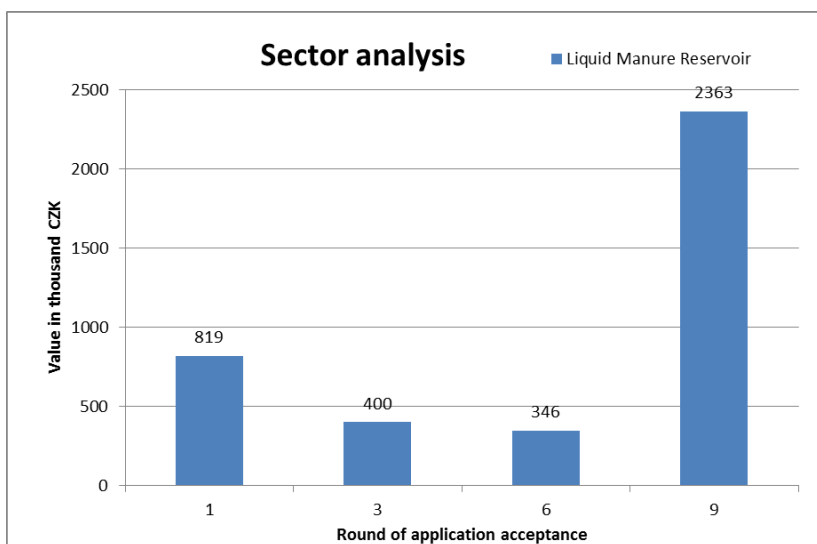


Figure 11. Laying Hen Population in the Moravian-Silesian Region (MSR)

