

# Review of the implementation of EU-FAS policy in Member States of EU- Hungary

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## I- Executive summary

According to the 2014-2020 Hungarian rural development programme, special attention must be paid to the improvement of targeting and effectiveness relating to knowledge expanding and knowledge transferring activities. In particular, an important goal is to facilitate the preparation for the new development interventions (e.g. Complex tools of water management) as well as the improvement of the professional support efficiency of interventions utilising important sources of support (e.g. Agricultural-environmental management). The targeted support of the groups of the two thematic subprogrammes is especially important with the strengthening of the professional bases: young farmers and REL subprogramme. Accordingly, its goal is to provide professional help to the actors of rural economics according to their needs which promotes the improvement of their competition, taking into consideration the requirements of sustainability, environmental protection and resource efficiency. A significantly vital tool to implement these goals is to spread the innovations of the agricultural sector, and the support of their application in the business practice with the contribution of special consultants. Source allocation is a new approach through which they planned the specific areas, focal areas and types of interventions, thereby promoted the targeted and effective utilisation of sources.

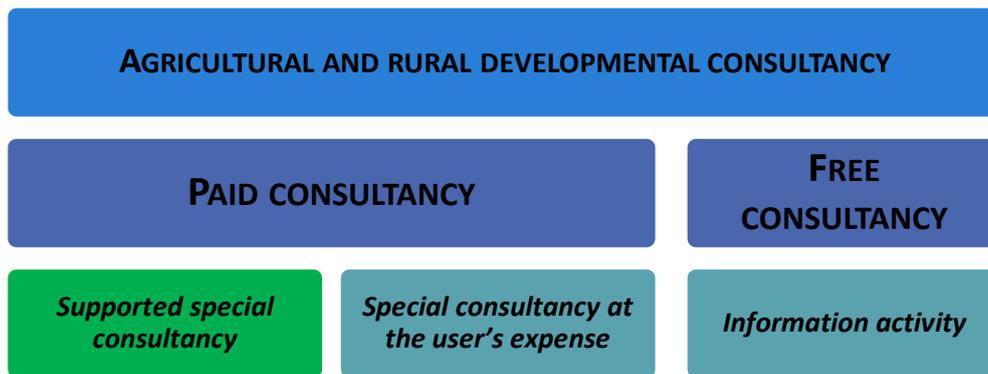
To increase the efficiency of their economic performance, the Hungarian agricultural producers may select from several forms of agricultural and rural development consultation. (Diagram 1).

They can use the help of the village farm managers free of charge, which represents basically an informational and official task for the farmers and not the traditional special consultancy. The gratuitousness of the service shall be ensured by the EMVA source as **information activity**.

One form of the paid consultancy is the one performed by professional organisations, manufacturers and distributors of input materials, proposal writers or sole traders operating on a market basis **without using any support**.

The other form of the pay consultancy is the **special advisory activity funded** by the European Agricultural Fund for Rural Development (EMVA) and national sources. This type of consultancy is an activity that can be carried out by special consultancy organisations selected through proposals provided that they are registered in the list of names relating to the agricultural special consultancy system and they comply with the eligibility criteria. The actual special consultancy shall be performed by the special consultants contained in the list of names and complying with the eligibility criteria according to the conditions of EMVA and the Member State regulation.

1. Diagram



Source: NAK

In Hungary, the Agricultural Advisory System and in particular the supported consultancy has worked since 2007. The development of the system was because of the financing of consultancy from EU sources. During the programme period between 2007 and 2013, the system operated in a different institutional and financing structure than today. In addition, as of 29 May, 2019 a new regulation (law) entered into force regarding the agricultural consultancy. Until the entry into force of the new law, only those consultants (natural persons) had to register in the registry (list of consultant names) relating to the Agricultural Advisory System who performed or wanted to deliver supported consultancy. In addition to the appropriate qualifications and professional experience, it has other conditions too: the consultant could not produce or distribute input materials, could not participate in an audit subject to support and could not be a member of any producer organisations. The last one is due to the avoidance of double financing. From the end of May, 2019 every consultant (natural person) performing advisory activity and every advisory firm has to register, but the registry includes the eligible and supported consultants and advisory firms in different status.

The coordination of the consultancy has been central since the beginnings, which is performed by the National Advisory Centre. This includes:

- The issuing of agricultural, rural developmental consultancy permits,
- The keeping of the register of consultants,
- The checking of the training, vocational training and examination of consultants,
- Organising, coordinating the supported advisory activity and
- The operation of the IT system supporting advisory activity.
- Keeping in contact with the agricultural consultancy organisations of EU Members and representing the Hungarian agricultural and rural developmental consultancy in the international forums.

## II- An extensive description of the implementation of the EU-FAS in Hungary

The task of the Hungarian MSZR is to replace and supplement the knowledge, and intellectual capacities within the framework of a service provided for the agricultural producers and forestry producers – based on the civil law contract concluded with them – which are required for the quality improvement of production. The task of the MSZR actors is to implement actual consultancy for the beneficiaries in connection with land management and agricultural farm management.

The supported consultancy plays a significant role in helping the national producers, food processors and forest managers to utilise the sources of support well, to know and comply with their obligations and perform an agricultural, food processing and forestry activity taking into account sustainability.

The Government set the incentive of taking part in life-long learning as a target in the Partnership Agreement for the 2014–2020 programming period. It plans to reach the goal with the contribution of the organisations according to those contained in this Request. The purpose of the measure is to provide such professional help for agricultural, forestry and food management actors as per their needs that primarily promotes efficient knowledge transfer and the improvement of innovation within the framework of both individual and group consultancy.

In Rural Development Programme (RDP) of Hungary me, the purpose of the measure is provide such professional help for agricultural, forestry and food management actors as per their needs that primarily promotes efficient knowledge transfer and the improvement of innovation as well as the increase of the economic competitiveness of the target groups concerned in the Rural Development Programme, taking into consideration the requirements of sustainability, environment and climate protection as well as resource efficiency. In the case of forest managers, consultancy primarily aims at the preservation of natural habitats, the protection of wild animals and plants and the success of Water Framework Directive; in the case of food processors; it aims at the production of healthy and safe food. The measure relates primarily to focal area 1A, but it contributes to all broad objectives of KAP. Within the framework of the measure, advisory service takes place in two different forms:

### 1. Individual consultancy

Target area A): agricultural producers;

Target area B): young agricultural producers;

Target area C): forest managers;

Target area D): for food processing companies qualifying micro and small companies in the rural areas

### 2. Group consultancy

Target area A): agricultural producers;

Target area B): young agricultural producers;

Target area C): forest managers;

Target area D): for food processing companies qualifying micro and small companies in the rural areas

Target area E): The producers of REL cooperation.

The advisory services are performed by organisations selected with the national public procurement law, or in the case of state organisation, organisations appointed by the IH. Within the framework of the operations, only those natural persons may request the services that can be used by the young agricultural producers who were granted support based on sub-measure 6.1. Contribution to the Focal Areas: The measure primarily contributes to the following focal areas: 1A, 2A, 2B, 3A, 4A, 4B, 4C, 5B, 5E. The measures make the practical introduction of agricultural innovations possible through advisory

services. Consultancy provided to farmers increases the level of proficiency used in production, thereby supports more efficient and environmentally conscious management. In addition, the measure contributes to focal areas 5A, 5D and 6A.

*Innovation goals:* The innovation knowledge of farmers can be increased to a considerable extent with consultants with a wide range and up-to-date professional knowledge and practice which can also receive advice for the practical application of innovations.

*Climate policy goals:* It is a significant task of consultants that they draw the attention of those participating in consultancy to production methods reducing the emission of greenhouse gases and energy utilisation and they provide practical advice for their application. The consultancy shall extend to the mitigation of climate change and the effective adaptation to it, the management aiming at the awareness of biological diversity and water preservation, the improvement of environmental performance.

**Additional pieces of measure-specific information regarding consultancy:**

Based on the respective national law, only those consultants may provide advisory services relating to short supply chains who have an agricultural consultancy permit and registered in the consultancy list. Only those can provide advice pertaining to short supply chains who are able to transfer food, food chain safety, commercial and marketing knowledge in connection with the development and operation of short supply chains. The consultancy organisations shall create a legal relationship aiming at the performance of supported special consultancy with consultants in the list of names.

