



European Commission  
Agriculture and Rural Development



# EU rural development policy

DG AGRI, November 2005



# Overview

- Brief history of rural development (RD) policy in the EU
- Key features of RD policy for 2007-13
  - Strategic aspects
  - Policy content: what can be supported
  - Implementation: how it is delivered
- Questions



# Brief history

- EU RD policy origins in structural policy, mainly targeting farmers (agricultural restructuring & modernisation)
- Over time developed into a more territorially based policy; extension of support beyond agriculture to other sectors of rural economy (within certain geographical areas)
- Agenda 2000 reform established RD as 2<sup>nd</sup> Pillar of the CAP; covers all rural areas of the EU (no Community level definition), and attracts an increasing share of CAP funds.
- Importance of rural areas: In EU-25 account for 92% of territory; 56% of population.



## RD policy for 2007-13:

- New Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) adopted September 2005
- 3 detailed Commission implementing rules under preparation
- Two major changes in RD acquis as compared to the current 2000-06 period:
  - Simplification (of delivery structures)
  - Strategic approach (programming and reporting)

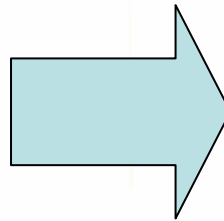
# SIMPLIFICATION



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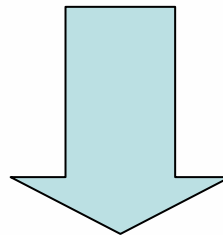
## 2000-06 period:

- 2 sources of finance (funds)
- 3 systems for financial management and controls
- 5 types of programming



## In future 2007-13:

- 1 fund (EAFRD)
- 1 system for financial management and controls
- 1 programming system

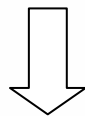


**For all rural areas in the EU**

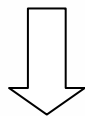


# Programming steps (strategic approach)

1. Community strategic guidelines setting out the EU priorities for the period 2007-2013



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



3. National or regional rural development programmes articulating the four axes



# Regulation and Guidelines

- Reg. 1698/2005 => purpose and scope of assistance from EAFRD (the RD fund)
- Community Strategic Guidelines => EU level priorities within the framework of Reg. 1698/2005, in particular focus on sustainability (Göteborg) and growth and jobs (Lisbon)



# Policy content

→ What the EU supports under rural development:

- 3 core objectives
- 4 priority axes
- 41 detailed measures





## Three core objectives:

- Improving the competitiveness of the farm and forestry sector through support for restructuring, development and innovation
- Improving the environment and the countryside through support for land management
- Improving the quality of life in rural areas and encouraging diversification of economic activity



