

Brussels, 25 October 2007

Rural development plans in Germany: 3 "Länder"

Country profile

Size: 357 000 km²

Population: 82.31 millions inhabitants (density: 231 inhabitants/ km²)

GDP per capita: € 23 702 (year 2003; source: national strategy plan for rural development)

Rural areas cover 80% of the German territory and about 40% of the population live in these areas. The German situation is characterized by important regional discrepancies such as population density, size of agricultural holdings, income and unemployment rate.

Globally speaking, more than 53 % of the total surface area of Germany is utilised as agricultural land (19.1 million ha), of which 9.4 million ha are classified as Less Favoured Areas, and 33% (11 million ha) is covered by forests (of which 47% are private owned).

Some 1.3 million people are employed in 400 000 farms (590 000 works units), with a high share of farms (53 %) managed by part time farmers. The average size of the agricultural holdings is 43 ha, with huge farms (mainly as legal entities) in the new *Bundesländer* (East Germany) and also in the North-West of Germany, and on the other side relatively small farms in Southern Germany. The value of the output of German agriculture amounts to about € 43 billion and, including forestry (over € 3 billion) and fisheries and fish farming (approximately € 0.4 billion) to around € 47 billion. Thereby the sector contributes about 1 % to the total gross value added produced in Germany (food industry: 4.6%)

The population working in agriculture is however better educated and has a better productivity than the EU-27 average, and is also more engaged in other activities, but there is still an important need of targeted investments in agriculture.

The diversity of natural resources and landscapes (from the North- and Baltic seas to the Alps) can also be seen as an important asset. 13.5% of the territory has been classified as Natura 2000 areas, and the preservation of the endangered biodiversity is seen as a very important issue.

In rural areas, the unemployment rate is higher than the German average, and the population working in agriculture is decreasing. Therefore, together with the provision of basic services and preservation of the rural heritage, accent has to be put to diversification of economic activities and job creation. In this respect, the encouragement of tourism activities as well as the development of renewable energy sources are seen as bringing important potentialities.

Chosen strategy corresponding to the profile

Due to its federal structure, the Federal Republic of Germany implements the rural development policy through rural development programmes (RDP) established at the regional level of the *Länder*. In this respect, 14 regional programmes (Niedersachsen /Bremen, Saarland and Hamburg present joint programmes), and a programme related to the national network have been submitted to the Commission's services.

Germany has also submitted a **national framework** which has been adopted by the European Commission by the beginning of September. The national framework contains a menu of measures and actions according to the EAFRD regulation, which can be taken on board by the regional programmes with a national financial incentive. The Commission's approval of this document was a pre-condition for the approval of the German regional programmes.

Budget for Germany

Total: € 13 207 160 695, of which EAFRD¹ support amounts to € 8.112 517 055 € (Convergence regions: € 3 174 037 771)

¹ EAFRD: European Agricultural Fund for Rural Development

Baden-Württemberg

Region profile

- Baden-Württemberg is located in south-western Germany, with an area of 35.752 km², making it the third largest state (Land) in the Federal Republic of Germany;
- 10.7 million inhabitants are residing in Baden-Württemberg's 1.110 municipalities, of which 80% in the defined rural area;
- Baden-Württemberg is one of the economically most productive states in the Federal Republic of Germany with a GDP/capita of 126,1 (EU-25 = 100, Germany = 110,1);
- Unemployment rate is at 6.8% (Germany 11.2; National Strategy Plan data for 2003; present data: 9%);
- A total of almost 85% of the state area of Baden-Württemberg is used for agricultural and forestry purposes, of which about 1.66 million hectares are used by agriculture.
- 63% of agricultural area is classified as in Less Favoured Areas (German average: 49%)
- With a forest area of 1.39 million ha, Baden-Württemberg is second among the federal states and with a forest portion of almost 40% of its entire surface area, it is one of the most densely forested states in the Federal Republic of Germany;
- Agriculture and forestry contribute to 0.8% of the state's macroeconomic gross added value (data 2004);
- Around 60 600 agricultural holdings are active (data 2005);
- The average farm size has increased steadily, however, with 23.9 ha of agricultural area it is still considerably below the federal average of 43 ha;
- The food industry in Baden-Württemberg is characterised by mostly small and medium-sized enterprises. Only the dairy industry features large enterprises.