- In case of target areas A) and B), the specific advisory activity shall concern at least one priority listed in Article 5 of 1305/2013 EMVA Regulation (*hereinafter referred to as EMVA Regulation*) as well as at least one of points a)-g) of Article 15(4) of EMVA Regulation. Besides, the advisory activity may extend to among others information relating to the mitigation of climate change effects, the preservation of biodiversity and waters, and the increase of competitiveness of the agricultural management.
- In the case of target area C), the advisory activity shall involve relevant obligations specified based on 92/43/EEC, 2009/147/EC and 2000/60/EC. In addition, consultancy may extend to issues relating to the economic and environmental performance of forest management.
- In the case of target area D), consultancy may extend to – among others – economic, environmental and climate protection information relevant for the specific micro and small companies.
- In the case of target area E), the consultancy shall extend to the transfer of food, food chain safety, commercial and marketing knowledge in connection with the development and operation of short supply chains.

## A) Introduction – General overview of the EU-FAS implementation

The significance of the supported consultancy is immense in the country mostly for SMEs. Due to their low level of income, these businesses rarely or cannot allow employing a consultant, but due to the time requirements of their activity, they can hardly and often late acquire appropriate information. Thus, they are not aware of their obligations and possibilities, so their compliance or the exploitation of options are neither suitable. That is why – as EMVA Regulation lays down – supported consultancy in Hungary must extend to one of the followings at the level of businesses:

- Obligations arising from the business requirements included in the law, and
- Regulations regarding the land's good agricultural and environmental state, and

- The agricultural practice advantageous from climate and environmental point of view and
- The keeping of farming land in a state which is suitable for grazing or plant production without preparation exceeding the common agricultural methods and machines,
- Measures to be taken at the level of businesses specified in the rural development programmes that aim at
  - The modernisation of agricultural management,
  - The improvement of competitiveness,
  - Sectoral integration,
  - innovation,
  - Market orientation, and
  - The support of business capacity.

The consultancy organisations to be received support shall be selected based on the Call for Tender issued by the Managing Authority. Currently, 16 organisations may perform support from EU funding, but they were only selected in June-July of 2019 so they have not yet started their particular activity. Therefore, we do not have results relating to the implementation.

The following table includes the business number to be reached per area of expertise laid down in the RDP of Hungary:

Area of expertise (Focal Area)	Number of people receiving consultancy (capita)
Primary agricultural production (2/a; 5/a; 5/b; 5/d)	40,250
Food processing (3/a; 5/b)	5,250
Forest management (5/e)	4,500
Environment management (4/a-b-c)	18,000
The farmer of REL cooperation (3/A as part of a sub-programme)	2,000
Young Farmer (2/b as part of a sub-programme)	4,200
<b>Total</b>	<b>74,200</b>

Source: Hungary - Rural Development Programme 2014 - 2020 (Version 5.2)

## B) “Boundaries” of the implementation of the EU-FAS regulation

As the introduction already mentions, the institutional and support structure of the supported consultancy are different from each other regarding the previous and the current period.

Name	2007-2013	2014-2020
<p><b>The actors of the institution system and their task</b></p>	<ul style="list-style-type: none"> <li>• <b>Ministry of Agriculture</b> – legislation</li> <li>• <b>Managing Authority</b> – The specification of the support criteria</li> <li>• <b>Paying Agency</b> – the payment and verification of supports</li> <li>• <b>National Agricultural Advisory Board (NATaB)</b> – as a professional advisory body, it contributes to the harmonisation of specific tasks in connection with an agricultural consultancy with proposing and consultation rights.</li> <li>• <b>National Consultancy Centre (OSzK)</b> – coordination, registration, training, information</li> <li>• <b>Consultant</b> – a natural person carrying out advisory activity at the business, has an active status in the list of name (from 30 May, 2019: active, eligible)</li> <li>• <b>Business Operator</b> – a client using supported consultancy</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Regional Consultancy Centre (RSzK)</b> – information bases in six regions of the country supporting the work of the Local Consultancy Centres</li> <li>• <b>Local Consultancy Centre (TSzK)</b> – organisations selected through accreditation, performing locally covering a specified geographical area concluding a contract both with clients and consultants</li> <li>• <b>Professional Consultancy Centre (SzSzK)</b> - organisations established in agricultural research sits and universities who supported the Local Consultancy Centres and the consultants to solve special problems within their area of expertise.</li> </ul>
<p><b>The beneficiary of the support</b></p>	<p>The business operator as a set-off of the fee paid for the consultancy</p>	<p>The consultancy organisation to set off its expenses relating to the supported special consultancy</p>
<p><b>Intensity, amount of support</b></p>	<p>80%, 700 EUR/client/3years; then 700 EUR/client/year</p>	<p>90%, Maximum 800 EUR/client/year in case of individual consultancy Maximums: 150EUR/client/year and 1500 EUR/event/year and 6000 EUR/consultant/year in case of group consultancy.</p>
<p><b>The request for support</b></p>	<p>The accredited Local Consultancy Centre requested for a framework amount, concluded a contract and reported them to the paying agency</p>	<p>The Consultancy Organisation selected through a proposal requests for the support based on an itemised account confirming its expenses</p>

	The business operator paid the service fee and was eligible for the payment of support by providing the invoice it received.	
<b>The settlement of support</b>	Unit price based	Itemised cost accounting-based

The consultancy organisations are business operators, sole traders operating on a market basis. Typically, they are companies performing the supported advisory activity in a specific geographical area but often nationwide. The supported consultancy is mainly characterised by the obligations of the business operators, administrative help in the previous but also in the current period of the programme; there are a few activities subject to production technology. The latter is mainly performed by the large input material producers, distributors with an extensive Advisory activity and network which do not receive any support but there are more and more producers and distributors which performs consultancy for a remuneration.

In May 2019, the announcement of the winning service providers receiving Supported Consultancy began in Hungary. It is possible to register in the consultants' list from 29 May, 2019. (This was when the law enabling this entered into force since previously only the natural persons could request for their registration in the list of names). According to our current knowledge, there are 16 service providers who have support deed, out of which only 6 met their reporting obligation; thus the following table has been compiled based on the data regarding these organisation. In our case, those specified in Article 12 of Regulation 1306/2013/EU are not relevant, but Article 15 of Regulation 1305/2013/EU shall prevail that is why we completed Table 1 of Methodology Manual based on that regarding the available 6 service providers.

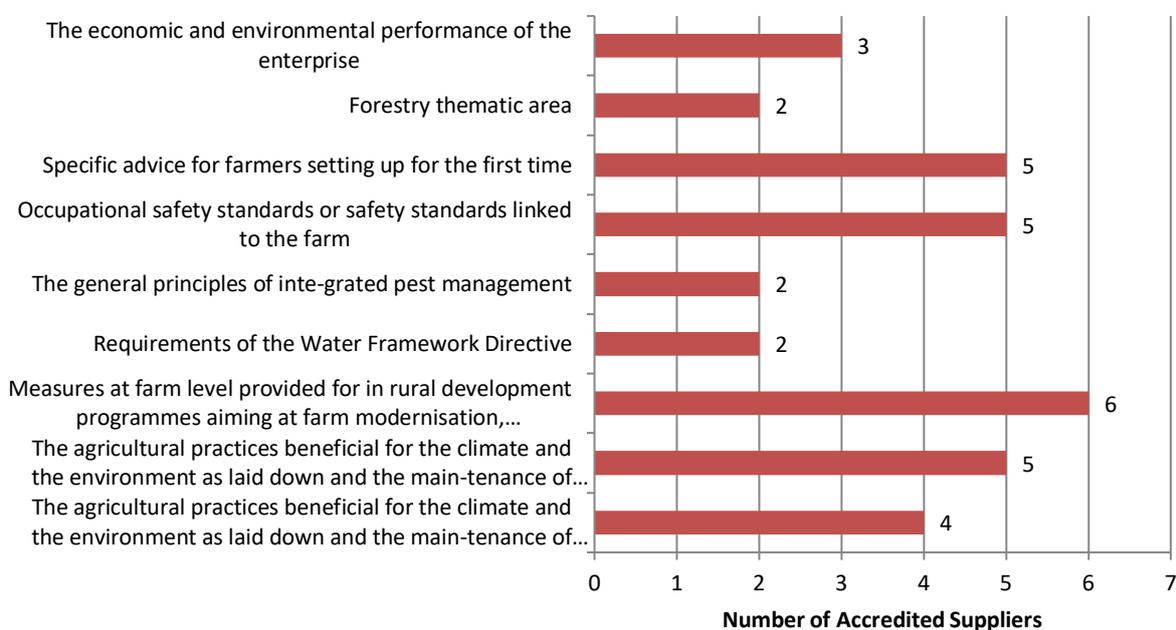
[The different domains defining the scope of the EU-FAS \(Reg. \(EU\) No 1305/2013 Art. 15\)](#)

	<i>Accredited supplier</i> <b>#1</b>	<i>Accredited supplier</i> <b>#2</b>	<i>Accredited supplier</i> <b>#3</b>	<i>Accredited supplier</i> <b>#4</b>	<i>Accredited supplier</i> <b>#5</b>	<i>Accredited supplier</i> <b>#6</b>
<b>The economic and environmental performance of the enterprise</b>		X			X	X
<b>Forestry thematic area</b>		X		X		
<b>Specific advice for farmers setting up for the first time</b>	X	X		X	X	X
<b>Occupational safety standards or safety standards linked to the farm</b>		X	X	X	X	X
<b>The general principles of inte-grated pest management</b>	X	X				
<b>Requirements of the Water Framework Directive</b>		X	X			
<b>Measures at farm level provided for in rural development programmes aiming at farm modernisation, competitiveness building, sectoral integration,</b>	X	X	X	X	X	X

innovation and market orientation, as well as the promotion of entrepreneurship						
The agricultural practices beneficial for the climate and the environment as laid down and the maintenance of the agricultural area		X	X	X	X	X
The agricultural practices beneficial for the climate and the environment as laid down and the maintenance of the agricultural area		X	X		X	X

Source: Based on the data of 6 service providers with support deed according to NAK-registry.

