

International Conference

*Sustainable development of mountain areas -
Experiences, challenges and perspectives*

IMPORTANCE OF PAYMENTS TO AREAS FACING NATURAL OR OTHER SPECIFIC CONSTRAINTS FOR MAINTENANCE OF VITAL RURAL AREAS

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Content

EU concept of LFA (ANC) support scheme

Importance of LFA and rate of payments in EU countries

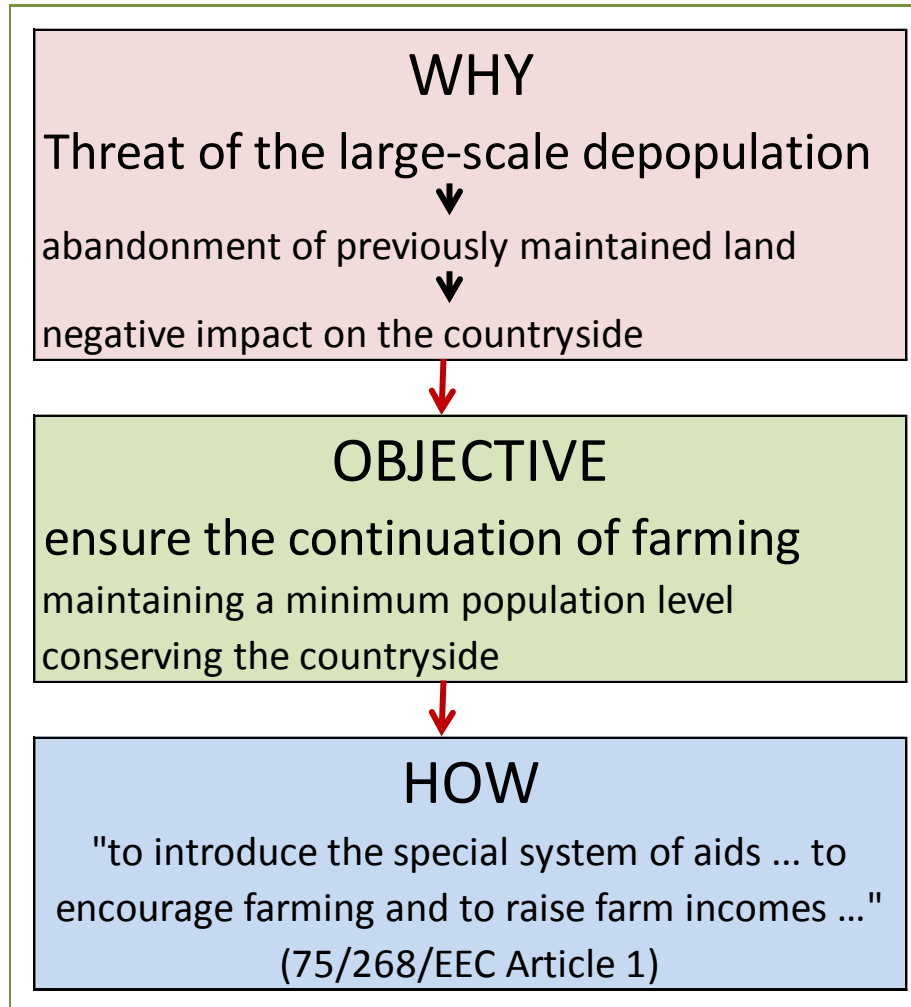
Impact of LFA measures in EU countries on maintaining agriculture in LFA

