

FRAMEWORK PROGRAMME FOR THE IMPLEMENTATION OF THE NATIONAL RURAL DEVELOPMENT STRATEGY (NVS 2012-2020)

For a living country, for the renewal of Hungary



MINISTRY OF RURAL DEVELOPMENT

Darányi Ignác Plan

FRAMEWORK PROGRAMME FOR THE IMPLEMENTATION OF THE NATIONAL RURAL DEVELOPMENT STRATEGY (NVS 2012–2020)

Second half of 2012

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INTRODUCTION

Increased population retention and employment capabilities in the rural areas of the country as well as improved quality of rural life are among the highest priorities of the Hungarian government. In this process, prominent roles will be given to the viable agricultural and food sectors, strengthening of the local economy and local communities in the countryside, the renewal of villages and homesteads, and the re-establishment of rural-urban relationships. In order to create a liveable countryside that is capable of facing the challenges of the 21st century, a completely new and comprehensive rural development and agricultural policy is required. In our vision, the Hungarian countryside will regenerate itself whilst keeping its traditions and values, and our diverse agriculture will produce healthy foods whilst preserving the landscape and offering decent work opportunities. As a result, more and more young people will be choosing the countryside as their home and place of work.

In order to reach these common goals, the National Rural Development Strategy has been drawn up by the Ministry of Rural Development as the "constitution of rural Hungary", providing an outlook until 2020, and was adopted by the Hungarian government in a resolution in March 2012. The broad social debate preceding the adoption of the strategy and lasting for more than a year has reinforced our belief that we have the right concept. The strong interest has shown that the Hungarian countryside lives, wants to live, and both expects and is willing to change. The Strategy specifies our most important tasks to be performed within several comprehensive and closely interrelated areas, such as the fields of agricultural and food economy, rural development, environmental protection and nature conservation, leading to a substantive improvement in the social life and economy of the countryside.

At the beginning of this year, the Darányi Ignác Plan was launched as the implementation programme of the National Rural Development Strategy, and is continuously being expanded by the addition of further measures to it. Beside measures related to rural development subsidies of the European Union, the Plan also incorporates programmes to be funded from the national budget, the modernisation of the legislative and regulatory framework, institutional reorganisation and shaping attitudes. As a continuation of the first publication of the Darányi Ignác Plan, this edition provides updated information related to the second half of 2012.

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Dr. Sándor Fazekas Minister of Rural Development (1)

1 August 2012, Budapest

NATIONAL RURAL DEVELOPMENT STRATEGY (NVS 2012-2020) – 'THE CONSTITUTION OF RURAL HUNGARY'

The National Rural Development Strategy (NVS 2012-2020) aims to reverse unfavourable processes predominant in the countryside. Based on our vision that has sustainability, viable agricultural and food production and values of rural life at its core, the Strategy defines the objectives and principles of the country's rural development policy and provides a framework for the implementation of the relevant programmes and measures. The main areas of the strategy are increasing rural employment, balanced and varied agriculture and forestry that utilises resources in a sustainable manner, re-establishment of a diverse production structure, local food production and markets, rural-urban relations, the exploitation of export opportunities of high value-added food products, the strengthening of cooperative alliances, local energy production, rural local communities, improvement of the standard of living, a reversal in the rural population decline, and the conservation of ecosystems and biodiversity.

According to our intentions, a European multi-functional agriculture that produces high-quality products, together with environmental and landscape management will become prevalent in Hungary. Such high-quality, profitable and viable agriculture and the downstream food production, with surpluses for export, are keys to the economic development of rural Hungary and to an increased rural employment. Each enterprise, whether small, medium-sized or large, has its place and role in the concept.

The time frame of the Strategy until 2020 corresponds on the one hand to the schedule of elaborating and implementing programmes of national strategic importance and on the other hand to the Europe 2020 Strategy of the European Union and the related 2014-2020 programme-funding period.

A balanced rural and regional development requires a comprehensive approach. Stipulations of the Fundamental Law and the Government Programme served as bases for the elaboration of the Strategy and its programmes, which are in line with the National Sustainable Development Strategy, consistent with the most important national strategies and plans (Széchenyi Plan, Széll Kálmán Plan, Semmelweis Plan, Magyary Plan and the Foreign Policy Strategy) and have further links to other, already existing comprehensive and sector-based plans and programmes. Building on the linkages between the various fields, the Strategy provides a joint framework for rural development, nature conservation and environmental protection, water management, agriculture, and food production. A rural development policy aimed at the comprehensive improvement of the state of the countryside requires a cooperation not only between policies that fall under the sphere of authority of the Ministry of Rural Development, but also of other fields and policies such as regional and settlement development and management, public administration, employment policy, energy policy, economic policy, business development, education and cultural policy, social and healthcare policy, transport development and public safety management. For this reason, the National Rural Development Strategy builds on the cooperation of the various state sector policies, the ministries responsible for their management and the partners concerned.

Overall Objective

Improving the ability of our rural regions to economically support and retain their population: through the realisation of a rural development programme which whilst building on the values of the people and the community, maintains traditions, preserves the values of the landscape and the built environment, sustainably manages natural resources and develops agricultural and non-agricultural rural enterprises, while also providing an opportunity to restore an appreciated and attractive rural life, to largely improve the quality of life in the countryside, and to make way for the rise of the countryside and hence of the country itself, and for the creation of a countryside, where living and working do not mean an inherent disadvantage, but instead an attractive, healthy and modern environment.

Strategic Goals

Preserving the natural values and resources of our lands: preserving soil fertility and the purity of water stocks and supplies, conserving the landscape and biological diversity, restoring relations between landscape and its inhabitants, protecting the forests and other important ecosystems as well as the ecological balance, and increasing environmental security, which is also necessary for the provision of healthy and high-quality agricultural products and foods.

