

## Terms of review for the spending review of agriculture and rural development

The spending review of agriculture and rural development in the amount of 1.9 % of GDP (1.8 bln. eur<sup>1</sup>) will examine spending on agricultural policy and rural development support, including spending of affiliated organizations of ministry and largest companies in its managerial competence. The objective of the spending review is to evaluate the effectiveness of spending of MPRVSR (Ministry of agriculture and rural development) with the emphasis on achieving better results.

### Performance objectives

The main objectives of the government of the Slovak republic in the area of agriculture are support of rural development and improvement of living conditions of rural population. There will be supported the increase of productivity of agriculture and animal production, development of free market with food-processed goods and free competition in agricultural entrepreneurship. In accordance with the rules of the Common agricultural policy the government will intensify the support of sectors which are potential sources of employment. The government perceives agricultural soil and forest as an integral part of rural environment, where it is necessary to farm according to principles of sustainable development.

TABLE 1 – Performance indicators for agriculture and rural development

		2009	2010	2011	2012	2013	2014	2015	2016
Forest soil fund and forest plots (km <sup>2</sup> )	SK	20 093	20 108	20 115	20 124	20 134	20 143	20 147	
Hectare yields (cereals) (t/ha)	SK	4,3	3,7	5,01	3,8	4,5	6,0	5,08	6,4
Hectare yields (oil crops) (t/ha)	SK	2,2	1,9	2,23	2,0	2,4	3,1	2,3	3,1
Hectare yields (fodder plants) (t/ha)	SK	4,3	4,3	3,88	3,8	4,2	4,5	4,07	4,7
Gross nitrogen balance (kg/ha)	SK		46	34	42	49	46		
	EU		51	51	52	51	51		
	V3		52	54	60	56	44		
Gross animal production (eur/ha)	SK	392	438	404	427	429	406	373	
Rural population (% total population)	SK	45,0	45,3	45,6	45,8	46,1	46,2	46,4	46,5
	EU	26,5	26,3	26,1	25,8	25,6	25,4	25,2	25,0
	V3	32,4	32,3	32,2	32,1	32,0	31,9	31,7	31,6

Source: SO SR, Eurostat, World bank

### Fiscal objectives

The purpose of the spending review will be an evaluation of spending of MPRV SR with the emphasis on better effectiveness of current spending and an analysis of social and economic benefits and costs of planned investments and policies. There will be suggested reallocation of spending on programs with the highest efficiency as well as optimal allocation in the next program period of the Common agricultural policy.

Future spending on projects realized from the EU funds in program period 2014 – 2020 are taken over from the general government budget for the years 2018-2020.

Majority of spending of the ministry is channeled on direct payments to farmers, rural development measures and on regional operational program measures.

<sup>1</sup> Average of the spending of the ministry 2018-2020 according to the proposal of the budget of general government, last available costs of state-owned enterprises and proportionally allocated spending of Integrated regional operational program in years 2021-2023.

**TABLE 2 – Spending of the ministry and its state-owned enterprises\***

mil. eur	2014 A	2015 A	2016 A	2017 E	2018 B	2019 B	2020 B
Stabilization of agriculture and markets with agricultural commodities	381	401	419	661	485	491	492
Rural development SR 2014 – 2020	70	60	163	880	310	301	318
Operational programs of regional development 2014 – 2020	-	-	39	200	221	615	472
Regional development	114	341	54	1			
Rural development	124	318	4	0	0	0	0
Formation, regulation and implementation of policies	46	58	45	53	36	36	36
Food safety, health and protection of animals and plants	35	39	43	34	28	28	28
Support of competitiveness of agriculture and food processing industry	54	32	46	13	3	3	3
Sustainable forest economy	5	5	4	5	2	2	2
Information technologies financed from state budget	-	-	-	4	3	3	3
Other programs	1	1	1	0	0	0	0
<b>Ministry in total</b>	<b>827</b>	<b>1 256</b>	<b>820</b>	<b>1 851</b>	<b>1 089</b>	<b>1 480</b>	<b>1 355</b>
<b>State-owned enterprises of ministry</b>	<b>232</b>	<b>249</b>	<b>267</b>				
out of that Forests of Slovak republic, s.o.e.	207	213	219				
<b>Ministry and state-owned enterprises in total</b>	<b>1 059</b>	<b>1 504</b>	<b>1 087</b>	<b>1 851</b>	<b>1 089</b>	<b>1 480</b>	<b>1 355</b>

\* state-owned enterprises – costs in the given year or last available

Source: MF SR

\*\* A – actual, E – estimate, B - budget

## Areas subject to review

The most important areas of spending review will be the effectiveness of direct payments to farmers, spending on rural development within Program of rural development and spending of Integrated regional operational program. Spending review will also focus on an analysis of instruments of monitoring and increasing the quality of forest fund and will evaluate the possibilities of decreasing of environmental burden generated by agriculture.

Spending review will also focus on the effectiveness of functioning of MPRV SR and affiliated organizations including state-owned enterprises. Part of the ministry are 19 affiliated organizations with total number of approximately 7.5 thousand employees. Out of affiliated organizations of ministry the budgetary most important is the Agricultural paying agency. State-owned enterprises under managerial control of MPRV SR have yearly costs in the amount of approximately 280 mil. eur. Most important of them are Forests of Slovak republic, Breeding services and Agrokomplex.

## Responsibility and deadlines

MF SR (Ministry of finance) is responsible for the interim and final report. It will prepare it in cooperation with MPRV SR. MPRV SR and MF SR are committing themselves to cooperation during providing complete and detailed data and information for the needs of preparing the analyses of the above mentioned areas. Interim report will be prepared and released until the end of October 2018, final report will be prepared and released until March 2019.