

**WORKING DOCUMENT
RURAL DEVELOPMENT COMMITTEE**

**FOURTH MODIFICATION OF THE RURAL DEVELOPMENT PROGRAMME OF THE CZECH
REPUBLIC 2007-2013**

Member State: Czech Republic

1. APPROVED PROGRAMME: *The Rural Development Programme for Czech Republic C(2007)3406 of 17th July 2007 (CCI 2007CZ06RPO001)*

2. LEGAL BASIS FOR THE MODIFICATION

Modification related to the first implementation of Article 16a of Regulation (EC) No 1698/2005 - modification under Articles 6(1)(a) and 7 of Regulation (EC) No 1974/2006 (requiring a Commission Decision and the approval of the Rural Development Committee)

Other modifications under Articles 6(1)(c) and 9 of Regulation (EC) No 1974/2006 (notification for information of the Rural Development Committee)

3. REASONS JUSTIFYING THE AMENDMENT / STRATEGY CHOSEN

Structure of this Working Document

The modifications described in this Working Document are separated in two parts:

- **Part I** - modifications under Art. 6(1)(a) of Regulation 1974/2006 concerning the first implementation of Article 16a of Regulation (EC) 1698/2005 related to the implementation of the European Economic Recovery Plan (EERP).*
- **Part II** - other amendments under Art. 6(1)(c) of Regulation 1974/2006 aimed to extend the scope of beneficiaries for certain measures to cover also beekeeping sector, to revise the level of support for organic orchards, to ease access of RDP beneficiaries to financial resources given the current economic crises and other modifications relative mainly to updating of the CZ RDP.*

**PART I MODIFICATIONS UNDER ART. 6(1)(A) OF REGULATION 1974/2006 CONCERNING
THE IMPLEMENTATION OF THE EUROPEAN ECONOMIC RECOVERY PLAN (EERP)**

Following the approval of the European Economic Recovery Plan (EERP) aimed at helping Member States' economies to cope with the economic crisis, €1.02 billion of additional EAFRD funds are to be injected into MS rural development programmes. Funds should target investment in broadband infrastructure in rural areas and/or the new challenges identified in the Health Check of the CAP.

Czech Republic's share of this additional funding, coming from the EERP in years 2009 and 2010, is **€35.7million**. Moreover an additional financing under the Health Check, resulting from progressive modulation amounts to **€6.3 million** (Art 9(4) and Art 10(3) of Regulation 73/2009).

Accommodation of the additional EERP funds requires amendment to the National Strategy Plan of the Czech Republic to outline the strategic choices of the Czech authorities in line with the revised Community Strategic Guidelines for rural development¹, followed by a respective modification of the Czech Rural Development Programme 2007-2013.

Strategy chosen

Czech Republic has chosen to allocate the additional financial envelop amounting in total to **€42 million** on four of the New Challenges identified in Article 16a(1) of Regulation (EC) No. 1698/2005, namely: **climate change, renewable energies, water management and measures accompanying restructuring of the dairy sector**. Taking this into account and given the relatively limited amount of the additional funds (1.5% increase compared to the initial €2.82 billion EAFRD allocation) – Czech Republic has decided to reinforce funding for already existing measures/and relevant operations included in the CZ RDP which will contribute the best to the selected four priorities. The Czech NSP had already identified these priorities as challenges to be addressed.

Czech Republic has decided to use all additional financial envelop on above four new challenges. However the need to reach 100 % coverage of the rural areas by broadband by 2013 is fully recognised. Therefore the CZ RDP Managing Authority will launch the realisation of a detailed analytic study which will map the broadband coverage white spots in rural areas, in particular in relation to villages eligible for support under RDP as well as possible options for broadband investments, including a proposal for an efficient financing of these activities under the current or next programming period in order to contribute to the commitment to work towards a 100% BB coverage by 2013.

Not allocating EERP funds to the other new challenge (*biodiversity*) is justified by already allocated envelopes to measures/operations of Axis 2 of the CZ RDP that already address climate change and biodiversity priorities. The Czech Republic already implemented all planned measures that contribute to priority biodiversity and the existing Axis 2 budget is expected to be sufficient to reach the set targets.

The RDP is updated. The Chapter on the priorities chosen indicates that the additional resources are allocated to climate change (35%), renewable energies (19%), water management (16%) and measures accompanying restructuring of the dairy sector (30%). In terms of earmarking between axes, the additional resources are allocated to axis 1 – measures 121, 123 and 125 (81.5%); and axis 3 – measures 311 and 312 (18.5%).

4. DESCRIPTION OF THE AMENDMENTS PROPOSED:

4.1 New priorities / types of operations

Based on the analysis of the priorities of Health Check, RDP targets and needs of the CZ municipalities, taking into account the experience related to the implementation of the

¹ Updated NSP was submitted officially by CZ managing Authority on 14 July 2009 and consulted in September/October 2009.

CZ RDP up to now and its absorption capacity, the Czech Republic uses all the EERP funding to reinforce financial allocations of already existing measures/and relevant operations in its RDP that contribute to the selected four priorities: climate change, renewable energies, water management and restructuring of the dairy sector.

Climate change (35% of the EAFRD additional financial envelop)

Justification: Firstly extreme meteorological situations currently occur more frequently in the CZ. This jeopardizes agricultural production, forests and the property of the people living in rural areas and could later on result in land abandonment and threats to the environment. Secondly the agriculture is the main source of the ammonia in the CZ that is together with other three substances responsible for air pollution and globally influences the climate change. Emission quota for the CZ is 80 kt NH₃ for year 2010 that corresponds to yearly emission for agricultural sector (total emission of NH₃ from fixed resources was in the CZ 75,1kt in 2004).

Potential effect: Reduction of methane (CH₄) and nitrous oxide (N₂O) emissions, reduction of carbon dioxide (CO₂) emissions by saving energy and reduction of negative effects from extreme weather events on agricultural production potential.

Affected measures: To mitigate climate change the additional financial envelop will be used to strengthen the following measures/operations of Axis 1 of the CZ RDP:

Measure 121 - Modernisation of agricultural holdings (code I.1.1 in the CZ RDP)

- Improvement of manure storage;
- Improvement of energy efficiency by using the building materials that decrease thermal loss;
- Preventive mechanisms against adverse effects of climate-related extreme events.

Measure 123 - Added value to agricultural and food products (code I.1.3 in the CZ RDP)

- Improvement of energy efficiency by using the building materials that decrease thermal loss or using of the modern energy saving technologies for storage of agricultural processed products.

Renewable energies (19% of the EAFRD additional financial envelop)

Justification: One of the strategies to mitigate climate change is the use of renewable energies. The most important source of the renewable energy is biomass in the CZ, purposely grown or waste biomass. Its support has not been sufficient yet. The support for the plantation of the fast growing wooded plants to produce renewable energy was provided in the CZ in 2004 and 2005 in the frame of HRDP. Under this support 81,5 ha of such wooded plants were established. To be able to profit of those areas and of their potential increase the support for development of installations for production of energy using biomass is necessary.

Despite the fact that in the CZ in comparison with other countries doesn't exist tax support policy for the production of energy from renewable energy resources, the increase of the decentralised gas stations for the agricultural and food enterprises and for production of heat for municipalities as well as for processing of agricultural and food waste materials were noticed. The size of these installations should be regulated to

improve the use of the overproduction of the agricultural products as well as to support diversification into non-agricultural activities and to increase revenue in rural areas. Moreover this will contribute to the energetic self-sufficiency of the rural areas and to fulfil the commitments of the CZ - 8% of the energy from renewable resources.

Building up of the installations for use of renewable energy is one of the strategic targets of the RDP over the next decade which will bring positive impacts in savings for biological waste disposal, and at the same time will contribute to the boost of competitiveness in agricultural holdings as the result of cost cuts, eventually through the rise of profit from delivery energy to the public networks.

Potential effect: Substitution of fossil fuels

Affected measures: More intensive use of the biomass as the renewable energy source will be supported under two measures of Axis 3 of the CZ RDP. Support will be provided for investments relative to processing of biomass and construction and/or reconstruction of installations for processing and use of renewable sources of energy and fuels (biomass or biogas) for heating or electric energy production.

Measures 311 - Diversification into non-agricultural activities (code III.1.1 in the CZ RDP) and 312 - Support for business creation and development (code III.1.2 in the CZ RDP)

- Processing of agricultural/forest biomass for renewable energy;
- Installations for renewable energy using biomass and other renewable energy sources.

Water management (16% of the EAFRD additional financial envelop)

Justification: During the last 50 years the agriculture has changed towards intensification of production and extension of the land parcels (average area of parcel increased from 0,23 ha in 1948 to app. 20ha now) that has a negative influence on the water management, water pollution, soil degradation, decrease in biodiversity and lower ecological stability of landscape. Most of water runs-off the landscape and water management depends practically exclusively on the rainfall. The run-off of the water is negatively influenced by high share of ploughed-up agricultural land and very big size of parcels which together with unfavourable climate and geological conditions increase the risk of floods. Around 40% of agricultural land is endangered by water erosion in the CZ. Catastrophic floods that occurred during the last year in the CZ highlighted insufficient retention capacity of the landscape. Important role play water interception areas of natural origin, ponds and small water reservoirs. Around 24000 water reservoirs and ponds can be found in the CZ however technical conditions of pond embankments, neglected technological equipment and slugging of reservoirs by sediments decrease their retention capacity. Modified water regime relative to intensification of agricultural production has also a negative impact on the quality of surface and ground water. This quality is negatively influenced by so called surface pollution, in particular pollution from agriculture, from atmosphere and water erosion from landscape. Surface pollution became more and more important and its share on the nitrification and acidification, less for phosphorus, is quite serious and varies depending on the population density, share of waste water treatment, intensity and methods of agricultural production and level of atmospheric deposit. Despite of improvement in the water quality since 1990 (drop in the content of nitrogen in surface in ground water) the current situation is not satisfactory

yet. Vulnerable area from view of nitrogen pollution covers 36% of the CZ territory. The reason is among others the insufficient waste water treatment in the rural municipalities.