Discussion on importance of LFA (AND) payments for agriculture in MONTENEGRO

Introducing of LFA payments in EU

COUNCIL DIRECTIVE of 28 April 1975 (75/268/EEC)

on mountain and hill farming and farming in certain less-favoured areas

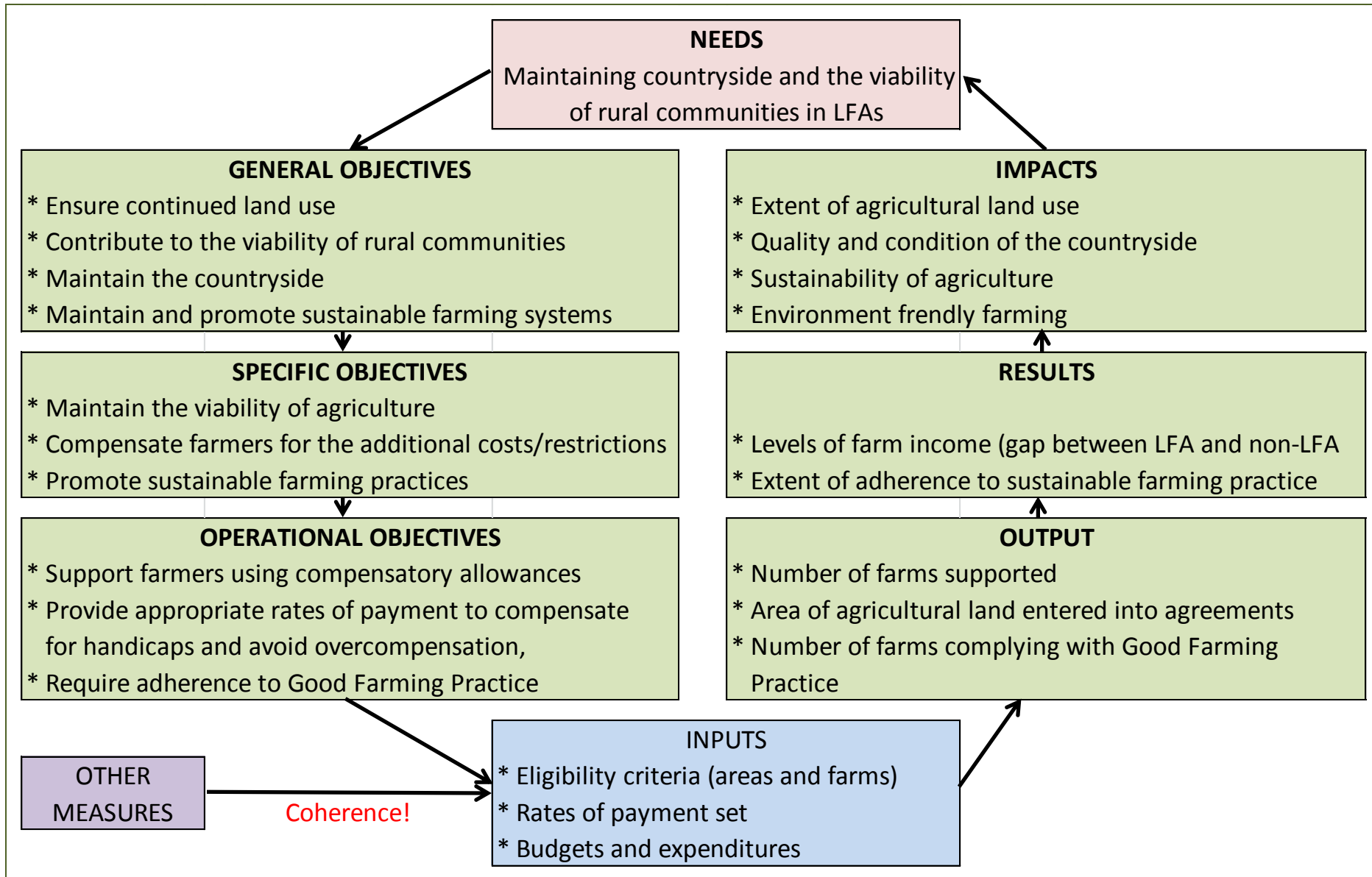


The concept remains more or less unchanged.

