

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

2004/0161(CNS) - 14/07/2004 - Legislative proposal

PURPOSE :to reinforce the EU's rural development policy and simplify its implementation by creating one funding and programming instrument, the European Agriculture Rural Development Fund (EARDF).

PROPOSED ACT : Council Regulation.

CONTENT : following the fundamental reform of the first pillar of the Common Agricultural Policy in 2003 and 2004, the major focus for policy reform in the new financial period will be rural development.

By introducing a single funding and programming instrument, the new policy will be much simpler to manage and control. Coherence, transparency and visibility will be increased. Member States and regions will have more freedom as to how to implement the programmes. The programming of rural development should comply with Community and national priorities and complement the other Community policies, in particular the agricultural market policy, cohesion policy and Common Fisheries Policy.

Other features of the new rural development policy include the creation of a genuine EU strategy for rural development with better focus on EU priorities; reinforced control, evaluation and reporting. Clearance of accounts audit system will be extended to all parts of rural development and a strengthened bottom-up approach. Member States, regions and local action groups will have more say in attuning programmes to local needs.

The three main objectives are as follows:

Axis 1: Improving competitiveness of farming and forestry (e.g. : improving and developing infrastructure related to the development and adaptation of agriculture and forestry; supporting farmers who participate in food quality schemes; setting up of young farmers; support for semi-subsistence farmers in new Member States to become competitive).

Axis 2: Environment and land management : (e.g. : natural handicap payments to farmers in mountain areas; NATURA 2000 payments; agri-environment measures; animal welfare payments

Agri-environmental measures will remain compulsory. Beneficiaries must respect the EU and national mandatory requirements for agriculture and forestry).

Axis 3: Improving quality of life and diversification : (e.g. : diversification to non agricultural activities; support for the creation of micro enterprises; encouragement of tourism; village renewal).

To ensure a balanced strategy a minimum funding for axis 1 (competitiveness) and axis 3 (wider rural development) of at least 15% of total EU programme funding will be required and of at least 25% for axis 2 (land management). For the LEADER axis a minimum of 7% of the EU funding is reserved.

The EU co-financing rates are set at axis level, with a minimum of 20% and a maximum of 50% of total public expenditure (75% in Convergence regions). For axis 2 and the LEADER axis the maximum rate will be 55% (80% in Convergence regions), expressing the EU priority attached to these axes. For the

Outermost regions the maximum cofinancing rates are increased by 5 points. Of overall EU RD funding available for the period (excluding modulation), 3% will be kept in reserve to be allocated in 2012 and 2013 to the Member States with the most performing LEADER axes.

FINANCIAL IMPLICATIONS :

- Total : EUR 88, 753 billion in commitments appropriations for the period 01/01/2007 to 31/12/2013.
- Financial intervention : EUR 11,724 billion in 2007; EUR 13,165 in 2013 and for the following years.
- Technical assistance : EUR 35 million in 2007; EUR 40 million in 2013 and for the following years.