Potential effect: Improvement of the capacity to use water more efficiently and to improve the capacity to store water

Affected measures: To improve water management is supported under the following measures/operations of Axis 1 of the CZ RDP:

Measure 125 - Land consolidation (code I.1.4 in the CZ RDP)

- Water storage (including water overflow areas)

Measure 123 - Added value to agricultural and food products (code I.1.3 in the CZ RDP)

- Installations for waste water treatment in processing and marketing.

Measures accompanying restructuring of the dairy sector (30% of the EAFRD additional financial envelop)

Justification: In the milk sector the decreasing trend in the number of dairy cows (from 433,3 thousands of dairy cows in 2004 to 402,5 thousands in 2008) and steady decline in milk price (price of milk dropped annually by 35% compared to 1Q of 2008) can be observed. The end of the milk quotas in 2015 will require from milk producers bigger effort to be adapted to the changing conditions, in particular in less favourite regions. Despite the average milk production per dairy cow is increasing, the total milk production dropped by nearly 20% during the last 15 years. Despite existing number of agricultural holdings with competitiveness production in the CZ, most of them have problems with sales and are negatively influenced by the pressure of the supermarket chains as a consequence of insufficient integration with the other agricultural producers and the subsequent processing industry.

Potential effect: Improvement of the competitiveness of the dairy sector

Affected measures: In the frame of the CZ RDP the milk sector is strengthen through the investments relative to production, processing and marketing of milk and milk products under the following measures/operations of Axis 1 of the CZ RDP:

Measure 121 - Modernisation of agricultural holdings (code I.1.1 in the CZ RDP)

- Investment support related to milk production;

Measure 123 - Added value to agricultural and food products (code I.1.3 in the CZ RDP)

- Improvements in processing and marketing related to dairy.

The EAFRD allocation to the chosen priorities is as follows (EAFRD allocation in Euro):

New challenge priority / Measure	Climate change	Measures accompanying restructuring of the dairy sector	Water management	Renewable energies	Total	% of all measures
Measure 121	11 545 000	7 040 000	0	0	18 585 000	44.25%
Measure 123	3 185 000	5 600 000	1 400 000	0	10 185 000	24.25%
Measure	0	0	5 460 000	0	5 460 000	13%

<i>125</i>						
Axes 1	14 730 000	12 640 000	6 860 000	0	34 230 000	81.5%
<i>Measure 311</i>	0	0	0	3 885 000	3 885 000	9.25%
<i>Measure 312</i>	0	0	0	3 885 000	3 885 000	9.25%
Axes 3				7 770 000	7 770 000	18.5%
Total	14 730 000	12 640 000	6 860 000	7 770 000	42 000 000	100%
% of all priorities	35%	30%	16%	19%	100%	

All four new challenges chosen have been already addressed by the RDP in response to the priorities identified in the NSP. The additional support provided through the EERP will strengthen their implementation and enhance their positive effects by focusing on existing measures/operations.

Table 5.2.6 (provided in the RDP) List of types of operations referred to in Article 16a (3)(a) of Regulation (EC) No 1698/2005 and up to the amounts referred to in Article 69 (5a) of that Regulation

Measure	Type of operation	Potential effects	Existing' or 'New' type of operation (E or N) ²	Reference to the description of the type of operation in the RDP	Output indicator – target	
					Number of farm holdings that received investment support	Total volume of investments ('000 EUR)
Measure 121 - Modernisation of agricultural holdings (code I.1.1 in the CZ RDP)	Improvement of manure storage	Reduction of methane (CH ₄) and nitrous oxide (N ₂ O) emissions	E	Chapter 5.2.1, measure I.1.1. Modernisation of agricultural holdings: Building/ reconstruction of storages for secondary products of animal production that improve the manure storage (for example construction or reconstruction of dung-water pits, construction or reconstruction of fixed dung-yards)	85	23 470
	Improvement of energy efficiency (e.g. use of construction materials which reduce heat loss)	Reduction of carbon dioxide (CO ₂) emissions by saving energy	E	Chapter 5.2.1, measure I.1.1. Modernisation of agricultural holdings: Construction/ reconstruction of buildings for crop and animal production that improve energy efficiency e.g. by use of construction materials which reduce heat loss (for example thermal insulation of stables or storage buildings)	10	2 620
	Preventive mechanisms against adverse effects of climate-related extreme events (e.g. setting up of hail nets)	Reduction of negative effects from extreme weather events on agricultural production potential	E	Chapter 5.2.1, measure I.1.1. Modernisation of agricultural holdings: Construction/reconstruction of the constructions for crop production relative to preventive mechanisms against adverse effects of climate related extreme events (for example construction or reconstruction of hail nets or plastic foils)	40	4 690
	Investment support related to dairy production	Improvement of the competitiveness of the dairy sector	E	Chapter 5.2.1, measure I.1.1. Modernisation of agricultural holdings: Investments for equipment and technologies relative to milk production (for example technologies used in the room where cows wait before milking, milking technology)	80	18 780

² Proposed by Member State

Measure	Type of operation	Potential effects	Existing' or 'New' type of operation (E or N) ³	Reference to the description of the type of operation in the RDP (pg. of RDP text)	Output indicator – target	
					Number of enterprises supported	Total volume of investments ('000 EUR)
Measure 123 - Added value to agricultural and food products (code I.1.3 in the CZ RDP)	Improvement of energy efficiency (e.g. use of construction materials which reduce heat loss or use of energy saving technologies to store processed agricultural products)	Reduction of carbon dioxide (CO ₂) emissions by saving energy	E	Chapter 5.2.1, measure I.1.3 Added value to agricultural and food products: Construction and technological investments that improve the energy efficiency during processing of agricultural and food products (for example the use of construction materials which reduce heat loss for the construction or reconstruction of processing premises, use of energy saving technologies to process and store the agricultural products or for final treatment of the processed products)	10	8 490
	Installations for waste water treatment in processing and marketing of agricultural and food products	Improvement of the capacity to use water more efficiently	E	Chapter 5.2.1, measure I.1.3 Added value to agricultural and food products: Building and technological investments relative to construction/reconstruction of the installations for waste water treatment from processing and marketing of agricultural and food products	5	3 730
	Improvements in processing and marketing related to dairy	Improvement of the competitiveness of the dairy sector	E	Chapter 5.2.1, measure I.1.3 Added value to agricultural and food products: Building and technological investments that improve processing and marketing of dairy products (for example technology for milk processing, production of milk products, their final treatment, labelling and packing for expedition, building and technological investments for storage area, investments for improving the quality and monitoring of the quality of dairy products)	35	14 940

³ Proposed by Member State

Measure	Type of operation	Potential effects	Existing' or 'New' type of operation (E or N) ⁴	Reference to the description of the type of operation in the RDP (pg. of RDP text)	Output indicator – target	
					Number of operations supported	Total volume of investments ('000 EUR)
Measure 125 - Land consolidation (code I.1.4 in the CZ RDP)	Water storage (including water overflow areas)	Improvement of the capacity to use water more efficiently and to improve the capacity to store water	E	Chapter 5.2.1, measure I.1.1.4 Land consolidation : Realisation of the water management measures that based on the approved proposal for land consolidation in the frame of the realisation of the plan of common facilities will contribute to the retention of the water in landscape and will eliminate the risk of floods and erosion (for example construction and reconstruction of water reservoirs, protective embankments, polders, anti-erosion bounds, broad-base terraces, infiltration zones, intercepting ditch, water course modification, vegetation planting, etc.)	20	7 280

Measure	Type of operation	Potential effects	Existing' or 'New' type of operation (E or N) ⁵	Reference to the description of the type of operation in the RDP (pg. of RDP text)	Output indicator – target	
					Number of beneficiaries	Total volume of investments ('000 EUR)
Measure 311 - Diversification into non-agricultural activities (code III.1.1 in the CZ RDP)	Processing of agricultural/forest biomass for renewable energy	Substitution of fossil fuels	E	Chapter 5.2.3, measure III.1.1.- Diversification into non-agricultural activities: Investments relative to processing of agricultural/forest biomass for renewable energy (for example purchase of buildings, machines, technologies, equipment for plants and workshops, PCs and software)	10	893
	Installations for renewable energy using biomass and other renewable energy sources	Substitution of fossil fuels	E	Chapter 5.2.3, measure III.1.1.- Diversification into non-agricultural activities: Investments relative to installations for renewable energy using biomass and other renewable energy sources (heating plants, reactors, heat or energy exchangers, biogas stations)	4	9 467

⁴ Proposed by Member State

⁵ Proposed by Member State

Measure	Type of operation	Potential effects	Existing' or 'New' type of operation (E or N) ⁶	Reference to the description of the type of operation in the RDP (pg. of RDP text)	Output indicator – target	
					Number of micro-enterprises supported/created	Total volume of investments ('000 EUR)
Measure 312 - Support for business creation and development (code III.1.2 in the CZ RDP)	Processing of agricultural/forest biomass for renewable energy	Substitution of fossil fuels	E	Chapter 5.2.3, measure III.1.2 - Support for business creation and development: Investments relative to processing of agricultural/forest biomass for renewable energy (for example purchase of buildings, machines, technologies, equipment for plants and workshops, PCs and software)	30	4 108
	Installations for renewable energy using biomass and other renewable energy sources	Substitution of fossil fuels	E	Chapter 5.2.3, measure III.1.2 - Support for business creation and development: Investments relative to installations for renewable energy using biomass and other renewable energy sources (heating plants, reactors, heat or energy exchangers, biogas stations)	4	6 252