- Expanded goals (more attention to environment)
- Changes in form (per head to per ha) and rates of payment
- Changes in the delimitation and farm eligibility criteria

Reform 2013

The objectives and outcomes of the LFA aid scheme



Classification of LFAs in EU (till 2013)

- 'Mountain' LFAs:
 - high altitude,
 - or by steep slopes at a lower altitude,
 - or by a combination of the two.
 - areas north of the 62nd parallel
- 'Other' LFAs: areas in danger of abandonment of agricultural land-use, the conservation of the countryside is necessary;
 - land of poor productivity;
 - production which results from low productivity of the natural environment;
 - low or dwindling population predominantly dependent on agricultural activity.
- 'Areas with Specific Handicaps' - farming should be continued in order to:
 - conserve or improve the environment;
 - maintain the countryside;
 - preserve the tourist potential of the areas,
 - protect the coastline

- extreme diversity of the criteria
 - lack of transparency
 - unequal treatment of beneficiaries ?
- Commission: NEW SYSTEM IS NEEDED REFORM (regulation 1305/2013)**

Reform of LFA classification in EU

First initiatives to reform LFA classification were launched in 2005.

New rules: **REGULATION (EU) No 1305/2013**

New delimitation criteria should be implemented at least till 2018

What is new:

New name: Areas with natural constraints (ANC)

New categories:

- mountain areas (no real changes in criteria)
- areas, other than mountain areas, facing significant natural constraints
- other areas affected by specific constraints.

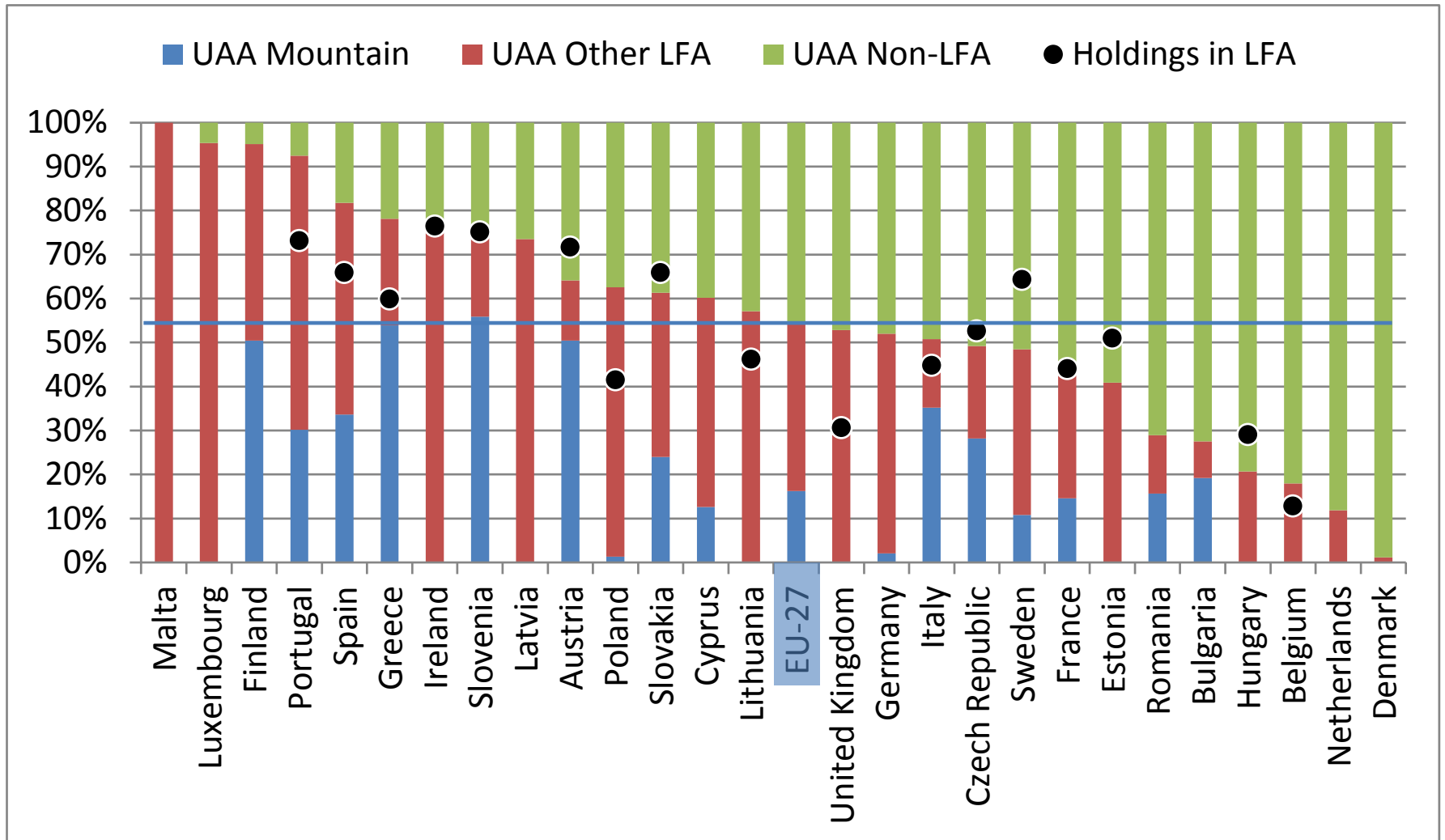
New delimitation criteria for former „other than mountain area“:

8 Common Biophysical Criteria:

1. Low temperature
2. Dryness
3. Excess Soil Moisture
4. Limited Soil Drainage
5. Unfavorable Texture and Stoniness
6. Shallow Rooting depth
7. Poor chemical Properties
8. Steep Slope

Importance of LFA in EU countries

% of UAA and % of holdings in LFA (2005)



Diversity of farm level eligibility rules

Basic eligibility criteria

- Farm a minimum land area;
- Continue farming
- **Active Farmer (1307/2013)**

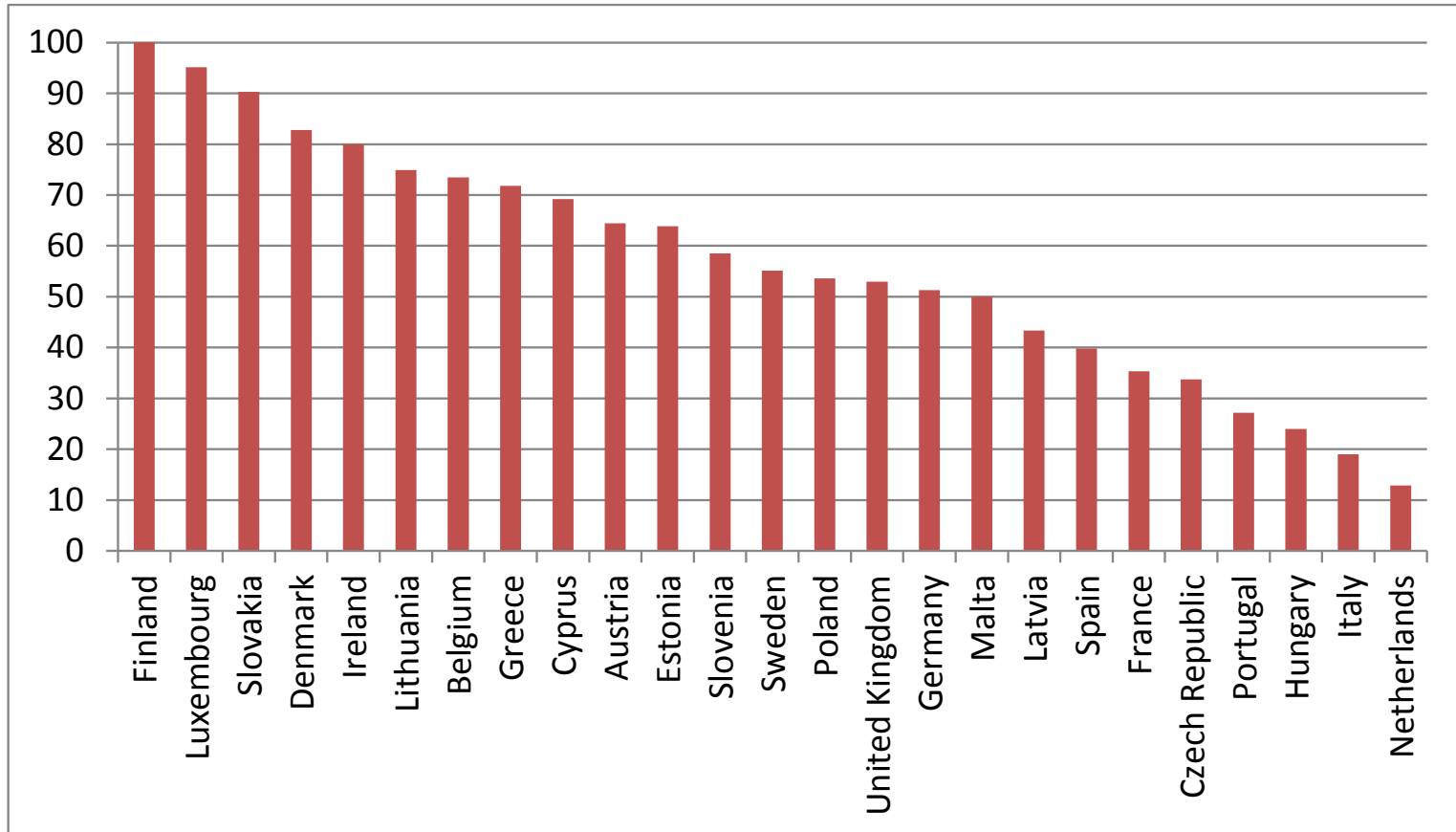
Additional criteria on national level: (eligibility or differentiation of payments)

