Basic information

2004/0161(CNS) CNS - Consultation procedure Regulation	Procedure completed
Support for rural development by the European Agricultural Fund for Rural Development (EAFRD) 2007-2013 Repealing Regulation (EC) No 1257/1999 1998/0102(CNS) Repealed by 2011/0282(COD) Amended by 2006/0082(CNS) Amended by 2006/0172(CNS) Amended by 2007/0177(CNS) Amended by 2008/0105(CNS) Amended by 2009/0011(CNS) Amended by 2011/0209(COD) **Subject** 3.10.01.02 Rural development, European Agricultural Fund for Rural Development (EAFRD)	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
AGRI Agriculture and Rural Development	SCHIERHUBER Agnes (PPE-DE)	02/09/2004

Committee for opinion	Rapporteur for opinion	Appointed
BUDG Budgets	DEPREZ Gérard (ALDE)	20/09/2004
CONT Budgetary Control	The committee decided not to give an opinion.	22/09/2004
REGI Regional Development	HARKIN Marian (ALDE)	06/10/2004

Council of the European Union

Council configuration	Meetings	Date
Agriculture and Fisheries	2599	2004-07-19
Agriculture and Fisheries	2643	2005-02-28
Agriculture and Fisheries	2677	2005-09-19
Agriculture and Fisheries	2669	2005-06-20
Agriculture and Fisheries	2619	2004-11-22

European Commission	Commission DG	Commissioner
	Agriculture and Rural Development	

Key events

Date	Event	Reference	Summary
14/07/2004	Legislative proposal published	COM(2004)0490	Summary
19/07/2004	Debate in Council		
17/11/2004	Committee referral announced in Parliament		
22/11/2004	Debate in Council		
14/12/2004	Results of vote in Parliament		
28/02/2005	Debate in Council		Summary
26/04/2005	Vote in committee		
12/05/2005	Committee report tabled for plenary, 1st reading/single reading	A6-0145/2005	
06/06/2005	Debate in Parliament		
07/06/2005	Decision by Parliament	T6-0215/2005	Summary
07/06/2005	Results of vote in Parliament		
19/09/2005	Act adopted by Council after consultation of Parliament		
19/09/2005	End of procedure in Parliament		
21/10/2005	Final act published in Official Journal		

Technical information

Procedure reference	2004/0161(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Repealing Regulation (EC) No 1257/1999 1998/0102(CNS) Repealed by 2011/0282(COD) Amended by 2006/0082(CNS) Amended by 2006/0172(CNS) Amended by 2007/0177(CNS) Amended by 2008/0105(CNS) Amended by 2009/0011(CNS) Amended by 2011/0209(COD)
Legal basis	EC Treaty (after Amsterdam) EC 037
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/6/22653

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee opinion	BUDG	PE355.401	22/04/2005	
Committee opinion	REGI	PE355.448	22/04/2005	
Committee report tabled for plenary, 1st reading/single reading		A6-0145/2005	12/05/2005	
Text adopted by Parliament, 1st reading/single reading		T6-0215/2005 OJ C 124 25.05.2006, p. 0020-0191 E	07/06/2005	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2004)0490	14/07/2004	Summary
Document attached to the procedure	SEC(2004)0931	14/07/2004	Summary
Commission response to text adopted in plenary	SP(2005)2882	13/07/2005	
Follow-up document	COM(2007)0147	29/03/2007	Summary
Follow-up document	COM(2011)0450	20/07/2011	Summary
Follow-up document	SEC(2011)0943	20/07/2011	
Follow-up document	COM(2013)0640	19/09/2013	Summary
Follow-up document	SWD(2013)0335	19/09/2013	
Follow-up document	COM(2015)0288	11/06/2015	Summary
Follow-up document	SWD(2015)0114	11/06/2015	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofR	Committee of the Regions: opinion	CDR0255/2004 OJ C 164 05.07.2005, p. 0018-0030	23/02/2005	
EESC	Economic and Social Committee: opinion, report	CES0251/2005 OJ C 234 22.09.2005, p. 0032-0040	09/03/2005	
		32006R1975		

EU	Implementing legislative act	OJ L 368 23.12.2006, p. 0074-0084	07/12/2006	Summary
EU	Implementing legislative act	32006R1974 OJ L 368 23.12.2006, p. 0015-0073	15/12/2006	Summary

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

Final act	
Regulation 2005/1698 OJ L 277 21.10.2005, p. 0001-0040	Summary
Corrigendum to final act 32005R1698R(06) OJ L 206 02.08.2012, p. 0023	

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

2004/0161(CNS) - 11/06/2015

The Commission presented its third report on the implementation of the National Strategy Plans (NSP) and the Community 2007-2013 strategic guidelines for rural development.