⁶ Proposed by Member State

4.2. Description of the amendments proposed under 6(a) modification

4.2.1. Amendments in the general chapters of the RDP

Chapter 3.1 Analysis of the situation in terms of strengths and weaknesses

- Table "SWOT analysis": Milk is not considered competitive product anymore and therefore it was withdrawn from strengths. Instead a new threat "Decreasing of purchase price of milk and relating decrease of the number of dairy cows " has been added;

Chapter 3.2 The strategy chosen for meeting the objectives of rural development by making use of strengths and eliminating weaknesses

- Among weaknesses of rural development, the problem of majority of the CZ enterprises with sales and with resistance to the pressure from the supermarket chains due to insufficient integration with other agricultural producers, in particular in dairy sector has been highlighted;
- Among threats belongs also climate change. Under the CZ RDP is this risk taken into account within a number of measures under various axis. It was added that under measure "Land consolidation" activities relative to landscape water management will contribute also to climate change mitigation;
- A following new sub-chapter has been added:

Additional financial envelopes coming from the EERP/HC will be used in the Czech Republic to work towards the aims of the selected four priorities that were identified in the frame of Health Check of the CAP (mitigation of climate change, renewable energies, water management and measures accompanying restructuring of the dairy sector) by reinforcing of existing selected measures that will address the above new challenges the best and where the re-enforcing of financial envelop will bring the fastest impact. It will be via the following measures 121 - Modernisation of agricultural holdings (code I.1.1 in the CZ RDP), 123 - Added value to agricultural and food products (code I.1.3 in the CZ RDP), 125 - Land consolidation (code I.1.4 in the CZ RDP), 311 - Diversification into non-agricultural activities (code III.1.1 in the CZ RDP) and 312 - Support for business creation and development (code III.1.2 in the CZ RDP).

The biggest part of financial envelop will be used to support mitigation of climate change (35% of the EAFRD additional financial envelop from the EERP/HC). In the frame of the measures 121 and 123 among the operations supported belong the projects that improve the manure storage, improve the energy efficiency by using the building materials that decrease thermal loss and support for preventive mechanisms against adverse effects of climate-related extreme events. The impact of these operations will be a decrease of the greenhouse-gas emissions. Additionally these operations can contribute to the decrease of water pollution.

Important part of financial envelop will contribute to the measures accompanying restructuring of the dairy sector (30% of the EAFRD additional financial envelop from the EERP/HC) in the frame of measures 121 and 123 by supporting investments relative to production and processing and marketing of milk and dairy products.

Intensive use of the renewable energy sources will be supported under measures 311 and 312 through the investments for processing of agricultural/forest biomass for renewable energy and through support of investments for installations for renewable

energy using biomass and other renewable energy sources. For this priority 19% of the EAFRD additional financial envelop from the EERP/HC has been allocated.

Priority water management will be reinforced under the measures 123 and 125 through the improvement of the capacity to use water more efficiently by supporting installations for waste water treatment in processing and marketing of agricultural and food products. In the frame of measure 125 those water management measures which improve landscape water regime will be supported in order to improve the retention of water in the landscape and to eliminate the risk of erosion and floods. For this priority 16% of the EAFRD additional financial envelop from the EERP/HC has been allocated.

More detailed indicative budget per measure and for the relevant priorities is provided in the table 6.3.

The additional financial envelops strengthened the axis 1 and 3, however the highest part of the budgets is still allocated under axis 2. For the priority Biodiversity no additional funds from EERP/HC will be allocated, because the Czech Republic already implemented all envisaged measures that contribute to priority biodiversity as planned and these measures are meeting the set-up targets.

Taking into account the flexibility clause providing Member State with the possibility for justified reasons not to allocate additional financial resources from the EERP for support of broadband in rural areas the Czech Republic has decided to allocate all available financial envelops from EERP/HC for meeting the targets of the selected four priorities, in particular taking into account the current needs of the potential applicants – small villages with less than 500 habitants (more detailed justification is provided in Chapter 4).

– Description of axis: Based on the allocation of additional financial contribution following the HC/EERP a proportion of EAFRD contribution between RDP axis has changed and text under axis 1 and 3 has been amended as follows:

- Axis 1 **22.53%**, of which for priority 1.1 "Modernisation, innovation and quality" **85.5%** and for priority 1.2 "Knowledge transfer" **14.5%**;
 - In the description of the priority 1.1 (page 43) it is highlighted that in the frame of the support coming from the EERP/HC the emphasis is put in particular towards the measures that contribute to the dairy sector restructuring, climate change mitigation and support for water management.
- Axis 2 **54.39%** (for three existing priorities the percentage share didn't change, i.e. for priority 2.1 "Biodiversity, conservation and development of agricultural and forestry systems with a high added value and traditional agricultural landscapes" 80.10%, for priority 2.2 "Water and soil protection" 14.76% and for priority 2.3 "Mitigation of climate change" 5.14%);
- Axis 3 **16.95%**, of which for priority 3.1 "Creation of employment opportunities and support of use of renewable energy sources" **50.8%**, for priority 3.2 "Conditions of growth and quality of life in the countryside" **47.2%** and for priority 3.3 "Education" 2 %;

- Axis 4 having one priority "Improvement of management and mobilisation of the rural inherent development potential" **5.66%**.

Chapter 4.1 Community Strategic guidelines for rural development, National Strategic Plan for 2007 – 2013, and their reflection in the Rural Development Programme

- New text under the description of Axis 1 and Axis 3 has been added as follows:

Axis 1:

"Revised Community strategic guidelines includes new challenges for agriculture, in particular climate change, renewable energies, water management, biodiversity and measures accompanying restructuring of the dairy sector."

"In the framework of the Rural Development Programme a set of measures in the framework of Axis I is proposed aimed at improving the competitiveness of agricultural and food products, modernisation of holdings, increasing added value and implementation of land consolidation. At the same time these measures will through specific operations contribute to reduction of negative impact of agriculture on climate change, water management and will help to restructure the dairy sector."

Axis 3:

"Important part of financial resources is targeted within Axis 3 towards the use of renewable energy resources."

Chapter 4.3 The following new sub-chapter "Community Strategic guidelines for rural development revised in relation with the EERP/HC and their reflection in the Rural Development Programme" has been added:

"Taking into account the flexibility clause providing Member State with the possibility for justified reasons not to allocate financial resources for support of broadband, based on the evaluation of the municipalities' needs and following the discussion of the Monitoring Committee the Czech Republic has decided to allocate additional resources to new challenges , in particular to mitigate climate changes, measures accompanying restructuring of the dairy sector, renewable energies and water management.

In order to allocate the additional financial envelopes coming from the European Economic Recovery Plan as well as resulting from the progressive modulation the strategy of simple implementation has been chosen, i.e. to reinforce the funding of already existing priorities of the CZ RDP and not to fragmentise the small additional envelop to additionally set-up new measures. After analysing the Health Check priorities and priorities of the CZ RDP, taking into account the experience undertaken within the current realisation of the CZ RDP and after evaluation of the absorption capacity the specific operations that meet the targets set for the new priorities were selected within the existing measures.

In the Czech Republic, as in all other EU countries, agriculture is the main source of ammonia emissions. The emission ceiling set for the Czech Republic (i.e. 80kt NH₃ in

year 2010) corresponds to the annual emissions of the agricultural sector. The CZ RDP contributes to the climate change mitigation (decrease of the greenhouse gas emissions) through support for the building/ reconstruction of storages for secondary products of animal production in order to improve the manure storage and through investments for construction/ reconstruction of buildings for crop and animal production that improve their energy efficiency or that improve the processing and marketing of the agricultural and food products (e.g. use of construction materials which reduce heat loss or use of energy saving technologies to store processed agricultural products). Furthermore the preventive mechanisms against adverse effects of climate-related extreme events are also supported (e.g. setting up of hail nets). All above operations will be supported under measures Modernisation of agricultural holdings and Added value to agricultural and food products.

One of the strategies to solve the threat of climate changes is also using renewable energy sources. The share of the electricity from renewable sources was 5.2% of the gross domestic electricity consumption in 2008. The Czech national indicative target for this share has been set to reach 8% in 2010. The progress in the gross electricity production shows the important increase in particular for biogas stations where production increased from 7.13GWh in 2004 to 91.6GWh in 2008 (data sources PMO). Provided that the current gross domestic consumption of electric energy doesn't change it would be necessary to increase the production of this energy by 2.03TWh to be able to reach 8% target of the share of energy from renewable resources. Taking into account the availability of usable energetic potential the construction of installation for the use of biomass, biogas, sun energy and wind is crucial for the achievement of the indicative target. Under the CZ RDP in particular the construction of biogas stations or installations for processing of fuels from renewable sources of energy is supported under measures Diversification into non-agricultural activities and Support for business creation and development.

The utmost majority of water run-offs from the CZ territory and its water regime practically depend exclusively on atmospheric precipitation. Concerning runoff conditions the high degree of ploughing of agricultural land and unusually high average area of land plots are negative features reinforcing the flood regime of water courses, which is adversely affected by landscape structure, climate and geological conditions. 40% of agricultural land area is under jeopardy of water erosion. The catastrophic floods on the territory of the Czech Republic in the recent years indicated the insufficient retention capacity of landscape. At the floods the areas of natural flooding of deluge, lakes, and small water reservoirs demonstrated and proven their importance. Modification of the water regime caused by intensification of the agricultural production has also a negative impact on the quality of surface water and groundwater. The quality of the surface and groundwater is thus influenced by pollution, in particular by pollution from agricultural production, atmospheric deposition and by water erosion. Despite the improvements of quality of water in water courses since 1990 – decrease of the content of nitrogen in surface water and groundwater - the current state cannot be considered satisfactory. In order to improve water regime and to eliminate risk of erosions and floods is under measure 125 - Land consolidation supported the realisation of the water management measures that contribute to the retention of the water in landscape (including water overflow areas) (for example construction and reconstruction of water reservoirs, ponds, protective embankments, polders, anti-erosion bounds, broad-base terraces, infiltration zones, intercepting ditch, water course modification, grassing etc.). Taken into account the pollution of the surface and groundwater caused by processing of the agricultural

products the construction of the installations for waste water treatment in processing and marketing of agricultural and food products will be supported under measure Added value to agricultural and food products.