Diverse and viable agricultural production: increasing the viability of the agricultural and food economy, and improving their market positions, restoring the balance between crop production and animal husbandry; facilitating the spread of farming that uses domestic and local biological bases, specifically ecological farming, which ensures the preservation of the landscape and resources; increasing the employment rate of the sector; strengthening agricultural structures and activities that provide employment, protecting national land ownership, realising a land and estate policy that ensures viable farming; incentivising grassroots cooperation.

Food security and food safety: a sustainable and environmentally friendly food production, based on domestic and local raw materials, that aims at producing high-quality and diverse foodstuffs that are also sufficient for export needs; increasing internal and external market presence through achieving a higher added value based on the country's food production capabilities, raising the prestige of Hungarian foods, having the "magyar termék" /Product of Hungary/ trademark acknowledged as a synonym for high quality.

Ensuring the existential bases of the rural economy and increasing employment in rural areas: strengthening and reorganising the economic bases of rural regions and settlements, especially of villages and homesteads; diversifying the rural economy, and consequently ensuring livelihoods, preserving jobs, increasing the employment rate, enhancing the role and value of cultural heritage and linking it to tourism.

Strengthening rural communities, improving the quality of life of the rural population: stopping migration from the countryside, establishing conditions that encourage young people to either stay or return to their home in the countryside, facilitating the migration of educated, travelled young people to the countryside, restoring the demographic balance by supporting farming and rural life tied together with starting up a family, strengthening and aiding the reorganisation of rural local communities.

Horizontal Criteria

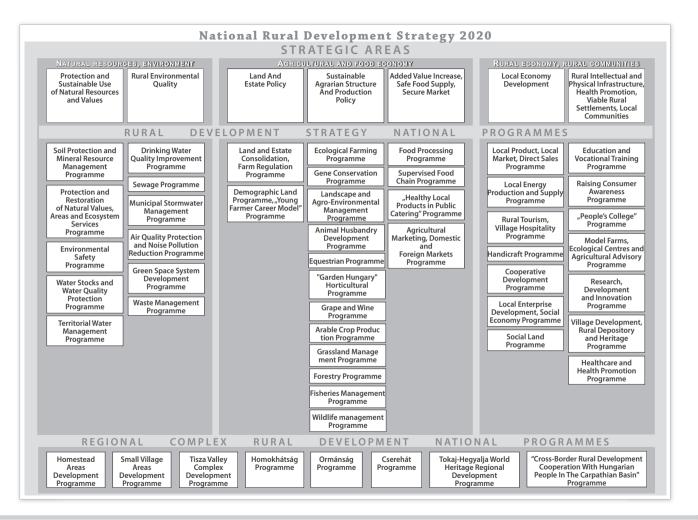
Sustainability: equal opportunities and solidarity towards present and future generations; protection of our natural and cultural heritage, a sustainable, wise use of resources, and the preservation of their quality to ensure an equitable well-being; an environmentally, economically and socially balanced development.

Territorial and social cohesion: alignment of peripheral, disadvantaged regions by building on local assets and features while preserving environmental values; cooperation and common goals including preserving a local identity; equalising life opportunities in rural regions. **Urban-rural relations:** increasing awareness of urban-rural interdependence, the reinstatement of harmonic, equal and reciprocal relations, regional cooperation.

STRATEGIC AREAS AND NATIONAL PROGRAMMES

The objectives of the rural development strategy are realised through national programmes. The framework for implementation within seven strategic areas, related to natural resources and the environment, agricultural and food economy, and rural economy and communities, is made up of forty-three national rural development strategy programmes supplemented by eight regional complex rural development national programmes. The system of strategic areas and the related national programmes are shown in the **diagram** below.

The realisation of the programmes follows a certain schedule. Priorities include the land and estate policy programme, the demographic land programme, the cooperative development programme, the programmes aimed at animal husbandry, horticulture and ecological farming, the programme for local production, distribution and processing, the local public catering programme, the homestead development programme, the programmes for market organisation, education and attitude-shaping, as well as the programme on cross-border rural development cooperation with Hungarian people in the Carpathian Basin.



THE DARÁNYI IGNÁC PLAN: THE FRAMEWORK PROGRAMME FOR THE REALISATION OF THE NATIONAL RURAL DEVELOPMENT STRATEGY

The instruments and measures required for the realisation of the goals of the National Rural Development Strategy and the implementation of its programmes are brought together within a framework by the Darányi Ignác Plan, the **main areas of action** of which are as follows:

- the renewal of the regulatory environment, its actualisation;
- the establishment of an efficient, customer-friendly support and institutional system;
- the launching of attitude-shaping and training programmes and drives;
- the elaboration and launching of programmes co-financed using European Union and domestic funding;
- the elaboration and launching of domestically funded programmes.

The realisation of Rural Development Strategy goals primarily requires the coordinated utilization of European Union resources available for the purposes of agricultural and rural development, environmental protection, conservation and water management with relation to European rural development, cohesion and regional policy, and domestic resources provided for within the national budget. The central financial instruments that facilitate the realisation of the strategy are resources made available to Hungary within the framework of the Common Agricultural Policy, the Common Fisheries Policy, Cohesion Policy and Regional Policy, other international resources and national resources. These central instruments are **supplemented by local and regional financial instruments**, the settlement development and local economy development resources of the local governments of rural settlements, and the decentralised development resources available within the framework of EU cohesion and regional policy and domestic regional development policy for the facilitation of the development of rural regions.

Let us now examine the main areas of action of the Darányi Ignác Plan in greater detail.

THE RENEWAL OF THE REGULATORY ENVIRONMENT, AND ITS ACTUALISATION

The creation of a regulatory environment that facilitates the enforcement of professional and support policy goals, and the elimination of regulations that hinder local development projects, viable agricultural and food production and the development of the local economy and rural communities, is essential to the realisation of Rural Strategy goals.