The report is based on the analysis and review of the summary reports submitted by the Member States in 2014 as well as on other available information, notably the financial and physical common monitoring indicators, and on the activities of the European Network for Rural Development.

It provides a summary of the main developments, current trends and challenges undertaken for the implementation of the NSP and the Community Strategic Guidelines.

(1) Budget and financial implementation: the total EAFRD expenditure realised by the 27 EU Member States by the end of 2013 amounted to **EUR 71 billion, representing 74% of the overall 2007-2013 budget** of EUR 96.2 billion. The annual expenditure is **globally on track after an initial slow start** during the first years of the programming period 2007-2013. The picture is far from homogeneous among the Member States as two of them had spending levels over 90%, while eight Member States had spent less than 70%.

Axis 1 (improving the competitiveness of the agricultural and forestry sector) implementation (**68%**) is broadly in line with the spending target for 2007-2013, by reason of a significant number of investment projects approved to be concluded.

Axis 2 (improving the environment and the countryside) has the highest execution ratio (**86%**) with an even balance between Member States values.

Axis 3 (improving the quality of life in rural areas and encouraging diversification of the rural economy) shows a notable increase. However there is variability among Member States and some of them are still delayed in meeting their targets. Axis 4 (building local capacity for employment and diversification - LEADER) has an implementation rate of 46%.

For these two axes, available data underline **variability among Members States particularly in LEADER execution**. Its overall good implementation clearly demonstrates the workability of LEADER, but the low levels of execution reported in some Rural Development Programmes point out a disparity among the rural areas of the Union. In this context a significant role can be provided by **networking through the European Network for Rural Development**.

(2) Implementation by axis: the monitoring system on rural development policy provides a picture of the main outputs and results for the CAP second pillar.

Axis 1 - improving the competitiveness of the agricultural and forestry sector: around 2.4 million of farmers were successfully trained and more than EUR 80 billion of total investment were mobilised in 637 thousands of projects.

Modernisation of agricultural holdings is the biggest Axis 1 measure in terms of EAFRD budget allocation (EUR 11.6 billion). The payment uptake of this measure is 75% of its total budget with 379 000 modernisation projects already completed (66% of the target).

Axis 2 - improving the environment and the countryside: the main results achieved for this objective at the end of 2013 are notably:

- **46.9 million hectares** under land management contributing to enhancing the environment (biodiversity, water quality, soil and addressing climate change) which represent 27% of the total EU Utilized Agricultural Areas. It includes 7.6 million hectares to support organic farming;
- 1.5 million hectares to support specific land management in NATURA 2000 areas or through the Water Framework Directive;
- 340 000 hectares supported for afforestation in both agricultural and non-agricultural areas.

Axis 3 - Improving the quality of life in rural areas and encouraging diversification of the rural economy: more than 50 000 projects of basic services for the economy and rural population are completed and 62 000 micro-enterprises were supported or created.

Axis 3 contributed to creating jobs (75 000) in a context of growing unemployment in rural areas. 135 000 operations to support development of non-agricultural activities in the rural areas, including business creation and new tourism activities.

Axis 4 - Building local capacity for employment and diversification: 140 000 LEADER projects have been supported so far. At the end of 2013, the total number of LAGs was 2 402. This number has doubled in comparison with Leader+ and half of the territories are implementing the Leader approach for the first time.

Individual programmes: the report noted that many corrective modifications have been made based on the difficulties encountered in the first years of implementation, taking into account the recommendations from the mid-term evaluations and incorporating additional funds addressing new challenges (Health Check) and the economic crisis (European Economy Recovery Package). Most of the changes observed were **budget shift between measures**, adaptation of the targeted beneficiaries and/or the eligibility criteria.

This picture will be completed by the **ex post evaluation** which will assess the overall impacts of the Rural Development Policy. Managing Authorities will submit to the Commission the RDP ex post evaluations for each individual RDP by the end of 2016 and this exercise will be followed by synthesis at EU level.