### The different domains defining the scope of the EU-FAS



Source: Based on the data of 6 service providers with support deed according to NAK-registry.

### Selected Advisory Organizations for supported consultancy activities

There are currently 16 consultancy organizations in Hungary that can provide supported consultancy services. These organizations were selected by the Managing Authority within the framework of the call for proposals for individual and group advice within the Hungarian Rural Development Program 2014-2020, with the title given below. We know of two other organizations that are still under review in January 2020. The entities listed below are market-based companies that are independent of manufacturers, distributors of input materials and governmental organizations. They cover the whole territory of Hungary according to their national distribution, but are more numerous in the eastern part of the country. The larger number may be justified by helping the economic and social catching up of the eastern part of the country and improving the competitiveness of the sector (producers, processors).

The eligibility criteria for eligible organizations are set out in detail in the related call for proposals, which is included in the material under the heading Support of consultancy between 2014 and 2020.

<b>Supported projects under the VP-2.1.2-17-Individual and group consultancy in the field of agriculture, forestry and food processing sub-measure of Hungarian RD</b>			
<b>Name of beneficiary/Denomination of project:</b>	<b>Grant decision date</b>	<b>Grant awarded (EUR)</b>	<b>Settlement</b>
<b>AGRÁRÉLET Kft.</b> - Advisory support by AgrárÉlet Kft.	2019.10.14	431 626	Mosonmagyaróvár
<b>Agrárszaktanácsadó Kereskedelmi és Szolgáltató Bt.</b> - Preparation of Hajdú-Bihar County Farmers by Agrárszaktan Consulting Bt	2019.06.05	94 383	Debrecen
<b>Agrion Top Kft.</b> - Advisory Service Center in the Western Transdanubian Region	2019.06.05	787 074	Nagylózs
<b>Agro Profi Mezőgazdasági és Kereskedelmi Kft.</b> - AGRO PROFI Agricultural Advisory Center	2019.06.05	2 841 418	Kapuvár
<b>Alfa 75 Mérnöki Szolgáltató Bt.</b> - Advisory service in Heves county, especially in the wine region of Eger	2019.06.05	691 868	Eger
<b>AMAGRO DUO Korlátolt Felelősségű Társaság</b> - Individual and group consulting at Amagro Duo Kft	2019.10.14	5 035 724	Nyíregyháza
<b>Bioker Kft.</b> - Professional assistance of a consultancy group founded 10 years ago with EU support	2019.06.05	452 945	Szombathely
<b>DEMO-TRADE Kereskedelmi és Szolgáltató Kft.</b> - Supporting individual and group consulting in Demo-Trade Kft	2019.06.05	2 803 126	Nyíregyháza
<b>DUCTUS Szaktanácsadó és Oktató Kft.</b> - Agricultural consultancy in the Eastern region at Ductus Kft.	2019.10.14	6 955 166	Nyíregyháza
<b>Euroadvance Közgazdasági Tanácsadó Kft.</b> - Individual and group consulting at Euroadvance Kft	2019.06.05	1 187 391	Nyíregyháza
<b>Gazda Kontroll Szolgáltató Kft.</b> - Provision of consultancy services by Gazda Kontroll Kft	2019.06.05	1 000 321	Mosonmagyaróvár
<b>MG ERDŐ Termelő és Szolgáltató Kft.</b> - Consulting at MG Erdő Kft	2019.06.05	120 419	Abádszalók
<b>NEZ-AF Szaktanácsadó és Agrárfejlesztő Kft.</b> - Establishment of individual and group consulting center at NEZ-AF Kft	2019.06.05	846 665	Kaposszekcső
<b>Ökológiai Mezőgazdasági Kutatóintézet Közhasznú Nonprofit Kft.</b> - Individual and group consultancy relating to agriculture, forestry and food processing	2019.10.14	744 243	Budapest
<b>SOKOFE Agrármenedzser Kft.</b> - Applying for consultancy support to the clients of SOKOFE Agrármenedzser Kft	2019.10.14	688 146	Debrecen
<b>V-Agrár Tanácsadó Kft.</b> - Supported by V-Agrár Consulting Ltd.	2019.06.05	380 742	Gyöngyös

Forrás: Széchenyi 2020 weboldal, Támogatott projektkereső.  
[https://www.palyazat.gov.hu/tamogatott\\_projektkereso](https://www.palyazat.gov.hu/tamogatott_projektkereso)

## C) “Identity” of the suppliers selected for the implementation of the EU-FAS regulation

### **Terms in the national law of consultancy**

According to those laid down in the effective Hungarian legislation (Decree No. 16/2019 (IV.29.) concerning agricultural and rural developmental consultancy and the agricultural advisory system Hereinafter referred to as AM Decree), *consultancy* is a service activity implemented in the areas of expertise within the topic listed in Annex 1 to the Regulation (Annex 1 to this document) independently – regularly, to gain profits with assuming economic risks – in connection with the client’s agricultural activity.

A *consultant* is a natural person with five-year professional experience, qualifications relating to the indicated field, registered in the list of consultants performing advisory services.

The *consultancy organisation* is an economic organisation performing advisory services in the areas of topics listed in Annex 1 to the Decree with a registered office in the EU and at least with a business site in Hungary, including the sole trader employing a consultant. The organisation carries out this activity at least partly from the subsystem of the state budget, EU allocation or based on an international agreement for the person entitled to the support financed from another programme.

*Supported advisory activity*: financed at least partly from the subsystem of the state budget, EU allocation or based on an international agreement;

### **The support of consultancy between 2014 and 2020**

The basic criteria for the support shall be determined by the Programme as follows:

A support in the form of a non-refundable grant can be provided within the framework of the Farm Advisory System by consultancy organisations:

Target area A): for individual and consultancy service provided to farmers

Target area B): for individual and group consultancy service provided for young farmers

Target area C): for individual and group consultancy service provided for forest managers

Target area D): for individual and group consultancy service provided for food processing companies qualifying micro and small companies in the rural areas

*Direct beneficiaries*: consultancy organisation offering consultancy *Indirect beneficiaries*: agricultural producer, young agricultural producer, food processor qualifying as a micro and small business in the rural areas or a forest manager using individual consultancy services.

### **Eligibility criteria:**

#### **In the case of those using the service:**

Target area A): agricultural producer;

Target area B): a young agricultural producer with a grant received within the framework of sub-measure 6.1;

Target area C): forest management and at least 1-ha area;

Target area D): an SME carrying out food processing activity in rural areas.

#### **In the case of consultancy organisations providing the service:**

- The consultancy organisation must have a registered seat in the EU and at least one business site in Hungary,
- It employs – or ensure in the form of a contract – at least some registered, highly qualified consultants with appropriate references and experience so that it can provide advice:
  - in the case of target areas A) and B), regarding at least three topics out of the topics specified in Article 15(4) of 1305/2013/EU
  - in the case of target area C), regarding the compulsory topics in Article 15(5) of 1305/2013/EU and
  - in the case of target area D), regarding the topics specified in Article 15(6) of 1305/2013/EU,
- Its consultants must participate in regular training organised by the organisation performing the training of consultants.

**Selection criteria:**

- The biggest possible contribution to the comprehensive objectives (innovation, climate protection);
- Cost efficiency,
- The consultancy service is provided by highly-qualified and active professionals,
- in the case of target areas A) and B), it has a consultant sufficient for covering more than 3 topics out of the topics listed in Article 15/4 of Regulation (EU) 1305/2013, and in the case of target area C), at least one in addition to the compulsory topics listed in Article 15(5), in the case of target area D), at least one topic in addition to the compulsory topics listed in Article 15(6),
- It has as modern devices to carry out the activity as possible,
- It has favourable references regarding the advisory activity performed in the given area(s) of expertise

The detailed conditions for the grant are included in the Call for Tender (hereinafter referred to as Call) with code number VP1-2.1.1-2.1.2-17 (VP = Rural Development Programme (RDP) of Hungary) relating to individual and group in connection with agriculture, forest management and food processing.