The law-making principles determined within the National Rural Development Strategy

- The tasks required for the implementation of the professional goals and national programmes determined within the Strategy shall be taken into consideration during law-making activities.
- The instruments of taxation policy shall be used to facilitate the realisation of the Rural Strategy's national programmes.
- Regulations regarding production, processing, distribution, the operation of the rural economy and the use of support funding shall be simplified in such a way that food safety and environmental goals are not impaired.
- We shall facilitate the protection of basic values that are of key importance with regard to the National Rural Development Strategy, such as the right to health, a healthy environment and foods, the preservation of biodiversity, the preservation of natural resources found in rural environments including soil, water bases, landscapes that form part of the national cultural heritage, farming and settlement values, sustainability and the rights of future generations.
- We shall coordinate the regulatory systems of the various sectoral policies, especially with regard to the fields of agriculture, environmental protection and conservation, and water management.
- With regard to protecting the market and supporting enterprises, we shall apply such instruments of public administration that assure competitive neutrality and equal opportunities.

The main areas of regulatory and legislative environment reform

The reform of the regulatory and legislative environment must include:

- natural resources and systems, their protection and use;
- the agricultural and food economy, and its fields related to land and estate policy, agricultural structure, production and market policy, and food safety; furthermore
- fields that serve the development of the rural local economy and society, intellectual and physical infrastructure, and the creation and maintenance of viable rural settlements and local communities.

Priority law-making tasks with relation to the realisation of the National Rural Development Strategy

The law-making tasks that to a great extent determine the success of the implementation of the National Rural Development Strategy primarily involve the comprehensive regulatory areas of land and estate policy, and also production and market policy, as well as environmental policy. The most important components of this are as follows:

- Land-related regulations: the further amendment of the Land Act with reference to business regulation, land protection, land purchase and land lease regulations, the eradication of illegal contracts, land consolidation and the restriction of greenfield development projects that endanger agricultural farmland. The review and rewording of legislation pertaining to the operation of institutions engaged in land-related issues in the interests of land asset management and land consolidation that takes into consideration the interests of local communities.
- The establishment of modern business regulation, the redefining of family farmer, small-scale licensed producer and small producer categories.
- Further simplification of regulations regarding local distribution and small producer activities: the further amendment of regulations that determine the conditions for local food production, processing and distribution by small producers in the interests of providing incentives for these activities. The status of such small producers may be best improved through the creation of a regulatory environment that conforms to their capabilities (for example tax conditions, tax benefits, market access models, distribution opportunities, etc.).
- The review of regulations related to food trade: the re-regulation of the elements of the Commercial Law related to local processing and distribution, local markets, the labelling of goods (origin, ingredients, GMO-content, CO₂ emission equivalent, etc.), increasing the ratio of domestic products (quality control, refunds, etc.) in the interest of their encouragement. The food market must be protected through consistent official monitoring and the balancing of distribution, tax, support and other factors that affect the market in the interests of enforcing quality, while strengthening fair market conduct and improving the position of local producers and processors. The vulnerability of producers with regard to their commercial partners must be eliminated.

Main law-making measures already underway or planned for the second half of 2012

This year will be decisive with regard to the establishment of the legislative environment of the National Rural Development Strategy. In addition to the above-mentioned overall areas, the following main law-making measures are planned:

• The review of regulations and legislation related to cooperatives: the creation of the modern regulatory environment required to encourage the formation of cooperatives, including social cooperatives.

- "Magyar termék" (Hungarian Product) Act: following EU notification, the legislative regulation of the term "Hungarian Product" in the interests of promoting the use of domestic ingredients in the food industry.
- The review of the Hungarian Food Book (Codex Alimentarius) in the interests of promoting a healthy diet.
- The review of regulations regarding public procurement in the interests of basing public catering on local products.
- The regulation of criteria for green public procurement.
- The expansion of the purposes for which loans extended within the Agricultural Development Loan Programme may be utilized to include the financing of farmland purchasing.
- The review of the regulatory system of public warehousing so that it may better facilitate the financing of the agricultural economy as collateral.
- The conduction of the parliamentary debate on the new Waste Management Act and the establishment of the system determined in the legislation.
- The development of new and the amendment of existing Ministry of Rural Development regulations related to the Fisheries Operational Programme.
- The publication of a decree on the detailed regulations regarding the preparation of a plan for the performance of uneven-aged and regenerative forest management activities in the interests of the broadest possible dissemination of continuous forest cover.
- The publication of a decree on the detailed regulations regarding the origin certification system that provides the opportunity to track wood that has been felled in forests, in the interests of reducing illegal felling.
- The development of a government decree on the professional principles of floodplain farming and the conditions of compensation payable in the case of the use of reservoirs realized within the framework of the Vásárhelyi Plan for reducing flood levels.
- The development of regulations regarding support budget items co-financed by the European Agricultural Fund for Rural Development, and the amendment of existing regulations.
- The initiation of the regulation on the detailed terms and conditions for the provision of loans from 2012 from the European Agricultural Fund for Rural Development for the implementation of international cooperation with regard to LEADER territories within the European Union and in third countries.
- The initiation of the regulation on the detailed terms and conditions for the provision of loans from 2012 from the European Agricultural Fund for Rural Development for the implementation of cooperation between LEADER territories.

THE ESTABLISHMENT OF AN EFFICIENT, CUSTOMER-FRIENDLY SUPPORT AND INSTITUTIONAL SYSTEM

It is of priority importance for the implementation of the National Rural Development Strategy that procedures for the receiving of agricultural support be made customer-friendly and that tenders and support systems be simplified. In harmony with the Magyary Plan, we wish to improve the service-friendly nature of offices and authorities. In coordination with other government measures we shall contribute to the government programme aimed at reducing and simplifying the administrative burdens of enterprises and the population, and shall provide a support and institutional environment for agricultural and food industry enterprises that encourages their operation and development.

Simplification of the support system, increased customer-friendliness

- The review and simplification of the procedural system for receiving support payment.
- Shortening the procedural time required to receive support payments.
- Decreasing the bureaucracy related to support payments; efficient and cost-effective administrative activities.
- The coordination of support systems.
- The strengthening of the role of professional evaluation.