- Socio economic:
 - Full time/Part time
 - % of farm income
 - Jung farmer ...
- Farming systems:
 - Land use
 - Animal density ...
- Total Payment/farm (minimum/maximum)
- Regional specific criteria
- ...

Minimum farm area	
ha	Member State/Region
0,1	Malta
0,3	Cyprus
0,5	Netherlands, Portugal
1	Estonia, Lithuania, Hungary, Poland, Slovenia
2	Greece, Spain
3	Germany, Ireland, France, Luxembourg, Finland, Scotland, Northern Ireland
5	Czech Republic, Denmark
6	Wales
10	England

Not all LFA farms receive LFA payments

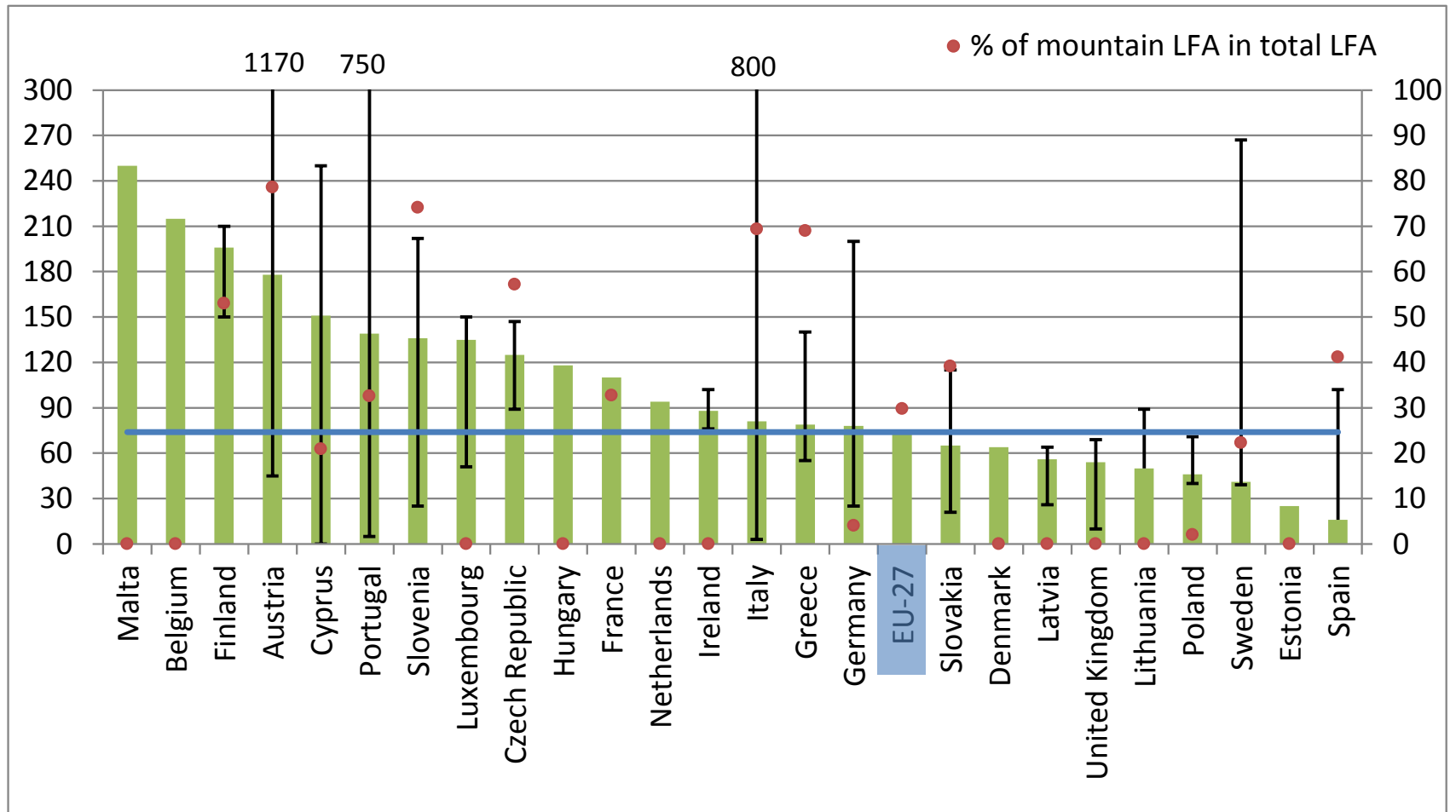
% of UAA in LFA areas estimated to have received LFA payments



Source: IEEP (2006), *An evaluation of the Less favoured Area measure in the 25 Member States of the European Union*

Rate of LFA payment

LFA payments EUR/ha UAA (2004)

