

Rural Development measures

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the specific challenges of integrating the new Member States.

The need to restructure

- Many more farmers, many more farms
- On average smaller farms than EU-15, but some countries have many larger farms
- Presence of considerable semi-subsistence sector alongside commercial farms
- Much lower average wages for whole economy



Key challenges

The need to restructure

Objectives:

- Meeting EU food safety, quality and environmental standards.
- Restructuring farming sector towards more competitive viable farming, particularly in the livestock sector
- Reducing dependency on semi-subsistence farming
- Creating alternative sources of employment in rural areas

Means:

- Progressive introduction of direct aids
- Reinforced rural development programming
- Structural funds programmes



RURAL DEVELOPMENT POLICY FOR NEW MEMBER STATES

- Reinforced rural development policy
- Existing measures
- Complementary measures
- Certain derogation from the provisions foreseen by Regulation (EC) n°1257/1999



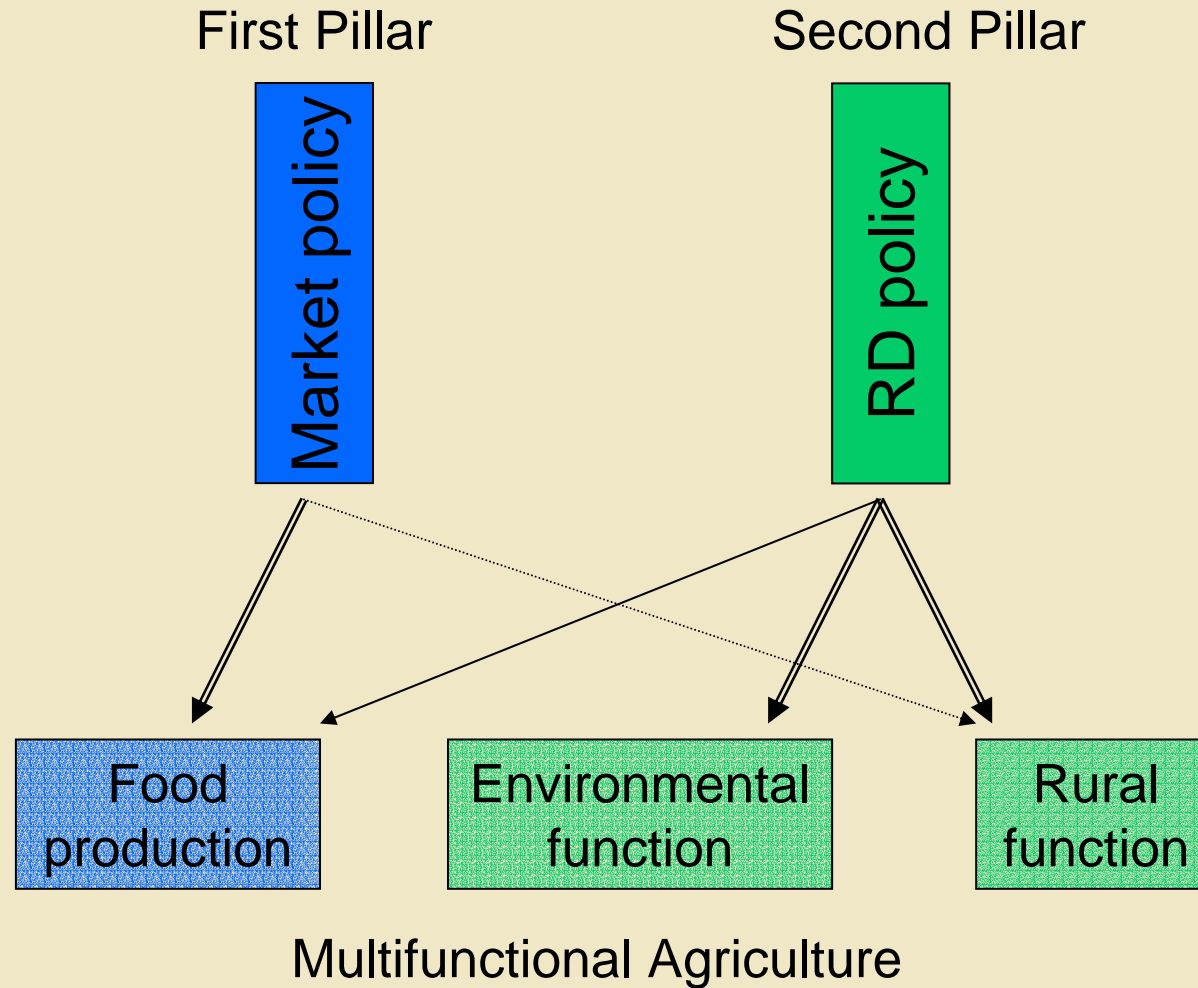
RURAL DEVELOPMENT POLICY TOWARDS NEW MEMBER STATES

Two angles of approach to Rural Development:

- as 2nd Pillar of the Common Agricultural Policy => complementing and accompanying the market policies, promoting the multifunctional character of agriculture
- as part of integrated regional policy => achieving a balanced territorial development, promoting economic and social cohesion
- Special arrangements to allow smoother Accession



RURAL DEVELOPMENT POLICY



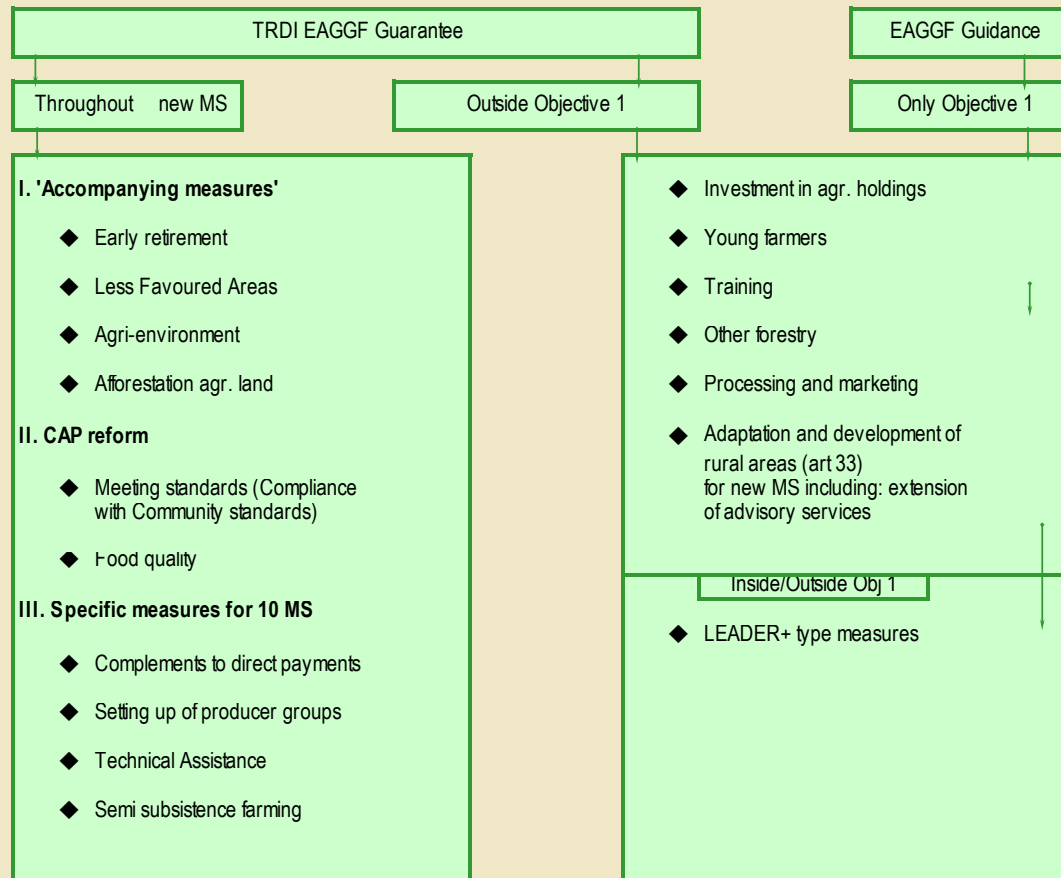
RURAL DEVELOPMENT POLICY

Main instrument is the Rural Development Regulation 1257/99:

- **For new MS 30 measures in 10 broad categories (chapters in Regulation 1257)**
- **2 sources of EU funding, Guarantee and Guidance**



Community funding for rural development in new MS



Specific measures for the 10 new Member States

- Support for semi-subsistence farms
- Producer groups
- Technical assistance
- Complements to direct payments
- Farm advisory and extension services (Art.33)
- Specific measures for Malta
- Investment derogation under meeting standards
- 'Leader+type'



RURAL DEVELOPMENT POLICY

Grouping of RD measures (summary):

Food and Fibre
production

- Targeting the competitiveness of the farm sector/individual farms
- Targeting downstream of the farm sector
- Targeting the economic environment of the farm sector

Environmental
and
Rural function

- Targeting the environment
- Targeting disadvantaged areas to maintain farming
- Targeting the rural economy



specific measures adapted to the needs of the new members.