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

2004/0161(CNS) - 19/09/2013

This report is the second report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the implementation of the National Strategy Plans (NSPs) and the Community strategic guidelines for rural development (2007-2013). This report provides a summary of the main current developments, trends and challenges relating to the implementation of the national strategy plans.

Each Member State has developed its own NSP for rural development, based upon the EU's Strategic Guidelines that take full account of the specific circumstances and needs in their country. NSPs are intended to provide a reference tool for preparing EAFRD programming. The strategies are implemented through Rural Development Programmes (RDPs) either for the country or, for some Member States, for specific administrative regions.

For many programmes, implementation only really started in 2008. Figures for the following years showed an acceleration and by the end of 2011, overall financial uptake was nearly on track, despite some unfavourable conditions such as the economic situation. Most RDPs will be able to fully spend their EAFRD budget.

For the individual programmes, most implementation issues are now solved. Many RDP modifications have been made to correct difficulties encountered in the first years of implementation, take on board recommendations from the mid-term evaluations and incorporate additional funds addressing new challenges (Health Check) and the economic crisis (European Economy Recovery Package). Some shifts between axes are still expected to maximise uptake, but in respect of the minimum spending rate for each axis. However, a few RDPs especially in EU-12 countries might have difficulties in fulfilling the minimum spending rate for Axis 4 (building local capacity for employment and diversification) due to the late implementation of Leader.

In terms of policy objectives, with four years of implementation left, targets set in the programmes are globally well on track for Axis 1 (improving the competitiveness of the agricultural and forestry sectors) and Axis 2 (improving the environment and the countryside) while implementation is still slightly lagging behind for Axis 3 (improving the quality of life in rural areas and encouraging diversification) and Axis 4 (building local capacity for employment and diversification) but the trends are globally positive.

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

2004/0161(CNS) - 07/12/2006 - Implementing legislative act

ACT: Commission Regulation 1975/2006/EC laying down detailed rules for the implementation of Council Regulation 1698/2005/EC as regards the implementation of control procedures as well as cross-compliance in respect of rural development support measures.

CONTENT: this Regulation lays down detailed rules for the implementation of control procedures, as well as cross-compliance procedures, in respect of the co-financed rural development support measures in accordance with Regulation 1698/2005/EC.

Experience shows that the integrated administration and control system (IACS) has proven to be an effective and efficient means for the implementation of the direct payment schemes. Therefore, as far as animal related measures are concerned, the administration and control rules, as well as the provisions concerning the reductions and exclusions of false declaration, must follow the principles set out in IACS .

For certain support schemes, however, the administration and control rules will need to be adapted according to their particular characteristics. Special provisions have, as a result, been established for those support schemes (i.e. those set out in Axes 1 and 3 in Section 1 and 3 of Regulation 1698/2005 /EC. And equivalent support under Axis 4.)

In summary, the main elements of this Commission Regulation are as follows:

- In order to ensure that all national administrations are in a position to organise an efficient integrated control of all areas for which payment is claimed under Axis 2, on the one hand, and under the area-related to aid schemes covered by Regulation 796/2004/EC on the other, payment claims for area-related measures will need to be submitted within the same deadline as the single application. Nevertheless, to allow the necessary administrative arrangements to be made, a transitional period has been be granted.

- In order to ensure the deterrent effect of control, payments, as a general rule, will not be made before checks on the aid applications have been finalised. Payments will, however, be allowed up to a certain level after completion of administrative checks.

- The control rules, set out in this Regulation, take account of special characteristics – and special rules have, to that end, have been established.

- Certain payment, under measures for provided in Regulation 1698/2005/EC, will be subject to the respect of cross-compliance. As a result, this Regulation, has aligned the rules related to cross-compliance with those contained in Regulation 1782/2003 and 796/2004/EC.

- Procedures have been established concerning ex post checks of investment operations in order to ensure that all operations have been properly carried out.

- Special rules have been established to ensure that the responsibility for controlling local action groups are approved by the Member States.

- Member States will be expected to report to the Commission on the number of control that have been undertaken and the results of those controls.

- All eligibility criteria, which have been established by the Community or by national legislation, or by the rural development programmes, will need to be controlled according to a set of verifiable indicators.

- The Member States will be allowed to use evidence that they have received from other services or organisations in order to verify respect of eligibility criteria.

- Certain general control principles have been established that cover the right of the Commission to carry out checks.