Establishing the efficient and customer-friendly operation of authorities and offices

- The simplification of Agricultural and Rural Development Agency (MVH) procedures, the enhanced strengthening of its customer-friendly nature, the operation of efficient and reliable institutional services.
- Strengthening the capacity of the Ministry of Rural Development's background institutions.
- Strengthening the management, capacity, infrastructure and internal coordination mechanisms of agricultural administration and food chain control supervision institutions.
- Strengthening the capacities and infrastructure of the environmental, conservation and water management institution systems.
- Facilitating the reform of the Chamber of Agriculture, assuring its operation to serve the performance of its professional responsibilities and the strengthening of its service activities.
- Strengthening the responsibility performance and service activities of professional Chambers operating within the field of the agricultural and food economy.

Decreasing administrative burdens, simplification tasks

- The review and simplification of the Administration and Control System (IIER): decreasing bureaucracy while maintaining the registration and monitoring system for farmers. Farmers shall not be required to acquire paper-based certifications from the authorities in the case of information that is present in the relevant databases. Customers will only be required to provide data to the organisations/authorities supervised by the Ministry of Rural Development on one occasion. Data that enters the system shall also be available to other authorities, according to the privileges granted them by their sphere of competence.
- The simplification of the issuing of small-scale licensed producer permits: the comprehensive review of the documentation requirements of family farms, small-scale licensed producers and agricultural micro and small enterprises so that the smallest enterprises may become fully exempt from such obligations; where this is not possible, partial exemption should be made available (e.g. under a certain size, activity volume or level of income, or in the case of new businesses); in cases where the sphere of those required to provide documentation may not be decreased, simpler formal and contentual requirements should apply.
- The simplification of regulations regarding the agricultural economy and food safety in such a way that professional criteria are not endangered.
- The further simplification of environmental product charge regulations.
- The simplification of procedures and the national regulation of fruit and vegetable producer groups and farmers' organisations parallel to the transfer and inclusion of the new provisions of amended Community regulations.

THE LAUNCHING OF ATTITUDE-SHAPING AND TRAINING PROGRAMMES

An indispensable requirement for the survival and renewal of rural settlements is that the attitudes of both the rural population and city dwellers be infused with the objectives of rural development and the respect and knowledge of these values. Measures are aimed at increasing awareness with relation to sustainable consumption and production, and health-friendly foods, promoting environmental awareness and consumer awareness, including preference for Hungarian products, local products and local markets, and instilling awareness with regard to rural values.

The following attitude-shaping and training measures are planned for 2012 within the framework of the Darányi Ignác Plan.

Domestic agro-marketing programmes for the promotion of Hungarian foods

It is of extreme importance to rural Hungary that we strengthen the domestic market position of Hungarian agricultural and food industry products and obtain stable export markets for them. This requires a targeted agro-marketing programme. The main message of the programme is that Hungarian agricultural and food industry products, "magyar termékek" (Products of Hungary), are of excellent quality, are reliable with regard to food safety, and that by purchasing them consumers are helping the recovery of rural Hungary. The conscious consumer recognises and looks for Hungarian products, thus increasing demand for them, strengthening their market positionand thereby facilitating the increase of employment within agriculture and the food industry in rural areas.

Conscious consumer and buyer programme

It is important to begin the teaching of knowledge related to consumption, nutrition, food hygiene and food preparation from as early as nursery school age. Emphasis must be placed on consumer information related to a healthy and balanced diet, and they must be helped to recognise and appreciate the true value of foods in correlation with their price and the added value represented by their quality. Consumers must be made aware of the fact that by purchasing Hungarian products they are protecting Hungarian jobs. The participants of the domestic food chain must be encouraged to join government consumer information and awareness campaigns by launching their own programmes. A modern information system must be developed and continuously operated for the collection, systemisation and utilization of consumer feedback, ideas and comments.

The reform of the rural development vocational training system and its institutional network

An essential element of rural development is the development of human infrastructure, namely measures aimed at improving education, training and orientation. This includes the restitution of adult education and school-based vocational training systems and their reorganisation into a unified network. Some 60 specialised institutions that teach only agricultural or food industry professions will be transferred to the Ministry of Rural Development within the framework of the agrarian Regional Integrated Vocational Training Centre (TISZK). The National Register of Vocational Qualifications (OKJ) will also be reorganised in the interests of the further development of the vocational training system and its harmonisation with the requirements of the economy. The possible rethinking of professional subject groups, the inclusion of vocational secondary school sectors and in accordance with this the development of the professional and examination requirements of these new professional qualifications have arisen in this context.

The reform of school-based and on-site environmental education and training

Education and training institutions that have achieved the title of *Green Nursery School or Eco-School* and the educational institutions that take part in the *Forest School and Nursery Programme*, as well as forest school and nursery school service providers are engaged in the institutionalised and systematic practical realisation of the teaching of sustainable consumption and development, and in environmental and health-related training. The expansion of the criteria system of the existing Green Nursery, Green School and Forest School and Nursery Programmes will mean that the missing elements and areas shall also receive sufficient emphasis within attitude-shaping. A key aspect of this rethinking is to achieve harmony with the messages of the National Rural Development Strategy and create links to its content.

The reform of the planning, advisory and information systems of forest management

The regular official in-service training of professional forestry staff and the introduction of training on forest management methods and planning procedures is an important task. The provision of regular in-service training for professional forestry staff with regard to forest management, existing legislation that effects professional forestry management and their practical application also provides an opportunity for attitude-shaping in line with the objectives of rural development. It is important that in addition to knowledge on official responsibilities, in future practical experts also receive regular information on forest management methods and planning procedures that conform to environmental and conservation requirements, result in sustainable forest management and assure or serve the transition to continuous forest cover.

The facilitation of sustainable water management

In view of the increasingly common, prolonged and intensive periods of drought expected in Hungary as the result of climate change, a priority task is that the public be made increasingly aware of the importance of water and the fight against the damaging effects of water scarcity, and for this reason conscious action against water scarcity and drought, and the promotion of the efficient use of water in agriculture is an important responsibility.