*Rural
Development*

2 SAPARD specific measures:

- Support for producer groups
- Technical assistance

A new measure for semi-subsistence farms:

- Designed to provide transitional income support to farm households during a period of intensive restructuring and investment:
- Targeted on farms in the range of 3-15 hectares (to be determined by the member state)
- Which can demonstrate that they will achieve economic viability and EU standards (quality, food safety, environment etc.) through a business plan.
- Flat rate payment of a maximum of €1000 per farm per year



Semi-subsistence support

- to help ease rural transition problems facing the competitive pressure of the single market
- to encourage the restructuring of farms for which economic viability cannot be demonstrated
- flat rate annual aid with a maximum amount of 1000 € shall be granted to semi-subsistence farms



Measure Producer Groups

- to encourage the setting-up, to facilitate the administrative operation of producer groups
- apply to producer groups set up for the purpose of jointly adapting the production and output of the producers who are members of such groups to market requirements,
- which have been formally recognised by the *Member State*.



Measure Technical assistance

- **Preparation, monitoring, evaluation and control measures necessary for the implementation of the Rural Development programmes**



Leader+ type measures

Support is granted for :

- **measures connected with the acquisition of skills of rural communities**
- **pilot and integrated territorial rural development strategies prepared by local action groups**



Derogation for investment under meeting standards

- (Normal meeting standard support is 10.000 € per year per holding for income lost; investment is not taken into account)
- Investment support : 25.000€ ceiling per year per holding
- Investment support for a maximum of 3 years
- Compliance with standard at the end of the investment



Financial allocations for rural development programmes in 10 new MS

(AS REVISED BY COMMISSION
DECISION OF 29 DECEMBER 2003)

(EUR million)

	2004	2005	2006	2004-2006
Cyprus	22,5	25,1	27,2	74,8
Czech Republic	163,3	182,0	197,5	524,8
Estonia	45,3	50,4	54,8	150,5
Hungary	181,2	201,9	219,2	602,3
Poland	862,4	961,0	1 043,0	2 866,4
Slovenia	84,7	94,4	102,5	281,6
Lithuania	147,3	164,1	178,1	489,5
Latvia	98,7	110,0	119,4	328,1
Slovakia	119,5	133,1	144,5	397,1
Malta	8,17,3	9,0	9,8	26,9



2003 CAP reform and 2004 enlargement

- Reform implies changes to the *acquis* on which the accession negotiations were based
- Result : need to adapt both the Act of Accession and the CAP reform texts (meeting standard - Leader type measures)
- Principle : There should be no 'erosion' of the terms of accession by negotiated countries



Implementing rules for the Accession Treaty 'specific measures'

Commission Regulation 141/2004 laying down rules for applying Council Regulation (EC) No 1257/1999 as regards the transitional rural development measures :

- ❑ defines implementing rules
- ❑ defines what has to be included in the programme description
- ❑ defines financial table



Commission Regulation 27/2004 as regards the financing of EAGGF Guarantee section for rural development in the new Member States

Defines the financial rules for:

- ❑ new Art.47a - financing of transitional measures**
- ❑ new Art. 47b - eligibility of expenditure**



New formula for financial management for EAGGF Guarantee rural development in new MS

- Financial management system close to the SAPARD experience
- Financing by EAGGF-Guarantee but under differentiated appropriations
- Regulation 1258/99 on the financing of the PAC applies except Art. 5 (payments) and Art. 7(2) monthly advances on the provisions for expenditure)
- Arts. 29 to 32 of Regulation 1260/99 apply



Number of plans in 10 new MS

EAGGF - Guidance	9 plans
EAGGF - Guarantee	10 plans (Cyprus all measures together)



Time table for the appraisal procedure

- Phase of informal consultation (mid 2003-end 2003)
- Formal submission of plans:
 - EAGGF Guarantee “admissible plans” – end of 2003 starting from 1 January 2004 (influence on the starting date for the eligibility period)
 - EAGGF Guidance – starting from 1 May 2004
- Formal approval of plans (after 1 of May 2004)