- Finally, Member States will be expected to ensure that the paying agencies have sufficient information on controls carried out by other services or bodies in order for them to fulfil their duties.

ENTRY INTO FORCE: 24 December 2006. It will apply to Community support concerning the programming period starting on 1 January 2007.

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

2004/0161(CNS) - 14/07/2004 - 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.

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 axis.

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 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

As described under option 2, the first step in the programming phase would be the preparation by the Commission of a strategy document setting out the EU priorities for rural development, to be presented to the Council and the Parliament. After adoption by the Council, the EU strategy would form the basis for the national strategies and programmes of the Member States. The rural development programmes would be subject to Commission approval. They would translate the national strategies for each of the three thematic policy axes and for the LEADER axis into quantified objectives and result indicators.

The Commission would report annually on the progress in implementing the EU priorities for RD. Where necessary this could lead to a proposal for the adjustment of the EU RD strategy.

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

2004/0161(CNS) - 20/07/2011

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.

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

2004/0161(CNS) - 29/03/2007 - Follow-up document

Cross compliance is a major component of the 2003 common agricultural policy (CAP) reforms. It creates a link between the full payment of support and compliance with certain rules relating to agricultural land and to agricultural production and activity – be it environmental, public and/or animal and plant health/welfare. It has two objectives: firstly, to contribute to the sustainable development of agriculture and secondly, to make CAP more compatible with the expectations of society at large.

Observations: The Commission is in no doubt that the data received from the 23 Member States on controls and reductions shows that the system is actually being implemented on the ground. The report finds that on-the-spot checks were carried out on 2.92% of farmers affected by cross-compliance; reductions were applied for 11.9% of farmers subject to on-the-spot checks; in Member States applying full cross-compliance, most detected instances of non-compliance related to the identification and registration of cattle, while the remaining cases concerned the GAEC and the Nitrates Directive; and most reductions were applied at the minimum level of 1% of direct payments.

As far as the Member States are concerned an exchange of views on cross-compliance, held in 2006 indicated:

- that the management of the system was felt to be burdensome and that awareness raising among farmers was hampered by volume and the technical nature of the information;
- that it was not always easy reconciling the use of existing management and control systems with other EU legal provisions;
- that rules on on-the-spot checks were not clear enough as regards the appropriate time to carry out the checks; and lastly
- that the number and range of requirements meant that the calculation of reductions was difficult for the farmers to understand.

In 2005 and 2006 the Commission carried out 13 audits on the implementation of cross-compliance by ten Member States. These audits found:

- that information was given to farmers through booklets, internet material and training sessions – but – that that this information was, on occasions, provided too late;
- that a small number of Member States have designated the Paying Agency as the only competent control authority for cross compliance;
- that difficulties have arisen where the population covered by the CCA is too small to allow a proper risk analysis;
- that difficulties were encountered with checks relating to groundwater, wild birds, habitats, nitrates and animal identification and registration; and
- that some Member States had already established reduction levels, thus leaving no scope for an evaluation by controllers whereas other Member States provided guidelines only for calculating reductions.

Improvements to the system: The Commission has taken various steps to help the Member States implement cross-compliance. Seven guidelines have been issued since 2005. The Commission will continue to encourage discussions, especially on the possible use of bottlenecks for controls, e.g. conducting controls at the dairy or slaughterhouse, which could facilitate on-farm checks; applying points systems; providing further information to

farmers and recognising that some farmers are at greater risk of reductions that others. In other fields of improvement the Commission proposes taking account of the Farm Advisory Systems; the certification systems for the management of cross-compliance; the simplification of the “10 month rule”; and phasing-in SMRs for Member States applying SAPS.

Conclusion: In 2007, based on the findings of this report, the Commission intends to:

- provide further information on the implementation of cross-compliance by the Member States;
- make a proposal to the Management Committee for Direct Payments to provide for a phased-in introduction of the SMRs for Member States applying SAPS;
- introduce provisions simplifying the “10 month rule”;
- make improvements for tolerance for minor cases of non-compliances and introduce as new *de minimis* rule; harmonise control rates;
- introduce control rates;
- introduce advance notice of on-the-spot checks;
- clarify the timing and the elements of on-the-spot checks and reports;
- improve the selection of the control sample; and improve information to farmers.