Sustainable water management and the quantitative and qualitative protection of water stocks are prerequisites for future subsistence and food production. In the interests of the implementation of the measures of the Water Catchment Management Plan, we must support the application of water-saving irrigation methods, water retention in areas with recurring surface water, the reintroduction of waste thermal water, protection from erosion through choosing the right agro-technical tools, and the professionally sound agricultural utilisation of wastewater sludge. A sufficiently wide protection zone must be established along waterways. In water base protection areas, preference must be given to switching to different methods of land usage.

The long-term, secure regional and settlement precipitation management programme that serves rural areas also requires special attention and organised measures.

The development of an E-Library on agricultural and environmental knowledge

Preserving the existing knowledge base and making it transparent is not just important from a history of culture perspective. The digital archiving of still available paper-based knowledge and information may serve as a professionally applicable source of agrarian and environmental knowledge and methodology.

A significant part of the funding for the Darányi Ignác Plan, which provides the implementation framework for the National Rural Development Strategy, is provided by European Union. The financial framework of the Darányi Ignác Plan consists of unassigned EU funding available until 2014, the start of the next 7-year European Union financial planning period, some 300 billion HUF. The launching of budget titles and the organisation of tenders will be accelerated while seeking to enforce the professional criteria of the National Rural Development Strategy. **During the second half of 2012, applications may be submitted** to the Agricultural and Rural Development Agency **with regard to the following budget titles:**

Start-up funding for young farmers

The goal of funding is to provide help of an income-supplementing nature on one occasion for young farmers to cover expenses or for development purposes when they begin their agricultural activities.

Applications may be submitted by: agrarian professionals between the ages of 18 and 40 with appropriate professional training or qualification who are starting with farming for the first time as the director of an agricultural business.

Planned available budget: HUF 4 billion

What is the amount and rate of the funding? A sum in Hungarian Forints equivalent to Euro 20000-40000, based on the undertaken size of the farm by the 4th year of the compulsory operational period.

From when may applications be submitted? In accordance with Ministry of Rural Development regulation 57/2012 published on 21 June 2012, applications may be submitted with the Agricultural and Rural Development Agency between July 16 and August 16 2012.

Funding for fruit and vegetable producers groups

Gradually decreasing funding for a transitional maximum period of five years may be provided as an incentive for the formation and operation of fruit and vegetable producer groups. Fruit and vegetable producer organisations may efficiently integrate small-scale licensed producers and organise their market access. The funding may be used freely to finance the formation and initial operation of the organisation during its five-year period. Fruit and vegetable producer groups may acquire capital funding for their required investments. If the member state provides at least 5% funding to organisations, then the EU will provide supplemental funding equal to 50% of the investment value.

Applications can be submitted by: fruit and vegetable producer groups. Planned available budget: HUF 1.8 billion What is the amount and rate of the funding? 50-75%. (In the case of development: EU: 50%, national: 25%; in the case of operational funding: EU: 75%, national: 25%) From when can applications be submitted? Ongoing

Diversification to include non-agricultural activities

The objective of this investment-type funding is to provide incentives for other income-producing, production and service activities of households with income from agriculture, and to support the market access of locally-produced products.

The planned main fields of the budget title:

- the establishments of business networks and associations to facilitate and develop diversification activities;
- the production of non-agricultural products;
- handicraft activities, commercial and technical services;
- activities related to the use of renewable energy resources.

Applications can be submitted by: those natural and legal entities whose income from agricultural activities exceeds 50% of their total income.

Planned available budget: HUF 7 billion

What is the amount and rate of the funding? The amount and rate of funding will be determined at a later date. From when can applications be submitted? Expected from October 2012

The elaboration of NATURA 2000 management plans

The objective of funding is the preservation and maintenance of the favourable conservation status of the species and habitats that form thebasis of the designation of the Natura 2000 sites through the preparation of their management plans, increasing the level of knowledge of the environment and nature in connection with Natura 2000 sites, and the coordination of the activities of farmers and other land users with the maintenance goals of Natura 2000 sites.

Applications can be submitted by: those who

a) have signed a cooperation agreement with at least one partner;

b) are in possession of a registration number as determined in Act XVII of 2007;

c) have at least one employee or appointed expert with a higher education qualification in natural sciences.

Planned available budget: HUF 561 million.

What is the amount and rate of the funding? The level of support is 100% of all eligible costs but only to the maximum amount as determined in legislation for NATURA 2000 units.

From when can applications be submitted? June-August 2012

The modernisation of animal husbandry units

The objective of the funding is the expansion of animal husbandry units and the improvement of their foraging and technological quality, animal health and food safety status, infrastructure and working environment. The funding also aims to help units meet the EU standards on the disposal of manure.

Applications can be submitted by: animal husbandry farmers and producers' groups registered by the National Food Chain Safety Office, and their members.

Planned available budget: a minimum of HUF 40 billion

What is the amount and rate of the funding? Each applicant may apply for a maximum of HUF 870 million, while the maximum in the case of small-scale investments is HUF 25 million. The rate of the contribution is up to 40-60% of the eligible costs.

From when can applications be submitted? The related regulations were published on 19 June 2012; the period of submitting applications for support is 1-31 August 2012

Village renewal and development

Successful applicants may use the funding provided for village renewal and development for the reconstruction of community areas and public spaces, the creation and modernisation of playgrounds and sports fields, and the establishment and expansion of local markets.

Applications can be submitted by: local governments, non-profit organisations and churches those are operating in settlements with less than 5000 inhabitants and a maximum population density of 100 people/km², or in extra-municipal areas and homestead regions, excluding settlements that belong to the Budapest agglomerations, settlements that have acquired city status and sub-regional administrative centres. Applications may be submitted with the territorially competent LEADER Local Action Group (LAG). **Planned available budget:** HUF 8 billion, to be determined separately for each LEADER Local Action Group.

What is the amount and rate of the funding? The maximum amount of funding that may be applied for is

a) HUF 50 million in the case of building renovation, investments to improve the environment and appearance of the settlements, and markets (target areas 1-3)

b) HUF 5 million for playgrounds (target area 4), and

c) HUF 25 million for sport fields (target area 5).

