Rural development: Community strategic guidelines, support by the EAFRD, programming period 2007–2013

2005/0129(CNS) - 05/07/2005 - Document attached to the procedure

COMMISSION'S IMPACT ASSESSMENT

Further information concerning the context of this issue may be found in the summary of the Commission' s initial proposal COM(2004)0490 of 14 July 2004 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) – 2004/0161(CNS). As a follow-up to that document, the Commission published on 5 July 2005 a proposal – COM(2005)0304 - on Community strategic guidelines for Rural Development (Programming period 2007–2013). The following summary contains an update of the extended impact assessment which had accompanied the initial 2004 proposal.

1- POLICY OPTIONS AND IMPACTS: Three basic options for the implementation of RD policy – the policy delivery system – are proposed.

1.1- Option 1: Improved status quo: Member States design their RD programmes for 2007-2013 by choosing from the current menu of measures grouped according to the three policy axes. MS can choose the geographic level of programming, either one national RD programme for their territory or several regional programmes covering the territory. Each programme includes, in axis 3, a LEADER type measure for which an amount of at least 4% of planned programme expenditure is reserved. The LEADER measure supports the best integrated local development strategies presented by Local Action Groups (LAG). Each programme (and major programme modification) is approved by the Commission.

Member States shall present annual progress reports based on a common set of monitoring indicators. A European Rural Development Observatory is set up by the Commission to follow the implementation of the programmes.

1.2- Option 2: A more strategic approach: One of the messages coming out of the mid-term evaluations of the current generation of RD programmes tends to be that many programmes lack focus and a clear strategy and tend to be a collection of too many measures without much coherence between them. Without clear objectives and a well-defined strategy which links objectives and the means to achieve the objectives programme results are difficult to evaluate. At EU level, it is even more difficult to assess and account for the outcomes of the policy. Under option 2, a first step in the programming phase would be the preparation by the Commission of a strategy document setting out the EU priorities for the three policy axes identifying strengths and weaknesses at EU level and core indicators to measure progress in achieving the EU priorities. The EU strategy would be adopted by the Council after opinion of the European Parliament and would form the basis for the national RD strategies of the MS. The RD programmes would be subject to Commission approval and would articulate the national strategy into a strategy for each of the three axes with quantified objectives and core result indicators and using as building blocks for each of the 3 axes.

1.3- Option 3: A more territorial approach: This option would follow the strategic approach of option 2 but would introduce territorial targeting for all three policy axes. To concentrate on the restructuring needs of the farm sector in poorer regions, axis 1 (competitiveness) would be limited to the two framework

measures targeting human resources and the physical endowments of farms in lagging rural areas to be defined by the MS on the basis of objective criteria (e.g. GDP/capita, unemployment, access to services and credit).

*CONCLUSIONS:***The Commission considers that the EU's rural development policy needs to evolve in a more strategic way than that described under Option 2.**

**Update 5 July 2005:* The new version of the extended impact analysis deals with the following issues:

- The data sources have been revised and extended to take into account Romania and Bulgaria where data are available. This analysis and presentation of data reflects more closely the integration of the Göteborg and Lisbon objectives.
- A new section is presented which highlights the key Community objectives that need to be taken into account in the guidelines.
- A new section is presented which describes the reporting system. The principles for a common monitoring and evaluation system as provided for in the RDR are explained. A set of draft baseline indicators for the assessment are presented as well as maps corresponding to draft lead indicators.
- A timetable relating to programming deadlines in (programme implementation as from January 2007).

§ IMPACTS:

The main advantage of option 1 is that, while introducing further simplification by moving to one funding and programming system for RD and adapting the implementation system to multi annual programming, it stays relatively close to the current systems, minimising the need for adaptations in programming and implementation by the MS.

The main advantage of option 2 is that it would allow to focus EU cofinancing of rural development on commonly agreed EU priorities and to monitor more closely the policy outcomes with regard to the priorities.

In addition, option 3 would provide a concentration of resources on lagging rural areas for axis 1 and axis 3 and more emphasis on a 'bottom-up approach' to the socio-economic development of lagging rural areas, but could be to the detriment of the adaptations needed in other rural areas, in particular in relation to axis 1 and the potential restructuring effects of the 2003 CAP reform. The high share of funding for the LEADER approach, the more difficult governance form to implement, could pose absorption problems.

The Commission believes that the time is ripe for the EU's RD policy to evolve towards a more strategic approach as outlined under option 2 which would focus the EU cofinancing available for rural development on commonly agreed EU priorities for the three policy axes, while leaving sufficient flexibility at Member State and regional level to find a balance between the sectoral and territorial dimension. For those Member States and regions capable and willing, the LEADER model could be applied on a wider scale, while for the EU as a whole continuation and consolidation of the LEADER approach would be safeguarded.

2- FOLLOW-UP :

**Update 5 July 2005:* The new rural development regulation foresees strategic monitoring of the Community and national strategies. The basis for reporting on progress will be the common framework for monitoring and evaluation to be established in cooperation with the Member States.

The framework will provide a limited set of common indicators and a common methodology. It will be supplemented by programme-specific indicators to reflect the character of each programme area.

A common set of indicators will allow aggregation of outputs, results and impacts at the EU level and help assess progress in achieving Community priorities. Baseline indicators defined at the start of the programming period will allow assessment of the starting situation and form the basis for the development of the programme strategy.

Evaluation activities will take place on an ongoing basis, comprising at programme level *ex-ante*, mid-term, and *ex-post* evaluation as well as other evaluation activity considered useful for improving programme management and impact. These will be accompanied by thematic studies and synthesis evaluations at Community level, as well as by the activities of the European network for rural development as a platform for exchange and capacity building for evaluation in Member States. Exchange of good practices and the sharing of evaluation results can contribute significantly to the effectiveness of rural development. In this respect, the European network should play a central role in facilitating contacts.