The purpose of the Call is to provide such professional help for agricultural, forestry and food management actors as per their needs that primarily promotes efficient knowledge transfer and the improvement of innovation as well as the increase of the economic competitiveness of the target groups concerned in the Rural Development Programme, taking into consideration the requirements of sustainability, environment and climate protection as well as resource efficiency. Support pursuant to Article 15(1a) of Regulation (EU) No 1305/2013 n support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005 shall help farmers, young farmers, forest holders, other land managers and SMEs in rural areas benefit from the use of advisory services for the improvement of the economic and environmental performance as well as the climate friendliness and resilience of their holding, enterprise and/or investment.

**Activities that can individually be supported and must be implemented compulsorily:**

- In case of A1, A2 and B1, B2 and R2 areas, the consultancy service must concern at least one priority of those listed in Article 5 of EMVA Regulation and at least three out of those contained in Article 15(4) of EMVA Regulation. Besides, the consultancy activity may extend to among others information relating to the mitigation of climate change effects, the preservation of biodiversity and waters, and the transfer of knowledge by increasing the competitiveness of the agricultural management.

- In the case of target areas C1 and C2, the consultancy activity shall involve relevant obligations specified based on 92/43/EEC, 2009/147/EC and 2000/60/EC. In addition, consultancy may extend to issues relating to the economic and environmental performance of forest management.
- In the case of target areas D1 and D2, consultancy must extend to – among others – economic, environmental and climate protection information relevant for the specific SMEs qualifying as food processors in the affected rural areas. In the case of target area R2, the consultancy shall extend to the transfer of food, food chain safety, commercial and marketing knowledge in connection with the development and operation of short supply chains.

Name of operation	The target areas of consultancy provided for the direct beneficiaries of RDP				
	For agricultural producers	For young agricultural producers	For forest managers	SMEs carrying out food processing activity in the rural areas	The producers of REL cooperation.
Individual consultancy	Consultancy A1	Consultancy B1	Consultancy C1	Consultancy D1	Not relevant
Group consultancy	Consultancy A2	Consultancy B2	Consultancy C2	Consultancy D2	Consultancy R2

Source: VP1-2.1.1-2.1.2-17 Call for the implementation of providing consultancy services for actors in the agriculture, forestry and food business Individual and group consultancy relating to agriculture, forest management and food processing

#### D) “Control” of the quality of the services implemented under the EU-FAS regulation

The Managing Authority shall examine the eligibility criteria before granting the support with the contribution of the Hungarian State Treasury based on those laid down in the call for tender. The Call shall specify framework criteria and criteria representing extra points during the selection procedure regarding the direct and indirect beneficiaries that can receive support. Under this, only those organisations could submit a Request for Support which met the following criteria included in the Call.

Those consultancy organisations may submit a request for support which:

1. Have a client ID<sup>1</sup>, that is, a registered client,
2. Have a registered seat in the EU and at least one business site in Hungary,
3. Employ a number of consultants sufficient for the provision of the service and registered in the list of names with a college degree, except for the forestry consultants, in the case of whom – pursuant to the consultancy regulation, forest management qualifications is enough to receive a permit
4. Employ such consultants who participate in the training organised by the organisation (National Advisory Centre) performing the training of consultants,
5. Employ consultants with at least 5-year professional experience and participate in regular training with which it can:
  - a. In the case of individual consultancy:
    - in the case of target areas A1 and B1, regarding at least three topics out of the topics specified in Article15(4) of Regulation EMVA,

<sup>1</sup>According to Section 28 of Act XVII of 2007 on certain issues required for the procedure relating to agricultural, rural developmental and fishery supports and other measures, have a client ID

- in the case of target area C1, regarding the compulsory topics in Article15(5) of Regulation EMVA,
- in the case of target area D1, regarding the topics specified in Article15(6) of Regulation EMVA,

b. In the case of group consultancy:

- in the case of target areas A2, B2 and R2, regarding at least three topics out of the topics specified in Article15(4) of Regulation EMVA,
  - in the case of target area C2, regarding the compulsory topics in Article15(5) of Regulation EMVA,
  - in the case of target area D2, regarding the topics specified in Article15(6) of Regulation EMVA,
- The topics of individual and group consultancy shall be included in Annex 4 based on Article 15(4, 5, 6) of Regulation EMVA.

6. Have the consultants contained in the list of names necessary for carrying out the supported special consultancy service continuously during the support period.

A business enterprise owned primarily by the state or a central budgetary body may only submit a request for support if the Government previously agreed with it. Within the framework of the Call, it is not possible to submit the request for support in the form of a consortium.

Requests for support could be submitted between 15 August, 2017 and 29 December, 2017. During this time, the following projects were assessed collectively by the deadline. The first phase was closed on 30 November, 2017, and the second one was closed on 29 December, 2017.

**Technical and professional requirements:**

1. Within the framework of the measure, only an active consultant with an eligible status and a licence relating to the given target area can offer advice based on the regulation on the agricultural and rural developmental consultancy activity.

2. The consultant may establish an employment relationship or an agency relationship aiming at work with several applicants during the project implementation. If the consultant has a relationship with several applicants, the applicant shall record in the agreement on the agency relationship.

3. The applicant shall attach a Consultancy Plan and a Service Schedule to the request for support.

4. The applicant shall provide the service continuously until 31 July, 2023 according to those included in the Consultancy Plan, the Service Schedule and the schedule laid down for the given milestones in the request for support. Such a modification of the code number within the target area shall not be deemed the modification of the Service Schedule that does not require a change in the classification regarding focal area and area of expertise. The content and schedule of milestones can be changed once a year by regrouping no more than 20% of the support amount planned to use until reaching the milestones.

5. The beneficiary may account for the counter value of services it actually performed in the annual summary.

6. The applicant shall keep a record of the consultancy service during the project implementation and submit it together with the annual request for payment.

7. The cost calculation must be attached to the request for support with justification.

8. The indirect beneficiary participating in individual consultancy shall contribute to the service fee with 10%.

9. In the case of individual consultancy, the applicant shall issue an invoice on the contribution of the indirect beneficiary participating in the consultancy (10% contribution fee) and attach it to the request for payment with the document certifying financial settlement. The invoice shall include the code number of the service and the number of the consultancy contract.

10. In the case of product procurement or service, the applicant shall submit three – independent and comparable – price quotes as the attachment to the request for support. The request for support must include the product, service with the most favourable price quote taking into account cost efficiency, the “value for money” principle and the objectives of the tender with a professional justification.

11. The beneficiary shall start providing the consultancy service regarding the target areas undertaken in the request for support within 6 months from the entry into force of the Support Document.

12. During the conclusion of the contract for consultancy, the applicant shall have the indirect beneficiary declare that it does not have a valid contract for support consultancy with another service provider at the time of concluding the contract for consultancy regarding the same period and that it will not conclude any agreement with other people during the scope of the contract.

13. During the conclusion of the contract for consultancy, the applicant shall have the indirect beneficiary declare that there are no grounds for exclusions in case of an activity falling within the scope of the state eligibility rules.

The beneficiary shall keep the record of the service and the written documents of the consultancy for at least 5 years.

The consultancy organisation shall provide the substantial elements of the consultancy in writing to the service user. Consultants providing supported consultancy services shall only be employed in an employment relationship or an agency relationship. Besides, the organisation shall conclude a contract with those receiving consultancy service.

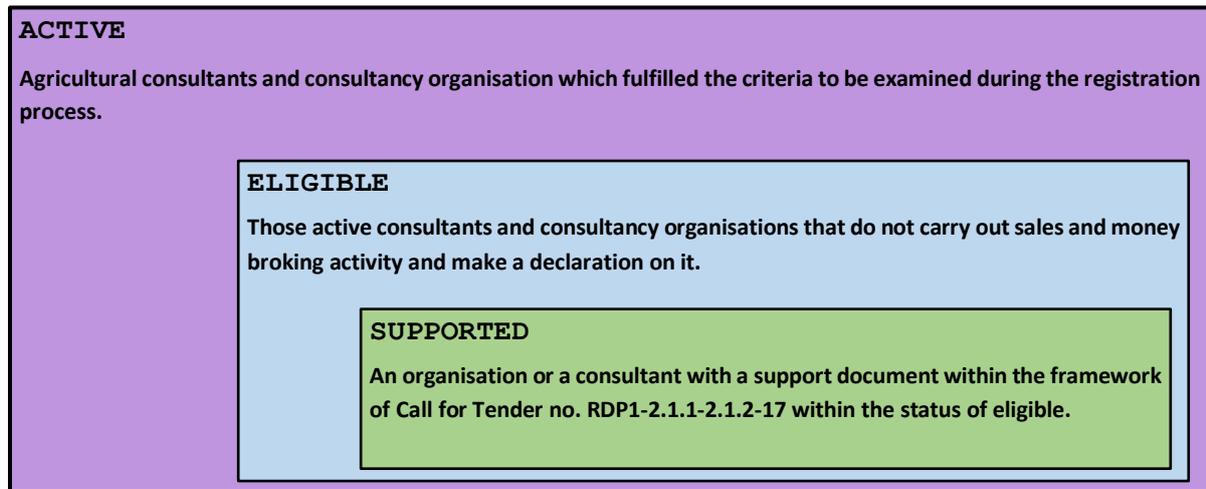
The project can be ended physically until 31 July, 2023.