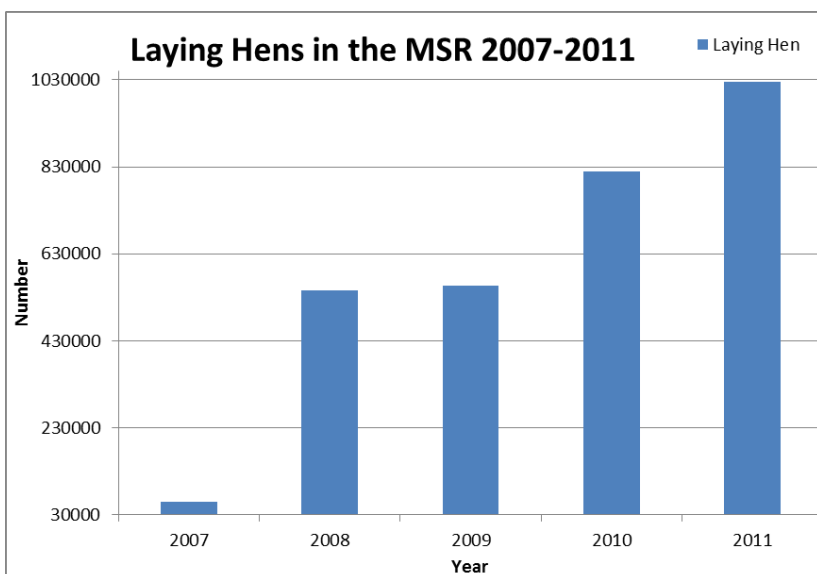


Figure 12. Sector analysis of Laying Hen Population

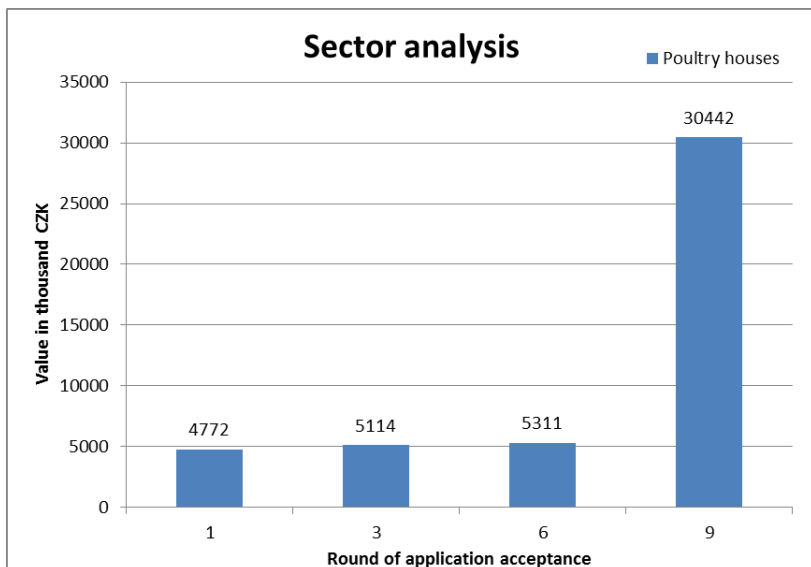


Figure 13. Horse Population in the Moravian-Silesian Region (MSR) in 2007-2011

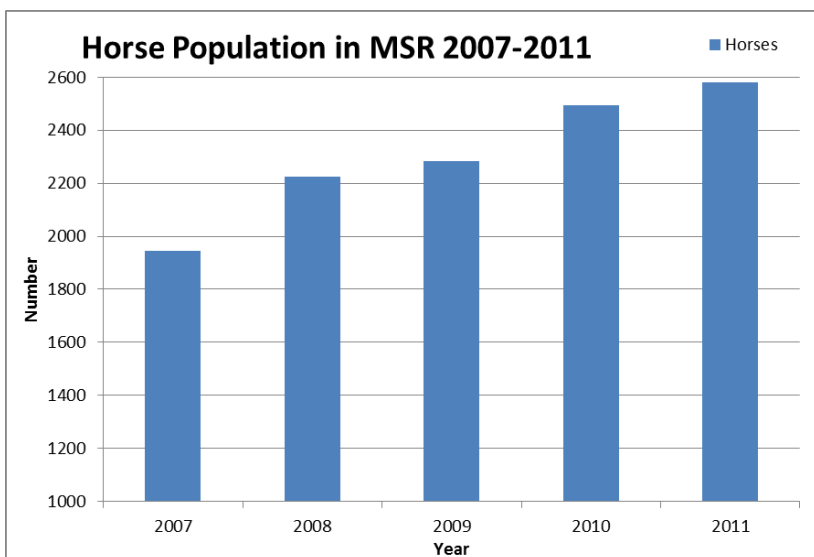


Figure 14. Sector analysis of Horse Population

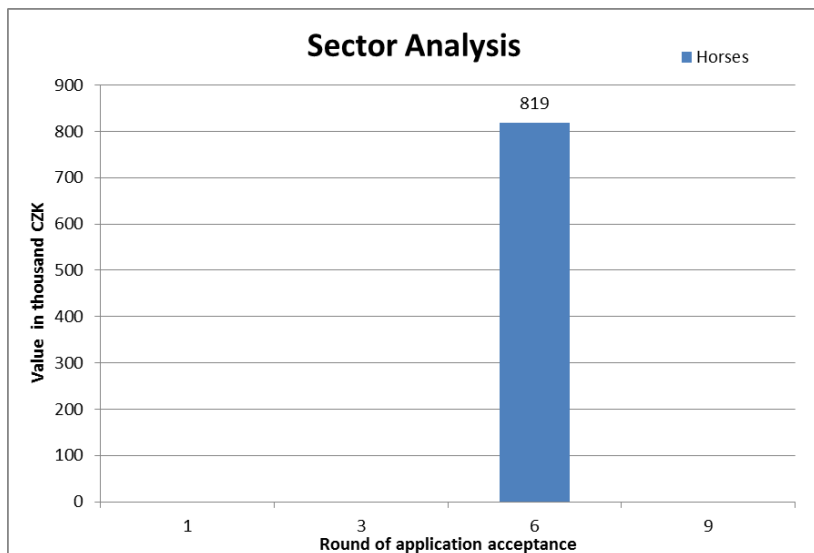
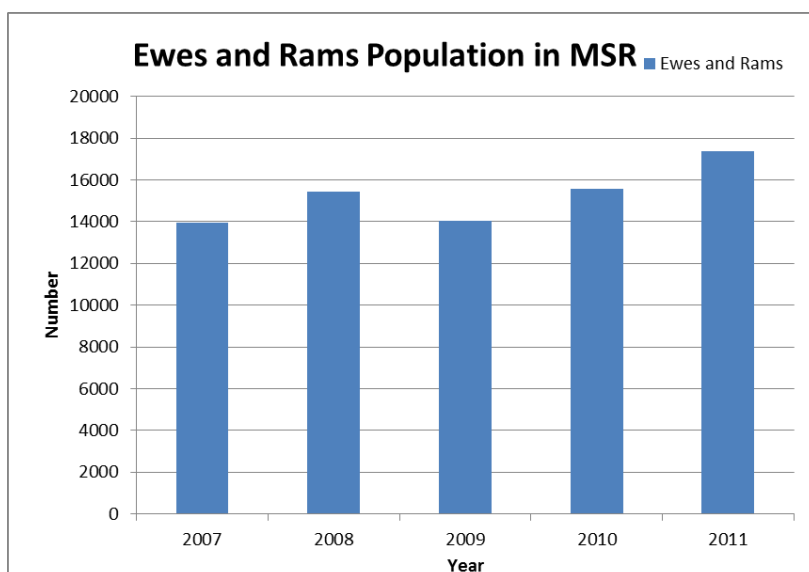
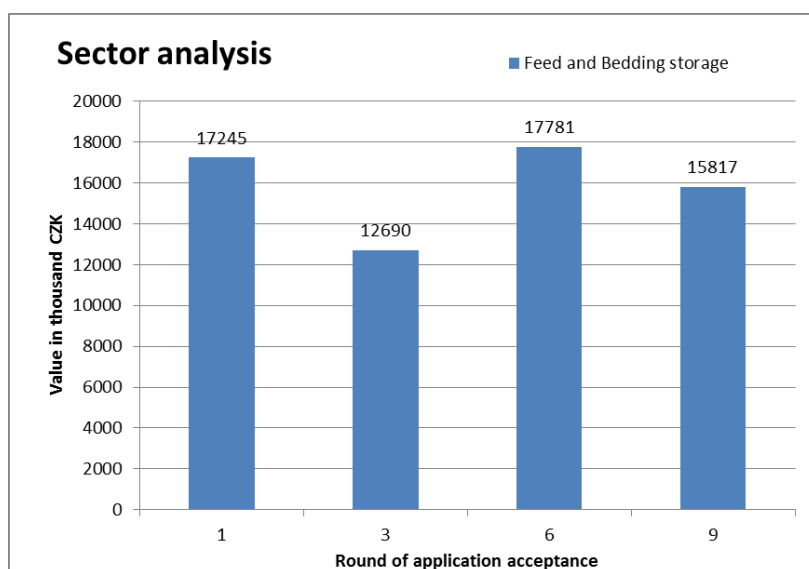


Figure 15. Ewe and Ram Population in the Moravian-Silesian Region (MSR)**Figure 16. Sector analysis of Feed and Bedding Storage**

Conclusion

In our work we tried to find out the range of influence of financial support in individual sectors of Czech agriculture in animal production in the conditions of the Moravian-Silesian Region. On the basis of data supplied by the Headquarters of the State Agricultural Intervention Fund, we created a summary database of input data. From the results we can conclude that the Rural Development Programme of the Czech Republic in 2007-2011 supported maintain or increasing the population of livestock in the Moravian-Silesian Region, it secured a higher rate of competitiveness in the agricultural sector, it contributed to maintaining the number of jobs in rural areas. It also supported reconstruction or construction of farm premises and areas and purchases of new machinery and technology, especially for pigs. Nevertheless, the dissertation points out some aspects that would be advisable to change in the sector of the Ministry of Agriculture of the Czech Republic for the new

programming period 2014-2020. For the new programming period 2014-2020 in the resort of the Ministry of Agriculture of the Czech Republic, we suggest implying several recommendations for sub-measures I.1.1.1.a) and I.3.2. summarily described in the following paragraphs:

1. Change of criterion markers of preferential criteria with monitored sub-measures:

We suggest not using those preferential criteria that are simple to fulfil and that are used by all applicants. Among these could be counted: "Project has been supplied in an electronic form." or "The Subsidy Application has been sent in the electronic form – via the Farmer Portal." According to our information, the registration via the Farmer Portal should be obligatory in the forthcoming programming period. We suggest decreasing preferential points allowance for the criterion marker "The applicant has entered the conversion period or is registered as an organic farmer according to Act No. 242/2000 Coll. Organic Farming, as amended, and does not provide convention farming at the same time and since

submitting the Subsidy Application, he/she farms on at least 5 ha of arable land (listed in the LPIS in the conversion period or in a fully organic regime). The criterion must be fulfilled for the period of binding of the project to the purpose” from present 15 points to planned 5 points. It would decrease the risk of purposeful “organic transformation” of agricultural holdings because of preferential points allowance.