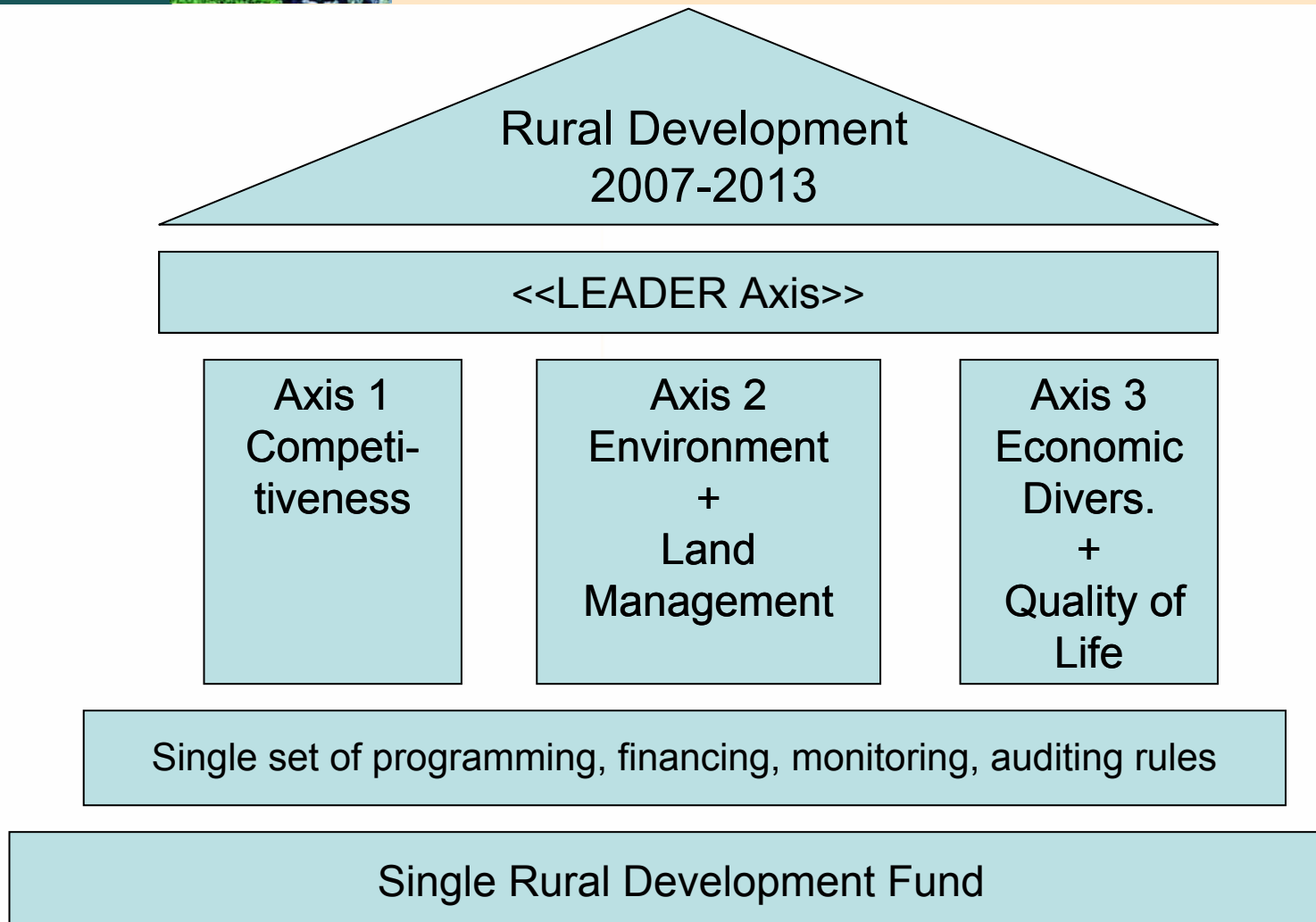
## Four axes to implement the objectives:

- **Axis 1:** Improving the competitiveness of the farm and forestry sector
- **Axis 2:** Improving the environment and the countryside
- **Axis 3:** Quality of life in rural areas and diversification of the rural economy
- **Axis 4:** LEADER (local development in rural areas)



# Programme balance

- Axis 1: at least 10% of EU programme funding
- Axis 2: at least 25%
- Axis 3: at least 10%
- Axis 4: LEADER at least 5% (but counts for the other axes), phasing in for the new MS – average of 2.5%.





# Axis 1 : Improving Competitiveness

**Axis built up of 16 measures in 4 blocks:**

- **Human capital**
- **Physical capital**
- **Quality**
- **Transitional measures**



# Axis 1 : Improving Competitiveness



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- Measures aiming at promoting **knowledge** and improving **human potential**: vocational training/information; setting up of young farmers; early retirement; management, relief and advisory services, ...
- Measures aiming at restructuring **physical potential** and promoting **innovation**: investments to improve production, processing and marketing structures (and infrastructures),...
- Measures aiming to improve the **quality of agricultural production and products**: adaptation to new EU standards; participation in food quality schemes; promotion for quality products.
- **Transitional measures** for the **new Member States** (until 2013): semi-subsistence farms; setting up of producer groups.