### **The MS regulation of the consultancy activity**

As we already mentioned in the introduction, the Hungarian Agricultural Advisory System has expanded since the end of May in 2019, and the supported consultancy has become a part of it. As such, the national legislation (in addition to the supported consultancy) manages the consultants operating on a market basis irrespective of the support. Pursuant to Act XCVII of 2015 concerning specific issues of the organisation of agricultural product markets and interbranch organisations, those people are entitled to start consultancy activity who complied with the reporting obligation expressed in the respective Law. The report of the consultancy activity can be initiated through the so-called Electronic Advisory System for the Management of List of Names (Hungarian abbreviation: ESzNR) managed by NAK. The implementing decree of the law is the above-mentioned AM Regulation No. 16/2019 (IV. 29.) which specifies the process of registration, its criteria, the terms relating to consultancy, the actors and their roles, the compulsory training and other criteria.

Pursuant to the Regulation, during the registration, in case of a consultant, it has to be examined whether the declarer has the professional tertiary education relating to the indicated area of expertise, the five-year professional experience relating to the area of expertise and other criteria specified in the decree. In case of a consultancy organisation, it has to be examined if the consultancy activity is included in the spheres of activity of the organisation and it carries it out through consultants.

After the registration, the consultant and the organisation may be included in several statuses which is shown by the following diagram:



All consultants and consultancy organisations who/which meet the criteria regarding the professional qualifications and the five-year experience – and in the cases of certain topic areas, other criteria – are registered with an active status.

Those active consultants can receive an eligible status who:

*In the case of a natural person consultant:*

- a) is not member, owner or employer of a business or does not have an employment relationship with a business enterprise – excluding the producer group, producer organisation with a ministerial recognition – which performs sales and money broking activity relating to the client’s agricultural activity, and
- B) does not perform administrative or physical inspector activity relating to agricultural, food processing, forest management, rural developmental support, as well as for official tasks;

*In the case of a consultancy organisation:*

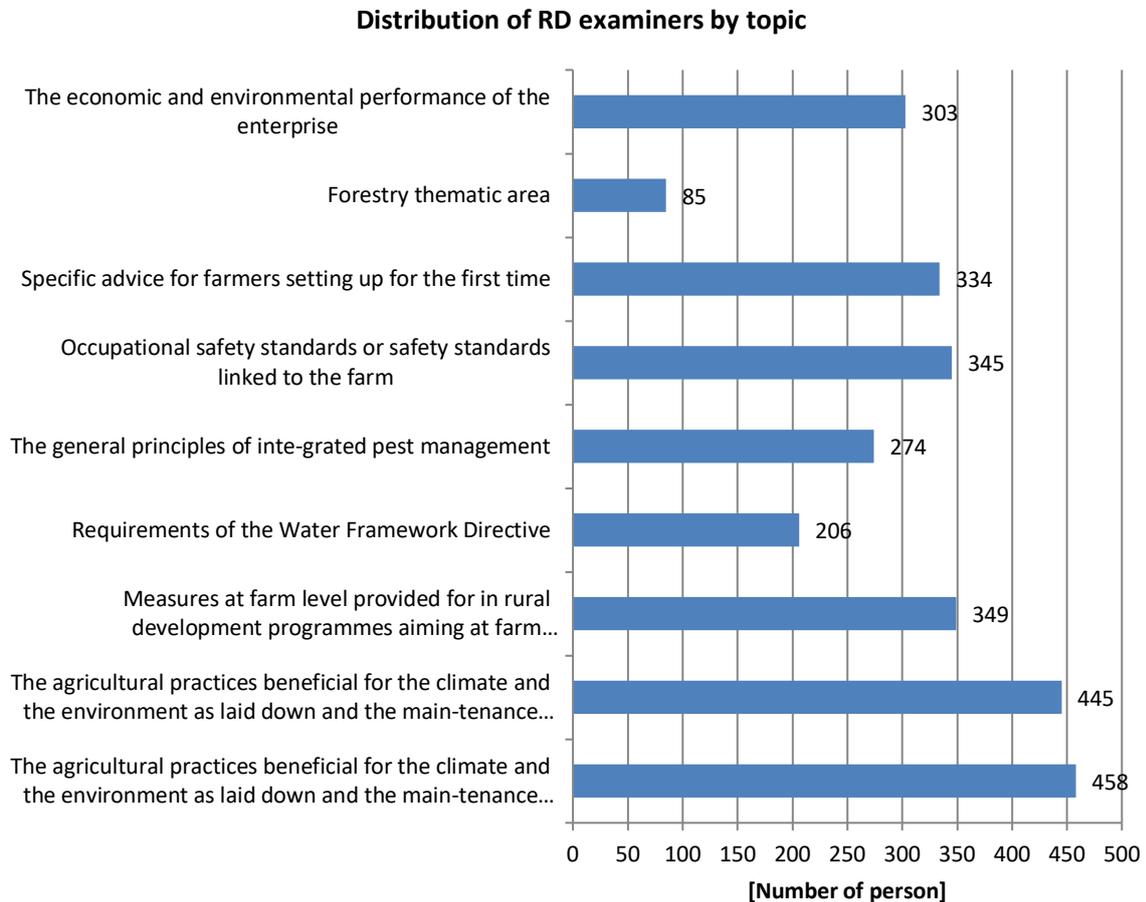
- a) its activity is performed with the contribution of consultants,
- b) is not member, owner or employer of a business or does not have an employment relationship with a business enterprise – excluding the producer group, producer organisation with a ministerial recognition – which performs sales and money broking activity relating to the client’s agricultural activity, and
- c) does not perform administrative or physical inspector activity relating to agricultural, food processing, forest management, rural developmental supports;

In case of consultancy organisations, those receive the *supported status* that have the support document within the framework of the Call for Tender regarding individual and group consultancy relating to agriculture, forest management and food processing (Rural Development Programme 1-2.1.1-2.1.2-17). In the case of consultants, those receive supported status who is the employer of the organisation mentioned previously.

The detailed rules for the training obligations of the consultant in the list of names are included in Section 2.4.

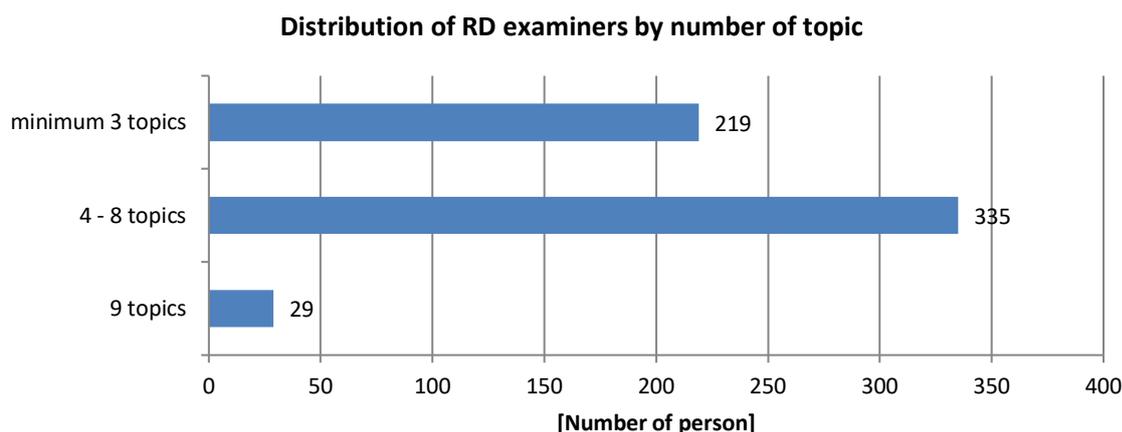
## E) “Attributes” of the services implemented under the EU-FAS regulation

Both the RDP and the Call for Tender specify for the consultants participating in the support that they have to take a successful exam in at least 3 areas out of the 9 topics specified in Regulation EMVA. The last exam was in 2017 (the next one is currently organised, the expected date is on 10th of September, 2019). A total of 583 people took a successful RDP exam. The following diagram shows how many consultants have a successful exam in the given area/topic



*Source: Based on the data of all consultants took a RDP exam included in the list of names according to the NAK-registry*

The following diagram demonstrates how many people fulfilled the minimum of 3 optional areas and how many people performed better.



