EAFRD

EUROPEAN AGRICULTURAL FUND FOR RURAL DEVELOPMENT

What is the European Agricultural Fund for Rural Development?

The European Agricultural Fund for Rural Development (EAFRD) finances the EU’s contribution to rural development programmes. The rural development programmes contribute to smart, sustainable and inclusive growth in the EU by supporting farms, food and forestry operators and other entities operating in rural areas, such as non-agricultural businesses, non-governmental organisations and local authorities. They enhance the economic viability and sustainability of farms and rural businesses by fostering knowledge transfer and innovation, investing in green technologies, skills and training and promoting entrepreneurship and networking. The rural development programmes also help farmers develop their businesses in a sustainable manner by supporting the preservation of natural resources, promoting environmentally sustainable land management, enhancing ecosystems and maintaining landscapes that are attractive for tourism.

The EAFRD is an important tool to mitigate climate change and support the shift towards a low-carbon, climate-resilient economy, as it helps farmers and rural businesses reduce greenhouse gas and ammonia emissions and adapt to the consequences of climate change. It also supports farmers in managing renewable resources and waste, thus making a direct contribution to the energy union.

The EAFRD contributes to job creation and income diversification and provides the potential to integrate migrants. It also makes an important contribution to the digital single market by supporting broadband infrastructure and various information and communications technology solutions in rural areas. This has a positive effect on the quality of life of EU citizens. Moreover, support for interactive innovation projects under the European innovation partnership for agriculture encourages innovation and entrepreneurship, promotes inclusiveness and increases the impact of EU-funded research on the economy.

Why is it necessary?

The EAFRD finances rural development programmes that make a vital contribution to the economic, social and environmental performance of the EU in rural areas. Rural development programmes take into account national and regional specificities and ensure a consistent, coherent and results-oriented approach to a number of cross-border issues.

The performance and results of the EAFRD are enhanced by the European Network for Rural Development, which allows for the exchange of experience and best practices between national and regional authorities.

Budget implementation (million EUR)

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<thead>
<tr>
<th>EXECUTED COMMITMENTS</th>
<th>EXECUTED PAYMENTS</th>
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<tbody>
<tr>
<td>14 379.7</td>
<td>12 194.7</td>
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<tr>
<td>14 725.3</td>
<td>13 883.2</td>
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<tr>
<td>14 708.2</td>
<td>14 609.0</td>
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Outlook for the 2021–2027 period

The Commission’s proposals for the common agricultural policy for the post-2020 period aim to make it more responsive to current and future challenges such as climate change or generational renewal, while continuing to support European farmers, for a sustainable and competitive agricultural sector. Negotiations on the reform of the common agricultural policy with the European Parliament and Council of the European Union are ongoing.

To ensure continuity of the support for common agricultural policy beneficiaries, there is a transitional regulation that allows the EAFRD measures to continue under the rules for the 2014-2020 period while adding the 2021-2022 EAFRD allocations, also including additional EAFRD funding under NextGenerationEU.
Where are we in the implementation?

- The implementation of the 2014-2020 rural development programmes remains at cruising speed. By the end of 2020, payment levels had reached around 65% of total EAFRD resources for the 2014-2020 period. The 65% execution rate (excluding pre-financing) stands above the average implementation rate of other European Structural and Investment Funds in terms of interim payments declared.

- The following factors should be taken into account in the assessment of the implementation rate:
  - by the end of 2020, 3 years of the implementation period remained;
  - area-related payments, generally associated with agri-environment-climate commitments, follow a more regular (annual) path, which explains their faster implementation, whereas long-term investment projects, such as for broadband development, have a longer lifetime.

- The basic act laying down the EAFRD was modified in 2017 through the ‘omnibus regulation’, which entered into force in 2018. The legislative changes were designed to, among other goals, improve risk management tools for farmers, reduce the administrative burden for beneficiaries and simplify conditions for financial instruments. Simplified cost options are being increasingly used by Member States and regions in order to improve the efficiency and effectiveness of EAFRD support and to reduce the administrative burden.

- In December 2020, transitional rules for the common agricultural policy for 2021 to 2022 were adopted, in Regulation (EU) 2020/2220. This regulation extends the rural development programmes by 2 years; the extended programmes will follow the existing legal framework, and add the EAFRD allocations for 2021 and 2022 (following the ‘old rules, new money’ principle). Furthermore, this transitional regulation also sets out the legal basis to introduce the part of the European Union Recovery Instrument earmarked to be implemented via the EAFRD into the rural development programmes. These additional financial resources will be implemented through rural development measures directed at addressing the impact of the COVID-19 crisis.