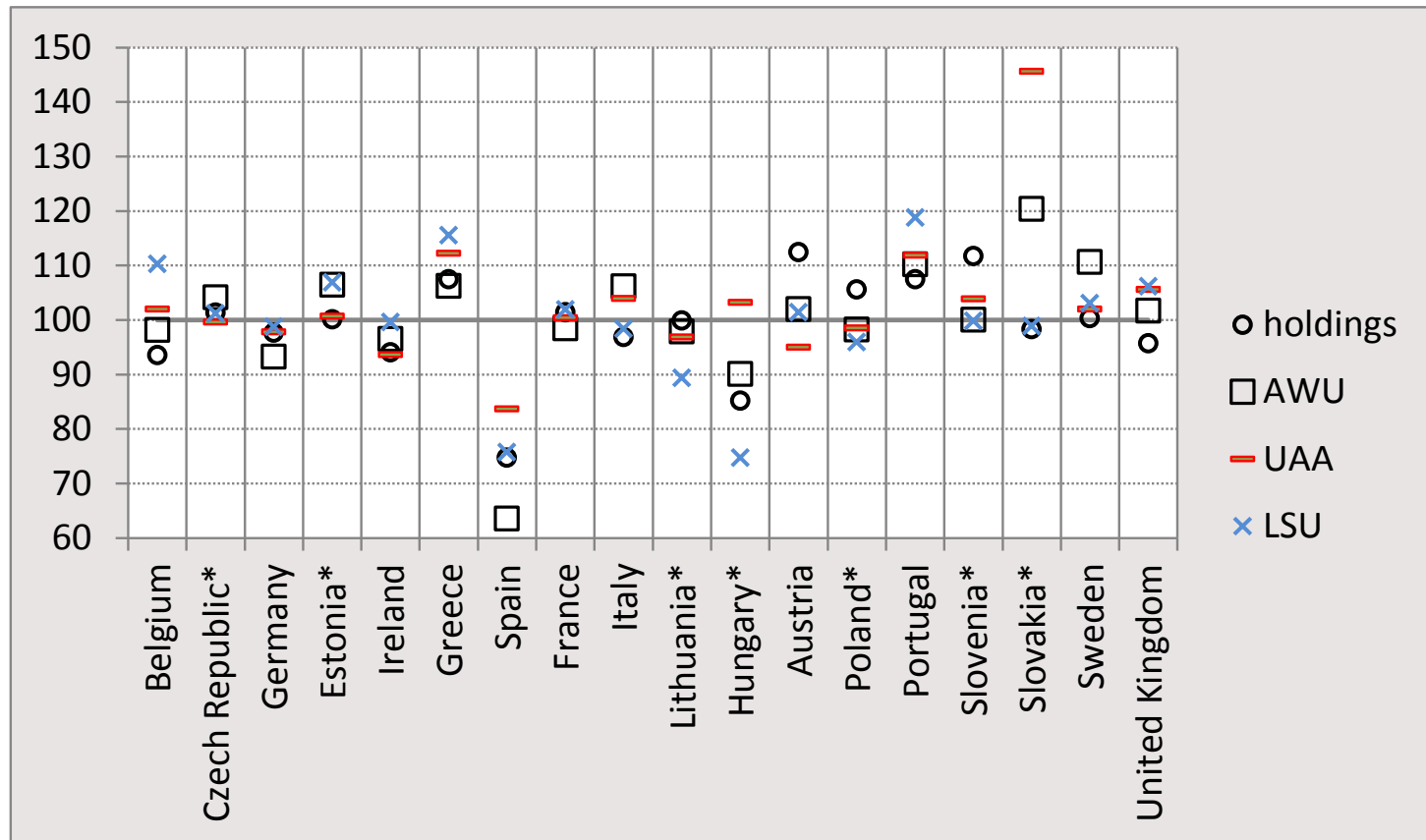


Source: IEEP (2006), *An evaluation of the Less favoured Area measure in the 25 Member States of the European Union*

% mountain LFA: DG Agriculture and Rural Development - MS specific communications or CAP-IDIM; Slovenia: MAFF;

Impact of LFA measures on maintaining agriculture in LFA

Changes in number of holdings, number of annual work units (AWU), utilized agricultural area (UAA) and number of live stock units (LSU) in LFA in comparison to Non LFA in the period 2000-2007 (LFA index/Non LFA index)



* 2005-2007

Source: Eurostat FSS

LFA payment is not the only measure that help maintaining vital rural areas

Importance of LFA (ANC) payments for agriculture in MONTENEGRO

Current status:

- No LFA payments
- No delimitation of area

Is there threat of depopulation and abandonment of agricultural production in areas with natural or other constrains?