Chosen strategy

In accordance with the EU Strategic Guidelines and the National Strategy Plan of the Federal Republic of Germany, the aim of this programme is to

- Contribute to securing jobs and to the creation of new jobs,
- While taking into consideration environmental aspects,
- Through an improvement of competitiveness and value adding in agriculture, forestry and the rural environment.

A sustainable integrated development of the rural environment is targeted, in line with local goals and requirements, while contributing to levelling existing differences in the development of the different parts of Baden-Württemberg. Agriculture and forestry have a key function, based on their diverse functions within the framework of socio-economic development and full activation of growth and development potential in the rural environments.

Financial plan by axis (in EUR total period): total

Axis	Total Public Expenditure	Share of EAFRD in Public Expenditure	EAFRD Contribution
Axis 1	207 172 000	50,00	103 586 000
Axis 2	829 493 616	47,00	389 862 000
Axis 3	159 994 000	50,00	79 997 000
Axis 4	56 700 000	55,00	31 185 000
Technical assistance	12 214 040	50,00	6 107 020
Total	1 265 573 657	48,26	610 737 020

Overall aim of RD programme in Baden-Württemberg

- Improvement of competitiveness and value adding in agriculture, forestry and the rural environment,
- Contributing to securing jobs and to the creation of new jobs,
- Take into consideration environmental aspects.

Axis 1 budget allocation and main priorities:

EAFRD: € 103,586,000 (17.0% of programme total)

Total public funding: € 207,172,000 (16.4% of programme total)

Main priorities:

- emphasis put on the modernisation of agricultural holdings (more than 60% of public expenditure) and
- support for investments in infrastructure related to the development and adaptation of agriculture and forestry (around ¼ of public expenditure).

Axis 2 budget allocation and main priorities:

EAFRD: € 389,862,000 (63.8% of programme total)

Total public funding: € 829,493,616 (65.5% of programme total)

Main priorities under this axis are the agri-environmental measures with a broad variety of sub-measures. More than 72% of the axis funding is reserved for these measures. The compensation allowance for Less Favoured Areas makes up for around 17% of the axis funding whereas payments for Natura 2000 stay shortly below 6%.

Axes 3 budget allocation and main priorities:

EAFRD: € 79,997,000 (13.1% of programme total)

Total public funding: € 159,994,000 (12.6% of programme total)

The dominating priority under this axis is "Conservation and upgrading of the rural heritage" with more than two thirds of the axis funding. Of particular importance is the Diversification measure for agricultural holdings which should provide for an increased viability of the supported holdings by broadening their economic basis (around 17% of axis funding).

Leader budget allocation:

EAFRD: € 31,185,000 (5.1% of programme total)

Total public funding: € 56,700,000 (4.5% of programme total)

Support for selected integrated strategies according to the Leader principles. The measure shall contribute to the accomplishment of the objectives of axis 3. Some measures of axis 3 will exclusively be implemented via axis 4.

Rhineland-Palatinate

Region profile

- Rhineland-Palatinate is situated in the south-west of the Federal Republic of Germany bordering France and Luxembourg and comprises an area of 19,853 km²
- More than three quarters of the entire territory is rural, with about half of the entire population living in these areas. A total of almost 84% of the land area of Rhineland-Palatinate is used for agricultural and forestry purposes. Rhineland-Palatinate is Germany's most densely wooded *Land*.
- At the end of 2005, Rhineland-Palatinate had a population of 4,060,394.
- In 2005 some 1.802 million people were economically active in Rhineland-Palatinate (employment rate 44%). The percentage of unemployed people (between 15 and 74 years) was in 2004 with 8.6% below the national and the EU average (10.3 and 9.2%, respectively).
- The GDP per inhabitant reached in 2005 about € 24,000 which was slightly above the average of the EU-25 (24,500 €) but below the German average (25,800 €).
- Tourism plays an important role, particularly in rural areas, and can achieve essential synergies in combination with agricultural activities and landscape conservation. Compared to 1995, the number of guests represents a growth of 20%..
- In 2005 27,347 holdings, of which 10,100 were main income holdings, cultivated 718,883 ha of agriculturally utilised land in Rhineland-Palatinate.
- Agriculture and viniculture in Rhineland-Palatinate account for an annual production volume of about € 2 billion. The single most important agricultural production sector is wine which accounted in 2004 for about 33% of the total agricultural production value.
- The Rhineland-Palatinate food industry is an important processor and marketer of agricultural products. In terms of total turnover the food industry in Rhineland-Palatinate takes fourth position after the chemical industry, vehicle construction and the metal production and processing sector.
- During the support period 2000-2006, a total of seven integrated rural regional development concepts were established and implemented within the framework of the Community initiative LEADER+ in Rhineland-Palatinate. The LEADER+ regions were mainly situated in low mountain range landscapes with a high proportion of forest and sometimes exceptional landscape genesis (e.g. volcanic landscape) and in river landscapes of the Rhine and the Moselle valleys.