In dairy sector a steady decreasing trend in the number of dairy cows can be observed in the Czech Republic (drop in the number of dairy cows from 433.3 thousands in 2004 to 402.5 thousand in 2008). Annual average milk yield per cow increased during the same period by 71.3% to 6 548 litres of milk per year and cow. Despite these numbers, the production of milk decreased during the last fifteen years by 19.9% to 2.684million litres of milk. Annual decrease in milk price is 35% (compared to Q12008). The end of the milk quotas regime in 2015 will from the milk producers request the particular effort to get adapted to the changing conditions, especially in the less favourite areas Despite existing number of agricultural holdings with competitive production in the CZ, most of them have problems with sales and are negatively influenced by the pressure of the supermarket chains as a consequence of insufficient integration with the other agricultural producers and the subsequent processing industry. Within the CZ RDP dairy sector is supported through the investments relative to production, processing and marketing of dairy products. Under measure Modernisation of agricultural holdings it is by supporting investments relative to milk production and under measure Added value to agricultural and food products by supporting investments that improve the processing and marketing of dairy products.

For the priority Biodiversity that is already supported under axis 2 no additional increase of the financial envelop will be carried out because the Czech Republic already implemented all planned measures that contribute to priority biodiversity and these measures meet the targets as expected.

Financial envelops coming from the EERP/HC will be in the CZ allocated to the other challenges then broadband. The territory of the Czech Republic is well covered by broadband infrastructure. According the last Digital Competitiveness Report CZ broadband coverage for population of rural areas is 85%, about 9 points above the EU27 average of 76.6%. The CZ ranks 13th in EU for rural population coverage and 19th for national coverage nevertheless still leaving 15% of the rural population without broadband coverage. Therefore the CZ commits to undertake a detailed analytic study which will map the broadband coverage white spots in rural areas, in particular in relation to villages eligible for support under RDP as well as possible options for broadband investments, including a proposal for an efficient financing of these activities under the current or next programming period in order to contribute to the commitment given by the CZ Republic in the framework of the 2009 Competitiveness Council to work towards a 100% BB coverage by 2013."

Chapter 5.2 Description of proposed measures

- Measure I.1.1.1: Modernisation of agricultural holding (121)

Text of the "Profile of the measure" has been modified as follows:

*"The support focuses on investments improving overall performance of agricultural holdings in order to increase their competitiveness. The support is related to activities connected with production, processing or placing on the market products introduced in Annex No I. to Contract on Establishment of EC. **Support is granted also for the investments relative to production and use of energy from renewable sources for own consumption.** ~~With the objective to ensure competitive and perspective agriculture~~*

~~enterprises, resp. resolution of rural development questions, the Czech Republic will not limit the aim of measures for selected sectors. However Another priority is the field of animal welfare and biosecurity is the priority.~~

In the frame of the financial envelop EERP/HC projects targeted on restructuring the milk sector and projects which contributes to the climate change mitigation will be supported under this measure."

Two following objectives relative to EERP/HC have been added under the measure: *climate change mitigation and support for restructuring milk and milk products sector.*

To the list of eligible expenditures the following investments supported from the additional EERP/HC financial envelops have been added:

- *Investments for building/reconstruction of storages for secondary products of animal production that improve the manure storage (for example construction or reconstruction of dung-water pits, construction or reconstruction of fixed dung-yards);*
- *Investments for construction/reconstruction of buildings for crop and animal production that improve energy efficiency e.g. by use of construction materials which reduce heat loss (for example thermal insulation of stables or storage buildings);*
- *Investments for construction/reconstruction of the constructions for crop production relative to preventive mechanisms against adverse effects of climate related extreme events (for example construction or reconstruction of hail nets or plastic foils);*
- *Investments for equipment and technologies relative to milk production (for example technologies used in the room where cows wait before milking, milking technology).*

- Measure I.1.3 Adding value to agricultural and food products (123)

Text of the "Description of situation" has been modified as follows:

"The measure responds to the strategic objective to improve the competitiveness of agri-food industry by focusing especially on the improvement of the performance of processing enterprises and on the development of new outlets for agricultural products, support for marketing of agricultural products, and the development of innovations within the agri-food production, namely through cooperation with persons taking part in research and development. *Last but not least it will contribute to the new challenges i.e. to mitigate climate change through the support for the use of modern energy saving technologies and effective use of water sources.* Supported actions should address issues such as low labour productivity, low level of innovations, and low proportion of production with higher added value and insufficient finalisation of products, including marketing, *from the additional EERP/HC financial envelop particularly in milk processing sector."*

In the "Profile of the measure" the following sentence has been deleted: ~~*"With the objective to ensure competitive and perspective of agri-food industry as a whole, resp. resolution of rural development questions, the Czech Republic will not limit the aim of measures for selected sectors."*~~

Three following objectives relative to EERP/HC have been added under the measure: ***effective use of water sources, climate change mitigation and support for restructuring milk and milk products sector.***

To the list of eligible expenditures the following investments supported from the additional EERP/HC financial envelopes have been added:

- ***Construction and technological investments that improve the energy efficiency during processing of agricultural and food products (for example the use of construction materials which reduce heat loss for the construction or reconstruction of processing premises, use of energy saving technologies to process and store the agricultural products or for final treatment of processed products);***
- ***Investments (building and technological) relative to construction/reconstruction of the installations for waste water treatment from processing and marketing of agricultural and food products;***
- ***Building and technological investments that improve processing and marketing of dairy products (for example technology for milk processing, production of milk products, their final treatment, labelling and packing for expedition, building and technological investments for storage area, investments for improving the quality and monitoring of the quality of dairy products).***

- Measure I.1.4 Land consolidation (125)

Text of the "Description of situation" has been modified as follows:

"The measure addresses issues such as titles to land, insufficient agricultural infrastructure, ***sustainable water management*** or absence of elements of landscape's ecological stability."

In the "Profile of the measure" the following wording has been added: "Implementation of the so called "plan of common facilities" ***including water management measures*** is an integral part of land consolidation.

The following objectives have been added under the measure:

- Improving the environment and landscape, ***including the sustainability of water management***

List of eligible expenditures has been amended as follows:

- ***From the additional EERP/HC financial envelopes will be supported water management measures that based on the approved proposal for land consolidation in the frame of the realisation of the plan of common facilities will contribute to the retention of the water in landscape and will eliminate the risk of erosion and floods (for example construction and reconstruction of water reservoirs, protective embankments, polders, anti-erosion bounds, broad-base terraces, infiltration zones, intercepting ditch, water course modification, vegetation planting, etc.)***

- Measure III.1.1 Diversification into non-agricultural activities (311)

Text of the "Profile of the measure" has been modified as follows:

The support is focused on diversification of activities of agricultural enterprises into non-agricultural activities particularly in the field of ***building decentralised installations for processing and use of renewable energy sources with aim to reach energetic self-sufficiency of the rural areas and to fulfil the commitments of the CZ - 8% of the energy from renewable resources***. Furthermore is support addressed to projects of the following sections of the Classification of economic activities (CZ-NACE): B 08 (Other extraction and mining), C (Processing industry), F (Construction industry), G (Wholesale and retail; repairs and maintenance of motor vehicles with exception of the Section 46 and Class 45.31), S 95 (Repairs of computers and products for personal use and predominantly for households) and S 96 (Provision of other personal services) (for example joinery, carpentry, smithcraft, ceramics production, basket-making, glazier's profession, handmade activities, further bricklaying, locksmith's trade, upholstery, repair works of machines and equipment, retail business etc.). ~~***The support is further aimed to building of decentralised facilities for processing and use of renewable energy sources with goal of energetic self-sufficiency of the countryside and fulfilment of the Czech Republic obligations of achievement of 8 % energy from renewable sources***~~. Preferably it is supported utilising existing buildings and premises and promotion of innovative approaches.

The following objective has been added under the measure:

- ***Mitigate negative climate change through support of the use of renewable energy sources***

To the list of eligible expenditures the following investments supported from the additional EERP/HC financial envelopes have been added:

- ***Investments relative to processing of agricultural/forest biomass for renewable energy (for example purchase of buildings, machines, technologies, equipment for plants and workshops, PCs and software);***
- ***Investments relative to installations for renewable energy using biomass and other renewable energy sources (heating plants, reactors, heat or energy exchangers, biogas stations).***

The table with indicators has been modified as follows

- Output indicators:
- Number of beneficiaries: increased by 14 (in total 1064);
 - Total volume of investments: increased by €10 mil (in total €296 mil);
 - Number of biogas station projects: increased by 4 (in total 123);

Result indicator: - Total volume of electric energy produced: Increased by 20 GWh (in total 490 GWh). According to the CZ Authorities the EERP amount does not represent a significant increase compared to the initial financial RDP envelope and consequently other result and impact indicators remain unchanged.