Source: Based on the data of all consultants took a RDP exam included in the list of names according to the NAK-registry

In addition to the above, the Call for Tender states that the consultants participating in support shall take part in regular training contained in Regulation No. 16/2019 governing consultancy. According to the Regulation, the consultants shall participate in a central training system and take successful exams. The training of the consultants shall be the task of the National Advisory Centre (Hungarian abbreviation: OSZK). The Regulation assigns the task of OSZK to the competence of the Hungarian Chamber of Agriculture (NAK). Within NAK, it is the Directorate for Rural Development and Consultancy and the Consultancy Department which performs the implementation. The training system composes of four training forms. These are summarised in the following diagram:



Source: Hungarian Chamber of Agriculture (NAK), Department of Consultancy

### **I. Basic course and basic exam**

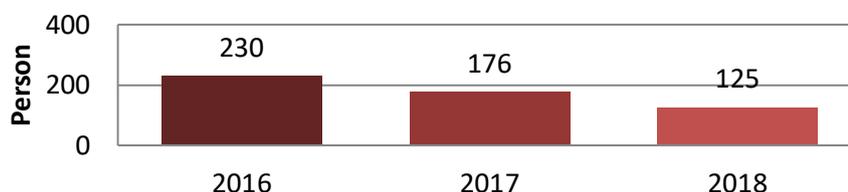
It is compulsory for all consultants contained in the list of names by the end of the calendar year following the registration of the consultancy activity. (e.g. If they are registered in the list of names on 16 August, 2019, then until 31 December, 2020)

The training modules (methodology of consultancy, institutional system relating to consultancy, IT systems relating to consultancy, digital bases) shall be specified by the regulation. The respective study materials are available for the consultants electronically, on an e-learning platform. The following table summarises the fulfilment requirements for the training topics.

TOPICS	REQUIREMENTS				
	TRAINING	TRAINING DAY	ONLINE TEST	WRITTEN EXAM	ORAL EXAM
1. Consultancy basics, methodology	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2. The system of the supported agricultural and rural development consultancy		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
3. The respective IT systems		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
4. The basics for digital technology, its application in agriculture		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

Source: NAK Department of Consultancy

Since 2016, a total of 531 people has completed the basic course and taken a basic exam (for the annual breakdown see the following diagram). This year, NAK provides an opportunity for 360 consultants to complete the course and take an exam.

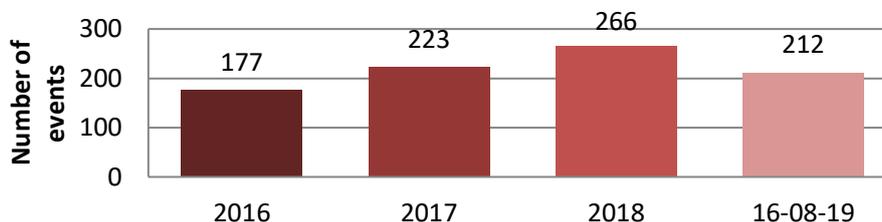


Source: NAK Department of Consultancy

## II. Professional events

As part of the annual vocational training, the consultants shall participate in professional events registered and accredited in the Hungarian Chamber of Agriculture. In the year when the consultancy activity is registered, the participation is not compulsory, but later it is, and the consultant shall collect 10 credit points each year. (One event can have a value of 2 or 4 credits.)

The events must relate to the topics of the consultants, and it is important to provide up-to-date information. Since 2016, a total of 878 events have been accredited. The following diagram demonstrates that the number of professional events meaning credit points for the consultants have been increasing year by year.



Source: NAK Department of Consultancy

## III. Training relating to the supported consultancy

This course element is compulsory for consultants carrying out supported consultancy from the Rural Development Programme. The consultants must take at least 3 successful exams from the 9 optional topics to complete the course. The study materials needed to prepare are available for the consultants

electronically, on an e-learning platform. Exam mode: online test taken personally. Until the end of 2018, 584 consultants completed the course.

#### IV. Training specified by the Ministry of Agriculture (AM)/the Hungarian Chamber of Agriculture (NAK)

To update and expand knowledge of the consultants, the AM or the NAK may specify a compulsory course occasionally each year. Such course has been implemented by the NAK relating to Agricultural Environment Management, the completion of Unified Requests and innovation. From 2020, it is planned to implement special courses relating to the topic/area of expertise of the consultants. The courses are mainly implemented in an e-learning form with online tests taken personally.

##### Providing up-to-date information for consultants

In addition to courses, the National Advisory Centre supports the consultants with newsletters. They receive an electronic newsletter every week about the recent agricultural news, legal amendments and the current tenders. Besides, there is a subpage expressly for the consultants where they can find other useful information.

In order to help the business operator to find the most suitable consultant, there is a search function on the website which continuously monitors the incoming new registrations, the data modifications, the status changes; thus the interested people (business operators) may search among up-to-date information and data. <http://www.nak.hu/a-nak-atal-nyilvantartott-aktiv-szaktanacsadok>

#### F) “Financing” of the services implemented under the EU-FAS regulation

Upon the announcement of the Call, the planned allocation available for support is EUR 45.4 million. The measure relates mainly to focal area 1A, but the possible allocation contributes to the following focal areas:

Number of the focal area	Name of the focal area	Allocation (million EUR)
2A	The improvement of the performance of all agricultural plants and the facilitation of the restructuring and modernisation of the agricultural plants, above all, for market presence, market orientation and the increase of the diversification of agricultural activities	24.9
2B	The facilitation of entering the agricultural sector by the properly qualified agricultural producers and especially the support of the generational renewal	2.5
3A	The improvement of the competitiveness of the primary producers to integrate them properly to the agricultural food chain through quality systems, the increase of the values of agricultural products as well as promotion carried out in the local markets, short supply chains and producer groups and interbranch organisations	4.1
4	The recovery, preservation and improvement of ecosystems in connection with agriculture and forest management	10.0
5B	The increase of efficiency of energy use by the agricultural and food processing sectors	0.5

<b>5E</b>	The promotion of carbon storage and sequestration in agriculture and forest management	3.4
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Source: VP1-2.1.1-2.1.2-17. Call for Tender: For the implementation of providing consultancy services for agricultural, forest management and food management actors Individual and group consultancy relating to agriculture, forest management and food processing calculated at HUF/EUR 310.

If the amount allocated to the focal area is used up, the Managing Authority (hereinafter referred to as IH) may suspend the possibility of submission after the closure of the phase specified in the Call or may close the Call, or it may decide that subsequently, it receives requests for support for activities regarding the other focal areas. The source of this Call for Tender is ensured by the budget of EMVA and Hungary in the form of co-financing. The expected number of requests for support: 90 pieces.

The methodology of calculating the support amount:

- The following cost elements relating to the measure are planned, or their examination is recommended: hourly fees of the consultants, travel fee, non-personnel costs of consultancy, other costs relating to the location of the consultancy.
- The beneficiary may account for the counter value of services it actually performed in the annual summary. In the case of individual consultancy, the intensity of support is 90% of the service fee (10% contribution by the indirect beneficiary). In the case of group consultancy, the intensity of support is 100% of the service fee. It is no more than EUR 1,500 per occasion. The maximum service value that can be used by the indirect beneficiaries each year:
  - individual consultancy: maximum EUR 800.
  - Group consultancy: maximum EUR 150.

Article 67(1a) of Regulation No. (EU) 1303/2013 according to the actually incurred and paid – where appropriate, with in-kind contribution and depreciation – costs.

### III- Effectiveness of EU-FAS

- Facts and figures about EU-FAS implementation

So far, we do not have any information as to the results of the programming period of 2014-2020, due to the fact that selection of the servicing organizations involved in support was performed in summer, 2019. We expect implementation of the indicators preliminary determined in RDP of Hungary.

In the present phase of the programme we have the following information in respect of the measures (data from June, 2019)

<b>Number of the arrived applications (pcs)</b>	<b>Number of the supported applications (pcs)</b>	<b>Available framework (million €)</b>	<b>Supported amount (million €)</b>	<b>Paid amount (million €)</b>
38	11	45.4	11.9	0

Source: Based on the information about the progress of RDP, calculated with 310 HUF/€. (Lecture - Ministry of Agriculture, State Secretary responsible for Rural Development) Meeting of RDP Monitoring Committee, 19th June, 2019.

