

# 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



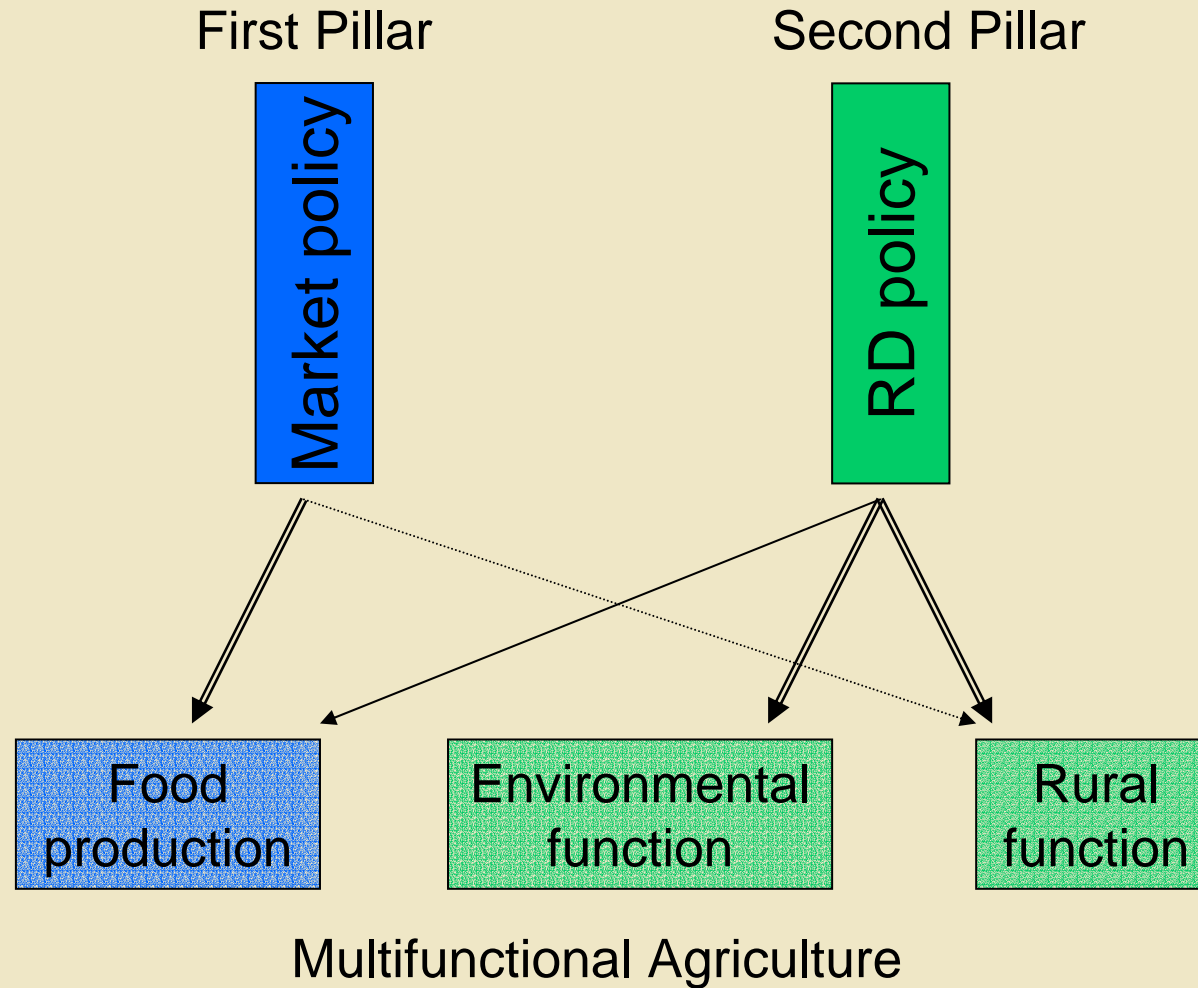
# RURAL DEVELOPMENT POLICY TOWARDS NEW MEMBER STATES

Two angles of approach to Rural Development:

- as 2<sup>nd</sup> 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



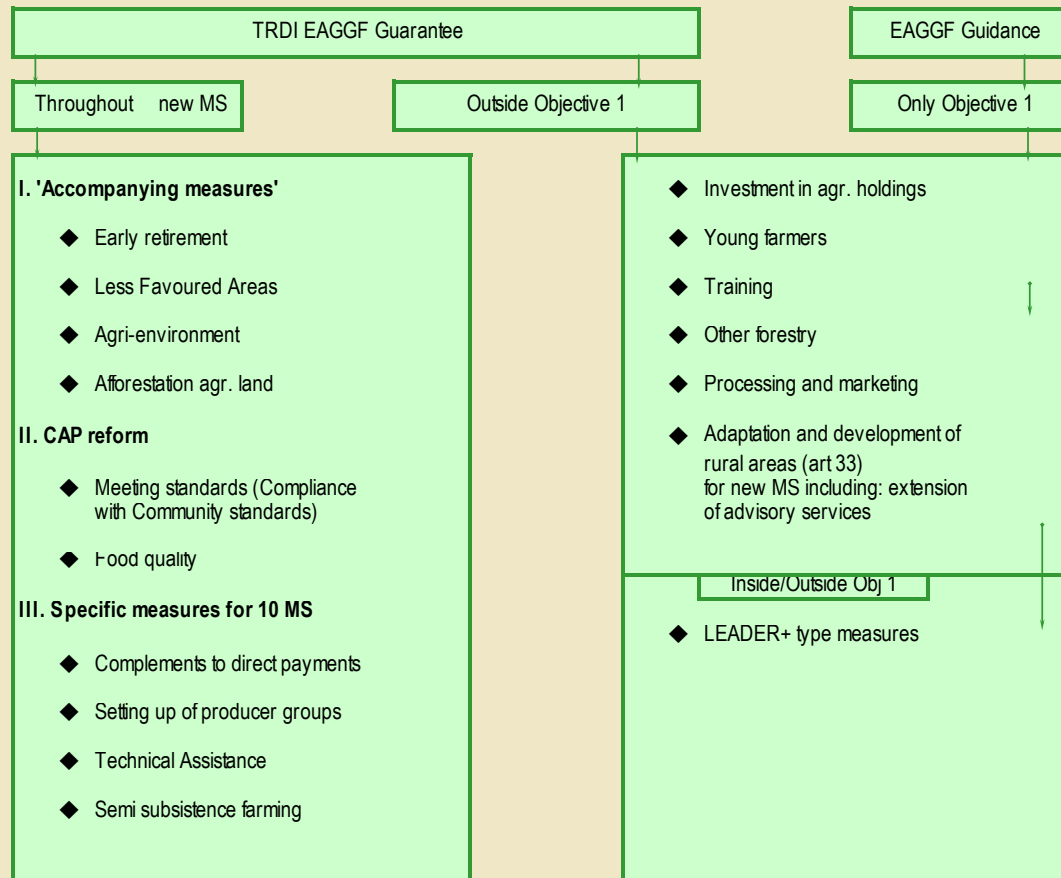
# RURAL DEVELOPMENT POLICY

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