- Measure III.1.2 Support for business creation and development (312)

Text of the "Profile of the measure" has been modified as follows:

The support targets increased stability of rural areas through the setting up and development of micro-enterprises with the aim to create employment opportunities and to develop diverse economic structures of non-agricultural activities. The support is provided namely for ***building decentralised installations for processing and use of***

renewable energy sources with aim to reach energetic self-sufficiency of the rural areas and to fulfil the commitments of the CZ - 8% of the energy from renewable resources. Furthermore is supported small-scale production and crafts (for example joinery, carpentry, smithcraft, ceramics production, basket-making, glazier's profession, handmade activities, bricklaying, locksmith's trade, upholstery etc), services for the economy (for example repair works of machines and equipment) and retail business. ~~*The support is further aimed to building of decentralised facilities for processing and use of renewable energy sources with goal of energetic self-sufficiency of the countryside and fulfilment of the Czech Republic obligations of achievement of 8 % energy from renewable sources.*~~ Preferably the use of existing buildings and premises and promotion of innovative approaches is supported. This measure is not intended to support tourism activities.

The following objective has been added under the measure:

- Mitigate negative climate change through support of renewable energy sources

To the list of eligible expenditures the following investments supported from the additional EERP/HC financial envelopes have been added:

- *Investments relative to processing of agricultural/forest biomass for renewable energy (for example purchase of buildings, machines, technologies, equipment for plants and workshops, PCs and software);*
- *Investments relative to installations for renewable energy using biomass and other renewable energy sources (heating plants, reactors, heat or energy exchangers, biogas stations).*

The table with indicators has been modified as follows

Output indicators:	- Number of supported microenterprises: increased by 34 (in total 1084)
	- Number of biogas station projects: increased by 4 (in total 46)
Result indicator:	- Total volume of electric energy produced: Increased by 16 GWh (in total 184 GWh)

According to the CZ Authorities the EERP amount does not represent a significant increase compared to the initial financial RDP envelope and consequently other result and impact indicators remain unchanged.

4.3. Description of the amendments proposed under 6(c) modification

Second part contains modifications according to Article 6(1)(c). The main modifications are following:

4.3.1 Extension of the eligible expenditures to cover beekeeping sector and demarcation with the Czech apiculture programme

Measures concerned:

⇒ 121 Modernisation of agricultural holdings (code I.1.1 in the CZ RDP);

⇒ 123 Added value to agricultural and food products (code I.1.3 in the CZ RDP).

In order to be able to support bee breeders in the CZ the following expenditure were added as eligible under measure 121:

- Investments in agricultural buildings – the support applies to the keeping of cattle, pigs, sheep, goats, horses, poultry **and bees**;
- Investments in animal production technologies – the support applies to cattle, pigs, sheep, goats, horses and poultry **and bees** (in case of investments in beekeeping sector the investments lower than 200 thousand CZK are not eligible)

Concerning measure 123 the investments which are adding the value to bee sector products have already been included under this measure; however it was specified under the list of eligible expenditures that ***the investments relative to processing of honey lower than 200 thousand CZK are not eligible for RDP support.***

Consequently the demarcation with the Czech Apiculture Programme provided in Chapter 10.1.3 of the CZ RDP has been introduced as follows:

"Support provided under the beekeeping sector in the frame of Czech Apiculture Programme during the period 2008-2010 according to Council Regulation (EC) No 797/2004 and Commission Regulation (EC) No 917/2004 is targeted in particular towards problems relative to development of beekeeping sector as for example research in the specialised fields, expert and advisory activities, development, production and distribution of pharmaceuticals against varroa and equipment for honey production. In order to avoid double financing the demarcation line between the CZ RDP and Czech Apiculture Programme has been set up. Under the CZ RDP investments in construction/reconstruction of agricultural buildings which are not included in the CZ Apiculture Programme will be supported. For the support of technological investments the following rule applies: Under the CZ RDP the technological investments lower than 200 thousand CZK will not be supported."

4.3.2 Differentiation of the level of support for intensive and other/non-intensive organic orchards

Measure concerned:

⇒ 214 AEM - submeasure organic farming (code II.1.3.1.1 in the CZ RDP)

In 2008 area of orchards registered as organic (or in conversion period) started to increase importantly and consequently the number of applications for support under

measure 214 - sub-measure organic farming has also increased (in 2008 more than 100% increase of supported area compared to 2007). Taking into account the financial allocation under this measure (€261 756 779 for all Agri-environmental sub-measure – Environmentally friendly approaches that includes organic farming and integrated production as well) and current uptake a new category of the level of support to be used for "other organic orchards" has been proposed. "Other orchards" are orchards that fulfil other than production function, in particular biodiversity maintenance⁷. To be eligible for support they have to be registered in LPIS in the category "other orchards" or registered in LPIS in the category "intensive orchards" but having smaller density of trees/bushes per hectare than set up threshold.

The following distinction between the level of support for "intensive organic orchards" and "other orchards" has been proposed (it is stated in the RDP that the calculation was confirmed by the independent body (Institute of Agricultural Economics and Information):

Perennial crops:	849 EUR/ha
	Percentage of the income foregone/additional costs: 62 %
Perennial crops ⁸ :	510 EUR/ha
	Percentage of the income foregone/additional costs: 37 %

In order to distinguish between categories "intensive organic orchards" and "other organic orchards" the criterion is set on 200 fruit trees and/or 800 fruit bushes per hectare.

The level of support for "other organic orchards" is calculated based on the following factors:

- lower number of trees/bushes per hectare (from 50-200 trees/ha or up to 800bushes/ha);
- lower farming costs related to lower level of agro-technology used (normally full area covered by grass that is mowed 1 or 2 per year, limited or completely missing fertilising, limited and non-regular treatment of the trees);
- lower production of fruit that is partially however compensated by lower farming costs (production is around 45% of the production from intensive organic orchards).

4.3.3 Introduction of temporary state aid scheme (500 thousands EUR) to the measures with de minimis schemes

Measures concerned:

⇒ 122 Forestry machinery (code I.1.2.1 in the CZ RDP);

⇒ 123 Technical utilities of business establishments (code I.1.2.2 in the CZ RDP);

⁷ In LPIS the orchards are registered as "intensive orchards" or "other orchards" This classification is based on the decision of the Central Institute for Supervising and Testing in Agriculture and is based on the character of orchards, type of planting and method of orchard management. Generally within organic farming two types of orchards planting can be identified: dispersed planting of usually mixed trees, extensive farmed that except production provides also landscape function or intensive concentrated/dense planting close to the modern convention method of farming.

⁸ Support for perennial crops – orchards eligible for farmers undertaking farming activities in the orchards registered in LPIS in the category "other orchards" or registered in LPIS in the category "intensive orchards" but doesn't reach the threshold relative to minimum number of trees/bushes per hectare

- ⇒ 125 Forestry infrastructure (code I.1.2.3 in the CZ RDP);
- ⇒ 323 Conservation and upgrading of the rural cultural heritage (code III.2.2 in the CZ RDP);
- ⇒ 331 Training and information (code III.3.1 in the CZ RDP).

In relation to the EERP the European Commission issued the Communication "Temporary Community framework for State aid measures to support access to finance in the current financial and economic crisis" based on which the "Czech temporary framework" which grants compatible aid up to 500 thousands EUR has been approved by Commission. Consequently for above measures with de minimis regime the support shall be granted in compliance with the Commission Decision (EC) No. 236/2009 of 7th May 2009 – Limited amounts of compatible aid under the Temporary Framework („Český přechodný rámec“) from 1.1.2010 to 31.12.2010.

Table 9 has been amended accordingly.

4.3.4 Other modifications

4.3.4.1 Condition of compliance with the density of herbivores (Axis 2)

The compliance with the density of herbivores for relevant measures has been in the CZ controlled using IACS cross controls at the given day (this day was set up by national legislation at 31 July). Taking into account the planned extension of control period, the text relative to the obligation of applicant to comply with the density of herbivores on a given day has been modified under relevant measures as follows:

A reference to the certain day to which applicant had to comply with the given density has been deleted.

Measures concerned are:

- ⇒ 211,212 Natural handicap areas (code II.1.1 in the CZ RDP);
- ⇒ 214 AEM submeasure Organic farming (code II.1.3.1.1 in the CZ RDP);
- ⇒ 214 AEM submeasure Grassland maintenance (code II.I.3.2 in the CZ RDP).

The part of Annex 8 relative to "Controllability" has been withdrawn.

4.3.4.2 Update of the cross-compliance references (Axis 2)

Proposed modification relates to update of the reference to the cross-compliance and GAEC pursuant to Council Regulation (EC) No 73/2009 under the following measures:

- ⇒ 211,212 Natural handicap areas (code II.1.1 in the CZ RDP);
- ⇒ 213 Natura payments (code II.I.2.1 in the CZ RDP);
- ⇒ 214 Agri-environmental measures (code II.I.3 in the CZ RDP);
- ⇒ 221 First afforestation of agriculture land (code II.2.1 in the CZ RDP).

Under the description of above measures the reference to GAEC in accordance with Article 5 and Annex IV of Council Regulation (EC) No 1782/2003 and reference to cross-compliance according to Article 4 and Annex III of Council Regulation (EC) No

1782/2003 have been replaced by the reference to Articles 5 and 6 and Annexes II and III of Council Regulation (EC) No 73/2009.

4.3.4.3 Indicators

Output and results indicators were revised (details can be found in Annex II). The update of output indicators takes into account the additional support from HC/EERP (see table 5.2.6). Impact indicators revised by an external evaluator were corrected as regards units used but also some quantitative modification has been made, in particular for indicator "Water quality improvement". On the other hand during the evaluation of the impact indicator "Contribution to combating climate change" it was found that the indicator doesn't include a contribution from production of biogas but from bioethanol and biodiesel that are not supported under the RDP, therefore this indicator is equal to zero and currently the proposal for additional specific indicator is under preparation.

Updated baseline indicators for reference year 2004 and 2006 are provided in Annex 16 of the CZ RDP.

4.3.4.4 Editorial corrections

Level of support for measures of Axis 2 is fixed in Euro. However the indicative amounts (between brackets) in the CZ currency have also been provided. Taking into account the recent development and fluctuations of the CZ currency the amounts in national currency have been deleted.