According to the information of the Hungarian Treasury sending of the support document is expected in case of further 5 support applications at present. The support demand of them exceeds the available frame source, therefore Hungary turned to Brussels to approve raising of the framework limit.

We have concrete results from the annual report of NHRDP for 2013 and the Programme ex-post report for the programme period between 2007-2013.

Based on the annual report the aim of **the Measure of using of the Consultancy Services (114)** is to increase the competitiveness of the economic activities of agricultural producers and forest managements by means of providing discount consultancy, to implement mutual compliance and to promote observation of the requirements of labour safety. In the framework of the measure the agricultural producers and the forest holders can be supplied with non-returnable support for the costs of using consultancy services aiming at the improvement of the total performance of their economy, and learning of the regulations related to the maintenance of the correct agricultural and environmental conditions, as well as of the requirements concerning plant management as determined by decree 1782/2003/EC and the community stipulations related to safety at the workplaces.

Consultancy referring to mutual compliance, correct agricultural and environmental condition and labour safety are the mandatory elements of the consultancy service. The farmers were given advice on environmental protection, soil- and water protection, preservation of the nature and the implementation of sustainable economic activities in this framework.

#### Implementation of the indicators of using of the Consultancy services (114)

	Description of the indicator	Plan data as per the programme	Cumulative value of the indicators
<b>Output</b>	The number of supported agricultural producers	25,000 people	14 268
	Type of the advice given for the farmers:		
	Management requirements included in the legal rules (enclosure No. 3 of decree 1782/03) and the correct agricultural and environmental conditions (enclosure No.4 of decree 1782/03)	25 000	11 243
	other fields besides mutual compliance (1782/2003/EC)	25 000	14 252
	environmental protection including the protection of the agricultural environment	6 000	3 080
	employment security standards	25 000	182
	animal well-being	3 000	355
	public-, animal and plant health	5 000	797
	management (economic performance, book-keeping, etc.)	3 000	5 669
	bio production	2700	143
	others	5 000	4 017
	The amount of direct payments received by the beneficiaries per year (article 14(2) of decree 1782/2003): 1782/2003) :		
	≤ 15.000 €	17 800	14 200
	≤ 15.000 €	7 200	11 295
	The number of supported forest holders	4,000 people	1 030
	management (economic performance, book-keeping, etc.)	1 200	114
	protection of the environment	1 500	495
	others	1 300	594
<b>Result</b>	Gross agricultural value added growth in supported farms (EUR)	9 million	325,45 million
	Measure		
	sector:		

	Description of the indicator	Plan data as per the programme	Cumulative value of the indicators
	agriculture	8	314,226 million
	food industry	0	6,036 million
	forest economy.	1	5,191 million
<b>Impact</b>	Change of gross value added as compared to the full labour time equivalent (euro)	308	-116,13 million

### Supplementary program-specific indicators

	Description of the indicator	Plan data as per the programme	Cumulative value of the indicators
<b>O</b>	The number of consultancy services rendered for the following agricultural producers forest owners	40 000 5 000	14 268 1 030
<b>R</b>	The number of agricultural undertaking utilizing the consultancy service as compared to the total number of enterprises belonging to the target group	12.5%	NA

Source: Report about the progress of Darányi Ignác Plan - New Hungary Rural Development Programme in 2013

### **Title of the supports provided for using of the Consultancy services in the period between 2007 and 2013**

FVM title decree 52/2007 (28th June) orders the conditions of using of the support Following the change of program in 2011 the farmers may use the consultancy service every year, so the measure has been working continuously in 2013, too.

Beneficiaries: agricultural producers, forest holders, horticultural producers in case they conclude a contract with the regional consultancy centre for improving the stipulations of mutual compliance, observation of the workplace safety stipulations based on the community's legal rules and promoting of the total performance of the economy - if demanded.

The results of the title of supports provided for using of the Consultancy services in 2013 are summarized in the below table:

	2013		2007-2013	
	Pcs	€	pcs	€
<b>Arrived applications for support</b>	<b>3 159</b>	<b>1 886 037</b>	<b>32 440</b>	<b>15 083 778</b>
Rejected out of them	44	27 862	1 384	681 315
Withdrawn	0		1 252	
<b>Approved</b>	<b>650</b>	<b>392 005</b>	<b>25 698</b>	<b>11 930 324</b>
Supported payment request	4 631	2 691 068	24 022	10 717 186
<b>Payment (at the expense of EMVA obligation taking)</b>		<b>2 761 384</b>		<b>10 705 781</b>

Communal from the payments			2 019 182		7 943 142
Convergence region from the payment			2 630 141		10 205 862
Including communal			1 954 025		7 690 607

Source: Report about the progress of Darányi Ignác Plan – New Hungary Rural Development Programme in 2013

According to the enclosure of the closing report the indicators of consultancy has developed as follows:

Measure code	Measure	Output Indicators	Realised in year 2013	Total Realised - Cumulative from 2007 to year 2013	Targets 2007-2013	Execution Rate of the RDP
114	Use of advisory services	Number of farmers supported	308	0	25 000	57%
		Number of forest holders supported	73	0	4 000	26%

Source: Report about the progress of execution of Darányi Ignác Plan - New Hungary Rural Development Programme in 2013 (Enclosure 8)

Type of advice	Number of applications approved			Number of farmers supported	Public Expenditure ('000 EUR)	
	<= 15,000 EUR	> 15,000 EUR	Total		EAFRD	Total
Minimum requirements (art. 24 of CR (EC) N. 1698/2005)	6 984	4 259	11 243		3 208.70	4 300.80
Environment incl. agri-environment	1 656	1 424	3 080		860.44	1 153.33
Occupational safety standards	73	109	182		57.68	78.64
Animal welfare	196	168	364		107.80	145.41
Public, animal and plant health	461	336	797		239.79	326.26
Business Management	1 816	3 853	5 669		2 103.24	2 864.48
Organic farming	86	57	143		41.36	55.77
Other	2 928	1 089	4 017		1 028.98	1 391.25
<b>TOTAL</b>	<b>14 200</b>	<b>11 295</b>	<b>25 495</b>	<b>14 268</b>	<b>7 647.99</b>	<b>10 315.94</b>
Commitments from previous programming periods			No data		No data	No data

Source: Report about the progress of Darányi Ignác Plan - New Hungary Rural Development Programme in 2013

Type of advice	Number of applications approved	Number of forest holders supported	Public Expenditure ('000 EUR)	
			EAFRD	Total
Business Management	114		41.10	55.09
Environment	495		114.89	155.96
Other	594		139.16	178.79
<b>TOTAL</b>	<b>1 203</b>	<b>1 030</b>	<b>295.15</b>	<b>389.84</b>

Source: Report about the progress of Darányi Ignác Plan - New Hungary Rural Development Programme in 2013

- In-depth analysis of one domain

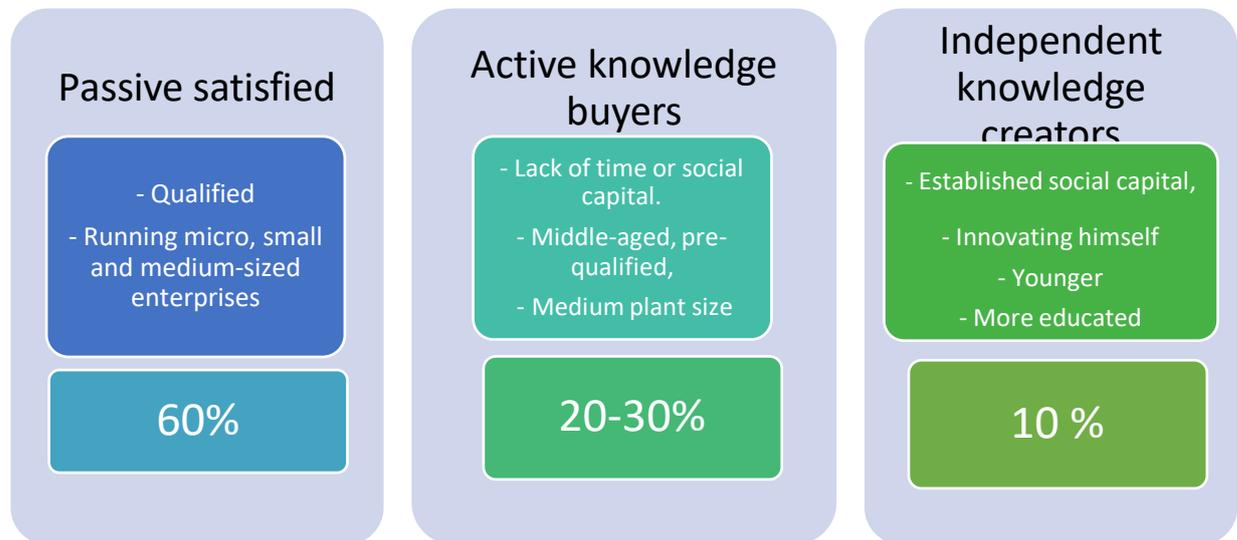
Based on the ex - post evaluation of the NHRDP, measures to improve human capital and knowledge in the previous programming period (111. Vocational training and information actions, 112. Setting up of Young Farmers, 113. Farmers' Farm Transfer Support - Early Retirement, 114. Use of advisory services) aimed at increasing business, market and professional knowledge of farmers and improving

