



EUROPEAN COMMISSION

Brussels, 3.10.2012  
C(2012) 6893 final

Dear President,

*The Commission would like to thank you for forwarding the reasoned Opinion of the Luxembourg Chamber of Deputies on the Commission proposal for a Regulation of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development {COM (2011) 627 final} and apologises for the long delay in replying.*

*The reasoned Opinion examines the compatibility of the proposal with the principles of subsidiarity and proportionality in the context of a common strategic framework, in which the European Agricultural Fund for Rural Development (EAFRD) will function in the period 2014-2020 with the European Maritime and Fisheries Fund (EMFF) and the Structural and Cohesion funds. It raises the following concerns linked with the common programming envisaged.*

*1. The reasoned Opinion expresses concerns about possible delays in the approval of the rural development programmes – compared to the six-month duration in the current programming period - due to the preparation and approval of Partnership Contracts governing the use of EAFRD, EMFF and Cohesion Policy Funds.*

*It should be noted that both the Partnership Contracts and the rural development programmes would be assessed by the Commission within a time span of three months and should be approved in six months from their joint submission. This implies that the duration of the procedures for the approval of the programmes should not diverge from the current programming period, also considering that the current National Strategy Plans specific to the rural development policy will be no longer needed.*

*2. The reasoned Opinion calls also for proportionality of costs and benefits in relation to monitoring and evaluation of the rural development programmes, especially in the case of small Member States such as Luxembourg.*

*In this respect, the Common Monitoring and Evaluation Framework (CMEF) introduced in the current period would be simplified and improved based on experience gained to date, with a view to ensuring the effectiveness and impact of actions under the EAFRD in the framework of a more result-oriented policy approach.*

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*The key principle of streamlining monitoring and evaluation is in fact to reduce the administrative burden for the Member States, programme authorities, beneficiaries and the Commission. Simplification should be based on a careful assessment of what information is needed by whom, for what purpose and at what time, taking into account the requirements of the overall policy framework and the most appropriate level for action.*

*Moreover, to make it more useful as a management tool to guide implementation, the system would also provide flexibility for managing authorities to complement the common framework in order to take account of the specificities of each programme, while proportionality will be achieved by balancing the utility of information collected against the resources required to provide it.*

*3. The Chamber's reasoned Opinion claims that, in the field of management and control, the past experience and results achieved by Member States should be taken into account into a greater extent.*

*As regards management of EAFRD, Articles 62 to 65 of the CSF Regulation {COM (2011) 615 final} lay down additional rules in addition to Articles 71 to 73 of the proposal, and more detailed rules especially as regards the financial management are laid down in the proposal for Regulation of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy {COM (2011) 628 final}.*

*The rural development programmes continue to be implemented under the shared management principle. It is up to the Member States to adopt all legislative, statutory and administrative provisions in order to ensure that the Union's financial interests are effectively protected. It is worth noting that the different national implementing bodies to be set up for the management of the programmes are the same as in the previous programming period and their role follows largely what has been before.*

*As regards controls, it is once again the proposal for Regulation of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy that defines the rules to be applied. According to it, Member States shall set up efficient management and control systems in order to ensure compliance with the legislation governing Union support schemes. It should be noted that the proposal foresees empowering the Commission to adopt implementing acts relating to the minimum level of checks necessary for the effective management of risks and to a possibility to reduce the number of checks where the management and control systems function properly and the error rates are at an acceptable level.*

*4. The Chamber expresses also concerns about the fact that the need to respect the proposed ex-ante conditionalities could delay the starting of the implementation of the programmes, and argues that only conditions showing a direct link with the policy should be included in the legal proposal.*

*The proposed ex-ante conditionalities aim at securing that minimum essential conditions for ensuring the effectiveness of the intervention are in place before the starting of the programmes. Nevertheless, the possibility of defining an action plan in case one or more of these conditions are not met at the outset will allow the starting of the implementation of the programmes even in case of non respect of certain conditions.*

The Commission would like to reassure the Chamber that the biophysical criteria proposed in Annex II to the legal proposal have been profoundly discussed and tested by all Member States, including Luxembourg. The extensive analysis has shown that these criteria constitute

8. Finally, the Chamber raises doubts concerning suitability of criteria for designation of areas facing constraints. It is also opposed to the obligation to be imposed by the Commission on the Member States to fine tune the process of delimitation of the areas concerned foreseen in the Article 33 (3) second subparagraph.

The proposed new strategic framework and common overall architecture with the Structural Funds will certainly call for increased efforts on coordination at different levels. However, there will be advantages in terms of simplification in many other areas, such as more harmonised rules for operations implemented under the different funds, a streamlined approach towards local development strategies, single strategic guidelines for all funds, simplified financial instruments etc. Progress in terms of simplification has also been achieved concerning the specific legal provisions on rural development, for example in the field of the processes for claiming, managing and auditing reimbursement for payments.

7. The reasoned Opinion challenges the respect of the principle of proportionality by the Commission legal proposal, in particular in relation to Member States whose budgetary envelopes are relatively small, and calls for further simplification.

The proposed system is linked to the objective to make the Union policies more results-focused, and aims at rewarding well performing programmes. To be effective, a reserve needs to have a sufficient volume to become an incentive and must be small enough to be used during the remaining time after its allocation. Taking into account the experience of the programming period 2000-06, when a reserve of 4% was allocated, a budget of 5% of the total allocation for the programming period seems appropriate. The establishment of indicators and targets represents a consolidated practice in rural development and has been one of the cornerstones of programming for several programming periods. Past experiences in this field will allow for a smooth implementation of the system.

6. The Chamber has moreover doubts concerning the utility of the proposed performance review linked to the attribution of a performance reserve representing 5% of the national EAFRD allocation in a given Member State.

The Commission believes that the added value of the prize lies in both the increased visibility at EU level of good initiatives/projects (that could therefore be identified as examples of good practice) and the possibility of further stimulating trans-national cooperation activities. The prize can complement existing similar national initiatives by being open to candidates who are not necessarily involved in rural development programmes. The maximum prize per project of 100 000 euro is considered appropriate for this kind of initiative.

5. In addition, the Chamber considers the prize for innovative projects as entailing disproportionate administrative efforts compared to the financial amount of the prize and its added value.

The ex-ante conditions proposed for the rural development policy are based on the ones defined for the Structural Funds, but are more limited in number, by focusing only on those which are considered relevant for the rural development policy.

*a credible mechanism of delimiting areas with significant natural constraints. As regards fine tuning, the legal proposal stipulates that all Member States must apply it in order to exclude areas where a handicap has been overcome. However, the methodology of fine tuning shall be devised by each Member State individually. Finally, it is worth mentioning that the simulations of the biophysical criteria and the fine tuning so far carried out by Luxembourgish authorities return an almost identical map of areas with significant natural constraints, as the one which is in use presently.*

*In conclusion, the Commission believes its proposal for a Regulation of the European Parliament and of the Council on support for rural development by the EAFRD, and in particular the points above raised by the Chamber, are not contrary to the principle of subsidiarity and proportionality in the meaning of the Article 5 of the TEU and hopes that it has addressed the main concerns raised in your reasoned Opinion.*

*I am looking forward to further developing the political dialogue with the Chamber of Deputies on this important issue.*

*Yours faithfully,*

*Maroš Šefčovič  
Vice-President*