5. EXPECTED IMPACT

5.1. THE EXPECTED IMPACT OF THE AMENDMENTS PROPOSED UNDER 6(A) MODIFICATION

Proposed changes will contribute to the higher support of the operations through which the targets of the selected priorities will be fulfilled.

Climate change

Support allocated to the improvement of the manure storage, improvement of energy efficiency (e.g. use of construction materials which reduce heat loss), preventive mechanisms against adverse effects of climate-related extreme events will contribute to the reduction of methane (CH₄) and nitrous oxide (N₂O) emissions and reduction of carbon dioxide (CO₂) emissions, energy saving and reduction of negative effects from extreme weather events on agricultural production potential.

Renewable energy

Support allocated to the processing of agricultural/forest biomass for renewable energy and building installations for renewable energy using biomass and other renewable energy sources will contribute to the more intensive use of renewable energy sources, to the energetic self-sufficiency of the rural areas, to the substitution of fossil fuels and to the fulfilment of the commitments undertaken by the CZ on the share of energy from RES in its total production of electricity.

Water management

The additional funds allocated to the measure Land consolidation (125) will improve the capacity to store water in the soil and the landscape, the function of the small rivers and their integration into landscape and protection of the landscape against floods. Moreover the support allocated to measure Added value to agricultural and food products (123) will enable to build up the installations for waste water treatment originated from processing and marketing of agricultural and food products and thus to improve the quality of the surface and ground water.

Dairy restructuring

Support of the investments related to milk production and milk processing will contribute to the improvement of the competitiveness of milk and milk products sector and to the adaptation of the sector after regime of milk quotas will be finished.

Impact on indicators

Output targets under the relevant measures are increased to accommodate the additional EERP funds.

According to the CZ Authorities the EERP amount does not represent a significant increase compared to the initial financial RDP envelope and consequently result and impact indicators remain unchanged.

5.1. THE EXPECTED IMPACT OF THE AMENDMENTS PROPOSED UNDER 6(C) MODIFICATION

5.1. OTHER CHANGES

Overall, the proposed interventions are expected to encourage uptake of the RDP measures concerned, thus contributing to achievement of the RDP objectives.

More specifically modification relating to the extension of some eligible costs under measure 121 will enable support of bee breeders in the CZ and proposed demarcation criteria will avoid double financing between the CZ RDP and the CZ Apiculture programme.

Proposed differentiation of the level of support for "intensive" and "other (non-intensive)" organic orchards under measure 214 will ensure an adequate support for organic orchards which fulfil important non-productive function in the landscape and also non-exceeding of current financial allocation for this measure. Currently in LPIS is registered 3307 ha of organic orchards of which 70% are under conversion period to organic farming. According the preliminary estimate around 1/3 of organic orchards are of intensive character and the rest has extensive character. Support of these extensive organic orchards will help to maintain typical landscape, biodiversity and also gene pool and old typical regional varieties.

The increased aid under the Temporary Framework for State Aid will help satisfy the need of financial resources for RDP beneficiaries in the current financial and economic crisis.

Revision and update of indicators (baseline, output, results and impact) will precise the targets of the CZ RDP.

6 ASSESSMENT

General assessment of the modification

The proposed modification is in line with the updated National Strategy Plan of the Czech Republic and is conform to the amended Community legislation for rural development (Council Regulation (EC) No 1698/2005 and Commission Regulation (EC) No 1974/2006).

The amendments under Article 6 (1) (a) will reinforce existing priorities concerning climate change, water management, renewable energy and dairy restructuring. The new challenges chosen are underpinned by the NSP strategy which emphasises the need for additional efforts to tackle problems related to reduction of emissions from agriculture, energy saving and reduction of negative effects from extreme weather events. It also improve water management, increase the share of energy from renewable energy sources and improve competitiveness of the dairy sector. The Czech authorities have provided justification for selecting/not selecting the new challenges. Specific operations concerning the selected new challenges are identified in order to deliver the priorities chosen. Justification is also provided why the Czech Republic is allocating the EERP to some of the new challenges only and not to broadband infrastructure.

The amendments under Article 6 (1) (c) will boost the execution of the programme and will secure access of RDP beneficiaries to financial resources.

7 FINANCING

Czech Republic receives additional funds resulting from commitment appropriations decided in the framework of the European Economic Recovery Plan according to Council Decision 2009/434/EC amending Council Decision 2006/493/EC as well as from compulsory modulation (referred to in Article 9(4) and Art 10(3) of Council Regulation (EC) 73/2009) amounting in total to **€42million**.

The additional financial resources were allocated to Axis 1 (€34.23 million) and 3 (€7.77 million), the amount allocated to Axis 2 has not changed and it counts for 54.39% of the total EAFRD support.

Related to the increase of public resources it is expected that the total volume of investments will be increased by **€104million**.

The other financial change:

- For the measures with de minimis regime (122, 123, 125, 331 and 323) a compatible aid up to **€500 thousands** has been granted under the "Czech temporary framework"

Financial tables 6.1, 6.2, 6.3 and 7 are provided in Annex I.

8. Monitoring Committee

Proposed modifications relative to Axis 2 were consulted by Monitoring Committee on 7th April 2009.

Proposed modifications relative to implementation of new challenges under the CZ RDP were discussed and approved by Monitoring Committee on 3rd July 2009.

Annex I : Financial tables

Table 6.1 (provided in the RDP) Annual Contribution from the EAFRD (EUR)

Year	2007	2008	2009	2010	2011	2012	2013
Non-convergence regions	753 584	746 014	737 269	761 772	772 617	784 077	794 129
Convergence regions	395 869 737	391 892 878	387 299 118	400 171 002	405 868 019	411 888 017	417 168 121
Additional funds from Article 69(5a) of Regulation (EC) No 1698/2005–convergence regions	0	0	21 000 000	14 700 000	0	0	6 300 000
Total	396 623 321	392 638 892	409 036 387	415 632 774	406 640 636	412 672 094	424 262 250

Table 6.2 (provided in the RDP) Financial Plan by Axis (EUR)

6.2.1. Initial financial allocation – Non-convergence regions

Axis	Public contribution		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1			
Axis 2	9 726 295	55%	5 349 462
Axis 3			
Axis 4			
Technical assistance			
Total	9 726 295	55%	5 349 462

6.2.2. Initial financial allocation –Convergence regions

Axis	Public contribution		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	812 761 240	75%	609 570 930
Axis 2	1 936 012 556	80%	1 548 810 045
Axis 3	635 553 635	75%	476 665 226
Axis 4	201 995 326	80%	161 596 261
Technical assistance	18 019 240	75%	13 514 430
Total	3 604 341 997	78%	2 810 156 892

6.2.3. Additional funds from Economic Recovery Plan (Article 69(5a) of Regulation (EC) No 1698/2005 – Convergence regions)

Axis	Public contribution		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	45 640 000	75%	34 230 000
Axis 2	0		0
Axis 3	10 360 000	75%	7 770 000
Axis 4	0		0
Technical assistance	0		0
Total	56 000 000	75%	42 000 000

6.2.3. Total EAFRD

Axis	Public contribution		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	858 401 240	75%	643 800 930
Axis 2	1 945 738 851	80%	1 554 159 507
Axis 3	645 913 635	75%	484 435 226
Axis 4	201 995 326	80%	161 596 261
Technical assistance	18 019 240	75%	13 514 430
Total	3 670 068 292	78%	2 857 506 354

Table 6.3. Indicative budget related to operations referred to in Article 16a of Regulation (EC) 1698/2005 between 1 January 2009 and 31 December 2013 (Article 16a(3b) up to the amounts specified in Article 69(5a) of Regulation (EC) No 1698/2005)
(in EUR current prices, period 2009-2013)

N	Axis/Measure	EAFRD contribution for 2009-2013
121	Modernisation of agricultural holdings	18 585 000
	<i>Climate change</i>	<i>11 545 000</i>
	<i>Measures accompanying restructuring of the dairy sector</i>	<i>7 040 000</i>
123	Adding value to agricultural and forestry products	10 185 000
	<i>Climate change</i>	<i>3 185 000</i>
	<i>Water management</i>	<i>1 400 000</i>
	<i>Measures accompanying restructuring of the dairy sector</i>	<i>5 600 000</i>
125	Land consolidation	5 460 000
	<i>Water management</i>	<i>5 460 000</i>
	Total Axis 1 - Improving the competitiveness of the agricultural and forestry sector	34 230 000
311	Diversification into non-agricultural activities	3 885 000
	<i>Renewable energies</i>	<i>3 885 000</i>
312	Support for the creation and development of micro-enterprises	3 885 000
	<i>Renewable energies</i>	<i>3 885 000</i>
	Total Axis 3 - Quality of life in rural areas and diversification of the rural economy	7 770 000
	Total programme	42 000 000
	<i>Climate change</i>	<i>14 730 000</i>
	<i>Measures accompanying restructuring of the dairy sector</i>	<i>12 640 000</i>
	<i>Water management</i>	<i>6 860 000</i>
	<i>Renewable energies</i>	<i>7 770 000</i>
	- Total under Axis 1, 2, 3 and 4 related to priorities listed in Article 16a(1), points (a) to (f) of Regulation (EC) No 1698/2005	42 000 000

7. INDICATIVE CLASSIFICATION OF FINANCING BY RURAL DEVELOPMENT PROGRAMME MEASURE FROM THE PERSPECTIVE OF PUBLIC AND PRIVATE EXPENDITURES (IN EURO, FOR THE ENTIRE PERIOD)