The amount of funding is 100% of the eligible costs.

If the investment is aimed at development of market places (target area 3) then the funding is up to 80% of the eligible costs and 85% of the eligible costs for similar investments in disadvantaged areas.

If the investment is aimed at the renovation of a building (a development according to target area 1), and the owner of the building is a natural entity, then funding for the development of the building is up to 70% of eligible costs.

When may applications be submitted? From 1-30 September 2012

20

The preservation of rural heritage

Funding provided for the preservation of rural heritage shall assist the improvement of the region and environment, the preservation and renewal of constructed, natural and cultural heritage, and local identity, and the increasing of the settlement's touristic appeal. Funding can be applied for studying and renovation of locally or national protected buildings and for the restoration of natural and historical attractions.

Applications can be submitted by: local governments, non-profit organisations and churches that operate in settlements with less than 5000 inhabitants and a maximum population density of 100 people/km², or in extra-municipal areas and homestead regions, excluding settlements that belong to the Budapest agglomerations, settlements that have acquired city status and sub-regional administrative centres. Applications may be lodged with the territorially competent LEADER Local Action Group.

Planned available budget: HUF 5 billion, to be determined separately for each LEADER Local Action Group.

What is the amount and rate of the funding? The sum of support awarded to a client within three consecutive financial years may not exceed HUF 50 million.

The extent of the funding is 100% of eligible costs.

If the investment is aimed at the renovation of a building or structure and the owner of the building is a natural entity, then the financing for the development of the building is 70% of eligible costs.

When can applications be submitted? 1-30 September 2012

LEADER international cooperation with territories within the European Union and in third countries

The aim of the LEADER international cooperation budget item, including the bottom-up approach through the realisation of interaction between the projects of local participants from the public and private sectors, the promotion and implementation of international cooperation, the sharing of know-how and best practices, the elaboration of joint drivers and projects, encouragement for the formation of joint organisations, and thus the strengthening of innovation, local capacities and local development processes. LEADER international cooperation is realised on two levels. In the first case, within the EU, at least one Hungarian LEADER Local Action Group and at least one LEADER Local Action Group from another EU member state cooperate with each other. International cooperation can also be realized with third countries, in which case at least one Hungarian LEADER Local Action Group and at least one Hungarian LEADER Local Acti

Applications can be submitted by: LEADER Local Action Groups with registered headquarters in Hungary.

Planned available budget: HUF 3.5 billion

What is the amount and rate of the funding? The total sum of the financing by applicant in the period 2012-2013 with reference to all applications submitted by the applicant may not exceed HUF 50 million. The funding is 100% of eligible costs. When can applications be submitted? In the second half of 2012

Cooperation between LEADER areas

The aim of the LEADER international cooperation budget item, including the bottom-up approach through the realisation of interaction between the projects of local participants from the public and private sectors, the promotion and implementation of international cooperation, the sharing of know-how and best practices, the elaboration of joint drivers and projects, encouragement for the formation of joint organisations, and thus the strengthening of innovation, local capacities and local development processes, the elaboration of investment-type development projects, and the common publications, trainings and educational programmes including seminars and conferences. The cooperative framework provides opportunities for the elaboration of major projects within the country's borders, which involves the areas of at least two Action Groups operating within the country, and which provides a firm base for the realisation of further projects.

Applications can be submitted by: those LEADERLAGs, operating and newly founded micro, small and medium-sized enterprises, operating local governments, local minority self-governments, local government associations that are independent legal entities as determined by the act on the association and cooperation of local governments and those multi-functional sub-regional associations established in accordance with the act on the sub-regional association of settlement local governments whose member is the settlement involved in

the activity, non-profit organisations or church legal entities with a registered headquarters or site of operation, and natural entities with a place of residence or dwelling that realizes or manages a development project in an area that falls under the sphere of competence of any LEADER LAG.

Planned available budget: HUF 3.5 billionWhat is the amount and rate of the funding? To be determined later.From when can applications be submitted? In the second half of 2012.

The GAZDANet ("FarmerNet") programme

The aim of the funding is to enable agricultural producers to improve the overall performance of their farms through the use of a computer and by connecting to the internet.

Applications can be submitted by: those agricultural producers whose farms do not exceed 4 European Size Units (ESU). Planned available budget: HUF 3.5 billion

What is the amount and rate of the funding? The rate of financing is 40% of the purchase price of the equipment; 50% in the case of young agricultural producers. The maximum amount of support that could be awarded to an individual beneficiary may not exceed HUF 90000.

When can applications be submitted? In accordance with Ministry of Rural Development regulation 60/2012. (VI.28.) published on 28 June 2012, applications for support may be lodged with the Agricultural and Rural Development Agency between 1 and 30 September 2012.

Forestry-Environmental payments

The funding may be awarded to applicants who voluntarily undertake environmental forestry commitments over the compulsory level through 9 different target programmes (+3 sub-programmes). The period of support is 1-5-7-10 years, depending on the target programme.

Target Programmes:

- Suppression of aggressive invasive alien tree and shrub species;
- Selective forest management;
- Manual labour intensive management of forest stocks;

- Reduction of the renewal of native forest stocks through clear-cutting;
- Provision of opportunities for special forest habitats and natural forest renewal; split into 3 sub-programmes:
 - creation and management of microhabitats target programme,
 - retention of tree groups during final cutting target programme,
 - shrub regulation to ensure successful forest renewal target programme;
- Postponement of final cutting in order to facilitate soil and habitat preservation;
- Management of public welfare forests;
- Creation and management of forest clearings;
- Application of nature-friendly logistics.

Applications can be submitted by: Forest managers: private individuals, local governments and their associations; but organisations with majority state ownership may not be supported.

Planned available budget: Euro 41.3 million for the full 2007-2013 planning period.

What is the amount and rate of the funding? Depending on the conditions of the target programmes: a minimum of Euro 50 and a maximum of Euro 280 per hectare. In the case of the nature-friendly logistics target programme, Euro 17.45 per m³ up to a maximum of 50 m³ of extracted timber.