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

2004/0161(CNS) - 20/09/2005 - Final act

PURPOSE: To support rural development across the EU by creating a single, simplified funding and programming instrument; the European Agricultural Fund for Rural Development (EAFRD).

LEGISLATIVE ACT: Regulation 1698/2005 of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)

CONTENT: Following political agreement within the Council (please refer to previous summary), the Council has adopted a Regulation creating the European Agricultural Fund for Rural Development (EAFRD), 2007 – 2013. The Portuguese delegation abstained from the vote.

The aim of the EAFRD is to contribute to the promotion of sustainable rural development throughout the Community whilst at the same time working in sink with the open market. It intends to do so by:

- improving the competitiveness of agriculture and forestry by supporting restructuring, development and innovation;
- improving the environment and the countryside by supporting land management;
- improving the quality of life in rural areas and encouraging diversification of economic activity.

The Regulation:

- Establishes the general rules for supporting an EU rural development policy financed by the EAFRD.
- Defines the objectives of the EAFRD.
- Defines the strategic approach to rural development, by setting Community strategic guidelines as well as national strategic plans.
- Defines the priorities of a rural development policy.
- Establishes the rules for programming, evaluation criteria, financing and the division of responsibilities between the Member States and the Commission.

The allocation of resources needs to be confirmed in line with the 2007 – 2013 financial perspective.

ENTRY INTO FORCE: 22 October 2005.

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

2004/0161(CNS) - 15/12/2006 - Implementing legislative act

ACT: Commission Regulation 1974/2006/EC laying down detailed rules for the application of Council Regulation 1698/2005/EC on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

CONTENT: the purpose of this Commission Regulation (an implementing act), is to lay down detailed rules for the application of Regulation 1698/2005 /EC as regards:

i) principles and general rules for rural development support;

ii) specific and common provisions for rural development measures; and

iii) eligibility and administrative provisions (other than provisions on controls).

The main provisions of the Regulation, in summary, are as follows:

- to provide rules concerning updates for national strategy plans, in terms of: content, procedures and timing;

- to set the deadlines for the submission of rural development programme and their subsequent approval by the Commission, in order to allow a speedy and efficient implementation of the new programming framework;

- to lay down detailed rules regarding the presentation of rural development programmes and their revisions;

- to lay down common rules for the structure and content of these programmes;

- to allow the Commission to make amendments involving significant changes in programmes, shifts in EAFRD funding among axes within a programme; and changes to the EAFRD co-financing rates;

- to allow for the electronic transfer of national programming documents;

- to specify the conditions for supporting young farmers and to set out the detailed rules regarding young farmers' business plans;

- to set conditions for early retirement support in cases where a holding is transferred by several transferors or by a tenant framer. Thus, any non-commercial activity of the transferor will not be eligible for support under CAP;

- to specify the resources required from the authorities for providing farm advisory services;

- to establish the methodology for management, relief and advisory services;

- to fix the date by which investments for the modernisation of agricultural holdings can be made, in order to allow for compliance with new standards;

- to define plans concerning investments in improving the economic value of forests;

- to fix a date for complying with new standards concerning investment in forestry products that increase their economic value;

- to define the eligible costs for the development of new products, process and technologies;

- to specify support for farmers who participate in a food quality scheme;

- to set detailed requirements regarding support for the promotion of quality products;

- to specify support for semi-subsistence farming as well as to specify the content of the business plans;

- to make provisions that prevent any overlap between support to young farmers, on the one hand, and the Natura 2000 payments, on the other;

- to set minimum requirements concerning support for agri-environment and animal welfare;

- to detail operations eligible for support under the conservation of genetic resources in agriculture programme;

- to define non-productive investments targeting the sustainable uses of agricultural land;

- to set a common definition of forests and wooded areas – in line with the definition used by the UN's FOA;

- to set out detailed conditions for supporting the forestation of agricultural land;

- to define maximum densities of forest plantations;

- to establish a common approach concerning the definition of preventative actions against forest fires;

- to provide that forestation, which is harmful to biodiversity or that causes other environmental damage, should be avoided;

- to set a comprehensive definition of the member of the farm household;

- to lay down detailed conditions regarding support for public-private partnerships;

- to establish clear and transparent selection procedures for local action groups to ensure that pertinent and high quality development strategies at local level are selected for support;

- to limit the costs of local action groups in order to allow for as much implementation of local strategies as possible;