Performance assessment

- Further progress has been made in terms of the programme’s performance. The results and outputs achieved by the end of 2019 (latest figures available) are fully representative of what is expected from the implementation. With the implementation of the programme at cruising speed, the situation is likely to improve further in the next few years, especially regarding operations linked to the creation of jobs, which normally take more time to be completed. Some positive results can already be noted, with the achievement already of 113% of the final target for the share of the rural population to be covered by local development strategies.

- Overall, the implementation of area-related and animal-related support in the 2014-2020 period (e.g. related to environmental commitments and animal welfare) is well advanced. Rules concerning the deadlines of payments to the beneficiaries were introduced as of the 2019 calendar year to align with direct payments and with a view to ensuring timely disbursement of the EU support to EAFRD beneficiaries. This is also expected to further facilitate the implementation of those commitments. Some delays are still observed in relation to measures that can take several years to be completed (e.g. long-term investments such as broadband or other infrastructures) or that are conditional on the implementation of a business plan, which can take up to 5 years to be ‘completed’ (e.g. a business start-up). Significant progress in the implementation of those measures has been made since 2018 and is expected to increase further.

- On climate and environmental actions in agriculture, good progress has been made, in particular with farmers joining voluntary agri-environment-climate schemes to develop environmentally friendly farm management. The targets to be reached by the end of 2023 are for 17% of EU agricultural land to be under management for biodiversity, 14% for better soil management and 14% for better water management. In all three cases, over 99% of the targets have already been reached.

- The uptake and achievement of results relating to transferring knowledge and fostering innovation in rural areas is not yet fully in place. Part of this can be explained by the fact that cooperation and European innovation partnership for agricultural productivity and sustainability projects require substantial preparatory work in the setting-up phase, including in the search for project partners, which leads to longer project lifetimes, as well as administrative hurdles in some Member States and lack of information on the measures. Several seminars were organised by the European Network for Rural Development in 2019 and 2020 to exchange good practices for improved efficiency under these measures.
The level of achievement of the targets on improving farm viability and competitiveness is relatively good, considering that implementation for investment operations normally takes several years. In general, investment support improves the economic performance and market participation of the supported farms. Investments may also entail environmental benefits. Support for the entrance of appropriately skilled farmers into the market, including young farmers, can have positive effects on farm viability, especially in relation to farm productivity and competitiveness.

In the area of promoting food chain organisation, Member States report several achievements, such as in terms of competitiveness of primary producers by better integration into the food supply chain and introduction of quality schemes, quality of food production, promotion of local markets and short supply chains, participation of farms in risk prevention and management schemes and prevention of flood risks. The uptake of risk management schemes, however, was lower than planned. To facilitate the uptake of these schemes, some changes in the design of the instrument were introduced in 2017 and 2020.

Positive trends were also reported in achieving the specific objectives of restoring, preserving, and enhancing ecosystems related to agriculture and forestry; promoting resource efficiency and supporting the shift towards a low-carbon and climate-resilient economy in the agriculture, food and forestry sectors; and in promoting social inclusion, poverty reduction and economic development in rural areas.

The legislative proposal for the common agricultural policy strategic plans takes into account the main lessons learned so far from the 2014-2020 rural development programming period by, among other measures, reducing the level of prescription of the interventions and improving the synergies with the other instruments of the common agricultural policy (i.e. direct payments and sectoral programmes). The new common agricultural policy strategic plans will have to focus specifically on attracting young farmers and will also promote employment, growth, social inclusion and local development in rural areas. The rural development support will also provide a decisive contribution to the new call for enhanced environmental and climate actions linked to the European Green Deal.

Concrete examples of achievements

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<tr>
<th>3.8 million</th>
<th>17.7%</th>
<th>EUR 1 373 million</th>
<th>1 204 000</th>
<th>5.1 million</th>
<th>1.5 million</th>
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<td>hectares of agricultural and forest land covered by management contracts contributing to carbon sequestration or conservation in 2019.</td>
<td>of agricultural land was covered by management contracts contributing to biodiversity in 2019.</td>
<td>in investments in energy efficiency or renewable energy production reached by 2019.</td>
<td>livestock units affected by investments in livestock management with a view to reducing greenhouse gas or ammonia emissions in 2019.</td>
<td>hectares of land were under land management contracts aiming to reduce greenhouse gas or ammonia emissions in 2019.</td>
<td>beneficiaries had received vocational training in agriculture by the end of 2019 (the 2023 target is 3.8 million) by 2019.</td>
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