When may applications be submitted? Between 1 October and 30 November 2012

The restoration of forestry potential

The aim of the funding: to aid the restoration of the forestry potential of forests damaged by natural disasters (forest damage cause by snow, ice, wind, surface water, frost, drought, fire or flooding).

Activities that may receive financing: activities related to preparation for forest renovation, the removal of damaged timber, first extraction, replacement, stump cutting or sprouting, and supplementary measures related to them such as establishment of a berm, ridge, and faggot or soil retention barriers.

Applications can be submitted by: Forest managers.

Planned available budget: Euro 10.7 million for the full 2007-2013 planning period (total for the restoration of forestry potential and the planned introduction of preventive measures and sub-measures).

What is the amount and rate of the funding? A minimum of 400 Euro/ha and a maximum of Euro 2365 per ha per application. When may applications be submitted? Between 1 October and 30 November 2012

Non-production investments in forest areas – Structure conversion sub-programme

The measure contributes significantly to the conversion of degraded structured forests and associations with alien tree species into forest associations with native tree species that are suitable for the habitat type. The aim of the measure is to achieve a suitable level of heterogeneity and the establishment of a multi-level stock structure in forests, the improvement of the natural composition, the preservation and increase of biodiversity, and the improvement of the state of health of forests.

Applications can be submitted by: Forest managers.

Planned available budget: Euro 32.6 million for the full 2007-2013 planning period.

What is the amount and rate of the funding?

- *a*) in the case of structure conversion through afforestation under a forest stand, a sum in Hungarian forints equivalent to 1400 Euro per hectare;
- b) in the case of structure conversion following clear-cutting
 - Euro 1019 in HUF per hectare in the case of tree species replacement
 - Euro 1670 per hectare in HUF in the case of tree species replacement, stumping and root raking,
 - Euro 2090 per hectare in HUF in the case of tree species replacement with log anointing and log injection;
- c) in the case of structure conversion through stock supplementation, Euro 496 per hectare in HUF.

When may applications be submitted? Between 1 October and 30 November 2012

ELABORATION AND LAUNCHING OF PROGRAMMES FUNDED FROM THE NATIONAL BUDGET

We wish to realize the comprehensive objective and goals of the National Rural Development Strategy in seven strategic fields within the framework of national and regional programmes. The realization of national programmes funded from national resources includes the continuation and further development of existing programmes as well as the launching of new programmes. The detailed professional elaboration and debate of the other, mostly new programmes, and the establishment of the legal, economic regulatory, institutional and especially the financial conditions required for their scheduled realization shall occur continuously.

Homestead development programme

The goal of the programme is the renewal and revitalisation of the homestead system and homestead farming, the saving and preservation of the special values of the homestead way of life, the reduction of its disadvantages and the facilitation of the sustainable development of homestead areas as a part of the complex rural development.

Applications can be submitted by: In case of homestead farm development projects: homestead farmers (small-scale licensed producers, self-employed sole proprietors, family farms) who perform agricultural activities in settlements with homesteads and for whom the homestead is a place of residence and way of life. In case of regional development projects by local governments: the local governments and local government consortia of settlements with homesteads, non-profit economic associations established by local governments, county chambers of agriculture operating in homestead regions and non-profit economic associations established by chambers of agriculture, multipurpose sub-regional associations operating in homestead regions, churches, and social organisations that perform homestead caretaker activities and are eligible for support.

Planned available budget: HUF 1.5 billion

What is the amount and rate of the funding? The maximum sum of support is HUF 50 million. The extent of support is 75-90% of the total cost of development.

Deadline for submitting applications: 31 August 2012

State gene conservation programme

The genetic resources used for food supply and in agriculture, and the domestic species of cultivated plants and livestock are our national heritage of high importance. The location, collection, preservation, maintenance and utilization of our genetic resources are important strategic issues of national security. This is the only way to realize the food autonomy of the country and supply the population with healthy and safe food. To this end, the Ministry of Rural Development has established the Plant Diversity Centre (NÖDIK) and the Institute for Small Animal Research and Coordination Centre for Gene Conservation (KÁTKI), which coordinate the conservation of genetic bases and the work of the institutions involved. The goal of the support is the conservation and development of the biological bases and genetic materials of agricultural production, with special attention to the collection and documentation of genetic resources used in agriculture and their utilization in research, education and breeding/cultivation.

Applications can be submitted by: Institutions and organisations that perform state gene conservation tasks. Available budget: HUF 119.7 million Deadline for submitting applications: 13 August 2012

Support for forest railways

During the second half of the year, the operators of forest railways used for public transport in the interests of public welfare (excluding stateowned forest management corporations) may apply for operational support.

Available budget: HUF 25 million Maximum sum of support: HUF 7.5 million Deadline for submitting applications: 3rd quarter of 2012

Other National Strategy programmes under development

In 2012, the Ministry of Rural Development shall elaborate the National Strategy programmes and regional complex rural development programmes with the involvement of – depending on the nature of the programmes – associated ministries and professional organisations. The elaboration of the following programmes is already underway, their realization and launching in 2012 is of special importance.

- The Demographic Land Programme.
- The "Healthy Local Products in Public Catering" Programme.
- The Local Products, Local Market, Direct Distribution Programme.
- The Cserehát Programme.
- The Tokaj-Hegyalja World Heritage Regional Development Programme.
- The "Garden Hungary" Horticultural Programme.
- Strategic measures to improve the position of the pork sector.
- The Ormánság Programme
- "Cross-Border Rural Development Cooperation with Hungarian People in the Carpathian Basin" programme.
- The restoration of the agricultural and environmental science research institute system and its landscape-centred regional development.
- The restoration and development of the unified system of networks (gene banks, breeding institutes, institutes for the production of agricultural seeds and propagation materials, monitoring and certification institutions) that perform the maintenance and development of the biological bases of farming.
- The reform and strengthening of the "People's College" system, its contentual development with a rural development profile.