- to establish a co-ordinated procedure between the Commission and the Member States in order to facilitate the selection of transnational co-operation projects;

- to establish detailed options and deadlines regarding national rural networks under the rural development programmes that cover regions eligible under the Convergence Objective;

- to take the necessary steps ensuring that Member States put in place adequate provision to ensure that all rural development measures are both verifiable and controllable;

- to lay down detailed rules on interest rate subsidies for loans and certain forms of financial engineering, where applicable;

- to lay down conditions applicable to managing authorities relating to standard costs and contributions in kind as eligible expenditures – in order to ensure efficient and homogenous management;

- to establish a set of common rules defining “eligible” expenditure;

- to establish common rules for cases where the national authorities decide to pay advances to those benefiting from investment support;

- to lay down specific provisions for certain co-financed measures by the EAFRD and additional national financing to ensure compliance with State Aid rules;

- to specify the content plan of publicity and information concerning the rural development activities that benefit from EAFRD support;

- to publish, annually, the list of beneficiaries; the names of the operations and the amount of public funding, that is allocated to operations; and

- to establish a secure electronic information system for the exchange of data between the Member States and the Commission.

REPEALED: Regulation 817/2004/EC, although it will continue to apply to measures approved before 1 January 2007.

ENTRY INTO FORCE: 24 December 2006. It shall apply to Community support concerning the programming period staring on 1 January 2007.

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.

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

2004/0161(CNS) - 28/02/2005

The Council held two policy debates on the two proposals submitted in July 2004, one on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and the other on the financing of the common agricultural policy (CAP).

The debate on rural development was based on a Presidency questionnaire. In this connection the Presidency drew the following conclusions:

- the Council was clearly in favour of a strong rural development policy which would also make a tangible and significant contribution to achievement of the Lisbon objectives;

- the rural development policy would be of benefit not only to farmers but also to the rural community as a whole and society generally;

- the rural development policy would contribute to growth, employment and sustainable development, and to the achievement of sustainable and multifunctional agriculture distributed throughout the territory of the European Union;

- in this context the Council agreed to include support for innovation and development among the measures to be implemented.

The Council took particular note of:

- a demand from numerous delegations for eligibility to be extended to measures to assist medium-sized enterprises, particularly for the processing of agricultural products;

- a request by several delegations for further simplification of the proposal, involving greater subsidiarity;

- differing positions among delegations as to the potential beneficiaries of the support proposed for the implementation of Natura 2000.

The Presidency stated that a new compromise text would be drawn up very shortly, in agreement with the Commission, and submitted to delegations to reflect the concerns expressed during the debate. The Community rural development strategy, the minimum rates of financing per axis and the use of the Leader reserve funds would be addressed at the next Council meeting, on 14 March.

As regards the policy debate on the financing of the common agricultural policy, the Presidency summed up by stating that the Council had taken note of progress on the CAP financing proposal and the various delegations' comments.

The main points raised by delegations concerned the following provisions:

- on the setting of financial ceilings in euro, several Member States outside the euro zone voiced serious concern at the exchange risks they faced with the reimbursement of expenditure;

- regarding the authority to be responsible for ensuring compliance with the agricultural expenditure ceiling, several delegations asked that this prerogative should remain with the Council;

- as regards the obligation to sign a statement of assurance, several delegations feared that this provision would entail an additional and pointless administrative burden;

- several Member States were opposed to the financial consequences of non-recovery of amounts paid in error being shared 50%-50% by the Member State and the Community where recovery was the subject of proceedings before a national court.

Following these statements, the Presidency announced that it would endeavour to work out a solution with the Commission to the question of setting ceilings in euro, and that this would be included in a compromise text. If necessary, the SCA would instruct the Agrifin Working Party to examine certain specific technical points. Following this work, the Council could take up its discussion of the proposal again at its meeting on 26 April 2005.

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

2004/0161(CNS) - 20/06/2005

The Council reached unanimous political agreement on a new framework Regulation for the implementation of rural development policy for the period 2007 to 2013, which establishes a European Agricultural Fund for Rural Development (EAFRD). That political agreement was reached on the basis of a compromise submitted to delegations by the Presidency, as amended during the meeting, to which the Commission gave its support. The agreement is accompanied by statements. The political agreement reached at the Council meeting is without prejudice to agreement on the financial perspective for 2007-2013. Pending such agreement, therefore, the budget proposed for 2007-2013 still amounts to EUR 88,75 billion.