Measure number	Council Reg. article	Measure	Measure code	Total public expenditures (EU + national)	Total private expenditures	Total expenditures
I.1.		Measures aimed at the restructure and development of physical capital and support of innovation		717 361 565	509 456 050	1 226 817 614
I.1.1.	20 b (i) (iv)	Modernisation of agricultural holdings	121, 124	322 324 964	322 324 964	644 649 928
<i>I.1.1.1</i>		<i>Modernizace of agricultural holdings</i>	<i>121</i>	<i>313 398 615</i>	<i>313 398 615</i>	<i>626 797 230</i>
<i>I.1.1.2</i>		Cooperation for development and application of new products, processes and technologies in the agriculture sector	<i>124</i>	8 926 349	8 926 349	17 852 698
I.1.2.	20 b (ii) (iii) (v)	Investments in forests	122, 123, 125	85 144 929	51 086 958	136 231 886
<i>I.1.2.1</i>		<i>Forestry machinery</i>	<i>122</i>	25 543 479	25 543 479	51 086 958
<i>I.1.2.2</i>		<i>Technical utilities of business establishments</i>	<i>123</i>	25 543 479	25 543 479	51 086 957
<i>I.1.2.3</i>		<i>Forestry infrastructure</i>	<i>125</i>	34 057 971	0	34 057 971
I.1.3.	20 b (iii) (iv)	Adding value to agricultural and food products	123, 124	136 044 128	136 044 128	272 088 256
<i>I.1.3.1</i>		Adding value to agricultural and food products	<i>123</i>	105 428 096	105 428 096	210 856 192
<i>I.1.3.2</i>		Cooperation for development of new products, processes and technologies (or innovations) in food industry	<i>124</i>	30 616 032	30 616 032	61 232 064
I.1.4.	20 b (v)	Land consolidation	125	173 847 544	0	173 847 544
I.2.		Group of measures I.2 Transitional measures for the Czech Republic and other New Member States of the EU		16 726 399	0	16 726 399
I.2.1.	20 d (ii)	Producer groups	142	16 726 399	0	16 726 399
I.3.		Group of measures I.3 Measures aimed at promoting knowledge and improving human potential		124 313 277	9 112 665	133 425 942
I.3.1.	20 a (i)	Further vocational training and information actions	111	12 523 785	4 174 595	16 698 380
I.3.2.	20 a (ii)	Setting up of young farmers	112	57 659 843	0	57 659 843
I.3.3.	20 a (iii)	Early retirement from farming	113	34 377 371	0	34 377 371
I.3.4.	20 a (iv) (v)	Use of advisory services	114	19 752 279	4 938 070	24 690 349
Total Axis I				858 401 240	518 568 715	1 376 969 955
II.1.		Group of measures focusing on sustainable use of agricultural land				
	36 a (i) (ii)	Natural handicap payments provided in mountain areas and payments provided in other areas with handicaps	211, 212	706 495 657	0	706 495 657
II.1.1.	<i>36 a (i)</i>	<i>Natural handicap payments provided in mountain areas</i>	<i>211</i>	387 211 891	0	387 211 891
	<i>36 a (ii)</i>	<i>Natural handicap payments provided in other areas with handicaps</i>	<i>212</i>	319 283 766	0	319 283 766
II.1.2.	36 a (iii)	Natura 2000 payments and payments linked to Water Framework Directive 2000/60/EC (WFD)	213	59 615 336	0	59 615 336
<i>II.1.2.1.</i>	<i>36 a (iii)</i>	<i>Payments in the framework of Natura 2000 for agricultural land</i>	<i>213</i>	5 804 832	0	5 804 832
<i>II.1.2.2.</i>	<i>36 a (iii)</i>	<i>Payments linked to Council Directive 2000/60/EC</i>	<i>213</i>	53 810 504	0	53 810 504
II.1.3.	36 a (iv)	Agri-environmental measures	214	1 044 576 541	0	1 044 576 541
<i>II.1.3.1.</i>	<i>36 a (iv)</i>	<i>Agri-environmental measures – Environmentally friendly approaches</i>	<i>214</i>	261 756 779	0	261 756 779

		(including organic farming)				
II.1.3.2.	36 a (iv)	Agri-environmental measures – Grassland maintenance	214	552 425 332	0	552 425 332
II.1.3.3.	36 a (iv)	Agri-environmental measures – Landscape management	214	230 394 430	0	230 394 430
II.1.3	36 a (iv)	Competitiveness Goal agri-environmental measures	214	9 726 295	0	9 726 295
II.2.		Group of measures targeting the sustainable use of forest land				
II.2.1.	36 b (i)	Afforestation of agricultural land	221	60 970 298	0	60 970 298
II.2.1.1.	36 b (i)	First afforestation of agricultural land	221	60 970 298	0	60 970 298
II.2.2.	36 b (iv)	Payments within Natura 2000 forest areas	224	12 238 490	0	12 238 490
II.2.3.	36 b (v)	Forest-environment payments	225	13 235 994	0	13 235 994
II.2.4.	36 b (vi) (vii)	Restoring forestry potential after disasters and promoting social functions of forests	226, 227	38 880 240	0	38 880 240
II.2.4.1	36 b (vi)	Restoring forestry potential after disasters and introducing prevention actions	226	35 697 745	0	35 697 745
II.2.4.2	36 b (vii)	Non-productive investments in forests	227	3 182 495	0	3 182 495
Total Axis II				1 945 738 851		1 945 738 851
III.1.		Measures for diversification of the rural economy		328 136 817	314 013 403	642 150 220
III.1.1.	52 a (i)	Diversification into non-agricultural activities	311	148 179 568	148 179 568	296 359 136
III.1.2.	52 a (ii)	Support for business creation and development	312	100 513 045	100 513 045	201 026 090
III.1.3.	52 a (iii)	Encouragement of tourism activities	313	79 444 204	65 320 790	144 764 994
III.2.		Measures to improve the quality of life in rural areas		305 065 744	103 330 215	408 395 960
III.2.1.	52 b (i, ii)	Village renewal and development, public amenities and services	321, 322	247 865 917	100 788 000	348 653 918
III.2.1.1		Village renewal and development	321	200 199 395	81 405 833	281 605 228
III.2.1.2		Public amenities and services	322	47 666 523	19 382 167	67 048 690
III.2.2.	52 b (iii)	Conservation and upgrading of the rural cultural heritage	323	57 199 827	2 542 215	59 742 042
III.3.		Measures related to training and information of businesses active in areas to which Axis III is related		12 711 073	0	12 711 073
III.3.1.	52 c	Training and information	331	12 711 073	0	12 711 073
Total Axis III				645 913 635	417 343 618	1 063 257 252
IV.1.1	62 (1) a	Local action group	431	36 879 682	0	36 879 682
IV.1.2	63 b	Implementation of local development strategy	41	147 518 729	79 660 114	227 178 843
			411	25 078 184	13 542 220	38 620 404
			412	4 425 562	2 389 804	6 815 366
			413	118 014 983	63 728 091	181 743 074
IV.2.1	63 c	Implementation of cooperation projects	421	17 596 915	0	17 596 915
Total Axis IV				201 995 326	79 660 114	281 655 440
Total Axes I, II, III and IV				3 652 049 051	1 015 572 447	4 667 621 497
V.1.	66	Preparation, monitoring, evaluation, information and control activities within the programme		10 811 544	0	10 811 544
V.2.	67	Establishment and running of a national rural network		7 207 696	0	7 207 696
Total V Technical assistance				18 019 240	0	18 019 240
TOTAL				3 670 068 292	1 015 572 447	4 685 640 737

Annex II 5.3 Summary table of operative, specific, and overall goals and indicators of their outputs, results and impacts for individual measures of the Rural Development Programme (including quantification estimate)

Measure number	Measure name	Measure code	Outputs (operative goals of the measure) for the programming period / quantification	Results (specific goals of the measure) / quantification	Impacts (overall goals of the Programme) / quantification	
I.1.1.	Modernisation of agricultural holdings	121 124	Improvement of the economic performance of enterprises through better use of production factors Taking advantage of market opportunities through innovation	Restructuring and development of physical potential and promoting innovation Development of extent of implemented land consolidations	Increasing competitiveness of agriculture and forestry Improving the environment and the countryside Improving the quality of life in rural areas and diversification of economic activities	
			11- Number of farm holdings that received investment support / 3155 supported holdings 12 – Total volume of investments / €626 797 ths 17 – Number of supported cooperation initiatives/ 140	3 – Number of holdings introducing new products or new technologies / 280 enterprises for 2007 - 2013 2 – Increase in GVA in supported holdings / € 18 million for 2007 – 2013 (in sum for all axis I measures)	Labour productivity / <i>Increase in GVA/AWU by € 2 870 per employeeer</i>	
					Economic growth / <i>net increased added value added € 29,5 million PPS (CZK 500,000,000) for the period</i>	
I.1.2.	Investment in forests	122 123 125	Improving processing and marketing of primary products Taking advantage of market opportunities through innovation Improving infrastructure	Growth of area with implemented land consolidation / <i>growth by 8 percentage points for the period of 2007 - 2013</i>	Reversal biodiversity decline / <i>relative index of population trends of farmland bird species compared to 2000 up to 107</i> Maintenance of high nature value farmland and forestry/ <i>we do not presume a quantitative change in area with a high natural value, but rather qualitative changes</i> Water quality improvement / <i>change in nutrient balance/ decrease by 15%</i>	
			13 - Number of enterprises supported/ 490 enterprises 15 – Number of enterprises supported/ 315 enterprises 18 - Number of operations supported events/ 392			
			14 - Total volume of investments € 51 087 ths 16 - Total volume of investments € 51 087 ths 19- Total volume of investments € 34 058 ths			
I.1.3.	Adding value to agricultural and food products	123 124	Improving processing and marketing of raw materials and products Using market opportunities thanks to innovations		Contribution to combating climate change / 0 (an additional impact indicator will be set up that will reflect production of the energy form renewable energy sources and	
			15 - Number of supported enterprises/ 750 enterprises 17 - Number of supported cooperation initiatives / 140			
			16 - Total investment volume / € 210 856 ths			
I.1.4	Land consolidations	125	Improving infrastructure including securing accessibility of parcels			