# Axis 1: Increasing Competitiveness

## *Measure example: Setting up of young farmers*

- 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
- 10 percentage point bonus on aid intensity for investment
- Grace period of up to 3 years to comply with existing Community standards, when identified in business plan



## Axis 1: Increasing Competitiveness

*Measure example: Adding value to agricultural and forestry products*

- Investment aids for marketing and processing
- Maximum aid intensity possible for SMEs: 50% of eligible investment costs in Convergence regions
- Halved aid intensity for bigger enterprises
  - with less than 750 employees or
  - with a turnover of less than 200 Mio €
- In the case of forestry, support only for micro-enterprises





# Axis 2 : Environment/Land Management

Axis built up of 13 measures in 2 blocks

Measures target the sustainable use of:

- agricultural land
- forestry land



# Axis 2 : Environment/Land Management

- **Agricultural land:**  
mountain areas; other areas with handicaps; Natura 2000 areas; agri-environment; animal welfare; support for non-productive investments
- **Forestry land:**  
first afforestation; first establishment of agro-forestry systems, Natura 2000 areas; forest-environment; restoring forestry potential and introducing prevention actions; support for non-productive investments

N.B.:

- Agri-environment measures are compulsory for each programme
- Cross compliance sanctions (under 1st Pillar of CAP) apply



## Axis 2: Land management/environment

### *Measure example: Less Favoured Areas*

- Designation of areas – mountain areas, other less-favoured, and areas affected by specific handicaps
- Aid Amounts: minimum €25/ha, maximum € 250/ha (mountain areas), €150/ha (other handicaps)
- Calculation of allowance: compensate for additional costs/income foregone related to handicap; avoid overcompensation
- For other (intermediate) LFA: current 2000-06 regime continued until 2010, report and proposal by the Commission in 2008, Council decision in 2009, new regime enters into force in 2010



## Axis 2: Land management/environment

### *Example measure: Agri-environment*

- The only compulsory measure (at programme level)
- Beneficiaries: Farmers and other land managers
- 5 to 7 year contracts (on a voluntary basis)
- Annual payments for commitments going beyond the baseline covering additional costs, income foregone and transaction costs
- Maximum aid rates: €600/ha - annual crops, € 900/ha- specialised perennial crops, € 450 other land uses, local breeds €200/LU )
- Baseline = cross compliance + minimum requirements fertiliser and pesticide + national legislation



## **Axis 3 : Diversification, quality of life**

**Axis built up of 8 measures in 3 blocks:**

- **Diversification of the rural economy:**  
diversification to non-agricultural activities; support for micro-enterprises; tourism
- **Improvement of the quality of life:**  
basic services; village renewal; conservation and upgrading of the rural heritage (natural and cultural)
- **Training and capacity building**



# Axis 3

## *Example measures: Diversification of rural economy*

### **Diversification into non-agricultural activities**

- The beneficiary is a farm-household member

### **Micro-enterprises, entrepreneurship**

- Less than 10 staff, turnover < €2 million
- Addressed to the wider rural population

### **Tourism activities**

- Small scale infrastructure, recreation infrastructure, development and marketing services
- Addressed to the wider rural population

### **General**

- *issues of demarcation with Cohesion Policy e.g. tourism, rural roads..*
- *no specific aid ceilings in axis 3 (possible 100% aid intensity subject to state aid guidelines)*



# Axis 4: Leader

- Leader: ‘Links between actions for the development of the rural economy’
- Specific features
  - area-based approach (local development strategies)
  - public-private partnership (Local Action Group)
  - bottom-up approach
  - integrated approach
  - innovation
  - cooperation
  - networking



## Axis 4 : Leader

Support for 3 measures:

- Implementation of local development strategies through a Leader approach to contribute to the achievement of the objectives of one or several of the three other axes
- Inter-territorial and trans-national co-operation between LAGS
- Running costs of Local Action Groups (LAGs), capacity building and animation





# Community cofinancing rates

- At the level of the axis as share of total eligible public expenditure
- For axis 1 and 3 a maximum cofinancing rate of 50% (75% in Convergence regions)
- For axis 2 and 4 a maximum cofinancing rate of 55% (80% in Convergence regions)
- (For all axes 85% in outermost regions)



# Implementation structure

→ The structures needed to deliver, control and monitor EU rural development support effectively on the ground.