Chosen strategy

overall objectives chosen in accordance with the Community Strategic Guidelines (CSG) and the National Strategy Plan and are:

- The use of the EAFRD budget will be targeted towards stimulating economic growth, employment and sustainability.
- Increasing the competitiveness of agriculture, forestry and the food economy in the context of mandatory restructuring will be a top-priority.
- At the same time, diversification and innovation of rural areas will be supported. The creation of employment and providing support for entrepreneurship will be granted particularly with local development strategies (e.g. Leader).

Financial plan by axis (in EUR total period): total

Axis	Total Public Expenditure	Share of EAFRD in Public Expenditure	EAFRD Contribution
Axis 1	181 212 872	50,00	90 606 436
Axis 2	203 338 000	47,00	101 669 000
Axis 3	51 848 160	50,00	25 924 080
Axis 4	39 172 380	55,00	21 544 809
Technical assistance	11 015 796	50,00	5 507 898
Total	486 587 208	48,26	245 252 223

Overall aim of RD programme in Rhineland-Palatinate

Hence, it is the objective of Rhineland-Palatinate to use the rural development programme across the priorities to contribute to securing jobs and creating new jobs, while taking environmental aspects into account.

Axis 1 budget allocation and main priorities:

EAFRD: € 90,606,436 (37.2% of programme total)

Total public funding: € 486,587,208

Main priorities: the development programme concentrates the resources on core actions for the restructuring and further development of the agricultural sector in order to promote innovation.

Axis 2 budget allocation and main priorities:

EAFRD: € 101,669,000 (41,6% of programme total)

Total public funding: € 203,338,000

Under Axis 2 "Improving the environment and the countryside", resources are focused on core actions for supporting environmental performance, preservation of the cultural landscape and forests. A spatially balanced distribution can be ensured by taking into consideration the different types of agricultural sites.

Axis 3 budget allocation and main priorities:

EAFRD: € 25,924,080 (10.7 % of programme total; in addition Axis 4 is mainly implemented through Axis 3 measures)

Total public funding: € 51,848,160

In Axis 3 "Quality of life in the rural environment and diversification of the rural economy", resources are concentrated on core actions for the renewal of villages, support for tourism and diversification of the rural economy. This provides an important contribution to the improvement of quality of life and to a basis for revitalising the rural economy. In conjunction with Axis 4, the eight selected measures can offer alternative sources of income, especially for young people and women, and facilitate access to the labour market. More specifically, the following objectives are pursued:

The two biggest measures in terms of funding under this axis are Village renewal (about 41%) and the Conservation and upgrading of the rural heritage (43%). Additionally some weight is given to the measure Diversification into non-agricultural activities (about 12%).

Leader budget allocation:

EAFRD: € 21,544,809 (8.1% of programme total)

Total public funding: € 39,172,380

In Axis 4 "Building local capacity for employment and diversification", resources are concentrated on core actions for the development of local capacities for partnerships and supporting cooperation and innovation.