Complementary national agricultural support programmes

The following complementary national agricultural aid mechanisms may be applied for from the third quarter of 2012.

- Liquidity support loan programmes: TÉSZ Current Asset Loan Programme with grace period extended by two years; Hungarian Development Bank (MFB) Frost Damage 2011 Current Asset Loan Programme; MFB Agrarian Current Asset Loan Programme, including for financing the purchase of breeding livestock; Agrarian Széchenyi Card Current Account Loan; Agrarian Current Asset Vis Major Loan Programme;
- Complementary national support (TOP-UP);
- Small ("de minimis") support for forest renovation;
- Small ("de minimis") support for quality carp breeding;
- Support for afforestation funded by the national budget, started prior to Hungary's EU accession.

AFTERWORD

The Darányi Ignác Plan provides the framework for the implementation of the National Rural Development Strategy. It is a frame, built on five main areas of measures, that is continuously being filled with content and programmes as the responsibility of the Ministry of Rural Development, and of the Parliamentary State Secretariat and Strategic Department that are coordinating the process. This publication introduces the framework that is built on the National Rural Development Strategy and determines the programmes, tasks and measures scheduled for the second half of 2012.

The Ministry plans to publish a similar summary report each year, in which it shall assess the previous period and the experiences gained from it and summarise it with regard to the objectives determined by the National Rural Development Strategy, while also deploying the programmes, tasks and measures for the following year. Within this analytical and planning process that deploys the programmes determined by the National Rural Development Strategy, and in their work to reform the whole of the Hungarian society, the Ministry of Rural Development and the Government request and offer a constructive partnership to all those who wish to play a part in furthering the cause of the agricultural sector, rural Hungary and the environment, and in the rise of the Hungarian people in the Carpathian Basin.

1 August 2012, Budapest



Dr. Sándor Fazekas Minister of Rural Development

CONTENT

NATIONAL RURAL DEVELOPMENT STRATEGY (NVS 2012-2020) 'THE CONSTITUTION	
OF RURAL HUNGARY'	4
STRATEGIC OBJECTIVES AND CRITERIA	5
Overall Objective	5
Strategic Goals	5
Horizontal Criteria	6
STRATEGIC AREAS AND NATIONAL PROGRAMMES	6
THE DARÁNYI IGNÁC PLAN: THE FRAMEWORK PROGRAMME FOR THE REALISATION OF THE	
NATIONAL RURAL DEVELOPMENT STRATEGY	8
THE RENEWAL OF THE REGULATORY ENVIRONMENT, AND ITS ACTUALISATION	9
The law-making principles determined within the National Rural Development Strategy	9
Priority law-making tasks with relation to the realisation of the National Rural Development Strategy	10
Main law-making measures already underway or planned for the second half of 2012	10
THE ESTABLISHMENT OF AN EFFICIENT, CUSTOMER-FRIENDLY SUPPORT AND	
INSTITUTIONAL SYSTEM	
Simplification of the support system, increased customer-friendliness	12
Establishing the efficient and customer-friendly operation of authorities and offices	12
Decreasing administrative burdens, simplification tasks	13
THE LAUNCHING OF ATTITUDE-SHAPING AND TRAINING PROGRAMMES	
AND DRIVES	. 14
Domestic agro-marketing programmes for the promotion of Hungarian foods	14
Conscious consumer and buyer programme	14
The reform of the rural development vocational training system and its institutional network	15
The reform of school-based and on-site environmental education and training	15

30

The reform of the planning, advisory and information systems of forest management
The facilitation of sustainable water management. 16
The development of an E-Library on agricultural and environmental knowledge
THE ELABORATION AND LAUNCHING OF PROGRAMMES CO-FINANCED
USING EUROPEAN UNION AND DOMESTIC FUNDING
Start-up funding for young farmers
Funding for fruit and vegetable producers groups 18
Diversification to include non-agricultural activities
The elaboration of NATURA 2000 management plans 19
The modernisation of animal husbandry units 19
Village renewal and development
The preservation of rural heritage
LEADER international cooperation with territories within the European Union and in third countries
Cooperation between LEADER areas
The GAZDANet ("FarmerNet") programme
Forestry-Environmental payments
The restoration of forestry potential
Non-production investments in forest areas – Structure conversion sub-programme
ELABORATION AND LAUNCHING OF PROGRAMMES FUNDED FROM THE
NATIONAL BUDGET
Homestead development programme
State gene conservation programme
Support for forest railways
Other National Strategy programmes under development27
Complementary national agricultural support programmes
AFTERWORD

31

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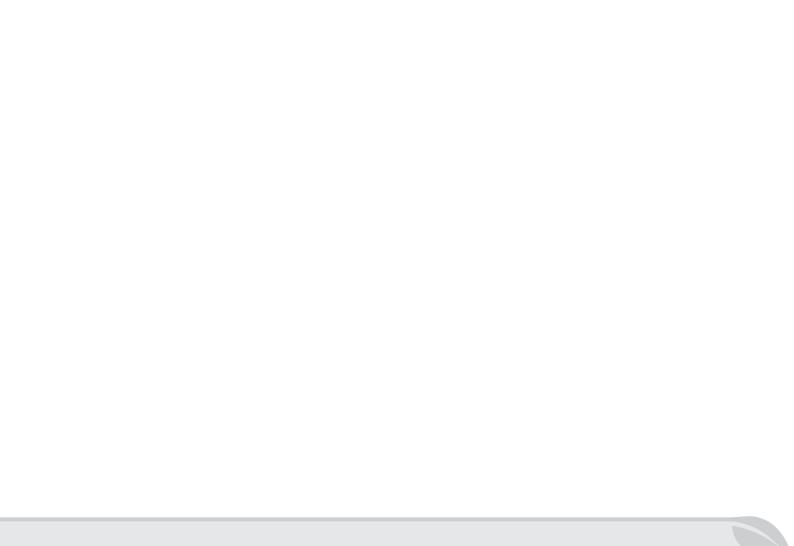
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