Basic information

2011/0209(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
Agricultural Fund for Rural Development (EAFRD): increased contribution rates for certain Member States Amending Regulation (EC) No 1698/2005 2004/0161(CNS) **Subject** 3.10.01.02 Rural development, European Agricultural Fund for Rural Development (EAFRD) 8.70 Budget of the Union 8.70.03 Budgetary control and discharge, implementation of the budget	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
AGRI Agriculture and Rural Development	DE CASTRO Paolo (S&D)	30/08/2011

Committee for opinion	Rapporteur for opinion	Appointed
BUDG Budgets	The committee decided not to give an opinion.	
CONT Budgetary Control	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Agriculture and Fisheries	3137	2011-12-15

European Commission

Commission DG	Commissioner
Agriculture and Rural Development	CIOLOŞ Dacian

European Economic and Social Committee

Key events

Date	Event	Reference	Summary
01/08/2011	Legislative proposal published	COM(2011)0481	Summary

13/09/2011	Committee referral announced in Parliament, 1st reading		
23/11/2011	Vote in committee, 1st reading		
25/11/2011	Committee report tabled for plenary, 1st reading	A7-0405/2011	Summary
13/12/2011	Decision by Parliament, 1st reading	T7-0564/2011	Summary
13/12/2011	Results of vote in Parliament		
15/12/2011	Act adopted by Council after Parliament's 1st reading		
19/12/2011	Final act signed		
19/12/2011	End of procedure in Parliament		
21/12/2011	Final act published in Official Journal		

Technical information

Procedure reference	2011/0209(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Amending Regulation (EC) No 1698/2005 2004/0161(CNS)
Legal basis	Treaty on the Functioning of the European Union TFEU 042-p1 Treaty on the Functioning of the European Union TFEU 043
Other legal basis	Rules of Procedure EP 165
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/7/06692

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE472.049	09/09/2011	
Amendments tabled in committee		PE474.032	10/11/2011	
Committee report tabled for plenary, 1st reading/single reading		A7-0405/2011	25/11/2011	Summary
Text adopted by Parliament, 1st reading/single reading		T7-0564/2011	13/12/2011	Summary

Council of the EU

Document type	Reference	Date	Summary
Draft final act	00070/2011/LEX	19/12/2011	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2011)0481	01/08/2011	Summary
Commission response to text adopted in plenary	SP(2012)90	01/02/2012	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	PT_PARLIAMENT	COM(2011)0481	08/11/2011	
Contribution	IT_SENATE	COM(2011)0481	12/12/2011	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES1589/2011	27/10/2011	

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Final act

Regulation 2011/1312
OJ L 339 21.12.2011, p. 0001 Summary

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

2011/0209(COD) - 25/11/2011 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Agriculture and Rural Development adopted the report drafted by Paolo De CASTRO (S&D, IT) on the proposal for a regulation 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.

The report recalls that as a consequence of the financial and budgetary crisis, some Member States are facing budgetary constraints which might prevent them from fulfilling their commitments in co-financed community programs (Structural and Cohesion funds, EARDF and European Fisheries Fund). These Member States are at the risk of losing the Community support through EARDF, unless they provide proof of spending matching national funds as defined in Article 70 of Regulation (EC) No 1698/2005, at the latest 2 years after the year initially foreseen for the payment (n+2 rule).

Against this background, the Commission proposes to temporarily increase the maximum Union’s co-financing rate for programmes running in Member States that are subject to support of the EFSM (Council Regulation (EU) No 407/2010, currently Greece, Ireland and Portugal) and the “Balance of payment facility for non-Euro zone Member States (Council Regulation (EC) No 332/2002, currently Latvia and Romania).

The committee recommends that the European Parliament's position at first reading, under the ordinary legislative procedure, should be to amend the Commission proposal. According to the Members, it is necessary to consider a temporary increase in co-financing rates in the context of the budgetary restraints facing all Member States and those budgetary restraints should be reflected appropriately in the Union budget. 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.

Due to the urgent need to address the economic crisis, Members call for this Regulation to enter into force immediately on publication.

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

2011/0209(COD) - 13/12/2011 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 600 votes to 22, with 77 abstentions, a legislative resolution on the proposal for a regulation 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.

Parliament adopted its position at first reading under the ordinary legislative procedure. The amendments adopted in plenary are the result of an agreement negotiated between the European Parliament and the Council.

The amended text stresses that it is necessary to consider a temporary increase in co-financing rates in the context of the budgetary restraints facing all Member States and those budgetary restraints should be reflected appropriately in the Union budget. 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.

Due to the urgent need to address the economic crisis, this Regulation should enter into force immediately on publication.

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.

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

2011/0209(COD) - 01/08/2011 - Legislative proposal

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.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: the deepening of the financial crisis in some of the Member States is undoubtedly affecting substantially the real economy due to the amount of debt and the difficulties encountered by the Governments to borrow money from the market. In this context, ensuring a smooth implementation of rural development programmes is of particular importance as a tool for providing financial assistance to the real economy.

Nonetheless, the implementation of the programmes is often challenging as a result of the liquidity problems resulting from budget constraints. This is particularly the case for those Member States which have been most affected by the crisis and have received financial assistance under a programme from the Balance of Payments (BoP) mechanism for non EURO countries or from the European Financial Stabilisation Mechanism (EFSM) for the EURO countries.

To date, six countries have requested financial assistance under these mechanisms and have agreed with the Commission a macro-economic adjustment programme. Hungary has received financial assistance from 2009 but has exited the support mechanism in 2010. The remaining five countries are Romania and Latvia under the BoP and Portugal, Greece, and Ireland under the EFSM.

In order to help these Member States to continue the implementation of the programmes on the ground and disburse funds to projects, the current proposal contains provisions that allow the EAFRD contribution rate applicable to the rural development programmes of these MS to be increased.

IMPACT ASSESSMENT: the proposal will allow the Commission to approve higher EAFRD contribution rates for the countries concerned, for as long as they are under the support mechanisms.

LEGAL BASIS: Articles 42 and 43 of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: it is proposed to amend Council Regulation 1698/2005 in order to allow the EAFRD contribution rate applicable to the rural development programmes of the Member States concerned to be **increased up to**:

- **95%** of eligible public expenditure in the regions eligible under the Convergence objective, the outermost regions and the smaller Aegean Islands;
- **85%** of eligible public expenditure in other regions, for as long as they are under the support mechanisms.

This will be a **temporary measure** which will be terminated once the Member State exits the support mechanism.

BUDGETARY IMPLICATION: there is no impact on commitment appropriations since no modification is proposed to the maximum amounts of EAFRD financing provided for in the Operational Programmes for the programming period 2007-2013.

On the basis of the forecasts of expenditure sent to the Commission to date by the Member States concerned, an additional EUR 90 million from the 2011 budget if the proposal is approved in time, and EUR 470 million from the 2012 budget might be necessary to be paid out in case the Member States decide to use the maximum co-finance rate allowed.

The Commission will in 2012 review the need for additional payment appropriations and if necessary propose the relevant actions to the Budgetary Authority.