Measure number	Measure name	Measure code	Outputs (operative goals of the measure) for the programming period / quantification	Results (specific goals of the measure) / quantification	Impacts (overall goals of the Programme) / quantification
			18 – Number of supported events/ <u>1210</u> events		<u>biofuels</u> Employment creation / <i>estimated number of jobs for 2007 – 2013 is 22,000</i>
			19 - Total investment volume / <u>€173 847</u> ths		
I.2.1	Producer groups	142	Securing required level of marketing groups in new Member States	Facilitate transition in new Member States	
			26 - Number of supported producer groups /60 groups for the period 2007-2013	2 - GVA of supported producer groups / € 18 million for the period 2007-2013 (summary for all Axis I measures)	
			27 - Turnover of supported producer groups € 168 mil for the period 2007-2013		
I.3.1.	Vocational training and informational activities	111	Ensuring technical and economic training and knowledge	Promoting knowledge and improving human potential	
			1- Number of participants in training / <u>119 000</u> participants	1 – Number of participants that successfully ended a training activity related to agriculture or forestry / 9,500 persons for the period 2007-2013	
			2 - Number of training days received (number of days *number of training participants) / <u>140 000</u>		
I.3.2	Setting up of young farmers	112	Establishing of young farmers	Promoting knowledge and improving human potential	
			3 - Number of assisted young farmers / 1500 parties supported during the programme period	2 – GVA of supported enterprises / € 18 million for 2007 – 2013 (in sum for all Axis I measures)	
			4 - Total volume of investments / <u>€57 660 ths</u>		
I.3.3.	Early retirement from farming	113	Achievement of significant structural changes of transferred holdings		
			5 - Number of farmers early retired / ca 250 supported parties during the programme period		
			7 - Number of ha released/ 19,000 ha during the period		
I.3.4.	Use of advisory services	114	Improving sustainable management of holdings Improving and facilitating management and improving performance thanks to further development of human potential		
		115	8 – Number of farmers supported / <u>7 000</u>		
			9 – Number of forest holders supported / <u>3 500</u>		

Measure number	Measure name	Measure code	Outputs (operative goals of the measure) for the programming period / <i>quantification</i>	Results (specific goals of the measure) / <i>quantification</i>	Impacts (overall goals of the Programme) / <i>quantification</i>
II.1.1.	Natural handicap payments	211	Contribute to continued use of agricultural land in areas with handicap	Sustainable use of agriculture and forest lands	
		212	28 – Number of supported holdings in areas with handicap in mountain areas / <i>3 500 holdings</i> 30 – Number of supported holdings in areas with handicap other than mountain areas / <i>5 600 holdings</i>	6 – Growth of area under land management which contributes to: <i>improving biodiversity by 83 thousand ha improving water quality by 26 thousand ha favourable climate change 1 thousand ha improving soil quality by 21 thousand ha avoiding marginalisation and abandonment of land by 31 thousand ha during the period of 2007 - 2013</i>	
			29 - Agricultural land area supported in areas with handicap in mountain areas / <i>300 thousands ha</i> 31 - Agricultural land area supported in areas with handicap other than mountain areas / <i>400 thousands ha</i>		
II.1.2.	Natura 2000 payments and payment linked to Directive 2000/60/EC	213	Helping farmers to address specific disadvantages resulting from the implementation of Natura 2000 and WFD directives		
			32 - Number of supported holdings in Natura 2000 and under WFD / <i>300</i> holdings (linked only to the Submeasure II.1.2.1 Natura 2000 payments)		
			33 – Supported agricultural land under Natura 2000 and under WFD / <i>4.000</i> ha (linked only to the Submeasure II.1.2.1 Natura 2000 payments) <i>WFD indicator will be set up additionally</i>		
II.1.3.	Agri-environment payments)	214	Responding to increasing demand of environmental services		
			34 – Number of farm holdings and holdings of other land managers receiving support / <i>12 000</i> holding		
			35 – Total area under agri-envi support / <i>1 500</i> thousand ha		
			36 – Physical area under agri-envi support / <i>1 000</i> thousand ha		

Measure number	Measure name	Measure code	Outputs (operative goals of the measure) for the programming period / quantification	Results (specific goals of the measure) / quantification	Impacts (overall goals of the Programme) / quantification
			37 – Total number of contracts / <i>18 000 contracts</i>		
II.2.1.	First afforestation of agricultural land	221	Extending forest resources in agricultural land 43 – Number of beneficiaries receiving afforestation aid / <i>3 550 beneficiaries</i> 44 – Number of ha afforested land / <i>9 000 ha</i>		
II.2.2.	Natura 2000 payments	224	Resolution of specific disadvantages of forest holders 49 – Number of holdings receiving aid in Natura 2000 / <i>450 enterprises</i> 50 – Supported forest land (ha) in Natura 2000 area / <i>37 thousand ha</i>		
II.2.3.	Forest environment payments	225	Increasing the environmental value of forests 51 - Number of forest holdings supported / <i>1 550 holdings</i> 52 – Total forest area under forest environment support / <i>40 thousand ha</i> 53 – Number of contracts / <i>1 550 contracts</i>		
II.2.4.	Restoring forestry potential after disasters and supporting the social function of forests	226 227	Restoring forestry potential after disasters and/or introducing preventive measures Non-productive investment in forests 54 – Number of preventive and/or restoration actions / <i>600</i> 56 – Number of supported forest holders / <i>130 enterprises</i> 55 – Supported area of damaged forests/ <i>290 ha</i> 57 – Total volume of investments / <i>€3 187 ths</i>		
III.1.1.	Diversification into non-agricultural	311	Diversify farming activities towards non-agricultural activities, develop of non-agricultural activities and employment promotion	Diversity of the rural economy	

Measure number	Measure name	Measure code	Outputs (operative goals of the measure) for the programming period / quantification	Results (specific goals of the measure) / quantification	Impacts (overall goals of the Programme) / quantification
	activities		58 – Number of beneficiaries / <u>1064</u> 59 – Total volume investment volume / <u>€ 296 359 ths</u>	7 – Increase in non-agriculture value added in supported business <u>€4.3 million</u> for 2007 – 2013 8 – Gross number of jobs created / <i>estimate of 30,000 during the period 2007 - 2013</i> 9 – Additional number of tourist visits / <i>300,000 persons during the period 2007 - 2013</i>	
III.1.2.	Support for business creation and development	312	Diversify farming activities towards non-agricultural activities, develop of non-agricultural activities and employment promotion 60 – Number of micro-enterprises supported / <u>1084</u> Total volume of investments / <u>€201 026 ths</u>		
III.1.3.	Encouragement of tourism activities	313	Diversify farming activities towards non-agricultural activities, develop of non-agricultural activities and employment promotion 61 – Number of new tourism actions supported / <u>1050</u> 62 – Total investment volume / <u>€144 765 ths</u>		
III.2.1.	Basic services for the economy and rural population	321,322	Improving basic services and carrying out investment making rural areas more attractive 63 – Number of supported actions <u>280</u> 65 – Number of villages where actions took place / <u>700</u> 64 – Total volume of investments / <u>€200 199 ths</u> 66 – Total volume of investments / <u>€77 666 ths</u>	Improving the quality of life in rural areas 10 – Population in rural areas benefiting from improved services / <i>350,000 persons during the period of 2007 - 2013</i> 11 – Increase in internet penetration in rural areas / <i>increasing number of persons with Internet access by 70,000 during the period 2007 - 2013</i>	
III.2.2.	Conservation and upgrading of the rural heritage	323	Carrying out investment making rural areas more attractive 67 – Number of rural heritage actions supported / <u>700</u> 68 – Total volume of investments / <u>€59 742 ths</u>	Increase in populated connected to public sewer system with water treatment plant / <i>by 50 p.p. during the period 2007 - 2013</i> 12 – Number of participants that successfully ended training activity / number of persons during the period 2007	
III.3.1	Training and information	331	Enhancing human potential required for diversifying the local economy and provision local services		

Measure number	Measure name	Measure code	Outputs (operative goals of the measure) for the programming period / quantification	Results (specific goals of the measure) / quantification	Impacts (overall goals of the Programme) / quantification	
			69 – Number of participating economic actors to supported activities / <u>7 000</u>	– 2013 10.500		
			70 –Number of days of training received by participants / <u>8 400</u>			
IV.	Implementing local development strategies Competitiveness Quality of life/diversification	41	Improve the competitiveness of agriculture and forestry, protection of the environment and quality of life in rural areas and diversification of the economy	Implementation of Leader initiative in the rural development programme system	Increasing capacity for the implementation of LEADER Job creation / estimated number of jobs for the period 2007 – 2013 is 22,000 (with the impact of measures from axes III and IV) Labour productivity / Increase in GVA/AWU by € 2 870/ <u>employee</u>	
		411		8 – Gross number of jobs created (with the impact of the Leader approach 400 annually)		
		413		74 – Number of local action groups / 112 for the period 2007-2013		
				76 – Total size of the LAG area / 43 000 km ²		12 – Number of participants that successfully ended training activity / 50 annually
				77 – Total population in LAG area / <u>3 300 000</u> persons		
			75 – Number of projects financed by LAGs / <u>7 000</u>			
	Implementing cooperation projects	421	Development and promotion of cooperation, best practices and projects	Implementation of Leader initiative in the rural development programme system		
			78A – Number of cooperation projects / <u>140</u> projects			
			78 B – Number of cooperating LAGs/ <u>100</u> LAGs			
	Running of the local action groups	431	Leader capacity development	Implementation of Leader initiative in the rural development programme system		
79 - Number of actions supported / <u>910 projects</u>			12 – Number of participants that successfully ended training activity /50 annually			