As the subsidy grantor should control maintaining the conditions of preferential points allowance during the whole binding period, the binding project period should last since submitting the request for payment, not since signing the subsidy agreement. We recommend reformulating this preferential criterion as described above. We realise that this step will not be favoured by applicants. With the preferential criterion “The subject of the project is a construction and /or a reconstruction of a building and at the same time the plot/land affected by the (re)construction has not been taken out of the agricultural land fund” we suggest granting points only in such cases when the investment into the real estate exceeds 750 000 CZK. This precaution would finish the practice of getting points for a minor investment of several tens of thousands. The applicants use the possibility arising from the Accountancy Act (according to the Act, the sum of money exceeding 40 000 CZK is considered an investment) and for getting the preferential points, they realise building works for 50 000 CZK.

We suggest introducing preferential points for a new marker of Axis I: “The project creates a new job/new jobs”. Every new job should be classified by 5 preferential points for the applicant. It would mean a possibility of maintaining employment in the particular region and in rural areas, especially in the LFA or in the mountains. In the Moravian-Silesian Region, the real rate of unemployment is on the level of 11.4 per cent. On the basis of experience for axis III of the RDP, we do not think that the growth of number of new jobs would be so high that it would remarkably lower the rate. However, jobs in the agricultural sector could be maintained on the present level at least.

We propose to maintain the criterion marker with sub-measure I.3.2.: “Within the project plan, the applicant overtakes an agricultural holding from another farmer aged 55 and/or more and proves this by presenting relevant documents within the period of 36 months since the subsidy application registration”. This step will bring decreasing the average age of people working in the agrarian sector as well as the natural alternation of generations. More young people with secondary and university education will start working in Czech agriculture; they will not leave rural areas for work in towns and cities.

We suggest keeping the preferential points allowance with the sub-measure Setting up of young farmers for the criterion: “The applicant will invest more than 1 100 000 CZK in the period between submitting the Subsidy Application and the Request for Payment within the project plan in the sub-measure I.3.2.”. Young farmers regularly took advantage of this preferential criterion in the monitored period because they had to invest to start their business activities. They usually purchased agricultural machinery, reconstructed buildings for pigs, cows,.. or purchased arable land.

2. We suggest using continuous co-financing through individual measures, especially in sub-measure I.1.1.1.a) (with sub-measure I.3.2., there is a deposit payment of 500 000 CZK since signing the subsidy agreement). The applicants for a subsidy have a grave problem to finance the overall expenditures for the projects from their own resources. The subsidy could be aimed at small farms.

3. On the basis of knowledge of the Rural Development Programme, we suggest creating simple, but effective and unchangeable rules. Through all regional offices there exists now an inconsistent interpretation of some parts of the rules. For example, we can mention here an inconsistent interpretation of preferential criteria – who and when is justified to get points because the process of preferential points allowance is often influenced by many methodical directions, internal rules, recommendations, corrections of typographical errors, interpretation directives, etc.

4. Within the framework of eligible expenditures, we do not recommend enumerating every eligible expenditure, but a more general interpretation of individual codes. It would prevent situations when it is not clear if some particular technology is eligible or not, as it is often new and necessary for the production. We also recommend changing the codes of eligible expenditures for research purposes according to individual agricultural commodities for the reason of simplifying searching and processing data for the Moravian-Silesian Region as well for the whole Czech Republic.

5. We suggest keeping the pre-set criterion markers of classification at all times, even if the financial resources were not drawn within the round of application acceptance (in the 6th round of the RDP, all projects that underwent the administrative control from the subsidy grantor were selected for co-financing). It will prevent non-standard situations when one applicant did not obtain the requested preferential points but these criteria are controlled and he/she must fulfil them during the period of binding of the project to the purpose.

6. We have also considered the possibility of introducing a minimum level of preferential points in sub-measure I.1.1.1.a). If the application were classified by fewer than minimum preferential points, the administration of such a project would be terminated.

7. For the new programming period, we suggest determining a maximum limit of subsidy to 50 per cent of expenditures out of which the subsidy is counted. It would prevent potential wasting of financial resources from public sources. Besides, more economic subjects could be supported.

8. We propose the introduction of a preference point system for pig farmers: “*The project is focused only on the pig farming*” This could lead to an increased support of a sector of pig farming and production, and employment in pig farming could be supported as well.

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