

Rural development: support by the European Agricultural Fund for Rural Development (EAFRD)

2010/0266(COD) - 30/09/2010 - Legislative proposal

PURPOSE: to amend Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) in order to align it with the Lisbon Treaty and to implement a number simplification proposals as part of the simplification exercise of the CAP.

PROPOSED ACT: Regulation of the European Parliament and of the Council

BACKGROUND: Council Regulation (EC) No 1698/2005 confers powers on the Commission in order to implement some of the provisions of that Regulation. As a consequence of the entry into force of the Lisbon Treaty, the powers conferred under Regulation (EC) No 1698/2005 upon the Commission need to be aligned to Articles 290 (delegated acts) and 291 (implementing acts) of the Treaty on the Functioning of the European Union (TFEU).

IMPACT ASSESSMENT: no impact assessment was carried out.

LEGAL BASE: Article 43 of the TFEU.

CONTENT: this proposal aims to **identify the delegated and implementing powers** of the Commission in Council Regulation (EC) No 1698/2005 and establish the corresponding procedure for adoption of these acts.

Pursuant to Article 290 of the Treaty, the proposal allows the Commission to adopt **delegated acts** in order to:

- adopt exceptions to the rule that no rural development support should be granted to schemes eligible for support under common market organisations;
- adopt detailed conditions concerning all the measures and technical assistance in order to ensure their coherent application in line with the requirements of EU policy, priorities and law;
- make detailed rules for reductions and exclusions;
- define a flexibility threshold for each axis;
- define detailed rules for forms of support other than non-repayable direct assistance;

The Commission shall fix detailed control rules and adopt specific transitional measures.

In accordance with Article 291 of the Treaty Member States are responsible for implementing the regime established by the Legislator. However, it seems necessary to ensure **uniform implementation of the scheme** in Member States in order to avoid distortions of competition or discrimination between operators. Therefore, the Legislator gives the Commission powers of enforcement as regards:

- the uniform conditions for the presentation of rural development programmes;
- programme approval;
- approval of revision of programmes;
- determination of changes requiring approval by Commission decision;
- longer commitment periods;

- specific provisions on designation of areas;
- the establishment and operation of the national rural network;
- presentation of specific annual reports;
- a general framework of controls and a common monitoring and evaluation framework that Member states Shall implement.

Additionally, some elements of simplification are introduced:

Reduction of the number of summary reports and simplification of their content under strategic monitoring: as part of the simplification exercise of the CAP Member States wanted a reduction in the number of reports to the Commission. In addition to annual progress reports, Member States are required to submit to the Commission summary reports setting out the progress made in implementing their national strategy plans and objectives and their contribution to the achievement of the Community strategic guidelines. Under the current rules, these summary reports are to be submitted each second year, starting from 2010 and ending in 2014, i.e. altogether three reports. The proposal will limit the number of reports to two, the first one to be submitted in 2010 and the second one in 2015, the former in the context of mid-term evaluation and the latter of *ex post* evaluation.

In addition, the report is required to summarise the previous year's annual progress reports. This requirement should be dropped, as it duplicates work. The number of Commission reports summarising the main developments, trends and challenges relating to the implementation of the national strategy plans and the Community strategic guidelines will be reduced to two, one in 2011 and the second one in 2016.

Extension of the coverage of the measure for producer groups: the current provision on support for producer groups, which is already available for all sectors in the new Member States, should be extended to also cover EU-15. However, there will be support for producer groups in the fruit and vegetable sector as their activities may be supported under the single CMO.

Facilitating more tailor-made use of the advisory services: Member States had proposed changing the rules for use of advisory services. Currently the rules require that, as a minimum, the advisory service to farmers should cover the statutory management requirements and the good agricultural and environmental conditions under cross-compliance as well as the occupational safety standards based on Union legislation.

In order to facilitate more tailor-made use of the advisory services and to reflect the individual needs of the beneficiary, the advisory service provided will not need to cover all the aspects listed, but one or more of them.

Continuous linear features and stepping stones: according to Article 10 of the Habitats Directive, Member States shall endeavour, with a view to improving the ecological coherence of the Natura 2000 network, to encourage the management of features of the landscape which are of major importance for wild fauna and flora. Such features are those which, by virtue of their linear and continuous structure (such as rivers with their banks or the traditional systems for marking field boundaries) or their function as stepping stones (such as ponds or small woods), are essential for the migration, dispersal and genetic exchange of wild species.

These areas can play an important role for the coherence of Natura 2000 areas and relevant provisions should be included in order to allow Natura 2000 payments for these nationally delimited nature protection areas if sufficient justification is provided linking them to Article 10 of the Habitats Directive. In order to ensure that payments continue to be primarily used for the designated Natura 2000 sites, it is proposed to limit their proportion compared to the Natura 2000 areas. However, this provision is without prejudice to the endeavours of Member States under the Habitats Directive related to encouraging the

management of landscape features which are of major importance for wild fauna and flora and does not prejudice the question of what constitutes an adequate implementation of Article 10 of the Habitats Directive.

Follow up of non-compliances of the cross-compliance: Member State can decide to consider a case of non-compliance as minor or not to apply a reduction or exclusion where the amount concerned is less than EUR 100. Currently, the competent control authority should ensure that the farmer remedies the findings of the non-compliance concerned. However, with a view to simplification and in order to ease the administrative burden, consideration should be given to simplifying the follow-up checks system.

Introducing incentive element for measures falling under Article 43 of the Treaty: in order to be compatible with the common market, any aid measure must contain some incentive element or require some counterpart on the part of the beneficiary. Aid which is granted retroactively in respect of activities which have already been undertaken by the beneficiary cannot be considered to contain the necessary incentive element. However, for co-financed Rural Development measures approved under Article 43 of the Treaty, there is currently no requirement for an incentive effect laid down in the Union legislation, except in the case of top-ups to which agricultural state aid rules apply. Therefore, retroactive granting of aid should also be prohibited for co-financed agricultural measures and a starting date of eligibility should be provided.

FINANCIAL IMPLICATIONS: this measure does not involve any additional Union expenditure.