the unfavourable age structure of the sector. The programme aims to restructure agriculture by achieving 30% higher sectoral value added while maintaining employment levels of 2006. The results of the evaluation show that these measures mainly reached smaller farms and did not result in a measurable positive change in the competitiveness of the beneficiaries. The final report concludes that overall, neither training, nor consultancy networks, nor measures to support the restructuring of the ages, have focused on product restructuring or value-chain integration aimed by the NHRDP, as they contained few business orientation elements. These measures have primarily contributed to improving the competitiveness of smaller farms and have had a positive impact on labour productivity. Only 26% of the supported advisory services were aimed at improving the overall performance of farming, which could have contributed most to improving the competitiveness of farms. Against this background, increasing competitiveness in the sector, improving the age structure, innovation, reducing the environmental load, tackling the effects of the weather, and improving irrigation remain key issues in the new period. However, we still have to wait for the results on these.

## IV- Discussion

Undoubtedly, the support of knowledge transfer, including professional counselling, is a priority in Hungary, but also at EU level. According to statistics, the professional skills of farmers in Hungary are very low, their knowledge related to innovation and their digital skills are lacking.

According to a 2013 NAK survey, there are three categories of participants in farming.



1. **Independent knowledge authors:** This group recognizes or has recognized the need to acquire knowledge, and obtains relevant and timely information or knowledge that is relevant to its farming or it attempts to invent various innovations itself. They come mostly from younger, larger companies, already well-educated, and represent only a small proportion, about 10%, of the farming side.
2. **Active knowledge buyers:** The group is made up of those who recognize that their level of knowledge is not sufficient to increase their efficiency, but their time or lack of social capital does not allow them to channel themselves and follow developments, market trends. This group typically seeks the help of consultants and professional consultants. The group consists of middle-aged, pre-qualified, medium-sized farmers with a share of 20-30%.
3. **Passive satisfied:** This group includes farm managers who feel that their pre-qualification knowledge is sufficient to produce efficiently and do not need to expand their knowledge or seek specialist help. Two thirds of the farmer's society belong to this group.

Based on all this, it is clear that the use of specialist advice is low, one of the reasons being the low profitability of micro and small farms. Most subsidies in Hungary require a minimum Standard Production Value of EUR 6000, but there is also support from the RDP for market development of farms reaching EUR 3000 SPV. These are typically found within Priority 6. According to the latest Economic Structure Survey (2016) published by the Hungarian Statistical Office, we can only aggregate farms below EUR 8000 SPV. According to this, one quarter of the farming organizations, 85% of the individual farms can be classified into SPV's below 8000, and within this there are nearly 60 thousand farms above 3000 SPV, which means development potential. Increasing the competitiveness and market sustainability of these farms is an important task. However, their low income levels do not allow them to market individualized counselling, so they need to be allocated funding.

Experience has shown that in the previous programme period, farmers were faced with problems with the payment of the ex-post aid, so that the beneficiary was the consultancy organization for the 2014-

2020 period. For them, however, itemized cost statement seems to be problematic, so the form and the way of accounting for specialist advice is important in the post-2020 period.

The NAK Advisory Team would encourage the introduction of the Voucher system, which is currently being developed.

Another important question is what form of consultancy we should support, since the introduction, promotion and enhancement of technological developments that are responsive to changing environmental conditions and that address its effects are a priority for the sector. At the same time, due to the time-consuming nature of agricultural activity, taking over the administrative burden on farmers is a great help for them. In recent years, this has also been the focus of the Advisory need for smaller farms.

Special attention should also be paid to the preparation of consultants in relation to farmer-linked consultants. In connection with this, the survey conducted by NAK in the spring of 2019 and based on the results, it appears that there is a great need for continuous training and new professional information.

## Annex

### Topics and areas of expertise of consultancy (AM Decree 16/2019)

TOPIC AREA	AREA OF EXPERTISE
Growing plants on plow land	2.1. Growing of protein crops
	2.2. Growing of cereal crops
	2.3. Growing of oily plants
	2.4. Growing of industrial crops
	2.5. Seed production
Livestock farming	3.1. Fish farming
	3.2. Sheep and goat farming
	3.3. Farming of small animals
	3.4. Horse farming
	3.5. Apiary
	3.6. Pig farming
	3.7. Waterfowl farming
	3.8. Broiler chicken farming
	3.9. Egg production
	3.10. Turkey farming
	3.11. Farming of other poultry (ostrich, emu, pigeon, etc.)
	3.12. Dairy cattle farming
	3.13. Farming of bovine animals for meat production
Gardening	4.1. Growing of apple fruits
	4.2. Growing of berries
	4.3. Growing of nuts
	4.4. Growing of stone fruits
	4.5. Growing of table grapes
	4.6. Growing of wine grapes
	4.7. Growing of ornamental plants
	4.8. Growing and collecting of herbs
	4.9. Growing of mushrooms

	4.10. Growing of tobacco
	4.11. Outdoor vegetable growing
	4.12. Growing of vegetable crops
	4.13. Growing of grape propagation material
	4.14. Fruit nursery
	4.15. Ornamental nursery and growing of other ornamental plant propagation material
	4.16. Vegetable and herb seed production and seedling growing
Feeding, feed production	5.1. Grassland management
	5.2. Compound feed production
	5.3. Animal feeding
Precision farming	6.1. Precision crop production
	6.2. Precision livestock farming
	6.3. Precision horticulture
Organic production	7.1. Field crop production
	7.2. Livestock farming
	7.3. Horticulture
Water management,	8.1. Irrigation
Food production, - processing,	Processing of meat and production of meat products
	9.2. Poultry processing (including eggs) and production of poultry products
	9.3. Manufacture of milk and dairy products
	9.4. Fish processing
	9.5. Alcohol production
	9.6. Manufacture of beer
	9.7. Wine production
	9.8. Non-alcoholic beverages production
	9.9. Manufacture of confectionery
	9.10. Manufacture of grain mill products
	9.11. Manufacture of bakery products
	9.12. Processing and preserving of vegetables and fruits
	9.13. Processing of vegetable products
	9:14. * Hygiene
	9:15. * Food Safety
Forestry	10.1. General forestry
	10.2. Forestry reproductive material production
	10.3. Forest by-product production
	10.4. Primary wood processing
	10.5. Forest protection
	10.6. Forest planting, planting of woody plantations
	10.7. Establishment and operation of agro-forestry systems
	10.8. Exploration of a production area
	10.9. Forestry mapping
	10.10. Forest management scheduling
	10.11. Forestry in evergreen and transitional modes
	10.12. Establishment and maintenance of forestry facilities
	10.13. Forest valuation
Game management	11.1. General game management

	11.2. Intensive game management in a closed area
	11.3. Game management scheduling
	11.4. Protection of wildlife and habitats, prevention of wildlife damage
Ecological sustainability	12.1. Alternative energy production and recovery
	12.2. Water conservation
	12.3. Soil protection, nutrient management
	12.4. Recovery of by-products and waste
	12.5. Circular and biomass based management
Pest Control	13. Pest control
Animal health	14. Animal health, animal protection
	15.2. Land protection and land certification
	15.3. Land traffic
Rural Development	16.1. Rural and agrotourism
	16.2. Horse Tourism
	16.3. Diversification of activities
	16.4. Short Supply Chain
	16.5. Small farmer sales
Supportive administration	18.1. * Tender consultancy, tender writing
	18.2. * Submission of Single Application (EC)
	18.3. * Designing, licensing process
	18.4. * Farming log (GN) management
	18.5. * Cross-compliance
	18.6. * Agricultural damage expertise, claims management
Business organization, -management	19.1. * Business organization, management
	19.2. * Occupational safety and health
	19.3. * Product and technology development
	19.4. * Quality management

## List of references

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8. Agrarium 2016 Farm Structure Census - Tables (Hungarian Central Statistical Office: [http://www.ksh.hu/agrarcenzusok\\_agrarium\\_2016\\_tablak](http://www.ksh.hu/agrarcenzusok_agrarium_2016_tablak)). (3.1 Number of holdings by size class of the standard value of production, by forms of farming and by type of farming, 2016)
9. NAK Directory Registry Database