Support for rural development by the European Agricultural Fund for Rural Development (EAFRD) 2007-2013

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The Commission presents its first report on the implementation of the national strategy plans and the Community strategic guidelines (CSG) for rural development (2007-2013).

The report provides a summary of the main current developments, trends and challenges relating to the implementation of the national strategy plans and the CSG. It is important to note that the data used in the 2010 summary reports by Member States are aggregates from the beginning of the programming period in 2007 to the end of 2009. The adjustments of the NSP and the related Rural Development Programmes (RDP) which followed the CAP-Health Check (HC) and the European Economic Recovery Plan (EERP) are not taken into consideration in this current report. The modifications were only finalised at the beginning of 2010

Implementation of the Communities priorities: the Strategic Guidelines for rural development for the period 2007-2013 are based on the three core thematic priorities laid down in the Council Regulation (EC) No 1698/2005 on the European Agricultural Fund for Rural Development (EAFRD). The total EAFRD payment realized by the EU27 for the 2007-2009 programming period amounts to **EUR 19.4 billion**, representing 21.3% of the overall 2007-2013 budget of 90.98 billion EUR. Given that the timeframe under consideration represents 33% of the payment period (3 years out of 9), this number indicates a slightly late uptake. However, programme implementation normally needs more time in the first years before it reaches normal speed, especially given that many Rural Development Programmes (RDPs) were approved near the end of 2007 and 41 RDP (out of 94) were only approved in 2008. The picture is far from homogeneous among Member States: only 2 have spending levels above 40%, while 3 have spent less than 10%. It is noted that that in several cases payments have been made for commitments of the previous programming period 2000-2006 as provided in the transitional rules, which might lead to a slight distortion of the picture regarding the level of uptake for certain Member States and measures.

General implementation difficulties and solutions: beyond the time gap needed to approve the RDPs, the most frequent issue raised by Member States is the **economic crisis.** This led to difficulties in the uptake of investment measures due to beneficiaries' lack of own resources, difficulties in obtaining loans by the applicants and to budgetary constraints restricting public initiatives. The private sector has been in general less keen on taking risks, and some investments may have been shifted to less ambitious projects, or simply postponed. The difficult situation in the dairy sector in 2009 also had a negative effect on the implementation of RDPs.

High administrative costs and procedural complexity are underlined by some Member States as impediments to smooth implementation. Moreover, some RDPs experienced a lack of sufficient capacity in the management and control authorities, some difficulties in the setting up of the monitoring system and legal uncertainties. In particular, some Member States pointed out gaps in implementation at Member States level of environmental legislation (such as the Water Framework Directive, NATURA 2000) relevant to certain measures and the need to obtain interpretation of the state aid rules (notably for renewable energy production projects).

Lack of awareness and experience by potential beneficiaries can also result in slow uptake notably in some EU-12 Member States (i.e. slow progress on human capital measures, or inadequate applications), or in the overall EU-27 when new measures are introduced.

Some Member States envisage offering a sufficiently critical mass of training/Farm Advisory Services activities to overcome these issues. Solutions are being introduced in the programmes through modifications. In the face of the financial crisis, Member States introduced different programme adaptations such as change in the state aids coverage, the level of grants, the intervention rates for less attractive measures, adjustment of selection criteria, increase in the EU co-financing rate and/or re-allocation of the funds. As regards the initial administrative and legal difficulties, most of them have now been dealt with.

The Common Monitoring and Evaluation framework has provided useful information for reporting and for following the progress of the programme implementation and achievement on an ongoing basis. Preliminary figures for 2010 indicate that a majority of programmes has reached cruising speed. The synthesis of the mid-term evaluations of the RDPs to be available in 2012 will provide more information as to what extent the programmes are on track to achieve their objectives and to respond to the Community priorities.