EU rural development policy
2007-2013

Outline of the proposal [COM (2004) 490 final]

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Two legislative text proposals:

- Proposal for a Council Regulation on the financing of the CAP
  => creates a new financing framework for the CAP ("new 1258") with
    - The European Agricultural Fund for Guarantee
      => EAFG
    - The European Agricultural Fund for Rural Development
      => EAFRD

- Proposal for a Council Regulation on support for Rural Development from the European Agricultural Fund for Rural Development (EAFRD) => the new rural development regulation
Simplification

CURRENT

5 types of programming
- Guarantee
- Guarantee Objective 2
- Guarantee new MS
- Guidance Objective 1
- Guidance LEADER+

3 financial management and control systems
- Guarantee
- Guarantee new MS
- Guidance

One single
- programming system
- set of financial rules
- rural development fund
- control system
→ Make it simple
→ For all rural areas in the EU
Policy focus on 3 main objectives:

- Improving the competitiveness of the agricultural sector through support for restructuring
- Enhancing the environment and the countryside through support for land management
- Enhancing the quality of life in rural areas and promoting diversification of economic activities
Rural Development Policy 2007-2013: Foundations

« LEADER » Axis

Axis 1: Competitiveness farms and forestry
Axis 2: Environment + Land Management
Axis 3: Econ. Divers. on/off farm + Quality of Life

Single set of programming, financing, monitoring, auditing rules

Single Rural Development Fund
Programming steps
Building blocks

- EU strategy document setting out the EU priorities for the priority axes

- National strategy plans translating the EU priorities to the member state situation and ensuring complementarity with Cohesion policy

- National or regional rural development programmes articulating the
  - 4 priority axes with the
  - measures (15 under axis 1, 12 under axis 2, 8 under axis 3)
Axis 1: Improving Competitiveness

1. Measures aiming at improving **human potential**: vocational training; setting up of young farmers; early retirement; management, relief and advisory services, …

2. Measures aiming at restructuring **physical potential**: investments to improve production, processing and marketing structures (and infrastructures), …

3. Measures aiming at improving the **quality of agricultural production and products**: adaptation to new EU standards; participation in food quality schemes; promotion for quality products.

4. **Transitional measures** for the new Member States (until 2008): semi-subsistence farms; setting up of producer groups.
Axis 2: Environment/Land Management

Measures targeting the sustainable use of

- **Agricultural land:**
  mountain areas; other areas with handicaps; Natura 2000 areas; agri-environment and animal welfare; support for non-productive investments

- **Forestry land:**
  first afforestation; first establishment of agro-forestry systems, Natura 2000 areas; forest-environment; restoring forestry production potential and introducing prevention actions; support for non-productive investments
Axis 3: diversification, quality of life

1. Diversification of the rural economy:
   diversification to non-agricultural activities; support for micro-enterprises; tourism; protection and management of natural heritage

2. Improvement of the quality of life:
   basic services; village renewal; rural heritage

3. Training and capacity building
Axis 4: the LEADER approach

- Implementation of local development strategies through a LEADER approach to contribute to the achievement of the objectives of one or several of the three thematic axes
- Inter-territorial and trans-national cooperation between LAGs
- Capacity building and functioning of LAGs
EU maximum cofinancing rates

- At the level of the axis as share of total eligible public expenditure
- Axis 1 and 3: 50% (75% in Convergence regions)
- Axis 2 and 4: 55% (80% in Convergence regions)
- Outermost regions/small Aegean islands: + 5 percentage-points
- Minimum cofinancing rate of 20% per axis

**Balance** *(Minimum % of total programme funding)*

- Axis 1 and 3: 15%; Axis 2: 25% ; Axis 4: 7%
Reporting based on a common framework for monitoring and evaluation

- Annual progress reports at programme level

- National summary reports on progress in implementation of the national strategy

- Annual Commission summary report to the Council and the EP on the progress in implementation of the EU strategy and priorities
Financial management and control:

Similar to the Structural Funds:

- Differentiated appropriations, automatic decommitment \((n+2)\)

- Managing Authority and Monitoring Committee

Using Guarantee bodies and procedures:

- A Paying Agency and a Certifying Body

- Annual financial clearance of accounts and conformity clearance decisions
### Funding origin for the EAFRD

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td><strong>Guarantee</strong></td>
<td>€ 56.0 bn</td>
</tr>
<tr>
<td>- EU-15 + EU-10 unchanged at 2006 level</td>
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<tr>
<td>- Bulgaria + Romania phased in</td>
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<tr>
<td><strong>Guidance</strong></td>
<td>€ 32.8 bn</td>
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<tr>
<td>- Transfer from Cohesion heading, including statistical phasing-out</td>
<td></td>
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<tr>
<td>Convergence regions</td>
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<tr>
<td>- Bulgaria + Romania (EU-10 average)</td>
<td></td>
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<tr>
<td>- Leader+</td>
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<td><strong>Sub-total</strong></td>
<td>€ 88.75 bn</td>
</tr>
<tr>
<td><strong>Modulation - Transfer 1st to 2nd pillar</strong></td>
<td>€ 7.0 bn</td>
</tr>
<tr>
<td><strong>Cotton (2007)/tobacco transfers (2011)</strong></td>
<td>€ 1.4 bn</td>
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<tr>
<td><strong>Total funding 2007-13</strong> (2004 prices)</td>
<td>€ 97.2 bn</td>
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- 3% or 2.66 bn EUR LEADER axis reserve
- 0.3% or 0.27 bn EUR Commission technical assistance
Indexation at 2%:

- EAFRD
- EU-25
- EU-27

Million EUR

2006 2007 2008 2009 2010 2011 2012 2013

Current prices
2004 prices
Conclusion

- Single and simpler coherent framework for rural development
- Focus on commonly agreed EU priorities,
- while leaving sufficient programming flexibility for the MS
- Increased accountability at EU, national and regional level for results obtained
Timetable:

- EU RD strategy proposal
- EU strategy approval
- Elaboration and discussion of national strategy
- National/regional programme preparation
- Programme approval

N-2 (2005)

- Strengths and weaknesses at EU
- Definition of priorities for each thematic area
- Core impact indicators to measure progress
- Translation of EU priorities to national situation
- Complementarity with other EU policies (cohesion)

N-1 (2006)

- Programming at national or regional level
- In line with national and EU RD strategy
- Core result indicators

N (2007)

Programme Implement.