Thuringia

Region profile

- Thuringia is located in the middle of Germany, with an area of about 16,000km², making it one of the smaller Länder in the Federal Republic of Germany;
- 2.355 million inhabitants are residing in Thuringia.
- Thuringia is one of the Länder of the former GDR. With a GDP of € 42,272 Mio. (2004) it is economically one of the weaker Länder.
- Unemployment rate was at 18.5% in 2004 (Germany 11.2; NSP data for 2003; present data: 9%);
- 256,000 ha of the territory is agricultural land, 547,108 ha (34%) of the total area of Thuringia is woodland. 50% of agricultural area is classified as a Less Favoured Areas (German average: 49%)
- One third of the area of Thuringia is woodland. Thuringia is one of the most wooded German Länder.
- Agriculture and forestry contribute to 0.2% of the state's macroeconomic gross added value (data 2004);
- The agricultural sector divided in full-time large scale farms and a high amount of 1,085 part-time farmers, who farm only 3,5 % of the agricultural area. 86% of the agricultural land is farmed in farms with more than 200 ha. 56% of the farmland is used by farms with more than 1000 ha. As in the whole part of Eastern Germany (former GDR) there is a high proportion of tenure land.
- The food processing sector is one of the most important branches of Thuringia's processing industry. Since 1995 the number of enterprises and employees has increased. In 2004 about 17,700 persons were employed in this sector. The turn-over of the food industry was € 2,900 million.
- Small and medium sized enterprises build the basis of the food processing industry of Thuringia. Over 85% of the employees work in these enterprises. The main branches of the food processing industry are baker's wares, meat and drink production.

Chosen strategy

In accordance with the EU Strategic Guidelines and the National Strategy Plan of the Federal Republic of Germany, the aim of this programme is to

- Contribute to securing jobs and to the creation of new jobs,
- While taking into consideration environmental aspects,
- Through an improvement of competitiveness and value adding in agriculture, forestry and the rural environment.

A sustainable integrated development of the rural environment is targeted, in line with local goals and requirements, while contributing to levelling existing differences in the development of the different parts of Thuringia. Agriculture and forestry have a key function, based on their diverse functions within the framework of socio-economic development and full activation of growth and development potential in the rural environments.

Financial plan by axis (in EUR total period): total

Axis	Total Public Expenditure	Share of EAFRD in Public Expenditure	EAFRD Contribution
Axis 1	242 739 312	75	182 054 484
Axis 2	388 636 403	80	310 909 122
Axis 3	206 381 453	75	154 786 090
Axis 4	43 750 000	80	35 000 000
Technical assistance	13 333 333	75	10 000 000
Total	894 840 501	77	692 749 696

Overall aim of RD programme in Thuringia

- - Improvement of the competitiveness of farms in order to safeguard jobs.
- - increasing the depth of added value
- - Diversification by use of bioenergies and new services in the rural area.

Axis 1 budget allocation and main priorities:

EAFRD: € 182,054,484 (27.0% of programme total)

Total public funding: € 242,739,312

For restructuring and modernisation of the agriculture and forestry sector, Thuringia intends to improve the competitiveness of the agriculture by supporting the niche products, new products/processes and bio energy. In the future there will be lower necessity for investments in infrastructure for agriculture and forestry. Activities for training, to develop the human capital, are necessary. Developing public awareness and information shall help to improve the marketing potential for quality products. Beside these aspects, re-parcelling in order to solve land use conflicts, flood prevention are elements of the strategy of axis 1.

Axis 2 budget allocation and main priorities:

EAFRD: € 310,909,122 (42% of programme total)

Total public funding: € 829,493,616 (65.5% of programme total)

To keep the biodiversity and traditional open grassland landscapes, Thuringia intends to promote grassland use. The stability of forests shall be improved by restructuring and ecological use of forests. Less favourite areas shall be promoted to keep the agriculture in these areas. Many small scale measures are foreseen for nature protection within the framework of the KULAP (agri-environmental scheme) .

Axes 3 budget allocation and main priorities:

EAFRD: € 154,786,090 (23% of programme total)

Total public funding: € 206,381,453

Village and town renewal/restructuring has a high relevance in the strategy for axis 3. In particular the impacts of the negative demographic development shall be reduced. Thuringia intends to strengthen the development of added value chains in agriculture and forestry. Non agricultural activities as support of the setting up of enterprises and support of tourism facilities shall lead to a diverse rural economy. It shall be complemented by training and information measures. Beside that, the development of nature, landscapes and rivers shall be supported. The measures of the axis shall be implemented by an integrated approach.

Leader budget allocation:

EAFRD: € 10,000,000 (5% of programme total)

Total public funding: € 13,333,333

Support for selected integrated strategies according to the Leader principles.

http://ec.europa.eu/agriculture/rurdev/index_en.htm