EU rural development policy
2007-2013

Axis 1

DG AGRI, October 2005
National Strategy

Based on an assessment of the general situation of the agricultural and forestry sector the MS will set out how it will deal with and set quantified objectives for key issues such as:

- Supporting the restructuring of the agricultural sector
- Improving integration in the food chain
- Developing business skills
- Developing new outlets for agricultural and forestry products
- Developing high quality products in line with market demand
- Improving the environmental performance of farms and forestry
Rural Development Programme

In its RDP the MS will set out:

- How much it plans to spend on axis 1 (minimum 10% of the Community contribution to the programme)

- Which measures it wishes to implement and how they fit to the strategy

- An indicative breakdown of funding per measure
Axis 1: Improving Competitiveness (1)

1. Measures aimed at promoting **knowledge** and improving **human potential**:

   - vocational training,
   - setting up of young farmers,
   - early retirement,
   - provision of advisory services;
   - setting up farm management, farm relief and advisory services.
Axis 1: Improving Competitiveness (2)

2. Measures aimed at restructuring **physical potential** and promoting **innovation**:

- farm modernisation,
- improving the economic value of forests,
- processing and marketing of agricultural and forestry products,
- improving and developing of infrastructure,
- natural disasters and prevention actions.
Axis 1: Improving Competitiveness (3)

3. Measures aimed at improving the quality of agricultural production and products:

- adaptation to new EU standards,
- participation in food quality schemes,
- promotion for quality products.
Axis 1: Improving Competitiveness (4)

4. Transitional measures for the new Member States:

- support for semi-subsistence farms undergoing restructuring,
- setting up of producer groups,
- provision of advisory services (only for Bulgaria and Romania for the period of 3 years)
Vocational training (art. 21)

Aid for courses or training, which do not form part of normal programmes or systems of agricultural and forestry education at secondary or higher levels.

Support for young farmers (art. 22)

- Setting up aid, in the form of
  - a single premium of up to 40,000 €
  - an interest rate subsidy (capitalised value up to 40,000 €)
  - a combination of both, total value up to 55,000 €
  - conditions: less than 40 years; setting up for the first time; adequate occupational skills; business plan

- 5 % bonus on aid intensity for investment

- Grace period of up to 3 years to comply with existing Community standards (which must be identified in the business plan)
Early retirement (art. 23)

- Annual payment for stopping all commercial agricultural activities:
  - for farmers up to 18,000 € per year (max. 180,000 € in total)
  - for workers up to 4,000 € per year (max. 40,000 € in total)
  - conditions for farmers: more than 55 years old or not more than 10 years below retirement age; stop all commercial farming activity; have practised farming for 10 years.

- Support adjusted if state pension received

- Maximum duration of the support 15 years

- Different conditions apply for farm workers

Axis 1
Farm modernisation (art. 26)

- Maximum grant of:
  - 50% of the eligible costs for all farmers
  - 60% of the eligible costs for farmers in LFA
  - **conditions**: improve the overall performance of the agricultural holding; respect Community standards relevant to the investment;

- Grace period for investments needed to implement newly introduced Community standards: up to 3 years from the date on which the standard becomes compulsory on the farm holding.
Investment aids for processing and marketing (adding value) (art. 28)

- Support for processing, marketing or development of “Annex I” (agricultural) and/or forestry products (NB fishery products excluded)
- Maximum grant 50% of the eligible costs for SME
- Aid intensity halved for bigger enterprises (i.e. max 25%):
  - with less than 750 employees or
  - with a turnover of less than 200 Mio €
- No aid for enterprises larger than this
  - conditions: improve the overall performance of the enterprise; respect the Community standards relevant to the investment;
- In the case of forestry, support only for micro-enterprises
Cooperation for the development of new products, processes and technologies in the agriculture and food sector and in the forestry sector (art. 29)

- Support to promote cooperation between primary producers, the processing industry and/or third parties.

- Support contributes to costs incurred for the co-operation.

- Objective is to promote cooperation within the supply chain, to take advantage of market opportunities through innovative approaches to product and process development.
Meeting Standards (art. 31)

- Annual Support given as a flat-rate, temporary and degressive aid
  - Up to 10,000 € per holding per year for a maximum duration of 5 years
  - Partial Support for costs incurred and income foregone

- Standards concerned: environmental protection, public health, animal and plant health, animal welfare and occupational safety
  - standards must be newly introduced in national legislation

- The new standards must impose new obligations or restrictions to farming practice which have a significant impact on typical farm operating costs and concern a significant number of farmers.
Quality Schemes (art. 32)

- Annual incentive payment - maximum 3,000 € per holding
  - depending on the fixed costs of participation in the schemes
  - for a maximum duration of 5 years.

**Conditions:**

- Only for agricultural products for human consumption
- The schemes have to be Community food quality schemes or recognised by the Member States (have to comply precise criteria)

**Exclusions:**

- If the Schemes only intend to provide a higher level of control of respect of obligatory standards under Community or national law they will not be eligible for support;
Supporting producer groups for information and promotion activities for products under food quality schemes (art. 33)

- Information and promotion activities have to be for products covered by the support of the quality schemes described on the previous slide (Community and National Food Quality Schemes for products of human consumption)
- The aid covers 70% of the eligible cost of the action
Support for semi-subsistence farms undergoing restructuring (art. 34)

- **Definition of Semi Subsistence:** Agricultural holdings which produce primarily for their own consumption and also market a proportion of their output.

- Flat rate income aid up to 1,500 € per holding and for a maximum of 5 years.

- No restrictions on use of funds. This is an income support payment, not an investment aid.

- **Conditions:** The submission of a business plan is necessary.
  
  After 3 years an assessment of the progress in respect of the business plan will be made. If problem the payments will be suspended.
Establishment of Producer groups (art. 35)

- Annual flat rate aid for setting up and administrative operation of producer groups.
- Objectives:
  - Improved market presence,
  - joint marketing,
  - better information.
- Conditions:
  Support for the first 5 years after recognition
  Group must be officially recognised by competent authority of the Member State during programming period.

Flat rate aid is a percentage of the group's annual marketed production during the first five years of recognition:

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<tbody>
<tr>
<td>Up to 1,000,000 €</td>
<td>5%</td>
<td>5%</td>
<td>4%</td>
<td>3%</td>
<td>2%</td>
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<tr>
<td>More than 1,000,000 €</td>
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<td>2.5%</td>
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<tr>
<td>Maximum amounts</td>
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<td>100,000 €</td>
<td>80,000 €</td>
<td>60,000 €</td>
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