Agricultural Fund for Rural Development (EAFRD): increased contribution rates for certain Member States

2011/0209(COD) - 19/12/2011 - Final act

PURPOSE: to provide increased support from the EAFRD to the Member States in difficulties or threatened with severe difficulties with respect to their financial stability due to the global financial crisis

LEGISLATIVE ACT: Regulation (EU) No 1312/2011 of the European Parliament and of the Council amending Council Regulation (EC) No 1698/2005 as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability.

CONTENT: following a first reading agreement with the European Parliament, the Council adopted an amendment to regulation 1698/2005 as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability.

The unprecedented global financial crisis and the unprecedented economic downturn have seriously damaged economic growth and financial stability and provoked a strong deterioration of financial and economic conditions for several Member States. In particular, certain Member States are experiencing, or are threatened with, serious difficulties, notably those connected with problems in their economic growth and financial stability and with a deterioration in their deficit and debt position, due to the international economic and financial environment.

The pressure on national financial resources is increasing and further steps should now be taken to **alleviate thatpressure through the maximal and optimal use of the funding from the European Agricultural Fund for Rural Development (EAFRD)**.

In order to facilitate the management of Union funding, to help accelerate the investments in Member States and regions concerned and to increase the impact of the funding on the economy, **it is necessary to allow the EAFRD contribution rate to increase**:

- **up to 95%** of eligible public expenditure in the regions eligible under the Convergence Objective;
- **up to 85%** of eligible public expenditure in other regions which are facing serious difficulties with respect to their financial stability.

The increased co-financing rates are to apply only to payments to be made after the respective rural development programmes, including the new financial plans, have been approved by the Commission. The Regulation also determines the procedure under which the Member States may use that possibility as well as the mechanism through which it will be ensured.

These provisions cover six Member States which have been most affected by the crisis and have received financial assistance under a programme from the Balance of payments mechanism for non-euro area countries (Romania, Latvia and Hungary) or from the European financial stabilisation mechanism (EFSM) for the euro area countries (Portugal, Greece and Ireland).

The temporary increase in co-financing rates should also take account of the budgetary restraints facing all Member States, and those budgetary restraints should be reflected appropriately in the general budget of the European Union. In addition, since the main purpose of the mechanism is to address specific current difficulties, **its application should be limited to expenditure incurred by the paying agencies until 31 December 2013**.

This Regulation belongs to a package of three regulations covering the same six Member States and concerning on one hand the European fishery fund (EFF) and the structural and cohesion funds.

It will not have a financial impact since the global envelope of commitment appropriations for rural development as well as its annual breakdown remain unchanged.

ENTRY INTO FORCE: 21/12/2011.