The main changes made to the original proposal are as follows:

- minimum rate of financing by axis: these rates indicate the minimum Community percentage for each axis of rural development. The rate is fixed at 10% for the improvement of competitiveness and forestry (Axis 1) and for diversification measures (Axis 3), instead of 15%. The rate is maintained at 25% for Axis 2 (land management). For programmes in the French overseas departments, the rate for Axis 2 is fixed at 10%;

- the Leader axis is maintained at 5% of Community programming. For the ten new Member States, however, the percentage of the total Fund contribution is fixed at an average of 2,5%;

- the Leader reserve provided for at the end of the programming period (2011-2013), equal to 3% of the rural development budget, has been abolished;

- as regards the size of the firms eligible for aid relating to the processing and marketing of agricultural and forestry products, support is restricted to micro-enterprises in the case of forestry. Support is fixed at a maximum rate and restricted to micro-, small and medium-sized enterprises for measures with added value for agricultural and forestry products. There is no limit on support for the territories of the Azores, Madeira, the Canary Islands, the French overseas departments and the small Aegean islands. The maximum rate of aid is reduced by half for enterprises with fewer than 750 employees or with a turnover of less than EUR 200 million;

- submission of annual reports by the Member States and the Commission: the frequency of these reports is once every two years, the first being required in 2010 (instead of 2008 and 2009). A final report is provided for in 2014, making a total of three reports;

- the installation premium for young farmers is raised from EUR 40 000 to EUR 55 000. The period of grace allowed for young farmers to comply with Community standards is set at 36 months;

- value-added tax that is not recoverable is eligible for a contribution from the Fund when it is finally borne by the recipient;

- the annual division of the Fund's resources by Member State is to take account, inter alia, of special situations and of requirements based on objective criteria;

- the rates of support in the outermost areas and in less-favoured areas have been generally increased;

- less-favoured areas: the Commission will submit a report and proposals concerning the future payment system and the definition of less-favoured areas in 2010. Until 2010, Regulation No 1257/1999 will continue to apply. The proposal provided for the amendment of the present criteria for less-favoured areas, on the basis of soil productivity and climatic conditions;

- the level of aid for afforestation has been raised to 70% outside less-favoured areas (+ 30%), to 80% in less-favoured areas (+ 30%) and to 85% in the outermost regions (+ 10%). In addition, the maximum amount for loss of income has been raised to EUR 700 a hectare;

- transitional measures for the benefit of semi-subsistence farming and producer groups have been extended until the end of 2013 instead of 2008.

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

2004/0161(CNS) - 07/06/2005 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted a resolution by 559 votes, with 26 against and 61 abstentions, and made several amendments to the Commission’s proposals. The report was drafted by Agnes SCHIERHUBER (EPP-ED, AT). The thrust of the Parliament’s report was that there should be no budget cuts at the expense of rural areas. It stated that the policy for the rural areas cannot and must not replace other already existing policies such as structural and cohesion funds.

The main amendments regard the minimum spending rates to be earmarked for the three different axes of rural development. To recall, the Commission wanted the Member States to agree to earmark 15% of rural development funds towards axis 1 on improving competitiveness, 25% towards axis 2 on environment and land management, and 15% towards diversification measures. Parliament, however, required minimum spending rates lower than those advocated by the Commission. The resolution calls for:

-10% of the Rural Development Fund's to be earmarked for axis 1 on competitiveness;

-20% of the total contribution to go to axis 2 on environment and land management;

-8% of the total contribution to be set aside for axis 3 on the diversification of the rural economy.

Parliament also called for the deletion of the LEADER reserve.

It put some emphasis on gender mainstreaming in the text, stating that Member States shall devise measures to facilitate access by women to joint ownership of farms and to the aid provided for in the Regulation. Specific aid to small and micro-enterprises was also discussed.

Other amendments include:

- the first summary report by Member States will be in 2010, and after the conclusion of the programming period, each Member State shall submit a summary report on the programming period 20072013;

- the amounts required to pay compensation for nature conservation measures under NATURA 2000 shall be added to the rural development budget.

Finally, the European Parliament also wants the second axis on “land management” to be renamed “Improving the environment and the countryside”, and called for installation aid for young farmers to be increased to EUR 55,000 in the form of a single premium or an interest subsidy on loans.