Main components:

- Partnership
- Management, control and information
- Monitoring, evaluation and reporting
- Technical assistance and networks



# Partnership (1)

- EU RD support to be implemented in partnership (close consultation)
- Who are the partners?
  - Commission
  - Member State
  - competent regional, local authorities & other public authorities;
  - economic and social partners;
  - any other appropriate body representing civil society, NGO's including environmental organisations, and bodies promoting equal opportunities



## Partnership (2)

- MS designates the most representative partners and create conditions for a broad and effective involvement of all partners.
- Partnership shall be involved in:-
  - the preparation and monitoring of the National Strategy Plan;
  - the preparation, implementation, monitoring & evaluation of the RD programmes



# Management and control

## 3 bodies required:

- Managing Authority
- Accredited Paying Agency
- Certifying Body



# Information and Publicity

- **General:** Member States required to provide information/publicise their National Strategy Plans, RD programmes and the EU financial contribution.
- **Programme level:** The Managing Authority:
  - informs potential beneficiaries of possibilities to get support under the RD programme; the eligibility rules which apply; and the EU contribution;
  - informs general public about the EU role in the programme & its results.



# Monitoring, Evaluation & Reporting

- Programme Monitoring Committee
- Common Monitoring and Evaluation Framework (CMEF)
- Reporting requirements



# Monitoring Committee

- Required for each RD programme
- Chaired by the MS or Managing Authority
- Membership → Partnership-based
- Commission may be represented, but in an advisory role





# Role of Monitoring Committee

To ensure effective implementation of the programme:

- Consulted on project selection criteria
- Periodical reviews of progress towards programme targets
- Considers and approves annual implementation reports before sent to COM
- May propose to the Managing Authority changes/reviews of the programme
- Considers and approves proposals to amend the programme which require COM Decision



# Common Monitoring and Evaluation Framework (CMEF)

- New strategic monitoring of the Community and national strategies, link to EU priorities
- Aggregation of outputs, results and impacts at the EU level and help assess progress in achieving Community priorities.
- Need to better define baseline and indicators at the start of the programming period to assess starting situation and form basis for monitoring progress in delivering strategy.
- All requirements brought together in a single common monitoring and evaluation framework (CMEF) to be agreed with MS. Details to be in implementing rules+ supplemented by an explanatory Handbook.



# CMEF: Evaluation

- Focus on 'on-going evaluation'
- Key components:
  - ex-ante (programme)
  - ongoing (annual progress report)
  - mid-term (2010)
  - ex-post (2014)
- Use of independent evaluators



# Reporting Requirements

Based on common monitoring and evaluation framework:

- Annual progress reports at programme level
- National summary reports on progress in implementation of the national strategy: 2010 – 2012 – 2014
- Commission summary report to the Council and the EP on the progress in implementation of the EU strategy and priorities: 2011 – 2013 – 2015



# Overview

## STRATEGY



## REPORTING

- Community Strategic Guidelines
- National Strategy Plan
- Rural Development Programme

- Commission summary report
- National summary report
- Annual progress report

*Quantified objectives/targets*  
*Baseline indicators*

*In/output indicators*  
*Result indicators*  
*Impact indicators*

CMEF



## Technical Assistance and Networks

To support the implementation of MS strategies and programmes:

- Technical assistance
- Networks



# Technical Assistance

- At programme level, for preparation, management, monitoring, evaluation, information and control activities (up to 4% of programme funding)



# Networks

- A **national rural network** supporting and bringing together the organisations and administrations active in rural development (financed from the technical assistance at programme level)  
Roles include: identifying and sharing good practice; organising exchanges of experience and know-how; preparation of training programmes for Leader groups and assisting them with co-operation activities
- A **European Network for Rural Development** to interface with the national networks and administrations (financed from the technical assistance at Commission initiative, 0.25% of RD funding)
- Roles include: collecting, analysing and diffusing information on RD measures, on good practice, on developments in rural areas, organising seminars, facilitating expert networks & exchange of expertise, supporting national networks