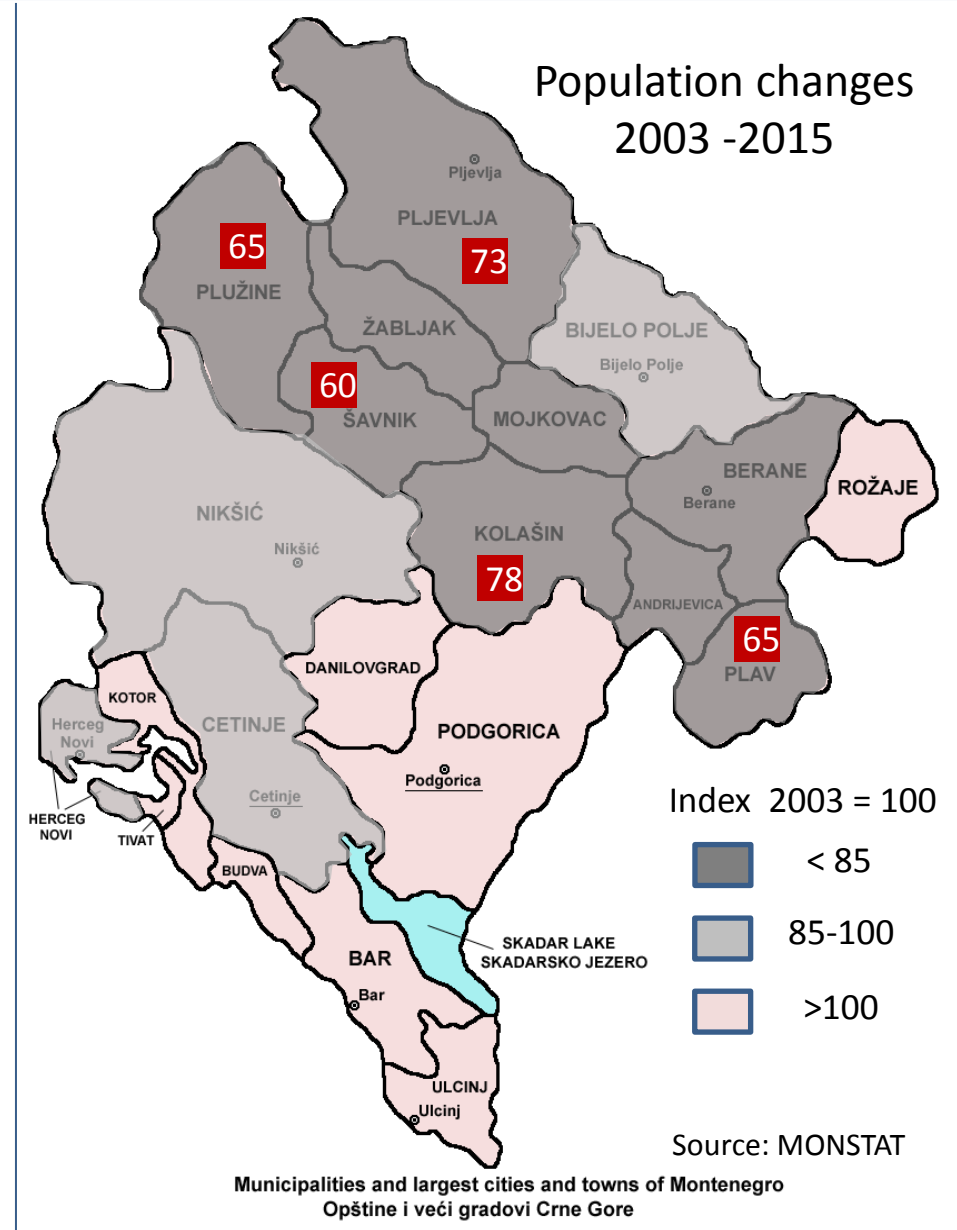
YES!

Is there awareness of the problem and political will to introduce special measures?

YES?

The process of introducing LFA payments should start as soon as possible!

Important step in EU accession process!



The process of introducing LFA (ANC) payments

Delimitation of area

- EU rules?
- Territorial unit?
- Data availability?

Farm level eligibility criteria

- Minimum area
- Continue farming
- Active Farmer
- Country specific criteria
- Special criteria for katuni?

Differentiation of payments

- Mountain area
- Katuni?
- Other LFA (ANC)

Form of payments

- Per ha
- Per head or LSU (katuni?)

Budget!

Administration

Monitoring and control

Evaluation and adaptation

Other complementary measures